

Q2 2009 FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2009 (EXCERPTED FROM 10-Q)
PART 1 – FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

XTRA-GOLD RESOURCES CORP.
(An Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS
(Expressed in U.S. Dollars)
(unaudited)
JUNE 30, 2009

	June 30, 2009 (unaudited)	December 31, 2008 (audited)
ASSETS		
Current		
Cash and equivalents	\$ 540,521	\$ 271,573
Investment in trading securities, at fair value (cost of \$2,061,762; December 31, 2008 - \$2,208,373) (Note 4)	1,566,023	1,470,382
Receivables and other	36,156	92,942
Total current assets	2,142,700	1,834,897
Equipment	278,238	312,300
Deferred financing costs	2,567	3,850
Oil and gas investment (Note 5)	40,000	40,000
Mineral properties (Note 6)	1,662,564	1,662,564
TOTAL ASSETS	\$ 4,126,069	\$ 3,853,611
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 226,644	\$ 535,272
Total current liabilities	226,644	535,272
Convertible debentures	250,000	250,000
Asset retirement obligation	68,637	65,369
Total liabilities	545,281	850,641
Stockholders' equity		
Capital stock (Note 7)		
Authorized		
250,000,000 common shares with a par value of \$0.001		
Issued and outstanding		
32,148,602 common shares (December 31, 2008 – 31,330,602 common shares)	32,149	31,331
Additional paid in capital	13,421,012	12,742,360
Deficit	(1,427,764)	(1,427,764)
Deficit accumulated during the exploration stage	(8,444,609)	(8,342,957)
Total stockholders' equity	3,580,788	3,002,970
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 4,126,069	\$ 3,853,611

History and organization of the Company (Note 1)
Contingency and commitments (Note 11)
Subsequent events (Note 12)

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 June 30, 2009	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
EXPENSES					
Amortization	\$ 151,915	\$ 17,014	\$ 23,524	\$ 34,062	\$ 27,306
Exploration	11,058,261	64,583	1,479,579	104,537	2,671,240
General and administrative	4,305,317	215,054	241,451	277,416	484,824
Write-off of mineral property	26,000	—	—	—	—
LOSS BEFORE OTHER ITEMS	(15,541,493)	(296,651)	(1,744,554)	(416,015)	(3,183,370)
OTHER ITEMS					
Foreign exchange gain (loss)	197,555	155,867	20,521	130,270	(77,544)
Interest expense	(239,369)	(641)	(20,167)	(1,283)	(38,227)
Realized gains (losses) on sales of trading securities	106,266	(72,575)	(35,083)	(89,952)	(15,061)
Net unrealized gain (loss) on trading securities	(665,824)	285,100	139,306	190,683	212,140
Other income	757,216	23,237	60,637	73,042	96,665
Recovery of gold	6,844,610	—	1,289,079	11,603	2,767,441
Gain on disposal of property	96,430	—	—	—	—
	7,096,884	390,988	1,454,293	314,363	2,945,414
Income (loss) for the period	\$ (8,444,609)	\$ 94,337	\$ (290,261)	\$ (101,652)	\$ (237,956)
Basic and diluted income (loss) per common share		\$ 0.00	\$ (0.001)	\$ 0.00	\$ (0.01)
Basic and diluted weighted average number of common shares outstanding		32,042,536	29,852,425	31,686,602	29,485,282

