



**CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009**

TIOMIN RESOURCES INC.

CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of Canadian dollars)

As at March 31 and December 31

	March 31, 2009 Unaudited \$	December 31, 2008 Audited \$ (Restated – Note 6)
ASSETS		
Current		
Cash and cash equivalents (note 15)	15,295	19,300
Receivables (note 22)	493	431
Short-term loan net of allowance for loan impairment (note 16)	2,239	2,483
Prepaid expenses	398	362
	18,425	22,576
Fixed assets, net of accumulated amortization (note 3)	267	314
Long-term lease prepayment (note 4)	786	792
Mineral properties (note 5)	9,680	9,680
Deferred exploration and development (note 5)	27,046	27,046
Investments (note 6(a))	33	-
Investments in associated company (note 6(b))	2,163	860
	39,975	38,692
	58,400	61,268
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 23)	859	2,312
Due to related party (note 18)	503	264
Current portion of capital lease obligations (note 12)	29	36
	1,391	2,612
Long-term		
Long-term liabilities (note 7)	386	386
	386	386
SHAREHOLDERS' EQUITY		
Capital stock (note 8(a))	187,159	187,075
Contributed surplus (note 8(f))	3,762	3,811
Deficit	(133,518)	(131,871)
Accumulated other comprehensive loss (note 9)	(780)	(745)
	56,623	58,270
	58,400	61,268

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)

For the periods ended March 31

	<i>For the three months ended</i> March 31, 2009 Unaudited \$	<i>March 31,</i> <i>2008</i> <i>Unaudited</i> <i>\$</i> <i>(Restated –</i> <i>Note 6)</i>
Capital stock		
Balance at beginning of period	187,075	185,005
Issued through share bonus scheme	84	-
Balance at end of period	187,159	185,005
Contributed surplus		
Balance at beginning of period	3,811	3,812
Issued through share bonus scheme	(84)	-
Stock option market price adjustment (note 8(e))	35	(55)
Balance at end of period	3,762	3,757
Deficit		
Balance at beginning of period	(131,871)	(122,557)
Net loss for the period	(1,647)	(973)
Balance at end of period	(133,518)	(123,530)
Other comprehensive income (loss)		
Balance at beginning of period	(745)	-
Unrealized loss on available-for-sale securities	(35)	(156)
Balance at end of period	(780)	(156)
Total shareholders' equity at end of period	56,623	65,076

See accompanying notes

TIOMIN RESOURCES INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS AND DEFICIT

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

For the periods ended March 31

	<i>For the three months ended</i> March 31, 2009 Unaudited \$	March 31, 2008 Unaudited \$ (Restated – Note 6)
EXPENSES		
Kwale project (note 13)	224	279
Salaries and other compensation	308	466
Severance costs	-	163
Stock-based compensation	35	(55)
Office costs	64	60
Foreign exchange loss (gain)	(64)	(24)
Travel	52	79
Shareholders' information	59	44
Professional fees	555	50
Charge on loan impairment (note 16)	227	-
Loss (gain) on disposal of fixed assets (note 3)	-	(34)
General exploration and write-off	58	48
Leasehold expenses (note 4)	6	2
Loss before interest, equity loss, amortization and income taxes	1,524	1,078
Interest and other income	(49)	(231)
Equity loss of associated company (note 6(b))	121	57
Interest expense	2	3
Amortization	49	66
Loss before income taxes	1,647	973
Current income tax provision (recovery) (note 10)	-	-
Net loss for the period	1,647	973
Unrealized loss (gain) on available-for-sale securities	35	156
Comprehensive loss for the period	1,682	1,129
Comprehensive loss and deficit, beginning of period	132,616	122,557
Comprehensive loss and deficit, end of period	134,298	123,686
Basic and diluted loss per share	\$0.00	\$0.00
Weighted average number of common shares outstanding	480,518,247	445,365,168

See accompanying notes

TIOMIN RESOURCES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Expressed in thousands of Canadian dollars)

For the periods ended March 31

	<i>For the three months ended</i>	
	March 31, 2009	March 31, 2008
	Unaudited \$	Unaudited \$
		(Restated – Note 6)
OPERATING ACTIVITIES		
Net loss for the period	(1,647)	(973)
<i>Add (deduct) non-cash items</i>		
Unrealized foreign exchange	48	-
Equity loss of associated company	121	57
Interest and fees capitalized - Freegold	(33)	-
Unrealized loss - Freegold	(35)	-
Amortization charges	49	66
Stock-based compensation expense	35	(55)
Leasehold expenses	6	2
Loss (gain) on disposal of fixed assets	-	(34)
<i>Changes in non-cash working capital</i>		
(Increase) decrease in receivables	124	359
Decrease (increase) in prepaid expenses	(36)	48
Increase (decrease) in accounts payable and accrued liabilities	(1,453)	(746)
Increase (decrease) in due to related party	239	-
	(2,582)	(1,276)
INVESTING ACTIVITIES		
Deferred exploration and development expenditures	-	17
Net fixed assets acquisitions	(2)	(55)
Investments (note 6)	(1,424)	(2,000)
Proceeds on disposal of fixed assets	-	61
	(1,426)	(1,977)
FINANCING ACTIVITIES		
Payment on capital lease obligations	(7)	(32)
	(7)	(32)
Foreign exchange gain (loss) on cash	10	-
Net decrease in cash and cash equivalents	(4,005)	(3,285)
Cash and cash equivalents, beginning of period	19,300	29,445
Cash and cash equivalents, end of period	15,295	26,160
<u>Supplemental cash flow information</u>		
Interest received	49	231
Interest paid	2	3

See accompanying notes

TIOMIN RESOURCES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts expressed in Canadian dollars unless stated otherwise)

March 31, 2009

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, 2009 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 (“GAAP”) and their basis of application is consistent with prior periods, 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 period 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
Leasehold improvements	5 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 (“OCI”), a component of shareholders’ equity, until the investments are disposed of or permanently impaired.

Investments in marketable securities are recorded at fair value with changes in fair value being recognized in OCI. Where an active market does not exist, the investment is carried at cost.

Investments in Associated Companies

Investments in companies through which the Company exerts significant influence over the Investee are accounted for by the equity method. Under this method, the investment is initially recorded at cost and the carrying value is adjusted thereafter to include the following:

- the Company’s pro-rata share of post acquisition income or loss (including the Company’s proportionate share of discontinued operations and extraordinary items) relating to the Investee, subsequent to the date when the use of the equity method first became appropriate. Such amounts will be included when determining Company’s net income (loss) in the period being reported;
- the Company’s proportionate share of a change in an accounting policy, a correction of an error relating to prior period financial statements and capital transactions (including amounts recognized in OCI) of the Investee, subsequent to the date when the use of the equity method first became appropriate; and
- the Company’s proportion of dividends paid by the Investee, subsequent to the date when the use of the equity method first became appropriate.

Any excess paid for net assets will first be assigned to specific assets and liabilities. The unassigned portion will be considered goodwill, which will be subject to an annual impairment test.

Foreign Currency Translation:

Monetary assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at the period-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 period. Any exchange gain or loss that arises on translation is included in the determination of net loss for the period.

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 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 period. 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 income tax asset will not be realized, the future income 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(e). 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 ongoing remeasurement of the outstanding contributed surplus. At the time of exercise, capital stock 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 ongoing remeasurement of the outstanding contributed surplus. At the time of exercise, capital stock is credited with the amount, if any, of the outstanding contributed surplus.

