

Consolidated Financial Statements of

REUNION GOLD CORPORATION
(an exploration stage Company)

Years ended March 31, 2009 and 2008



Raymond Chabot Grant Thornton

Auditors' Report

To the Shareholders of
Reunion Gold Corporation

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We have audited the consolidated balance sheets of Reunion Gold Corporation (an exploration stage Company) as at March 31, 2009 and 2008 and the consolidated statements of operations, comprehensive loss, deficit and contributed surplus, cash flows and deferred exploration expenses for the years then ended. 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 March 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended, in accordance with Canadian generally accepted accounting principles.

/s/ Raymond Chabot Grant Thornton LLP¹

Montréal, Canada, June 16, 2009

¹ Chartered accountant auditor permit no. 22865

Reunion Gold Corporation
 (an exploration stage Company)
Consolidated Balance Sheets

	March 31, 2009	March 31, 2008
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents (note 4)	153,728	4,652,726
Amounts receivable (note 5)	515,677	347,928
Prepaid expenses and deposits	48,299	214,653
	<u>717,704</u>	<u>5,215,307</u>
Investments (note 6)	61,857	80,013
Marketable securities (note 7)	-	1,025,780
Capital assets (note 8)	30,218	47,074
Mineral properties (note 9)	1,000,000	-
Deferred exploration expenses (note 9)	3,937,960	11,980,272
	<u>5,747,739</u>	<u>18,348,446</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	341,945	1,536,128
SHAREHOLDERS' EQUITY		
Capital stock (note 10)	45,041,749	44,041,749
Contributed surplus	3,577,756	3,317,468
Deficit	(43,213,711)	(28,861,689)
Accumulated other comprehensive loss (note 14)	-	(1,685,210)
	<u>5,405,794</u>	<u>16,812,318</u>
	<u>5,747,739</u>	<u>18,348,446</u>

Going concern (note 1)

Commitments (note 11)

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

On behalf of the Board,

/s/ James Crombie
 James Crombie, Director

/s/ Loraine Oxley
 Loraine Oxley, Director

Reunion Gold Corporation
 (an exploration stage Company)
Consolidated Operations

	Year ended March 31, 2009	Year ended March 31, 2008
	\$	\$
Expenses		
Stock-based compensation	260,288	56,848
Other remuneration	425,986	374,118
Professional fees	61,156	-
Regulatory fees	21,262	33,929
Investor relations and travel	95,175	97,271
Office and others	69,264	181,591
Business development	267,371	-
Depreciation and amortization	17,378	18,520
	<u>1,217,880</u>	<u>762,277</u>
Other items		
Interest income and other	(42,976)	(129,693)
Change in fair value of investments (note 6)	14,797	19,844
Realized loss on sale of marketable securities (note 7)	2,289,984	443,640
Write-down of deferred exploration expenses (note 9)	10,830,164	-
Loss on foreign exchange	42,173	3,647
	<u>13,134,142</u>	<u>337,438</u>
Net loss	<u>(14,352,022)</u>	<u>(1,099,715)</u>
Basic and diluted loss per share (note 10)	(0.30)	(0.06)
Basic and diluted weighted average number of shares outstanding	48,547,398	42,646,201

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

Reunion Gold Corporation

(an exploration stage Company)

Consolidated Comprehensive Loss, Deficit and Contributed Surplus

	Year ended March 31, 2009	Year ended March 31, 2008
	\$	\$
COMPREHENSIVE LOSS		
Net loss	(14,352,022)	(1,099,715)
Other comprehensive loss (note 14)		
Reclassification to operations of realized loss on sale of marketable securities	2,289,984	443,640
Other comprehensive loss related to marketable securities	(604,774)	(1,528,850)
Comprehensive loss	(12,666,812)	(2,184,925)
DEFICIT		
Balance, beginning of year	(28,861,689)	(27,741,318)
Common share issue expenses	-	(20,656)
Net loss	(14,352,022)	(1,099,715)
Balance, end of year	(43,213,711)	(28,861,689)
Accumulated other comprehensive loss (note 14)	-	(1,685,210)
Total accumulated deficit and other comprehensive loss	(43,213,711)	(30,546,899)
CONTRIBUTED SURPLUS		
Balance, beginning of year	3,317,468	1,987,474
Stock-based compensation (note 10)	260,288	56,848
Share purchase warrants (note 10)	-	1,273,146
Balance, end of year	3,577,756	3,317,468

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

Reunion Gold Corporation

(an exploration stage Company)

Consolidated Cash Flows

	Year ended March 31, 2009	Year ended March 31, 2008
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(14,352,022)	(1,099,715)
Non-cash items		
Stock-based compensation	260,288	56,848
Depreciation and amortization	17,378	18,520
Change in fair value of investments	14,797	19,844
Realized loss on sale of marketable securities	2,289,984	443,640
Write-down of deferred exploration expenses	10,830,164	-
Loss on foreign exchange	42,173	3,647
Changes in working capital items	374,692	(240,679)
	<u>(522,546)</u>	<u>(797,895)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Short-term investments	-	1,962,653
Investments (note 6)	3,359	(99,857)
Sale of marketable securities	-	545,370
Capital assets	(522)	(42,527)
Deferred exploration expenses	(3,979,289)	(6,959,864)
	<u>(3,976,452)</u>	<u>(4,594,225)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Exercise of warrants and options, net of expenses	-	7,707,469
Net increase (decrease) in cash and cash equivalents	(4,498,998)	2,315,349
Cash and cash equivalents, beginning of year	<u>4,652,726</u>	<u>2,337,377</u>
Cash and cash equivalents, end of year	<u>153,728</u>	<u>4,652,726</u>
Interest and income taxes paid	-	-
Non-cash items:		
Change in accounts payable related to exploration projects	(1,284,239)	373,575
Shares issued for mineral property	1,000,000	-
Shares issued as settlement of accrued liabilities	-	45,500
Change in value of marketable securities	-	(1,685,210)

