CROCODILE GOLD CORP.

(A Development Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2009 and

for the years ended December 31, 2009 and 2008

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

AUDITORS' REPORT

To the Shareholders of
Crocodile Gold Corp.
(A Development Stage Company)

We have audited the balance sheets of Crocodile Gold Corp. (a development stage company) as at December 31, 2009 and 2008 and the statements of loss and comprehensive loss, cash flows, and shareholders' equity for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
March 15, 2010

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CROCODILE GOLD CORP.
(A Development Stage Company)

Consolidated Balance Sheets
(stated in United States dollars)
As at

		December 31, 2009		December 31, 2008
ASSETS				
Current				
Cash and cash equivalents	$	25,434,131	$	1
Restricted cash		47,660		-
Amounts receivable (Note 5)		6,063,064		-
Inventories (Note 6)		8,164,890		-
Prepaid expenses		40,260		-
		39,750,005		1
Long-term				
Reclamation and other deposits (Note 4)		9,997,211		-
Mining interests (Note 7)		65,026,750		-
Deferred credit facility costs (Note 11)		2,382,995		-
	$	117,156,961	$	1
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 8)	$	24,032,555	$	-
Unrealized non-hedge derivative liability (Note 4)		58,608		-
Current portion of capital lease obligations (Note 10)		123,355		-
		24,214,518		-
Asset retirement obligations (Note 9)		5,783,414		-
Capital lease obligations (Note 10)		48,547		-
		30,046,479		-
SHAREHOLDERS' EQUITY				
Common shares (Note 13)		84,653,918		1
Warrants (Note 14)		14,768,044		-
Contributed surplus (Note 15)		2,624,206		-
Deficit		(18,061,083)		-
Accumulated other comprehensive income		3,125,397		-
		87,110,482		1
	$	117,156,961	$	1

Commitments and contingencies (Notes 1 and 23)
Subsequent events (Note 24)

APPROVED ON BEHALF OF THE BOARD:

Signed *"Michael Hoffman"*________, Director

Signed *"George Faught"*_________, Director

The accompanying notes are an integral part of the consolidated financial statements.

CROCODILE GOLD CORP.
(A Development Stage Company)

Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2009 and 2008
(stated in United States dollars)

	2009	2008
Revenue		
Realized gain on non-hedge derivative	**$ 371,956**	$ -
Unrealized gain on non-hedge derivative	**537,053**	-
Interest income	**66,344**	-
Other income	**5,789**	-
	981,142	-
Expenses		
Reclamation accretion expense (Note 9)	**84,042**	-
Care and maintenance	**364,987**	-
Depreciation, depletion and amortization	**162,200**	-
Professional, consulting and management fees	**1,671,165**	-
Stock-based compensation (Note 16)	**2,088,864**	-
Other general and administrative expenses	**614,839**	-
Accretion expense on liability component of preferred shares (Note 12)	**463,727**	-
Amortization of liability component of the preferred share issue costs (Note 12)	**84,978**	-
	5,534,802	-
Loss before the undernoted	**(4,553,660)**	-
Excess of purchase price over fair value of assets acquired (Note 3)	**(12,326,762)**	
Foreign exchange loss	**(1,180,661)**	-
Net loss for the year	**$ (18,061,083)**	$ -
Other comprehensive income items		
Unrealized gain on foreign currency translation	**3,125,397**	-
Comprehensive loss for the year	**$ (14,935,686)**	$ -
Net loss per share - basic and diluted	**$ (0.27)**	$ -
Weighted average common shares outstanding	**67,756,755**	1

The accompanying notes are an integral part of the consolidated financial statements.

CROCODILE GOLD CORP.
(A Development Stage Company)

Consolidated Statements of Cash Flows
For the year ended December 31, 2009 and 2008
(stated in United States dollars)

	2009	2008
CASH (USED IN) PROVIDED BY		
OPERATING ACTIVITIES:		
Net loss for the year	**$ (18,061,083)**	$ -
Adjustments to reconcile net loss		
to cash provided from operating activities:		
Stock-based compensation (Note 16)	**2,088,864**	-
Accretion of reclamation liability	**84,042**	-
Depreciation, depletion and amortization	**162,200**	-
Excess of purchase price over fair value of assets acquired	**12,326,762**	-
Accretion expense on liability component		
of preferred shares	**463,727**	-
Amortization of liability component of the		
preferred share issue costs	**84,978**	-
Unrealized non-hedge derivative gain	**(537,053)**	-
Unrealized foreign exchange loss	**910,593**	-
Other	**(45,328)**	-
Net change in non-cash working capital	**(3,107,011)**	-
	(5,629,309)	-
INVESTING ACTIVITIES:		
Mineral property interests	**(17,298,086)**	-
Increase in reclamation deposits (Note 4)	**(8,949,449)**	-
GBS Gold Australia asset purchase (Note 4)	**(24,734,225)**	-
Franc-Or Resources asset purchases - net of cash acquired (Note 3)	**(474,708)**	-
	(51,456,468)	**-**
FINANCING ACTIVITIES:		
Deferred transaction costs	**(31,730)**	-
Repayment of capital lease obligations	**(36,394)**	-
Preferred share private placement	**12,525,800**	-
Common share prlvate placement	**76,230,914**	-
Cost of issue	**(6,356,848)**	-
Common shares on exercise of options and warrants	**53,789**	-
	82,385,531	**-**
Effect of exchange rate changes on cash and cash equivalents	**134,376**	-
CHANGE IN CASH AND CASH EQUIVALENTS	**25,434,130**	-
CASH AND CASH EQUIVALENTS, beginning of year	**1**	1
CASH AND CASH EQUIVALENTS, end of year	**$ 25,434,131**	$ 1

	2009	2008
Cash and cash equivalents consist of:		
Cash	**$ 17,362,031**	$ 1
Cash equivalents	**8,072,100**	-
	$ 25,434,131	$ 1

Supplemental Information (Note 18)

The accompanying notes are an integral part of the consolidated financial statements.

