

TINTINAGOLD RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

SECOND QUARTER 2011

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

MARCH 31, 2011

(UNAUDITED – PREPARED BY MANAGEMENT)

TINTINAGOLD RESOURCES INC.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

May 5, 2011

TINTINAGOLD RESOURCES INC.**CONSOLIDATED BALANCE SHEETS****AS AT MARCH 31, 2011 AND SEPTEMBER 30, 2010**(Expressed in Canadian Dollars)

	March 31, 2011	September 30, 2010
ASSETS		
Current		
Cash and cash equivalents	\$ 35,398,446	\$ 1,098,480
Amounts receivable	94,285	42,512
Amounts due from related party (Note 7)	83,250	55,500
Prepaid expenses and other assets	71,511	144,314
	<hr/> 35,647,492	<hr/> 1,340,806
Equipment (Note 4)	67,659	72,654
Resource properties (Note 5)	9,660,265	6,765,453
	<hr/> \$ 45,375,416	<hr/> \$ 8,178,913
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 922,366	\$ 247,069
Amounts due to related parties (Note 7)	—	57,501
Provision for asset retirement obligation (Note 6)	10,290	10,290
	<hr/> 932,656	<hr/> 314,860
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	57,914,240	20,146,834
Contributed surplus (Note 9)	3,853,374	2,514,343
Deficit	(17,324,854)	(14,797,124)
	<hr/> 44,442,760	<hr/> 7,864,053
	<hr/> \$ 45,375,416	<hr/> \$ 8,178,913

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

COMMITMENTS (Note 14)

SUBSEQUENT EVENT (Note 17)

Approved by the Board:

"Raj Chowdhry"

Director

"Gerald Booth"

Director

TINTINAGOLD RESOURCES INC.**CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT****FOR THE SIX MONTHS ENDED MARCH 31, 2011 AND 2010**

(Expressed in Canadian Dollars)

	Three months ended		Six months ended	
	2011	March 31, 2010	2011	March 31, 2010
EXPENSES				
Advertising and promotion	\$ 51,763	\$ 36,860	\$ 75,557	\$ 57,114
Amortization	13,321	10,536	20,465	20,198
Consulting fees	12,000	11,611	12,000	14,669
Directors fees	5,417	—	5,417	—
Exploration costs (refund)	—	(132,605)	—	(116,587)
Foreign exchange loss	58,310	218,745	81,916	232,649
Information technology	5,307	7,512	16,925	27,629
Interest and bank charges	4,156	1,831	6,073	2,979
Insurance	24,906	22,570	50,219	45,710
Management fees (Note 7)	70,000	80,000	130,000	140,000
Office, administrative and miscellaneous	45,342	48,352	79,112	81,051
Performance bonuses (Note 7)	240,000	—	240,000	—
Professional fees	153,376	28,368	188,624	101,076
Regulatory and transfer agent fees	21,802	39,106	34,570	70,128
Rent	34,881	38,573	72,384	77,086
Salary and wages	45,372	49,479	97,340	116,815
Stock-based compensation	1,233,401	105,061	1,410,205	27,368
Telephone	5,446	5,192	10,121	9,039
Travel	21,430	25,404	38,591	33,830
	<u>2,046,230</u>	<u>596,595</u>	<u>2,569,519</u>	<u>940,754</u>
LOSS BEFORE OTHER ITEMS	(2,046,230)	(596,595)	(2,569,519)	(940,754)
OTHER ITEMS				
Other income (Note 7)	27,914	24,000	41,789	24,000
	<u>(2,018,316)</u>	<u>(572,595)</u>	<u>(2,527,730)</u>	<u>(916,754)</u>
LOSS BEFORE INCOME TAX	(2,018,316)	(572,595)	(2,527,730)	(916,754)
FUTURE INCOME TAX RECOVERY (Note 11)	—	—	—	—
	<u>(2,018,316)</u>	<u>(572,595)</u>	<u>(2,527,730)</u>	<u>(916,754)</u>
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(2,018,316)	(572,595)	(2,527,730)	(916,754)
DEFICIT, BEGINNING OF PERIOD	(15,306,538)	(12,583,335)	(14,797,124)	(12,239,176)
DEFICIT, END OF PERIOD	<u>\$(17,324,854)</u>	<u>\$(13,155,930)</u>	<u>\$(17,324,854)</u>	<u>\$(13,155,930)</u>
BASIC AND DILUTED LOSS PER SHARE	\$ 0.02	\$ 0.01	\$ 0.03	\$ 0.01
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	84,864,210	68,020,372	84,864,210	68,020,372

TINTINAGOLD RESOURCES INC.**CONSOLIDATED STATEMENTS OF CASH FLOWS****FOR THE SIX MONTHS ENDED MARCH 31, 2011 AND 2010**(Expressed in Canadian Dollars)