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

Reunion Gold Corporation
 (an exploration stage Company)
Consolidated Deferred Exploration Expenses

	Year ended March 31, 2009	Year ended March 31, 2008
	\$	\$
Balance, beginning of year	11,980,272	4,677,354
Geology	546,273	1,067,223
Geochemistry and geophysics	798,651	1,294,860
Drilling and assaying	318,357	2,475,812
Option payments and surface rights	102,280	361,575
Freight, transport and mobilization	249,852	703,141
Camp costs	374,905	837,208
Technical services and other	397,534	563,099
	2,787,852	7,302,918
	14,768,124	11,980,272
Write-down of deferred exploration expenses (note 9)	(10,830,164)	-
Balance, end of year	3,937,960	11,980,272

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

Reunion Gold Corporation

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Notes to Consolidated Financial Statements

March 31, 2009 and 2008

1. Governing statutes, nature of operations and going concern

The Company, previously New Sleeper Gold Corporation (“NSGC”), was incorporated under the laws of the Province of British Columbia on September 23, 1987 and commenced its exploration activities in January 2004. The Company was continued under the Canadian Business Corporations Act on March 15, 2004 following the completion of a reverse takeover. On June 2, 2006, NSGC changed its name to Reunion Gold Corporation (“Reunion Gold” or the “Company”). The activities of the Company consist of the exploration and development of mineral properties located in Suriname, South America. All financial results in these financial statements are expressed in Canadian dollars unless otherwise indicated.

The Company’s mineral properties are in the exploration stage and it has not yet been determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and deferred exploration expenses is dependent upon the existence of economically recoverable reserves on these properties, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production from these reserves or sufficient proceeds from their disposal thereof.

Although the Company has taken steps to verify title to the mineral claims in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

These consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. However, certain conditions may cast significant doubt as to the appropriateness of the going concern assumption. Specifically, given that the Company has not yet found a mineral property containing mineral deposits that are economically recoverable, the Company has not generated any income or cash flows from operations and at March 31, 2009, had an accumulated deficit of \$43,213,711. The Company conducted extensive exploration programs on the Antino 1 Project during the years ended March 31, 2007 and 2008 and compilation work in 2009 and based on the analysis of all data collected during this time, the Company decided to write-down to nil as at March 31, 2009 accumulated costs incurred on the Antino 1 Project, resulting in a charge to operations of \$10,830,164. The Company is committed to make a payment of US \$125,000 in August 2009 to satisfy the terms of the option agreement on the Lely Project in Suriname. Also, as a result of the Company’s limited financial resources, which working capital totals \$375,759 at March 31, 2009, including cash of \$153,728, all of its exploration projects have been put on care and maintenance and the Company currently has insufficient cash resources to undertake an exploration program on its exploration properties.

At March 31, 2009, the Company had \$153,728 in cash and anticipates having sufficient cash, taking into account the proceeds received subsequent to March 31, 2009 on the sale of marketable securities, to meet its corporate administrative expenses for several months. However, the Company will require additional financing, through various means including but not limited to equity financing and entering into partnership agreements, to make the required payment of US \$125,000 to satisfy the terms of the option agreement on the Lely Project, to make additional payments under the Antino 1 option agreement, to undertake exploration programs on its properties and/or to acquire additional exploration properties. There can be no assurance that the Company will be successful in putting any of these measures into place.

These consolidated financial statements do not reflect any adjustments that would be necessary if the going concern assumption were not appropriate for these consolidated financial statements. If the going concern assumption were not appropriate for these consolidated financial statements, adjustments to the carrying values of assets and liabilities and balance sheet classification, which could be material, may be necessary.

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Notes to Consolidated Financial Statements

March 31, 2009 and 2008

2. Accounting policies

The accompanying consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

Accounting estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates and assumptions are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from those estimates. Significant areas where management judgement is applied are the carrying value of mineral properties and deferred exploration expenses, investments and the valuation of the stock-based compensation cost.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and of its wholly-owned inoperative subsidiary.

Cash and cash equivalents

Cash and cash equivalents include bank balances and short-term investments in money market instruments that are carried at fair value. They are classified as held-for-trading and changes in fair value are reported in operations.

Investments

Investments in Master Asset Vehicles II ("MAV II"), which replaced the investments in asset-backed commercial paper ("ABCP"), are designated as held-for-trading (for the same reasons as for the ABCP) and are recorded at their fair value. Unrealized gains and losses are reported in operations. On initial recognition, the Company designated its ABCP as held-for-trading as the financial information generated by this classification is more relevant for decision-making and provides a better means for evaluating the Company's performance.

Marketable securities

Marketable securities are classified as available-for-sale and are recorded at their fair value. Changes in fair value are recorded in other comprehensive income.

Other financial instruments

Amounts receivable are classified as loans and receivables and accounts payable and accrued liabilities are classified as other liabilities. They are measured at amortized cost.

Capital assets

Capital assets are accounted for at cost and amortized over their estimated useful lives using the straight-line method. Furniture is amortized over 5 years and computer equipment over 3 years.

