RADIUS GOLD INC.

FINANCIAL REVIEW

Second Quarter Ended June 30, 2011

RADIUS GOLD INC.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

JUNE 30, 2011

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

NOTICE TO READER

In accordance with National Instrument 51-102 of the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed consolidated interim financial statements for the six months ended June 30, 2011. These financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

RADIUS GOLD INC.
(An Exploration Stage Company)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
(Expressed in Canadian Dollars)

	June 30, 2011	December 31, 2010
ASSETS		
Current assets		
Cash	$ 6,956,058	$ 7,715,347
Marketable securities (Note 6)	809,265	994,609
Advances and other receivables (Note 11)	390,650	303,610
Taxes receivable	144,403	95,504
Due from related parties (Note 11)	191,601	176,508
Prepaid expenses and deposits	270,143	145,148
Total current assets	8,762,120	9,430,726
Non-current assets		
Long-term deposits	23,881	23,881
Property and equipment (Note 7)	253,337	219,708
Exploration and evaluation assets (Note 8)	5,081,735	5,031,735
Total non-current assets	5,358,953	5,275,324
TOTAL ASSETS	$ 14,121,073	$ 14,706,050
LIABILITIES and SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 11)	$ 1,400,106	$ 547,978
Non-current liability		
Deferred income tax liability	257,441	540,555
Total liabilities	1,657,547	1,088,533
Shareholders' equity		
Share capital (Note 9)	52,915,538	52,631,209
Share subscriptions received (Note 15)	1,324,000	-
Other equity reserve	5,973,912	5,966,627
Deficit	(48,241,436)	(45,679,675)
Accumulated other comprehensive income (Note 9)	491,512	699,356
Total shareholders' equity	12,463,526	13,617,517
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 14,121,073	$ 14,706,050

Nature of operations and ability to continue as a going concern (Note 1)
Events after the reporting date (Note 15)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS ON AUGUST 26, 2011 BY:

"Simon Ridgway", Director
Simon Ridgway

"Mario Szotlender", Director
Mario Szotlender

The accompanying notes form an integral part of these condensed consolidated interim financial statements

RADIUS GOLD INC.
(An Exploration Stage Company)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)
For the six months ended June 30, 2011
(Expressed in Canadian Dollars)

	Three months ended June 30, 2011	Three months ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010
		(Note 16)		(Note 16)
EXPLORATION EXPENDITURES	$ 1,919,772	$ 395,476	$ 2,517,879	$ 457,028
GENERAL AND ADMINISTRATIVE EXPENSES				
Amortization	13,236	11,474	26,126	21,952
Consulting fees (Note 11)	33,775	7,500	63,049	15,000
Legal and audit fees	51,281	38,361	54,299	41,423
Management fees (Note 11)	15,000	15,000	30,000	30,000
Non-cash compensation charge (Note 10)	16,884	66,466	50,116	555,843
Office and miscellaneous	6,294	5,933	21,221	18,797
Public relations	14,710	30,156	36,550	45,343
Rent and utilities	4,307	5,466	2,682	11,223
Repair and maintenance	10,277	2,282	13,249	3,228
Salaries and wages	56,746	67,035	112,132	111,918
Telephone and communications	10,700	2,814	14,570	6,060
Transfer agent and regulatory fees	4,504	6,599	18,243	20,285
Travel and accommodation	13,709	22,850	36,837	36,639
	251,423	281,936	479,241	917,711
Loss before other items	(2,171,195)	(677,412)	(2,997,120)	(1,374,739)
OTHER INCOME (EXPENSES)				
Foreign currency exchange gain (loss)	387	4,003	(8,683)	(70)
Gain on disposal of property and equipment	-	4,365	-	4,365
Gain (loss) on sale of marketable securities	-	-	-	(7,026)
Gain from mineral property option agreements	97,500	-	127,294	-
Investment income	16,367	1,690	33,634	7,240
Loss before income taxes	(2,056,941)	(667,354)	(2,844,875)	(1,370,230)
Deferred income tax recovery	268,558	74,596	283,114	74,596
Net loss for the period	$ (1,788,383)	$ (592,758)	$ (2,561,761)	$ (1,295,634)
Other comprehensive loss				
Fair value losses on available-for-sale investments	(23,751)	(372,281)	(207,844)	(728,019)
Comprehensive loss	$ (1,812,134)	$ (965,039)	$ (2,769,605)	$ (2,023,653)
BASIC AND DILUTED LOSS PER SHARE	$(0.02)	$(0.01)	$(0.03)	$(0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	79,997,346	57,710,602	79,906,485	55,645,239

The accompanying notes form an integral part of these condensed consolidated interim financial statements

RADIUS GOLD INC.
(An Exploration Stage Company)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
For the six months ended June 30, 2011
(Expressed in Canadian Dollars)

	Number of common shares	Share capital	Share subscriptions received (receivable)	Other Equity reserve	Accumulated other comprehensive income (loss)	Deficit	Total
Balance, January 1, 2010	53,548,488	$ 42,587,194	$ -	$ 4,332,232	$ 912,273	$ (41,037,827)	$ 6,793,872
Loss for the period	-	-	-	-	-	(1,295,634)	(1,295,634)
Shares issued for private placements	18,606,143	6,568,211	(999,950)	-	-	-	5,568,261
Shares issued for finders' fees	759,127	265,362	-	-	-	-	265,362
Shares issued for property acquisition	50,633	20,000	-	-	-	-	20,000
Share issuance costs	-	(370,261)	-	49,613	-	-	(320,648)
Available-for-sale investments	-	-	-	-	(728,019)	-	(728,019)
Non-cash compensation charge	-	-	-	555,843	-	-	555,843
Balance, June 30, 2010	72,964,391	$ 49,070,506	$ (999,950)	$ 4,937,688	$ 184,254	$ (42,333,461)	$ 10,859,037

	Number of common shares	Share capital	Share subscriptions received (receivable)	Other equity reserve	Accumulated other comprehensive income (loss)	Deficit	Total
Balance, January 1, 2011	79,727,539	$ 52,631,209	$ -	$ 5,966,627	$ 699,356	$ (45,679,675)	$ 13,617,517
Loss for the period	-	-	-	-	-	(2,561,761)	(2,561,761)
Subscriptions for private placements	-	-	1,324,000	-	-	-	1,324,000
Shares issued for property acquisition	34,246	25,000	-	-	-	-	25,000
Options exercised	45,000	21,050	-	-	-	-	21,050
Warrants exercised	384,316	195,448	-	-	-	-	195,448
Transfer of other equity reserve on exercise of options	-	20,579	-	(20,579)	-	-	-
Transfer of other equity reserve on exercise of warrants	-	22,252	-	(22,252)	-	-	-
Available-for-sale investments	-	-	-	-	(207,844)	-	(207,844)
Non-cash compensation charge	-	-	-	50,116	-	-	50,116
Balance, June 30, 2011	80,191,101	$ 52,915,538	$ 1,324,000	$ 5,973,912	$ 491,512	$ (48,241,436)	$ 12,463,526

The accompanying notes form an integral part of these condensed consolidated interim financial statements

RADIUS GOLD INC.
(An Exploration Stage Company)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)
For the six months ended June 30, 2011
(Expressed in Canadian Dollars)

	Three months ended June 30, 2011	Three months ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010
		(Note 16)		(Note 16)
Cash provided by (used in):				
OPERATING ACTIVITIES				
Net loss for the period	$ (1,788,383)	$ (592,758)	$ (2,561,761)	$ (1,295,634)
Items not involving cash:				
Amortization	13,236	11,474	26,126	21,952
Gain from mineral property option agreements	(22,500)	(16,000)	(52,294)	(36,574)
Gain from disposal of property and equipment	-	(4,365)	-	(4,365)
Unrealized foreign exchange	-	4,003	-	(70)
Loss on disposal of investments	-	-	-	7,026
Deferred income tax recovery	(268,558)	(74,596)	(283,114)	(74,596)
Non-cash compensation charge	16,884	66,466	50,116	555,843
	(2,049,321)	(605,776)	(2,820,927)	(826,418)
Changes in non-cash working capital items:				
Advances and other receivables	(48,243)	(352)	(87,040)	(90,421)
Taxes receivable	(91,764)	(32,513)	(48,899)	(32,751)
Prepaid expenses	(159,185)	(3,791)	(124,995)	(27,091)
Accounts payable and accrued liabilities	959,630	58,899	852,128	70,278
	(1,388,883)	(583,533)	(2,229,733)	(906,403)
FINANCING ACTIVITIES				
Proceeds on issuance of common shares, net	154,293	6,017,528	216,498	6,017,528
Subscriptions for shares	1,324,000	-	1,324,000	-
	1,478,293	6,017,528	1,540,498	6,017,528
INVESTING ACTIVITIES				
Due from related parties	43,743	47,928	(15,093)	33,416
Expenditures on exploration and evaluation asset acquisition costs	(100,000)	(87,235)	(100,000)	(123,322)
Gain from mineral property option agreements	75,000	-	104,794	-
Proceeds from sale of assets	-	28,199	-	28,199
Proceeds from sale of marketable securities	-	16,714	-	535,842
Purchase of property & equipment	(6,452)	(14,741)	(59,755)	(28,061)
	12,291	(9,135)	(70,054)	446,074
Increase (decrease) in cash and cash equivalents	101,701	5,424,860	(759,289)	5,557,199
Cash and cash equivalents - beginning of period	6,854,357	631,605	7,715,347	499,266
Cash and cash equivalents - end of period	$ 6,956,058	$ 6,056,465	$ 6,956,058	$ 6,056,465
Supplementary disclosure of cash flow information:				
Cash paid for interest	$ -	$ -	$ -	$ -
Cash paid for income taxes	$ -	$ -	$ -	$ -

The accompanying notes form an integral part of these condensed consolidated interim financial statements

1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

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

The Company is domiciled in Vancouver, Canada and is engaged in acquisition and exploration of mineral properties located primarily in Central America and Canada. The address of the Company's head office is #830 – 355 Burrard Street, Vancouver, BC, Canada V6C 2G8. The amounts shown for exploration and evaluation assets represent costs incurred to date and do not reflect present or future values. The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. Accordingly, the recoverability of these capitalized costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete their development and upon future profitable production or disposition thereof.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At June 30, 2011, the Company had not yet achieved profitable operations, has accumulated losses of $48,115,298 since inception, and is expected to incur further losses in the development of its business, all of which raises substantial doubt about its ability to continue as a going concern. The Company will require additional financing in order to conduct its planned work programs on mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

2. BASIS OF PREPARATION

Statement of Compliance and Conversion to International Financial Reporting Standards ("IFRS")

These condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") on a basis consistent with the significant accounting policies disclosed in note 2 of the most recent interim financial statements and therefore should be read in conjunction with the condensed consolidated interim financial statements for the period ended March 31, 2011. The condensed interim financial statements do not include all of the information required for full annual financial statements. The Company's condensed interim financial statements were prepared in accordance with accounting principles generally accepted in Canada (Canadian GAAP) until December 31, 2010. Canadian GAAP differs from IFRS in some areas and accordingly, the significant accounting policies applied in the preparation of these condensed interim financial statements are set out below and have been consistently applied to all periods presented except in instances where IFRS 1 either requires or permits an exemption. An explanation of how the transition from Canadian GAAP to IFRS has affected the reported consolidated statements of income, comprehensive income, financial position, and cash flows of the Company for the period ended June 30, 2010 is provided in note 16. This note includes information on the provisions of IFRS 1 and the exemptions that the Company elected to apply at the date of transition, January 1, 2010, and reconciliations of equity, net income and comprehensive income for the comparative periods ended June 30, 2010. For a summary of the impact of transition from Canadian GAAP to IFRS at the date of transition, January 1, 2010, as well as for the year ended December 31, 2010, refer to note 16 of the condensed consolidated interim financial statements for the first quarter of 2011 ended March 31, 2011.