	Three months ended		Six months ended	
		March 31,		March 31,
	2011	2010	2011	2010
CASH FROM (USED IN):				
OPERATING ACTIVITIES				
Net loss for the period	\$ (2,018,316)	\$ (572,595)	\$ (2,527,730)	\$ (916,754)
Items not involving cash				
Amortization	13,321	10,536	20,465	20,198
Stock-based compensation	1,233,401	105,061	1,410,205	27,368
	(771,594)	(456,998)	(1,097,060)	(869,188)
Change in non-cash working capital items				
Amounts receivable	(46,892)	(14,326)	(51,773)	(7,962)
Due from related party	(13,875)	–	(27,750)	–
Prepaid expenses	51,265	21,953	72,803	31,527
Accounts payable and accrued liabilities	812,743	(104,725)	675,297	(65,756)
Due to related party	(57,501)	–	(57,501)	–
Cash used in operating activities	(25,854)	(554,096)	(485,984)	(911,379)
FINANCING ACTIVITIES				
Proceeds from issuance of shares, net	35,609,381	5,000,000	35,609,381	5,015,000
Proceeds from exercise of warrants	845,734	–	1,996,691	–
Proceeds from stock options exercised	90,160	–	90,160	–
Cash provided by financing activities	36,545,275	5,000,000	37,696,232	5,015,000
INVESTING ACTIVITIES				
Purchase of equipment	(5,390)	(24,451)	(15,470)	(56,284)
Resource property costs	(2,112,589)	(259,961)	(2,894,812)	(863,852)
Cash used in investing activities	(2,117,979)	(284,412)	(2,910,282)	(920,136)
INCREASE (DECREASE) IN CASH DURING THE YEAR				
	34,401,442	4,161,492	34,299,966	3,183,485
CASH, BEGINNING OF YEAR	997,004	762,774	1,098,480	1,740,781
CASH, END OF YEAR	\$ 35,398,446	\$ 4,924,266	\$ 35,398,446	\$ 4,924,266
NON-CASH INVESTING AND FINANCING ACTIVITIES:				
Mineral properties acquired by issuance of shares	\$ –	\$ –	\$ –	\$ –
SUPPLEMENTAL DISCLOSURES				
Interest paid	\$ 289	\$ 1,831	\$ 289	\$ 2,979
Income taxes paid	\$ –	\$ –	\$ –	\$ –

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED MARCH 31, 2011**

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

TintinaGold Resources Inc. (the "Company") was incorporated on July 30, 1998 under the laws of British Columbia as Global Sortweb.com Inc. ("Global"). On June 9, 2006, the Company changed its name from Global to Mantra Mining Inc. ("Mantra"). Prior to the name change, the Company was involved in developing internet services through its wholly-owned subsidiary. The Company changed its name on September 28, 2009 from Mantra to TintinaGold Resources Inc. to better reflect the Company's focus on the Tintina gold belt in Alaska, United States.

On December 15, 2006, the Company acquired a 100% wholly owned subsidiary company, Mantra Mining (India) Pvt. Ltd., located in Pune, India. On June 30, 2008 and August 14, 2008, the Company incorporated two separate companies in the state of Delaware, Mantra Alaska Mining, Inc. ("MAMI") and Mantra Alaska Exploration, Inc. ("MAEI") respectively in anticipation of acquiring interest in mineral claims in Alaska. On June 21, 2010, the Company changed the names of MAMI and MAEI to Tintina Alaska Mining, Inc. ("TAMI") and Tintina Alaska Exploration, Inc. ("TAEI") respectively. The results of operations of the incorporated subsidiaries have been included in these consolidated financial statements from the acquisition date.

On September 30, 2009 the Company's shareholders approved a plan of arrangement ("Arrangement") in which the Company transferred its interest in the Gnome Zinc Project and \$500,000 in cash to AsiaBaseMetals Inc. ("AsiaBaseMetals"), a wholly-owned subsidiary incorporated for the purpose of the Arrangement. The British Columbia Supreme Court granted final approval for the Arrangement on September 29, 2009. On October 8, 2009, the Company distributed to the shareholders all of the AsiaBaseMetals shares it received pursuant to the Arrangement.

The Company is in the process of exploring its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for resource properties and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition thereof.

For the six months ended March 31, 2011, the Company incurred a loss of \$2,527,730 (2010: \$916,754), and had an accumulated deficit of \$17,324,854 (2010: \$13,155,930) which has been funded primarily by the issuance of equity. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES**a) Presentation and consolidation**

These consolidated financial statements have been reported in Canadian dollars and are prepared in accordance with Canadian generally accepted accounting principles. The financial statements include the assets, liabilities, results of operations and cash flows of the Company and its wholly-owned subsidiaries, Mantra Mining (India) Pvt. Ltd.; TAMI; and TAEI. All significant inter-company balances and transactions have been eliminated.

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED MARCH 31, 2011**

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**b) Cash and cash equivalents**

The Company considers all highly liquid instruments with a maturity of three months or less at the time of purchase, or which are redeemable at the option of the Company to be cash equivalents.

c) Resource properties

All costs related to the acquisition, exploration and development of resource properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized to income using the unit of production method over estimated recoverable ore reserves. Management periodically assesses carrying values of non-producing properties and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that have lapsed, the unrecoverable amounts are expensed.

The recoverability of the carried amounts of resource properties is dependent on the existence of economically recoverable ore reserves and the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Company has not yet determined whether any of its resource properties contains economically recoverable reserves. Amounts capitalized as resource properties represent costs incurred to date, less write-downs and recoveries, and does not necessarily reflect present or future values.

When options are granted on resource properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

d) Long-lived assets

The Company monitors the recoverability of long-lived assets, based on factors such as current market value, future asset utilization, business climate and future undiscounted cash flows expected to result from the use of the related assets. The Company's policy is to record an impairment loss in the period when it is determined that the carrying amount of the assets may not be recoverable. The impairment loss is calculated as the amount by which the carrying amount of the assets exceeds the fair value of the asset.

e) Equipment

Equipment is stated at cost less accumulated amortization. Amortization is recorded over the estimated useful lives of the assets on the declining balance basis at the following annual rates:

Computer equipment	40%
Computer software	40%
Office equipment	14%
Office furniture and fixtures	18%

f) Asset retirement obligations

The Company follows the recommendations of the Canadian Institute of Chartered Accountants ("CICA"), Handbook Section 3110 *Asset Retirement Obligations*, which requires the estimated fair value of a liability for an asset retirement obligation be recognized when it can be reasonably estimated. This includes obligations related to future removal of property and equipment and site restoration costs. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Actual costs to retire resource properties are deducted from accrued liability as these costs are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Stock-based compensation