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Notes to Consolidated Financial Statements

March 31, 2009 and 2008

2. Accounting policies (continued)

Exploration projects

Acquisition costs and expenditures on mineral exploration programs are deferred until the commercial viability of the property is determined. If commercial production is achieved, the capitalized costs are amortized over the estimated useful life of the mine or on their anticipated useful life, if the useful life of the asset is less than the life of the mine. The Company reviews the carrying values of its exploration projects at least on an annual basis or whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable, by reference to project economics (including the timing of the exploration and / or development work), work programs and exploration results or if a project is abandoned. When it becomes apparent that the carrying value of a project exceeds its estimated net recoverable amount, an impairment charge is recorded.

Asset retirement obligation

The operations of the Company have been, and may in the future be, affected by changes in environmental regulations, including those for future removal and site restoration costs. The Company's policy is to meet or, if possible, surpass standards set by relevant legislation by the application of technically proven and economically feasible measures. An estimate for future costs of site restoration is made based on estimates that consider the anticipated method and extent of site reclamation required to meet legal standards. If required, a provision for the estimated costs is recognized by increasing the carrying amount of the related long-lived asset by the same amount as the liability. The liability is accreted to its present value and the capitalized cost is amortized over the useful life of the related asset. Reclamation costs incurred are charged against this provision. The effect of changes in regulations and cost assumptions are recognized when determined. As at March 31, 2009 and 2008, there was no material asset retirement obligation.

Future income taxes

Future income taxes are recorded using the liability method whereby 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. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rate is recognized in income in the year that includes the enactment date. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Foreign currency translation

Monetary assets and liabilities are translated at the rate in effect at the balance sheet date. Non-monetary assets and liabilities are translated at the historical exchange rate. Income and expenses are translated at the average rate in effect during the year with the exception of depreciation that is translated at the historical rate. Gains and losses on exchange arising from translation are recorded in operations for the year.

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March 31, 2009 and 2008

2. Accounting policies (continued)

Loss per share

Basic loss per share is calculated using the weighted-average number of common shares outstanding during the year. The Company uses the treasury stock method to compute the dilutive effect of options and warrants. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon the exercise of options and warrants described in note 10. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the years ended March 31, 2009 and 2008, this calculation proved to be anti-dilutive and consequently, there is no difference between the basic and the diluted loss per share. Potentially dilutive instruments would, if exercised, increase the weighted average number of common shares by 5,816,250 in 2009 and 18,341,165 in 2008.

Stock option plan

The Company measures the compensation cost of stock options issued under an employee and non-employee compensation plan using a fair value-based method. Compensation costs are measured at the grant date based on the fair value of the award using the Black-Scholes option-pricing model with assumptions for risk-free interest rates, volatility, dividend yields and the expected life of the options. Stock-based compensation costs are recognized over the related service period as an expense with a corresponding increase to contributed surplus.

Allocation of proceeds on equity financing

The Company allocates the proceeds from an equity financing between common shares and share purchase warrants based on the relative fair values of each instrument. The fair value of the common shares is calculated by using the TSX Venture Exchange share price on the date of the issuance and the fair value of the share purchase warrants is determined using the Black-Scholes valuation model.

Share issue expenses

Share issue expenses are charged to deficit when incurred.

Changes in accounting policies

On March 27, 2009, the Emerging Issues Committee ("EIC") issued **Abstract EIC-174, Mining Exploration Costs** regarding the capitalization and impairment of exploration costs. This Abstract is to be applied to all financial statements issued after March 27, 2009. The Company has taken into account the consensus reached in this Abstract in preparing its March 31, 2009 consolidated financial statements.

In January 2009, the EIC issued **Abstract EIC-173, Credit Risk and the Fair Value of Financial Assets and Liabilities**. This Abstract is to be applied retrospectively, without restatement, to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009. The Company has taken into account the consensus reached in this Abstract effective April 1, 2008.

Reunion Gold Corporation

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Notes to Consolidated Financial Statements

March 31, 2009 and 2008

2. Accounting policies (continued)

Changes in accounting policies (continued)

Effective April 1, 2008, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") under CICA Handbook **Section 1535, Capital Disclosures**. This new Handbook Section applies to fiscal years beginning on or after October 1, 2007. Under Section 1535, companies are required to disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital. This new accounting standard addresses disclosure requirements only and had no impact on the Company's financial results.

Effective April 1, 2008, the Company adopted the new recommendations of the CICA Handbook **Section 3862, Financial Instruments – Disclosure, and Section 3863, Financial Instruments – Presentation**. These new Handbook Sections apply to fiscal years beginning on or after October 1, 2007 and replace Section 3861, *Financial Instruments – Disclosure and Presentation*. The objective of Section 3862 is to provide financial statement disclosure to enable users to evaluate the significance of financial instruments to the Company's financial position and performance and the nature and extent of risks arising from financial instruments to which the Company is exposed to during the reporting period and at the balance sheet date and how the Company is managing those risks. The purpose of Section 3863 is to enhance the financial statement user's understanding of the significance of financial instruments to the Company's financial position, performance and cash flows. These new standards address disclosure and presentation requirements only and had no impact on the Company's financial results.

In June 2007, the CICA modified **Section 1400, General Standards of Financial Statement Presentation**, in order to require that management make an assessment of the Company's ability to continue as a going concern over a period which is at least, but is not limited to, twelve months from the balance sheet date and to disclose any material uncertainties that cast doubt on its ability to continue as a going concern. These new requirements are effective for fiscal years beginning on or after January 1, 2008 and consequently, the Company has applied them effective April 1, 2008.