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (cont'd)

Principles of Consolidation

These consolidated financial statements include the accounts of the Company, and its wholly owned subsidiaries. A wholly owned subsidiary is an entity in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. All material intercompany transactions and balances have been eliminated on consolidation.

Details of the Company's subsidiaries at June 30, 2011 are as follows:

Name	Place of Incorporation	Interest %	Principal Activity
Minerales Sierra Pacifico S.A.	Guatemala	100%	Exploration company
Exploraciones Mineras de Guatemala S.A	Guatemala	100%	Exploration company
Recursos Del Golfo, S.A.,	Guatemala	100%	Exploration company
Minerales de Nicaragua S.A.	Nicaragua	100%	Exploration company
Desarrollo Geologico Minerao, S.A.	Nicaragua	100%	Exploration company
Recursos Del Cibao, S.A.,	Dominican Republic	100%	Inactive
Radius (Cayman) Inc	Cayman Islands	100%	Holding company
Pavon (Cayman) Inc.	Cayman Islands	100%	Holding company
Geometales Del Norte-Geonorte	Mexico	100%	Exploration company
Minera Aymara S.A.C.	Peru	100%	Inactive

3. STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

Certain new standards, interpretations and amendments to existing standards have been issued by the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after January 1, 2010, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

New accounting standards effective January 1, 2012

Amendments to IFRS 7 *Financial Instruments: Disclosures* - In October 2010, the IASB issued amendments to IFRS 7 that improve the disclosure requirements in relation to transferred financial assets. The amendments are effective for annual periods beginning on or after July 1, 2011, with early adoption permitted. The Company does not anticipate this amendment to have a significant impact on its condensed interim financial statements.

IAS 12 *Income taxes* - In December 2010, the IASB issued an amendment to IAS 12 that provides a practical solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. This amendment is effective for annual periods beginning on or after July 1, 2011, with early adoption permitted. The Company does not anticipate this amendment to have a significant impact on its condensed interim financial statements.

3. STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE (cont'd)

New accounting standards effective January 1, 2013

IFRS 9 *Financial Instruments* - IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

In May 2011, the IASB issued the following standards which have not yet been adopted by the Company:

IFRS 10 *Consolidated Financial Statements* - IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements.*

IFRS 11 *Joint Arrangements* - IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers.*

IFRS 12 *Disclosure of Interests in Other Entities* - IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 *Fair Value Measurement* - IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Amendments to other standards - In addition, there have been other amendments to existing standards, including IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

3. STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE (cont'd)

Each of the new standards, IFRS 9 to 13 and the amendments to other standards, is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its condensed interim financial statements or whether to early adopt any of the new requirements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a) The recoverability of amounts receivable and prepayments which are included in the condensed consolidated interim statements of financial position;
b) The carrying value of the investment in exploration and evaluation costs and the recoverability of the carrying value which are included in the condensed consolidated interim statement of financial position;
c) The estimated useful lives of property and equipment which are included in the condensed consolidated interim statement of financial position and the related amortization included in the condensed consolidated interim statement of comprehensive loss for the period ended June 30, 2011;
d) The inputs in accounting for non-cash compensation expense in the condensed consolidated interim statement of comprehensive loss; and
e) The provision for income taxes which is included in the condensed consolidated interim statement of comprehensive loss and composition of deferred income tax assets and liabilities included in the condensed consolidated interim statement of financial position at June 30, 2011.

5. CASH AND CASH EQUIVALENTS

Cash at banks and on hand earns interest at floating rates based on daily bank deposit rates.

6. MARKETABLE SECURITIES AND PORTFOLIO INVESTMENTS

Marketable securities are recorded at fair market value as they are classified as available-for-sale financial instruments. As of June 30, 2011, marketable securities consisted of 1,007,406 common shares of Focus Ventures Ltd. ("Focus"), 14,569 common shares of Fortuna Silver Mines Inc. ("Fortuna"), and 600,000 common shares in Wesgold Minerals Inc. ("Wesgold"), all public companies with common directors or officers, and 750,000 common shares in Solomon Resources Limited ("Solomon").

As at June 30, 2011, the carrying amount for the marketable securities was $809,265 (December 31, 2010: $994,609). An unrealized loss of $207,844 was recorded in other comprehensive income during the six months ended June 30, 2011 (2010: $728,019).

(Expressed in Canadian Dollars)

7. PROPERTY AND EQUIPMENT

	Leasehold improvements	Trucks	Computer equipment	Furniture and equipment	Geophysical equipment	Field equipment	Total
Cost							
Balance, January 1, 2010	$ 17,730	$ 299,597	$ 173,178	$ 31,558	$ 36,178	$ -	$ 558,241
Additions	3,598	-	18,240	11,894	55,316	2,480	91,528
Disposals	-	(39,679)	-	-	-	-	(39,679)
Balance, December 31, 2010	$ 21,328	$ 259,918	$ 191,418	$ 43,452	$ 91,494	$ 2,480	$ 610,090
Additions	-	-	50,383	9,373	-	-	59,756
Disposals	-	-	-	-	-	-	-
Balance, June 30, 2011	$ 21,328	$ 259,918	$ 241,801	$ 52,825	$ 91,494	$ 2,480	$ 669,846
Accumulated amortization							
Balance, January 1, 2010	16,044	209,055	117,200	12,330	23,008	-	$ 377,637
Additions	1,202	4,463	19,514	4,578	8,166	372	38,295
Disposals	-	(25,550)	-	-	-	-	(25,550)
Balance, December 31, 2010	$ 17,246	$ 187,968	$ 136,714	$ 16,908	$ 31,174	$ 372	$ 390,382
Additions	240	5,159	11,416	2,964	6,032	316	26,127
Disposals	-	-	-	-	-	-	-
Balance, June 30, 2011	$ 17,486	$ 193,127	$ 148,130	$ 19,872	$ 37,206	$ 688	$ 416,509
Carrying amounts							
At January 1, 2010	$ 1,686	$ 90,542	$ 55,978	$ 19,228	$ 13,170	$ -	$ 180,604
At December 31, 2010	$ 4,082	$ 71,950	$ 54,704	$ 26,544	$ 60,320	$ 2,108	$ 219,708
At June 30, 2011	$ 3,842	$ 66,791	$ 93,671	$ 32,953	$ 54,288	$ 1,792	$ 253,337

(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS

	Guatemala	Nicaragua	Canada	Total
Balance, January 31, 2010	$ 4,142,864	$ 82,482	$ 68,246	$ 4,293,592
Shares	-	-	111,300	111,300
Cash	-	-	717,544	717,544
Acquisition costs recovered	-	-	(90,701)	(90,701)
Balance, December 31, 2010	4,142,864	82,482	806,389	5,031,735
Shares	-	-	25,000	25,000
Cash	-	-	100,000	100,000
Acquisition costs recovered	-	-	(75,000)	(75,000)
Balance, June 30, 2011	$ 4,142,864	$ 82,482	$ 856,389	$ 5,081,735

The impairment assessment of exploration and evaluation assets resulted in no amounts being written off the Company's properties.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

Details of the Company's mineral property interests are disclosed in full in the consolidated financial statements for the year ended December 31, 2010. Significant exploration and evaluation asset transactions that have occurred in the six month period ended June 30, 2011 are as follows:

Rivier Property - Yukon Territory, Canada

During 2010, the Company acquired interests in a total of 116 claims in the Watson Lake Mining District, Yukon known as the Rivier Property. The Company acquired 16 claims by staking, and was granted an option to earn a 100% interest in 100 claims. In order to exercise the option, the Company must pay to the property owner a total of $175,000 cash and issue a total of 200,000 shares over four years according to the following schedule:

a) $25,000 cash and 25,000 common shares upon signing (cash paid and shares issued);
b) $10,000 cash and 25,000 common shares on or before July 18, 2011(cash paid and shares issued subsequent to period end);
c) $20,000 cash and 50,000 common shares on or before July 18, 2012;
d) $40,000 cash and 50,000 common shares on or before July 18, 2013; and
e) $80,000 cash and 50,000 common shares on or before July 18, 2014.

During the period ended June 30, 2011, the Company optioned its interests in the Rivier Property to Emerick Resources Corp. ("Emerick"). Emerick can earn a 60% interest in the Property by spending $1 million on exploration and making staged share payments to the Company totaling 1 million shares over three years according to the following schedule:

a) 100,000 shares upon TSX-V approval;
b) 200,000 shares and $250,000 in exploration expenditures by December 31, 2011;
c) 200,000 shares and $500,000 in exploration expenditures by December 31, 2012; and
d) 500,000 shares and $250,000 in exploration expenditures by December 31, 2012.

The Company and Emerick have common directors and officers.

8. EXPLORATION AND EVALUATION ASSETS (cont'd)

Ten Mile Creek - Yukon Territory, Canada

In May 2011, the Company received from Solomon the third scheduled option payment consisting of $150,000 cash and 150,000 Solomon common shares recorded at a fair value of $22,500. In May 2011, the Company also made the third scheduled option payment of $75,000 to the property owner. $75,000 of the proceeds received from Solomon was recorded as a recovery of acquisition costs to offset the $75,000 payment to the property owner. $97,500, the balance of the proceeds, was recorded as income in the statement of comprehensive loss.

Sixty Mile Area - Yukon Territory, Canada

In May 2011, the Company made option payments consisting of $25,000 cash and 34,246 common shares with a cash equivalent value of $25,000.

Scarlet Property - Yukon Territory, Canada

Subsequent to June 30, 2011, the Company staked an additional 178 claims on the Scarlet Property, bringing the total number of claims held to 728.

Tlacolula Property - Mexico

In January 2011, the Company received from Fortuna the second scheduled option payment consisting of US$30,000 (CDN$29,794) cash and US$30,000 (CDN$29,794) cash equivalent in Fortuna shares. The US$30,000 cash equivalent resulted in the receipt of 6,756 Fortuna shares. The cash receipt of $29,794 was recorded as other income in the statement of comprehensive loss and the value of $29,794 for shares received was included in accumulated other comprehensive income.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES

a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value.

During the six months ended June 30, 2011, 45,000 stock options were exercised for gross proceeds of $21,050. The Company reallocated the fair value of these options previously recorded in the amount of $20,579 from other equity reserve to capital stock.

During the six months ended June 30, 2011, 384,316 share purchase warrants were exercised for gross proceeds of $195,448. The Company reallocated the fair value of those share purchase warrants previously recorded in the amount of $22,252 from other equity reserve to capital stock.

b) Share Purchase Warrants

The following is a summary of changes in warrants from January 1, 2010 to June 30, 2011:

	Number of warrants	Weighted average exercise price
Balance, January 1, 2010	-	$0.00
Issued	7,826,546	$0.51
Exercised	(136,850)	$0.50
Balance, December 31, 2010	7,689,696	$0.51
Exercised	(384,316)	$0.51
Expired	(500,766)	$0.55
Balance, June 30, 2011	6,804,614	$0.51

As at June 30, 2011, the following share purchase warrants were outstanding:

Expiry Date	Number of warrants	Exercise price
June 2, 2012	259,230	$0.70
June 16, 2012	6,545,384	$0.50
	6,804,614	

c) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's balance sheet include 'Other equity reserve', 'Deficit' and 'Accumulated Other Comprehensive Loss/Income'.

