



**CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2008**

TIOMIN RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(All monetary amounts have been expressed in thousands of Canadian dollars)

Quarters Ended March 31, 2008 and 2007

This Management's Discussion and Analysis of Tiomin Resources Inc. ("Tiomin" or the Company) is dated May 7, 2008 and is intended to provide the reader with a review of the first quarter ended March 31, 2008 and should be read in conjunction with the Company's Annual Audited Consolidated Financial Statements for the year ended December 31, 2007 prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All dollar amounts referred to are expressed in Canadian dollars, except where otherwise indicated.

Selected Annual Financial Information

The following table provides selected audited consolidated financial information that should be read in conjunction with the consolidated financial statements of the Company.

(000's)	Year ended Dec.31, 2007 \$	Year ended Dec.31, 2006 \$	Year ended Dec.31, 2005 \$
Loss before interest and amortization	8,807	33,935	2,805
Loss before income tax	7,930	32,908	2,777
<u>Net loss per share</u>	0.02	0.09	0.02
<u>Working capital</u>	29,135	27,162	4,607
<u>Total assets</u>	68,184	73,619	32,013
<u>Long-term debt</u>	636	496	460

Forward-Looking Information

When used in this document, words such as "estimate", "expect", "anticipate", "believe" and similar expressions are intended to identify forward-looking statements. Such statements are used to describe management's future plans, objects, and goals for Tiomin and therefore involve inherent risks and uncertainties.

Potential shareholders and prospective investors should be aware that the financial statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risk and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Tiomin undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or such factors which affect this information, except as required by law.

Internal Controls and procedures over Financial Reporting

The Company's management is responsible for establishing and maintaining internal controls over financial reporting. The internal controls are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. The accounting staff is small in number and it is not practical or cost effective to increase the number of accounting personnel to enable the segregation of all accounting and financial reporting duties in a company of this size. Should a complex transaction present itself, the Company would plan to consult with independent specialists.

The Chief Executive Officer and Chief Financial Officer have reviewed the process and have concluded that the controls in place give reasonable assurance that relevant and reliable financial information is available for reporting and for the preparation of interim and annual consolidated financial statements in accordance with Canadian GAAP. There were no changes in the Company's internal controls over financial reporting during the most recent interim period that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Company Highlights

- The Kwale Titanium Project ("Kwale" or "the project"), in Kenya, remains in *Force Majeure* from December 12, 2006. The Government of Kenya ("GoK") is still in the process of completing the steps required by international financiers to secure debt financing for Kwale, and although good progress has been made to date, nothing will occur until all these steps have been completed. The recent turmoil and a breakdown in law and order in Kenya after the general elections in late December 2007 further complicate Tiomin's efforts to obtain debt financing. In February 2007, the project's senior lenders informed Tiomin that they could not disburse funds for the project, as had been previously expected to occur in February 2007, because of incomplete legal processes that impacted title and access to the land required for the project. The lenders cancelled various facilities on February 13, 2007 and February 14, 2007 respectively. Tiomin hopes to conclusively resolve these outstanding issues during 2008 and has, effective April 1, 2008, materially reduced its spending plans in Kenya until the GoK meets its commitments and Tiomin is able to once again arrange the necessary funds to develop the Kwale project.

Company Future

- Tiomin is intent upon restoring shareholder value and is actively evaluating exploration and production opportunities that have synergies with its strong cash position and experienced management.
- Tiomin will continue funding the exploration and development of the Pukakaqa and Puka Sur properties of which it owns 49%.
- Tiomin will fund its commitments in Kenya at a level consistent with the progress made by the GoK in completing the steps required to make Kwale viable.

Overview

Tiomin is incorporated under the laws of the Canada Business Corporations Act and its registered and executive office is at 18 King Street East, Suite 810, Toronto, Ontario, Canada M5C 1C4.

Tiomin is involved in the exploration and development of industrial mineral and base metal projects. Since mid-1998, the Company has focused mainly on the development of its Kwale titanium-bearing mineral sands project in Kenya, which has been its most significant asset. The Company is currently not in production on any of its properties and has only minimal revenue derived from interest earned on its cash balances.

During the quarter ended March 31, 2008 management continued to work diligently with the GoK to complete all the original outstanding lender requirements in order to finance the project.

On February 14, 2008 the Company completed a private placement into Kivu Gold Corp. ("Kivu"), a private company controlled by directors and officers of Tiomin. Kivu is a precious metal company focusing on exploration in sub-Saharan Africa.

Project Update

Pukaqaqa Project, Peru

Milpo and Tiomin have delineated mineral resources in Pukaqaqa copper deposit in Central Peru. Tiomin requested Met-Chem Canada Inc. ('Met-Chem') to perform an independent audit of the estimate of the mineral resources contained in the deposit. This report, which may be viewed at www.SEDAR.com, presents the results of the validation of the resources and constitutes a Technical Report under the guidelines of National Instrument 43-101 (NI 43-101). Tiomin plans to continue funding its 49% share of the Pukaqaqa copper project.

At current copper prices, the Pukaqaqa property is showing clear signs of evolving into a valuable asset. At a 0.3% cut-off, measured resources are 38 million pounds of copper and 7,200 ounces of gold and indicated resources are 1,176 million pounds and 279,700 ounces respectively. Total measured and indicated resources are 1.22 billion pounds of copper and 287,000 ounces of gold and inferred resources are 776 million pounds and 209,000 ounces respectively.

Resource Category *	Cut-off Cu (%)	Total				
		Tonnes (000)	Cu (%)	Au (g/t)	Mo (ppm)	Ag (g/t)
Measured	0.3	2,793	0.62	0.08	78	1.64
	0.4	2,190	0.70	0.09	73	1.74
Indicated	0.3	96,355	0.55	0.09	108	1.69
	0.4	62,867	0.66	0.10	106	1.78
Measured & Indicated	0.3	99,148	0.56	0.09	107	1.69
	0.4	65,057	0.67	0.10	105	1.78
Inferred	0.3	58,662	0.60	0.11	106	2.30
	0.4	39,014	0.73	0.13	101	2.47

*Tiomin's interest is 49%. See additional information:
http://www.tiomin.com/i/pdf/2007-10-25_NRT.pdf

Rio Tinto staked the concessions in January 1995 and commenced exploration in the Pukaqaqa District in June 1996. Following identification of a gossan associated with gaby breccia, extensive surface work was undertaken.

From 1996-1999, 45 diamond drillholes (10,185 m) were completed into the property. The first drillhole of the project (PND001) intersected 127m @ 1.26% Cu and 0.3 g/t Au and stopped in mineralization.

In 1999, Rio Tinto and Compania de Minas Buenaventura S.A. (Buenaventura) entered into a 2-year joint venture agreement. During the first year (1999) of the Buenaventura JV, drilling continued with another 24 holes and 4,016m of diamond drilling. The work done during the second year (2000), consisted of a resource calculation using Vulcan software, the drilling of 22 holes for 3,389 m, geophysical and geochemical work and the continuation of the preliminary metallurgical testwork. Subsequently, Buenaventura did not complete the option requirement and dropped the option.

In October 2001, Milpo and Rio Tinto signed an LOU (Letter of Understanding) that granted Milpo the right to acquire a 100% interest in the concessions within an original period of 5 years. Subsequently, in October 2004, Milpo and Tiomin signed a Joint Venture Agreement (JVA) which allowed Tiomin to acquire a 49% interest in the Rio Tinto concessions. In 2004, Milpo completed 3,400 m in 16 diamond drillholes, in 2005 2,190 m in 17 holes and in 2006-07 16,209 m in 65 drillholes.

Kwale

As mentioned above, Kwale remains problematic, and effective April 1, 2008, Tiomin Kenya retrenched most of its staff in order to reduce the monthly costs until the situation in Kenya improves and Tiomin is able to arrange the funds to construct the Kwale project.

The financing by Jinchuan in the Company during 2007 began what we hope is an accelerated development program with potential cost savings by maximizing Chinese content. Jinchuan is a world-class mining company with extensive project development experience and it is an ideal partner for Tiomin and Kenya. Both Tiomin and Jinchuan are equally united in their desire to jointly develop the project. Unfortunately the political turmoil in Kenya has prevented Tiomin and Jinchuan from finalizing any project development agreement.

