

TIOMIN RESOURCES INC.

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

(Unless stated otherwise, all monetary amounts have been expressed in Canadian dollars)

Year Ended December 31, 2008

This Management's Discussion and Analysis of Tiomin Resources Inc. ('Tiomin' or 'the Company') is dated March 11, 2009 and should be read in conjunction with the Company's Annual Audited Consolidated Financial Statements for the year ended December 31, 2008 prepared in accordance with Canadian generally accepted accounting principles ('GAAP').

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.

	Year ended Dec.31, 2008	Year ended Dec.31, 2007	Year ended Dec.31, 2006
(\$000's)	\$	\$	\$
Loss before interest and amortization	9,763	8,807	33,935
Loss before income tax	9,120	7,930	32,908
Net loss per share	0.02	0.02	0.09
Working capital	19,964	29,135	27,162
Total assets	61,268	68,184	73,619
Long-term liabilities	386	636	496

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 annual period that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Company Highlights

- In Q4, Tiomin relatively outperformed many of its peers because of its strong cash position. Tiomin's view is that little capital will be available to the junior resource sector for the foreseeable future, depressing the value of resource assets to levels not seen in a decade and creating acquisition opportunities.
- On July 28, 2008, Tiomin and Jinchuan Group Ltd. ('Jinchuan') of China entered into a Memorandum of Understanding ('MOU'), whereby Jinchuan will acquire 70% of Tiomin Kenya Ltd. ('TKL') by investing US\$25 million into TKL, a wholly owned subsidiary of Tiomin that owns 100% of the Kwale Mineral Sands Project ('Kwale' or 'the Kwale project'). Jinchuan's investment will entitle it to a 70% interest in TKL and through its shareholding, the project. Under the terms of the MOU, Jinchuan will procure all financing, on normal commercial terms, to develop Kwale. Although Kwale still remains in *Force Majeure* from December 12, 2006, Tiomin is confident that, with Jinchuan's involvement and commitment to develop the project, the Government of Kenya ('GoK') will eventually complete the steps required by international financiers and Jinchuan to secure debt financing for Kwale.
- Tiomin continues to protect its capital and ended the quarter with a strong cash position of \$19.3 million and working capital of \$20.0 million. Tiomin continues to evaluate investment opportunities but current market conditions require a more conservative approach focused on capital preservation.

Company Future

Tiomin is working to increase shareholder value and is actively reviewing merger and acquisition ('M&A') opportunities created by the combined impact of changing commodity prices and difficult capital markets. Tiomin believes its M&A strategy will lead to value creation. Companies with producing or near-producing assets that may be having difficulty raising the modest amounts of capital required to start production are potential merger candidates for Tiomin. The focus is to restore value to Kwale by concluding a development transaction, add copper and gold resources in Peru and to continue exploring select greenfield properties

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 project in Kenya. 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 year ended December 31, 2008 management focused on working with the GoK and Jinchuan to complete all the original outstanding lender requirements in order to finance the Kwale project and separately, on preparing to acquire Radiant Resources Inc.

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).

Despite the recent fall in copper prices, the Pukaqaqa property remains highly prospective and Milpo and Tiomin intend further exploration when there is more stability in the financial markets. 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.

The table below, which should be read in conjunction with the full report, presents the results obtained by Milpo and validated by Met-Chem Canada Inc. in the NI 43-101 compliant Technical Report prepared by Guy Saucier, Eng. Senior Geological Engineer and Project Manager. The full report was filed on December 7, 2007 and is available on SEDAR.

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.

During 2008 no exploration took place on neither the Pukaqaqa nor the Puka Sur properties and nothing is expected to take place during 2009 due to the economic downturn.

Kwale

As mentioned above, Kwale remains a work-in-process. Jinchuan and Tiomin continue to work cooperatively to find a way to build the Kwale project. The GoK has yet to complete all the steps to allow the project to proceed but has made significant progress in many areas.

Readers should note that if the GoK fails to complete all the required steps or if Jinchuan and Tiomin are unable to reach a definitive agreement based on the MoU signed on July 28, 2008, the Kwale project may be further impaired which will require an adjustment to the carrying value of the Kwale assets. It should be noted that since November 1, 2008, Jinchuan have been funding the costs associated with the Kwale project and continue to do so.

Investments

Radiant Resources Inc.

On July 31, 2007, the Company acquired by private placement 1,250,000 common shares at \$0.40 each 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.

