UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT 1934**

For the quarterly period ended September 30, 2010

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT 1934**

For the transition period from ________________ to ________________

Commission File No. 333-139037

Xtra-Gold **Resources Corp.**

(Name of registrant as specified in its charter)

NEVADA (State or other jurisdiction of incorporation or organization)	**91-1956240** (I.R.S. Employer Identification No.)

360 BAY STREET – SUITE 301
TORONTO, ONTARIO – M5H 2V6 – CANADA
(Address of principal executive offices)
(416) 366-4227
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to the filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer ☐	Accelerated Filer ☐
Non-accelerated filer ☐	Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): ☐ Yes ☒ No

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.

Class	**Outstanding as at November 10, 2010**
Common stock - $0.001 par value	34,848,586

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PART I – FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

XTRA-GOLD RESOURCES CORP.
(An Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS
(Expressed in U.S. Dollars)
As at September 30, 2010
(unaudited)

	September 30, 2010	December 31, 2009
ASSETS		
Current		
Cash and cash equivalents	$ 1,915,544	$ 622,670
Investment in trading securities, at fair value (cost of $100,369 (December 31, 2009 - $1,636,628) (Note 4))	169,821	1,781,594
Receivables and other	49,423	46,462
Deposit for equipment	—	151,506
Total current assets	2,134,788	2,602,232
Equipment	659,263	244,508
Deferred financing costs	—	1,283
Oil and gas investment (Note 5)	—	40,000
Mineral properties (Note 6)	1,662,564	1,662,564
TOTAL ASSETS	$ 4,456,615	$ 4,550,587
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 168,744	$ 233,073
Convertible debentures (Note 7)	—	250,000
Total current liabilities	168,744	483,073
Asset retirement obligation	77,299	71,906
Total liabilities	246,043	554,979
Stockholders' equity		
Capital stock (Note 8) Authorized 250,000,000 common shares with a par value of $0.001 Issued and outstanding 34,848,586 common shares (December 31, 2009 –33,231,477 common shares)	34,849	33,231
Additional paid in capital	16,550,842	14,771,222
Deficit	(1,427,764)	(1,427,764)
Deficit accumulated during the exploration stage	(10,866,518)	(9,304,452)
Total stockholders' equity	4,291,409	4,072,237
Non-controlling interest	(80,837)	(76,629)
Total stockholders' equity	4,210,572	3,995,608
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 4,456,615	$ 4,550,587

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

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)
For the period ended September 30, 2010
(unaudited)

	Cumulative amounts from the beginning of the exploration stage on January 1, 2003 to September 30, 2010	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
EXPENSES					
Amortization	$ 229,919	$ 23,640	$ 16,907	$ 44,274	$ 50,969
Exploration	13,343,635	872,154	601,421	1,309,423	705,958
General and administrative	6,075,665	370,515	184,778	1,090,432	462,194
Write-off of mineral property	26,000	—	—	—	—
LOSS BEFORE OTHER ITEMS	(19,675,219)	(1,266,309)	(803,106)	(2,444,129)	(1,219,121)
OTHER ITEMS					
Foreign exchange gain	391,583	14,345	116,250	21,055	246,520
Interest expense	(241,936)	—	(642)	(1,283)	(1,925)
Realized gain (loss) on sales of trading securities	193,119	34,398	(90,788)	169,539	(180,740)
Net unrealized gains (losses) on trading securities	(144,431)	(59,557)	318,474	(77,858)	509,157
Other income	855,743	4,169	33,841	33,011	106,883
Recovery of gold	7,577,356	733,391	—	733,391	11,603
Gain on disposal of property	96,430	—	—	—	—
	8,727,864	726,746	377,135	877,855	691,498
Consolidated loss for the period	(10,947,355)	(539,563)	(425,971)	(1,566,274)	(527,623)
Net (income) loss attributable to non-controlling interest	80,837	(23,938)	—	4,208	—
Loss for the period	$ (10,866,518)	$ (563,501)	$ (425,971)	$ (1,562,066)	$ (527,623)
Basic and diluted loss per common share		$ (0.02)	$ (0.01)	$ (0.05)	$ (0.02)
Basic and diluted weighted average number of common shares outstanding		34,625,543	32,378,004	34,031,604	31,919,602

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)
For the period ended September 30, 2010
(unaudited)

	Cumulative amounts from the beginning of the exploration stage on January 1, 2003 to September 30, 2010	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period	$ (10,947,355)	$ (1,566,274)	$ (527,623)
Items not affecting cash:			
Amortization	229,919	44,274	50,969
Amortization of deferred financing costs	46,202	1,283	1,925
Accretion of asset retirement obligation	22,464	5,393	4,903
Shares issued for services	202,365	—	—
Stock-based compensation	1,398,568	331,386	63,974
Unrealized foreign exchange loss	(454,088)	(24,299)	(142,089)
Realized losses on sale of trading securities	(193,119)	(169,539)	180,740
Purchase of trading securities (Note 4)	(11,564,690)	—	(635,809)
Proceeds on sale of trading securities (Note 4)	11,907,645	1,737,753	842,953
Unrealized (gains) losses on trading securities	144,431	77,858	(509,157)
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	(41,048)	(2,961)	18,380
Increase (decrease) in accounts payable and accrued liabilities	158,052	(64,329)	(329,037)
Increase in due to related party	50,000	—	—
Net cash provided by (used in) operating activities	(9,107,296)	370,545	(979,871)
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)	(50,000)
Issuance of capital stock, net of financing costs	11,150,284	1,307,852	951,311
Net cash provided by financing activities	11,839,082	1,199,852	901,311

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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)
For the period ended September 30, 2010
(unaudited)