CROCODILE GOLD CORP.
(A Development Stage Company)

Consolidated Statements of Shareholders' Equity
For the year ended December 31, 2009 and 2008
(stated in United States dollars)

		Year ended December 31, 2009		Year ended December 31, 2008
Preferred shares				
Balance, beginning of year	**$**	**-**	$	-
Issued through a private placement, net		**1,138,939**		-
Preferred shares converted to common shares		**(1,138,939)**		-
Balance, end of the year	**$**	**-**	$	-
Common shares				
Balance, beginning of year	**$**	**1**	$	1
Issued through private placements, net		**39,284,518**		-
Issued though prospectus, net		**23,384,110**		-
Preferred shares converted to common shares		**9,491,501**		-
Exercise of stock options		**89,041**		-
Exercise of warrants		**27,368**		-
Issued on the acquisition of Franc-Or Resources Corporation		**11,375,609**		-
Issued on the purchase of mining interests		**1,001,770**		-
Balance, end of the year	**$**	**84,653,918**	$	1
Common share purchase warrants				
Balance, beginning of year	**$**	**-**	$	-
Issued through private placements		**8,998,260**		-
Broker warrants issued on private placements and prospect		**1,915,753**		-
Exercise of warrants		**(10,376)**		-
Issued on the acquisition of Franc-Or Resources Corporation		**1,554,167**		-
Warrants issued for standby credit facility		**2,310,240**		-
Balance, end of the year	**$**	**14,768,044**	$	-
Contributed surplus				
Balance, beginning of year	**$**	**-**	$	-
Stock option expense		**2,162,056**		-
Stock options exercised		**(52,243)**		-
Issued on the acquisition of Franc-Or Resources Corporation		**514,393**		-
Balance, end of the year	**$**	**2,624,206**	$	-
Deficit				
Balance, beginning of year	**$**	**-**	$	-
Net loss for the year		**(18,061,083)**		-
Balance, end of the year	**$**	**(18,061,083)**	$	-
Accumulated other comprehensive income				
Balance, beginning of year		**-**		-
Unrealized gain on foreign currency translation		**3,125,397**		-
Balance, end of the year		**3,125,397**		-
Total shareholders' equity	**$**	**87,110,482**	$	1

The accompanying notes are an integral part of the consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Crocodile Gold Corp. (individually, or collectively with its subsidiaries, as applicable, "Crocodile Gold" or the "Company") is a development stage gold mining company. Crocodile Gold is the continuing combined entity following a 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"). The Transaction was accounted for as a purchase of assets with Crocodile Gold Inc. as the acquirer and Franc-Or as the acquired. As such, these consolidated financial statements are a continuation of the consolidated financial statements of Crocodile Gold Inc. Following the Transaction, the combined company is now known as Crocodile Gold Corp. The Company is a development stage entity as defined by the Canadian Institute of Chartered Accountants ("CICA") Accounting Guideline 11 and expects to remain a development stage entity until it begins commercial production.

The Company's primary focus is the Burnside and Tom's Gully Projects in the Northern Territory of Australia. On June 19, 2009, the Company signed an Asset Sale Agreement ("ASA") to purchase these assets out of liquidation from GBS Gold Australia Pty Ltd. ("GBS Gold Australia"), as more fully described in Note 4.

The business of exploration, development and mining of minerals involves a high degree of risk and there can be no assurance that current exploration, development and mining plans will result in profitable mining operations. The recoverability of the carrying value of assets and the Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, or, alternatively, upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs to the carrying values.

Although the Company has taken steps to verify that title to the properties on which it is conducting its exploration, development and mining activities, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal land claims and non-compliance with regulatory and environmental requirements.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The future of the Company is dependent on its ability to bring its recently acquired gold mining assets in the Northern Territory of Australia back into production and generate sufficient operating cash flow to make the remaining deferred acquisition payment, fund its development expenditures and carry out its exploration program. The Company has forecasted positive earnings and cash flows in future years, thereby making the going concern assumption appropriate. However, due to uncertainties surrounding a number of factors, such as the price of gold, actual operating costs or foreign currency exchange rates, it is not possible to predict if the forecasts will prove to be accurate. If the going concern assumption was not appropriate for these consolidated financial statements then adjustments would be necessary to the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company are in accordance with Canadian generally accepted accounting principles ("GAAP") consistently applied, except as disclosed. Outlined below are those policies considered particularly significant.

a) Principles of consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. The principal subsidiaries include Crocodile Gold Inc., its wholly-owned Australian subsidiaries, Crocodile Gold Australia Pty Ltd. and Crocodile Gold Australia Operations Pty Ltd. (collectively "Crocodile Gold Australia") and Franc-Or Resources Peru S.A.C.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Such estimates and assumptions affect the carrying value of assets and impact decisions as to when exploration and development costs should be capitalized or expensed. Other significant estimates made by the Company include factors affecting the valuation of its inventories, mining interests and related asset retirement obligations, tax accounts, equity component of preferred shares, warrants and stock-based compensation. The Company regularly reviews its estimates and assumptions; however, actual results could differ from these estimates and these differences could be material.

c) Foreign currency translation

The functional currency of Crocodile Gold is the Canadian dollar. 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. 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.

