



CAZA GOLD CORP.

Consolidated Financial Statements

(stated in Canadian dollars)

Years ended December 31, 2009 and 2008

**AUDITORS' REPORT TO THE SHAREHOLDERS OF CAZA GOLD CORP.
(AN EXPLORATION STAGE COMPANY)**

We have audited the consolidated balance sheets of Caza Gold Corp. (An Exploration Stage Company) as at December 31, 2009 and 2008, the consolidated statements of operations, shareholders' equity and cash flows for the years ended December 31, 2009 and 2008 and for the period from November 15, 2007 (date of incorporation) to December 31, 2007, and the consolidated statements of mineral property expenditures for the years ended December 31, 2009 and 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. 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, 2009 and 2008 and the results of its operations and its cash flows for the years ended December 31, 2009 and 2008 and for the period from November 15, 2007 to December 31, 2007 in accordance with Canadian generally accepted accounting principles.

"Smythe Ratcliffe LLP" (signed)

Chartered Accountants

Vancouver, Canada
April 16, 2010

CAZA GOLD CORP.

(An Exploration Stage Company)

Consolidated Balance Sheets

(Stated in Canadian dollars)

	December 31,	
	2009	2008
ASSETS		
Current Assets		
Cash	\$ 122,410	\$ 407,901
Receivables and prepaids	154,549	123,739
	276,959	531,640
Non-Current Assets		
Mineral property interests (Note 6)	460,710	206,008
Equipment (Note 7)	1,954	2,756
	462,664	208,764
	\$ 739,623	\$ 740,404
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (Note 10)	\$ 476,539	\$ 238,142
Shareholders' Equity		
Share capital (Note 9)	2,174,964	1,882,692
Deficit	(1,911,880)	(1,380,430)
	263,084	502,262
	\$ 739,623	\$ 740,404

Nature of operations and going concern (Note 1)

Commitments (Note 6)

Refer to the accompanying notes to the consolidated financial statements.

Approved on behalf of the Board:

/s/ *Bradford Cooke*

Director

/s/ *Anthony Hawkshaw*

Director

CAZA GOLD CORP.

(An Exploration Stage Company)

Consolidated Statements of Operations

(Stated in Canadian dollars)

	Year ended December 31,		Period from
	2009	2008	November 15, 2007 to December 31, 2007
Expenses:			
Accounting and audit	\$ 25,400	\$ 39,091	\$ -
Amortization	802	401	-
Employee remuneration (Note 10)	205,990	111,838	-
Legal (Note 10)	25,752	113,057	25,115
Office and sundry (Note 10)	78,807	41,185	265
Property investigation	42,457	49,358	1,282
Regulatory	27,215	8,463	-
Shareholder relations	35,685	-	-
Loss before the undernoted	(442,108)	(363,393)	(26,662)
Foreign exchange (loss) gain	(7,846)	21,739	155
Interest expense	-	(16,329)	(962)
Interest and other income	127	499	-
Write-off of mineral property interests	(81,623)	(540,484)	-
Net loss and comprehensive loss for the period	\$ (531,450)	\$ (897,968)	\$ (27,469)
Basic and diluted loss per share	\$ (0.02)	\$ (0.09)	\$ (274.69)
Weighted average number of common shares outstanding	22,158,464	9,796,698	100

Refer to the accompanying notes to the consolidated financial statements.

CAZA GOLD CORP.

(An Exploration Stage Company)

Consolidated Statements of Shareholders' Equity

(Stated in Canadian dollars)

	Year ended December 31,				Period from	
	2009		2008		November 15, 2007 to	
	Shares	Amount	Shares	Amount	December 31, 2007	Amount
Common shares:						
Balance, beginning of period	21,849,423	\$ 1,882,692	100	\$ 1	-	\$ -
Issued:						
Incorporation shares	-	-	(100)	(1)	100	1
Plan of arrangement (Note 5)	-	-	14,346,627	448,138	-	-
Shares for debt (Note 8)	-	-	2,800,000	280,000	-	-
Private placement, net of share issue costs (Note 9(a))	800,000	192,272	4,620,000	1,133,855	-	-
Property acquisition (Note 9(a))	400,000	100,000	82,796	20,699	-	-
Balance, end of period	23,049,423	2,174,964	21,849,423	1,882,692	100	1
Deficit:						
Balance, beginning of period		(1,380,430)		(27,469)		-
Plan of arrangement (Note 5)		-		(454,993)		-
Loss for the period		(531,450)		(897,968)		(27,469)
Balance, end of period		(1,911,880)		(1,380,430)		(27,469)
Total Shareholders' Equity (Deficiency)		\$ 263,084		\$ 502,262		\$ (27,468)

Refer to the accompanying notes to the consolidated financial statements.

CAZA GOLD CORP.

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

(Stated in Canadian dollars)

	Year ended December 31,		Period from
	2009	2008	November 15, 2007 to December 31, 2007
Cash provided from (used by):			
Operations:			
Loss for the period	\$ (531,450)	\$ (897,968)	\$ (27,469)
Items not involving cash:			
Accrued interest	-	-	962
Amortization	802	401	-
Foreign exchange translation loss (gain)	(4,144)	-	-
Write-off of mineral property interests	81,623	540,484	-
	(453,169)	(357,083)	(26,507)
Changes in non-cash working capital items:			
Receivables and prepaids	(30,810)	(10,563)	26,740
Accounts payable and accrued liabilities	238,397	(43,054)	(424)
	(245,582)	(410,700)	(191)
Financing:			
Proceeds from notes payable	-	-	300,000
Repayment of notes payable and accrued interest	-	(20,962)	-
Issuance of common shares, net of share issue costs	192,272	1,133,855	1
	192,272	1,112,893	300,001
Investing:			
Acquisition of subsidiary (Note 5)	-	170,655	-
Loans to related parties (Note 5)	-	(454,993)	-
Mineral property interests	(236,325)	(309,764)	-
	(236,325)	(594,102)	-
Foreign exchange gain (loss) on cash held in foreign currency	4,144	-	-
(Decrease) increase in cash	(285,491)	108,091	299,810
Cash, beginning of period	407,901	299,810	-
Cash, end of period	\$ 122,410	\$ 407,901	\$ 299,810
Non-cash financing and investing activities:			
Issuance of shares for:			
Property acquisition (Note 9(a))	\$ 100,000	\$ 20,699	\$ -
Settlement of demand notes (Note 9(a)(ii))	\$ -	\$ 280,000	\$ -
Plan of arrangement (Note 5)	\$ -	\$ 448,138	\$ -
Interest paid	\$ -	\$ 17,291	\$ -
Income taxes paid	\$ -	\$ -	\$ -

Refer to the accompanying notes to the consolidated financial statements.

CAZA GOLD CORP.

(An Exploration Stage Company)

Consolidated Statements of Mineral Property Expenditures

(Stated in Canadian dollars)

	December 31, 2009							
	Los Angeles	Santiago	Moris	Santiago Fraction	EI Relampago	Oaxaca	Tecolote	Total
Acquisition Costs:								
Balance, beginning of year	\$ 66,710	\$ 93,235	\$ -	\$ 29,977	\$ -	\$ -	\$ -	\$ 189,922
Option payment	-	22,823	102,612	-	16,602	6,637	27,579	176,253
Write-off	(66,710)	-	-	-	-	-	-	(66,710)
Balance, end of year	-	116,058	102,612	29,977	16,602	6,637	27,579	299,465
Deferred Exploration Expenditures:								
Balance, beginning of year	14,463	1,623	-	-	-	-	-	16,086
Assays and surveys	-	39,639	-	3,515	-	-	-	43,154
Field supplies	-	697	-	-	-	-	-	697
Geochemical surveys	-	5,387	-	-	-	-	-	5,387
Geology and consultants	417	37,190	-	-	-	-	-	37,607
Local labour	-	8,232	-	-	-	-	-	8,232
Sundry	33	3,442	-	-	687	451	-	4,613
Surface taxes	-	-	40,633	-	348	4,781	799	46,561
Travel	-	12,913	-	-	454	454	-	13,821
Write-off	(14,913)	-	-	-	-	-	-	(14,913)
Balance, end of year	-	109,123	40,633	3,515	1,489	5,686	799	161,245
Mineral property interests, end of year	\$ -	\$ 225,181	\$ 143,245	\$ 33,492	\$ 18,091	\$ 12,323	\$ 28,378	\$ 460,710

Refer to the accompanying notes to the consolidated financial statements.

CAZA GOLD CORP.

(An Exploration Stage Company)

Consolidated Statements of Mineral Property Expenditures

(Stated in Canadian dollars)

	December 31, 2008				
	Los Angeles	Los Arrastres	Santiago	Santiago Fraction	Total
Acquisition Costs:					
Balance, beginning of year	\$ -	\$ -	\$ -	\$ -	-
Plan of arrangement (Note 5)	8,112	310,700	93,235	3,982	416,029
Option payment	58,598	76,005	-	25,995	160,598
Write-off	-	(386,705)	-	-	(386,705)
Balance, end of year	66,710	-	93,235	29,977	189,922
Deferred Exploration Expenditures:					
Balance, beginning of year	-	-	-	-	-
Assays and surveys	7,514	31,491	-	-	39,005
Geology and consultants	-	9,009	-	-	9,009
Sundry	6,949	10,310	1,623	-	18,882
Surface taxes	-	102,969	-	-	102,969
Write-off	-	(153,779)	-	-	(153,779)
Balance, end of year	14,463	-	1,623	-	16,086
Mineral property interests, end of year	\$ 81,173	\$ -	\$ 94,858	\$ 29,977	\$ 206,008

Refer to the accompanying notes to the consolidated financial statements.

