

2010

FINANCIAL STATEMENTS

December 31, 2010
and 2009



THREEGOLD Resources Inc.

649, 3rd Avenue, 2nd Floor

Val-d'Or, Québec J9P 1S7

T: 819-825-3883

F: 819-762-7800

www.threegold.ca | TSX-V: THG

Financial Statements

THREEGOLD RESOURCES INC.

December 31, 2010 and 2009



KPMG LLP
Chartered Accountants
600 de Maisonneuve Blvd. West
Suite 1500
Tour KPMG
Montréal (Québec) H3A 03A

Telephone (514) 840-2100
Fax (514) 840-2187
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Threegold Resources Inc.

We have audited the accompanying financial statements of Threegold Resources Inc. (the "Company"), which comprise the balance sheet as at December 31, 2010, the statements of operations and comprehensive loss, changes in shareholders' equity, deferred exploration expenses and cash flows for the year then ended, and notes, comprising 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 our 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, we consider 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.



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Opinion

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

Other Matter

The financial statements of the Company for the year ended December 31, 2009 were audited by another auditor who expressed an unmodified opinion on these statements on February 20, 2010.

*KPMG LLP**

A handwritten signature in black ink that reads 'KPMG LLP*'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that underlines the text.

Chartered Accountants

April 26, 2011

Montréal, Canada

THREEGOLD RESOURCES INC.

FINANCIAL STATEMENTS

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THREEGOLD RESOURCES INC.

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

Years ended December 31, 2010 and 2009

	2010	2009
	\$	\$
Interest revenues	146	931
Administrative expenses:		
Salaries, fringe benefits and training	36,853	42,759
Stock-based compensation (note 9 a))	324,848	149,024
Office expenses	30,846	35,250
Management fees	244,833	138,754
Advertising, promotion and entertainment	116,059	83,897
Professional fees	71,704	59,850
Claims renewal	18,384	23,114
Research property expenses	15,245	3,214
Interests and bank charges	1,103	6,316
Telecommunications	8,392	5,623
Travel expenses - administration	67,118	28,395
Depreciation of fixed assets	15,084	17,081
Registration and information to shareholders	64,095	48,692
Part XII,6 taxes	372	16,550
	1,014,936	658,519
Loss before other items and taxes	(1,014,790)	(657,588)
Other items:		
Gain on disposal of mining rights in a mining property	-	233,101
Loss on disposal of fixed assets	(6,366)	-
Write-off of mining properties (note 6)	-	(1,700)
Write-off of deferred exploration expenses (note 7)	-	(412,970)
	(6,366)	(181,569)
Loss before taxes	(1,021,156)	(839,157)
Future income and mining taxes	(878,418)	(89,675)
Loss and comprehensive loss	(142,738)	(749,482)
Basic and diluted loss per share	(0.003)	(0.018)
Weighted average number of shares outstanding	56,541,571	41,660,999

See accompanying notes to financial statements.

THREEGOLD RESOURCES INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Years ended December 31, 2010 and 2009

	Number of shares	Number of warrants	Share capital and warrants \$	Contributed surplus \$	Déficit \$	Total \$
Balance, December 31, 2009	51,461,288	7,526,899	12,097,768	1,565,273	(7,574,592)	6,088,449
Loss for the year					(142,738)	(142,738)
Future income tax related to the renunciation of the deductibility of exploration expenses					(173,976)	(173,976)
Share issuance expenses (net of \$54,009 of future income tax)					(232,374)	(232,374)
Issuance of shares and warrants	22,335,490	18,716,632	2,734,971			2,734,971
Warrants issued for deferred financing cost		510,013	50,038			50,038
Shares issued for property acquisition	4,050,000		736,650			736,650
Exercised warrants	2,860,999	(2,860,999)	436,320			436,320
Expired warrants		(648,000)				-
Exercised options	26,667		7,067	(3,733)		3,334
Fair value of granted stock options				352,339		352,339
Balance, December 31, 2010	80,734,444	23,244,545	16,062,814	1,913,879	(8,123,680)	9,853,013

THREEGOLD RESOURCES INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Years ended December 31, 2010 and 2009

	Number of shares	Number of warrants	Share capital and warrants \$	Contributed surplus \$	Déficit \$	Total \$
Balance, December 31, 2008	39,924,449	1,260,840	10,681,111	1,405,678	(6,500,934)	5,585,855
Loss for the year					(749,482)	(749,482)
Future income tax related to the renunciation of the deductibility of exploration expenses					(177,539)	(177,539)
Share issuance expenses					(146,637)	(146,637)
Issuance of shares and warrants	10,973,999	6,509,999	1,330,800			1,330,800
Warrants issued for deferred financing cost		368,900	26,073			26,073
Shares issued for property acquisition	100,000		13,500			13,500
Exercised warrants	462,840	(462,840)	46,284			46,284
Expired warrants		(150,000)				-
Fair value of granted stock options				159,595		159,595
Balance, December 31, 2009	51,461,288	7,526,899	12,097,768	1,565,273	(7,574,592)	6,088,449

See accompanying notes to financial statements.

THREEGOLD RESOURCES INC.

STATEMENTS OF DEFERRED EXPLORATION EXPENSES

Years ended December 31, 2010 and 2009

	2010	2009
	\$	\$
General exploration expenses	194,218	205,612
Drilling	865,532	312,878
Analysis	155,440	135,732
Geology	111,946	224,610
Geophysical	11,633	36,550
Geochemistry	-	7,020
Technical reports, data compilation and maps	22,570	89,028
Stock-based payments (note 9 a))	27,491	10,571
Future income taxes related to taxable temporary differences at the time deferred exploration costs were incurred	18,431	-
	1,407,261	1,022,001
Other items:		
Tax credit for mining exploration expenses	(63,083)	-
Write-off of deferred exploration expenses (note 7)	-	(412,970)
	1,344,178	609,031
Balance, beginning of year	6,728,155	6,119,124
Balance, end of year	8,072,333	6,728,155

See accompanying notes to financial statements.

