

**TINTINA RESOURCES INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED**  
**SEPTEMBER 30, 2011 AND 2010**

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of  
**Tintina Resources Inc.**

We have audited the accompanying consolidated financial statements of **Tintina Resources Inc.**, which comprise the consolidated balance sheet as at September 30, 2011 and the consolidated statements of operations, comprehensive loss and deficit and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Tintina Resources Inc.** as at September 30, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**Other matter**

The financial statements of **Tintina Resources Inc.** for the year ended September 30, 2010 were audited by another auditor who expressed an unmodified opinion on those statements on November 19, 2010.

Vancouver, Canada,  
December 9, 2011.

*Ernst & Young LLP*

Chartered Accountants

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**TINTINA RESOURCES INC.****CONSOLIDATED BALANCE SHEETS****AS AT SEPTEMBER 30, 2011 AND 2010**(All amounts are in Canadian dollars unless otherwise noted)

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|  | <b>2011</b>         | <b>2010</b>        |
|--|---------------------|--------------------|
| <b>ASSETS</b>                            |                     |                    |
| Current                                  |                     |                    |
| Cash and cash equivalents                | \$ 9,606,132        | \$ 1,098,480       |
| Short-term investments                   | 20,000,000          | –                  |
| Amounts receivable                       | 191,758             | 42,512             |
| Amounts due from related party (Note 10) | 8,780               | 55,500             |
| Prepaid expenses and other assets        | 227,358             | 144,314            |
|  | <hr/> 30,034,028    | <hr/> 1,340,806    |
| Equipment (Note 4)                       | 44,765              | 72,654             |
| Resource properties (Note 5)             | 15,522,346          | 6,765,453          |
|  | <hr/> \$ 45,601,139 | <hr/> \$ 8,178,913 |

**LIABILITIES AND SHAREHOLDERS' EQUITY**

Current

|  |                 |               |
|--|-----------------|---------------|
| Accounts payable and accrued liabilities           | \$ 1,723,609    | \$ 247,069    |
| Amounts due to related parties (Note 10)           | –               | 57,501        |
| Provision for asset retirement obligation (Note 6) | 10,290          | 10,290        |
|  | <hr/> 1,733,899 | <hr/> 314,860 |

**SHAREHOLDERS' EQUITY**

|                              |                     |                    |
|------------------------------|---------------------|--------------------|
| Share capital (Note 7)       | 58,124,240          | 20,146,834         |
| Contributed surplus (Note 8) | 4,351,899           | 2,514,343          |
| Deficit                      | (18,608,899)        | (14,797,124)       |
|                              | <hr/> 43,867,240    | <hr/> 7,864,053    |
|                              | <hr/> \$ 45,601,139 | <hr/> \$ 8,178,913 |

NATURE OF OPERATIONS (Note 1)

COMMITMENTS (Note 13)

SUBSEQUENT EVENT (Note 17)

Approved by the Board:

*"Raj Chowdhry"*

Director

*"Gerald Booth"*

Director

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**TINTINA RESOURCES INC.****CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT****FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010**(All amounts are in Canadian dollars unless otherwise noted)

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|   | <b>2011</b>           | <b>2010</b>           |
|---|-----------------------|-----------------------|
| <b>EXPENSES</b>                                 |                       |                       |
| Advertising and promotion                       | \$ 258,568            | \$ 123,945            |
| Amortization                                    | 46,884                | 39,171                |
| Consulting fees                                 | 40,484                | 28,159                |
| Directors fees                                  | 22,944                | -                     |
| Foreign exchange (gain)/loss                    | (119,658)             | 153,865               |
| Information technology                          | 56,148                | 40,804                |
| Interest and bank charges                       | 12,559                | 11,632                |
| Insurance                                       | 94,128                | 109,516               |
| Management fees (Note 10)                       | 240,000               | 240,000               |
| Office, administrative and miscellaneous        | 137,522               | 166,709               |
| Management bonuses (Note 10)                    | 240,000               | -                     |
| Professional fees                               | 256,355               | 202,998               |
| Regulatory and transfer agent fees              | 50,942                | 33,801                |
| Rent  | 147,708               | 149,763               |
| Salary and wages                                | 537,039               | 273,164               |
| Stock-based compensation (Note 8)               | 1,908,729             | 747,578               |
| Telephone                                       | 23,999                | 22,493                |
| Travel  | 104,904               | 80,180                |
|   | <hr/> 4,059,255       | <hr/> 2,423,778       |
| LOSS BEFORE OTHER ITEMS                         | (4,059,255)           | (2,423,778)           |
| <b>OTHER ITEMS</b>                              |                       |                       |
| Interest income (Note 15)                       | 149,218               | -                     |
| Other income (Note 10)                          | 98,262                | 55,500                |
| Write-off of mineral properties (Note 5 and 10) | -                     | (189,670)             |
|   | <hr/> 247,480         | <hr/> (134,170)       |
| LOSS BEFORE INCOME TAX                          | (3,811,775)           | (2,557,948)           |
| NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR    | (3,811,775)           | (2,557,948)           |
| DEFICIT, BEGINNING OF YEAR                      | (14,797,124)          | (12,239,176)          |
| DEFICIT, END OF YEAR                            | <hr/> \$ (18,608,899) | <hr/> \$ (14,797,124) |
| BASIC AND DILUTED LOSS PER SHARE                | <hr/> \$ (0.03)       | <hr/> \$ (0.03)       |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING   | 115,372,491           | 76,956,503            |