The Company has a stock option plan, which is described in Note 10. Stock options are recorded at their fair value over their vesting period as compensation expense. The Company recognizes stock-based compensation expense in accordance with CICA Section 3870, *Stock-Based Compensation and Other Stock-Based Payments*. When stock or stock options are issued to employees, compensation expense is recognized based on the fair value of the stock or stock options issued on the date of grant, over the vesting period of the stock or stock options. Stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable. The fair value of stock-based payments to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The cost of stock-based payments to non-employees that are fully vested and non-forfeitable at the grant date is measured and recognized at that date. On the exercise of stock options, share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Company uses the Black-Scholes option pricing model to estimate the fair value of stock-based compensation.

h) Foreign currency translation

Transactions and balances in currencies other than the Canadian dollar are translated using the temporal method. Accordingly revenue, expenses and non-monetary balances are translated at the rate of exchange prevailing at the transaction dates, and monetary balances are translated at the rate prevailing at the balance sheet date with resulting exchange gains and losses being included in the determination of income.

i) Loss per share

The Company uses the treasury stock method in computing loss per share. Under this method, basic earnings per share is computed by dividing earnings available to common shareholders by the weighted average number of common shares outstanding during the year.

For the six months ended March 31, 2011 and 2010, the existence of warrants and options affects the calculation of loss per share on a fully diluted basis. As the effect of this dilution is to reduce the reported loss per share, fully diluted loss per share information has not been shown.

j) Income taxes

The Company uses the asset and liability method for recording income taxes. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax liabilities or assets using the tax rates anticipated to apply in the periods that temporary differences are expected to reverse. A valuation allowance is recorded against any future tax asset if it is more likely than not that the asset will not be realized.

k) Flow-through shares

The Company has financed a portion of its exploration activities through the issuance of flow-through shares. Under the terms of the flow-through share agreements, the tax attributes of the related exploration expenditures are renounced to subscribers. To recognize the foregone tax benefits to the Company, the carrying value of the shares issued is reduced by the tax effect of the tax benefits renounced to subscribers.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Flow-through shares (continued)

The Company follows the recommendations of the CICA Emerging Issues Committee ("EIC") 146, *Flow-through shares*. The application of EIC-146 requires the recognition of the foregone tax benefit on the date the Company renounces the tax credits associated with the exploration expenditures, provided there is reasonable assurance that the expenditures will be made.

For the six months ended March 31, 2011 and 2010, the Company did not issue any flow-through shares.

l) Financial instruments

The Company's financial instruments consist of cash, amounts due from related party, accounts payable and amounts due to related parties. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments and that their fair values approximate their carrying values, unless otherwise noted.

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured on the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

The Company has classified its financial instruments as follows:

- i) Cash as held-for-trading and measured at fair value with changes in fair value recognized in net loss.
- ii) Amounts due from related party as loans and receivables and measured at amortized cost.
- iii) Accounts payable and amounts due to related parties are classified as other financial liabilities and measured at amortized cost.

m) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The more significant areas requiring the use of estimates include impairment of the resource properties, stock-based compensation and future income tax assets. Management bases its estimates on historical experience and on other assumptions considered to be reasonable under the circumstances. However, actual results may differ from the estimates.

3. CHANGES IN ACCOUNTING POLICY

Adopted accounting pronouncements

Financial instruments – disclosures – CICA 3862

During the year, the CICA amended Section 3862 to enhance fair value and liquidity disclosures. The standard now requires that all financial instruments measured at fair value be categorized into one of three hierarchy levels. Each level is based on the transparency of inputs to the valuation of the financial asset or liability as of the measurement date. Adoption of this standard did not have any material effect on the consolidated financial statements. The disclosures required by this amendment are disclosed in Note 16.

a) Recent accounting pronouncements

i) Business combinations

In January 2009, the CICA issued Section 1582, *Business Combinations*, which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method for business combination and related disclosures. The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 2011 with earlier adoption permitted. The Company is currently evaluating the impact of this standard on the consolidated financial statements.

ii) Consolidation and non-controlling interests

In January 2009, the CICA issued Section 1601, *Consolidated Financial Statements* and 1602, *Non-controlling Interests*, which replaces existing guidance. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards are effective on or after the beginning of the first annual reporting period on or after January 1, 2011 with earlier adoption permitted. The Company is currently evaluating the impact of this standard on the consolidated financial statements.

In August 2009, the AcSB issued amendments to Section 1625, *Comprehensive Revaluation of Assets and Liabilities*, for consistency with new Section 1582, *Business Combinations*. The amendments require that, when push-down accounting is used following the acquisition of an enterprise, the assets and liabilities are to be measured at the values used in accounting for the purchase transaction or transactions in accordance with Section 1582. The amendments also require that, when a future income tax asset that arose prior to the date of a comprehensive revaluation and that was not recognized in the comprehensive revaluation, is subsequently recognized, the benefit should be recognized in accordance with Section 1582 and Section 3465, *Income Taxes*.

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED MARCH 31, 2011**(Expressed in Canadian Dollars)

3. CHANGES IN ACCOUNTING POLICY (continued)**a) Recent accounting pronouncements (continued)****ii) Consolidation and non-controlling interests (continued)**

The amendments apply prospectively to comprehensive revaluations of assets and liabilities occurring in fiscal years beginning on or after January 1, 2011. Early adoption is permitted as of the beginning of a fiscal year. An entity adopting this Section for a fiscal year beginning before January 1, 2011 also adopts Section 1582.

In August 2009, the AcSB issued amendments to Section 3251, *Equity*, as a result of issuing Section 1602, *Non-controlling Interests*. The amendments require non-controlling interests to be recognized as a separate component of equity.

