

TINTINAGOLD RESOURCES INC.
(FORMERLY MANTRA MINING INC.)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
SEPTEMBER 30, 2009 AND 2008



MANNING ELLIOTT
CHARTERED ACCOUNTANTS

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Auditors' Report

To the Shareholders of
TintinaGold Resources Inc.
(formerly Mantra Mining Inc.)

We have audited the consolidated balance sheets of TintinaGold Resources Inc. (formerly Mantra Mining Inc.) as at September 30, 2009 and 2008 and the consolidated statements of operations, comprehensive loss and deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2009 and 2008 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Manning Elliott LLP

Chartered Accountants

Vancouver, British Columbia

November 20, 2009

TINTINAGOLD RESOURCES INC.
CONSOLIDATED BALANCE SHEETS
AS AT SEPTEMBER 30, 2009 AND 2008

(Expressed in Canadian Dollars)

	2009	2008
ASSETS		
Current		
Cash	\$ 1,740,781	\$ 497,452
Amounts receivable	39,679	114,274
Prepaid expenses and other assets	113,604	462
	1,894,064	612,188
Equipment (Note 4)	71,357	49,081
Resource properties (Note 5)	2,828,007	96,120
	\$ 4,793,428	\$ 757,389
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 127,005	\$ 141,202
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	15,138,834	5,317,382
Contributed surplus (Note 7)	1,766,765	806,871
Deficit	(12,239,176)	(5,508,066)
	4,666,423	616,187
	\$ 4,793,428	\$ 757,389

NATURE OF CONTINUANCE OF OPERATIONS (Note 1)
SUBSEQUENT EVENTS (Note 16)
COMMITMENTS (Note 13)

Approved by the Board:

"Raj Chowdhry"
Director

"Jerry Minni"
Director

(The Accompanying Notes are an Integral Part of These Consolidated Financial Statements)

TINTINAGOLD RESOURCES INC.**CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT****FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008**(Expressed in Canadian Dollars)

	2009	2008
EXPENSES		
Advertising and promotion	\$ 97,267	\$ 63,208
Amortization	16,773	118
Consulting fees	50,990	169,211
Employee costs	78,014	–
Foreign exchange loss	178,880	–
Interest and bank charges	6,573	1,344
Insurance	28,992	–
Management fees (Note 9)	210,000	152,000
Office, administrative and miscellaneous	129,714	91,156
Professional fees	396,508	197,404
Regulatory and transfer agent fees	102,263	38,265
Rent	64,141	36,000
Stock based compensation	959,894	174,165
Telephone	13,707	7,373
Travel	53,856	67,209
	<u>2,387,572</u>	<u>997,453</u>
LOSS BEFORE OTHER ITEM	(2,387,572)	(997,453)
Write-off of mineral properties (Note 5)	(6,969,304)	(176,358)
LOSS BEFORE INCOME TAX	(9,356,876)	(1,173,811)
FUTURE INCOME TAX RECOVERY (Note 10)	2,625,766	–
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	(6,731,110)	(1,173,811)
DEFICIT, BEGINNING OF YEAR	(5,508,066)	(4,334,255)
DEFICIT, END OF YEAR	<u>\$(12,239,176)</u>	<u>\$ (5,508,066)</u>
BASIC AND DILUTED LOSS PER SHARE	<u>\$ (0.12)</u>	<u>\$ (0.03)</u>
WEIGHTED AVERAGE SHARES OUTSTANDING	<u>55,339,208</u>	<u>45,461,908</u>

(The Accompanying Notes are an Integral Part of These Consolidated Financial Statements)

TINTINAGOLD RESOURCES INC.**CONSOLIDATED STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008**(Expressed in Canadian Dollars)

	2009	2008
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the year	\$ (6,731,110)	\$ (1,173,811)
Items not involving cash:		
Amortization	16,773	118
Future income tax recovery	(2,625,766)	-
Write-off of mineral properties	6,969,304	176,358
Stock-based compensation	959,894	176,425
	<u>(1,410,905)</u>	<u>(820,910)</u>
Change in non-cash working capital items		
Amounts receivable	74,595	(88,024)
Advances receivable	-	13,614
Prepaid expenses	(113,142)	7,155
Accounts payable and accrued liabilities	(14,198)	39,163
	<u>(1,463,650)</u>	<u>(849,002)</u>
FINANCING ACTIVITIES		
Proceeds from share issuances, net	5,119,850	958,000
Spin-off of AsiaBaseMetals Inc. (Note 5)	(500,000)	-
	<u>4,619,850</u>	<u>958,000</u>
INVESTING ACTIVITIES		
Equipment	(39,049)	(49,199)
Resource property costs	(1,873,822)	(121,118)
	<u>(1,912,871)</u>	<u>(170,317)</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	1,243,329	(61,319)
CASH, BEGINNING OF YEAR	497,452	558,771
CASH, END OF YEAR	\$ 1,740,781	\$ 497,452
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Mineral properties acquired by issuance of shares	\$ 5,348,350	\$ -
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ 6,573	\$ -
Income taxes paid	\$ -	\$ -