THREEGOLD RESOURCES INC.

BALANCE SHEETS

At December 31, 2010 and 2009

	2010	2009
	\$	\$
Assets		
Current assets:		
Cash	1,881,078	226,793
Cash reserved for exploration	64,882	446,010
Accounts receivable (note 4)	424,286	476,384
Prepaid expenses	28,836	15,919
	2,399,082	1,165,106
Fixed assets (note 5)	29,896	47,944
Mining properties (note 6)	1,731,329	490,660
Deferred exploration expenses (note 7)	8,072,333	6,728,155
	12,232,640	8,431,865
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	638,944	147,556
Future income and mining taxes (note 11)	1,740,683	2,195,860
	2,379,627	2,343,416
Shareholders' equity		
Share capital and warrants (note 9)	16,062,814	12,097,768
Contributed surplus	1,913,879	1,565,273
Déficit	(8,123,680)	(7,574,592)
	9,853,013	6,088,449
	12,232,640	8,431,865

Nature of business and going concern (note 1)

Commitments (note 12)

Contingency (note 16)

Subsequent events (note 17)

See accompanying notes to financial statements.

On behalf of the Board

Director

Director

THREEGOLD RESOURCES INC.

STATEMENTS OF CASH FLOWS

Years ended December 31, 2010 and 2009

	2010	2009
	\$	\$
Operating activities:		
Loss and comprehensive loss	(142,738)	(749,482)
Adjustments for:		
Stock-based compensation (note 9 a))	324,848	149,024
Depreciation of fixed assets	15,084	17,081
Write-off of mining properties (note 6)	-	1,700
Write-off of deferred exploration expenses (note 7)	-	412,970
Gain on disposal of mining rights in a mining property	-	(233,101)
Loss on disposal of fixed assets	6,366	-
Future income and mining taxes	(878,418)	(89,675)
Changes in non-cash working capital items	52,653	(213,772)
	(622,205)	(705,255)
Financing activities:		
Issuance of share capital and warrants (note 9)	3,210,909	1,340,800
Share issuance expenses	(168,777)	(120,564)
	3,042,132	1,220,236
Investing activities:		
Change in cash reserved for exploration	381,128	527,590
Addition to fixed assets	(3,402)	-
Addition to mining properties	(231,878)	(39,687)
Increase of deferred exploration expenses	(911,490)	(977,761)
	(765,642)	(489,858)
Increase in cash and cash equivalents	1,654,285	25,123
Cash and cash equivalents at beginning of year	226,793	201,670
Cash and cash equivalents at end of year	1,881,078	226,793

Supplemental disclosures to cash flow statements (note 10)

See accompanying notes to financial statements.

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

1. Incorporation, business activities and going concern

The Company has been incorporated under Part 1A of the *Quebec Companies Act*, March 19, 2002 and has started its activities December 10, 2003. The Company is in the process of exploring mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

Although at this stage of the work, the Company is taking all measures consistent with industry standards to ensure that the titles of mining properties in which it has a financial interest are valid, these measures do not guarantee the validity of the titles. The titles may be subject to unregistered prior agreements or to non-compliance with regulatory requirements.

The recoverability of amounts shown for mining properties and related deferred exploration expenses is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof. The Company will need to obtain periodically new funds to pursue its operations and despite its ability to obtain funds in the past, there is no guarantee for the future.

These financial statements have been prepared in accordance with the generally accepted accounting principles in Canada ("GAAP") and on the assumption of going concern. The application of generally accepted accounting principles under the assumption of going concern may be inappropriate because there is doubt about the validity of the assumption.

These financial statements do not include adjustments that should be made to the carrying amount of assets and liabilities, the amounts reported as revenues and expenses or the classification of accounts on the balance sheet if the assumption of going concern is unfounded, and these adjustments could be significant. Management did not include these adjustments because it believes in the assumption of going concern.

2. Future accounting changes:

International Financial Reporting Standards (IFRS)

On February 13, 2008, the Accounting Standards Board (the "AcSB") announced that the GAAP, as applied by publicly accountable enterprises, would converged into the International Financial Reporting Standards (IFRS). The changeover date applies to interim and annual financial statements relating to fiscal years beginning on January 1, 2011. The Company will therefore be required to prepare its interim and annual financial statements for 2011 in accordance with IFRS.

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

3. Significant accounting policies:

Presentation of financial statements

The financial statements have been prepared in accordance with GAAP and reflect the following significant accounting policies:

a) Financial instruments:

Financial assets and financial liabilities are initially recognized at fair value and subsequent evaluation is based on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and their designation by the Company.

Classification

Cash	Held-for-trading
Cash reserved for exploration	Held-for-trading
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

Held-for-trading and available-for-sale

Financial assets held for trading purposes are financial assets that are typically acquired for resale prior to maturity or that have been designated as held for trading. They are measured at fair value at the date of closing. Fluctuations in fair value including interest earned, interest accrued, gains and losses on disposal and unrealized gains and losses are included in the income statement for the year.

Loans and receivables and other liabilities

Loans and receivables and other liabilities are initially evaluated at fair value and subsequently evaluated at amortized cost using the effective interest rate method.

b) Cash:

Cash includes cash and bank balances, taking into account transactions outstanding.

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

3. Significant accounting policies (continued):

c) Cash reserved for exploration

Cash reserved for exploration represents proceeds from private placements of flow-through shares not yet expensed. The Company must use these funds for exploration of mining properties in accordance with restrictions imposed by these private placements.

d) Fixed assets and depreciation

Fixed assets are recorded at cost. Depreciation is calculated based on useful life according to the following methods, terms and annual rates:

Office furniture	Declining balance	20%
Computer equipment	Straight-line	5 years
Leasehold improvements	Straight-line	Term of the lease
Vehicles	Declining balance	30%

e) Mining properties and deferred exploration expenses

Mining properties are recorded at cost. Exploration and property development expenditures, net of related government assistance, are deferred. When a decision to bring an ore body into production is made, the costs related to the ore body, recorded under mining properties and deferred expenses, are transferred to fixed assets. These costs will then be amortized based on the units of production for the year and proven and probable ore reserves. However, when a project is abandoned, the related costs are charged to earnings.