On May 27, 2008 the Company and Radiant Resources Inc. ('Radiant') (TSX-V: RRS) announced that they have entered into a binding letter of intent ('LOI') pursuant to which Tiomin will acquire all of the outstanding securities of Radiant in exchange for securities of Tiomin (the 'Transaction'). Also, as part of the LOI Tiomin loaned Radiant \$500,000 to begin drilling its Sarsuke property in the Altay Shan region of northwestern China.

At a special meeting of Radiant shareholders held on September 23, 2008, the shareholders approved the proposed Transaction, whereby holders of securities of Radiant will receive one common share, common share purchase warrant or option, as appropriate, of Tiomin in exchange for each common share, common share purchase warrant or option, as the case may be, of Radiant. The Transaction was effected by way of a three-cornered amalgamation, whereby a newly incorporated wholly-owned subsidiary of Tiomin amalgamated with Radiant and, the resulting corporation being Tiomin China Limited, which will continue to carry out the business of Radiant. The transaction will be accounted for as a purchase for accounting purposes. The common shares of Radiant have been de-listed from the TSX Venture Exchange ('TSX-V').

The Company issued 28,898,635 shares to the shareholders of Radiant in exchange for all of the outstanding shares of Radiant. The value of the common shares issued was determined based on the closing market price of the Company's shares at September 26, 2008, being \$0.07 per common share. The acquisition has been accounted as a purchase and the Company has allocated the purchase price of the acquisition based upon the preliminary estimate of the fair values of the assets acquired and liabilities assumed.

Radiant's properties are in northwestern China, in an area with a known history of mining activity. Radiant's Sarsuke property is 5km from the Ashele Mine ('Ashele'), a large underground producer of copper-zinc sulphides. Ashele is the only major copper-zinc discovery in the immediate region, which is a statistical anomaly. In addition, the area around Sarsuke and Ashele is under-explored and will benefit from using up-to-date exploration methodology. Radiant's competent team in China provides a strong platform for acquiring and developing a minerals exploration portfolio that could realize synergistic benefits with Jinchuan.

On January 19, 2009 the board took the decision that management may, in its best determination, abandon and write-off the Radiant exploration properties in China. On February 18, 2009, management decided to suspend further exploration activities in the area. As a result, charges for impairment in value of mineral properties and deferred exploration of \$2,144,000 million and \$3,085,000 million were recorded effective December 31, 2008. The Company is actively seeking another joint venture partner or other investor in order to obtain future value from the XPR investment.

Kivu Gold Corp

Kivu is an exploration company focusing on sub-Saharan Africa. Kivu is controlled by the directors and officers of Tiomin. On February 14, 2008 the Company completed its first investment in Kivu, when it acquired 4,000,000 common shares of Kivu at \$0.50 per common share, or approximately 16.9% of the then 23,630,000 issued and outstanding common shares of Kivu. Non-related directors of Tiomin approved the initial investment based on their review and analysis, which included receiving an independent fairness opinion.

On February 20, 2009 the Company completed by way of private placement of \$1,424,375 worth of common shares of Kivu at a price of \$0.215 per Kivu common share (the 'Investment'), thereby increasing its ownership from approximately 16.9% to approximately 33.5% of the outstanding common shares of Kivu.

As a result of the Investment, the Company now owns 10,625,000 Kivu common shares Kivu. The directors, officers and

employees of Tiomin hold 12,550,000 common shares of Kivu, of which 10,000,000 common shares of Kivu are held by Jean-Charles Potvin, the Chairman of Tiomin, and 1,250,000 common shares of Kivu are held indirectly by Bob Jackson, the President and CEO of Tiomin, who are also directors of Kivu.

Scott Wilson Roscoe Postle Associates Inc. completed a report entitled "Valuation of the Exploration Properties of Kivu Gold Corporation" dated December 31, 2008 and an independent fairness opinion was obtained from Fraser Mackenzie Limited that the Investment is fair from a financial point of view to the shareholders of the Company.

As a result of the revised fair market value of Kivu common shares, as evidenced from the fairness opinion obtained per above, Tiomin has recognized an unrealized loss in the amount of \$1,140,000 being recorded in comprehensive income. This loss relates to revaluing the 4,000,000 common share investment in Kivu held at December 31, 2008.

In accordance with the rules of the Toronto Stock Exchange, the Company's Investment in Kivu was approved by the independent members of the Company's board of directors.

Although the Company's Investment in Kivu was a related party transaction, the completion thereof was not subject to the shareholders meeting and valuation requirements of Multilateral Instrument 61-101 as the fair market value of the Investment did not exceed 25% of the market capitalization of the Company.

Freegold Short term loan

On August 22, 2008, the Company announced that it will provide a bridge loan of US\$2 million to Freegold, a company in which the President and CEO is also a director.

