Financial Statements
(Expressed in Canadian dollars)

TAKU GOLD CORP.

(formerly CZM Capital Corp.)

Years ended December 31, 2010 and 2009

DeVISSER GRAY LLP
CHARTERED ACCOUNTANTS

401-905 West Pender St
Vancouver BC V6C 1L6
t 604.687.5447
f 604.687.6737

Independent Auditors' Report

To the Shareholders of Taku Gold Corp. (formerly CZM Capital Corp.)

We have audited the accompanying financial statements of Taku Gold Corp. which comprise the balance sheet as at December 31, 2010, and the statements of loss and comprehensive loss and deficit and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Taku Gold Corp. as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matters

The financial statements of Taku Gold Corp. as at and for the year ended December 31, 2009 were audited by other auditors, who expressed an unqualified opinion on those statements in their report to the shareholders dated February 23, 2010.

De Visser Gray LLP

CHARTERED ACCOUNTANTS
Vancouver, BC, Canada
April 20, 2011

TAKU GOLD CORP.

Management's Responsibility for Financial Reporting

The accompanying financial statements of Taku Gold Corp. were prepared by management in accordance with Canadian generally accepted accounting principles. Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in note 2 to the financial statements.

Management has established a system of internal control over the financial reporting process, which is designed to provide reasonable assurance that relevant and reliable information is produced.

The Board of Directors is responsible for reviewing and approving the financial statements, the accompanying Management's Discussion and Analysis and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee which is comprised of a majority of independent non-executive directors assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management as well as with the independent auditors to review the internal controls over the financial reporting process, the financial statements and the auditors' report. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Signed by

Zachery Dingsdale
Chief Executive Officer

Ickbal Boga
Chief Financial Officer

April 26, 2011

TAKU GOLD CORP.
(formerly CZM CAPITAL CORP.)
BALANCE SHEETS
DECEMBER 31, 2010 AND 2009

		2010		2009
ASSETS				
CURRENT				
Cash and cash equivalents	$	7,982,719	$	28,081
Accounts receivable		188,013		21,480
Prepaid expense		10,054		-
		8,180,786		49,561
EQUIPMENT (Note 3)		-		796
RECLAMATION DEPOSITS		15,000		15,000
MINERAL PROPERTIES (Notes 4 and 6)		7,020,079		4,200,003
	$	15,215,865	$	4,265,360
LIABILITIES and SHAREHOLDERS' EQUITY				
CURRENT				
Accounts payable and accrued liabilities (Note 6)	$	279,881	$	178,135
FUTURE INCOME TAX LIABILITY (Note 7)		297,712		472,000
		577,593		650,135
SHAREHOLDERS' EQUITY				
Share capital (Note 5)		15,857,415		4,848,026
Contributed surplus (Note 5)		2,356,761		770,929
Deficit		(3,575,904)		(2,003,730)
		14,638,272		3,615,225
	$	15,215,865	$	4,265,360

NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN (Note 1)
COMMITMENTS (Notes 4 and 5)
SUBSEQUENT EVENTS (Notes 7 and 10)

ON BEHALF OF THE BOARD:

_______________________ Director
Zak Dingsdale

_______________________ Director
Ickbal Boga

See accompanying notes to the financial statements

TAKU GOLD CORP.
(formerly CZM CAPITAL CORP.)
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS AND DEFICIT
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
EXPENSES		
Amortization	$ 796	$ 341
Consulting (Note 6)	177,500	72,000
Director fees (Note 6)	11,300	-
Investor relations	11,220	-
Management fees (Note 6)	222,000	72,000
Office and miscellaneous (Note 6)	61,603	22,812
Professional fees (Note 6)	110,290	67,536
Research funding	35,000	-
Shareholder information, transfer agent and filing fees	90,914	17,415
Stock based compensation (Note 5)	873,735	-
Travel and promotion	156,142	2,040
Website costs	10,663	395
	1,761,163	254,539
LOSS BEFORE INCOME TAXES	(1,761,163)	(254,539)
Future income tax recovery (Note 7)	188,989	60,000
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	(1,572,174)	(194,539)
DEFICIT, BEGINNING OF YEAR	(2,003,730)	(1,809,191)
DEFICIT, END OF YEAR	$ (3,575,904)	$ (2,003,730)
BASIC AND DILUTED LOSS PER SHARE	$ (0.05)	$ (0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	32,189,379	11,757,364

