

RADIUS GOLD INC.
Form 6-K
June 21, 2010

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

**REPORT OF FOREIGN ISSUER PURSUANT TO RULE 13a-16 AND 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

For the Period January 2010 File No. 0-30720

Radius Gold Inc.

(Name of Registrant)

355 Burrard Street, Suite 830, Vancouver, British Columbia, Canada V6C 2G8

(Address of principal executive offices)

1.

News Release dated January 8, 2010

2.

News Release dated January 19, 2010

3.

News Release dated February 11, 2010

4.

News Release dated March 23, 2010

5.

Financial Review for the year ended December 31, 2009

Indicate by check mark whether the Registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

FORM 20-F XXX

FORM 40-F _____

Indicate by check mark whether the Registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes _____

No XXX

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Form 6-K to be signed on its behalf by the undersigned, thereunto duly authorized.

Radius Gold Inc.

(Registrant)

Dated: June 16, 2010

By: /s/ Simon Ridgway

Simon Ridgway

President and Director

news release

January 8, 2010

Radius Grants Stock Options

Vancouver, Canada: Radius Gold Inc. (TSX-V: RDU) announces that the Company has granted incentive stock options to its directors, officers, employees and consultants to purchase up to an aggregate of 1,810,000 shares exercisable for ten years at \$0.29 per share. Radius has also cancelled a total of 810,000 existing options held by employees and consultants which were exercisable at prices ranging from \$0.62 to \$0.70 per share.

For information on Radius Gold Inc. and its properties, please call toll free 1-888-627-9378 or visit our web site (www.radiusgold.com).

ON BEHALF OF THE BOARD

Simon Ridgway

Simon Ridgway, President

Investor relations: Ralph Rushton / Erin Ostrom

Symbol: TSXV-RDU; OTCBB-RDUFF

Shares Issued: 53.5-million

Neither the TSX Venture Exchange nor the Investment Industry Regulatory Organization of Canada accepts responsibility for the adequacy or accuracy of this release.

news release

January 19, 2010

Radius Gold Looks Forward to an Active 2010

Vancouver, Canada: Radius Gold Inc. (TSX-V: RDU) is pleased to provide a review of its joint venture portfolio, potential project developments and the exploration focus for 2010. Highlights include:

- Potential cashflow from 2 gold projects under development, Tambor in Guatemala and Pavon in Nicaragua;
- Resource definition drilling to begin at the Nueva California project in Peru;
- Two exploration projects underway in the Yukon, with additional targets presently being acquired;
- A growing portfolio of equity interests in partner companies and royalties on early stage discoveries.

Simon Ridgway, the President of Radius, states: Radius looks forward to a transformative year in 2010. We have two potential production scenarios developing from gold discoveries made by Radius's Central American team, one at Tambor in Guatemala and one at Pavon in Nicaragua. Exploration programs are planned in Peru, Nicaragua, Mexico, Guatemala and northern Canada, managed and funded by 6 different joint venture partners. We will also be conducting exploration programs on 100% owned properties in Guatemala and in the Yukon Territory. It will be an active year for the Company, and I hope a rewarding year for Radius shareholders who have shown extraordinary patience.

Below is a summary of developments, targets and holdings:

Nicaragua. B2Gold's Option: Evaluating Production from Pavon

The Company has signed the full Option Agreement with B2Gold (B2), initially announced in June 2009, regarding Radius's Nicaraguan project portfolio. The general terms of the agreement remain unchanged (see release 29th June 2009); the only change relates to production from the Pavon property. The previous agreement called for Radius to receive 40% of cash flow from the mining of the resource on the property. Under the full Option Agreement, Radius will be paid once B2 achieves production from Pavon, and for as long as B2 continues to produce gold from the Pavon resource property, according to a sliding scale linked to the prevailing quarterly average gold price. At the recent price range of between US\$900-\$1,200 / oz, Radius would receive the following payments per ounce of gold produced:

Average Price of Gold during fiscal

Production Payment to Radius / oz Au

quarter in which gold is produced

| | |
|--------------------|----------|
| \$900 to \$999 | \$125.00 |
| \$1,000 to \$1,099 | \$150.00 |
| \$1,100 to \$1,199 | \$175.00 |
| \$1,200 to \$1,299 | \$200.00 |

The cash payment to Radius increases by \$25/oz for each \$100 increment in the quarterly average gold price, and decreases by \$25/oz as the average quarterly price decreases, to a lower limit of \$25/oz produced if gold trades below \$599/oz.

Plans for Early 2010

Work is currently underway at Pavon. B2 is conducting a detailed trenching program on the shallow, high-grade resource to confirm continuity. If this program is successful, B2 will evaluate mining scenarios for the project.

Exploration is also underway at the Trebol gold discovery in northern Nicaragua where B2 has an option to earn a 60% interest. The land position has been expanded significantly following a re-interpretation of results obtained by Radius and drilling is planned for later in the year.

Guatemala. Tambor Development Project with Kappes Cassiday: Plant Construction Underway

Radius owns a 100% interest in the Tambor gold discovery in Guatemala. Kappes Cassiday and Associates (KCA) a Reno based engineering group- can earn a 51% interest in Tambor by putting the property into commercial production (see news release dated June 3, 2008). Radius will retain a 49% interest.

KCA is re-fabricating a modular processing plant and modular laboratory at its Reno, Nevada facility. The plant has a target capacity of 150 tonnes per day (52,500 tonnes per year) and is being assembled on a set of modular units mounted on 40-foot skids. To date, KCA has purchased the skids, a ballmill and the flotation cells. KCA expects the mill to be completed and wet-tested in Reno to facilitate rapid installation on site. Gold production is anticipated at Tambor by third quarter 2010, subject to permitting.

For a review of the history of the property, the resource and the details of the agreement with Kappes Cassiday, visit the Radius web site at www.radiusgold.com.

Mexico. Fortuna Silver Mines to drill Oaxaca Silver Project

Radius discovered silver mineralization in 2005 following a regional stream geochemical survey in various areas of the state of Oaxaca. An initial trenching program on the Tlacolula property defined a broad low grade silver/gold anomaly associated with opaline silica, indicating a high level system. In late 2009, Radius optioned the Tlacolula silver project to Fortuna Silver Mines Inc. Fortuna can earn a 60% interest by spending US\$2-million on exploration, which includes a commitment to drill 1,500m within 3 years, and making staged annual payments totalling US\$250,000 cash and US\$250,000 in common stock over 4 years. The 12,000 hectare property is located 14km east-southeast of the city of Oaxaca and 30 km northeast of Fortuna's 100%-owned San Jose silver-gold development project.

Peru. Nueva California Option with Focus Ventures: Drilling to Start Late January 2010

Focus Ventures Ltd. is planning a second stage of drilling at the Nueva California property located 35 km north of Barrick Gold's Pierina mine, near the town of Huaraz, Peru. Permissions for drilling have been received and a resource definition drill program will commence shortly, utilizing two drill rigs. The aim of the program is two fold: define the size of the oxide bulk tonnage gold-silver resource within the 800m by 400m extent of the mine area, and ii) to test deep geophysical targets and more conceptual targets associated with a low-angle regional fault believed to underpin the known mineralization at depths of 250m to 350m

Encouraging results were received from a 400m, first-pass drill campaign which confirmed the presence of wide, potentially economic gold mineralization starting from surface (see Focus news release dated Oct. 27, 2009). Highlights of this drilling included:

- 69.6m grading 1.84 grams per tonne (g/t) Au* and 22 g/t Ag from surface in hole DDH-NC-003;
- 38.2m grading 1.7 g/t Au and 20 g/t Ag from surface in hole DDH-NC-002.

**Interval 2.70m-- 3.6m assaying 171 g/t Au was capped at 30 g/t Au for the purposes of this calculation.*

Radius holds an equity interest in Focus and a royalty on the Nueva California property, see [Equity Interests](#) below.

Yukon, Ten Mile Creek property

During 2009, Radius acquired by staking and under option from a local prospector, a large land package at the head waters of several active placer gold producing creeks known as the Ten Mile Creek placer camp in the Yukon. Limited historic hard rock exploration on the claims has defined significant gold/arsenic mineralization in soils and rock, hosted for the most part by strongly altered intrusive rocks and minor schists. Soils sampling has defined five broad northwesterly trending gold/arsenic anomalies with strike lengths of up to 1.6 kilometers. Limited trenching of these anomalies has produced results of 25m @ 1.6g/t Au and 19m @ 1.0 g/t Au. The location, geology, geochemistry and trench results compare favorably with recent significant gold discoveries in the area.

In September 2009 Radius optioned the property to Solomon Resources Inc. Solomon can earn a 51% interest in the property by spending \$2.5-million on exploration and making staged cash and share payments totalling \$500,000 cash and one million shares over three years (see Radius news release dated September 22, 2009). The exploration program for 2010 is presently under review.

Yukon. Snowcap Gold Project

Wesgold Minerals Inc. has an option to earn a 60% interest in Radius's 100% owned Snowcap project in central Yukon. Wesgold is a private B.C. company which is working towards a public listing on the TSX-V by May 1, 2010 and is currently on track to meet this schedule. In order to exercise the option, Wesgold must incur \$1-million in exploration expenditures on the property and issue to Radius a total of one million Wesgold shares according to the schedule shown in the table.

| Due Date | Shares | Expenditures |
|------------------------------|-----------|--------------|
| On signing | 200,000 | - |
| Dec. 31, 2009 | - | \$ 100,000 |
| On public listing of Wesgold | 200,000 | - |
| Oct. 30, 2010 | 200,000 | 200,000 |
| Oct. 30, 2011 | 200,000 | 300,000 |
| Oct. 30, 2012 | 200,000 | 400,000 |
| Totals | 1,000,000 | \$1,000,000 |

Wesgold has completed a low-level, high-resolution, multisensor airborne geophysical survey to map lithological units, structure, and alteration zones at Snowcap at a cost of \$110,000. Target/anomaly selection is currently underway incorporating the results of this survey with the historic data.