The reporting currency of Crocodile Gold is the United States dollar ("US dollar"). The consolidated financial statements are translated into the US dollar using the current rate method. Under this method, all assets and liabilities are translated at the year-end rate of exchange and all revenue and expense items are translated at the average rate of exchange for the year. Gains and losses on translation are included in equity as a separate component of other comprehensive income or loss.

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 it reporting currency to the United States dollar, as described below in Note 2 (q), "Changes in accounting policies".

d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term investments with original maturities of three months or less. Cash and cash equivalents are held in Canadian chartered banks or in major financial institutions.

e) Inventories

Finished goods, work-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.

Supplies are valued at the lower of average cost and net realizable value.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Mining interests

The acquisition costs and exploration and development expenses relating to mineral properties, net of any pre-production reserves and related costs, 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.

g) Impairment of long-lived assets

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.

h) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Property, plant and equipment are depreciated using the straight-line method over the estimated useful lives of the related assets. Useful lives for mobile and other equipment range from 2 to 20 years, but do not exceed the related estimated mine life based on proven and probable reserves. Assets under construction are depreciated when they are substantially complete and available for their intended use, over their estimated useful lives. Repairs and maintenance of property, plant and equipment are expensed as incurred. Costs incurred to enhance the service potential of plant and equipment are capitalized and depreciated over the remaining useful life of the improved asset.

i) 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 included in operations. An equivalent amount is recorded as an increase to interests in mining 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.

j) Preferred shares

Preferred shares are segregated into their debt and equity components at the date of issue, based on the relative fair market values of these components in accordance with the substance of the agreement. The debt component of the preferred shares is classified as a liability, and recorded as the present value of the Company's obligation to settle the repurchase obligation of the preferred shares. The carrying value of the debt component is accreted to the original face value of the instruments, over the term of the preferred shares, using the effective interest method. The value of the right to convert to common shares makes up the equity component of the instruments. The right to convert to common shares is recorded using the residual value approach.

k) Revenue recognition

Revenue from the sale of gold, silver, and doré is recognized when persuasive evidence of a sale arrangement exists, the risks and rewards of ownership passes to the purchaser including delivery of the product, the selling price is fixed or determinable, and collectability is reasonably assured.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Loss per share

Basic loss per common share has been computed by dividing the earnings applicable to common shareholders by the weighted-average number of common shares outstanding during the representative periods. Diluted loss per common share is determined using the treasury stock method under which deemed proceeds on the exercise of stock options and other dilutive instruments are considered to be used to reacquire common shares at the average price for the period with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would decrease the loss per share. As at December 31, 2009 and 2008, all options and warrants were excluded from the calculation of diluted loss per share because they were anti-dilutive.

m) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and the income tax bases of assets and liabilities, and are measured using the enacted or substantively enacted income tax rates and laws that are expected to be in effect when the temporary differences are expected to reverse. The effect on future income tax assets and liabilities of a change in income tax rates is recognized in the period that includes the date of enactment or substantive enactment of the change. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized.

n) 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 with market related inputs as of the date of grant. 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.

o) Financial instruments

Financial assets and liabilities, including derivative instruments, are initially recognized and subsequently measured based on their classification as "held-for-trading", "available-for-sale" financial assets, "held-to-maturity", "loans and receivables", or "other" financial liabilities. Held-for-trading financial instruments are measured at their fair value with changes in fair value recognized in net loss for the period. Available-for-sale financial assets are measured at their fair value and changes in fair value are included in other comprehensive income until the asset is removed from the balance sheet, or until any impairment is determined to be other than temporary. Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method. Derivative instruments, including embedded derivatives, are measured at their fair value with changes in fair value recognized in net loss for the period, unless the instrument is a cash flow hedge and hedge accounting is applied, in which case changes in fair value are recognized in other comprehensive income.

p) Comprehensive income (loss)

Comprehensive income (loss), composed of net income (loss) and other comprehensive income (loss), is defined as the change in shareholders' equity from transactions and other events from non-owner sources. Other comprehensive income (loss) ("OCI") includes unrealized gains and losses on available-for-sale securities and changes in the fair market value of derivatives designated as cash flow hedges, all net of related income taxes. The components of comprehensive income (loss) are disclosed in the statement of loss and comprehensive income (loss). Cumulative changes in other comprehensive income are included in accumulated other comprehensive income ("AOCI") which is presented as a new category in shareholders' equity.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Changes in accounting policies

Change in Reporting Currency

Effective January 1, 2009, the Company changed its reporting currency from Canadian dollars to United States dollars, as the Company anticipates that the majority of its future income stream and debt facilities will be denominated in US $. 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 should be applied 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Changes in accounting policies (Continued)

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.

