

PART I – FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

XTRA-GOLD RESOURCES CORP.

(An Exploration Stage Company)

CONSOLIDATED BALANCE SHEETS

(Expressed in U.S. Dollars)

(unaudited)

AS AT

	March 31, 2010	December 31, 2009
	(unaudited)	
ASSETS		
Current		
Cash and cash equivalents	\$ 1,001,970	\$ 622,670
Investment in trading securities, at fair value (cost of \$876,396 (December 31, 2009 - \$1,636,628) (Note 4))	1,181,121	1,781,594
Receivables and other	64,687	46,462
Deposit for equipment	—	151,506
Total current assets	2,247,778	2,602,232
Equipment	509,342	244,508
Deferred financing costs	—	1,283
Oil and gas investment (Note 5)	40,000	40,000
Mineral properties (Note 6)	1,662,564	1,662,564
TOTAL ASSETS	\$ 4,459,684	\$ 4,550,587
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 253,453	\$ 233,073
Convertible debentures (Note 7)	—	250,000
Total current liabilities	253,453	483,073
Asset retirement obligation	73,704	71,906
Total liabilities	327,157	554,979
Stockholders' equity		
Capital stock (Note 8)		
Authorized		
250,000,000 common shares with a par value of \$0.001		
Issued and outstanding		
33,400, 586 common shares (December 31, 2009 –33,231,477 common shares)	33,401	33,231
Additional paid in capital	14,937,127	14,771,222
Subscriptions received in advance	99,950	—
Deficit	(1,427,764)	(1,427,764)
Deficit accumulated during the exploration stage	(9,416,650)	(9,304,452)
Total Xtra-Gold Resources Corp. stockholders' equity	4,226,064	4,072,237
Non-controlling interest	(93,537)	(76,629)
Total stockholders' equity	4,132,527	3,995,608
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 4,459,684	\$ 4,550,587

History and organization of the Company (Note 1)

Contingency and commitments (Note 12)

Subsequent event (Note 13)

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

XTRA-GOLD RESOURCES CORP.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS
(Expressed in U.S. Dollars)
(unaudited)

	Cumulative amounts from the beginning of the exploration stage on January 1, 2003 to March 31, 2010	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
EXPENSES			
Amortization	\$ 196,398	\$ 10,753	\$ 17,048
Exploration	12,216,119	181,907	39,954
General and administrative	5,219,426	234,193	62,362
Write-off of mineral property	<u>26,000</u>	<u>—</u>	<u>—</u>
LOSS BEFORE OTHER ITEMS	<u>(17,657,943)</u>	<u>(426,853)</u>	<u>(119,364)</u>
OTHER ITEMS			
Foreign exchange gain (loss)	415,441	44,913	(25,597)
Interest expense	(241,294)	(641)	(642)
Realized gains (losses) on sales of trading securities	106,779	83,199	(17,377)
Net unrealized gains (losses) on trading securities	85,712	152,285	(94,417)
Other income	840,723	17,991	49,805
Recovery of gold	6,843,965	—	11,603
Gain on disposal of property	<u>96,430</u>	<u>—</u>	<u>—</u>
	<u>8,147,756</u>	<u>297,747</u>	<u>(76,625)</u>
Consolidated loss for the period	(9,510,187)	(129,106)	(195,989)
Net loss attributable to non-controlling interest	<u>93,537</u>	<u>16,908</u>	<u>—</u>
Loss for the period	\$ (9,416,650)	\$ (112,198)	\$ (195,989)
Basic and diluted loss per common share		\$ (0.00)	\$ (0.01)
Basic and diluted weighted average number of common shares outstanding		33,342,096	31,330,602

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

XTRA-GOLD RESOURCES CORP.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in U.S. Dollars)

(unaudited)