Wesgold has also carried out a small deep soil sampling program to confirm and enhance gold and mercury soil anomalies identified in the 1980s. The anomalies occur close to a complex sequence of chalcedonic tuffs and phreatic breccias with sinter clasts associated with Tertiary felsic volcanic centres along a 15-kilom-long structural trend. Both Radius and Wesgold consider the known geological and geochemical setting as highly favourable for the location of low-sulphidation, structurally controlled, epithermal gold mineralization.

Equity Interests

Radius holds a growing portfolio of equity stakes in its partner companies. As of mid-January 2010, the Company held:

- 1-million shares of Focus Ventures (January 18 closing price \$1.33)
- 500,000 shares of Solomon Resources (January 18 closing price \$0.28)
- 200,000 shares of Wesgold Minerals, a private company scheduled to IPO by mid-2010
- 7,813 shares of Fortuna Silver Mines (January 18 closing price \$2.79)

Qualified Person

David Cass, Radius's Vice-President of Exploration, is a member of the Association of Professional Engineers and Geoscientists of British Columbia, and is the Company's qualified person as defined by National Instrument 43-101. Mr. Cass is responsible for the accuracy of the technical information in this news release.

For further information on Radius Gold Inc. and its properties, please call toll free 1-888-627-9378 or visit our web site (www.radiusgold.com).

ON BEHALF OF THE BOARD

Simon Ridgway

Simon Ridgway, President

Investor relations: Ralph Rushton / Erin Ostrom

Symbol: TSXV-RDU; OTCBB-RDUFF

Shares Issued: 53.5-million

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news release

February 11, 2010

Radius Consolidates Gold District in Yukon Territory

Vancouver, Canada: Radius Gold Inc. (TSX-V: RDU) - Simon Ridgway, the President of Radius, is pleased to announce that the Company has acquired a large land position covering the headwaters and drainage areas of the prolific Sixty Mile Gold Camp of the Yukon Territory.

Through claim staking and negotiating a number of option deals with local placer gold miners and mineral claim holders (which are subject to TSX Venture Exchange approval), Radius has successfully consolidated the Sixty Mile placer gold district which reportedly produced over 500,000 oz of gold from the creeks that drain the Company's land position. The hard rock source for this placer gold has never been determined. The regional geology, geochemical signature and structural setting have strong similarities to the setting of International Tower Hill's (TSX-V: ITH.V) major Livengood gold discovery in Alaska, a multi-million ounce gold discovery driven by the search for the source of placer gold in that area.

Gold in the Sixty Mile district was first discovered in 1892 when C. Miller staked claims on what was to become known as Miller Creek. Placer gold mining has been continuous in the district since that time and is still active today. The area was targeted by Kennecott in their Yukon-Alaska intrusion-related bulk tonnage gold program in the 1990s. Kennecott conducted a property-wide reconnaissance soil and stream geochemical sampling program, geological mapping and a 640 line-km helicopter magnetic and radiometric survey.

The soil sampling defined several arsenic/gold anomalies, including a coherent 1.5 km x 2 km-diameter, gold-arsenic soil anomaly on the south side of lower Miller Creek. Mechanized trenching at the accessible southern edge of this anomaly revealed easterly striking sheeted mesothermal quartz veins returning 1.6 g/t gold over a 13 meter interval. Kennecott noted that the mineralization is very similar in style to that found in other metasediment-hosted granite-related porphyry gold systems within the Tintina Gold Belt and that additional work consisting of further soil sampling, trenching and drilling was required to delineate and define the anomaly. However, no further work has been conducted on the property by Kennecott or any other party.

The properties are located approximately 75 km due west of Dawson adjacent to the Yukon-Alaska border. Access to the claims is by the posted 15-km long Sixty Mile road, from the Top of the World Highway.

Option Terms

In order to consolidate the land holdings in the Sixty Mile district, Radius has negotiated option agreements with various landowners. To exercise all of the options, Radius must pay a total of \$378,000 cash and issue a total of \$378,000 worth of shares by August 31, 2013. The initial payment (on TSXV approval of the agreements) is a total of \$18,000 cash and \$18,000 worth of shares.

The reader is cautioned that Radius has not yet completed sufficient work to verify the results contained in historic reports from Sixty Mile, and as such they cannot be relied on.

Qualified Person

The technical information in this release was prepared under the supervision of David Cass, Radius's Vice-President of Exploration, who is a member of the Association of Professional Engineers and Geoscientists of British Columbia, and a qualified person in accordance with National Instrument 43-101.

For further information on Radius Gold Inc. and its properties, please call toll free 1-888-627-9378 or visit our web site (www.radiusgold.com).

ON BEHALF OF THE BOARD

Simon Ridgway

Simon Ridgway, President

Investor relations: Ralph Rushton / Erin Ostrom

Symbol: TSXV-RDU; OTCBB-RDUFF

Shares Issued: 53.5-million

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March 23, 2010

Radius Gold Reports Trench Results of 1.16g/t Gold over 90m from Trebol Project in Nicaragua

Vancouver, Canada: Radius Gold Inc. (TSX-V: RDU) - Radius Gold is pleased to report on recent work completed by B2Gold (B2) at the Trebol project in north-eastern Nicaragua, where trenching and sampling programs continue to expand the known extent of the epithermal gold mineralization discovered by Radius. Two of B2 's recent trenches have yielded continuously mineralized intervals nearly 100 meters in length averaging around 1 g/t Au.

Based on the trenching, and incorporating Radius 's historical drilling results, B2 has identified a mineralized zone with potential to outline a shallow oxide gold resource that may be amenable to open pit mining. Highlights of B2 's recent sampling include:

| Trench # | Width (m) | Au g/t | Best Interval |
|-----------------|------------------|---------------|----------------------|
| TR TREB 03 W | 90 | 1.16 | 6m @ 6.26 g/t Au |

| | | | |
|------------|------|------|-------------------|
| TR TREB 32 | 108 | 0.69 | 49m @ 1.22 g/t Au |
| TR-TREB-34 | 91.5 | 0.95 | 12m @ 1.4 g/t Au |

Trenching is defining a potentially extensive, shallow-dipping, tabular shaped zone of gold mineralization in the Cerro Domingo area, hosted by silica replacement along a favorable horizon in the volcanic package with local high grade veining. Of particular interest at the west end of trench 03W is a six meter zone of vein breccia that grades 6.26 g/t Au and appears to continue beneath the alluvium.

Trench 32, which is 2 kilometers to the northeast of Cerro Domingo, suggests potential for another shallow dipping tabular zone. Individual samples returned high grade gold mineralization with values in excess of 8g/t Au locally in vein breccia cutting a tuffaceous volcanic unit containing cockscomb quartz, lattice, and vuggy textures with local adularia. The tuff unit dips at a shallow angle to the west and may be continuous with a zone of high grade gold mineralization in Radius trench 5 located over 200m to the west which yielded 11.7m of 2.7 g/t Au and is still open in both directions. More trenching will be needed to identify possible drill targets in this zone but, like the Cerro Domingo zone, the mineralized host rock could be of significant lateral extent.

A major soil sampling program covering roughly 17 km² is in progress designed to infill the area between the main Cerro Domingo zone and the newly discovered SW Trebol zone located some 5 kilometers to the south west, where numerous blocks of silicified hydrothermal breccia have been found. B2's geologists are also systematically mapping and sampling the siliceous "hogbacks" which occur along the low lying ridges across the region to define prospective areas for new trenching. A plan map showing the locations of trenches sampled by B2 is available on the Trebol project page on Radius website.

B2Gold is earning into a 60% interest in Trebol and other Nicaraguan exploration properties owned by Radius by spending a total of US\$4-million on exploration of any one or more of the properties within four years from the date of the agreement. When B2Gold has spent the US\$4-million, it will own a 60% interest in all of the properties and a joint venture will be formed under which each party will contribute its prorated share of the exploration costs.

Pavon Project

B2 also continues to trench at the Pavon project in central Nicaragua, where they are evaluating the potential for production from near surface high grade zones in the epithermal veining discovered by Radius in 2003 (see Radius news releases from 2003 and 2004). At Pavon Norte, seven trenches have been opened, two of which have been mapped and sampled. Additionally, B2 cut 16 new trenches at Pavon Sur.

Qualified Person

David Cass, Radius's Vice-President of Exploration, is a member of the Association of Professional Engineers and Geoscientists of British Columbia, and is the Company's qualified person as defined by National Instrument 43-101. Mr. Cass is responsible for the accuracy of the technical information in this news release and has verified that it is an accurate summary of the reports provided to Radius by B2Gold. Radius has not independently verified B2's assay results.

For further information on Radius Gold Inc. and its properties, please call toll free 1-888-627-9378 or visit our web site (www.radiusgold.com).

ON BEHALF OF THE BOARD

Simon Ridgway

Simon Ridgway, President

Investor relations: Ralph Rushton / Erin Ostrom

Symbol: TSXV-RDU; OTCBB-RDUFF

Shares Issued: 53.6-million

Neither the TSX Venture Exchange nor the Investment Industry Regulatory Organization of Canada accepts responsibility for the adequacy or accuracy of this release.