Other equity reserve is used to recognize the value of stock option grants and share purchase warrants prior to exercise.

Deficit is used to record the Company's change in deficit from earnings from period to period.

Accumulated other comprehensive loss/income includes an available-for-sale reserve. This reserve is used to recognize fair value changes on available-for-sale investments.

(Expressed in Canadian Dollars)

10. SHARE-BASED PAYMENTS

Stock Option Plan Details

The Company has a formal stock option plan in accordance with the policies of the TSX Venture Exchange ("TSX-V") under which it is authorized to grant options up to 10% of its outstanding shares to officers, directors, employees and consultants. The exercise price of each option is not less than the market price of the Company's stock as calculated on the date of grant. Options vest ranging from a four month period to one year from the date of grant. Options granted to investor relations vest in accordance with TSX-V regulation. The options are for a maximum term of ten years.

The following is a summary of changes in options for the six month period ended June 30, 2011:

			During the Period					
Expiry Date	Exercise price	Opening balance	Granted	Exercised	Forfeited/ Expired	Closing balance	Vested and exercisable	Unvested
Feb 21, 2011	$0.70	1,110,000	-	-	(1,110,000)	-	-	-
Apr 16, 2012	$0.52	595,000	-	-	-	595,000	595,000	-
Sept 5, 2012	$0.56	850,000	-	-	-	850,000	850,000	-
May 5, 2013	$0.26	615,000	-	-	-	615,000	615,000	-
Jan 7, 2020	$0.29	1,640,000	-	(25,000)	-	1,615,000	1,615,000	-
May 25, 2020	$0.36	100,000	-	-	-	100,000	100,000	-
Sept 23, 2020	$0.69	1,620,000	-	(20,000)	-	1,600,000	1,556,250	43,750
Nov 17, 2020	$0.69	75,000	-	-	-	75,000	75,000	-
		6,605,000	-	(45,000)	(1,110,000)	5,450,000	5,406,250	43,750
Weighted Average Exercise Price		$0.52	$0.00	$0.47	$0.70	$0.48	$0.48	$0.69

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

The Company uses the fair value based method of accounting for stock options granted to consultants, directors, officers and employees. The non-cash compensation charge for the six months ending June, 2011 of $50,116 (2010: $555,843) is associated with those options granted to consultants and employees during the prior year and became vested during the six months ended June 30, 2011.

As of June 30, 2011 there was approximately $6,581 (December 31, 2010: $56,697) of total unrecognized compensation cost related to unvested share-based compensation awards.

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS

The Company's related parties with transactions during the period ended June 30, 2011 consist of directors, officers and companies with common directors as follows:

Related Party	Nature of Transactions
Mill Street Services Ltd.	Management
Rical Mining Ltd.	Expense reimbursement
Fortuna Silver Mines Ltd.	Shared general and administrative expenses
Focus Ventures Ltd.	Shared general and administrative expenses
Iron Creek Capital Corp.	Shared general and administrative expenses
Emerick Resources Corp.	Shared general and administrative expenses
Western Pacific Resources Corp.	Shared general and administrative expenses
Wesgold Minerals Inc.	Shared general and administrative expenses

In addition to related party transactions disclosed elsewhere in the consolidated financial statements, the Company incurred the following expenditures charged by officers and companies which have common directors with the Company in the six months ended June 30, 2011:

	Six months ended June 30, 2011	2010
Expenses:		
Management fees	$ 30,000	$ 30,000
Consulting	10,000	15,000
Mineral property costs:		
Geological consulting fees	-	3,170
	$ 40,000	$ 48,170

These expenditures were measured by the exchange amount which is the amount agreed upon by the transacting parties.

Advances and other receivables include $15,076 (December 31, 2010: $26,384) due from directors and officers of the Company. These were funds advanced for Company expenses and any balance owed will be repaid in the normal course of business.

Due from related parties of $191,601 (December 31, 2010: $176,508) are amounts due from companies which have a common director with the Company and arose from shared administrative costs.

Accounts payable and accrued liabilities include $31,299 (December 31, 2010: $19,356) payable to an officer of the Company for general administrative and Yukon camp maintenance and exploration expense reimbursements, to a Director of a related company who provides consulting services, and to a Company controlled by the President of the Company for management fees.

(Expressed in Canadian Dollars)

12. SEGMENTED INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the mining sector relating to precious metals exploration. Due to the geographic and political diversity, the Company's exploration operations are decentralized whereby exploration managers are responsible for business results and regional corporate offices provide support to the exploration programs in addressing local and regional issues. The Company's operations are therefore segmented on a district basis. The Company's assets are located in Canada, Caymans, Guatemala, Nicaragua, Peru, Mexico and Alaska.

Details of identifiable assets by geographic segments are as follows:

	June 30, 2011	December 31, 2010
Total Assets		
Canada	$ 9,158,182	$ 9,548,289
Caymans	372,155	597,101
Guatemala	4,369,442	4,345,165
Nicaragua	168,964	185,166
Mexico	41,171	19,048
Peru	9,693	9,780
Other	1,466	1,501
	$ 14,121,073	$ 14,706,050
Property & Equipment		
Canada	$ 159,580	$ 122,826
Guatemala	22,614	20,964
Nicaragua	67,607	72,382
Peru	3,536	3,536
	$ 253,337	$ 219,708
Resource Properties Acquisition		
Canada	$ 856,389	$ 806,389
Guatemala	4,142,864	4,142,864
Nicaragua	82,482	82,482
	$ 5,081,735	$ 5,031,735
Exploration Expenditures		
Canada	$ 1,643,213	$ 2,016,987
Guatemala	848,007	753,900
Mexico	12,236	11,511
Nicaragua	14,423	55,992
	$ 2,517,879	$ 2,838,390

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at June 30, 2011, the Company's financial instruments are comprised of cash and cash equivalents, marketable securities, advances and other receivables, amounts due from related parties and accounts payable and accrued liabilities. The fair value of cash and cash equivalents, marketable securities, advances and other receivables, amounts due from related parties and accounts payable and accrued liabilities approximate their carrying value due to their short-term maturity. The Company has chosen to expense transaction costs relating to financial assets and liabilities that have been designated as other than held for trading.

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

The following table provides an analysis of financial instruments grouped into levels 1, 2, or 3 based on the degree to which the fair value is observable as at June 30, 2011:

	Carrying Amount	Fair Value	Discount Rate
Level 1:			
Cash and cash equivalents	$ 6,956,058	$ 6,956,058	N/A
Marketable Securities	809,265	809,265	N/A

The Company did not have any financial instruments in Level 2 and 3.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents, marketable securities and advances and other receivables. The Company limits exposure to credit risk by maintaining its cash and cash equivalents with large financial institutions. The Company does not have cash and cash equivalents or marketable securities that are invested in asset based commercial paper. For advances and other receivables, the Company estimates, on a continuing basis, the probable losses and provides a provision for losses based on the estimated realizable value.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations, the Company's holdings of cash and cash equivalents and marketable securities, and capital raised through a private placement closed subsequent to the period ended June 30, 2011. The Company believes that these sources will be sufficient to cover the known requirements at this time.

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign exchange rates and equity prices.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

Market Risk (cont'd)

Management closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

(i) Interest Rate Risk

Interest rate risk consists of two components:

(i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

As the Company's cash and cash equivalents are currently held in short-term interest bearing accounts, management considers the interest rate risk to be limited.

(ii) Other Price Risk

Other price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company's marketable securities are exposed to significant other price risk due to the potentially volatile and speculative nature of the businesses in which the marketable securities are held.

(iii) Currency Risk

The Company is exposed to fluctuations in foreign currencies through its operations in foreign countries. The Company monitors this exposure, but has no hedge positions. As at June 30, 2011, cash totalling $198,021 (December 31, 2010: $252,026) was held in US dollars, $1,712 (December 31, 2010: $3,773) in Nicaragua Cordoba, $2,052 (December 31, 2010: $15,220) in Guatemala Quetzal, $8,441 (December 31, 2010: $10,096) in Mexican Pesos and $825 (December 31, 2010: $837) in Peruvian Sols. Based on the above net exposures at June 30, 2011, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in a $21,105 increase or decrease in the Company's after tax net earnings, respectively.

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to advance its mineral properties. In order to facilitate the management of its capital requirements, the Company prepares periodic budgets that are updated as necessary. The Company manages its capital structure and makes adjustments to it to effectively support the acquisition and exploration of mineral properties. The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the six months ended June 30, 2011.

14. CAPITAL MANAGEMENT (cont'd)

The Company's investment policy is to hold cash in interest bearing bank accounts, which pay comparable interest rates to highly liquid short-term interest bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements and do not have exposure to asset-backed commercial paper or similar products. The Company expects its current capital resources to be sufficient to carry out its planned exploration programs and operating costs for the next twelve months; however, the Company had not yet achieved profitable operations, has accumulated losses of $48,115,298 since inception, and is expected to incur further losses in the development of its business, all of which raises substantial doubt about its ability to continue as a going concern.

15. EVENTS AFTER THE REPORTING DATE

Subsequent to the period end, the following events which have not been disclosed elsewhere in these financial statements have occurred:

i) On July 4, 2011, the Company closed a non-brokered private placement of 6,100,000 units at $0.60 per unit ("Unit"), for gross proceeds of $3,660,000, of which $1,324,000 was received prior to the period end and recorded as share subscriptions received. Each Unit consists of one common share and one-half of one warrant, each whole warrant entitling the holder to purchase one additional common share at $0.75 exercisable for one year. A finder's fee was paid on the placement. The finder's fee consists of 199,250 common shares and 386,123 warrants, each such warrant entitling the holder to purchase one common share at $0.75 exercisable for one year.

ii) 125,266 shares were issued as per option agreements on the Sixty Mile Property;

iii) 60,000 stock options were exercised for proceeds of $16,200;

iv) On July 4, 2011, the Company granted 55,000 stock options to employees at an exercise price of $0.60 per share and expiring on July 3, 2021; and

v) On July 27, 2011, the Company granted 320,000 stock options to a Director and employees at an exercise price of $0.81 per share and expiring on July 26, 2021.

vi) In May 2011, the Company ("Radius") announced a proposed spin out transaction (the "Spin Out") whereby Radius will transfer all of its Yukon and Alaskan property assets and $1.0 million in cash to a new company ("Newco") in return for Newco shares and warrants, the majority of which will then be distributed to Radius shareholders by way of a plan of arrangement. The implementation of the Spin Out is subject to, among other things, Radius shareholder approval, court approval and TSX Venture Exchange ("Exchange") approval, including Exchange approval of the listing of the common shares of Newco on the Exchange.

The ratio of securities to be issued under the proposed Spin Out will be one common share and one full warrant in Newco for every three Radius shares held. Each Newco warrant will entitle the holder to purchase one common share of Newco at $0.50 for a period of 18 months after listing of Newco. Following completion of the Spin Out, Radius will hold 19.9% of the issued shares and warrants of Newco.

The objective of the Spin Out is to maximize shareholder value by allowing the market to independently value geographically separate property portfolios. The Spin Out will result in two strategically positioned companies, one focused on Latin America and the other focused on the Yukon.

No other adjusting or significant non-adjusting events have occurred between the reporting date and the date these financial statements were authorized for issue.

16. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

The Company adopted IFRS on January 1, 2011 with a transition date of January 1, 2010. Under IFRS 1 *First-time Adoption of International Financial Reporting Standards*, the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under GAAP taken to retained earnings unless certain exemptions are applied. IFRS provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adopters.