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

3. Significant accounting policies (continued):

f) Impairment of long-lived assets

The CICA Handbook Section 3063, "Impairment of Long-Lived Assets", provides guidance on the recognition, measurement and disclosure of the impairment of long-lived assets. The provisions of the Section require an impairment loss for a long-lived asset to be held and used to be recognized when its carrying amount exceeds the sum of the undiscounted cash flows expected from its use and eventual disposition. The impairment loss is measured at the amount by which its carrying amount exceeds its fair value.

g) Flow-through shares

The Company adopted the recommendation of the Emerging Issues Committee "EIC" Abstract 146, "Flow-through shares". Under the terms of flow-through share agreements, the Company renounces to the tax benefits arising from qualified resource expenditure in favour of the investors. This EIC requires the Company to recognize the future income and mining tax liability at the date on which the Company legally renounces to the deductibility of these expenditures, provided that it is reasonably certain that these related expenses will be incurred.

h) Income and mining taxes

The Company uses the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on the difference between the carrying amounts and tax bases of assets and liabilities. They are measured by applying enacted or substantively enacted tax rates and laws at the date of the financial statements for the years in which the temporary differences are expected to reverse.

The effect of a change in tax rates is recognized in the period during which the tax rate change becomes enacted or substantially enacted.

The Company establishes a valuation allowance against future income tax assets if, based on available information, it is more likely than not that some or all of the future tax assets will not be realized.

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

3. Significant accounting policies (continued):

i) Compensation and other stock-based payments

The Company maintains a stock option plan that is described in note 9 a). Under Canadian GAAP, the compensation expense for this plan is recognized when options are earned by plan participants. Any consideration received from plan participants upon the exercise of options is credited to share capital and, for options granted since May 1, 2002, the amount previously credited to stock options is transferred from the surplus contributions account to the capital shares account.

j) Share issuance expenses

Fees for the issuance of shares are recorded as an increase in the deficit of the year in which they are incurred.

k) Use of estimates

To prepare financial statements that comply with GAAP in Canada, management must make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Main estimates include the recoverable value of mining properties and deferred exploration costs, income tax assessments on future earnings and mining, warrants issued and stock-based compensation. Actual results may differ from these estimates.

l) Earnings per share

Base earnings per share is calculated using the weighted average shares outstanding during the year. For the years ended December 31, 2010 and 2009, the average number of common shares outstanding was 56,541,571 and 41,660,999, respectively. Diluted earnings per share, which are calculated using the stock redemption method, equals the base earnings per share due to the anti-dilutive effect of all stock options and outstanding warrants.

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

4. Accounts receivable:

	2010	2009
	\$	\$
Dianor Resources Inc., shareholder company, non-interest bearing	180,796	338,950
Goods and services tax	121,507	56,308
Tax credit for mining exploration expenses and mining duties	121,983	44,842
Subscriptions receivable	-	36,284
	424,286	476,384

5. Fixed assets:

	Cost	Accumulated depreciation	Net book value as at December 31, 2010
	\$	\$	\$
Office furniture	15,036	7,003	8,033
Computer equipment	31,470	20,706	10,764
Leasehold improvements	6,568	6,568	-
Vehicles	27,776	16,677	11,099
	80,850	50,954	29,896

	Cost	Accumulated depreciation	Net book value as at December 31, 2009
	\$	\$	\$
Office furniture	15,036	4,995	10,041
Computer equipment	31,546	15,114	16,432
Leasehold improvements	6,568	4,971	1,597
Vehicles	37,425	17,551	19,874
	90,575	42,631	47,944

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

6. Mining properties:

	Cost December 31, 2009	Acquisition	Disposition	Write-off	Cost December 31, 2010
	\$	\$	\$	\$	\$
Adanac	2,562	1,015	-	-	3,577
Dôme-Lemieux	279,180	-	-	-	279,180
Frotet-Robert	66,000	-	-	-	66,000
Mercier	93,776	-	-	-	93,776
Gaspéite	50	-	-	-	50
Maisonneuve	900	-	-	-	900
Grenville	22,412	1,508	-	-	23,920
South Bay	22,166	32,219	-	-	54,385
Adelme	650	-	-	-	650
Target A	1,768	1,612	-	-	3,380
Des Vents	1,196	-	-	-	1,196
Mont-de l'Aigle	-	-	-	-	-
Barraute	-	17,337	-	-	17,337
Shinning Tree	-	1,128,701	-	-	1,128,701
Hop O'My Thumb	-	58,277	-	-	58,277
	490,660	1,240,669	-	-	1,731,329

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

6. Mining properties (continued):

	Cost December 31, 2008	Acquisition	Disposition	Write-off	Cost December 31, 2009
	\$	\$	\$	\$	\$
Adanac	2,562	-	-	-	2,562
Dôme-Lemieux	275,241	3,939	-	-	279,180
Frotet-Robert	66,000	-	-	-	66,000
Mercier	93,620	156	-	-	93,776
Gaspéite	50	-	-	-	50
Pas de Dames	1,700	-	-	1,700	-
Maisonneuve	-	900	-	-	900
Grenville	-	22,412	-	-	22,412
South Bay	-	22,166	-	-	22,166
Adelme	-	650	-	-	650
Target A	-	1,768	-	-	1,768
Des Vents	-	1,196	-	-	1,196
Mont-de-l'Aigle	-	-	-	-	-
	439,173	53,187	-	1,700	490,660

Some of these properties are subject to royalties in the event they are brought into commercial production.

The Company wrote off the abandoned properties and properties on which there has been no exploration activity for over three years in accordance with the CICA guidance note on accounting (AcG-11 Enterprises in the Development Stage) or for which there is no exploration activity planned in the future.