(The Accompanying Notes are an Integral Part of These Consolidated Financial Statements)

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008**

(Expressed in Canadian Dollars)

1. NATURE OF CONTINUANCE OF OPERATIONS

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. ("TintinaGold") by a resolution of the directors 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. and Mantra Alaska Exploration, Inc. respectively in anticipation of acquiring interest in mineral claims in Alaska. The results of operations of the incorporated subsidiaries have been included in these consolidated financial statements from the acquisition date.

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 year ended September 30, 2009, the Company incurred a loss of \$6,731,110 (2008: \$1,173,811), and had an accumulated deficit of \$12,239,176 (2008: \$5,508,066) 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.; Mantra Alaska Mining, Inc.; and Mantra Alaska Exploration, Inc. All significant inter-company balances and transactions have been eliminated.

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008**

(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 issuance 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:

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

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. As at September 30, 2009, the Company has not recognized any asset retirement obligations in respect of its resource properties.

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008**

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**g) Stock-based compensation**

The Company has a stock option plan, which is described in Note 8. Stock options are recorded at their fair value over their vesting period as compensation expense, and agents' warrants issued in connection with common share placements are recorded at their fair value on the date of issue as share issuance costs. On the exercise of stock options and agents' warrants, 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 years ended September 30, 2009 and 2008, 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.

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.

The Company follows the recommendations of the Emerging Issues Committee ("EIC") of the CICA with respect to flow-through shares, as outlined in EIC-146. 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 years ended September 30, 2009 and 2008, the Company did not issue any flow-through shares.

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008**

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**l) Financial instruments**

The Company's financial instruments consist of cash, amounts receivable and accounts payable. 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 receivable as loans and receivables and measured at amortized cost
- iii) Accounts payable 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 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 benefits. 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.

n) Comprehensive Loss

Comprehensive loss is comprised of the sum of the net loss and other comprehensive income or loss which includes unrealized gains or losses from changes in the fair market value of available-for-sale investments, changes in the fair market value of derivative instruments designated as cash flow hedges and currency translation adjustments on self-sustaining foreign operations. The Company does not have any derivative instruments, self-sustaining foreign operations, or any financial instruments classified as available for sale.

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008**(Expressed in Canadian Dollars)

3. CHANGES IN ACCOUNTING POLICY

a) Adopted accounting pronouncements

General standards of financial statement presentation – CICA Section 1400

Effective October 1, 2008, the Company adopted CICA Handbook Section 1400, "General Standards of Financial Statement Presentation." The CICA accounting standards board amended Section 1400 to include requirements of management to assess and disclose an entity's ability to continue as a going concern. The adoption of this standard had no impact on the Company's financial statements.

b) 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) Consolidated financial statements

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 2011 with earlier adoption permitted. The Company is currently evaluating the impact of this standard on the consolidated financial statements.

iii) International financial reporting standards

In February 2008, the CICA Accounting Standards Board confirmed that public companies will be required to prepare interim and annual financial statements under International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. The Company is currently assessing the impact of adopting IFRS and has not yet determined its effect on its financial statements.

4. EQUIPMENT

	Cost	Accumulated Amortization	2009 Net Book Value	2008 Net Book Value
Computer equipment	\$ 48,586	\$ 12,287	\$ 36,299	\$ 26,042
Computer software	31,833	3,479	28,354	16,901
Office equipment	4,542	613	3,929	3,484
Office furniture and fixtures	3,288	513	2,775	2,654
	<u>\$ 88,249</u>	<u>\$ 16,892</u>	<u>\$ 71,357</u>	<u>\$ 49,081</u>

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008**(Expressed in Canadian Dollars)