TAKU GOLD CORP.
(formerly CZM CAPITAL CORP.)
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the year	$ (1,572,174)	$ (194,539)
Items not involving cash:		
Amortization	796	341
Income tax recovery	(188,989)	(60,000)
Stock based compensation	873,735	-
	(886,632)	(254,198)
Changes in non-cash working capital		
Accounts receivable	(166,533)	60,831
Prepaid expense	(10,054)	-
Accounts payables and accrued liabilities	60,497	136,831
	(1,002,722)	(56,536)
FINANCING ACTIVITIES		
Shares issued for cash	11,931,525	25,000
Share issue costs	(1,031,338)	-
	10,900,187	25,000
INVESTING ACTIVITY		
Mineral property acquisition and expenditures for cash	(1,942,827)	(45,645)
	(1,942,827)	(45,645)
INCREASE (DECREASE) IN CASH AND CASH EQUIVLENTS DURING THE YEAR	7,954,638	(77,181)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	28,081	105,262
CASH AND CASH EQUVAILENTS, END OF YEAR	$ 7,982,719	$ 28,081
Supplementary cash flow information		
Income tax paid	$ -	$ -
Interest paid	$ -	$ -
Non-cash operation, financing and investing activities		
Shares issued for acquisition of mineral property	$ 836,000	$ -

Included in cash and cash equivalents at December 31, 2010 is $4,070,000 (2009: $nil) in term deposits and $3,912,719 (2009: $28,081) held in bank accounts.

At December 31, 2010, amounts included in accounts payable that are related to mineral property costs aggregate $71,445 (2009: $30,196).

1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

Taku Gold Corp. (formerly CZM Capital Corp.) (the "Company") was incorporated under the Company Act (British Columbia) on July 19, 1999. The Company is an exploration stage public company and is listed on the TSX Venture Exchange (the "TSX"). The Company's principal business activities include acquiring and developing mineral properties. At December 31, 2010, the Company's principal mineral interests are located in Canada. The Company changed its name on January 25, 2010 to Taku Gold Corp.

The Company is currently exploring its mineral properties and has not yet determined the existence of economically recoverable reserves. The recoverability of the amounts shown for interests in mineral properties is dependent upon the discovery of economically recoverable reserves or proceeds from the disposition thereof, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to complete development of the properties and on future profitable operations.

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At December 31, 2010, the Company had not yet achieved profitable operations, has accumulated losses of $3,575,904 since its inception and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company will require additional financing in order to conduct its planned work programs on mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. The significant areas requiring the use of management estimates are recoverability of the mineral property costs, valuation allowance for future income taxes and expected share price volatility for purposes of estimating the fair value of stock options granted. Actual results may differ from these estimates.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with original maturities of three months or less.

Mineral properties

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Costs of producing properties will be amortized on a unit of production basis and costs of abandoned properties are written-off. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations. Option payments received in excess of costs incurred are credited to income.

The Company reviews the carrying costs of its mineral properties on a regular basis. Management's estimates of mineral prices, recoverable proven and profitable reserves, operating capital, and reclamation costs are subject to certain risks and uncertainties that may affect the recoverability of mineral property costs. The recoverability of the amounts shown for mineral properties and interests is dependent on the confirmation of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to successfully complete their development and future profitable operations. The amounts shown for mineral properties represent costs incurred to date, less write-downs and sale, and do not necessarily reflect the present or future values.

The Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, but these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Asset Retirement Obligations

The liability for asset retirement obligations, such as site reclamation costs, is recognized in the period in which it is incurred. The Company records the estimated present value of future cash flows associated with site reclamation as a liability and increases the carrying value of the related assets for that amount. Subsequently, these capitalized asset retirement costs will be amortized to expense over the life of the related assets using the unit-of-production method. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial fair value measurements (additional asset retirement costs). As at December 31, 2010 and 2009, the Company does not have any asset retirement obligations.

Impairment of Long-lived Assets

The Company assesses the impairment of long-lived assets, whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of a long-lived asset is then determined by a comparison of the carrying value of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the amount of the impairment is measured by the amount by which the carrying amount of the asset exceeds its fair value. Except as provided, the Company does not consider any of its long-lived assets to be impaired at December 31, 2010 and 2009.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Environmental Costs

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the cost can be reasonably estimated.

Agent Warrants and Warrants

Warrants issued to agents in connection with a financing are recorded at fair value and charged to share issue costs associated with the offering with an offsetting credit to contributed surplus in shareholders' equity.

Warrants included in units offered to subscribers in connection with financings are valued using the residual value method whereby proceeds are first allocated to the fair value of the shares and the excess if any, allocated to the warrants.

Reclamation Deposits

The Company maintains cash deposits, or letters of credit secured by cash deposits, as required by regulatory bodies as assurance for the funding of reclamation costs. These funds are restricted to that purpose and are not available to the Company until the reclamation obligations have been fulfilled. Reclamation deposits are designated as available for sale, are recorded at fair value and are classified as non-current assets.

