

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 September 30, 2009

This Management's Discussion and Analysis ('MD&A') relates to the financial condition and results of operations of Tiomin Resources Inc. ('Tiomin' or 'the Company') together with its subsidiaries as of November 6, 2009 and is intended to supplement and complement the Company's interim consolidated financial statements for the period ended September 30, 2009. This MD&A 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

- During the nine month period ended September 30, 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 cash position of \$0.4 million, short term deposits of \$12 million and working capital of \$13.6 million. In addition to its cash position, Tiomin now owns marketable securities valued at \$2.3 million on November 4, 2009.
- Tiomin invested \$1,424,375 in Kivu Gold Corporation, a related party, by 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.
- During April 2009, the Company received notice from Jaguar Financial Corporation ('Jaguar'), a dissident shareholder, 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. Jaguar subsequently issued a news release communicating that Jaguar would not proceed with its requisition for a special meeting of shareholders of Tiomin that it previously announced. 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. On Wednesday, July 22, 2009 Tiomin announced that Tiomin, its current board of directors, a former director, Freegold Ventures Limited and Kivu Gold Corp. ('Kivu') (collectively, the 'Respondents') entered into a settlement agreement (the 'Settlement Agreement') with Jaguar to settle the application. We at Tiomin are pleased to put this matter behind us. This settlement will allow management to focus its full attention on seeking an accretive transaction while realizing returns on Tiomin's current projects and investments.
- On Tuesday, September 8, 2009 the Company announced that it had reached an agreement with Freegold Ventures Limited ('Freegold') (TSX: ITF) to increase its equity interest to 19.99% in Freegold, a promising gold exploration company with properties in Alaska, by converting approximately 66% of the US\$2,329,000 bridge loan, including accrued interest and fees, owed by Freegold to Tiomin into 16,714,773 common shares of Freegold. In addition on October 1, 2009, Freegold has transferred to Tiomin 1,000,000 of the 5,000,000 million common shares of Western Standard Metals Limited ('Western Standard') (TSXV: WSM) Freegold received in exchange for Freegold's Almaden Gold Project in Idaho. Subsequent to the quarter ended September 30, 2009 the transaction was completed and Tiomin owns 17,324,773 common shares of Freegold, and is also owed approximately US\$783,000 or C\$854,973.68 of debt by Freegold, which is repayable over two years at 6% per annum.
- On Tuesday, October 27, 2009, Jinchuan terminated the Investment Agreement ('IA') to purchase 70% of Tiomin

Kenya Limited ('TKL') and the Kwale project. Jinchuan purports to have been dissatisfied with the final Disclosure Schedule. However, Tiomin effectively completed the list of material requirements to close the transaction. Cancellation of the transaction resulted in an other than temporary impairment to the Kwale project. As a result, Tiomin has written off all costs associated with the Kwale project and reversed related amounts owing to Jinchuan and the long term loan owing to the Canadian International Development Agency.

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.

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 ('GoK'), 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 negotiated, in July 2008, an arrangement by way of a Memorandum of Understanding with the Jinchuan and in August 2009 a definitive IA to finance, develop and operate the Kwale project through TKL. The IA was subsequently terminated by Jinchuan on October 28, 2009.

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; and a proposed arrangement in February 2009 to combine businesses with Cadiscor Resources Inc. Although the Cadiscor 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 nine months ended September 30, 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 investment 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).

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 1.2 billion pounds of copper and 287,000 ounces of gold and inferred resources are 776 million pounds and 209,000 ounces respectively.

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

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

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

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

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

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

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

Although the copper price has improved during the nine months ended September 30, 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 financial markets, exploration activities will be minimal, if at all, during 2009.

Kwale

As mentioned above, Jinchuan cancelled the IA that would have given Jinchuan a 70% equity interest in Tiomin Kenya Limited. The project has suffered an other than temporary impairment due to the cancellation and the Company has adjusted the carrying value of the Kwale assets accordingly.