Comprehensive Income:

The Canadian Institute of Chartered Accountants' (“CICA”) Section 1530, *Comprehensive Income*, introduces comprehensive income, which includes net income and 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 (loss).
- 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 consolidated balance sheets.
- 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 (loss).

CICA Handbook Section 3862, *Financial Instruments - Disclosures* and Section 3863, *Financial Instruments - Presentation* replace CICA 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 section in note 14 to the consolidated financial statements.

Joint Venture Accounting:

Joint ventures are accounted for under the proportionate consolidation method.

Capital Disclosures:

CICA 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 non-compliance. The Company has included disclosures recommended by the new Handbook Section in note 17 to the consolidated financial statements.

Changes in Accounting Policies:

Goodwill and Intangible Assets

In October 2007, the CICA approved Handbook Section 3064, *Goodwill and Intangible Assets* which replaces the existing Section 3062, *Goodwill and Other Intangible Assets*, and Section 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. For the quarter ended March 31, 2009, this standard has no impact on the Company's consolidated financial statements.

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.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the Emerging Issues Committee of the CICA issued EIC-173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*, which applies to interim and annual financial statements for periods ending on or after January 20, 2009. The Company is currently assessing the impact of this accounting standard on its consolidated financial statements.

Business Combinations, Consolidations, and Non-Controlling Interests

In January 2009, the AcSB issued the following new Handbook Sections: 1582 - *Business Combinations*, 1601 - *Consolidations*, and 1602 - *Non-Controlling Interests*. These standards are effective January 1, 2011. The Company has not yet determined the impact of the adoption of these standards on its consolidated financial statements.

Measurement Uncertainty:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements. Significant balances and transactions affected by management estimates include mineral properties, deferred exploration and development, and short-term loan. Actual results could differ from those estimates. The recoverability of mineral property expenditures and deferred exploration and development costs (note 5) are considered as indicated in the "Mineral Properties and Deferred Exploration and Development" section of this significant accounting policies note. The recoverability of the short-term loan (note 16) is dependant primarily on the financial position of the borrower. In the event of a default, the recoverability of the loan amount will be based on the ability to liquidate the assets of the borrower and derive full value from its productive assets. By their nature these estimates are subject to measurement uncertainty and the effects of changes in such estimates on the consolidated financial statements could be significant.

3. FIXED ASSETS

The following table provides a breakdown of the Company's fixed assets:

	March 31, 2009			December 31, 2008		
	\$000's			\$000's		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Computers	\$172	\$144	\$ 28	\$170	\$140	\$ 30
Furniture and fixtures	146	94	52	146	89	57
Software	159	113	46	159	100	59
Mining equipment	220	133	87	220	119	101
Vehicles	157	126	31	157	114	43
Leasehold improvements	31	24	7	31	23	8
Land	16	-	16	16	-	16
Total	\$901	\$634	\$267	\$899	\$585	\$314

During the period ended March 31, 2009, the Company did not sell or dispose of fixed assets. During the period ended March 31, 2009, the Company acquired fixed assets totalling \$2,000.

4. LONG-TERM LEASE PREPAYMENT

	(\$000's)
Cost as at December 31, 2008	\$792
Amortization for the period ended March 31, 2009	6
Net book value as at March 31, 2009	\$786

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 84 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 (cost - \$000's)						
	Opening balance January 1, 2009	Additions	Acquired	Written off	Cost March 31, 2009	Cost December 31, 2008
Kenya	\$5,828	\$-	\$-	\$-	\$5,828	\$5,828
Peru	3,811	-	-	-	3,811	3,811
Tanzania	41	-	-	-	41	41
Xinjiang, China	-	-	-	-	-	-
Total	\$9,680	\$-	\$-	\$-	\$9,680	\$9,680

DEFERRED EXPLORATION AND DEVELOPMENT (cost - \$000's)						
	Opening balance January 1, 2009	Additions	Acquired	Written off	Cost December 31, 2009	Cost December 31, 2008
Kenya	\$23,986	\$-	\$-	\$-	\$23,986	\$23,986
Peru	2,868	-	-	-	2,868	2,868
Tanzania	192	-	-	-	192	192
Xinjiang, China	-	-	-	-	-	-
Total	\$27,046	\$-	\$-	\$-	\$27,046	\$27,046

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\$200,000 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 (\$226,000 at March 31, 2009 exchange rate) 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 (\$8,000 at March 31, 2009 exchange rate) 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 10 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% NPI from Barrick’s subsidiary Pangea.

Pursuant to the terms of the buy-back, on August 8, 2006, Tiomin made a cash payment of US\$2.0 million to Barrick and issued five million common shares to Pangea at a deemed value of \$0.27 per common share, being the closing price of the previous day. 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 Mambui), 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.

The reader should refer to note 20 of the consolidated financial statements, which explains the proposed transaction announced by Tiomin and Jinchuan Group Limited (“Jinchuan”) on July 28, 2008. This transaction was not completed by November 1, 2008 as anticipated. Should this transaction not be completed at a mutually agreed later date, the project could suffer a permanent impairment, which could result in the project either being written down or written off. Due to the delay in the finalization of the contract, Jinchuan is currently covering all running costs of the project. At March 31, 2009, no further progress has been made to complete this transaction.

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\$500,000 in 2005, US\$1.5 million on October 1, 2006 and US\$2.0 million 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\$300,000 is to be contributed before October 2005, and an additional US\$735,000 on September 27, 2006.
- US\$1.0 million in cash payments consisting of US\$100,000 in January 2005 and US\$400,000 in July 2005, as per the agreement between Milpo and RTZ, and US\$300,000 towards the purchase of the Jupiter claim on behalf of the joint venture. The remaining US\$200,000 will be applied towards either the balance of property payments to RTZ or on further exploration work at the Company’s discretion.

On May 12, 2008, the Company announced that it has acquired a 49% interest in the 5,000 hectare (12,400 acre) Pukaqqa Sur property, which is contiguous to Tiomin's existing resource at the Pukaqqa Norte copper-gold project, located in central Peru. Tiomin and its 51% partner, Milpo, planned to explore the new property in 2008/09. During June 2008, the Company paid Milpo US\$882,000, being its 49% share of the acquisition cost.

No activity has taken place during the first quarter ended March 31, 2009.

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 the 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. The licences are in good standing, however, no activity has occurred on these properties during 2008 or the first quarter of 2009.

Xinjiang Project - The People's Republic of China

Through the recent acquisition of Radiant Resources Inc. ("Radiant"), as described in note 19, Tiomin effectively entered into an agreement on July 16, 2002 with the Xinjiang Bureau of Geology, Mineral Resources Exploration and Development, The People's Republic of China ("XB"). The term of the agreement is 50 years, subject to extension or reduction upon approval by both parties and registration with the Xinjiang Uygur Autonomous Regional Administration for Industry and Commerce. Pursuant to the agreement, exploration, development and production rights were acquired from the Xinjiang provincial government to a 4,500 square kilometre co-operation area in western China.