Stock-based Compensation

The fair value of share purchase options granted is expensed over their vesting period with a corresponding increase to contributed surplus. Compensation for non-employees is re-measured at each balance sheet date until the earlier of the vesting date or the date of completion of the service. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

Flow-through Shares

The Canadian Institute of Chartered Accountants has issued guidance on the accounting treatment for Canadian flow-through shares through its Emerging Issues Committee Abstract ("EIC") No. 146. Upon renunciation of exploration expenditures to the shareholders for flow-through shares issued by the Company, the Company reduces share capital and recognizes a future income tax liability for the amount of tax reduction renounced to the shareholders. In instances where the Company has sufficient available tax loss carry forwards or other deductible temporary differences available to offset the renounced tax deduction and is more-likely-than-not able to utilize either these tax losses or other deductible temporary differences before expiry, the Company recognizes future tax assets, with a corresponding credit to operations, for an amount equal to the future income tax liability.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities. Future tax assets, including the benefit of losses available to be carried forward to future years for tax purposes, are recognized only if it is more likely than not that they can be realized.

Share Capital

Common shares issued for non-monetary consideration are recorded at the fair market value based upon the trading price of the Company's shares on the TSX Venture Exchange on the date of the agreement to issue the shares.

Basic and Diluted Loss Per Share

Basic loss per share is calculated by dividing the net loss for the year by the weighted average number of shares outstanding during the year. Diluted earnings per share reflect the potential dilution of securities that could occur if potentially dilutive securities are exercised or converted to common stock. The dilutive effect of options and warrants and their equivalents is computed by application of the treasury stock method. Fully dilutive amounts are not presented when the effect of the computations is anti-dilutive due to the losses incurred.

For the years ended December 31, 2010 and 2009, shares issuable on exercise of stock options and warrants totalling 40,699,200 (2009: 3,200,000) were not included in the computation of diluted loss per share because the effect would have been anti-dilutive.

Financial Instruments

All financial instruments are required to be measured at fair value on initial recognition, except for certain related party transactions. The Company has made the following designations of its financial instruments: cash as held-for trading which is measured at fair value, accounts receivable as loans and receivables, reclamation bonds as available for sale and accounts payable and accrued liabilities as other financial liabilities, which are measured at amortized cost.

Future changes in accounting policies

i) *International Financial Reporting Standards ("IFRS")*

In 2008, the Canadian Accounting Standards Board confirmed that publicly-listed companies will be required to adopt IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company expects its first financial statements presented in accordance with IFRS to be for the three month period ending March 31, 2011, which includes presentation of its comparative results for fiscal 2010 under IFRS; as well as reconciliation to Canadian GAAP for the comparative quarter and as at the January 1, 2010 transaction date.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ii) Business Combinations

CICA Handbook Section 1582, Business Combinations, replaces Section 1581, Business Combinations and provides the Canadian equivalent to International Financial Reporting Standards ("IFRS") 3, Business Combinations. This applies to a transaction in which the acquirer obtains control of one or more businesses. Most assets acquired and liabilities assumed, including contingent liabilities that are considered to be improbable, will be measured at fair value. Any interest in the acquiree owned prior to obtaining control will be remeasured at fair value at the acquisition date, eliminating the need for guidance on step acquisitions. Additionally, a bargain purchase will result in recognition of a gain and acquisition costs must be expensed. The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

iii) Consolidations and Non-controlling Interests

Section 1601, Consolidated Financial Statements, and Section 1602, Non-Controlling Interests, replace Section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS standard, IAS 27 (Revised), Consolidated and Separate Financial Statements. The Sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. The Company expects to adopt this standard on January 1, 2011. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

3. EQUIPMENT

		2010		2009
Office equipment	$	3,517	$	3,517
Less: accumulated amortization		(3,517)		(2,721)
	$	-	$	796

4. MINERAL PROPERTIES

Year Ended December 31 2010		Yukon Territory, Canada		TAG 025 Gold Silver Property BC, Canada		Total
Acquisition costs						
Balance, beginning	$	-	$	150,553	$	150,553
Cash option payments		482,500		-		482,500
Staking and related costs		104,050		-		104,050
Common shares under option agreement		808,000		28,000		836,000
		1,394,550		178,553		1,573,103
Deferred exploration expenditures						
Balance, beginning		-		4,049,450		4,049,450
Drilling ,survey, testing and related (Note 6)		782,075		113,546		895,621
Sampling		339,839		-		339,839
Transport		157,342		4,724		162,066
		1,279,256		4,167,720		5,446,976
Balance, Dec ember 31, 2010	**$**	**2,673,806**	**$**	**4,346,273**	**$**	**7,020,079**

Year Ended December 31, 2009				TAG 025 Gold Silver Property		Total
Acquisition costs						
Balance, beginning and ending	$	-	$	150,533	$	150,553
Deferred exploration expenditures						
Balance, beginning		-		4,003,805		4,003,805
Assays and sampling		-		2,102		2,102
Drilling and testing (Note 6)		-		23,850		23,850
Reporting		-		19,693		19,693
				4,049,450		4,049,450
Balance, December 31, 2009	$	-		**4,200,003**	**$**	**4,200,003**

a. TAG 025 Gold Silver Property, Atlin Mining Division of British Columbia

During the year ended December 31, 2006, the Company signed a mineral property option agreement to acquire a 100% interest in the TAG 025 Gold Silver Property within the Atlin Mining Division of British Columbia. To earn this interest, the Company made cash payments totaling $60,000, issued a total of 600,000 shares and incurred $1,050,000 in exploration expenditures. The Property is subject to 2.5% net smelter returns royalty (" NSR") of which 1.5% can be purchased on the basis of $500,000 per 0.5% at any time prior to commercial production.