Investments

Radiant Resources Inc. (renamed Tiomin China Limited)

On July 31, 2007, the Company acquired by way of a 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. Tiomin received 0.917082 common shares of Radiant per share held of Alliance 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, Radiant's joint venture company in China. At June 30, 2009 the Company was unable to find an investor willing to purchase the Company's share and has discontinued operations in China.

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 acquired 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 has been accounting for the Kivu Investment retroactively under the equity method, which will result in equity losses being realized from February 14, 2008. During the nine months ended September 30, 2009, \$395,000 was recorded as equity losses and Tiomin has also recognized an unrealized loss in the amount of \$130,462 being recorded in comprehensive income (loss) due to the change in the market value.

Freegold Short term loan

On August 22, 2008, the Company announced that it would provide a bridge loan of US\$2 million to Freegold (TSX: ITF, OTCBB: FGOVF, Frankfurt: FR4), a company in which the President and CEO was a director. The President and CEO resigned as a director of Freegold in January 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 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 valid 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. In consideration Freegold issued Tiomin an additional 250,000 common shares and repriced the 350,000 warrants to \$0.30 each.

On February 24, 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. A further extension was granted until August 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 received extension fees consisting of 360,000 common shares of Freegold, 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 then reached an agreement with its senior bridge loan lender and Tiomin for a further restructuring that provided an additional US\$200,000 of funding to Freegold, which was provided by the senior lender.

This restructuring also suspended 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 was due on March 31, 2009. Under the revised documents, these interest and extension fee payments were 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 were due to the senior bridge lender and Tiomin on July 15, 2009 was US\$2.78 million and US\$2.25 million, respectively. As consideration for the above, the senior bridge loan lender also received 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.

At March 31, 2009 and June 30, 2009 due to Freegold's inability to repay the Company on January 15, 2009 and the subsequent extensions to the loan, the Company determined that the loan was impaired and did not recognize any interest, extension fees or commissions paid with Freegold common shares, and would only do so if and when the loan was repaid.

At the quarter ended March 31, 2009, the Company recognized 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. At June 30, 2009 no further adjustment was made.

On September 8, 2009 the Company announced that it had reached an agreement with Freegold subject to regulatory approval to acquire a 19.99% equity interest in Freegold, by increasing its ownership, by converting approximately 66% of the US\$2,329,000 or C\$2,543,303.21 bridge loan at August 31, 2009, including accrued interest and fees, owed by Freegold to Tiomin into 16,714,773 common shares of Freegold converted at \$0.09 per common share to hold a total of 17,324,773 common shares.

In addition, Freegold also agreed to transfer to Tiomin 1,000,000 of the 5,000,000 million common shares of Western Standard Metals Limited ('Western Standard') (TSXV: WSM) to be received by Freegold at a deemed price of \$0.184 per common share in exchange for Freegold's Almaden Gold Project in Idaho. Western Standard will also assume the approximate US\$3million of debt owed by Freegold to the senior bridge lender, relieving Freegold of this debt obligation. The Company has also agreed to cancel all the warrants currently held in order to get the maximum number of shares permitted.

The remaining debt of approximately US\$783,000 or C\$854,973.63 at August 31, 2009 owed by Freegold will be repayable over a two year term and will bear an annual interest rate of 6%. The debt will be held in Canadian dollars and no longer in US dollars. Tiomin will continue to be secured under the existing security agreements. The Company will have collateral, being a first priority pledge of the shares in Freegold's remaining 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).

At September 30, 2009, the Company reassessed the impairment previously provided for and decided that in view on the transaction completed on October 1, 2009 that the loan was no longer impaired and thus reversed the \$227,000 recognized at March 31, 2009.