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**TINTINA RESOURCES INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010**(All amounts are in Canadian dollars unless otherwise noted)

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|  | 2011           | 2010           |
|--|----------------|----------------|
| CASH FROM (USED IN):   |                |                |
| OPERATING ACTIVITIES   |                |                |
| Net loss for the year  | \$ (3,811,775) | \$ (2,557,948) |
| Items not involving cash                                     |                |                |
| Amortization   | 46,884         | 39,171         |
| Unrealized foreign exchange                                  | (54,206)       | 225,601        |
| Write-off of mineral properties                              | —              | 189,670        |
| Stock-based compensation                                     | 1,908,729      | 747,578        |
|  | (1,910,368)    | (1,355,928)    |
| Change in non-cash working capital items                     |                |                |
| Amounts receivable   | (149,246)      | (2,833)        |
| Due from related party                                       | 46,720         | —              |
| Prepaid expenses   | (83,044)       | (30,710)       |
| Accounts payable and accrued liabilities                     | 1,448,296      | 120,064        |
| Due to related party   | (29,257)       | 2,001          |
| Cash used in operating activities                            | (676,899)      | (1,267,406)    |
| FINANCING ACTIVITIES   |                |                |
| Proceeds from issuance of shares, net                        | 35,664,381     | 4,943,000      |
| Proceeds from exercise of warrants                           | 2,151,691      | 65,000         |
| Proceeds from stock options exercised                        | 90,160         | —              |
| Cash provided by financing activities                        | 37,906,232     | 5,008,000      |
| INVESTING ACTIVITIES   |                |                |
| Short-term investments                                       | (20,000,000)   | —              |
| Purchase of equipment  | (18,994)       | (40,468)       |
| Reimbursement of reclamation costs                           | —              | 116,496        |
| Resource property costs                                      | (8,756,893)    | (4,233,322)    |
| Cash used in investing activities                            | (28,775,887)   | (4,157,294)    |
| Impact of exchange rate changes on cash and cash equivalents | 54,206         | (225,601)      |
| Increase (decrease) in cash and equivalents                  | 8,507,652      | (642,301)      |
| CASH, BEGINNING OF YEAR                                      | 1,098,480      | 1,740,781      |
| CASH, END OF YEAR  | \$ 9,606,132   | \$ 1,098,480   |
| SUPPLEMENTAL DISCLOSURES                                     |                |                |
| Interest paid  | \$ 289         | \$ 11,632      |
| Income taxes paid  | \$ —           | \$ —           |

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**TINTINA RESOURCES INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

(All amounts are in Canadian dollars unless otherwise noted)

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**1. NATURE OF OPERATIONS**

Tintina Resources Inc. (the "Company") was incorporated on July 30, 1998 under the laws of British Columbia and is a mining exploration and development company. On May 26, 2011, the Company changed its name from TintinaGold Resources Inc. to Tintina Resources Inc. to recognize its diverse portfolio of projects.

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.

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.

**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.

**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 readily convertible to cash at the option of the Company to be cash equivalents.

**c) Short-term investments**

Short-term investments consist primarily of Guaranteed Investment Certificates ("GICs") with maturities of between three months to one year from the date of purchase. GICs are recorded at the quoted market value.

The Company places surplus funds in interest bearing accounts whenever possible based on the following order of priority: i) preservation of capital, ii) assurance of liquidity, and iii) achievement of high returns. To this end, the Company will only invest in high interest rate deposits, GICs or term deposits with major Canadian chartered banks.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(All amounts are in Canadian dollars unless otherwise noted)

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****d) 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.

