

CROCODILE GOLD CORP.
(A Development Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

**As at March 31, 2010 and
for the three months ended March 31, 2010 and 2009**

CROCODILE GOLD CORP.
(A Development Stage Company)

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

	March 31, 2010	December 31, 2009
ASSETS		
Current		
Cash and cash equivalents	\$ 32,074,948	\$ 25,434,131
Restricted cash	344,624	47,660
Amounts receivable (Note 4)	6,938,774	6,063,064
Inventories (Note 5)	10,261,955	8,164,890
Prepaid expenses	717,641	40,260
Unrealized non-hedge derivative asset (Note 18)	218,109	-
	50,556,051	39,750,005
Long-term		
Financial deposits	1,936,066	9,997,211
Restricted cash (Note 8)	11,219,516	-
Mining interests (Note 6)	89,288,727	65,026,750
Deferred credit facility costs (Note 10)	2,461,599	2,382,995
	\$ 155,461,959	\$ 117,156,961
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 27,430,127	\$ 24,032,555
Unrealized non-hedge derivative liability (Note 3)	4,628	58,608
Current portion of capital lease obligations (Note 9)	72,500	123,355
	27,507,255	24,214,518
Asset retirement obligations (Note 8)	6,116,453	5,783,414
Capital lease obligations (Note 9)	41,304	48,547
	33,665,012	30,046,479
SHAREHOLDERS' EQUITY		
Common shares (Note 11)	123,781,398	84,653,918
Warrants (Note 12)	7,544,855	14,768,044
Contributed surplus (Note 13)	3,999,962	2,624,206
Deficit	(20,198,382)	(18,061,083)
Accumulated other comprehensive income	6,669,114	3,125,397
	121,796,947	87,110,482
	\$ 155,461,959	\$ 117,156,961

Commitments and contingencies (Notes 1 and 20)

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 three months ended March 31,
(stated in United States dollars)

	2010	2009
Revenue		
Unrealized gain on non-hedge derivative	\$ 267,483	\$ -
Interest income	140,655	-
Other income	1,426	-
	409,564	-
Expenses		
Reclamation accretion expense (Note 8)	20,847	-
Care and maintenance	28,245	-
Professional, consulting and management fees	508,378	15,546
Stock-based compensation (Note 14)	1,555,941	570,500
Other general and administrative expenses	428,238	49,789
	2,541,649	635,835
Loss before the undernoted	(2,132,085)	(635,835)
Foreign exchange loss	(5,214)	-
Net loss for the period	\$ (2,137,299)	\$ (635,835)
Other comprehensive income items		
Unrealized gain on foreign currency translation	3,543,717	95,166
Comprehensive income (loss) for the period	\$ 1,406,418	\$ (540,669)
Net loss per share - basic and diluted	\$ (0.01)	\$ (0.03)
Weighted average common shares outstanding	173,525,858	18,988,890

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 three months ended March 31,
(stated in United States dollars)

	2010	2009
CASH (USED IN) PROVIDED BY		
OPERATING ACTIVITIES:		
Net loss for the period	\$ (2,137,299)	\$ (635,835)
Adjustments to reconcile net loss to cash provided from operating activities:		
Stock-based compensation (Note 14)	1,555,941	570,500
Accretion of reclamation liability	20,847	-
Unrealized non-hedge derivative gain	(267,483)	-
Unrealized foreign exchange gain	(14,488)	-
Other	(2,152,105)	-
Net change in non-cash working capital	(1,797,021)	42,647
	(4,791,608)	(22,688)
INVESTING ACTIVITIES:		
Mineral property interests	(32,534,576)	(3,764,239)
Proceeds on pre-commercial production metal sales (Note 6)	12,752,998	-
Decrease in reclamation deposits (Note 8)	10,048,623	-
(Increase) in deposit as collateral for bank guarantee	(11,061,042)	-
Franc-Or Resources asset purchases - net of cash acquired	(166,387)	-
	(20,960,384)	(3,764,239)
FINANCING ACTIVITIES:		
Repayment of capital lease obligations	(61,056)	-
Common share private placement	-	5,704,287
Cost of issue	(345,446)	-
Common shares on exercise of warrants	31,402,806	-
Common shares on exercise of options	324,224	-
	31,320,528	5,704,287
Effect of exchange rate changes on cash and cash equivalents	1,072,281	134,059
CHANGE IN CASH AND CASH EQUIVALENTS	6,640,817	2,051,419
CASH AND CASH EQUIVALENTS, beginning of period	25,434,131	1
CASH AND CASH EQUIVALENTS, end of period	\$ 32,074,948	\$ 2,051,420
Cash and cash equivalents consist of:		
Cash	\$ 32,074,948	\$ 2,051,420
Cash equivalents	-	-
	\$ 32,074,948	\$ 2,051,420