Summary of Quarterly Results

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

	Sep-30 2009	Jun-30 2009	Mar-31 2009	Dec-31 2008	Sep-30 2008	Jun-30 2008	Mar-31 2008	Dec-31 2007
Loss before interest, equity loss and amortization	32,863	2,029	1,524	6,573	1,078	1,034	1,078	923
Loss before income tax	31,331	2,231	1,647	6,538	959	1,045	973	684
Loss per share	0.00	0.00	0.00	0.02	0.00	0.00	0.00	0.00
Total assets	23,659	56,272	58,400	60,873	67,923	64,622	66,250	68,184
Compensation expense relating to stock options	131	-	-	-	-	(55)	(55)	110
Working capital	13,572	15,005	17,034	19,964	21,597	24,398	26,213	29,135
Mineral properties	3,811	9,680	9,680	9,680	11,812	9,680	8,779	8,779
Deferred exploration and development	2,868	27,046	27,046	27,046	29,739	27,046	27,046	27,063
Share Capital:								
Outstanding (000's)	482,264	480,814	480,814	476,614	474,264	445,365	445,365	445,365
Warrants (000's)	103,294	103,294	103,385	103,385	107,642	98,438	98,438	98,438
Options (000's)	43,151	39,770	43,571	44,764	40,444	40,444	34,675	35,995

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 September 30, 2009 was \$31,331,000 (\$0.07 per share) compared to \$959,000 (\$0.00 per share) for the same period in 2008. For the nine months ended September 30, 2009 the loss from operations was \$35,209,000 (\$0.07 per share) and \$2,977,000 (\$0.00 per share) for the same period in 2008.

During the nine months ended September 30, 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.

Kwale Project write-offs

The Company incurred Kwale project expenses in Kenya in the third quarter of \$180,000 compared to \$240,000 in the same quarter last year. For the nine months ended September 30, 2009 the Company incurred \$627,000 compared to \$893,000 for the same period in 2008. 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. It should be noted that Jinchuan have been covering most of the Kwale costs since November 2008.

Salaries and other compensation

Salaries and other compensation expenses for the three and nine months ended September 30, 2009 were \$350,000 and \$944,000 compared to \$324,000 and \$1,156,000 for the same period in 2008. It is not expected that additional staff will be employed during 2009 and salaries and other compensation should remain constant for the remainder of the year.

Severance costs

Severance costs for the three and nine months ended September 30, 2009 were \$129,000. For the three and nine months ended September 30, 2008 severance costs were \$Nil and \$171,000. These costs related mainly to staff retrenched at Tiomin Kenya Limited, a wholly owned subsidiary of Tiomin.

Stock based compensation

Stock based compensation expense for the three and nine months ended September 30, 2009 were \$131,000 and \$106,000 compared to \$Nil and (\$110,000) for the same period in 2008.

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.

Mineral properties written off

During the quarter ended September 30, 2009 and 2008 mineral properties written off was \$5,869,000 and \$nil compared to \$5,869,000 and \$nil for the nine months ended September 30, 2009 and 2008, respectively. These amounts relate to the Tanzanian property, which the Company decided to abandon, and the other than temporary impairment of TKL as a result of the cancelled IA with Jinchuan.

Deferred exploration written off

During the quarter ended September 30, 2009 and 2008 deferred exploration written off was \$24,178,000 and \$nil compared to \$24,178,000 and \$nil for the nine months ended September 30, 2009 and 2008, respectively. These amounts relate to the Tanzanian property, which the Company decided to abandon, and the other than temporary impairment of TKL as a result of the cancelled IA with Jinchuan.

Bad debts expense

During the quarter ended September 30, 2009 and 2008 bad debts expense totaled \$394,000 and \$nil compared to \$394,000 and \$nil for the nine months ended September 30, 2009 and 2008, respectively. This amount relates to the Value Added Tax ('VAT') receivable from the Kenyan Revenue Agency that is not expected to be collected if no zero-rated future product shipments will occur as a result of the cancelled IA with Jinchuan.

Office costs

Office costs for the three and nine months ended September 30, 2009 were \$62,000 and \$175,000 compared to \$62,000 and \$186,000 for the same period in 2008.

Foreign exchange loss

Foreign exchange losses (gains) were \$150,000 and \$274,000 for three and nine months ended September 30, 2009 compared to \$86,000 and \$45,000 for the same period in 2008. 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 September 30, 2009 the Company holds its cash and cash equivalents in Canadian dollars, United States dollars and Kenyan shillings, representing the near term operating costs to be incurred in Kenya.