The Company subsequently acquired through staking additional mineral claims within the TAG Gold Silver Property.

During the year ended December 31, 2010, the Company amended the agreement to clarify the claims to which the NSR payable applies. In consideration for the amendment, the Company issued 100,000 common shares.

4. MINERAL PROPERTIES (cont'd)

b. Yukon Territory, Canada

Year Ended December 31. 2010			Balance, beginning		Cash Option payment		Common shares under option agreement		Staking and related costs		Total
Acquisition costs											
Dan Property	(i)	$	-	$	50,000	$	76,875	$	28,400	$	155,275
Rose & Bute Property	(ii)		-		50,000		73,125		29,200		152,325
AM Property	(iii)		-		70,000		113,850		-		183,850
Bishop Property			-		-		-		35,700		35,700
Montana Property	(iv)		-		59,000		110,400		-		169,400
Quartz Property	(v)		-		36,500		56,925		-		93,425
Portland Property	(vi)		-		10,000		37,000		10,750		57,750
Sulphur Property	(vii)		-		137,000		225,975		-		362,975
Wounded Moose Property	(viii)		-		70,000		113,850		-		183,850
Balance, December 31, 2010		**$**	**-**	**$**	**482,500**	**$**	**808,000**	**$**	**104,050**	**$**	**1,394,550**

(i) Dan Property, White Gold District, Yukon

On March 3, 2010, the Company entered into an option agreement to acquire a 100% interest in 168 claims known as the Dan Property located south of Dawson City in the White Gold district of Yukon Territory. Under the terms of the agreement, the Company has the option to earn a 100% interest in the Dan Property for a total consideration of $250,000 in cash payments, the issuance of 1,000,000 common shares and the completion of $1,000,000 in exploration expenditures on the Property over a four year period as follows:

Option Exercise Schedule	Issue Shares		Make Payment		Exploration Expenditures
On approval by TSX Venture Exchange	200,000 (1)	$	50,000 (1)	$	-
First anniversary	200,000		50,000		200,000
Second anniversary	200,000		50,000		200,000
Third anniversary	200,000		50,000		300,000
Fourth anniversary	200,000		50,000		300,000
Total	1,000,000	$	250,000	$	1,000,000

(1) Shares issued and payment made

A finder's fees of 75,000 treasury shares of the Company was paid to an arm's length party.

The Dan Property is subject to 2.0% NSR of which the Company has the right to buy back the first 1.0% for $2,000,000.

In April of 2010, the Company acquired through staking an additional 280 mineral claims to expand the Dan Property to 448 mineral claims.

4. MINERAL PROPERTIES (cont'd)

(ii) Rose and Bute Property, White Gold District, Yukon Territory

On March 30, 2010, the Company entered into an option agreement to acquire a 100% interest in 120 claims known as the Rose Property and 62 claims known as the Bute Property, both located south of Dawson City in the White Gold district of Yukon Territory. Under the terms of the agreement, the Company has the option to earn a 100% interest in the Rose and Bute Property for a total consideration of $325,000 in cash payments, the issuance of 1,000,000 common shares and the completion of $1,000,000 in exploration expenditures on the Property over a four year period as follows:

Option Exercise Schedule	Issue Shares	Make Payment	Exploration Expenditures
On approval by TSX Venture Exchange	200,000 (1)	$ 50,000 (1)	$ -
First anniversary	200,000	50,000	200,000
Second anniversary	200,000	75,000	200,000
Third anniversary	200,000	75,000	300,000
Fourth anniversary	200,000	75,000	300,000
Total	1,000,000	$ 325,000	$ 1,000,000

(1) Shares issued and payment made

A finder's fees of 75,000 treasury shares of the Company was paid to an arm's length party.

The Property is subject to 2.0% NSR of which the Company has the right to buy back the first 1.0% for $2,000,000.

On April 12, 2010, the Company acquired through staking an additional 292 mineral claims to expand the Rose and Bute Property to 564 mineral claims.

(iii) AM Property, Dawson Mining Division, Yukon Territory

On August 20, 2010, the Company entered into a purchase agreement to acquire a 100% interest in 280 claims known as the AM Property, located in the Australia and Melba creeks area in the Dawson Mining Division of Yukon Territory. Under the terms of the agreement, the Company issued 330,000 shares and will make annual cash payments of $5,000 from Year 2 to Year 7 (which are deductible against the NSR royalty).The property is subject to a 2.0% NSR of which the Company has the option to purchase 1.0% of the NSR for $1,000,000 and has a right of first refusal to purchase the remaining 1%.

