

RADIUS GOLD INC.
Form 20-F
May 29, 2009

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

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

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

For the fiscal year ended **December 31, 2008**

OR

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

For the transition period from _____ to _____

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

Commission File Number:

001-32556

RADIUS GOLD INC.

(Exact name of Registrant as specified in its charter)

British Columbia, Canada

(Jurisdiction of incorporation or organization)

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

(Address of principal executive offices)

Securities to be registered pursuant to Section 12(b) of the Act:

Title of each class

Name on each exchange on which
registered

None

None

Securities to be registered pursuant to Section 12(g) of the Act:

Common Shares, without par value

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

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53,548,488 Common Shares, no par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ___ No X

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ___ No X

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

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

Large accelerated filer ___ Accelerated filer ___ Non-accelerated filer X

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP []

International Financial Reporting Standards as issued

Other [X]

by the International Accounting Standards Board []

Indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 X Item 18 ___

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No N/A

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GLOSSARY OF TECHNICAL TERMS

In this Annual Report, the following technical terms have the following meanings:

vein , veinlet (small)	A tabular mineral deposit formed within or adjacent to faults or fractures by the deposition of minerals from hydrothermal fluids.
AA	Atomic absorption.
Adit	A passage driven horizontally into a mountainside providing access to a mineral deposit from the surface of the working of a mine.
Ag	The elemental symbol for silver.
alteration	The chemical and mineralogical changes in a rock mass resulting from the passage of hydrothermal fluids.
Anomalous or anomalies	A sample or location in which either (i) the concentration of an element(s) or (ii) geophysical response is significantly different from the average background values that typify an area.
anomaly	The geographical area corresponding to anomalous geochemical or geophysical values.

ha or hectare	An area totaling 10,000 square metres.
Hg	The elemental symbol for mercury.
highly anomalous	An anomaly which is 50 to 100 times average background.
Host rock	The body of rock in which mineralization of economic interest occurs.
hydrothermal	Pertaining to hot fluids, dominantly water, in the earth's crust which may carry metals and other compounds in solution to the site of ore deposition or wall rock alteration.
ICP	A type of assay technique.
intrusive	A rock mass formed below earth's surface from magma which has intruded into a preexisting rock mass
limonite (limonitic)	A mixture of hydrated iron oxides and iron hydroxides. (Pertaining to or containing limonite.)
mesothermal	A hydrothermal ore deposit typically a vein system- formed at intermediate temperatures (200-300°C) and pressures/depths.
mineral resource,	Under CIM standards, a mineral resource is a concentration or occurrence of natural, solid, inorganic or fossilized organic material in
measured mineral resource,	or on the earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The
indicated mineral resource,	location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific
inferred mineral resource	geological evidence and knowledge.

The terms **mineral resource** , **measured mineral resource** , **indicated mineral resource** , and **inferred mineral resource** used in this Joint Information Circular are mining terms defined under CIM standards and used in accordance with Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects. They are not defined terms under United States standards and generally may not be used in documents filed with the SEC by U.S. companies. See **Joint Information Circular** Notice to United States Securityholders .

A mineral resource estimate is based on information on the geology of the deposit and the continuity of mineralization. Assumptions concerning economic and operating parameters, including cut-off grades and economic mining widths, based on factors typical for the type of deposit, may be used if these factors have not been specifically established for the deposit at the time of the mineral resource estimate. A mineral resource is categorized on the basis of the degree of confidence in the estimate of quantity and grade or quality of the deposit, as follows:

inferred mineral resource: Under CIM standards, an inferred mineral

resource is that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

indicated mineral resource: Under CIM standards, an indicated mineral resource is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

measured mineral resource: Under CIM standards, a measured mineral resource is that part of a mineral resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

mineralization

Minerals of value occurring in rocks.

Mt

A million tonnes.

ore

A natural aggregate of one or more minerals which, at a specified time and place may be mined, processed and sold at a profit, or from which some part may profitably be separated.

Ounce / oz

Troy ounce, equal to approximately 31.103 grams.

outcrop

An exposure of rock at the earth's surface.

Paleozoic

The geological era ranging from 600 million to 230 million years ago.

phyllite

A cleaved metamorphic rock having affinities to both schists and slates.

Pleistocene

A division of the Tertiary period.

Pliocene

A division of the Tertiary period.

pseudomorph

One mineral occurring in the crystal form of another.

quartz

	<p>A common rock-forming mineral (SiO₂) that is frequently a dominant constituent of veins, especially those containing gold and silver mineralization.</p>
Quaternary	<p>The latest period of geological time in the stratigraphic column from 0 to 2 million years ago.</p>
RC	<p>Reverse Circulation drilling.</p>
rhyolite	<p>A silica-rich volcanic rock chemically equivalent to granite. Usually light colored, very fine-grained or glassy-looking.</p>
Sb	<p>The elemental symbol for antimony.</p>
scorodite	<p>A hydrated iron arsenate, oxidation product of arsenopyrite.</p>
sericite	<p>A white variety of muscovite mica.</p>
Silicification / silicified	<p>Complete or partial replacement of a rock by quartz, often during hydrothermal alteration.</p>
Stibnite	<p>An antimony sulphide mineral.</p>
stockwork	<p>A densely packed network of small veins, veinlets or fissures which may be filled with mineralized material.</p>
strike	<p>Azimuth of a plane surface aligned at right angles to the dip of the plane used to describe the orientation of stratigraphic units or structures.</p>
Tertiary	<p>The geological period extending from the end of the Cretaceous (65 million years ago) to approximately 2 million years before the present time.</p>
Tl	<p>The elemental symbol for thallium.</p>
Tonne	<p>A metric tonne, 1000 kilograms or 2,204.6 pounds.</p>
travertine	<p>Calcium carbonate deposited by precipitation from carbonate-saturated waters, particularly from hot springs.</p>
UTM	<p>The UTM (Universal Traverse Mercator) system is a world-wide geographic coordinate system defined in meters.</p>

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements within the meaning of section 21E of the United States Securities Exchange Act of 1934, as amended (the Exchange Act), which represent expectations or beliefs of the

Company about future events. These statements can be identified generally by forward-looking words such as *expect*, *believe*, *anticipate*, *plan*, *intend*, *estimate*, *may*, *will* or similar words. Information concerning the anticipated drill results and mineral resource estimates also may be deemed to be forward-looking statements, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those described in Item 3.D. of this Annual Report under the heading, *Risk Factors*, and elsewhere in this Annual Report.

The Company's forward-looking statements contained in this Annual Report are made as of the respective dates set forth in this Annual Report. Such forward-looking statements are based on the beliefs, expectations and opinions of management as of the date the statements are made. The Company does not intend to update these forward-looking statements. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

PART I

Item 1.

Identity of Directors, Senior Management and Advisers.

A.

Directors and Senior Management.

Not Applicable

B.

Advisers.

Not Applicable

C.

Auditors.

Not Applicable

Item 2.

Offer Statistics and Expected Timetable.

Not Applicable

Item 3.

Key Information.

A.

Selected Financial Data.

The following tables set forth and summarize selected consolidated financial data for the Company, prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP). The tables also summarize certain corresponding information prepared in conformity with United States generally accepted accounting principles (U.S. GAAP). Canadian GAAP, as applied to the Company, materially differs from U.S. GAAP, as set forth in Note 16 to the Consolidated Financial Statements of the Company.

The information presented in the tables was extracted from the financial statements of the Company. The information presented for the fiscal years ended December 31, 2008, 2007 and 2006 and as at December 31, 2008, 2007 and 2006 was extracted from financial statements of the Company which were audited by BDO Dunwoody LLP (formerly Amisano Hanson), Chartered Accountants.

The selected financial data should be read in conjunction with Item 5, Operating and Financial Review and Prospects and in conjunction with the Consolidated Financial Statements of the Company and the Notes thereto contained elsewhere in this Annual Report. The Company's fiscal period ends on December 31 of each year.

The following is a summary of certain selected financial information for the Company's most recently completed fiscal year and for the Company's four preceding fiscal years.

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Canadian GAAP

Under Canadian GAAP resource property acquisition costs and exploration costs may be deferred and amortized to the extent they meet certain criteria. Under US GAAP, resource property acquisition costs are considered tangible assets and must be capitalized unless the resource properties do not have proven reserves. The Company has expensed resource property costs as incurred and will capitalize resource property acquisition costs when it has been determined that a resource property can be economically developed as a result of a final feasibility study establishing proven and probable reserves. Costs incurred prospectively to develop the property are capitalized as incurred and are amortized using the units of production method over the estimated life of the ore body based on estimated recoverable ounces mined from proven and probable reserves. Therefore, additional exploration expenses are required under US

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GAAP for the years ended December 31, 2008, 2007 and 2006.

The following information has been reconciled for U.S. GAAP. See Note 16 to the Consolidated Financial Statements of the Company.

	(CDN\$ in 000 s, except per share data)				
	As at 12/31/08	* As at 12/31/07	* As at 12/31/06	* As at 12/31/05	* As at 12/31/04
Working Capital	2,368	6,851	10,830	13,765	17,071
Resource Properties (Cdn GAAP)	13,874	15,923	13,438	13,732	16,820
Resource Properties (US GAAP)	0	0	0	0	0
Long Term Debt (Cdn GAAP)	(886)	(1,437)	(890)	(1,138)	(1,555)
Long Term Debt (US GAAP)	(886)	(1,437)	(890)	(1,138)	(1,555)
Shareholders' Equity (Cdn GAAP)	(15,664)	(21,672)	(23,709)	(26,743)	(32,710)
Shareholders' Equity (US GAAP)	(1,790)	(5,748)	(10,271)	(13,001)	(15,890)
Total Assets (Cdn GAAP)	16,777	23,481	24,823	28,168	34,612
Total Assets (US GAAP)	2,903	7,557	11,385	14,436	17,792

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Revenue	0	0	0	0	0
Net Income(Loss) (Cdn GAAP)	(6,164)	(2,825)	(4,316)	(6,262)	(4,913)
Earnings(Loss) Per Share (Cdn GAAP)	(0.12)	(0.05)	(0.08)	(0.12)	(0.11)
Comprehensive Income(Loss) (US GAAP)	(4,263)	(5,381)	(4,022)	(3,025)	(14,075)
Earnings (Loss)Per Share (US GAAP)	(0.08)	(0.10)	(0.08)	(0.06)	(0.31)
Dividends Per Share (Cdn GAAP)	0	0	0	0	0
Dividends Per Share (US GAAP)	0	0	0	0	0
Wtd.Avg.No.Shares (Cdn GAAP)	53,548	53,426	52,991	52,899	44,917
Wtd.Avg.No.Shares (US GAAP)	53,548	53,426	52,991	52,899	44,917

* Restated to adjust for future income tax liabilities.

Except where otherwise indicated, all information extracted from or based on the Consolidated Financial Statements of the Company are presented in accordance with Canadian GAAP.

No dividends have been declared in any of the years presented above.

Exchange Rate Information

In this Annual Report, unless otherwise specified, all dollar amounts are expressed in Canadian Dollars. References in this document to \$ and CDN\$ refer to Canadian dollars, unless otherwise specified; and references to US\$ refer to US dollars.

The following table sets forth the high and low rates of exchange for the Canadian dollar, expressed as Canadian dollars per U.S. dollar, for each month during the previous six months and the average of such exchange rates during the five most recent years ended December 31. The average rates presented in the table below represent the average of the exchange rates on the last day of each month during a year for the past five fiscal years. Exchange rates represent the noon buying rate in New York City for cable transfers payable in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York. The noon rate of exchange on May 8, 2009 as reported by the United States Federal Reserve Bank of New York for the conversion of Canadian dollars into United States dollars was US\$1.00 = CDN\$1.1580.

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**Exchange Rate U.S. Dollars into
Canadian Dollars**

	High	Low
Month ended April 30, 2009	\$1.2640	\$1.1939
Month ended March 31, 2009	\$1.2995	\$1.2245
Month ended February 28, 2009	\$1.2710	\$1.2190
Month ended January 31, 2009	\$1.2749	\$1.1822
Month ended December 31, 2008	\$1.2971	\$1.1962
Month ended November 30, 2008	\$1.2850	\$1.1502
		Average
Fiscal year ended December 31, 2008		\$1.0679
Fiscal year ended December 31, 2007		\$1.0742
Fiscal year ended December 31, 2006		\$1.1307
Fiscal year ended December 31, 2005		\$1.2083
Fiscal year ended December 31, 2004		\$1.3015

B.**Capitalization and Indebtedness.**

Not Applicable

C.**Reasons for the Offer and Use of Proceeds.**

Not Applicable

D.

Risk Factors.

No Guarantee of Success of Business

There is no assurance that the business of the Company will be successful. At December 31, 2008, the Company had not yet achieved profitable operations, has accumulated losses 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.

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Foreign Countries and Regulatory Requirements

The mineral projects in which the Company has an interest are located in Guatemala, Nicaragua, Peru, Mexico and Ecuador. Mineral exploration and mining activities in these countries may be affected in varying degrees by political instability and government regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Future operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriations of property, environmental legislation and mine safety. For a description of recent political uncertainty over the Ecuadorian government's future intentions towards international mining investment, see Item 4, Information on the Company, Section D, Property and Equipment, Ecuador Cerro Colorado Project herein.

Exploration and Mining Risks

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present, there are no known bodies of commercial ore on any of the Company's properties and the proposed exploration programs are an exploratory search for ore. Unusual or unexpected formation, formation pressures, fires, power outages, labour disruptions, flooding, explorations, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs. Although the management of the Company has experience in the exploration and development of mineral properties, it has relied on and may continue to rely upon consultants and others for exploration and operating expertise. The economics of developing mineral properties is affected by many factors including the cost of operations, variation of the grade of minerals mined and fluctuations in the price of any minerals produced.

Financing Risks

The Company may not have enough financial resources to complete its currently planned work programs on its properties. There is no assurance that sufficient funding will be available to it for all of such work programs or for the further properties that the Company may acquire. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

Uninsurable Risks

Hazards such as unusual or unexpected formations and other conditions are involved in mineral exploration and development. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the Company's financial position.

Titles to Property

While the Company has obtained the usual industry standard title reports with respect to its properties which confirms ownership and that there are no registered encumbrances against the properties, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects or native land claims.

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Permits and Licenses

The operations of the Company may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

Mineral Prices

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect the marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

Competition

The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for the recruitment and retention of qualified employees.

Item 4.

Information on the Company.

A.

History and Development of the Company

The Company was incorporated under the name Radius Explorations Ltd. on September 9, 1997 pursuant to the British Columbia Company Act by registration of its Memorandum and Articles. On July 1, 2004, the Company and PilaGold Inc. amalgamated (the Amalgamation) under the British Columbia Business Corporations Act by registration of a Notice of Articles with the new name Radius Gold Inc. See Item 4D, Property, Plant and Equipment, for information regarding capital expenditures made by the Company on its properties.

B.

Business Overview.

The Company is a natural resource property exploration company in the exploration stage with no history of cash flows from operations. In 1997, it commenced activities by carrying out exploration work in the Yukon Territory, Canada. In 1999, the Company changed its focus to Latin America and acquired property interests in Mexico and Guatemala. In February, 2001, the Company and its joint venture partner, Barrick Gold Corporation, decided to discontinue exploration work on the El Salitre Project in Mexico. In 2003, the Company commenced exploration in Nicaragua, and in 2004, the Company returned to Mexico to investigate several prospective properties. In 2005, the Company conducted property investigations in Colombia and Argentina, and in 2006, acquired an interest in a property in Ecuador. In 2007, the Company was granted options to acquire interests in several properties in Peru. In 2008, the Company signed joint venture agreements to develop its 100% owned Tambor gold deposit in Guatemala, and to further explore the Rubi Property in Peru.

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The current global economic crisis has prompted the Company to implement in late 2008 cut-backs in all grass-roots exploration programs and to re-focus the Company on the generation of targets that can attract joint venture partners upon acquisition. Management is now reviewing prospective, advanced-staged gold projects and strategic opportunities brought about by the current market, while continuing the development of the Tambor Project from which the Company expects to receive cash flow. Currently, the Company has property interests in Guatemala, Nicaragua, Peru, Mexico and Ecuador. (See Property and Equipment, below, and Note 5, Notes to the Financial Statements).

Presently, the Company is in the exploration stage and its properties do not contain a known commercially viable minable deposit. There is no assurance that a commercially viable mineral deposit exists on any of the Company's properties, and further exploration is required before a final evaluation of the economic and legal feasibility is determined.

C.

Organizational Structure.

The following table sets forth the name of each material subsidiary of the Company, the jurisdiction of its incorporation and the direct or indirect percentage ownership by the Company of such subsidiary.

<u>Name</u>	<u>Date of</u>		<u>Percentage</u>
	<u>Incorporation</u>	<u>Jurisdiction</u>	<u>Owned</u>
Exploraciones Minera de Guatemala, S.A.	July 5, 1996	Guatemala	100%
Minerales Sierra Pacifico, S.A.	November 17, 1999	Guatemala	100%
Minerales de Nicaragua S.A.	November 18, 2002	Nicaragua	100%
Radius (Cayman) Inc.	January 31, 2005	Cayman Isl.	100%
Pavon (Cayman) Inc.	January 31, 2005	Cayman Isl.	100%
Geometalos Del Norte-Geonorte, S.A. de C.V.	May 2, 2005	Mexico	100%
Minera Aymara S.A.C. (formerly called Radius Peru S.A.C.)	May 4, 2007	Peru	100%

D.**Property and Equipment**

The Company holds rights to properties in Guatemala, Nicaragua, Peru, Mexico and Ecuador, as set out in the following maps and more particularly described below:

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Central America

South America

Guatemala

In Guatemala, exploration concessions are granted for an initial period of three years. Thereafter, an extension of two years may be obtained, and then a final extension of two years, for a total of seven years. Thereafter, the concession is either converted to an exploitation concession, or forfeited.

In order to keep its properties in Guatemala in good standing, the Company must pay filing fees to the Guatemala government, paid annually in advance, equal to US\$48.81 per square kilometer, or fraction thereof, for the first three years after the granting of a concession, and US\$97.62 per square kilometer, or fraction thereof, for the fourth and fifth years, if so extended, and US\$146.43 per square kilometer, or fraction thereof, for the sixth and seventh years, if so extended. The Company must also file annual exploration reports.

1.

Tambor Project

The Tambor Property consists of seven exploration concessions located in south-central Guatemala as set out in the following map:

The concessions are described as follows:

<u>Name</u>	<u>Size (Hectares)</u>	<u>Expiry Date</u>
Santa Margarita Derivada	2000.00	February 4, 2009; exploitation license applied for January 21, 2009
Carlos Antonio	335.00	November 11, 2009
El Injerto	45.00	October 31, 2009
La Laguna	187.50	October 29, 2009

Progreso VII Derivada	2,000.00 Nov. 6, 2008; exploitation license applied for October 20, 2008
Marga	75.00 applied for September 9, 2008
Las Navajas	<u>1,519.42</u> applied for November 12, 2008 6,161.92

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The Company entered into an agreement in 2001 with Orogen Holding (BVI) Limited (Orogen), an affiliate of Gold Fields Explorations Inc., pursuant to which Orogen acquired the right to acquire a 55% beneficial interest in the Tambor Project in consideration for incurring exploration expenses of at least US\$5,000,000. Orogen subsequently conducted exploration work on the Tambor Project in the approximate amount of US\$3,250,000. In 2003, the Company re-acquired from Orogen all of its interest in the Tambor Project in consideration for the issuance and delivery of 1,300,000 common shares of the Company (issued) to Orogen.

During the year ended December 31, 2004, the Company granted an option to Fortuna Silver Mines Inc. (Fortuna) to earn a 60% interest in the El Tambor Project in consideration of Fortuna incurring exploration expenditures totalling US\$4,000,000 over four years. During the year ended December 31, 2005, this agreement was terminated by Fortuna.

In June 2008, the Company granted to Kappes, Cassiday & Associates (KCA) the right to earn a 51% interest in the Tambor Project by spending a total of US\$6.5M on the property within 4 years through staged annual expenditure commitments, or by putting the property into commercial production within 4 years. When KCA has earned its 51%, a joint venture will be formed between KCA and the Company.

Once commercial production has been achieved, KCA will receive preferential payback of 75% (Radius 25%) of after-tax cash flow from initial production until it receives an amount equal to its investment, less US\$2 million. At that point, the Company will receive 75% of the after-tax cash flow (KCA 25%) until it too receives the amount of preferential cash flow received by KCA, after which revenues will be split on a 51:49 basis (KCA:Radius).

In January 2004, the Company obtained a National Instrument 43-101 Technical Report compliant gold resource estimate on the Tambor Project for Radius. There are no material changes to the property since the date of this report. The Technical Report has been filed in SEDAR.com. The following is a summary of the Technical Report.

Exploration and Development History

The Tambor Project is located in south-central Guatemala. Tambor is a metasediment and greenstone hosted, structurally controlled mesothermal lode gold deposit. Quartz-gold-arsenopyrite mineralization occurs in veins and breccias localized by kink bands in sheared host rocks. The project hosts at least 13 gold-bearing mineral occurrences spread over a 14km by 6km area.