Travel

Travel expenses have decreased over the nine months ended September 30, 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 September 30, 2009 and 2008 respectively, amounts totaling \$61,000 and \$69,000 were expensed respectively and for the nine months ended September 30, 2009 and 2008 respectively, amounts totaling \$127,000 and \$188,000 were expensed respectively.

Shareholders' information

For the quarter ended September 30, 2009 and 2008, amounts totaling \$10,000 and \$19,000 were respectively expensed and \$99,000 and \$74,000 for the nine months ended September 30, 2009 and 2008 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 expensed for the quarter ended September 30, 2009 totaled \$777,000 compared to \$231,000 for the same period in 2008. For the nine months ended September 30, 2009 and 2008 amounts totaling \$2,550,000 and \$490,000 were respectively expensed. The Company continues to use external advisors for legal, accounting and tax matters and will continue to do so during 2009. During the nine months ended September 30, 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, Jaguar Financial Corporation ('Jaguar'). As at September 30, 2009, the costs of settling the litigation with Jaguar, including related professional and other fees totalled \$1,150,000. Details of the settlement can be seen at the Jaguar settlement note below. The Company also wrote off prepaid share issuance costs as a result of the cancelled IA with Jinchuan. These costs included legal fees of \$387,000 and consulting fees of \$110,000.

Charge on loan impairment

Impairment on loan expense for the three and nine months ended September 30, 2009 and 2008 were (\$227,000) (2008-\$Nil) and \$Nil (2008-\$Nil). These amounts relate to a write down provision on the Freegold Ventures Limited short term loan, which was expected to be repaid in January 2009. This amount was charged in the first quarter of the year and subsequently reversed as at September 30, 2009.

General exploration and write-off

General exploration expense for the three and nine months ended September 30, 2009 and 2008 were \$Nil and \$33,000 and \$101,000 and \$105,000 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

Leasehold expenses were \$2,000 and \$2,000 and \$11,000 and \$5,000 for the three and nine month periods ended September 30, 2009 and 2008 respectively. 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 83 years.

Long-term lease prepayment and land written off

During the quarter ended September 30, 2009 and 2008 long-term lease prepayment and land written off was \$797,000 and \$nil compared to \$797,000 and \$nil for the nine months ended September 30, 2009 and 2008, respectively. This amount includes long-term lease prepayment of \$781,000 and land of \$16,000 written off as part of the other than temporary impairment of TKL due to the cancelled IA with Jinchuan.

Interest income and other income

Interest income and other income received for the quarter ended September 30, 2009 and 2008 were \$442,000 and \$299,000 respectively and \$513,000 and \$706,000 for the nine months ended September 30, 2009 and 2008 respectively. The amount received during the nine months ended September 30, 2009 was mainly attributable to the interest accrued from the Freegold loan whilst in 2008 it was mainly received 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.

Miscellaneous Income

During the quarter ended September 30, 2009 and 2008 miscellaneous income was \$849,000 and \$nil compared to \$849,000 and \$nil for the nine months ended September 30, 2009 and 2008, respectively. Jinchuan advanced \$849,000 to TKL as part of the negotiations to acquire 70% of Tiomin. However, since the transaction was not completed, Jinchuan will not be repaid according to the IA. Consequently, this amount has been reversed out of TKL, thus reducing the amounts owing to related parties to nil and has been charged to miscellaneous income.

Long-term liabilities forgiven

During the quarter ended September 30, 2009 and 2008 long-term liabilities forgiven was \$386,000 and \$nil compared to \$386,000 and \$nil for the nine months ended September 30, 2009 and 2008, respectively. This amount relates to the loan extended by the Canadian International Development Agency for the Kwale project. The proceeds of the loan were to be used to offset the cost of certain environmental work incorporated in the Kwale feasibility study. 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. As a result of cancelled IA with Jinchuan, the probability of constructing the Kenyan project and bringing it into production is almost zero and the loan has thus been reversed.

Equity loss of associated company

Equity loss for the three months ended September 30, 2009 was \$98,000 compared to \$113,000 for the same period in 2008 and \$395,000 and \$282,000 for the nine months ended September 30, 2009 and 2008 respectively. This loss relates to the 33.4% interest the Company has in Kivu. In 2008, the interest in Kivu amounted to 16.9%.