	Cumulative amounts from the beginning of the exploration stage on January 1, 2003 to September 30, 2010	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Continued ...			
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of equipment	(741,499)	(307,523)	—
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	340,390	30,000	—
Net cash used in investing activities	(816,242)	(277,523)	—
Change in cash and cash equivalents during the period	1,915,544	1,292,874	(78,560)
Cash and cash equivalents, beginning of the period	—	622,670	271,573
Cash and cash equivalents, end of the period	$ 1,915,544	$ 1,915,544	$ 193,013

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)
As at September 30, 2010
(unaudited)

	Capital Stock					**Deficit Accumulated**	
	Number of Shares	**Amount**	**Additional Paid in Capital**	**Deficit**	**Non-Controlling Interest**	**During the Exploration Stage**	**Total**
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)
April, 2010 – Private placement at $1.00 per unit	838,000	838	837,162	—	—	—	838,000
April, 2010 – Finders' warrants on private placement	—	—	40,516	—	—	—	40,516
June, 2010 – Private placement at $1.00 per unit	250,000	250	249,750	—	—	—	250,000
June, 2010 – Finders' warrants on private placement	—	—	15,091	—	—	—	15,091
August, 2010 – Conversion of warrants at $1.00 per share	360,000	360	359,640	—	—	—	360,.000
Share issuance costs	—	—	(195,755)	—	—	—	(195,755)
Stock-based compensation	—	—	331,386	—	—	—	331,386
Loss for the period	—	—	—	—	(4,208)	(1,562,066)	(1,566,274)
Balance, September 30, 2010	34,848,586	$ 34,849	$ 16,550,842	$ (1,427,764)	$ (80,837)	$ (10,866,518)	$ 4,210,572

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

1. HISTORY AND ORGANIZATION OF THE COMPANY

The Company was incorporated under the laws of the State of Nevada on September 1, 1998 under the name Silverwing Systems Corporation pursuant to the provisions of the Nevada Revised Statutes. In 2003, the Company became a resource exploration company. On October 31, 2003, the Company acquired 100% of the issued and outstanding common shares of Xtra-Gold Resources, Inc. ("**XGRI**"). XGRI was incorporated in Florida on October 24, 2003. On December 19, 2003, the Company changed its name 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 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 October 20, 2005, the Company incorporated Xtra Oil & Gas Ltd. ("XOG") in Alberta, Canada.

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 $1,562,066 for the nine months ended September 30, 2010 and has accumulated a deficit during the exploration stage of $10,866,518. 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 September 30, 2010, the Company has working capital of $1,966,044.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Principles of Consolidation

The following companies have been consolidated within the unaudited condensed consolidated interim financial statements:

Company	Registered	Principle activity
Xtra-Gold Resources Corp.	Nevada, U.S.A.	Parent company
Xtra-Gold Exploration Limited [1]	Ghana	Exploration company
Xtra-Gold Mining Limited [2]	Ghana	Mining company
Xtra Oil & Gas Ltd. [1] [3]	Alberta, Canada	Holding company
Xtra Oil & Gas (Ghana) Limited [1] [3]	Ghana	Holding company

[1] 100% owned by Xtra-Gold Resources Corp.;
[2] 90% owned by Xtra-Gold Resources Corp. The Government of Ghana owns the remaining 10%.
[3] Dormant.

All intercompany accounts and transactions have been eliminated on consolidation.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity. Exploration and evaluation expenditures are expensed as incurred except for expenditures associated with the acquisition of exploration and evaluation assets, which are recognized at the fair value at the acquisition date.

Once a project has been established as commercially viable and technically feasible, related development expenditure is capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs which give rise to a future benefit.

Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Amortization is recognized based on the cost of an item of property, plant and equipment, less its estimated residual value, over its estimated useful life at the following rates:

Detail	Percentage	Method
Vehicles	30%	Declining balance
Mobile equipment	30%	Declining balance
Furniture and fixtures	30%	Declining balance
Field equipment	20%	Declining balance
Computer equipment	30%	Declining balance

(Expressed in U.S. Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Equipment (cont'd…)

An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis.

An item of equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the condensed consolidated interim statements of comprehensive income or loss.

Where an item of equipment consists of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Fair value of financial assets and liabilities

The following table presents information about the assets that are measured at fair value on a recurring basis as of September 30, 2010, and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and includes situations where there is little, if any, market activity for the asset:

	September 30, 2010	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash and cash equivalents	$ 1,915,544	$ 1,915,544	$ —	$ —
Marketable securities	$ 169,821	$ 169,821	$ —	$ —
Total	$ 2,085,365	$ 2,085,365	$ —	$ —

The fair values of cash and cash equivalents and marketable securities are determined through market, observable and corroborated sources.

Recent accounting pronouncements

In April 2010, the FASB issued *ASU 2010-13, Compensation – Stock (Topic 718),* amending ASC 718, ASU 2010-13 clarifies that a share-based payment award with an exercise price denominated in the currency of a market in which the entity's equity securities trade should not be classified as a liability if it otherwise qualifies as equity. ASU 2010-13 also improves GAAP by improving consistency in financial reporting by eliminating diversity in practice. ASU 2010-13 is effective for interim and annual reporting periods beginning after December 15, 2010. The Company is currently evaluating the impact of ASU 2010-13, but does not expect its adoption to have a material impact on the Company's financial position or results of operations.

(Expressed in U.S. Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Recent accounting pronouncements (cont'd…)

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.

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 September 30, 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 September 30, 2010, the fair value of trading securities was $169,821 (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. During the nine months ended September 30, 2010, the Company sold its 18.9% participating interest for $40,000.