CAZA GOLD CORP.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Years ended December 31, 2009 and 2008 and

Period from November 15, 2007 to December 31, 2007

(Stated in Canadian dollars)

1. Nature of Operations and Going Concern

Caza Gold Corp. (the "Company") was incorporated on November 15, 2007 under the laws of British Columbia. The Company was previously a wholly-owned subsidiary of Canarc Resource Corp. ("Canarc") until the Plan of Arrangement (the "Arrangement") between the Company and Canarc became effective as of June 25, 2008. Note 5 provides further details of the Arrangement.

The Company is in the mineral exploration business and has not yet determined whether its properties contain reserves that are economically recoverable. The recoverability of amounts capitalized for mineral property interests is dependent upon the ability of the Company to arrange appropriate financing as needed, the discovery of economically recoverable reserves, the development of its properties, confirmation and maintenance of the Company's interest in the underlying properties (Note 6), the receipt of necessary permitting and upon future profitable production or proceeds from the disposition thereof.

The Company has incurred significant operating losses and has a deficit of approximately \$1.91 million at December 31, 2009. Furthermore, the Company has a working capital deficiency of \$199,580 as at December 31, 2009. These consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise equity or debt financings and/or the attainment of profitable operations. Management is actively seeking to raise the necessary capital to meet its planned business objectives. There can be no assurance that management's plans will be successful. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Significant Accounting Policies

(a) Basis of presentation:

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and are stated in Canadian dollars.

These consolidated financial statements include the accounts of the Company and its wholly-owned integrated subsidiaries, Minera Caza S.A. de C.V. ("Minera Caza") and Minera Canarc de Mexico S.A. de C.V. ("Minera Canarc").

All significant intercompany transactions and balances have been eliminated.

CAZA GOLD CORP.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Years ended December 31, 2009 and 2008 and

Period from November 15, 2007 to December 31, 2007

(Stated in Canadian dollars)

2. Significant Accounting Policies (continued)

(b) Financial instruments:

All financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification:

- Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and losses due to impairment are included in current period net earnings;
- Available-for-sale financial assets are measured at fair value based on quoted market prices. Investment in equity instruments classified as available-for-sale that do not have a quoted market price in an active market are measured at cost. Revaluation gains and losses are included in other comprehensive income until the asset is removed from the balance sheet either by disposition or permanent impairment at which time the realized gain or loss is transferred to net earnings;
- Held-for-trading financial instruments are measured at fair value. All gains and losses are included in net earnings in the period in which they arise; and
- All derivative financial instruments are classified as held-for-trading financial instruments and are measured at fair value, even when they are part of a hedging relationship. All gains and losses are included in net earnings in the period in which they arise.

(c) Mineral property interests:

The Company capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition or staking costs and exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed or the Company's mineral rights are allowed to lapse.

All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, provision is made for the impairment in value.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the property interests are abandoned or the claims are allowed to lapse.

CAZA GOLD CORP.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Years ended December 31, 2009 and 2008 and

Period from November 15, 2007 to December 31, 2007

(Stated in Canadian dollars)

2. Significant Accounting Policies (continued)

(c) Mineral property interests: (continued)

From time to time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable in the future are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received. When the amount of recoveries exceeds the total amount of capitalized costs of the property, the amount in excess of costs is credited to income.

(d) Equipment:

Equipment is recorded at cost and the Company uses the declining balance method at rates varying from 10% to 30% annually.

(e) Proceeds on unit offerings:

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated entirely to common shares.

(f) Asset retirement obligations:

Any statutory, contractual or other legal obligations related to the retirement of tangible long-lived assets when such obligations are incurred, are recognized if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset. The Company assessed its mineral property interests, and based upon such assessments, there were no known material asset retirement obligations.

(g) Earnings (loss) per share:

Basic earnings (loss) per share is computed by dividing the earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the period. For all periods presented, earnings available to common shareholders equals the reported earnings. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In the Company's case, diluted loss per share presented is the same as basic loss per share as the effect of outstanding warrants would be anti-dilutive.

CAZA GOLD CORP.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Years ended December 31, 2009 and 2008 and

Period from November 15, 2007 to December 31, 2007

(Stated in Canadian dollars)

2. Significant Accounting Policies (continued)

(h) Foreign currency translation:

The functional currency of the Company is the Canadian dollar. Amounts recorded in a foreign currency are translated into Canadian dollars as follows:

- monetary assets and liabilities, at the rate of exchange in effect as at the balance sheet date;
- non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
- interest income and expenses (excluding amortization, which is translated at the same rate as the related asset), at the average rate of exchange.

Gains and losses arising from this translation of foreign currency are included in the determination of net loss for the period.

(i) Use of estimates:

The preparation of financial statements requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to collectability of receivables, balances of accrued liabilities, impairment of mineral property interests, determination of reclamation obligations, and valuation allowances for future income tax assets. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

(j) Income taxes:

The Company follows the asset and liability method for accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and losses carried forward. Future tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the substantive enactment date. Future tax assets are recognized to the extent that they are considered more likely than not to be realized. The valuation of future income tax assets is adjusted, if necessary, by the use of a valuation allowance to reflect the estimated realizable amount.

CAZA GOLD CORP.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Years ended December 31, 2009 and 2008 and

Period from November 15, 2007 to December 31, 2007

(Stated in Canadian dollars)

2. Significant Accounting Policies (continued)

(k) Changes in accounting policies:

Goodwill and intangible assets:

In February 2008, the CICA issued Handbook Section 3064, "Goodwill and intangible assets", replacing Section 3062, "Goodwill and other intangible assets" and Section 3450, "Research and development costs". This section establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new section was effective for the Company on January 1, 2009. The Company has no goodwill or intangible assets as of December 31, 2009.

(l) New accounting pronouncements:

(i) International Financial Reporting Standards ("IFRS"):

In 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that the transition to IFRS from Canadian GAAP will be effective for fiscal years beginning on or after January 1, 2011 for publicly accountable enterprises. The Company will therefore be required to present IFRS financial statements for its March 31, 2011 interim financial statements. The effective date will require the restatement for comparative purposes of amounts reported by the Company for the interim periods and for the year ended December 31, 2010. The Company is currently evaluating the impacts of the conversion on the Company's consolidated financial statements and is considering accounting policy choices available under IFRS.

(ii) Business combinations:

In January 2009, the CICA issued Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-Controlling Interests". These sections replace the former Section 1581, "Business Combinations", and Section 1600, "Consolidated Financial Statements", and establish a new section for accounting for a non-controlling interest in a subsidiary.

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

CAZA GOLD CORP.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Years ended December 31, 2009 and 2008 and

Period from November 15, 2007 to December 31, 2007

(Stated in Canadian dollars)

2. Significant Accounting Policies (continued)

(l) New accounting pronouncements: (continued)

(ii) Business combinations: (continued)

The new sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

3. Management of Capital

The Company is an exploration stage company and its activities involve a high degree of risk. The Company has not yet determined whether its properties contain economically recoverable ore reserves and currently has not earned any revenues from its mineral property interests and does not generate cash flows from any operations. The Company's primary source of funds is from the issuance of capital stock. The Company is not subject to any externally imposed capital requirements.

The Company defines its capital as capital stock. Capital requirements are driven by the Company's exploration activities on its mineral property interests. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses on all exploration projects and overhead to manage its costs, commitments and exploration activities.

Management reviews the capital availability and needs on a regular basis to ensure the above-noted objectives are met. There have been no changes to the Company's approach to capital management during the period.

Although the Company has been successful at raising funds in the past from the issuance of capital stock, it is uncertain whether such financing will be available during difficult economic conditions. The Company has sufficient funds and additional receivables to satisfy a portion of its working capital needs at year-end but will rely on equity financings to continue exploration work on its mineral property interests and to meet its administrative overhead costs for the coming year.

4. Management of Financial Risk

The Company has classified its cash as held-for-trading, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

The fair values of the Company's cash, receivables, and accounts payable and accrued liabilities approximate their carrying values due to their short terms to maturity.

The Company is exposed in varying degrees to a variety of financial instrument related risks, including credit risk, liquidity risk, and market risk which includes foreign exchange risk and interest rate risk. The types of risk exposure and the way in which such exposure is managed are provided as follows.

CAZA GOLD CORP.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Years ended December 31, 2009 and 2008 and

Period from November 15, 2007 to December 31, 2007

(Stated in Canadian dollars)

4. Management of Financial Risk (continued)

(a) Credit risk:

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality Canadian financial institutions.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash and its ability to raise equity financings. The Company will require significant additional funding to meet its short-term liabilities and administrative overhead costs, and to maintain its mineral property interests in 2010.

Accounts payable and accrued liabilities are due in the first quarter of 2010.

(c) Market risk:

The significant market risk exposures to which the Company is exposed are foreign exchange risk and interest rate risk.

CAZA GOLD CORP.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Years ended December 31, 2009 and 2008 and

Period from November 15, 2007 to December 31, 2007

(Stated in Canadian dollars)

4. Management of Financial Risk (continued)

(c) Market risk: (continued)

(i) Foreign exchange risk:

The Company's mineral properties and a portion of its operations are in Mexico, resulting in expenditures subject to foreign currency fluctuations. Fluctuations in Mexican pesos would impact the earnings (losses) of the Company and the values of its assets and liabilities as its financial statements are stated in Canadian dollars. The Canadian dollar fluctuates and floats with the Mexican peso.