This US\$2 million loan completes a US\$4 million bridge loan financing obtained by Freegold, which closed the first US\$2 million tranche on July 31, 2008.

The bridge loan facility matures on January 15, 2009. Terms for this facility include an annual interest rate of 12.5%, a cash closing fee, and 350,000 warrants at \$0.55 each to purchase common stock of the Company for a two year period. An amount of \$105,365 in interest was received and recorded at December 31, 2008.

Both loan facilities share the collateral, being a first priority pledge of the shares in Freegold's wholly-owned U.S. subsidiaries and a general security agreement against the personal property of the company (including a second charge against the processing and private property assets currently collateralizing an equipment loan at Golden Summit). Tiomin's security interest in the collateral is subordinated to that of the first tranche lender, which provided the initial US\$2 million loan. Both loan facilities can be prepaid at any time, and all proceeds generated from subsequent financings must be used to repay the two facilities.

On January 15, 2009, the Company agreed to extend the bridge loan facility until February 10, 2009. Freegold have issued Tiomin with 250,000 common shares of Freegold and have repriced the 350,000 warrants to \$0.30 each. Interest will accrue on the outstanding principal amount.

On February 24, 2009 the Company announced that it renegotiated the terms of the US\$2 million bridge loan the Company advanced to Freegold on August 22, 2008. The loan repayment originally due January 15, 2009 and previously extended to February 10, 2009, was further extended to July 15, 2009.

Tiomin and the other bridge lender reached an agreement with Freegold to further extend the maturity date of the combined US \$4.1 million in bridge loans to July 15, 2009. As consideration of this extension, the interest rate on the two loans was increased from 12.5% to 15.0%, and Tiomin and the other lender each will be receiving extension fees consisting of 360,000 common shares of the Freegold, 500,000 warrants to purchase common stock of the Freegold for a two year period at a price of C \$0.25/share, and 3% of loan principal, payable upon the earlier of the receipt of new financing or March 31, 2009.

Summary of Quarterly Results

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

	Dec-31 2008	Sep-30 2008	Jun-30 2008	Mar-31 2008	Dec-31 2007	Sep-30 2007	Jun-30 2007	Mar-31 2007
Loss before interest and amortization	6,573	1,078	1,034	1,078	923	1,354	452	6,078
Loss before income tax	6,425	846	933	916	684	1,112	267	5,867
Loss per share	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.02
Total assets	61,268	68,205	64,791	66,307	68,184	69,721	73,052	66,251
Compensation expense relating to stock options	-	-	(55)	(55)	110	-	291	767
Working capital	19,964	21,597	24,398	26,213	29,135	30,803	32,400	21,901
Mineral properties	9,816	11,948	9,816	8,915	8,915	7,780	7,780	7,780
Deferred exploration and development	27,046	29,739	27,046	27,046	27,063	27,096	27,074	27,041
Share Capital:								
Outstanding (000's)	476,614	474,264	445,365	445,365	445,365	445,365	445,339	372,695
Warrants (000's)	103,385	107,642	98,438	98,438	98,438	198,438	214,958	223,759
Options (000's)	44,764	40,444	40,444	34,675	35,995	26,025	26,125	22,900

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.

The following summary of quarterly results has been prepared in accordance with Canadian GAAP.

Tiomin's loss from operations for the twelve months ended December 31, 2008 was \$9,120,000 (\$0.02 per share) and \$7,930,000 (\$0.02 per share) for the same period in 2007. For the three months ended December 31, 2008 the loss from operations was \$6,425,000 (\$0.02 per share) and \$684,000 (\$0.00 per share) for the same period in 2007.

During the twelve months ended December 31, 2008, \$375,000 (2007 - \$129,000) was invested/(recovered) in deferred exploration. During the year ended December 31, 2008, \$Nil (2007 - \$85,000) was invested in deferred exploration in the Pukaqaqa project (capitalized asset) as work on the projects continues. During the twelve months ended December 31, 2008, the Company acquired mineral properties totaling \$901,000 (2007 - \$1,200,000) (capitalized asset). This was attributable to acquisition costs relating to the Puka Sur property in Peru. The Company spent \$60,000 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 \$11,909,000 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 \$3,940,000 was written-off. During the twelve months ended December 31, 2008 Construction in progress totaling \$1,124,000 was written-off compared to \$3,940,000 for the same period in 2007.

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, 2008 a total of \$1,124,000 (2007 - \$4,117,000) was written off, which accounts for \$0.00 (2007 - \$0.01) per share of the loss. No deferred financing costs were incurred or written off during the quarter and twelve months ended December 31, 2008.