6. MINERAL PROPERTIES

	September 30, 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

6. MINERAL PROPERTIES (cont'd…)

Kibi, Kwabeng and Pameng 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 December 17, 2015 with respect to the Kibi Project (formerly known as the Apapam Project), which can be renewed for a further 30 year term on application and payment of applicable fees to the Minerals Commission, and until July 26, 2019 with respect to the Kwabeng and Pameng Projects. All gold production will be subject to a 5% production royalty of the net smelter returns ("NSR").

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.

The Company executed a letter of intent with Verbina Resources Inc. ("Verbina") on July 21, 2010 whereby Verbina can acquire an undivided 55% interest in the Company's interest in the mineral rights of the Company's Banso and Muoso concessions ("Concessions") upon completion by Verbina of (i) a cash payment to the Company of $100,000 upon the date of execution of a definitive binding agreement to be entered into between the parties (the "Effective Date"); (ii) a cash payment to the Company of $200,000 within 90 days of the Effective Date; (iii) the issuance of 1,000,000 fully paid and non-assessable common shares of Verbina to the Company upon the Effective Date; and (iv) Verbina incurring $4,500,000 in exploration expenditures ("Expenditures") on the Concessions within five years of the Effective Date, as to (A) $500,000 being incurred in the first year from the Effective Date; and (B) $1,000,000 being incurred in each year thereafter. Verbina shall have the right to accelerate the Expenditures at any time.

The Company is to be paid a further $50,000 by Verbina on the Effective Date whereby Verbina will acquire an immediate 55% interest in the alluvial rights to the Concessions, such purchase being subject to a definitive agreement to be entered into between the parties on or before the Effective Date. The definitive agreement will require approval from the Minister of Lands, Forestry and Mines.

No further action was taken to advance this agreement during the quarter ended September 30, 2010.

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 which term has been extended to November 11, 2013. 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.

6. MINERAL PROPERTIES (cont'd…)

Option agreement on Edum Banso Project (cont'd…)

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 was repayable by June 30, 2010. Debenture holders had 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 totaling $650,000 were converted into 650,000 common shares. During the nine months ended September 30, 2010, the convertible debenture of $250,000 was converted into 250,000 common shares.

8. CAPITAL STOCK

Cancellation of shares

During the nine months ended September 30, 2010, in settlement of a lawsuit, the Company paid $108,000 for the return of 80,891 common shares which were subsequently cancelled.

Private placements

In June 2010, the Company completed a private placement financing and, on closing of this transaction (the "Closing"), issued 250,000 units at $1.00 per unit for gross proceeds of $250,000. Each unit consisted of one common share and one half of one common stock purchase warrant ("Warrant"). One whole Warrant enables the holder to acquire an additional common share at a price of $1.50 expiring 18 months from the Closing, subject to a forced conversion provision whereby if, at any time after 12 months from the Closing, 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 with a fair value of $15,091 enabling the holders to acquire up to 25,000 common shares at the same terms as the Warrants. The fair value of finder's warrants was calculated using the Black-Scholes valuation method. The assumptions used were 1.5 years of expected life, risk free interest rate of 2.17%, volatility of 100% and a dividend rate of 0%.

(Expressed in U.S. Dollars)

8. CAPITAL STOCK (cont'd…)

Private placements (cont'd…)

In April 2010, the Company completed a private placement financing and, on closing of this transaction (the "Closing"), issued 838,000 units at $1.00 per unit for gross proceeds of $838,000. Each unit consisted of one common share and one half of one common stock purchase warrant ("Warrant"). One whole Warrant enables the holder to acquire an additional common share at a price of $1.50 expiring 18 months from the Closing, subject to a forced conversion provision whereby if, at any time after 12 months from the Closing, 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 with a fair value of $40,516 enabling the holders to acquire up to 73,800 common shares at the same terms as the Warrants. The fair value of finder's warrants was calculated using the Black-Scholes valuation method. The assumptions used were 1.5 years of expected life, risk free interest rate of 2.39%, volatility of 109% and a dividend rate of 0%.

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 September 30, 2010, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
324,000	$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, 2012
108,000	$1.00	January 1, 2013
216,000	$1.00	February 1, 2013
70,000	$1.05	May 1, 2013
270,000	$1.00	May 1, 2013
90,000	$1.15	July 1, 2013

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

	September 30, 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	$ 0.72
Granted	864,000	$ 1.02	—	—
Exercised	—	—	—	—
Cancelled/Expired	(108,000)	$ 0.70	(108,000)	0.70
Outstanding, end of period	1,728,000	$ 0.88	972,000	$ 0.73
Exercisable, end of period	1,397,000	$ 0.84	972,000	$ 0.73

(Expressed in U.S. Dollars)

8. CAPITAL STOCK (cont'd…)

Stock options (cont'd…)

The aggregate intrinsic value for options vested as of September 30, 2010 is approximately $954,000 (September 30, 2009 - $235,000) and for total options outstanding is approximately $1,113,000 (September 30, 2009 - $254,000).

Stock-based compensation

The fair value of stock options granted during the nine months ended September 30, 2010 totaled $583,746 (September 30, 2009 - $Nil). During the nine months ended September 30, 2010, $331,386 (September 30, 2009 - $63,974) was expensed and included in general and administrative expenses for options that were vested. The remaining $252,360 (September 30, 2009 - $19,896) will be expensed in future periods.

The following assumptions were used for the Black-Scholes valuation of stock options granted during the nine month periods ended September 30, 2010 and 2009:

	September 30, 2010	September 30, 2009
Risk-free interest rate	1.58%	—
Expected life	3 years	—
Annualized volatility	101%	—
Dividend rate	—	—

The weighted average fair value of options granted was $0.67 (September 30, 2009 - $Nil).