At December 31, 2009, the Company is exposed to currency risk for its Canadian dollar equivalent of financial assets and liabilities denominated in currencies other than Canadian dollars as follows:

	<u>Held in Mexican Pesos</u> <u>(stated in Canadian dollars)</u>
Cash	\$ 26,315
Receivables and prepaids	139,240
Accounts payable and accrued liabilities	<u>(296,138)</u>
Net financial liabilities	<u>\$ (130,583)</u>

Based upon the above net exposure as at December 31, 2009 and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar relative to the Mexican pesos could result in a decrease/increase of \$13,060 in the Company's net losses.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

(ii) Interest rate risk:

In respect of financial assets, the Company's policy is to invest cash at floating rates of interest in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return. Fluctuations in interest rates impact on the value of cash equivalents. Interest rate risk is not significant to the Company as it has no cash equivalents at year-end.

CAZA GOLD CORP.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Years ended December 31, 2009 and 2008 and

Period from November 15, 2007 to December 31, 2007

(Stated in Canadian dollars)

5. Plan of Arrangement

On June 25, 2008, the Company closed the Arrangement with Canarc whereby approximately 83% of Canarc's interest in the Company was distributed to the shareholders of Canarc. Under the Arrangement, Canarc transferred all its interest in its wholly-owned Mexican subsidiary, Minera Canarc de Mexico S.A. de C.V. ("Minera Canarc"), which holds all the rights to the Mexican gold exploration properties (Note 6), to the Company in return for 14,346,627 shares of the Company, of which Canarc distributed 11,950,577 shares of the Company by way of a dividend in kind to Canarc's shareholders on the basis of one share of the Company for every six shares of Canarc held by Canarc's shareholders as of the dividend record date. After the distribution, Canarc held 2,396,050 shares of the Company representing approximately a 17% interest in the Company at that time. The property rights which were transferred from Canarc to the Company included the Los Arrastres, Santiago and Santiago Fraction properties.

Pursuant to the Arrangement, any intercompany debts which were owed by Minera Canarc to Canarc or by Canarc to the Company were forgiven. This resulted in a net amount of \$454,993 which was applied to deficit.

The following table sets forth an allocation of the purchase price to assets acquired and liabilities assumed, based on the carrying values:

	<u>Minera Canarc de Mexico S.A. de C.V.</u>
Assets:	
Cash	\$ 170,655
Receivables and prepaids	112,752
Equipment	3,157
Mineral property interests	416,029
	<u>702,593</u>
Liabilities:	
Accounts payables and other accrued liabilities	(254,455)
	<u>448,138</u>
Total	<u>\$ 448,138</u>

Consideration given:

	<u>Minera Canarc de Mexico S.A. de C.V.</u>
Share consideration	<u>\$ 448,138</u>

CAZA GOLD CORP.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Years ended December 31, 2009 and 2008 and

Period from November 15, 2007 to December 31, 2007

(Stated in Canadian dollars)

6. Mineral Property Interests

(a) Los Angeles:

In April 2008, the Company and Minera Canarc, which were both wholly-owned subsidiaries of Canarc at that time, entered into an option agreement to acquire a 100% interest in the La Escondida / Los Angeles properties by making US\$1 million in cash payments over a 4 year period and issuing US\$50,000 in shares of the Company over a 12 month period. The vendors retained a 3% net smelter return ("NSR"). An initial payment of US\$15,000 was made upon the signing of the option agreement. In October 2008, the Company issued 82,796 shares to the vendors at a value of \$0.25 per share and also made a cash payment of US\$25,000 to the vendors. The Company wrote-off the property in 2009.

(b) Los Arrastres:

In February 2007, Minera Canarc entered into an option agreement to acquire a 100% interest in the Los Arrastres property by making US\$2.5 million in cash payments and spending US\$2 million on exploration over a 3 year period. The vendor retained a 2% NSR and Canarc had the right to reduce the NSR to 1% by paying US\$1 million at any time. Canarc made an initial payment of US\$50,000 upon the signing of the option agreement, a cash payment of US\$75,000 in August 2007 and then another cash payment of US\$25,000 in February 2008. The Company wrote-off the property in fiscal 2008. As at December 31, 2009 and 2008, Minera Canarc accrued US\$75,000 which is due to the vendor.

(c) Santiago:

In May 2007, Minera Canarc entered into an option agreement to acquire a 100% interest in the Santiago gold property by making US\$2 million in cash payments over a 5 year period and spending US\$200,000 on exploration over a 2 year period. The vendor will retain a 2% NSR. Canarc made an initial payment of US\$30,000 upon signing of the option agreement, a cash payment of US\$30,000 in November 2007, and then another cash payment of US\$60,000 in May 2008.

In May 2009, Minera Caza amended the option agreement to acquire 100% interest in the property for US\$2.02 million of which US\$120,000 was previously paid and a further payment of US\$10,000 was paid in May 2009 and US\$10,000 in November 2009 by the Company, with a remaining balance of US\$1.88 million payable over a 4 year period, and spending US\$200,000 on exploration over a 1 year period which can be extended provided the Company maintains an active exploration program. The vendor will retain a 2% NSR.

CAZA GOLD CORP.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Years ended December 31, 2009 and 2008 and

Period from November 15, 2007 to December 31, 2007

(Stated in Canadian dollars)

6. Mineral Property Interests (continued)

(d) Moris and Santiago Fraction, El Relampago, Oaxaca and Tecolote:

(i) Moris and Santiago Fraction:

In September 2007, Minera Canarc entered into an option and joint venture agreement with Exmin Resources Inc. ("Exmin") to acquire up to a 75% interest in the Santiago Fraction property by issuing 15,000 common shares, paying US\$25,000 in cash after 1 year, and spending up to US\$1 million in exploration over a 5-year period. Canarc issued 15,000 common shares at a value of \$0.45 per share in 2007. The Company made a cash payment of US\$25,000 in September 2008.

On September 24, 2009, Canarc and Minera Canarc cancelled the option and joint venture agreement with Exmin, and the Company and Minera Caza entered into a mineral properties sale and purchase agreement with Exmin. The Company and Minera Caza shall acquire a 100% interest in the Moris and Santiago Fraction properties from Exmin for 400,000 common shares (issued) of the Company. Exmin retains a 1% NSR which is capped at US\$1 million for the Moris properties and US\$0.5 million for the Santiago Fraction property.

Underlying the mineral properties sale and purchase agreement dated September 24, 2009 with Exmin are option to purchase agreements for El Relampago, Oaxaca and Tecolote properties.

(ii) El Relampago:

On November 17, 2009, the Company amended the option to purchase agreement for the El Relampago concession, in which the Company can earn a 100% interest by making cash payments of US\$105,000 over a 3 year period. A cash payment of US\$15,000 was paid in November 2009.

(iii) Oaxaca:

On November 17, 2009, the Company amended the option to purchase agreement for the Oaxaca property concessions, in which the Company can earn a 100% interest by making cash payments of US\$786,000 over a 5 year period. Cash payments of US\$6,000 were paid in fiscal 2009.

(iv) Tecolote:

The Company can earn a 100% interest by making cash payments of US\$25,000 in September 2009 and US\$25,000 in March 2010.

CAZA GOLD CORP.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Years ended December 31, 2009 and 2008 and

Period from November 15, 2007 to December 31, 2007

(Stated in Canadian dollars)

6. Mineral Property Interests (continued)

(e) Expenditure options:

As at December 31, 2009, to maintain the Company's interest and to fully exercise the options under various property agreements covering its properties, the Company must incur exploration expenditures on the properties and/or make payments in the form of cash and/or shares to the optionors as follows:

	Option Payments (US dollars)	Monthly Option Payments (US dollars)	Expenditure Commitments (US dollars)
Santiago (Note 6(c)):			
April 7, 2010	\$ 25,000	\$ -	\$ -
May 14, 2010 ⁽¹⁾	-	-	105,867
July 7, 2010	25,000	-	-
October 7, 2010	30,000	-	-
May 14, 2011	100,000	-	-
May 14, 2012	120,000	-	-
May 14, 2013	1,580,000	-	-
El Relampago (Note 6(d)(i)):			
May 18, 2010	15,000	-	-
November 18, 2010	15,000	-	-
May 18, 2011	15,000	-	-
November 18, 2011	15,000	-	-
May 18, 2012	15,000	-	-
November 18, 2012	15,000	-	-
Oaxaca (Note 6(d)(iii)):			
January 2010 to June 2014	-	1,000	-
July 2014	726,000	-	-
Ticolote (Note 6(d)(iv)):			
March 22, 2010	25,000	-	-
	\$ 2,721,000	\$ 1,000	\$ 105,867

⁽¹⁾ Exploration expenditure commitments which are due May 14, 2010 can be extended provided the Company maintains an active exploration program.

These amounts may be reduced in the future as the Company determines which properties to continue to explore and which to abandon.

CAZA GOLD CORP.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Years ended December 31, 2009 and 2008 and

Period from November 15, 2007 to December 31, 2007

(Stated in Canadian dollars)

6. Mineral Property Interests (continued)

(f) Mineral properties contingencies:

The Company has diligently investigated rights of ownership of all of its mineral properties/concessions and, to the best of its knowledge, all agreements relating to such ownership rights are in good standing. However, all properties/concessions may be subject to prior claims, agreements or transfers, and rights of ownership may be affected by undetected defects.