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 ("the 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

(All amounts are in Canadian dollars unless otherwise noted)

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Stock-based compensation

The Company has a stock option plan, which is described in Note 9. Stock options are recorded at their fair value over their vesting period as a compensation expense. The Company recognizes stock-based compensation expenses in accordance with the 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. Forfeitures are accounted for as they occur.

h) Foreign currency translation

The functional currency of the Company is the Canadian dollar ("CAD"). The Company's foreign currency transactions are translated into CAD at the rate of exchange in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into equivalent Canadian dollars at the exchange rates in effect at the balance sheet date with any resulting gain or loss being recognized in the consolidated statement of operations, comprehensive loss and deficit.

The financial statements of foreign subsidiaries are translated into Canadian dollars using the temporal method for integrated operations, as follows:

- monetary assets and liabilities using the exchange rate in effect at the balance sheet date;
- non-monetary assets and liabilities are translated at historical exchange rates, unless the item is carried at fair market value, in which case the item will be translated at the exchange rate in effect at the balance sheet date;
- other income and expenses are translated at historical exchange rates; and
- translation gains and losses are included in the current year's statement of operations, comprehensive loss and deficit.

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**TINTINA RESOURCES INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(All amounts are in Canadian dollars unless otherwise noted)

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

The Company's financial instruments consist of cash and cash equivalents, short-term investments, amounts receivable, amounts due from related party, accounts payable and accrued liabilities 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 originally measured on the balance sheet at fair value.

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. Held-to-maturity investments, loans and receivable, and other financial liabilities are carried at amortized cost.

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) Short-term investments comprise of GICs with maturities of between three months to one year. GICs are recorded at the quoted market value.
- iii) Amounts receivable and amounts due from related party as loans and receivables are measured at amortized cost.
- iv) Accounts payable and accrued liabilities and amounts due to related parties are classified as other financial liabilities and are measured at amortized cost.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

(All amounts are in Canadian dollars unless otherwise noted)

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) 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 other income and expenses during the reporting period. The more significant areas requiring the use of estimates include impairment of the resource properties, and stock-based compensation. 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

Recent accounting pronouncements

i) Business combinations and related sections

In January 2009, the CICA issued Section 1582, *Business Combinations*, to replace Section 1581. The prospective application of this standard is effective on January 1, 2011, with earlier adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards ("IFRS"). The new standard revises guidance on the assets acquired, liabilities assumed, goodwill and non-controlling interests at the time of a business combination.

The CICA concurrently issues Section 1601, *Consolidated Financial Statements*, and 1602, *Non-controlling Interests*, which replaced Section 1601, *Consolidated Financial Statements*. Section 1601 provides guidance on the preparation of consolidated financial statements and Section 1602 provides guidance on non-controlling interests in consolidated financial statements subsequent to a business combination. The Company adopted these pronouncements at October 1, 2010. The result of this adoption had no impact on the Company's consolidated financial statements.

ii) 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 Company will issue its first IFRS annual consolidated financial statements for the fiscal year ending September 30, 2012, with restatement of comparative balance sheets as at September 30, 2011 and October 1, 2010 and statement of operations for the year ended September 30, 2011.

During the year ending September 30, 2012, the Company will issue interim consolidated IFRS financial statements prepared in accordance with IAS 34 "Interim Financial Reporting" for the periods ended December 31, 2011, March 31, 2012 and June 30, 2012, with restatement of comparative balance sheet as at September 30, 2011 and October 1, 2010 and statements of operations for the comparative periods presented.

**TINTINA RESOURCES INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(All amounts are in Canadian dollars unless otherwise noted)

**4. EQUIPMENT**

|                               | <b>Cost</b>       | <b>Accumulated<br/>Amortization</b> | <b>September 30,<br/>2011<br/>Net Book<br/>Value</b> | <b>September 30,<br/>2010<br/>Net Book<br/>Value</b> |
|-------------------------------|-------------------|-------------------------------------|--|--|
| Computer equipment            | \$ 72,229         | \$ 53,640                           | \$ 18,589  | \$ 35,533  |
| Computer software             | 65,934            | 44,339                              | 21,595   | 31,370   |
| Office equipment              | 4,542             | 1,625                               | 2,917  | 3,376  |
| Office furniture and fixtures | 3,401             | 1,737                               | 1,664  | 2,375  |
|                               | <b>\$ 146,106</b> | <b>\$ 101,341</b>                   | <b>\$ 44,765</b>                                     | <b>\$ 72,654</b>                                     |