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

7. Deferred exploration expenses:

	Cost December 31, 2009	Exploration costs	Tax credit for mining exploration expenditures	Disposition	Write-off	Cost December 31, 2010
	\$	\$	\$	\$	\$	\$
Adanac	841,643	55,448	3,098	-	-	893,993
Dôme-Lemieux	3,245,495	217,516	5,743	-	-	3,457,268
Frotet-Robert	156,102	-	-	-	-	156,102
Mercier	1,195,917	560,331	38,580	-	-	1,717,668
Gaspéite	4,698	-	-	-	-	4,698
Maisonneuve	11,868	3,270	402	-	-	14,736
Grenville	247,690	21,768	4,692	-	-	264,766
South Bay	5,006	77,634	3,895	-	-	78,745
Adelme	34,099	-	-	-	-	34,099
Target A	-	42	15	-	-	27
Des Vents	709	-	-	-	-	709
Mont-de-l'Aigle	984,928	461,237	3,665	-	-	1,442,500
Barraute	-	10,015	2,993	-	-	7,022
	6,728,155	1,407,261	63,083	-	-	8,072,333

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

7. Deferred exploration expenses (continued):

	Cost December 31, 2008	Exploration costs	Tax credit for mining exploration expenditures	Disposition	Write-off	Cost December 31, 2009
	\$	\$	\$	\$	\$	\$
Adanac	309,571	532,072	-	-	-	841,643
Dôme-Lemieux	3,058,865	186,630	-	-	-	3,245,495
Frotet-Robert	155,923	179	-	-	-	156,102
Mercier	1,141,182	54,735	-	-	-	1,195,917
Gaspéite	1,172	3,526	-	-	-	4,698
Maisonneuve	-	11,868	-	-	-	11,868
Grenville	205,043	42,647	-	-	-	247,690
South Bay	-	5,006	-	-	-	5,006
Adelme	-	34,099	-	-	-	34,099
Des Vents	-	709	-	-	-	709
Mont-de-l'Aigle	828,090	156,838	-	-	-	984,928
Baie-James	240,459	(7,358)	-	-	233,101	-
Abitibi Extension	124,882	-	-	-	124,882	-
Hush Hush	20,993	-	-	-	20,993	-
Pas de Dames	27,090	-	-	-	27,090	-
Leclerc	227	-	-	-	227	-
La Ronde	3,141	-	-	-	3,141	-
Le Tac	2,486	1,050	-	-	3,536	-
	6,119,124	1,022,001	-	-	412,970	6,728,155

The Company wrote off the deferred exploration expenses on abandoned properties and properties on which there has been no exploration activity for over three years in accordance with the CICA guidance note on accounting (AcG-11 Enterprises in the Development Stage) or for which there is no exploration activity planned in the future.

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

8. Accounts payable and accrued liabilities

	2010	2009
	\$	\$
Accounts payable and accrued liabilities	637,564	132,988
Related party, non-interest bearing (note 14)	1,380	14,568
	638,944	147,556

9. Capital shares and outstanding warrants:

Authorized:

Unlimited number of preferred shares, without par value. The preferred shares can be at any time issued in one or more series. The rights, conditions and restrictions will be determined by the board of directors of the Company.

Unlimited number of preferred shares series A, non-voting, non-participating, redeemable and retractable at their paid-up amount.

Unlimited number of voting common shares, participating, without par value.

Issued:

	December 31, 2010		
	Number of shares	Number of warrants	\$
Balance, at the beginning	51,461,288	7,526,899	12,097,768
Share and warrants issued:			
Private placements	22,335,490	19,226,645	2,785,009
Mining properties	3,883,333	-	705,817
Exercised options - employees	10,000	-	2,650
Exercised options - consultants	16,667	-	4,417
Exercised warrants	2,860,999	(2,860,999)	436,320
Expired warrants	-	(648,000)	-
To be issued:			
Mining properties	166,667	-	30,833
Balance, at the end	80,734,444	23,244,545	16,062,814

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

9. Share capital and outstanding warrants (continued):

Issued (continued):

	December 31, 2009		
	Number of shares	Number of warrants	\$
Balance, at the beginning	39,924,449	1,260,840	10,681,111
Share and warrants issued:			
Private placements	10,973,999	6,878,899	1,403,157
Expired warrants	-	(150,000)	-
To be issued:			
Mining properties	100,000	-	13,500
Exercised warrants	462,840	(462,840)	-
Balance, at the end	51,461,288	7,526,899	12,097,768

Issuance of common shares:

On September 20, 2010, the Company proceeded with the final closing of a private placement for an amount of \$500,000. Under the terms of the placement, the Company issued 10,000,000 common shares at a price of \$0.05 per share and 10,000,000 warrants, entitling the holder to purchase one additional common share at a price of \$0.10 per share in the twelve months following closing. Units and underlying securities are subject to a hold period and may not be sold before the end of this period. The Company may, at any time after the hold period of 4 months plus 1 day ending January 22, 2011, force holders to exercise their warrants if the share price is equal to or greater than \$0.20 for a period of 10 consecutive trading days. Warrant holders, upon receipt of such notice, will have 30 days to exercise their warrants, after which the warrants will automatically expire. In connection with the private placement, a fee of \$11,400 in cash was paid to the agents.

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

9. Share capital and outstanding warrants (continued):

Issuance of common shares (continued):

On September 30, 2010, the Company proceeded with the final closing of a private placement for an amount of \$234,998. Under the terms of the placement, the Company issued 3,916,632 common shares at a price of \$0.06 per share and 3,916,632 warrants, entitling the holder to purchase one additional common share at a price of \$0.10 per share in the twelve months following closing. Units and underlying securities are subject to a hold period and may not be sold before the end of this period. The Company may, at any time after the hold period of 4 months plus 1 day ending January 31, 2011, force holders to exercise their warrants if the share price is equal to or greater than \$0.20 for a period of 10 consecutive trading days. Warrant holders, upon receipt of such notice, will have 30 days to exercise their warrants, after which the warrants will automatically expire. In connection with the private placement, a fee of \$3,720 in cash was paid to the agents.

