CROCODILE GOLD CORP.
Management's Discussion and Analysis
For the year ended December 31, 2009

This Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of Crocodile Gold Corp. together with its wholly owned subsidiaries (collectively, "Crocodile Gold", or the "Company") for the year ended December 31, 2009 (the "Year"). This MD&A should be read in conjunction with the Company's Audited Annual Consolidated Financial Statements and related Notes as at and for the year ended December 31, 2009. The consolidated financial statements and related notes of Crocodile Gold have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Additional information, including the Joint Management Information Circular dated September 30, 2009 and press releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online under the Crocodile Gold profile at www.sedar.com.

Crocodile Gold is the continuing combined entity following the November 2009 transaction between Crocodile Gold Inc. and Franc-Or Resources Corporation ("Franc-Or") whereby Franc-Or, a public company listed on the Toronto Stock Exchange ("TSX"), acquired all of the outstanding shares of the Company in exchange for common shares of Franc-Or (the "Transaction"). Following completion of the Transaction, the Crocodile Gold board and management team became the board and management team of the combined entity, which was renamed Crocodile Gold Corp. and began trading on the TSX under the symbol "CRK" as of November 6, 2009. The Transaction was accounted for as a purchase of assets with Crocodile Gold Inc. as the acquirer and Franc-Or as the acquired. Additional details are provided below under the section entitled "Transaction with Franc-Or Resources Corporation".

As Crocodile Gold's active business only began during the year ended December 31, 2009, there are no comparative periods to discuss. This MD&A reports on the Company's activities through March 18, 2010. All references to "$" are to United States dollars. References in this document to "C$" are to Canadian dollars and references to "A$" are to Australian dollars. The exchange rates between the US dollar and the Canadian and Australian dollars and the Canadian and Australian dollars for the years ended December 31, 2009 and 2008 were as follows:

Year ended December 31,	**2009**		**2008**	
	Average	**Closing**	**Average**	**Closing**
US dollars per Canadian dollars	0.8797	0.9555	0.9441	0.8166
US dollars per Australian dollars	0.7927	0.8978	0.8525	0.6982
Canadian dollars per Australian dollars	0.8974	0.9395	0.8992	0.8550

Effective January 1, 2009, the Company changed its reporting currency to the United States dollar.

This document contains forward-looking statements and should be read in conjunction with the risk factors described in "Risk Factors" and the "Cautionary Statement on Forward-Looking Information" at the end of this MD&A.

The technical contents of this MD&A have been reviewed by Alfred Gillman, B.Sc (Honours), FAusIMM (CP Geology), a Qualified Person under National Instrument 43-101.

Overview

Crocodile Gold is a company engaged in the acquisition, exploration, development and operation of mineral properties. The Company's primary focus is the Burnside and Tom's Gully Projects in the Northern Territory of Australia which were acquired during the year ended December 31, 2009. These mining assets are held by Crocodile Gold Australia Pty Ltd, a wholly-owned subsidiary of Crocodile Gold. Additional details are provided below under the section entitled "Purchase of Mining Assets from GBS Gold Australia Pty Ltd". The Company also holds rights to the exploration stage Mario Property in Peru. The Company is a development stage entity as defined by the Canadian Institute of Chartered Accountants' ("CICA") Accounting Guideline 11.

Highlights

Highlights for the year were:

- Purchased the mining assets located in the Northern Territory of Australia from GBS Gold Australia Pty Ltd out of liquidation. The mining assets include the Burnside and Tom's Gully Projects. The tenements were transferred to Crocodile Gold on November 6, 2009, which allowed mining activities to commence on the tenements.
- Raised gross proceeds of approximately $89 million through private placement and prospectus financing.
- Completed an updated National Instrument 43-101 ("NI 43-101") technical report in respect of the updated mineral reserve and resource estimates on the Burnside and Tom's Gully Projects.
- Commenced an A$9 million ($8 million), 70,000 metre exploration program on the Company's Australian properties.
- Commenced mining at the Howley open pit and Brocks Creek underground operations and produced the first gold ounces at the recommissioned Union Reefs mill.
- Began trading on the TSX under the symbol "CRK" on November 6, 2009 following the completion of the combination with Franc-Or after shareholder approval on November 3, 2009.

Purchase of Mining Assets from GBS Gold Australia Pty Ltd.

On September 15, 2008, GBS Gold Australia, a company resident in Australia and a wholly-owned subsidiary of GBS Gold International Inc., was placed in voluntary administration. GBS Gold Australia appointed Messrs Andrew Saker, Darren Weaver and Martin Jones of Ferrier Hodgson as joint and several voluntary administrators (the "Administrator") of GBS Gold Australia. This appointment placed control of GBS Gold Australia and its subsidiaries, including their businesses and assets, with the Administrators. Claims of creditors were stayed for an administration period with the principal aim of allowing GBS Gold Australia and its subsidiaries to be restructured, recapitalized or sold. GBS Gold International Inc. was incorporated in Canada and traded on the TSX.

On March 26, 2009, Crocodile Gold entered into an agreement with GBS Gold Australia and its Administrators to purchase substantially all of the assets of GBS Gold Australia for A$51,000,000 which was subsequently reduced to A$50,000,000 ($40,145,000) with the removal of an asset from Western Australia, as discussed below. The purchase price of A$50,000,000 included A$8,011,500 ($6,432,433) used to replace an existing guarantee posted by a secured creditor with the Northern Territory government with respect to reclamation bonds. Crocodile Gold provided a deposit of A$5,000,000 ($4,014,500) upon entering into the agreement.

On June 19, 2009, the Asset Sale Agreement ("ASA") between Crocodile Gold and GBS Gold Australia for the purchase of substantially all of GBS Gold Australia's assets was finalized and a payment of A$15,000,000 ($12,043,500) was made by Crocodile Gold. A subsequent payment of A$15,000,000 ($13,308,000) was made in December 2009 and a final payment of A$15,000,000 is payable in June 2010. The final payment is included as an accrued liability, at a discounted value of $11,769,418, as at December 31, 2009.

The ASA provided GBS Gold Australia the option to receive the deferred payments totalling A$30,000,000 in Canadian dollars at an exchange rate of C$0.86165:A$1.00. The value of this embedded derivative was estimated to be $717,529 at the date of the agreement and has been included as part of the purchase cost. The resulting liability was recorded on the balance sheet as an unrealized non-hedge derivative liability. At December 31, 2009, the estimated fair value of this embedded derivative on the remaining A$15,000,000 deferred payment was $58,608 with the decrease being recorded on the statement of loss and comprehensive loss as an unrealized gain on non-hedge derivative.

The total cost of the assets acquired on June 19, 2009, was as follows:

Cash payments (A$20 million)	$16,058,000
Deferred payments (A$30 million discounted to payment dates)	23,218,971
Estimated fair value of A$:C$ currency option provided to GBS Gold Australia	717,529
Acquisition costs, including Northern Territory stamp duty	3,519,408
	$43,513,908

The net assets acquired were allocated as follows:

Supplies inventory	$ 900,509
Reclamation deposits	6,432,433
Property, plant and equipment	25,301,740
Mining properties	15,450,955
Asset retirement obligations	(4,571,729)
	$43,513,908

Subsequent to the signing of the ASA, Crocodile Gold began the process of negotiating the deeds of assumption and assignment of agreements with third parties that held interests on the properties and tenements being acquired from GBS Gold Australia. The completion of the assumption and assignment of agreements with third parties by Crocodile Gold was required before title to the licences and tenements acquired from GBS Gold Australia could be transferred to Crocodile Gold by the Northern Territory government. The A$20,000,000 paid by Crocodile Gold was held in escrow until the completion of the registration of title.

The assumption and assignment of all material agreements with third parties by Crocodile Gold was completed in November 2009 with the exception of the GBS Gold Australia properties in Western Australia known as the Nicolson properties. As a result, the Nicolson properties were removed from the list of assets being purchased by Crocodile Gold and the purchase price was reduced by A$1,000,000, from A$51,000,000 to A$50,000,000, as provided for in the ASA. On November 6, 2009, the Company received notification from the Northern Territory government that title to the licences and tenements acquired from GBS Gold Australia had been registered in the name of Crocodile Gold and the A$20,000,000 held in escrow was released.

In November 2009, following the registration of title in the name of Crocodile Gold, the Company was notified by the Northern Territory government that an additional reclamation and remediation deposit of A$3,104,905 ($2,492,928) above the A$8,011,500 already paid as part of the ASA, was required. The additional deposit was paid to the Northern Territory government on November 10, 2009. The Company also made a payment of A$30,000 as a deposit related to various exploration tenements and licences. As at December 31, 2009, the Company had reclamation and other deposits with the Northern Territory government totalling A$11,146,405 ($9,997,211). A reclamation liability of $4,571,729 was also recorded on the purchase of the assets.

The assets purchased are comprised of the Burnside, Maud Creek, Union Reef's, Pine Creek and Tom's Gully Projects in the Northern Territory of Australia. The assets are located 90 to 285 kilometres south of Darwin. GBS Gold Australia acquired the mining assets between 2005 and 2007 and was in production between early 2007 and the appointment of the Administrators in September 2008.

Prior to the suspension of operations and the appointment of the Administrators, GBS Gold Australia produced 90,745 ounces of gold during 2008, of which 88,889 ounces were produced at the Union Reefs operations and 1,856 ounces were produced as part of pre-production activities at the Tom's Gully operation.

Commencement of Mining and Milling Activity

Following the receipt of title to the mining licences and tenements on November 6, 2009, the Company commenced mining activities at the Howley open pit mine (formerly known as Chinese) and at the Brocks Creek underground mine. During the commencement of mining activity and the recommissioning of the Union Reefs mills, operational activity and the related costs and revenue is being treated as pre-commercial production and have been capitalized as development.

Between the beginning of November and December 31, 2009, 228,000 tonnes of ore was mined at the Howley open pit at an average grade of approximately 1.9 grams per tonnes ("g/t"), having an estimated 14,100 contained ounces of gold. During the same period, 2,916 tonnes of ore was mined at the Brocks Creek mine at an average grade of 7.6 g/t, having an estimated 700 ounces of contained gold. In addition, during this two month period, 188 metres ("m") of development was completed at the Brocks Creek mine.