Recently issued accounting pronouncements

In February 2008, the CICA published **Section 3064, Goodwill and Intangible Assets**, to replace Section 3062, Goodwill and Other Intangible Assets. Publication of this new Section also resulted in the withdrawal of Section 3450, *Research and Development Costs* and consequential amendments to certain recommendations in the CICA Handbook. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets by profit-oriented enterprises. This section is effective for fiscal years beginning on or after October 1, 2008 and consequently, the Company will implement it as at April 1, 2009. The Company's management does not expect that the application of this new section will have a significant impact on its financial statements.

The Accounting Standard Board (AcSB) of the CICA has adopted a new strategy for convergence with **International financial reporting standards ("IFRS")** for public companies. As confirmed by the AcSB on February 13, 2008, the conversion requires publicly accountable enterprises to fully adopt IFRS in 2011. The changeover date to IFRS is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The intention is presently to adopt IFRS, as published by the International Accounting Standards Board (IASB), without modification. The Company's management is currently assessing the impact that the adoption of IFRS will have on its financial statements.

Reunion Gold Corporation

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Notes to Consolidated Financial Statements

March 31, 2009 and 2008

3. Financial instruments, risk management and capital management

Financial instruments

The Company's financial instruments at March 31, 2009 consist of cash, amounts receivable, deposits, investments and accounts payable and accrued liabilities. Other than investments, the fair value of these financial instruments approximates their carrying value given that they will mature shortly. The fair value of investments was determined by using discounted future cash flows, as explained in note 6 to these consolidated financial statements. Other than investments, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The Company's exposure to interest and credit risks arising from its investments is fully described in note 6 to these consolidated financial statements.

Risk management

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk, liquidity risk, currency risk, interest rate risk and political risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's financial assets exposed to credit risk are primarily composed of cash, an amount receivable from the sale of marketable securities and investments. To mitigate exposure to credit risk, the Company has revised its policy to limit the concentration of credit risk, to ensure counterparties demonstrate minimum acceptable worthiness, and to ensure liquidity of available funds. The Company's cash is held at one large financial institution. The Company's investments are exposed to credit risk as fully described in note 6 to these financial statements.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, including 30-day, 180-day and 360-day lookout periods. The Company's working capital totals \$375,759 at March 31, 2009, including cash of \$153,728 and current liabilities totalling \$341,945, due within the next 12 months. Given its limited financial resources, the Company's ability to make the required payment of US \$125,000 in August 2009 to satisfy the terms of the option agreement on the Lely Project, to fund exploration programs and to meet its corporate and administrative obligations on a continuous basis is dependent on its obtaining additional financing, through various means including but not limited to equity financing (note 1). The amount and timing of additional funding will be impacted by, among others, the strength of the capital markets.

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Notes to Consolidated Financial Statements

March 31, 2009 and 2008

3. Financial instruments, risk management and capital management (continued)

Currency risk

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates, as all of the Company's deferred exploration expenses are incurred mostly in US dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. As at March 31, 2009, financial assets and liabilities denominated in US dollars include cash of \$19,941 (\$160,576 at March 31, 2008), deposits of \$3,021 (\$118,800 at March 31, 2008) and accounts payable and accrued liabilities of \$28,390 (\$832,731 at March 31, 2008). A variation in the foreign exchange rate between the Canadian and US dollars would have no significant impact on shareholders' equity at March 31, 2009.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not entered into any derivative contracts to manage this risk.

The Company's policy as it relates to its cash balances is to invest excess cash in highly liquid, low-risk, short-term interest-bearing investments (such as banker's acceptances, term deposits, guaranteed investment certificates or treasury bills) with maturities of 180 days or less from the original date of acquisition. The Company is also exposed to interest rate changes on its investments that are expected to pay interest. The Company's exposure to interest rate risks arising from its investments is fully described in note 6 to these consolidated financial statements.

Political risk

The Company carries out its exploration activities in Suriname, South America. These activities may be subject to political, economical or other risks that could influence the Company's exploration activities and future financial situation.

Capital management

The Company manages its capital to ensure its ability to continue as a going concern and to provide an adequate return to its shareholders. In the management of capital, the Company includes the components of shareholders' equity. As long as the Company is in the exploration stage of its mining properties, it is not the intention of the Company to contract debt obligations to finance its work programs. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire or dispose of assets. The Company is not subject to any externally imposed capital requirements. In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

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Notes to Consolidated Financial Statements

March 31, 2009 and 2008

4. Cash and cash equivalents

	March 31, 2009	March 31, 2008
	\$	\$
Cash	153,728	2,652,162
Short-term investments, with initial maturities of less than three months, bearing interest at a rate of 3.43% at March 31, 2008	-	2,000,564
	153,728	4,652,726

5. Amounts receivable

	March 31, 2009	March 31, 2008
	\$	\$
From companies under common management (a)	10,167	133,979
Sale of marketable securities (note 7)	438,535	-
Other (b)	66,975	213,949
	515,677	347,928

(a) An amount of \$782,626 in 2009 (\$822,633 in 2008) was charged back to companies under common management for management services. These related party transactions were conducted in the normal course of business and measured at their exchange and agreed amount.

(b) Includes an amount of nil at March 31, 2009 (\$200,000 at March 31, 2008) owed by a Company controlled by the Chairman of the Company. This non-interest bearing receivable was advanced on March 10, 2008 and repaid on April 24, 2008.