Kwale Project write-offs

\$000's	December 31, 2008	December 31, 2007
Construction expenses	\$1,124	\$3,940
Deferred Financing written-off	-	177
	\$1,124	\$4,117

Salaries and other compensation

Salaries and other compensation expenses for the three and twelve months ended December 31, 2008 were \$370,000 and \$1,534,000 compared to \$521,000 and \$1,883,000 for the same period in 2007. Included in the amount are cash bonuses totaling \$165,000.

Severance costs

At December 31, 2008 the compensation committee recommended to the board of directors that in order to reduce long term costs that Mr. Jean Charles Potvin, the Executive Chairman should be terminated and paid out his severance package in terms of his contract, which required two years of base pay and two years of paid bonuses. An amount of \$626,000 was paid to Mr. Potvin during January 2009. Additionally, a further \$171,000 was paid out as severance to staff employed in Kenya.

Stock based compensation

Stock based compensation expense for the three and twelve months ended December 31, 2008 were \$156,000 and \$46,000 compared to \$110,000 and \$1,170,000 for 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. All options that were granted prior to June 11, 2007 has vested during fiscal 2008 and subsequently the above accounting treatment. 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 this method, the Company has the option to issue to the option holder substituted rights which are immediately converted into an equal number of common shares. 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 ongoing remeasurement of the outstanding contributed surplus.

Office costs

Office costs for the quarter ended December 31, 2008 were \$103,000 compared to \$68,000 during 2007 and for the twelve months ended December 31, 2008, \$289,000 compared to \$292,000 during 2007.

Foreign exchange loss

Foreign exchange losses (gains) were (\$319,000) and \$167,000 for quarters ended December 31, 2008 and 2007 and (\$274,000) and \$141,000 for the year ended December 31, 2008 and 2007 respectively. These 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 December 31, 2008 the Company holds its cash and cash equivalents in Canadian dollars, United States dollars, Kenyan shillings and Chinese Renminbis, representing the near term operating costs to be incurred in Kenya.

Amortization

During the quarters and twelve months ended December 31, 2008, amortization charges of \$50,000 and \$256,000 were charged respectively compared to \$59,000 and \$234,000 during the same periods in 2007. During the twelve months ended December 31, 2008, the Company acquired additional fixed assets totaling \$60,000 and the Company sold assets costing \$442,000 for proceeds of \$179,000. A gain of \$34,000 was realized on the disposal of the fixed assets.

Interest

Interest charges for the quarters and twelve months ended December 31, 2008 and 2007 were \$1,000 and \$5,000 and \$6,000 and \$17,000 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.

Travel

Travel expenses have decreased over the twelve months ended December 31, 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 three and twelve months ended December 31, 2008, amounts totalling \$67,000 and \$255,000 were expensed respectively as compared to \$102,000 and \$431,000 in the prior year.

Shareholders' information

For the quarters ended December 31, 2008 and 2007, amounts totaling \$22,000 and \$12,000 were respectively expensed and for the twelve months ended December 31, 2008 and 2007, amounts totaling \$96,000 and \$101,000 were respectively expensed.

Promotion

Promotion expenses for the quarter ended December 31, 2008 were (\$1,000) compared to \$2,000 for the same period in 2007. For the twelve months ended December 31, 2008 promotion expenses were \$20,000 (2007 - \$46,000).

Professional fees

Professional fees for the quarters ended December 31, 2008 and 2007 were \$234,000 and \$81,000 respectively and for the twelve months ended December 31, 2008 and 2007, were \$724,000 and \$320,000 respectively. The Company continues to use experts where required for legal, accounting and tax matters and will continue to do so during 2009. During 2008, the Company had an independent valuation of the Company, which cost \$208,000. We expect this amount to be high during 2009 due to other transactions and issues that require legal advice. Additionally, subsequent to the December 31, 2008, the Company made a settlement offer to extinguish itself of an outstanding liability..

General exploration and write-off

General exploration and write-off expense for the quarters ended December 31, 2008 and 2007 were \$67,000 and \$247,000 respectively. For the twelve months ended December 31, 2008 and 2007 amounts of \$172,000 and \$292,000 were expensed. 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. Additionally, included in this amount is a settlement which was made subsequent to year-end with respect to an ongoing lawsuit.