The Union Reefs mill is an 8,000 tonne per day ("t/d") carbon-in-leach processing plant with two parallel circuits. The Union Reefs mill was originally commissioned in 1994 with the second circuit added in 1998. Production activity at the Union Reefs mill, using one of the circuits, commenced in December 2009. Crushing of ore from Howley and Brocks Creek began on December 3, 2009 and beginning on December 16, 2009, crushed ore was being feed to the mill. The first gold from gravity processing was poured on December 29, 2009. During the shortened month, 48,822 tonnes of ore was crushed and 28,988 tonnes of ore with a feed grade of 1.71 g/t were milled, producing 172 ounces of gold with another 1,130 ounces in circuit.

As of December 31, 2009, Tom's Gully mine and mill remained on care and maintenance as exploration drilling continued. Development activities at Tom's Gully commenced in February 2010 and the first ounces from the Tom's Gully mill are expected in the third quarter of 2010.

Updated National Instrument 43-101 mineral reserve and resource estimates

In July 2009, the Company completed an updated National Instrument 43-101 ("NI 43-101") technical report in respect of the updated mineral reserve and resource estimates on the properties acquired in the Northern Territory of Australia. The estimated probable mineral reserve was evaluated at 3,818,000 tonnes at an average grade of approximately 4.1 g/t, containing 545,000 ounces of gold. The estimated measured and indicated mineral resource was evaluated at 27,948,000 tonnes at an average grade of 2.8 g/t, containing 2,491,800 ounces of gold. In addition, the estimated inferred mineral resource was evaluated at 22,784,000 tonnes at a grade of 2.3 g/t, containing 1,668,800 ounces of gold. The mineral reserve is contained within the mineral resource.

Alfred Gillman, B.Sc (Honours), FAusIMM (CP Geology), a Qualified Person under National Instrument 43-101, has reviewed the scientific and technical information in this document.

Exploration Review

As recommended in the NI 43-101 technical report, in respect of the updated mineral reserve and resource estimates that was completed in July 2009, the Company developed an exploration program on its newly acquired properties. The first phase, a twelve month, A$9 million exploration program, commenced in August 2009 with the aim of upgrading and extending current resources, adding to the current mining reserves and determining the potential to increase the resource base at a number of key projects. The drilling programme was comprised of 50,500 m of reverse circulation drilling in 280 drill holes, 14,400 m of surface diamond drilling in 60 drill holes and 4,880 m of underground diamond drilling in 27 drill holes. The drilling programme is focusing on four key areas: the Howley open pit areas; the Brocks Creek underground mine; the Tom's Gully underground mine and the Cosmo underground development project.

During the year ended December 31, 2009, Crocodile Gold spent approximately $4 million on exploration expenditures, completing 20,720 metres of drilling, including 4,416 metres of diamond drilling. Exploration and evaluation expenditures have been capitalized.

<u>Howley Open Pit Deposit</u>

The Howley project (formerly known as Chinese) is located 130 kilometres ("km") southeast of the city of Darwin. The project consists of seven shallow open pits, being the South pit, South Extension pit, pits 1, 2, and 3, Mottrams and Big Howley.

The project accounts for 12% of the Company's reserves, 15% of the measured and indicated resources and 11% of the inferred resources as outlined in the NI 43-101 technical report completed in July 2009. The majority of the historical drilling has been shallower than 100 m vertical depth. Mineralization remains open along strike and at depth.

The current mining plan is to selectively mine the resource lodes as currently defined, focusing initially on the South Extension pit. However, with exploration success the potential exists to develop a larger scale operation that potentially encompasses a much larger open pit that allows larger open pit mining equipment.

The long term objective is to drill test the five km strike length from Big Howley to the former Cosmo open pit to determine the extent of open pit mineralization. Drilling will be completed to establish reserves to potentially establish a multi-year mine life and to also adequately determine where infrastructure such as waste dumps, ore dumps and other open pit infrastructure can be established. Outlining additional resources allows mine planners to conduct preliminary sequencing of the open pit to maximize financial returns for Crocodile Gold.

Brocks Creek Underground Mine

The Brocks Creek underground mine is located 140 km southeast of the city of Darwin. The mine has historically produced approximately 230,000 ounces of gold from open pit and, more recently, underground production. Underground has been accessed via decline access. Crocodile Gold initiated development activities upon receiving title to the properties in November 2009.

The ore body extends from surface to 500 m vertically and remains open to depth. The project currently has a short mine life with limited reserves and resources. The current program is designed to assess, by surface drilling, the potential to expand the current resources to extend the mine life to 2-3 years. A total of approximately 3,400 m of diamond drilling is planned.

Tom's Gully Underground Mine

The Tom's Gully underground mine is located 100 km east-southeast of Darwin. The mine has historically produced approximately 100,000 ounces of gold at a grade of 9.4 g/t from open pit, to a depth of approximately 100 m. After completion of the open pit, limited underground production took place via decline access. Immediately adjacent to the mine is an operational 800 t/d mill. Crocodile Gold initiated development activities at the mine in February 2010 to access higher grade areas of the deposit and expects to restart underground production at the mine in the third quarter of 2010.

Reserves and resources are currently confined between two faults (the Crabb and William) and extend over a down-dip length of approximately 1.5 km to a vertical depth of approximately 300 m. Mineralization remains open at depth.

A 22-hole diamond drill programme, with more than 7,000 m of drilling, was designed to upgrade and extend the current resources and reserves along strike and along dip.

Cosmo Underground Development Project

The Cosmo Underground Development Project is located 130 km southeast of Darwin. It has historically produced approximately 470,000 ounces of gold at a grade of 2.1 g/t from open pit, to a depth of approximately 140 m from the period 1987 to 1993. The Company is currently planning to develop the project as an underground mine in the second half of 2010 with production commencing in the second half of 2011.

The Cosmo project is currently the Company's largest project in terms of contained ounces, accounting for 64% of reserves, 22% of Measured and Indicated resources, and 32% of total Inferred resources as outlined in the NI 43-101 technical report completed in July 2009. Mineralization has a strike length of 450 m, extends to a depth of approximately 750 m below surface and remains open at depth, along strike and down-plunge to the north. Historic intersections within the current resource include, for example, 9.6 g/t over 22 m, 10.2 g/t over 15 m, and 5.3 g/t over 24 m.

The Company plans to update the current feasibility study to optimize the mine plan and look for opportunities to add additional ounces to reserves. In addition, the Company is conducting an extensive exploration program with the goal of upgrading some existing resources to higher resource categories and to test for extensions of known mineralization both along strike and to depth.

Transaction with Franc-Or Resources Corporation

On November 3, 2009, following the receipt of regulatory and shareholder approval, Crocodile Gold Inc. and Franc-Or closed the previously-announced Transaction. The Transaction was completed by way of a three-cornered amalgamation pursuant to which a wholly-owned subsidiary of Franc-Or amalgamated with Crocodile Gold Inc., and all of the holders of common shares of Crocodile Gold Inc. received one common share of Franc-Or (on a post-consolidation basis) for each one common share of Crocodile Gold Inc. held. Following completion of the Transaction, the newly amalgamated company held all of Crocodile Gold Inc.'s assets and is a wholly-owned subsidiary of Crocodile Gold Corp. (formerly Franc-Or).

Prior to the effective time of the Transaction, Franc-Or completed a consolidation (the "Consolidation") of its issued and outstanding common shares on the basis of one new Franc-Or common share for each 6.3 existing Franc-Or common shares. In addition, immediately prior to the Transaction, 20,000,000 preferred shares of Crocodile Gold Inc. converted into Crocodile Gold Inc. common shares on a one-for-one basis and Crocodile Gold Inc. issued 35,000,000 common shares as part of the private placement described below. As a result, immediately prior to the Transaction, Crocodile Gold Inc. had 126,490,433 issued and outstanding common shares on a non-diluted basis. Franc-Or, following the Consolidation, had 10,172,711 issued and outstanding common shares on a non-diluted basis. Based on the issued and outstanding common shares of Crocodile Gold Inc. and Franc-Or immediately prior to the Transaction, the number of common shares of Franc-Or following the completion of the Transaction (on a non-diluted basis) was 136,663,144, with Crocodile Gold Inc. shareholders owning approximately 92.6% of Franc-Or and current Franc-Or shareholders owning approximately 7.4% of Franc-Or.

Following completion of the Transaction, the Crocodile Gold Inc. board and management team became the board and management team of the combined entity, which was renamed Crocodile Gold Corp. and began trading on the TSX under the symbol "CRK" on November 6, 2009. The Transaction was accounted for as a purchase of assets with Crocodile Gold Inc. as the acquirer and Franc-Or as the acquired. The consolidated financial statements following the Transaction present a continuation of Crocodile Gold Inc. and the acquisition of Franc-Or by Crocodile Gold Inc. Total consideration for Franc-Or was $14,400,448, consisting primarily of the value of the Franc-Or shares converted to Crocodile Gold shares. As the acquisition has been accounted for as a purchase of assets, the value of the shares issued, on a consolidated basis, was C$1.197 ($1.118) per share, which was based on the closing price of the Franc-Or shares (C$0.19 per share; $0.177 per share) on the Toronto Stock Exchange on the date of completion, November 3, 2009.

The purchase price was calculated as follows:

Common shares issued (10,172,711)	$11,375,609
Fair value of stock options issued	514,392
Fair value of warrants assumed	1,554,167
Transaction costs	956,280
	$14,400,448

Net assets acquired:

Cash and cash equivalents	$ 286,010
Mineral exploration and development properties	1,857,362
Non-cash working deficiency	(69,686)
Excess of purchase price over fair value of net assets acquired	12,326,762
	$14,400,448

As outlined above, the purchase price was based on Franc-Or's share price as of the Transaction completion date, November 3, 2009. Crocodile Gold Inc. and Franc-Or signed the initial agreement to complete the Transaction on August 6, 2009. Between August 6, 2009 and November 3, 2009, Franc-Or's share price increased from C$0.06 per share to C$0.19 per share, an increase of 217%. As a result, the estimated fair value of the consideration provided as of November 3, 2009 was significantly higher than the estimate fair value based on Franc-Or's August 6, 2009 share price. On the completion of the transaction with Franc-Or, the Company determined that the purchase price exceeded the fair value of net assets acquired by $12,326,762 and has recorded this amount as a charge on the statement of loss and comprehensive loss.