**5. RESOURCE PROPERTIES**

Expenditures for the years ended September 30, 2011 and year ended September 30, 2010:

|                    | <b>September 30,<br/>2010<br/>\$</b> | <b>Acquisition<br/>Costs<br/>\$</b> | <b>Deferred<br/>Exploration<br/>Costs<br/>\$</b> | <b>Environmental<br/>and<br/>Engineering<br/>\$</b> | <b>September 30,<br/>2011<br/>\$</b> |
|--------------------|--------------------------------------|-------------------------------------|--|---|--------------------------------------|
| Black Butte Copper | 256,177                              | 235,551                             | 6,995,499  | 697,678   | 8,184,905                            |
| Colorado Creek     | 2,694,441                            | -                                   | 287,717  | -   | 2,982,158                            |
| Kugruk             | 3,593,348                            | -                                   | 318,520  | -   | 3,911,868                            |
| Baird              | 221,487                              | -                                   | 221,928  | -   | 443,415                              |
| Total              | 6,765,453                            | 235,551                             | 7,823,664  | 697,678   | 15,522,346                           |

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

**Black Butte Copper (formerly called "Sheep Creek")****i) Black Butte Copper 2010 Leases**

On May 2, 2010, the Company, through its wholly-owned subsidiary TAEI, entered into mining lease agreements and a surface use agreement (collectively, the "Black Butte Agreements") with the owners of the Black Butte copper-cobalt-silver property in central Montana, United States. The Black Butte property consists of approximately 7,684 acres of fee-simple lands and 4,541 acres in 239 Federal unpatented lode mining claims in central Montana.

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**TINTINA RESOURCES INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

(All amounts are in Canadian dollars unless otherwise noted)

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**5. RESOURCE PROPERTIES (continued)****Black Butte Copper (continued)**

The Black Butte 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 Tintina for additional periods of 10 years by giving prior notice within the time specified in the agreements. The Black Butte 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 net smelter returns ("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 translated from U.S. dollars to Canadian dollars at 1.0482 (Canadian per U.S. dollar) as at September 30, 2011:

**Payments**

|       |            |  |
|-------|------------|--|
| \$    | 145,328    | May 2, 2010, execution of agreement (Anniversary Date)       |
|       | 145,328    | On May 2, 2011   |
|       | 145,328    | On May 2, 2012   |
|       | 238,267    | On May 2, 2013   |
|       | 331,186    | On May 2, 2014   |
|       | 450,309    | On May 2, 2015   |
|       | 10,807,412 | \$429,602 annually on the Anniversary Date to May 2, 2040    |
| <hr/> |            |  |
| \$    | 12,263,158 | Total lease payments excluding buy down of NSR royalty of 5% |

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**ii) Black Butte Copper 2011 Leases**

During the year ended September 30, 2011, the Company, through its subsidiary, staked additional claims on federal lands and entered into mining lease agreements.

The additional mining lease agreements were entered under similar terms as the Black Butte Agreements as described above. The Company was granted the sole and 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 the Company for additional periods of 10 years by giving prior notice within the time specified in the agreements. The additional Black Butte 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\$5,000,000.

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**TINTINA RESOURCES INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(All amounts are in Canadian dollars unless otherwise noted)

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**5. RESOURCE PROPERTIES (continued)****Black Butte Copper (continued)**

The following is a schedule of payments translated from U.S. dollars to Canadian dollars at 1.0482 (Canadian per U.S. dollar) as at September 30, 2011:

**Payments**

|              |   |
|--------------|---|
| \$ 5,241     | June 10, 2011, execution of agreement (Anniversary Date)                      |
| 15,723       | On December 10, 2011, six months following the Agreement date                 |
| 41,928       | On June 10, 2012 and on June 10, 2013 (\$20,964 each year)                    |
| 78,615       | On June 10, 2014, on June 10, 2015, and on June 10, 2016 (\$26,205 each year) |
| 94,338       | On June 10, 2017, on June 10, 2018, and on June 10, 2019 (\$31,446 each year) |
| 110,061      | On June 10, 2020, on June 10, 2021, and on June 10, 2022 (\$36,687 each year) |
| 125,784      | On June 10, 2023, on June 10, 2024, and on June 10, 2025 (\$41,928 each year) |
| 786,150      | \$50,000 annually on the 15th Anniversary Date to June 10, 2041               |
| <hr/>        |   |
| \$ 1,257,840 | Total lease payments excluding buy down of NSR royalty of 5%                  |

**Agreements with Affiliates of Rio Tinto and NovaGold**

The Company entered into two separate agreements dated August 27, 2008 with affiliates of NovaGold Resources Inc. ("NovaGold") and Rio Tinto PLC ("Rio Tinto") 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 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.