Supplemental Information (Note 15)

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 three months ended March 31, 2010 and 2009
(stated in United States dollars)

	Three months ended March 31, 2010	Three months ended March 31, 2009
Common shares		
Balance, beginning of the period	\$ 84,653,918	\$ 1
Issued through private placements, net	-	6,094,986
Exercise of stock options	506,713	-
Exercise of warrants	38,620,767	-
Balance, end of the period	\$ 123,781,398	\$ 6,094,987
Common share purchase warrants		
Balance, beginning of period	\$ 14,768,044	\$ -
Exercise of warrants	(7,217,961)	-
Expiry of warrants	(5,228)	-
Balance, end of the period	\$ 7,544,855	\$ -
Contributed surplus		
Balance, beginning of period	\$ 2,624,206	\$ -
Stock option expense	1,553,017	570,500
Stock options exercised	(182,489)	-
Expiry of warrants	5,228	-
Balance, end of the period	\$ 3,999,962	\$ 570,500
Deficit		
Balance, beginning of period	\$ (18,061,083)	\$ -
Net loss for the period	(2,137,299)	(635,835)
Balance, end of the period	\$ (20,198,382)	\$ (635,835)
Accumulated other comprehensive income		
Balance, beginning of the period	\$ 3,125,397	\$ -
Unrealized gain on foreign currency translation	3,543,717	95,166
Balance, end of the period	6,669,114	95,166
Total shareholders' equity	\$ 121,796,947	\$ 6,124,818

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

CROCODILE GOLD CORP.
(A Development Stage Company)

Notes to the Consolidated Financial Statements
(in United States dollar, unless otherwise noted)
Three months ended March 31, 2010

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 became 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 3.

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 unaudited interim 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 into commercial 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, rate of taxation 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.

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Notes to the Consolidated Financial Statements
(in United States dollar, unless otherwise noted)
Three months ended March 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial information. Accordingly, they do not include all the information and notes to the financial statements required by Canadian GAAP for annual financial statements. In the opinion of management, these unaudited interim consolidated financial statements contain all adjustments necessary to fairly present the Company's financial position as at March 31, 2010 as well as its results of operations and its cash flows for the three months ended March 31, 2010. Operating results for the period ended March 31, 2010 may not necessarily be indicative of the results that may be expected for the year ending December 31, 2010.

The unaudited interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's most recent annual audited financial statements, except for the changes discussed below. While management believes that the disclosures presented are adequate, these unaudited interim consolidated financial statements and notes should be read in conjunction with the Company's audited annual consolidated financial statements for the fiscal year ended December 31, 2009.

Future 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.

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Notes to the Consolidated Financial Statements
(in United States dollar, unless otherwise noted)
Three months ended March 31, 2010

3. 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. 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. 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. 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 \$13,604,410, as at March 31, 2010.

The ASA provided GBS Gold Australia the option to receive the deferred payments totaling 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 was included as part of the purchase cost. The resulting liability was recorded on the balance sheet as an unrealized non-hedge derivative liability. At March 31, 2010, the estimated fair value of this embedded derivative on the remaining A\$15,000,000 deferred payment was \$4,629 (December 31, 2009 - \$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
	<hr/>
	\$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)
	<hr/>
	\$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 and on November 6, 2009, the Company received notification from the Northern Territory government that title to the licences and tenements acquired from GBS Gold Australia had been registered in the name of Crocodile Gold and the A\$20,000,000 held in escrow was released.

In November 2009, following the registration of title in the name of Crocodile Gold, the Company was notified by the Northern Territory government that an additional reclamation and remediation deposit of A\$3,104,905 (\$2,492,928) above the A\$8,011,500 already paid as part of the ASA, was required bringing the total reclamation deposit to A\$11,116,405 (\$8,925,361). In March 2010, the deposit with the Northern Territory government was replaced with a bank guarantee. The Company has provided cash equal to 100% of the bank guarantee as collateral to the bank providing the guarantee. The cash provided as collateral is recorded on the March 31, 2010 consolidated balance sheet as restricted cash. Additional detail on the reclamation liability is provided in Note 8.