Interest

Interest charges for the three and nine months ended September 30, 2009 and 2008 were \$Nil (2008-\$2,000) and \$3,000 (2008-\$5,000) 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

Amortization charges for the three and nine months ended September 30, 2009 and 2008 were \$47,000 (2008-\$65,000) and \$143,000 (2008-\$206,000) respectively. During the nine months ended September 30, 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	Nine months: September 30, 2009	Six months: June 30, 2009	Three months: March 31, 2009	Fiscal Year 2008
Cash and cash equivalents, end of the period	367	13,834	15,295	19,300
Working capital, end of the period	13,572	15,005	17,034	19,964
Cash provided by (used in) operating activities	(1,469)	(1,430)	(2,582)	(5,014)
Cash provided by (used in) investing activities	(12,000)	-	(1,426)	(5,130)
Cash provided by (used in) financing activities	(10)	(9)	(7)	(76)

At September 30, 2009 the Company had a working capital surplus of \$13,572,000 compared to \$19,964,000 at December 31, 2008. For the quarter ended September 30, 2009, Tiomin used cash of \$13,467,000 and \$17,139,000 for the same period in 2008. For the nine months ended September 30, 2009, the Company used cash of \$18,933,000 and \$22,838,000 for the same period in 2008.

Operating Activities

Cash flow used in operating activities during the nine months ended September 30, 2009 was \$5,481,000 compared to \$6,205,000 provided by operating activities during the same period in 2008. Cash decreased during the nine months ended September 30, 2009 from operating activities, primarily from a decrease in accounts payable of \$1,729,000 (2008 – \$1,713,000) and a decrease in receivables of \$1,397,000 (2008 – (\$1,723,000)).

Investing Activities

Cash flow used in investing activities during the nine months ended September 30, 2009 was \$13,426,000 compared to \$16,576,000 during the same period in 2008. Cash decreased mainly as a result of an investment into Kivu Gold Corp totaling \$1,424,000 as discussed above and an investment in a short term GIC that will mature in March 2010 of \$12,000,000. During the nine months ended September 30, 2009 the Company invested in fixed assets totaling \$2,000.

Financing Activities

Cash flow used in financing activities during the nine months ended September 30, 2009 was \$26,000 compared to \$57,000 during the same period during 2008. During the nine months ended September 30, 2008 the Company did not issue any shares for cash, but issued 4,200,000 common shares as bonuses accrued for in 2008 and 1,450,000 in 2009.

Commitments and Contractual Obligations

The Company, through its subsidiary TKL has entered into capital lease agreements for various vehicles and equipment. An amount of approximately \$10,000, which includes interest, is payable until December 2009. In addition, TKL has leased office premises for five years for approximately 90,000 Kenyan Shillings per month. At September 30, 2009 the Company owes 900,000 Kenyan shillings or \$12,955 using the closing exchange rate of 69.4709 Kenyan shillings for one Canadian dollar.

At September 30, 2009, an amount of \$10,000 (December 31, 2008 - \$36,000) is owed excluding interest of \$Nil (December 31, 2008 - \$2,000) on the capital lease obligation. The long-term debt of \$386,000 that was owing to the Canadian International Development Agency grant (as described in note 7 to the consolidated financial statements) is no longer repayable. The Company was only required to repay this amount if the Company earns in excess of \$5.0 million from the Kwale project. However, since the probability of constructing the Kenyan project and bringing it into production is almost zero, the loan has been reversed.

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 September 30, 2009 an amount of approximately \$80,000 (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 September 30, 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 33.4% 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, for office space, and at September 30, 2009 an amount of \$3,750 was charged to Kivu. Additional amounts totaling \$22,925 were charged to Kivu for expenses incurred by Kivu and JC Potvin. At September 30, 2009 Kivu owed the Company \$3,687, which was subsequently repaid to Tiomin. No other 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 September 30, 2009 an amount of \$3,750 was charged to Rukwa. No services are provided and charged for by the Company. At September 30, 2009 the Company is owed \$1,342 by Rukwa, which was repaid in July. This transaction has been recorded at the exchange amount.
- c) Jinchuan owns approximately 18.5% of Tiomin and has board representation. Jinchuan advanced \$849,000 (December 2008 - \$264,000) to TKL as part of the negotiations to acquire 70% of Tiomin. However, since the sale transaction was not completed, Jinchuan will not be repaid according to the IA. Consequently, this amount has been reversed out of TKL, thus reducing the amounts owing to related parties to nil.