r) Recent accounting pronouncements

Business Combinations

In January 2009, the CICA issued Handbook Sections 1582 – Business Combinations ("Section 1582"), 1601 – Consolidated Financial Statements ("Section 1601") and 1602 – Non-controlling Interests ("Section 1602") which replace CICA Handbook Sections 1581 – Business Combinations and 1600 – Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that are equivalent to the business combination accounting standards under International Financial Reporting Standards ("IFRS"). Sections 1601 and 1602 establish standards for preparation of consolidated financial statements and the accounting for non-controlling interests in financial statements that are equivalent to the standards under IFRS. Section 1582 is required for the Company's business combinations with acquisition dates on or after January 1, 2011. Sections 1601 and 1602 are required for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Earlier adoption of these sections is permitted, which requires that all three sections be adopted at the same time. As a result of the Section 1582 definition of a business being an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return to its investors and owners, acquisitions of exploration properties, may, under certain circumstances, be accounted for as business combinations. The adoption of Section 1582 will also have an impact on the treatment of transaction costs relating to these business combinations. Transaction costs accounted for under Section 1582 are no longer capitalized but rather, expensed as incurred. In accordance with Section 1602, non-controlling interests will be classified as part of equity and net earnings or losses and total comprehensive income or losses will include the portion attributable to non-controlling interests. The Company is currently evaluating the impact of the adoption of these standards.

International Financial Reporting Standards ("IFRS")

On February 13, 2008 the AcSB confirmed January 1, 2011 as the mandatory changeover date to IFRS for all Canadian publicly accountable enterprises. This means that the Company will prepare IFRS consolidated financial statements for the interim periods and fiscal year ends beginning January 1, 2011 with comparative information for 2010 restated under IFRS. Adoption of IFRS as Canadian GAAP will require the Company to make certain accounting policy choices and could materially impact the reported financial position and results of operations. The Company is currently evaluating the impact that the adoption of these new standards will have on the Company's consolidated financial statements. A changeover plan is being established to convert to the new standards within the noted timeline. The Company's Australian subsidiaries, as required under Australian regulatory requirements, have prepared consolidated financial statements in accordance with IFRS for the year ended December 31, 2009.

3. TRANSACTION WITH FRANC-OR RESOURCES CORPORATION ("FRANC-OR")

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.

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 Corp. 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) the Toronto Stock Exchange on the date of completion, November 3, 2009. 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.

The purchase price was calculated as follows:

Common shares issued	$11,375,609
Fair value of stock options issued	514,392
Fair value of warrants issued	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

Following completion of the Transaction, the board and management of Crocodile Gold Inc. became the board and management of the combined entity which was renamed Crocodile Gold Corp. and began trading on the TSX under the symbol "CRK" on November 6, 2009.

4. PURCHASE OF MINING ASSETS

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 Toronto Stock Exchange ("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 $51,000,000 Australian dollars ("A$") 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 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. With the A$15,000,000 ($12,043,500) payment on the signing of the ASA, Crocodile Gold had paid A$20,000,000 of the A$50,000,000 purchase price. 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 due 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$30,000,000 in Canadian dollars ("C$") 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.

4. PURCHASE OF MINING ASSETS (Continued)

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. Additional detail on the reclamation liability is provided in Note 9.

5. AMOUNTS RECEIVABLE

	December 31, 2009	December 31, 2008
GST receivable (Australian and Canadian)	$ 5,293,550	$ -
Australian fuel tax receivable	629,299	-
Other receivables	140,215	-
Total amounts receivable	$ 6,063,064	$ -

6. INVENTORIES

	December 31, 2009	December 31, 2008
Supplies	$ 623,084	$ -
In-process	1,239,943	-
Ore stockpiles	6,111,183	-
Finished metals	190,680	-
Total inventories	$ 8,164,890	$ -

All inventories are carried at the lower of cost or net realizable value. At December 31, 2009, portions of in-process, ore stockpiles and finished metals are carried at net realizable value. 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. During the year ended December 31, 2009, the Company recorded impairments of $2,864,102 to reduce the carrying value of its inventory down to net realizable value. These impairments, as with all pre-commercial production costs, were charged back to mineral properties. Supplies are carried at their average cost.

7. MINING INTERESTS

	December 31, 2009		
	Cost	Accumulated depreciation/ amortization	Net book value
Property, plant and equipment	$ 31,692,079	$ (820,345)	$ 30,871,734
Mining properties	34,155,016	-	34,155,016
Total mining interest	$ 65,847,095	$ (820,345)	$ 65,026,750

The Company did not have any mining interests prior to January 1, 2009. A summary by geographic location of the net book value of property, plant and equipment, and mining properties as at December 31, 2009 is as follows:

7. MINING INTERESTS (Continued)

	Property, plant and equipment	Mining properties	Total December 31, 2009
Australia	$ 30,871,734	$ 32,248,620	$ 63,120,354
Peru	-	1,906,396	1,906,396
Total mining interest	$ 30,871,734	$ 34,155,016	$ 65,026,750

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 in Note 3. On the completion of the transaction with Franc-Or, the Company determined that the purchase price exceeded the fair value of net assets acquired. A charge of $12,326,762 was recorded on the statement of loss and comprehensive loss and the mineral interests acquired were assigned a value of $1,857,362.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2009	December 31, 2008
Accounts payable	$ 297,562	$ -
Accrued liabilities	10,587,663	-
Discounted value of deferred payment on purchase of mining assets	13,147,330	-
Total accounts payable and accrued liabilities	$ 24,032,555	$ -

As at December 31, 2009, accounts payable and accrued liabilities included the discounted value of the final A$15,000,000 deferred payment on the purchase of mining assets, which is due in June 2010.