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6. Investments

On March 31, 2009, the Company held investments in Master Asset Vehicle II ("MAV II"), which had initially been invested in Canadian third-party asset-backed commercial paper ("ABCP"). These investments, which have been designated as held-for-trading and classified as long-term investments, are accounted for at their fair value. The detail of these investments is as follows:

	\$
Nominal amount	
MAV II Senior A-1 notes	54,231
MAV II Senior A-2 notes	36,080
MAV II Subordinated B notes	6,550
MAV II Subordinated C notes	2,996
	<u>99,857</u>
Change in fair value	<u>(38,000)</u>
Fair value at March 31, 2009	<u>61,857</u>
	<u>80,013</u>
Fair value of ABCP at March 31, 2008	80,013

In mid-August 2007, the Canadian third-party ABCP market was hit by a liquidity disruption. On August 16, 2007, a group representing banks, asset providers and major investors agreed, pursuant to the Montreal Accord, to a standstill period in respect of ABCP sold by 23 conduit issuers. A Pan-Canadian Investors Committee (the "Committee") was subsequently established to oversee the proposed restructuring process and on March 20, 2008, the Committee released its proposed restructuring plan through an Information Statement in respect of a Plan of Compromise and Arrangement (the "Plan"), pursuant to the Companies Creditors Arrangement Act ("CCAA"). Note holders approved the Plan on April 25, 2008 and Justice Campbell, presiding over the restructuring under the CCAA, approved the Plan on June 5, 2008. On August 18, 2008, the appeals court of Ontario confirmed Justice Campbell's decision, following various appeals, and on September 19, 2008, the Supreme Court of Canada released a decision denying leave to appeal from the decision of the Ontario Court of Appeal. On January 21, 2009, the Plan was fully implemented.

As part of the Plan, the Company received new notes of various classes issued by a trust referred to as MAV II, including senior notes (Class A-1 and A-2 notes) and subordinated Class B and C notes. It is anticipated that the Class A-1 and A-2 notes will pay interest and Class B and C notes will accrue interest with payments to be made only after the Class A-1 and A-2 notes have been fully repaid. The maturity date of these notes has been extended to provide for a maturity similar to that of the underlying assets. On January 21, 2009, the MAV II Class A-1 and A-2 notes had been assigned an investment grade rating of A by DBRS Limited ("DBRS") and the Class B and Class C notes had not been rated. On April 24, 2009, DBRS placed the MAV II Class A-2 notes under review.

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6. Investments (continued)

At March 31, 2009 the Company established the fair value of the MAV II notes that it holds by estimating discounted future cash flows for each category of notes expected to be received (using discount rates of between 5.9% and 16.5%), by estimating that certain notes will pay interest at a rate of 0.5% less than the bankers' acceptance rate, by estimating amounts of accrued interest to be received and by considering the best available market data. This estimation of fair value resulted in a total charge to operations of \$38,000 at March 31, 2009, including an amount of \$18,156 which was accounted for during the year. An amount of \$3,359 was received in February 2009, representing the Company's portion of net interest earned on the ABCP for the period from August 2007 to August 31, 2008, which amount was accounted for as a reduction of the Company's investments. A variation of 1% in discount rates would impact the fair value of investments by approximately \$3,000.

There are currently no market quotations available for the MAV II notes. Therefore, there is a significant amount of uncertainty in estimating the amount and timing of cash flows associated with these notes. Since the fair value of the MAV II notes held is determined based on the Company's assessment of market conditions as at March 31, 2009, the fair value reported may vary in subsequent periods.

7. Marketable securities

	March 31, 2009	March 31, 2008
	Fair value	Fair value
	\$	\$
Shares of X-Cal Resources Ltd.	-	1,025,780

On May 16, 2006, the Company had received a total of 10,000,000 common shares of X-Cal Resources Ltd. ("X-Cal") as partial settlement for the sale of the Company's interest in New Sleeper Gold LLC ("NSG LLC"). In 2008, the Company sold 2,673,000 shares in X-Cal for net proceeds of \$545,370, resulting in a loss of \$443,640. On March 31, 2009, the Company sold the remaining 7,327,000 shares that it held for net proceeds of \$421,006, resulting in a loss of \$2,289,984.

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8. Capital assets

	Cost	Accumulated depreciation	March 31, 2009 Net
	\$	\$	\$
Furniture	50,972	(31,608)	19,364
Computer equipment	51,019	(40,165)	10,854
	101,991	(71,773)	30,218

	Cost	Accumulated depreciation	March 31, 2008 Net
	\$	\$	\$
Furniture	50,450	(21,466)	28,984
Computer equipment	51,019	(32,929)	18,090
	101,469	(54,395)	47,074

9. Exploration projects

The breakdown of accumulated costs by project is as follows:

	March 31, 2009	March 31, 2008
	\$	\$
Mineral properties		
Lely	1,000,000	-
Deferred exploration expenses		
Lely	3,937,960	1,152,254
Antino 1 (a)	-	10,828,018
Three Hills	-	-
	3,937,960	11,980,272
	4,937,960	11,980,272

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9. Exploration projects (continued)

(a) The Company conducted extensive exploration programs on the Antino 1 Project during the years ended March 31, 2007 and 2008 and into 2009 and based on the analysis of all data collected during this time, including reference to project economics, the Company determined that the carrying value of the Antino 1 Project exceeded its net recoverable amount and thus charged to operations during the 4th quarter of 2009 an amount of \$10,830,164 as Write-down of deferred exploration expenses.