The amendments apply only to entities that have adopted Section 1602.

iii) International financial reporting standards

Under the pronouncement issued by the CICA Accounting Standards Board in February 2008, effective for its fiscal year commencing October 1, 2011, the Company will be required to prepare interim and annual financial statements under International Financial Reporting Standards ("IFRS") including restatement of amounts reported for comparative purposes. The conversion to IFRS will impact the Company's accounting policies, information technology and data systems, internal controls over financial reporting and disclosure controls and procedures. The transition will also impact business activities, such as foreign currency activities, certain contractual arrangements, capital requirements and compensation agreements.

The Company is currently executing its IFRS conversion plan which outlines the steps required to complete the transition to IFRS. As part of its transition process, the Company will continue to invest in training and resources to ensure a timely conversion.

4. EQUIPMENT

	Cost	Accumulated Amortization	March 31, 2011 Net Book Value	September 30, 2010 Net Book Value
Computer equipment	\$ 76,526	\$ 45,217	\$ 31,309	\$ 35,533
Computer software	63,984	32,863	31,121	31,370
Office equipment	3,704	872	2,832	3,376
Office furniture and fixtures	3,814	1,417	2,397	2,375
	\$ 148,028	\$ 80,369	\$ 67,659	\$ 72,654

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED MARCH 31, 2011**(Expressed in Canadian Dollars)

5. RESOURCE PROPERTIES

Expenditures for the six months ended March 31, 2011 and year ended September 30, 2010:

	September 30, 2010	Deferred Exploration Costs	March 31, 2011
	\$	\$	\$
Colorado Creek	2,694,441	42,621	2,737,062
Kugruk	3,593,348	251,509	3,844,857
Baird	221,487	88,902	310,389
Sheep Creek	256,177	2,511,780	2,767,957
Total	6,765,453	2,894,812	9,660,265

	September 30, 2009	Acquisition Costs	Deferred Exploration Costs	Mineral Property Write-Downs	September 30, 2010
	\$	\$	\$	\$	\$
Colorado Creek	2,115,578	-	578,863	-	2,694,441
Golden Lynx	1	-	(116,497)	116,496	-
Kugruk	405,670	-	3,187,678	-	3,593,348
Baird	134,564	-	86,923	-	221,487
Omilak	162,384	-	143,782	(306,166)	-
Sheep Creek	9,810	142,284	104,083	-	256,177
Total	2,828,007	142,284	3,984,832	(189,670)	6,765,453

Agreements with Affiliates of Rio Tinto and NovaGold

The Company entered into two separate agreements dated August 27, 2008 with affiliates of Rio Tinto PLC ("Rio Tinto") and NovaGold Resources Inc. ("NovaGold") to purchase a 100% interest in mineral claims comprising over 485,000 acres in Alaska. On March 6, 2009, the Company completed and closed the acquisition.

The initial closing of the acquisition was subject to a number of conditions including, but not limited to, the completion of satisfactory due diligence, concurrently with the initial closing, a private placement for gross proceeds of a minimum of \$3 million, the approval of the TSX.V and other necessary regulatory and stock exchange approvals.

The agreement with NovaGold entitling the Company to acquire an interest in five mineral properties in Alaska, United States as outlined below, was amended on November 27, 2008 to change the closing date from November 30, 2008 to December 31, 2008 and to allow for separate closings for the five mineral properties in Alaska. The five Alaska mineral properties comprise Colorado Creek, Kugruk, Tintina, Baird, and Omilak.

Pursuant to the amendment dated November 27, 2008, the Company agreed to acquire NovaGold's five Alaskan properties by issuing 3,125,000 common shares at a fair value of \$1,562,500 on the closing date. The Company closed the transaction to acquire the five mineral properties on March 6, 2009.

During the year ended September 30, 2010, the Company wrote-off acquisition and exploration costs of \$306,166 related to the Omilak property as management rescinded the land claim on October 9, 2010.

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED MARCH 31, 2011**

(Expressed in Canadian Dollars)

5. RESOURCE PROPERTIES (continued)

Following is a description of the Alaska properties:

a) Colorado Creek

The Company owns the mineral property rights on the Colorado Creek property, which comprises 26,880 acres in 273 State of Alaska mining claims. The 143 160-acre claims are 100% owned by the Company through its wholly-owned subsidiary TAMI. The remaining 125 40-acre claims, two 20-acre claims, one 15-acre claim, one 27-acre, and one 160-acre claim are owned through a mining lease agreement with a non-related company.

On February 11, 2009, the Company, through its wholly-owned subsidiary, was granted the exclusive lease to certain State of Alaska unpatented mining claims for an initial term of twenty-one years, which can be extended for the period not to exceed ninety-nine years in the aggregate. The lease includes a yearly work provision of \$200,000 (Note 14).

b) Kugruk

The Company owns the mineral property rights on the Kugruk property, which comprises 177,280 acres in 1,117 State of Alaska mining claims. The 1,113 claims are 100% owned by the Company through its wholly-owned subsidiary TAMI. The remaining four 160-acre claims are leased from a non-related party.

c) Baird

The Company owns the mineral property rights on the Baird property, which comprises of 58,640 acres in 371 Alaska state mining claims. The 311 claims are 100% owned by the Company through its wholly-owned subsidiary TAEI. The remaining 60 claims are subject to the earn-in agreement with a non-related party to acquire up to an initial 60% undivided interest in those mining claims. In order to keep the earn-in agreement in good standing and earn an initial 60% undivided interest, the Company is required to incur a minimum of \$250,000 of exploration costs annually until a total of \$2,500,000 of exploration costs has been expended on or prior to May 31, 2011. When the Company has incurred up to a total of \$2,500,000, the non-related party will decide either to participate in a joint venture with the Company, to hold the remaining 40% interest in the mining claims, or to receive 2% net smelter returns ("NSR"). If the non-related party decides to receive 2% NSR, the Company will immediately be deemed to have earned a 100% interest in the 60 claims. The Company may purchase one half of the 2% NSR for \$3,000,000, adjusted for changes in the consumer price index.