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Notes to the Consolidated Financial Statements
(in United States dollar, unless otherwise noted)
Three months ended March 31, 2010

4. AMOUNTS RECEIVABLE

	March 31, 2010	December 31, 2009
GST receivable (Australian and Canadian)	\$ 4,887,628	\$ 5,293,550
Australian fuel tax receivable	1,832,276	629,299
Other receivables	218,870	140,215
Total amounts receivable	\$ 6,938,774	\$ 6,063,064

5. INVENTORIES

	March 31, 2010	December 31, 2009
Supplies	\$ 1,975,804	\$ 623,084
In-process	2,944,191	1,239,943
Ore stockpiles	3,766,980	6,111,183
Finished metals	1,574,980	190,680
Total inventories	\$ 10,261,955	\$ 8,164,890

All inventories are carried at the lower of cost or net realizable value. At March 31, 2010 and December 31, 2009, ore stockpiles and finished metals were carried at net realizable value along with portions of in-process inventory. 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 three months period ended March 31, 2010, the Company recorded impairments of \$3,081,074 (December 31, 2009 - \$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, have been charged back to mineral properties. Supplies are carried at their average cost.

6. MINING INTERESTS

March 31, 2010			
	Cost	Accumulated depreciation/ amortization	Net book value
Property, plant and equipment	\$ 37,157,370	\$ (2,672,270)	\$ 34,485,100
Mining properties	56,262,531	\$ (1,458,904)	54,803,627
Total mining interest	\$ 93,419,901	\$ (4,131,174)	\$ 89,288,727

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

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(A Development Stage Company)

Notes to the Consolidated Financial Statements
(in United States dollar, unless otherwise noted)
Three months ended March 31, 2010

6. MINING INTERESTS (Continued)

A summary by geographic location of the net book value of property, plant and equipment, and mining properties as at March 31, 2010 and December 31, 2009 is as follows:

	March 31, 2010		
	Property, plant and equipment	Mining properties	Total March 31, 2010
Australia	\$ 34,485,100	\$ 52,834,348	\$ 87,319,448
Peru	-	1,969,279	1,969,279
Total mining interest	\$ 34,485,100	\$ 54,803,627	\$ 89,288,727

	December 31, 2009		
	Property, plant and equipment	Mining properties	Total March 31, 2010
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

As at March 31, 2010, the Company's Australia operations were in pre-commercial production having not yet finished the start-up phase. As a result, operating costs during the three months ended March 31, 2010 of \$21,662,274, less proceeds on the sale of gold of \$12,752,998, has been capitalized to mining interests. Operating costs include depreciation and depletion of \$3,182,439 and reclamation accretion expense of \$180,368. During the year ended December 31, 2009, pre-commercial operating costs of \$3,159,536 were deferred to mining interests, which included depreciation and depletion of \$906,985.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2009	December 31, 2009
Accounts payable	\$ 1,984,731	\$ 297,562
Accrued liabilities	11,840,986	10,587,663
Discounted value of deferred payment on purchase of mining assets	13,604,410	13,147,330
Total accounts payable and accrued liabilities	\$ 27,430,127	\$ 24,032,555

As at March 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 (see Note 3).

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Notes to the Consolidated Financial Statements
(in United States dollar, unless otherwise noted)
Three months ended March 31, 2010

8. 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:

	March 31, 2010	December 31, 2009
Balance, beginning of year	\$ 5,783,414	\$ -
Liabilities acquired on purchase of GBS mining assets (Note 3)	-	4,571,729
Liability acquired on the purchase of Mt Bundy	-	249,085
Accretion expense	201,215	390,868
Foreign exchange	131,824	571,732
Balance, end of year	\$ 6,116,453	\$ 5,783,414

With the purchase of the mining assets of the former GBS Gold Australia on June 19, 2009 and the purchase of the Mt Bundy gold project on July 22, 2009, the Company recorded an ARO of \$4,820,814 in 2009. 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. During the three months ended March 31, 2010, the Company has recorded accretion expense of \$201,215. Accretion expense relating to operations currently under development, totaling \$180,368, has been capitalized to development expenditures. The balance of \$20,847 has been expensed on the consolidated statements of loss and comprehensive loss.