(iv) Montana Property, Dawson Mining Division, Yukon Territory

On August 20, 2010, the Company entered into a purchase agreement to acquire a 100% interest in 272 claims called the Montana Property, located in the Montana Creek area in the Dawson Mining Division of Yukon Territory. Under the terms of the agreement, the Company issued 320,000 shares, reimbursed staking costs of $59,000 and will make advance royalty payments of $5,000 (which are deductible against the NSR royalty). The property is subject to a 2.0% NSR of which the Company has the option to purchase 1% of the NSR for $1,000,000 and has a right of first refusal to purchase the remaining 1%.

4. MINERAL PROPERTIES (cont'd)

(v) Quartz Property, Dawson Mining Division, Yukon Territory

On August 20, 2010, the Company entered into a purchase agreement to acquire a 100% interest in 146 claims known as the Quartz Property, located in the Quartz Creek area in the Dawson Mining Division of Yukon Territory. Under the terms of the agreement, the Company issued 165,000 shares, reimbursed staking costs of $36,500 and will make advance royalty payments of $5,000 (which are deductible against the NSR royalty) commencing August 20, 2011 for five years. The property is subject to a 2.0% NSR of which the Company has the option to purchase 1% of the NSR for $1,000,000 and has a right of first refusal to purchase the remaining 1%.

(vi) Portland Property, Dawson Mining Division, Yukon Territory

On October 4, 2010, the Company entered into an option agreement to acquire a 100% interest in 32 claims known as the Portland Property located in the Dawson Mining Division of Yukon Territory. Under the terms of the Option Agreement, the Company has the option to earn a 100% undivided interest in the Portland Property for a total cash consideration of $40,000, the issuance of 400,000 common shares and the completion of $200,000 of exploration expenditures on the Property over a three year period as follows:

Option Exercise Schedule	Issue Shares		Make Payment		Exploration Expenditures
On approval by TSX Venture Exchange	100,000 (1)	$	10,000 (1)	$	-
First anniversary of TSX approval date	100,000		10,000		25,000
Second anniversary of TSX approval date	100,000		10,000		50,000
Third anniversary of TSX approval date	100,000		10,000		125,000
Total	400,000	$	40,000	$	200,000

(1) Shares issued and payment made

The Property is subject to a 2% NSR of which the Company has the option to purchase 1% of the NSR for $1,000,000.

(vii) Sulphur Property, Dawson Mining Division, Yukon Territory

On August 20, 2010, the Company entered into a purchase agreement to acquire a 100% interest in 548 claims called the Sulphur Property, located in the Sulphur Creek area in the Dawson Mining Division of Yukon Territory. Under the terms of the agreement, the Company issued 655,000 shares, reimbursed staking costs of $137,000 and will make advance royalty payments of $5,000 from Year 2 to Year 7 (which are deductible against the NSR royalty). The property is subject to a 2.0% NSR of which the Company has the option to purchase 1% of the NSR for $1,000,000 and has a right of first refusal to purchase the remaining 1%.

(viii) Wounded Moose Property, Dawson Mining Division, Yukon Territory

On August 20, 2010, the Company entered into a purchase agreement to acquire a 100% interest in 548 claims called the Wounded Moose Property located in the Dawson Mining Division of Yukon Territory. Under the terms of the agreement, the Company issued 330,000 shares and will make advance royalty payments of $5,000 from Year 2 to Year 7 (which are deductible against the NSR Royalty). The property is subject to a 2.0% NSR, of which the Company has the option to purchase 1% of the NSR for $1,000,000.

5. SHARE CAPITAL

a. Authorized:

Unlimited (2009: 100,000,000) common shares without par value

5. SHARE CAPITAL (cont'd)

b. Issued and outstanding:

On January 25, 2010, the Company consolidated its issued common shares on a 3:1 basis and changed its name to Taku Gold Corp.

		Number of Shares	Amount	Contributed Surplus
Balance, December 31, 2008		33,852,915	4,919,026	770,929
Pursuant to private placement – at $0.05	*(i)*	980,000	49,000	-
Pursuant to private placement – at $0.05	*(i)*	500,000	25,000	-
Recovery of future income tax assets		-	(145,000)	-
Balance, December 31, 2009		35,332,915	$ 4,848,026	$ 770,929
Consolidation of shares on a 3:1 basis		(23,555,276)	-	-
Pursuant to private placement – at $0.08	*(ii)*	2,500,000	200,000	-
Pursuant to private placement – at $0.10	*(iii)*	4,975,000	497,500	-
Pursuant to private placement – at $0.15	*(iv)*	23,000,000	3,450,000	-
Pursuant to private placement – at $0.15	*(v)*	17,740,000	7,008,400	-
Exercise of warrants – at $0.10		1,650,000	165,000	-
Exercise of warrants – at $0.15		1,577,500	236,625	-
Exercise of warrants – at $0.25		1,060,000	265,000	-
Exercise of options – at $0.20		420,000	84,000	-
Exercise of options – at $0.25		100,000	25,000	-
Pursuant to amendment of royalty agreement	*Note 4a*	100,000	28,000	-
Acquisition of mineral property: Yukon	*Note 4b*	2,450,000	808,000	-
Recovery of future income tax assets		-	(14,700)	-
Fair value of agent's options		-	(839,427)	839,427
Stock-based compensation		-	-	873,735
Share issue costs		-	(1,031,339)	-
Transfer of contributed surplus for exercise of options		-	127,330	(127,330)
Balance, December 31, 2010		**67,350,139**	**$ 15,857,415**	**$ 2,356,761**

