CORAZON GOLD CORP

(formerly ReMac Zinc Corp.)

(An Exploration Stage Company)

Consolidated Financial Statements
Years ended December 31, 2010 and 2009

(Canadian Funds)

Chang Lee LLP

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
CORAZON GOLD CORP. (formerly ReMac Zinc Corp.)

We have audited the accompanying consolidated balance sheets of Corazon Gold Corp. (formerly ReMac Zinc Corp.) (the "Company"), which comprise the balance sheets as at December 31, 2010 and 2009 and the consolidated statements of operations, comprehensive (income) loss and deficit, and cash flows for the years then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. 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 an 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated 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 Company'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 consolidated financial statements.

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

Opinion
In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

CHANG LEE LLP

Chartered Accountants

Vancouver, BC, Canada
March 22, 2011

Corazon Gold Corp. (formerly ReMac Zinc Corp.)

(An Exploration Stage Company)

Consolidated Balance Sheets

As at December 31,

Canadian Funds

		2010		2009
ASSETS				
Current				
Cash and cash equivalents	$	**45,740**	$	209,519
Cash held in trust *(Note 10)*		**4,602,770**		-
Term deposit *(Note 3)*		**264,793**		300,355
Amounts receivable		**11,027**		1,075
Prepaid expenses		**2,177**		12,332
		4,926,507		523,281
Deferred reverse take-over costs *(Note 10)*		**69,742**		-
Reclamation bond		**5,000**		5,000
	$	**5,001,249**	$	528,281
LIABILITIES				
Current				
Accounts payable and accrued liabilities	**$**	**78,541**	$	14,323
Due to Redhawk Resources, Inc. *(Note 9c)*		**4,290**		1,559
		82,831		15,882
SHAREHOLDERS ' EQUITY				
Share capital *(Note 5)*		**6,930,008**		6,930,008
Share subscriptions received *(Note 10)*		**4,602,770**		-
Contributed surplus *(Note 6)*		**531,169**		531,169
Deficit		**(7,145,529)**		(6,948,778)
		4,918,418		512,399
	$	**5,001,249**	$	528,281

Nature of Operations and Going Concern (Note 1)

Subsequent Events (Note 10)

APPROVED ON BEHALF OF THE BOARD:

Director: “Patrick Brauckmann”

Director: “J. Stephen Barley”

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

Corazon Gold Corp. (formerly Remac Zinc Corp.)

(An Exploration Stage Company)

Consolidated Statements of Operations, Comprehensive (Income) Loss and Deficit
For the Years Ended December 31, 2010 and 2009

Canadian Funds

		2010		2009
Administrative Costs				
Audit and accounting	$	**49,550**	$	32,860
Director fees		**20,644**		-
Filing fees		**12,949**		8,620
Insurance		**13,647**		17,092
Investor relations		**-**		3,404
Legal		**12,539**		9,739
Management fees and consulting		**62,786**		64,289
Office and sundry		**7,379**		1,962
Rent		**7,304**		3,600
Stock-based compensation expense *(Note 7)*		**-**		7,252
Transfer agent costs		**10,900**		12,660
Travel and accommodation		**51**		537
Foreign exchange (gain) loss		**-**		(45)
Loss before the following		**197,748**		161,970
Other Expenses (Income)				
Impairment loss *(Note 4)*		**1,004**		6,637
Mineral interest recovery *(Note 4)*		**-**		(326,239)
Interest income		**(2,001)**		(12,289)
(Income) loss and comprehensive (income) loss for the year		**196,751**		(169,921)
Deficit - beginning of year		**6,948,778**		7,118,699
Deficit - end of year	$	**7,145,529**	$	6,948,778
(Income) loss per share – basic and diluted	$	**0.06**	$	(0.05)
Weighted average shares outstanding - basic *(Note 5c)*		**3,513,734**		3,513,734
Weighted average shares outstanding - diluted *(Note 5c)*		**3,513,734**		3,639,094

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

Corazon Gold Corp. (formerly ReMac Zinc Corp.)