Equity Financings

As of December 31, 2009, Crocodile Gold had 159,011,395 common shares outstanding, of which 146,685,430 were issued as part of, or relating to various equity financings during the year raising aggregate gross proceeds of approximately C$97,997,000. The following equity financings were completed during 2009:

January 2009 Private Placement

In January 2009, the Company completed a private placement financing, issuing 10,000,000 common shares of the Company for gross proceeds of C$80 ($66) to the founders of the Company.

March and May 2009 Private Placement Financings

In March 2009, the Company completed a private placement financing, issuing 39,000,000 common shares of the Company at a price of $0.20 per share for gross proceeds of C$7,800,000 ($6,094,920). Directors and officers of the Company subscribed for 875,000 shares for total gross proceeds of C$175,000 ($136,745). In addition, Forbes & Manhattan also participated in the private placement by subscribing for 4,925,000 common shares. In May 2009, 6,000,000 shares were issued at C$0.20 per share for gross proceeds of C$1,200,000 ($1,094,760).

June 2009 Preferred Share Private Placement Financing

On June 12, 2009, 20,000,000 units were issued at a price of C$0.70 per unit for gross proceeds of C$14,000,000 ($12,525,800). Each unit consisted of one preferred share and one-half of one common share purchase warrant. By their terms, the preferred shares automatically converted into common shares immediately prior to the effective time for the Transaction. Each whole common share purchase warrant is exercisable at C$1.00 for three years from the listing date of the Company's common shares on the TSX. Total net proceeds after issuing costs of $964,039, were $11,561,761, of which $8,942,797 was allocated to preferred shares and $2,618,962 to warrants.

In the event that the preferred shares had not converted into common shares within three years of their issuance, the Company was obligated to repurchase them from the holder at a price of C$0.70 per preferred share. As a result, the preferred shares were classified on issuance as a liability, with the exception of the portions relating to the right to convert to common shares and the attached warrants, resulting in the carrying value of the preferred shares being less than its face value. The liability component of the preferred shares was allocated $7,803,858 and the equity component was allocated $1,138,939 of the total allocated to the preferred shares.

On November 3, 2009, with the preferred shares converting to common shares, the obligation to repurchase the preferred shares from the holder disappeared and the liability component totalling $8,352,563, net of related share issued costs, was charged to shareholders' equity. In addition, the equity component of the preferred shares totalling $1,138,939, net of related share issue costs, was charged to common shares.

Prior to conversion to common shares, the discount to the liability component of the preferred shares was being accreted, using a discount rate of 14%, over a three-year period, at the end of which the Company was obligated to repurchase any unconverted preferred shares. Between the issuance date of June 12, 2009 and November 3, 2009, accretion expense of $463,727 was recorded.

Share issue costs associated with the preferred shares were pro-rated between the liability and equity components of the preferred shares in the amounts of $650,700 and $94,967, respectively. Share issue costs associated with the warrants were $218,374. The amount allocated to the liability portion of the preferred share was deferred and was to be expensed over three years. Between the issuance date of June 12, 2009 and November 3, 2009, the amortization expense on the liability component of the preferred share issue costs was $84,978. The financing costs relating to the equity portion were recorded as a cost of issue against the value of the equity portion of the preferred shares.

The fair value of the warrants was estimated using the Black-Scholes option pricing model under the following assumptions: expected dividend yield of 0%; expected volatility of 100%; risk-free interest rate of 2.0%; and, an expected average life of three years.

June 2009 Common Share Private Placement Financing

On June 15, 2009, the Company completed a private placement financing, issuing 14,490,430 units at a price of C$0.70 per unit for gross proceeds of C$10,143,301 ($8,944,364). Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant is exercisable at C$1.00 for three years from the date of issue. Net proceeds, after issuing costs, were $8,302,855, of which $6,493,853 was allocated to common shares and $1,809,002 to warrants. The grant date fair value of the warrants was estimated using the Black-Scholes option pricing model under the following assumptions: expected dividend yield of 0%; expected volatility of 100%; risk-free interest rate of 2.0%; and, an expected average life of approximately three years.

October 2009 Common Share Private Placement Financing

On October 9, 2009, the Company completed a private placement of 35,000,000 subscription receipts at a price of C$1.00 per subscription receipt raising gross proceeds of C$35,000,000 ($33,575,500). The private placement was completed through a syndicate of underwriters co-led by Macquarie Capital Markets Canada Ltd. and Cormark Securities Inc., and included GMP Securities L.P., Wellington West Capital Markets Inc., and Fraser Mackenzie Inc. Each subscription receipt was exercisable without further action required on the part of the holder into one common share and one-half of a common share purchase warrant. Each warrant entitled the holder to acquire one common share at a price of C$1.50 for a period of two years following the release of the proceeds from escrow. However, the warrants were subject to an accelerated expiry whereby, in the event that the closing price of the common shares of Crocodile Gold on the TSX was in excess of C$2.00 for a period of 10 consecutive trading days at any time after the closing of the private placement, the Company may give notice to the warrant holders that the warrants will expire on the 30th day following receipt of the notice. Subsequent to December 31, 2009, Crocodile Gold's share price did trade in excess of C$2.00 for a period of 10 consecutive days and the Company exercised its right to accelerate the expiry date of these warrants. Additional details are provided below under the section entitled "Subsequent Events".

The proceeds from the sale of the subscription receipts were held in escrow pending satisfaction of certain conditions, including the satisfaction of the conditions precedent to the completion of the Transaction between Crocodile Gold and Franc-Or. On November 2, 2009, upon satisfaction of the conditions, each subscription receipt automatically converted into one common share and one-half of a warrant.

The Company also extended to the underwriters an option to purchase up to an additional 20,000,000 subscription receipts (C$20,000,000), exercisable at the Issue Price at any time up to the earlier of (i) 30 days following closing of the Offering and (ii) three days prior to the closing of the Transaction. The option expired unexercised.

Underwriting fees of C$2,100,000 ($2,014,530) were paid on the private placement. In addition, 2,100,000 compensation options were issued to the underwriters that entitle the holders to acquire the same number of subscription receipts at a price of C$1.00 for a period of two years following the release of the financing proceeds. The grant date fair value of the compensation options was estimated using the Black-Scholes option pricing model under the following assumptions: expected dividend yield of 0%; expected volatility of 100%; risk-free interest rate of 1.3%; and an expected average life of two years. An amount of $1,067,701 was recorded as cost of issue with respect to these warrants. The total share issue cost, including the estimated fair value of the compensation options, was $3,404,286. The compensation options were also subject to the same accelerated expiry as the warrants and were exercised subsequent to December 31, 2009.

After share issue costs, including the fair value assigned to the compensation options, a net amount of $30,171,214 was recorded to shareholders' equity, of which $25,600,919 was allocated to common shares and $4,570,295 to warrants. The fair value of the warrants was estimated using the Black-Scholes option pricing model under the following assumptions: expected dividend yield of 0%; expected volatility of 100%; risk-free interest rate of 1.3%; and, an expected average life of two years.

December 2009 Prospectus Financing

On December 9, 2009, the Company completed a prospectus financing of 22,195,000 common shares at a price of C$1.30 per share raising net proceeds of C$24,696,686 ($23,384,110). Share issue costs included underwriter fees of C$1,731,210 ($1,621,278) and success fees of C$800,000 ($749,200) paid to Forbes & Manhattan, Inc. ("Forbes & Manhattan"), as per the agreement the Company signed with Forbes & Manhattan, as outlined below under the "Commitments and Contingencies" section. A director of the Company, Stan Bharti, is an officer and director of Forbes & Manhattan. In addition, 1,331,700 compensation options were issued to the underwriters that entitle the holder to acquire the same number of common shares at a price of C$1.30 for a period of two years. The fair value of the compensation options was estimated using the Black-Scholes option pricing model under the following assumptions: expected dividend yield of 0%; expected volatility of 100%; risk-free interest rate of 1.0%; and, an expected average life of two years. An amount of $848,053 was recorded as a cost of issue with respect to these warrants.

$25 Million Standby Credit Facility

On October 16, 2009, the Company announced that it had secured a $25 million senior secured credit facility from Marret Asset Management Inc ("Marret"). Crocodile Gold has the option to draw on the credit facility, in full, at any time on or prior to June 30, 2010. If drawn, the credit facility will be used to finance the further development of the Company's assets in the Northern Territory of Australia.

At the time of the draw down under the credit facility, the Company would be entitled to elect the applicable interest rate of either: (i) 12.5% per annum; or, (ii) 10% per annum with the issuance of common share purchase warrants having a present value that would create a yield to maturity of 12.5% per annum, with interest payable quarterly. The credit facility would mature in three years following draw down.

The Company paid a commitment fee of 4,000,000 common share purchase warrants ("Standby Credit Facility Warrant"). Each Standby Credit Facility Warrant is exercisable into one common share of the Company at a price of C$1.50 for a period of three years. The fair value of the warrants was estimated to be C$2,400,000 ($2,310,240), as determined by the Black-Scholes option pricing model using the following assumptions: expected dividend yield of 0%; expected volatility of 100%; risk-free interest rate of 2.1%; and, an expected life of three years. The cost of the warrants and other deferred costs related to the Marret credit facility has been classified as an asset on the consolidated balance sheets as "Deferred credit facility costs", until the Company draws upon the credit facility. At which point it will be applied against the carrying value of the loan and amortized over the life of the loan. If the credit facility is not drawn upon by the June 30, 2010 expiry date the carrying value of the warrant will be expensed.

While the current agreement is binding, the closing of this senior secured credit facility is subject to the execution of a definitive agreement between Marret and the Company.

Outlook

Operations

On November 6, 2009, the Company was notified by the Northern Territory government that title to the licences and tenements acquired from GBS Gold Australia had been transferred to Crocodile Gold. Upon receiving title to the licences and tenement, Crocodile Gold began mining and stockpiling ore at its Howley open pit and Brocks Creek underground mine, and poured its first ounces of gold at the recommissioned Union Reefs mill. The Company expects to produce 120,000 ounces in 2010. Development on the Tom's Gully underground mine commenced in the first quarter of 2010 and it is expected that the first ounces from the recommissioned Tom's Gully mill will be poured late in the third quarter of 2010.

Capital Projects

During 2010, the Company expects to finalize the dewatering of the Comso pit and begin the development of the Cosmo underground mine. In addition, evaluating the economics of building a new mill closer to the Howley/Cosmo deposits will be continued and a final decision is expected on this project in the second quarter of 2010.