As of March 31, 2011, the remaining work commitment approximates \$1,455,000. Currently, the Company is in the process of renegotiating the terms of the agreement to extend the period.

Golden Lynx

On May 20, 2009, the Company completed the acquisition of a 55% interest in Golden Lynx LLC ("Golden Lynx") through the Company's wholly-owned subsidiary TAMI, and issued 4,200,000 common shares at a price of \$0.90 per share as consideration for the interest. Golden Lynx is currently the owner of 135 claims located in southwestern Alaska that comprises approximately 20,040 acres.

The Company accounted for the transaction as a purchase of assets and accordingly recorded the asset at the fair value of shares issued of \$3,780,000 plus the associated future income tax liability of \$2,625,766.

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED MARCH 31, 2011**

(Expressed in Canadian Dollars)

5. RESOURCE PROPERTIES (continued)**Golden Lynx (continued)**

The Company wrote off \$6,625,041 of its mineral property interest in Golden Lynx at September 30, 2009 as management rescinded the option to maintain its interest and wrote off the remaining balance during the year ended September 30, 2010. The Company received reimbursement of excess costs associated with reclamation work on the property from a related party (Note 7). The Company is not subject to further obligations or commitments as a result of this action.

Sheep Creek

On May 2, 2010, the Company, through its wholly-owned subsidiary TAEI, entered into mining lease agreements and a surface use agreement (collectively, the "Sheep Creek Agreements") with the owners of the Sheep Creek copper-cobalt property in central Montana, United States. The Sheep Creek property consists of approximately 4,714 acres of fee-simple lands in central Montana.

The Sheep Creek Agreements provide the Company, through its subsidiary, with exclusive use and occupancy of any part of the property that is necessary for exploration and mining activities for an initial term of 30 years, which can be extended by TintinaGold for additional periods of 10 years by giving prior notice within the time specified in the agreements. The Sheep Creek Agreements provide for surface lease payments and, prior to commercial production, advance minimum royalty payments to be paid to the lessors, in cash, and a NSR royalty of 5% after commencement of commercial production, if any. The Company has the right to buy down this royalty to 2% at any time after completion of a feasibility study by making payments to the lessors totalling US\$10,000,000.

The following is a schedule of payments due to the lessors during the initial term of 30 years:

Payments

(In US dollars)

\$	138,645	May 2, 2010, execution of agreement (Anniversary Date)
	138,645	On May 2, 2011
	138,645	On May 2, 2012
	227,311	On May 2, 2013
	315,957	On May 2, 2014
	429,602	On May 2, 2015
	10,310,448	\$429,602 annually on the sixth Anniversary Date to May 2, 2040

\$ 11,699,253 Total lease payments excluding buy down of NSR royalty of 5%

6. ASSET RETIREMENT OBLIGATION

The Company recorded asset retirement obligations in connection with estimated reclamation costs on its resource properties. During the year ended September 30, 2010, the Company estimated costs to reclaim resource properties of \$10,290 relating to its Colorado Creek property, to be settled by the end of next fiscal year. There are no other asset retirement obligations for the Company's other resource properties.

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED MARCH 31, 2011**(Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS AND BALANCES

During the six months ended March 31, 2011 and year ended September 30, 2010, the Company had the following related party transactions which were measured at the exchange amount, which is the amount agreed upon by the transacting parties and are on terms and conditions similar to non-related entities:

	Six months ended		Year ended	
	March 31,		September 30,	
	2011		2010	
Payments to related parties:				
Performance bonuses (a)	\$	240,000	\$	-
Management fees (b)		130,000		240,000
Accounting fees (b)		1,500		6,000
Service agreement fees (c)		5,041		119,857
	\$	376,541	\$	365,857
Services provided to related party:				
Rent income (d)	\$	12,000	\$	24,000
Administration income (d)		12,000		24,000
Geological services income (d)		3,750		7,500
	\$	27,750	\$	55,500

- a) Performance bonuses were paid to the Executive Chairman and the Executive Vice Chairman of the Company.
- b) Management fees and accounting fees were incurred and paid to the Executive Chairman and the Executive Vice Chairman of the Company.
- c) Service fees were incurred and paid to NovaGold under an arms-length market-based service agreement for exploration services, human resource and land management services. NovaGold is a related party having one director and two major shareholders in common with the Company.
- d) Rent, administration and geological fees were earned and receivable from AsiaBaseMetals for services rendered. AsiaBaseMetals is a related party having directors and a major shareholder in common with the Company. The amounts outstanding of \$83,250 are recorded as due from related party as at March 31, 2011 (September 30, 2010: \$55,500) and are non-interest bearing, unsecured and are due upon demand.
- e) The Company received reimbursement of excess costs associated with reclamation work in the Golden Lynx property from a major shareholder (Note 5). This was recorded as a refund of reclamation costs in the financial statements.

Amounts due to related parties are non-interest bearing, unsecured and are due upon demand.