Investments

Radiant Resources Inc.

On July 31, 2007, the Company acquired for investment purposes by way of a private placement 1,250,000 common shares at \$0.40 per common share in Alliance Pacific Resources Inc. (“Alliance”), a private Corporation incorporated in Ontario, which subsequently became Radiant Resources Inc. (‘Radiant’) a company quoted on the TSX Venture exchange. On January 29, 2008 Radiant successfully acquired all the issued and outstanding shares of Alliance pursuant to a plan of arrangement. Alliance shareholders received 0.917082 common shares of Radiant or approximately 1,146,353 of the 30,044,985 common shares outstanding. On January 29, 2008 a director and officer of the Company was appointed to the board of directors of Radiant.

Radiant has joint venture agreements on four base metal properties in the Urumqi, Xingiang Uygur Autonomous Region in China.

On January 1, 2007, the Company adopted the new accounting standards issued by CICA with respect to financial instruments. As a result, Radiant shares have been classified as ‘available-for-sale’ and, as such, are recorded at fair value at each consolidated balance sheet date. Any resulting gains and losses are recorded as comprehensive income, a component of shareholders’ equity. At March 31, 2008 the bid price for the Radiant shares was \$0.30 per common share, resulting in an unrealized loss in the amount of \$156 being recorded to comprehensive income.

Kivu Gold Corp

On February 14, 2008 the Company completed a private placement into Kivu Gold Corp. (‘Kivu’), a precious metal company focusing on exploration in sub-Saharan Africa.

The Company subscribed for 4,000,000 units of Kivu at \$0.50 per unit. Each Unit is comprised of (i) one common share of the Corporation (each, a ‘Common Share’) and (ii) one share purchase warrant of the Corporation (each whole warrant, a ‘Warrant’). Each Warrant entitles the holder thereof to acquire, on payment of \$0.50, one Common Share (each, an ‘Underlying Share’). A Warrant may be exercised at any time during the one year period starting on the date the Units are issued.

On completion of the private placement Tiomin holds approximately 17.2% of the 23,230,000 common shares outstanding in Kivu and if Tiomin exercised its warrants it would hold 29.4%. Directors and officers of Tiomin hold 12,050,000 common shares or 51.87% of Kivu. An independent fairness opinion was requested by the non related directors to establish a fair value for Kivu and the transaction was subsequently approved by the non-related directors of Tiomin.

Kivu has obtained or is in the process of obtaining a number of exploration licenses and is conducting an exploration program on several of its properties. Soil sampling has taken place on one of the properties and the company awaits assay results expected in the next month. Kivu plans to conduct soil sampling on its other properties, but expects this to be slow as it is the rainy season in this region.

Summary of Quarterly Results

The following summary of quarterly results has been prepared in accordance with Canadian GAAP.
(in thousands of Canadian dollars)

	Mar-31 2008	Dec-31 2007	Sep-30 2007	Jun-30 2007	Mar-31 2007	Dec-31 2006	Sep-30 2006	Jun-30 2006
Loss before interest and amortization	1,078	923	1,354	452	6,078	31,084	1,091	463
Loss before income tax	916	684	1,112	267	5,867	30,733	463	431
Loss per share	0.00	0.00	0.00	0.00	0.02	0.08	0.00	0.00
Total assets	66,307	68,184	69,721	73,052	66,251	73,619	97,204	38,447
Compensation expense relating to stock options	(55)	110	-	291	767	54	84	25
Working capital	26,213	29,135	30,803	32,400	21,901	27,162	43,318	4,783
Mineral properties	8,915	8,915	7,780	7,780	7,780	7,715	7,723	2,945
Deferred exploration and development	27,046	27,063	27,096	27,074	27,041	26,934	25,809	24,928
Share Capital:								
Outstanding (000's)	445,365	445,365	445,365	445,339	372,695	372,695	372,695	167,695
Warrants (000's)	98,438	98,438	198,438	214,958	223,759	234,084	234,084	35,647
Options (000's)	34,675	35,995	26,025	26,125	22,900	9,115	8,965	7,765

Results of Operations

The Company is currently not in production on any of its properties and therefore it did not have significant revenues or cash flow from operations.

During the last quarter of 2006, the Company was forced to suspend the construction of its Kenyan mineral sands property and the construction of the port facility and declared '*Force Majeure*' on December 12, 2006 because the Company could not gain access to commence the construction of the Kwale project.

During the first quarter of 2007 the Company terminated its contract with Ausenco Pty Ltd, an Australian engineering company and cancelled the various senior, subordinated and cost overrun loan facilities and its political risk insurance policy that it had successfully negotiated during 2006.

Tiomin's loss from operations for the first quarter ended March 31, 2008 was \$916 (\$0.00 per share) and \$5,867 (\$0.02 per share) for the same period in 2007.

During the first quarter ended March 31, 2008, (\$17) (2007 - \$107) was invested/ (recovered) in deferred exploration. During the quarter ended March 31, 2008, (\$17), (2007 - \$62) was invested/ (recovered) in the Pukaqqa project (capitalized asset) as work on the projects continues. The Company spent \$55 on fixed assets, which was mainly attributable to exploration equipment being purchased.

On August 1, 2006 the Company commenced construction of its Kwale project in Kenya. Construction in progress totaled \$11,909 at December 31, 2006. This amount was written-off after the decision was taken to cancel the debt facility and at December 31, 2007 Construction in progress totaling \$3,940 was written-off. During the quarter ended March 31, 2008 Construction in progress totaling \$442 was written-off.

In view of the Company cancelling the debt facilities on February 13, 2007 and February 14, 2007 respectively, and unable to finance the Kwale project, the Company felt it would be prudent to write off the deferred financing costs and the capital work in progress associated with the project. At December 31, 2007 a total of \$4,117 (2006 - \$30,830) was written off, which accounts for \$0.01 (2006 - \$0.083) per share of the loss. No deferred financing costs were incurred or written off during the quarter under review.

Kwale Project write-offs

	March 31, 2008	March 31, 2007
Construction expenses	\$442	\$4,006
Deferred Financing written-off	-	263
	\$442	\$4,269

Salaries and other compensation

Salaries and other compensation expenses decreased to \$411 compared to \$1,077 in 2007. Included in salaries and other compensation is a non-cash amount of (\$55), (2007 - \$767), resulting in the reduction over the same period in 2007. For options granted prior to June 11, 2007, compensation expense was first measured at fair value at the grant date using the Black-Scholes option pricing model and recognized over the vesting period with a corresponding increase in contributed surplus. If, prior to the exercise of the options, the quoted market price of the common shares exceeds the total of the fair value of the options as determined at the grant date plus the exercise price, additional compensation expense will be recorded equal to the excess with on-going re-measurement of the outstanding contributed surplus. At the time of exercise, share capital is credited with the amount, if any, of the outstanding contributed surplus. Consideration paid on the exercise of stock options and warrants is credited to share capital.

Office costs

Office costs for the quarter ended March 31, 2008 were \$60 compared to \$69 during 2007. This equates to approximately a 13% decrease over 2007 and is a result of the decreased activity within the organization.

Foreign exchange loss

Foreign exchange losses/ (gains) were (\$24) and \$284 for quarters ended March 31, 2008 and 2007. These losses/ (gains) are a result of fluctuations in the various currencies and any exchange gain or loss that arises on translation is included in the determination of net loss for the period. As at March 31, 2008 the Company holds its cash and cash equivalents in Canadian dollars, United States dollars and in Kenyan shillings, representing the near term operating costs to be incurred in Kenya. Management is therefore of the opinion that the Company is not exposed to significant currency risks arising from financial instruments.

Amortization

For the quarters ended March 31, 2008 and 2007, amortization charges of \$66 and \$58 were charged for the period. The increase is mainly due to a number of new vehicles that were acquired in the third and fourth quarter of 2005 and new vehicles acquired in the fourth quarter of 2006. During the quarter ended March 31, 2008, the Company acquired additional fixed assets totaling \$55 and the Company sold assets costing \$139 for proceeds of \$61. A gain of \$34 was realized on the disposal of the fixed assets.