	Cumulative amounts from the beginning of the exploration stage on January 1, 2003 to March 31, 2010	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period	\$ (9,510,187)	\$ (129,106)	\$ (195,989)
Items not affecting cash:			
Amortization	196,398	10,753	17,048
Amortization of deferred financing costs	46,202	1,283	642
Accretion of asset retirement obligation	18,869	1,798	1,634
Shares issued for services	202,365	—	—
Stock-based compensation	1,091,257	24,075	33,908
Unrealized foreign exchange (gain) loss	(469,086)	(39,297)	30,063
Realized (gains) losses on sale of trading securities	(106,779)	(83,199)	17,377
Purchase of trading securities (Note 4)	(11,564,690)	—	(228,539)
Proceeds on sale of trading securities (Note 4)	11,045,146	875,254	383,411
Unrealized (gains) losses on trading securities	(85,712)	(152,285)	94,417
Gain on disposal of property	(95,342)	—	—
Write-off of mineral property	26,000	—	—
Expenses paid by stockholders	2,700	—	—
Changes in non-cash working capital items:			
(Increase) decrease in receivables and other	(56,312)	(18,225)	58,423
Increase (decrease) in accounts payable and accrued liabilities	242,761	20,380	(160,928)
Increase in due to related party	50,000	—	—
Net cash provided by (used in) operating activities	<u>(8,966,410)</u>	<u>511,431</u>	<u>51,467</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of convertible debentures	900,000	—	—
Deferred financing costs	(46,202)	—	—
Repurchase of capital stock	(165,000)	(108,000)	—
Subscriptions received in advance	99,950	99,950	—
Issuance of capital stock, net of financing costs	<u>9,842,432</u>	<u>—</u>	<u>—</u>
Net cash provided by (used in) financing activities	<u>10,631,180</u>	<u>(8,050)</u>	<u>—</u>

- continued -

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

XTRA-GOLD RESOURCES CORP.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in U.S. Dollars)
(unaudited)

	Cumulative amounts from the beginning of the exploration stage on January 1, 2003 to March 31, 2010	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
<i>Continued ...</i>			
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of equipment	(558,057)	(124,081)	—
Deposit on equipment	(151,506)	—	—
Oil and gas property expenditures	(250,137)	—	—
Acquisition of cash on purchase of subsidiary	11,510	—	—
Acquisition of subsidiary	(25,000)	—	—
Proceeds on disposal of assets	310,390	—	—
Net cash used in investing activities	<u>(662,800)</u>	<u>(124,081)</u>	<u>—</u>
Change in cash and cash equivalents during the period	1,001,970	379,300	51,467
Cash and cash equivalents, beginning of the period	<u>—</u>	<u>622,670</u>	<u>271,573</u>
Cash and cash equivalents, end of the period	<u>\$ 1,001,970</u>	<u>\$ 1,001,970</u>	<u>\$ 323,040</u>

Supplemental disclosure with respect to cash flows (Note 10)

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

XTRA-GOLD RESOURCES CORP.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Expressed in U.S. Dollars)

(unaudited)

	<u>Common Stock</u>		Additional Paid in Capital	Subscriptions Received in Advance	Deficit	Non- Controlling Interest	Deficit Accumulated During the Exploration Stage	Total
	Number of Shares	Amount						
Balance, December 31, 2009	33,231,477	\$ 33,231	\$ 14,771,222	\$	\$ (1,427,764)	\$ (76,629)	\$ (9,304,452)	\$ 3,995,608
February, 2010 – Conversion of debentures at \$1.00 per share	250,000	250	249,750	—	—	—	—	250,000
March, 2010 – Repurchase and cancellation of shares at \$1.34 per share	(80,891)	(80)	(107,920)	—	—	—	—	(108,000)
Stock-based compensation	—	—	24,075	—	—	—	—	24,075
Subscriptions received in advance	—	—	—	99,950	—	—	—	99,950
Loss for the period	—	—	—	—	—	(16,908)	(112,198)	(129,106)
Balance, March 31, 2010	33,400,586	\$ 33,401	\$ 14,937,127	\$ 99,950	\$ (1,427,764)	\$ (93,537)	\$ (9,416,650)	\$ 4,132,527

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

XTRA-GOLD RESOURCES CORP.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in U.S. Dollars)

MARCH 31, 2010

(unaudited)

1. HISTORY AND ORGANIZATION OF THE COMPANY

Silverwing Systems Corporation (the "Company"), a Nevada corporation, was incorporated on September 1, 1998. On June 23, 1999, the Company completed the acquisition of Advertain On-Line Canada Inc. ("Advertain Canada"), a Canadian company operating in Vancouver, British Columbia, Canada. The Company changed its name to Advertain On-Line Inc. ("Advertain") on August 19, 1999. Advertain Canada's business was the operation of a web site, "Advertain.com", whose primary purpose was to distribute entertainment advertising on the Internet.