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED MARCH 31, 2011**(Expressed in Canadian Dollars)

8. SHARE CAPITAL

Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

	Number of Shares	Amount \$
Issued and fully paid shares:		
Balance, September 30, 2009	68,662,558	15,138,834
Exercise of warrants	130,000	65,000
Private placement	12,500,000	5,000,000
Share issuance costs	-	(57,000)
Balance, September 30, 2010	81,292,558	20,146,834
Exercise of warrants	4,050,903	1,996,691
Stock option exercised	182,440	161,334
Private placement	56,299,213	35,750,000
Share issuance costs	-	(140,619)
Balance, March 31, 2011	141,825,114	57,914,240

On February 3, 2010, the Company closed a non-brokered private placement. The Company sold 12,500,000 units (the "Units") at a price of \$0.40 per Unit, for gross proceeds of \$5,000,000. Each Unit is comprised of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder on exercise, to purchase one additional common share of the Company at a price of \$0.65 per share for a period of four years from the date of issuance of the warrant. In relation to the private placement, the Company incurred share issuance costs of \$57,000, which is netted against share capital.

On March 28, 2011, the Company closed a non-brokered private placement. The Company sold 56,299,213 units (the "Units") at a price of \$0.635 per Unit, for gross proceeds of \$35,750,000. Each Unit is comprised of one common share of the Company. In relation to the private placement, the Company incurred share issuance costs of \$140,619, which is netted against share capital.

During the six months ended March 31, 2011, the Company received \$1,996,691 from warrant holders.

Warrants

The following table summarizes the continuity of the Company's warrants:

Exercise Price	Balance at September 30, 2010	Issued	Exercised	Balance at March 31, 2011	Expiry Date
\$0.65	12,500,000	-	-	12,500,000	February 2, 2014
\$0.49	14,448,339	-	(4,050,903)	10,397,436	May 20, 2012
	26,948,339	-	(4,050,903)	22,897,436	

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED MARCH 31, 2011**(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

Exercise Price	Balance at September 30, 2009	Issued	Exercised	Balance at September 30, 2010	Expiry Date
\$0.65	-	12,500,000	-	12,500,000	February 2, 2014
\$0.49	14,578,339	-	(130,000)	14,448,339	May 20, 2012
	14,578,339	12,500,000	(130,000)	26,948,339	

Pursuant to the Arrangement, on October 8, 2009, the number of common shares issuable upon exercise and the exercise price per share of each warrant was adjusted as follows:

- The exercise price per share of each Company warrant was reduced by the fair value of one AsiaBaseMetals share (the "adjusted exercise price").
- The total number of Company shares acquirable upon exercise of each Company warrant was increased to equal the product of the number of Company shares acquirable upon exercise immediately prior to the Arrangement, multiplied by a fraction, the numerator, which was the current exercise price of the Company warrant and, the denominator, which was the adjusted exercise price.

The warrants and exercise price have been retroactively restated to reflect the adjusted exercise price.

9. CONTRIBUTED SURPLUS

	March 31, 2011	September 30, 2010
Balance, beginning of period or year	\$ 2,514,343	\$ 1,766,765
Add: Stock-based compensation, net (Note 10)	1,339,031	747,578
Balance, end of period or year	\$ 3,853,374	\$ 2,514,343

10. STOCK OPTION PLAN AND STOCK BASED COMPENSATION

In 2005, the Company adopted a rolling stock option plan (the "Plan") to grant options to directors, senior officers, employees, independent contractors and consultants of the Company. The Plan reserves for issuance up to 10% of the issued and outstanding share capital of the Company from time to time, and provides that it is solely within the discretion of the Board or, if the Board so elects, by a committee consisting of not less than two of its members appointed by the Board, to determine who should receive options and in what amounts. Options granted under the Plan are for a term not to exceed 10 years from the date of their grant and are exercisable at a price not less than the discounted market price (which is the market price less a discount of 25% for a closing price of up to \$0.50, a discount of 20% for a closing price of \$0.51 to \$2.00, and a discount of 15% for a closing price above \$2.00, subject to a minimum of \$0.10).

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED MARCH 31, 2011**

(Expressed in Canadian Dollars)

10. STOCK OPTION PLAN AND STOCK BASED COMPENSATION (continued)

On September 30, 2009, the shareholders of the Company approved the implementation by the Company of a new stock option plan (the "New Plan") for the Company. The New Plan is a 10% rolling stock option plan and has the same basic terms as the Company's old Plan. The New Plan was updated to include certain additional features to conform to updated TSX.V policies. The Company obtained regulatory approval for the New Plan.

The Company uses the Black Scholes option valuation model to value stock options. The Black Scholes model estimates the fair value of stock options that have no vesting restrictions and are fully transferable.

The model requires management to make estimates which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

During the year ended September 30, 2010, the Company granted stock options under the Company's Stock Option Plan as follows:

- a) On April 8, 2010, to directors, officers, employees and consultants of the Company an aggregate of 2,170,000 stock options exercisable for a period of five years at a price of \$0.50 per share. The stock options will vest one-third on date of grant; one-third on April 8, 2011; and one-third on April 8, 2012.
- b) On May 3, 2010, 200,000 stock options to a director. The stock options will vest one-third on date of grant; one-third on May 3, 2011; and one-third on May 3, 2012. The stock options are exercisable for a period of five years, at a price of \$0.61 per share.
- c) On May 5, 2010, 50,000 stock options to a consultant. The stock options will vest one-third on date of grant; one-third on May 5, 2011; and one-third on May 5, 2012. The stock options are exercisable for a period of five years, at a price of \$0.60 per share.
- d) On June 23, 2010, 100,000 stock options to a director. The stock options will vest one-third on date of grant; one-third on June 23, 2011; and one-third on June 23, 2012. The stock options are exercisable for a period of five years, at a price of \$0.55 per share.

During the six months ended March 31, 2011, the Company granted stock options under the Company's Stock Option Plan as follows:

- a) On February 14, 2011, 3,100,000 stock options to directors, officers, employees and consultants. The stock options will vest one-third on date of grant; one-third on February 14, 2012; and one-third on February 14, 2013. The stock options are exercisable for a period of five years, at a price of \$0.90 per share.
- b) On February 25, 2011, 50,000 stock options to a consultant. The stock options will vest one-third on date of grant; one-third on February 25, 2012; and one-third on February 25, 2013. The stock options are exercisable for a period of five years, at a price of \$1.04 per share.