On December 10, 2010, the Company proceeded with the final closing of a private placement for an amount of \$1,200,000. Under the terms of the placement, the Company issued 4,800,000 common shares at a price of \$0.25 per share and 4,800,000 warrants for a two-year period, entitling the holder to purchase one additional common share at a price of \$0.35 per share in the twelve months following closing and, afterwards, at a price of \$0.50 per share in the next twelve months. Units and underlying securities are subject to a hold period and may not be sold before the end of this period. The Company may, at any time after the hold period of 4 months plus 1 day ending April 11, 2011, ask holders to exercise their warrants if the share price is equal to or greater than \$0.45 for a period of 20 consecutive trading days. Warrant holders, upon receipt of such notice, will have 30 days to exercise their warrants. After this period, the outstanding warrants will automatically expire. In connection with this private placement, a fee of \$84,000 in cash was paid and 267,400 non-transferrable warrants were granted to the agents. The warrants are valid at a price of \$0.35 for a period of 12 months following closing of the private placement.

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

9. Share capital and outstanding warrants (continued):

Issuance of flow-through shares:

On October 20, 2010, the Company proceeded with the final closing of a private placement for an amount of \$249,974. Under the terms of the placement, the Company issued 1,785,525 flow-through shares at a price of \$0.14 per share. These securities are subject to a hold period of four months and one day and may not be sold before the end of this period. In connection with this private placement, a fee of \$15,999 in cash was paid and 114,280 non-transferrable warrants were granted to the agents. The warrants are valid at a price of \$0.20 for a period of 12 months following closing of the private placement.

On December 10, 2010, the Company proceeded with the final closing of a private placement for an amount of \$300,000. Under the terms of the placement, the Company issued 1,000,000 flow-through shares at a price of \$0.30 per share. These securities are subject to a hold period of four months and one day and may not be sold before the end of this period. In connection with this private placement, a fee of \$21,000 in cash was paid and 70,000 non-transferrable warrants were granted to the agents. The warrants are valid at a price of \$0.35 for a period of 18 months following closing of the private placement.

On December 14, 2010, the Company proceeded with the final closing of a private placement for an amount of \$250,000. Under the terms of the placement, the Company issued 833,333 flow-through shares at a price of \$0.30 per share. These securities are subject to a hold period of four months and one day and may not be sold before the end of this period. In connection with this private placement, a fee of \$17,500 in cash was paid and 58,333 non-transferrable warrants were granted to the agents. The warrants are valid at a price of \$0.35 for a period of 18 months following closing of the private placement.

Warrants:

During the fourth quarter, warrant holders and agents exercised their rights to acquire one additional common share for each warrant for a total amount of \$436,320, 100,000 warrants at a price of \$0.18 per share for an amount of \$18,000 originally maturing on July 14, 2011, 200,000 warrants at a price of \$0.18 per share for an amount of \$36,000 originally maturing on August 24, 2011, 61,000 warrants at a price of \$0.12 per share for an amount of \$7,320 originally maturing on May 30, 2011, 1,666,666 warrants at a price of \$0.15 per share for an amount of \$250,000 originally maturing on December 8, 2010, 833,333 warrants at a price of \$0.15 per share for an amount of \$125,000 originally maturing on December 18, 2010.

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

9. Share capital and outstanding warrants (continued):

Warrants (continued):

In connection with this right, the Company instructed its transfer agent to issue 2,860,999 common shares in favour of these warrant holders and agent. The result of exercising these warrants was recorded as equity.

Options to purchase common shares:

During the fourth quarter, an employee and a consultant exercised their rights to acquire one common share for each option to purchase shares at a price of \$ 0.125 per share for the sum of \$3,334. In connection with this right, the Company issued 26,667 common shares in favour of this employee and consultant. The result of exercising the options to purchase shares and the fair value of these options at the time of granting of \$3,733 was recorded as equity.

a) Common share purchase options:

The Company has a share option plan. Under the stock option plan, the Company's Board of Directors may grant options to acquire common shares to directors, officers, employees and consultants. The maximum number of common shares that can be issued upon the exercise of options granted under the Plan, together with any common shares issued or reserved for issuance under any other share compensation arrangement which is then in place, is equal to 10% of the number of common shares issued and outstanding from time-to-time. The exercise price of options granted under the Plan is set at the time of the grant of the options, but cannot be less than the closing price of the common shares on the TSX Venture Exchange on the trading day immediately preceding the day on which an option is granted. The maximum period during which options may be exercised is five years from the date on which they are granted. Until May 22, 2008, the stock options granted to employees and directors were acquired over an eighteen month period. The stock option plan was amended on May 23, 2008 and the new stock options granted to employees, officers and directors are exercisable at any time as from the date of the grant.

Stock options granted to consultants vest over a period of eighteen months, one third the options every six months.

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

9. Share capital and outstanding warrants (continued):

a) Options to purchase common shares (continued):

The status of the Company's fixed-price share option plan as of December 31, 2010 and 2009 and changes during the years then ended are summarized as follows:

	December 31, 2010		December 31, 2009	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding, beginning of year	3,310,000	0.23	2,455,000	0.29
Granted - employees and directors	1,230,000	0.22	935,000	0.13
Granted - consultants	2,720,000	0.29	190,000	0.13
Exercised	(26,667)	0.13	-	-
Cancelled	(45,000)	0.24	(270,000)	0.29
Outstanding, end of year	7,188,333	0.25	3,310,000	0.23
Options exercisable at the end of year	4,405,000	0.23	3,076,667	0.23

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

Outstanding and exercisable options December 31, 2010			Vested options December 31, 2010	
Number of options	Weighted average number of remaining contractual life (in year)	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
1,088,333	3.8	0.125	1,025,000	0.125
1,350,000	4.8	0.18	830,000	0.18
1,060,000	2.7	0.25	1,060,000	0.25
690,000	1.7	0.29	690,000	0.29
2,600,000	5.0	0.31	400,000	0.31
400,000	0.7	0.35	400,000	0.35
7,188,333	3.9	0.25	4,405,000	0.23

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

9. Share capital and outstanding warrants (continued):

a) Options to purchase common shares (continued):

The value of each option is estimated on the date granted using the Black-Scholes option price model using the following assumptions.