(An Exploration Stage Company)

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2010 and 2009
Canadian Funds

		2010		2009
Cash flows from (used in) operating activities				
Income (loss) for the year	$	(196,751)	$	169,921
Items not affecting cash				
Stock-based compensation		-		7,252
Impairment loss		1,004		6,637
		(195,747)		183,810
Changes in non-cash operating working capital				
(Increase) in cash held in trust		(4,602,770)		-
(Increase) decrease in amounts receivable		(9,952)		282,590
Decrease in prepaid expenses		10,155		3,301
Increase (decrease) in accounts payable and accrued liabilities		58,746		(45,808)
		(4,739,568)		423,893
Cash flows from (used in) investing activities				
(Purchase) redemption of term deposit		35,562		(300,355)
Resource property		(1,004)		(6,637)
		34,558		(306,992)
Cash flows from (used in) financing activities				
Share subscriptions received		4,602,770		-
Deferred reverse take-over costs		(64,270)		-
Advances from Redhawk Resources, Inc.		2,731		1,203
		4,541,231		1,203
Net increase (decrease) in cash and cash equivalents		(163,779)		118,104
Cash and cash equivalents – beginning of year		209,519		91,415
Cash and cash equivalents – end of year	$	45,740	$	209,519

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

1. Nature of Operations and Going Concern

Corazon Gold Corp. (formerly ReMac Zinc Corp.) (the "Company") and its wholly owned subsidiary, ReMac Zinc Development Corp. ("RMZD"), have been principally engaged in the acquisition, exploration and development of resource properties. The Company's future operations and the underlying value and recoverability of the amounts shown for resource properties would be entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its resource properties and on future profitable production or proceeds from the disposition of the resource properties.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going-concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company has a loss for the year ended December 31, 2010 of $196,751, (2009 – income of $129,961) had a working capital of $4,843,676 (2009 - $507,399) and an accumulated shareholders' deficit of $7,145,529 (2009 - $6,948,778).

These consolidated financial statements reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and balance sheet classifications.

2. Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

a) Principles of Consolidation

These consolidated financial statements include the accounts of the Company, which was incorporated on April 20, 2005 under the provision of the Alberta Business Corporations Act, and its wholly owned subsidiary RMZD which was incorporated on March 31, 2006 under the British Columbia Business Corporation Act. All inter-company transactions and balances have been eliminated.

b) Management's Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates. Areas requiring significant management estimates relate to the determination of impairment of mineral properties, expected tax rates for future income tax recoveries, fair value of stock-based payments and useful lives for amortization of long-lived assets.

c) Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers cash and cash equivalents to include amounts held in banks and highly liquid debt investments with remaining maturities at point of purchase of three months or less. The Company places its cash and cash investments with institutions of high credit worthiness. At times, such investments may be in excess of federal insurance limits.

d) Reclamation Bond

Reclamation bonds represent term deposits which have been pledged to the Province of British Columbia as security for reclamation obligations pursuant to the mining regulations of British Columbia.

e) Property Option Payments

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as resource property costs or recoveries when the payments are made or received. The Company does not accrue the estimated costs of maintaining its interests in good standing.

2. Significant Accounting Policies – *continued*

f) Resource Properties

Resource exploration and development costs, including indirect costs relating to the exploration program's field office, are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore reserves, while those costs for the prospects abandoned are written off.

The recoverability of the amounts capitalized for the undeveloped resource properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history.

g) Asset Retirement Obligations

The Company recognizes statutory, contractual or other legal obligations related to the retirement of tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The Capitalized asset retirement cost is amortized to operations over the life of the asset. Management has determined that there is no obligation at December 31, 2010 and 2009.

h) Earnings (Loss) per Share

Basic earnings (loss) per share are computed by dividing income available to common shareholders by the weighted average number of shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method. Basic and diluted loss per share is the same as the effect of the exercise of outstanding options would be anti-dilutive.

i) Future Income Taxes

The asset and liability method is used for determining future income taxes. Under the asset and liability method, the change in the net future tax asset or liability is included in income. The income tax effects of temporary differences between the time when income and expenses are recognized in accordance with the Company's accounting practises and the time they are recognized for income tax purposes are reflected as future income tax assets or liabilities. Future income tax assets and liabilities are measured using substantively enacted statutory rates that are expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled.

j) Stock-Based Compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method. For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For employees and non-employees, the fair value of the options is accrued and charged to operations, with the offsetting credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

k) Share Capital

Share capital issued for non-monetary consideration is recorded at an amount based on fair market value.