On January 12, 2005, a joint venture agreement was entered into by Radiant (51%) and Xinjiang Baodi Mining Co., Ltd. (49%), a wholly owned subsidiary of XB, stating that the parties will establish a jointly controlled entity named Xinjiang Pacific Resources Corporation ("XPRC") under the Law of The People's Republic of China on Chinese-Foreign Co-operative Joint Ventures. The purpose of XPRC will be to conduct venture exploration for deposits of gold and other mineral areas in the area; to develop and produce in respect to existing and newly found deposits such minerals and to sell such minerals and by-products from the processing of such minerals in markets and on the terms permitted by applicable Chinese laws and regulations. This agreement updated a previous agreement dated July 16, 2002. Pursuant to this updated agreement, the term continues to be 50 years and the Joint Venture Cooperation Area remains at 4,500 square kilometres.

The contributions to XPRC will occur in two phases. During 2008, phase one was completed at a cost of US\$1,500,000, earning Radiant 70% in XPRC.

Phase two, the mining and production phase, will occur after a resource is found and proven to be suitable for mining, and is proved by a feasibility study to be commercially suitable for mining. During this phase the parties to the joint venture will make their contributions based on their respective equity percentage. If a party to the joint venture is unable to make such contribution, the other party may elect to make such contribution and its interest in the joint venture will be adjusted accordingly.

The maximum equity interest the Company may obtain is 90%.

On February 18, 2009, management decided to suspend further exploration activities in the area after a previous Board of Directors' decision on January 19, 2009, to abandon and write off the Radiant exploration properties in China. As a result, charges for impairment in value of mineral properties and deferred exploration of \$2,144,000 and \$3,085,000, respectively, were recorded, effective December 31, 2008. At March 31, 2009, an amount of \$56,000 was written off to deferred exploration. The Company is actively seeking another joint venture partner or other investor in order to obtain future value from the XPRC investment and if it is unable will abandon the project.

General Exploration

On July 3, 2007, the Company announced that it had 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% interest by completing a final feasibility study within a further three years. Upon completion of the final feasibility study, AMZ has the option to 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(a) INVESTMENTS

Kivu Gold Corp.

Kivu Gold Corp. (“Kivu”) is an exploration company focusing on sub-Saharan Africa. 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, \$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.

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.

In accordance with the rules of the Toronto Stock Exchange (“TSX”), the Investment was approved by the independent members of the Company’s Board of Directors.

Although the Investment 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.

At December 31, 2008, the Investment was accounted for under the cost method. However, effective February 20, 2009, the Company will be accounting for the Investment retroactively under the equity method, which will result in equity losses being realized from February 14, 2008. During the quarter ended March 31, 2009, \$121,000 was recorded as equity losses. This will also result in the prior period figures being restated as discussed below in note 6(b).

Freegold Ventures Limited (“Freegold”)

On January 15, 2009, the Company agreed to extend the bridge loan facility as described in note 16 and received 250,000 common shares at \$0.27 per common share of Freegold as a commission for the extension of the loan.

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 as described in note 16 and expects to receive an additional 360,000 common shares of Freegold at \$0.25 per common share.

At March 31, 2009, the Company had only received 250,000 common shares, which are held as an available-for-sale security, and has realized an unrecognized loss in the amount of \$35,000 being recorded in comprehensive income (loss) due to the change in the market value (note 9).

6(b) INVESTMENT IN ASSOCIATED COMPANY

The Company's carrying value of its investment in Kivu is as follows:

	As at March 31, 2009 \$000's	As at December 31, 2008 \$000's
Balance, beginning of period	\$860	\$ -
Acquisition cost:		
Private placement	1,424	2,000
	2,284	2,000
Equity loss at 16.9%	(9)	(395)
Combined equity loss at 33.49% & 33.35%	(112)	-
Other comprehensive income (loss)	-	(745)
Balance, end of period	\$2,163	\$ 860

As at December 31, 2008, the Company held its investment at cost after an amount of \$1,140,000 was recognized in OCI. On February 20, 2009, the Company completed by way of private placement, \$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. An independent technical review and fairness opinion was obtained in order to determine that \$0.215 was in fact a fair price.

On completion of the private placement, the Company determined that it has significant influence over Kivu and is thus required to adopt the equity method of accounting retroactively back to the initial private placement on February 14, 2008. In addition, the investment, results of operations (current period and prior periods presented), and retained earnings of the investor should be adjusted retroactively to apply the equity method. The retroactive equity losses for the year ended December 31, 2008 totalled \$395,000 (\$57,000 for the three months ended March 31, 2008) and the OCI was adjusted from \$1,140,000 to \$745,000 not effecting the carrying balance of Kivu at December 31, 2008.

The carrying amount of an investment in common stock of an investee that qualifies for the equity method of accounting as described above may differ from the underlying equity in the net assets of the investee. The difference should affect the determination of the amount of the investor's share of earnings or losses of an investee as if the investee were a consolidated subsidiary. However, if the investor is unable to relate the difference to specific accounts of the investee, the difference should be recognized as goodwill. In this case, as the transaction does not meet the criteria for a business combination, the purchase price discrepancy was assigned to mineral properties. The purchase price discrepancy at March 31, 2009 was \$2,034,000. As at March 31, 2009, the Company's ownership percentage in Kivu has decreased to 33.35%.

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 received \$386,000 of the maximum loan amount.

8. CAPITAL STOCK

a) COMMON SHARES

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

	<u>Shares</u> #	<u>Amount</u> \$000's
Total common shares, January 1, 2008	445,365,168	185,005
Radiant Resources Inc. acquisition	28,898,635	2,023
Share bonus scheme	2,350,000	47
Total common shares, December 31, 2008	476,613,803	187,075
Share bonus scheme	4,200,000	84
Total common shares, March 31, 2009	<u>480,813,803</u>	<u>187,159</u>

On December 3, 2008, the Board of Directors of Tiomin approved “share bonuses” as described in note 8(e) totalling 6,750,000 common shares at a deemed price of \$0.02 per share. These shares may be issued up to February 28, 2009. At December 31, 2008, 2,350,000 common shares had been issued and during January 2009 another 4,200,000 common shares have been issued with the balance of 200,000 forfeited as at February 28, 2009.

As part of the Radiant transaction described in note 19, Tiomin exchanged 28,898,635 common shares at a deemed value of \$0.07 per share, being the closing price on September 26, 2008.

b) SHAREHOLDER RIGHTS PLAN

On December 10, 2008, the Board of Directors of the Company approved a shareholder rights plan (the “Rights Plan”). Under the Rights Plan, one right (“Right”) will be issued in respect of each voting share held on December 10, 2008. No consideration is payable by a shareholder upon issuance of the Rights. The Rights Plan will terminate at the close of the annual meeting of shareholders in 2012, if not terminated earlier.

The Rights Plan is intended to ensure that, in the event of a bid for control of the Company, shareholders will receive full and fair value for their shares and will not be subject to abusive or coercive take-over strategies and that the Board of Directors will have sufficient time to evaluate the bid, negotiate with the bidder, seek alternative bidders and explore other ways of maximizing shareholder value.