(a) IFRS exemption options

Set forth below are the IFRS 1 applicable exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS.

Share-based payments

IFRS 1 permits the application of IFRS 2 Share Based Payments only to equity instruments granted after November 7, 2002 that had not vested by the date of transition to IFRS. The Company has applied this exemption and will apply IFRS 2 for equity instruments granted after November 7, 2002 that had not vested by January 1, 2010.

Business Combinations

The Company has elected not to retrospectively apply IFRS 3 Business Combinations to any business combinations that may have occurred prior to its Transition Date and such business combinations have not been restated.

Compound Financial Instruments

The Company has elected not to retrospectively separate the liability and equity components of compound instruments for which the liability component is no longer outstanding at the date of transition to IFRS.

(b) Reconciliations

The adoption of IFRS has resulted in changes to the Company's reported financial position and results of operations. The Company's adoption of IFRS did not have an impact on the total operating, investing or financing cash flows and as such no reconciliation of the statements of cash flows have been prepared.. In order to allow the users of the financial statements to better understand these changes, the financial statements previously presented under Canadian GAAP have been reconciled to IFRS. For a description of the changes, see the discussion in Notes to the IFRS Reconciliations below.

(Expressed in Canadian Dollars)

16. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") (cont'd)

The June 30, 2010 Canadian GAAP Consolidated Statement of Financial Position has been reconciled to IFRS as follows:

	As at June 30, 2010			
	Canadian GAAP	**Effect of transition to IFRS**	**IFRS**	**Sub Note**
ASSETS				
Current assets	6,982,147	-	6,982,147	
Non-current assets				
Long-term deposits	23,881	-	23,881	
Property and equipment	165,103	(2,224)	162,879	(i)
Exploration and evaluation assets	4,436,914	-	4,436,914	
Total non-current assets	4,625,898	(2,224)	4,623,674	
TOTAL ASSETS	$ 11,608,045	$ (2,224)	$ 11,605,821	
LIABILITIES and SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	$ 316,827	$ -	$ 316,827	
Due to related party	-	-	-	
Total current liabilities	316,827	-	316,827	
Non-current liability				
Deferred income tax liability	122,000	307,957	429,957	(ii)(iii)
Total liabilities	438,827	307,957	746,784	
Shareholders' equity				
Share capital	49,575,059	(504,553)	49,070,506	(iii)
Share subscriptions receivable	(999,950)	-	(999,950)	
Other equity reserve	4,937,688	-	4,937,688	
Deficit	(42,527,833)	194,372	(42,333,461)	(i)(ii)(iii)
Accumulated other comprehensive income	184,254	-	184,254	
Total shareholders' equity	11,169,218	(310,181)	10,859,037	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 11,608,045	$ (2,224)	$ 11,605,821	

(Expressed in Canadian Dollars)

16. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") (cont'd)

The Canadian GAAP Consolidated Statement of Comprehensive Loss for the three and six month period ended June 30, 2010 has been reconciled to IFRS as follows:

	Three months ended June 30, 2010			Six months ended June 30, 2010			
	Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS	Sub Note
Loss before income taxes	$ (667,550)	$ 196	$ (667,354)	$ (1,370,622)	$ 392	$ (1,370,230)	(i)
Deferred income tax recovery	-	74,596	74,596	-	74,596	74,596	(iii)
Net loss for the period	(667,550)	74,792	(592,758)	(1,370,622)	74,988	(1,295,634)	
Deficit, beginning of the period	(41,860,283)	119,580	(41,740,703)	(41,157,211)	119,384	(41,037,827)	(i)(ii)
Deficit, end of the period	$(42,527,833)	$ 194,372	$(42,333,461)	$(42,527,833)	$ 194,372	$(42,333,461)	

Notes to the IFRS reconciliations:

i) Website costs

Under Canadian GAAP, Radius capitalized costs relating to the development of its website. Under IFRS, where the website has been developed solely or primarily for promoting or advertising the entity's products and services, the entity will be unable to demonstrate that such a web site will generate future economic benefits, and costs incurred on the development of the website are expensed as incurred. On adoption of the IFRS requirements, the Company recorded a $2,224 decrease to property and equipment and increase to deficit and a $196 and $392 decrease to amortization, respectively, as at and for the three- and six-month periods ended June 30, 2010.

ii) Deferred income taxes

Under Canadian GAAP, a $122,000 deferred income liability was recognized on the acquisition of Guatemalan mineral property assets. Under IFRS, the tax liability would not be recognized, either on acquisition or subsequently. On adoption of the IFRS requirements, the Company recorded a $122,000 decrease to deferred tax liability and decrease to deficit.

iii) Flow-through shares

Under Canadian GAAP, share capital is recorded at net proceeds less the deferred tax liability related to the renounced expenditures. Under the IFRS framework, the increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds, or "premium", are recorded as a deferred charge. When expenditures are renounced, a deferred tax liability is recognized and the deferred charge is reversed. The net amount is recognized as deferred tax expense. On adoption of the IFRS requirements, the Company recorded a $504,553 decrease to share capital, a premium liability of $429,957 and a deferred income tax recovery of $74,596 as at and for the three and six month periods ended June 30, 2010.

(the "Company")

MANAGEMENT'S DISCUSSION AND ANALYSIS
Second Quarter Report – June 30, 2011

General

This Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the unaudited condensed consolidated interim financial statements of the Company for the six months ended June 30, 2011. The following information, prepared as of August 26, 2011, should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for six months ended June 30, 2011 and the related notes contained therein. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS"). In addition, the following should be read in conjunction with the Consolidated Financial Statements of the Company for the year ended December 31, 2010 and the related MD&A. All amounts are expressed in Canadian dollars unless otherwise indicated. The June 30, 2011 financial statements have not been reviewed by the Company's auditors.

Business of the Company

The Company has been exploring for gold in Latin America for nearly a decade and has assembled interests in a portfolio of promising gold projects throughout that region and, more recently, in northern Canada. In Guatemala, the Company is exploring its 100% owned HB Project, while Kappes Cassiday and Associates ("KCA") is developing a high grade gold mine on the Company's Tambor project under a joint venture/earn-in agreement. In Nicaragua, B2Gold Corp. ("B2Gold") is exploring the Company's extensive land holdings and investigating early gold production opportunities at the Pavon project. In the Yukon Territory and State of Alaska, the Company has acquired interests in various areas by staking and option agreements and has in turn optioned out portions in return for equity positions and carried interests in the properties. In 2010, the Company applied for several land use permits on highly prospective geothermal ground in Guatemala.

The status of the Company's properties is described below:

Guatemala

Holly / Banderas Projects

In April 2010, the Company commenced a reactivation of its Holly & Banderas ("HB") projects in eastern Guatemala. The Company discovered and drilled these gold-silver projects between 2002 and 2004 when gold and silver spot prices were close to their record lows. However, recent discoveries in the region underscore the potential of the district and have led the Company's technical team to review the geology and the results obtained by the previous work. Upon review, and with the present gold/silver price in mind, management feels that these projects warrant a significant investment in further drilling.

Work at HB resumed with a review of the regional data base of stream sediment sampling and prospecting that the Company has built over several years in Guatemala. This review has led to several additional concession applications being presented to the Ministry of Mines covering strong silver-lead-zinc anomalies. The Company is waiting for the granting of these concessions to do follow-up work on that ground.

Recent highlights of the Company's work include:

- Delineation of an impressive zone of high-level chalcedonic silica currently traced for over 400m along strike and over 100m wide locally within the Zapote trend of the HB property. Initial sampling of outcrop at Zapote has returned gold values from a low of 0.50 to a high of over 6.0 g/t Au. Trenching and extensive outcrop sampling are presently underway.

- Identification of a high grade zone on the north side of the Holly ridge. Previous prospecting and sampling in this area discovered quartz boulders believed to be float, grading from just under 1 g/t Au up to 112 g/t Au and over 5,600 g/t Ag. Trenching in the area has revealed texturally-similar quartz veins *in situ* in the schists directly below the boulders. This is a significant find as little work has previously been done on the north side of the Jocotan fault, despite the presence of large, coherent, untested gold in soil anomalies there.

- Completion of 14 diamond drill holes into the Pyramid Hill and M28 zones. Drill results are disappointing (see below). However, a structural study of drill core and outcrop by SRK confirms a strong northwest trending gold bearing fault zone with a strike of over 3km that has been tested only at very high levels. The study results indicate that the Company's work has been focused above the "productive zone" of the epithermal system. Additional drilling is being planned to target substantially deeper levels than any previous work at HB.

Zapote Zone

The Zapote zone is southwest of, and probably parallel to the M28 / Pyramid Hill zones. At surface the zone is an impressive, steeply west-dipping vein exposed with a true thickness of between 5 to 10m, although the orientation is still uncertain. The distribution of float, subcrop, and small veinlet orientation suggests the presence of another mineralized vein with a different orientation to the one described above, although more work is necessary to confirm that.

Trenching is underway, and all samples collected to date are highly anomalous in Au (*i.e.* in the ppm range). The first 23 samples collected returned an average grade of 2.01 g/t Au, ranging from 0.50 to 6.0 g/t Au. Systematic sampling and trenching should help define the true width and nature of the vein(s).

Zapote appears to be high in a hydrothermal system: massive chalcedony dominates in outcrop. the Company's geologists believe that there is potential at depth for better grades, which could present a very attractive drill target if the vein stays as thick as it appears to be at surface.

The Pino Zone

A data review by the Company highlighted 17 historic grab samples of electrum-bearing epithermal vein quartz collected from the Pino zone, a low sulphidation epithermal quartz vein hosted by schists on the northwestern side of the HB project. Gold assay results from the 17 samples ranged from just under 1 g/t Au to 112 g/t Au, with an average of 19.8 g/t Au. Silver values range from trace to 7,091.8 g/t Ag.

The Company's historic exploration in the area focused on the younger volcanic rocks to the south of the major Jocotan fault. The grab samples reported below were collected from the schists on the northern side of the fault, and were previously interpreted as transported float rocks not *in situ*. the Company's geologists have trenched below the float samples and encountered similar material hosted by the schists, suggesting that the high grade float reflects the presence of veins in the schists and is not transported material. A table of the most significant historic grab sample results is given below:

Sample No.	Au (g/t) fire assay	Ag (g/t)
18258	112.41	5,600.0
18256	79.28	7,091.8
18257	33.75	1,030.0
12296	27.98	1,423.4
18253	19.96	237.3
11093	14.38	880.7
18255	11.18	401.1
16067	7.67	258.6
18286	6.51	201.3
18254	4.46	97.0
18264	3.64	14.7
18289	3.15	35.9
16083	3.90	10.4
11092	3.49	18.8
17018	1.78	Tr
17038	1.30	Tr
17023	0.96	9.4

M28 / Pyramid Hill Drilling

Forty-nine holes have been drilled at Banderas since 2002 including 6 RC holes. Most drilling has targeted the M28 and Pyramid Hill zones, part of a 3 kilometre long, northwest-southeast-trending structural corridor that hosts zones of gold/silver-bearing quartz veins, vein breccias and quartz vein stockwork zones. A comprehensive in-house review of the Company's full data set on the HB project is currently underway, and SRK Consulting (Canada) Inc. has been commissioned to complete a structural geological study of the project.

The initial findings of both studies, combined with the findings of a TerraSpec study on the alteration minerals present at surface and in core samples at HB, suggest that the Company's drilling is still testing too shallow in the epithermal system and has not reached what would be termed the "productive horizon" where economic gold and silver grades would be expected to occur over mineable widths. The work is indicating that drilling needs to target between 300-700m vertically below the paleo water table. Interestingly, RC drill hole BRC04-024 cut an argentite-bearing quartz vein over 1.5m core length which graded 69.97 g/t Au + 516 g/t Ag, and is both the highest grade and deepest drill intersection on the Banderas property.