FINANCIAL REVIEW

Fiscal Year Ended December 31, 2009

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

(Expressed in Canadian Dollars)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of,

Radius Gold Inc.

(An Exploration Stage Company)

We have audited the consolidated balance sheets of Radius Gold Inc. (An Exploration Stage Company) as at December 31, 2009 and 2008 and the consolidated statements of operations and deficit, comprehensive loss and cash flows for each of the years in the three year period ended December 31, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

(signed) BDO Canada LLP

Chartered Accountants

Vancouver, Canada

April 27, 2010

COMMENTS BY AUDITORS FOR U.S. READERS

ON CANADA UNITED STATES REPORTING DIFFERENCES

The reporting standards of the Public Company Accounting Oversight Board (United States) (PCAOB) for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when the financial statements are affected by conditions and events that cast substantial doubt on the Company s ability to continue as a going concern, such as those described in Note 1 to the financial statements. PCAOB reporting standards also require the addition of an explanatory paragraph when changes in an accounting policy, such as those described in Note 2, have a material effect on the consolidated financial statements. Although we conducted our audit in accordance with both Canadian generally accepted auditing standards and the standards of the PCAOB, our report to the shareholders on the Consolidated Financial Statements dated April 27, 2010 is expressed in accordance with Canadian reporting standards which do not permit a reference to such conditions and events in the auditors report when these are adequately disclosed in the financial statements.

(signed) BDO Canada LLP

Chartered Accountants

Vancouver, Canada

April 27, 2010

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

RADIUS GOLD INC.

(An Exploration Stage Company)

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2009 AND 2008

(Expressed in Canadian Dollars)

(Restated
Note 2)**2009****2008****ASSETS****CURRENT**

Cash and cash equivalents

\$ 499,266

\$ 772,989

Marketable securities and investments (Note 4)

1,715,650

1,486,139

Advances and other receivables (Note 7)

111,706

96,683

GST receivable

9,945

10,399

Due from related parties (Note 7)

152,948

168,877

Prepaid expenses and deposits

| | |
|--|--------------|
| | 52,829 |
| | 60,697 |
| | 2,542,344 |
| | 2,595,784 |
| LONG-TERM DEPOSITS | |
| | 23,881 |
| | 22,063 |
| VAT RECOVERABLE | |
| | - |
| | 39,945 |
| PROPERTY AND EQUIPMENT (Note 5) | |
| | 183,220 |
| | 245,559 |
| MINERAL PROPERTIES (Schedule and Notes 6, 7 and 16) | |
| | 4,293,592 |
| | 4,435,912 |
| | \$ 7,043,037 |
| | \$ 7,339,263 |

LIABILITIES

CURRENT

Accounts payable and accrued liabilities (Note 7)

\$ 246,549

\$ 227,480

FUTURE INCOME TAX LIABILITY (Note 13)

122,000

185,000

368,549

412,480

SHAREHOLDERS' EQUITY

SHARE CAPITAL (Note 8)

42,587,194

42,587,194

CONTRIBUTED SURPLUS (Note 8)

4,332,232

4,329,806

DEFICIT

(41,157,211)

(39,946,486)

ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) (Note 11)

912,273

(43,731)

6,674,488

6,926,783

\$ 7,043,037

\$ 7,339,263

Nature of Operations and Ability to Continue as a Going Concern (Note 1)

Commitments (Notes 6, 8 and 12)

Subsequent Event (Notes 6 and 16)

APPROVED BY THE DIRECTORS:

Simon Ridgway , Director

Mario Szotlender , Director

Simon Ridgway

Mario Szotlender

See Accompanying Notes

RADIUS GOLD INC.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS

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FOR THE YEARS ENDED DECEMBER 31, 2009, 2008 AND 2007

(Expressed in Canadian Dollars)

(Restated
Note 2)

(Restated
Note 2)

2009

2008

2007

EXPLORATION EXPENDITURES (Schedule)

\$ 587,610

\$ 3,655,231

\$ 2,976,613

GENERAL AND ADMINISTRATIVE EXPENSES

Amortization

54,540

88,609

62,097

Consulting fees (Note 7)

40,652

69,346

24

| | |
|---------------------------------------|---------|
| | 54,112 |
| Donations | - |
| | 772 |
| | 998 |
| Legal and accounting fees | 126,842 |
| | 107,910 |
| | 64,405 |
| Management fees and salaries (Note 7) | 60,000 |
| | 60,000 |
| | 60,000 |
| Non-cash compensation charge (Note 8) | 2,426 |
| | 165,219 |
| | 722,225 |
| Office and miscellaneous | 44,779 |
| | 66,651 |
| | 68,612 |
| Public relations | 43,822 |
| | 83,020 |
| | 113,770 |
| Rent and utilities | |

| | |
|------------------------------------|-----------|
| | 32,923 |
| | 39,703 |
| | 24,358 |
| Repair and maintenance | |
| | 9,817 |
| | 25,206 |
| | 11,469 |
| Salaries and wages (Note 7) | |
| | 182,486 |
| | 275,052 |
| | 179,817 |
| Telephone and fax | |
| | 12,818 |
| | 23,269 |
| | 15,876 |
| Transfer agent and regulatory fees | |
| | 15,091 |
| | 15,580 |
| | 19,891 |
| Travel and accommodation | |
| | 45,300 |
| | 103,601 |
| | 81,849 |
| | 671,496 |
| | 1,123,938 |

| | |
|---|-------------|
| | 1,479,479 |
| Loss before other items | |
| | (1,259,106) |
| | (4,779,169) |
| | (4,456,092) |
| OTHER INCOME (EXPENSES) | |
| Foreign currency exchange gain (loss) | |
| | (46,477) |
| | 106,022 |
| | (310,141) |
| Loss on uncollectible receivable | |
| | - |
| | - |
| | (22,172) |
| Gain on sale of properties (Note 6) | |
| | 7,649 |
| | - |
| | - |
| Gain (loss) on disposal of property and equipment | |
| | 56,908 |
| | (31,520) |
| | (9,183) |
| Gain (loss) on sale of marketable securities | |
| | 16,045 |

| | |
|--|-------------|
| | (86,145) |
| | (130,389) |
| Investment income (net) | |
| | 49,405 |
| | 179,789 |
| | 371,716 |
| Other income | |
| | - |
| | - |
| | 86,868 |
| Write-off of prepaid expenses and deposits | |
| | (3,039) |
| | (18,352) |
| | - |
| Write-off of mineral properties costs | |
| | (224,110) |
| | (149,947) |
| | - |
| Loss before income taxes | |
| | (1,402,725) |
| | (4,779,322) |
| | (4,469,393) |
| Future income tax recovery (expense) (Note 13) | |
| | 192,000 |
| | - |
| | (63,000) |

Net loss for the year

\$ (1,210,725)

\$ (4,779,322)

\$ (4,532,393)

BASIC AND DILUTED LOSS PER SHARE

\$(0.02)

\$(0.09)

\$(0.09)

WEIGHTED AVERAGE NUMBER OF

COMMON SHARES OUTSTANDING

53,548,488

53,548,488

53,425,577

See Accompanying Notes

RADIUS GOLD INC.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF DEFICIT AND COMPREHENSIVE INCOME (LOSS)

FOR THE YEARS ENDED DECEMBER 31, 2009, 2008 AND 2007

(Expressed in Canadian Dollars)

| | (Restated Note 2) | (Restated Note 2) | 2009 | 2008 | 2007 |
|-----------------------------------|----------------------|----------------------|-----------------|-----------------|-----------------|
| Deficit - beginning of the year | | | | | |
| As previously reported | | | \$ (39,946,486) | \$ (25,045,176) | \$ (22,220,517) |
| Prior period adjustments (Note 2) | | | | - | |
| | | | | (10,121,988) | |
| | | | | (8,414,254) | |
| As restated | | | (39,946,486) | (35,167,164) | |

| | |
|---|------------------------|
| | (30,634,771) |
| Net loss for the year | (1,210,725) |
| | (4,779,322) |
| | (4,532,393) |
| Deficit - end of the year | \$ (41,157,211) |
| | \$ (39,946,486) |
| | \$ (35,167,164) |
| Net Loss | (1,210,725) |
| | (4,779,322) |
| | (4,532,393) |
| Other comprehensive income, net of tax | |
| Unrealized gain (loss) on available-for-sale marketable securities | 956,004 |
| | (8,692) |
| | (71,475) |
| COMPREHENSIVE LOSS | \$ (254,721) |
| | \$ (4,788,014) |

\$ (4,603,868)

See Accompanying Notes

RADIUS GOLD INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009, 2008 AND 2007
(Expressed in Canadian Dollars)

(Restated

Note 2)

(Restated

Note 2)

2009

2008

2007

OPERATING ACTIVITIES

Net loss for the year

\$ (1,210,725)

\$ (4,779,322)

\$ (4,532,393)

Items not involving cash:

Loss on uncollectible receivables

-

-

22,172

Amortization

54,540

88,609

62,097

Loss (gain) from disposal of property and equipment

(56,908)

31,520

9,183

Gain on sale of properties

(7,649)