The Tambor property received progressively more-detailed work programs between 2000 and 2003. The bulk of the work was completed by Gold Fields Ltd. who formed a joint venture with The Company in 2001 to explore the property. The initial exploration program included the establishment of 100 line-kilometers of grid and soil sampling. A total of 3,958 soil samples were collected over an 11 square kilometer area. The grid area was also geologically mapped and over 1,400 rocks samples were collected along the 7-kilometer gold trend.

Early work focused on the Bella Vista area, including the Laguna North, Laguna South and JNL targets and on the Tierra Blanca area, all in the western end of the JV property. In the Bella Vista area, 15 hand trenches were excavated on six of the nine known soil anomalies.

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During 2002, Gold Fields conducted initial scout drilling on seven areas, mainly on the western end and east end of the JV properties. Of these seven areas, only the Laguna North area has received follow up drilling. In the final months of 2002, high grade quartz vein hosted mineralization with visible gold was located at Guapinol South. Hand excavated trenches there returned values up to 10.1m of 31g/t Au in trench GP-5.

In early 2003, Gold Fields made a new high grade discovery 200 m east of the Guapinol South veins in an area called Poza del Coyote. The first trench on this zone returned a high-grade core of 10.93m at 66.83 g/t Au within a broader lower grade mineralized zone. An initial ten-hole reverse circulation (RC) drilling program returned high grade intercepts in five holes with moderate-grade intercepts in four additional holes.

After completing the first stage drilling at Poza del Coyote, Gold Fields moved a core drill onto the Guapinol South area and had completed 31 core holes by the end of July 2003. About half the holes had high grade intercepts, although some were fairly narrow (1.5 to 2.0 meter core length). The core drill was then moved to Poza del Coyote and the Cliff Zone between there and Coyote. The results from the cliff zone returned some high grade intercepts.

In late 2003, the Company commissioned the calculation of a resource estimate on Tambor which was completed in January 2004 (see above).

During February and March 2004, the Company completed a geophysical orientation survey over the Tambor gold project in Guatemala. The survey was designed to test the suitability of a new 3D Induced Polarization (IP) method to locate additional mineralization. A total of 18 line km of surveying was completed on the Guapinol and Laguna Norte zones, over drill sections containing known mineralized intercepts. Initial interpretations suggest that there is a correlation between the known geochemical anomalies and the 3D IP geophysical anomalies.

During late 2006, the Company initiated the planning and development of an underground exploration adit on the Guapinol zone at Tambor. In early 2007 permits were obtained and underground exploration commenced at the Tambor project by way of an exploration drift to access the high grade gold zones at Guapinol. The primary objective of the underground work was to provide information on the structural controls, continuity and grade of the high grade gold mineralization and hence the potential to develop additional resources. In July 2007, the exploration adit intersected the target vein as planned 202.1m into the hill. The width of the vein exposure in the main tunnel was 3.2m, with a dip of 75° for a true width of 3.09m. Diamond drill hole PDD-03-033, first reported in Radius's news release dated August 13, 2003, returned 80.5g/t Au over 5.3m from a quartz vein. The vein was sampled on both sidewalls of the adit and gave results of:

74.5 g/t Au over 3.40m (includes 0.2m of quartz veining on HW) from the vein on the east tunnel wall (est. true width 3.28m)

77.7 g/t Au over 2.40m from the vein on the west tunnel wall (est. true width 2.32m)

In order to understand the continuity of the mineralized structure and plunge of the vein, four crosscuts were excavated underground: 2 parallel and to the west of the main drift (CW-1 & 2), and 2 parallel and to the east of the main drift (CE1 & 2). All four cross cuts intercepted the zone and confirmed the continuity of the shoot and demonstrated the assumed easterly-dipping plunge to the high grade mineralized.

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Geology, Mineral Deposits and Resources

Current understanding of the gold mineralization on the Tambor property suggests that it is a classic example of an orogenic (mesothermal) lode gold deposit. Specifically, Tambor is a metasediment and greenstone hosted, structurally controlled mesothermal lode gold deposit. Quartz-gold-arsenopyrite mineralization occurs in veins and breccias localized by kink bands in sheared host rocks. The project hosts at least 13 gold-bearing mineral occurrences spread over a 14km by 6km area.

Gold mineralization is associated with the convergence of the North American and Caribbean plates along major structures which evolved from transpressional to transcurrent movement. Mineralization is post-peak metamorphism. The gold zones are structurally controlled discordant veins, quartz-crush zones and vein stock works associated with shear zones.

Gold Fields prepared several resource estimates for Tambor JV properties but has not made them public. The main part of the resource is in the Guapinol South, Cliff and Poza del Coyote area.

The NI43-101 compliant gold resource estimate for the Tambor Gold Project. Tambor contains 216,000 ounces of gold in inferred resources and 57,800 ounces in indicated resources. The definitions of the measured, indicated and inferred resources conform to CIM Guidelines as defined in CIM Standards on the Mineral Resources and Reserves Definitions and Guidelines, dated August 20, 2000.

The resource estimate is tabulated below:

Cautionary Note to U.S. Investors concerning estimates of Indicated Resources

This section uses the term indicated resources . We advise U.S. investors that while those terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize them. **U.S. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be**

converted into reserves.

Tambor: Indicated Resource Estimate

Area	Tonnes	Grade (g/t Au)	Contained Gold (Ounces)
Guapinol South Cliff Zone	336,000	3.910	42,200
Poza del Coyote	120,000	4.024	15,500
Total	456,000	3.940	57,800

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Cautionary Note to U.S. Investors concerning estimates of Inferred Resources

This section uses the term inferred resources . We advise U.S. investors that while this term is recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize it. Inferred resources have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. **U.S. investors are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable.**

Tambor: Inferred Resource Estimate

Area	Tonnes	Grade (g/t Au)	Contained Gold (Ounces)
Guapinol South Cliff Zone	368,000	5.325	63,000
Poza del Coyote	228,000	4.219	31,000
Laguna North	1,951,000	1.950	122,200
Total	2,547,000	2.641	216,200

To assess the mineable continuity of a deposit and hence how far resources may reasonably be projected, the estimate used indicator variograms at an approximate mining cutoff. Using reasonable economic criteria in effect when the resource estimate was prepared in late 2003 of: a gold price of \$250 per ounce; gold recovery of 70% for a heap leach operation; and an operating cost of \$4.00 per tonne, results in a calculated economic cutoff grade of 0.5 g/t Au. For purposes of the initial resource assessment, a cutoff grade of 0.3 g/t Au was selected.

A cutoff grade of 0.3 g/t Au is considered appropriate for resource estimation because of the demonstrated continuity of gold mineralization at this grade. Material included in the resource having a grade between 0.3 g/t Au and 0.5 g/t Au can be considered internal dilution that may need to be mined with the ore. The average grade of the resource estimate at the 0.3 g/t Au cutoff is 2.83 g/t Au, well above the economic cutoff grade. It should be noted that selection of a final cutoff for the deposit will require detailed metallurgical testing.

Core drilling in 2003 defined a NI43-101 resource estimate of 57,800 ounces gold in the indicated category, and 216,200 ounces gold in the inferred category (see Radius press release dated December 10, 2003). This resource was established within a 1km strike length of a soil anomaly that is consistent for over 14 km.

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Sample Collection, Preparation and Analysis

A rigorous Quality Assurance/Quality Control approach was adopted by Goldfields throughout the programme and all data supplied to Radius was reviewed by a Qualified Person according to Ni 43-101 to ensure reliable results. Samples were prepared at Rocky Mountain Geochemical/BSi Inspectorate Laboratories in Guatemala City. BSi is a subsidiary of Inspectorate America Corporation, a ISO 9002-certified laboratory. Rock samples were crushed to minus 10 mesh and a 300 gramme sub-sample was pulverized to minus 200 mesh. These Pulps were flown to Reno, Nevada for analysis at Rocky Mountains geochemical laboratory. Gold was assayed by a 30g Fire Assay/Atomic Absorption and for 30 additional elements by aqua regia ICP. All rock samples returning >1 g/t Au were subsequently re-assayed by 30 gramme fire assay with gravimetric finish. Sample standards, blanks and duplicates account for approximately 10 percent of samples which were inserted into the sample stream, and duplicate samples were also sent to a second laboratory for gold check analysis. Goldfields also completed metallic sieve analysis on selected mineralized intervals from Guapinol South drilling and results indicated that normal for assays are good indicators of the total gold content

of the samples.

Future Development

In February 2008, the Company announced the results of metallurgical testwork performed on a 90kg sample collected from underground workings. The results were very encouraging and confirm the free milling, coarse grained nature of the gold at Tambor and its amenability to gravity pre-concentration as the principal method of recovery, followed by either cyanidation or flotation. The sample head grade ranged from 36 g/t to 40.7 g/t Au.

In June 2008, the Company granted to KCA the right to develop, and earn an interest in, the Tambor Project. The agreement calls for an initial 150 tonne per day operation from both underground and surface pits, exploiting gold mineralization hosted by a series of high-grade mesothermal quartz veins and stockworks. Metallurgical test work by both Gold Fields and Radius indicates that most of the gold is coarse and free milling, and recoveries of up to 66 percent can be achieved using gravity concentration alone.

KCA has begun the permitting process for a small gold operation at Tambor, with plant construction and production planned for 2009.

There has been no mining surface development conducted at Tambor other than surface exploration trenching of soil anomalies.

2.

Banderas Project

The Company holds a 100% interest in the Banderas Project which consists of two exploration concessions more particularly described as follows:

<u>Concession Name</u>	<u>Size (Hectares)</u>	<u>Expiry Date</u>
Joyita	9,446.96	February 26, 2009; extension applied for September 9, 2008
El Dorado	<u>2,000.00</u> 11,446.96	July 5, 2009

During the year ended December 31, 2004, the Company entered into an agreement with Glamis, giving Glamis an option to explore and develop the Banderas and Marimba properties. The agreement gave Glamis the right to acquire a 51% interest in the properties by spending US\$4 million over a four-year period. During the year ended December

31, 2006, Glamis terminated its option on these properties.

During 2005, the Company explored additional areas around the Banderas Project. Since then, no significant work has been conducted on the Banderas Project and management is not currently planning to do any exploration work on this Project.

No Resource or Reserve has been defined within the Banderas Project. No underground exploration has occurred on the Banderas Project. No surface equipment or plant exists at the Banderas Project.

Nicaragua

In Nicaragua, concessions are granted for 25 years. In order to keep its properties in good standing the Company must pay yearly filing fees as follows:

<u>Year</u>	<u>US\$ per hectare per year</u>
1	\$0.25
2	\$0.75
3, 4	\$1.50
5, 6	\$3.00
7, 8	\$4.00
9, 10	\$8.00
11 - 25	\$12.00

One-half of each yearly payment must be paid in January and the second half in July. The Company must also file annual exploration reports.

1.

Trébol Property

The Trébol Property is comprised of two granted exploration concessions located within the Region Autonoma Atlantico Norte (RAAN) in north-eastern Nicaragua, as set out in the following map:

The concessions are described as follows:

<u>Name</u>	<u>Size (Hectares)</u>	<u>Expiry Date</u>
La Amapola	13,809.90	April 19, 2032
El Trébol	<u>28,383.17</u>	April 19, 2032
	42,193.07	

Trébol is a gold-bearing epithermal system discovered by Radius during stream sediment sampling and reconnaissance exploration rock sampling in the RAAN. Mineralization is associated with a trend of anastomosing low-lying ridges that can be traced over 6 kilometers in strike length, which form part of a larger prospective terrain of topographic anomalies. Mineralization is associated with a range of silicification textures including chalcedonic banded/colloform quartz veining, breccias and stockworks, typical of low sulphidation epithermal systems. Rock exposures at Trébol are severely restricted due to dense vegetation and soil cover. Trench sampling results from an initial 4 trenches located in the southwestern part of the trend were reported in May 2007 and included assays of 18.0m @ 1.34 g/t Au (TRSD-03), and 10.5m @ 9.1 g/t Au (TRSD-04) which included 0.75m @ 13.1 g/t Au and 0.75m @ 66.2 g/t Au with abundant visible gold observed associated with manganese and iron oxides. Further trench results were released since, including the results from trenches TRSD-03 and TRSD-04 that were extended. A total of 17 trenches have now been excavated to date over a strike length of approximately 7 km.

The trench results confirm the observation that gold grades are generally consistent within each trench but average values vary from trench to trench over the strike length of the zone. All trenches generally start and end in altered and mineralized rock.

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After Radius' s work was cut short by the widespread devastation caused throughout the region by Hurricane Felix in September 2007, exploration work resumed in January 2008. New access routes were installed, a new camp was constructed, and further trenching and soil geochemical surveys were completed. Reconnaissance sampling of sub-crop and float associated with adjacent ridges up to several kilometres away from the main zone at Trébol have assayed from trace to 12.8 g/t Au.

A diamond drill program consisting of 963 metres in nine holes collared in the southwest part of the property was completed in August 2008. Gold mineralization is associated with shallow, tabular silicified zones, with several holes drilling mineralized intercepts exceeding 50m in true thickness (TRDH-08-05 - 53.4m @ 1.35 g/t Au, TRDH-08-08 - 50.5m @ 0.61 g/t Au). Further evaluation by drilling is required to test for the property' s shallow, pitable resource potential as well potential for high grade gold mineralization at depths in areas to date untested, and the Company has received expressions of interest from third parties regarding El Trébol.

All work is being funded from the Company' s existing cash resources, and the work is supervised by the Company' s Vice-President of Exploration.

No Resource or Reserve has been defined within the Trébol Property. No underground exploration has occurred on the Trébol Property. No surface equipment or plant exists at the Trébol Property.

2.

Natividad Project

Natividad is located in central Nicaragua, a 5 hour drive from Managua and about 1 hour from the town of Waslala. It outcrops on a main road and access to most parts of the project area is possible by foot or on horse back. It is located in a hilly agricultural region largely given over to cattle grazing. The original forest cover has been cut down over many years by slash and burn farmers. The Natividad property consists of one granted exploration concession, as set out in the following map:

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The concession is described as follows:

<u>Name</u>	<u>Size (Hectares)</u>	<u>Expiry Date</u>
Natividad	1,301.10	February 11, 2029

The Company entered into a joint venture agreement with Meridian on September 22, 2004, with an effective date of May 25, 2005, giving Meridian the option to acquire a 60% interest in the Natividad Project. Towards earning the interest, Meridian spent a minimum of US\$4.0 million on the property, having completed a total of 43 holes in 2005, and an additional 27 holes in the second phase as of September 30, 2006 (a total of 4,430m of drilling). The 2006 drilling tested the Manceras, Las Brisas, Ahumada, Pavon Central and Pavon North veins. In October, Meridian received permission to drill at the Las Vallas zone and approximately 1,000m was drilled in the last months of the year.

In January 2007, Meridian completed its work at Natividad. No further results of interest were received and Meridian withdrew from the joint venture and completed rehabilitation of the camp and drill pads. The property and all data have been returned to the Company. Overall the results from the three drill campaigns were disappointing and failed to extend the mineralized shoots intersected. Strong veining with highly favourable textures was intersected but results generally failed to exceed 2 g/t gold.

The Company consequently has reduced the size of the property to 1,301 hectares, to cover the main area of mineralization. Drilling by Meridian showed that the best values and wider vein zones start from surface and extend to approximately 100m depth. The Company believes that further infill drilling at Natividad could define a shallow, open-pittable gold resource and management is actively looking to joint venture the Project.

No Resource or Reserve has been defined within the Natividad Project. No underground exploration has occurred on the Natividad Project. No surface equipment or plant exists at the Natividad Project.

3.

La Flor Property

The La Flor Property consists of one granted concession located within the RAAN of north-eastern Nicaragua, described as follows:

<u>Name</u>	<u>Size (Hectares)</u>	<u>Expiry Date</u>
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La Flor	15,604.85	April 19, 2032
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Work conducted by Radius during 2007 and 2008 included trenching and mapping of known veins focused around the historic Linda Ventura vein, and prospecting and trenching of known mineralized areas elsewhere on the property.

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La Flor contains several trends of low sulphidation, quartz-adularia veins hosted within Tertiary-aged volcanic andesites and pyroclastic rocks. The eastern-most trend, Linda Ventura, is approximately 6m wide and comprises central banded chalcedony-adularia in a surrounding quartz-stockwork envelope. The main vein was traced for 1.1km, and additional veins were exposed by trenching. Although the best trench sampled averaged 6m @ 4.82 g/t Au, a detailed soil survey indicated that the strike length of the vein system is limited. Several gold-in-soil anomalies defined in the south of the property were followed up by trenching and sampling; however results were somewhat disappointing and the Company is considering various possible strategies for this property.

All work is being funded from Radius's existing cash resources, and the work is supervised by the Company's Vice-President of Exploration.

No Resource or Reserve has been defined within the La Flor Property. No underground exploration has occurred on the La Flor Property. No surface equipment or plant exists at the La Flor Property.

Peru

In Peru, concessions are granted for one year and are extendable indefinitely in one-year increments upon paying the annual fees to the government. In 2007, the Company commenced an investigation of opportunities and properties in Peru for potential acquisition and exploration. The Company has an interest in the following properties in Peru:

1.

Rubi Property

In August 2007, the Company was granted an option to acquire a 100% interest in the Rubi Property, Peru which currently consists of five granted concessions as follows:

<u>Name</u>	<u>Size (Hectares)</u>
San Sebastian	260.3395
San Sebastian 4	655.3104
San Sebastian 5	302.1410
San Sebastian 6	100.0000
Minas Rubi No. 01	<u>600.0140</u>
	1,917.8049

In connection with the granting of this option, the Company paid to each of Miroslav Kalinaj and John Sutcliffe a finder's fee of \$10,000 and 25,000 shares. These individuals are at arms-length to the Company.

In October 2008, the Company entered into an agreement with International Minerals Corporation (IMC) for further exploration of the Rubi Project. Under a revised agreement with the property owner, the Company and IMC, as joint venture partners in a newly formed Peruvian company (JVCO), can earn 100% of the Project by making a series of payments and exploration expenditure commitments, comprising:

- US\$75,000 on signing of the revised agreement (paid)
- Investing US\$400,000 in exploration and paying US\$150,000 on the first anniversary
- Investing US\$600,000 in exploration and paying US\$300,000 on the 2nd Anniversary
- Investing US\$1,000,000 in exploration and paying US\$600,000 on the 3rd Anniversary
- Investing US\$1,000,000 in exploration and paying US\$1,875,000 on the 4th anniversary

The property owner will also retain a 2 percent Net Smelter Return royalty, with JVCO having a right of first offer to purchase such royalty.

IMC can earn its 60% interest in JVCO by paying the initial signing fee (paid) and by funding the first year's exploration expenditures on the Rubi project, for a total of US\$475,000. The exploration and cash payments over the remainder of the term will be funded by JVCO (60% IMC, 40% Radius) with each party subject to standard dilution requirements for non-contribution of funds.

Radius conducted its initial exploration on the property in late 2007, incorporating regional scale mapping over the property, and prospect-scale mapping in the Minas Rubi, San Andres, Minas Chapi and San Sebastien areas, including rehabilitation of underground tunnels at Rubi and underground channel sampling. A total of 594 rock channel samples were taken for assay.

In the Minas Rubi area, the main target area, a more robust series of quartz-calcite veins shows a deep oxidation profile to approximately 80m depth, undoubtedly controlled by regional north-south faulting. Secondary mineralization, occurring as hydrothermal breccia bodies, was mapped south-east of Minas Chapi and San Sebastien Areas, and as isolated areas of silicification and oxidation north and east of San Andres. A total of 222 surface rock chip channel samples were taken and 49 underground samples. Best results in Au and Ag are concentrated in the northern part of the property along the Chorla Rica vein and associated structures. Gold grades from trace up to 12.4 g/t Au and 663 g/t Ag were received and average around 1 to 2 metres in width. Samples taken underground in old re-habilitated adits showed a continuation of gold and silver mineralization from surface. In the past, the near-surface strongly oxidized parts of the Chirulin and Rio Azul veins were exploited by Banco Minero and more recently by informal miners.

Geological mapping and surface sampling has been completed by IMC, and a preliminary drill program commenced in April 2009.

No Resource or Reserve has been defined within the Rubi Project. No underground exploration has occurred on the Rubi Project. No surface equipment or plant exists at the Rubi Project.

2.

Nueva California

Subsequent to the 2008 year end, the Company was granted an option (the Option) to acquire a 100% interest in the Nueva California gold property located in north-central Peru. To earn the 100% interest, the Company must spend US\$3 million in exploration, and make a series of payments to the property owner (a private Peruvian company) totaling US\$3 million, over a period of 4 years. In the first year, the Company must make payments of US\$150,000 to the owner (of which US\$50,000 was paid on signing) and exploration expenditures of US\$200,000. If the Option is exercised, the Company must pay to the owner US\$4 per ounce of gold defined in the reserve category as determined by a bankable feasibility study, and US\$4 per ounce of gold produced during a 6-year period thereafter that is over and above the number of ounces defined in such a study, up to a maximum of 2.5 million ounces, or US\$10 million.