2. Significant Accounting Policies – *continued*

l) Foreign Currency Translation

The monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the balance sheet date and non-monetary items are translated at historical rates. Revenues and expenses are translated at the average exchange rate for the period. Exchange gains and loses arising on translation are included in the statement of operations and deficit.

m) Flow-Through Shares

Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective tax rate) thereby reducing share capital. If a company has sufficient unused tax losses and deductions ("losses") to offset all or part of the future income tax liabilities and no future income tax assets have been previously recognized on such losses, a portion of such unrecognized losses (losses multiplied by the effective corporate tax rate) is recorded as income up to the amount of the future income tax liability that was previously recognized on the renounced expenditures.

n) Comprehensive Income

Comprehensive Income is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net earnings such as unrealized gains or losses on available-for-sale investments. Other comprehensive income includes the holding gains and losses from available-for-sale securities, which are not included in net income (loss) until realized.

o) Capital Disclosures and Risk Management

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company is at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate significant environmental remediation costs or liabilities in respect of its current operations.

The Company is not exposed to significant credit concentration risk. The Company is not exposed to significant interest rate risk.

The Company's functional currency is the Canadian dollar. The Company doesn't operate in foreign jurisdictions which would give rise to significant exposure to market risks from changes in foreign currency rates. The financial risk is the risk to the Company's operations that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its resource properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

In the management of capital, the Company considers the items included in shareholders' equity to be capital as well as cash and term deposit.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company' assets. In order to maintain or adjust the capital structure, the Company may attempt to issue new shares or debt instruments, acquire or dispose of assets, or to bring in joint venture partners.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

2. Significant Accounting Policies – *continued*

p) Financial Instruments

The Company designated its financial instruments into one of the following five categories: held-for-trading; available-for-sale; held-to-maturity; loans and receivables; and other financial liabilities. All financial instruments are initially measured at fair value. Financial instruments classified as held-for-trading or available-for-sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

All derivative financial instruments, including derivative features embedded in financial instruments or other contracts but which are not considered closely related to the host financial instrument or contract, are generally classified as held-for-trading and, therefore, must be measured at fair value with changes in fair value recording in net earnings. However, if a derivative financial instrument is designated as a hedging item in a qualifying cash flow hedging relationship, the effective portion of changes in fair value is recorded in other comprehensive income. Any change in fair value relating to the ineffective portion is recorded immediately in net earnings.

Corazon has designated its financial instruments as follows:

- Cash and cash equivalents, cash held in trust and term deposits are classified as "Held for Trade";
- Amounts receivable and reclamation bond are classified as "Loans and Receivables". These financial assets are recorded at values that approximate their amortized costs using the effective interest method; and
- Accounts payable and accrued liabilities and due to Redhawk Resources, Inc. are classified as "Other Financial Liabilities". These financial liabilities are recorded at values that approximate their amortized cost using the effective interest method.

Fair value

The Company's financial assets and liabilities consist of cash and cash equivalents, cash held in trust, term deposit, amounts receivable, reclamation bond, accounts payable and accrued liabilities and due to Redhawk Resources, Inc. The carrying value of these financial instruments approximates their fair value due to their short period to maturity or capacity of prompt liquidation.

The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in CICA Handbook section 3862 – Financial Instruments – Disclosures:

Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs which are supported by little or no market activity.

The following table summarizes the Company's financial instruments, and shows the level within the fair value hierarchy in which they have been classified (for financial instruments measured at fair value):

2. Significant Accounting Policies – *continued*

	Fair Value Hierarchy Level		December 31, 2010		December 31, 2009
Financial Assets					
Held for trading					
Cash and cash equivalents	Level 1	$	45,740	$	209,519
Cash held in trust	Level 1	$	4,602,770	$	-
Term deposit	Level 1	$	264,793	$	300,355

Management of Financial Risk

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, and market risk.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents which are held in a large Canadian financial institution. The Company believes this credit risk is insignificant.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2010, the Company had a cash and cash equivalent, cash held in trust and term deposit balance of $4,913,303 (2009 - $509,874) to settle current liabilities of $82,831 (2009 - $15,882). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

On January 14, 2011 the Company completed a non-brokered private placement for gross proceeds of $5,550,000 and net proceeds of $5,349,696. As of December 31, 2010, a portion of the proceeds has been included in cash held in trust. On March 21, 2011, the Company entered into an agreement with Wellington West Capital Markets Inc. to sell 7.5 million common shares of the Company at a price of $0.67 per share to raise a total of $5,025,000 on a bought deal, private placement basis. As a result the Company's current financial position and forecast cash flow requirements for the next year are expected to be sufficient to meet its resource property requirements and corporate requirements.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

The Company has cash balances and term deposit and no interest-bearing debt. The Company believes it has no significant interest rate risk.