-

-

Unrealized foreign exchange

33

| | |
|--|-----------|
| | (61,078) |
| | (8,494) |
| | (109,490) |
| Settlement of severance payment | - |
| | 4,936 |
| | - |
| Write-off of prepaid expenses and deposits | 3,039 |
| | 18,352 |
| | - |
| Write-off of mineral properties costs | 224,110 |
| | 149,947 |
| | - |
| Write- off of VAT receivable | 36,329 |
| | - |
| | - |
| (Gain) loss on disposal of investments | (16,045) |
| | 86,145 |
| | - |
| Future income tax expense (recovery) | (192,000) |
| | - |
| | 34 |

| | |
|--|-------------|
| | 63,000 |
| Non-cash compensation charge | |
| | 2,426 |
| | 165,219 |
| | 722,225 |
| | (1,223,961) |
| | (4,243,088) |
| | (3,763,206) |
| Changes in non-cash working capital items: | |
| Advances and other receivables | |
| | (21,577) |
| | (32,729) |
| | 742,360 |
| GST receivable | |
| | 454 |
| | 17,520 |
| | (14,231) |
| Prepaid expenses | |
| | (3,400) |
| | (12,237) |
| | (7,504) |
| Accounts payable and accrued liabilities | |
| | 22,732 |
| | (44,354) |

236,121

(1,225,752)

(4,314,888)

(2,806,460)

FINANCING ACTIVITIES

Due to related parties

-

-

(10,510)

Proceeds on issuance of common shares, net

-

-

7,000

-

-

(3,510)

INVESTING ACTIVITIES

Purchase of marketable securities and investments

-

(2,929,277)

(230,863)

Due from related parties

| | |
|---|-----------|
| | 221,281 |
| | (118,379) |
| | 97,372 |
| Expenditures on mineral property acquisition costs | |
| | (245,372) |
| | (123,528) |
| | (151,265) |
| Proceeds from sale of mineral properties | |
| | 92,059 |
| | - |
| | - |
| VAT recoverable | |
| | - |
| | (19,067) |
| | - |
| Proceeds from sale of assets | |
| | 58,441 |
| | 47,520 |
| | 67,846 |
| Proceeds from sale of marketable securities and investments | |
| | 871,538 |
| | 5,972,395 |
| | 4,595,619 |
| Purchase of property and equipment | |
| | (14,246) |
| | (149,460) |

| | |
|--|--------------|
| | (98,052) |
| | 983,702 |
| | 2,680,204 |
| | 4,280,657 |
| Foreign exchange on opening cash and cash equivalents | |
| | (31,673) |
| | 29,159 |
| | (25,870) |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE YEAR | |
| | (273,723) |
| | (1,605,525) |
| | 1,444,817 |
| Cash and cash equivalents - beginning of year | |
| | 772,989 |
| | 2,378,514 |
| | 933,697 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | |
| | \$ 499,266 |
| | \$ 772,989 |
| | \$ 2,378,514 |

Supplemental cash flow information - Note 9

See Accompanying Notes

\$ 4,435,912

Shares

-

-

-

-

-

Cash

-

-

62,059

183,313

245,372

-

-

62,059

183,313

245,372

Acquisition costs recovered

-

-

(62,059)

(101,523)

(163,582)

Write-off acquisition costs

210,566

\$ 113,130

\$ 4,549,042

Shares

-

-

-

-

-

Cash

-

-

36,817

-

36,817

-

-

36,817

-

36,817

Write-off acquisition costs

-

-

(36,817)

(113,130)

| | |
|------------------------------|--------------|
| | (149,947) |
| BALANCE - END OF YEAR | |
| | \$ 4,142,864 |
| | \$ 82,482 |
| \$ | |
| 210,566 | |
| | \$ - |
| | \$ 4,435,912 |

See Accompanying Notes

RADIUS GOLD INC.

(An Exploration Stage Company)

CONSOLIDATED SCHEDULE OF EXPLORATION EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2009

(Expressed in Canadian Dollars)

Guatemala

Nicaragua

Mexico

Peru

Canada

Year Ended

General

Mineral

General

Mineral

General

Mineral

General

Mineral

Mineral

December 31,

Exploration

Concessions

Exploration

Concessions

Exploration

Concessions

Exploration

Concessions

Concessions

2009

Automobile

\$ 49

44

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| | | |
|-----------------------------|----|--------|
| | \$ | 2,591 |
| | \$ | 281 |
| | \$ | 3,024 |
| | \$ | 1,807 |
| | \$ | - |
| | \$ | - |
| | \$ | - |
| | \$ | - |
| | \$ | 7,752 |
| Camp, food and supplies | | |
| | | 551 |
| | | 1,778 |
| | | - |
| | | 10,499 |
| | | 129 |
| | | - |
| | | - |
| | | - |
| | | - |
| | | 12,957 |
| Drafting, maps and printing | | |
| | | 15 |
| | | 56 |
| | | - |
| | | 216 |
| | | - |
| | | 45 |

| | |
|----------------------------|--------|
| | - |
| | - |
| | 44 |
| | 102 |
| | 433 |
| Exploration administration | |
| | 1,607 |
| | 1,912 |
| | - |
| | 8,303 |
| | 35 |
| | - |
| | - |
| | 454 |
| | 51 |
| | 12,362 |
| Foreign Exchange | |
| | 26 |
| | 11 |
| | - |
| | 826 |
| | 400 |
| | - |
| | - |
| | - |
| | - |
| | 46 |

| | |
|--------------------------------|--------|
| | 1,263 |
| Environment | - |
| | - |
| | - |
| | 20 |
| | - |
| | - |
| | - |
| | - |
| | - |
| | 20 |
| Geochemistry | - |
| | - |
| | - |
| | 1,952 |
| | 1,428 |
| | - |
| | - |
| | - |
| | 15,627 |
| | 19,007 |
| Geological consulting (Note 7) | 6,094 |
| | 21,513 |
| | 47 |

| | |
|----------------------|---------|
| | 59,494 |
| | 6,799 |
| | 2,876 |
| | - |
| | 21,613 |
| | 106 |
| | 44,132 |
| | 162,627 |
| Other consulting | |
| | 54 |
| | 58 |
| | - |
| | 8,485 |
| | - |
| | - |
| | 1,490 |
| | - |
| | 1,038 |
| | 11,125 |
| Legal and accounting | |
| | 21,552 |
| | 356 |
| | - |
| | 15,329 |
| | 10,318 |
| | - |
| | 48 |

| | |
|----------------------------|---------|
| | 13,857 |
| | 6,059 |
| | - |
| | 67,471 |
| Licenses, rights and taxes | - |
| | 4,674 |
| | - |
| | 97,947 |
| | 6 |
| | 10,870 |
| | - |
| | 270 |
| | 1,818 |
| | 115,585 |
| Linecutting & trenching | - |
| | 7 |
| | - |
| | - |
| | 338 |
| | - |
| | - |
| | - |
| | - |
| | 7,951 |
| | 8,296 |
| | 49 |

Materials

19
1,278
-
(852)
-
-
-
-
-
445

Maintenance

745
733
-
1,489
-
-
-
-
-
2,967

Miscellaneous

411
-
-
50

| | |
|------------------|--------|
| | 871 |
| | 35 |
| | - |
| | - |
| | - |
| | - |
| | 1,317 |
| Medical expenses | |
| | 4,141 |
| | 1,318 |
| | 1,932 |
| | 1,539 |
| | 1,145 |
| | - |
| | - |
| | - |
| | - |
| | 10,075 |
| Public relations | |
| | 3,069 |
| | - |
| | - |
| | 146 |
| | - |
| | - |
| | - |
| | 51 |

| | |
|-----------------------------|--------|
| | - |
| | - |
| | 3,215 |
| Rent and utilities | |
| | 4,504 |
| | 2,284 |
| | 1,593 |
| | 12,794 |
| | - |
| | - |
| | - |
| | - |
| | - |
| | 21,175 |
| Rental equipment | |
| | - |
| | - |
| | - |
| | - |
| | - |
| | - |
| | - |
| | - |
| | 925 |
| | 925 |
| Salaries and wages (Note 7) | |
| | 52 |

| | |
|------------------------------|--------|
| | 26,010 |
| | 8,942 |
| | 7,834 |
| | 6,606 |
| | 7,600 |
| | - |
| | 7,600 |
| | - |
| | - |
| | 64,592 |
| Shipping | |
| | 252 |
| | 86 |
| | - |
| | 2,336 |
| | 953 |
| | - |
| | - |
| | - |
| | 10 |
| | 3,637 |
| Telephone and communications | |
| | 1,112 |
| | 157 |
| | 141 |
| | 8,204 |
| | 53 |

| | |
|--------------------------------|--------|
| | 563 |
| | - |
| | - |
| | - |
| | 39 |
| | 10,216 |
| Travel and accommodation | |
| | 5,874 |
| | 1,459 |
| | 224 |
| | 12,669 |
| | 167 |
| | - |
| | - |
| | - |
| | 44,275 |
| | 64,668 |
| Write-off of Value-added Taxes | |
| | - |
| | - |
| | - |
| | - |
| | 37,308 |
| | - |
| | - |
| | - |
| | 54 |

| | |
|------------------------------|-----------|
| | - |
| | 37,308 |
| | 76,092 |
| | 49,206 |
| | 71,499 |
| | 199,540 |
| | 64,770 |
| | 10,870 |
| | 44,560 |
| | 6,933 |
| | 115,968 |
| | 639,438 |
| Expenditures recovered | - |
| | - |
| | - |
| | - |
| | - |
| | - |
| | - |
| | - |
| | (51,828) |
| | (51,828) |
| BALANCE - END OF YEAR | |
| | \$ 76,092 |

\$ 49,206
 \$ 71,499
 \$ 199,540
 \$ 64,770
 \$ 10,870
 \$ 44,560
 \$ 6,933
 \$ 64,140
 \$ 587,610