In May 2001, the Company, being unable to continue its funding of Advertain Canada's operations, decided to abandon its interest in Advertain Canada. On June 15, 2001, the Company sold its investment in Advertain Canada back to Advertain Canada's original shareholder. On June 18, 2001, the Company changed its name from Advertain to RetinaPharma International, Inc. ("RetinaPharma") and became inactive.

In 2003, the Company became a resource exploration company. On October 31, 2003, the Company acquired 100% of the issued and outstanding common stock of Xtra-Gold Resources, Inc. ("XGRI"). XGRI was incorporated in Florida on October 24, 2003. On December 19, 2003, the Company changed its name from RetinaPharma to Xtra-Gold Resources Corp.

In 2004, the Company acquired 100% of the issued and outstanding capital stock of Canadiana Gold Resources Limited ("Canadiana") and 90% of the issued and outstanding capital stock of Goldenrae Mining Company Limited ("Goldenrae"). Both companies are incorporated in Ghana and the remaining 10% of the issued and outstanding capital stock of Goldenrae is held by the Government of Ghana.

On October 20, 2005, XGRI changed its name to Xtra Energy Corp. ("Xtra Energy").

On October 20, 2005, the Company incorporated Xtra Oil & Gas Ltd. ("XOG") in Alberta, Canada.

On December 21, 2005, Canadiana changed its name to Xtra-Gold Exploration Limited ("XG Exploration").

On January 13, 2006, Goldenrae changed its name to Xtra-Gold Mining Limited ("XG Mining").

On March 2, 2006, the Company incorporated Xtra Oil & Gas (Ghana) Limited ("XOGG") in Ghana.

2. GOING CONCERN

The Company is in the exploration stage with respect to its resource properties, incurred a loss of \$129,106 for the three months ended March 31, 2010 and has accumulated a deficit during the exploration stage of \$9,416,650. This raises substantial doubt about its ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company's ability to raise additional capital and implement its business plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Management of the Company ("Management") is of the opinion that sufficient financing will be obtained from external financing and further share issuances to meet the Company's obligations. At March 31, 2010, the Company has working capital of \$1,994,325.

XTRA-GOLD RESOURCES CORP.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in U.S. Dollars)

MARCH 31, 2010

(unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited financial statements have been prepared by the Company in conformity with accounting principles generally accepted in the United States of America applicable to interim financial information and with the rules and regulations of the United States Securities and Exchange Commission. Accordingly, certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed, or omitted, pursuant to such rules and regulations. In the opinion of management the unaudited interim financial statements include all adjustments necessary for the fair presentation of the results of the interim periods presented. All adjustments are of a normal recurring nature, except as otherwise noted below. These financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2009, included in the Company's Form 10-K, filed with the Securities and Exchange Commission. The results of operations for the interim periods are not necessarily indicative of the results of operations for any other interim period or for a full fiscal year.

Recent accounting pronouncements

During the third quarter of 2009, the Company adopted the FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles in accordance with FASB ASC Topic 105, "Generally Accepted Accounting Principles" (the Codification). The Codification has become the source of authoritative U.S. generally accepted accounting principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission (SEC) under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. Effective with the Company's adoption on July 1, 2009, the Codification has superseded all prior non-SEC accounting and reporting standards. All other non-grandfathered non-SEC accounting literature not included in the Codification has become non-authoritative. As the adoption of the Codification only affected how specific references to GAAP literature have been disclosed in the notes to our condensed consolidated financial statements, it did not result in any impact on the Company's results of operations, financial condition, or cash flows.

In December 2007, the FASB issued authoritative guidance related to non-controlling interests in consolidated financial statements, which was an amendment of ARB No. 51. This guidance is set forth in ASC 810, *Consolidation*. ASC 810 establishes accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. This accounting standard is effective for fiscal years beginning on or after December 15, 2008, which for the Company was the fiscal year beginning January 1, 2009. The Company adopted ASC 810 at January 1, 2009, which has resulted in \$76,629 allocated to the non-controlling interest for the year ended December 31, 2009.