Warrants

At September 30, 2010, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
350,000	$1.00	April 1, 2011
308,000	$1.00	May 19, 2011
188,438	$1.00	August 5, 2011
403,600	$1.50	June 16, 2011
492,800	$150	October 19, 2011
150,000	$1.50	December 11, 2011

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

	September 30, 2010	December 31, 2009
Balance, beginning of period	1,610,038	1,514,471
Issued	642,800	1,610,038
Exercised	(360,000)	—
Expired	—	(1,514,471)
Balance, end of period	1,892,838	1,610,038

(Expressed in U.S. Dollars)

9. RELATED PARTY TRANSACTIONS

During the nine months ended September 30, 2010 and 2009, the Company entered into the following transactions with related parties:

(a) Paid or accrued consulting fees of $166,246 (2009 – $62,113) to officers of the Company or companies controlled by such officers.

(b) Paid or accrued directors' fees of $24,030 (2009 – $12,015) 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 September 30, 2010	2010	2009
Cash paid during the period for:			
Interest	$ 187,362	$ —	$ —
Income taxes	$ —	$ —	$ —

The significant non-cash transactions during the nine months ended September 30, 2010 was the conversion of $250,000 of a convertible debenture into 250,000 common shares and the issuance of 98,800 finders' warrants valued at $55,607 pursuant to private placements. As well, common shares were received as payment of accounts receivable of $10,000, which was related to the sale of an oil and gas interest for a total of $40,000.

There were no significant non-cash transactions during the nine months ended September 30, 2009.

11. SEGMENTED INFORMATION

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

Geographic information is as follows:

	September 30, 2010	December 31, 2009
Capital assets:		
Canada	$ 11,644	$ 94,751
Ghana	2,310,183	1,852,321
Total capital assets	$ 2,321,827	$ 1,947,072

12. CONTINGENCY AND COMMITMENTS

(a) Effective September 1, 2009, the Company has paid CAD$10,000 (USD$9,713) per month to its Vice President, Exploration 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 new management consulting agreement is currently 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$4,156 (USD$4,037) per month.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the consolidated financial statements and results of operations of Xtra-Gold Resources Corp. (**"Xtra-Gold"** or **"our company"**) for the nine months ended September 30, 2010 and 2009 should be read in conjunction with the consolidated financial statements and the related notes to our company's consolidated financial statements and other information presented elsewhere in this Report. The following discussion contains forward-looking statements that reflect Xtra-Gold's plans, estimates and beliefs. Our company's actual results could differ materially from those discussed in the forward-looking statements set out herein. Factors that could cause or contribute to such differences include, but are not limited to those discussed below and as contained elsewhere in this Report. Our company's consolidated unaudited financial statements are stated in United States Dollars and are prepared in accordance with United States Generally Accepted Accounting Principles.

Plan of Operations

Xtra-Gold is a gold exploration company engaged in the exploration of gold properties in the Republic of Ghana, West Africa. Our mining portfolio currently consists of 246.84 sq km comprised of 33.65 sq km for our Kibi Project (formerly known as the Apapam Project), 51.67 sq km for our Banso Project, 55.65 sq km for our Muoso Project, 44.76 sq km for our Kwabeng Project, 40.51 sq km for our Pameng Project and 20.60 sq km for our Edum Banso Project, or 60,969 acres (24,684 hectares), pursuant to the leased and licensed areas set forth in our respective mining leases, prospecting licenses and/or option agreement.

Our strategic plan is, with respect to our gold projects: (i) to focus our efforts and dedicate our financial resources toward the potential to drill out a resource and, perhaps ultimately, a reserve of the Kibi Gold Discovery located on our Kibi Project; (ii) to define a resource and, perhaps ultimately, a reserve on our other exploration projects; (iii) to enter into negotiations with independent Ghanaian contract miners and operators to assume our recovery of gold operations at our Kwabeng Project with a view to these contractors conducting recovery of gold operations for fixed payments to our company; and (iv) to acquire further interests in gold mineralized projects that fall within the criteria of providing a geological basis for development of drilling initiatives that can enhance shareholder value by demonstrating the potential to define reserves.

As part of our current business strategy, we plan to continue engaging technical personnel under contract where possible as Management believes that this strategy, at its current level of development, provides the best services available in the circumstances, leads to lower overall costs, and provides the best flexibility for our business operations.

We anticipate that our ongoing efforts, subject to adequate funding being available, will continue to be focused on the exploration and development of our Projects and completing acquisitions in strategic areas.

Our ability to continue to expand land acquisitions and drilling opportunities during the next 12 months is dependent on adequate capital resources being available. In October 2008, we suspended our operations at our Kwabeng Project while Management considered a more economic and efficient manner in which to extract and process the alluvial gold recovered from the mineralized material at this Project. As at the date of this Report, we have not planned to resume operations at our Kwabeng Project. During the next 12 months, we plan to (i) enter into negotiations to contract out the recovery of gold operations at this Project, as noted above; (ii) advance the development of our Kibi Gold Discovery located on our Kibi Project by carrying out the Phase III Drill Program; and (iii) acquire further interests in mineral projects by way of acquisition or joint venture participation.

We anticipate that, over the next 12 months, we will spend an aggregate of approximately $2,000,000 comprised of $1,000,000 for exploration expenses in connection with our planned Phase III Drill Program of our Kibi Gold Discovery located on our Kibi Project and approximately $1,000,000 for general and administrative expenses (which includes approximately $500,000 in non-cash expenses). However, we may not expend this amount unless we are able to raise additional capital. Upon completion of our Phase III Drill Program at our Kibi Project, subject to positive results from this program, we plan to spend an additional $5,000,000 in drilling expenditures on the Kibi Gold Discovery to identify a potential resource. This $5,000,000 drilling program cannot be completed unless our company is successful in raising additional capital.