The Company has also agreed to assign the Option to Focus Ventures Ltd. (Focus). Focus has up to 180 days to conduct due diligence work on the Property, and if it decides to proceed, Focus will assume all of Radius's obligations under the Option, will issue to Radius 1,000,000 common shares in the capital of Focus at a deemed price of \$0.20 per share, pay to Radius \$50,000 cash, and grant to Radius a 1.5% net smelter return royalty on the Property. Radius and Focus have common directors and officers, and the agreement between the two companies is subject to TSX Venture Exchange approval.

No Resource or Reserve has been defined within the Nueva California Property. No underground exploration has occurred on the Nueva California Property. No surface equipment or plant exists at the Nueva California Property.

Mexico

The Company commenced exploring the states of Chiapas and Oaxaca in late 2006. Target identification and compilation work has consisted of structural and clay-iron alteration analysis of remote sensing imagery, compilation of available geochemical databases and mineral occurrences, with emphasis on follow-up of targets by prospecting and stream sediment geochemistry. Generative work resulted in five areas assessed in 2007 and eight concessions were staked in Oaxaca and Chiapas. After conducting exploration work on these concessions, management of Radius decided in late 2008 to continue with only the Tlacolula Property.

Tlacolula Property

The Tlacolula Property consists of one granted exploration concession, described as follows:

<u>Name</u>	<u>Size (Hectares)</u>	<u>Expiry Date</u>
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Reduccion Tlacolula 2	12,642	November 21, 2057
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Initial work on the Property in 2007 included stream sediments sampling and prospecting, from which several stream sediment anomalies resulted with values ranging up to 0.82 g/t Ag and up to 0.05 g/t Au. Follow-up work of one of these anomalies, 43km E-SE of the city of Oaxaca and northeast of the Taviche district, identified a >1km long north-northwest trending zone, called San Pablo Güila, of argillic alteration in andesites some 30 to 40m wide, with veins and breccia zones composed of mainly calcite and lesser quartz. Disseminated pyrargyrite, acanthite, and pyrite are observed in the veins and in the breccias. Twelve trenches were dug and sampled along a 670m strike length, confirming the presence of high grade silver mineralization, with results including a high of 1.3kg Ag / 0.3m in a small adit, and 199g/t Ag / 12.4m (incl. 366g/t Ag / 4.8m). It is interpreted that the upper levels of an epithermal vein system are exposed, with significant down dip potential.

The San Pablo Güila mineralization is high priority for drilling. Several other areas require follow-up, including at Teotitlan del Valle, an area of gold-bearing quartz veins ranging from 0.35 to 1.3m wide, with local vein zones up to 5.15m wide, which were identified by follow-up of regional drainage geochemical anomalies. The best gold values exceed +10 g/t Au with 29 g/t Ag/0.8m, while the best Ag value is 53.1 g/t Ag with 0.33 g/t Au/5.15m. There are several veins, up to 800m in strike length, which due to poor exposure, are evident mainly in the numerous small pits and collapsed adits. This suggests the possibility of additional veins in the area.

As the district is mainly silver, a joint venture partner is being sought to advance this property.

All work on the Tlacolula Property is being funded from Radius's existing cash resources, and the work is supervised by the Company's Vice-President of Exploration.

No Resource or Reserve has been defined within the Tlacolula Property. No underground exploration has occurred on the Tlacolula Property. No surface equipment or plant exists at the Tlacolula Property.

Ecuador

Cerro Colorado Project

In 2006, the Company was granted an option to acquire a 70% interest in the Cerro Colorado high sulphidation gold project in Azuay Province, southern Peru. Due to recent political uncertainty over the Ecuadorian government's future intentions towards international mining investment, management adopted a low key approach towards progressing Cerro Colorado. Throughout 2007 and 2008, work at Cerro Colorado focused on community relations to try securing permission from the local community to drill the Project, however little progress was made. In April 2008, Ecuador's Constituent Assembly adopted a Mining Mandate that invoked an immediate 180-day suspension of activities on virtually all mining concessions in Ecuador. The mandate also declared that any concessions that have not received investment in exploration or which have not submitted a Environment Impact Assessment or conducted the prior consultation process, including those pending an administrative resolution, will be deemed cancelled. As a result of this political uncertainty, along with the current global economic conditions, the Company does not expect to proceed with the Cerro Colorado Project before the option expires in November 2009.

No Resource or Reserve has been defined within the Cerro Colorado Property. No underground exploration has occurred on the Cerro Colorado Property. No surface equipment or plant exists at the Cerro Colorado Property.

Item 5.

Operating and Financial Review and Prospects.

Overview

At the date of this Annual Report, the Company has not been able to identify a known body of commercial grade ore on any of its properties, and the ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company being able to identify a commercial ore body, to finance its exploration costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property, or being able to realize the costs incurred on a subsequent disposal of the property.

The following discussion and analysis of the financial condition and operating results of the Company for the three years ended December 31, 2008, 2007 and 2006 should be read in conjunction with the Consolidated Financial Statements and related notes to the financial statements which have been prepared in accordance with Canadian GAAP. The discussion and analysis set forth below covers the results measured under Canadian GAAP. Material differences between the application of Canadian GAAP and U.S. GAAP to the Company's audited financial statements exist as described in Note 16 to the Consolidated Financial Statements.

Strategic Transaction

In 2004, Radius Explorations Ltd. and PilaGold Inc. amalgamated (the "Amalgamation") and continued as one company, Radius Gold Inc., pursuant to the provisions of the British Columbia Business Corporations Act. The holders of Radius Explorations shares received one (1) Radius Gold share for every one (1) Radius Explorations share held, and PilaGold shareholders received one (1) Radius Gold share for every two and one-quarter (2.25) PilaGold shares held.

A.

Operating Results.

Critical Accounting Policies

Management has prepared the consolidated financial statements of the Company in accordance with Canadian generally accepted accounting principles which conform, in all material respects, with those generally accepted in the United States of America, except as explained in Note 16. Changes in the Company's accounting policies implemented since January 1, 2008 are detailed in Note 2 of the financial statements. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgement and within the framework of the significant accounting policies summarized below.

a)

Principles of Consolidation

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

i)

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

ii)

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

iii)

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

iv)

Radius Panamá Corporation, Weltern Resources Corp. and Corporación Geológica de Panamá, companies incorporated under the laws of Panamá.

v)

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

vi)

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

vii)

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

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

b)

Cash and Cash Equivalents

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

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c)

Marketable Securities

Marketable securities are recorded at market value as they are considered available-for-sale. Included in marketable securities are 7,406 common shares of a company with directors in common. The portfolio of marketable securities consists of short term notes with a yield range of 1.62% - 3.71% (2007: 4.02% - 4.38%), Government of Canada bonds with a yield range of 0.98% - 3.54% (2007: 3.82% - 4.75%), Canadian provincial government bonds with a yield range of 0.83% - 4.41% (2007: 4.07% - 6.13%), corporate bonds with a yield range of 3.47% - 8.27% (2007: 4.33% - 6.17%), pool fund bonds with a yield range of 4.64% - 5.04% (2007:4.62% - 4.87%), and preferred equities with a yield range of 4.48% - 7.97% (2007: 4.38% - 5.69%). Unrealized loss of \$8,692 (2007- \$71,475) were recorded in other comprehensive income.

d)

Mineral Properties

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Costs of producing properties will be amortized on a unit of production basis and costs of abandoned properties are written-off. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

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

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

e)

Property, Equipment and Amortization

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

Leasehold improvements	5 years straight-line
Trucks	4 - 8 years straight-line
Computer equipment	25% - 50% declining balance
Furniture and equipment	20% declining balance
Geophysical equipment	20% declining balance
Website	30% declining balance

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

f)

Basic and Diluted Loss Per Share

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

For the years ended December 31, 2008, 2007 and 2006, potentially dilutive common shares (relating to options outstanding at year-end) totalling 5,025,000 (2007: 5,150,000; 2006: 3,475,000) were not included in the computation of loss per share because their effect was anti-dilutive.

g)

Income Taxes

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

h)

Foreign Currency Translation

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

i)

Stock-based Compensation

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

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

j)

Asset Retirement Obligation

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

At December 31, 2008 and 2007, the fair value of the mineral properties site restoration costs is not significant.

k)

Impairment of Long-lived Assets

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

l)

Financial Instruments

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets, or other financial liabilities. All financial instruments and derivatives are measured on the trade date at fair value upon initial recognition. Subsequent measurement depends on the initial classification of the instrument. Held-for-trading financial assets are measured at fair value, with changes in fair value recorded in net income. Available-for-sale financial assets are measured at fair value, with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost. All derivative instruments, including embedded derivatives, are recorded on the balance sheet at fair value unless they qualify for the normal sales and purchases exemption. Changes in the fair value of derivatives that are not exempt are recorded in the statement of operations. Transaction costs on the acquisition of financial assets and liabilities that are classified as other than held-for trading are expensed.

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.

Effective January 1, 2008, the Company implemented the new Canadian Institute of Chartered Accountants (CICA) accounting sections: 3862 (Financial Instruments Disclosure), 3863 (Financial Instruments Presentation), which replaced section 3861 Financial Instruments Disclosures and Presentation.

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These new standards revise and enhance the disclosure requirements, and carry forward, substantially unchanged, the presentation requirements. Sections 3862 and 3863 emphasize the significance of financial instruments for the entity's financial position and performance, the nature and extent of the risks arising from financial instruments, and how these risks are managed. These new standards are applicable to interim and annual periods relating to fiscal years beginning on or after October 1, 2007. These new Sections relate to disclosure and presentation only and there was no impact on the Company's financial results for the current fiscal year.

As at December 31, 2008, 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's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and interest rate risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. 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 December 31, 2008, cash totalling \$270,878 (2007 - \$1,118,436) was held in US dollars, \$43,630 (2007 - \$8,506) in Nicaragua Cordoba, \$14,268 (2007 - \$9,474) in Guatemala Quetzal, \$7,527 (2007 - \$2,550) in Mexican Pesos and \$1,168 (2007 - \$nil) in Peruvian Sols.

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 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 and the Company's holdings of cash and cash equivalents and marketable securities. The Company believes that these sources will be sufficient to cover the likely short and long-term requirements.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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.

Derivatives and Hedge Accounting

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

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Comprehensive Income

Comprehensive income is composed of the Company's earnings and other comprehensive income. Other comprehensive income includes unrealized gains and losses on available-for-sale securities, all net of income taxes.

Cumulative changes in other comprehensive loss will be included in accumulated other comprehensive loss which will be presented as a new category in shareholders' equity.

m)

Capital Management

Effective January 1, 2008, the Company implemented the new CICA accounting section 1535 (Capital Disclosures).

Section 1535 specifies the disclosure of (i) an entity's objectives, policies, and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. This new Section relates to disclosure and there was no impact on the Company's financial results for the current fiscal year.

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.

The Company is not subject to any external capital requirements.

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 year ended December 31, 2008. 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 and in marketable securities consisting of

short term notes, Government of Canada bonds, Canadian provincial government bonds, corporate bonds, pool fund bonds and preferred equities. 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 will be sufficient to carry out its exploration programs and operating costs for the next twelve months. However, in response to current global financial market crisis, the Company has taken steps to reduce operating and exploration expenditures to preserve its capital resources as much as possible until such time that conditions improve.

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n)

Going Concern

The Accounting Standards Board amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity's ability to continue as a going concern. When management is aware of material uncertainties related to events or conditions that may cast doubt on an entity's ability to continue as a going concern, those uncertainties must be disclosed. In assessing the appropriateness of the going concern assumption, the standard requires management to consider all available information about the future, which is at least, but not limited to, twelve months from the balance sheet date. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The adoption of this new standard did not have a material impact on the financial statements for the periods presented.

o)

Value-added Taxes Recoverable

The Company incurred value-added taxes (VAT) in Mexico during the years ended December 31, 2008 and 2007 which relates to mineral property expenditures and other expenses. Due to the uncertainty surrounding the collection, the Company has classified the amounts as long-term asset.

Results of Operations

Year Ended December 31, 2008 compared to December 31, 2007

For the fiscal year ended December 31, 2008, the Company had a consolidated net loss before income taxes of \$6,715,219 compared to \$2,277,659 for the fiscal year ended December 31, 2007. The primary reason for the increase is mineral property write-offs of \$5,741,075. The Company had dropped numerous properties that it was no longer interested in and wrote down three of its existing properties to better reflect their carrying cost. All regional exploration expenditures not attributable to a specific property were also written off in 2008. The Company experienced a loss on the sale of marketable securities in 2008 totalling \$86,145 (\$130,389 in 2007) which was due in part to the global economic crisis. The total investment and other income earned in 2008 was \$179,789 compared to \$458,584 for 2007, a decrease of approximately 60%. The decrease was mostly due to investments continually being liquidated to provide operating cash flow.

The Company recorded a future income tax recovery of \$551,000 in 2008 compared to a future income tax expense of \$547,000 in 2007, due to the significantly higher mineral property write-offs in 2008 compared to 2007.

Corporate expenses (not including amortization, stock-based compensation and Other Income/Expenses) in 2008 were \$870,110 compared to \$695,157 in 2007, an increase of \$174,953. Categories of corporate expenses which were significantly greater in 2008 are salaries and wages, legal and accounting fees, rent and utilities and travel and accommodation. The Company had experienced an increase in personnel since the prior year and the Company's portion of shared general and administrative costs had increased as well.

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Year Ended December 31, 2007 compared to December 31, 2006

For the fiscal year ended December 31, 2007, the Company had a consolidated net loss before income taxes of \$2,277,659 (\$0.05 per share) compared to \$4,563,806 (\$0.08 per share) for the fiscal year ended December 31, 2006.

Corporate expenses (not including amortization, stock-based compensation and Other Expenses) in 2007 were slightly greater than the 2006 corporate expenses. Categories of corporate expenses which were significantly greater in 2007 are office, salaries and travel. The total interest income earned in 2007 is approximately 30% less than in 2006, due to investments which matured during 2007.

Year Ended December 31, 2006 compared to December 31, 2005

For the fiscal year ended December 31, 2006, the Company had a consolidated net loss before income taxes of \$4,563,806 (\$0.08 per share) compared to \$6,679,398 (\$0.13 per share) for the fiscal year ended December 31, 2005.

Corporate expenses (not including stock-based compensation, amortization and exploration costs write-offs) in 2006

were about 2/3 of the total 2005 corporate expenses. Categories of corporate expenses which were significantly lower in 2006 were legal and accounting, public relations and travel. Due to investments maturing during 2006, the total interest income earned in 2006 was greater than in 2005.

Mineral Properties

Year Ended December 31, 2008

During the year ended December 31, 2008, the Company incurred the following expenditures on its mineral properties:

Guatemala - \$147,780 on exploration including \$34,581 for geological consulting, \$28,232 for salaries, \$22,043 for licences, rights and taxes, and \$20,468 for rent and utilities. Deferred exploration costs totalling \$1,511,072 were written-off during the year for properties that were dropped, properties that were written down to better reflect their carrying cost, and general regional exploration.

Nicaragua - \$2,403,470 on exploration including \$476,129 for geological consulting, \$416,555 for drilling, \$270,304 for salaries, \$211,438 for geochemistry, \$152,729 for public and community relations, \$123,157 for automobile, \$119,655 for camp, food and supplies and \$109,708 for licences, rights and taxes. Deferred exploration costs totalling \$2,733,645 were written-off during the year for properties that were dropped, properties that were written down to better reflect their carrying cost, and general regional exploration.

Mexico - \$594,281 on exploration including \$217,832 for geological consulting, \$119,862 for licences, rights and taxes, \$45,747 for other consulting, \$41,233 for geochemistry, \$36,777 for travel and accommodation, and \$34,908 for legal and accounting. Deferred exploration costs totalling \$689,943 were written-off during the year for properties that were dropped, the one remaining property that was written down to better reflect its carrying cost, and general regional exploration.

Peru - \$36,817 on acquisition costs and \$467,878 on exploration, including \$148,062 for geological consulting, \$74,282 for other consulting, \$54,578 for licences, rights and taxes, \$42,205 for legal and accounting, and \$38,068 for salaries. Acquisition costs of \$36,817 and deferred exploration costs totalling \$585,847 were written-off during the year for properties that were dropped and general regional exploration.

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Ecuador \$41,822 on exploration, including \$25,093 for public relations and \$16,729 for licences, rights and taxes. Acquisition costs of \$113,130 and deferred exploration costs totalling \$65,938 were written-off during the year for the Cerro Colorado property.

Year Ended December 31, 2007

During the year ended December 31, 2007, the Company incurred the following expenditures on its mineral properties:

Guatemala - \$742,866 on exploration, including \$423,769 for underground development, \$67,918 for geological consulting fees and \$43,660 for salaries.

Nicaragua - \$1,234,967 on acquisition and exploration. The exploration costs include \$319,303 for geological consulting fees, \$134,361 for salaries and \$102,330 for other consulting. Deferred exploration costs totalling \$427,260 were written-off during the year, for properties on which no further work is warranted.

Mexico - \$657,258 on exploration including \$294,341 for geological consulting fees, \$112,358 for licences, rights and taxes, and \$39,960 for geochemistry. Deferred acquisition and exploration costs totalling \$357,619 were written off during the year, for properties on which no further work is warranted.

Peru - \$614,634 on acquisition and exploration. The exploration costs include \$126,917 for other consulting, \$135,633 for geological consulting fees and \$35,698 for travel and accommodation.

Other - \$19,382 on exploration of the Cerro Colorado property in Ecuador, and \$554 on property investigations.

Year Ended December 31, 2006

During the year ended December 31, 2006, the Company incurred the following expenditures on its mineral properties:

Guatemala - \$283,898 on exploration including \$77,043 for geological consulting fees, \$40,698 for salaries, \$30,678 for rent and utilities, and \$24,703 for licences, rights and taxes.

Nicaragua - \$1,305,102 on exploration including \$433,503 for geological consulting fees, \$182,028 for geochemistry, and \$117,140 for salaries. Deferred acquisition and exploration costs totalling \$1,650,886 were written-off during the year, for properties on which no further work is warranted.

Mexico - \$753,911 on exploration including \$368,283 for geological consulting fees, \$69,991 for geochemistry and \$37,106 for salaries. Deferred acquisition and exploration costs totalling \$1,348,844 were written off during the year, for properties on which no further work is warranted.

Ecuador - \$113,130 on acquisition and \$4,734 on exploration on the Cerro Colorado Property in Ecuador.

Other - \$4,129 on property investigations in Canada. A total of \$53,072 in property investigation costs in Argentina, Colombia and Tanzania were written-off during the year.

Per Share Losses

Both the net losses and the losses per share decreased from the fiscal 2006 to 2007 due mainly to decreases in property write-offs and stock-based compensation charges, while net losses and the losses per share increased from the fiscal 2007 to 2008 due mainly to a large increase in property write-offs. As the Company's weighted average number of shares has not changed significantly over the past three years, the loss per share has changed proportionately with the changes in the net losses from 2006 to 2008.

Outlook

Management expects that the Company will have sufficient working capital to meet its corporate and exploration commitments for a minimum of 12 months. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activity. The Company has taken steps in the latter half of 2008 to reduce operating and exploration expenditures to preserve its capital resources as much as possible until such time that market conditions improve. 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.

B.

Liquidity and Capital Resources

Year ended December 31, 2008 compared to December 31, 2007

The Company's cash and marketable securities decreased from approximately \$7.0 million at December 31, 2007 to \$2.26 million at December 31, 2008. Substantial marketable securities have been sold to provide cash for operations.

The Company has incurred a total of \$184,388 in losses on these sales in the past three fiscal years. However, the Company's marketable securities portfolio also provides for dividends, interest and pooled fund distributions which has more than offset the capital losses. During the year ended December 31, 2008, the Company received interest and other income totalling \$179,789, and spent approximately \$3.78 million in exploration and equipment costs and \$870,110 on corporate expenses. Working capital at December 31, 2008 was \$2.37 million compared to \$6.85 million at December 31, 2007.

Year ended December 31, 2007 compared to December 31, 2006

The Company's cash and marketable securities decreased from approximately \$9.96 million at December 31, 2006 to \$7.0 million at December 31, 2007. During the year ended December 31, 2007, the Company spent approximately \$3.23 million in exploration and equipment costs and \$695,000 on corporate expenses. Working capital at December 31, 2007 was \$6.90 million compared to \$10.83 million at December 31, 2006.

Year ended December 31, 2006 compared to December 31, 2005

The Company's cash and marketable securities decreased from approximately \$13.35 million at December 31, 2005 to \$9.96 million at December 31, 2006. During the year ended December 31, 2006, the Company spent \$2.76 million in exploration and equipment costs and \$641,000 on corporate expenses. Working capital at December 31, 2006 was \$10.83 million compared to \$13.77 million at December 31, 2005.

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C.

Research and Development, Patents and Licenses, etc.

Not applicable.