9. CAPITAL LEASE OBLIGATIONS

At March 31, 2010, the Company has liabilities on equipment under lease totaling \$113,804 (December 31, 2009 - \$171,902). Repayments on the capital leases end in 2012. During the three months ended March 31, 2010, the Company recorded interest expense related to the capital leases of \$5,906, which has been charged to mineral interests. As at March 31, 2010, the equipment under capital lease had a net book value of \$205,262 (December 31, 2009 - \$208,436). The following is a schedule of future minimum lease payments for the periods ended March 31, 2010 and December 31, 2009 required under these facilities:

	March 31, 2009	December 31, 2009
2010	\$ 65,686	\$ 130,695
2011	37,337	36,523
2012	15,557	15,218
Total minimum lease payments	\$ 118,580	\$ 182,436
Less amount representing interest	(4,776)	(10,534)
Present value of net minimum lease payments	\$ 113,804	\$ 171,902
Current portion of obligation under capital lease	(72,500)	(123,355)
	\$ 41,304	\$ 48,547

10. 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.

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Notes to the Consolidated Financial Statements
(in United States dollar, unless otherwise noted)
Three months ended March 31, 2010

10. STANDBY CREDIT FACILITY (Continued)

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 accreted 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.

11. 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	67
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
Exercise of stock options	812,959	324,224
Exercise of stock options – option valuation	-	182,489
Exercise of warrants	24,487,970	31,402,806
Exercise of warrants – warrant valuation	-	7,217,961
Balance, March 31, 2010	184,312,324	\$ 123,781,398

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Notes to the Consolidated Financial Statements
(in United States dollar, unless otherwise noted)
Three months ended March 31, 2010

11. 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 (\$67) 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.
- (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.

The 17,500,000 warrants issued as part of the private placement had an accelerated expiry provision. On January 18, 2010, after meeting the required conditions, the Company exercised its right to accelerate the expiry date of these warrants. Additional details are provided below in Note 12, "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 20, "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) 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.

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.

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11. SHARE CAPITAL (Continued)

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 totaling 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 totaling C\$1,272,984 (\$1,138,939), net of related share issue costs, was charged to common 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 19, "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). In addition, 3,823,410 warrants were issued in the transaction with Franc-Or. Some of the warrants issued had an accelerated expiry provision. On January 18, 2010, after meeting the required conditions, the Company exercised its right to accelerate the expiry date of these warrants. Additional details are provided below in Note 12, "Warrants".

12. 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
Warrants issued on exercise of compensation options	1,050,000	(1.50)
Warrants exercised		
June 15, 2009 common share private placement	(516,714)	(1.00)
October 9, 2009 common share private placement ^(c)	(17,479,988)	(1.50)
Issued on transaction with Franc-Or ^(f)	(3,341,268)	(0.76)
Compensation options	(2,100,000)	(1.00)
Compensation options warrants	(1,050,000)	(1.50)
Warrants expired	(20,012)	(1.50)
Balance, March 31, 2010	22,518,534	\$ 1.14

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12. WARRANTS (Continued)

- (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.

The warrants were subject to an accelerated expiry whereby, the expiry of the warrants could be accelerated 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. In January 2010, Crocodile Gold's share price did trade in excess of C\$2.00 for a period of 10 consecutive days and on January 18, 2010, the Company exercised its right to accelerate the expiry date of these warrants. The 1,050,000 common share purchase warrants underlying 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 18,529,988 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\$29,894,982 (\$28,531,558) on the issuance of 20,629,988 common shares.

- (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 10, "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.

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12. WARRANTS (Continued)

(f) The Company acquired 3,823,410 common share purchase warrants in the transaction with Franc-Or. The common share purchase warrants had an average exercise price of C\$0.97. Common share purchase warrants representing 3,341,268 common shares were subject to 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 on January 18, 2010, the Company exercised its right to accelerate the expiry date of these warrants. A total of 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).

Summary of warrants outstanding at March 31, 2010:

Number of warrants	Exercise price	Grant date fair value of warrants	Date of expiry
	C\$		
10,000,000	\$1.00	\$2,618,962	November 6, 2012
6,728,501	\$1.00	1,679,988	June 15, 2012
1,331,700	\$1.30	848,053	December 18, 2011
4,000,000	\$1.50	2,310,240	October 16, 2012
458,333 *	\$2.52	87,612	October 15, 2010
22,518,534	\$1.14	\$7,544,855	

* Acquired during the transaction with Franc-Or.