We require additional capital to implement our plan of operations. We anticipate that these funds will be raised primarily through equity and debt financing or from other available sources of financing. If we raise additional funds through the issuance of equity or convertible debt securities, it will result in the dilution in the equity ownership of investors in our common stock. There can be no assurance that additional financing will be available upon acceptable terms, if at all. If adequate funds are not available or are not available on acceptable terms, we may be unable to take advantage of prospective new opportunities or acquisitions, which could significantly and materially restrict our operations, or we may be forced to discontinue our current projects.

Results of Operations

Three Months Ended September 30, 2010 Compared to the Three Months Ended September 30, 2009

Our company's loss for the three months ended September 30, 2010 was $563,501 as compared to a net loss of $425,971 for the three months ended September 30, 2009. We incurred expenses of $1,266,309 in the three months ended September 30, 2010 as compared to $803,106 in the three months ended September 30, 2009, an increase $463,203. The increase in expenses in the three months ended September 30, 2010 can be primarily attributed to an increase in exploration costs to $872,154 (2009 - $601,421) resulting from the execution of our Phase III drill program and other exploration activities (trenching and mapping) conducted at our Kibi Project. The increase in general and administrative expenses (**"G&A"**) to $370,515 for the three months ended September 30, 2010, as compared to $184,778 for the three months ended September 30, 2009 can be primarily attributed to increased costs in Ghana of $129,339 (2009 - $76,952), increased legal and regulatory costs of $54,642 (2009 - $2,031), increased marketing and advertising costs of $50,540 (2009 - $14,357) and stock-based compensation of $19,757 (2009 - $11,544).

Other items totaled a gain of $726,746 for the three months ended September 30, 2010 compared to a gain of $377,135 for the three months ended September 30, 2009. During the three months ended September 30, 2010, our company (i) derived $733,391 from the recovery of 3,262.63 ounces of gold at our Pameng Project by independent Ghanaian contract miners of which our company's proportionate 19% interest was 619.90 ounces; (ii) had a foreign exchange gain of $14,345 compared to a gain of $116,250 in the three months ended September 30, 2009 which gain can be attributed to currency fluctuations; and (iii) realized a gain of $34,398 on sales of trading securities compared to a loss of $90,788 in the three months ended September 30, 2009.

Our company's portfolio of marketable securities had an unrealized loss of $59,557 in the three months ended September 30, 2010 compared to an unrealized gain of $318,474 in the three months ended September 30, 2009 which loss can be attributed to extreme volatility in the public equity markets this reporting period and reduced exposure through ongoing divestiture of these investments to fund our ongoing operations. Our company's portfolio of marketable securities is largely Canadian currency denominated and is comprised mostly of investments in common shares and income trust units of resource companies.

Our company's securities portfolio realized a gain of $34,398 on the sale of trading securities during the three months ended September 30, 2010 compared to a realized loss in 2009 of $90,788. Other income, primarily derived from dividends and interest earned, decreased in the three months ended September 30, 2010 to $4,169 as compared to $33,841 in 2009.

Our company's basic and diluted income (loss) per share for the three months ended September 30, 2010 was ($0.02) compared to a loss ($0.01) per share for the three months ended September 30, 2009. The weighted average number of shares outstanding was 34,625,543 at September 30, 2010 compared to 32,378,004 for the three months ended September 30, 2009. The increase in the weighted average number of shares outstanding can be attributed to the issuance of 360,000 shares in connection with the exercise of warrants during the period.

Nine Months Ended September 30, 2010 Compared to the Nine Months Ended September 30, 2009

Our company's loss for the nine months ended September 30, 2010 was $1,566,274 as compared to a net loss of $527,623 for the nine months ended September 30, 2009, an increase of $1,038,651. We incurred expenses of $2,444,129 in the nine months ended September 30, 2010 as compared to $1,219,121 in the nine months ended September 30, 2009, an increase $1,225,008. The increase in expenses in the nine months ended September 30, 2010 can be primarily attributed to an increase in exploration costs to $1,309,423 (2009 - $705,958) resulting from the execution of our Phase III drill program and other exploration activities (trenching and mapping) conducted at our Kibi Project. The increase in G&A to $1,090,432 for the nine months ended September 30, 2010, as compared to $462,194 for the nine months ended September 30, 2009, can be primarily attributed to stock-based compensation of $331,386 (2009 - $63,974) expensed with respect to stock options, $267,419 related to operations in Ghana (2009 - $165,205), $171,292 of marketing and advertising (2009 – $36,082), and legal fees and regulatory filing fees of $70,743 (2009 - $36,082)**.** Other significant cost items include consulting (2010 - $119,393; 2009 - $129,818), directors' fees (2010 - $24,030; 2009 - $12,015), and insurance (2010 - $24,340; 2009 - $13,600). The balance of the costs covers office operating costs and other G&A expenses.

Other items totaled a gain of $877,855 for the nine months ended September 30, 2010 compared to a gain of $691,498 for the nine months ended September 30, 2009. During the nine months ended September 30, 2010, due to the recovery of gold at our Pameng Project by independent contract miners, our company sold 619.90 fine ounces of gold (being our company's 19% proportionate interest in the 3,262.63 ounces of gold) recovered from this Project as compared to $11,603 for the nine months ended September 30, 2009 which was booked as Recovery of Gold. Our company had a foreign exchange gain of $21,055 for the nine months ended September 30, 2010 (2009 – gain of $246,520) which can be attributed to currency fluctuations.

Our company's portfolio of marketable securities had an unrealized loss of $77,858 as compared to an unrealized gain of $509,157 in 2009) due to extreme volatility in the public equity markets through this reporting period. Our company's portfolio of marketable securities is largely comprised of investments in common shares and income trust units of resource companies and is Canadian currency denominated. The change reflects a significant decrease in the value of our company's resource company investments due to the ongoing divestiture of these investments to fund on ongoing operations.