Consequently, the Company has stopped drilling at HB until the full data review is complete and to incorporate the results of additional geophysical surveying work. Management currently anticipates that the project review will result in a recommendation for a major drill program to commence later in 2011 or early 2012.

Hole*	From (m)	To (m)	Width (m)	Au g/t	Ag g/t
10-008	73.43	77.03	3.60	0.84	**12.0**
10-009	NSV**	-	-	-	-
10-010	NSV	-	-	-	-
10-010A	NSV	-	-	-	-
10-011	NSV	-	-	-	-
10-012	192.32	193.60	1.28	0.32	36.6
10-013	61.53	62.53	1.00	38.35	159.9
10-013	68.75	75.30	6.55	0.56	239.8
incl.	68.75	69.75	1.00	1.34	95.4
10-014	25.08	27.43	2.35	1.46	14.0
10-014	74.00	75.10	1.10	0.82	48.1
10-014	136.64	137.64	1.00	1.23	37.3
10-014	179.65	181.00	1.35	1.81	20.9

**All holes carry the prefix BDD **NSV=No Significant Values (<250 ppb Au, <10 ppm Ag)*

Tambor

The Company owns a 100% interest in the Tambor Project: an orogenic lode gold deposit, discovered by the Company in 2000 and explored by Gold Fields under joint venture until 2004. Drill testing by Gold Fields outlined a 43-101 compliant resource of 216,000 ounces of gold in inferred resources (2.55 million tonnes @ 2.64 g/t Au) and 57,800 ounces in indicated resources (456,000 tonnes @ 3.94 g/t Au) prepared by Chlumsky, Armbrust and Meyer LLC of Lakewood Colorado. The majority of this resource is contained within high grade quartz vein bodies.

KCA, a Reno based engineering group, can earn a 51% interest in Tambor by spending a total of US$6.5M on the property by 2012 through staged annual expenditure commitments, or by putting the property into commercial production by 2012. When KCA has earned its 51%, a joint venture will be formed between KCA and the Company.

KCA has fabricated a 200 tonnes per day (70,000 tonnes per year) flotation plant and a modular laboratory at its Reno, Nevada facility. KCA expects the mill to be completed and wet-tested in Reno to facilitate rapid installation on site.

In order to obtain the mining permits needed to develop Tambor, KCA submitted an environmental impact assessment (EIA) in June 2010 which includes the mining and development plan. Once the Ministry of Environment and Mine has approved the EIA, a mining permit application will be submitted.

Geothermal Licences

The Company has revisited its hot spring database for Guatemala and in June 2010 submitted applications for Provisional Use Permits for a number of active geothermal systems that may have potential as geothermal resources for power generation. To date, the permit applications cover approximately 154,000 hectares.

The Company is negotiating the detailed terms of an option agreement over its portfolio of geothermal concessions in Guatemala with Molten Power Corp. (“Molten”), a private Vancouver based geothermal power development company. Molten will be the operator of the geothermal exploration project. Under the terms of the option, and subject to 1) granting of the concession applications by the Guatemalan government, 2) satisfactory technical and legal due diligence by Molten, Management currently anticipate that the concession applications will be approved during 2011.

Nicaragua

The Company began exploring in Nicaragua in 2003. In addition to discovering a number of exploration projects with potential to host gold resources, specifically the Trebol, Pavon and San Pedro exploration properties (the "Properties"), the Company's technical team also compiled an extensive regional exploration data base covering much of the Central American country (the "Regional Exploration Projects").

In June 2009, the Company granted to B2Gold an option to acquire an interest in its entire Nicaragua mineral property portfolio. B2Gold is currently exploring the Trebol project and has been successful in expanding the extent of known gold mineralization there. At the Pavon project, B2Gold is investigating the potential for gold production. Highlights are reported below.

Trebol Gold Project

The Trebol Project located in north-eastern Nicaragua is a low sulphidation epithermal hot springs district consisting of numerous strong gold anomalies spanning over 14 km of strike length. Gold is associated with vein and tabular replacement style mineralization in volcanic rocks found in a series of low-lying, heavily forested hills. In addition to the original Cerro Domingo target partially drill tested by Radius in 2008, B2Gold has identified three new drill targets located along the 6km long northeast trending corridor of mineralized volcanic rock. The targets are comprised of thick tabular zones of low sulfidation epithermal vein, hydrothermal breccia, and replaced volcanic horizons within a Tertiary volcanic sequence. These zones show good grade continuity for hundreds of meters of strike length. The three principal areas are Cerro Domingo, the Paola Zone, and Trebol North.

B2Gold began a diamond drilling program at Trebol in January 2011, focusing on the three zones of low sulfidation gold occurrences in altered volcanic rocks covering a strike length of over five kilometres ("km"). Positive assay results have confirmed the Trebol Property's potential to host, at or near surface, shallow dipping gold mineralization that could potentially be mined with very low strip ratios.

Mineralization throughout the Trebol area is characterized by shallow to moderately dipping tabular shaped vein and hydrothermal breccia zones within andesite. Outcropping horizons of the siliceous material have yielded impressive gold values in the trenching and the drilling has shown that many of these zones extend up to 100 metres down dip and show continuity over distances of several hundreds of metres of strike length. Due to the shallow dips associated with the gold mineralization, most of mineralization is near surface and mostly oxidized.

The three zones drilled to date are Cerro Domingo, the Paola Zone, and the Trebol North Zone. Drill holes contain up to 13.08 g/t gold over 7.00 metres in hole TR-11-047. Drilling by the Company in 2008 first located the Cerro Domingo Zone and this has been confirmed and expanded in the recent drilling. The 2011 drilling campaign cut mineralization in the Cerro Domingo, Paola and Trebol North Zones with drill holes containing up to 1.96 g/t gold over 28.55 metres in hole TR-11-014 in the Cerro Domingo Zone, up to 8.86 g/t gold over 7.75 metres in hole TR-11-028 in the Paola Zone and up to 13.08 g/t gold over 7.00 metres in hole TR-11-047 in the Trebol North Zone. Drill intervals are highlighted below.

B2Gold Drill Holes

Zone	Drill Hole	From (metres)	To (metres)	Interval (metres)	Gold (g/t)	Gold (g/t capped at 25 g/t)
Cerro Domingo	TR-11-011	3.40	11.27	7.87	3.14	2.25
	including	5.45	5.85	0.40	42.38	25.00
	TR-11-014	4.35	32.90	28.55	1.96	1.96
	including	10.60	15.90	5.30	5.66	5.66
	and	36.80	44.60	7.80	0.95	0.95
	TR-11-015	48.60	65.36	16.76	0.86	0.86
	including	48.60	53.11	4.51	1.36	1.36
	TR-11-017	4.57	22.00	17.43	0.82	0.82
	*TR-11-019	0.75	16.50	15.75	2.43	2.43
	including	4.50	9.00	4.50	4.10	4.10
	TR-11-020	0.00	10.00	10.00	1.65	1.65
	TR-11-021	0.50	22.50	22.00	1.58	1.58
	TR-11-022	15.20	22.76	7.56	1.31	1.31
Paola Zone	TR-11-027	28.85	36.50	7.65	0.94	0.94
	TR-11-028	4.00	11.75	7.75	8.86	7.77
	including	6.75	10.75	4.00	15.82	13.70
	TR-11-029	4.50	16.15	11.65	3.06	3.06
	including	7.50	10.50	3.00	5.96	5.96
	TR-11-031	36.50	40.20	3.70	3.63	3.63
	TR-11-036	29.00	36.00	7.00	1.76	1.76
	TR-11-037	30.60	37.00	6.40	3.34	3.34
	TR-11-038	7.00	15.70	8.70	2.91	2.91
	**TR-11-039	9.40	12.20	2.80	1.08	1.08
	and	16.70	18.20	1.50	12.24	12.24
Trebol North	*TR-11-047	14.50	25.91	11.41	8.39	5.89
	including	14.50	21.50	7.00	13.08	9.01

* Indicates some intervals may have had poor recoveries
**Re-assay pending due to low standard failure

Previous Company Drill Holes

Zone	Drill Hole	From (metres)	To (metres)	Interval (metres)	Gold (g/t)	Gold (g/t capped at 25 g/t)
Cerro Domingo	*TRDH-08-001	12.19	38.25	26.06	1.36	1.36
	TRDH-08-005	0.00	11.25	11.25	1.65	1.65
	and	16.76	23.20	6.44	6.36	6.36
	including	18.75	22.56	3.81	9.24	9.24
	TRDH-08-008	58.64	59.59	0.95	3.93	3.93
	and	68.08	69.00	0.92	11.44	11.44
	TRDH-08-02A	6.09	16.76	10.67	2.23	2.23
	TRDH-08-004	3.30	19.81	16.51	1.80	1.80
	TRDH-08-006	2.15	7.97	5.82	1.02	1.02

* Indicates some intervals may have had poor recoveries

The drill campaign at Trebol has successfully identified several areas that will require additional drilling to define the extent of the mineralization. The mineralization remains open to the north and south and in the covered areas between the three zones. In addition, B2Gold's geologists continue to discover more low sulfidation epithermal gold, outcrop and float occurrences within the concession that contain plus 1.00 g/t gold assays in grab and chip samples over 11.5 km of the 22 km total strike length of the trend. In addition, a parallel zone has been located three km east of Cerro Domingo where preliminary grab sampling of similar siliceous material has yielded values up to 3.00 g/t gold.

In August 2011, positive results received from recent trenching at Trebol East located 3 km east of the main Trebol trend were announced. The low hills are comprised of the same quartz veins, hydrothermal breccias, and replacement zones, dipping moderately to the west, as seen in the main Trebol trend.

The new trench results appear to be outlining a north-south trending mineralized zone at least 1.5km long. Trench 91, which lies at the southern end of the trend, returned 18.00 metres at 2.56 grams per tonne ("g/t") gold. Roughly 1km north, Trench 93 returned 19.00 metres at 1.54 g/t gold. Trench 92, which was cut 200 metres south of Trench 91, returned 5.70 metres at 0.63 g/t gold.

Metallurgy at Trebol

Six composite metallurgical samples have been collected for bottle roll tests from the Trebol drill core, to be shipped to Kappes Cassiday and Associates in Reno, NV. The samples were selected from:

- weakly oxidized low grade stockwork
- weakly oxidized medium grade wallrock breccia
- oxidized low grade wallrock breccia
- oxidized high grade sulfide rich hydrothermal breccia
- medium grade weakly oxidized hydrothermal breccias; and
- medium grade oxidized stockwork

The samples were produced from the coarse rejects by combining three separate samples of similar material from the same drill hole, then weighted according to their percent contribution to the composite and split numerous times. The total weight of each composite sample is between 4 and 5 kilograms.

Current Plans

Trenching and soil sampling will continue at Trebol with priority given to developing the emerging zone at Trebol East, with the aim of defining drill targets. Detailed soil sampling will also continue along the main Trebol trend as well to better define potential resource areas.

San Jose Project (formerly known as the San Pedro Project)

B2Gold has commenced a data and ground review of the Company's San Jose project (formerly known as the San Pedro project in historic Radius Gold releases). The Company completed a short drill program in 2005, designed to test for a bulk tonnage target on the PM zone by drilling a fence of holes across a cluster of en echelon veins.