Write-down of Tiomin Kenya Limited.

As mentioned above, Tiomin and Jinchuan entered into a 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 Project. Jinchuan's investment entitled it to a 70% interest in TKL and through its shareholding, the project.

Under the terms of the MoU, Jinchuan would have provided or arranged 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 would have been used to repay the outstanding loans provided by Jinchuan. Thereafter net free cash flow would have been distributed pro-rata to the shareholders of TKL. Jinchuan would have been responsible for the construction, development and management of Kwale and the management of TKL.

On August 31, 2009 the Company announced that it has taken a significant step forward and signed an Investment Agreement ('IA') with Jinchuan. The IA concluded, and had the same terms as, the transaction described in the July 28, 2008 MOU whereby Jinchuan financed, developed and operated Kwale. The transaction was expected to close on October 29, 2009.

For closing to take place, certain conditions had to be met, including a formal valuation of Tiomin's interest in TKL (completed), regulatory approval (obtained), 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 (obtained), the completion of items by the Government of Kenya, which includes a comfort letter to Jinchuan supporting the transaction (obtained) and Tiomin shareholders' approval (obtained).

On October 27, 2009, two days before the shareholders of the Company were to vote on the proposed transaction, Jinchuan terminated the IA, which has resulted in an other than temporary impairment to the Kwale project. Jinchuan has not

informed Tiomin of its specific concerns. The Company has written off all the costs associated with the Kwale project as below and reversed related party amounts owing to Jinchuan and the long term loan owing to the Canadian International Development Agency.

Mineral Properties	\$ 5,828,000
Deferred Exploration	\$23,986,000
Leasehold properties	\$ 781,000
Land	\$ 16,000
Value added tax	\$ 394,000
Prepaid share issuance costs	\$ 497,000
Jinchuan payable	(\$ 849,000)
CIDA loan	(\$ 386,000)
Total	\$30,267,000

Settlement Agreement with Jaguar Financial Corporation

On July 22, 2009 Tiomin announced that its current board of directors, a former director, Freegold Ventures Limited and Kivu Gold Corp. ('Kivu') (collectively, the 'Respondents') entered into a settlement agreement (the 'Settlement Agreement') with Jaguar Financial Corporation ('Jaguar') to settle Jaguar's previously announced application to commence a derivative legal action against the Respondents.

The terms of the Settlement Agreement provide, among other things, that:

- The Settlement Agreement is not an admission of liability on the part of the Respondents.
- For a two year period, Jaguar and its associates will not (i) commence any action or proceeding against Tiomin and/or its officers and directors, in their capacity as officers and/or directors of Tiomin, (ii) take any action to remove or replace any of the current or future directors of Tiomin, (iii) 'solicit' any 'proxies' (as such terms are defined in National Instrument 51-102), or (iv) take any action for the purpose of convening a shareholders' meeting of Tiomin.
- For a one year period, any Tiomin shares owned directly or indirectly by Jaguar and its associated companies will be voted in accordance with the direction of Tiomin's management, other than in the context of (i) any related party transaction (as such term is defined under Multilateral Instrument 61-101), (ii) any transaction in which any Tiomin director owns greater than 5% of the issued shares of a counterparty to the proposed transaction, or (iii) any proposed transaction in which a Tiomin director is concurrently a director of a counterparty to the proposed transaction.
- For a period of two years or unless and until Jaguar ceases to hold any shares of Tiomin, Tiomin shall not make any further investment in Kivu, whether directly or indirectly.
- The balance of the terms of the Settlement Agreement are confidential.