i) During the year ended December 31, 2009, the Company completed a private placement of 980,000 flow-through shares at $0.05 per share for gross proceeds of $49,000 and 500,000 units at $0.05 per unit for gross proceeds of $25,000. Each unit consists of one common share and one share purchase warrant which entitles the holder to purchase an additional common share at a price of $0.10 for one year. The flow-through agreements require the Company to incur exploration expenditures and renounce the tax deductions to the flow-through participants. In 2010, the Company renounced $49,000 of exploration expenditures which resulted in a charge to share capital of $14,700.

(ii) On February 4, 2010, the Company issued 2,500,000 units pursuant to a non-brokered private placement at a price of $0.08 per unit for gross proceeds of $200,000. Each unit consists of one common share and one non-transferable share purchase warrant exercisable to purchase one additional non-flow-through common share for $0.10 until February 4, 2012.

5. SHARE CAPITAL (cont'd)

b. Issued and outstanding (continued):

(iii) On March 19, 2010, the Company completed a private placement of 4,975,000 units at $0.10 per unit for gross proceeds of $497,500. Each unit consists of one common share and one half (1/2) of one share purchase warrant. Each full share purchase warrant entitles the holder to purchase an additional common share at a price of 15 cents per share until March 16, 2012. The Company paid share issue costs consisting of $37,400 in finders' fees and $3,435 in legal fees in connection with the financing.

(iv) In July 2010, the Company completed a private placement of 13,240,000 units at $0.15 per unit for gross proceeds of $1,986,000. Each unit consists of one share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase an additional common share at a price of 25 cents per share until July 16, 2012. In conjunction with this placement, the Company completed a private placement of 9,760,000 flow-through units at $0.15 per share for gross proceeds of $1,464,000. Each unit consists of one share and one half (1/2) of one share purchase warrant. One full share purchase warrant entitles the holder to purchase an additional common share at a price of 25 cents until July 16, 2012. The flow-through agreements require the Company to incur exploration expenditures and renounce the tax deductions to the flow-through participants.

The Company paid share issue costs consisting of $301,000 in finders' fees and $37,024 in legal fees in connection with the financing. In addition, the Company granted an option to the Agent to purchase 2,300,000 units in the capital stock of the Company at a price of $0.15 per unit. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrants entitles the holder to acquire one share for 24 months from July 15, 2010 at a price of $0.25. Using the Black-Scholes pricing model, the fair value of these share purchase warrants was estimated to be $417,910.

(v) In December 2010, the Company completed a private placement of 11,060,000 units at $0.38 per unit for gross proceeds of $4,202,800. Each unit consists of one share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase an additional common share at a price of 65 cents until December 3, 2012. In conjunction with this placement, the Company completed a private placement of 6,680,000 flow-through units at $0.42 per share for gross proceeds of $2,805,600. Each unit consists of one share and one half (1/2) of one share purchase warrant. Each full share purchase warrant entitles the holder to purchase an additional common share at a price of 65 cents per share until December 3, 2012. The flow-through agreements require the Company to incur exploration expenditures and renounce the tax deductions to the flow-through participants.

The Company paid share issue costs consisting of $517,342 in finders' fees and $135,138 in legal fees in connection with the financing. In addition, the Company granted an option to the Agent to purchase 1,419,200 units in the capital stock of the Company at a price of $0.65 per unit. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one share for 24 months from December 3, 2010 at a price of $0.65. Using the Black-Scholes pricing model, the fair value of these share purchase warrants was estimated to be $421,517.

5. SHARE CAPITAL (cont'd)

c. Stock options outstanding:

Pursuant to the Company's Stock Based Compensation Plan (the "Plan"), incentive stock options may be granted to employees and other participants for the purposes of advancing the interests of the Company. The directors of the Company are authorized to issue options to a maximum of 10% of the Company's issued and outstanding shares (on an undiluted basis), with a maximum of 5% of the Company's issued and outstanding shares being reserved to any one person. Options granted must be exercised no later than five years from the date of grant or such lesser period as determined by the Company's Board of directors. The exercise price of an option is not less than the closing price on the TSX on the last trading day preceding the grant date or the minimum price as per the TSX. All options granted under the Plan shall vest and become exercisable on the date of grant, except options granted to consultants performing investor relations activities, which options must vest over twelve months with no more than one quarter of the options vesting in any three month period.