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.

Following is a description of the Alaska properties:

**a) Colorado Creek**

The Colorado Creek property (comprised of 16,960 acres in 211 Alaska state mining claims) covers the Cripple Creek Mountains and surrounding lowlands, about 70 kilometres ("km") north of McGrath, Alaska, on the Kuskokwim River, and 86 km south of Poorman, Alaska, which has road access to Ruby on the Yukon River. Tintina has a lease with Rosander Mining Company, Inc. for 129 40-acre claims and one 160-acre claim on the Colorado Creek property. The lease includes a yearly work provision of US\$200,000 and annual advance minimum royalty payments of US\$200,000. The remaining 70 160-acre claims are 100% owned by Tintina through its wholly-owned subsidiary TAMI. In 2010, the Company dropped 62 160-acre claims.

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 US\$200,000 (Note 13).

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**TINTINA RESOURCES INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**5. RESOURCE PROPERTIES (continued)****b) Kugruk**

The Kugruk property (comprised of 84,320 acres in 536 Alaska state mining claims) is located 115 km south of Kotzebue in the low tundra of the northern Seward Peninsula and 20 km from northern margin of the Seward Peninsula at Kotzebue Sound. Tintina leases four 160-acre claims from a non-related party and owns the remaining claims through TAMI.

**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 an amended earn-in agreement that was signed subsequent to year end (Note 17).

The amended agreement with a non-related party enables the Company to acquire up to an initial 60% undivided interest in those mining claims. In order to maintain the option in good standing and earn an initial 60% interest, minimum US\$500,000 of exploration costs must be incurred every 12 month period commencing January 1, 2012 until US\$4,000,000 of exploration costs have been expended on or prior to December 31, 2015.

When the Company has incurred up to a total of US\$4,000,000, 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% NSR. If the non-related party elects 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 US\$3,000,000, adjusted for changes in the consumer price index.

**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.

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 10). The Company is not subject to further obligations or commitments as a result of this action.

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**TINTINA RESOURCES INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**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, 2011, the Company estimated costs to reclaim resource properties of \$10,290 relating to its Colorado Creek property, to be settled in due course. There are no other asset retirement obligations for the Company's other resource properties.

**7. SHARE CAPITAL**

Authorized:

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

|                                    | <b>Number of<br/>Shares</b> | <b>Amount<br/>\$</b> |
|------------------------------------|-----------------------------|----------------------|
| 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)             |
| <b>Balance, September 30, 2010</b> | <b>81,292,558</b>           | <b>20,146,834</b>    |
| Exercise of warrants               | 4,365,369                   | 2,151,691            |
| Stock option exercised             | 182,440                     | 161,334              |
| Private placement                  | 56,299,213                  | 35,750,000           |
| Share issuance costs               | -                           | (85,619)             |
| <b>Balance, September 30, 2011</b> | <b>142,139,580</b>          | <b>58,124,240</b>    |

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 shares (the "Shares") at a price of \$0.635 per Share, for gross proceeds of \$35,750,000. In relation to the private placement, the Company incurred share issuance costs of \$85,619, which is netted against share capital.

During the year ended September 30, 2011, the Company received \$2,151,691 from warrant holders.

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**TINTINA RESOURCES INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**7. SHARE CAPITAL (continued)****Warrants**

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

| <b>Exercise Price</b> | <b>Balance at September 30, 2010</b> | <b>Issued</b> | <b>Exercised</b> | <b>Balance at September 30, 2011</b> | <b>Expiry Date</b> |
|-----------------------|--------------------------------------|---------------|------------------|--------------------------------------|--------------------|
| \$0.65                | 12,500,000                           | -             | -                | 12,500,000                           | February 2, 2014   |
| \$0.49                | 14,448,339                           | -             | (4,365,369)      | 10,082,970                           | May 20, 2012       |
|                       | 26,948,339                           | -             | (4,365,369)      | 22,582,970                           |                    |

| <b>Exercise Price</b> | <b>Balance at September 30, 2009</b> | <b>Issued</b> | <b>Exercised</b> | <b>Balance at September 30, 2010</b> | <b>Expiry Date</b> |
|-----------------------|--------------------------------------|---------------|------------------|--------------------------------------|--------------------|
| \$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                           |                    |

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.

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. The adjusted warrants and exercise price was \$0.49.