The dewatering of the Cosmo pit commenced in December 2009 and is expected to be sufficiently advance by June 2010 that the portal and underground development can commence. A total of $4 million has been budgeted for the continued dewatering and start of underground development at Cosmo during 2010. The Company's expectation is that production from a newly commissioned Cosmo underground mine will commence in the third quarter of 2011.

A significant portion of the Company's existing resources and the focus of the current exploration program are located approximately 100 km north of the Union Reefs mill. Currently, the ore mined from all deposits, with the exception of Tom's Gully, is shipped by road to the Union Reefs mill. The haulage cost adds to the Crocodile Gold's overall operating costs. Beginning in late 2009, the Company has been evaluating the potential of building a new mill closer to the existing resources. A decision on a new mill is expected in the second quarter of 2010.

Exploration

As described above, the Company developed an A$9 million ($8 million) exploration program, as recommended in the NI 43-101 technical report, in respect of the updated mineral reserve and resource estimates that was completed in July 2009. The exploration program commenced August 2009 and as at December 31, 2009, a total of approximately $4 million had been spent. Based on results to date, the Company has plans for an increase in exploration activity during 2010, with approximately $23 million being budgeted on a total drill programme of approximately 135,000 m.

The drilling program at the ***Cosmo Underground Mine*** will be focused on increasing the number of ounces in resource though planned step out drilling along with upgrading existing resource to reserve through infill drilling. Sterilization drilling is also planned for the ground above the expected portal location as well as any proposed mill area to ensure that potential reserves and resources are not sterilized unnecessary.

The focus of drilling at the ***Howley Deposit*** will also be on increasing the number of ounces in resource though planned step out drilling along with upgrading existing resource to reserve through infill drilling. Areas that have been identified for activity during 2010 include the current South Extended Pit, the area north of the South Extended Pit and the gap area between the current Howley pits and the historical Cosmo open pit. A sterilization program will also be designed so as to ensure that waste rock dumps and other open pit infrastructure not positioned where economic ore may exist.

The main focus at the ***Tom's Gully Mine*** is to complete a 12 hole infill program. One of the planned diamond drill holes will be used to further test mineralization at depth. A plan for two or three holes on the western flank near the high grade intersections are essential so as to test for water and prove up more resource. Further drilling to test the down-dip extension of Tom's Gully between the fault area is planned.

A drilling program has been designed to test the southern extension of the ***Iron Blow project***, which is a stratabound polymetallic massive sulphide deposit located approximately 12 km to the east of the Brocks Creek underground mine. Mineralization includes gold, lead, zinc, silver and copper. Iron Blow historically has had small scale underground and open pit production. This area has potential for a polymetallic ore body with relatively high precious metal content.

A drilling program on the ***Maud Creek*** deposit to convert existing resource to reserve as well as to test further orebody extensions has been budgeted. The Maud Creek deposit is a refractory ore deposit located approximately 50 km southeast of the Union Reefs mill.

Geological mapping and soil sampling are expected to be analyzed in the area's north and south of the ***Brock's Creek underground mine***. Regional exploration activities, consisting of geophysical and geochemical surveys, are also planned on some of the Company's tenements. The Company's tenements currently cover an area of approximately 3,500 km^2.

Liquidity and Capital Resources

As at December 31, 2009, the Company had net working capital of $15,535,487, which included cash and cash equivalents of $25,434,131, amounts receivable of $6,063,064 and inventories of $8,164,890, partially offset by current liabilities of $24,214,518. The accounts payable and accrued liabilities included the discounted value of the final deferred payment due in June 2010 as part of the ASA ($13,147,330). In addition to operating expenses and the final deferred payment to GBS Gold Australia, planned expenditures over the next twelve month period include expenditures on the Company's exploration program and various capital projects. The Company expects to rely on its existing net working capital, cash flow from operations once the assets are put back into production and the senior secured standby credit facility. In addition, proceeds totalling $30,904,000 were received in January and February 2010 on the acceleration of certain outstanding common share purchase warrants.

The Administrators of GBS Gold Australia, on behalf of its creditors, have security over the assets being purchased by the Company. The security will be released upon the payment of the second and final deferred payment, as outlined under the ASA, in June 2010.

A guarantee on the remaining deferred payment has been provided to the Administrators of GBS Gold Australia on behalf of the Company by Forbes & Manhattan, Inc. ("Forbes & Manhattan"), a private merchant bank incorporated in Canada. A director of the Company, Stan Bharti, is an officer and director of Forbes & Manhattan.

Statement of Operations

As the Company's active business only began during the year ended December 31, 2009, there are no comparative periods to discuss. During the year ended December 31, 2009, Crocodile Gold recorded a loss of $18,061,083, or $0.27 per share. While mining commenced and the Union Reefs mill was recommissioned in the fourth quarter of 2009, commercial production had not been reached by December 31, 2009. As a result, all operating activities related to mining have been capitalized. The loss during the Year was due to care and maintenance expense at properties not yet being commissioned, corporate general and administrative expense, stock-based compensation expense, a charge for the excess of the purchase price on the Franc-Or Transaction over the fair value of the assets acquired and charges related to the liability component of preferred shares.

During the Year, the Company recorded care and maintenance expense of $364,987 and reclamation accretion expense of $84,042. These expenses were in relation to properties that were not yet being commissioned as of December 31, 2009, including the Tom's Gully mine, Maud Creek and Pine Creek.

Corporate general and administrative expense of $2,286,004 was recorded during the Year and is summarized as follows:

	The Year Ended Dec 31, 2009
Salaries and consulting fees	$1,538,673
Professional fees	132,492
Travel expenses	310,191
Shareholders communication/filing fees	164,687
Insurance expense	19,129
Office supplies & general expenditures	120,832
	$2,286,004

With the purchase of the GBS Gold Australia assets in June 2009, activity increased in Australia and in Canada, where the corporate head office is located. Salaries and consulting fees include monthly fees payable to Forbes & Manhattan as described below under the section entitled "Commitments and contingencies", along with other management contracts. Salaries and consulting fees also includes bonuses that were paid to directors, employees and consultants totalling $684,000 in November 2009. Professional fees include legal fees and amounts paid to the Company's auditors. Travel expenses related to travel between Canada and the mining assets in Australia and travel for investor relations activities. Shareholders communication/filing fees relate to the communication and discussion of the various activities undertaken by the Company since the acquisition of the GBS Gold Australia assets, including the initial announcement of the purchase of the assets, the Transaction with Franc-Or and the commencement of the exploration program and mining activities.

Stock-based compensation expense of $2,088,864 was recorded during the Year. Stock-based compensation related to 11,160,000 options granted between March 10, 2009 and December 29, 2009. In addition, 846,027 option were granted on the Transaction with Franc-Or. During the year, 129,444 options were exercised and at December 31, 2009, 6,618,534 options had vested and were exercisable. The estimated grant date fair value of the options was calculated by applying the Black-Scholes option pricing model using the following assumptions: expected dividend yield of 0%; expected volatility of 100%; risk-free interest rate between 1.7% and 2.5%; and, an expected life of five years. The exercise price of the stock options ranged between C$0.20 and C$1.91.

During the Year, the Company recognized accretion expense on the liability component of the preferred shares of $463,727. The Company also recorded an amortization charge of $84,978 on the issue costs related to the liability component of the preferred shares. These charges are explained above under the section entitled "Equity Financings".

Depreciation, depletion and amortization expense of $162,200 was recorded during the Year on assets used in the Company's care and maintenance activities. Depreciation, depletion and amortization on assets used as part of the start up of operations has been capitalized to mining interests.

The Transaction with Franc-Or was accounted for as a purchase of assets, with Crocodile Gold Inc. as the acquirer and Franc-Or as the acquired, as detailed above. On the completion of the transaction with Franc-Or, the Company determined that the purchase price exceeded the fair value of net assets acquired by $12,326,762 and a charge was recorded in this amount on the statement of loss and comprehensive loss.

The foreign exchange loss for the Year was $1,180,661 and was largely on the translation of the accounts of Crocodile Gold Australian into Canadian dollars. During the year ended December 31, 2009, Crocodile Gold Australia was considered to be an integrated foreign operation. Accordingly, transactions and account balances originally stated in Australian dollars were translated using the temporal method and the impact of the movement in the Australian to Canadian exchange rate is recorded as a foreign exchange gain or loss on the statement of operations. During the Year, the Australian dollar appreciated against the Canadian dollar, increasing from $0.8441 at December 31, 2008 to $0.9555 at December 31, 2009. As of January 1, 2010, with the start of production, the Australian subsidiaries were considered to be self-sustaining operations and the functional currency became the Australian dollar.

Cash Flow

During the year ended December 31, 2009, operating activities used $5,629,309. Cash used in operating activities was the result of general and administrative expenses, the commencement of mining activities and changes in non-cash working capital.

Investing activities used $51,456,468 during the year ended December 31, 2009. With the finalization of the purchase of the GBS Gold Australia assets in June 2009, the Company made a payment of A$15,000,000 ($12,043,500), which included a payment of A$8,011,500 ($6,432,433) to replace an existing guarantee posted by a secured creditor with respect to reclamation bonds. A second payment of A$15,000,000 was made in December 2009. The two A$15,000,000 payments were in addition to the initial payment of A$5,000,000 ($4,014,500) paid in March 2009. Expenditures on mining interest also included acquisition costs, including stamp duty on the GBS assets, exploration activities and expenditures related to the start-up of mining operations. Investing activities also included cash of $474,708 used in the Transaction with Franc-Or, which is net of cash acquired of $286,010.

Financing activities provided $82,385,531 during the year ended December 31, 2009. During the Year, the Company raised net proceeds of $82,399,866 through the completion of private placement and prospectus financings as outlined above under the section entitled "Equity Financings". In addition, the Company received cash of $53,789 on the exercise of stock options and warrants during the Year. Deferred transaction costs of $31,730 related to the Company's $25 million standby credit facility and payments on capital lease obligations for the Australian operations used $36,394. The net carrying value of assets under capital lease obligations at the Australian operations totalled $208,436 at December 31, 2009.

Off-Balance Sheet Items

As at December 31, 2009, the Company did not have any off-balance sheet items.