Two drill holes were collared to test trench TR-PM2-B1 which cut 14.59 g/t gold over 3.00 metres on the PM2 vein. The Company's hole 9 was drilled beneath this and cut good grades either side of what appears to be an old working. The holes returned 17.47 g/t gold over 1.52 metres in the hanging wall of the working, and 13.03 g/t gold over 1.78 metres in the footwall. Drill hole 10 undercut this hole and returned 5.4 g/t over 3.00 metres. The Company mapped the PM2 vein for over 500 metres.

Trenching suggests that good potential also exists over 800 metres along the 2 km PM1 vein and a more detailed trenching program, with trenching every 30 to 50 metres, may be warranted focusing on areas with old workings which may indicate high grade ore shoots.

Roughly 9 km south of the PM zone, the Buena Vista zone has been traced for over 2 km. Radius Golds' best trench on this vein returned 13.81 g/t gold over 8.354 metres but this was never drill tested. B2Gold are currently planning and permitting a trenching program for San Jose.

Pavon Gold Project

The Pavon low sulphidation system in central Nicaragua was discovered by the Company in 2003. Several veins occurring over a strike length of 6 km have been explored with 74 trenches and 71 diamond drill holes totalling approximately 10,700 m. Historic results include up to 9.1 g/t Au over 14.2 m in Trench 1 and 10.3 g/t Au over 16.8 m in PADH-005 in the north zone and up to 6.7 g/t Au over 11 m in PADH-01 in the south zone (see the Company's news releases dated Sept. 16, 2004 and March 17, 2004).

B2Gold completed an extensive trenching program in 2010 and is now evaluating the potential for production from near surface high grade zones in the epithermal veining discovered by the Company (see the Company's news releases from 2003 and 2004).

Yukon Territory

Sixty Mile Property

Through claim staking and negotiating a number of option deals with local placer gold miners and mineral claim holders in the Yukon and Alaska in 2009 and 2010, the Company has acquired interests in a large land position covering the headwaters and drainage areas of the prolific Sixty Mile Gold Camp of the Yukon Territory which reportedly produced over 500,000 oz of gold from the creeks that drain the Company's holdings. The hard rock source for this placer gold has never been determined. The regional geology, geochemical signature and structural setting have similarities to the setting of International Tower Hill's

(TSX-V: ITH.V) major Livengood gold discovery in Alaska, a multi-million ounce gold discovery driven by the search for the source of placer gold in that area.

The Company announced in November 2010 the results of its 2010 exploration program which had two objectives: (i) to discover the source of the placer gold mined from the creeks draining the hillsides of border ridge, an area of over 100 square kilometres (the “Thrust Fault Zone”), and (ii) to test the strongly altered volcanic rocks that are known to exist in the Sixty Mile valley (the “Graben Fault Zone”) for epithermal gold potential. After conducting in the summer of 2010, airborne geophysics, geological mapping and extensive soil sampling programs, a preliminary drill program of seven holes, for a total of 1,607m, tested the two target areas. Five holes (DDH10-1 to 5) were drilled into the meta-sediments. Three of these holes intersected gold-bearing quartz/sulfide veins and veinlets hosted by quartzite units in the metasediments.

Two drill holes (DDH10-6 &7) targeted the altered volcanics in Graben Fault Zone. Both intersected broad intervals of low grade gold mineralization associated with carbonate/sulfide veining in propylitic to argillic altered andesite. Significant mineralized intercepts include:

Hole #	**From (m)**	**To (m)**	**Length (m)**	**Gold (ppb)**
DDH10-1	10.02	32.00	21.98	346
DDH10-2	35.65	76.43	40.78	414
including	35.65	43.28	7.63	1065
and				
DDH10-2	223.60	249.94	26.34	342
including	241.40	243.00	1.60	2907
DDH10-3	35.05	45.72	10.67	461
DDH10-3	243.82	323.09	79.27	160
DDH10-6	12.19	86.87	74.68	327
including	49.84	56.39	6.55	1645
DDH10-7	88.39	146.67	58.28	329
DDH10-7	206.60	208.07	1.47	4458

Holes DDH10-4&5 tested separate structural targets at the Thrust Fault Zone with no significant gold results returned.

Orogenic gold mineralization has been identified within the brittle siliclastic metasediments. The host units are extensive, and there are multiple beds of quartzite hosting cross cutting, gold bearing veins. With only 4 core holes drilled into this unit to date anomalous gold has been encountered over down-hole widths of up to 79m. This unit appears to be the source of the extensive placer gold in the Sixty Mile region and management of the Company is of the view that further work on the target is warranted.

The epithermal target in the Graben Fault Zone also has excellent potential. The altered volcanic rocks have been mapped, associated with the Sixty Mile graben fault, for a strike length of over 7km and over widths of 2km. Holes DDH10-6 & 7 both returned strongly anomalous values over widths of up to 75m associated with argillic alteration.

A minimum 5000 m diamond drilling program commenced in early June 2011, initially focusing on the Graben Fault Zone. A Controlled Source Audio Frequency Magnetotelluric (CSAMT) survey also commenced in June with the aim of identifying siliceous, possibly gold-bearing bodies hosted in the andesites. A grid-based auger drill program was recently completed and designed to collect bedrock samples beneath mined gravels and overburden for geochemical analysis and alteration studies to help focus the drilling.

A second rig has been mobilized to the property to drill test the second, thrust related gold discovery.

Scarlet Property, Rackla Belt Area, Yukon

In 2010, the Company acquired by staking 550 claims in the Mayo Mining District known as the Scarlet Property, and in 2011, an additional 178 claims have been staked, bringing the claim total to 728. The claims are in two blocks, Scarlet West and Scarlet East, covering prospective stratigraphy along the northern and southern edges of ATAC Resources' claim block where ATAC has discovered a cluster of Carlin-type gold deposits and occurrences. Mineralization in their Osiris Target appears to share many of the characteristics of Carlin-type gold deposits, including similar alteration assemblages and association with the low temperature arsenic sulphides, realgar and orpiment. Host rocks are two, 150m to 250m thick limestone debris flow and turbidite units, referred to as the Osiris and Isis Horizons, which occur within basinal silty mudstones. ATAC's drilling at Osiris returned a highlight of 31.13 m @ 9.26 g/t Au approximately 10km northwest of the Company's Scarlett East claim block.

Scarlet East lies on the southeastern end of ATAC's claims and potentially covers the extension of the structure controlling the mineralization. The Scarlet West claim block lies about 30km west of Osiris, roughly midway between ATAC's Osiris and Ariana targets.

The Company is conducting in the 2011 summer season an exploration program to target both claim blocks with geochemical surveys (stream sediment, soil and rock sampling), airborne geophysics (magnetic and radiometrics) and geological mapping.

In July 2011, the Company received results from additional ridge-and-spur sampling along a northeast-southwest trending ridge on the eastern end of the Scarlet East claims, expanding the size of the previously announced anomaly, with anomalous arsenic, antimony and gold associated with thallium and mercury in an area of orange-weathering, gossanous looking limestone. The latest gold-in-soil results returned up to 182ppb Au.

The anomaly coincides with the possible strike extension of the Nadaleen trend that bounds the Osiris and Conrad occurrences approximately 15km to the west-northwest. Updated geochemical maps, and a sketch map of the geology of the Scarlet East claim block, can be found on Radius's website at www.radiusgold.com.

Radius has commenced a low level helicopter aeromagnetic and radiometric geophysical survey that will be carried out by Precision GeoSurveys Inc. Line spacing will be 200m oriented north - south crossing the regional trend. Preliminary results are pending.

A photograph of the ridge and gossanous-looking orange weathered limestone units has been posted on Radius's website at www.radiusgold.com.

Ten Mile Creek Property

During 2009, the Company acquired interests in a large land package at the head waters of several active placer gold producing creeks known as the Ten Mile Creek placer camp in the Yukon. Certain of the claims are owned 100% by the Company and the balance have been optioned from a local prospector,

Subsequently, the Company optioned the property to Solomon Resources Inc. (“Solomon”). Solomon can earn a 51% interest in the property by spending $2.5-million on exploration and making staged cash and share payments totalling $500,000 cash and 1,000,000 shares over three years, of which the Company has received $250,000 and 750,000 shares to date.

Limited historic hard rock exploration on the claims has defined significant gold/arsenic mineralization in soils and rock, hosted for the most part by strongly altered intrusive rocks and minor schists. Soil sampling has defined five broad northwesterly trending gold/arsenic anomalies with strike lengths of up to 1.6 km. Limited trenching of these anomalies has produced results of 25m @ 1.6g/t Au and 19m @ 1.0 g/t Au. The location, geology, geochemistry and trench results compare favourably with recent significant gold discoveries in the area.

Solomon announced in October 2010 that it has completed the 2010 drilling program for this project. Six diamond drill holes were completed with a total of 800 metres of core recovered. Drill results were announced in late November 2010, with Solomon concluding that gold mineralization discovered to date at the Ten Mile Creek project appears to be associated with late-stage faults and fracture sets crosscutting regional foliation. On the southernmost claims, arsenic values in-soil show a close correlation with higher gold values, while elsewhere on the property, arsenic values in-soil appear to be more broadly dispersed as haloes around higher gold values. Solomon’s drilling also revealed more post-tectonic textures with mylonitization, crosscutting subidioblastic textures and milled pyrite with graphitic inclusions.

In July 2011, Solomon announced that its field crews mobilized to the Ten Mile Creek Gold Property in May 2011 and eight discrete mineralized targets have been identified for detailed follow-up this season. The 2011 exploration program will include 3,000 soil geochemical samples as well as mechanized trenching in the Jual Vein System and the newly discovered Skukum, Jack London, Sourdough Joe and Klondike Kate zones.

Results of the soil geochemical survey and of a 296 line-kilometer airborne VLF-EM, magnetometer and spectrometer survey flown in July of 2011 are pending. Solomon plans to complete 6,000 feet of reverse circulation drilling on the Jual claims in September of 2011 and a further 1000 meters of diamond drilling in October once the results of earlier work are in hand.

Rivier Property

In 2010, the Company acquired interests in a total of 116 claims in the Watson Lake Mining District, Yukon known as the Rivier Property. The Company acquired 16 claims by staking, and was granted an option to earn a 100% interest in 100 claims. In 2011, the Company optioned a 60% interest in the Property to Emerick Resources Corp. (TSXV-ERC) (“Emerick”) in consideration of Emerick spending $1.0 million on exploration of the Property and issuing a total of 1.0 million shares to the Company over a period of three years, all subject to Emerick obtaining regulatory approval to the agreement.

The geological setting and anomalous geochemical values found at the Rivier Property are consistent with the possible presence of intrusion related and/or Listwanite hosted gold deposits. The Property covers an area of roughly 4km by 9km over a series of anomalous gold + arsenic in stream sediment samples taken from streams that drain a Mid Cretaceous granitoid pluton, intruding siliciclastics of the Nasina subterrane and ultramafic rocks of the Slide Mountain Terrane.

Snowcap Gold Project

Wesgold Minerals Inc. (“Wesgold”) has an option to earn a 60% interest in the Company’s 100% owned Snowcap project in central Yukon Property, in consideration of issuing to the Company a total of 1,000,000 Wesgold common shares and incurring exploration expenditures of $1,000,000, over a four-year period. The Company has received 600,000 Wesgold shares to date.

In 2009, Wesgold completed airborne geophysics and soil geochemistry, which resulted in the identification of anomalous gold and mercury values in two of the alteration zones coincident with aeromagnetic lows over the volcaniclastic basins. In late 2010, Wesgold completed four diamond drill holes totaling 420 meters at one of the alteration zones near the southern part of the Snowcap project to test for the source of the anomalous mercury and gold values in soil in an area of no outcrop. The drill holes intersected variably altered volcanic and epiclastic rocks with irregular quartz, carbonate, and pyrite veining.