D.

Trend Information.

The Company is an exploration stage natural resource company engaged in the process of exploring and evaluating its mineral properties and projects and has not yet determined whether its properties and projects contain ore reserves that are economically recoverable. Consequently, there is no production, sales, or inventory in the conventional sense.

The Company's financial success will be dependent upon the extent to which it can discover mineralization and the economic viability of developing such properties. Such development may take years to complete and the amount of resulting income, if any, is difficult to determine with any certainty. The sales value of any mineralization discovered by the Company is largely dependent upon factors beyond the Company's control such as the market value of the commodities produced.

The Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon the Company's net sales or revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

E.**Off-balance Sheet Arrangements**

The Company has no Off-Balance Sheet Arrangements.

F.**Tabular Disclosure of Contractual Obligations**

The following table lists as of December 31, 2008 information with respect to the Company's known contractual obligations.

<i>Contractual Obligations</i>	Total	Payments due by period				
		<i>1st year</i>	<i>2nd year</i>	<i>3rd year</i>	<i>4th year</i>	<i>5th year</i>
Long-Term Debt Obligations	0	0	0	0	0	0
Capital (Finance) Lease Obligations	0	0	0	0	0	0
Operating Lease Obligations ⁽¹⁾	\$423,865	\$142,724	\$146,682	\$134,459	0	0
Purchase Obligations	0	0	0	0	0	0
Other Long-Term Liabilities Reflected on the Company's Balance Sheet under Canadian GAAP	0	0	0	0	0	0
Total	\$423,865	\$142,724	\$146,682	\$134,459	0	0

(1)

Amount indicated is the office rent lease for the Company's head office in Vancouver, BC.

G.

Safe harbour

See Note Regarding Forward-Looking Statements.

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H.

Share Issuance

The following table summarizes share issuances by the Company during the past five years:

<u>Year</u>	<u>Type of Transaction</u>	<u>No. of Shares</u>	<u>Price per Share</u>	<u>Total Consideration</u>
2008	N/A			
2007	Stock Option Exercises	12,500	\$0.56	\$7,000
	Property Agreements	50,000	\$0.58	\$29,000
	Property Agreements	100,000	\$0.64	\$64,000
2006	Stock Option Exercises	75,000	\$0.68	\$51,000
2005	Stock Option Exercises	40,000	\$0.90	\$36,000
	Stock Option Exercises	50,000	\$0.99	\$49,500
	Stock Option Exercises	35,000	\$1.00	\$35,000
	Stock Option Exercises	37,800	\$1.30	\$49,140
	Warrant Exercises	57,000	\$1.50	85,500

2004	Amalgamation	10,284,452	\$1.11	\$11,415,742
	Stock Option Exercises	35,000	\$0.60	\$21,000
	Stock Option Exercises	117,000	\$0.65	\$76,050
	Stock Option Exercises	69,000	\$0.68	\$46,920
	Stock Option Exercises	30,000	\$0.90	\$27,000
	Stock Option Exercises	55,000	\$0.95	\$52,250
	Stock Option Exercises	79,444	\$0.99	\$78,650
	Stock Option Exercises	65,000	\$1.10	\$71,500
	Warrant Exercises	2,649,800	\$0.25	\$662,450
	Warrant Exercises	11,250	\$0.55	\$6,188
	Property Agreements	1,300,000	\$1.49	\$1,937,000

Item 6.

Directors, Senior Management and Employees.

A.

Directors and Senior Management.

The following table lists as of May 8, 2009 the names of the directors and senior management of the Company. The directors and senior management have served in their respective capacities since their election and/or appointment and will serve until the next Annual General Meeting of Shareholders or until a successor is duly elected, unless the office is vacated in accordance with the Company's Articles.

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Name and Municipality of Residence

Position(s) held

Date of First Appointment

Simon Ridgway
Vancouver, BC, Canada

Director, President and Chief Executive Officer

September 30, 1997

Mario Szotlender,
Caracas, Venezuela

Director

December 13, 1999

David Farrell
Vancouver, BC, Canada

Director

June 15, 2001

Ralph Rushton
Vancouver, BC, Canada

Director & Vice-President, Corporate Development

May 2, 2003

Bradford Cooke
North Vancouver, BC, Canada

Director

July 1, 2004

Craig Bow
Beulah, Colorado, USA

Director

January 28, 2006 (previously a director of Radius Explorations Ltd. from July 17, 2001 to July 1, 2004)

Karl Gurr
Denver, Colorado, USA

Director

August 15, 2008

Cheryl Messier
North Vancouver, BC, Canada

Chief Financial Officer

July 1, 2004

David Cass
Vancouver, BC, Canada

Vice-President, Exploration

May 8, 2007

Tim Osler
Vancouver, BC, Canada

Corporate Secretary

May 7, 1998

Biographical Information

The following is a brief description of the employment background of the Company's directors and senior management:

Simon T.P. Ridgway President, Chief Executive Officer and Director

Mr. Simon Ridgway is an exploration financier with 17 years' experience financing and managing exploration companies operating in North, Central and South America. Mr. Ridgway began his career prospecting for gold in the Yukon Territory where he learned the value added approach of grass roots exploration. A firm believer in the gold potential of Central America, his practical, low cost approach to exploration management has led to major discoveries in Honduras and Guatemala. He is a director of Emerick Resources Corp., Focus Ventures Ltd. and Fortuna Silver Mines Inc., all publicly-traded resource companies.

Mario Szotlender - Director

Mr. Szotlender holds a degree in international relations and is fluent in several languages. He has successfully directed Latin American affairs for numerous private and public companies over the past 20 years, specializing in developing new business opportunities and establishing relations within the investment community. He has been involved in various mineral exploration and development joint ventures (precious metals and diamonds) in Central and South America, including heading several mineral operations in Venezuela, such as Las Cristinas in the 1980's.

He was President of Mena Resources Inc. until it was purchased by Rusoro Mining Ltd., of which he also was President. In addition to being a Director of the Company, Mr. Szotlender is a Director of Endeavour Silver Corp. (listed on the Toronto Stock Exchange and AMEX) and Fortuna Silver Mines Inc. (listed on the TSX Venture Exchange and the Lima Stock Exchange). He also consults to other public companies, and to several private exploration companies.

David Farrell Director

Mr. David Farrell is Managing Director - Mergers & Acquisitions of Endeavour Financial, an integrated merchant and investment banking firm providing finance and advisory services to global natural resource companies. At Endeavour, Mr. Farrell is responsible for originating and implementing M&A and merchant banking transactions. His experience at Endeavour includes two years in its London office, structuring and closing multi-jurisdictional transactions in London's mining finance market. Prior to joining Endeavour in 2000, Mr. Farrell was a corporate solicitor with Stikeman Elliott specializing in project finance, securities and corporate law and is admitted to the bar in both England and British Columbia.

Ralph Rushton Vice President, Corporate Development and Director

Mr. Ralph Rushton earned a BSc. in Geology from Portsmouth in the UK, an MSc from the University of Alberta, and studied Business Communications at Simon Fraser University in Vancouver. With 14 years' experience in gold mining and exploration gained mainly with the Anglo American group in Southern Africa, the Middle East and Eastern Europe, Mr. Rushton's current responsibilities include corporate development work and investor relations, and maintaining the Company's links with senior mining companies. He is also a director of Northland Resources Inc., a publicly-traded resource company.

Bradford Cooke - Director

Bradford Cooke, P. Geo., is a professional geologist with over 30 years experience in the mining industry. He has participated in the discovery of several mineral deposits, including uranium in Labrador, gold and tungsten in B.C., gold in Suriname and silver in Mexico, and has raised over CAD\$250 million in equity and joint venture financings for resource projects since 1988. Mr. Cooke received his B.Sc. Geology (Honors) degree in 1976 and a M.Sc. Geology degree in 1984. From 1976 to 1987, he worked as a project geologist for Noranda Mines, Shell Minerals, Chevron Minerals and as a geological consultant to junior mining companies. Mr. Cooke founded Canarc Resource Corp. in 1988 and Endeavour Silver Corp. in 2003, both publicly-traded resource companies.

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Craig Bow - Director

Dr. Craig Bow is a precious-metals-oriented geologist with over 25 years experience in North American and international exploration. Dr. Bow has worked for Gold Fields Exploration as a Senior Geologist and Exploration Manager, North America as well as for Newcrest Resources as Exploration Manager, South America. Prior to Newcrest, he directed the Cyprus Amax entry into Cu/Au exploration in north/central Peru and Colombia (Rio Blanco and Murindo porphyry projects) and contributed to the evolution of the Stillwater PGE project from an initial exploration stage to positive production decision.

Karl Gurr - Director

Mr. Karl Gurr has more than 33 years of mining and operations experience, including project and construction management, underground and surface mining, resource evaluations, feasibility studies and site remediation. Mr. Gurr has held positions with major international engineering companies and as a consultant to numerous international clients on projects located in North and South America, Asia Pacific region, Australia, China and Europe. Mr. Gurr holds a Bachelor of Science degree in Geology (1974) and a Bachelor of Science degree in Mining Engineering (1975), both from University of Utah.

Cheryl Messier Chief Financial Officer

Ms. Cheryl Messier has over 15 years experience in finance working with the last five as CFO or controller in various public companies. During this time she has been involved with mergers, acquisitions, consolidated system implementations, investment committees and has had all round involvement in maintaining and strengthening internal controls. Ms. Messier has completed her 4th level CGA program. She is also CFO of VMS Ventures Inc., a publicly-traded resource company.

David Cass Vice-President, Exploration

Mr. David Cass, MSc. (Mineral Exploration and Mining Geology), has 20 years international exploration and mining industry experience and is fluent in Spanish. He spent 15 years with Anglo American, including 6 years as Exploration Manager North America, and four years managing Anglo's programs in Peru. Mr. Cass is a member of the Association of Professional Engineers and Geoscientists of British Columbia, and a Fellow of the Society of Economic Geologists. He is also a Director, President and C.E.O. of Focus Ventures Ltd., a publicly-traded resource company.

Tim Osler - Secretary

Mr. Tim Osler, B.Sc., owns and operates a mining consulting and retail mining equipment business, and has developed a gold mining placer property in the Yukon Territory which is currently producing. Mr. Osler is currently a director of Focus Ventures Ltd. and Iron Creek Capital Corp, both publicly-traded resource companies.

There are no family relationships among the members of the board of directors or the members of senior management of the Company. There are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any member of the board of directors or member of senior management was selected.

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B.

Compensation.

Executive officers are compensated in a manner consistent with their respective contributions to the overall benefit of the Company. During the fiscal year ended December 31, 2008, the Company paid to its executive officers the following amounts:

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Simon Ridgway ⁽¹⁾	President & Chief Executive Officer	\$114,000
Cheryl Messier	Chief Financial Officer	\$ 22,080
Ralph Rushton	Vice-President, Corporate Development	\$ 9,896
David Cass ⁽²⁾	Vice-President, Exploration	\$156,550

(1)

Paid to Mill Street Services Ltd, a private company owned by the Ridgway Family Trust, of which Simon Ridgway is the Trustee.

(2)

Paid to Condor Pacific Consulting Inc., a private company owned by David Cass and his wife.

The Company did not grant any stock options to its executive officers during the fiscal year ended December 31, 2008.

The Company has no standard arrangement pursuant to which directors are compensated for their services in their capacity as such except for the granting from time to time of incentive stock options. The following table sets out all options in the Company which are held as of May 8, 2009 by the current directors and officers:

Optionees	Number of Shares Subject	Exercise Price	Expiration Date
Simon Ridgway	280,000	\$0.70	February 21, 2011
	<u>300,000</u>	\$0.56	September 5, 2012
	580,000		
Mario Szotlender	180,000	\$0.70	February 21, 2011
	<u>100,000</u>	\$0.56	September 5, 2012
	280,000		
David Farrell	150,000	\$0.70	February 21, 2011
	<u>100,000</u>	\$0.56	September 5, 2012
	250,000		
Ralph Rushton	250,000	\$0.70	February 21, 2011
	<u>150,000</u>	\$0.56	September 5, 2012
	400,000		
Bradford Cooke	150,000	\$0.70	February 21, 2011
	<u>100,000</u>	\$0.56	September 5, 2012
	250,000		
Craig Bow	150,000	\$0.70	February 21, 2011
	<u>100,000</u>	\$0.56	September 5, 2012
	250,000		
Karl Gurr	Nil		
Cheryl Messier	150,000	\$0.70	February 21, 2011
	<u>100,000</u>	\$0.56	September 5, 2012
	250,000		
David Cass	500,000	\$0.52	April 16, 2012
Tim Osler	100,000	\$0.70	February 21, 2011
	<u>50,000</u>	\$0.56	September 5, 2012
	150,000		
TOTAL:	2,910,000		

C.

Board Practices.

The directors of the Company are elected annually and hold office until the next Annual General Meeting of the members of the Company or until their successors in office are duly elected or appointed. All directors are elected for a one-year term. All officers serve at the pleasure of the board of directors. The next annual general meeting will be held no later than November 12, 2009.

Currently, there are no directors' service contracts with the Company or any of its subsidiaries providing for benefits upon termination of employment.

Audit Committee

The Audit Committee of the Company is comprised of David Farrell, Bradford Cooke and Craig Bow, all of whom are independent and financially literate. The Audit Committee Charter provides that the primary function of the Audit Committee is to assist the Board of Directors of the Company (the Board) in fulfilling its oversight responsibilities by reviewing the financial information to be provided to the shareholders and others, the systems of internal controls and management information systems established by management and the Company's external audit process and monitoring compliance with the Company's legal and regulatory requirements with respect to its financial statements.

The Audit Committee is accountable to the Board. In the course of fulfilling its specific responsibilities hereunder, the Audit Committee is expected to maintain an open communication between the Company's external auditors and the Board. The responsibilities of a member of the Audit Committee are in addition to such member's duties as a member of the Board.

The Audit Committee does not plan or perform audits or warrant the accuracy or completeness of the Company's financial statements or financial disclosure or compliance with generally accepted accounting procedures as these are the responsibility of management and the external auditors.

Compensation Committee

The Compensation Committee of the Company is comprised of David Farrell and Bradford Cooke, both of whom are unrelated and independent. The Compensation Committee Charter provides that the function of the Compensation Committee is to assist the Board in discharging its oversight responsibilities relating to compensation, including the compensation of key senior management employees of the Company.

The Compensation Committee is to review and make recommendations to the Board on an annual basis with respect to the Company's stock option plan and make recommendations respecting grants of options. It shall also review and recommend to the Board annually, or more frequently as required, management's succession plans for the Executive Management, including the specific development plans and career planning for potential successors to occupy these positions.

Disclosure Committee

The Disclosure Committee of the Company is comprised of Simon Ridgway and Ralph Rushton, and was formed in order to ensure that communications with the investing public about the Company are timely, factual, accurate, and broadly disseminated in accordance with all applicable legal and regulatory requirements.

The Disclosure Committee Charter extends to all employees of the Company, its Board of Directors, those authorized to speak on its behalf and all other insiders. It covers disclosures in documents filed with the securities regulators, financial and non-financial disclosure, including management's discussion and analysis and written statements made in the Company's annual and quarterly reports, new releases, letter to shareholders, presentations by senior management and information contained on the Company's website and other electronic communications with analysts and investors, interviews with the media as well as speeches, press conferences and conference calls.

D.**Employees.**

As at December 31, 2008, the Company had 17 employees, 8 in the Vancouver office and 9 in Guatemala and Nicaragua. 15 employees provide administrative services and two employees provide geological services. None of the employees is represented by a union.

E.**Share Ownership.**

The following table sets forth, as of May 8, 2009, the number of the Company's Common Shares beneficially owned by (a) the directors and members of senior management of the Company, individually, and as a group, and (b) the percentage ownership of the outstanding Common Shares represented by such shares. The security holders listed below are deemed to be the beneficial owners of Common Shares underlying options and warrants which are exercisable within 60 days from the above date.

Unless otherwise indicated, the shareholders listed possess sole voting and investment power with respect to the shares shown.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature	Percentage of Class⁽¹⁾
Common	Simon Ridgway Vancouver, BC	1,704,952 ⁽²⁾	3.15%
Common	Mario Szotlender Caracas, Venezuela	1,345,375 ⁽³⁾	2.50%
Common	David Farrell Vancouver, BC	250,000 ⁽⁴⁾	0.46%
Common	Ralph Rushton Vancouver, BC	468,500 ⁽⁵⁾	0.87%
Common	Bradford Cooke North Vancouver, BC	250,000 ⁽⁶⁾	0.46%
Common	Craig Bow Beulah, Colorado, USA	250,000 ⁽⁷⁾	0.46%
Common	Karl Gurr Vancouver, BC	Nil	N/A
Common	Cheryl Messier North Vancouver, BC	259,000 ⁽⁸⁾	0.48%
Common	David Cass Vancouver, BC	500,000 ⁽⁹⁾	0.93%
Common	Tim Osler Vancouver, BC	608,845 ⁽¹⁰⁾	1.13%
Common		5,636,672	9.98%

**All Directors and Senior
Management as a group
(10 individuals)**

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(1)

Based on 53,548,488 shares outstanding as at May 8, 2009, plus any Common Shares deemed to be beneficially owned by the individual (or, for the last row of the table, by the group) pursuant to options and warrants which are exercisable by the individual (or, for the last row of the table, by the group) within 60 days from the above date.

(2)

580,000 of these shares represent currently exercisable stock options. 609,640 of the free trading shares are held by Mill Street Services Ltd., a private company owned by the Ridgway Family Trust, of which Simon Ridgway is the Trustee. 9,389 of the free trading shares are held by Elvietri Holdings, AVV, a private company owned by Simon Ridgway.

(3)

280,000 of these shares represent currently exercisable stock options.

(4)

All of these shares represent currently exercisable stock options.

(5)

400,000 of these shares represent currently exercisable stock options.

(6)

All of these shares represent currently exercisable stock options.

(7)

All of these shares represent currently exercisable stock options.

(8)

250,000 of these shares represent currently exercisable stock options.

(9)

All of these shares represent currently exercisable stock options.

(10)

150,000 of these shares represent currently exercisable stock options.

Stock Option Plan

In May 2003, the Company established a Director and Employee Stock Option Plan, the material terms of which are as follows:

1.

the Plan reserves a rolling maximum of 10% of the issued capital of the Company at the time of granting of each option, with no vesting provisions;

2.

no more than 5% of the issued capital may be reserved for issuance to any one individual in any 12 month period;

3.

no more than 2% of the issued capital may be reserved for issuance to any Consultant (as defined by the TSX Venture Exchange) or to an optionee providing investor relations services in any 12 month period;

4.

the minimum exercise price of an option cannot be less than the Market Price (as defined by the TSX Venture Exchange) of the Company's shares less any allowable discount;

5.

options will be granted for a period of up to five years, or 10 years if the Company becomes a Tier 1 company on the TSX Venture Exchange;

6.

options are non-assignable and non-transferable; and

7.

there are provisions for adjustment in the number of shares issuable on exercise of options in the event of a share consolidation, split, reclassification or other relevant change in the Company's corporate structure or capitalization.

As at May 8, 2009, there were 5,025,000 shares reserved for issuance and subject to outstanding options granted under the Plan.

Item 7.

Major Shareholders and Related Party Transactions.

A.

Major Shareholders.

A major shareholder of the Company is a person that beneficially owns, directly or indirectly, more than 5% of the Company's Common Shares. To the best of the Company's knowledge, as of May 8, 2009 there are no major shareholders in the Company.

To the best of the Company's knowledge, there are no arrangements the operation of which may result in a change in control of the Company.

The Company is a publicly-owned corporation, the shares of which are owned by residents of Canada, the United States, and other countries. The Company is not controlled directly or indirectly by another corporation or any foreign government. As of May 8, 2009, there were 53,548,488 shares of the Company outstanding, of which approximately 1,750 U.S. holders of record or beneficial holders, held a total of 5,830,933 shares (10.9%). The number of beneficial holders was determined based on a review of the number of holders represented by Broadridge Investor Communications, a U.S. mailing service.

B.

Related Party Transactions.

The Company and PilaGold Inc. amalgamated and continued as one company pursuant to the provisions of the British Columbia Business Corporations Act on July 1, 2004. Certain of the directors and officers of the Company were directors, officers and/or shareholders of PilaGold Inc.

Effective as at the Amalgamation date of July 1, 2004, the Company agreed to pay to Mill Street Services Ltd. \$16,000 per month for Mr. Ridgway's services as President of the Company. Mill Street Services Ltd. is a private company owned by the Ridgway Family Trust, of which Simon Ridgway is the Trustee. During 2008, Mill Street billed portions of this fee to other public companies of which Mr. Ridgway is a director for his services rendered to those companies.

During the fiscal year ended December 31, 2008, the Company paid an aggregate of \$452,656 to officers and companies which have common directors with the Company for consulting, management and administrative fees.

C.

Interests of Experts and Counsel.

Not Applicable.

Item 8.

Financial Information.

A.

Consolidated Statements and Other Financial Information.