Select Annual Information

Activity within Crocodile Gold only began during the year ended December 31, 2009. As a result, there is no select annual information to discuss.

Quarterly Information

Quarters Ended	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009
Revenues	$ 981,142	$ -	$ -	$ -
Net loss	$ (14,880,532)	$ (1,445,988)	$ (923,120)	$ (811,443)
Loss per share – basic and diluted	$ (0.12)	$ (0.02)	$ (0.02)	$ (0.02)
Total assets	$ 117,156,961	$ 65,366,766	$ 67,621,788	$ 7,888,650
Long-term liabilities	$ 5,831,961	$ 13,464,602	$ 13,115,943	$ -

Activity within Crocodile Gold only began during the three months ended March 31, 2009. As a result, there is no information from quarters prior to 2009. The increase in total assets between March 31, 2009 and December 31, 2009 reflect the purchase of the GBS Gold Australia assets and the completion of equity financings. The increase in the long-term liabilities is due to the asset retirement obligation established on the purchase of the GBS Gold Australia assets and the liability component of the preferred shares issued in June 2009. The decrease in the long-term liabilities in the fourth quarter of 2009 is due to the conversion of outstanding preferred shares into common shares. The increase in the loss during the fourth quarter of 2009 is largely due to the charge of $12,326,762 to the statement of loss and comprehensive loss on the excess of the purchase price of Franc-Or over the estimated fair value of the net assets acquired.

Outstanding and Issued Common Shares

As at March 18, 2010, the following common shares, common share purchase warrants and common share options were issued and outstanding:

- 184,282,324 common shares;
- 22,518,534 common share purchase warrants with exercise prices ranging between C$1.00 and C$2.52 and expiry dates ranging between October 15, 2010 and November 6, 2012; and
- 11,338,625 options to purchase common shares under the Company's share option plan with exercise prices ranging between C$0.20 and C$2.24 per share and expiry dates ranging between April 12, 2010 and February 23, 2015.

Financial Instruments

The Company has designated its cash and cash equivalents, restricted cash, unrealized non-hedge derivative liability and reclamation and other deposits as held-for-trading, measured at fair value. Amounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities, and capital lease obligations are classified as other financial liabilities, which are measured at amortized cost.

As at December 31, 2009, the carrying and fair value amounts of the Company's financial instruments are approximately the same due to the limited term of these instruments.

Subsequent Events

(a) Acceleration of warrants outstanding

At December 31, 2009, the Company had warrants outstanding that were subject to an accelerated expiry. The 17,500,000 warrants issued as part of the October 9, 2009 private placement had an accelerated expiry provision. Pursuant to the terms of the warrant indenture governing the warrants, the expiry of the warrants could be accelerated at any time prior to the expiry of the warrants if the closing price of the underlying common shares listed on the Toronto Stock Exchange ("TSX") was greater than C$2.00 for 10 or more consecutive trading days, at which time the Company may give notice to the warrant holders that the warrants will expire on the 30th day following receipt of the notice. Subsequent to December 31, 2009, Crocodile Gold's share price did trade in excess of C$2.00 for a period of 10 consecutive days and the Company exercised its right to accelerate the expiry date of these warrants. The 1,050,000 common share purchase warrants that were part of the 2,100,000 compensation options provided to the underwriters on the October 9, 2009 private placement were also subject to the accelerated expiry date. Warrants for the issuance of 18,529,999 common shares were exercised at C$1.50 per warrant along with the 2,100,000 compensation options at C$1.00, resulting in proceeds of C$29,895,000 ($28,495,914) on the issuance of 20,629,999 common shares.

In addition, common share purchase warrants acquired on the acquisition of Franc-Or representing 3,341,268 common shares were also subject to an accelerated expiry. The terms of the Franc-Or warrants provided that the expiry of the warrants may be accelerated if, at any time following the one year anniversary of the date of the warrant certificates, the closing price of the underlying common shares listed on the TSX was greater than C$1.134 (on a post-Consolidation basis) for 20 or more consecutive trading days, at which time the Company could give notice to the warrant holders that the warrants would expire on the 20th day following receipt of the notice. Crocodile Gold's share price did trade in excess of C$1.134 for 20 or more consecutive days and the Company exercised its right to accelerate the expiry date of these warrants. All 3,341,268 Franc-Or warrants were exercised at C$0.756 per warrant resulting in proceeds of C$2,525,999 ($2,407,782).

(b) <u>Stamp duty dispute on transaction with Franc-Or Resources Corporation</u>

Following the Company's transaction with Franc-Or and subsequent to December 31, 2009, the Territory Revenue Office ("TRO") of the Northern Territory notified the Company that it is the position of the TRO that stamp duty is payable on the fair value of the Company's dutiable Australian property on the date of the Franc-Or transaction, November 3, 2009. Additional details are provided below under the section entitled, "Commitments and Contingencies".

Critical Accounting Estimates

The Company's significant accounting policies are described in Note 2 to the interim unaudited consolidated financial statements for the year ended December 31, 2009. The preparation of statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. The following is a list of the accounting policies that management believes are critical, due to the degree of uncertainty regarding the estimates and assumptions involved and the magnitude of the asset, liability or expense being reported:

- Inventories
- Mining interests
- Asset retirement obligations
- Stock-based compensation
- Foreign currency translation

Inventories

Finished metals, in-process and stockpiled ore are valued at the lower of average production cost or net realizable value. Production costs include the cost of raw materials, direct labour, mine-site overhead expenses and depreciation and depletion of mining interests. Net realizable value is calculated as the estimated price at the time of sale based on prevailing metal prices less estimated future production costs to convert the inventories into saleable form. At December 31, 2009, in-process, ore stockpiles and finished metals are carried at net realizable value. Supplies are valued at the lower of average cost and net realizable value. At December 31, 2009, the Company had inventories carried at a total value of $8,164,890, which included ore stockpiles of $6,111,183, in-process of $1,239,943, finished metals of $190,680 and supplies of $623,084.

Mining interests

The acquisition costs and exploration and development expenses relating to mineral properties in which the Company has an interest are deferred until the property is brought into production, at which time they are depleted on a unit-of-production method based on proven and probable reserves. If the property is subsequently determined to be significantly impaired in value, the property and related deferred costs are written down to their net realizable value. The cost of an interest in a mineral property abandoned or sold and its related deferred exploration costs are charged to operations in the current period.

The Company reviews its long-lived assets including interests in mineral properties and property, plant and equipment, on a periodic basis to determine if events or changes in circumstances have transpired which indicate that the carrying value of its assets may not be recoverable. The recoverability of costs incurred is dependent upon numerous factors including exploration results, environmental risks, commodity risks, political risks, and the Company's ability to attain profitable production. In reviewing its long-lived assets, the Company estimates the future cash flows expected to result from each asset and its eventual disposition. If the sum of the undiscounted, expected future cash flow is less than the carrying value of the asset, an impairment loss is recognized. It is reasonably possible, based on existing knowledge, that changes in future conditions in the near-term could require a change in the determination of the need for and amount of any write down.

As at December 31, 2009, the Company had mining interests on the balance sheet totalling $65,026,750, which included the total purchase price, including stamp duty tax and development of the former GBS Gold Australia mining assets.

Asset retirement obligations

The Company is required to record a liability for the estimated future costs associated with legal obligations relating to the reclamation and closure of its properties. This amount is initially recorded at its discounted present value with subsequent annual recognition of an accretion amount on the discounted liability. An equivalent amount is recorded as an increase to interests in mineral properties and amortized over the useful life of the properties. Increases or decreases to the obligation usually arise due to changes in legal or regulatory requirements, the extent of environmental remediation required or methods of reclamation or cost estimates. The present value of the estimated costs of these changes is recorded in the period in which the change is identified and quantified. Changes to asset retirement obligations related to operating mines are recorded with an offsetting change to the related asset. The present value is determined using the Company's credit adjusted risk free interest rate.

With the acquisition of the mining assets of the former GBS Gold Australia in June 2009 and the purchase of the Mt. Bundy gold project in July 2009, the Company recorded an ARO of $4,820,814. The ARO was estimated based on total undiscounted future liabilities of approximately (A$12,494,000) $11,206,000, an inflation rate assumption of 3% and a credit adjusted risk-free rate of 14%. Reclamation is expected to occur between the next two to 15 years. Since the June 19, 2009 acquisition of the GBS Gold Australia assets, the Company has recorded accretion expense of $390,868, which has largely been charged to mining interests. At December 31, 2009, the ARO liability was $5,783,414.

Stock-based compensation

The Company records compensation cost based on the fair value method of accounting for stock-based compensation. The fair value of common shares is based on the quoted market value. Prior to the establishment of a market value for the Company's common shares, the fair value of common shares was based on the most recent private placement. The fair value of stock options is determined using the Black-Scholes option-pricing model. The compensation expense is recognized over the vesting period. When options are exercised, the proceeds received, together with any related amount in contributed surplus, will be credited to share capital.

Stock-based compensation expense of $2,088,864 has been recorded during the year ended December 31, 2009, relating to 11,160,000 options granted between March 10, 2009 and December 29, 2009, of which 6,618,534 had vested as of December 31, 2009. The estimated grant date fair value of the options was calculated by applying the Black-Scholes option pricing model using the following assumptions: expected dividend yield of 0%; expected volatility of 100%; risk-free interest rate between 1.7% and 2.5%; and, an expected life of five years. The exercise price of the stock options ranged between C$0.20 and C$1.91.

Foreign currency translation

The reporting and functional currency of Crocodile Gold Corp. is the Canadian dollar. For the year ended December 31, 2009, the Company's foreign subsidiaries are considered to be integrated foreign operations. Accordingly, transactions and account balances originally stated in currencies other than the Canadian dollar are translated using the temporal method whereby monetary items are translated at the exchange rate in effect at the balance sheet date; non-monetary items are translated at historical exchange rates; and revenue and expenses are translated at the exchange rate in effect on the dates that they occur. During the year ended December 31, 2009, the Company has recorded a foreign exchange loss of $1,180,661. During the Year, the Australian dollar appreciated against the Canadian dollar, increasing from $0.8441 at December 31, 2008 to $0.9555 at December 31, 2009. As of January 1, 2010, with the start of production, the Australian subsidiaries were considered to be self-sustaining operations and the functional currency became the Australian dollar.