**8. CONTRIBUTED SURPLUS**

|                                      |    | <b>2011</b> |    | <b>2010</b> |
|--------------------------------------|----|-------------|----|-------------|
| Balance, beginning of period or year | \$ | 2,514,343   | \$ | 1,766,765   |
| Stock-based compensation (Note 9)    |    | 1,908,729   |    | 747,578     |
| Stock options exercised (Note 9)     |    | (71,173)    |    | -           |
| Balance, end of period or year       | \$ | 4,351,899   | \$ | 2,514,343   |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(All amounts are in Canadian dollars unless otherwise noted)

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**9. 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).

On March 15, 2011, 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 withholding tax provisions required by Canada Revenue Agency.

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.

During the year ended September 30, 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.
- c) On May 1, 2011, 200,000 stock options to a consultant. The stock options will vest one-half at the conclusion of six months of service and the other half will vest on May 1, 2012. The stock options are exercisable for a period of five years, at a price of \$0.90 per share.
- d) On May 31, 2011, 100,000 stock options to a director. The stock options will vest one-third on date of grant; one-third on May 31, 2012; and one-third on May 31, 2013. The stock options are exercisable for a period of five years, at a price of \$0.65 per share.
- e) On August 16, 2011, 150,000 stock options to an employee. The stock options will vest one-third on date of grant; one-third on August 16, 2012; and one-third on August 16, 2013. The stock options are exercisable for a period of five years, at a price of \$0.61 per share.

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**TINTINA RESOURCES INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**9. STOCK OPTION PLAN AND STOCK BASED COMPENSATION (continued)**

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.

Stock option transactions are summarized as follows:

|                             | <b>Number of<br/>Options</b> | <b>Weighted<br/>Average<br/>Exercise Price</b> |
|-----------------------------|------------------------------|--|
| 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                     | 3,600,000                    | 0.88   |
| Exercised                   | (182,440)                    | 0.49   |
| Expired                     | (385,120)                    | 0.62   |
| Forfeited                   | (166,668)                    | 0.25   |
| Balance, September 30, 2011 | 8,089,878                    | \$ 0.68  |

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

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**TINTINA RESOURCES INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**9. STOCK OPTION PLAN AND STOCK BASED COMPENSATION (continued)**

The following table summarizes stock options outstanding and exercisable at September 30, 2011:

| <b>Exercise Price</b><br><b>\$</b> | <b>Number of Shares</b> | <b>Options Outstanding</b><br><b>Weighted Average Remaining Contractual Life (years)</b> | <b>Weighted Average Exercise Price</b><br><b>\$</b> | <b>Options Exercisable</b><br><b>Number Exercisable</b> | <b>Weighted Average Exercise Price</b><br><b>\$</b> |
|------------------------------------|-------------------------|--|---|---|---|
| 0.49                               | 1,965,375               | 2.44   | 0.49  | 1,705,009   | 0.49  |
| 0.50                               | 2,022,000               | 3.52   | 0.50  | 1,331,991   | 0.50  |
| 0.55                               | 100,000                 | 3.73   | 0.55  | 66,666  | 0.55  |
| 0.60                               | 50,000                  | 3.60   | 0.60  | 33,333  | 0.60  |
| 0.61                               | 350,000                 | 4.14   | 0.61  | 183,333   | 0.61  |
| 0.65                               | 100,000                 | 4.67   | 0.65  | 33,333  | 0.65  |
| 0.90                               | 3,100,000               | 4.39   | 0.90  | 966,656   | 0.90  |
| 0.99                               | 352,503                 | 2.78   | 0.99  | 235,001   | 0.99  |
| 1.04                               | 50,000                  | 4.41   | 1.04  | 16,666  | 1.04  |
|                                    | <b>8,089,878</b>        | <b>3.61</b>  | <b>0.68</b>   | <b>4,571,988</b>  | <b>0.62</b>   |

Stock options outstanding at September 30, 2011 will expire between March 9, 2014 and August 16, 2016.

The fair value of stock options granted during the years ended September 30, 2011 and 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:

|                                 | <b>September 30,<br/>2011</b> | <b>September 30,<br/>2010</b> |
|---------------------------------|-------------------------------|-------------------------------|
| Risk free interest rate         | 2.30%                         | 2.60%                         |
| Expected dividend yield         | 0%                            | 0%                            |
| Expected stock price volatility | 108%                          | 110%                          |
| Expected life of options        | 5 years                       | 5 years                       |

The weighted average fair value of options granted during the year ended September 30, 2011 was \$0.88 (2010: \$0.42).