Leasehold Expense

For the quarter and twelve months ended December 31, 2008, amounts totaling \$2,000 and \$7,000 were respectively expensed as compared to \$2,000 and \$14,000 in the prior year. 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 quarter and twelve months ended December 31, 2008 were \$115,000 and \$821,000 respectively, as compared to \$303,000 and \$1,128,000 during the same periods in 2007. 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 2009 due to less cash on hand and declining interest rates.

Commission Income

Commission income for the quarter and twelve months ended December 31, 2008 were \$84,000 and \$84,000 respectively, as compared to \$Nil and \$Nil for the same periods in the prior year. The amount received was commission earned on the bridge loan provided to Freegold Ventures as discussed earlier in the MD&A.

Cash Flow and Liquidity

The following table summarizes the Company's consolidated cash flows and cash on hand in thousands of dollars:

\$000s	Three months: December 31, 2008	Three months: September 30, 2008	Three months: June 30, 2008	Three months: March 31, 2008	Fiscal Year 2007
Cash and cash equivalents	19,300	6,607	23,746	26,160	29,445
Working capital	19,964	21,597	24,398	26,213	29,135
Cash provided by (used in) operating activities	999	(3,218)	(1,519)	(1,276)	(14,773)
Cash provided by (used in) investing activities	11,433	(13,708)	(878)	(1,977)	(794)
Cash provided by (used in) financing activities	186	(213)	(17)	(32)	10,446

With the current issues in the financial markets, it is important to note that the Company was never exposed to asset backed commercial papers or sub-prime mortgages. At December 31, 2008 the Company had a working capital surplus of \$19,964,000 compared to \$29,135,000 at December 31, 2007. For the year ended December 31, 2008, Tiomin used cash of \$10,145,000 and \$5,121,000 for the same period in 2007.

During the twelve months ended December 31, 2008, the Company did not issue any shares for cash, but issued 28,898,635 common shares for the acquisition of Radiant. Cash decreased during the year ended December 31, 2008 from operating activities, primarily from a decrease in accounts payable of \$828,000 (2007 – \$9,121,000) and an increase in receivables of \$472,000 (2007 – 860,000). During the twelve months ended December 31, 2008 the Company invested in fixed assets totaling \$60,000. During the twelve months ended December 31, 2008 the Company by way of a private placement invested \$2,000,000 into Kivu Gold Corp as discussed above. In addition, the Company also advanced by way of a short term loan, US\$2,000,000 to Freegold Ventures Limited as discussed above. These two investment activities account for \$4,148,000 of the cash used during 2008. The Company also spent \$901,000 in cash to acquire its share of the Puka Sur property as described above.

During 2009, the Company does not anticipate issuing any common shares for cash, but will pursue merger and acquisition transactions.

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 \$38,000, 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 per month. At December 31, 2008 the Company owes 1,710,000 Kenyan shillings or \$24,876 using the closing exchange rate of 68.7406 Kenyan shillings for one Canadian dollar.

At December 31, 2008, an amount of \$36,000 (December 31, 2007 - \$99,000) is owed excluding interest of approximately \$2,000 (December 31, 2007 - \$10,000) on the capital lease obligation. The long-term debt of \$386,000 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-2012.

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 \$43,000 or \$0.014 per square foot of the rentable area will be payable in equal monthly installments of \$4,000 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 December 31, 2008 an amount of approximately \$116,000 (December 31, 2007- \$159,000) 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 December 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

- a) Kivu is a company controlled by directors and officers of the Company. At December 31, 2008 Tiomin held 4,000,000 common shares or approximately 16.9% of the 23,630,000 common shares outstanding in Kivu. Subsequent to the year end the Company increased its ownership to 33.5% and the directors, officers and staff holds 12,550,000 common shares of Kivu, of which 10,000,000 common shares of Kivu are held by Jean-Charles Potvin, the Chairman of Tiomin, and 1,250,000 common shares of Kivu are held indirectly by Bob Jackson, the President and CEO of Tiomin, who are also directors of Kivu. The Chairman and the President and CEO receive no compensation from Kivu but have 700,000 and 400,000 stock options, respectively at an exercise price of \$0.50. The Company charges Kivu \$5,000 per annum being fair market value for office space and at December 31, 2008 an amount of \$5,000 was charged to Kivu. No services are provided and charged for by the Company. At December 31, 2008 the Company is owed \$11,373 by Kivu.
- b) The Company also rents office space at fair market value to Rukwa Uranium Inc. ("Rukwa"), a company in which the directors and officers of the Company hold common shares. The Company charges Rukwa \$5,000 per annum for office space and at December 31, 2008 an amount of \$5,000 was charged to Rukwa. No services are provided and charged for by the Company. At December 31, 2008 the Company is owed \$1,330 by Rukwa.