Our company's securities portfolio realized a gain of $169,539 on the sale of trading securities during the nine months ended September 30, 2010 compared to a realized loss in 2009 of $180,740. Other income, primarily derived from dividends and interest earned, decreased in the nine months ended September 30, 2010 to $33,011 (nine months to September 30, 2009 - $106,883).

Our company's basic and diluted loss per share for the nine months ended September 30, 2010 was $0.05 compared to $0.02 per share for the nine months ended September 30, 2009. The weighted average number of shares outstanding was 34,031,604 at September 30, 2010 compared to 31,919,602 for the nine months ended September 30, 2009. The increase in the weighted average number of shares outstanding can be attributed to the issuance of (i) 250,000 shares in connection with the conversion of the remaining Debenture; (ii) the repurchase and subsequent cancellation of 80,891 shares in connection with a debt settlement; (iii) the issuance of 1,088,000 shares in connection with two private placement financings completed during the period; and (iv) the issuance of 360,000 shares in connection with the exercise of warrants during the period.

Liquidity and Capital Resources

Historically, Xtra-Gold's principal source of funds is its available resources of cash and cash equivalents and investments, as well as equity and debt financings.

Liquidity Discussion

Net cash provided by financing activities for the nine months ended September 30, 2010 was $1,199,852 (2009 - $901,311).

As of September 30, 2010, our company had working capital equity of $1,966,044, comprised of current assets of $2,134,788 less current liabilities of $168,744. Our company's current assets were comprised mostly of $1,915,544 in cash and cash equivalents and $169,821 in trading securities, which is based on our company's analysis of the ready saleable nature of the securities including an existing market for the securities, the lack of any restrictions for resale of the securities and sufficient active volume of trading in the securities. Our company's trading securities are held in its investment portfolio with an established brokerage in Canada in which our company primarily invests in the common shares and income trust fund units of publicly traded resource companies.

Our company has historically relied on equity and debt financings to finance its ongoing operations. Existing working capital, possible debt instruments, anticipated warrant exercises, further private placements and anticipated cash flow are expected to be adequate to fund our company's operations over the next year. Our company has no lines of credit or other bank financing arrangements. Generally, our company has financed operations to date through the proceeds of the private equity financings and a convertible debt financing. In connection with our company's business plan, Management anticipates that our company will spend an aggregate of approximately $2,000,000 comprised of $1,000,000 for exploration expenses in connection with our Phase III Drill Program of our Kibi Gold Discovery located on our Kibi Project and approximately $1,000,000 for general and administrative expenses (which includes approximately $500,000 in non-cash expenses). However, we may not expend this amount unless we are able to raise additional capital. Upon completion of our Phase III Drill Program at our Kibi Project, subject to positive results from this program, we plan to spend an additional $5,000,000 in drilling expenditures in the Kibi Gold Discovery to identify a potential resource. This $5,000,000 drilling program cannot be completed unless our company is successful in raising additional capital.

Until our company achieves profitability, we will need to raise additional capital for its exploration programs. Our company intends to finance these expenses with our cash proceeds and to the extent that our cash proceeds are not sufficient, then from further sales of our equity securities or debt securities, or from investment income. Thereafter, our company may need to raise additional capital to meet long-term operating requirements. Additional financing may not be available upon acceptable terms, or at all. If adequate funds are not available or are not available on acceptable terms, our company may not be able to take advantage of prospective new business endeavors or opportunities or existing agreements and projects which could significantly and materially restrict our company's business operations.

The independent auditors' report accompanying Xtra-Gold's December 31, 2009 and December 31, 2008 consolidated financial statements contains an explanatory paragraph expressing doubt about our company's ability to continue as a going concern. The consolidated financial statements have been prepared "assuming that we will continue as a going concern", which contemplates that our company will realize its assets and satisfy its liabilities and commitments in the ordinary course of business.

Recent Capital Raising Transactions

During the nine months ended September 30, 2010, our company received gross aggregate subscription proceeds of $1,088,000 from two private placement financings completed during the period at a price of $1.00 per unit. Each unit consists of one share of common stock (a "Share") and a one-half of a whole common stock purchase warrant (the "Warrants") at a price of $1.50 per whole Warrant. The Warrants expire 18 months from the closing of each financing; namely October 19, 2011 and December 11, 2011 (each, the "Closing"), subject to a forced conversion provision whereby if, at any time after 12 months from the Closing, 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. Our Company also issued finders' warrants of 73,800 and 25,000 on the same terms as the Warrants. During the quarter ended September 30, 2010, 360,000 warrants were exercised for proceeds of $360,000.

Net cash derived from financing activities were $1,199,852 (2009 - $901,311) which reflects the payment of $108,000 for the repurchase and subsequent cancellation of 80,891 Shares in connection with a debt settlement.

Material Commitments

(a) **Mineral Property Commitments**

Save and except for fees payable from time to time to (i) the Minerals Commission for an extension of an expiry date of a prospecting license (current consideration fee payable is $15,000) or mining lease or annual operating permits; (ii) the Environmental Protection Agency (**"EPA"**) in Ghana for the issuance of permits prior to the commencement of any work at a particular concession or the posting of a bond in connection with any mining operations undertaken by the company; and (iii) a legal obligation associated with the company's mineral properties for clean up costs when work programs are completed, the company is committed to expend an aggregate of less than $500 in connection with annual or ground rent and mining permits to enter upon and gain access to the following concessions and such other financial commitments arising out of any approved exploration programs in connection therewith:

(i) the Apapam concession (Kibi Project);

(ii) the Kwabeng concession (Kwabeng Project);

(iii) the Pameng concession (Pameng Project);

(iv) the Banso and Muoso concessions (Banso and Muoso Project); and

(v) the Edum Banso concession (Edum Banso Project).