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**TINTINA RESOURCES INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**10. RELATED PARTY TRANSACTIONS AND BALANCES**

During the years ended September 30, 2011 and 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:

|  |    | <b>2011</b> |    | <b>2010</b> |
|--|----|-------------|----|-------------|
| <b>Payments to related parties:</b>        |    |             |    |             |
| Performance bonuses (a)                    | \$ | 240,000     | \$ | -           |
| Management fees (b)                        |    | 240,000     |    | 240,000     |
| Accounting fees (b)                        |    | 1,500       |    | 6,000       |
| Consulting fees (c)                        |    | 70,000      |    | -           |
| Service agreement fees (d)                 |    | 6,579       |    | 119,857     |
|  | \$ | 558,079     | \$ | 365,857     |
| <b>Services provided to related party:</b> |    |             |    |             |
| Rent income (e)                            | \$ | 24,000      | \$ | 24,000      |
| Administration income (e)                  |    | 31,026      |    | 24,000      |
| Geological services income (e)             |    | 5,625       |    | 7,500       |
| Administration and finance income (f)      |    | 8,780       |    | -           |
|  | \$ | 69,431      | \$ | 55,500      |

- a) Bonuses were paid to the Executive Chairman and the Executive Vice Chairman of the Company for performances during fiscal 2011.
- b) Management fees and accounting fees were incurred and paid to the Executive Chairman and the Executive Vice Chairman of the Company for their services in those roles. As at September 30, 2011, outstanding balance is \$Nil (September 30, 2010: \$Nil).
- c) Consulting fees were incurred and paid to one of the Directors for geological services. As at September 30, 2011, outstanding balance is \$10,000 (September 30, 2010: \$Nil).
- d) 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 a director and a major shareholder in common with the Company. As at September 30, 2011, outstanding balance is \$Nil (September 30, 2010: \$57,501).
- e) Rent, administration and geological fees were earned and receivable from AsiaBaseMetals for services rendered. AsiaBaseMetals is a related party having a major shareholder in common with the Company. During the year ended September 30, 2011, \$60,651 was earned by the Company (September 30, 2010: \$55,500). As at September 30, 2011, outstanding balance is \$Nil (September 30, 2010: \$55,500).
- f) Administration and finance income was earned and receivable from a company owned by the Executive Vice Chairman for administration and financial services. As at September 30, 2011, outstanding balance is \$8,780 (September 30, 2010: \$Nil).
- g) During fiscal 2010, 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 of \$116,496 in the financial statements.

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

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**11. INCOME TAXES**

The Company and its subsidiary have losses carried forward of approximately \$15,360,000 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 |    | 2,395,000 |
| 2030 |    | 7,994,000 |
| 2031 |    | 2,700,000 |

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, 2011 and 2010:

|                                       | <b>2011</b>  | <b>2010</b> |
|---------------------------------------|--------------|-------------|
| Canadian statutory income tax rate    | 27.01%       | 29.36%      |
| Income tax recovery at statutory rate | \$ 1,029,560 | \$ 750,979  |
| Effect of income taxes of:            |              |             |
| Permanent differences                 | (423,000)    | (247,463)   |
| Expiration of losses                  | -            | (51,615)    |
| Changes in tax rate                   | (10,272)     | (38,019)    |
| Valuation allowance                   | 1,199,216    | (413,882)   |
| Change in estimate and others         | (1,795,504)  | -           |
| Future income tax recoverable         | \$ -         | \$ -        |

The tax effects of temporary differences that give rise to significant portions of the future tax assets at September 30, 2011 and 2010 are presented below:

|                                 | <b>2011</b>  | <b>2010</b>  |
|---------------------------------|--------------|--------------|
| Non-capital loss carry-forwards | \$ 5,051,076 | \$ 1,276,568 |
| Capital loss carry-forwards     | 224,361      | 224,361      |
| Resource property               | (1,786,010)  | 314,661      |
| Share issuance costs            | 25,674       | 12,933       |
| Capital assets and other        | (65,367)     | 12,576       |
| Valuation allowance             | (3,449,734)  | (1,841,099)  |
|                                 | \$ -         | \$ -         |

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**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 September 30, 2011

|                     | <b>Canada</b>        | <b>United States</b> | <b>Other</b>     | <b>Total</b>         |
|---------------------|----------------------|----------------------|------------------|----------------------|
| Other Assets        | \$ 28,472,272        | \$ 1,579,467         | \$ 27,054        | \$ 30,078,793        |
| Resource Properties | -                    | 15,522,346           | -                | 15,522,346           |
| <b>Total Assets</b> | <b>\$ 28,472,272</b> | <b>\$ 17,101,813</b> | <b>\$ 27,054</b> | <b>\$ 45,601,139</b> |