In October 2009, the FASB issued ASU 2009-13, *Revenue Recognition (Topic 605), Multiple-Deliverable Revenue Arrangements* amending ASC 605. ASU 2009-13 requires entities to allocate revenue in an arrangement using estimated selling prices of the delivered goods and services based on a selling price hierarchy. ASU 2009-13 eliminates the residual method of revenue allocation and requires revenue to be allocated using the relative selling price method. ASU 2009-13 is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. The Company is currently evaluating the impact of ASU 2009-13, but does not expect its adoption to have a material impact on the Company's financial position or results of operations.

XTRA-GOLD RESOURCES CORP.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in U.S. Dollars)

MARCH 31, 2010

(unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**Recent accounting pronouncements (cont'd...)**

In January 2010, the FASB issued ASU 2010-06, *Fair Value Measurements and Disclosures (Topic 820), Improving Disclosures about Fair Value Measurements*, amending ASC 820. ASU 2010-06 requires entities to provide new disclosures and clarify existing disclosures relating to fair value measurements. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in Level 3 fair value measurements, which are effective for fiscal years beginning after December 15, 2010 and for interim periods within those fiscal years. The Company has adopted ASU 2010-06, which did not have a material impact on the Company's financial position or results of operations.

In February 2010, the FASB issued ASU 2010-09, *Subsequent Events (Topic 855)*, amending ASC 855. ASU 2010-09 removes the requirement for an SEC filer to disclose a date relating to its subsequent events in both issued and revised financial statements. ASU 2010-09 also eliminates potential conflicts with the SEC's literature. Most of ASU 2010-09 is effective upon issuance of the update. The Company adopted ASU 2010-09 in February 2010, and its adoption did not have a material impact on the Company's financial reporting and disclosures.

4. INVESTMENTS IN TRADING SECURITIES

At March 31, 2010, the Company held investments classified as trading securities, which consisted of various equity securities. All trading securities are carried at fair value. As of March 31, 2010, the fair value of trading securities was \$1,181,121 (December 31, 2009 – \$1,781,594).

5. OIL AND GAS INVESTMENT

In April 2008, XOG purchased an 18.9% participating interest in a petroleum and natural gas lease at an Alberta Crown Land sale. The lease has a five year term, but may be held by continuous production of petroleum and natural gas commencing prior to the expiry of the five year term.

6. MINERAL PROPERTIES

	March 31, 2010	December 31, 2009
Acquisition costs	\$ 1,607,729	\$ 1,607,729
Asset retirement obligation	54,835	54,835
Total	\$ 1,662,564	\$ 1,662,564

Kwabeng, Pameng and Apapam Projects

The Company holds three mining leases in Ghana. These mining leases grant the Company mining rights to produce gold in the leased areas until July 26, 2019 with respect to the Kwabeng and Pameng Projects and until December 17, 2015 with respect to the Apapam Project, the latter of which can be renewed for a further 30 year term on application and payment of applicable fees to the Minerals Commission. All gold production will be subject to a 3% production royalty of the net smelter returns ("NSR").

XTRA-GOLD RESOURCES CORP.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in U.S. Dollars)

MARCH 31, 2010

(unaudited)

6. MINERAL PROPERTIES (cont'd...)**Banso and Muoso Project**

The Company holds a prospecting license on its Banso and Muoso Project in Ghana. This license grants the Company the right to conduct exploratory work to determine whether there are mineable reserves of gold or diamonds in the licensed areas, and currently has been renewed for a further one year term (to December 21, 2010) and is further renewable on application and payment of applicable renewal fees to the Minerals Commission. If mineable reserves of gold or diamonds are discovered, the Company will have the option to acquire a mining lease.

Option agreement on Edum Banso Project

In October, 2005, XG Exploration entered into an option agreement (the "Option Agreement") with Adom Mining Limited ("Adom") to acquire 100% of Adom's right, title and interest in and to a prospecting license on the Edum Banso concession (the "Edum Banso Project") located in Ghana. Adom further granted XG Exploration the right to explore, develop, mine and sell mineral products from this concession. The renewal date was July 14, 2009 and the Company has been granted an extension by the Minerals Commission to December 1, 2010.