Changes in Accounting Policy

Change in Reporting Currency

Effective January 1, 2009, the Company changed its reporting currency from Canadian dollars to United States dollars. The Company has made this change in accordance with Canadian GAAP by following the recommendations of Emerging Issues Committee (EIC) of the Canadian Institute of Chartered Accountants (CICA) Abstract EIC-130 "Translation Method when the Reporting Currency Differs from the Measurement Currency or there is a Change in the Reporting Currency".

Following the recommendations of EIC-130, the consolidated financial statements for all periods presented have been translated using the current rate method. Under this method, consolidated revenues, expenses, and cash flow statement items have been translated using weighted-average exchange rates for the applicable periods. Consolidated assets and liabilities have been translated using the exchange rates in effect on the balance sheet dates, while shareholders' equity has been translated using the exchange rates in effect on the date of each transaction. Resulting exchange differences are reported in a separate component of other comprehensive income. All comparative financial information has been translated and restated as if the United States dollar had been used as the Company's reporting currency. This change in reporting currency had no impact on the Company's accumulated other comprehensive loss on the balance sheet at January 1, 2009 as there was no activity prior to the year ended December 31, 2009.

The Company's functional currency as at and for the year ended December 31, 2009 remained the Canadian dollar. As of January 1, 2010, with the start of production, the Australian subsidiaries were considered to be self-sustaining operations and the functional currency for the Australian subsidiaries became the Australian dollar.

Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets," which replaces Section 3062, "Goodwill and Other Intangible Assets." This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets and is effective for the Company commencing January 1, 2009. The adoption of this standard had no impact on these consolidated financial statements.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA approved EIC-173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 12, 2009. The Company is continually evaluating its counterparties and their credit risks. The adoption of this standard had no impact on these consolidated financial statements.

Mining Exploration Costs

On March 27, 2009 the Emerging Issues Committee issued EIC-174. In this EIC the Committee reached a consensus that an enterprise that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The EIC is applicable to financial statements issued after March 27, 2009. The Company has adopted EIC-174. The adoption of this standard had no impact on these consolidated financial statements.

Fair Value Hierarchy and Liquidity Risk Disclosure

In June 2009, the Canadian Accounting Standards Board issued an amendment to CICA Section 3862, "Financial Instruments Disclosures" in an effort to make Section 3862 consistent with IFRS Section 7 – Disclosures ("IFRS 7"). The purpose was to establish a framework for measuring fair value in Canadian GAAP and expand disclosure about fair value measurements. To make the disclosures an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and, (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). The adoption of the new standard resulted in additional disclosure in the notes to the consolidated financial statements. The following table illustrates the classification of the Company's Financial Instruments within the fair-value hierarchy as at December 31, 2009:

	Level 1	Level 2
Cash and cash equivalents:		
Cash	$ 17,362,031	$ -
Cash equivalents	$ 8,072,100	$ -
Restricted cash	$ 47,660	$ -
Reclamation and other deposits	$ 9,997,221	$ -
Unrealized non-hedge derivative liability	$ -	$ (58,608)

International Financial Reporting Standards (IFRS)

The Canadian Accounting Standards Board has confirmed January 1, 2011 as the date that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP for publicly accountable enterprises. As a result, Crocodile Gold will report under IFRS for interim and annual periods beginning January 1, 2011, with comparative information for 2010 restated for IFRS. Adoption of IFRS as Canadian GAAP will require the Company to make certain accounting policy choices that could materially impact the reported financial position and results of operations. The Company's goal is to make policy changes that are compliant with IFRS but also provide the most meaningful information to the Company's shareholders.

The Company has developed a changeover plan which includes the following three phases and sets out activities to be performed in each phase over the life of the project.

- Assessment phase: in this phase, the Company formed a working group, developed an initial project plan, and identified high level differences between Canadian GAAP and IFRS that may impact the Company. This phase was completed in 2009 in conjunction with external consulting resources.
- Design phase: This phase involves the completion of analyses of the differences between Crocodile Gold's accounting policies and IFRS to provide a basis for accounting policy recommendations. The working group in this phase will be comprised of the CFO, the corporate and site finance team, external consultants with regular updates to the audit committee. With the acquisition and commencement of operations of the Company's material mining assets in Australia, where there are existing regulatory requirements to prepare IFRS compliant financial statements, the Company has been establishing policies and procedures in conformity with IFRS. Crocodile Gold's Australian subsidiaries have in fact prepared consolidated financial statements for the year ended December 31, 2009 under IFRS.
- Implementation phase: this phase involves the implementation of the necessary changes to the Company's information systems and business processes as identified through the assessment and design phases of the changeover plan. The implementation of the Company's 2010 dual reporting systems strategy, the amendment and testing of internal controls over financial reporting and disclosure controls and procedures impacted by accounting policy changes are key tasks that will allow for the preparation of a January 1, 2010 opening balance sheet and 2010 comparative data under IFRS, with reconciliations from Canadian GAAP. The final phase will result in the preparation of financial reporting under IFRS beginning in 2011.

Updates regarding the progress of the IFRS changeover plan are provided quarterly to the Company's Audit Committee.

As the Company is still in the evaluation and development phases and has not yet selected all of its accounting policy choices and IFRS 1 exemptions, the Company is unable to quantify the impact of IFRS on its consolidated financial statements. The Company has identified the areas noted below as those expected to have the most significant impact on its financial statements. The items listed below do not represent a complete list of areas impacted. As the Company progresses further into the design and implementation phases and decision are made regarding accounting policies, and as changes to Canadian GAAP and IFRS standards may occur prior to the changeover date, the areas impacted and the effect may be subject to change. The Company will disclose impacts on or financial reporting, including expected quantitative impacts, systems and processes and other areas of the Company's business in future MD&As as they are determined.

- IFRS 1 – First time adoption
- IAS 36 – Impairment of assets
- IFRS 2 – Share based payments
- IFRS 6 – Exploration and evaluation
- IAS – Property, plant and equipment
- IFRS 37 – Provisions, contingent liabilities and contingent assets
- IAS 12 – Income taxes

Commitments and Contingencies

(a) Agreement with Forbes & Manhattan

In July 2009, the Company signed a three year service agreement with Forbes & Manhattan for consulting and advisory services. Payments to Forbes & Manhattan include a general fee of C$25,000 per month, or C$300,000 annually, success fees on equity or debt financings and bonuses on transactions completed by the Company. A "transaction" is defined as any merger, amalgamation, plan of arrangement, reorganization, business combination, take-over bid, purchase or similar transaction. As well, any strategic asset acquisition, pursuant to which the assets and business of the Company are combined with another corporation or the Company acquires more than 50% of another corporation and the Company is the continuing entity.

The Company may also, from time to time, make discretionary payments in such amounts and in such form as the Board considers appropriate in consideration for value provided by Forbes & Manhattan to the Company.

The success fee on financings is calculated on a graduated basis, with a fee of C$300,000 payable on financings in the amount of C$15 million or less, C$550,000 on financings between C$15 million and C$25 million, C$800,000 on financings between C$25 million and C$50 million, C$1,050,000 on financings between C$50 million and C$100 million and a maximum fee of C$1,300,000 on financings of greater than C$100 million.

The bonus to be paid on the completion of a transaction is also dependent on the transaction value and is calculated as follows:

- transactions with a value of C$100 million or lower - a bonus equal to 1% of the transaction is payable;
- transactions with a value above C$100 million, but lower than C$200 million - a bonus equal to 0.75% of the transaction is payable;
- transactions with a value above C$200 million, but lower than C$500 million - a bonus equal to 0.50% of the transaction is payable; and,
- transactions above C$500 million - a bonus equal to 0.25% of the transaction is payable.

Success fees and transaction fees may be paid in shares of the Company at current market value or in cash, at the option of the Company, subject to regulatory approval. If the Company pays in shares, Forbes & Manhattan will not sell or enter into any agreement to sell the shares so issued for a period of six months from issuance. In addition, the success fees payable on equity or debt financings would no longer payable if the Company has a market capitalization of C$500 million or more. Any such restriction shall cease to apply in the event of a change of control. Notwithstanding the foregoing, a fee shall only be paid by the Company to Forbes & Manhattan for a transaction if the transaction does not constitute a change of control.

In addition, in the event that there is a change of control of the Company, either party may terminate this appointment within one year from the date of such change in control. In the event of making such an election, a lump sum termination payment to Forbes & Manhattan equivalent to 36 months in general fees plus an amount that is equivalent to all bonuses paid to Forbes & Manhattan in the 36 months prior to the change in control shall be paid.

The success fee, transaction bonus and change of control payments are only applicable for events occurring after November 6, 2009, the date the Company's common shares commenced trading on TSX. In December 2009, as stipulated by terms of the service agreement, a payment of C$800,000 ($725,280) was made to Forbes & Manhattan following the completion of a prospectus financing.

A director of the Company, Stan Bharti, is an officer and director of Forbes & Manhattan.

(b) Native title claims

A number of native title claims have been applied for under the Native Titles Act 1993 (Cth) ("NTA") over areas of the Northern Territory of Australia in which the Company has an interest. The National Native Title Tribunal has registered some of these claims as the first step in the procedures established under the NTA to enable determination, by the Federal Court of Australia, of whether native title exists. Although the final effect of these applications is uncertain, they currently do not have a significant effect on the activities of the Company.

(c) Contingent contractual obligations

The Company has the following contingent contractual obligations with respect to royalties:

(i) a vendor royalty of A$20 per ounce of gold produced from the Brocks Creek Underground Mine;
(ii) a vendor royalty of 1% of gold produced from certain tenements in the Brocks Creek area. The royalty becomes payable only after recovery of all operating and capital costs involved with the post-1995 development of the Brocks Creek tenements, and nil or minimal royalty is currently expected to be paid;
(iii) a vendor royalty of A$4 per ounce of gold produced from the Pine Creek tenements, payable to a privately owned company;
(iv) a 1% ad valorem royalty payable to a subsidiary of Harmony Gold Mining Company Limited for any future gold production above 250,000 ounces derived from the Maud Creek Gold Project;
(v) a 1% royalty payable on gold produced from certain tenements within the Tom's Gully Gold Project; and,
(vi) royalties payable to various vendors of tenements located outside the currently anticipated mining areas.