Interest

Interest charges for the quarters ended March 31, 2008 and 2007 were \$3 and \$6 respectively. The amounts incurred during 2008 are for leased vehicles through the Company's wholly-owned subsidiary Tiomin Kenya Limited, acquired in the last quarter of 2005 and 2006 respectively. Some of the leases have matured, thus reducing interest charges and the Company does not expect to acquire any additional vehicles by way of capital lease during 2008.

Travel

Travel expenses have decreased during the first quarter of 2008 compared to the same period in 2007 due to salaried personnel and consultants traveling less to Kenya and other destinations. Personnel are expected to travel during the balance of the year to various countries to explore exploration potential and other mining opportunities. During the quarters March 31, 2008 and 2007, amounts totaling \$79 and \$166 respectively were expensed.

Shareholders' information

For the quarters ended March 31, 2008 and 2007, amounts totaling \$44 and \$49 were respectively expensed. The Company does not expect this amount to increase dramatically over the balance of 2008.

Promotion

Promotion expenses for the quarters ended March 31, 2008 were \$nil compared to \$17 for the same periods in 2007. During the balance of 2008 the Company plans to spend more time promoting the Company and hopes to attend a number of high profiled mining shows to keep investors and analysts aware of the Kwale and other projects held by the Company.

Professional fees

Professional fees for the quarters ended March 31, 2008 and 2007 were \$50 and \$131 respectively. The Company continues to use experts where required for legal, accounting and tax matters and will continue to do so during 2008.

General exploration and write-off

General exploration and write-off expensed for the quarters ended March 31, 2008 and 2007 were \$48 and \$6 respectively. Management spends a great deal of time assessing various projects, which often also requires outside expertise and travel to conduct the necessary due diligence. These amounts are charged to general exploration until such time as a project is acquired or a joint-venture agreement is entered into with another party. This amount is expected to increase during 2008 as the Company seeks other projects to add shareholder value.

Leasehold Expense

For the quarters ended March 31, 2008 and 2007 amounts totaling \$2 and \$10 were respectively expensed. This relates to leasehold property, Mombasa/Mainland South/Block 1/1980, which the company has prepaid for in full. The land was leased for the construction of the Likoni Port Facility in Mombasa, Kenya. The remaining term of the lease is 86 years.

Interest income and other income

Interest income and other income received for the quarters ended March 31, 2008 and 2007 were \$231 and \$275 respectively. The amounts received for both years were mainly derived from funds received from private placements, prospectus offerings and other equity issues invested in interest bearing instruments. This will vary from year to year and this amount is expected to be reduced during the balance of 2008.

Cash Flow and Liquidity

The following table summarizes the Company's consolidated cash flows and cash on hand:

				Three months: March 31, 2008	Fiscal Year 2007
Cash and cash equivalents				26,160	29,445
Working capital				26,213	29,135
Cash used in operating activities				(1,276)	(14,773)
Cash used in investing activities				(1,977)	(798)
Cash provided by (used in) financing activities				(32)	10,450

With the current issues in the market, it is important to note that the Company was never exposed to asset backed commercial papers or sub-prime mortgages. At March 31, 2008 the Company had a working capital surplus of \$26,213 compared to \$29,135 at December 31, 2007. For the quarters ended March 31, 2008, Tiomin used \$3,285 and \$6,233 for the same period in 2007. During the quarter, the Company did not issue any shares. Cash decreased during the quarter ended March 31, 2008 from operating activities, primarily from a decrease in accounts payable of \$746 (2007 – \$2,249). During the quarter ended March 31, 2008 the Company invested in fixed assets totaling \$55.

Long term income tax payable

The Federal and Ontario governments have signed a Memorandum of Agreement that provides for the federal administration of Ontario corporate income tax by the Canada Revenue Agency. To achieve this harmonization, Ontario will adopt the Federal definition of taxable income. Achieving this common base requires that federal tax attributes, such as balances in loss pools and unclaimed depreciation, also apply in determining taxable income for Ontario corporate tax purposes resulting in income tax payable of \$214 at December 31, 2007. As at March 31, 2008 the Company has made no adjustment to the provision provided for at December 31, 2007. This amount will be payable on a straight line basis over five years commencing in June 2009.

Commitments and Contractual Obligations

The Company, through its subsidiary Tiomin Kenya Limited has entered into capital lease agreements for various vehicles and equipment. An amount of approximately \$80, which includes interest, is payable until December 2009. In addition, Tiomin Kenya Limited has leased office premises for five years for approximately 90,000 Kenyan Shillings. At March 31, 2008 the Company owes 2,520,000 Kenyan shillings or \$40 at an exchange rate of 62.8195 Kenyan shillings for one Canadian dollar.

At March 31, 2008, an amount of \$72 (December 31, 2007 - \$99) is owed excluding interest of approximately \$8 (December 31, 2007 - \$10) on the capital lease obligation. The long-term debt of \$386 is comprised of a Canadian International Development Agency grant (as described in note 7 to the consolidated financial statements) that is not repayable until the Company earns in excess of \$5.0 million from the Kwale project, which is not anticipated until early-2010.

On February 2, 2006, the Company entered into an office lease for approximately 3,103 square feet of space for five years commencing on July 1, 2006 and ending on August 31, 2011. During the period from July 1, 2006 through August 31, 2011, a fixed minimum annual rent of \$43 or \$0.014 per square foot of the rentable area will be payable in equal monthly installments of \$4 payable in advance on the first day of each month. Additional rent will be charged for a proportionate share of the costs of the operation, local taxes, utility costs and any special services provided to the tenant. At March 31, 2008 an amount of approximately \$148 (December 31, 2007- \$159) is owed until August 31, 2011.

Capital Resources

The Company currently has no source of income and no immediate cash flow from its operations. The Company receives cash for use in operations from issuing common shares, investment income and occasional sales of selected assets. Tiomin has been successful in accessing the equity markets in the past and while there is no guarantee that this will continue to be available, management has no reason to expect that this will diminish in the near future.

Capital Expenditure Commitments

At March 31, 2008, Tiomin had no capital commitments, other than amounts already accrued or reflected in accounts payable.

Off-Balance Sheet Arrangements

Tiomin has no off-balance sheet arrangements.

Transactions with Related Parties

During the last quarter of 2007 the Company leased office space at fair market value to two companies managed and controlled by two directors of the Corporation. Rental per annum per company is \$5,000. An amount of \$2,500 was received during the quarter ended March 31, 2008, which was credited to rent.

Proposed Transactions

There are no decisions by the board of directors of Tiomin with respect to any imminent or proposed transactions.

Critical Accounting Estimates

Critical accounting estimates used in the preparation of the consolidated financial statements include the Company's estimate of recoverable value of its mineral properties and related deferred expenditures as well as the value of stock-based compensation. All of these estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The factors affecting stock-based compensation include estimates of when stock options and compensation warrants might be exercised and the stock price volatility. The timing for exercise of options is out of the Company's control and will depend upon a variety of factors including the market value of the Company's share and financial objectives of the stock-based instrument holders. The Company used historical data to determine volatility in accordance with the Black-Scholes model; however, the future volatility is uncertain and the model has its limitations.

The Company's recoverability of the recorded value of its mineral properties and associated deferred expenses is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is dependent on a number of factors, including environmental, legal and political risks, the existence of economically recoverable reserves, the ability of the Company and its subsidiaries to obtain necessary financing to complete the development and future profitable production or the proceeds of disposition thereof.

Disclosure Controls and Procedure

Disclosure controls and procedures are designed to provide assurance that all relevant information is gathered and reported to the senior management, which includes the Company's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. As of March 31, 2008, the Company's certifying officers, being the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures. Based on that evaluation, the certifying officers have concluded that, as of March 31, 2008, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*) and reports filed or submitted under Canadian securities laws were recorded, processed, summarized and reported within the time periods specified by those laws and that material information was accumulated and communicated to management of the Company, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. There were no changes in the Company's internal control over financial reporting during the most recent interim period that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Recent Accounting Pronouncements

The CICA has issued three new standards which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2008.

Section 1535, Capital disclosures, establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard, the Company will be required to disclose quantitative and qualitative information about its objectives, policies and processes for managing capital.

Section 3862, Financial instruments – disclosures, requires entities to disclose quantitative and qualitative information that enable users to evaluate (a) the significance of financial instruments for the Company's financial performance, and (b) the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. The Company will be required to disclose the measurement bases used, and the criteria used to determine classification of financial instruments.