	2010		2009
	December 16,	October 6,	October 13,
Expected annualized volatility	104,01%	113,69%	184,22%
Risk free interest rate	2,63%	2,10%	2,32%
Expected annual dividend rate	0%	0%	0%
Expected life of options	5 years	5 years	5 years

The fair value of options granted in 2010 amounted to \$352,339 (\$159,595 in 2009). This value is expensed by charges to earnings or deferred exploration expenses during the vesting period of the year in question.

b) Warrants:

The status of the warrants as at December 31, 2010 and 2009 and changes during the years then ended are summarized as follows:

	December 31, 2010		December 31, 2009	
	Number of warrants outstanding	Weighted average exercise price	Number of warrants outstanding	Weighted average exercise price
		\$		\$
Outstanding, beginning of year	7,526,899	0.17	1,260,840	0.29
Issued	19,226,645	0.17	6,878,899	0.14
Exercised	(2,860,999)	0.15	(462,840)	0.10
Expired	(648,000)	0.45	(150,000)	0.65
Outstanding, end of year	23,244,545	0.17	7,526,899	0.17

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

9. Share capital and outstanding warrants (continued):

b) Warrants (continued):

The following table summarizes information about the warrants outstanding as at December 31, 2010:

Number of warrants	Exercise price	Expiry date
	\$	
307,900	0.12	May 27, 2011
1,400,000	0.18	July 14, 2011
1,060,000	0.18	August 24, 2011
10,000,000	0.10	September 20, 2011
3,916,632	0.10	September 30, 2011
114,280	0.20	October 20, 2011
1,250,000	0.18	December 8, 2011
5,067,400	0.35	December 10, 2011
58,333	0.35	December 14, 2011
70,000	0.35	June 10, 2012
23,244,545	0.17	

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

10. Supplemental disclosures to cash flow statements:

	2010	2009
	\$	\$
Non-cash investing and financing activities not affecting cash:		
Acquisition of mining properties through the issuance of share capital	736,650	13,500
Stock-based payments related to deferred exploration expenses	27,491	10,571
Disposal of mining rights included in accounts receivable	-	233,101
Tax credits related to deferred exploration expenses included in accounts receivable	121,983	44,842
Future income tax related to deferred exploration expenses	18,431	-
Future income tax related to mining properties	270,785	-
Future income tax related to the renunciation of the deductibility of deferred exploration expenses	173,976	177,539
Deferred exploration expenses included in accounts payable	483,518	33,669
Share issuance expenses included in accounts payable	67,568	-
Acquisition of mining properties included in accounts payable	1,356	-
Warrants included in share issuance expenses	50,038	26,073
Warrants included in accounts receivable	-	36,284

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

11. Future income and mining taxes:

a) Income tax provision and mining rights:

The recovery of taxes on losses differs from the amounts calculated by applying the combined federal and provincial tax rate of 29.9% (2009 30.9%) to losses before taxes because of the following:

	2010	2009
	\$	\$
Loss before income taxes	(1,021,156)	(839,157)
Computed "expected" tax recovery	(305,326)	(259,300)
Increase (decrease) in income taxes resulting from the following items:		
Unrecognized tax benefits	-	195,331
Stock-based compensation and other stock-based payments	97,130	46,048
Non deductible expenses and others	(1,176)	17,921
Change in tax rates	20,889	(89,675)
Change in valuation allowance	(689,935)	-
Future income and mining taxes (recovery)	(878,418)	(89,675)

The provision for income taxes and mining taxes includes the following:

	2010	2009
	\$	\$
Current :		
Federal and provincial taxes (recovery)	(14,058)	-
Provincial mining tax (recovery)	-	-
Future:		
Federal and provincial taxes (recovery)	(878,418)	(89,675)
Provincial mining tax (recovery)	14,058	-
Total	(878,418)	(89,675)

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

11. Future income tax on profits and mining (continued):

b) Future income tax and mining rights

The tax effects of temporary differences that result in significant portions of assets and future tax liabilities are as follows:

	2010	2009
	\$	\$
Future tax assets (liabilities)		
Fixed assets	15,766	11,816
Deferred exploration expenses	-	40,409
Share issuance expenses	83,222	82,521
Non-capital losses	853,536	616,871
Valuation allowance	(9,457)	(699,392)
Future tax assets	943,067	52,225
Mining properties	(230,376)	-
Deferred exploration expenses	(2,453,374)	(2,248,085)
Future tax liabilities	(1,740,683)	(2,195,860)

c) Others

At December 31, 2010, the Company had tax losses for tax purposes to reduce its taxable income in the following fiscal years. These losses are as follows:

Year incurred	Federal	Provincial	Expiry date
	\$	\$	
2004	13,445	13,018	2014
2005	22,935	20,595	2015
2006	276,358	133,198	2026
2007	759,842	632,622	2027
2008	790,508	628,964	2028
2009	697,559	527,689	2029
2010	962,054	776,105	2030

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

12. Commitments:

a) Mont-de-l'Aigle Property:

On January 10, 2007, the Company has signed an exclusive option agreement with Ressources Appalaches, for the acquisition of a 50% interest in the Mont-de-l'Aigle property by investing \$2 million in work spread out over a period of five years with \$1,500,000 minimum (\$1,459,323 incurred) for the first four years and thereafter \$500,000 in 2011 (see note 7).

b) South Bay Property:

On October 15, 2009, the Company has signed an option agreement on the South Bay property located in Vauquelin Township, in Abitibi, about 40 km east of Val-d'Or. Under the terms of the agreement, the Company will acquire a 100% interest in the property in exchange for the issuance of 300,000 common shares of which 100,000 common shares to be issued at the date of signature (100,000 shares issued to \$13,500) and 100,000 shares to be issued in the first and second anniversary (100,000 shares issued on the first anniversary for a value of \$18,500). The Company also undertook to spend \$300,000 (\$81,001 incurred) in exploration work over a period of three years. A 250,000 common shares bonus will be granted to the sellers if the resource production reaches at least 100,000 Troy ounces of gold. The sellers retained a net smelter return royalty of 2% (NSR) of which half (1%) may be bought back by the Company for \$ 1,000,000 (see note 7).