9. ASSET RETIREMENT OBLIGATIONS

The Company's asset retirement obligations ("ARO") are based on management's estimates of costs to abandon and reclaim mineral properties and facilities as well as an estimate of the future timing of the costs to be incurred. The following table presents the reconciliation of the beginning and ending carrying amount of the ARO associated with the retirement of the Company's mining and development and property, plant and equipment:

	December 31, 2009	December 31, 2008
Balance, beginning of year	$ -	$ -
Liabilities acquired on purchase of GBS mining assets (Note 4)	4,571,729	-
Liability acquired on the purchase of Mt Bundy	249,085	-
Accretion expense	390,868	-
Foreign exchange	571,732	-
Balance, end of year	$ 5,783,414	$ -

With the purchase of the mining assets of the former GBS Gold Australia on June 19, 2009 and the purchase of Mt Bundy on July 22, 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 primarily between the next two to 15 years. Since the purchase of the GBS Gold Australia and Mt Bundy assets, the Company has recorded accretion expense of $390,868. Accretion expense relating to operations currently under development, totalling $306,826, has been capitalized to development expenditures. The balance of $84,042 has been expensed on the consolidated statements of loss and comprehensive loss.

10. CAPITAL LEASE OBLIGATIONS

At December 31, 2009, the Company had equipment under lease totalling (A$191,663) $171,902 (December 31, 2008 - $nil). Repayments on the capital leases end in 2012. During the year ended December 31, 2009, the Company has recorded interest expense related to the capital leases of $6,670, which has been charged to mineral interests. As at December 31, 2009, the equipment under capital lease had a net book value of $208,436. The following is a schedule of future minimum lease payments for the years ended December 31, 2009 and 2008 required under these facilities:

		December 31, 2009
2010	$	130,695
2011		36,523
2012		15,218
Total minimum lease payments	$	182,436
Less amount representing interest		(10,534)
Present value of net minimum lease payments	$	171,902
Current portion of obligation under capital lease		(123,355)
	$	48,547

11. STANDBY CREDIT FACILITY

In October 2009, the Company entered into a $25 million standby secured credit facility with Marret Asset Management Inc. (“Marret”) which allows the Company to draw on the credit facility, in full, at any time prior to June 30, 2010. If drawn, the credit facility will be used to finance the 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 common share purchase warrants was estimated at C$2,400,000 ($2,310,240) on the date of grant using 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 estimated fair value of $2,310,240 for the common share purchase warrants respects the criteria of transaction costs as defined under CICA Handbook Emerging Issues Committee Abstract No. 94, Accounting for Corporate Transaction Costs (“EIC-94”). As a result, these costs along with other deferred costs of $72,755 related to the Marret credit facility were accounted for as an asset on the consolidated balance sheet as “Deferred credit facility costs” and will be offset against the expected proceeds from the facility as permitted under EIC-94. The facility will then be accounted to its nominal value over the term of the borrowing using the effective interest rate method.

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.

12. PREFERRED SHARES

On June 12, 2009, as part of a private placement, 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. The preferred shares automatically converted into common shares upon the Company obtaining a listing on the TSX and completing a financing above C$0.60 per share, which occurred on November 3, 2009. Each whole common share purchase warrant was exercisable at C$1.00 for three years from the listing of the Company’s common shares on the TSX. Total net proceeds after issuing costs of C$1,077,500 ($964,039), were C$12,922,500 ($11,561,761), of which C$9,995,302 ($8,942,797) was allocated to the preferred shares and C$2,927,198 ($2,618,962) to the warrants.

12. PREFERRED SHARES (Continued)

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 C$8,722,318 ($7,803,858) and the equity component was allocated C$1,272,984 ($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 C$9,335,601 ($8,352,563), net of related share issued costs, was charged to common shares. In addition, the equity component of the preferred shares totalling C$1,272,984 ($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 C$518,304 ($463,727) was recorded.

Financing charges associated with the preferred shares were pro-rated between the liability and equity components of the preferred shares in the amounts of C$727,283 ($650,700) and C$106,144 ($94,967), respectively. Financing charges associated with the warrants were C$244,073 ($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 C$94,979 ($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.

13. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares and preferred shares without par value.

(b) Issued

Common shares issued	Number of Shares		Value
Balance, December 31, 2008	1	$	1
Shares issued on private placement:			
January [a]	10,000,000		66
March [b]	39,000,000		6,094,920
May [c]	6,000,000		1,094,760
June [d]	14,490,430		6,493,853
October [e]	35,000,000		25,600,919
Prospectus financing – December [f]	22,195,000		23,384,110
Conversion of preferred shares into common shares [g]	20,000,000		9,491,502
Shares issued on purchase of Mt Bundy Gold Project [h]	2,000,000		1,001,770
Exercise of stock options	129,444		36,797
Exercise of stock options – option valuation	-		52,243
Exercise of warrants	23,809		16,992
Exercise of warrants – warrant valuation	-		10,376
Common shares issued on the transaction with Franc-Or [i]	10,172,711		11,375,609
Balance, December 31, 2009	159,011,395	$	84,653,918

13. SHARE CAPITAL (Continued)

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

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

(c) In May 2009, the Company completed a private placement financing, issuing 6,000,000 common shares of the Company at a price of C$0.20 per share for gross proceeds of $1,094,760.