During the year ended September 30, 2009, the Company granted an aggregate of 2,920,000 stock options under the Company's old Plan to employees, officers, directors, and consultants. The options are exercisable for a period of five years, at prices ranging from \$0.50 per share to \$1.00 per share. Of the stock options granted, 1,550,000 fully vested on the grant date, and the remaining 1,370,000 stock options vest at a rate of one-third one year after the grant date, and one-third each year thereafter until the options are fully vested.

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED MARCH 31, 2011**(Expressed in Canadian Dollars)

10. STOCK OPTION PLAN AND STOCK BASED COMPENSATION (continued)

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, September 30, 2008	539,535	\$ 0.96
Expired	(200,000)	0.51
Granted	2,920,000	0.60
Balance, September 30, 2009	3,259,535	\$ 0.66
Expired	(555,429)	0.91
Granted	2,520,000	0.51
Balance, September 30, 2010	5,224,106	\$ 0.56
Granted	3,150,000	0.90
Exercised	(182,440)	0.50
Balance, March 31, 2011	8,191,666	\$ 0.72

Pursuant to the Arrangement, on October 8, 2009, the number of Company common shares issuable upon exercise and the exercise price per share of each stock option was adjusted as follows:

- a) The exercise price per share of each Company stock option was reduced by the fair value of one AsiaBaseMetals share (the "adjusted exercise price").
- b) The total number of Company shares acquirable upon exercise of each Company stock option was increased to equal the product of the number of Company shares acquirable upon exercise immediately prior to the Arrangement, multiplied by a fraction (x) the numerator which was the current exercise price of the Company stock option and (y) the denominator which was the adjusted exercise price.

The stock options and exercise price have been retroactively restated to reflect the adjusted exercise price.

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED MARCH 31, 2011**(Expressed in Canadian Dollars)

10. STOCK OPTION PLAN AND STOCK BASED COMPENSATION (continued)

The following table summarizes stock options outstanding and exercisable at March 31, 2011:

Exercise Price \$	Options Outstanding			Options Exercisable	
	Number of Shares	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price \$	Number Exercisable	Weighted Average Exercise Price \$
0.49	1,965,375	3.02	0.49	1,698,247	0.49
0.50	2,122,000	4.02	0.50	675,329	0.50
0.55	100,000	4.23	0.55	33,333	0.55
0.60	50,000	4.10	0.60	16,667	0.60
0.61	200,000	4.09	0.61	66,667	0.61
0.90	3,100,000	4.88	0.90	1,033,322	0.90
0.99	604,291	3.34	0.99	369,290	0.99
1.04	50,000	4.91	1.04	16,666	1.04
0.49 – 1.04	8,191,666	4.04	0.69	3,909,521	0.65

Stock options outstanding at March 31, 2011 will expire between March 9, 2014 and February 25, 2016.

The fair value of stock options outstanding during the six month period ended March 31, 2011 and granted during the year ended September 30, 2010, have been estimated using the Black Scholes model and have been recorded as an expense and included in contributed surplus. For purposes of the calculation, the following weighted average assumptions were used under the Black Scholes option pricing model:

	March 31, 2011	September 30, 2010
Risk free interest rate	2.31%	2.60%
Expected dividend yield	0%	0%
Expected stock price volatility	108%	110%
Expected life of options	4.04 years	4.01 years

The weighted average fair value of options granted during the year ended September 30, 2010 was \$0.42 (2009: \$0.55).

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED MARCH 31, 2011**(Expressed in Canadian Dollars)

11. INCOME TAXES

The Company and its subsidiary have losses carried forward of approximately \$4,958,000 to reduce income taxes in future years, expiring as follows:

2014	\$ 273,000
2015	200,000
2026	427,000
2027	561,000
2028	810,000
2029	1,206,000
2030	1,481,000

The Company also has certain allowances in respect of resource development and exploration costs, which, subject to certain restrictions, are available to be offset against future taxable income.

The Company has not recognized any future income tax assets. The Company has recorded a valuation allowance against its future income tax assets based on the extent to which it is more likely than not that sufficient taxable income will not be realized during the carryforward periods to utilize all future tax assets.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates at September 30, 2010 and 2009:

	2010	2009
Canadian statutory income tax rate	29.36%	30.25%
Income tax recovery at statutory rate	\$ 750,979	\$ 2,830,501
Effect of income taxes of:		
Permanent differences	(247,463)	(362,138)
Expiration of losses	(51,615)	-
Changes in tax rate	(38,019)	78,257
Valuation allowance	(413,882)	79,146
Future income tax recoverable	\$ -	\$ 2,625,766

The tax effects of temporary differences that give rise to significant portions of the future tax assets at September 30, 2010 and 2009 are presented below:

	2010	2009
Non-capital loss carry-forwards	\$ 1,276,568	\$ 930,272
Capital loss carry-forwards	224,361	224,361
Resource property	314,661	243,021
Share issuance costs	12,933	3,066
Capital assets and other	12,576	32,766
Valuation allowance	(1,841,099)	(1,433,486)
	\$ -	\$ -

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED MARCH 31, 2011**(Expressed in Canadian Dollars)

12. SEGMENT INFORMATION

The Company's operations are limited to a single industry segment being the acquisition, exploration and development of resource properties. The resource properties are located in the States of Alaska and Montana in the United States.