5. RESOURCE PROPERTIES

Expenditures for the years ended September 30, 2009 and 2008

	2008	Acquisition costs	Deferred exploration costs	Total expenditures for the year	Mineral property write-downs	Gnome Zinc Project Spin-off	2009
	\$	\$	\$	\$	\$	\$	\$
Armstrong Brook	1	-	-	-	(1)	-	-
Gnome Zinc	96,119	8,850	41,779	50,629	-	(146,748)	-
Elkhorn Potash	-	-	-	-	-	-	-
Colorado Creek	-	750,000	1,365,578	2,115,578	-	-	2,115,578
Golden Lynx	-	6,405,766	219,276	6,625,042	(6,625,041)	-	1
Kugruk	-	270,000	135,670	405,670	-	-	405,670
Tintina	-	342,500	1,762	344,262	(344,262)	-	-
Baird	-	100,000	34,564	134,564	-	-	134,564
Omilak	-	100,000	62,384	162,384	-	-	162,384
Other	-	6,543	3,267	9,810	-	-	9,810
Total	96,120	7,983,659	1,864,280	9,847,939	(6,969,304)	(146,748)	2,828,007

	2007	Acquisition costs	Deferred exploration costs	Total expenditures for the year	Mineral property write-downs	2008
	\$	\$	\$	\$	\$	\$
Armstrong Brook	151,360	-	-	-	(151,359)	1
Gnome Zinc	-	3,100	93,019	96,119	-	96,119
Elkhorn Potash	-	24,999	-	24,999	(24,999)	-
Total	151,360	28,099	93,019	\$121,118	(176,358)	96,120

Armstrong Brook Gold Project

On February 21, 2006, the Company entered into an option agreement with Geodex Minerals Ltd. ("Geodex") to acquire up to a 75% interest in Geodex's Armstrong Brook gold property (the "Property") located in the Cape Spencer area near Saint John, New Brunswick for a cash payment of \$15,000, finder's fee of \$25,000, and issuance of 50,000 common shares. The Company received the TSX Venture Exchange (the "TSX.V") approval for this transaction on June 9, 2006.

The Company could earn the first 65% interest of the Property in exchange for cash payments of \$65,000, issuance of 200,000 common shares of the Company and incurring a minimum of \$1,000,000 in expenditures by December 31, 2008.

During the year ended September 30, 2008, the Company determined that the carrying value of the Geodex Property cannot be recovered; therefore an impairment loss was recognized of \$151,359.

The Company did not incur the minimum expenditures by December 31, 2008, and has consequently written off the remaining carrying value.

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008**(Expressed in Canadian Dollars)

5. RESOURCE PROPERTIES (continued)

Gnome Zinc Project

On December 21, 2007, the Company entered into an option agreement to acquire up to an undivided 100% right, title and interest in and to approximately 3,185 Ha of mineral claims, known as the Gnome Zinc Project, located in an area referred to as Williston Lake (the Kechika trough), British Columbia. The Company received the TSX.V approval for this transaction on February 19, 2008.

Pursuant to the option agreement dated December 21, 2007, the Company could earn the 100% interest of the Property in exchange for cash payments of \$3,100, issuance of 525,000 common shares of the Company and incurring a minimum of \$100,000 in expenditures within 14 months of the approval date, which was on February 19, 2008.

The following is a schedule of the cash and share payments required to earn the 100% interest in the Property:

Cash \$	Shares #	
\$1,000	-	On the effective date (December 21, 2007 – cash paid)
\$2,100	-	On or before 1 month after February 19, 2008 (cash – paid)
-	25,000	On or before 24 months after February 19, 2008
-	100,000	On or before 36 months after February 19, 2008
-	100,000	On or before 48 months after February 19, 2008
-	300,000	On or before 60 months after February 19, 2008
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\$3,100	525,000	Total consideration to earn the 100% interest in the property

On March 12, 2009, the Company entered into an agreement to acquire a 100% interest in approximately 5,428 Ha of mineral claims, including the 3,185 Ha previously optioned under the agreement dated December 21, 2007, subject to a 1% NSR royalty, and terminated the initial option agreement dated December 21, 2007.

The consideration payable by the Company for the acquisition of the Gnome Zinc Project consisted of \$3,000 in cash and 15,000 common shares of the Company recorded at a fair value of \$5,850. The Company has the right to purchase the 1% NSR royalty for \$2,000,000 up to the period ending on the 10th anniversary of the closing date. The Company completed the acquisition of the mineral claims on May 4, 2009.