Section 3064, Goodwill and intangible assets, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and expenses during the pre-operating period. As a result of the withdrawal of EIC 27, the Company will no longer be able to defer costs and revenues incurred prior to commercial production at new operations.

Outstanding Share Data

As at March 31, 2008, the Company had issued and outstanding 445,365,168 common shares (December 31, 2007 – 445,365,168) and 578,477,860 issued on a fully diluted basis (December 31, 2007 – 579,797,860). Included in the fully diluted number are 98,437,692 warrants (December 31, 2007 – 98,437,692), 34,675,000 stock options (December 31, 2007 – 35,995,000) and which, if exercised in their entirety, would contribute a further \$58.1 million to the Company in the future. The closing stock price at March 31, 2008 was \$0.08, which represented a \$35.6 million market capitalization.

For the three months ended March 31, 2008 no stock options were granted and 1,320,000 options were cancelled or expired. No stock options were exercised.

Uncertainties and Risk Factors

The mining business is inherently risky in nature. Exploration activities rely on professional judgments and statistically based tests and calculations and often yield few rewarding results. Mineral properties are often non-productive for reasons that cannot be anticipated in advance and operations may be subject to risks including labour disputes, environmental hazards, safety issues, geological issues, weather conditions, and changing regulatory requirements as examples. Tiomin is subject to competitive risk as its ability to finance its activities and generate profitable operations or proceeds from disposal of assets are subject to the world price for the precious metals and the economic forces that influence capital markets. As a result the securities of Tiomin must be considered speculative. A prospective investor in Tiomin should carefully consider the following factors:

Exploration and Development

Exploration for gold, copper and other minerals is highly speculative in nature, involves many risks and frequently is unsuccessful. There can be no assurance that exploration efforts will result in the discovery of mineralization or that any mineralization discovered will result in the definition reserves. If reserves are developed, it may take a number of years and substantial expenditures from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. No assurance can be given that exploration programs will result in the definition of reserves or that reserves may be economically mined.

The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors, which are beyond the control of the Company.

All exploration and development evaluation expenditures incurred in Tiomin, prior to establishing that a property has economically recoverable reserves are capitalized.

Operating Hazards and Risks

Mineral exploration and mining involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The work that the Company proposes to undertake will be subject to all the hazards and risks normally incidental to exploration, development and production, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labour disruptions, flooding, explosions and cave-ins, are all the risks involved in the operation of mines and the conduct of exploration programs. Although the Company has secured liability insurance and will, when appropriate, secure property insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs or uninsured losses that could have a material adverse effect upon its financial condition.

Regulations and Mining Law

Mining operations and exploration activities are subject to extensive local and overseas' laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, protection and remediation of the environment, reclamation, mine safety, toxic substances and other matters. Compliance with such laws and regulations increases the costs of planning, designing, developing, constructing, operating and closing mines and other facilities. It is possible that the costs and delays associated with compliance with such laws and regulations could become such that the Company would not proceed with or would postpone the development and operation of a mine or mines.

Environmental Factors

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which they operate. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Tiomin's operations or result in substantial costs and liabilities in the future.

Permits and Licenses

The operations of the Company may require licenses and permits from various governmental authorities. Obtaining the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions. There can be no assurance that Tiomin will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

Title to Assets

Although the Company believes that it holds valid title to properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned.

Financing Risks

Tiomin has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development work or to fulfill its obligations under any applicable agreements. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development plans.

Metal and Mineral Prices

The Company's revenues, if any, are expected to be in large part derived from the mining and sale of mineral sands and other metals or interests related thereto. The price of those commodities has fluctuated in recent years, and is affected by numerous factors beyond the Company's control including international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, global or regional consumption patterns, speculative activities, levels of supply and demand, increased production due to new mine developments and improved mining and production methods. The effect of these factors on the price of mineral sands and precious metals makes it difficult to predict the economic viability of the Company's operations.

Governmental Regulation

Exploration, development and mining of the properties will be affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labour; (ii) mining law; (iii) restrictions on production; price controls; and tax increases; (iv) maintenance of claims; (v) tenure; and (vi) expropriation of property. There is no assurance that future changes in such regulation, if any, will not adversely affect the Company's operations.

Government approvals and permits are required in connection with the exploration activities proposed for the properties. To the extent such approvals are required and not obtained, the Company's planned exploration, development and production activities may be delayed, curtailed, or cancelled entirely.

Failure to comply with applicable laws, regulations and requirements may result in enforcement action against the Company, including orders calling for the curtailment or termination of operations on the properties, or calling for corrective or remedial measures requiring considerable capital investment. Parties engaged in mineral exploration and mining activities may be subject to civil and criminal liability as a result of failure to comply with applicable laws and regulations.

Amendments to current laws, regulations and permitting requirements affecting mineral exploration and mining activities could have a material adverse impact on the Company's operations and prospects.

No Dividends

Tiomin has not paid any dividends on its Common Shares during the past five years. Any decision to pay dividends on its shares in the future will be dependent upon the financial requirements of the Company to finance future growth, the financial condition of the Company and other factors which the board [of directors of the Company](#) may consider appropriate in the circumstances.

Dependence on Key Employees

Tiomin's future growth and its ability to develop depend, to a significant extent, on its ability to attract and retain highly qualified personnel. Tiomin is highly dependent on the principal members of its senior management group and the loss of their services might impede Tiomin's business strategy and growth. The loss of one or more key employees could have an adverse effect on the growth and profitability of Tiomin.

Joint Ventures

The Company holds, and expects to hold in the future, interests in joint ventures. Joint ventures may involve special risks associated with the possibility that the joint venture partners may;

- have economic or business interests or targets that are inconsistent with those of the Company;
- be unwilling or unable to fulfill their obligations under the joint venture or other agreements;
- take action contrary to the Company's policies or objectives; or
- experience financial or other difficulties.

Any of the foregoing may have a material adverse effect on the results of operations or financial condition of the Company

Conflicts Of Interest

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other reporting companies or may have significant shareholdings in other reporting 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. 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 the approval of such participation or such terms.

Competition

The mineral industry is intensely competitive in all its phases. Tiomin competes with many companies possessing greater financial resources and technical facilities than [itself](#) for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees.

Share Price Fluctuations

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered development stage companies, have experienced wide fluctuations in price which would have not necessarily been related to the operating performance, underlying asset values or prospect of such companies. There can be no assurance that continual fluctuation in share price will not occur.

General

The Company also discloses information related to its activities in the Annual Information Form (“AIF”). The AIF and other pertinent information on the Company are available on SEDAR at www.sedar.com.

Cautionary Note

Some of the statements contained in this report constitute forward-looking statements that describe the Company’s future plans, objectives or goals, including management’s expectation of stated conditions or results. Such forward-looking statements, including but not limited to, mineral reserves or resources, results of exploration, capital costs, estimated future production and costs and the Company’s financial condition and prospects, may cause actual results, performance or achievements of the Company to be materially different from those currently anticipated in such statements by reason of factors such as: the productivity of the Company’s mining properties, changes in general economic or political conditions, conditions in the financial markets, changes in demand or pricing for its anticipated products, litigation, legislative, environmental and other judicial, regulatory, political and competitive developments in domestic and foreign areas in which Tiomin operates. This list is not exhaustive of the factors that may affect any of the Company’s forward-looking statements and should be considered carefully and undue reliance should not be placed on these forward-looking statements.

TIOMIN RESOURCES INC.