Rights are not exercisable until certain events occur. If anyone (an “Acquiring Person”) wishes to acquire 20% or more of the Company’s voting shares, this Acquiring Person may (i) negotiate terms which the Board of Directors of the Company approve as being fair to all shareholders or, alternatively (ii) without the Board of Directors approval, make a “permitted bid” which must contain provisions specified in the Rights Plan and be accepted by independent shareholders holding more than 50% of the then outstanding shares. If the Acquiring Person acquires 20% or more of the Company’s voting shares other than as described above (subject to certain exemptions), the Rights will become exercisable, automatically allowing holders (other than the Acquiring Person) to purchase that number of common shares which have an aggregate market price equal to twice the exercise price of the Rights for a price equal to the exercise price. Effectively, this means a shareholder of the Company (other than the Acquiring Person) can acquire additional common shares from treasury at half their market price.

c) SHARE BUYBACK PLAN

On January 14, 2009, the Company announced that the TSX has accepted the Company’s notice of its intention to purchase common shares pursuant to a normal course issuer bid.

Under this normal course issuer bid, Tiomin will be permitted to repurchase up to 5% of the common shares outstanding over a one-year period or an aggregate of up to 24,040,690 common shares. The purchases by the Company will be effected through the facilities of the TSX and will be made at the market price of the common shares at the time of purchase. As at March 31, 2009, there were 480,813,803 Tiomin common shares issued and outstanding. All shares purchased by the Company will be subsequently cancelled.

d) WARRANTS

The following is a list of the warrants outstanding as at March 31, 2009 resulting from the Radiant transaction (note 19). All warrants are convertible into one common share of the Company.

Type	Total Outstanding	Exercise Price	Expiry Date
Jinchuan warrants	60,937,692	\$0.65	July 31, 2016
Nederlandse Financierings Maatschappijvoor Ontwikkelingslanden N.V	37,500,000	\$0.36	December 31, 2010
Radiant B warrants	4,451,287	\$0.50	January 1, 2010
Radiant broker warrants	91,704	\$0.40	June 21, 2009
Radiant compensation options	404,602	\$0.40	January 1, 2010
Total	103,385,285	\$0.54	

e) 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 and Special Meeting of Shareholders held on June 14, 2006, the shareholders approved the amendment of the Plan by 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 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 and Special Meeting of Shareholders 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 10 days following a Black-Out Period, the expiry date of such option shall be extended to the first business day which is at least 10 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, 2009		December 31, 2008	
	Options #	Weighted Average Exercise Price \$	Options #	Weighted Average Exercise Price \$
Outstanding, beginning of period	44,764,000	\$0.11	35,995,000	\$0.14
Granted	1,000,000	0.025	13,014,000	0.05
Exercised	-	-	-	-
Exercised cashless settlement method	-	-	-	-
Cancelled/expired	(2,192,696)	0.08	(4,245,000)	0.18
Outstanding, end of period	43,571,304	0.11	44,764,000	0.11
Options exercisable, end of period	43,571,304	\$0.11	44,764,000	\$0.11

The following table summarizes information about the stock options outstanding as at March 31, 2009:

Range of Exercise Prices	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
	Number Outstanding as at March 31, 2009	Weighted Average Remaining Life (years)	Weighted Average Exercise Price \$	Number Exercisable as at March 31, 2009	Weighted Average Exercise Price \$
\$0.025	5,945,000	4.69	\$0.025	5,945,000	\$0.025
\$0.065	8,069,000	4.19	0.065	8,069,000	0.065
\$0.075	8,943,331	3.75	0.075	8,943,331	0.075
\$0.09	11,500,000	2.90	0.09	11,500,000	0.09
\$0.125	3,663,973	3.15	0.125	3,663,973	0.125
\$0.20 - 0.29	1,200,000	2.44	0.27	1,200,000	0.27
\$0.30 - 0.39	2,140,000	0.86	0.35	2,140,000	0.35
\$0.40 - 0.50	2,110,000	1.98	0.41	2,110,000	0.41
	43,571,304	3.42	\$0.11	43,571,304	\$0.11

f) CONTRIBUTED SURPLUS

	March 31, 2009 \$000's	December 31, 2008 \$000's
Balance, beginning of period January 1	\$3,811	\$3,812
Market price adjustment	35	(85)
Share bonus accrued/(exercised)	(84)	84
Balance, end of period	\$3,762	\$3,811

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. At March 31, 2009, the quoted market price of \$0.035 exceeded the exercise price on 5,945,000 stock options and therefore there was an adjustment during the quarter to contributed surplus of \$35,000 to bring the total balance related to the stock options up to \$60,000. At the time of exercise, capital stock is credited with the amount, if any, of the outstanding contributed surplus. Under the Share Bonus Plan (note 8(e)), \$84,000 of shares were issued during the quarter ended March 31, 2009, which were declared but outstanding at December 31, 2008. Upon issuance, the amount was credited to capital stock and the balance removed from contributed surplus.

9. **ACCUMULATED OTHER COMPREHENSIVE LOSS**

	March 31, 2009
	\$000's
Accumulated other comprehensive loss, as at December 31, 2008	\$745
Unrealized loss on investment in available-for-sale securities	35
Accumulated other comprehensive loss, as at March 31, 2009	<u>\$780</u>

During the quarter ended March 31, 2009, an amount of \$35,000 was charged to accumulated other comprehensive loss relating to 250,000 common shares of Freegold as described in note 16 below.

Amounts in accumulated other comprehensive loss have been restated.

10. **INCOME TAXES**

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

	2008	2007
	\$000's	\$000's
Non-capital losses carried forward	\$ 7,011	\$ 4,645
Resource-related deductions	3,214	2,957
Share issue costs	672	963
Fixed assets	348	259
Investments	165	-
Future income tax assets	11,410	8,824
Valuation allowance	(11,410)	(8,824)
Net future income tax assets	\$ -	\$ -

As at December 31, 2008, 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:

	\$000's
2009	\$1,497
2010	1,176
2013	657
2014	3,587
2015	2,021
2025	839
2026	5,542
2027	4,925
2028	3,931
	<u>\$24,175</u>

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 \$43,440 or \$0.014 per square foot of the rentable area is 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 (“TKL”), 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 \$1,309 Canadian dollars.

12. CAPITAL LEASE OBLIGATIONS

	\$000's
2009	\$30
Total minimum lease payments	30
Less amount representing interest at 11%	1
Present value of net minimum capital lease payments	29
Current portion of obligations under capital leases	29
	\$ -

During the quarter ended March 31, 2009, the Company, through its subsidiary TKL, paid \$8,000 (2008 - \$32,000) relating to the capital lease obligations, of which \$1,000 (2008 - \$3,000) was interest.

13. KWALE PROJECT

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

	March 31, 2009 \$000's	March 31, 2008 \$000's
Construction	<u>\$224</u>	<u>\$279</u>
	<u>\$224</u>	<u>\$279</u>

A decision was taken by the Company during December 2007 to reduce costs at its subsidiary TKL. On January 7, 2008, notice was given to all the staff that effective March 31, 2008, their services would no longer be required. A skeleton staff has been maintained while negotiations continue with Jinchuan. The Company will continue to have security staff patrol the mineral properties.

Construction in progress was to be represented by the expenditure under a construction contract, which included a contract of US\$22 million entered into with Ausenco International Pty Ltd. (“Ausenco”), based in Queensland, Australia for the engineering, procurement, commissioning and construction management of the mining facilities at the Kwale project in Kenya. Ausenco was to provide engineering, procurement and construction management, expertise in design, project management, construction, completion and commissioning of the processing plant facilities until the project was suspended in December 2006 due to legal and bureaucratic delays with the Government of Kenya.