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 June 30, 2009	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) for the period	\$ (8,444,609)	\$ (101,652)	\$ (237,956)
Items not affecting cash:			
Amortization	151,915	34,062	27,306
Amortization of deferred financing costs	43,635	1,283	4,620
Accretion of asset retirement obligation	13,802	3,268	—
Shares issued for services	202,365	—	—
Stock-based compensation	651,560	52,430	90,640
Unrealized foreign exchange (gain) loss	(267,816)	(85,182)	65,983
Realized (gain) losses on sale of trading securities	(106,266)	89,952	15,061
Purchase of trading securities	(11,357,146)	(570,843)	(727,271)
Proceeds on sale of trading securities	9,499,381	661,115	574,605
Unrealized (gain) loss on trading securities	665,824	(190,683)	(212,140)
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	(27,781)	56,786	(74,269)
Increase (decrease) in accounts payable and accrued liabilities	215,952	(308,628)	(34,301)
Increase (decrease) in due to related party	50,000	—	—
Net cash used in operating activities	<u>(8,775,826)</u>	<u>(358,092)</u>	<u>(507,722)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of convertible debentures	900,000	—	—
Warrant exercise proceeds received in advance	—	—	37,500
Deferred financing costs	(46,202)	—	—
Repurchase of capital stock	(57,000)	(50,000)	—
Issuance of capital stock, net of financing costs	<u>8,906,762</u>	<u>677,040</u>	<u>1,542,960</u>
Net cash provided by financing activities	<u>9,703,560</u>	<u>627,040</u>	<u>1,580,460</u>

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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 June 30, 2009	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
<i>Continued...</i>			
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of equipment	(433,976)	—	(107,636)
Oil and gas property expenditures	(250,137)	—	(40,000)
Acquisition of cash on purchase of subsidiary	11,510	—	—
Acquisition of subsidiary	(25,000)	—	—
Proceeds on disposal of assets	310,390	—	—
Net cash provided by (used in) investing activities	(387,213)	—	(147,636)
Change in cash and cash equivalents during the period	540,521	268,948	925,102
Cash and cash equivalents, beginning of the period	—	271,573	334,265
Cash and cash equivalents, end of the period	\$ 540,521	\$ 540,521	\$ 1,259,367

Supplemental disclosure with respect to cash flows (Note 9)

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>		<u>Additional Paid in Capital</u>	<u>Deficit</u>	<u>Deficit Accumulated During the Exploration Stage</u>	<u>Total</u>
	<u>Number of Shares</u>	<u>Amount</u>				
Balance, December 31, 2008	31,330,602	\$ 31,331	\$ 12,742,360	\$ (1,427,764)	\$ (8,342,957)	\$ 3,002,970
April, 2009 – Private placement at \$0.70 per unit	710,000	710	496,290	—	—	497,000
May, 2009 – Private placement at \$0.70 per unit	308,000	308	215,292	—	—	215,600
May, 2009 – Repurchase of shares at \$0.25 per share	(200,000)	(200)	(49,800)	—	—	(50,000)
Share issuance costs	—	—	(35,560)	—	—	(35,560)
Stock-based compensation	—	—	52,430	—	—	52,430
Loss for the period	—	—	—	—	(101,652)	(101,652)
Balance, June 30, 2009	32,148,602	\$ 32,149	\$ 13,421,012	\$ (1,427,764)	\$ (8,444,609)	\$ 3,580,788

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 \$101,652 for the six months ended June 30, 2009 and has accumulated a deficit during the exploration stage of \$8,444,609. 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 June 30, 2009, the Company has working capital of \$1,916,056.

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 footnote 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, 2008, 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

A variety of proposed or otherwise potential accounting standards are currently under study by standard setting organizations and various regulatory agencies. Due to the tentative and preliminary nature of those proposed standards, management has not determined whether implementation of such proposed standards would be material to the Company's consolidated financial statements.

4. INVESTMENTS IN TRADING SECURITIES

At June 30, 2009, the Company held investments classified as trading securities, which consisted of various equity securities. All trading securities are carried at fair value. As of June 30, 2009, the fair value of trading securities was \$1,566,023 (December 31, 2008 – \$1,470,382).

5. OIL AND GAS PROPERTY

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

	June 30, 2009	December 31, 2008
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 surface and 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").

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 October 13, 2009) 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 first 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 option renewal date was July 14, 2009 the company has submitted a further 1 year renewal to the Minerals Commission approval is pending.

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. CAPITAL STOCK

Private placements

In April and May, 2009, the Company issued 1,018,000 units at \$0.70 per unit for gross proceeds of \$712,600. Each unit consisted of one common share and one share purchase warrant enabling the holder to acquire an additional common share at a price of \$1.00 expiring two year from the date of issue.

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.