Lely, Suriname

On October 15, 2007, the Company entered into an agreement (the "Assignment Agreement") (with amendment dated May 6, 2008) with Laurentian Mountains Resources Inc. ("LMR") whereby the Company may acquire a 100% interest over an 82,850-hectare project located on the Lely Mountain and adjacent land in Eastern Suriname, South America (the "Lely Project"). Under the terms of the agreement, LMR assigned and transferred to the Company all of its rights and interests in an option agreement between LMR and Grasshopper Aluminum Company N.V. ("Grassalco"), a Surinamese state-owned mining company, holding the three rights of exploration composing the Lely Project (the "Option Agreement").

Under the Option Agreement, the Company has the right to explore, develop and acquire from Grassalco the Lely Project. To maintain its rights in the Option Agreement, the Company is required to pay to Grassalco US\$100,000 the first and second year (which amounts have been paid), US\$125,000 the third year (due in August 2009), US\$200,000 the fourth year (due in August 2010) and US\$250,000 in August of each of the following years until completion of a feasibility study. An additional US\$300,000 is payable to Grassalco upon the Company obtaining a right of exploitation and all required permits to commence construction of a mine on the Lely Project. Grassalco agreed to transfer the rights of exploration as soon as an amount of US\$5 million has been spent in exploration on the project. Under the Option Agreement, the minimum exploration expenditures are US\$8 million over a five-year period including US\$500,000 the first year. At March 31, 2009, a cumulative amount of \$3,733,030 (excluding option payments) had been spent on the Lely Project. Grassalco will retain a net smelter return royalty varying between 3% and 5% depending on the price of gold. This royalty includes the royalty payable to the government of Suriname under the mining laws of Suriname. After completion of a feasibility study and environmental impact study, Grassalco will have a 90-day option to acquire a 20% interest in the project at the then market price.

The sole shareholder and president of LMR is Mr. David Fennell, the Chairman of the Company. Under the terms of the transaction between the Company and LMR, and following TSX Venture Exchange approval, LMR received on June 18, 2008, the closing date of the transaction, 2 million common shares of the Company (valued at \$1 million) and is entitled to receive 2 additional common shares for each measured and / or indicated ounce of gold reported in a technical report prepared in compliance with National Instrument 43-101. The terms of the transaction between LMR and the Company were approved by a committee of the Board of Directors composed entirely of independent directors. The value of the shares issued to LMR were presented as Mineral Property.

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9. Exploration projects (continued)

Antino 1, Suriname

In January 2006, the Company signed an agreement with Laurentian Mountains Investments Ltd. ("LMI"), under which the Company acquired the right to explore, develop and acquire the Antino 1 Project located in Suriname. Under the January 2006 agreement, LMI assigned and transferred to the Company all of its rights and interests in an option agreement between LMI and Nana Resources N.V. ("Nana"), a Surinamese company that holds the Rights of Exploitation known as the Antino 1 Project (the "Option Agreement").

During the exploration phase, the Company is required to pay an annual amount of US \$200,000, until the Option is exercised. During the year, as a result of the Company's financial condition and the general market conditions, the payments under the Option Agreement were temporarily deferred.

The Company is entitled to exercise the Option at any time after having incurred expenditures of at least US \$5,000,000 and completing a feasibility study, by providing a written notice to Nana of such exercise; at that time, the Company will be deemed to own a 100% undivided interest in the Antino 1 Project. Upon exercise of the Option, the Company and Nana will submit to the government of Suriname a request to have the rights and interests of Nana in Antino 1 transferred to the Company.

After having exercised the Option, the Company will have to pay to Nana the following amounts: a) US \$500,000 within 30 days of receiving all necessary permits to construct and operate the mine; b) US \$1,000,000 twelve months after the commencement of commercial production; and c) quarterly payments equal to 1.5% of quarterly commercial mineral production. The Company can terminate the Option Agreement at any time by providing a 30-day prior written notice.

The sole shareholder of LMI is Mr. David Fennell, the Chairman of the Company. Since the transaction between the Company and LMI was not at arm's length, the terms of the transaction between LMI and the Company were determined by a committee of the Board of Directors composed entirely of independent directors. Under the terms of the transaction, LMI is entitled to receive consideration in shares of the Company as follows: a) upon the definition of a mineral resource of 500,000 ounces of gold, the Company will issue to LMI 400,000 common shares of the Company; b) upon the definition of a mineral resource of 1,000,000 ounces of gold, the Company will issue to LMI a further 400,000 common shares of the Company; and c) upon the definition of a mineral resource of 2,000,000 ounces of gold, the Company will issue to LMI a further 800,000 common shares of the Company.

Three Hills, Alberta

The Company holds an 8.25% interest after payout in the gas well of the Three Hills property located in the Joffre area of Alberta. The cost of this property has been fully amortized.

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10. Capital stock

Authorized

Unlimited number of common shares, issuable in series.

Unlimited number of preferred shares, issuable in series. The preferred shares are issuable from time to time in one or more series in such numbers and with such attributes as the directors may determine by resolution.

The preferred shares of each series shall, with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, rank on a parity with the preferred shares of every other series and be entitled to a preference and priority over the common shares and over any other shares of the Company ranking junior to the preferred shares.

Subject to the rights, privileges, restrictions and conditions that may be attached to a particular series of preferred shares by the directors of the Company in accordance with the conditions attaching to the preferred shares, in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or upon another return of capital or distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs, the holders of the preferred shares shall be entitled to receive, before any distribution of any part of the assets of the Company among the holders of any other shares, for each preferred share, an amount equal to the redemption price of such share and any dividends declared thereon and unpaid and no more.