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 September 30, 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 September 30, 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 four 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 September 30, 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. Tiomin has subsequently abandoned the project in China and suspended all activity through XPR and effectively TCL, APR and XPR are now dormant. The scope limitation until May 31, 2009 was 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 ended December 31, 2008 and the quarter ended September 30, 2009

- (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 ended December 31, 2008 and at September 30, 2009.

Changes in ICFR:

During the period beginning on January 1, 2009 and ended on September 30, 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 was assigned the 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 September 30, 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, September 30, 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 nine month period end date, September 30, 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.

Recent Pronouncements and Accounting Changes

Tiomin's unaudited interim consolidated financial statements for the nine months ended September 30, 2009 were prepared following accounting policies consistent with the Company's audited annual consolidated financial statements and notes thereto for the year ended December 31, 2008, except for the following changes in accounting policies:

Goodwill and Intangible Assets

Effective January 1, 2009, the Company adopted the new recommendations of CICA Handbook Section 3064, *Goodwill and Intangible Assets*. This standard establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, *Revenues and Expenses during the Preoperating Period*. As a result of the withdrawal of EIC 27, the Company will no longer be able to defer costs and revenues incurred prior to commercial production at new mine operations. The adoption of this standard did not have an impact on the Company's consolidated financial statements.

Credit Risk

In January 2009, the CICA issued Emerging Issues Committee ('EIC') Abstract 173 - *Credit risk and the fair value of financial assets and liabilities ('EIC-173')*. EIC-173 provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC-173 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year ending December 31, 2009, with retroactive application. The adoption of EIC-173 had no impact on the Company's consolidated financial statements.

Mining Exploration Costs

In March 2009, the CICA issued EIC Abstract 174 – *Mining Exploration Costs ('EIC-174')* which supercedes EIC Abstract 126 – *Accounting by Mining Enterprises for Exploration Costs ('EIC-126')*, to provide additional guidance for mining exploration enterprises on the accounting for capitalization of exploration costs and when an impairment test of these costs is required. EIC-174 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year ending December 31, 2009, with retroactive application. The adoption of EIC-174 did not result in a material 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.

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 nine months ended September 30, 2009, the Company has not quantified the effects of the differences between Canadian GAAP and IFRS, but through the scoping study whereby it has reviewed the balance sheet and income statement of the Company as at September 30, 2009 and has established that there will probably be differences although not material related to how the Company currently accounts for certain categories as listed below. The Company notes that its subsidiary Tiomin Kenya Limited currently prepares additional financial statements for Kenya statutory reporting purposes in accordance with IFRS.

At September 30, 2009 there may be differences with regards to the following:

	GAAP	IAS	Materiality
Property Plant and Equipment	3061	IAS16	Do not expect material changes
Related party disclosure	3840	IAS24	Do not expect material changes
Investment in associates	3051	IAS28	Do not expect material changes
Share based payments	3870	IFRS2	May be material on granting of future options
Income taxes	3465	IAS12	There may be significant deferred tax adjustments related to the impairment or 'fair value' of intercompany debt within Tiomin Resources Inc. and Tiomin Minerals Limited. However, if the impairment should be booked according to both C-GAAP and IFRS there is likely no material change to due to the Accounting Policy, but rather as a result of the Jinchuan transaction as described above.

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 November 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 October 1, 2008 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

	<u>As at September 30,</u> <u>2009</u>
Issued and outstanding common shares	482,263,803
Stock options	43,151,380
Warrants	103,293,581
Fully-diluted	<u>628,708,764</u>

As at September 30, 2009, the Company had issued and outstanding 482,263,803 common shares (December 31, 2008 – 476,613,803) and 628,708,764 issued on a fully diluted basis (December 31, 2008 – 624,763,088). Included in the fully diluted number are 103,293,581 warrants (December 31, 2008 – 103,385,285), 43,151,380 stock options (December 31, 2008 – 44,764,000) and which, if exercised in their entirety, would contribute a further \$58.4 million to the Company in the future. The closing stock price at September 30, 2009 was \$0.04, which represented a \$19.3 million market capitalization.

During the nine months ended September 30, 2009, 1,000,000 stock options were granted at \$0.025 and 8,391,576 at \$0.035. During the nine months ended September 30, 2009, 11,004,196 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.