Outstanding options at December 31, 2010 were as follows:

Expiry	Price ($)	Weighted Average Remaining Life (years)	Outstanding January 1, 2010	Granted	Exercised	Cancelled/ Forfeited	Outstanding December 31, 2010
March 30, 2011	0.54	0.2	56,333	-	-	-	56,333
April 7, 2011	0.54	0.3	45,000	-	-	-	45,000
June 19, 2011	0.45	0.5	36,667	-	-	-	36,667
December 6, 2011	0.54	1.0	203,333	-	-	-	203,333
May 25, 2012	0.54	1.5	200,000	-	-	-	200,000
November 9, 2012	0.60	1.9	212,667	-	-	-	212,667
July 18, 2013	0.39	2.6	146,000	-	-	-	146,000
June 1, 2015	0.20	4.5	-	1,080,000	420,000	-	660,000
July 30, 2015	0.25	4.5	-	2,300,000	100,000	-	2,200,000
			900,000	3,380,000	520,000	-	3,760,000
Weighted average exercise price			0.51	0.23	0.21	-	0.30
Exercisable							3,760,000

The weighted average contractual life remaining of all stock options at December 31, 2010 is 3.80 years.

5. SHARE CAPITAL (Note 5) (cont'd)

c. Stock options outstanding (cont'd):

Outstanding options at December 31, 2009 were as follows:

Expiry	Price ($)	Weighted Average Remaining Life (years)	Outstanding January 1, 2009	Granted	Exercised	Cancelled/ Forfeited	Outstanding December 31, 2009
March 30, 2011	0.54	1.2	56,333	-	-	-	56,333
April 7, 2011	0.54	1.3	45,000	-	-	-	45,000
June 19, 2011	0.45	1.5	36,667	-	-	-	36,667
December 6, 2011	0.54	2.0	203,333	-	-	-	203,333
May 25, 2012	0.54	2.4	200,000	-	-	-	200,000
November 9, 2012	0.20	2.9	227,667	-	-	(15,000)	212,667
July 18, 2013	0.13	3.6	212,667	-	-	(66,667)	146,000
			981,667	-	-	(81,667)	900,000
Exercisable							900,000

The weighted average contractual life remaining of all stock options at December 31, 2009 is 2.62 years.

d. Stock-based compensation:

During the year ended December 31, 2010, the Company granted a total of 3,380,000 (2009: nil) incentive stock options and stock-based compensation expense of $873,375 (2009: nil) was recorded. The weighted average fair value of share purchase options granted during the year ended December 31, 2010 of $0.26 (2009: nil) per option was estimated using the Black-Scholes option pricing model with the following assumptions:

Risk free interest rate	2.75%
Expected life	5 years
Expected volatility	175%
Expected dividends	$Nil

e. Share purchase warrants:

Outstanding share purchase warrants at December 31, 2010 were as follows:

Expiry	Price ($)	Outstanding January 1, 2010	Issued	Exercised	Expired	Outstanding December 31, 2010
July 17, 2010	0.60	333,333	-	-	333,333	-
January 5, 2010	0.45	166,667	-	-	166,667	-
February 4, 2, 2012	0.10	-	2,500,000	1,650,000	-	850,000
March 16, 2012	0.15	-	2,487,500	1,577,500	-	910,000
July 16, 2012	0.25	-	18,120,000	1,060,000	-	17,060,000
December 3, 2012	0.65	-	14,400,000	-	-	14,400,000
		500,000	37,507,500	4,287,500	500,000	33,220,000
Weighted average exercise price		0.55	0.39	0.16	0.55	0.42

5. SHARE CAPITAL (Note 5) (cont'd)

e. Share purchase warrants (continued):

Outstanding share purchase warrants at December 31, 2009 were as follows:

Expiry	Price ($)	Outstanding January 1, 2009	Issued	Exercised	Expired	Outstanding December 31, 2009
May 8, 2009	0.90	500,000	-	-	(500,000)	-
September 4, 2009	0.60	157,833	-	-	(157,833)	-
July 17, 2010	0.60	333,333	-	-	-	333,333
January 5, 2010	0.45	-	166,667	-	-	166,667
		991,166	166,667	-	(657,833)	500,000

f. Agent's options

Outstanding agent options at December 31, 2010 were as follows:

Expiry	Price ($)	Outstanding January 1, 2010	Issued	Exercised	Expired	Outstanding December 31, 2010
July 16, 2012(1)	0.15	-	2,300,000	-	-	2,300,000
December 3, 2012(2)	0.65	-	1,419,200	-	-	1,419,200
		-	3,719,200	-	-	3,719,200

(1) See note 5(b)(iv)
(2) See note 5(b)(v)

6. RELATED PARTY TRANSACTIONS

The Company had the following transactions in the normal course of operations with directors and companies with common directors:

	2010	2009
Consulting	$ 102,000	$ 48,000
Management fees	222,000	72,000
Mineral property – exploration expenditures	237,025	13,800
Professional fees	65,700	48,000
Office rent and supplies	21,600	21,600
	$ 648,325	$ 203,400

These charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

Included in accounts payable and accrued liabilities at December 31, 2010 is $182,688 (2009: $134,645) owing to directors and companies with common directors with respect to unpaid fees and expenses.