Issued and fully paid – Common shares

	Year ended March 31, 2009		Year ended March 31, 2008	
	Number of shares	Amount \$	Number of shares	Amount \$
Balance, beginning of year	46,969,316	44,041,749	40,721,816	37,541,270
Issued				
For mineral property (note 9)	2,000,000	1,000,000		
Exercise of warrants	-	-	70,000	87,500
Early exercise of warrants (a)	-	-	6,112,500	6,367,479
For services provided to the Company (b)	-	-	25,000	17,500
In settlement of expenses (b)	-	-	40,000	28,000
Balance, end of year	48,969,316	45,041,749	46,969,316	44,041,749

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10. Capital stock (continued)

Issuance of shares and warrants

- (a) As part of an incentive program to encourage the early exercise of warrants issued in 2004 (the "2004 Warrants"), the Company issued in November and December 2007 a total of 6,112,500 Units (or a total of 6,112,500 common shares and 3,056,250 common share purchase warrants) for gross proceeds of \$7,640,625. This incentive offer was applicable until December 31, 2007 to all remaining 2004 Warrants (other than broker warrants), exercisable at a price of \$1.25 per share.

The 2004 Warrants were issued as part of a private placement completed in early 2004 and expiring in early 2009. In order to encourage the early exercise of the 2004 Warrants, the Company received approval from the required two-thirds of the holders of the 2004 Warrants and acceptance from the TSX Venture Exchange in November 2007 to amend the terms of the 2004 Warrants such that each warrant holder who exercised its 2004 Warrants during the 30-day incentive program (and subsequently amended to 45 days) would receive one Unit, each such Unit consisting of one common share and one half of one warrant (each whole warrant, a "2007 Warrant"). Each 2007 Warrant allows the holder to acquire one common share of the Company at an exercise price of \$1.50 for a period of 24 months following the date of the issuance of the Units. The 2007 Warrants were subject to a four-month hold period. The fair value of each of the 2007 Warrant was measured based on the Black-Scholes option pricing model using a risk-free interest rate of 4.02%, an expected life of the warrants of 2 years, an annualized volatility of 81% and a dividend rate of 0%. An amount of \$1,273,146 was allocated to these share purchase warrants and presented as part of contributed surplus.

The calculation of the basic and diluted loss per share for the year ended March 31, 2008 includes the impact of the value of the incentive warrants granted to those holders of 2004 Warrants that exercised their warrants during the 45-day incentive program ended December 31, 2007, whose value was established at \$1,273,146 (\$0.03 per share).

- (b) In May 2007, the Company issued 25,000 common shares to its Chairman as consideration for services provided to the Company in its acquisition of the right to explore, develop and acquire the Antino 1 property in Suriname and 40,000 common shares to LMI in settlement of various expenses paid for by LMI for the benefit of the Company. The common shares were issued at a deemed price of \$0.70 per share, being the price in effect at the time that the services were provided and the expenses incurred. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to between the parties.

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10. Capital stock (continued)

Warrants

	Year ended March 31, 2009	Year ended March 31, 2008
Number of warrants		
Balance, beginning of year	14,496,165	17,622,415
Issued	-	3,056,250
Exercised	-	(6,182,500)
Expired	(11,439,915)	-
Balance, end of year	3,056,250	14,496,165

At March 31, 2009, the outstanding number of warrants exercisable into common shares was as follows:

	Number of warrants		Number of warrants		Price	Expiry date
	March 31, 2008	Expired	March 31, 2009	per share		
				\$		
Promoters and founders – Dec 2003	2,000,000	(2,000,000)	-	-		-
Private placement - Jan 2004	8,801,000	(8,801,000)	-	-		-
Broker warrants - Jan 2004	638,915	(638,915)	-	-		-
Incentive program – Dec 2007	3,056,250	-	3,056,250	1.50		2009-12-31
	14,496,165	(11,439,915)	3,056,250			

A total of 2,000,000 warrants, granted to promoters and founders, expired unexercised on December 29, 2008. A total of 8,801,000 warrants and 638,915 broker warrants, granted as part of a private placement completed in January 2004, expired unexercised on January 7, 2009.

Stock option plan

The shareholders of the Company have adopted and approved a stock option plan (the “2004 Stock Option Plan”) for certain employees, senior officers and directors or consultants to the Company and its affiliates. The Board of Directors has delegated the authority to oversee the 2004 Stock Option Plan to the Compensation and Corporate Governance Committee of the Company (the “Compensation Committee”). The Compensation Committee may determine the time during which any options may vest. The exercise price of an option shall not be lower than the price permitted by any stock exchange on which the common shares are then listed. The options shall be for such periods as the Compensation Committee determines up to a maximum of five years. The maximum number of common shares issuable pursuant to the 2004 Stock Option Plan shall in no event exceed 10% of the total number of common shares outstanding from time to time.