13. CONTRIBUTED SURPLUS

Change in contributed surplus during the three months ended March 31, 2010 and the year ended December 31, 2009:

Balance, December 31, 2008	\$	-
Stock-based compensation using the fair value method (Note 14) *		2,162,056
Acquired on transaction with Franc-Or		514,392
Stock options exercised		(52,243)
Balance, December 31, 2009	\$	2,624,206
Stock-based compensation using the fair value method (Note 14) *		1,553,017
Stock options exercised		(182,489)
Expiry of common share purchase warrants		5,228
Balance, March 31, 2010	\$	3,999,962

* A portion of stock-based compensation expense has been capitalized to mining interests.

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14. 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
Granted	425,000	1.96
Exercised	(812,958)	(0.41)
Forfeited	(107,625)	(1.10)
Balance, March 31, 2010	11,311,000	\$ 0.83

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14. STOCK-BASED COMPENSATION (Continued)

The following table summarizes information about stock options outstanding and exercisable under the Plan as at March 31, 2010:

Exercise Price C\$	Outstanding and exercisable		Grant date estimated fair value of Options	Expiry Date
	Number of Options Outstanding	Number of Options Exercisable		
\$0.20	4,235,000	4,235,000	\$493,075	March 10, 2014
\$0.25	118,253	118,253	109,257	January 19, 2014
\$0.38	238,888	238,888	199,682	June 3, 2014
\$0.70	505,000	260,000	228,027	July 10, 2014
\$0.70	50,000	12,500	24,318	July 27, 2014
\$0.82	75,396	75,396	47,703	August 11, 2013
\$1.19	4,977,750	1,222,875	4,235,451	November 12, 2014
\$1.26	31,747	31,747	8,593	October 16, 2011
\$1.43	150,000	18,750	151,917	December 8, 2009
\$1.58	69,840	69,840	23,900	August 7, 2012
\$1.75	100,000	12,500	129,177	March 29, 2015
\$1.89	184,126	184,126	53,924	June 30, 2011
\$1.91	250,000	62,500	345,275	December 29, 2014
\$1.95	75,000	9,375	106,092	January 4, 2015
\$2.00	200,000	25,000	285,620	February 23, 2015
\$2.24	50,000	6,250	81,664	January 10, 2015
	11,311,000	6,601,749	\$6,523,675	

During the three months ended March 31, 2010, 425,000 stock options were granted to directors, officers, employees and consultants of the Company. These options had a grant date estimated fair value of \$602,553 and are scheduled to vest over a 2 year period from grant date with 1/8th 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:

	Three months ended March 31, 2010
Expected dividend yield	0%
Expected volatility	100%
Risk-free interest rate	2.4%
Expected life	5 years
Weighted average grant date fair value	\$1.42

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15. SUPPLEMENTAL INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

Supplemental information on the consolidated statement of cash flows for the three months ended March 31, 2010 and 2009 is follows:

	March 31, 2010	March 31, 2009
Changes in accounts payables and accrued liabilities relating to:		
Mining interests	\$ (951,497)	\$ -
Share issue costs	\$ (345,446)	\$ -
Acquisition of Franc-Or Resources Corporation	\$ (177,236)	\$ -
Accretion on reclamation liability charged to mining interests	\$ 180,368	\$ -
Depreciation in inventory	\$ 1,163,281	\$ -
Depreciation of assets deferred to mining interests	\$ 3,182,439	\$ -
Stock-based compensation charged to mining interests	\$ (2,924)	\$ -
Commons shares issued for mining interests	\$ -	\$ 390,700
Interest expense charged to mining interests	\$ 167,482	\$ -
Income taxes paid	\$ -	\$ -

16. SEGMENTED INFORMATION

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

	Three months ended March 31, 2010			
	Revenues	Net loss	Mining interests	Total Assets
Australia	\$ 196,586	\$ (89,483)	\$ 87,319,448	\$ 133,248,677
Peru	-	88,779	1,969,279	1,975,788
Canada ⁽¹⁾	212,978	(2,136,595)	-	20,237,494
	\$ 409,564	\$ (2,137,299)	\$ 89,288,727	\$ 155,461,959

⁽¹⁾ Canada includes corporate balances and intercompany eliminations. For the three months ended March 31, 2009, the Company had only one reportable operating segment – Canada.