(b) Foreign currency risk

The Company's exploration expenditures are predominately in US dollars and Nicaraguan Cordoba and equity raised is predominately in Canadian dollars. The financial risk is the risk to the Company's operations that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates.

The Company is exposed to fluctuations in foreign currency at the time payments are due on the US dollar payments due under the Concession Agreement. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk.

2. Significant Accounting Policies – *continued*

q) Recently Issued Accounting Pronouncements

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

The CICA issued three new accounting standards in January 2009: Section 1582 – Business Combinations, Section 1601 – Consolidated Financial Statements and Section 1602 – Non-Controlling Interests, these sections are harmonized with International Financial Reporting Standards. Section 1582 specifies a number of changes, including: an expanded definition of a business combination, a requirement to measure all business acquisitions at fair value, a requirement to measure non-controlling interests at fair value, and a requirement to recognize acquisition-related costs as expenses. Section 1601 establishes the standards for preparing consolidated financial statements. Section 1602 specifies that non-controlling interests be treated as a separate component of equity, not as a liability or other item outside of equity. These Standards will be applicable to the Company for annual and interim accounting periods beginning on January 1, 2011.

3. Term Deposit

The Company holds $264,793 (December 31, 2009 - $ 300,355) term deposit at a large international financial institution with a maturity date of January 21, 2011 and a fixed interest of 0.35% per annum. The term deposit is redeemable, in full or in part, at any time prior to maturity with no penalty at the option of the Company.

4. Resource Property/Impairment Loss

The ReMac Zinc project consists of 40 contiguous mineral claims comprising 3,943.82 hectares (the "ReMac Zinc property") which is 100% owned by ReMac. The ReMac Zinc property is situated 25 kilometres southeast of Teck's lead-zinc smelter complex in Trail, BC, and 15 kilometres north of Teck's Pend d'Oreille zinc mine and concentrator in Metalline Falls, Washington, USA.

Currently the Company is maintaining ownership in the ReMac Zinc property but does not have an exploration program planned in the near future. The Company is assessing the viability of continued ownership in the ReMac Zinc property.

An impairment charge against the property was recognized in the amount of $1,004 for the year ended December 31, 2010 and $6,637 for the year ended December 31, 2009. During the fiscal year ended December 31, 2009 the Company received $326,239 refundable B.C. mining exploration tax credits for 30% of exploration expenditures incurred on its B.C. properties.

	2010	2009
ReMac Property		
Deferred property maintenance	**$ 1,004**	$ 6,637
Resource property expenditures for the year	**1,004**	6,637
Impairment loss	**(1,004)**	(6,637)
Balance – beginning of year	**-**	-
Balance – end of year	**$ -**	$ -

5. Share Capital

a) Authorized

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

b) Common Shares Issued and Outstanding:

	Number		Amount
December 31, 2010, 2009 and 2008	**3,513,734**	**$**	**6,930,008**

6. Contributed Surplus

Balance, December 31, 2008	$	523,917
Fair value of stock options vested		7,252
Balance, December 31, 2010 and 2009	$	531,169

7. Stock Options

The following table summarizes information about the issued and outstanding stock options accounted for under the shareholders' equity as at December 31, 2010 and 2009:

Number Outstanding December 31, 2008	Cancelled	Forfeited	Number Outstanding December 31, 2009	Expired	Number Outstanding December 31, 2010	Weighted Average Exercise Price Per Share	Expiry Date
21,428	5,357		16,071	16,071	-	-	-
142,859	12,143	21,429	109,287	-	109,287*	$4.55	July 19, 2012
164,287	17,500	21,429	125,358	16,071	109,287	$4.55	July 19, 2012

The fair value of stock options used to calculate compensation for employees is estimated using the Black-Scholes Option Pricing Model. Since the options were granted under a graded vesting schedule the fair value is recognized as the options vest. During the year ending December 31, 2010 $nil (2009 - $7,252) of the fair value has been recognized on the consolidated statement of operations, comprehensive income (loss) and deficit.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

* On January 14, 2011, all the outstanding stock options were cancelled. See subsequent events *note 10*.