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10. Capital stock (continued)

Stock option plan (continued)

The following table sets out the activity in stock options:

	Year ended March 31, 2009	Year ended March 31, 2008
Number of options, beginning of year	3,845,000	3,570,000
Granted	2,050,000	275,000
Expired	(2,900,000)	-
Cancelled	(235,000)	-
Number of options, end of year	2,760,000	3,845,000
Number of options exercisable, end of year	2,043,333	3,611,666

At March 31, 2009, outstanding options have the following features:

Grant date	Exercise price	Balance, March 31, 2008	Granted	Expired	Cancelled	Balance, March 31, 2009	Number of options exercisable	Residual exercise period
	\$							
Jan 7, 2004	1.00	2,900,000	-	(2,900,000)	-	-	-	-
June 21, 2004	0.88	25,000	-	-	-	25,000	25,000	0.3 years
Nov 16, 2005	0.20	150,000	-	-	-	150,000	150,000	1.6 years
Aug 24, 2006	1.96	50,000	-	-	-	50,000	50,000	2.4 years
Oct 2, 2006	1.57	385,000	-	-	(100,000)	285,000	285,000	2.5 years
Oct 20, 2006	1.50	50,000	-	-	(50,000)	-	-	-
Mar 26, 2007	2.15	10,000	-	-	(10,000)	-	-	-
Feb 26, 2008	1.04	275,000	-	-	(75,000)	200,000	133,333	3.9 years
Feb 23, 2009	0.11	-	2,050,000	-	-	2,050,000	1,400,000	4.9 years
		3,845,000	2,050,000	(2,900,000)	(235,000)	2,760,000	2,043,333	

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10. Capital stock (continued)

Stock option plan (continued)

During the year, the Company granted to employees, directors and consultants options to purchase 2,050,000 common shares of the Company (275,000 options to purchase common shares during the year ended March 31, 2008) at a price of \$0.11 per share (\$1.04 in 2008). The options are for a five-year period. A total of 1,400,000 options vested at the date of grant and the remaining 650,000 options will vest by February 2010. The fair value of the options granted was estimated at \$0.10 per share (\$0.67 per share in 2008) using an expected time-period of 5 years, a semi-annual risk-free interest rate of 2.0% (4.0% in 2008), a volatility rate of 170% (75% in 2008) and a 0% dividend factor. Accordingly, the Company recorded a stock-based compensation cost of \$260,288 during the year (\$56,848 in 2008) and the contributed surplus was increased by the same amount.

11. Commitments

The Company has entered into a long-term lease agreement expiring in June 2012 which calls for lease payments of \$223,993 for the rental of office space. Minimum lease payments are \$68,921 in each of the years 2010 to 2012 and \$17,230 in 2013.

12. Related party transactions

Related party transactions not disclosed elsewhere in these consolidated financial statements are as follows:

In 2008, the Company paid an amount of \$814,492 in drilling expenditures to a company of which the Chairman of the Company is a director. No amount was paid in 2009. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

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13. Income taxes

The income tax provision differs from the amount resulting from the application of the combined Canadian statutory income tax rate as follows:

	Year ended March 31, 2009 \$	Year ended March 31, 2008 \$
Statutory combined income tax rate	30.9%	31.8%
Loss before income taxes	(14,352,022)	(1,099,715)
Expected income tax recovery	(4,434,775)	(349,160)
Variation in valuation allowance	4,207,485	71,157
Non-deductible expenses and others	227,290	278,003
Income tax recovery	-	-

As at March 31, 2009 and 2008, the future income tax assets and liabilities were detailed as follows:

	March 31, 2009		
	United States \$	Canada \$	Total \$
Net operating loss carryforwards	5,540,392	2,109,627	7,650,019
Capital loss carryforwards	-	1,090,599	1,090,599
Exploration projects	-	3,992,550	3,992,550
Other	-	71,283	71,283
	5,540,392	7,264,059	12,804,451
Valuation allowance	(5,540,392)	(7,264,059)	(12,804,451)
Future income tax asset	-	-	-

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13. Income taxes (continued)

	March 31, 2008		
	United States	Canada	Total
	\$	\$	\$
Financing fee carryforwards	-	86,244	86,244
Net operating loss carryforwards	4,509,009	1,864,057	6,373,066
Capital loss carryforwards	-	782,596	782,596
Marketable securities	-	226,661	226,661
Exploration projects	-	1,079,236	1,079,236
Other	-	49,163	49,163
	4,509,009	4,087,957	8,596,966
Valuation allowance	(4,509,009)	(4,087,957)	(8,596,966)
Future income tax asset	-	-	-

Losses carried forward as at March 31, 2009 will expire as follows:

	United States	Canada
	\$	\$
2010	-	147,940
2014	-	727,120
2015	-	1,734,387
2024	59,126	-
2025	411,459	-
2026	1,105,372	1,460,212
2027	14,719,314	1,458,642
2028	-	1,088,068
2029	-	1,226,110
	16,295,271	7,842,479

At March 31, 2009, the Company also has \$1,019,400 in cumulative Canadian exploration expenses, \$8,108,500 in Canadian eligible capital losses and \$17,760,700 in cumulative foreign exploration expenses for tax purposes available indefinitely to reduce related taxable income in future years.

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14. Accumulated other comprehensive loss

	Year ended March 31, 2009	Year ended March 31, 2008
	\$	\$
Balance, beginning of year	(1,685,210)	-
Impact of changes in accounting policies at beginning of year – unrealized loss on marketable securities	-	(600,000)
	(1,685,210)	(600,000)
Changes during the year		
Other comprehensive loss related to marketable securities	(604,774)	(1,528,850)
Reclassification to operations of realized loss on sale of marketable securities	2,289,984	443,640
Balance, end of year	-	(1,685,210)

15. Segmented Information

The Company has one reportable operating segment being the acquisition and exploration of mineral properties. As at March 31, 2009 and 2008, deferred exploration expenses had been incurred in Suriname, South America and capital assets are located in Canada.

16. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.