See Accompanying Notes

RADIUS GOLD INC.
(An Exploration Stage Company)
CONSOLIDATED SCHEDULE OF EXPLORATION EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2008
(Expressed in Canadian Dollars)

| | Guatemala | | Nicaragua | | Mexico | | Peru |
|-----------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | General Exploration | Mineral Concessions | General Exploration | Mineral Concessions | General Exploration | Mineral Concessions | General Exploration |
| Property Payment/Investigation | \$ - | \$ 705 | \$ - | \$ 2,150 | \$ - | \$ - | \$ - |
| Automobile | 70 | 3,660 | 5,136 | 118,021 | 16,560 | 1,351 | 17,043 |
| Camp, food and supplies | 99 | 3,804 | 16,288 | 103,367 | 15,281 | 3,733 | 4,726 |
| | 15 | 72 | 115 | 1,780 | 1,767 | 64 | 6,389 |

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| | | | | | | | |
|--------------------------------|-----------|------------|------------|--------------|------------|------------|------------|
| Drafting, maps and printing | | | | | | | |
| Drilling | - | - | - | 416,555 | - | - | - |
| Exploration administration | 2,301 | 1,258 | 1,470 | 16,334 | 562 | 731 | 14,645 |
| Foreign Exchange | 6 | (46) | 179 | 2,099 | 863 | 5 | (1,622) |
| Environment | - | - | - | 47,462 | - | - | - |
| Geochemistry | - | 5,822 | 25,011 | 186,427 | 26,145 | 15,088 | 10,143 |
| Geological consulting (Note 7) | - | 34,581 | 91,994 | 384,135 | 169,574 | 48,258 | 144,722 |
| Other consulting | 3,972 | 4,964 | 6,420 | 49,167 | 18,682 | 27,065 | 40,217 |
| Legal and accounting | 82 | 2,780 | 1,467 | 42,600 | 34,908 | - | 35,630 |
| Licenses, rights and taxes | 2,048 | 19,995 | 4,506 | 105,202 | 742 | 119,120 | 12,090 |
| Linecutting & trenching | 261 | 366 | 3,668 | 38,492 | 3,313 | 1,720 | 441 |
| Materials | 44 | 280 | 547 | 53,849 | 1,097 | 119 | 1,917 |
| Maintenance | 347 | 1,019 | 864 | 31,892 | 857 | 254 | 5,199 |
| Miscellaneous | 32 | 1,958 | 292 | 3,631 | 358 | 306 | 1,344 |
| Medical expenses | 1,610 | 3,170 | 1,411 | 18,421 | 3,618 | 344 | 2,876 |
| Public relations | - | - | 1,173 | 151,556 | 803 | - | - |
| Road building | - | - | - | 15,808 | - | - | - |
| Rent and utilities | 2,661 | 17,807 | 411 | 51,366 | 6,109 | 931 | 9,088 |
| Rental equipment | - | - | - | 2,484 | 425 | - | - |
| Salaries and wages (Note 7) | - | 28,232 | 14,235 | 256,069 | 27,863 | - | 38,068 |
| Shipping | 67 | 121 | 8,149 | 20,808 | 3,910 | 613 | 2,554 |
| Telephone and communications | 337 | 1,841 | 914 | 33,438 | 3,843 | 522 | 4,450 |
| Travel and accommodation | 82 | 1,357 | 12,304 | 53,803 | 31,739 | 5,038 | 15,982 |
| BALANCE - END OF YEAR | \$ 14,034 | \$ 133,746 | \$ 196,554 | \$ 2,206,916 | \$ 369,019 | \$ 225,262 | \$ 365,902 |

See Accompanying Notes

RADIUS GOLD INC.
(An Exploration Stage Company)
CONSOLIDATED SCHEDULE OF EXPLORATION EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2007
(Expressed in Canadian Dollars)

| | Guatemala | | Nicaragua | | Mexico | | Peru | | Ecuador |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------|---------|
| | Mineral | General | Mineral | General | Mineral | General | Mineral | Cerro | |
| | Concessions | Exploration | Concessions | Exploration | Concessions | Exploration | Concessions | Colorado | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| Property | \$ | | | | | | | \$ | |
| Payment/Investigation | 23,060 | - | 1,809 | - | - | - | 16,135 | 6,750 | |
| Automobile | 9,970 | 10 | 91,505 | 10,197 | 11,884 | 2,426 | 17,957 | - | |
| Camp, food and supplies | 12,761 | 2,294 | 65,738 | 8,618 | 9,034 | 542 | 4,716 | 805 | |
| Drafting, maps and printing | 184 | - | 1,943 | 2,260 | 4,157 | 162 | 451 | - | |
| Exploration administration | 5,508 | - | 25,908 | 1,279 | 1,279 | 1,955 | 3,375 | - | |
| Environment | - | - | 14,219 | - | - | 2,501 | - | - | |
| Geochemistry | 6,614 | 6,085 | 32,824 | 19,980 | 19,980 | 3,077 | 13,579 | - | |
| Geological consulting (Note 7) | 67,918 | 41,493 | 277,810 | 130,571 | 163,770 | 77,303 | 58,330 | 8,574 | |
| Other consulting | 23,004 | - | 102,330 | 12,731 | 15,243 | 24,136 | 102,781 | - | |
| Legal and accounting | 8,311 | - | 31,868 | 18,397 | 20,522 | 10,034 | 9,661 | - | |
| Licenses, rights and taxes | 13,882 | - | 86,576 | 14,582 | 97,776 | 3,233 | 2,362 | - | |
| Linecutting and trenching | 22,317 | - | 27,260 | 2,034 | 3,607 | - | 850 | - | |
| Underground development | 423,769 | - | - | - | - | - | - | - | |
| Materials | 8,983 | - | 26,370 | 753 | 765 | 1,335 | 6,191 | - | |
| Maintenance | 2,840 | - | 18,299 | 430 | 456 | - | 382 | - | |
| Miscellaneous | 3,239 | - | 2,626 | 343 | 917 | 60 | 438 | - | |
| Medical expenses | 6,890 | 456 | 11,816 | 3,045 | 3,421 | 262 | 37 | - | |
| Road building | - | - | 11,265 | - | - | - | - | - | |
| Rent and utilities | 31,090 | - | 35,629 | 4,561 | 4,561 | - | - | - | |
| Rental equipment | 748 | - | 6,762 | 90 | 90 | - | - | - | |
| Salaries and wages | 43,660 | 8,084 | 126,277 | 12,040 | 12,040 | 2,419 | - | - | |
| Shipping | 3,613 | 1,658 | 9,873 | 3,199 | 3,641 | 906 | 336 | - | |

| | | | | | | | | |
|------------------------------|---------|--------|-----------|---------|---------|---------|---------|--------|
| Telephone and communications | 5,917 | 870 | 24,727 | 3,636 | 3,636 | 177 | 261 | - |
| Travel and accommodation | 18,593 | 2,548 | 55,553 | 15,863 | 15,870 | 27,123 | 8,575 | 3,253 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| BALANCE - END OF YEAR | 742,866 | 63,498 | 1,088,987 | 264,609 | 392,649 | 157,651 | 246,417 | 19,382 |

See Accompanying Notes

Radius Gold Inc.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2009 and 2008

(Expressed in Canadian Dollars)

1.

Nature of Operations and Ability to Continue as a Going Concern

Radius Gold Inc. (The Company) was formed by the amalgamation of Radius Explorations Ltd. and PilaGold Inc. which became effective on July 1, 2004.

The Company is engaged in acquisition and exploration of mineral properties located primarily in Central and South America. The amounts shown for the mineral properties represent costs incurred to date and do not reflect present or future values. The Company is in the process of exploring its mineral properties and has not yet determined whether

the properties contain reserves that are economically recoverable. Accordingly, the recoverability of these capitalized costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete their development and upon future profitable production or disposition thereof.

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At December 31, 2009, the Company had not yet achieved profitable operations, has accumulated losses of \$41,157,211 since inception, and is expected to incur further losses in the development of its business, all of which raises substantial doubt about its ability to continue as a going concern. The Company will require additional financing in order to conduct its planned work programs on mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

2.

Significant Accounting Policies

Management has prepared the consolidated financial statements of the Company in accordance with Canadian generally accepted accounting principles. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. Actual results may differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgement and within the framework of the significant accounting policies summarized below.

a)

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries:

i)

Minerales Sierra Pacifico S.A. and Exploraciones Mineras de Guatemala S.A., companies incorporated under the laws of Guatemala;

ii)

Minerales de Nicaragua S.A. and Desarrollo Geologico Minerao, S.A., companies incorporated under the laws of Nicaragua;

iii)

Recursos Del Cibao, S.A., a company incorporated under the laws of the Dominican Republic;

iv)

Radius Panamá Corporation, Weltern Resources Corp. and Corporación Geológica de Panamá, companies incorporated under the laws of Panamá. All of which were dissolved during the year ended December 31, 2009;

Radius Gold Inc.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2009 and 2008

(Expressed in Canadian Dollars)

2.

Significant Accounting Policies (cont d)

a)

Principles of Consolidation (cont d)

v)

Radius (Cayman) Inc. and Pavon (Cayman) Inc., companies incorporated under the laws of Cayman Island;

vi)

Geometales Del Norte-Geonorte, a company incorporated under the laws of Mexico and

vii)

Minera Aymara S.A.C. (formerly called Radius Peru, S.A.C.), a company incorporated under the laws of Peru on May 4, 2007.