7. INCOME TAXES

A reconciliation of the income taxes provision at computed statutory rates to the reported income tax provision is as follows:

		2010		2009
Statutory tax rate		28.50%		30.00%
Loss before income taxes	$	(1,761,162)	$	(254,539)
Expected income tax (recovery)		(501,931)		(76,400)
Differences due to recognition of items for tax purposes				
Expiry of non-capital losses		9,815		19,000
Future income tax recognized on flow through renunciation		(14,700)		-
Effect of reduction in statutory rates		-		2,000
Net effect of non-deductible amounts		172,965		-
Change in valuation allowance		144,863		(4,600)
Total income tax recovery	$	(188,988)	$	(60,000)

The significant components of the Company's future income tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

		2010		2009
Future tax asset				
Non-capital loss carry-forward	$	731,750	$	439,000
Capital assets		1,074		-
Share issue costs		223,916		34,000
Canadian exploration and development expenses		(1,254,452)		(945,000)
		(297,712)		(472,000)
Less: valuation allowance		-		-
Future tax liability	$	(297,712)	$	(472,000)

The Company has recorded a valuation allowance against future income taxes on the extent to which it is more likely than not that sufficient taxable income will be realized during the carry forward period to utilize all the future tax assets.

As at December 31, 2010, the Company has accumulated non-capital losses of approximately $2,927,000 and has accumulated cumulative exploration and development expenses of approximately $2,002,000 available to carry forward for income tax purposes, which may be deducted against future years' taxable income.

As at December 31, 2010, the Company's non-capital losses expire as follows:

Year 2014	$	81,000
Year 2015		139,000
Year 2026		322,000
Year 2027		388,000
Year 2028		467,000
Year 2029		376,000
Year 2030		1,154,000
	$	2,927,000

7. INCOME TAXES (cont'd)

Flow-through Shares

During the year ended December 31, 2010, the Company issued common shares on a flow-through basis for total proceeds of $4,269,600 (2009: $49,000). The flow-through agreements require the Company to incur exploration expenditures and renounce the tax deductions to the flow-through participants. During the year ended December 31, 2009, the Company incurred qualifying exploration expenses of $1,397,526 (2009: $45,645) respectively regarding the funds raised and renounced exploration expenditures of $49,000 (2009: $581,100) which resulted in a charge to share capital of $14,700 (2009: $145,000). Subsequent to year end the Company renounced a further $4,296,600 of exploration expenditures.

8. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. As at December 31, 2010, the Company has not entered into any debt financing.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects.

The Company is not subject to any capital requirements.

9. FINANCIAL INSTRUMENTS

All financial instruments are required to be measured at fair value on initial recognition, except for certain related party transactions. The Company has made the following designations of its financial instruments: cash as held-for trading which is measured at fair value, accounts receivable as loans and receivables, reclamation bonds as available for sale, and accounts payable and accrued liabilities as other financial liabilities, which are measured at amortized cost.

Amended CICA section 3862 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

Level 1- quoted prices in active markets for identical assets or liabilities;

Level 2- 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. from derived prices); and

Level 3- inputs for the asset or liability that are not based upon observable market data.

At December 31, 2010, the following table sets forth the levels in the fair value hierarchy into which the Company's financial assets and liabilities are measured and recognized in the balance sheet. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

9. FINANCIAL INSTRUMENTS (cont'd)

	2010	2009
	Level 1	Level 1
Cash and cash equivalents	$ 7,857,719	$ 28,081
Reclamation bonding	15,000	15,000

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. At December 31, 2010 and 2009, there were no financial assets or liabilities measured and recognized in the balance sheet at fair value that would be categorized as Level 2 and 3 in the fair value hierarchy above.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at December 31, 2010, all of the Company's cash is held in Canadian dollars, the Company's functional currency. The Company has no operations in foreign jurisdictions outside of Canada at this time and as such has no currency risk associated with its operations.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at December 31, 2010 the Company is not exposed to any significant credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the period in the financial statements is interest income on Canadian dollar cash. As at December 31, 2010, the Company's cash is subject to or exposed to interest rate risk. However, this risk is not significant.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. Accounts payable and accrued liabilities are current. The Company addresses its liquidity through equity financing obtained through the sale of common shares and the exercise of warrants and options.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, reclamation bond, and accounts payable and accrued liabilities and approximate fair value due to their short-term nature.

10. SUBSEQUENT EVENTS

a. Subsequent to December 31, 2010, 575,000 share purchase warrants at $0.15 per share purchase warrant were exercised for total proceeds of $136,250.

b. On February 4, 2011, the Company granted 2,900,000 options exercisable at $0.37 and expiring February 4, 2016.