The financial statements as required under Item 17 are attached hereto and found immediately following Item 19 of this Annual Report. In early 2008, the Company's auditor, Amisano Hanson, was acquired by BDO Dunwoody LLP, Chartered Accountants, which continued at the Company's auditor. An auditor's report of BDO Dunwoody LLP with respect to the fiscal years ended December 31, 2008, 2007 and 2006 and the balance sheets as at December 31, 2008, 2007 and 2006, are included herein immediately preceding the consolidated financial statements.

There are no legal proceedings currently pending which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.

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The Company has no history of paying dividends and the Company does not contemplate that any dividends will be paid on its shares in the immediate or the foreseeable future. The present policy of the Company is to retain future earnings for use in its operations and the expansion of its business.

B.

Significant Changes.

There have been no significant changes in the Company since the date of the Company's annual financial statements.

Item 9.

The Offer and Listing.

The Company shares were listed and posted for trading on the TSX Venture Exchange (the "TSXV") (formerly the Canadian Venture Exchange and before that, the Vancouver Stock Exchange) on October 7, 1998 and currently trades on the TSXV. The TSXV trading symbol is RDU.

Effective October 4, 2002, the Company began trading on the Regulated Unofficial Market of the Frankfurt Stock Exchange under the trading symbol RE1. Radius has the German Security ID number of 725224.

Effective December 22, 2004, the Company's shares began trading on the U.S. Over-the-Counter Bulletin Board ("OTCBB") under the trading symbol RDUFF.

A.

Offer and Listing Details.

The following tables set forth the reported high and low closing bid prices (all expressed in Canadian dollars) on the TSXV and the OTCBB for (a) the Company's five most recent fiscal years; (b) each quarterly period for the Company's past two fiscal years and for the first quarter of the Company's 2009 fiscal year, and (c) for each of the six months from November 2008 to March 2009.

High and Low Price for the Five Most Recent Fiscal Years

Fiscal Year ended December 31	TSXV (CAD\$)		OTCBB (US\$)	
	High	Low	High	Low
2008	\$0.58	\$0.04	\$0.57	\$0.02
2007	\$0.78	\$0.39	\$0.77	\$0.36
2006	\$0.95	\$0.31	\$0.86	\$0.28
2005	\$1.69	\$0.51	\$1.45	\$0.40
2004	\$1.85	\$0.88	\$1.32 *	\$1.07 *

* for the period from trading commencement on December 22, 2004 to December 31, 2004.

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High and Low Prices for Each Quarterly Period for the Past Two Fiscal Years and For the First Quarter of Fiscal 2009

Period Ended	TSXV		OTCBB	
	High	Low	High	Low
March 31, 2009	\$0.22	\$0.09	\$0.17	\$0.06
December 31, 2008	\$0.13	\$0.04	\$0.10	\$0.02
September 30, 2008	\$0.32	\$0.07	\$0.45	\$0.05
June 30, 2008	\$0.36	\$0.25	\$0.40	\$0.22
March 31, 2008	\$0.58	\$0.35	\$0.57	\$0.31
December 31, 2007	\$0.66	\$0.40	\$0.77	\$0.38
September 30, 2007	\$0.78	\$0.50	\$0.74	\$0.45
June 30, 2007	\$0.72	\$0.49	\$0.68	\$0.41
March 31, 2007	\$0.73	\$0.39	\$0.62	\$0.36

High and Low Prices for the Most Recent Six Months

Period	TSXV		OTCBB	
	High	Low	High	Low
April 2009	\$0.19	\$0.17	\$0.16	\$0.09
March 2009	\$0.22	\$0.10	\$0.16	\$0.06
February 2009	\$0.14	\$0.09	\$0.11	\$0.08

January 2009	\$0.16	\$0.10	\$0.17	\$0.08
December 2008	\$0.13	\$0.04	\$0.10	\$0.02
November 2008	\$0.08	\$0.04	\$0.07	\$0.03

On May 8, 2009, the closing price of the Common Shares was \$0.17 per Common Share on TSXV and US\$0.12 per Common Share on the OTCBB. During the last three years, the Common Shares have not been subject to any trading suspensions.

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B.

Plan of Distribution.

Not Applicable

C.

Markets.

The Company's shares were listed and posted for trading on the TSX Venture Exchange (the "TSXV") (formerly the Canadian Venture Exchange and before that, the Vancouver Stock Exchange) on October 7, 1998 and currently trades on the TSXV. The TSXV trading symbol is RDU.

Effective October 4, 2002, the Company's shares began trading on the Regulated Unofficial Market of the Frankfurt Stock Exchange under the trading symbol RE1. Radius has the German Security ID number of 725224.

Effective December 22, 2004, the Company's shares began trading on the U.S. Over-the-Counter Bulletin Board under the trading symbol RDUFF.

D.

Selling Shareholders.

Not Applicable.

E.

Dilution.

Not Applicable

F.

Expenses of the Issue.

Not Applicable

Item 10.

Additional Information.

A.

Share Capital.

Not Applicable

B.

Articles of Association.

The Company's Articles do not contain any restrictions on the type of business in which the Company may engage.

Section 17 of the Company's Articles provides that, A director or senior officer who holds a disclosable interest (as that term is used in the Business Corporations Act) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the Business Corporations Act. A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

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Section 13.5 of the Articles provides that the directors may from time to time determine the remuneration of directors. However, a disclosable interest does not include compensation to be paid to a director, and therefore such interest is not required to be disclosed pursuant to Section 17 of the Articles. Management believes that, in the absence of an independent quorum, a director cannot vote compensation to himself or herself.

The borrowing powers of the directors are addressed in Part 8, which states that, The Company, if authorized by the directors, may:

(1)

borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;

(2)

issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;

(3)

guarantee the repayment of money by any other person or the performance of any obligation of any other person; and

(4)

mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

There is no provision in the Company's Articles regarding a mandatory age for retirement of directors. There is no requirement for a director to hold shares of the Company.

All of the authorized shares of common stock of the Company are of the same class and, once issued, rank equally as to dividends, voting powers, and participation in assets. Holders of common stock are entitled to one vote for each share held of record on all matters to be acted upon by the shareholders. Holders of common stock are entitled to receive such dividends as may be declared from time to time by the Board of Directors, in its discretion, out of funds legally available therefor.

Upon liquidation, dissolution or winding up of the Company, holders of common stock are entitled to receive pro rata the assets of Company, if any, remaining after payments of all debts and liabilities. No shares have been issued subject to call or assessment. There are no pre-emptive or conversion rights and no provisions for redemption or purchase for cancellation, surrender, or sinking or purchase funds.

Any modification, amendment or variation of such shareholder rights or provisions are governed by the British Columbia Business Corporations Act and must be approved by a vote of at least 2/3 of the votes cast at a shareholders meeting. Unless the British Columbia Business Corporations Act or the Company's Articles otherwise provide, any action to be taken by a resolution of the members may be taken by an ordinary resolution or by a vote of a majority of the shares represented at the shareholders' meeting.

The conditions governing the manner in which annual general meetings and extraordinary general meetings of shareholders are convoked, including the conditions of admission are described in the Articles of the Company in Section 10 Meetings of Shareholders.

Section 10.1 states that, Unless an annual general meeting is deferred or waived in accordance with the Business Corporations Act, the Company must hold its first annual general meeting within 18 months after the date on which it

was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

Section 10.4 states that, The Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

(1)

if and for so long as the Company is a public company, 21 days;

(2)

otherwise, 10 days.

The conditions of admission are described in Section 11.5 where it is stated that, The directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

There are no limitations on the rights to own securities.

There is no provision of the Company's Articles, charter or bylaws that would have an effect of delaying, deferring or preventing a change in control of the Company and that would operate only with respect to a merger, acquisition or corporate restructuring involving the Company (or any of its subsidiaries).

There are no conditions imposed by the Articles governing changes in the capital, where such conditions are more stringent than is required by law.

C.

Material Contracts.

Other than as disclosed elsewhere in this Annual Report, the Company has not entered into any material contracts, other than contracts entered into in the ordinary course of business, during the two year period immediately preceding the filing of this Annual Report.

D.

Exchange Controls.

The Company is not aware of any Canadian federal or provincial laws, decrees, or regulations that restrict the export or import of capital, including foreign exchange controls, or that affect the remittance of dividends, interest or other payments to non-Canadian holders of the common shares. There are no limitations on the right of non-Canadian owners to hold or vote the common shares imposed by Canadian federal or provincial law or by the charter or other constituent documents of the Company.

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E.

Taxation

The following summary of the material Canadian federal income tax consequences are stated in general terms and are not intended to be advice to any particular shareholder. Each prospective investor is urged to consult his or her own tax advisor regarding the tax consequences of his or her purchase, ownership and disposition of Common Shares. The tax consequences to any particular holder of Common Shares will vary according to the status of that holder as an individual, trust, corporation or member of a partnership, the jurisdiction in which that holder is subject to taxation, the place where that holder is resident and, generally, according to that holder's particular circumstances. This summary is applicable only to holders who are resident in the United States, have never been resident in Canada, deal at arm's length with the Company, hold their Common Shares as capital property and who will not use or hold the Common Shares in carrying on business in Canada. Special rules, which are not discussed in this summary, may apply to a United States holder that is an issuer that carries on business in Canada and elsewhere.

This summary is based upon the provisions of the Income Tax Act of Canada and the regulations thereunder (collectively, the Tax Act or ITA) and the Canada-United States Tax Convention (the Tax Convention) as at the date of this Annual Report and the current administrative practices of Canada Customs and Revenue Agency. This summary does not take into account provincial income tax consequences.

Management urges each holder to consult his own tax advisor with respect to the income tax consequences applicable to him in his own particular circumstances.

Canadian Income Tax Consequences

The summary below is restricted to the case of a holder (a Holder) of one or more Common Shares who for the purposes of the Tax Act is a non-resident of Canada, holds his Common Shares as capital property and deals at arm's length with the Company.

Dividends

A Holder will be subject to Canadian withholding tax (Part XIII Tax) equal to 25%, or such lower rates as may be available under an applicable tax treaty, of the gross amount of any dividend paid or deemed to be paid on his

Common Shares. Under the Tax Convention, the rate of Part XIII Tax applicable to a dividend on Common Shares paid to a Holder who is a resident of the United States is, if the Holder is a company that beneficially owns at least 10% of the voting stock of the Company, 5% and, in any other case, 15% of the gross amount of the dividend. The Company will be required to withhold the applicable amount of Part XIII Tax from each dividend so paid and remit the withheld amount directly to the Receiver General for Canada for the account of the Holder.

Disposition of Common Shares

A Holder who disposes of Common Shares, including by deemed disposition on death, will not be subject to Canadian tax on any capital gain thereby realized unless the common Share constituted taxable Canadian property as defined by the Tax Act. Generally, a common share of a public corporation will not constitute taxable Canadian property of a Holder unless he held the common share as capital property used by him carrying on a business in Canada, or he or persons with whom he did not deal at arm's length alone or together held or held options to acquire, at any time within the 60 months preceding the disposition, 25% or more of the issued shares of any class of the capital stock of the Company.

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A Holder who is a resident of the United States and realizes a capital gain on disposition of Common Shares that was taxable Canadian property will nevertheless, by virtue of the Treaty, generally be exempt from Canadian tax thereon unless (a) more than 50% of the value of the Common Shares is derived from, or from an interest in, Canadian real estate, including Canadian mineral resources properties, (b) the Common Shares formed part of the business property of a permanent establishment that the Holder has or had in Canada within the 12 months preceding disposition, or (c) the Holder (i) was a resident of Canada at any time within the ten years immediately preceding the disposition, and for a total of 120 months during any period of 20 consecutive years, preceding the disposition, and (ii) owned the Common Shares when he ceased to be resident in Canada.

A Holder who is subject to Canadian tax in respect of a capital gain realized on disposition of Common Shares must include one half of the capital gain (taxable capital gain) in computing his taxable income earned in Canada. The Holder may, subject to certain limitations, deduct one half of any capital loss (allowable capital loss) arising on disposition of taxable Canadian property from taxable capital gains realized in the year of disposition in respect to taxable Canadian property and, to the extent not so deductible, from such taxable capital gains of any of the three preceding years or any subsequent year.

United States Federal Income Tax Consequences

The following is a discussion of material United States Federal income tax consequences, under the law, generally applicable to a U.S. Holder (as defined below) of Common Shares. This discussion does not cover any state, local or foreign tax consequences.

The following discussion is based upon the sections of the Internal Revenue Code of 1986, as amended (the Code), Treasury Regulations, published Internal Revenue Service (IRS) rulings, published administrative positions of the IRS and court decisions that are currently applicable, any or all of which could be materially and adversely changed, possible on a retroactive basis, at any time. In addition, the discussion does not consider the potential effects, both adverse and beneficial, or recently proposed legislation which, if enacted, could be applied, possibly on a retroactive basis, at any time. The discussion is for general information only and it is not intended to be, nor should it be construed to be, legal or tax advice to any holder or prospective holder of Common Shares of the Company. Each

holder and prospective holder of Common Shares of the Company is advised to consult their own tax advisors about the federal, state, local, and foreign tax consequences of purchasing, owning and disposing of Common Shares of the Company applicable to their own particular circumstances.

U.S. Holders

As used herein, a (U.S. Holder) includes a holder of Common Shares of the Company who is a citizen or resident of the United States, a corporation created or organized in or under the laws of the United States or of any political subdivision thereof, an estate whose income is taxable in the United States irrespective of source or a trust subject to the primary supervision of a court within the United States and control of a United States fiduciary as described in Section 7701(a)(30) of the Code. This summary does not address the tax consequences to, and U.S. Holder does not include, persons subject to special provisions of Federal income tax law, such as tax-exempt organizations, qualified retirement plans, financial institutions, insurance companies, real estate investment trusts, regulated investment companies, broker-dealers, non-resident alien individuals, persons or entities that have a functional currency other than the U.S. dollar, shareholders who hold Common Shares as part of a straddle, hedging or conversion transaction, and shareholders who acquired their Common Shares through the exercise of employee stock options or otherwise as compensation for services. This summary is limited to U.S. Holders who own Common Shares as capital assets. This summary does not address the consequences to a person or entity holding an interest in a shareholder or the consequences to a person of the ownership, exercise or disposition of any options, warrants or other rights to acquire Common Shares.

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Distribution of Common Shares

U.S. Holders receiving dividend distributions (including constructive dividends) with respect to common shares of the Company are required to include in gross income for United States Federal income tax purposes the gross amount of such distributions equal to the U.S. dollar value of such distributions on the date of receipt (based on the exchange rate on such date), to the extent that the Company has current or accumulated earnings and profits, without reduction for any Canadian income tax withheld from such distributions. Such Canadian tax withheld may be credited, subject to certain limitations, against the U.S. Holder's United States Federal Income tax liability or, alternatively, for individuals may be deducted in computing the U.S. Holder's United States Federal taxable income by those individuals who itemize deductions. (See more detailed discussion at Foreign Tax Credit below). To the extent that distributions exceed current or accumulated earnings and profits of the Company, they generally will be treated first as a return of capital up to the U.S. Holder's adjusted basis in the common shares and thereafter as gain from the sale or exchange of the common shares. Dividend income will be taxed at marginal tax rates applicable to ordinary income while preferential tax rates for long-term capital gains are applicable to a U.S. Holder which is an individual, estate or trust. There are currently no preferential tax rates for long-term capital gains for a U.S. Holder which is a corporation.

In the case of foreign currency received as a dividend that is not converted by the recipient into U.S. dollars on the date of receipt, a U.S. Holder will have a tax basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Generally any gain or loss recognized upon a subsequent sale or other disposition of the foreign currency, including the exchange for U.S. dollars, will be ordinary income or loss.

Dividends paid on the common shares of the Company will not generally be eligible for the dividends received deduction provided to corporations receiving dividends from certain United States corporations. A U.S. Holder which is a corporation may, under certain circumstances, be entitled to a 70% deduction of the United States source portion of dividends received from the Company (unless the Company qualifies as a foreign personal holding company or a passive foreign investment company, as defined below) if such U.S. Holder owns shares representing at least 10% of

the voting power and value of the Company. The availability of this deduction is subject to several complex limitations which are beyond the scope of this discussion.

Under current Treasury Regulations, dividends paid on the Company's common shares, if any, generally will not be subject to information reporting and generally will not be subject to U.S. backup withholding tax. However, dividends and the proceeds from a sale of the Company's common shares paid in the U.S. through a U.S. or U.S. related paying agent (including a broker) will be subject to U.S. information reporting requirements and may also be subject to the 30% U.S. backup withholding tax, unless the paying agent is furnished with a duly completed and signed Form W-9. Any amounts withheld under the U.S. backup withholding tax rules will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability, provided the required information is furnished to the IRS.

Foreign Tax Credit

For individuals whose entire income from sources outside the United States consists of qualified passive income, the total amount of creditable foreign taxes paid or accrued during the taxable year does not exceed \$300 (\$600 in the case of a joint return) and an election is made under section 904(k), the limitation on credit does not apply.

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A U.S. Holder who pays (or has withheld from distributions) Canadian income tax with respect to the ownership of Common Shares of the Company may be entitled, at the option of the U.S. Holder, to either a deduction or a tax credit for such foreign tax paid or withheld. Generally, it will be more advantageous to claim a credit because a credit reduces United States Federal income taxes on a dollar-for-dollar basis, while a deduction merely reduces the taxpayer's income subject to tax. This election is made on a year-by-year basis and applies to all foreign income taxes (or taxes in lieu of income tax) paid by (or withheld from) the U.S. Holder during the year. There are significant and complex limitations which apply to the credit, among which is the general limitation that the credit cannot exceed the proportionate share of the U.S. Holder's United States income tax liability that the U.S. Holder's foreign source income bears to his/her or its worldwide taxable income in the determination of the application of this limitation. The various items of income and deduction must be classified into foreign and domestic sources. Complex rules govern this classification process. In addition, this limitation is calculated separately with respect to specific classes of income such as passive income, high tax income, financial services income, and certain other classifications of income. Dividends distributed by the Company will generally constitute passive income or, in the case of certain U.S. Holders, financial services income for these purposes. The availability of the foreign tax credit and the application of the limitations on the credit are fact specific and management urges holders and prospective holders of common shares of the Company to consult their own tax advisors regarding their individual circumstances.

Disposition of Common Shares

A U.S. Holder will recognize gain or loss upon the sale of Common Shares of the Company equal to the difference, if any, between (i) the amount of cash plus the fair market value of any property received, and (ii) the shareholder's tax basis in the Common Shares of the Company. Preferential tax rates apply to long-term capital gains of U.S. Holders, which are individuals, estates or trusts. This gain or loss will be capital gain or loss if the Common Shares are capital assets in the hands of the U.S. Holder, which will be a short-term or long-term capital gain or loss depending upon the holding period of the U.S. Holder. Gains and losses are netted and combined according to special rules in arriving at the overall capital gain or loss for a particular tax year. Deductions for net capital losses are subject to significant

limitations. For U.S. Holders which are not corporations, any unused portion of such net capital loss may be carried over to be used in later tax years until such net capital loss is thereby exhausted, but individuals may not carry back capital losses. For U.S. Holders which are corporations (other than corporations subject to Subchapter S of the Code), an unused net capital loss may be carried back three years from the loss year and carried forward five years from the loss year to be offset against capital gains until such net capital loss is thereby exhausted.

Other Considerations

In the following circumstances, the above sections of the discussion may not describe the United States Federal income tax consequences resulting from the holding and disposition of Common Shares of the Company.

Passive Foreign Investment Company

As a foreign corporation with U.S. Holders, the Company could potentially be treated as a passive foreign investment company (PFIC), as defined in Section 1297 of the Code, depending upon the percentage of the Company's income which is passive, or the percentage of the Company's assets which is held for the purpose of producing passive income.

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Certain United States income tax legislation contains rules governing PFICs, which can have significant tax effects on U.S. shareholders of foreign corporations. These rules do not apply to non-U.S. shareholders. Section 1297(a) of the Code defines a PFIC as a corporation that is not formed in the United States and, for any taxable year, either (i) 75% or more of its gross income is passive income, which includes interest, dividends and certain rents and royalties or (ii) the average percentage, by fair market value (or, if the company is a controlled foreign corporation or makes an election, by adjusted tax basis), of its assets that produce or are held for the production of passive income is 50% or more. The taxation of a US shareholder who owns stock in a PFIC is extremely complex and is therefore beyond the scope of this discussion. Management urges US persons to consult with their own tax advisors with regards to the impact of these rules.