(d) In June 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.

(e) 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). 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. 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 same 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 with Franc-Or. 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.

After share issue costs, including the fair value assigned to the compensation options, a net amount of C$31,451,281 ($30,171,214) was recorded to shareholders' equity, of which C$26,687,083 ($25,600,919) was allocated to common shares and C$4,764,198 ($4,570,295) to warrants.

(f) 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$24,969,686 ($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 Note 23, "Commitments and Contingencies". 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.

(g) See Note 12, "Preferred Shares".

(h) On July 21, 2009, the Company paid C$100,000 ($91,070) and issued 2,000,000 Crocodile Gold common shares to Valere Mining Ltd. ("Valere") for its 80% interest in the Mt. Bundy Gold Project pursuant to an asset purchase agreement. The fair value of the 2,000,000 Crocodile Gold common shares was estimated to be C$1,100,000 ($1,001,770), or C$0.55 per common share. The estimated fair value of the common shares was based on the value assigned to the Crocodile Gold common shares in the June 15, 2009 private placement. A director of Crocodile Gold is also a director of Valere. See Note 22, "Related Party Transactions".

(i) On November 3, 2009, 10,172,711 shares were issued on the completion of the transaction with Franc-Or. The common shares were assigned a value of C$1.197 per share, or C$12,176,845 ($11,375,609). Additional details are provided in Note 3, "Transaction with Franc-Or Resources Corporation".

14. WARRANTS

Summary of warrant activity:

	Number of warrants	Weighted average exercise price (C$)
Balance, December 31, 2008	-	$ -
Warrants issued on private placements:		
June 12, 2009 preferred share private placement [(a)]	10,000,000	1.00
June 15, 2009 common share private placement [(b)]	7,245,215	1.00
October 9, 2009 common share private placement [(c)]	17,500,000	1.50
Compensation options issued on financings:		
October 9, 2009 [(c)]	2,100,000	1.00
December 16, 2009 [(d)]	1,331,700	1.30
Warrants issued for $25 million standby credit facility [(e)]	4,000,000	1.50
Warrants issued on transaction with Franc-Or [(f)]	3,823,410	0.97
Warrants exercised	(23,809)	(0.76)
Balance, December 31, 2009	45,976,516	$ 1.24

(a) 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. Each common share purchase warrant is exercisable at C$1.00 for three years from the listing of the Company's common shares on the TSX which occurred on November 6, 2009 and had an estimated grant date fair value of $2,618,962, net of issue costs of $218,374. The fair value of the 10,000,000 warrants was estimated using the Black-Scholes option pricing model using the following assumptions: expected dividend yield of 0%; expected volatility of 100%; risk-free interest rate of 2.0%; and, an expected life of three years from the listing date of November 6, 2009.

(b) In June 15, 2009, the Company completed a private placement financing issuing 14,490,432 units at a price of C$0.70 per unit for gross proceeds of C$10,143,303 ($8,944,364). Each unit consisted of one common share and one-half of one common share purchase warrant. Each common share purchase warrant is exercisable at C$1.00 for three years from the date of issue and had an estimated grant date fair value of $1,809,002, net of issue costs of $139,771. The fair value of the 7,245,215 warrants was estimated using the Black-Scholes option pricing model using the following assumptions: expected dividend yield of 0%; expected volatility of 100%; risk-free interest rate of 2.0%; and, an expected life of three years from the issue date of June 15, 2009.

(c) 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). 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 and had an estimated grant date fair value of $4,570,295, net of issue costs of $515,677. The fair value of the 17,500,000 warrants was estimated using the Black-Scholes option pricing model using the following assumptions: expected dividend yield of 0%; expected volatility of 100%; risk-free interest rate of 1.3%; and, an expected life of two years from the issue date.

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.

14. WARRANTS (Continued)

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 is 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 $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".

(d) As part of the December 16, 2009 prospectus financing, 1,331,700 compensation options were issued to the underwriters that entitle the holder to acquire the same number of subscription receipts 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.

(e) In October 2009, the Company signed a $25 million senior secured credit facility from Marret Asset Management Inc ("Marret"). Additional details are provided in Note 11, "Standby Credit Facility". 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 following the date of issuance and had an estimated grant date fair value of $2,310,240. The fair value of the 4,000,000 warrants was estimated using 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.

(f) The Company acquired 3,823,410 common share purchase warrants from the transaction with Franc-Or (Note 3). The common share purchase warrants have an average exercise price of C$0.97. Subsequent to December 31, 2009, the expiry date on common shares purchase warrants for the purchase of 3,341,268 common shares was accelerated. Details are provided in Note 24, "Subsequent Events".