14. 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 financial liabilities. The carrying value of the Company’s financial instruments is classified into the following categories:

	March 31, 2009 \$000's	December 31, 2008 \$000's
Held-for-trading ⁽¹⁾	\$15,295	\$19,300
Available-for-sale ⁽²⁾	33	860
Loans and receivables ⁽³⁾	2,732	2,914
Other financial liabilities ⁽⁴⁾⁽⁵⁾	1,777	2,998

- (1) Includes cash and cash equivalents.
- (2) Includes the Company's investments in the common shares of Kivu.
- (3) Includes receivables (Freegold) and other receivables), but excludes prepaid share issuance costs and other prepaid expenses. Freegold is carried at net of an allowance for loan impairment of \$227,000.
- (4) Includes accounts payable and accrued liabilities, future income tax liabilities, and capital lease obligations.
- (5) Included is an amount of \$503,000 owing to Jinchuan, a related party to TKL. This amount is only payable on completion of the transaction anticipated in note 20 below.

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 the counterparty's inability to fulfill its payment obligations. The Company's primary credit risk is on its bank accounts and fixed deposits, whose balance at March 31, 2009 was \$12,000,000, which are held with Royal Bank of Canada. The balance of \$3,067,276 is held with Standard Chartered Bank, Royal Bank of Canada and Scotiabank and \$227,724 is held with the Bank of China. Other credit risk is attributable to Goods and Services Tax ("GST") and Value Added Tax ("VAT") of \$29,000 and VAT receivable of \$440,000 from the Federal Government of Canada and the Kenyan Revenue Agency. It should be noted that there is a greater risk with regards to the VAT receivable from the Kenya Revenue Agency.

The short-term loan of \$2,466,000 (\$2,239,000 plus the bad debt provision of \$227,000) to Freegold as discussed in note 16 also increases credit risk to the Company. The loan to Freegold is secured by 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. 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 they become due. As at March 31, 2009, the Company had cash of \$3,295,000 and short-term fixed income deposits of \$12,000,000 (2008 - \$26,160,000) to settle current liabilities of \$1,391,000 (2008 - \$518,000). 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 is exposed to interest rate risks as bank accounts earn interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company has cash balances as discussed above 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 income earned on these bank accounts is subject to the movements in interest rates. Assuming the \$15,295,000 held in cash and short-term investments at March 31, 2009 had a +/- 1% change in interest rates, this would have an effect on loss before taxes for the period ended March 31, 2009 of approximately +/- \$152,000. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at March 31, 2009, the Company did have investments in investment-grade short-term deposit certificates.

(b) Foreign currency risk

As at March 31, 2009, the Company holds its cash and cash equivalents in Canadian dollars, U.S. dollars, Kenyan shillings and Chinese yuan renminbi as discussed above, representing the near-term operating costs to be incurred in China and Kenya and to settle the current liabilities. The Company's cash and cash equivalents, receivables, and accounts payable and accrued liabilities that are held in the various currencies, are then translated into Canadian dollars. Foreign exchange fluctuations occur against the various currencies. A +/- 1% change in the exchange rates between the Canadian and the various currencies would, based on the Company's consolidated financial statements at March 31, 2009, have an effect on loss before income taxes of approximately +/- \$30,000. Management is therefore of the opinion that the Company is not exposed to significant currency risks arising from its 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 GAAP requires 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 and cash equivalents 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 at March 31, 2009, both the carrying and fair value amounts of the Company's financial instruments are equal.

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.

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	March 31, 2009 \$000's	December 31, 2008 \$000's
Cash on hand and balances with banks	\$ 3,295	\$3,300
Short-term fixed income deposits	-	16,000
Long-term GIC deposit	12,000	-
	\$15,295	\$19,300

Short-term fixed income deposit in the amount of \$14,000,000 matured on March 18, 2009 and \$2,000,000 matured on January 9, 2009. The Company has reinvested \$12,000,000 into a cashable annual GIC. It is cashable at anytime without penalty.

16. FREEGOLD SHORT-TERM LOAN

On August 22, 2008, the Company announced that it will provide a bridge loan of US\$2 million to Freegold (TSX: ITF, OTCBB: FGOVF, Frankfurt: FR4), 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 was to mature on January 15, 2009. Terms for this facility included 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.

On January 15, 2009, the Company agreed to extend the bridge loan facility until February 10, 2009. Freegold has issued Tiomin 250,000 common shares and has 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 Freegold (have not yet received these common shares), 500,000 warrants to purchase common shares of Freegold for a two-year period at a price of \$0.25/share, and US\$61,750, payable upon the earlier of the receipt of new financing or March 31, 2009.

On April 1, 2009, Freegold announced that it was not able to pay the US\$61,750 loan extension fee due on March 31, 2009. Freegold has reached an agreement with its senior bridge loan lender and Tiomin for a further restructuring that provides an additional US\$200,000 of funding to Freegold. This amount was provided by the senior lender and not Tiomin.

This restructuring also suspends the monthly payment of interest to the two bridge loan lenders that was to have commenced on April 1, 2009, and the payment of a 3% extension fee that had been due on March 31, 2009. Under the revised documents, these interest and extension fee payments are being capitalized and added to the principal amounts due on the July 15, 2009 maturity date. Under this restructuring, and following this additional loan advance from the senior bridge loan lender, the amounts that will be due to the senior bridge lender and Tiomin on July 15, 2009 are US\$2.78 million and US\$2.25 million, respectively. As consideration for the above, the senior bridge loan lender will be receiving cash fees of \$35,000 along with one million common shares of the Company and 500,000 warrants to purchase common stock of the Company for a two-year period at a price of Canadian \$0.14/share.

Due to Freegold's inability to repay the Company on January 15, 2009 and the subsequent extensions to the loan, the Company has determined that the loan is impaired and has not recognized any interest, extension fees or commissions paid with Freegold common shares, and will only do so if and when the loan is repaid. In addition, during the quarter ended March 31, 2009, the Company has impaired the closing balance at December 31, 2008 and made an allowance for an additional \$227,000. The impairment amount was determined by applying a premium factor to the loan interest rate, discounting the loan principal amount on that basis and comparing the amount to the carrying value.

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 Freegold (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.

17. 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 capital structure of the Company at March 31, 2009 consists of common shares and was \$187,159,000 as at March 31, 2009 (December 31, 2008 - \$187,075,000). The Company has issued common shares, warrants and agents' options from time to time to advance its projects through various stages of exploration; however, debt may be required to further the exploration and bring the projects into production. In order to meet the Company's objectives for managing capital, new common shares, warrants, agents' options and/or debt may be issued. 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. Jinchuan has been and continues to fund the monthly costs of Kwale. This is described in more detail in note 20. The Company also owns exploration stage properties through its recent acquisition of Radiant as disclosed in note 19. At December 31, 2008, the Radiant properties and deferred exploration has been written off and the Company is seeking a purchaser for the exploration properties. 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 period ended March 31, 2009. Neither the Company nor its subsidiary is subject to externally imposed capital requirements.

18. RELATED PARTY TRANSACTIONS

- a) As discussed in note 6, the Company holds a 33.5% ownership interest in Kivu. The directors, officers and employees of the Company 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 Robert 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 the fair market value for office space, and at March 31, 2009 an amount of 1,250 was charged to Kivu. In addition amounts totalling \$14,490 were charged by the Company to Kivu for expenses incurred by Kivu and Jean-Charles Potvin. At March 31, 2009, Kivu owed the Company \$19,544, which was repaid to Tiomin in April 2009. No services are provided and charged for by the Company. This transaction has been recorded at the exchange amount.