17. 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.

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18. 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 March 31, 2010, cash was on deposit with Westpac Banking Corporation, an Australian bank, as collateral on bank guarantees outstanding totaling A\$12,236,000 (\$11,252,000). Management believes that the credit risk with respect to these financial instruments is low.

Liquidity risk

As at March 31, 2010, the Company had net working capital of \$34,268,312, which included cash and cash equivalents of \$32,074,948, amounts receivable of \$6,938,774 and inventories of \$10,261,955, partially offset by current liabilities of \$27,507,255. The accounts payable and accrued liabilities included the discounted value of the final deferred payment due in June 2010 as part of the ASA (\$13,604,410). 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 and the senior secured credit facility. 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

As of January 1, 2010, the functional currency of the Company's Australian operations became the Australian dollar. The functional currency of the Canadian operation is the Canadian dollar. The initial purchase of the mining assets was in Australian dollars and the development and operation of the assets will largely be funded with Australian dollars. However, gold is priced on international markets in United States dollars, the Company's reporting currency. To protect against a strengthening Australian dollar vis-à-vis the United States dollar the Company holds a significant portion of its cash in Australian dollars. The Company also entered into currency forward contracts to help manage this foreign exchange risk. At March 31, 2010, the Company had entered into a contract to sell US\$5 million and purchase Australian dollars at a rate of 1.1366 with a delivery date of April 28, 2010. The estimated fair value of the contract at March 31, 2010 was \$218,109. These contracts were entered into to normalize operating expenses incurred by the Company's foreign operations as expressed in US dollar terms. Management expects to continue to use currency derivatives to help manage its foreign exchange risk. The Company may hedge up to 50% and 30% of its Australian dollar expenditures over the next three months and subsequent four to twelve months, respectively. This will be done both through holding Australian dollars and the use of currency derivatives.

A 10% increase in the value of the Australian dollar against the US dollar, would have decreased the net loss by \$388,920 during the three months ended March 31, 2010.

(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.

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18. 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 March 31, 2010, 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 March 31, 2010:

	Level 1	Level 2	Level 3
Cash	\$ 32,074,948	\$ -	\$ -
Restricted cash	\$ 11,564,140	\$ -	\$ -
Financial deposits	\$ 1,936,066	\$ -	\$ -
Unrealized non-hedge derivative asset	\$ -	\$ 218,109	\$ -
Unrealized non-hedge derivative liability	\$ -	\$ (4,628)	\$ -

19. 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 an aggregate of \$893,000 as compensation 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 20, "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 totaling \$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 11(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 corporations for their proportional share of expenses. Included in accounts payable at March 31, 2010 is \$nil (December 31, 2009 - \$10,844) owing to and \$86,323 (December 31, 2009 - \$47,329) owing from related 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.

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20. 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.

CROCODILE GOLD CORP.
(A Development Stage Company)

Notes to the Consolidated Financial Statements
(in United States dollar, unless otherwise noted)
Three months ended March 31, 2010

20. 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. A payment of A\$2,000,000 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 \$346,474 over the following years:

Year	Minimum lease Commitments
2010	\$ 197,676
2011	133,241
2012	15,557
Total	\$ 346,474

(e) Management contracts

The Corporation is party to certain management contracts. These contracts require that additional payments of approximately \$3,673,000 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 \$377,000 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 \$1,234,000.

(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. Subsequent to March 31, 2010, the North Territory Government introduced legislation to increase the mineral royalty rate from 18% to 20%, effective July 1, 2010.

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(A Development Stage Company)

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(in United States dollar, unless otherwise noted)
Three months ended March 31, 2010

20. 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). In January 2010, the Territory Revenue Office ("TRO") of the Northern Territory notified the Company that it was the position of the TRO that stamp duty was 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 believes that the transaction with Franc-Or did not trigger a stamp duty liability and is contesting the TRO decision. In February 2010, the Company paid A\$2,058,000 (\$1,860,000) 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 and is pursuing its options to recover the amount paid; however, 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 possible penalties.

(i) Environmental bonds

As at March 31, 2010, the Company had funds placed on deposit as collateral for bank guarantees issued to the Northern Territory Government. The bank guarantees, totaling \$10,192,632, are security under environmental bond requirements. A further \$900,366 is scheduled to be deposited over the next 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.