While assay results did not return gold values of economic interest, cinnabar mineralization and anomalous concentrations of antimony, arsenic, and mercury were encountered. These pathfinder elements are considered by Wesgold management to be a highly favourable indicator of epithermal precious metal mineralization in this geological environment. The source of the anomalous gold values in soil remains unexplained, and Wesgold is reviewing the geological, geochemical and geophysical data obtained.

Mexico

Tlacolula

The Company discovered silver mineralization in 2005 following a regional stream geochemical survey in various areas of the state of Oaxaca. An initial trenching program on the Tlacolula property defined a broad low grade silver/gold anomaly associated with opaline silica, indicating a high level system. In late 2009, the Company optioned the Tlacolula silver project to Fortuna Silver Mines Inc. (TSX-FVI) (“Fortuna”). Fortuna can earn a 60% interest by spending US$2-million on exploration, which includes a commitment to drill 1,500m within 3 years, and making staged annual payments totalling US$250,000 cash and US$250,000 in common shares over 4 years. The 12,642 hectare property is located 14km east-southeast of the city of Oaxaca and 30 km northeast of Fortuna’s 100%-owned San Jose silver-gold development project. To date, the Company has received US$50,000 cash and 14,569 shares of Fortuna.

Qualified Person: Roger Hulstein, B.Sc., a member of the Association of Professional Engineers and Geoscientists of British Columbia, is the Company’s Qualified Person as defined by National Instrument 43-101, and is responsible for the accuracy of the technical information in this MD&A. Mr. Hulstein has verified that the technical information in this MD&A regarding the Company’s Nicaragua properties is an accurate summary of the information provided by B2Gold to the Company.

Quarterly Information

The following table provides information for the eight fiscal quarters ended June 30, 2011:

	Second Quarter Ended June 30, 2011 ($)*	**First Quarter Ended March 31, 2011 ($)***	**Fourth Quarter Ended Dec. 31, 2010 ($)***	**Third Quarter Ended Sept. 30, 2010 ($)***	**Second Quarter Ended June 30, 2010 ($)***	**First Quarter Ended March 31, 2010 ($)***	**Fourth Quarter Ended Dec. 31, 2009 ($)****	**Third Quarter Ended Sept. 30, 2009 ($)****
Exploration expenditures	1,919,772	598,107	718,772	1,662,590	395,476	61,552	195,846	92,534
Total investment income	16,367	17,267	15,112	11,923	1,690	5,550	7,079	10,270
Net loss before income taxes	(2,056,941)	(787,934)	(986,366)	(2,740,984)	(667,354)	(702,876)	(343,064)	(426,272)
Basic and diluted loss per share	(0.02)	(0.01)	(0.02)	(0.04)	(0.01)	(0.01)	(0.01)	(0.01)

* Figures for 2011 and 2010 expressed under IFRS
** Figures for 2009 expressed under Canadian GAAP

The quarters ended March 31, 2010, September 30, 2010, and December 31, 2010 had recorded significant non-cash compensation charges of $489,377, $947,254, and $109,695 respectively as a result of stock option grants which in turn increased the net losses for those quarters. Beginning in the quarter ended June 30, 2010, exploration activity has trended upward to the most recent quarter with the increase in Yukon and Guatemala activities. The exception being the quarters ended December 31, 2010 and March 31, 2011 when Yukon exploration activities slow down considerably due to the winter season.

Results of Operations

The quarter ended June 30, 2011 had a net loss before income taxes of $2,056,941 compared to $667,354 for the quarter ended June 30, 2010, an increase of $1,389,587. Exploration expenditures in the current quarter totalled $1,919,772 compared to $395,476 in the comparative quarter for an increase of $1,524,296. The higher exploration expenditures in the current quarter relate mostly to the Company's drilling programs and other exploration activities on its Yukon properties. Overall costs for the current quarter were offset by mineral property option payments received by the Company which resulted in a gain on mineral property option payments totalling $97,500 and investment income of $16,367. In comparison, the comparative quarter recorded only $1,690 in investment income and no gain from mineral property option payments. Both quarters also recorded a deferred income tax recovery with the current quarter amount reducing the net loss before income taxes by $268,558 and the comparative period amount by $74,596. As the Company fulfills its flow-through commitment on exploration expenditures, a portion of the previously recorded deferred tax liability is transferred to the statement of comprehensive loss.

Corporate expenses in the quarter ended June 30, 2011 were $251,423 compared to $281,936 in the quarter ended June 30, 2010, a decrease of $30,513. However, the current quarter only recorded an amount of $16,884 in non-cash compensation charges compared to $66,466 being charged in the comparative quarter. Non-cash compensation charges consist of the fair value of stock options granted. When excluding this non-cash expense, the current quarter corporate expenses were actually $19,069 higher. Notable cost increases were $26,275 in consulting fees, $12,920 in legal and audit fees, $7,995 in repair and maintenance, and $7,886 in telephone and communications. Consulting fees are higher as a result of a financial advisory and services agreement that was entered into during the current quarter. Significant cost decreases in the current period were $15,446 in public relations, $10,289 in salaries and wages, and $9,141 in travel and accommodation. These decreases were mostly the result of less promotional and conference activity during the current quarter.

The net loss before income taxes for the six months ended June 30, 2011 was $2,844,875 compared to $1,370,230 for the six months ended June 30, 2010, an increase of $1,474,645. Exploration expenditures for the current period totalled $2,517,879 compared to $457,028 for the comparative period, an increase of $2,060,851. The current period is expected to have significantly higher exploration expenditures as the Company has a flow-through expenditure commitment of approximately $4.38 million to fulfill during 2011. While the flow-through commitment is related to expenditures on the Yukon properties, the Company also conducted a drill program during the current period on the Holly/Banderas Property in Guatemala. As in the quarterly comparison, overall costs for the current period were reduced by mineral property option payments received and higher investment income. Also similar to the quarterly comparison, both quarters recorded a deferred income tax recovery with the current period amount reducing the net loss before income taxes by $283,114 and the comparative period amount by $74,596.

Corporate expenses in the six months ended June 30, 2011 were $479,241 compared to $917,711 in the six months ended June 30, 2010, a decrease of $438,470. However, the current period only recorded an amount of $50,116 in non-cash compensation charges compared to $555,843 being charged in the comparative period. Once again, when excluding this non-cash item, the current period's corporate expenses were higher by $67,257. As in the quarterly comparison, notable cost increases were $48,049 in consulting fees, $12,876 in legal and audit fees, $10,021 in repair and maintenance costs, and $8,510 in telephone and communications. Consulting fees are higher for the same reason given in the quarterly comparison. During the current period, the Company was in the process of making upgrades and repairs to its hardware and telecommunication systems. The most significant cost decreases in the current period were $8,793 in public relations and $8,541 in rent and utilities. Public relations costs were lower for the same reasons given above while rent and utilities costs were lower due to some cost recoveries.

Mineral Properties Expenditures

A summary of the Company's expenditures on its mineral properties during the six months ended June 30, 2011 is as follows:

Yukon/Alaska - $1,681,412 was incurred on exploration but this amount was offset by a $25,000 government grant received and other recovered costs totalling $13,199 during the period. Acquisition costs during the period totalled $125,000 of which $100,000 was cash and $25,000 was the value of shares issued.

Guatemala - $848,007 was incurred on exploration.

Nicaragua - $14,423 was incurred on exploration.

Mexico - $12,236 was incurred on miscellaneous exploration related costs. The Company also received cash and shares from Fortuna with a combined value of $59,588 as a result of option payments received on its Tlacolula Property.

Further details regarding exploration expenditures for the periods ending June 30, 2011 and 2010 are provided in the schedules at the end of this document.

Liquidity and Capital Resources

The Company's cash has decreased from approximately $7.72 million at December 31, 2010 to $6.96 million at June 30, 2011. Working capital at June 30, 2011 was $7.36 million compared to $8.88 million at

December 31, 2010. A majority of the Company’s cash was raised by way of issuing flow-through shares during 2010. Since the flow-through proceeds are subject to the Canadian flow-through share program rules, the Company intends to spend such funds on eligible exploration activities on its Yukon properties. As at June 30, 2011, the Company’s flow-through commitment is $2.71 million. Subsequent to June 30, 2011, the Company closed a non-flow-through private placement to raise gross proceeds of $3.66 million. These funds are intended to be used for exploration activities on the Company’s Holly/Banderas Project in Guatemala and for general working capital purposes.

The Company also holds a portfolio of marketable securities consisting of 1,007,406 common shares of Focus Ventures Ltd., 14,569 common shares of Fortuna, and 600,000 common shares in Wesgold, all public companies with common directors or officers, and 750,000 common shares in Solomon. A decrease in fair value of the portfolio from $994,609 to $809,265 since December 31, 2010 resulted in an unrealized loss of $207,844 for the current period.

The Company expects its current capital resources to be sufficient to carry out its planned exploration programs and operating costs for the next twelve months; however, the Company had not yet achieved profitable operations, has accumulated losses of $48,115,298 since inception, and is expected to incur further losses in the development of its business, all of which raises substantial doubt about its ability to continue as a going concern. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activity. Management believes it will be able to raise equity capital as required in the long term, but recognizes the uncertainty attached thereto. The Company continues to use various strategies to minimize its dependence on equity capital, including the securing of joint venture partners where appropriate.

Capital Management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to advance its mineral properties. In order to facilitate the management of its capital requirements, the Company prepares periodic budgets that are updated as necessary. The Company manages its capital structure and makes adjustments to it to effectively support the acquisition and exploration of mineral properties. The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the six months ended June 30, 2011. The Company’s investment policy is to hold cash in interest bearing bank accounts, which pay comparable interest rates to highly liquid short-term interest bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements and do not have exposure to asset-backed commercial paper or similar products.

Financial Instruments and Risk Management

As at June 30, 2011, the Company’s financial instruments are comprised of cash and cash equivalents, marketable securities, advances and other receivables, amounts due from related parties and accounts payable and accrued liabilities. The fair value of cash and cash equivalents, marketable securities, advances and other receivables, amounts due from related parties and accounts payable and accrued liabilities approximate their carrying value due to their short-term maturity.

The following table provides an analysis of financial instruments recorded at fair value as at June 30, 2011 which are grouped into levels 1, 2, or 3 based on the degree to which the fair value is observable as at March 31, 2011:

	Carrying Amount	Fair Value	Discount Rate
Level 1:			
Cash and cash equivalents	$ 6,956,058	$ 6,956,058	N/A
Marketable Securities	809,265	809,265	N/A

The Company did not have any financial instruments in Level 2 and 3.

The Company’s risk exposure and the impact on the Company’s financial instruments are summarized below:

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company’s credit risk is primarily attributable to its cash and cash equivalents, marketable securities and advances and other receivables. The Company limits exposure to credit risk by maintaining its cash and cash equivalents with large financial institutions. The Company does not have cash and cash equivalents or marketable securities that are invested in asset based commercial paper. For advances and other receivables, the Company estimates, on a continuing basis, the probable losses and provides a provision for losses based on the estimated realizable value.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations, the Company’s holdings of cash and cash equivalents and marketable securities, and capital raised through a private placement closed subsequent to the period ended June 30, 2011. The Company believes that these sources will be sufficient to cover the known requirements at this time.

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company’s financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign exchange rates and equity prices.