The consideration paid was \$15,000 with additional payments of \$5,000 to be paid on the anniversary date of the Option Agreement in each year during the term. Upon the commencement of gold production, an additional \$200,000 is to be paid, unless proven and probable reserves are less than 2,000,000 ounces, in which case the payment shall be reduced to \$100,000.

Upon successful transfer of title from Adom to XG Exploration, a production royalty (the "Royalty") of 2% of the net smelter returns shall be paid to Adom; provided, however that in the event that less than 2,000,000 ounces of proven and probable reserves are discovered, then the Royalty shall be 1%. The Royalty can be purchased by XG Exploration for \$2,000,000; which will be reduced to \$1,000,000 if proven and probable reserves are less than 2,000,000 ounces.

Mining lease and prospecting license commitments

The Company is committed to expend, from time to time to the Minerals Commission for an extension of an expiry date of a prospecting license (currently \$15,000 for each occurrence) or a mining lease and the Environmental Protection Agency ("EPA") (of Ghana) for processing and certificate fees with respect to EPA permits, an aggregate of less than \$500 in connection with annual or ground rent and mining permits to enter upon and gain access to the areas covered by the Company's mining leases and prospecting licenses.

7. CONVERTIBLE DEBENTURES

During the year ended December 31, 2005, the Company completed a convertible debenture financing for gross proceeds of \$900,000. The debentures BORE interest at 7% per annum, payable quarterly, and the principal balance is repayable by June 30, 2010. Debenture holders have the option to convert any portion of the outstanding principal into common shares at the conversion rate of \$1 per share. During the year ended December 31, 2008, convertible debentures totalling \$650,000 were converted into 650,000 common shares. During the three months ended March 31, 2010, the convertible debenture of \$250,000 was converted into 250,000 common shares.

XTRA-GOLD RESOURCES CORP.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in U.S. Dollars)

MARCH 31, 2010

(unaudited)

8. CAPITAL STOCK**Cancellation of shares**

During the three months ended March 31, 2010, in settlement of a lawsuit, the Company paid \$108,000 for the return of 80,891 common shares which were subsequently cancelled.

Stock options

The number of shares reserved for issuance under the Company's equity compensation option plan is 3,000,000. The terms and conditions of any options granted, including the number and type of options, the exercise period, the exercise price and vesting provisions, are determined by the board of directors.

At March 31, 2010, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
432,000	\$0.70	May 1, 2013
270,000	\$0.75	May 1, 2013
270,000	\$0.75	May 1, 2013
110,000	\$1.00	February 15, 2011
108,000	\$1.00	January 1, 2013
216,000	\$1.00	February 1, 2013

Stock option transactions and the number of stock options outstanding are summarized as follows:

	March 31, 2010		December 31, 2009	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	972,000	\$ 0.73	1,080,000	\$ 0.73
Granted	434,000	\$ 1.00	—	—
Exercised	—	—	—	—
Cancelled/Expired	—	—	(108,000)	0.70
Outstanding, end of period	1,406,000	\$ 0.81	972,000	\$ 0.73
Exercisable, end of period	1,024,000	\$ 0.74	972,000	\$ 0.73

The aggregate intrinsic value for options vested as of March 31, 2010 is approximately \$368,640 (March 31, 2009 - \$Nil) and for total options outstanding is approximately \$407,740 (March 31, 2009 - \$Nil).

Stock-based compensation

The fair value of stock options granted during the three months ended March 31, 2010 totalled \$255,163 (March 31, 2009 - \$Nil). During the three months ended March 31, 2010, \$24,075 (March 31, 2009 - \$33,908) was expensed and included in general and administrative expenses for options that were vested. The remaining \$231,088 (March 31, 2009 - \$49,963) will be expensed in future periods.