- 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 March 31, 2009 an amount of \$1,250 was charged to Rukwa. No services are provided and charged for by the Company. At March 31, 2009, the Company is owed \$1,342 by Rukwa, which was paid in April 2009. This transaction has been recorded at the exchange amount.
- 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 TKL a wholly owned subsidiary of Tiomin as discussed in note 20. Jinchuan has advanced \$503,000 to TKL, which will only be repaid to Jinchuan if the transaction is completed. If the transaction is not completed Jinchuan will not be repaid.

19. RADIANT PURCHASE

At a special meeting of Radiant shareholders held on September 23, 2008, the shareholders approved the proposed transaction, whereby holders of securities of Radiant received 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, 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-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 for 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. These amounts will be

refined as information relating to the valuation of the fair value of net assets and the determination of certain tax values of those assets are finalized. This preliminary allocation is summarized as follows:

	<u>\$000's</u>
Cash	\$ 392
Receivables and prepaid expenses	50
Fixed assets (cost)	97
Less: Accumulated depreciation	(63)
Mineral properties and deferred exploration and development	4,837
Accounts payable and accrued liabilities	(2,351)
Future income tax liabilities	(222)
Total	\$2,740

Purchase price by Tiomin

Initial investment by Tiomin	\$ 500
Shares issued by Tiomin	2,023
Transaction costs by Tiomin	217
Total	\$2,740

The future income tax liabilities of \$222,000 are calculated on the excess of the purchase price over the fair market value of the net assets acquired at an appropriate tax rate in China for foreign enterprises.

On January 19, 2008, the Board of Directors took the decision that management may, in its best determination, abandon and write off the Radiant exploration properties in China. This resulted in \$1,922,000 and \$3,085,000 being written off for mineral properties and deferred exploration and development, respectively after netting related future income tax recoveries. The future income tax liability related to this property was consequently reversed. The Company is currently in the process of disposing of the assets in China.

20. PROPOSED TRANSACTION

On July 28, 2008, Tiomin and Jinchuan of China entered into a Memorandum of Understanding (“MOU”), whereby Jinchuan will acquire 70% of 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 “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. The transaction (which is subject to certain conditions, including definitive documentation) was expected to close by no later than November 1, 2008 or at a mutually agreed date.

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, 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 Government of Kenya, definitive agreements between Tiomin, TKL and Jinchuan and Tiomin shareholders’ approval.

A condition of the MOU is that on closing TKL will reimburse the Company for certain costs incurred in order to conclude the financing of TKL. At March 31, 2009, prepaid costs of \$289,000 were incurred by the Company relating to the transaction.

21. **CONTINGENCY**

Lawsuit

Tiomin currently has ongoing litigation with an exposure amount of £88,000. With a lack of adequate support provided, the Company is contesting the cases and believes that these claims are principally without merit. A settlement offer has been made to the plaintiff and a related accrual has been appropriately recorded in these consolidated financial statements based on management's best estimate of the actual settlement amount.

On March 31, 2009, the Company received notice from Jaguar Financial Corporation of Jaguar's intention to commence a court application for leave to file a derivative legal proceeding in the Company's name under the Canada Business Corporations Act against the current directors, a former director and third parties.

The Company is in the process of considering the issues raised in the proposed court action.

22. **RECEIVABLES**

	March 31, 2009 \$000's	December 31, 2008 \$000's
Goods and Services Tax and Value Added Tax	\$469	\$382
Other	24	49
	\$493	\$431

GST of \$29,000 is owing to the Company by the Canada Revenue Agency and VAT of \$440,000 is owed by the Kenya Revenue Agency. The balance of \$24,000 is mainly attributable to an amount owing by Kivu, which was subsequently paid in April 2009 and other advances.

23. **ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	March 31, 2009 \$000's	December 31, 2008 \$000's
Severance pay accrual	\$ -	\$ 626
Other	859	1,686
	\$859	\$2,312

At December 31, 2008, the compensation committee recommended to the Board of Directors, that in order to reduce long-term costs, that Jean-Charles Potvin, the Executive Chairman of Tiomin 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. During the quarter ended March 31, 2009, no severance payments have taken place.

24. **COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to the presentation of the current period.

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)

Quarter Ended March 31, 2009

This Management's Discussion and Analysis of Tiomin Resources Inc. ('Tiomin' or 'the Company') is dated May 12, 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, equity loss, amortization and income taxes	9,763	8,807	33,935
Loss before income tax	9,515	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 Q1 2009, Tiomin followed its clear strategy to realize the value of its current assets while also seeking an accretive merger where Tiomin's cash is combined with producing or near-producing assets. This strategy led to a proposed transaction with Cadiscor Resources Inc. ("Cadiscor"). Tiomin ended the quarter with a strong cash position of \$15.3 million and working capital of \$17.0 million.

The key event in Q1 was the proposed Cadiscor transaction, which would have been excellent for Tiomin shareholders. Tiomin had to cancel this transaction because of the actions of Jaguar Financial Corporation ('Jaguar'), a dissident shareholder. Cadiscor subsequently announced an alternative transaction that valued its shares at \$0.59, or almost twice the \$0.30 per share cost Tiomin negotiated in February 2009. This increased value equates to an opportunity cost to Tiomin shareholders of 2.6 cents per Tiomin share. Cadiscor's shares continued to increase in value, closing at \$0.83 on May 11th, which further affirms Tiomin's assessment of Cadiscor and demonstrates Tiomin's ability to find appropriate accretive transactions.

Tiomin invested \$1,424,375 in Kivu Gold Corporation, increasing its ownership to approximately 33.5%. 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.

On April 2, 2009, the Company announced that it had received notice from Jaguar of its intention to commence a court application for leave to file a derivative legal proceeding in the Company's name under the Canada Business Corporations Act against the current directors, a former director and third parties. This matter is now before the Court and the Company and the directors will vigorously defend themselves against the issues raised in this matter.

On Friday April 24, 2009, Jaguar issued a news release communicating that Jaguar will not proceed with its requisition for a special meeting of shareholders of Tiomin that it previously announced on February 13, 2009. Jaguar stated in its release that the reason for not pursuing the requisition for the Special Meeting was Tiomin's decision to withdraw from the proposed business combination with Cadiscor. Tiomin announced this decision on February 19, 2009. It is significant that between February 17, the date that Jaguar announced the meeting requisition, and April 24, Cadiscor's share price increased 100% from \$0.30 to \$0.60 and Jaguar's fell 25% from \$0.10 to \$0.075.

Company Future

Tiomin continues to work on increasing 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 Company also plans to realize value from its existing investments in projects in Kenya and Peru by leveraging relationships with its partners, Jinchuan and Milpo.

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. The Company, from mid-1998 through 2006, focused mainly on the development of its Kwale project in Kenya. Unfortunately, due to numerous unresolved issues with the Government of Kenya, the terms of the July 2006 project financing could not be met. Consequently, in 2007, Tiomin was forced to put the project into "care and maintenance" and seek alternative project financing sources or partners. The Company successfully negotiated, in July 2008, an arrangement with the Jinchuan Group

(“Jinchuan”) to finance, develop and operate the Kwale project through Tiomin Kenya Limited. A final agreement with Jinchuan is still pending.