Summary of warrants outstanding at December 31, 2009:

Number of warrants	Exercise price	Grant date fair value of warrants	Date of expiry
	C$		
336,507 *	$0.76	$146,655	June 2, 2011
3,004,761 *	$0.76	1,309,524	July 8, 2011
2,100,000	$1.00	1,067,701	December 18, 2011
10,000,000	$1.00	2,618,962	November 6, 2012
7,245,215	$1.00	1,809,002	June 15, 2012
1,331,700	$1.30	848,053	December 18, 2011
17,500,000	$1.50	4,570,295	October 9, 2011
4,000,000	$1.50	2,310,240	October 16, 2012
458,333 *	$2.52	87,612	October 15, 2010
45,976,516	$1.24	$14,768,044	

* Acquired during the transaction with Franc-Or.

15. CONTRIBUTED SURPLUS

Change in contributed surplus during the year ended December 31, 2009:

Balance, December 31, 2008	$	-
Stock-based compensation using the fair value method (Note 16) *		2,162,056
Acquired on transaction with Franc-Or		514,392
Stock options exercised		(52,243)
Balance, December 31, 2009	$	2,624,206

* A portion of stock-based compensation expense totalling of $73,192 has been capitalized to mining interests.

16. STOCK–BASED COMPENSATION

The Company has adopted a stock option plan (the "Plan"), to be administered by the Directors of the Company. Under the Plan, the Company may grant to directors, officers, employees and consultants options to purchase shares of the Company. The Plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding share capital increases. Options granted under the Plan will be for a term not to exceed five years. The plan provides that, it is solely within the discretion of the Board to determine who should receive stock options, in what amounts, and determine vesting terms. The exercise price for any stock option shall not be lower than the market price of the underlying common shares, or at fair market value in the absence of a market price, at the time of grant.

Summary of stock option activity:

	Number of options	Weighted average exercise price (C$)
Balance, December 31, 2008	-	$ -
Granted	11,160,000	0.74
Issued on transaction with Franc-Or (Note 3)	846,027	0.94
Exercised	(129,444)	(0.30)
Forfeited	(70,000)	(0.70)
Balance, December 31, 2009	11,806,583	$ 0.76

16. STOCK–BASED COMPENSATION (Continued)

The following table summarizes information about stock options outstanding and exercisable under the Plan as at December 31, 2009:

Outstanding and exercisable				
Exercise Price C$	**Number of Options Outstanding**	**Number of Options Exercisable**	**Grant date estimated fair value of Options**	**Expiry Date**
$0.20	4,825,000	4,825,000	$561,768	March 10, 2014
$0.25	118,253	118,253	109,257	January 19, 2014
$0.38	254,761	254,761	208,775	June 3, 2014
$0.70	590,000	292,500	266,396	July 10, 2014
$0.70	50,000	6,250	24,318	July 27, 2014
$0.82	75,396	75,396	47,703	August 11, 2013
$1.00	60,000	7,500	41,086	August 31, 2014
$1.19	5,080,000	635,000	4,322,453	November 12, 2014
$1.26	63,492	63,492	22,912	October 16, 2011
$1.39	31,746	31,746	7,421	June 28, 2012
$1.43	150,000	18,750	151,917	December 8, 2009
$1.58	73,809	73,809	25,405	August 7, 2012
$1.89	184,126	184,826	53,924	June 30, 2011
$1.91	250,000	31,250	345,275	December 29, 2014
	11,806,583	6,618,534	$6,188,610	

During the twelve months ended December 31, 2009, 11,160,000 stock options were granted to directors, officers, employees and consultants of the Company. Of the 11,160,000 options granted during the twelve months ended December 31, 2009, 6,210,000 options did not vest immediately. These options are scheduled to vest over a 2 year period from grant date with 1/8 of the grant vesting every three months. The options expire five years from the date of issue. The fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	Twelve months ended December 31, 2009
Expected dividend yield	0 %
Expected volatility	100 %
Risk-free interest rate	2.1 %
Expected life	5 years
Weighted average grant date fair value	C$0.56

17. INCOME TAXES

a) Provision for income taxes

The major items causing the Company's income tax expense to differ from the Canadian combined federal and provincial statutory rate of 33% (December 31, 2008 - 34%) were:

	2009	2008
Loss before income taxes	$ (18,061,083)	$ -
		-
Expected income tax recovery at statutory rates	(5,960,157)	-
Adjustments resulting from:		-
Stock-based compensation	714,002	-
Financing costs	(1,209,358)	-
Transaction with Franc-Or	(835,080)	-
Purchase of mining assets	(10,140,355)	-
Change in future tax rates	533,411	-
Other	(720,582)	-
Change in valuation allowance	17,618,119	-
Future income tax recovery	$ -	$ -

b) Future income tax balances

The tax effect of temporary differences that give rise to future income tax assets and liabilities in Canada at December 31, 2009 and December 31, 2008 are as follows:

	2009	2008
Future income tax assets (liabilities)		
Non-capital losses	$ 11,493,410	$ -
Net capital losses	2,358,217	-
Mining properties	2,769,445	-
Financing costs	973,217	-
Other	23,830	-
Valuation allowance	(17,618,119)	-
	$ -	$ -

c) The Company has approximately $6,002,000 of Canadian non-capital operating losses and $10,624,000 of Australian non-capital operating losses as at December 31, 2009 which under certain circumstances can be used to reduce the taxable income of future years. The Canadian non-operating losses have expiry dates between 2010 and 2029 and the Australian non-capital operating losses have no expiry date.