With respect to the Kibi, Kwabeng and Pameng Projects, upon and following the commencement of gold production, a royalty of 5% of the net smelter returns is payable quarterly to the Government of Ghana.

With respect to the Edum Banso Project:

(a) $5,000 is payable to Adom Mining Limited (**"Adom"**) on the anniversary date of the Option Agreement in each year that we hold an interest in the agreement which agreement has been extended to November 11, 2013;

(b) $200,000 is payable to Adom when the production of gold is commenced (or $100,000 in the event that less than 2 million ounces of proven and probable reserves are discovered on the company's project at this concession; and

(c) an aggregate production royalty of 2% of the net smelter returns (**"NSR"**) from all ores, minerals and other products mined and removed from the project, except if less than 2 million ounces of proven and probable reserved are discovered in or at the Project, then the royalty shall be 1% of the NSR.

(b) **Repayment of Convertible Debentures and Accrued Interest**

During the year ended December 31, 2005, our company completed a convertible debenture financing for gross proceeds of $900,000. The convertible debentures (the **"Debentures"**) bore interest at 7% per annum, payable quarterly, and the principal balance was repayable by June 30, 2010. As a result of our common stock having traded for 20 consecutive trading days (a) with a closing bid price of at least $1.50 per Share and (b) a cumulative trading volume during such twenty (20) trading day period of at least 1,000,000 shares, in June 2008, our company provided notice to the Debenture holders of the automatic conversion of the Debentures. Consequently, interest payments ceased as at June 30, 2008. During the year ended December 31, 2008, Debentures totaling $650,000 were converted into 650,000 Shares. During the nine months ended September 30, 2010, our company converted the remaining Debenture of $250,000 by way of the issuance of 250,000 Shares.

(c) **Further Material Commitments**

Further material commitments are subject to new funding arrangements to be obtained or agreements not yet formalized.

Purchase of Significant Equipment

We do not expect to purchase significant equipment to conduct our exploration activities. We own the equipment necessary to carry out such activities, except for a drill rig which we plan to rent.

Off Balance Sheet Arrangements

Our company has no off balance sheet arrangements.

Significant Accounting Applications

The accompanying unaudited financial statements have been prepared by Xtra-Gold 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 Xtra-Gold's audited consolidated financial statements and notes thereto for the year ended December 31, 2009, included in our company's 10-K Annual Report, filed March 31, 2010, 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

In April 2010, the FASB issued *ASU 2010-13, Compensation – Stock (Topic 718),* amending ASC 718, ASU 2010-13 clarifies that a share-based payment award with an exercise price denominated in the currency of a market in which the entity's equity securities trade should not be classified as a liability if it otherwise qualifies as equity. ASU 2010-13 also improves GAAP by improving consistency in financial reporting by eliminating diversity in practice. ASU 2010-13 is effective for interim and annual reporting periods beginning after December 15, 2010. The Company is currently evaluating the impact of ASU 2010-13, but does not expect its adoption to have a material impact on the Company's financial position or results of operations.

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. Our company is currently evaluating the impact of ASU 2009-13, but does not expect its adoption to have a material impact on our company's financial position or results of operations.

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. Our 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. Our company adopted ASU 2010-09 in February 2010, and its adoption did not have a material impact on our company's financial reporting and disclosures.

We do not anticipate that the adoption of the foregoing pronouncements will have a material effect on our company's consolidated financial position or results of operations.

Forward Looking Statements

The information in this quarterly report contains forward-looking statements. These forward-looking statements involve risks and uncertainties, including statements regarding Xtra-Gold's financial condition, results of operations, business prospects, plans, objectives, goals, strategies, expectations, future events, capital expenditure and exploration efforts. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "anticipates", "expects", "intends", "plans", "forecasts", "projects", "budgets", "believes", "seeks", "estimates", "could", "might", "should" "may", "will", "predict", "potential" or "continue", the negative of such terms or other comparable terminology. Actual events or results may differ materially. In evaluating these statements, you should consider various factors, including the risks outlined from time to time, in other reports that Xtra-Gold files with the Securities and Exchange Commission. These factors may cause our company's actual results to differ materially from any forward-looking statement. Our company disclaims any obligation to publicly update these statements, or disclose any difference between its actual results and those reflected in these statements. The information constitutes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Xtra-Gold is a smaller reporting company, as defined by Rule 12b-2 of the Exchange Act and, as such, is not required to provide the information required under this item.

Item 4T. CONTROLS AND PROCEDURES

(a) **Disclosure Controls and Procedures**

Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time period specified in the SEC's rules and forms and is accumulated and communicated to Xtra-Gold's management, including its Principal (Chief) Executive Officer and its Principal (Chief) Financial Officer in order to allow timely decisions in connection with required disclosure. Management has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) under the Exchange Act as of the end of the period covered by this report.

Management believes, to the best of its knowledge, that (i) this report does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements complete, accurate and not misleading; and (ii) the financial statements and other financial information included in this report, fairly present in all material respects our company's financial condition, results of operations and cash flows as of and for the periods represented in this report.

(b) **Evaluation of Disclosure Controls and Procedures**

Management does not expect that our company's disclosure controls and procedures or its internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected.

Management has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this quarterly report. Based on such evaluation, management has concluded that, as of the end of such period, our disclosure controls and procedures are effective such that the information required to be disclosed in our SEC reports (i) is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms; and (ii) is accumulated and communicated to our management to allow timely decisions regarding the required disclosure.