Management closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

(i) Interest Rate Risk

Interest rate risk consists of two components:

(iii) To the extent that payments made or received on the Company’s monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(iv) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

As the Company's cash and cash equivalents are currently held in short-term interest bearing accounts, management considers the interest rate risk to be limited.

(ii) Other Price Risk

Other price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company's marketable securities are exposed to significant other price risk due to the potentially volatile and speculative nature of the businesses in which the marketable securities are held.

(iii) Currency Risk

The Company is exposed to fluctuations in foreign currencies through its operations in foreign countries. The Company monitors this exposure, but has no hedge positions. As at June 30, 2011, cash totalling $198,021 (December 31, 2010: $252,026) was held in US dollars, $1,712 (December 31, 2010: $3,773) in Nicaragua Cordoba, $2,052 (December 31, 2010: $15,220) in Guatemala Quetzal, $8,441 (December 31, 2010: $10,096) in Mexican Pesos and $825 (December 31, 2010: $837) in Peruvian Sols. Based on the above net exposures at June 30, 2011, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in a $21,105 increase or decrease in the Company's after tax net earnings, respectively.

Related Party Transactions

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

	Six months ended June 30, 2011	2010
Expenses:		
Management fees	$ 30,000	$ 30,000
Consulting	10,000	15,000
Mineral property costs:		
Geological consulting fees	-	3,170
	$ 40,000	$ 48,170

These expenditures were measured by the exchange amount which is the amount agreed upon by the transacting parties.

Advances and other receivables include $15,076 (December 31, 2010: $26,384) due from directors and officers of the Company. These were funds advanced for Company expenses and any balance owed will be repaid in the normal course of business.

Due from related parties of $191,601 (December 31, 2010: $176,508) are amounts due from companies which have a common director with the Company and arose from shared administrative costs.

Accounts payable and accrued liabilities include $31,299 (December 31, 2010: $19,356) payable to an officer of the Company for general administrative and Yukon camp maintenance and exploration expense reimbursements, to a Director of a related company who provides consulting services, and to a Company controlled by the President of the Company for management fees.

Other Data

Additional information related to the Company is available for viewing at www.sedar.com.

Share Position, Outstanding Warrants and Options

As at August 26, 2011, the Company's outstanding share position is 86,675,617 common shares, and the following share purchase warrants and incentive stock options are outstanding:

WARRANTS

Number of Warrants	Exercise Price	Expiry Date
259,230	$0.70	June 2, 2012
6,545,384	$0.50	June 16, 2012
3,436,123	$0.75	July 3, 2012
10,240,737		

STOCK OPTIONS

Number of Options	Exercise Price	Expiry Date
595,000	$0.52	April 16, 2012
850,000	$0.56	September 5, 2012
575,000	$0.26	May 5, 2013
1,595,000	$0.29	January 7, 2020
100,000	$0.36	May 25, 2020
1,600,000	$0.69	September 23, 2020
75,000	$0.69	November 17, 2020
55,000	$0.60	July 3, 2021
320,000	$0.81	July 26, 2021
5,765,000		

Critical Accounting Estimates

The preparation of financial statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company's accounting policies and estimates used in preparation of the financial statements are consistent with those set forth in notes 2 and 4 of the condensed consolidated interim financial statements for the six months ended June 30, 2011. They are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

Conversion to International Financial Reporting Standards (“IFRS”)

Effective January 1, 2011, Canadian publicly listed entities were required to prepare their financial statements in accordance with IFRS. Due to the requirement to present comparative financial information, the effective transition date is January 1, 2010. The three month period ended March 31, 2011 was the Company’s first reporting period under IFRS.

The Company’s IFRS conversion team identified three phases to the conversion: Scoping and Diagnostics, Analysis and Development, and Implementation and Review. The Company has now completed its IFRS conversion plan through to implementation. Review and post implementation will continue in future periods.

The Company’s financial statements were prepared in accordance with Canadian GAAP until December 31, 2010. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosures. For a description of the significant accounting policies the Company has adopted under IFRS, including the estimates and judgments we consider most significant in applying those accounting policies, please refer to note 2 of the condensed consolidated interim financial statements for March 31, 2011.

The adoption of IFRS resulted in some changes to the consolidated balance sheets and income statements of the Company previously reported under Canadian GAAP. To help users of the financial statements better understand the impact of the adoption of IFRS on the Company, The Company has provided reconciliations from Canadian GAAP to IFRS for total assets, liabilities, and equity, as well as net income and comprehensive income for the comparative reporting periods. Please refer to note 15 of the condensed consolidated interim financial statements for March 31, 2011 and note 16 of the condensed interim financial statements for June 30, 2011for the reconciliations between IFRS and Canadian GAAP.

IFRS 1 First-time Adoption of International Financial Reporting Standards

Adoption of IFRS requires the application of IFRS 1, *First-time Adoption of International Financial Reporting Standards*, which provides guidance for an entity’s initial adoption of IFRS. IFRS 1 gives entities adopting IFRS for the first time a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. Please refer to note 16 of the condensed consolidated interim financial statements for June 30, 2011 for a detailed description of the IFRS 1 exemptions the Company elected to apply.

Controls and Procedures

The Company’s plan to convert its consolidated financial statements to IFRS at the change over date of January 1, 2011, with comparative financial results included a formal project governance structure that involved the Audit Committee and senior management to monitor progress and review and approve recommendations. The IFRS transition plan was comprehensive and addressed topics such as the impact of IFRS on accounting policies and implementation decisions, infrastructure, business activities, compensation matters and control activities. The Company identified and implemented the required accounting process changes that resulted from the application of IFRS accounting policies and these changes were not significant. The Company has completed the design, implementation and documentation of the internal controls over accounting process changes resulting from the application of IFRS accounting policies. The Company applied its existing control framework to the IFRS changeover process.

Business Activities and Key Performance Measures

The Company is not subject to any financial covenants or key ratios, therefore the transition had no impact in this regard. The impact of the IFRS conversion project on the Company's compensation arrangements has been assessed and there was no impact to existing compensation arrangements.

Information Technology and Systems

The IFRS transition project did not have a significant impact on the Company's information systems for the convergence periods. The Company also does not expect significant changes in the post-convergence periods.

Review

The post-implementation phase will involve continuous monitoring of changes in IFRS in future periods. The Company notes that the standard-setting bodies that determine IFRS have significant ongoing projects that could impact the IFRS accounting policies that the Company has selected. The Company has processes in place to ensure that potential changes are monitored and evaluated. The impact of any new IFRS and IFRIC Interpretations will be evaluated as they are drafted and published.

Forward Looking Information

Certain statements contained in this MD&A and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance of achievements of the company to materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below.

Risks and Uncertainties

The business of mineral exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. Some of the Company's mineral properties are located in emerging nations and consequently may be subject to a higher level of risk compared to developed countries. Operations, the status of mineral property rights, title to the properties and the recoverability of amounts shown for mineral properties in emerging nations can be affected by changing economic, regulatory and political situations. Other risks facing the Company include competition, environmental and insurance risks, fluctuations in metal prices, share price volatility, and uncertainty of additional financing.

RADIUS GOLD INC.
(An Exploration Stage Company)
INTERIM CONSOLIDATED SCHEDULE OF EXPLORATION EXPENDITURES
FOR THE SIX MONTHS ENDED JUNE 30, 2011
(Expressed in Canadian Dollars)

	Guatemala		Nicaragua	Mexico	Yukon/Alaska		**Six months**
	General Exploration	Mineral Concessions	General Exploration	Mineral Concessions	General Exploration	Mineral Concessions	**ended June 30, 2011**
Camp, food and supplies	$ -	$ 21,995	$ 229	$ -	$ -	$ 173,214	$ 195,438
Drafting, maps and printing	-	17,789	-	-	60	15,389	33,238
Drilling	-	319,266	-	-	-	642,981	962,247
Exploration administration	-	6,283	418	-	65	4,614	11,380
Environment	-	154	-	-	-	-	154
Geochemistry	28	56,405	-	-	249	20,800	77,482
Geological consulting	8,624	178,012	141	-	4,335	333,569	524,681
Other consulting	58,106	10,315	-	-	-	-	68,421
Legal and accounting	1,170	5,873	1,522	4,139	-	-	12,704
Licenses, rights and taxes	-	3,011	2,602	5,172	-	1,464	12,249
Linecutting and trenching	-	1,682	-	-	-	66,780	68,462
Materials	-	12,218	-	-	-	16,578	28,796
Maintenance	-	10,447	181	-	-	-	10,628
Miscellaneous	-	617	166	62	245	2,303	3,393
Medical expenses	1,861	2,610	291	-	-	-	4,762
Public relations	-	4,126	423	-	11,660	-	16,209
Rent and utilities	-	10,750	602	-	-	-	11,352
Rental equipment	-	-	-	-	-	72,387	72,387
Salaries and wages	3,553	72,472	6,491	2,388	10,553	102,554	198,011
Shipping	-	633	406	91	-	1,717	2,847
Telephone and communications	-	7,231	730	384	-	6,182	14,527
Travel and accommodation	675	32,101	221	-	6,255	187,458	226,710
	74,017	773,990	14,423	12,236	33,422	1,647,990	2,556,078
Expenditures recovered	-	-	-	-	(13,199)	(25,000)	(38,199)
Balance – end of period	$ 74,017	$ 773,990	$ 14,423	$ 12,236	$ 20,223	$ 1,622,990	$ 2,517,879

RADIUS GOLD INC.
(An Exploration Stage Company)
INTERIM CONSOLIDATED SCHEDULE OF EXPLORATION EXPENDITURES
FOR THE SIX MONTHS ENDED JUNE 30, 2010
(Expressed in Canadian Dollars)

	Guatemala		Nicaragua	Mexico	Yukon/Alaska	**Six months**
	General Exploration	Mineral Concessions	General Exploration	Mineral Concessions	Mineral Concessions	**ended June 30, 2010**
Camp, food and supplies	$ 568	$ 11,986	$ 696	$ -	$ 35,012	$ 48,262
Drafting, maps and printing	57	371	19	-	6,064	6,511
Drilling	-	-	-	-	56,173	56,173
Exploration administration	186	1,672	2,772	-	1,451	6,081
Foreign Exchange	3	16	154	-	-	173
Geochemistry	-	11,089	-	-	8,594	19,683
Geological consulting	2,434	83,192	-	-	56,980	142,606
Other consulting	4,234	325	582	-	3,212	8,353
Legal and accounting	1,633	1,945	8,082	-	-	11,660
Licenses, rights and taxes	-	2,825	2,934	-	2,150	7,909
Linecutting and trenching	-	78	-	-	4,510	4,588
Materials	35	3,995	-	-	33,179	37,209
Maintenance	102	1,305	1,505	-	-	2,912
Miscellaneous	3	392	161	2,197	-	2,753
Medical expenses	1,438	1,326	366	-	-	3,130
Public relations	-	327	-	-	5,840	6,167
Rent and utilities	-	6,618	4,995	-	-	11,613
Rental equipment	-	-	-	-	17,050	17,050
Salaries and wages	9,841	26,718	5,626	-	62,350	104,535
Shipping	97	666	371	-	603	1,737
Telephone and communications	159	1,099	2,435	-	1,765	5,458
Travel and accommodation	4,210	10,405	4,130	-	40,868	59,613
	25,000	166,350	34,828	2,197	335,801	564,176
Expenditures recovered	-	-	-	(41,148)	(66,000)	(107,148)
Balance – end of period	$ 25,000	$ 166,350	$ 34,828	$ (38,951)	$ 269,801	$ 457,028