- c) Jinchuan owns approximately 18.7% of Tiomin and has board representation. Tiomin and Jinchuan are currently in negotiations for Jinchuan to acquire 70% of Tiomin Kenya Limited ('TKL') a wholly owned subsidiary of Tiomin as discussed in note 21. Jinchuan have advanced \$264,000 to TKL, which will be repaid to Jinchuan only if the transaction is completed. If the transaction is not completed Jinchuan will not be repaid.

Proposed Transaction

As mentioned above, Tiomin and Jinchuan entered into a MOU, whereby Jinchuan will acquire 70% of Tiomin Kenya Ltd. by investing US\$25 million into Tiomin Kenya Limited, a wholly owned subsidiary of Tiomin that owns 100% of the Kwale Mineral Sands Project ('Kwale' or 'the project'). Jinchuan's investment will entitle it to a 70% interest in TKL and through its shareholding, the project.

Under the terms of the MOU, Jinchuan shall provide or arrange on commercially acceptable terms the balance of the financing required by TKL for the construction, development and daily operation of Kwale. On commencement of commercial production all net cash flow generated by Kwale will be used to repay the outstanding loans provided by Jinchuan. Thereafter net free cash flow will be distributed pro-rata to the shareholders of TKL. Jinchuan will be responsible for the construction, development and management of Kwale and the management of TKL.

For closing to take place, certain conditions must be met, including board approval for both companies, a formal valuation of Tiomin's interest in TKL, regulatory approval, Barrick's consent through its subsidiary, Pangea Goldfields, on its 'right of first refusal' on any sale of interest in the four properties held in TKL, the completion of outstanding items by the GoK, definitive agreements between Tiomin, TKL and Jinchuan and Tiomin shareholders' approval.

The reader should note that the proposed transaction announced by Tiomin and Jinchuan Group Ltd on July 28, 2008 was not completed by November 1, 2008 as originally anticipated. If it is not completed at a later mutually agreed date, the project could suffer a permanent impairment and will be written off or written down accordingly.

Subsequent Event

- a) On February 20, 2009, the Company completed by way of private placement of \$1,424,375 of common shares of Kivu at a price of \$0.215 per Kivu common share as described in note 6, thereby increasing its ownership from approximately 16.9% to approximately 33.5% of the outstanding common shares of Kivu.

As a result of the Investment, the Company now owns 10,625,000 Kivu common shares. The directors, officers and employees of Tiomin hold 12,550,000 common shares of Kivu, of which 10,000,000 common shares are held by Jean-Charles Potvin, the Chairman of Tiomin, and 1,250,000 common shares are held indirectly by Bob Jackson, the President and CEO of Tiomin, both of whom are also directors of Kivu.

- b) Subsequent to year-end, one lawsuit with an exposure amount of US\$207,000 was settled for an amount of US\$32,500 and thus there is no ongoing exposure with this amount.

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 December 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 December 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.

Certification of Disclosure in Issuers' Annual and Interim Filings

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for Tiomin. The Company is committed to following established and/or best practices for governing, controlling and reporting its activities and performance. The CEO and CFO utilized the support and expertise of the Board of Directors; the executive management team; the Company's legal counsel; external auditors; and other consultants to facilitate the design and operation of DC&P and ICFR.

The design of Tiomin's DC&P and ICFR has evolved over time to adapt to changing business needs and legislated requirements. The present designs incorporate the following:

- Corporate Governance and Nominating Committee Charter;
- Audit Committee Charter;
- Compensation Committee Charter;
- Ongoing communication amongst the five Company executives and the General Manager of Tiomin Kenya Limited;
- Utilization of external legal counsel experienced in Tiomin's business;
- ICFR based on the COSO Framework;
- Investment in qualified staff and their professional development;
- Utilization of MS Dynamics SL (Solomon) for multi-company, multi-currency accounting, project tracking and reporting which benefit from built-in audit trails and controls that facilitate accurate and timely financial reporting
- Utilization of software tools, such as Compliance Partner® (by Thompson Carswell) and IFRS Partner® (by Issues Central), to identify best practices, document existing controls and procedures, identify opportunities for improvements and scope and support compliance testing and evaluation;
- Consideration of control risks inherent in operations with a small number of staff where the lack of segregation of duties must be offset by other compensating controls such as expenditure variance analysis
- Consideration of inherent risks associated with a greater volume of cash transactions in Kenya and China
- Regular visits by Canada-based executives to subsidiaries in Kenya and China, and the joint venture partner in Peru to review exploration plans, operations and financial records, as appropriate.