All significant inter-company transactions have been eliminated upon consolidation.

b)

Cash and Cash Equivalents

Cash and cash equivalents included highly liquid investments with original maturities of three months or less.

c)

Marketable Securities

Marketable securities are recorded at market value as they are considered available-for-sale.

d)

Mineral Properties and Change in Accounting Policy

During the fourth quarter of 2009, the Company changed its accounting policy for exploration costs by expensing the costs as incurred as it more accurately reflects the exploration industry. The change was effective on January 1, 2009 and applied retroactively. In the prior years, the Company capitalized the acquisition cost of mineral properties and deferred exploration and development expenditures directly related to specific mineral properties, net of recoveries received. Management believes that this treatment provides a more relevant and consistent depiction of the asset base of the Company prior to establishing the economic feasibility of its resource base.

These changes have been applied retrospectively and the resulting restatements to amounts for the years ended December 31, 2008 and 2007 are as follows:

| | As Previously reported December 31, 2008 | Restatement | As Restated as at December 31, 2008 |
|----------------------------------|---|--------------------|--|
| Mineral properties | \$ 13,874,003 | \$ (9,438,091) | \$ 4,435,912 |
| Future income tax liability | 886,000 | (701,000) | 185,000 |
| Deficit, opening | 25,045,176 | 10,121,988 | 35,167,164 |
| Exploration expenditures | - | 3,655,231 | 3,655,231 |
| Write-off of mineral properties | 5,741,075 | (5,591,128) | 149,947 |
| Income tax recovery (loss) | 551,000 | (551,000) | - |
| Basic and diluted loss per share | (0.12) | | (0.09) |

Radius Gold Inc.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2009 and 2008

(Expressed in Canadian Dollars)

2.

Significant Accounting Policies (cont d)

d)

Mineral Properties and Change in Accounting Policy (cont d)

| As Previously reported December 31, 2007 | Restatement | As Restated as at December 31, 2007 |
|---|--------------------|--|
|---|--------------------|--|

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| | | | |
|----------------------------------|---------------|--------------|---------------|
| Deficit, opening | \$ 22,220,517 | \$ 8,414,254 | \$ 30,634,771 |
| Exploration expenditures | - | 2,976,613 | 2,976,613 |
| Write-off of mineral properties | 784,879 | (784,879) | - |
| Income Tax Recovery (loss) | (547,000) | 484,000 | (63,000) |
| Basic and diluted loss per share | (0.05) | | (0.09) |

Consistent with prior periods, mineral property acquisition costs are capitalized and include the cash consideration paid and the fair value of common shares issued on acquisition, based on the trading price of the shares on the date of the agreement to issue the shares.

Recoveries for option payments or shares received are recorded on receipt, as the payments or shares received under the agreement are made at the sole discretion of the optionee. Proceeds from the sale of minerals recovered during the exploration stage are recorded when title to the minerals passes, the proceeds are reasonably determinable and the collectability is assured.

Where the Company has entered into option agreements to acquire interests in mineral properties that provide for periodic payments or periodic share issuances, amounts unpaid and unissued are not recorded as liabilities since they are payable and issuable entirely at the Company's option. Option payments are recorded as mineral property costs when the payments are made or received and the share issuances are recorded as mineral property costs using the fair market value of the Company's common shares at the earlier of the date the counterparty's performance is complete or the issuance date.

The Company is in the process of exploring and developing its mineral properties and has not yet determined the amount of reserves available. Management reviews the carrying value of mineral properties on a periodic basis and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the costs can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of completion of a feasibility study or the Company's commitment to a plan of action based on the then known facts.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2009 and 2008

(Expressed in Canadian Dollars)

2.

Significant Accounting Policies (cont d)

e)

Property, Equipment and Amortization

Property and equipment are recorded at cost. Equipment is amortized over their estimated useful lives using the following methods:

Leasehold improvements

5 years straight-line

Trucks

4 - 8 years straight-line

Computer equipment

25% - 50% declining balance

Furniture and equipment

20% declining balance

Geophysical equipment

20% declining balance

Website

30% declining balance

Additions to equipment are amortized at one-half rate during the year of acquisition.

f)

Basic and Diluted Loss Per Share

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. Basic and diluted loss per share are the same for the years presented.

For the years ended December 31, 2009, 2008 and 2007, potentially dilutive common shares (relating to options outstanding at year-end) totalling 4,270,000 (2008: 5,025,000; 2007: 5,150,000) were not included in the computation of loss per share because their effect was anti-dilutive.

g)

Income Taxes

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

h)

Foreign Currency Translation

Monetary items denominated in a foreign currency are translated into Canadian dollars at exchange rates prevailing at the balance sheet date and non-monetary items are translated at exchange rates prevailing when the assets were acquired or obligations incurred. Foreign currency denominated revenue and expense items are translated at exchange rates prevailing at the transaction date. Gains or losses arising from the translations are included in operations.

i)

Stock-based Compensation

The Company has a stock-based compensation plan as disclosed in Note 8, whereby stock options are granted in accordance with the policies of regulatory authorities. The fair value of all share purchase options is expensed over their vesting period with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

Radius Gold Inc.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

2.

Significant Accounting Policies (cont d)

i)

Stock-based Compensation (cont d)

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

j)

Asset Retirement Obligation

The fair value of obligations associated with the retirement of tangible long-lived assets is recorded in the period it is incurred with a corresponding increase to the carrying amount of the related asset. The obligations recognized are statutory, contractual or legal obligations. The liability is accreted over time for changes in the fair value of the liability through charges to accretion, which is included in depletion, amortization and accretion expense. The costs capitalized to the related assets are amortized in a manner consistent with the depletion and amortization of the related asset.

At December 31, 2009 and 2008, the fair value of the mineral properties site restoration costs is not significant.

k)

Impairment of Long-lived Assets

Canadian generally accepted accounting principles require that long-lived assets and intangibles to be held and used by the Company be reviewed for possible impairment whenever events or changes in circumstances indicate that the asset may not be recoverable. If changes in circumstances indicate that the carrying amount of an asset that an entity expects to hold and use may not be recoverable, future cash flows expected to result from the use of the asset and its disposition must be estimated. If the undiscounted value of the future cash flows is less than the carrying amount of the asset, impairment is recognized.

l)

Financial Instruments

The Company has made the following designations of its financial instruments: cash and cash equivalents as held-for-trading; marketable securities as available-for-sale; advances and other receivables and due from related parties as loans and receivables; and accounts payable and accrued liabilities as other financial liabilities.

Derivatives and Hedge Accounting

The Company currently does not have derivative instruments and accordingly is not impacted by CICA Handbook Section 3865, Hedges.

Comprehensive Income

Comprehensive income is composed of the Company's earnings and other comprehensive income. Other comprehensive income includes unrealized gains and losses on available-for-sale securities, all net of income taxes. Cumulative changes in other comprehensive loss will be included in accumulated other comprehensive loss which will be presented as a separate category in shareholders' equity.

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Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

2.

Significant Accounting Policies (cont'd)

m)

Value-added Taxes Recoverable

The Company incurred value-added taxes (VAT) in Mexico during the years ended December 31, 2009 and 2008 which relates to mineral property expenditures and other expenses. Due to the uncertainty surrounding the collection, the Company has classified the amounts as long-term asset. During the year ended December 31, 2009, the Company wrote-off the VAT in exploration expenditures.

n)

Adoption of New Accounting Pronouncements

Amendment to Financial Instruments Disclosures

In 2009, the CICA amended Section 3862, Amendment to Financial Instruments Disclosures to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of the fair value hierarchy are:

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

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 Inputs that are not based on observable market data

The adoption of this standard is consistent with recent amendments to financial instrument disclosure standards in IFRS. All of the financial instruments measured at fair value on the balance sheet are included in Level 1.

Mining Exploration Costs

The AcSb issued EIC-174, which provides guidance to mining enterprises related to the measurement of exploration costs and the conditions that a mining enterprise should consider when determining the need to perform an impairment review of such costs. The accounting treatments provided by EIC-174 have been applied in the preparation of these consolidated financial statements and did not have an impact on the valuation of the Company's mineral properties.

Credit Risk and the Fair Value of Financial Assets and Liabilities

In January 2009, Emerging Issues Committee issued EIC-173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This guidance clarified that an entity's own risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 12, 2009. The Company has evaluated the impact of EIC-173 on adoption and determined that no adjustments were required.

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2.

Significant Accounting Policies (cont d)

n)

Adoption of New Accounting Pronouncements (cont d)

Goodwill and Intangible Assets

The AcSB issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company adopted the new standards for its fiscal year beginning January 1, 2009. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The adoption of this accounting policy had no impact on the financial statements.

3.

Future Accounting Changes

International Financial Reporting Standards (IFRS)

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 the 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, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS has not yet been determined.

Business Combinations, Consolidated Financial Statements and Non-Controlling Interest

In January 2009, the CICA issued CICA Handbook Section 1582, Business Combinations , Section 1601, Consolidations , and Section 1602, Non-Controlling Interests . These sections replace the former Section 1581, Business Combinations , and Section 1600, Consolidated Financial Statements , and establish a new section for accounting for a non-controlling interest in a subsidiary. Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent consideration and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. It provides the Canadian equivalent to IFRS 3, Business Combinations (January 2008). The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS International Accounting Standards (IAS) 27, Consolidated and Separate Financial Statements (January 2008).