c) Barraute Property:

On June 10, 2010, the Company has signed an option agreement on the Barraute property located in Barraute Township, in Abitibi, about 50 km north-northeast of Val-d'Or. Under the terms of the agreement, the Company will acquire a 100% interest in the property in exchange for the issuance of 360,000 common shares of which 120,000 shares to issue the acceptance of the transaction by regulatory authorities and completion of due diligence by the purchaser (120,000 shares issued for a value of \$9,600) and 120,000 shares to be issued in the first and second anniversary in addition to a cash payment of \$15,000 on the second anniversary. The Company also undertook to spend \$250,000 (\$10,015 incurred) in exploration work over a period of three years including \$100,000 before the second anniversary. A 250,000 common shares bonus will be granted to the sellers if the resource production reaches at least 100,000 Troy ounces of gold. The Vendors retain a 2% net smelter return (NSR) royalty, half of which (1%) may be bought back by the Company for an amount of \$1,000,000 (see note 7).

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

12. Commitments (continued):

d) Shinning Tree property:

On October 20, 2010, the Company concluded an option agreement, amended on November 30, 2010, for the Shinning Tree property, located in the Larder Mining Division, District of Sudbury, Ontario. Under the terms of the amended option agreement, the Company will acquire a 100% interest in the property in consideration of a cash payment of \$150,000 (paid November 15, 2010) and issuance of 3,500,000 common shares. A finder's fee of 330,000 common shares was paid to an intermediary in connection with this property acquisition. In total, the Company issued 3,663,333 shares before December 31, 2010 and 166,667 shares remain to be issued for a total value of \$708,550. These securities are subject to a hold period and may not be sold before the end of this period. The Vendors retain a 1% net smelter return (NSR) royalty, which may be bought back by the Company for an amount of \$1,750,000 or half (0.5%) in consideration of a payment of \$875,000 (see note 6).

e) Hop O'My Thumb and Vauquelin Property:

On November 16, 2010, the Company concluded an option agreement for two properties, Hop O'My Thumb and Vauquelin, located in Vauquelin Township in the Abitibi region, about 35 km east of Val-d'Or and contiguous to the South Bay Property. Under the terms of the option agreement, the Company may earn a 75% interest in the properties in consideration of an initial cash payment of \$50,000 upon signing, (paid November 17, 2010) and \$50,000 in cash or, at the Vendor's discretion, in shares pending a minimum price of \$0.10 per share, on each following anniversary for the next four (4) years. The Company agrees to spend \$500,000 in exploration work over the next two years (null in 2010) and to deliver a NI 43-101 report on the two properties after the 4th year. The Vendors retain a 2% NSR royalty, half of which (1%) may be bought back at any time by the Company for an amount of \$1,000,000 (see note 7).

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

12. Commitments (continued):

f) Bonus, royalty and royalty redeemable:

Under agreements signed for the acquisition of various mining properties, the Company is liable to pay bonuses and / or royalties if it reaches the stage of pre-production or production.

The following table summarizes information relating to royalty on each property as at December 31, 2010:

Properties	Pre-production (in shares)	Production (in shares)	Royalties	Royalties redeemable
Vital	250,000	500,000	2%	1 % redeemable for \$1,500,000
Gasse-Lemieux	-	500,000	1%	1 % redeemable for \$1,000,000
Frotet-Robert	-	250,000	2%	1 % redeemable for \$1,000,000
Mercier	-	-	2%	1 % redeemable for \$1,500,000 in cash, or in shares, or the two mixed

13. Capital disclosure:

The Company's objective in managing capital is to ensure sufficient liquidity to pursue its organic growth strategy and undertake selective acquisitions. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares and acquire or sell mining properties to improve its financial performance and flexibility.

The Company's capital is composed of shareholders' equity. The Company's primary uses of capital are to finance exploration expenditures and acquisitions of mining properties. To effectively manage the Company's capital requirements, the Company has in place a rigorous planning and budgeting process to help determine the funds required to ensure the Company has appropriate liquidity to meet its operating and growth objectives.

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

14. Related party transactions:

During fiscal 2010, the Company incurred rental costs in the amount of \$14,160 (\$13,650 in 2009), management fees amounting to \$90,313 (\$62,069 in 2009) and salaries and benefits accounted for as deferred exploration costs amounting to \$24,887 (\$25,331 in 2009) that were invoiced by a shareholder company, Dianor Resources Inc.

Additionally, the Company conducted transactions with a company, Goncalves Green Group, which is controlled by the president of the Company. The Company incurred \$44,000 (null in 2009) for professional management services. The Company conducted transactions with a company, 9196-3165 Québec Inc., which is controlled by a director of the Company who was in its employ until November 26, 2010. The Company incurred \$36,685 (\$40,020 in 2009) for professional corporate development consulting services. The Company conducted transactions with a company, Gestion SOR Ltée., which is controlled by the chief financial officer of the Company. The Company incurred \$65,880 (\$40,000 in 2009) for professional financial management services. The Company conducted transactions with a company, 2646-7639 Québec Inc., which is controlled by a director of the Company. The Company incurred \$6,000 (null in 2009) for professional management services. The Company conducted transactions with a company, Ryder & Associates, which is controlled by a director of the Company who was in its employ until September 30, 2010. The Company did not incur any expenses (\$20,800 in 2009) for professional geological services. Finally, the Company conducted transactions with a company, Nievex Géoconseil Inc., which is controlled by the vice-president of explorations of the Company. The Company incurred \$85,922 (\$63,803 in 2009) for professional geological services, equipment rental, travel and representation expenses.

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

The amount payable in respect of these transactions was \$1,380 as at December 31, 2010 (\$14,568 in 2009).