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. At the effective date of the Arrangement, the Company will distribute to the shareholders of the Company all of the AsiaBaseMetals shares that it received pursuant to 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 pursuant to the Arrangement. After completion of the Arrangement, AsiaBaseMetals sought a listing on the TSX.V (Refer to Note 16 Subsequent Events).

The Company recorded the transaction as a shareholder distribution at the carrying value of the Gnome Zinc Project of \$146,748 and a reduction in cash of \$500,000 with the offsetting reduction in share capital of \$646,748.

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008**

(Expressed in Canadian Dollars)

5. RESOURCE PROPERTIES (continued)**Elkhorn Potash Project**

On February 22, 2008, the Company entered into an option agreement to acquire up to an undivided 100% interest in an exploration permit application for the Elkhorn Potash Project, located within southwest Manitoba.

The Company could earn a 100% interest in the Property in exchange for cash payments of \$500,000, issuance of 6,000,000 common shares of the Company and incurring a minimum of \$3,000,000 on exploration costs within 36 months of the later of the date the Optionors receive valid permits from the Manitoba Permit Authority and the Approval Date.

The following is a schedule of the cash and share payments required to earn the 100% interest in the Property:

Cash \$	Shares #	
\$25,000	–	On the Effective Date (cash paid)
\$100,000	–	On or before 5 business days after the Effective Date (cash paid)
–	600,000	Within 10 business days of the Approval Date
\$125,000	–	On or before 30 business days after TSX.V approval
\$100,000	300,000	On or before 6 months after the Approval Date
–	300,000	On or before 12 months after the Approval Date
\$150,000	300,000	On or before 14 months after the Approval Date
–	750,000	On or before 18 months after the Approval Date
–	750,000	On or before 24 months after the Approval Date
–	3,000,000	On or before 36 months after the Approval Date
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\$500,000	6,000,000	Total consideration to earn the 100% interest in the property

In fiscal 2008, the Company wrote off \$24,999 of the non-refundable application fees for the Elkhorn Potash Project. On November 30, 2008, management rescinded the option and, as a result, \$100,000 was refunded to the Company.

Agreements with Affiliates of Rio Tinto and NovaGold

The Company has 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, U.S.A., 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 comprised of: Colorado Creek, Kugruk, Tintina, Baird, and Omilak.

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008**(Expressed in Canadian Dollars)

5. RESOURCE PROPERTIES (continued)

Agreements with Affiliates of Rio Tinto and NovaGold (continued)

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.

The Company has written off \$344,262 in the Tintina property as management rescinded the land claim subsequent to year end (Note 16).

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, and issued 4,200,000 common shares at a price of \$0.90 per share as consideration for the interest in Golden Lynx. 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 has 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.

In order to maintain its interest in Golden Lynx, the Company must make capital contributions to Golden Lynx of US\$321,000 by April 18, 2010 and a further US\$1,500,000 by April 18, 2013, which amounts will be used to fund exploration expenditures on the Golden Lynx properties. The Company also must spend US\$1,000,000 to advance exploration of the properties on or by April 18, 2010. The Company will have the right to acquire an additional 25% interest in Golden Lynx by making an additional capital contribution of US\$2,500,000 by April 18, 2015.

The Company has written off \$6,625,041 of its mineral property interest in Golden Lynx as management rescinded the option to maintain its interest subsequent to year end (Note 16). The Company is not subject to further obligations or commitments as a result of this action.

6. 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, 2007	45,175,176	4,060,500
Private Placement	400,625	320,500
Exercise of stock options	1,050,000	834,382
Exercise of warrants	120,000	102,000
Balance, September 30, 2008	46,745,801	5,317,382
Issuance of shares to acquire resource properties	7,340,000	5,348,350
Private Placement	14,471,757	5,065,100
Exercise of warrants	105,000	54,750
Spin-off of subsidiary	-	(646,748)
Balance, September 30, 2009	68,662,558	15,138,834

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008**(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)

On March 6, 2009, the Company issued 3,125,000 common shares at a price of \$0.50 as consideration for the purchase of five mineral properties in Alaska from NovaGold Resources Inc.

On April 24, 2009, the Company issued 15,000 common shares at a price of \$0.39 as consideration for the acquisition of the Gnome Zinc Project.

On May 20, 2009, the Company completed the acquisition of 55% interest in Golden Lynx LLC through the Company's wholly-owned subsidiary, and issued 4,200,000 common shares at a price of \$0.90 per share as consideration for the interest in Golden Lynx.