As at March 31, 2011

	Canada	United States	India	Total
Other Assets	\$ 34,874,346	\$ 796,257	\$ 44,548	\$ 35,715,151
Resource Properties	-	9,660,265	-	9,660,265
Total Assets	\$ 34,874,346	\$ 10,456,522	\$ 44,548	\$ 45,375,416

As at September 30, 2010

	Canada	United States	India	Total
Other Assets	\$ 722,105	\$ 659,055	\$ 32,300	\$ 1,413,460
Resource Properties	-	6,765,453	-	6,765,453
Total Assets	\$ 722,105	\$ 7,424,508	\$ 32,300	\$ 8,178,913

13. COMPARATIVE FIGURES

Certain figures presented for comparative purposes have been reclassified to conform to the current year's presentation. Such reclassification is for presentation purposes only and has no effect on previously reported results.

14. COMMITMENTS

As at March 31, 2011, the Company had the following commitments:

	2011	2012	2013	2014	Thereafter	Total
	\$	\$	\$	\$	\$	\$
(a) Lease	76,404	140,074	-	-	-	216,478
(b) Exploration (In US dollars)						
Colorado Creek	200,000	200,000	200,000	200,000	2,800,000	3,600,000
Baird	1,455,000	-	-	-	-	1,455,000
Sheep Creek	138,645	138,645	227,311	315,957	10,310,448	11,131,006
Total exploration	1,793,645	338,645	427,311	515,957	13,110,448	16,186,006

- a) On July 13, 2009, the Company entered into a sublease lease agreement for office premises at a rate of \$142,962 per annum for a six year term expiring on August 30, 2012. On January 5, 2010, the Company received a notice announcing an increase in the additional rent component of the lease. As a result, the adjusted lease rate is \$152,808 per annum for a term expiring on August 30, 2012.

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED MARCH 31, 2011**

(Expressed in Canadian Dollars)

14. COMMITMENTS (continued)

- b) The Company has commitments to incur exploration costs as disclosed in Note 5.
- c) The Company has entered into a Services Agreement with NovaGold on July 23, 2010, giving NovaGold acquisition rights to any proposed transactions involving the Company's Colorado Creek, Kugruk, Baird and Omilak properties in Alaska (a "proposed transaction"). The Company is required under the Services Agreement to provide written notice to NovaGold of its intention in selling or granting an interest in these resource properties. If notice of the proposed transaction is given to NovaGold on or before December 31, 2010, NovaGold will have a period of 45 days from the date of such notice is received to notify the Company whether it elects to enter into the proposed transaction. If NovaGold does not so elect, and the notice of the proposed transaction is given on or before December 31, 2010, TintinaGold or its subsidiary has 60 days to complete the proposed transaction with a third party on terms no less favourable than those offered to NovaGold. Where NovaGold does not elect to enter into a proposed transaction pursuant to a notice given after December 31, 2010, TintinaGold or its subsidiary is entitled to complete the proposed transaction with a third party at any time thereafter on such terms as TintinaGold or its subsidiary may determine.

15. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource properties. The Company does not have any externally imposed capital requirements to which it is subject to.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

The Company's investment policy is to invest its cash in investment instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations. The Company expects its current capital resources will be sufficient to carry its exploration plans and operations through its current operating year.

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK**a) Financial Instruments**

As at March 31, 2011, the Company's financial instruments include cash, amounts due from related party, accounts payable and amounts due to related parties. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments

b) Fair Value Measurements

CICA 3862 *Financial Instruments – Disclosures*, requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. CICA 3862 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. CICA 3862 prioritizes the inputs into six levels that may be used to measure fair value:

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED MARCH 31, 2011**

(Expressed in Canadian Dollars)

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)**b) Fair Value Measurements (continued)**Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The fair value of cash is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. As at March 31, 2011, the Company believes that the carrying values of amounts due from related party, accounts payable and amounts due to related parties approximate their fair values because of their nature and relatively short maturity dates or durations.

Assets measured at fair value on a recurring basis were presented on the Company's balance sheet as of March 31, 2011 as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1) \$	Significant Other Observable Inputs (Level 2) \$	Significant Unobservable Inputs (Level 3) \$	
Cash	35,398,446	-	-	35,398,446

c) Financial Risks**(i) Credit Risk**

The Company maintains a majority of its cash and cash equivalents with a major Canadian financial institution. The Company maintains the remainder of its cash and cash equivalents with major US and Indian financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits.

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

c) Financial Risks (continued)

(ii) Liquidity Risk

The Company manages liquidity risk by maintaining adequate cash and cash equivalents balances. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities.

(iii) Foreign Currency Risk

As the Company operates on an international basis, currency risk exposures arise from transactions and balances denominated in foreign currencies. The Company's foreign exchange risk arises primarily with respect to the US dollar and Indian rupees. A significant portion of the Company's cash and cash equivalents and accounts payable are denominated in US dollars. A significant portion of the Company's expenses are denominated in US dollars. Fluctuations in the exchange rates between these currencies and the Canadian dollar could have a material effect on the Company's business, financial condition and results of operations. The Company does not engage in any hedging activity.

(iii) Foreign Currency Risk (continued)

At March 31, 2011, the Company had cash and cash equivalents denominated in US dollars of \$4,721,398. The fair value of US dollar denominated cash will fluctuate according to changes in the spot exchange rate until they are settled in Canadian dollars. Fluctuations in the exchange rate by 5% can result in a foreign exchange gain or loss of approximately \$230,000 in the cash and cash equivalents balance.

(iv) Interest Rate Risk

The Company's cash and cash equivalents are subject to interest rate price risk. The Company's interest rate risk management policy is to purchase highly liquid investments with a term to maturity of one year or less on the date of purchase. The Company does not engage in any hedging activity.

(v) Commodity Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities.

17. SUBSEQUENT EVENT

There have been no subsequent events after March 31, 2011.