18. SUPPLEMENTAL INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

Supplemental information on the consolidated statement of cash flows for the twelve months ended December 31, 2009 and 2008 is follows:

	December 31, 2009	December 31, 2008
Changes in accounts payables and accrued liabilities relating to:		
Mining interests	$ 4,187,998	$ -
Share issue costs	$ 374,425	$ -
Deferred transaction costs	$ 31,730	$ -
Acquisition of Franc-Or Resources Corporation	$ 199,540	$ -
Common shares, options and warrants issued on the acquisition of Franc-Or	$ 13,444,167	$ -
Common shares issued for mining interests	$ 1,392,470	$ -
Accretion on reclamation liability charged to mining interests	$ 306,826	$ -
Depreciation in inventory	$ 515,066	$ -
Depreciation of assets deferred to mining interests	$ 180,637	$ -
Equipment acquired under capital lease	$ 208,436	$ -
Stock-based compensation charged to mining interests	$ 73,192	$ -
Warrants granted related to debt facility	$ 2,310,240	$ -
Warrants granted as a cost of issue	$ 1,915,754	$ -
Value of embedded derivative charged to mining interest	$ 717,529	$ -
Discount on deferred GBS Gold Australia payments credited to mining interest	$ 868,029	$ -
Inventories acquired on purchase of GBS Gold Australia assets	$ 900,509	$ -
Interest expense charged to mining interests	$ 596,364	$ -
Income taxes paid	$ -	$ -

19. SEGMENTED INFORMATION

The Company manages its assets by geographic location. The reportable operating segments are summarized in the table below:

Year ended December 31, 2009	Revenues	Net loss	Mining interests	Total Assets
Australia	$ 757,041	$ (2,068,336)	$ 63,120,354	$ 97,607,797
Peru	-	(12,285,214)	1,906,396	1,914,468
Canada [(1)]	224,101	(3,707,533)	-	17,634,696
	$ 981,142	$ (18,061,083)	$ 65,026,750	$ 117,156,961

[(1)] Canada includes corporate balances and intercompany eliminations.

20. CAPITAL MANAGEMENT

The capital of the Company consists of common shares, warrants and options. In addition, the Company has a $25 million senior secured standby credit facility that has not yet been drawn down.

The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is not subject to any externally imposed capital requirements.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable.

21. FINANCIAL RISK FACTORS

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

Credit risk

The Company's credit risk is primarily attributable to cash, reclamation deposit and amounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash consists of cash held in financial institutions from which management believes the risk of loss to be remote. Financial instruments included in amounts receivable consist primary of goods and services tax due from the Federal Governments of Australia and Canada. As at December 31, 2009, reclamation deposits totalling A$11,146,000 ($9,997,000) were being held by the Northern Territory government. Management believes that the credit risk with respect to these financial instruments is low.

Liquidity risk

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, expenditures over the next twelve month period include expenditures on exploration programs and various capital projects. The Company expects to rely on its existing net working capital, cash flows from operations once the assets are put back into production and the senior secured 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 the GBS Gold Australia assets on behalf of the Company by Forbes & Manhattan. A director of the Company is an officer of Forbes & Manhattan.

Market risk

(a) Foreign currency risk

During the year ended December 31, 2009, the Company's Australian subsidiaries were considered to be integrated operations. As a result, the functional currency of the Company's operations in Australia was the Canadian dollar. However, its mining assets were purchased in Australian dollars and the development and operation of the assets will be largely funded with Australian dollars. In addition, gold is priced on international markets in United States dollars. On October 9, 2009, the Company completed an equity financing raising net cash proceeds of C$32,564,280 ($31,238,914). The net proceeds from the financing were held in escrow until the completion of the transaction with Franc-Or, which occurred on November 3, 2009. To protect against a strengthening Australian dollar vis-à-vis the Canadian dollar during the period the Canadian dollar proceeds were being held in escrow, the Company purchased an option to sell $20,000,000 Canadian dollars and buy Australian dollars at a fixed exchange rate. The Company paid C$135,000 ($122,385) to purchase the option and sold the option near the end of its term for proceeds of $375,000 ($339,960), realizing a gain of C$240,000 ($217,575). Management expects to continue to use currency derivative to help manage its foreign exchange risk.

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.

(b) Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, the level of interest rates, the rate of inflation, investment decisions by large holders of commodities including governmental reserves and stability of exchange rates can all cause significant fluctuations in commodities prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

21. FINANCIAL RISK FACTORS (Continued)

Fair value of 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.

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	Level 3
Cash and cash equivalents:			
Cash	$ 17,362,031	$ -	$ -
Cash equivalents	$ 8,072,100	$ -	$ -
Restricted cash	$ 47,660	$ -	$ -
Reclamation and other deposits	$ 9,997,211	$ -	$ -
Unrealized non-hedge derivative liability	$ -	$ (58,608)	$ -

22. 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 a $952,000 payment to Forbes & Manhattan.

Forbes & Manhattan also participated in the private placement in March 2009 (Note 13(b)(b)) by subscribing for 4,925,000 common shares.

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.

23. 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 value of the transaction 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.

23. COMMITMENTS AND CONTINGENCIES (Continued)

(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 within the Northern Territory 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.

23. COMMITMENTS AND CONTINGENCIES (Continued)

(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 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. 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.

24. 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).

24. SUBSEQUENT EVENTS (Continued)

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

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 above under Note 23, "Commitments and Contingencies".