Limitation on scope of design:

The Company has limited the scope of the design of DC&P and ICFR to exclude controls, policies and procedures of its subsidiaries: Tiomin China Limited (TCL); Alliance Pacific Resources Corp. (APR); and Xinjiang Resources Corporation (XPR); which were acquired on September 26, 2008 as part of the business combination of Radiant Resources Inc. with a

newly incorporated subsidiary of Tiomin subsequently renamed TCL. The scope limitation is primarily based on the assessment of the manual accounting processes utilized by APR and XPR and the time required to document and assess the DC&P and ICFR in a manner consistent with the Company's other operations.

The scope of the design of DC&P and ICFR will be extended in 2009 to include TCL, APR and XPR, as applicable.

Conclusion regarding Design:

Subject to the limitations on the scope of design of DC&P and ICFR directly related to TCL, APR and XPR, as noted above, the CEO and CFO have, as at the financial year end

- (a) designed DC&P, or caused it to be designed under their supervision, to provide reasonable assurance that
 - (i) material information relating to Tiomin is made known to the CEO and CFO by others, particularly during the period in which the annual filings are being prepared; and
 - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (b) designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

Control framework:

The control framework Tiomin's certifying officers and senior managers used to design Tiomin's ICFR is the COSO Framework.

ICFR – material weakness relating to design:

The design of ICFR for the Company has appropriately considered the risks that may affect the completeness, accuracy, timeliness and usefulness of its financial reporting. In particular the inherent risks associated with difficulties segregating certain duties in a small organization and the higher volume of payroll and other transactions paid by cash in Kenya and China were considered when implementing approval policies and procedures, accounting transaction processes and expenditure variance analysis. Consequently, the Company concludes that there are NO material weaknesses in the design of its ICFR existing at the financial year end.

Changes in ICFR:

During the three months ended December 31, 2008 the Company implemented an update to its Compliance Partner® software to facilitate the testing and evaluation of DC&P and ICFR in accordance with NI 51-102. The VP Corporate Controller assumed responsibility to update the documentation of key internal controls and utilize the Compliance Partner® software to target testing and evaluation of ICFR. This additional process enhances the ICFR similar to what may be expected from an internal audit function. Although certain procedures tested are also the responsibility of the VP Corporate Controller, the independence issue due to a lack of segregation of duties is generally addressed by a review by the CFO.

The Company did not and is not expecting to detect any material errors associated with its ICFR as a result of implementing this additional procedure. The material benefit to be derived from the investment in this new process will be increased confidence in the ICFR and a cost effective way to test and evaluate the Company's DC&P to ensure compliance with NI 52-109.

Evaluation of DC&P:

The Company's evaluation of its DC&P utilized Compliance Partner® to provide guidance to scope and execute the required testing and evaluation of DC&P. The evaluation included a review of all press releases and corporate filings submitted to SEDAR to ensure there was evidence of appropriate authorization by the Board of Directors, either directly or indirectly via the Audit Committee or CEO based approvals of draft documents as applicable. Certain disclosures related to transactions or proposed transactions that required TSX approval were reviewed by legal counsel to ensure compliance with applicable regulations. Informal correspondence amongst executives and/or senior staff was reviewed to evaluate and confirm that the Company's communication practice ensured appropriate material issues were presented to the CEO and/or CFO to be

considered for potential disclosure.

The Company concluded that the CEO and CFO have evaluated, or caused to be evaluated under their supervision, the effectiveness of the issuer's DC&P at the financial year end and that the DC&P were operating effectively at the year to ensure compliance with applicable laws and regulations.

Evaluation of ICFR:

The Company's evaluation of its ICFR utilized Compliance Partner® to provide guidance to scope and execute the required testing and evaluation of ICFR. Testing and evaluation of items such as the completeness, accuracy and timeliness of monthly account reconciliations and financial statements; transaction approvals in accordance with the delegation of authority policy; and dual authorization of bank transactions were conducted throughout the year. Increased review and approval of accounting records was documented at each quarter end and at the year ended December 31, 2008 in conjunction with the quarterly review and year end audit performed by the Company's auditors.

Although the testing and evaluation revealed minor omissions and errors in estimates, as well as opportunities to improve the format or readability of certain internal reports, there were NO material weaknesses in the operation of Tiomin's ICFR at the financial year end. Additional substantive testing and analysis of the financial results of those subsidiaries not included in the scope of design of ICFR (i.e. TCL, APR and XPR) to provide assurance that there were no material errors that would affect the consolidated financial statements of the Company.