Controlled Foreign Corporation

A Controlled Foreign Corporation (CFC) is a foreign corporation more than 50% of whose stock by vote or value is, on any day in the corporation's tax year, owned (directly or indirectly) by U.S. Shareholders. If more than 50% of the voting power of all classes of stock entitled to vote is owned, actually or constructively, by citizens or residents of the United States, United States domestic partnerships and corporations or estates or trusts other than foreign estates or trusts, each of whom own actually or constructively 10% or more of the total combined voting power of all classes of stock of the Company, then the Company could be treated as a controlled foreign corporation under Subpart F of the Code. This classification would affect many complex results, one of which is the inclusion of certain income of a CFC, which is subject to current U.S. tax. The United States generally taxes United States Shareholders of a CFC currently on their pro rata shares of the Subpart F income of the CFC. Such United States Shareholders are generally treated as having received a current distribution out of the CFC's Subpart F income and are also subject to current U.S. tax on their pro rata shares of the CFC's earnings invested in U.S. property. The foreign tax credit described above may reduce the U.S. tax on these amounts. In addition, under Section 1248 of the Code, gain from the sale or exchange of shares by a U.S. Holder of common shares of the Corporation, and such U.S. Holder owned 10% or more of the voting power at any time during the five-year period ending with the sale or exchange is treated as ordinary

income to the extent of earnings and profits of the Company (accumulated in corporate tax years beginning after 1962, but only while the shares were held and while the Company was controlled) attributable to the shares sold or exchanged. If a foreign corporation is both a PFIC and a CFC, the foreign corporation generally will not be treated as a PFIC with respect to the United States Shareholders of the CFC. This rule generally will be effective for taxable years of United States Shareholders beginning after 1986 and for taxable years of foreign corporations ending with or within such taxable years of United States Shareholders. The PFIC provisions continue to apply in the case of PFIC that is also a CFC with respect to the U.S. Holders that are less than 10% shareholders. Because of the complexity of Subpart F, a more detailed review of these rules is outside of the scope of this discussion.

The amount of any backup withholding will not constitute additional tax and will be allowed as a credit against the U.S. Holder's federal income tax liability.

Filing of Information Returns

Under a number of circumstances, a United States Investor acquiring Common Shares of the Company may be required to file an information return with the Internal Revenue Service Center where they are required to file their tax returns. In particular, any U.S. Holder who becomes the owner, directly or indirectly, of 10% or more of the Common Shares of the Company will be required to file such a return. Other filing requirements may apply, and management urges U.S. Holders to consult their own tax advisors concerning these requirements.

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F.

Dividends and Paying Agents.

Not Applicable

G.

Statement by Experts.

Not Applicable

H.

Documents on Display.

The documents concerning the Company which are referred to in this Annual Report may be inspected at the Company's executive offices, located at Suite 830, 355 Burrard Street, Vancouver, BC.

I.

Subsidiary Information.

Not Applicable

Item 11.

Quantitative and Qualitative Disclosures About Market Risk.

There are no market risks which can be expected to materially affect the Company's business.

Mineral Prices

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect the marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot be accurately predicted.

Foreign Currency Translation

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

Item 12.

Description of Securities Other than Equity Securities.

Not Applicable

PART II

Item 13.

Defaults, Dividend Arrearages and Delinquencies.

None.

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Item 14.

Material Modifications to the Rights of Security Holders and Use of Proceeds.

None.

Item 15.

Controls and Procedures

Disclosure Controls and Procedures

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, has reviewed and evaluated the effectiveness of the Company's disclosure controls and procedures as of December 31, 2008. Based on that review and evaluation, management has concluded that the Company's disclosure controls and procedures are effective in providing management with all material information required to be disclosed in this annual report on a timely basis.

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. All internal control systems, no matter how well designed, have inherent limitations and may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management's framework for evaluating the effectiveness of its internal controls is based upon the criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

As at December 31, 2008, management assessed the effectiveness of our internal controls over financial reporting and concluded that such internal controls over financial reporting are effective and that there were no material weaknesses in our internal controls over financial reporting.

Attestation Report of the Registered Accounting Firm.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this Form 20-F annual report.

Changes in Internal Controls Over Financial Reporting

There has been no change in the Company's internal controls over financial reporting that occurred during the period covered by this Form 20-F, that has materially affected or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Item 16.

[Reserved]

Item 16A.**Audit Committee Financial Expert**

The Board of Directors of the Company has determined that there is one audit committee financial expert (as defined by the standards of the NYSE AMEX) on the Company's audit committee, namely David Farrell, a Director of the Company. Mr. Farrell has gained the attributes of an audit committee financial expert through his experience overseeing and assessing the performance of the public accountants who have audited the Company's financial statements;

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Item 16B.**Code of Ethics**

The Company has not adopted a formal written code of ethics given its relatively small size. Directors and officers of the Company are subject to the laws of the Province of British Columbia, Canada, whereby they are required to act honestly, in good faith and in the best interests of the Company. Also, the Board of Directors of the Company is comprised of two lawyers who are available to the management of the Company to provide a high standard of care in the activities of the Company and to provide guidance when needed.

Item 16C.**Principal Accountant Fees and Services**

Amisano Hanson, Chartered Accountants, has served as the Company's principal accountant since January 9, 2004. In early 2008, Amisano Hanson was acquired by BDO Dunwoody LLP, Chartered Accountants, which continued as the Company's auditors. The chart below sets forth the total amounts billed the Company by Amisano Hanson (now BDO Dunwoody LLP) during the Company's fiscal years ended December 31, 2008 and 2007, and breaks down these amounts by category of service:

	Years ended December 31	
	2008	2007
Audit:	\$52,807	\$43,586
Audit Related:	\$13,198	0
Tax (tax return preparation)	\$2,750	0
All Other Fees	0	\$1,200
Total	\$68,755	\$44,786

Audit fee is the aggregate amount billed for the audit of the Company's consolidated annual financial statements in connection with statutory and regulatory filings or engagements.

Audit Committee's pre-approval policies and procedures

The Audit Committee nominates and engages the independent auditors to audit the financial statements, and approves all audit, audit-related services, tax services and other services provided by the Company's outside auditors. Any services provided by the auditors that are not specifically included within the scope of the audit must be pre-approved by the audit committee prior to any engagement. The audit committee is permitted to approve certain fees for audit-related services, tax services and other services pursuant to a *de minimus* exception before the completion of the engagement. In 2008, none of the fees paid to the auditors were approved pursuant to the *de minimus* exception.

Item 16D.

Exemptions from the Listing Standards for Audit Committees.

Not Applicable

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Item 16E.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

None

PART III

Item 17.

Financial Statements.

The Company's Consolidated Financial Statements are stated in Canadian Dollars and are prepared in accordance with Canadian GAAP, the application of which, in the case of the Company, conforms in all material respects for the periods presented with U.S. GAAP, except as discussed in Note 16 to the Consolidated Financial Statements of the Company.

The Consolidated Financial Statements of the Company as required under Item 16 of Form 20-F attached hereto are individually listed under Item 19, and are found immediately following the text of this Annual Report. The audit report of BDO Dunwoody LLP, Chartered Accountants, and the comments by auditors for U.S. readers on Canada U.S. reporting difference, are included herein immediately preceding the Consolidated Financial Statements.

Item 18.

Financial Statements.

Not Applicable

Item 19.

Exhibits.

Financial Statements

The Consolidated Financial Statements of the Corporation and exhibits listed below are filed with this Annual Report on Form 20-F in the United States.

The following financial statements are attached to and form part of this Annual Report:

Consolidated Financial Statements of the Company

-

Report of Independent Registered Public Accounting Firm of BDO Dunwoody LLP, Chartered Accountants

-

Consolidated Balance Sheets as at December 31, 2008 and 2007

-

Consolidated Statements of Operations for the years ended December 31, 2008, 2007 and 2006

-

Consolidated Statements of Deficit and Comprehensive Loss for the years ended December 31, 2008, 2007 and 2006

-

Consolidated Statements of Cash Flows for the years ended December 31, 2008, 2007 and 2006

-

Consolidated Schedule of Mineral Properties Costs for the year ended December 31, 2008

-

Consolidated Schedule of Mineral Properties Costs for the year ended December 31, 2007

-

Notes to the Consolidated Financial Statements of the Company

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Exhibits

The following exhibits are attached to and form part of this Annual Report:

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<u>Exhibit No.</u>	<u>Description</u>
1 ⁽¹⁾	Certificate of Amalgamation and Articles of the Company dated July 1, 2004.
2 ⁽²⁾	Escrow Agreement dated April 14, 1998 among the Company, Pacific Corporate Trust Company, as escrow agent, and certain shareholders of the Company named therein
4	Agreement dated June 2, 2008 between the Company and Kappes, Cassidy & Associates.
8 ⁽³⁾	List of Subsidiaries
31.1	Section 302 Certification of the President, C.E.O. and C.F.O.
32.1	Section 906 Certification of the President, C.E.O. and C.F.O.

(1)

Incorporated by reference to the Company's Form 20-F Registration Statement dated July 13, 2005.

(2)

Incorporated by reference to the Company's Form 20-F Registration Statement dated November 15, 2000.

(3)

See Item 4, Organizational Structure, herein.

RADIUS GOLD INC.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

(Expressed in Canadian Dollars)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholder of,

Radius Gold Inc.

(An Exploration Stage Company)

We have audited the consolidated balance sheets of Radius Gold Inc. (An Exploration Stage Company) as at December 31, 2008 and 2007 and the consolidated statements of operations and deficit and comprehensive loss and cash flows for each of the years in the three-year period ended December 31, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and 2007 and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 2008 in accordance with Canadian generally accepted accounting principles.

(signed) BDO Dunwoody LLP

Chartered Accountants

Vancouver, Canada

April 24, 2009

COMMENTS BY AUDITORS FOR U.S. READERS

ON CANADA UNITED STATES REPORTING DIFFERENCES

The reporting standards of the Public Company Accounting Oversight Board (United States) (PCAOB) for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when the financial statements are affected by conditions and events that cast substantial doubt on the Company s ability to continue as a going concern, such as those described in Note 1 to the financial statements. PCAOB reporting standards also require the addition of an explanatory paragraph when prior year statements have been restated as described in note 17 and newly adopted financial instruments accounting policy, such as those described in Note 2, have a material effect on the consolidated financial statements. Although we conducted our audit in accordance with both Canadian generally accepted auditing standards and the standards of the PCAOB, our report to the shareholders on the Consolidated Financial Statements dated April 24, 2009 is expressed in accordance with Canadian reporting standards which do not permit a reference to such conditions and events in the auditors report when these are adequately disclosed in the financial statements.

(signed) BDO Dunwoody LLP

Chartered Accountants

Vancouver, Canada

April 24, 2009

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RADIUS GOLD INC.

(An Exploration Stage Company)

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2008 AND 2007

(Expressed in Canadian Dollars)

Restated

(Note 17)

2008

2007

ASSETS

CURRENT

Cash and cash equivalents

\$ 772,989

\$ 2,378,514

Marketable securities and investments (Note 4)

1,486,139

4,624,095

Advances and other receivables (Note 7)

96,683

56,543

GST receivable

10,399

27,919

Due from related parties (Note 7)

168,877

50,498

Prepaid expenses and deposits

60,697

85,212

2,595,784

7,222,781

83

LONG-TERM DEPOSITS

22,063

22,063

VAT RECOVERABLE (Note 2)

39,945

22,766

PROPERTY & EQUIPMENT (Note 5)

245,559

289,888

MINERAL PROPERTIES (Notes 6, 7 and 14)

13,874,003

15,923,030

\$ 16,777,354

\$ 23,480,528

LIABILITIES

CURRENT

Accounts payable and accrued liabilities (Note 7)

\$ 227,480

\$ 371,962

FUTURE INCOME TAX LIABILITY (Notes 13 and 17)

886,000

1,437,000

1,113,480

1,808,962

SHAREHOLDERS' EQUITY

SHARE CAPITAL (Note 8)

42,587,194

42,587,194

CONTRIBUTED SURPLUS (Note 8)

4,329,806

4,164,587

DEFICIT

(31,209,395)

(25,045,176)

ACCUMULATED OTHER COMPREHENSIVE INCOME (Note 11)

(43,731)

(35,039)

15,663,874

21,671,566

\$ 16,777,354

\$ 23,480,528

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

Commitments (Notes 6, 8 and 12)

Subsequent Event (Note 14)

APPROVED BY THE DIRECTORS:

_____ *signed* _____, Director

_____ *signed* _____, Director

Simon Ridgway

Mario Szotlender

See Accompanying Notes

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RADIUS GOLD INC.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(Expressed in Canadian Dollars)

(Restated Note 17)

(Restated
Note 17)**2008****2007****2006****EXPENSES**

Amortization

\$ 88,609

\$ 62,097

\$ 58,780

Consulting fees (Note 7)

69,346

54,112

18,301

Donations

772

998

20,748

Legal and accounting fees

107,910

64,405

86,561

Management fees (Note 7)

87

	60,000
	60,000
	60,000
Non-cash compensation charge (Note 8)	
	165,219
	722,225
	1,230,750
Office and miscellaneous	
	66,651
	68,612
	36,609
Public relations	
	83,020
	113,770
	132,828
Property investigations	
	-
	-
	24,835
Rent and utilities	
	39,703
	24,358
	26,965
Repair and maintenance	
	25,206
	11,469
	88

	7,158
Salaries and wages (Note 7)	
	275,052
	179,817
	133,244
Telephone and fax	
	23,269
	15,876
	14,923
Transfer agent and regulatory fees	
	15,580
	19,891
	17,120
Travel and accommodation	
	103,601
	81,849
	61,654
	(1,123,938)
	(1,479,479)
	(1,930,476)

OTHER INCOME (EXPENSES)

Foreign currency exchange gain (loss)

106,022

(310,141)

42,413

Loss on uncollectible receivable

-

(22,172)

-

Loss on disposal of property and equipment

(31,520)

(9,183)

-

Gain (loss) on sale of marketable securities

(86,145)

(130,389)

32,146

Investment income (net)

179,789

371,716

319,891

Other income

-

86,868

25,022

90

Write off of prepaid expenses and deposits	(18,352)
	-
	-
Write off of mineral properties costs	(5,741,075)
	(784,879)
	(3,052,802)
	(5,591,281)
	(798,180)
	(2,633,330)
Loss before income taxes	(6,715,219)
	(2,277,659)
	(4,563,806)
Future income tax recovery (expense) Notes 13 and 17	551,000
	(547,000)
	248,000
Net loss for the year	(6,164,219)
	(2,824,659)

(4,315,806)

BASIC AND DILUTED LOSS PER SHARE

\$(0.12)

\$(0.05)

\$(0.08)

WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING

53,548,488

53,425,577

52,991,262

See Accompanying Notes

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RADIUS GOLD INC.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF DEFICIT AND COMPREHENSIVE LOSS

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FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(Expressed in Canadian Dollars)

		(Restated Note 17)
		(Restated Note 17)
	2008	2007
	2006	
Deficit, beginning of the year		
As previously reported	\$ (23,608,176)	\$ (22,220,517)
		\$ (17,904,711)
Prior period adjustment (Note 17)		(1,437,000)
		-
		-
As restated	(25,045,176)	(22,220,517)
		(17,904,711)

Net loss for the year

(6,164,219)

(2,824,659)

(4,315,806)

Deficit, end of the year

\$ (31,209,395)

\$ (25,045,176)

\$ (22,220,517)

Net Loss

(6,164,219)

(2,824,659)

(4,315,806)

Other comprehensive income, net of tax

Unrealized loss on available-for-sale

marketable securities

(8,692)

(71,475)

-

COMPREHENSIVE LOSS

\$ (6,172,911)

\$ (2,896,134)

\$ (4,315,806)

See Accompanying Notes

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RADIUS GOLD INC.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(Expressed in Canadian Dollars)

(Restated)

Note 17)
(Restated
Note 17)

2008

2007

2006

OPERATING ACTIVITIES

Net loss for the year

\$ (6,164,219)

\$ (2,824,659)

\$ (4,315,806)

Items not involving cash:

Loss on uncollectible receivables

-

22,172

-

Amortization

88,609

62,097

58,780

Loss (gain) from disposal of asset

31,520

9,183

96

	-
Unrealized foreign exchange	
	(8,494)
	(109,490)
	(79,561)
Settlement of severance payment	
	4,936
	-
	-
Write off of prepaid expenses and deposits	
	18,352
	-
	-
Write off of deferred exploration costs	
	5,741,075
	784,879
	3,052,802
Loss on disposal of investments	
	86,145
	-
	-
Future income tax expense (recovery) (Notes 13 and 17)	
	(551,000)
	547,000
	(248,000)
Non-cash compensation charge (Note 8)	

	165,219
	722,225
	1,230,750
	(587,857)
	(786,593)
	(301,035)
Changes in non-cash working capital items:	
Advances and other receivables	
	(32,729)
	742,360
	(531,379)
GST receivable	
	17,520
	(14,231)
	12,364
Prepaid expenses	
	(12,237)
	(7,504)
	6,953
Accounts payable and accrued liabilities	
	(44,354)
	236,121
	43,067

(659,657)

170,153

(770,030)

FINANCING ACTIVITIES

Due to related parties

-

(10,510)

(24,619)

Proceeds on issuance of common shares, net

-

7,000

51,000

-

(3,510)

26,381

INVESTING ACTIVITIES

Purchase of marketable securities and investments

(2,929,277)

(230,863)

(3,370,185)

Due from related parties

(118,379)

97,372

	108,779
Expenditures on deferred exploration costs	
	(3,778,759)
	(3,127,878)
	(2,759,185)
VAT recoverable	
	(19,067)
	-
	-
Proceeds from sale of assets	
	47,520
	67,846
	-
Proceeds from sale of marketable securities and investments	
	5,972,395
	4,595,619
	6,282,572
Purchase of property & equipment	
	(149,460)
	(98,052)
	(5,022)
	(975,027)
	1,304,044
	256,959
Foreign exchange on opening cash and cash equivalents	

	29,159
	(25,870)
	(3,167)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE YEAR	(1,605,525)
	1,444,817
	(489,857)
Cash and cash equivalents - beginning of year	2,378,514
	933,697
	1,423,554
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 772,989
	\$ 2,378,514
	\$ 933,697

Supplemental cash flow information - Note 9

See Accompanying Notes

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(An Exploration Stage Company)

CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES COSTS

FOR THE YEAR ENDED DECEMBER 31, 2008

(Stated in Canadian Dollars)

	Guatemala		Nicaragua		Mexico		Peru		Ecuador		Other		Year Ended	
	General	Mineral	General	Mineral	General	Mineral	General	Mineral	General	Mineral	General	Mineral	Exploration	Concessions
<u>ACQUISITION COSTS</u>														
BALANCE - BEGINNING OF YEAR	\$ -	\$ 4,142,864	\$ -	\$ 82,482	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 210,560
Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	36,810
Write-off Acquisition Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	(36,810)
BALANCE - END OF YEAR	-	4,142,864	-	82,482	-	-	-	-	-	-	-	-	-	210,560
<u>DEFERRED EXPLORATION COSTS</u>														
BALANCE - BEGINNING OF YEAR	\$ -	\$ 6,496,839	\$ -	\$ 4,144,643	\$ -	\$ 299,639	\$ 157,651	\$ 246,410						
Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property Payment/Investigation	-	705	-	2,150	-	-	-	-	-	-	-	-	-	1,760
Automobile	70	3,660	5,136	118,021	16,560	1,351	17,043	2,830						
Camp, food and supplies	99	3,804	16,288	103,367	15,281	3,733	4,726	830						
	15	72	115	1,780	1,767	64	6,389	620						

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Drafting, maps and printing								
Drilling	-	-	-	416,555	-	-	-	
Exploration administration	2,301	1,258	1,470	16,334	562	731	14,645	1,177
Foreign Exchange loss (gain)	6	(46)	179	2,099	863	5	(1,622)	1,630
Environment	-	-	-	47,462	-	-	-	
Geochemistry	-	5,822	25,011	186,427	26,145	15,088	10,143	3,780
Geological consulting (Note 7)	-	34,581	91,994	384,135	169,574	48,258	144,722	3,340
Other consulting	3,972	4,964	6,420	49,167	18,682	27,065	40,217	34,060
Legal and accounting	82	2,780	1,467	42,600	34,908	-	35,630	6,570
Licences, rights and taxes	2,048	19,995	4,506	105,202	742	119,120	12,090	42,480
Linecutting & trenching	261	366	3,668	38,492	3,313	1,720	441	10,000
Underground development	-	-	-	-	-	-	-	
Materials	44	280	547	53,849	1,097	119	1,917	20,000
Maintenance	347	1,019	864	31,892	857	254	5,199	26,000
Miscellaneous	32	1,958	292	3,631	358	306	1,344	10,000
Medical expenses	1,610	3,170	1,411	18,421	3,618	344	2,876	
Public relations	-	-	1,173	151,556	803	-	-	
Road building	-	-	-	15,808	-	-	-	
Rent and utilities	2,661	17,807	411	51,366	6,109	931	9,088	1,020
Rental equipment	-	-	-	2,484	425	-	-	
Salaries and wages (Note 7)	-	28,232	14,235	256,069	27,863	-	38,068	
Shipping	67	121	8,149	20,808	3,910	613	2,554	
Telephone and communications	337	1,841	914	33,438	3,843	522	4,450	11,000
Travel and accommodation	82	1,357	12,304	53,803	31,739	5,038	15,982	1,020
	14,034	133,746	196,554	2,206,916	369,019	225,262	365,902	101,970
Expenditures Recovered	-	-	-	-	-	-	-	
Write-off Exploration Costs	(14,034)	(1,497,038)	(196,554)	(2,537,091)	(369,019)	(320,924)	(523,553)	(62,290)
BALANCE - END OF YEAR	-	5,133,547	-	3,814,468	-	203,977	-	286,090

TOTAL MINERAL
PROPERTIES -

\$ - \$ 9,276,411 \$ - \$ 3,896,950 \$ - \$ 203,977 \$ - \$ 496,666

END OF YEAR

See Accompanying Notes

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RADIUS GOLD INC.