As at September 30, 2010

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

**13. COMMITMENTS**

As at September 30, 2011, the Company had the following commitments:

|            | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>Thereafter</b> | <b>Total</b> |
|------------|-------------|-------------|-------------|-------------------|--------------|
|            | <b>\$</b>   | <b>\$</b>   | <b>\$</b>   | <b>\$</b>         | <b>\$</b>    |
| (a) Leases | 160,861     | -           | -           | -                 | 160,861      |

**(b) Exploration**

|                          |                |                |                  |                   |                   |
|--------------------------|----------------|----------------|------------------|-------------------|-------------------|
| Black Butte Copper       | 182,015        | 259,231        | 357,391          | 11,976,155        | 12,774,792        |
| Colorado Creek           | 209,640        | 209,640        | 209,640          | 2,934,960         | 3,563,880         |
| Baird                    | 524,100        | 524,100        | 524,100          | 2,620,500         | 4,192,800         |
| <b>Total exploration</b> | <b>915,755</b> | <b>992,971</b> | <b>1,091,131</b> | <b>17,531,615</b> | <b>20,531,472</b> |

- 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 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.

During the fiscal year 2011, the Company's subsidiary entered into certain lease agreements of \$20,787 related to Black Butte project in Montana.

- b) The Company has commitments to incur exploration costs and has entered into mining and surface-use agreements as disclosed in Note 5. The payments are translated from U.S. dollars to Canadian dollars at 1.0482 (Canadian per U.S. dollar) as at September 30, 2011.

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**TINTINA RESOURCES INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(All amounts are in Canadian dollars unless otherwise noted)

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**13. COMMITMENTS (continued)**

- 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. Where NovaGold does not elect to enter into a proposed transaction pursuant to a notice given, Tintina or its subsidiary is entitled to complete the proposed transaction with a third party at any time thereafter on such terms as Tintina or its subsidiary may determine.

**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.

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.

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****a) Financial Instruments**

As at September 30, 2011, the Company's financial instruments include cash and cash equivalents, short-term investments, amounts receivable, 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.

**a) Financial Instruments (continued)**

|                           | <b>Classification</b> |    | <b>2011</b> |
|---------------------------|-----------------------|----|-------------|
| Cash and cash equivalents | Held-for-trading      | \$ | 9,606,132   |
| Short-term investments    | Held-for-trading      |    | 20,000,000  |

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**TINTINA RESOURCES INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(All amounts are in Canadian dollars unless otherwise noted)

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## 15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

## b) Fair Values Measurements

Assets measured at fair value on a recurring basis were presented on the Company's balance sheet as at September 30, 2011 as follows:

|                           | Fair Value Measurements Using  |   |  | Total<br>\$ |
|---------------------------|--|---|--|-------------|
|                           | Quoted Prices<br>in<br>Active Markets<br>For Identical<br>Instruments<br>(Level 1)<br>\$ | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2)<br>\$ | Significant<br>Unobservable<br>Inputs<br>(Level 3)<br>\$ |             |
| Cash and cash equivalents | 9,606,132  | -   | -  | 9,606,132   |
| Short-term investments    | 20,000,000   | -   | -  | 20,000,000  |

## 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.

## (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 U.S. dollar and Indian rupees.

A significant portion of the Company's cash and cash equivalents, accounts payable, and expenses are denominated in U.S. 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.

At September 30, 2011, the Company had cash and cash equivalents denominated in U.S. dollars of \$1,770,141. The fair value of U.S. 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 \$92,773 in the cash and cash equivalents balance.

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**TINTINA RESOURCES INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)****c) Financial Risks (continued)****(iii) Foreign Currency Risk (continued)**

The Company's accounts payable and accrued liabilities related to resource property expenditure are primarily denominated in U.S. dollars of \$1,389,321. The fair value of U.S. dollar denominated accounts payable and accrued liabilities 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 \$72,814 in the accounts payable and accrued liabilities 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. The Company earned \$149,218 in interest income during the year ended September 30, 2011.

**(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.

**16. 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.

**17. SUBSEQUENT EVENT**

An amended earn-in agreement of the Baird property was signed subsequent to year end (Note 5). In order for the Company to maintain its option in good standing and earn an initial 60% interest, minimum US\$500,000 of Exploration costs must be incurred every 12 month period commencing January 1, 2012 until US\$4,000,000 of Exploration costs have been expended on or prior to December 31, 2015.