Mineral exploration and development is highly speculative and involves inherent risks. Few properties that are explored are ultimately developed into producing mines. There can be no assurance that the current exploration programs by the Company will result in the discovery of economically viable quantities of ore.

(g) Realization:

The Company's investment in and expenditures on its mineral property interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent on establishing legal ownership of the properties, on the attainment of successful commercial production or from the proceeds of their disposal. The recoverability of the amounts shown for mineral property interests is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the properties, and upon future profitable production or proceeds from the disposition thereof.

(h) Environmental:

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation of the Company's operation may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous materials and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former mineral property interests that may result in material liability to the Company.

CAZA GOLD CORP.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Years ended December 31, 2009 and 2008 and

Period from November 15, 2007 to December 31, 2007

(Stated in Canadian dollars)

7. Equipment

	2009			2008		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Equipment	\$ 3,607	\$ 1,653	\$ 1,954	\$ 3,607	\$ 851	\$ 2,756

8. Notes Payable

In December 2007, the Company received proceeds of \$300,000 in demand loans of which \$120,000 were from directors and officers of the Company. The loans were repayable on demand and bore an interest rate of 9% per annum.

On July 31, 2008, the Company settled the principal of \$280,000 in demand loans by the issuance of 2.8 million units at a deemed price of \$0.10 per unit. Each unit was comprised of one common share and one-half of a whole share purchase warrant; each warrant was exercisable to acquire one common share at \$0.12 until January 31, 2010. The remaining principal of \$20,000 was paid in cash, and all accrued interest of \$17,129 as of July 31, 2008 was paid in cash.

9. Share Capital

(a) Authorized and issued:

The authorized share capital of the Company is comprised of unlimited common shares without par value.

- (i) On September 24, 2009, the Company issued 400,000 common shares to Exmin. Note 6(d) provides further details.

On October 2, 2009, the Company closed a private placement for 800,000 units at \$0.25 per unit for gross proceeds of \$200,000. Each unit was comprised of one common share and one-half of a share purchase warrant; each whole share purchase warrant is exercisable to acquire one common share at \$0.30 until April 2, 2012.

CAZA GOLD CORP.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Years ended December 31, 2009 and 2008 and

Period from November 15, 2007 to December 31, 2007

(Stated in Canadian dollars)

9. Share Capital (continued)

(a) Authorized and issued: (continued)

- (ii) On June 25, 2008, the Company issued 14,346,627 shares at a value of \$448,138 pursuant to the Arrangement with Canarc. Note 5 provides further details.

On July 31, 2008, the Company settled the principal of \$280,000 in demand loans by the issuance of 2.8 million units at a value of \$0.10 per unit. Note 8 provides further details.

On September 30, 2008, the Company closed a private placement for 4.62 million units at a price of \$0.25 per unit for gross proceeds of \$1,155,000. Each unit was comprised of one common share and one-half of a whole share purchase warrant; each warrant is exercisable to acquire one common share at \$0.35 and had an expiry date of March 30, 2010 which was extended to March 30, 2011 in March 2010.

In October 2008, the Company issued 82,796 shares at a value of \$0.25 per share for the Los Angeles property. Note 6(a) provides further details.

(b) Stock option plan:

The Company has a stock option plan that allows it to grant options to its directors, officers, employees and consultants, provided that the aggregate number of options granted shall not at any time exceed 10% of the total number of issued and outstanding common shares of the Company. The exercise price of each option shall be based on the market price of the Company's shares as traded on a stock exchange at the time of grant; the Company's shares are not currently listed for trading on any stock exchange. Options have a maximum term of ten years and terminate 30 days following the termination of the optionee's employment, except in the case of death, in which case they terminate one year after the event. Vesting of options is made at the discretion of the Board at the time the options are granted. The Company has not granted any stock options.

CAZA GOLD CORP.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Years ended December 31, 2009 and 2008 and

Period from November 15, 2007 to December 31, 2007

(Stated in Canadian dollars)

9. Share Capital (continued)

(c) Warrants:

At December 31, 2009, the Company had outstanding warrants as follows:

Exercise Prices	Expiry Dates	Outstanding at December 31, 2008	Issued	Exercised	Expired	Outstanding at December 31, 2009
\$0.12	January 31, 2010 ⁽¹⁾	1,400,000	-	-	-	1,400,000
\$0.35	March 30, 2010 ⁽²⁾	2,310,000	-	-	-	2,310,000
\$0.30	April 2, 2012	-	400,000	-	-	400,000
		3,710,000	400,000	-	-	4,110,000

⁽¹⁾ Warrants for 1.3 million shares were exercised in January 2010, and the balance of 100,000 warrants expired unexercised.

⁽²⁾ In March 2010, the expiry date of March 30, 2010 was extended to March 30, 2011.

At December 31, 2008, the Company had outstanding warrants as follows:

Exercise Prices	Expiry Dates	Outstanding at December 31, 2007	Issued	Exercised	Expired	Outstanding at December 31, 2008
\$0.12	January 31, 2010	-	1,400,000	-	-	1,400,000
\$0.35	March 30, 2010	-	2,310,000	-	-	2,310,000
		-	3,710,000	-	-	3,710,000

CAZA GOLD CORP.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Years ended December 31, 2009 and 2008 and

Period from November 15, 2007 to December 31, 2007

(Stated in Canadian dollars)

10. Related Party Transactions

Related party transactions during the years ended December 31, 2009, 2008 and 2007 include:

- \$68,492 (2008 - \$54,363 and 2007 - \$Nil) in salaries paid to employees who are directors of the Company;
- \$39,862 (2008 - \$86,327 and 2007 - \$6,962) in legal fees to a law firm in which a director of the Company is a partner. As at December 31, 2009, the Company owed \$56,014 (2008 - \$19,580) to the law firm which is included in accounts payable and accrued liabilities; and
- \$316,267 (2008 - \$436,731 and 2007 - \$Nil) in office and sundry, rent and salary allocations from companies with one common director. As at December 31, 2009, the Company owed \$46,807 (2008 - \$7,882) to the companies which is included in accounts payable and accrued liabilities.

Principal of \$110,000 in demand loans owed to the directors of the Company were settled by the issuance of units in 2008 (Note 8).

Details of the Arrangement between the Company and Canarc are provided in Note 5.

11. Segment Disclosures

The Company has one operating segment, being mineral exploration, with assets located in Canada and Mexico, as follows:

	2009			2008		
	Canada	Mexico	Total	Canada	Mexico	Total
Mineral property interests	\$ -	\$ 460,710	\$ 460,710	\$ -	\$ 206,008	\$ 206,008
Equipment	-	1,954	1,954	-	2,756	2,756
Total assets	111,404	628,219	739,623	413,419	326,985	740,404

CAZA GOLD CORP.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Years ended December 31, 2009 and 2008 and

Period from November 15, 2007 to December 31, 2007

(Stated in Canadian dollars)

12. Income Taxes

The reconciliation of the income tax provision computed at statutory rates to the reported income tax provision is as follows:

	2009	2008
Canadian statutory tax rates	30.00%	31.50%
Income tax benefit	\$ (159,435)	\$ (282,860)
Tax effect of expenses that are not taxable for income tax purposes	(46,102)	(24,090)
Non-capital loss on acquisition	-	(120,282)
Adjustment due to effective rate attributable to income taxes of other countries	7,541	-
Change in effective tax rates	26,922	74,770
Change in valuation allowance	171,074	352,462
Income tax recovery (expense)	\$ -	\$ -

The significant components of the Company's future income tax assets as at December 31, 2009 and 2008 are as follows:

	2009	2008
Future income tax assets:		
Book value in excess of tax value for mineral property interests	\$ (117,653)	\$ (971)
Equipment	-	104
Non-capital losses	550,524	356,073
Share issue costs	4,717	4,398
Total future income tax assets	437,588	359,604
Valuation allowance	(437,588)	(359,604)
Future income tax assets, net	\$ -	\$ -

CAZA GOLD CORP.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Years ended December 31, 2009 and 2008 and

Period from November 15, 2007 to December 31, 2007

(Stated in Canadian dollars)

12. Income Taxes (continued)

Future income tax assets and liabilities are recognized for temporary differences between the carrying amounts of balance sheet items and their corresponding tax values as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized.

At December 31, 2009, the Company has non-capital losses for tax purposes in Canada and Mexico, which expire in various years to 2029 as follows:

	Canada	Mexico
2017	\$ -	\$ 345,574
2018	-	553,333
2019	-	377,031
2027	27,623	-
2028	278,062	-
2029	467,363	-
	<u>\$ 773,048</u>	<u>\$ 1,275,938</u>

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Bradford Cooke
Anthony Hawkshaw
Stewart Lockwood
Philip Yee

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Bradford Cooke ~ Chairman
Greg Myers ~ Chief Executive Officer and President
Jim Robinson ~ Vice-President, Exploration
Philip Yee ~ Chief Financial Officer
Stewart Lockwood ~ Secretary

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CAZA GOLD CORP.

Management Discussion and Analysis

(stated in Canadian dollars)

Year ended December 31, 2009

CAZA GOLD CORP.