(c) **Changes in Internal Controls**

There has been no change in our internal control over financial reporting identified in connection with our evaluation that occurred during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Our company was party to a lawsuit for the sum of $121,336 filed in the Ghanaian courts pertaining to payment for excavation services provided by a subcontractor. We believed that the debt had previously been discharged through the transfer of our shares to the subcontractor in 2008. During the period ended September 30, 2010, we settled the lawsuit by paying the subcontractor $108,000 in return for the shares previously issued which we subsequently cancelled.

Except for the foregoing, neither our company, nor any of our subsidiaries, nor any of our property was the subject in any material pending legal proceedings that exceeded 10% of our consolidated current assets for the quarter ended September 30, 2010.

Item 1A. RISK FACTORS

Xtra-Gold is a smaller reporting company, as defined by Rule 12b-2 of the Exchange Act and, as such, our company is not required to provide the information required by this item.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In August 2010, our company received $360,000 from the conversion of 360,000 common stock purchase warrants (the **"Warrants"**) by a holder of Warrants at a conversion exercise price of $1.00 per share of common stock (each, a **"Share"**) and issued 360,000 Shares to such holder.

In June 2010, our company completed a private equity financing and, on closing of this transaction (the **"Closing"**), we issued 250,000 units at $1.00 per unit and received gross proceeds of $250,000. Each unit consists of one Share and one-half of a Warrant. Each Warrant entitles the holder to acquire an additional Share for $1.50 per Share for 18 months from the Closing, subject to a forced conversion provision whereby if, at any time after 12 months from the Closing, our company's closing share price for 10 consecutive trading days equals or exceeds $2.50 per share, we 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. Our company also issued finder's warrants enabling the holders to acquire up to 25,000 common shares at the same terms as the Warrants.

In April 2010, our company completed a private equity financing and, on closing of this transaction (the **"Closing"**), we issued 838,000 units at $1.00 per unit and received gross proceeds of $838,000. Each unit consists of one Share and one-half of a Warrant. Each whole Warrant entitles the holder to acquire an additional Share for $1.50 per Share for 18 months from the Closing, subject to a forced conversion provision whereby if, at any time after 12 months from the Closing, our company's closing share price for 10 consecutive trading days equals or exceeds $2.50 per share, we 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. Our company also issued finder's warrants enabling the holders to acquire up to 73,800 common shares at the same terms as the Warrants.

The proceeds from the financings and the conversion of Warrants are being utilized to fund our Phase III drill program on our Kibi Gold Discovery located on our Kibi Project, as well as for general corporate purposes.

Item 3. DEFAULTS UPON SENIOR SECURITIES

There has been no material default, during the period covered by this Report, in the payment of principal, interest, a sinking or purchase fund installment, or any other material default not cured within 30 days with respect to any indebtedness of our company or any of our significant subsidiaries exceeding 5% of our total assets and our consolidated subsidiaries.

Item 4. [REMOVED AND RESERVED]

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

Exhibits

The following documents are included as exhibits to this Report. Exhibits incorporated by reference are so indicated.

Exhibit No.	Description of Document
31.1	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer
32.1	Section 1350 Certification of Principal Executive Officer
32.2	Section 1350 Certification of Principal Financial Officer

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 10, 2010

XTRA-GOLD RESOURCES CORP.
(Registrant)

By **/s/ Paul N. Zyla**
Paul N. Zyla
Principal Executive Officer

By **/s/ John Charles Ross**
John Charles Ross
Principal Financial Officer

Exhibit 31.1

CERTIFICATION
PURSUANT TO RULE 13a-14(a) OR 15d-14(a)
OF THE U.S. SECURITIES EXCHANGE ACT OF 1934

I, PAUL N. ZYLA, hereby certify that:

1. I have reviewed this report on Form 10-Q for the quarter ended September 30, 2010 of Xtra-Gold Resources Corp. (the **"Registrant"**).

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report.

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the annual report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect the registrant's internal control over financial reporting.

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent function):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's control over financial reporting.

Date: November 10, 2010 /s/ **Paul N. Zyla**

By: **Paul N. Zyla**
Principal Executive Officer

Exhibit 31.2

CERTIFICATION
PURSUANT TO RULE 13a-14(a) OR 15d-14(a)
OF THE U.S. SECURITIES EXCHANGE ACT OF 1934

I, JOHN CHARLES ROSS, hereby certify that:

1. I have reviewed this report on Form 10-Q for the quarter ended September 30, 2010 of Xtra-Gold Resources Corp. (the **"Registrant"**).

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report.

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

    (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the annual report is being prepared;

    (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect the registrant's internal control over financial reporting.

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent function):

    (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

    (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's control over financial reporting.

Date: November 10, 2010 /s/ **John Charles Ross**

By: **John Charles Ross**
Principal Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Xtra-Gold Resources Corp. (the **"Company"**) on Form 10-Q for the period ended September 30, 2010, as filed with the Securities and Exchange Commission on the date hereof (the **"Report"**), I, PAUL N. ZYLA, President of our Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(a) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) the information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 10, 2010 /s/ **Paul N. Zyla**

By: **Paul N. Zyla**
Principal Executive Officer

A signed original of this written statement required by Section 906 has been provided to and will be retained by our company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Xtra-Gold Resources Corp. (the **"Company"**) on Form 10-Q for the period ended September 30, 2010, as filed with the Securities and Exchange Commission on the date hereof (the **"Report"**), I, JOHN ROSS, Chief Financial Officer of our company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(a) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) the information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 10, 2010 /s/ **John Charles Ross**

By: **John Charles Ross**
Principal Financial Officer

A signed original of this written statement required by Section 906 has been provided to and will be retained by our company and furnished to the Securities and Exchange Commission or its staff upon request.