The Company concluded that the CEO and CFO have evaluated, or caused to be evaluated under their supervision, the effectiveness of the issuer's ICFR at the financial year end and that the ICFR were operating effectively during the year to ensure compliance with applicable laws and regulations.

Reporting to the issuer's auditors and board of directors or audit committee:

The CEO and CFO have disclosed, based on their most recent evaluation of ICFR, to the issuer's auditors, and the board of directors and the audit committee of the board of directors that there has been NO fraud that involves management or other employees who have a significant role in the issuer's ICFR.

Future Accounting Changes

International Financial Reporting Standards ('IFRS')

In January 2006, the CICA's Accounting Standards Board ('AcSB') formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will assess the impact of the transition to IFRS and will continue to invest in training and resources throughout the transition period to facilitate a timely conversion.

Impact of International Financial Reporting Standards

For reporting periods beginning on or after January 1, 2011, the Company must comply with the AcSB that have been revised to satisfy the requirements of IFRS as issued by the International Accounting Standards Board.

Management of IFRS implementation

Tiomin is a junior Company with few accounting staff. The VP Finance and Chief Financial Officer and the VP Corporate Controller will manage the conversion and report regularly to the Audit Committee. The implementation of IFRS consists of three phases:

- (i) *Scoping and impact analysis*- Project scoping and impact analysis has been completed as at December 31, 2008 and produced a high level view of potential differences to existing accounting and reporting policies and consequential changes to information systems and business processes.
- (ii) *Evaluation and design phase*- This phase involves specification of changes required to existing accounting policies, information systems and business processes, together with an analysis of policy alternatives allowed under IFRS and

development of draft IFRS financial statement content. The evaluation phase will take place during 2009 and the Company will continue to evaluate the impact of IFRS through to implementation.

(iii) *Implementation and review phase*- The implementation and review phase has commenced and includes training programs for all finance staff, execution of changes to information systems and business processes, and completing formal authorization processes to approve recommended accounting policy changes. It will culminate in the collection of financial information necessary to compile IFRS compliant financial statements, embedding of IFRS in business processes, elimination of unnecessary data collection processes and Board approval of IFRS financial statements. Implementation also involves delivery of further training to staff as systems begin to take effect.

Key differences in accounting policies

This financial report has been prepared in accordance with Canadian GAAP. The differences between Canadian GAAP and IFRS identified to date as potentially having a significant effect on Tiomin's financial performance and financial position are in the process of being reviewed.

The Company has not quantified the effects of the differences. The regulatory bodies that promulgate Canadian GAAP and IFRS have significant ongoing projects that could affect the ultimate differences between Canadian GAAP and IFRS and their impact on the Company's financial reports in future years. The future impact of IFRS will also depend on the particular circumstances prevailing in those years.

Goodwill and Intangible Assets

In October 2007, the CICA approved Handbook Section 3064, 'Goodwill and Intangible Assets' which replaces the existing Handbook Sections 3062, 'Goodwill and Other Intangible Assets' and 3450 'Research and Development Costs'. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009, with earlier application encouraged. The standard provides guidance on the recognition, measurement and disclosure requirements for goodwill and intangible assets. The Company is currently assessing the impact of this new accounting standard on its financial statements.

Outstanding Share Data

As at December 31, 2008, the Company had issued and outstanding 476,613,803 common shares (December 31, 2007 – 445,365,168) and 624,763,088 issued on a fully diluted basis (December 31, 2007 – 579,797,860). Included in the fully diluted number are 103,385,285 warrants (December 31, 2007 – 98,437,692), 44,764,000 stock options (December 31, 2007 – 35,995,000) and which, if exercised in their entirety, would contribute a further \$60.4 million to the Company in the future. The closing stock price at December 31, 2008 was \$0.03, which represented a \$14.3 million market capitalization.

During the twelve months ended December 31, 2008, 8,069,000 stock options were granted at \$0.065 and 4,945,000 at \$0.025. During the year 4,245,000 options were cancelled or expired. No stock options were exercised. Subsequent to the year ended December 31, 2008, 1,000,000 stock options were granted at \$0.025 to a new Director of the Company.

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.

Indemnities

No director or officer of the Company shall be held responsible for any losses or damages sustained by the Company while in the execution of the duties of his office save if such resulted from his gross negligence or wilful omission, or if he has not acted with honesty and in good faith. The Company shall fully indemnify and save harmless all directors and officers from any and all losses or damages they may sustain while in the execution of the duties of their office save if such resulted from their gross negligence or wilful omission or if they did not act with honesty and in good faith. The Company maintains insurance policies that may provide coverage against certain claims.

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.