(the “Company”)

Management’s Discussion and Analysis For the Year Ended December 31, 2009

CAUTION – FORWARD LOOKING STATEMENTS

Certain statements contained herein regarding the Company and its operations constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 or “forward-looking information” under Canadian securities legislation. All statements that are not historical facts, including without limitation statements regarding future estimates, plans, objectives, assumptions or expectations of future performance, are “forward-looking statements or information”. We caution you that such “forward looking statements or information” involve known and unknown risks and uncertainties that could cause actual results and future events to differ materially from those anticipated in such statements. Such risks and uncertainties include fluctuations in precious metal prices, unpredictable results of exploration activities, uncertainties inherent in the estimation of mineral reserves and resources, fluctuations in the costs of goods and services, problems associated with exploration and mining operations, changes in legal, social or political conditions in the jurisdictions where the Company operates, lack of appropriate funding and other risk factors, as discussed in the Company’s filings with Canadian securities regulatory agencies. The Company expressly disclaims any obligation to update any forward-looking statements or information, except as may be required by law.

1.0 Preliminary Information

The following Management’s Discussion and Analysis (“MD&A”) of Caza Gold Corp. (the “Company”) should be read in conjunction with the accompanying audited consolidated financial statements for the year ended December 31, 2009 and the audited consolidated financial statements for the year ended December 31, 2008 and for the period from November 15, 2007 to December 31, 2007, which are available at the SEDAR website at www.sedar.com.

All financial information in this MD&A is prepared in accordance with Canadian generally accepted accounting principles (“CAD GAAP”), and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

All information contained in the MD&A is as of April 20, 2010 unless otherwise indicated.

1.1 Background

The Company was incorporated on November 15, 2007 under the laws of British Columbia and is engaged in the evaluation, acquisition, exploration, development and exploitation of precious metal properties in Mexico. The Company currently owns or holds, directly or indirectly, interests in precious metal properties, known as Moris, Santiago Fraction, El Relampago, Oaxaca and Tecolote, and Santiago, in Mexico, in which the Santiago property was acquired pursuant to the Plan of Arrangement (the “Arrangement”) between the Company and its previous parent company, Canarc Resource Corp. (“Canarc”). The Plan of Arrangement closed on June 25, 2008.

Plan of Arrangement:

On June 25, 2008, the Company closed the Arrangement with Canarc whereby approximately 83% of Canarc’s interest in the Company was distributed to the shareholders of Canarc. Under the Arrangement, Canarc transferred all its interest in its wholly-owned Mexican subsidiary, Minera Canarc de Mexico S.A. de C.V. (“Minera Canarc”), which held certain rights to Mexican gold exploration properties to the Company in return for 14,346,627 shares of the Company, of which Canarc distributed 11,950,577 shares of the Company by way of a dividend in kind to Canarc’s shareholders on the basis of one share of the Company for every six shares of Canarc held by Canarc’s shareholders as of the dividend record date. The property rights which were transferred from Canarc to the Company included the Los Arrastres, Santiago and Santiago Fraction properties.

CAZA GOLD CORP.

(An Exploration Stage Company)

Management's Discussion and Analysis

Year Ended December 31, 2009

(Stated in Canadian dollars)

1.2 Overall Performance

As the Company is focused on its mineral exploration activities, there is no mineral production, sales or inventory in the conventional sense. The recoverability of amounts capitalized for mineral property interests is dependent upon the ability of the Company to arrange appropriate financing as needed, the discovery of economically recoverable reserves in its mineral properties, the development of its properties, confirmation and maintenance of the Company's interest in the underlying properties, the receipt of necessary permitting and upon future profitable production or proceeds from the disposition thereof. Such exploration and development activities normally take years to complete and the amount of resulting income, if any, is difficult to determine with any certainty at this time. Many of the key factors are outside of the Company's control. The sales value of any mineralization discovered and developed by the Company is largely dependent upon factors beyond the Company's control such as the market prices of the metals produced. As the carrying value and amortization of mineral properties and capital assets are, in part, related to the Company's mineral reserves and resources, if any, the estimation of such reserves and resources is significant to the Company's position and results of operations.

Gold prices continued to show strength as the cumulative annual average increased from US\$695 in 2007 to US\$872 in 2008 and then to US\$972 in 2009 and closing at US\$1,145 on April 20, 2010. Gold prices achieved new highs in each of the past several years. In November 2007, prices reached a high of US\$841 and then US\$1,011 in March 2008 before reaching a high of US\$1,213 in December 2009. The high for 2010 was on April 12, 2010 at US\$1,159.

Los Angeles property

In April 2008, the Company and Minera Canarc entered into an option agreement to acquire a 100% interest in the La Escondida / Los Angeles properties by making US\$1 million in cash payments over a 4 year period and issuing US\$50,000 in shares of the Company over a 12 month period. The vendors retained a 3% net smelter return royalty ("NSR"). An initial payment of US\$15,000 was made upon the signing of the option agreement. In October 2008, the Company issued 82,796 shares to the vendors at a value of \$0.25 per share and also made a cash payment of US\$25,000 to the vendors. The Company wrote-off the property in 2009.

Los Arrastres property

In February 2007, Minera Canarc entered into an option agreement to acquire a 100% interest in the Los Arrastres property by making US\$2.5 million in cash payments and spending US\$2 million on exploration over a 3 year period. The vendor retained a 2% NSR and Canarc had the right to reduce the NSR to 1% by paying US\$1 million at any time. Canarc made an initial payment of US\$50,000 upon the signing of the option agreement and a further payment of US\$75,000 in August 2007. Then in February 2008, Canarc made a cash payment of US\$25,000. The Company wrote-off the property in the third quarter of fiscal 2008. As at December 31, 2009, Minera Canarc accrued US\$75,000 which is due to the vendor.

Santiago property

In May 2007, Minera Canarc entered into an option agreement to acquire a 100% interest in the Santiago gold property by making US\$2 million in cash payments over a 5 year period and spending US\$200,000 on exploration over a 2 year period. The vendor retained a 2% NSR. Canarc made an initial payment of US\$30,000 upon the signing of the option agreement and a further payment of US\$30,000 in November 2007. Then in May 2008, Canarc made a cash payment of US\$60,000.

CAZA GOLD CORP.

(An Exploration Stage Company)

Management's Discussion and Analysis

Year Ended December 31, 2009

(Stated in Canadian dollars)

In May 2009, the Company's subsidiary, Minera Caza SA de CV ("Minera Caza"), amended the option agreement to acquire 100% interest in the property for US\$2.02 million of which US\$120,000 was previously paid and a further payment of US\$10,000 was paid in May 2009 and US\$10,000 in November 2009, with a remaining balance of US\$1.88 million payable over a 4 year period, and spending US\$200,000 on exploration over a 1 year period which can be extended provided the Company maintains an active exploration program. The vendor retains a 2% NSR.

Moris, Santiago Fraction, El Relampago, Oaxaca and Tecolote properties

In September 2007, Minera Canarc entered into an option and joint venture agreement with Exmin Resources Inc. ("Exmin") to acquire up to a 75% interest in the Santiago Fraction property by issuing 15,000 common shares, paying US\$25,000 in cash after 1 year, and spending up to US\$1 million in exploration over a 5-year period. Canarc issued 15,000 common shares at a value of \$0.45 per share in 2007. The Company made a cash payment of US\$25,000 in September 2008.

In September 2009, Canarc and Minera Canarc cancelled the option and joint venture agreement with Exmin, and the Company and Minera Caza entered into a mineral properties sale and purchase agreement with Exmin. The Company and Minera Caza acquired a 100% interest in the Moris and Santiago Fraction properties from Exmin by the issuance of 400,000 common shares (issued) of the Company. Exmin retains a 1% NSR which is capped at US\$1 million for the Moris properties and US\$0.5 million for the Santiago Fraction property.

Underlying the mineral properties sale and purchase agreement dated September 24, 2009 with Exmin are option to purchase agreements for El Relampago, Oaxaca and Tecolote properties.

On November 17, 2009, the Company amended the option to purchase agreement for the El Relampago property concessions, in which the Company can earn a 100% interest by making cash payments of US\$105,000 over a 3 year period. A cash payment of US\$15,000 was paid in November 2009.

On November 17, 2009, the Company amended the option to purchase agreement for the Oaxaca property concessions, in which the Company can earn a 100% interest by making cash payments of US\$786,000 over a 5 year period. Cash payments of US\$6,000 were paid in fiscal 2009.

For the Tecolote property concession, the Company can earn a 100% interest by making cash payments of US\$25,000 in September 2009 and US\$25,000 in March 2010. As at December 31, 2009, the Company accrued US\$25,000 which is due to the vendor.

Stock Options

At the Company's annual general meeting held in May 2009, the shareholders of the Company approved a stock option plan that allows it to grant options to its directors, officers, employees and consultants, provided that the aggregate number of options granted shall not at any time exceed 10% of the total number of issued and outstanding common shares of the Company. The exercise price of each option shall be based on the market price of the Company's shares as traded on a stock exchange at the time of grant; the Company's shares are not currently listed for trading on any stock exchange. Options have a maximum term of ten years and terminate 30 days following the termination of the optionee's employment, except in the case of death, in which case they terminate one year after the event. Vesting of options is made at the discretion of the Board at the time the options are granted.

Other

CAZA GOLD CORP.

(An Exploration Stage Company)

Management's Discussion and Analysis

Year Ended December 31, 2009

(Stated in Canadian dollars)

In January 2010, Mr. Greg Myers was appointed Chief Executive Officer and President of the Company, and in February 2010, Mr. Jim Robinson as Vice-President of Exploration. Mr. Bradford Cooke continues in his capacity as Chairman.