CONSOLIDATED BALANCE SHEETS

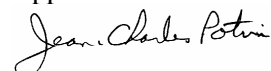
(Expressed in thousands of Canadian dollars)

As at March 31

	March 31 2008	December 31 2007
	Unaudited	Audited
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	26,160	29,445
Receivables	530	889
Prepaid expenses	41	89
	<u>26,731</u>	<u>30,423</u>
NON-CURRENT ASSETS		
Fixed assets, net of accumulated amortization (note 3)	582	620
Long-term lease prepayment (note 4)	661	663
Mineral properties (note 5)	8,915	8,915
Deferred exploration and development (note 5)	27,046	27,063
Investments (note 6)	2,344	500
	<u>39,548</u>	<u>37,761</u>
	<u>66,279</u>	<u>68,184</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	473	1,225
Current portion of capital lease obligations (note 12)	45	63
	<u>518</u>	<u>1,288</u>
Long-term		
Capital lease obligations (note 12)	28	36
Long-term liabilities (note 7)	386	386
Long-term income taxes payable (note 10)	214	214
	<u>628</u>	<u>636</u>
SHAREHOLDERS' EQUITY		
Capital stock (note 8a)	185,005	185,005
Contributed surplus (note 8d)	3,757	3,812
Deficit	(123,473)	(122,557)
Accumulated other comprehensive loss (note 9)	(156)	-
	<u>65,133</u>	<u>66,260</u>
	<u>66,279</u>	<u>68,184</u>

See accompanying notes

Approved on behalf of the Board:



Jean-Charles Potvin
Chairman



Roland Bertin
Director

TIOMIN RESOURCES INC.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY AND DEFICIT

(Expressed in thousands of Canadian dollars)

As at March 31

Unaudited

	Share capital number	Share capital amount	Contributed surplus amount	Deficit amount	Other comprehensive income (loss) amount	Total shareholders' equity amount
Balance- December 31, 2006	372,694,536	\$174,103	\$2,657	(\$114,045)	-	\$62,715
Private placement	72,521,134	10,878	-	-	-	10,878
Issued upon exercise of options (note 8)	100,000	9	-	-	-	9
Issued upon cashless exercise of options (note 8)	49,498	2	-	-	-	2
Black Scholes value of options exercised (note 8)	-	13	(13)	-	-	-
Amortization of fair value of stock options (note 8)	-	-	980	(980)	-	-
Compensation shares vesting (note 8)	-	-	78	(78)	-	-
Market price adjustment (note 8)	-	-	110	(110)	-	-
Current income tax provision (note 10)	-	-	-	(214)	-	(214)
Share issue expenses	-	-	-	(368)	-	(368)
Loss for the year	-	-	-	(6,762)	-	(6,762)
Balance - December 31, 2007	445,365,168	\$185,005	\$3,812	(\$122,557)	-	66,260
Market price adjustment (note 8)	-	-	(55)	-	-	(55)
Unrealized loss on available -for-sale	-	-	-	-	(156)	(156)
Loss for the period	-	-	-	(916)	-	(916)
Balance - March 31, 2008	445,365,168	\$185,005	\$3,757	(\$123,473)	(\$156)	\$65,133

See accompanying notes

TIOMIN RESOURCES INC.**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

(Expressed in thousands of Canadian dollars except share and per share data)

For the quarters ended March 31*Unaudited*

	2008	2007
	<u>\$</u>	<u>\$</u>
EXPENSES		
Kwale project (note 14)	442	4,269
Salaries and other compensation	411	1,077
Office costs	60	69
Foreign exchange (gain)/ loss	(24)	284
Travel	79	166
Shareholders' information	44	49
Promotion	-	17
Professional fees	50	131
Gain on disposal of fixed assets (note 3)	(34)	-
General exploration and write-off	48	6
Leasehold expenses (note 4)	2	10
Loss before interest and amortization	1,078	6,078
Interest income	(231)	(275)
Interest expense	3	6
Amortization	66	58
Net loss for the period	916	5,867
Unrealized loss on available-for-sale securities	156	-
Comprehensive loss for the period	1,072	5,867
Basic and diluted loss per share	\$ 0.00	\$ 0.02
Basic and diluted weighted average shares outstanding (note 8a)	445,365,168	372,694,536

See accompanying notes

TIOMIN RESOURCES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of Canadian dollars)

For the quarters ended March 31

Unaudited

	2008	2007
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period	(916)	(5,867)
<i>Add (deduct) non-cash items</i>		
Amortization charges	66	58
Compensation expense	(55)	767
Leasehold expense	2	10
Gain on disposal of fixed asset	(34)	-
<i>Change in non-cash working capital</i>		
Decrease in receivables	359	1,222
Decrease (increase) in prepaid expenses	48	45
Decrease in accounts payable and accrued liabilities	(746)	(2,249)
	(1,276)	(6,014)
INVESTING ACTIVITIES		
Mineral properties acquired	-	(65)
Deferred exploration and development expenditures	17	(107)
Net fixed assets acquisitions	(55)	(38)
Investments (note 6)	(2,000)	-
Restricted cash (note 13)	-	10
Proceeds on disposal of fixed asset	61	-
	(1,977)	(200)
FINANCING ACTIVITIES		
Payment on capital lease obligations	(32)	(19)
	(32)	(19)
Net increase (decrease) in cash and cash equivalents	(3,285)	(6,233)
Cash and cash equivalents, beginning of the period	29,445	34,566
Cash and cash equivalents, end of the period	26,160	28,333
<u>Supplementary cash flow information</u>		
Interest received	231	275
Interest paid	3	6

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Tabular dollar amounts expressed in thousands of Canadian dollars except share and per share data)

March 31, 2007

Unaudited

1. NATURE OF OPERATIONS

Tiomin Resources Inc. (the “Company” or “Tiomin”) and its subsidiaries have mineral exploration properties located mainly in Kenya. The Company is a development stage enterprise and currently has no significant revenue from operations. The exploration and development of mineral properties involves significant financial risk. The recoverability of the amounts shown for the mineral properties and the related deferred expenditures is dependent on a number of factors including environmental, legal and political risks, the existence of economically recoverable reserves, confirmation of the Company’s and its subsidiaries’ interest in the underlying mineral claims, the ability of the Company and its subsidiaries to obtain necessary financing to complete the development and future profitable production or the proceeds of disposition thereof.

The consolidated financial statements for the period ended March 31, 2008, have been prepared on the basis that the Company is a going concern, which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations. These consolidated financial statements do not include any adjustments related to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company are in accordance with Canadian generally accepted accounting principles and their basis of application is consistent with prior years, except as disclosed below. Outlined below are those policies considered particularly significant.

Revenue Recognition:

The Company currently has no source of income and no immediate cash flow from its operations.

Mineral Properties and Deferred Exploration and Development:

Acquisition, project development costs and exploration expenses relating to mineral properties with proven resource potential are deferred until the properties are brought into production, at which time exploration and development costs will be depleted on a unit-of-production basis. If it is determined that capitalized acquisition, exploration and development costs are not recoverable over the economic life of the property, or the project is abandoned, the project is written down to its net realizable value. All General exploration expenses are expensed in the year that they occur. The Company does not accrue the future cost of maintaining the properties in good standing.

Fixed Assets and Amortization:

Fixed assets are stated at acquisition cost. Amortization is provided on the straight-line basis over the following periods:

Computers	3 years
Vehicles	3 years
Furniture and fixtures	5 years
Mining equipment	3 years
Software	3 years

Investments:

The Company holds investments as described in note 6. The investments have been classified as available-for-sale and, accordingly, the investments will be measured at fair value with revaluation gains and losses included in other comprehensive income until the investments are disposed or impaired.

Investments in marketable securities are recorded at fair value with changes in fair value being recognized in other comprehensive income, a component of shareholders’ equity.

Foreign Currency Translation:

Monetary assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at the year-end exchange rates. Non-monetary assets have been translated at the rates prevailing at the dates of acquisition. Revenue and expense items other than amortization are translated at the average rates of exchange for the year. Any exchange gain or loss that arises on translation is included in the determination of net loss for the year.

Cash and Cash Equivalents:

Cash and cash equivalents comprise cash on hand and short-term investments with remaining maturity dates of 90 days or less at the time of acquisition.

Long-Lived Asset Impairment:

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability is assessed based on the carrying amount of the long-lived asset compared to the sum of the future undiscounted cash flows expected to result from the use and the eventual disposal of the asset. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value. The amount of the impairment loss, if any, which is the excess of the net carrying value over fair value, is charged to the income for the period. Fair value is generally measured equal to the estimated future discounted net cash flows from the asset.

Income Taxes:

Current income taxes are recognized for the estimated income and mining taxes payable for the current year. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes that are more likely than not to be realized. Future income taxes are measured using the tax rates and laws that will be in effect when the differences are expected to reverse or the losses to be realized.

If, on the basis of available evidence, it is more likely than not that all or a portion of the future tax asset will not be realized, the future tax asset is reduced by a valuation allowance.