7. **CAPITAL STOCK (cont'd...)**

At June 30, 2009, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
540,000	\$ 0.70	May 1, 2013
540,000	\$ 0.75	May 1, 2013

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

	June 30, 2009		December 31, 2008	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	1,080,000	\$ 0.73	1,480,000	\$ 0.75
Granted	—	—	—	—
Exercised	—	—	(100,000)	0.75
Cancelled/Expired	—	—	(300,000)	0.80
Outstanding, end of period	1,080,000	\$ 0.73	1,080,000	\$ 0.73
Exercisable, end of period	945,000	\$ 0.72	783,000	\$ 0.72

The aggregate intrinsic value for options vested as of June 30, 2009 is approximately \$Nil (June 30, 2008 - \$645,000) and for total options outstanding is approximately \$Nil (June 30, 2008 - \$1,144,800).

Stock-based compensation

No stock options were granted during the six month periods ended June 30, 2009 and 2008. During the six months ended June 30, 2009, \$52,430 (June 30, 2008 - \$90,640) was expensed and included in general and administrative expenses. The remaining \$31,440 will be expensed in future periods.

Warrants

At June 30, 2009, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
1,146,960	\$2.25	July 7, 2009 (subsequently expired)
350,000	\$1.00	April 1, 2011
360,000	\$1.00	April 16, 2011
308,000	\$1.00	May 15, 2011

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

	June 30, 2009	December 31, 2008
Balance, beginning of period	1,547,881	1,074,511
Issued	1,018,000	1,146,960
Exercised	—	(631,000)
Expired	(400,921)	(42,590)
Balance, end of period	2,164,960	1,547,881

8. RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2009 and 2008, the Company entered into the following transactions with related parties:

- (a) Paid or accrued consulting fees of \$45,848 (2008 - \$102,525) to officers of the Company or companies controlled by such officers.
- (b) Paid or accrued directors' fees of \$5,822 (2008 - \$21,834) 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.

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Cumulative amounts from the beginning of the exploration stage on January 1, 2003 to June 30, 2009		
		2009	2008
Cash paid during the period for:			
Interest	\$	206,857	\$ —
Income taxes	\$	—	\$ 33,607
		\$ —	\$ —

There were no significant non-cash transaction during the six months ended June 30, 2009.

The significant non-cash transaction during the six months ended June 30, 2008 was the issuance of 650,000 common shares pursuant to the conversion of \$650,000 on convertible debentures.

10. SEGMENTED INFORMATION

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

Geographic information is as follows:

	June 30, 2009	December 31, 2008
Capital assets:		
Canada	\$ 57,741	\$ 61,307
Ghana	1,923,061	1,953,557
Total capital assets	\$ 1,980,802	\$ 2,014,864

11. CONTINGENCY AND COMMITMENTS

- a) Effective May 1, 2006, the Company entered into a management consulting agreement with the Vice President, Exploration whereby the Company will pay \$4,328 (Cdn\$5,000) per month for three years (renewed to May 1, 2010 at a rate of Cdn \$7500 effective July 1, 2009) . In the event of termination, without cause, 18 months of fees will be payable.
- b) The Company has entered into a temporary consulting agreement with a company (Brokton International Ltd) controlled by its it's President "James Longshore". "Brokton" is to be paid \$5,000 (CAD/mo) for fiscal 2009. Up to and including June 30, 2009 Brokton has been paid Cdn \$30,000 (USD 27,273) in accordance with this agreement.
- c) The company leases 1,163 square feet for its corporate office located at Suite 301, 360 Bay Street, Toronto, Ontario. The lease has a 66 month term commencing May 1, 2007, at approximately \$3,600 CAD (USD \$3273) per month.

12. SUBSEQUENT EVENTS

- a) In August 2009 the Company closed a private placement for US\$400,000 offering 500,000 Units at US\$0.80 per Unit. Each Unit will be comprised of one share of the Company's common stock and one warrant to purchase a share of common stock at \$1.00 for a period of 24 months from closing.
- b) In August, 2009 the Company terminated Rebecca Kiomi Mori as Secretary and Treasurer and appointed Peter Minuk as interim Secretary and Treasurer.