(An Exploration Stage Company)

CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES COSTS

FOR THE YEAR ENDED DECEMBER 31, 2007

(Stated in Canadian Dollars)

	Guatemala	Nicaragua	Mexico	Peru	Ecuador	Other	Year Ended	
	Mineral	General	Mineral	General	Mineral	General	Mineral	Cerro Colorado
	Concessions	Exploration	Concessions	Exploration	Concessions	Exploration	Concessions	Colorado
<u>ACQUISITION COSTS</u>								
BALANCE - BEGINNING OF YEAR	\$4,142,864	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,130
Shares	-	-	29,000	-	-	-	64,000	-
Cash	-	-	53,482	-	-	-	146,566	-
	-	-	82,482	-	-	-	210,566	-
BALANCE - END OF YEAR	4,142,864	-	82,482	-	-	-	210,566	113,130
<u>DEFERRED EXPLORATION COSTS</u>								

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BALANCE - BEGINNING OF YEAR	\$ 5,753,974	\$ 349,838	\$3,069,580	\$ -	\$ -	\$ -	\$ -	\$ 4,734
Amortization	-	-	-	-	-	-	-	-
Property	23,060	-	1,809	-	-	-	16,135	6,750
Payment/Investigation								
Automobile	9,970	10	91,505	10,197	11,884	2,426	17,957	-
Camp, food and supplies	12,761	2,294	65,738	8,618	9,034	542	4,716	805
Drafting, maps and printing	184	-	1,943	2,260	4,157	162	451	-
Exploration administration	5,503	-	25,909	1,279	1,279	1,955	3,375	-
Environment	-	-	14,219	-	-	2,501	-	-
Geochemistry	6,614	6,085	32,824	19,980	19,980	3,077	13,579	-
Geological consulting (Note 7)	67,918	41,493	277,810	130,571	163,770	77,303	58,330	8,574
Other consulting	23,004	-	102,330	12,731	15,243	24,136	102,781	-
Legal and accounting	8,311	-	31,868	18,397	20,522	10,034	9,661	-
Licences, rights and taxes	13,882	-	86,576	14,582	97,776	3,233	2,362	-
Linecutting & trenching	22,317	-	27,260	2,034	3,607	-	850	-
Underground development	423,769	-	-	-	-	-	-	-
Materials	8,983	-	26,370	753	765	1,335	6,191	-
Maintenance	2,840	-	18,299	430	456	-	382	-
Miscellaneous	3,239	-	2,626	343	917	60	438	-
Medical expenses	6,890	456	11,816	3,045	3,421	262	37	-
Road building	-	-	11,265	-	-	-	-	-
Rent and utilities	31,090	-	35,629	4,561	4,561	-	-	-
Rental equipment	748	-	6,762	90	90	-	-	-
Salaries and wages	43,660	8,084	126,277	12,040	12,040	2,419	-	-
Shipping	3,613	1,658	9,873	3,199	3,641	906	336	-
Telephone and communications	5,917	870	24,727	3,636	3,636	177	261	-
Travel and accommodation	18,593	2,548	55,553	15,863	15,870	27,123	8,575	3,253
	742,866	63,498	1,088,988	264,609	392,649	157,651	246,417	19,382
Write-off exploration Costs	-	(413,336)	(13,924)	(264,609)	(93,010)	-	-	-

BALANCE - END OF YEAR	6,496,839	-	4,144,643	-	299,639	157,651	246,417	24,116
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TOTAL MINERAL PROPERTIES -

	\$10,639,703	\$	-	\$ 4,227,125	\$	-	\$ 299,639	\$ 157,651	\$ 456,983	\$137,246
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END OF YEAR

See Accompanying Notes

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Radius Gold Inc.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2008 and 2007

(Expressed in Canadian Dollars)

1.

Nature of Operations and Ability to Continue as a Going Concern

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

The Company is engaged in acquisition and exploration of mineral properties located primarily in Central and South America. The amounts shown for the mineral properties represent costs incurred to date and do not reflect present or future values. The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. Accordingly, the recoverability of these capitalized costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete their development and upon future profitable production or disposition thereof.

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At December 31, 2008, the Company had not yet achieved profitable operations, has accumulated losses of \$31,209,395 since inception, and is expected to incur further losses in the development of its business, all of which raises substantial doubt about its ability to continue as a going concern. The Company will require additional financing in order to conduct its planned work programs on mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

2.

Significant Accounting Policies

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

a)

Principles of Consolidation

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

i)

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

ii)

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

iii)

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

iv)

Radius Panamá Corporation, Weltern Resources Corp. and Corporación Geológica de Panamá, companies incorporated under the laws of Panamá;

v)

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

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Radius Gold Inc.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2008 and 2007

(Expressed in Canadian Dollars)

2.

Significant Accounting Policies (cont d)

a)

Principles of Consolidation (cont d)

vi)

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

vii)

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

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

b)

Cash and Cash Equivalents

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

c)

Marketable Securities

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

d)

Mineral Properties

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Costs of producing properties will be amortized on a unit of production basis and costs of abandoned properties are written-off. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

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

the property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

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

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Radius Gold Inc.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2008 and 2007

(Expressed in Canadian Dollars)

2.

Significant Accounting Policies (cont d)

e)

Property, Equipment and Amortization

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

Leasehold improvements	5 years straight-line
Trucks	4 - 8 years straight-line
Computer equipment	25% - 50% declining balance
Furniture and equipment	20% declining balance
Geophysical equipment	20% declining balance
Website	30% declining balance

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

f)

Basic and Diluted Loss Per Share

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

For the years ended December 31, 2008, 2007 and 2006, potentially dilutive common shares (relating to options outstanding at year-end) totalling 5,025,000 (2007: 5,150,000; 2006: 3,475,000) were not included in the computation of loss per share because their effect was anti-dilutive.

g)

Income Taxes

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

h)

Foreign Currency Translation

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

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Radius Gold Inc.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2008 and 2007

(Expressed in Canadian Dollars)

2.

Significant Accounting Policies (cont d)

i)

Stock-based Compensation

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

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

j)

Asset Retirement Obligation

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

At December 31, 2008 and 2007, the fair value of the mineral properties site restoration costs is not significant.

k)

Impairment of Long-lived Assets

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

l)

Financial Instruments

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets, or other financial liabilities. All financial instruments and derivatives are measured on the trade date at fair value upon initial recognition. Subsequent measurement depends on

the initial classification of the instrument. Held-for-trading financial assets are measured at fair value, with changes in fair value recorded in net income. Available-for-sale financial assets are measured at fair value, with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost. All derivative instruments, including embedded derivatives, are recorded on the balance sheet at fair value unless they qualify for the normal sales and purchases exemption. Changes in the fair value of derivatives that are not exempt are recorded in the statement of operations. Transaction costs on the acquisition of financial assets and liabilities that are classified as other than held-for trading are expensed.

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Radius Gold Inc.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2008 and 2007

(Expressed in Canadian Dollars)

2.

Significant Accounting Policies (cont d)

l)

Financial Instruments (cont d)

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.

Effective January 1, 2008, the Company implemented the new Canadian Institute of Chartered Accountants (CICA) accounting sections: 3862 (Financial Instruments Disclosure), 3863 (Financial Instruments Presentation), which

replaced section 3861 Financial Instruments Disclosures and Presentation.

These new standards revise and enhance the disclosure requirements, and carry forward, substantially unchanged, the presentation requirements. Sections 3862 and 3863 emphasize the significance of financial instruments for the entity's financial position and performance, the nature and extent of the risks arising from financial instruments, and how these risks are managed. These new standards are applicable to interim and annual periods relating to fiscal years beginning on or after October 1, 2007. These new Sections relate to disclosure and presentation only and there was no impact on the Company's financial results for the current fiscal year.

As at December 31, 2008, 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's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and interest rate risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. 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 December 31, 2008, cash totalling \$270,878 (2007 - \$1,118,436) was held in US dollars, \$43,630 (2007 - \$8,506) in Nicaragua Cordoba, \$14,268 (2007 - \$9,474) in Guatemala Quetzal, \$7,527 (2007 - \$2,550) in Mexican Pesos and \$1,168 (2007 - \$nil) in Peruvian Sols.

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 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 and the Company's holdings of cash and cash equivalents and marketable securities. The Company believes that these sources will be sufficient to cover the likely short and long-term requirements.

Radius Gold Inc.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2008 and 2007

(Expressed in Canadian Dollars)

2.

Significant Accounting Policies (cont d)

1)

Financial Instruments (cont d)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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.

Derivatives and Hedge Accounting

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

Comprehensive Income

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

m)

Capital Management

Effective January 1, 2008, the Company implemented the new CICA accounting section 1535 (Capital Disclosures). Section 1535 specifies the disclosure of (i) an entity's objectives, policies, and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. This new Section relates to disclosure and there was no impact on the Company's financial results for the current fiscal year.

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.

The Company is not subject to any external capital requirements.

Radius Gold Inc.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2008 and 2007

(Expressed in Canadian Dollars)

2.

Significant Accounting Policies (cont d)

m)

Capital Management (cont d)

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 year ended December 31, 2008. 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 and in marketable securities consisting of short term notes, Government of Canada bonds, Canadian provincial government bonds, corporate bonds, pool fund bonds and preferred equities. 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 will be sufficient to carry out its exploration programs and operating costs for the next twelve months. However, in response to current global financial market crisis, the Company has taken steps to reduce operating and exploration expenditures to preserve its capital resources as much as possible until such time that conditions improve.

n)

Going Concern

The Accounting Standards Board amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity's ability to continue as a going concern. When management is aware of material uncertainties related to events or conditions that may cast doubt on an entity's ability to continue as a going concern, those uncertainties must be disclosed. In assessing the appropriateness of the going concern assumption, the standard

requires management to consider all available information about the future, which is at least, but not limited to, twelve months from the balance sheet date. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The adoption of this new standard did not have a material impact on the financial statements for the periods presented.

o)

Value-added Taxes Recoverable

The Company incurred value-added taxes (VAT) in Mexico during the years ended December 31, 2008 and 2007 which relates to mineral property expenditures and other expenses. Due to the uncertainty surrounding the collection, the Company has classified the amounts as long-term asset.

3.

Future Accounting Changes

Effective for interim and annual financial statements for years beginning on or after October 1, 2008, CICA Handbook Section 3064, Goodwill and Intangible Assets, will replace CICA Handbook Section 3062, Goodwill and Other Intangible Assets , and results in withdrawal of CICA Handbook Section 3450, Research and Development Costs, EIC-27, Revenues and Expenditures during the Pre-Operating Period and amendments to Accounting Guideline (AcG) 11, Enterprises in the Development Stage and CICA Handbook Section 1000, Financial Statement Concepts. The Company is currently evaluating the impact of the adoption of this new Section on its financial statements.

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Radius Gold Inc.

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3.

Future Accounting Changes (cont d)

In 2006, the Canadian Accounting Standards Board (AcSB) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards (IFRS) over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for the publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

In January 2009, the CICA issued Section 1582, Business Combinations , Sections 1601, Consolidated Financial Statements , and Section 1602, Non-controlling Interests , which replaces existing guidance. Section 1582 establishes principles and requirements of the acquisition method for business combinations and related disclosures. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards are effective on or after the beginning of the first annual reporting period beginning on or after January 1, 2011, with earlier adoption permitted. If the Company chooses to adopt any one of these Sections, the other sections must also be adopted at the same time. The Company is currently evaluating the impact of the adoption of these new sections on its financial statements.

4.

Marketable Securities and Investments

Marketable securities are recorded at market value as they are considered available-for-sale. Included in marketable securities are 7,406 common shares of a company with directors in common. The portfolio of marketable securities consists of short term notes with a yield range of 1.62% - 3.71% (2007: 4.02% - 4.38%), Government of Canada bonds with a yield range of 0.98% - 3.54% (2007: 3.82% - 4.75%), Canadian provincial government bonds with a yield range of 0.83% - 4.41% (2007: 4.07% - 6.13%), corporate bonds with a yield range of 3.47% - 8.27% (2007: 4.33% - 6.17%), pool fund bonds with a yield range of 4.64% - 5.04% (2007: 4.62% - 4.87%), and preferred equities with a yield range of 4.48% - 7.97% (2007: 4.38% - 5.69%). Unrealized loss of \$8,692 (2007- \$71,475) were recorded in other comprehensive income.

5.

Property and Equipment

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

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5.

Property and Equipment (cont'd)

2007
Accumulated

	Cost	Amortization	Net
Land	\$ 44,838	\$ -	\$ 44,838
Leasehold improvements	15,322	15,322	-
Trucks	361,521	201,849	159,672
Computer equipment	131,412	76,136	55,276
Furniture and equipment	39,756	31,377	8,379
Geophysical equipment	36,447	15,652	20,795
Website	4,800	3,872	928
	\$ 634,096	\$ 344,208	\$ 289,888

6.

Mineral Properties

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

A)

Guatemala

i)

El Tambor

The El Tambor Property consists of seven concessions located in south-central Guatemala covering a total of 6,162 hectares, as follows:

a)

La Laguna granted exploration licence; 100% owned.

b)

El Injerto and Carlos Antonio granted exploration licences; 100% owned, subject to a 2.5% net smelter returns royalty.

c)

Santa Margarita Derivada exploration licence application for title pending; 100% owned, subject to a 2.5% net smelter returns royalty.

d)

Progreso VII Derivada exploration licence application for title pending; 100% owned, subject to a 4.0% net smelter returns royalty which one-half of the 4% royalty may be purchased by the Company for US\$2.0 million.

e)

Marga and Las Navajas exploration licence applications for title pending; 100% owned.

In June 2008, the Company signed a binding Letter of Intent with Kappes, Cassidy & Associates (KCA) whereby KCA can earn a 51% interest in the Tambor Project by incurring exploration expenditures on the property totaling US\$6,500,000 over 4 years, or by putting the property into commercial production within 4 years. If KCA earns its 51% interest, a joint venture will be formed between KCA and the Company. Once commercial production has been achieved, KCA will receive preferential payback of 75% (the Company 25%) of after-tax cash flow from initial production until KCA receives an amount equal to its investment, less US\$2,000,000. At that point, the Company will receive 75% of the after-tax cash flow (KCA 25%) until the Company receives the amount of preferential cash flow received by KCA, after which revenues will be split 51% KCA / 49% the Company. A schedule of minimum annual expenditures by KCA is as follows, with KCA having a commitment to expend US\$1,000,000 in the first year:

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6.

Mineral Properties (cont d)

A)

Guatemala - (cont d)

i)

El Tambor (cont d)

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

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

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

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

ii)

Banderas

The Company holds a 100% interest in the Banderas Project which consists of two exploration concessions (one granted and one application for title pending) covering a total of 11,450 hectares. During the year ended December 31, 2008, the Company wrote-off \$1,497,038 (2007: \$Nil; 2006: \$Nil) in deferred exploration costs.

iii)

Regional exploration

During the year ended December 31, 2008 deferred exploration costs incurred by the Company on prospective properties in Guatemala totalling \$14,034 (2007: \$Nil; 2006: \$Nil) were written-off to operations.

B)

Nicaragua

i)

Natividad (El Pavon)

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

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

All amounts owing by Meridian to the Company were repaid in 2007, and during the year ended December 31, 2007, \$1,202 in costs incurred by the Company on certain of the joint venture concessions were written-off to operations.

ii)

Trebol

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

iii)

La Flor

The Company owns a 100% interest in the La Flor Project which consists of one granted exploration concession covering 15,605 hectares. During the year ended December 31, 2008, the Company wrote-off \$247,950 (2007: \$Nil; 2006: \$Nil) in deferred exploration costs in order to better reflect the carrying costs of the Project.

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6.

Mineral Properties (cont d)

B)

Nicaragua (cont d)

iv)

Regional Exploration and Other Properties Including San Pedro, India Norte and Estrella de Oro

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

During the year ended December 31, 2008, \$2,485,695 (2007: \$427,260; 2006: \$1,650,886) in deferred exploration costs incurred on these properties and other prospective properties were written-off to operations.

C)

Mexico

i)

Tlacolula Property

The Company owns a 100% interest in the Tlacolula Property which consists of one granted exploration concession covering 12,642 hectares. During the year ended December 31, 2008, the Company wrote-off \$203,977 (2007: \$Nil; 2006: \$Nil) in deferred exploration costs in order to better reflect its carrying costs.

ii)

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

During 2007 and 2008, the Company conducted exploration work on various other concessions in Mexico, all of which had been relinquished as at December 31, 2008 as management is not planning any further work thereon. During the year ended December 31, 2008, the Company wrote-off \$485,966 (2007: \$357,619; 2006: \$1,348,844) in deferred exploration costs to operations.

D)

Peru

i)

Rubi Property

In August 2007, the Company was granted an option to acquire a 100% interest in the Rubi Property, Peru, which currently consists of two concessions covering a total of 2,200 hectares. In this connection, the Company paid \$100,000 and issued 50,000 common shares to the property owner, and paid finder's fees of \$10,000 and 25,000 shares each to two individuals.

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

a)

Cash payments to the property owner:

- i)
US\$75,000 on signing of the revised option agreement (Agreement Date) (paid by IMC);
- ii)
US\$150,000 on or before October 2, 2009;
- iii)
US\$300,000 on or before October 2, 2010;
- iv)
US\$600,000 on or before October 2, 2011; and
- v)
US\$1,875,000 on or before October 2, 2012.

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6.

Mineral Properties (cont d)

D)

Peru (cont d)

i)

Rubi Property (cont d)

b)

Exploration expenditures on the Rubi Property:

i)

US\$400,000 on or before October 2, 2009;

ii)

an additional US\$600,000 on or before October 2, 2010;

iii)

an additional US\$1,000,000 on or before October 2, 2011; and

iv)

an additional US\$1,000,000 on or before October 2, 2012.

The property owner will retain a 2% net smelter returns royalty, with JVCO having a right of first offer to purchase such royalty.

Under its agreement with the Company, IMC can earn its 60% interest in JVCO by paying the initial signing fee of US\$75,000 (paid) and by funding the first year's exploration expenditures on the Rubi Property, for a total of US\$475,000. The remaining cash payments and exploration expenditures will be funded by JVCO (60% IMC, 40% the Company) with each party subject to standard dilution requirements in the event of non-contribution of funds.

ii)

Artemisas Property

In November 2007, the Company was granted an option to acquire a 70% interest in the Artemisas Property, Peru. After conducting exploration work on the Property in 2008, management of the Company decided no further work was warranted, and the Company relinquished the option. During the year ended December 31, 2008, the Company wrote-off \$48,797 (2007: \$Nil; 2006: \$Nil) in deferred exploration costs to operations.

iii)

Charpal Property

In January 2008, the Company was granted an option to acquire a 100% interest in the Charpal Property, Peru. After conducting exploration work on the Property, management of the Company decided no further work was warranted, and the Company relinquished the option prior to year end. During the year ended December 31, 2008, the Company wrote-off \$8,376 and \$36,817 (2007: \$Nil; 2006: \$Nil) in deferred exploration costs and acquisition costs respectively to operations.

iv)

Apurimac Property

In 2008, the Company acquired a 100% interest in the Apurimac Property, Peru. After conducting exploration work on the Property, management of the Company decided no further work was warranted, and the Company relinquished the property prior to year end. During the year ended December 31, 2008, the Company wrote-off \$5,121 (2007: \$Nil; 2006: \$Nil) in deferred exploration costs to operations.

v)

Regional exploration

During the year ended December 31, 2008 deferred exploration costs incurred by the Company on prospective properties in Peru totalling \$523,553 (2007: \$Nil; 2006: \$Nil) were written-off to operations.

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6.

Mineral Properties (cont d)

E)

Ecuador

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

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

a)

Make the following cash payments:

i)

US\$100,000 on signing of the agreement (paid);

ii)

US\$125,000 upon commencement of drilling on the project (the Drill Date);

iii)

US\$150,000 by the first anniversary of the Drill Date;

iv)

US\$300,000 by the second anniversary of the Drill Date; and

v)

US\$325,000 by the third anniversary of the Drill Date.

b)

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

c)

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

As at December 31, 2008, the Drill Date had not occurred. The Company has the right to terminate the option at any time upon 90 days written notice, and if the Drill Date has not occurred by November 7, 2009, the option will automatically terminate.

Due to current uncertainties in Ecuador and the global economy, management does not expect to proceed with the Company's option on the Cerro Colorado Property. Accordingly, during the year ended December 31, 2008, acquisition costs and deferred exploration costs incurred by the Company totalling \$113,130 and \$65,938 respectively were written-off to operations.