Stock-based Compensation:

The Company has a stock-based compensation plan that is described in note 8(c). The Company accounts for all stock-based awards to employees and non-employees using the fair-value method.

Effective June 11, 2007, the Company amended its stock-option plan whereby the value of the options at the time of exercise is settled by the surrendering of the options for substituted rights and the immediate conversion of these rights into common shares ("cashless settlement"). The number of substituted rights is determined based on the exercise price and the market price of the Company's common shares at the date of exercise.

For options granted prior to June 11, 2007, compensation expense was first measured at fair value at the grant date using the Black-Scholes option pricing model and recognized over the vesting period with a corresponding increase in contributed surplus. If, prior to the exercise of the options, the quoted market price of the common shares exceeds the total of the fair value of the options as determined at the grant date plus the exercise price, additional compensation expense will be recorded equal to the excess with on-going re-measurement of the outstanding contributed surplus. At the time of exercise, share capital is credited with the amount, if any, of the outstanding contributed surplus.

For options granted after June 11, 2007, compensation expense is calculated as the amount by which the quoted market price exceeds the exercise price with on-going re-measurement of the outstanding contributed surplus. At the time of exercise, share capital is credited with the amount, if any, of the outstanding contributed surplus.

Comprehensive Income

Section 1530 introduces comprehensive income, which includes net income and other comprehensive income ("OCI"). OCI represents changes in shareholders' equity during a period arising from such items as unrealized foreign currency translation gains or losses arising from self-sustaining foreign operations, unrealized gains and losses on available-for-sale investments, and changes in the fair value of the effective portion of cash flow hedging instruments.

Financial Instruments

Financial instruments are classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities. Initial and subsequent recognition and measurement of changes in the value of financial instruments depends on their initial classification:

- Financial assets and liabilities held-for-trading are measured at fair value with changes in those fair values recognized in net income.
- Available-for-sale financial assets are measured at fair value. Revaluation gains and losses are included in OCI until the asset is removed from the balance sheet.
- Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market are measured at cost.
- Financial assets held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method of amortization.
- Transaction costs will be recognized in net income.

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook section in Note 15 to these interim consolidated financial statements.

Changes in Accounting Policies

On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863). These new standards became effective for the Company on January 1, 2008.

Capital Disclosures

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such noncompliance. The Company has included disclosures recommended by the new Handbook section in Note 16 to these interim consolidated financial statements.

3. FIXED ASSETS

The following table provides a breakdown of the Company's fixed assets as at March 31:

	March 2008			December 2007		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Computers	137	107	30	140	104	36
Furniture and fixtures	118	65	53	118	61	57
Software	159	60	99	160	47	113
Mining equipment	464	171	293	409	144	265
Vehicles	206	115	91	341	208	133
Land	16	-	16	16	-	16
Total	1,100	518	582	1,184	564	620

During the period ended March 31, 2008, the Company sold and disposed of fixed assets with a cost of \$139 for proceeds of \$61, resulting in a gain on disposal of \$34. During the quarter ended March 31, 2008, the Company acquired fixed assets totalling \$55.

4. LONG-TERM LEASE PREPAYMENT

Cost as at December 31, 2007	663
Amortization for the three months ended March 31, 2008	2
Net Book Value as at March 31, 2008	661

This relates to leasehold property, Mombasa/Mainland South/Block 1/1980, which the company has prepaid for in full. The land was leased for the construction of the Likoni Port Facility in Mombasa. The remaining term of the lease is 86 years.

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION AND DEVELOPMENT

The interests in mineral properties and respective deferred exploration and development costs are as follows:

	MINERAL PROPERTIES	
	March 31, 2008	December 31, 2007
	(cost)	(cost)
Kenya	\$5,964	\$5,964
Peru	2,924	2,924
Tanzania	27	27
Total	\$8,915	\$8,915

	DEFERRED EXPLORATION AND DEVELOPMENT	
	March 31, 2008	December 31, 2007
	(cost)	(cost)
Kenya	\$23,986	\$23,986
Peru	2,868	2,885
Tanzania	192	192
Total	\$27,046	\$27,063

Kenya

In June 1996, the Company acquired from Pangea Goldfields Inc. ("Pangea"), subsequently purchased by Barrick Gold Corp. ("Barrick"), a 100% interest, subject to a 20% net profit interest royalty ("NPI"), in the exploration rights of three Special Licences along the Kenyan coast. Under the terms of the agreement, the Company must spend a minimum of US\$0.2 million on exploration on the properties during the first year and complete a feasibility study within five years. If the properties are placed into production, Pangea will receive 20% of the net profits from any mining operation following payback of Tiomin's capital investment in the mine and processing operation. In 2000, the Company completed a positive feasibility study and made a decision to proceed with production, thus satisfying the terms of the agreement with Pangea. The three Special Licences require the Company to spend a minimum of 14,000,000 Kenyan shillings per annum on exploration. The Special Licences were renewed in April 2004 and in 2006.

In April 1997, the Company acquired a fourth licence in Kenya known as Kwale. The licence was for an initial term of two years and required the Company to spend a minimum of 500,000 Kenyan shillings per annum on exploration. This licence was added to the initial agreement with Pangea whereby Pangea retains a 20% NPI in the Kenyan properties. On July 6, 2004, the Company received a 21-year renewable Special Mining Lease for the Kwale property. On February 2, 2005, the Government of Kenya and the Company executed the Fiscal Investment Agreement pertaining to the Kwale project. According to the agreement, the Company committed to invest in the Kwale project not less than US\$150 million during the first five years of the term granted under the Special Mining Lease, inclusive of development capital invested to date. The fiscal terms of the agreement include a 50% reduction in the corporate tax rate for ten years from the start of commercial production of the mine. The agreement is also subject to 2.5% gross revenue ("FOB") royalty to the Government of Kenya.

In April 2006, the Company entered into an agreement with Barrick to buy back the 20 percent NPI from Barrick's subsidiary Pangea.

On August 8, 2006, Tiomin paid Barrick US\$2.0 million and issued five million common shares at a deemed value of \$0.27 per common share being the closing price of the previous day. Pursuant to the terms of the buy-back, Tiomin agreed to make a cash payment of US\$2.0 million and issue five million common shares of the Company to Pangea. Tiomin has also agreed to make a cash payment of US\$1.0 million, only if and when commercial production is reached, for each of the other properties (Kilifi, Vipingo and Mambrui), or if Tiomin sells an interest in any such property to a third party, Pangea will have the right of first refusal on any sale of interest in the four properties mentioned above.

Peru

In October 2004, the Company entered into a 49/51% joint venture agreement with Compania Minera Milpo S.A.A. ("Milpo") for the exploration of the Pukaqaqa copper-gold deposit located on a 3,150 hectare land package in Peru. The Pukaqaqa deposit was discovered by Rio Tinto Mining and Exploration Ltd. ("RTZ") in 1996. The property was subsequently optioned to Milpo in October 2001 for cash payments of US\$0.5 million in 2005, US\$1.5 million on October 1, 2006 (paid) and \$2.0 million (paid) on October 1, 2007. RTZ retains a net smelting return royalty of up to 1%.

According to the joint venture agreement, the Company can earn 49% of Milpo's option interest in the property by contributing a total of US\$2.0 million, consisting of:

- US\$1.0 million in exploration expenditures of which US\$0.3 million is to be contributed before October 2005 (paid), and an additional US\$0.735 million before October 1, 2006 (paid on September 27, 2006).
- US\$1.0 million in cash payments consisting of US\$0.1 million in January 2005 (paid) and US\$0.4 million in July 2005 (paid), as per the agreement between Milpo and RTZ, and US\$0.3 million towards the purchase of the Jupiter claim on behalf of the joint venture. The remaining US\$0.2 million will be applied towards either the balance of property payments to RTZ or on further exploration work at the Company's discretion.

During the quarter ended March 31, 2008 an amount of \$17 was refunded by a supplier being an overcharge relating to work done in 2007, thus the reduction in deferred exploration Peru.