In March 2010, the Company proceeded with a private placement for up to 2.83 million units at \$0.25 per unit for gross proceeds of up to \$708,000. Each unit is comprised of one common share and one-half of a share purchase warrant; each whole share purchase warrant is exercisable to acquire one common share at \$0.35 for 18 months from the closing date. The private placement has not yet closed.

1.3 Selected Annual Information

All financial information is prepared in accordance with CAD GAAP, and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

	Years ended December 31,		From November 15, 2007 to December 31, 2007
	2009	2008	
Total revenues	\$ -	\$ -	\$ -
Loss before discontinued operations and extraordinary items:			
(i) Total	\$ (531,450)	\$ (897,968)	\$ (27,469)
(ii) Basic per share	\$ (0.02)	\$ (0.09)	\$ (274.69)
(iii) Fully diluted per share	\$ (0.02)	\$ (0.09)	\$ (274.69)
Net loss:			
(i) Total	\$ (531,450)	\$ (897,968)	\$ (27,469)
(ii) Basic per share	\$ (0.02)	\$ (0.09)	\$ (274.69)
(iii) Fully diluted per share	\$ (0.02)	\$ (0.09)	\$ (274.69)
Total assets	\$ 739,623	\$ 740,404	\$ 300,234
Total long-term liabilities	\$ -	\$ -	\$ -
Dividends per share	\$ -	\$ -	\$ -

1.4 Results of Operations

Fourth Quarter of Fiscal 2009 – Year ended December 31, 2009 compared with December 31, 2008

The Company incurred a net loss of approximately \$531,000 for fiscal 2009 which is lower than the net loss of \$898,000 for fiscal 2008. The Company was still a wholly-owned subsidiary of Canarc until the closing of the Arrangement on June 25, 2008. Operating expenses for employees, office and sundry and regulatory were higher in 2009 than in 2008 as the Company became a reporting issuer subsequent to the Arrangement in June 2008. Employee remuneration in 2009 was related to the general administration of the Company and to ongoing endeavours to acquire properties of merit and to expand its portfolio of projects in Mexico and which culminated in a mineral properties sale and purchase agreement for the Moris and Santiago Fraction properties including options to purchase agreements for El Relampago, Oaxaca and Tecolote properties and any amendments thereto, and an amended option agreement for the Santiago property. Property investigation costs are for corporate development which reflects active due diligence and property evaluations in Mexico for acquisitions and to identify properties of merit for possible acquisitions. These costs were just nominally lower than the prior year as the Company's continued with such efforts. Regulatory expenses are attributable to the Company's status as a reporting issuer subsequent to the Arrangement. Expenses of \$113,000 were incurred during fiscal 2008 for legal services, part of which was rendered for

CAZA GOLD CORP.

(An Exploration Stage Company)

Management's Discussion and Analysis

Year Ended December 31, 2009

(Stated in Canadian dollars)

the Arrangement. Such expenses were shared between the Company and Canarc. Shareholder relations involve resolution of shareholder issues and other ancillary support for the Company's significant breadth of Canadian and U.S. shareholder base from the Plan of Arrangement. Interest expense in 2008 was incurred for the demand loans which bore an interest rate of 9% per annum and which were settled in July 2008.

The write-offs were attributable to the Los Angeles property in 2009 and the Los Arrastres property in 2008. The write-off of the Los Arrastres property in 2008 contributed significantly to the higher respective net loss.

Operating losses for fiscal 2009 was higher than for fiscal 2008 as the Company became its own corporate reporting entity, thereby contributing to higher operating expenses.

The Company has no sources of operating revenues.

As at December 31, 2009, the Company has mineral property interests which are comprised of the following:

	December 31, 2009								Total
	Los Angeles	Santiago	Moris	Santiago Fraction	EI Relampago	Oaxaca	Tecolote		
Acquisition Costs:									
Balance, beginning of year	\$ 66,710	\$ 93,235	\$ -	\$ 29,977	\$ -	\$ -	\$ -	\$ -	\$ 189,922
Option payment	-	22,823	102,612	-	16,602	6,637	27,579	-	176,253
Write-off	(66,710)	-	-	-	-	-	-	-	(66,710)
Balance, end of year	-	116,058	102,612	29,977	16,602	6,637	27,579	-	299,465
Deferred Exploration Expenditures:									
Balance, beginning of year	14,463	1,623	-	-	-	-	-	-	16,086
Assays and surveys	-	39,639	-	3,515	-	-	-	-	43,154
Field supplies	-	697	-	-	-	-	-	-	697
Geochemical surveys	-	5,387	-	-	-	-	-	-	5,387
Geology and consultants	417	37,190	-	-	-	-	-	-	37,607
Local labour	-	8,232	-	-	-	-	-	-	8,232
Sundry	33	3,442	-	-	687	451	-	-	4,613
Surface taxes	-	-	40,633	-	348	4,781	799	-	46,561
Travel	-	12,913	-	-	454	454	-	-	13,821
Write-off	(14,913)	-	-	-	-	-	-	-	(14,913)
Balance, end of year	-	109,123	40,633	3,515	1,489	5,686	799	-	161,245
Mineral property interests, end of year	\$ -	\$ 225,181	\$ 143,245	\$ 33,492	\$ 18,091	\$ 12,323	\$ 28,378	\$ -	\$ 460,710

As at December 31, 2009, to maintain the Company's interest and to fully exercise the options under various property agreements covering its properties, the Company must incur exploration expenditures on the properties and/or make payments in the form of cash and/or shares to the optionors as follows:

CAZA GOLD CORP.

(An Exploration Stage Company)

Management's Discussion and Analysis

Year Ended December 31, 2009

(Stated in Canadian dollars)

	Option Payments (US dollars)	Monthly Option Payments (US dollars)	Expenditure Commitments (US dollars)
Santiago:			
April 7, 2010	\$ 25,000	\$ -	\$ -
May 14, 2010 ⁽¹⁾	-	-	105,867
July 7, 2010	25,000	-	-
October 7, 2010	30,000	-	-
May 14, 2011	100,000	-	-
May 14, 2012	120,000	-	-
May 14, 2013	1,580,000	-	-
El Relampago:			
May 18, 2010	15,000	-	-
November 18, 2010	15,000	-	-
May 18, 2011	15,000	-	-
November 18, 2011	15,000	-	-
May 18, 2012	15,000	-	-
November 18, 2012	15,000	-	-
Oaxaca:			
January 2010 to June 2014	-	1,000	-
July 2014	726,000	-	-
Tecolote:			
March 22, 2010	25,000	-	-
	\$ 2,721,000	\$ 1,000	\$ 105,867

⁽¹⁾ Exploration expenditure commitments which are due May 14, 2010 can be extended provided the Company maintains an active exploration program.

These amounts may be reduced in the future as the Company determines which properties to continue to explore and which to abandon.

1.5 Summary of Quarterly Results

All financial information is prepared in accordance with CAD GAAP, and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The following table provides selected financial information of the Company for each of the last eight quarters ended at the most recently completed quarter, December 31, 2009:

CAZA GOLD CORP.

(An Exploration Stage Company)

Management's Discussion and Analysis

Year Ended December 31, 2009

(Stated in Canadian dollars)

	2009				2008			
	Dec 31	Sept 30	June 30	Mar 31	Dec 31	Sept 30	June 30	Mar 31
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income (loss) before discontinued discontinued operations and extraordinary items:								
(i) Total	\$ (145,552)	\$ (179,002)	\$ (85,441)	\$ (121,455)	\$ 148,617	\$ (909,532)	\$ (60,949)	\$ (76,104)
(ii) Basic per share	\$ -	\$ (0.01)	\$ -	\$ (0.01)	\$ 0.01	\$ (0.06)	\$ (0.08)	\$ (761.04)
(iii) Fully diluted per share	\$ -	\$ (0.01)	\$ -	\$ (0.01)	\$ 0.01	\$ (0.06)	\$ (0.08)	\$ (761.04)
Net income (loss):								
(i) Total	\$ (145,552)	\$ (179,002)	\$ (85,441)	\$ (121,455)	\$ 148,617	\$ (909,532)	\$ (60,949)	\$ (76,104)
(ii) Basic per share	\$ -	\$ (0.01)	\$ -	\$ (0.01)	\$ 0.01	\$ (0.06)	\$ (0.08)	\$ (761.04)
(iii) Fully diluted per share	\$ -	\$ (0.01)	\$ -	\$ (0.01)	\$ 0.01	\$ (0.06)	\$ (0.08)	\$ (761.04)
Total assets	\$ 739,623	\$ 588,606	\$ 627,980	\$ 645,476	\$ 740,404	\$ 932,467	\$ 1,316,769	\$ 235,302
Total long-term liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Dividends per share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

At incorporation on November 15, 2007, the Company issued 100 shares at \$0.01 per share to Canarc. Pursuant to the Arrangement, the Company issued 14,346,627 shares to Canarc to acquire the Mexican property interests. The effect of the equity distribution is reflective in the significant change in the quarterly loss per share in the second quarter of fiscal 2008.