F)

Canada, Argentina, Colombia and Tanzania

In 2007, the Company incurred data acquisition and geological consulting costs in connection with property investigations in Canada. During the year ended December 31, 2008, these deferred exploration costs totalling \$4,683 (2007: \$Nil ; 2006: \$Nil) were written-off to operations. Deferred exploration costs totalling \$Nil (2007: \$Nil ; 2006: \$53,072) relating to Argentina, Columbia and Tanzania were written-off to operations.

7.

Related Party Transactions

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

	2008	2007	2006
Expenses:			
Management fees	\$ 60,000	\$ 60,000	\$ 60,000
Consulting	38,372	46,590	18,301
Salaries and benefits	67,176	100,930	91,850
Mineral property costs:			
Geological consulting fees	199,200	176,650	160,581
Salaries and benefits	87,908	65,873	58,467
	\$452,656	\$ 450,043	\$ 389,199

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7.

Related Party Transactions (cont d)

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

Advances and other receivables include \$8,401 (2007: \$26,665) 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 \$168,877 (2007: \$50,498) are amounts due from companies which have a common director with the Company and arose from shared administrative costs. The balance owing is repayable in the normal course of business.

Accounts payable and accrued liabilities include \$10,082 (2007: \$15,778) payable to an officer of the Company.

8.

Share Capital

a)

Authorized: Unlimited common shares without par value

b)

Issued:

	Number of Shares	Price Per Share	Amount
Balance December 31, 2006	53,385,988		\$ 42,486,069
Exercise of stock options	12,500	\$0.56	7,000
Acquisition of property	50,000	\$0.58	29,000
Acquisition of property	100,000	\$0.64	64,000
Transfer of contributed surplus on exercise of options	-		1,125
Balance December 31, 2007 and 2008	53,548,488		\$ 42,587,194

Escrow Shares

As at June 25, 2007, all of the 375,000 common shares held in escrow were released.

Stock Options

The Company has established 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 five years.

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8.

Share Capital (cont d)

Stock Options (cont d)

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

	2008		2007	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	5,150,000	\$0.63	3,475,000	\$0.70
Forfeited / Expired	(870,000)	0.65	(587,500)	0.67
Granted	745,000	0.26	2,275,000	0.54
Exercised	-	-	(12,500)	0.56
Outstanding, end of year	5,025,000	\$0.58	5,150,000	\$0.63
Exercisable, end of year	5,010,000		4,775,000	

At December 31, 2008, there were 5,025,000 stock options outstanding entitling the holders thereof the right to purchase one common share for each purchase option held:

Number	Exercise Price	Expiry Date	Average Remaining Contractual Life in Years
50,000	\$0.48	Aug 29, 2009	0.66
2,305,000	\$0.70	Feb 21, 2011	2.14
875,000	\$0.52	Apr 16, 2012	3.29
50,000	\$0.62	May 31, 2012	3.42
1,050,000	\$0.56	Sept 5, 2012	3.68
695,000	\$0.26	May 5, 2013	4.35
5,025,000			2.97

Stock-Based Compensation

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 year ending December 31, 2008 of \$165,219

(2007: \$722,225; 2006: \$1,230,750) is associated with the granting of options to consultants and employees.

The weighted fair value of the share purchase options granted during the year ended December 31, 2008 of \$0.22 (2007: \$0.32; 2006: \$0.45) per option is estimated on the grant date using the Black Scholes option valuation model. Volatility is based on the Company's historical prices. The assumptions used in calculating fair value for the years ended December 31, are as follows:

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8.

Share Capital (cont'd)

	2008	2007	2006
Expected dividend yield	0%	0%	0%
Expected volatility based on historical share price	74%	72% - 73%	76%
Risk-free interest rate	3.13%	3.69% - 4.58%	4.02%
Expected term in years	5 years	5 years	5 years

The following table reconciles the Company's contributed surplus:

	2008	2007
Balance, beginning of year	\$ 4,164,587	\$ 3,443,487
Options vested	165,219	722,225
Options exercised	-	(1,125)
Balance, end of year	\$ 4,329,806	\$ 4,164,587

9.**Supplemental Cash Flow Information**

	2008	2007	2006
Supplementary disclosure of cash flow information:			
Cash paid for interest	\$ -	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -	\$ -
Cash and cash equivalents is comprised of:			
Cash	\$ 772,989	\$ 2,378,514	\$ 933,697

Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows during the year ending December 31, 2008, the following transactions were excluded:

i)

Included in accounts payable was \$52,430 in exploration costs which was included in deferred exploration costs.

During the year ending December 31, 2007, the following transactions were excluded:

i)

Issued 50,000 common shares with a fair value of \$29,000 for the acquisition of the La Flor Property.

ii)

Issued 50,000 common shares with a fair value of \$32,000 for the acquisition of the Rubi Property.

iii)

Issued 50,000 common shares with a fair value of \$32,000 for the finder's fee on the Rubi Property.

iv)

Included in accounts payable was \$48,783 in exploration costs which was included in deferred exploration costs.

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10.

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 gold 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, Ecuador, and Mexico.

Details of identifiable assets by geographic segments are as follows:

	2008	2007
Total Assets		
Canada	\$ 2,358,268	\$ 6,325,881
Caymans	48,919	714,405
Ecuador	-	137,246
Guatemala	9,381,966	10,724,984
Nicaragua	4,177,495	4,547,829
Mexico	273,329	400,506
Peru	535,539	628,109
Other	1,838	1,568
	\$ 16,777,354	\$ 23,480,528
Property & Equipment		
Canada	\$ 69,679	\$ 43,650
Guatemala	1,941	33,606
Nicaragua	164,165	188,273
Mexico	3,620	15,757
Peru	6,154	8,602
	\$ 245,559	\$ 289,888
Resource Properties Acquisition		
Ecuador	\$ -	\$ 113,130
Guatemala	4,142,864	4,142,864
Peru	210,566	210,566
Nicaragua	82,482	82,482
	\$ 4,435,912	\$ 4,549,042

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10.

Segmented Information (cont d)

	2008	2007
Deferred Exploration Costs		
Canada	\$ -	\$ 4,683
Ecuador	-	24,116
Guatemala	5,133,547	6,496,840
Peru	286,099	404,066
Mexico	203,977	299,639
Nicaragua	3,814,468	4,144,644
	\$ 9,438,091	\$ 11,373,988

11.

Accumulated Other Comprehensive Income

Balance at December 31, 2006	\$ -
Cumulative impact of accounting changes	36,436
Adjusted balance January 1, 2007	36,436
Unrealized loss on available for sale marketable securities	(71,475)
Balance at December 31, 2007	(35,039)
Unrealized loss on available for sale marketable securities	(8,692)
Balance at December 31, 2008	\$ (43,731)

12.

Commitments

The Company has entered into operating lease agreements for its office premises. The Company also sub leases rental space to other companies on a month to month basis which are netted against rental expense. The annual lease commitment under the lease is as follows:

2009	\$ 142,724
2010	146,682
2011	134,459
	\$ 423,865

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13.**Income Taxes**

The income tax provision recorded differs from the income tax obtained by applying the statutory income tax rate of 31.30% (2007: 34.12% 2006: 34.12%) to the income for the year and is reconciled as follows:

	2008	2007	2006
Benefit at Canadian statutory rate	\$ (2,082,000)	\$ (769,000)	\$ (2,017,000)
Foreign income taxed at other than CDN			
statutory rate	1,332,000	268,000	-
Permanent differences	146,000	152,000	415,000
Effect of a reduction in statutory rate	31,000	815,000	-
Share issuance costs	(5,000)	(69,000)	-
Expiry of loss carryforward	356,000	203,000	-
Increase/(decrease) in valuation allowance	(329,000)	(53,000)	1,354,000

\$ (551,000) \$ 547,000 \$ (248,000)

The tax effects on the temporary differences that give rise to the Company's future tax assets and liabilities are as follows:

	2008	2007
Net operating and capital losses	\$ 1,847,000	\$ 2,175,000
Property and equipment	52,000	47,000
Resource related costs - Canada	98,000	99,000
Resource related costs - Foreign	(886,000)	(1,437,000)
Undeducted financing costs	-	5,000
	1,111,000	889,000
Less: Valuation allowance	(1,997,000)	(2,326,000)
	\$ (886,000)	\$ (1,437,000)

At December 31, 2008, the Company had estimated net operating losses carried forward of approximately \$7,802,000 (2007: \$8,200,000) (expiring in various amounts over the period from 2009 to 2028) available to reduce future taxable income.

The Company evaluates its valuation allowance requirements based on projected future operations. When circumstances change and this causes a change in management's judgment about the recoverability of future tax assets, the impact of the change on valuation allowance is reflected in current income.

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14.

Subsequent Event

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

The Company has also agreed to assign the Option to Focus Ventures Ltd. (Focus). Focus will have up to 180 days to conduct due diligence work on the Property, and if it decides to proceed, Focus will assume all of the Company's obligations under the Option, will issue to the Company 1,000,000 common shares in the capital of Focus at a deemed price of \$0.20 per share, pay to the Company \$50,000 cash, and grant to the Company a 1.5% net smelter return royalty on the Property. The Company and Focus have common directors and officers, and the agreement between the two companies is subject to TSX Venture Exchange approval.

15.

Comparative figures

Certain comparative figures for the years ended December 31, 2007 and 2006 have been reclassified to conform with the presentation adopted for the current year.

16.

Reconciliation to United States of America Generally Accepted Accounting Principles

Accounting practices under Canadian (CDN GAAP) and of United States of America generally accepted accounting principles (US GAAP), as they affect the Company, are substantially the same, except for the following:

a)

Marketable Securities

Prior to January 1, 2007, the Company's marketable securities were presented at lower of cost or market value under CDN GAAP. Under US GAAP the Company classifies its marketable securities as available-for-sale and they are carried in the financial statements at their fair value equal to their quoted market price at year end. Marketable securities are classified as long-term if management does not intend to dispose of them within the subsequent year. Realized gains and losses are reported in earnings for the year while unrealized holding gains and losses are excluded from income and reported as other comprehensive income. Upon adoption of CICA Handbook Section 3855 on January 1, 2007 (note 2), there are no ongoing differences between Canadian and US GAAP in the accounting for marketable securities.

b)

Mineral Properties

Under Canadian GAAP mineral property acquisition costs and exploration costs may be deferred and amortized to the extent they meet certain criteria. Under US GAAP, mineral property acquisition costs are considered tangible assets and must be initially capitalized and evaluated periodically for impairment. The Company has expensed mineral property cost as incurred and will capitalize mineral property acquisition costs when it has been determined that a mineral property can be economically developed as a result of a final feasibility study establishing proven and probable reserves. Costs incurred prospectively to develop the property are capitalized as incurred and are amortized using the units of production method over the estimated life of the ore body based on estimated recoverable ounces mined from proven and probable reserves. Therefore, additional expenses are required under US GAAP for the years ended December 31, 2008, 2007 and 2006.

Radius Gold Inc.

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Notes to the Consolidated Financial Statements

For the years ended December 31, 2008 and 2007

(Expressed in Canadian Dollars)

16.

Reconciliation to United States of America Generally Accepted Accounting Principles (cont d)

c)

Comprehensive Loss

US GAAP requires disclosure of comprehensive loss which, for the Company, is net loss under US GAAP adjusted for the change in items excluded from net loss under US GAAP. Upon adoption of CICA Handbook Section 1530 on January 1, 2007 (note 2), there are no ongoing differences between Canadian and US GAAP in reporting and displaying comprehensive loss.

d)

Newly Adopted Accounting Pronouncements

The FASB has issued Statement of Financial Accounting Standards (SFAS) 157, Fair Value Measurements , which defines fair value, establishes a framework for consistently measuring fair value under GAAP and expands disclosures about fair value measurements. SFAS 157 is to be effective as of the first fiscal year that begins after November 15, 2007. In February 2008, the FASB deferred the effective date for one year for certain non financial assets and non financial liabilities and removed certain leasing transactions from its scope. (i.e. for the Company s fiscal year beginning January 1, 2009). The adoption of SFAS 157 is not expected to have a material effect on the Company s financial position.

In February, 2007, the FASB issued SFAS No. 159 The Fair Value Option for Financial Assets and Financial Liabilities . This Statement permits all entities to choose, at specified election dates, to measure eligible items at fair value (the fair value option). A business entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings (or another performance indicator if the business entity does not report earnings) at each subsequent reporting date. Upfront costs and fees related to items for which the fair value option is elected shall be recognized in earnings as incurred and not deferred. If an entity elects the fair value option for a held-to-maturity or available-for-sale security in conjunction with the adoption of this Statement, that security shall be reported as a trading security under Statement 115, but the accounting for a transfer to the trading category under paragraph 15 (b) of Statement 115 does not apply. Electing the fair value option for an existing held-to-maturity security will not call into question the intent of an entity to hold other debt securities to maturity in the future. This statement is effective as of the first fiscal year that begins after November 15, 2007 (i.e. for the Company s fiscal year beginning January 1, 2008). The effects of SFAS 159 did not have a significant impact on the Company s financial condition or results of operations.

In December 2007, the SEC issued Staff Accounting Bulletin (SAB) No. 110 which amends SAB 107 to allow for the continued use, under certain circumstances, of the simplified method in developing an estimate of the expected term of so-called plain vanilla stock options accounted for under FAS 123R, Share-Based Payment. When SAB 107 was published, the staff believed that more information about employee exercise behavior (e.g., employee exercise patterns by industry or other categories of companies) would become available. Therefore, the staff stated in SAB 107 that it would not expect the simplified method to be used for stock option grants after December 31, 2007. The staff now understands that such information will not be widely available by December 31, 2007. Accordingly, the SEC staff will accept, under certain circumstances, the use of the simplified method beyond December 31, 2007 for plain vanilla options (as described in SAB 110). The Company does not believe that SAB 110 will have a significant impact on its financial statements.

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Notes to the Consolidated Financial Statements

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16.

Reconciliation to United States of America Generally Accepted Accounting Principles (cont d)

e)

New Accounting Standards

In 2008 and 2007, the FASB issued new and revised standards, all of which were assessed by Management to be not applicable to the Company with the exception of the following:

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In December 2007, the FASB issued SFAS 141R Business Combinations which is effective for fiscal years beginning after December 15, 2008. SFAS 141R, which will replace FAS 141, is applicable to business combinations consummated after the effective date of December 15, 2008. The Company is currently evaluating the impact that the adoption of SFAS No. 141R might have on its financial position or results of operations.

-

In December 2007, the FASB also issued SFAS No. 160, Non-controlling Interests in Consolidated Financial Statements, an amendment of ARB 51. SFAS No. 160 will change the accounting and reporting for minority interests, which will be re-characterized as non-controlling interests and classified as a component of equity. SFAS No. 160 requires retroactive adoption of the presentation and disclosure requirements for existing minority interests. SFAS No. 160 is effective for fiscal years beginning on or after December 15, 2008 and interim periods within those fiscal years. The Company is currently evaluating the impact that the adoption of SFAS 160 might have on its financial positions or results of operations.

-

In March 2008, the FASB issued SFAS 161 Disclosures about Derivative Instruments and Hedging Activities an amendment of SFAS 133. This Statement requires enhanced disclosures about an entity s derivative and hedging activities and thereby improves the transparency of financial reporting. This Statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. This Statement encourages, but does not require, comparative disclosures for earlier periods at initial adoption. The Company is currently evaluating the impact that the adoption of SFAS 161 might have on its financial position or results of operations.

-

In May 2008, the FASB issued SFAS 162 The Hierarchy of Generally Accepted Accounting Principles . The objective of SFAS 162 is to identify the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with US GAAP (the GAAP hierarchy). SFAS 162 will go into effect 60 days following the SEC s approval of the Public Company Accounting Oversight Board (PCAOB) amendments to AU Section 411, The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles. The Company is currently evaluating the impact that the adoption of SFAS 162 might have on its financial position or results of operations.

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Notes to the Consolidated Financial Statements

For the years ended December 31, 2008 and 2007

(Expressed in Canadian Dollars)

16.**Reconciliation to United States of America Generally Accepted Accounting Principles** (cont d)

f)

Reconciliation of net loss determined in accordance with CDN GAAP to net loss determined under US GAAP is as follows:

	Years ended December 31,		
	2008	2007	2006
		Restated *	Restated *
Net loss for the year as reported using CDN GAAP	\$ (6,164,219)	\$ (2,824,659)	\$ (4,315,806)
Adjustments to mineral properties	(3,831,189)	(3,269,661)	(2,759,185)
Write-down of marketable securities	-	-	71,561
Write-off of exploration costs	5,741,075	784,879	3,052,802
Net loss for the year per US GAAP	(4,254,333)	(5,309,441)	(3,950,628)
Unrealized loss from marketable securities	(8,692)	(71,475)	(71,561)
Comprehensive loss for the year per US GAAP	\$ (4,263,025)	\$ (5,380,916)	\$ (4,022,189)
Basic and diluted loss per share per US GAAP	\$(0.08)	\$(0.10)	\$(0.08)
Weighted average number of shares outstanding			
per US GAAP	53,548,488	53,425,577	52,991,262

g)

The effects of the differences in accounting under CDN GAAP and US GAAP on the balance sheets and statements of cash flows are as follows:

Balance Sheets	2008	2007 Restated *
Total assets per CDN GAAP	\$ 16,777,354	\$ 23,480,528
Adjustments for mineral properties	(13,874,003)	(15,923,030)
Total assets per US GAAP	\$ 2,903,351	\$ 7,557,498
Total liabilities per CDN and US GAAP	\$ 1,113,480	\$ 1,808,962
Deficit, per CDN GAAP	\$(31,209,395)	\$ (25,045,176)
Adjustments for mineral properties	(13,874,003)	(15,923,030)
Deficit, per US GAAP	(45,083,398)	(40,968,206)
Contributed surplus per CDN and US GAAP	4,329,806	4,164,587
Accumulated other comprehensive income CDN and US GAAP	(43,731)	(35,039)
Share capital per CDN and US GAAP	42,587,194	42,587,194
Total shareholders' equity per US GAAP	1,789,871	5,748,536
Total liabilities and shareholders' equity per US GAAP	\$ 2,903,351	\$ 7,557,498

* See Note 17

Radius Gold Inc.

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Notes to the Consolidated Financial Statements

For the years ended December 31, 2008 and 2007

(Expressed in Canadian Dollars)

16.

Reconciliation to United States of America Generally Accepted Accounting Principles (cont d)

g) (cont d)

	Years ended December 31,		
	2008	2007	2006
		Restated *	Restated *
Cash flows used in operating activities per			
CDN GAAP	\$ (678,724)	\$ 170,153	\$ (770,030)
Adjustments for mineral properties	(3,778,759)	(3,127,878)	(2,759,185)
Cash flows used in operating activities per US GAAP	(4,457,483)	(2,957,725)	(3,529,215)
Cash flows provided by (used in) investing			
activities per CDN GAAP	(955,960)	1,304,044	256,959
Adjustments for mineral properties	3,778,759	3,127,878	2,759,185
Cash flows provided by (used in) investing			
activities per US GAAP	2,822,799	4,431,922	3,016,144
Cash flows from financing activities per CDN and			
US GAAP	-	(3,510)	26,381
Foreign exchange on opening cash and cash equivalents	29,159	(25,870)	(3,167)
Increase (decrease) in cash per US GAAP	\$ (1,605,525)	\$ 1,444,817	\$ (489,857)

* See Note 17

17.

Prior Period Correction

The financial statements for the years ended December 31, 2007 and 2006 have been restated to adjust for future income tax liabilities. This adjustment was noted in the current year and resulted in a restatement to reduce deficit by \$1,437,000 and increase (decrease) the net loss by \$547,000 and (\$248,000) for the years ended December 31, 2007 and 2006 respectively. The resulting restatements to amounts for the years ended December 31, 2007 and 2006 are as follows:

	As Previously reported December 31, 2007	Adjustment	As Restated December 31, 2007
	\$	\$	\$
Future Income Tax Liability	-	1,437,000	1,437,000
Deficit, end of year	(23,608,176)	(1,437,000)	(25,045,176)
Income Tax Recovery (loss)	-	(547,000)	(547,000)
Basic and diluted loss per share	(0.04)	(0.01)	(0.05)

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Notes to the Consolidated Financial Statements

For the years ended December 31, 2008 and 2007

(Expressed in Canadian Dollars)

Prior Period Correction (cont d)

	As Previously reported December 31, 2006	Adjustment	As Restated December 31, 2006
	\$	\$	\$
Future Income Tax Liability	-	890,000	890,000
Deficit, end of year	(21,330,517)	(890,000)	(22,220,517)
Income Tax Recovery (loss)	-	248,000	248,000
Basic and diluted loss per share	(0.09)	0.01	(0.08)

SIGNATURE PAGE

Pursuant to the requirements of Section 12g of the Securities Exchange Act of 1934, the Registrant certifies that it meets all of the requirements for filing on Form 20-F and has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 27, 2009

By /s/ Simon Ridgway

Simon Ridgway,

President and Chief Executive Officer