After deciding to change its focus away from Kenya, the Company actively sought and evaluated numerous prospective properties and companies. This investment strategy evolved in the fall of 2008 to become focused on producing or near-producing assets and businesses. The results include a 33.4% ownership stake in Kivu Gold Corporation through investments in February 2008 and February 2009; the acquisition of Radiant Resources Inc. (subsequently renamed Tiomin China Limited); and a proposed arrangement in February 2009 to combine businesses with Cadiscor Resources Inc. Although the Cadiscor Resources arrangement had to be aborted due to increased deal risk created by the actions of a dissident shareholder, Tiomin continues to pursue a strategy of seeking an appropriate M&A opportunity, while maximizing the value of its present properties.

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, 2009 management focused on working with the GoK and Jinchuan to complete all the original outstanding lender requirements in order to finance the Kwale project. Separately, the Company continued to consider other invest and M&A opportunities that would generate incremental value for Tiomin shareholders.

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 explore when there are signs that the economy is recovering. 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
Indicated	0.4	2,190	0.70	0.09	73	1.74
	0.3	96,355	0.55	0.09	108	1.69
Measured & Indicated	0.4	62,867	0.66	0.10	106	1.78
	0.3	99,148	0.56	0.09	107	1.69
Inferred	0.4	65,057	0.67	0.10	105	1.78
	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.

Although the copper price has improved during the first quarter of 2009 no exploration is planned or took place on either the Pukaqaqa or the Pukaqaqa Sur properties. We believe that until there is stability in the market, exploration activities will be minimal, if at all, during 2009.

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 and until all these steps are completed Jinchuan will not sign the definitive agreement, which will require Tiomin shareholder approval to proceed with the construction of the Kwale project.

Jinchuan are currently covering most of the costs associated with the Kwale project and 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.

Investments

Radiant Resources Inc. (renamed Tiomin China Limited)

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 had entered into a binding letter of intent ('LOI') pursuant to which Tiomin would 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 would 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 ("Tiomin China"), which would continue to carry out the business of Radiant. The transaction was accounted for as a purchase for accounting purposes. The common shares of Radiant were de-listed from the TSX Venture Exchange ('TSX-V'). Radiant's public documents are filed on SEDAR under the amalgamated corporation's name, Tiomin China Limited.

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 was accounted for as a purchase and the Company allocated the purchase price of the acquisition based upon the preliminary estimate of the fair values of the assets acquired and liabilities assumed.

The Radiant 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.

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. At March 31, 2009 the Company has been unable to find an investor willing to purchase the Company's share. The Chinese entity will be wound up over the next few months.

The decision to suspend activities in China was extremely difficult and driven by the speed and degree of changes in external factors in the global economy that we do not control. We really liked the exploration potential in Xinjiang but felt it was better to preserve the capital than continue to spend there.

Kivu Gold Corp

Kivu Gold Corp. ("Kivu") is an exploration company focusing on sub-Saharan Africa. 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, \$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.

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.

In accordance with the rules of the Toronto Stock Exchange (“TSX”), the Investment was approved by the independent members of the Company’s Board of Directors.

Although the Investment 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.

At December 31, 2008, the Investment was accounted for under the cost method. However, effective February 20, 2009, the Company will be accounting for the Investment retroactively under the equity method, which will result in equity losses being realized from February 14, 2008. During the quarter ended March 31, 2009, \$121,000 was recorded as equity losses.

Freegold Short term loan

On August 22, 2008, the Company announced that it would provide a bridge loan of US\$2 million to Freegold, a corporation in which the Company’s President and CEO was also a director until January 13, 2009.

This US\$2 million loan completed 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 was scheduled to mature on January 15, 2009. Terms for this facility included an annual interest rate of 12.5%, a cash closing fee, and 350,000 warrants at \$0.55 each to purchase common stock of Freegold for a two year period. An amount of \$105,365 in interest income was recorded in the year ended 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. As consideration for this extension, Freegold issued Tiomin with 250,000 common shares of Freegold and repriced the 350,000 warrants to \$0.30 each. Interest accrued on the outstanding principal amount.

On February 24, 2009, Tiomin 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 for this extension, the interest rate on the two loans was increased from 12.5% to 15.0%, and Tiomin and the other lender each were to receive extension fees consisting of 360,000 common shares of the Freegold (have not yet received the common shares), 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. At March 31, 2009 the price of the Freegold common shares were \$0.13 and the Company charged \$35,000 to other comprehensive income as an unrealized loss on the 250,000 Freegold shares received.

Due to Freegold’s inability to repay Tiomin on January 15, 2009 and the subsequent extensions to the loan, the Company has determined that the loan is impaired and has not recognized in 2009 any interest, extension fees or commissions paid with Freegold common shares and will only do so if and when the loan is repaid. In addition, during the quarter ended March 31, 2009, the Company has impaired the closing balance at December 31, 2008 by recording an allowance of \$227,000.

Summary of Quarterly Results

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

	Mar-31	Dec-31	Sep-30	Jun-30	Mar-31	Dec-31	Sep-30	Jun-30
	2009	2008	2008	2008	2008	2007	2007	2007
Loss before interest, equity loss and amortization	1,524	6,573	1,078	1,034	1,078	923	1,354	452
Loss before income tax	1,647	6,538	959	1,045	973	684	1,112	267
Loss per share	0.00	0.02	0.00	0.00	0.00	0.00	0.00	0.00
Total assets	58,400	60,873	67,923	64,622	66,250	68,184	69,721	73,052
Compensation expense relating to stock options	-	-	-	(55)	(55)	110	-	291
Working capital	17,034	19,964	21,597	24,398	26,213	29,135	30,803	32,400
Mineral properties	9,680	9,680	11,812	9,680	8,779	8,779	7,644	7,644
Deferred exploration and development	27,046	27,046	29,739	27,046	27,046	27,063	27,096	27,074
Share Capital:								
Outstanding (000's)	480,814	476,614	474,264	445,365	445,365	445,365	445,365	445,339
Warrants (000's)	103,385	103,385	107,642	98,438	98,438	98,438	198,438	214,958
Options (000's)	43,571	44,764	40,444	40,444	34,675	35,995	26,025	26,125

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.

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

Tiomin's loss from operations for the three months ended March 31, 2009 was \$1,647,000 (\$0.00 per share) and \$973,000 (\$0.00 per share) for the same period in 2008.

During the three months ended March 31, 2009, \$Nil (2008 – (\$17,000)) was invested/(recovered) in deferred exploration. The amount in 2008 related to an overpayment made in 2007. The Company spent \$2,000 on fixed assets, which was mainly attributable to computer 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. During the first quarter ended March 31, 2009 Construction in progress totaling \$224,000 was written-off.

Kwale Project write-offs

The Company incurred Kwale project expenses in Kenya in the first quarter of \$224,000 compared to \$279,000 in the same quarter last year. The expenses include general and administrative costs required to operate on a care and maintenance basis while supporting the Government of Kenya and Jinchuan in their efforts to complete tasks necessary to advance the project.

Salaries and other compensation

Salaries and other compensation expenses for the three months ended March 31, 2009 were \$308,000 and \$466,000 for the same period in 2008.

Severance costs

Severance costs for the three months ended March 31, 2009 were \$Nil and \$163,000 for the same period in 2008. These costs related to staff retrenched at Tiomin Kenya Limited, a wholly owned subsidiary of Tiomin.