XTRA-GOLD RESOURCES CORP.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in U.S. Dollars)

MARCH 31, 2010

(unaudited)

8. CAPITAL STOCK (cont'd...)**Stock-based compensation (cont'd...)**

The following assumptions were used for the Black-Scholes valuation of stock options granted during the three month periods ended March 31, 2010 and 2009:

	March 31, 2010	March 31, 2009
Risk-free interest rate	1.47%	—
Expected life	2	—
Annualized volatility	102%	—
Dividend rate	—	—

The weighted average fair value of options granted was \$0.57 (March 31, 2009 - \$Nil).

Warrants

At March 31, 2010, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
350,000	\$1.00	April 1, 2011
360,000	\$1.00	April 16, 2011
308,000	\$1.00	May 19, 2011
188,438	\$1.00	August 5, 2011
403,600	\$1.50	June 16, 2011

Warrant transactions and the number of warrants outstanding are summarized as follows:

	March 31, 2010	December 31, 2009
Balance, beginning of period	1,610,038	1,514,471
Issued	—	1,610,038
Exercised	—	—
Expired	—	(1,514,471)
Balance, end of period	1,610,038	1,610,038

9. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2010 and 2009, the Company entered into the following transactions with related parties:

- (a) Paid or accrued consulting fees of \$35,271 (2009 - \$17,731) to officers of the Company or companies controlled by such officers.

XTRA-GOLD RESOURCES CORP.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in U.S. Dollars)

MARCH 31, 2010

(unaudited)

9. RELATED PARTY TRANSACTIONS (cont'd...)

- (b) Paid or accrued directors' fees of \$8,169 (2009 – \$2,819) to directors of the Company or companies controlled by directors.

The amounts charged to the Company for the services provided have been determined by negotiation among the parties. These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Cumulative amounts from the beginning of the exploration stage on January 1, 2003 to March 31, 2010	2010	2009
Cash paid during the period for:			
Interest	\$ 187,362	\$ —	\$ —
Income taxes	\$ —	\$ —	\$ —

The significant non-cash transaction during the three months ended March 31, 2010 was the conversion of \$250,000 of a convertible debenture into 250,000 common shares.

There were no significant non-cash transactions during the three months ended March 31, 2009.

11. SEGMENTED INFORMATION

The Company has one reportable segment, being the exploration and development of resource properties.

Geographic information is as follows:

	March 31, 2010	December 31, 2009
Capital assets:		
Canada	\$ 53,714	\$ 94,751
Ghana	2,158,192	1,852,321
Total capital assets	\$ 2,211,906	\$ 1,947,072

XTRA-GOLD RESOURCES CORP.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in U.S. Dollars)

MARCH 31, 2010

(unaudited)

12. CONTINGENCY AND COMMITMENTS

- (a) Effective May 1, 2006, the Company entered into a management consulting agreement with the Vice President, Exploration whereby the Company paid CAD\$5,000 (USD\$5,096) per month for three years for providing 50% of his time in consulting services to the Company (renewed to May 1, 2010 at a rate of CAD\$10,000 (USD\$10,192) per month effective September 1, 2009 for providing the majority of his time in consulting services to the Company). In the event of termination, without cause, 18 months of fees will be payable. A further renewal is being negotiated.
- (b) The Company leases its corporate office space located at Suite 301, 360 Bay Street, Toronto, Ontario. The lease has a 66 month term commencing May 1, 2007, at approximately CAD\$3,868 (USD\$4,028) per month.

13. SUBSEQUENT EVENT

- (a) Subsequent to March 31, 2010, the Company issued 838,000 units at a price of \$1.00 per unit for total proceeds of \$838,000 pursuant to a private placement. Each unit consists of one common share and one-half of a share purchase warrant. Each whole warrant (the "Warrant") entitles the holder to acquire an additional common share for \$1.50 per share for 18 months from the date of issuance, subject to a forced conversion provision whereby if, at any time after 12 months from the date of issuance of the Warrants, the Company's closing share price for 10 consecutive trading days equals or exceeds \$2.50 per share, the Company shall have the option to give notice to the Warrant holders that they must exercise their remaining unexercised Warrants within a period of 30 days from the date of receipt of the notice. Any Warrants remaining unexercised after the expiration of the 30-day notice period will be cancelled and will thereafter be of no force or effect. The Company also issued finder's warrants enabling the holders to acquire up to 73,800 common shares at the same terms as the Warrants.