8. Income Taxes

(a) The Company has accumulated non-capital losses for income tax purposes of approximately $2,651,000 as at December 31, 2010 that may be used to reduce future taxable income. These losses expire as follows:

2017	$	60,000
2026		112,000
2027		456,000
2028		1,579,000
2029		196,000
2030		249,000
	$	2,651,000

(b) The recovery of income taxes differs from the amounts computed by applying statutory tax rate to the loss before income taxes due to the following:

		December 31, 2010		December 31, 2009
(Income) loss for the year before income taxes	**$**	**196,751**	$	(169,922)
Statutory tax rate		**28.50%**		30.00%
Expected income tax (expense) recovery		**56,074**		(50,976)
Increase (decrease) due to:				
Non-deductible expenses for tax purposes		**14,872**		109,667
Benefits resulting from reductions in tax rates		**36,710**		22,947
Changes in valuation allowance		**(107,656)**		(81,637)
Future income tax recovery	**$**	**-**	$	-

(c) Future income taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. The significant components of future income tax assets and liabilities are as follows:

		December 31, 2010		December 31, 2009
Future tax assets				
Excess of tax basis over carrying value of assets	**$**	**25,574**	$	42,860
Operating loss carry-forwards		**755,459**		720,541
		781,033		763,400
Valuation Allowance		**(781,033)**		(763,400)
Net future tax liability	**$**	**-**	$	-

9. Related Party Transactions

During the year ended December 31, 2010 the Company incurred:

a) Consulting fees totalling $28,188 (2009 - $28,000) were paid to the Chief Financial Officer of the Company. The balance owing at December 31, 2010 and 2009 to the Chief Financial Officer is $nil.

b) Consulting fees totalling $30,000 (2009 - $30,000) were paid to a Company controlled by the President of the Company. The balance owing at December 31, 2010 and 2009 is $nil.

c) Rent and management fees totalling $14,065 (2009 - $10,779) were paid to a company with common management. The balance owing at December 31, 2010 is $4,290 (2009 - $1,559).

d) Director fees totalling $20,644 (2009 - $nil) were accrued for two non-managing directors of the Company.

10. Subsequent Events

Acquisition of 0887398 B.C. Ltd and 0887406 B.C. Ltd.

On January 14, 2011 ReMac Zinc Corp. ("ReMac") completed the acquisition of all of the issued and outstanding shares of 0887398 B.C. Ltd ("0887398") on the basis of one share for each share of 0887398, pursuant to a share exchange agreement dated October 6, 2010 among 0887398, its shareholders, 0887406 B.C. Ltd ("0887406") and Corazon Exploraciones, S.A. ("Corazon"). 0887398 owned 99.9 % of the issued and outstanding shares of Corazon and 0887406 owned the remaining 0.1% of the issued and outstanding shares of Corazon. On January 14, 2011 ReMac acquired all of the issued and outstanding shares of 0887398 in exchange for the issuance of an aggregate 23,446,318 common shares of the Company on the basis of one share for each share of 0887398. In addition, 0887406 has agreed to transfer its ownership in Corazon to ReMac pursuant to the terms of a share purchase agreement between ReMac and 0887406. As a result, 0887398 and 0887406 became wholly-owned subsidiaries of ReMac and ReMac holds indirectly 100% of the issued and outstanding shares of Corazon.

Pursuant to the agreement, ReMac granted an aggregate 2% net smelter returns royalty to two controlling shareholders of 0887398.

Concurrently with the completion of the transaction, ReMac completed a financing involving the issuance of 12,875,000 common shares at a price of $0.20 per common share and 7,437,500 common shares at a price of $0.40 per common share for aggregate gross proceeds of $5,550,000 and net proceeds of $5,349,696. As at December 31, 2010, the Company has received share subscriptions of $4,602,770 which is held in trust by its lawyer and the funds were released into the Company's bank account upon closing of the transaction.

ReMac issued 1,250,000 common shares as finder's fee in connection with the acquisition.

On January 18, 2011, ReMac changed its name to Corazon Gold Corp. and the common shares trade under the symbol CGW as a Tier 2 Issuer on the TSX-V.

In conjunction with the closing of the acquisition transaction on January 14, 2011, all previous stock options were cancelled. Subsequently on March 2, 2011, the Company granted an aggregate of 2,100,000 stock options to directors, officers and employees of the Company, subject to TSX approval. The options have a five year expiry, will fully vest over 18 months and have an exercise price of $0.75 per share.

On March 21, 2011, the Company entered into an agreement with Wellington West Capital Markets Inc. to sell 7.5 million common shares of the Company at a price of $0.67 per share to raise a total of $5,025,000 on a bought deal, private placement basis. The Company will grant the underwriter an option, exercisable at any time up to 48 hours prior to the closing of the offering, to purchase up to 4.5 million additional common shares at a price of $0.67 per common share for additional gross proceeds to the Company of up to $3,015.000.