1.6 Liquidity and Capital Resources

The Company is in the exploration stage and has not yet determined whether its mineral properties contain reserves that are economically recoverable. The recoverability of amounts capitalized for mineral property interests is entirely dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development and upon future profitable production. The Company knows of no trends, demands, commitments, events or uncertainties that may result in the Company's liquidity either materially increasing or decreasing at the present time or in the foreseeable future. Material increases or decreases in the Company's liquidity are substantially determined by the success or failure of the Company's exploration programs and overall market conditions for smaller mineral exploration companies. Since its incorporation in 2007, the Company has endeavored to secure mineral property interests that in due course could be brought into production to provide the Company with cash flow which would be used to undertake work programs on other projects. To that end, the Company has expended its funds on mineral property interests that it believes have the potential to achieve cash flow within a reasonable time frame. As a result, the Company has incurred losses during each of its fiscal periods since incorporation. This result is typical of smaller exploration companies and will continue unless positive cash flow is achieved.

The following table contains selected financial information of the Company's liquidity:

CAZA GOLD CORP.

(An Exploration Stage Company)

Management's Discussion and Analysis

Year Ended December 31, 2009

(Stated in Canadian dollars)

	December 31,		
	2009	2008	2007
Cash and cash equivalents	\$ 122,410	\$ 407,901	\$ 299,810
Working capital (deficiency)	\$ (199,580)	\$ 293,498	\$ (27,468)

Ongoing operating expenses continue to reduce the Company's cash resources and working capital.

On October 2, 2009, the Company closed a private placement for 800,000 units at \$0.25 per unit. Each unit was comprised of one common share and one-half of a share purchase warrant; each whole share purchase warrant was exercisable to acquire one common share at \$0.30 until April 2, 2012.

In March 2010, the Company proceeded with a private placement for up to 2.83 million units at \$0.25 per unit for gross proceeds of up to \$708,000. Each unit is comprised of one common share and one-half of a share purchase warrant; each whole share purchase warrant is exercisable to acquire one common share at \$0.35 for 18 months from the closing date. The private placement has not yet closed.

The Company has a number of option agreements for mineral property interests that involve payments in the form of cash and/or shares of the Company as well as minimum exploration expenditure requirements. Under Item 1.4, further details of contractual obligations are provided as at December 31, 2009. The Company will continue to rely upon equity financing as its principal source of financing its projects.

1.7 Capital Resources

Item 1.6 provides further details.

1.8 Off-Balance Sheet Arrangements

There are no known off-balance sheet arrangements which have not been disclosed.

1.9 Transactions with Related Parties

Related party transactions during the year ended December 31, 2009 include:

- \$68,492 in salaries paid to employees who are directors of the Company;
- \$39,862 in legal fees to a law firm in which a director of the Company is a partner; and
- \$316,267 in office and sundry, rent and salary allocations from companies with one common director.

Details of the Arrangement between the Company and Canarc are provided in Item 1.1.

1.10 Fourth Quarter

Items 1.2, 1.4, 1.5 and 1.6 provide further details for the fourth quarter of fiscal 2009.

CAZA GOLD CORP.

(An Exploration Stage Company)

Management's Discussion and Analysis

Year Ended December 31, 2009

(Stated in Canadian dollars)

1.11 Proposed Transactions

There are no proposed material asset or business acquisitions or dispositions, other than those in the ordinary course and other than those already disclosed in this MD&A, before the board of directors for consideration, and other than those already disclosed in its regulatory and public filings.

1.12 Critical Accounting Estimates

The preparation of financial statements requires the Company to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of estimates relate to collectability of receivables, balances of accrued liabilities, impairment of mineral property interests, determination of reclamation obligations, and valuation allowances for future income tax assets. Actual results could differ from those estimates.

Acquisition costs of mineral properties and exploration and development expenditures incurred thereto are capitalized and deferred. The costs related to a property from which there is production will be amortized using the unit-of-production method. Capitalized costs are written down to their estimated recoverable amount if the property is subsequently determined to be uneconomic. The amounts shown for mineral properties represent costs incurred to date, less recoveries and write-downs, and do not reflect present or future values.

1.13 Changes in Accounting Policies Including Initial Adoption

New accounting pronouncements which came into effect for fiscal 2009 as issued by the Canadian Institute of Chartered Accountants ("CICA") are as follows:

(i) Goodwill and intangible assets:

In February 2008, the CICA issued Handbook Section 3064, "Goodwill and intangible assets", replacing Section 3062, "Goodwill and other intangible assets" and Section 3450, "Research and development costs". This section establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new section is effective for the Company on January 1, 2009. The Company has no goodwill or intangible assets as of December 31, 2009.

New accounting pronouncements as issued by the Canadian Institute of Chartered Accountants ("CICA") are as follows:

(i) International Financial Reporting Standards ("IFRS"):

In 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that the transition to IFRS from Canadian GAAP will be effective for fiscal years beginning on or after January 1, 2011 for publicly accountable enterprises. The Company will therefore be required to present IFRS financial statements for its March 31, 2011 interim financial statements. The effective date will require the restatement for comparative purposes of amounts reported by the Company for the interim periods and for the year ended December 31, 2010. The Company is currently evaluating the impacts of the conversion on the Company's consolidated financial statements and is considering accounting policy choices available under IFRS.

(ii) Business combinations:

CAZA GOLD CORP.

(An Exploration Stage Company)

Management's Discussion and Analysis

Year Ended December 31, 2009

(Stated in Canadian dollars)

In January 2009, the CICA issued Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-Controlling Interests". These sections replace the former Section 1581, "Business Combinations", and Section 1600, "Consolidated Financial Statements", and establish a new section for accounting for a non-controlling interest in a subsidiary.

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

The new sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

Transition issues from Canadian GAAP to IFRS:

Effective January 1, 2011, the Company is required to adopt IFRS and would therefore report IFRS financial statements for its March 31, 2010 interim financial statements. This would also require the restatement for comparative purposes of amounts reported for the interim periods and for the year ended December 31, 2010.

Preliminary initial assessments by the Company on the impact from the transition from Canadian GAAP to IFRS have identified certain issues affecting the Company's accounting policies and its financial reporting, and further review and analysis of transition issues and IFRS implication for the Company are ongoing as well as staff training.

Accounting Issues	IFRS Implications
Deferred exploration expenditures	IFRS permits the capitalization of exploration expenditures prior to the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. IFRS requires an impairment test on exploration assets when facts and circumstances suggest the carrying amounts of those assets may exceed their recoverable values.
Stock-based compensation	Under Canadian GAAP, options which are vested can use the following: <ul style="list-style-type: none">- pooled as one grant and vested on a straight line basis, or- treated as separate individual grants and vest each grant on a straight line basis over each vesting period. IFRS requires the latter alternative. IFRS also requires an estimation of forfeiture rates. The Company currently has adopted systems which allow for the determination of stock-based compensation under IFRS.
Units issuance in private placements	Units in a private placement are comprised of shares and warrants. IFRS requires a value allocated to warrants in a unit private placement based

CAZA GOLD CORP.

(An Exploration Stage Company)

Management's Discussion and Analysis

Year Ended December 31, 2009

(Stated in Canadian dollars)

	upon the relative fair value.
Plan of arrangement for the spin out of Caza Gold Corp. from Canarc Resource Corp.	In 2008, the plan of arrangement between the Company and Canarc involves related parties and was accounted for at carrying value in accordance with Canadian GAAP. For IFRS, all related party transactions are to be at fair value whereby the Company needs to determine what is the fair value for the plan of arrangement.

1.14 Financial Instruments and Other Instruments

The Company's financial instruments approximate their carrying values.

The Company classifies its financial instruments as follows:

- cash as held-for-trading,
- receivable as loans and receivables, and
- accounts payable and accrued liabilities as other financial liabilities.

Management of financial risk

The Company is exposed in varying degrees to a variety of financial instrument related risks, including credit risk, liquidity risk, and market risk which includes foreign exchange risk and interest rate risk. The types of risk exposure and the way in which such exposure is managed are provided as follows.

The fair values of the Company's cash, receivables, and accounts payable and accrued liabilities approximate their carrying values due to their short terms to maturity.

(a) Credit risk:

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality Canadian financial institutions.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash and its ability to raise equity financings. The Company will require significant additional funding to meet its short-term liabilities and administrative overhead costs, and to maintain its mineral property interests in 2010.

Accounts payable and accrued liabilities are due within the current operating period.

CAZA GOLD CORP.

(An Exploration Stage Company)

Management's Discussion and Analysis

Year Ended December 31, 2009

(Stated in Canadian dollars)

(c) Market risk:

The significant market risk exposures to which the Company is exposed are foreign exchange risk and interest rate risk.

(i) Foreign exchange risk:

The Company's mineral properties and a portion of its operations are in Mexico, and would subject it to foreign currency fluctuations. Fluctuations in Mexican pesos would impact the earnings (losses) of the Company and the values of its assets and liabilities as its financial statements are stated in Canadian dollars. The Canadian dollar fluctuates and floats with the Mexican peso.

At December 31, 2009, the Company is exposed to currency risk for its Canadian dollar equivalent of financial assets and liabilities denominated in currencies other than Canadian dollars as follows:

	<u>Held in Mexican Pesos</u> <u>(stated in Canadian dollars)</u>
Cash	\$ 26,315
Receivables and prepaids	139,240
Accounts payable and accrued liabilities	<u>(296,138)</u>
Net financial liabilities	<u>\$ (130,583)</u>

Based upon the above net exposure as at December 31, 2009 and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar relative to the Mexican pesos could result in a decrease/increase of \$13,060 in the Company's net losses.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

(ii) Interest rate risk:

In respect of financial assets, the Company's policy is to invest cash at floating rates of interest in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return. Fluctuations in interest rates impact on the value of cash equivalents. Interest rate risk is not significant to the Company as it has no cash equivalents at year-end.