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

15. Financial instruments:

The Company owns and assumes financial assets and liabilities, such as cash, cash reserved for exploration, accounts receivable, as well as accounts payable and accrued liabilities. The fair value of these financial assets and liabilities approximates their book value as these items will be realized or paid in the short term.

Risk exposure and management

The Company is exposed to a certain amount of risks at different levels. The type of risk and the way the exposition is managed is described hereafter.

a) Market risk

Interest rate risk

The Company manages its portfolio of short-term investments based on its cash flow needs and with a view to optimizing its income.

The Company invests in guaranteed short-term deposits based on its cash flow needs and with a view to optimizing its income.

At December 31, 2010 and 2009, the Company did not hold any guaranteed investment certificates. A change in interest rates would therefore not affect the Company's earnings.

b) Credit risk

The Company's main assets consist of cash, cash reserved for exploration and receivables, which are exposed to credit risk. The book value of the financial assets in the balance sheet represents the maximal credit risk as of the balance sheet date.

The credit risk related to cash is limited since the counterparties are chartered banks with a high credit rating, which is assigned by national rating agencies. As of December 31, 2010, the receivables included amounts receivable from a shareholder company that are collected on a monthly basis.

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

15. Financial instruments (continued):

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations as they mature. The contractual commitments for liabilities as at December 31, 2010 are as follows:

	Total	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	638,944	638,944	-	-	-	-
Total	638,944	638,944	-	-	-	-

16. Contingency:

Environmental

The Company's operations are subject to governmental laws and regulations regarding environmental protection. Environmental consequences, their impact and their duration are difficult to determine. To the best of its knowledge, management believes that the Company's operations are in compliance with all applicable laws and regulations.

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

17. Subsequent events

a) Acquisition of the Standard Gold property

On January 25, 2011, the Company entered into an option agreement on the Standard Gold property located in Duverny Township in Abitibi, 19 km northeast of the town of Amos, Québec. Under the terms of the option agreement, the Company will acquire a 100% interest in the property in consideration of a cash payment of \$20,000 and issuance of 1,500,000 common shares on signing of the agreement, subject to regulatory approval. The agreement provides for a potential adjustment to the purchase price, by issuing 940,000 additional common shares annual for a period of five years, and the payment of \$25,000, \$30,000, \$50,000, \$60,000 and \$100,000 in cash on each anniversary if certain conditions are respected. The Vendors retain a variable net smelter return (NSR) royalty, part of which may be bought back by the Company in consideration of payment in cash (see note 6).

b) Letter of agreement with Corporation Minière Osisko

On February 14, 2011, the Company signed a letter of agreement with Corporation Minière Osisko, to grant the latter an option to acquire 51% undivided interest in the Standard Gold property in consideration of a cash payment totaling \$300,000, in addition to exploration work totaling \$4,000,000 spread over five years and the option to acquire an additional undivided interest of 19% by performing additional exploration work for the amount of \$6,000,000 or by financing a feasibility study on the property.

c) Warrants and options to purchase shares

In 2011, holders of warrants and stock options exercised their right to acquire one additional common share for each warrant or option for a total of 711,562: 180,000 warrants at a price of \$0.18 per share for the amount of \$32,400 and originally maturing on July 14 and August 24, 2011 respectively, 5,833,332 warrants at a price of \$0.10 per share for the amount of \$583,333 and originally maturing on September 20 and 30, 2011 respectively, 293,169 warrants at a price of \$0.12 per share for the amount of \$35,180 and originally maturing on May 30, 2011, 11,428 warrants at a price of \$0.20 per share for the amount of \$2,286 and originally maturing on October 20, 2011, 115,000 stock options at a price of \$0.125 for the amount of \$14,375, 20,000 stock options at a price of \$0.25 for the amount of \$5,000, 216,600 stock options at a price of \$0.18 for the amount of \$38,988. In connection with this right, the Company directed its transfer agent to issue 6,669,529 common shares in favor of these holders.

THREEGOLD RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

17. Subsequent events (continued):

d) Private Placement

On April 25, 2011, the Company announced a private placement for an amount of \$1,050,000. Under the terms of the placement, the Company will issue 3,500,000 common shares at a price of \$0.30 per share and 3,500,000 warrants, entitling the holder to purchase one additional common share at a price of \$0.40 per share in the twelve months following closing. Units and underlying securities are subject to a hold period and may not be sold before the end of this period. The Company may, at any time after the hold period ask holders to exercise their warrants if the share price is equal to or greater than \$0.60 for a period of 20 consecutive trading days. Warrant holders, upon receipt of such notice, will have 30 days to exercise their warrants. After this period, the outstanding warrants will automatically expire. This private placement is subject to regulatory approval.

18. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

GENERAL INFORMATION

EXCHANGE LISTING

Exchange: TSX Venture
Symbol: THG

HEAD OFFICE

649, 3rd Avenue, 2nd Floor
Val-d'Or, Québec J9P 1S7
Tel.: 819-825-3883
Fax: 819-762-7800

OFFICERS

Victor Goncalves, President and Chief Executive Officer
Octavio Soares, FCA, Chief Financial Officer
Antoine Fournier, P.Geo, Vice-President Exploration and Chief Operating Officer

WEB SITE

www.threegold.ca

E-MAIL

info@threegold.ca

TRANSFER AGENT

Computershare Investor Services Inc.
1500 University Street
Suite 700
Montréal, Québec H3A 3S8

BOARD OF DIRECTORS

Richard Tanguay, Chairman of the Board
Antoine Fournier, P.Geo and Secretary
Victor Goncalves
Octavio Soares, FCA

LEGAL COUNSEL

Miller Thomson Pouliot LLP
1155, René-Lévesque Blvd. West
CIBC Tower, 31st Floor
Montréal, Québec H3B 3S6

AUDITORS

KPMG LLP
Chartered Accountants
600 de Maisonneuve Blvd. West
Suite 1500
Tour KPMG
Montréal, Québec H3A 0A3