The Company has contingent contractual obligations with respect to the Maud Creek Gold Project. An A$2,000,000 payment would be due upon a decision to proceed with development of the Maud Creek Gold Project, in addition to the production royalty described above.

(d) Lease obligations

The Company is committed to minimum amounts under long-term capital and operating lease agreements for plant and equipment Minimum commitments remaining under these leases were approximately $444,478 over the following years:

Year	Minimum lease Commitments
2010	$ 302,843
2011	126,418
2012	15,217
Total	$ 444,478

(e) Management contracts

The Corporation is party to certain management contracts. These contracts require that additional payments of approximately $2,936,000 be made upon the occurrence of a change of control. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these consolidated financial statements. Minimum commitments remaining under these contracts were approximately $374,000 all due within one year.

(f) Tenement obligations

In order to maintain current rights of tenure to exploration and mining tenements, the Company is required to pay lease rental and to meet minimum expenditure requirements. These obligations are subject to amendment upon expiry of the exploration leases or when application for a mining licence is made. These obligations are not provided for in the consolidated financial statements. The amount currently payable for the year ending December 31, 2010 is estimated at $1,080,000.

(g) Northern Territory Profits Royalty/Tax

All of the Company's tenements located in the Northern Territory of Australia are subject to a Northern Territory Government profits royalty/tax. The current rate of tax is 18% of the Net Value of mine production, where Net Value equals the gross realization from the relevant production unit less the operating costs of the production unit for the year, a capital allowance on eligible capital assets expenditure, eligible exploration expenditure and additional deductions as approved by the relevant Northern Territory Government Minister.

(h) Stamp duty dispute on transaction with Franc-Or Resources Corporation

The Northern Territory of Australia, along with the other states in Australia, levies a stamp duty on various instruments and transactions. The stamp duty is levied at a rate of approximately 5% on the dutiable value of the transaction. On the purchase of the GBS assets, the Company paid stamp duty of A$2,264,000 ($1,818,000). Following the Company's transaction with Franc-Or and subsequent to December 31, 2009, the TRO of the Northern Territory notified the Company that it is the position of the TRO that stamp duty is payable on the fair value of the Company's dutiable Australian property on the date of the Franc-Or transaction, November 3, 2009. The Company's believes that the transaction with Franc-Or did not trigger a stamp duty liability and is contesting the TRO decision. As at December 31, 2009, the Company had not recorded a liability related to this dispute. In February 2010, the Company paid A$2,058,000 ($1,846,000) to the TRO, being a reasonable estimate of the stamp duty arising from the Franc-Or transaction if the TRO's position eventually prevails. Despite the payment, the Company's position remains that the Franc-Or transaction did not trigger a stamp duty liability, but the eventual outcome of this dispute is unknown. Also, while the Company believes that the amount paid is based on a reasonable estimate of the value of the assets subject to stamp duty liability if the TRO position is upheld, the final amount due could be higher and would be subject to interest and possibly penalties.

(i) Environmental bonds

As at December 31, 2009, the Company had deposited $9,997,211 with the Northern Territory Government as security under environmental bond requirements. A further $862,000 is required to be deposited over two years.

(j) Registered charge

In accordance with the terms of the purchase agreement for the mining assets, the vendor (GBS Gold Australia) holds fixed and floating charges over the assets of Crocodile Gold Australia Pty Ltd. This charge is to be released upon final payment by the Company of the deferred amount of A$15,000,000 owing to the vendor.

Related Party Transactions

Forbes & Manhattan acted as Crocodile Gold's guarantor in the Heads of Agreement signed on March 26, 2009 with GBS Gold Australia and the subsequent ASA signed on June 19, 2009. Forbes & Manhattan received as compensation an aggregate of $893,000 for providing these services.

In July 2009, the Company signed a three year service agreement with Forbes & Manhattan for consulting and advisory services. Details are provided in Note 23, "Commitments and Contingencies". In December 2009, as stipulated under the terms of the agreement, a payment of C$800,000 ($725,280) was made to Forbes & Manhattan following the completion of a prospectus financing.

During the year ended December 31, 2009, bonuses totalling $1,754,000 were paid to directors, officers and consultants of Crocodile Gold, including payments of $952,000 to Forbes & Manhattan.

Forbes & Manhattan also participated in the private placement in March 2009 by subscribing for 4,925,000 common shares.

Stan Bharti, a director of the Company, is an officer and director of Forbes & Manhattan.

On July 21, 2009, the Company paid C$100,000 and issued 2,000,000 Crocodile Gold common shares to acquire an 80% interest in the Mt. Bundy Gold Project (formerly known as Rustler's Roost Gold Project). The property was owned by Valere Mining Ltd. ("Valere") The 2,000,000 common shares are currently being held in trust pending receipt of approval from the Australian Foreign Investment Review Board. A director of Crocodile Gold is also a director of Valere.

The Company shares its premises with other corporations that have common directors and/or officers. The Company reimburses and recovers from the related corporation for their proportional share of expenses. Included in accounts payable at December 31, 2009 is $10,844 owing to and $47,329 owing from such corporations. Such amounts are unsecured, non-interest bearing, with no fixed terms of repayment.

All of the related party transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Risk Factors

The exploration for, development and mining of mineral deposits involve significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Risk factors relating to the businesses of the former Franc-Or and Crocodile Gold which are described under "Risk Factors" in Schedules A and B of the Joint Management Information Circular filed on SEDAR under the profile of Crocodile Gold Corp. on October 5, 2009.

Crocodile Gold's securities may experience price volatility

Securities markets have recently had a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Factors unrelated to the financial performance or prospects of Crocodile Gold include macroeconomic developments locally and globally, and market perceptions of the attractiveness of particular industries. There can be no assurance that continued fluctuations in mineral prices will not occur. As a result of any of these factors, the market price of the securities of the Corporation at any given point in time may not accurately reflect the long term value of Crocodile Gold. In the past, following periods of volatility in the market price of a company's securities, shareholders have instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial cost and diversion of management attention and resources, which could significantly harm profitability and the reputation of Crocodile Gold.

Gold exploration is highly speculative

Gold exploration is highly speculative, involves substantial expenditures, and is frequently non-productive. Gold exploration involves a high degree of risk. Exploration efforts are frequently unsuccessful. The Company cannot provide assurance that its gold exploration efforts will be successful.

Mines have limited lives

Mining companies need to continually discover, develop, or acquire mineral reserves for gold production. Because mines have limited lives based on resource and reserve estimates, the Company must continually replace and expand mineral resources and reserves as produces gold. The Company's ability to maintain or increase its annual production of gold will be dependent in significant part on its ability to bring new mines into production and to expand or extend the life of existing mines.

Risks associated with mineral resource estimates

The Company has defined mineral resources in accordance with NI 43-101 in respect of the Crocodile Gold Assets and is currently conducting mining operations on these resources, however it has limited defined current mineral reserves on its projects. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty of measured, indicated or inferred mineral resources, these mineral resources may never be upgraded to proven and probable mineral reserves. Investors are cautioned not to assume that any part of mineral deposits in these categories will ever be converted into reserves or recovered as part of the Company's mining operations.

Australian Foreign Investment Law

Under Australia law a person acquiring control or direction, directly or indirectly, of 15% or more of the Common Shares may be required to obtain prior approval from the Australia Foreign Investment Review Board ("FIRB"). Failure by any investor to obtain such approval under Australian law prior to acquiring control or direction, directly or indirectly, of 15% or more of the securities of the Company may be subject to fines or may be forced to dispose of a portion of its investment. Luxor Capital Group LP and its related entities, which to the knowledge of the Company, as of the completion of the Business Combination, held approximately 19.2% of the issued and outstanding Common Shares (prior to giving effect to any convertible securities of the Company held by them), has obtained FIRB approval and may increase its holdings to a maximum of 24.5% of the outstanding capital of the Company. Investors should consult their own legal advisers prior to making any investment in securities of the Company.

Government Regulation

The Company's business, mining operations and exploration and development activities are subject to extensive federal, territorial and local laws and regulations governing exploration, development, production, exports, taxes, labour standards, waste disposal, protection of the environment, reclamation, historic and cultural resource preservation, mine safety and occupational health, control of toxic substances, reporting and other matters, as well as accounting standards. Compliance with these laws, regulations and standards or the imposition of similar requirements could adversely affect operating and development costs, the timing of operations, the ability to operate and financial results.

Current Global Financial Condition

Financial markets globally have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to financing has been negatively impacted by liquidity crises throughout the world. These factors may affect the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company may not be able to secure appropriate debt or equity financing, any of which could affect the trading price of the Company's securities in an adverse manner.

Price of Gold

Changes in the market price of gold, that in the past have fluctuated widely, will affect the profitability of Crocodile Gold's operations and its financial condition. Crocodile Gold's revenues, profitability and viability will depend on the market price of gold produced from Crocodile Gold's mines. The market price of gold and base metals is set in the world market and is affected by numerous industry factors beyond Crocodile Gold's control including the demand for precious metals, expectations with respect to the rate of inflation, interest rates, currency exchange rates, the demand for jewellery and industrial products containing metals, production levels, inventories, costs of substitutes, changes in global or regional investment or consumption patterns, and sales by central banks and other holders, speculators and producers of gold and other metals in response to any of the above factors, and global and regional political and economic factors. A decline in the market price of gold or other base metals below Crocodile Gold's anticipated production costs for any sustained period would have a material adverse impact on the profit, cash flow and results of operations of Crocodile Gold's projects and anticipated future operations. Such a decline also could have a material adverse impact on the ability of Crocodile Gold to finance the exploration and development of its existing and future mineral projects. A decline in the market price of gold or other base metals may also require Crocodile Gold to write-down its mineral reserves which would have a material adverse effect on the value of Crocodile Gold's securities. Further, if revenue from gold or base metal sales declines, Crocodile Gold may experience liquidity difficulties in the future. Crocodile Gold will also have to assess the economic impact of any sustained lower gold and base metal prices on recoverability and therefore, on cut-off grades and the level of its mineral reserves and resources.

Exploration, Development and Operating Risks

Mining operations generally involve a high degree of risk. Crocodile Gold's operations are subject to all of the hazards and risks normally encountered in the exploration, development and production of gold and base metals, including: unusual and unexpected geologic formations; seismic activity; rock bursts; cave-ins; flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities; damage to life or property; environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or the failure to retain dams around tailings disposal areas that may result in environmental pollution and consequent liability. The exploration for and development of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in Crocodile Gold not receiving an adequate return on invested capital. There is no certainty that the expenditures made by Crocodile Gold towards the search for and evaluation of mineral deposits will result in discoveries of commercial quantities of ore.