On May 20, 2009, the Company closed a non-brokered private placement. The Company issued 14,471,757 units at a price of \$0.35 per unit, for gross proceeds of \$5,065,100. Each unit consists of one common share and one share purchase warrant of the Company. Each warrant entitles the holder, on exercise, to purchase one additional common share of the Company at a price of \$0.50 per share for a period of three years from the date of the issue of the warrant. The securities issued or issuable under the private placement are subject to a four month hold period expiring September 21, 2009.

On October 8, 2009, the Company distributed to the shareholders all of the AsiaBaseMetals shares pursuant to the Arrangement. After completion of the Arrangement, AsiaBaseMetals sought a listing on the TSX.V (Refer to Note 16 Subsequent Events). The Company recorded the transaction as a shareholder distribution at the carrying value of the Gnome Zinc Project of \$146,748 and a reduction in cash of \$500,000 with the offsetting reduction in share capital of \$646,748.

The Company completed a non-brokered private placement on May 14, 2008, consisting of 400,625 Units at a price of \$0.80 per Unit for aggregate net proceeds totalling \$320,500. Each unit consists of one common share and one-half of one share purchase warrant of the Company. Each whole warrant entitles the holder, on exercise, to purchase one additional common share of the Company, for a one year period, exercisable at a price of \$0.95 per share, expiring on May 15, 2009.

Warrants

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

Exercise Price	Balance at September 30, 2008	Issued	Exercised	Expired	Balance at September 30, 2009	Expiry Date
\$0.50	-	14,471,757	100,000	-	14,371,757	May 20, 2012
\$0.95	200,312	-	5,000	195,312	-	May 15, 2009
	200,312	14,471,757	105,000	195,312	14,371,757	

Exercise Price	Balance at September 30, 2007	Issued	Exercised	Expired	Balance at September 30, 2008	Expiry Date
\$0.95	-	200,312	-	-	200,312	May 15, 2009
\$0.85	120,000	-	120,000	-	-	Aug. 30, 2008
	120,000	200,312	120,000	-	200,312	

On May 15, 2009, 5,000 warrants were exercised at a price of \$0.95 for share for net proceeds of \$4,750. The remaining 195,312 warrants expired on May 15, 2009.

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7. CONTRIBUTED SURPLUS

	2009	2008
Balance, beginning of year	\$ 806,871	\$ 929,328
Add: Stock-based compensation (Note 8)	959,894	176,425
Less: Exercise of stock options	-	(298,882)
Balance, end of year	\$ 1,766,765	\$ 806,871

8. 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 for a term not to exceed 5 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).

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 with the new 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 was developed for use in estimating the fair value of traded 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, 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 1/3 one year after the grant date, and 1/3 each year thereafter until the options are fully vested.

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Balance, September 30, 2007	1,250,000	\$ 0.51
Granted	300,000	1.27
Exercised	(1,050,000)	0.51
Balance, September 30, 2008	500,000	0.96
Expired	(200,000)	0.51
Granted	2,920,000	0.60
Balance, September 30, 2009	3,220,000	\$ 0.66

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008**(Expressed in Canadian Dollars)

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

The following table summarizes stock options outstanding and exercisable at September 30, 2009:

Exercise Price \$	Number of Shares	Options Outstanding		Options Exercisable	
		Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price \$	Number Exercisable	Weighted Average Exercise Price \$
0.50	2,320,000	4.50	0.50	1,300,000	0.50
1.00	800,000	3.74	1.00	450,000	1.00
1.80	100,000	0.75	1.80	100,000	1.80
0.50 – 1.80	3,220,000	4.20	0.66	1,850,000	0.69

Stock options outstanding at September 30, 2009 will expire between May 5, 2010 and September 25, 2014.

The fair value of stock options granted during the years ended September 30, 2009 and 2008, 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:

	2009	2008
Risk free interest rate	2.28%	2.95%
Expected dividend yield	0%	0%
Expected stock price volatility	105%	89%
Expected life of options	4.79 years	2 years

The weighted average per share fair value of options granted during the year ended September 30, 2009 was \$0.55 (2008: \$0.61).

9. RELATED PARTY TRANSACTIONS AND BALANCES

During the year ended September 30, 2009, 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:

- a) Management fees were paid to a company owned by the President of the Company of \$210,000 (2008: \$152,000)
- b) Accounting fees were paid to a company owned by the President of the Company of \$6,000 (2008: \$6,000)

As at September 30, 2009, accounts payable includes \$2,433 (2008: \$2,163) payable to Directors/Shareholders of the Company or companies under their control. These amounts are non-interest bearing, unsecured and are due upon demand.