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Notes to the Consolidated Financial Statements

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3.**Future Accounting Changes** (cont d)

Business Combinations, Consolidated Financial Statements and Non-Controlling Interest (cont d)

Sections 1601 and 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

4.**Marketable Securities and Investments**

Marketable securities are recorded at market value as they are considered available-for-sale. Included in marketable securities are 1,007,406 common shares of a company with directors in common and 500,000 common shares of a public company. The portfolio of marketable securities consists of short term notes with a yield range of .21% - 0.95% (2008: 1.62% - 3.71%), Canadian provincial government bonds with a yield of 3.55% (2008: 0.83% - 4.41%), corporate bonds with a yield range of 0.61% - 7.86% (2008: 3.47% - 8.27%), pool fund bonds with a yield range of 3.97% - 4.76% (2008: 4.64% - 5.04%), and preferred equities with a yield range of 4.43% - 7.27% (2008: 4.48% - 7.97%). As at December 31, 2009, the carrying amount for the marketable securities and investments was \$677,128 (2008: \$1,529,870). An unrealized gain of \$956,004 (2008: loss of \$8,692; 2007: loss of \$71,475) was recorded in other comprehensive income.

5.**Property and Equipment**

| | | 2009 | |
|------------------------|-----------|-----------------------------|----------|
| | Cost | Accumulated Amortization | Net |
| Leasehold improvements | \$ 17,730 | \$ 16,044 | \$ 1,686 |
| Trucks | 299,597 | 209,055 | 90,542 |
| Computer equipment | 173,178 | 117,200 | 55,978 |

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| | | | |
|-------------------------|------------|------------|------------|
| Furniture and equipment | 31,558 | 12,330 | 19,228 |
| Geophysical equipment | 36,178 | 23,008 | 13,170 |
| Website | 8,433 | 5,817 | 2,616 |
| | \$ 566,674 | \$ 383,454 | \$ 183,220 |

| | | 2008 | |
|-------------------------|------------|-----------------------------|------------|
| | Cost | Accumulated Amortization | Net |
| Leasehold improvements | \$ 17,730 | \$ 15,563 | \$ 2,167 |
| Trucks | 367,672 | 226,637 | 141,035 |
| Computer equipment | 166,240 | 97,797 | 68,443 |
| Furniture and equipment | 23,067 | 9,353 | 13,714 |
| Geophysical equipment | 36,178 | 19,716 | 16,462 |
| Website | 8,433 | 4,695 | 3,738 |
| | \$ 619,320 | \$ 373,761 | \$ 245,559 |

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Notes to the Consolidated Financial Statements

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6.

Mineral Properties

Title to mineral 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 characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

A)

Guatemala

i)

Tambor

The Tambor Project consists of six 100% owned concessions located in south-central Guatemala covering a total of 6,117 hectares, as follows:

a)

La Laguna Derivada granted exploration licence; exploitation licence applied for October 2009.

b)

Carlos Antonio Derivada granted exploration licence; exploitation licence applied for November 2009; ownership subject to a 2.5% net smelter returns royalty.

c)

Santa Margarita Derivada granted exploration licence; exploitation licence applied for January 2009; ownership subject to a 2.5% net smelter returns royalty.

d)

Progreso VII Derivada granted exploration licence; exploitation licence applied for October 2008; ownership subject to a 4.0% net smelter returns royalty, of which one-half may be purchased by the Company for US\$2.0 million.

e)

Marga exploration licence applied for September 2008.

f)

Las Navajas exploration licence applied for November 2008.

In June 2008, the Company signed a binding Letter of Intent with Kappes, Cassiday & Associates (KCA) whereby KCA can earn a 51% interest in the Tambor Project by incurring exploration expenditures on the property totaling US\$6,500,000 over 4 years, or by putting the property into commercial production within 4 years. If KCA earns its

51% interest, a joint venture will be formed between KCA and the Company. Once commercial production has been achieved, KCA will receive preferential payback of 75% (the Company 25%) of after-tax cash flow from initial production until KCA receives an amount equal to its investment, less US\$2,000,000. At that point, the Company will receive 75% of the after-tax cash flow (KCA 25%) until the Company receives the amount of preferential cash flow received by KCA, after which revenues will be split 51% KCA / 49% the Company. A schedule of minimum annual required expenditures by KCA is as follows, with KCA having a commitment to expend US\$1,000,000 in the first year:

a)

US\$1,000,000 by June 2, 2009 (expended);

b)

US\$1,500,000 by June 2, 2010;

c)

US\$1,500,000 by June 2, 2011; and

d)

US\$2,500,000 by June 2, 2012

ii)

Banderas

The Company holds a 100% interest in the Banderas Project which, as at December 31, 2009, consisted of two exploration concessions (one granted and one application for title pending) covering a total of 10,894 hectares. Subsequent to December 31, 2009, six additional exploration concessions covering 29,055 hectares were applied for.

iii)

Regional exploration

During 2007, 2008 and 2009, the Company conducted property investigation work on other properties.

Radius Gold Inc.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

6.

Mineral Properties (cont d)

B)

Nicaragua

i)

Natividad (El Pavon)

The Company owns a 100% interest in the Natividad Project which consists of one granted exploration concession covering 1,301 hectares.

The Company entered into a joint venture agreement with Meridian Gold Inc. (Meridian) effective May 25, 2005, giving Meridian the option to acquire a 60% interest in the Natividad Project. Meridian spent US\$5.3 million in exploration expenditures within the first two years of the agreement towards earning an interest, before terminating its option in 2006. All amounts owing by Meridian to the Company were repaid in 2007.

ii)

Trebol

The Company owns a 100% interest in the Trebol Project which consists of two granted exploration concessions covering a total of 42,193 hectares.

iii)

La Flor

The Company owns a 100% interest in the La Flor Project which consists of one granted exploration concession covering 15,505 hectares.

iv)

San Pedro

In 2008, the Company had relinquished the concession comprising the San Pedro Project, and in 2009, applied for two new concessions covering a total of 26,132 hectares in the same area.

v)

Regional Exploration and Other Properties Including India Norte and Estrella de Oro

During 2007 and 2008, the Company conducted exploration work on various other concessions in Nicaragua, all of which had been relinquished as at December 31, 2008 as management was not planning any further work thereon. During 2009, the Company conducted property investigation work on other properties.

Option to B2Gold Corp

In June 2009, the Company granted to B2Gold Corp. (B2Gold) an option to acquire an interest in the Company's mineral property portfolio in Nicaragua. The agreement with B2Gold consists of three parts:

1.

Natividad, Trebol, La Flor and San Pedro Properties (the Properties)

B2Gold has the right to acquire a 60% interest in the Properties by expending a total of US\$4 million on exploration at any one or more of the Properties within 4 years from the date of the agreement. When B2Gold has spent the US\$4,000,000, it will own a 60% interest in all of the Properties and a joint venture will be formed in under which each party will contribute its prorated share of the exploration costs.

Radius Gold Inc.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2009 and 2008

(Expressed in Canadian Dollars)

6.

Mineral Properties (cont d)

B)

Nicaragua (cont d)

Option to B2Gold Corp (cont d)

2.

Production from the Pavon Resource Property

In 2005 Meridian Gold completed a 2 stage exploration drill program at the Pavon vein system within the Natividad Project (the Pavon Resource Property). B2Gold has the right to review the conceptual gold resource outlined by Meridian Gold. If B2Gold feels that there is potential to mine any or all of the resource, it may put the property into production within 3 years. After production is achieved, 100% ownership of the Pavon Resource Property will be

transferred to B2Gold and the Company will receive 40% of the net cash flow generated from the operation.

3.

The Regional Exploration Projects

The Company has assembled an extensive data base of regional geological, geochemical and geophysical data covering much of Nicaragua and has agreed to provide this data to B2Gold, on an exclusive basis. If as a result of reviewing the regional data, B2Gold identifies a prospect or project for acquisition and exploration on ground that is not covered by an existing concession, the Company will apply for a concession over the area and that area will then be designated a project area .

Following the granting of a concession, B2Gold will have the option to earn a 70% interest in any such designated project area by expending US\$2 million on exploration of it within 3 years from the date of the granting of the concession. Once B2Gold has spent US\$2 million exploring the designated project, it will be vested with a 70% interest in the project and a joint venture between the Company and B2Gold will be formed.

C)

Mexico

i)

Tlacolula Property

The Company owns a 100% interest in the Tlacolula Property which consists of one granted exploration concession covering 12,642 hectares.

In September 2009, the Company granted to Fortuna Silver Mines Inc. (Fortuna) the option to earn a 60% interest in the Tlacolula Property by spending US\$2 million on exploration of the Property, which includes a commitment to drill 1,500 meters within 3 years, and making staged annual payments of US\$250,000 cash and US\$250,000 in common stock according to the following schedule:

a)

US\$20,000 cash and \$20,000 cash equivalent in shares upon regulatory approval (received);

b)

US\$30,000 cash and \$30,000 cash equivalent in shares by the first year anniversary;

c)

US\$50,000 cash and \$50,000 cash equivalent in shares by the second year anniversary;

d)

US\$50,000 cash and \$50,000 cash equivalent in shares by the third year anniversary; and

e)

US\$100,000 cash and \$100,000 cash equivalent in shares by the fourth year anniversary.

The Company and Fortuna have two common directors.

Radius Gold Inc.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

6.

Mineral Properties (cont d)

C)

Mexico (cont d)

ii)

Regional Exploration and Other Properties Including Amatista, La Fruita and El Mole

During 2007 and 2008, the Company conducted exploration work on various other concessions in Mexico, all of which had been relinquished as at December 31, 2008 as management was not planning any further work thereon.

D)

Peru

i)

Rubi Property

In August 2007, the Company was granted an option to acquire a 100% interest in the Rubi Property, Peru. In this connection, the Company paid \$100,000 and issued 50,000 common shares to the property owner, and paid finder's fees of \$10,000 and 25,000 shares each to two individuals.