Production Estimates

Crocodile Gold has prepared estimates of future gold production for its existing and future mines. Crocodile Gold cannot give any assurance that it will achieve its production estimates. The failure by Crocodile Gold to achieve its production estimates could have a material adverse effect on any or all of its future cash flows, profitability, results of operations and financial conditions. The realization of production estimates are dependent on, among other things, the accuracy of mineral reserve and resource estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions (including hydrology), the physical characteristics of ores, the presence or absence of particular metallurgical characteristics, and the accuracy of the estimated rates and costs of mining, ore haulage and processing. Actual production may vary from estimates for a variety of reasons, including the actual ore mined varying from estimates of grade or tonnage; dilution and metallurgical and other characteristics (whether based on representative samples of ore or not); short-term operating factors such as the need for sequential development of ore bodies and the processing of new or adjacent ore grades from those planned; mine failures or slope failures; industrial accidents; natural phenomena such as inclement weather conditions, floods, droughts, rock slides and earthquakes; encountering unusual or unexpected geological conditions; changes in power costs and potential power shortages; shortages of principal supplies needed for mining operations; including explosives, fuels, chemical reagents, water, equipment parts and lubricants; plant and equipment failure; the inability to process certain types of ores; labour shortages or strikes; and restrictions or regulations imposed by government agencies or other changes in the regulatory environment. Such occurrences could also result in damage to mineral properties or mines, interruptions in production, injury or death to persons, damage to property of Crocodile Gold or others, monetary losses and legal liabilities in addition to adversely affecting mineral production. These factors may cause a mineral deposit that has been mined profitably in the past to become unprofitable forcing Crocodile Gold to cease production.

Capital Cost Estimates

Capital and operating cost estimates made in respect of Crocodile Gold's mines and development projects may not prove accurate. Capital and operating cost estimates are based on the interpretation of geological data, feasibility studies, anticipated climatic conditions and other factors. Any such events, could affect the ultimate accuracy of such estimate; unanticipated changes in grade and tonnage of ore to be mined and processed; incorrect data on which engineering assumptions are made; delay in construction schedules, unanticipated transportation costs; the accuracy of major equipment and construction cost estimates; labour negotiations; changes in government regulation (including regulations regarding prices, cost of consumables, royalties, duties, taxes, permitting and restrictions on production quotas on exportation of minerals) and title claims.

Native and Aboriginal Heritage Issues

Native title claims and Aboriginal heritage issues may affect the ability of Crocodile Gold to pursue exploration, development and mining on Australian properties. The resolution of native title and Aboriginal heritage issues is an integral part of exploration and mining operations in Australia and Crocodile Gold is committed to managing the issues effectively. However, in view of the inherent legal and factual uncertainties, no assurance can be given that material adverse consequences will not arise in connection with native title and Aboriginal heritage issues.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants that affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect Crocodile Gold's operations, financial condition and results of operations.

Environmental Regulation and Reclamation Obligations

Crocodile Gold's activities are subject to laws and regulations controlling not only the mining of and exploration for mineral properties, but also the possible effects of such activities upon the environment. Environment laws may change and make the mining and processing of ore uneconomic, or result in significant environmental or reclamation costs. Environmental legislation provides for restrictions and prohibitions on spills, releases, or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which could result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties or the suspension or closure of mining operations. In addition, certain types of operations require the submission of environmental impact statements and approval thereof by government authorities. Environmental legislation is evolving in a manner that may mean stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. Permits from a variety of regulatory authorities are required for many aspects of mine development, operation and reclamation. Future legislation and regulations could cause additional expense, capital expenditures, restrictions, liabilities and delays in the development of Crocodile Gold's properties, the extent of which cannot be reliably predicted. In the context of environmental permits, including the approval of reclamation plans, Crocodile Gold must comply with standards, laws and regulations that may entail costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the regulatory authority. The reclamation liability on any of Crocodile Gold's properties will be calculated based on current laws and regulations and the expected future costs to be incurred in reclaiming, restoring and closing its exploration or operating mine sites. It is possible that the Company's estimate of its ultimate reclamation liability could change as a result of changes in laws and regulations and changes in cost estimates. Should Crocodile Gold be unable to post required financial assurance related to an environmental remediation obligation, Crocodile Gold might be prohibited from starting planned operations or required to suspend existing operations or enter into interim compliance measures pending completion of the required remedy, which could have a material adverse effect.

Northern Territory Wet Season

Crocodile Gold's properties are located in the Northern Territory of Australia. Typically, the Northern Territory's tropical wet season is from the end of November to the end of March. During the wet season, the properties may be subject to unpredictable weather conditions such as cyclones, heavy rains, strong winds and flash flooding. Crocodile Gold has undertaken several steps to minimize the effects of the wet season on its operations including sealing roads, accommodating the build-up of mined inventory and planning exploration and mining activities around the wet season. Nonetheless, no assurance can be given that the unpredictable weather conditions will not adversely affect mining and exploration activities. In particular, mining, drilling and exploration activities may have to be suspended due to poor ground conditions; ore haulage activities may be slowed or delayed as roads may be temporarily flooded, and deposits where the host rock is clayish in nature may have to be mined or processed at a slower-than-anticipated rates and/or mixed with lower grade stockpile ore. As a result, during the first and fourth quarters of the calendar year, the financial performance and results of operations may vary significantly from the second and third quarters.

Insurance and Uninsured Risks

Crocodile Gold's business is subject to a number of risks and hazards generally, including: adverse environmental conditions; industrial accidents; labour disputes; unusual or unexpected geological conditions; ground or slope failures; cave-ins; changes in the regulatory environment; and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to Crocodile Gold's properties or the properties of others, delays in mining, monetary losses and possible legal liability. The businesses and properties of Crocodile Gold are insured against loss or damage with coverage of types and in amounts consistent with the types and amounts of insurance maintained by corporations and other entities of a size and carrying on business of a type carried on by Crocodile Gold. However, such insurance will not cover all the potential risks associated with a mining company's operations. Crocodile Gold may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Crocodile Gold or to other companies in the mining industry on acceptable terms. Crocodile Gold might also become subject to liability for pollution or other hazards that may not be insured against or that Crocodile Gold may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Crocodile Gold to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Competition

The mining industry is intensely competitive in all of its phases and Crocodile Gold competes with many companies possessing greater financial and technical resources. Competition in the precious metals mining industry is primarily for mineral rich properties that can be developed and produced economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Many competitors not only explore for and mine precious metals, but conduct refining and marketing operations on a global basis. Such competition may result in Crocodile Gold being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect Crocodile Gold's prospects for mineral exploration and success in the future.

Currency Fluctuations

Currency fluctuations may affect Crocodile Gold's costs and margins. Gold is sold throughout the world based on U.S. dollars. Crocodile Gold pays for goods and services in Australian dollars. Adverse fluctuations in the Australian dollar relative to the U.S. dollar could materially and adversely affect Crocodile Gold's profitability, results of operation and financial position. A 10% increase in the value of the Australian dollar against the Company's functional currency, the Canadian dollar, would have increased the net loss by $146,000 during the year ended December 31, 2009.

Crocodile Gold Has Limited Production Revenues

To date, Crocodile Gold has only recorded limited revenues from mining operations and has yet to declare commercial production on any of its properties. There can be no assurance that significant additional losses will not occur in the near future or that Crocodile Gold will be profitable in the future. Crocodile Gold's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production of its properties are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, Crocodile Gold's acquisition of additional properties and other factors, many of which are beyond Crocodile Gold's control. Crocodile Gold expects to continue to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of certain of Crocodile Gold's properties will require the commitment of substantial resources to conduct the time-consuming exploration and development of properties. There can be no assurance that Crocodile Gold will generate any revenues or achieve profitability. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate.

Dependence on Outside Parties

Crocodile Gold has relied upon consultants, engineers and others and intends to rely on these parties for exploration, development, construction and operating expertise. Substantial expenditures are required to construct mines, to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the exploration and plant infrastructure at any particular site. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on Crocodile Gold.

Dependence on Key Personnel

Crocodile Gold is reliant on key personnel it has employed or engaged. Loss of such personnel may have a material adverse impact on the performance of Crocodile Gold. In addition, the recruiting of qualified personnel is critical to Crocodile Gold's success. As Crocodile Gold's business grows, it will require additional key financial, administrative, mining, marketing and public relations personnel as well as additional staff for operations. There is increased competition in the mining industry for qualified skilled personnel, especially in Australia where Crocodile Gold operates. While Crocodile Gold believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance that Crocodile Gold will be able to acquire or retain the necessary qualified skilled personnel to continue its operations or put its mineral deposits properties into production on terms it considers acceptable.

Conflicts of Interest

Certain directors of Crocodile Gold are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnership or joint ventures which are potential competitors of Crocodile Gold, including in entities. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors may conflict with the interests of Crocodile Gold. Directors of Crocodile Gold with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

Cautionary statement regarding forward looking information

Except for statements of historical fact relating to Crocodile Gold certain information contained herein constitutes forward-looking information. Forward-looking information includes, but is not limited to, statements with respect to the development potential of the Company's properties; the future price of gold and other minerals; the estimation of mineral reserves and mineral resources; conclusions of economic evaluation; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking information can be identified by the use of forward-looking terminology such as ‘‘plans'', ‘‘expects'' or ‘‘does not expect'', ‘‘is expected'', ‘‘budget'', ‘‘scheduled'', ‘‘estimates'', ‘‘forecasts'', ‘‘intends'', ‘‘anticipates'' or ‘‘does not anticipate'', or ‘‘believes'', or variations of such words and phrases or statements that certain actions, events or results ‘‘may'', ‘‘could'', ‘‘would'', ‘‘might'' or ‘‘will be taken'', ‘‘occur'' or ‘‘be achieved''. Forward - looking information is based on the opinions and estimates of management as of the date such statements are made, and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Crocodile Gold to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during construction, expansion and start-up; variations in mineral grade and recovery rates; delay or failure to receive government approvals; timing and availability of external financing on acceptable terms; actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of gold and other minerals; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

March 18, 2010