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008**(Expressed in Canadian Dollars)

10. INCOME TAXES

The Company and its subsidiary have losses carried forward of approximately \$3,656,000 to reduce income taxes in future years, expiring as follows:

2010	\$ 179,000
2014	273,000
2015	200,000
2026	427,000
2027	561,000
2028	810,000
2029	1,206,000

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:

	2009	2008
Canadian statutory income tax rate	30.25%	33.00%
Income tax recovery at statutory rate	\$ 2,830,501	\$ 387,358
Effect of income taxes of:		
Other permanent differences	(362,138)	(193,026)
Change in tax rate	78,257	—
Valuation allowance	79,146	(194,332)
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, 2009 and 2008 are presented below:

	2009	2008
Non-capital loss carry-forwards	\$ 930,272	\$ 886,306
Capital loss carry-forwards	224,361	612,414
Resource property	243,021	2,852
Share issuance costs	3,066	6,276
Reorganization costs and other	32,766	4,785
Valuation allowance	(1,433,486)	(1,512,633)
	\$ —	\$ —

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008**(Expressed in Canadian Dollars)

11. 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 State of Alaska in the United States.

As at September 30, 2009

	Canada	United States	India	Total
Other Assets	\$ 1,749,655	\$ 146,804	\$ 68,962	\$ 1,965,421
Resource Properties	–	2,828,007	–	2,828,007
Total Assets	\$ 1,749,655	\$ 2,974,811	\$ 68,962	\$ 4,793,428

As at September 30, 2008

	Canada	United States	India	Total
Other Assets	\$ 594,516	\$ –	\$ 66,753	\$ 661,269
Resource Properties	96,120	–	–	96,120
Total Assets	\$ 690,636	\$ –	\$ 66,753	\$ 757,389

12. COMPARATIVE FIGURES

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

13. COMMITMENTS

- 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 three year term expiring on August 30, 2012. Future payments for the next three fiscal years are as follows:

	\$
2010	142,962
2011	142,962
2012	131,049
	<u>416,973</u>

- b) The Company has commitments to incur exploration costs and issue common shares as disclosed in Note 5.

14. 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.

As at September 30, 2009, the Company had capital resources consisting of cash and amounts receivable. 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.

TINTINAGOLD RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008**

(Expressed in Canadian Dollars)

14. MANAGEMENT OF CAPITAL (continued)

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.

15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK**Fair Value of Financial Instruments**

The Company's financial instruments include cash, amounts receivable, and accounts payable. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Transaction Costs

Transaction costs attributable to the acquisition or issue of financial assets or financial liabilities, other than those classified as held-for-trading, are added to the initial fair value amount to match the costs with the related transactions.

Liquidity Risk

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

Credit Risk

The Company maintains substantially all of its cash with major financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits.

Currency Risk

The Company incurs costs and expenses in foreign currencies other than the Canadian dollar. The exchange rates covering such currencies, including the US dollars and Indian rupees, are subject to fluctuation which gives rise to foreign currency exposure, either favourable or unfavourable. The Company does not hedge the US dollars or Indian rupees against its functional currencies.

Sensitivity analysis

The Company has completed a sensitivity analysis to estimate the impact on net income for the period which a change in foreign exchange rate during the year ended September 30, 2009 would have had.

i) US dollar

The result of the sensitivity analysis shows that if the Canadian dollar had weakened/strengthened 10 percent against the US dollar with all other variables held constant after-tax net loss and comprehensive loss for the year would have been \$107,953 lower/higher.

ii) Indian rupee

The result of the sensitivity analysis shows that if the Canadian dollar had weakened/strengthened 10 percent against the Indian rupee with all other variables held constant, after-tax net loss and comprehensive loss for the year would have been \$1,952 lower/higher.

TINTINAGOLD RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

(Expressed in Canadian Dollars)

16. SUBSEQUENT EVENTS

- a) On October 8, 2009, the Company distributed to its shareholders all of the AsiaBaseMetals shares pursuant to the Arrangement described in Note 5. After completion of the Arrangement, AsiaBaseMetals completed its listing on the TSX.V and its shares trade under the symbol: ABZ (TSX.V).
- b) On November 1, 2009, the Company rescinded the land claim to maintain its interest in the Tintina property (Note 5).
- c) Subsequent to year end, the Company decided to rescinded the option to maintain its interest in Golden Lynx.