After conducting some exploration work on the Property, the Company entered into an agreement in October 2008 with International Minerals Corporation (IMC) to continue exploration on the Property as joint venture partners in a newly formed Peruvian company (JVCO). The original August 2007 option agreement held by the Company was replaced by an October 2008 option agreement whereby JVCO could earn a 100% interest in the Rubi Property by making a series of payments and exploration expenditures over four years.

Under its agreement with the Company, IMC had the right to earn its 60% interest in JVCO by paying the initial signing fee to the property owner of US\$75,000 (paid) and by funding the first year's exploration expenditures on the Rubi Property, for a total of US\$475,000. The remaining cash payments and exploration expenditures were to be funded by JVCO (60% IMC, 40% the Company).

During the year ended December 31, 2009, the Company and IMC terminated their option on the Rubi Property. As a result, the Company has written off \$210,566 in acquisition costs towards this property.

ii)

Nueva California

In March 2009, the Company was granted an option to acquire 100% interest in the Nueva California gold property located in north-central Peru. To earn the 100% interest, the Company must spend US\$3 million in exploration, and make a series of payments to the property owner (a private Peruvian company) totaling US\$3 million, over a period of 4 years. During the first year, the Company must make payments of US\$150,000 to the owner (of which US\$50,000 was paid on signing) and exploration expenditures of US\$200,000. If the Option is exercised, the Company must pay to the owner US\$4 per ounce of gold defined in the reserve category as determined by a bankable feasibility study, and US\$4 per ounce of gold produced during a 6-year period thereafter that is over and above the number of ounces defined in such a study, up to a maximum of 2.5 million ounces, or US\$10 million.

In March 2009, the Company assigned the option to Focus Ventures Ltd. (Focus) whereby Focus assumes all of the Company's obligations under the Option agreement as consideration the Company received 1,000,000 common shares of Focus, \$50,000 cash and a 1.5% net smelter return royalty on the Property. The Company and Focus have common directors and officers.

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(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

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6.

Mineral Properties (cont d)

D)

Peru (cont d)

iii)

Artemisas Property

In November 2007, the Company was granted an option to acquire a 70% interest in the Artemisas Property, Peru. After conducting exploration work on the Property in 2008, management of the Company decided no further work was warranted, and the Company relinquished the option.

iv)

Charpal Property

In January 2008, the Company was granted an option to acquire a 100% interest in the Charpal Property, Peru. After conducting exploration work on the Property, management of the Company decided no further work was warranted, and the Company relinquished the option prior to December 31, 2008. During the year ended December 31, 2009, the Company wrote-off \$Nil (2008: \$36,817; 2007: \$Nil) in acquisition costs.

v)

Apurimac Property

In 2008, the Company acquired a 100% interest in the Apurimac Property, Peru. After conducting exploration work on the Property, management of the Company decided no further work was warranted, and the Company relinquished the property prior to year end.

vi)

Regional exploration

During 2007, 2008 and 2009, the Company conducted property investigation work on other properties.

E)

Ecuador

On November 7, 2006, the Company was granted the option to acquire a 70% interest in the Cerro Colorado Property which consists of two concessions located in Southern Ecuador.

In order to earn the interest the Company was required to:

a)

Make the following cash payments of US\$100,000 (CDN\$ 113,130) on signing of the agreement (paid), and a total of US\$900,000 starting upon commencement of drilling on the project (the Drill Date).

b)

Incur exploration expenditures of US\$3,000,000 on or prior to the third anniversary of the commencement of the Drill Date.

c)

Fund and deliver a feasibility study on or before the fifth anniversary of the Drill Date.

During the year ended December 31, 2008, the Company wrote off \$113,130 in acquisition costs.

F)

Canada

i)

Regional Exploration

In 2007, the Company incurred data acquisition and geological consulting costs in connection with property investigations in Canada. During the year ended December 31, 2009, the Company staked 83 mineral claims east of Prince George, British Columbia. The mineral claims were then sold for net proceeds of \$7,649.

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6.

Mineral Properties (cont d)

F)

Canada (cont d)

ii)

Ten Mile Creek Property - Yukon Territory

The Ten Mile Creek Property, Yukon is comprised of 323 claims, of which 269 claims were acquired by the Company in April 2009 by staking, and 54 claims (the Optioned Claims) were optioned to the Company in June 2009. The Company has the option to earn a 100% interest in the Optioned Claims in consideration of the completion of an initial sampling program, work commitments of \$70,000 and cash and share payments to the property owner according to the following schedule:

a)

\$25,000 on signing of the agreement (paid);

b)

\$50,000 on or before May 31, 2010;

c)

\$75,000 on or before May 31, 2011;

d)

\$75,000 on or before May 31, 2012;

e)

\$75,000 on or before May 31, 2013; and

f)

either \$100,000 or issue 400,000 shares, on or before May 31, 2013, the method of such payment at the discretion of the property owner.

Commencing on May 31, 2014 and on May 31 each year thereafter, the Company must pay \$10,000 to the property owner until such time as commercial production of the Property is achieved, at which time the \$10,000 payment shall cease and the property owner shall be entitled to a 1.0% NSR royalty. As well, an underlying 1.5% NSR royalty is payable to Teck Resources Limited. The Company has the right at any time to reduce the property owner's NSR to 0.5% by paying \$500,000, or to 0.25% by paying \$1.0 million.

In September 2009, the Company optioned its interests in the Ten Mile Creek Property to Solomon Resources Limited (Solomon). Solomon can earn a 51% interest in the Property by spending \$2.5 million on exploration and making staged cash and share payments of \$500,000 cash and 1 million shares over three years according to the following schedule:

a)

Issuing to the Company 500,000 shares upon signing and TSX Venture Exchange (TSX-V) approval of the transaction (Approval received by the TSX-V and shares issued to the Company subsequent to December 31, 2009);

b)

Paying \$100,000 cash and issuing 100,000 common shares of Solomon to the Company on May 21, 2010, and spending \$350,000 during the 2010 exploration season;

c)

Paying \$150,000 cash and issuing 150,000 common shares of Solomon to the Company on May 21, 2011, and spending \$650,000 during the 2011 exploration season; and

d)

Paying \$250,000 cash and issuing 250,000 common shares of Solomon to the Company on May 21, 2012, and spending \$1,500,000 during the 2012 exploration season.

Upon completion of the earn-in, a 51/49 joint venture will be formed between Solomon and the Company. The joint venture would cover all costs related to the project on a pro rata basis.

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Notes to the Consolidated Financial Statements

For the years ended December 31, 2009 and 2008

(Expressed in Canadian Dollars)

6.

Mineral Properties (cont d)

F)

Canada (cont d)

iii)

Gold Run Property - Yukon Territory

In June 2009, the Company was granted the option to earn a 100% interest in the Gold Run Property, Yukon which consists of 26 claims, in consideration of the completion of an initial sampling program work commitments of \$50,000 and cash and share payments to the property owner according to the following schedule:

a)

\$10,000 in signing of the agreement (paid);

b)

\$15,000 on or before May 31, 2010;

c)

\$25,000 on or before May 31, 2011;

d)

\$50,000 on or before May 31, 2012;

e)

\$100,000 on or before May 31, 2013; and

f)

either \$500,000 or issue 200,000 shares, on or before May 31, 2013, the method of such payment at the discretion of the property owner.

Commencing on May 31, 2014 and on May 31 each year thereafter, the Company must pay \$10,000 to the property owner until such time as commercial production of the property is achieved, at which time the \$10,000 payment shall cease and the property owner shall be entitled to a 2.0% NSR royalty. The Company has the right at any time to reduce the property owner's NSR to 1.0% by paying \$1,000,000.

During the year ended December 31, 2009, management of the Company decided to terminate its option on the property and wrote-off \$13,544 in acquisition cost.

iv)

Sixty Mile Area -Yukon Territory

The Sixty Mile Creek Property, Yukon is comprised of 499 claims, of which 213 claims were acquired by the Company in 2009 by staking. Subsequent to the year end, the Company staked an additional 43 claims, and entered into agreements with various landowners whereby it has the option to acquire a 100% interest in a total of 243 claims in consideration of cash payments totaling \$697,300 and the issuance of a total of \$488,000 worth of shares of the Company, over a four-year period. In March and April 2010, the Company made the first payments totaling \$76,800 cash and 50,633 shares having a value of \$20,000.

Pursuant to the option agreements, commencing on August 31, 2014 and on August 31 each year thereafter, the Company must pay a total of \$204,000 to the property owners until such time as commercial production on the applicable property is achieved, at which time the property owner(s), as applicable, shall be entitled to NSR royalties ranging from 2.5% to 3.0%.

v)

Snowcap Property -Yukon Territory

During the year ended December 31, 2009, the Company staked 198 claims in the Whitehorse Mining District, Yukon. In November 2009 the Company granted Wesgold Minerals Inc. (Wesgold) the option to acquire 60% interest in the Snowcap Property and, as consideration, the Company will receive an aggregate of 1,000,000 Wesgold common shares (received 200,000 on signing of the agreement) and Wesgold must incur exploration expenditures of \$1,000,000, over a four-year period.

Radius Gold Inc.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2009 and 2008

(Expressed in Canadian Dollars)

7.

Related Party Transactions

The Company incurred the following expenditures charged by officers and companies which have common directors with the Company:

| | 2009 | 2008 | 2007 |
|----------------------------|-------------|-------------|-------------|
| Expenses: | | | |
| Management fees & salaries | | | |