1.15 Other MD&A Requirements

1.15.1 Other MD&A Requirements

Additional information relating to the Company are as follows:

- (a) may be found on SEDAR at www.sedar.com; and

CAZA GOLD CORP.

(An Exploration Stage Company)

Management's Discussion and Analysis

Year Ended December 31, 2009

(Stated in Canadian dollars)

(b) is also provided in the Company's audited consolidated financial statements for the years ended December 31, 2009 and 2008.

1.15.2 Outstanding Share Data

The Company's authorized share capital consists of unlimited common shares without par value.

Changes in the Company's share capital for the year ended December 31, 2009 are as follows:

	Number of Shares	Amount
Balance at December 31, 2008	21,849,423	\$ 1,882,692
Issued:		
Private placement	800,000	192,272
Property acquisition	400,000	100,000
Balance at December 31, 2009	23,049,423	\$ 2,174,964

At April 20, 2010, there were 24,349,423 common shares issued and outstanding.

At December 31, 2009, the Company had outstanding warrants to purchase an aggregate of 4,110,000 common shares as follows:

Exercise Prices	Expiry Dates	Outstanding at December 31, 2008	Issued	Exercised	Expired	Outstanding at December 31, 2009
\$0.12	January 31, 2010 ⁽¹⁾	1,400,000	-	-	-	1,400,000
\$0.35	March 30, 2010 ⁽²⁾	2,310,000	-	-	-	2,310,000
\$0.30	April 2, 2012	-	400,000	-	-	400,000
		3,710,000	400,000	-	-	4,110,000

⁽¹⁾ Warrants for 1.3 million shares were exercised in January 2010, and the balance of 100,000 warrants expired unexercised.

⁽²⁾ In March 2010, the expiry date of March 30, 2010 was extended to March 30, 2011.

At April 20, 2010, warrants for 2,710,000 common shares remain outstanding.

At December 31, 2009 and April 20, 2010, the Company has not granted any stock options.

1.16 Outlook

CAZA GOLD CORP.

(An Exploration Stage Company)

Management's Discussion and Analysis

Year Ended December 31, 2009

(Stated in Canadian dollars)

The Company will continue to depend upon equity capital to finance its existing projects. There are no assurances that capital requirements will be met by this means of financing as inherent risks are attached therein including commodity prices, financial market conditions, and general economic factors. The Company does not expect to realize any operating revenues from its properties in the foreseeable future.

1.17 Risk Factors

The following is a brief discussion of those distinctive or special characteristics of the Company's operations and industry that may have a material impact on, or constitute risk factors in respect of, the Company's future financial performance.

Exploration and Development Risks

There is no assurance given by the Company that its exploration and development programs and properties will result in the discovery, development or production of a commercially viable ore body.

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. There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of bodies of commercial ore. The economics of developing gold and other mineral properties are affected by many factors including capital and operating costs, variations of the grades and tonnages of ore mined, fluctuating mineral market prices, costs of mining and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Substantial expenditures are required to establish reserves through drilling and other work, to develop metallurgical processes to extract metal from ore, and to develop the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that funds required for development can be obtained on a timely basis. The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately foreseen or predicted, such as market fluctuations, the global marketing conditions for precious and base metals, the proximity and capacity of milling and smelting facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection. In order to commence exploitation of certain properties presently held under exploration concessions, it is necessary for the Company to apply for exploitation concessions. There can be no guarantee that such concessions will be granted.

Financing Risks

There is no assurance given by the Company that it will be able to secure the financing necessary to explore, develop and produce its mineral property interests.

The Company does not presently have sufficient financial resources or operating cash-flow to undertake by itself all of its planned exploration and development programs. The development of the Company's properties may therefore depend on the Company's joint venture partners and on the Company's ability to obtain additional required financing. There is no assurance the Company will be successful in obtaining the required financing, the lack of which could result in the loss or substantial dilution of its interests (as existing or as proposed to be acquired) in its properties as disclosed herein. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise equity capital financings, the attainment of profitable operations, external financings, and further share issuance to satisfy working capital and operating needs.

Estimates of Mineral Deposits

There is no assurance given by the Company that any estimates of mineral deposits herein will not change.

CAZA GOLD CORP.

(An Exploration Stage Company)

Management's Discussion and Analysis

Year Ended December 31, 2009

(Stated in Canadian dollars)

No assurance can be given that any identified mineralized deposit will ever qualify as a commercially viable mineable ore body that can be legally and economically exploited. Estimates regarding mineralized deposits can also be affected by many factors such as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grades and tonnages of ore ultimately mined may differ from that indicated by drilling results and other work. There can be no assurance that gold recovered in small-scale laboratory tests will be duplicated in large-scale tests under on-site conditions. Material changes in mineralized tonnages, grades, dilution and stripping ratios or recovery rates may affect the economic viability of projects. The existence of mineralized deposits should not be interpreted as assurances of the future delineation of ore reserves or the profitability of future operations.

Mineral Prices

There is no assurance given by the Company that mineral prices will not change.

The mining industry is competitive and mineral prices fluctuate so that there is no assurance, even if commercial quantities of a mineral resource are discovered, that a profitable market will exist for the sale of same. Factors beyond the control of the Company may affect the marketability of any substances discovered. The prices of precious and base metals fluctuate on a daily basis, have experienced volatile and significant price movements over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations (specifically, the U.S. dollar relative to other currencies), interest rates, central bank transactions, world supply for precious and base metals, international investments, monetary systems, and global or regional consumption patterns (such as the development of gold coin programs), speculative activities and increased production due to improved mining and production methods. The supply of and demand for gold are affected by various factors, including political events, economic conditions and production costs in major gold producing regions, and governmental policies with respect to gold holdings by a nation or its citizens. The exact effect of these factors cannot be accurately predicted, and the combination of these factors may result in the Company not receiving adequate returns on invested capital or the investments retaining their respective values. There is no assurance that the prices of gold and other precious and base metals will be such that the Company's properties can be mined at a profit.

Conflicts of Interest

There is no assurance given by the Company that its directors and officers will not have conflicts of interest from time to time.

The Company's directors and officers may serve as directors or officers of other public resource companies or have significant shareholdings in other public resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The interests of these companies may differ from time to time. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against any resolution involving any such conflict. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the laws of the Province of British Columbia, Canada, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in any particular exploration or mining project at any given time, the directors will primarily consider the upside potential for the project to be accretive to shareholders, the degree of risk to which the Company may be exposed and its financial position at that time.

Uninsured Risks

CAZA GOLD CORP.

(An Exploration Stage Company)

Management's Discussion and Analysis

Year Ended December 31, 2009

(Stated in Canadian dollars)

There is no assurance given by the Company that it is adequately insured against all risks.

The Company may become subject to liability for cave-ins, pollution or other hazards against which it cannot insure or against which it has elected not to insure because of high premium costs or other reasons. The payment of such liabilities would reduce the funds available for exploration and mining activities.

Environmental and Other Regulatory Requirements

There is no assurance given by the Company that it has met all environmental or regulatory requirements.

The current or future operations of the Company, including exploration and development activities and commencement of production on its mineral property interests, require permits from various foreign, federal, state and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that approvals and permits required in order for the Company to commence production on its various property interests will be obtained. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, are necessary prior to operation of the other properties in which the Company has interests and there can be no assurance that the Company will be able to obtain or maintain all necessary permits that may be required to commence construction, development or operation of mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. New laws or regulations or amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation of current laws, regulations or permits, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Reclamation

There is a risk that monies allotted for land reclamation may not be sufficient to cover all risks, due to changes in the nature of the waste rock or tailings and/or revisions to government regulations. Therefore additional funds, or reclamation bonds or other forms of financial assurance may be required over the tenure of the project to cover potential risks. These additional costs may have material adverse impact on the financial condition and results of the Company.

Foreign Countries and Regulatory Requirements

Certain of the Company's mineral property interests are located in countries outside of Canada, and mineral exploration and mining activities may be affected in varying degrees by political stability and government regulations relating to the mining industry. Any changes in regulations or shifts in political attitudes may vary from country to country and are beyond the control of the Company and may adversely affect its business. Such changes have, in the past, included nationalization of foreign owned businesses and properties. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income and other taxes and duties, expropriation of property, environmental legislation and mine safety. These uncertainties may make it more difficult for the Company and its joint venture partners to obtain any required production financing for its mineral properties.

CAZA GOLD CORP.

(An Exploration Stage Company)

Management's Discussion and Analysis

Year Ended December 31, 2009

(Stated in Canadian dollars)

Currency Fluctuation and Foreign Exchange Controls

The Company maintains a portion of its funds in U.S. dollar denominated accounts. Certain of the Company's property and related contracts are denominated in U.S. dollars. The Company's operations in countries other than Canada are normally carried out in the currency of that country and make the Company subject to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results. In addition future contracts may not be denominated in U.S. dollars and may expose the Company to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results. In addition, the Company is or may become subject to foreign exchange restrictions which may severely limit or restrict its ability to repatriate capital or profits from its properties outside of Canada to Canada. Such restrictions have existed in the past in countries in which the Company holds property interests and future impositions of such restrictions could have a materially adverse effect on the Company's future profitability or ability to pay dividends.

Third Party Reliance

The Company's rights to acquire interests in certain mineral properties have been granted by third parties who themselves hold only an option to acquire such properties. As a result, the Company may have no direct contractual relationship with the underlying property holder.