Stock based compensation

Stock based compensation expense for the ended March 31, 2009 were \$35,000 and (\$55,000) 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.

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 March 31, 2009 were \$64,000 compared to \$60,000 during 2008.

Foreign exchange loss

Foreign exchange losses (gains) were (\$64,000) and (\$24,000) for quarters ended March 31, 2009 and 2008 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 March 31, 2009 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.

Travel

Travel expenses have decreased over the three months ended March 31, 2009 compared to the same period in 2008 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 months ended March 31, 2009 and 2008 respectively, amounts totaling \$52,000 and \$79,000 were expensed respectively.

Shareholders' information

For the quarter ended March 31, 2009 and 2008, amounts totaling \$59,000 and \$44,000 were respectively expensed. The majority of these costs relate to annual filing fees for the audited financial statements, the MD&A as well as the Annual Information form.

Professional fees

Professional fees for the quarter ended March 31, 2009 and 2008 were \$555,000 and \$50,000 respectively. The Company continues to use experts where required for legal, accounting and tax matters and will continue to do so during 2009. During the quarter ended March 31, 2009, the Company incurred significant consulting and legal expenses to address issues resulting from the proposed Cadiscor transaction, and its subsequent cancellation after being challenged by a dissident shareholder. Additionally, the Company hired a firm to assist with the preparation of the Management Information Circular for shareholders.

Charge on loan impairment

Impairment on loan expense of \$227,000 for the period ended March 31, 2009 (2008-Nil) relates to a write down provision on the Freegold Ventures Limited loan.

General exploration and write-off

General exploration and write-off expense for the quarter ended March 31, 2009 and 2008 were \$58,000 and \$48,000 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.

Leasehold Expense

For the quarter ended March 31, 2009 and 2008, amounts totaling \$6,000 and \$2,000 were respectively expensed. This relates mainly 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 84 years.

Interest income and other income

Interest income and other income received for the quarter ended March 31, 2009 and 2008 were \$49,000 and \$231,000 respectively. The amount received during the quarter ended March 31, 2009 was mainly attributable to the interest from GIC's and short term investments. In prior year's interest was 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 substantially during 2009 due to less cash on hand and declining interest rates.

Equity loss of associated company

Equity loss for the quarter ended March 31, 2009 was \$121,000 compared to \$57,000 for the same period in 2008. This loss relates to the 33.5% interest the Company has in Kivu. In 2008, the interest in Kivu amounted to 16.9%.

Interest

Interest charges for the three months ended March 31, 2009 and 2008 were \$2,000 and \$3,000 respectively. The amounts incurred during 2009 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. All leases mature by December 2009.

Amortization

During the quarter ended March 31, 2009, amortization charges of \$49,000 and \$66,000 were charged respectively during the same periods in 2008. During the three months ended March 31, 2009, the Company acquired additional fixed assets totaling \$2,000.

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:	
	March 31, 2009	Fiscal Year 2008
Cash and cash equivalents	15,295	19,300
Working capital	17,034	19,964
Cash provided by (used in) operating activities	(2,582)	(5,014)
Cash provided by (used in) investing activities	(1,426)	(5,130)
Cash provided by (used in) financing activities	(7)	(76)

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 March 31, 2009 the Company had a working capital surplus of \$17,034,000 compared to \$19,964,000 at December 31, 2008. For the quarter ended March 31, 2009, Tiomin used cash of \$4,005,000 and \$3,285,000 for the same period in 2008.

During the three months ended March 31, 2009, the Company did not issue any shares for cash, but issued 4,200,000 common shares as bonuses accrued for in 2008. Cash decreased during the quarter ended March 31, 2009 from operating activities, primarily from a decrease in accounts payable of \$1,214,000 (2008 – \$746,000) and an decrease in receivables of \$124,000 (2008 – (\$359,000)). During the three months ended March 31, 2009 the Company invested in fixed assets totaling \$2,000. During the three months ended March 31, 2009 the Company by way of a private placement invested \$1,424,000 into Kivu Gold Corp as discussed 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 \$30,000, 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 March 31, 2009 the Company owes 1,440,000 Kenyan shillings or \$23,284 using the closing exchange rate of 61.8429 Kenyan shillings for one Canadian dollar.

At March 31, 2009, an amount of \$29,000 (December 31, 2008 - \$36,000) is owed excluding interest of approximately \$1,000 (December 31, 2008 - \$2,000) 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 March 31, 2009 an amount of approximately \$104,000 (December 31, 2008- \$116,000) 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 March 31, 2009, 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 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 the fair market value for office space, and at March 31, 2009 an amount of 1,250 was charged to Kivu. Additional amounts totaling \$14,490 were charged to Kivu for expenses incurred by Kivu and JC Potvin. At March 31, 2009 Kivu owed the Company \$19,544, which was subsequently repaid to Tiomin. No services are provided and charged for by the Company. This transaction has been recorded at the exchange amount.
- 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 March 31, 2008 an amount of \$1,250 was charged to Rukwa. No services are provided and charged for by the Company. At March 31, 2009 the Company is owed \$1,342 by Rukwa, which was paid in April 2009. This transaction has been recorded at the exchange amount.
- c) Jinchuan owns approximately 18.5% 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 \$503,000 (December 2008 - \$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. Jinchuan are currently paying the monthly costs of Tiomin Kenya Limited, but will only do this for a limited time.

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, 2009, 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, 2009, 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 the business that Tiomin acquired in September 2008, or less than 365 days prior to March 31, 2009. Tiomin's subsidiaries: Tiomin China Limited (TCL); Alliance Pacific Resources Corp. (APR); and Xinjiang Resources Corporation (XPR); 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.

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 period beginning on January 1, 2009 and ended on March 31, 2009 there were no changes in Tiomin's ICFR that has materially affected, or is reasonably likely to materially affect Tiomin's ICFR. The most recent changes were implemented in the three months ended December 31, 2008. As previously reported, 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. Detailed reviews of account reconciliations and related processes at March 31, 2009 indicated complete and accurate record keeping with no changes, nor material weaknesses in Tiomin's ICFR. This was done 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 period end, March 31, 2009. 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) provided 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 three month period end date, March 31, 2009 and that the ICFR were operating effectively during the period 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 was 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.

During the quarter ended March 31, 2009, the Company has not quantified the effects of the differences between Canadian GAAP and IFRS, but has established that there will be differences related to stock-based compensation, and long term liabilities. The Company notes that its subsidiary Tiomin Kenya Limited currently prepares additional financial statements for Kenya statutory reporting purposes in accordance with IFRS. The Company will continue to assess the impact and will provide more detail during the next quarter ending June 30, 2009.

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 March 31, 2009, the Company had issued and outstanding 480,813,803 common shares (December 31, 2008 – 476,613,803) and 627,770,392 issued on a fully diluted basis (December 31, 2008 – 624,763,088). Included in the fully diluted number are 103,385,285 warrants (December 31, 2008 – 103,385,285), 43,571,304 stock options (December 31, 2008 – 44,764,000) and which, if exercised in their entirety, would contribute a further \$60.3 million to the Company in the future. The closing stock price at March 31, 2009 was \$0.03, which represented a \$14.4 million market capitalization.

During the three months ended March 31, 2009, 1,000,000 stock options were granted at \$0.025. During the quarter 2,192,696 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.

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.