Tanzania

On May 2, 2006, the Company announced that it had acquired a new reconnaissance exploration licence for mineral sands along the coastline of Tanzania. The licence was acquired under an option agreement with Karoo Exploration Services Company Limited of Dar es Salaam (“Karoo”). Tiomin has agreed to pay Karoo US\$1,000 upon completion of filing and issuance of the reconnaissance exploration licence and make annual payments of US\$2,000 until the mineral interest expires or is surrendered. Tiomin can acquire a 100% interest in this exploration licence upon the payment of US\$20,000 at any time. During quarter ended December 31, 2007, the Company, through its subsidiary Tiomin Minerals Limited, incorporated Tiomin Tanzania Limited and paid US\$20,000 for the exploration licence as described above.

General Exploration

On July 3, 2007, the Company announced that it has entered into a mineral exploration and development agreement with Amazônia Mineração Ltda. (“AMZ”), a privately owned Brazilian company.

Under the terms of the agreement, Tiomin may earn a 50% vested interest in a mineral sands or base metal project procured by AMZ by spending US\$5 million on exploration and development within a four year period. In addition Tiomin can earn an additional 20% by completing a final feasibility study within a further three years. Upon completion of the final feasibility study, AMZ has the option to either fund its share of continuing expenses, sell its interest to Tiomin on pre-agreed terms or dilute down to a minimum 10% equity interest, which is convertible to a 2% Net Smelter Return.

On January 11, 2008 the Company terminated the agreement with AMZ.

6. INVESTMENTS

Radiant Resources Inc.

On July 31, 2007, the Company acquired, for investment purposes by way of a private placement, 1,250,000 common shares at \$0.40 per common share in Alliance Pacific Resources Inc. (“Alliance”), a private corporation incorporated in Ontario. At December 31, 2007, Alliance has 19,524,127 common shares outstanding.

At the annual and special Meeting of Shareholders held on December 17, 2007, the shareholders approved the amalgamation of Alliance and the acquisition of Radiant Subco, a wholly-owned subsidiary of Radiant Resources Inc. (“Radiant”), by way of an arrangement under the Business Corporations Act (Ontario). Holders of Alliance common shares will receive 0.917082 of one common share of Radiant for each share Alliance share held by them. On January 29, 2008 Radiant successfully acquired all the issued and outstanding shares of Alliance pursuant to a plan of arrangement. Alliance shareholders received 0.917082 common shares of Radiant or approximately 1,146,353 of the 30,044,985 common shares outstanding. On January 29, 2008, a director and officer of the Company was appointed to the board of directors of Radiant.

At March 31, 2008, the bid price for the Radiant shares was \$0.30 per common share, resulting in an unrealized loss in the amount of \$156 being recorded to comprehensive income.

Kivu Gold Corp.

On February 14, 2008 the Company completed a private placement into Kivu Gold Corp. (“Kivu”), a company controlled by directors and officers of the Company. Kivu is a gold company focusing on exploration in sub-Saharan Africa.

The Company subscribed for 4,000,000 units of Kivu at \$0.50 per unit. Each unit is comprised of (i) one common share of the corporation (each, a “Common Share”) and (ii) one share purchase warrant of the corporation (each whole warrant, a “Warrant”). Each Warrant entitles the holder thereof to acquire, on payment of \$0.50, one Common Share (each, an “Underlying Share”). A Warrant may be exercised at any time during the one-year period starting on the date the units are issued.

On completion of the private placement Tiomin holds approximately 17.2% of the 23,230,000 common shares outstanding in Kivu.

7. LONG-TERM LIABILITIES

Development Loan:

On April 22, 1999, the Canadian International Development Agency and the Company entered into a loan agreement under the Industrial Overseas Development Program. The proceeds of the loan were to be used to offset the cost of certain environmental work incorporated in the Kwale feasibility study. Under the terms of the agreement, Tiomin had to spend a minimum of \$1,480,000 on the feasibility study prior to June 30, 2000 in order to be entitled to the maximum loan amount of \$391,000. The loan is non-interest bearing and is repayable once the Company's cumulative product sales from the project exceed \$5.0 million. In the event that the Kwale project is not put into production or fails to achieve the sales threshold, the loan will be treated as a grant and the Company will not be required to repay the loan. The Company met the minimum level of expenses of \$1,480,000 and received \$386,262 of the maximum loan amount.

8. CAPITAL STOCK

a) The Company is authorized to issue an unlimited number of common shares at no par value.

	<u>Shares</u> #	<u>Amount</u> \$
Total Common share, January 1, 2007	372,694,536	174,103
Private Placement	72,521,134	10,878
Issued upon exercise of options	100,000	9
Issued upon cashless exercise of options	49,498	2
Black Scholes value of options exercised	-	13
Total common shares, December 31, 2007	<u>445,365,168</u>	<u>185,005</u>
Total common shares, March 31, 2008	<u>445,365,168</u>	<u>185,005</u>

b) WARRANTS

The following is a list of the Warrants outstanding as at March 31, 2008. All Warrants are convertible into one common share of the Company.

<u>Type</u>	<u>Total</u> <u>Outstanding</u>	<u>Exercise</u> <u>Price</u>	<u>Expiry</u> <u>Date</u>
Jinchuan Warrants	60,937,692	\$0.65	July 31, 2016
FMO Warrants	37,500,000	\$0.36	December 31, 2010
Total	<u>98,437,692</u>	<u>\$0.54</u>	

Following the adoption of the recommendations issued by the CICA dealing with stock-based compensation, any compensation warrants are included as part of share issue costs. The valuation is done using the Black-Scholes option pricing model.

c) STOCK OPTIONS AND STOCK INCENTIVE PLANS

Under the Company's Stock Option Plan (the "Plan") established in 1996 and approved by shareholders in 1996, 2000, 2004, 2006 and 2007, the Company may grant to directors, officers, employees and consultants options to purchase common shares of the Company. The aggregate number of common shares reserved for issuance under the 2004 Plan was that options were not to exceed 13,000,000.

At the Annual Special Meeting held on June 14, 2006, the shareholders approved the amendment of the Plan from fixing the maximum number of common shares reserved for issuance and replacing it with a “rolling” number, which would result in 10% of the number of issued and outstanding common shares of the Company at the time of any option grant being reserved. The total number of common shares which may be reserved for issuance to any one individual under the Plan shall not exceed 5% of the total number of issued and outstanding common shares (on a non-diluted basis) under the Plan. Options granted since 1995 have a five-year term and are priced at the closing price of the Company’s common shares on the day immediately prior to the date of granting. Vesting provisions vary according to the terms of the individual granting.

At the same meeting held on June 14, 2006, the shareholders approved a Stock Incentive Plan, which includes a Share Bonus Plan and a Share Purchase Plan for the benefit of directors, officers, employees and consultants of the Company. The maximum number of common shares issuable under the Stock Incentive Plan is 16,000,000 common shares, however, no more than 8,000,000 common shares may be issued under the Share Bonus Plan and the number of common shares issuable to any one person shall not exceed 20% of the aggregate number reserved. The Share Purchase Plan would allow participants to contribute up to 10% of their base annual salary and that the Company would match each participant’s contribution and the aggregate funds would be used to purchase common shares of the Company.

At the Annual Special Meeting held on June 11, 2007, the shareholders approved the ‘cashless’ settlement alternative in connection with the exercise of options under the Plan and the addition of a provision whereby, if the expiry date of an option granted under the Plan would otherwise occur during or within ten days following a Black-Out Period, the expiry date of such option shall be extended to the first business day which is at least ten days after the end of the Black-Out Period. Under the cashless settlement option as described above, the Company has the option to issue to the option holder substituted rights which are immediately converted into an equal number of common shares.

A summary of the outstanding stock options is presented below.

	March 31, 2008		December 31, 2007	
	Options	Weighted Average Exercise Price \$	Options	Weighted Average Exercise Price \$
Outstanding, beginning of year	35,995,000	\$0.14	9,115,000	\$0.34
Granted	-	-	29,300,000	0.10
Exercised	-	-	(100,000)	0.09
Exercised cashless method	-	-	(150,000)	0.09
Cancelled / expired	(1,320,000)	0.11	(2,170,000)	0.29
Outstanding, end of period	34,675,000	0.14	35,995,000	0.14
Options exercisable, end of period	33,825,000	\$0.135	35,245,000	\$0.14

The following table summarizes information about the stock options outstanding as at March 31, 2008.

Range of Exercise Prices	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
	Number Outstanding As at March 31, 2008	Weighted Average Remaining Life (years)	Weighted Average Exercise Price \$	Number Exercisable As at March 31, 2008	Weighted Average Exercise Price \$
\$ 0.075	11,000,000	4.75	\$0.075	11,000,000	\$0.075
\$ 0.09	13,300,000	3.90	\$0.09	13,200,000	\$0.09
\$0.125	3,800,000	4.15	\$0.125	3,800,000	\$0.125
\$0.20 - 0.29	1,350,000	3.42	0.26	600,000	0.27
\$0.30 - 0.39	3,115,000	1.49	0.34	3,115,000	0.34
\$0.40 - 0.50	2,110,000	2.98	0.41	2,110,000	0.41
	34,675,000	4.09	\$0.14	33,825,000	\$0.135

d) **CONTRIBUTED SURPLUS**

	March 31, 2008	December 31, 2007
Balance, beginning of year	\$3,812	\$2,657
Amortization of fair value of stock options	-	980
Compensation shares vesting	-	78
Market price adjustment	(55)	110
Stock options exercised	-	(13)
Balance, end of period	\$3,757	\$3,812

For options granted after June 11, 2007, compensation expense is calculated as the amount by which the quoted market price exceeds the exercise price with on-going re-measurement of the outstanding contributed surplus. At March 31, 2008 the quoted market price exceeds the exercise price by \$55. At the time of exercise, share capital is credited with the amount, if any, of the outstanding contributed surplus.

9. **ACCUMULATED OTHER COMPREHENSIVE LOSS**

	March 31, 2008
Accumulated other comprehensive, as at December 31, 2007	-
Unrealized loss on investment in available-for-sale securities	\$156
Accumulated other comprehensive loss, as at March 31, 2008	\$156

The above loss relates to the Radiant common shares as per note 6.

10. INCOME TAXES

The components of the Company's future income tax assets are as follows:

	2007	2006
Non-capital losses carried forward	\$ 4,645	\$ 4,430
Resource-related deductions	2,957	3,304
Share issue costs	963	1,422
Fixed assets	259	261
Future tax assets	8,824	9,417
Valuation allowance	(8,824)	(9,417)
Net future tax assets	\$ -	\$ -

As at December 31, 2007, the Company had non-capital losses to be carried forward and applied against taxable income of future years. The non-capital losses have expiry dates as follows:

	1,771
2009	1,214
2010	1,176
2014	2,970
2015	2,021
2026	4,675
2027	4,168
	\$17,995

The Federal and Ontario governments have signed a Memorandum of Agreement that provides for the federal administration of Ontario corporate income tax by the Canada Revenue Agency. To achieve this harmonization, Ontario will adopt the Federal definition of taxable income. Achieving this common base requires that federal tax attributes, such as balances in loss pools and unclaimed depreciation, also apply in determining taxable income for Ontario corporate tax purposes resulting in tax payable of \$214,000 which will only be required to be paid over five years on a straight line basis, commencing in June 2009.

During the quarter ended March 31, 2008 the Company reviewed its current tax situation and believes that no additional provision need be provided.

11. LEASE COMMITMENTS

On February 2, 2006, the Company entered into an office lease for approximately 3,103 square feet of space for five years commencing on July 1, 2006 and ending on August 31, 2011. During the period from July 1, 2006 through August 31, 2011, a fixed minimum annual rent of \$43,442 or \$14 per square foot of the rentable area will be payable in equal monthly instalments of \$3,620 payable in advance on the first day of each month. Additional rent will be charged for a proportionate share of the costs of the operation, local taxes, utility costs and any special services provided to the tenant.

The Company, through its subsidiary Tiomin Kenya Limited, entered into a lease for its premises in Ukundu, Kenya for five years, which commenced August 1, 2005. The monthly rental payable quarterly in advance is 90,000 Kenyan shillings or approximately \$1,407 Canadian dollars. The rent will increase every two years by 10%.

12. CAPITAL LEASE OBLIGATIONS

	\$
2008	41
2009	39
Total minimum lease payments	80
Less amount representing interest at 11%	7
Present value of net minimum capital lease payments	73
Current portion of obligations under capital leases	45
	28

During the quarter ended March 31, 2008, the Company, through its subsidiary Tiomin Kenya Limited, paid \$32 (2007 - \$18) relating to the capital lease obligations, of which \$3 (2007 - \$6) was interest.

13. RESTRICTED CASH

As a condition of the proposed debt financing in 2006 (which was subsequently cancelled in February 2007) Political Risk Insurance ("PRI") was to be provided for certain of the senior lenders. As a consequence, Tiomin Kenya Limited (the borrower) deposited an amount of US\$1.0 million into a trust account equal to the maximum PRI cancellation fee that is or could be payable to the PRI insurer if the policy is cancelled prior to drawdown or by no later than March 31, 2007 or by such later date as agreed by the insurer. Because of the cancellation of the debt financing the Company was required to pay the cancellation fee. During the quarter ended June 30, 2007 the PRI insurer cancelled the policy and was paid the US\$1.0 million.

14. KWALE PROJECT

As a result of the suspension of the Kwale project the following has been charged to operations.

	March 31, 2008	March 31, 2007
Construction	\$ 442	\$4,006
Deferred financing fees	-	263
	\$442	\$4,269

15. FINANCIAL INSTRUMENTS

Categories of financial assets and liabilities

Financial instruments are classified into one of the following five categories under Canadian GAAP: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets, and other liabilities. The carrying value of the Company's financial instruments is classified into the following categories:

	March 31, 2008	December 31, 2007
Held for trading ⁽¹⁾	26,160	29,445
Available-for-sale ⁽²⁾	2,344	500
Loans and receivables ⁽³⁾	530	889
Other financial liabilities ⁽⁴⁾	1,146	1,924

(1) Includes cash and cash equivalents

(2) Includes the Company's investment in the common shares of Radiant Resources Inc. and Kivu Gold Corp.

(3) Includes amounts receivable

(4) Includes accounts payable and accrued liabilities, income taxes payable, capital lease obligations, and loans.

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

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to GST and VAT receivable from the Federal Government of Canada and the Kenyan Revenue Agency respectively. Management believes that the credit risk with respect to these financial instruments is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2008, the Company had cash of \$26,160 (December 31, 2007 - \$29,445) to settle current liabilities of \$518 (December 31, 2007- \$1,288). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and gold and base metal prices.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of March 31, 2008, the Company did have investments in investment-grade short-term deposit certificates.

(b) Foreign currency risk

As at March 31, 2008, the Company holds its cash and cash equivalents in Canadian dollars, United States dollars and in Kenyan shillings, representing the near term operating costs to be incurred in Kenya. Management is therefore of the opinion that the Company is not exposed to significant currency risks arising from financial instruments.

(c) Price risk

The Company is exposed to price risk with respect to gold and base metal prices. Gold and base metal price risk is defined as the potential adverse impact on earnings and economic value due to gold and base metal price movements and volatilities. The Company closely monitors prices of gold and other base metals to determine the appropriate course of action to be taken by the Company.

Fair Value

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the consolidated balance sheet dates, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The Company has designated its cash as held-for-trading, which is measured at fair value. GST and VAT receivable and advances are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

As of March 31, 2008, both the carrying and fair value amounts of the Company's financial instruments are the same.

Based on management's knowledge and experience of the financial markets, the Company believes that it does not have significant exposure to foreign exchange as it does not hold significant balances in foreign currencies. As the Company is not a producing entity, gold and base metal price movement does not pose a risk.

16. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company currently has an interest in an exploration stage property in Peru through a joint venture; as such the Company is dependent on external financing to fund its share of the joint venture activity. The Company also owns through a wholly-owned subsidiary the Kwale project in Kenya that requires capital to construct and exploit the mineral resources. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital, which is sufficient to fund the joint venture activities, but not sufficient to develop the Kwale project. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three months ended March 31, 2008. Neither the Company nor its subsidiary is subject to externally imposed capital requirements.

17. RELATED PARTY TRANSACTIONS

During the first quarter of the year ended March 31, 2008, the Company rented office space at a fair market value to two companies controlled by directors and officers the Company. The Company charges each of these companies \$5,000 per annum. For the quarter ended March 31, 2008, an amount of \$1,250 was charged to each of the companies.