

TIMMINS GOLD CORP.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2006

(Unaudited)

THE ACCOMPANYING INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2006 HAVE NOT BEEN REVIEWED OR AUDITED BY THE COMPANY'S AUDITORS.

TIMMINS GOLD CORP.
INTERIM CONSOLIDATED BALANCE SHEETS
December 31, 2006 and March 31, 2006
(Unaudited)

<u>ASSETS</u>	December 31, <u>2006</u>	March 31, <u>2006</u>
Current		
Cash	\$ 323,774	\$ 2,996
Commodity tax recoverable	173,322	52,557
Prepaid expenses	37,169	15,502
Deferred costs	<u>-</u>	<u>142,500</u>
	534,265	213,555
Cash – restricted – Note 2	90,000	-
Capital assets, net – Note 3	97,929	2,946
Mineral properties – Note 4 and Schedule 1	<u>2,390,887</u>	<u>595,181</u>
	<u>\$ 3,113,081</u>	<u>\$ 811,682</u>

LIABILITIES

Current		
Accounts payable and accrued liabilities	\$ 72,083	\$ 192,239
Advances due to related parties – Note 5	<u>38,875</u>	<u>79,600</u>
	<u>110,958</u>	<u>271,839</u>

SHAREHOLDERS' EQUITY

Share capital – Note 6	3,441,849	685,516
Contributed surplus – Note 6	566,109	92,625
Deficit	<u>(1,005,835)</u>	<u>(238,298)</u>
	<u>3,002,123</u>	<u>539,843</u>
	<u>\$ 3,113,081</u>	<u>\$ 811,682</u>

Subsequent Events – Note 9

APPROVED ON BEHALF OF THE BOARD:

“Arturo Bonillas” Director

“Darcy Krohman” Director

SEE ACCOMPANYING NOTES

TIMMINS GOLD CORP.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
for the three and nine months ended December 31, 2006 and 2005
(Unaudited)

	Three months ended		Nine months ended	
	December 31,		December 31,	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
General and Administrative Expenses				
Accounting and audit	\$ 31,544	\$ 8,000	\$ 44,332	\$ 8,000
Amortization	1,469	512	9,273	520
Bank charges and interest	688	-	40,354	-
Consulting	17,320	1,388	78,350	1,388
Foreign exchange loss/(gain)	(81,503)	10,009	(52,129)	10,009
Investor relations	9,235	-	12,158	-
Legal	14,618	10,789	25,841	17,076
Management fees	911	-	11,380	-
Office and miscellaneous	9,724	3,545	38,286	4,311
Promotion	10,517	19,401	16,336	22,070
Property investigation	4,287	3,088	4,287	3,088
Rent	10,754	-	37,200	-
Salaries and wages	33,703	8,000	68,262	25,500
Stock-based compensation – Note 6	16,380	-	383,223	-
Telephone	9,375	2,967	13,243	3,918
Transfer agent and regulatory	614	-	28,237	-
Travel	(1,186)	3,708	8,904	6,171
	<u>(88,450)</u>	<u>(71,407)</u>	<u>(767,537)</u>	<u>(102,051)</u>
Net loss for the period				
Deficit, beginning of the period	<u>(917,385)</u>	<u>(30,644)</u>	<u>(238,298)</u>	<u>-</u>
Deficit, end of the period	<u>\$ (1,005,835)</u>	<u>\$ (102,051)</u>	<u>\$ (1,005,835)</u>	<u>\$ (102,051)</u>
Basic and diluted loss per share	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.05)</u>	<u>\$ (0.01)</u>
Weighted average number of shares outstanding	<u>20,312,981</u>	<u>10,220,935</u>	<u>16,532,051</u>	<u>7,177,937</u>

SEE ACCOMPANYING NOTES

TIMMINS GOLD CORP.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
for the three and nine months ended December 31, 2006 and 2005
(Unaudited)

	Three months ended December 31,		Nine months ended December 31,	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Operating Activities				
Net loss for the period	\$ (88,450)	\$ (71,407)	\$ (767,537)	\$ (102,051)
Add items not affecting cash:				
Amortization	1,469	520	9,273	520
Stock-based compensation	<u>16,380</u>	<u>-</u>	<u>383,223</u>	<u>-</u>
	(70,601)	(70,887)	(375,041)	(101,531)
Changes in non-cash working capital balances:				
Receivables	86,605	(44,624)	(120,765)	(47,014)
Prepaid expenses	13,987	(17,180)	(21,667)	(17,180)
Deferred costs	-	-	142,500	-
Cash – restricted	-	-	(90,000)	-
Accounts payable and accrued liabilities	<u>(33,573)</u>	<u>43,625</u>	<u>(120,156)</u>	<u>50,415</u>
	<u>(3,582)</u>	<u>(89,066)</u>	<u>(585,129)</u>	<u>(115,310)</u>
Investing Activities				
Capital asset additions	33,019	(3,466)	(104,256)	(3,466)
Exploration advances	-	355,500	-	-
Mineral property costs	<u>(474,782)</u>	<u>(458,799)</u>	<u>(1,795,706)</u>	<u>(489,421)</u>
	<u>(441,763)</u>	<u>(106,765)</u>	<u>(1,899,962)</u>	<u>(492,887)</u>
Financing Activities				
Advances due to related parties	-	(3,347)	(40,725)	26,600
Issuance of common shares (net of share issue costs)	<u>35,000</u>	<u>292,661</u>	<u>2,846,594</u>	<u>685,516</u>
	<u>35,000</u>	<u>289,314</u>	<u>2,805,869</u>	<u>712,116</u>
Change in cash during the period	(410,345)	93,483	320,778	103,919
Cash, beginning of the period	<u>734,119</u>	<u>10,436</u>	<u>2,996</u>	<u>-</u>
Cash, end of the period	<u>\$ 323,774</u>	<u>\$ 103,919</u>	<u>\$ 323,774</u>	<u>\$ 103,919</u>
Supplemental disclosure of cash flow information:				
Cash paid for:				
Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,657</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES

TIMMINS GOLD CORP.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2006
(Unaudited)

Note 1 Interim Reporting

While the information presented in the accompanying interim consolidated financial statements is unaudited, it includes all adjustments which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented. These interim consolidated financial statements follow the same accounting policies and methods of application as the March 31, 2006 annual consolidated financial statements. It is suggested that these interim consolidated financial statements be read in conjunction with the Company's annual March 31, 2006 consolidated financial statements.

Note 2 Cash - restricted

Pursuant to an employment agreement with a director and officer of the Company, funds were placed in escrow in accordance to the terms of the agreement.

Note 3 Capital Assets

	December 31, 2006		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Computer equipment	\$ 18,864	\$ (2,870)	\$ 15,994
Office furniture and equipment	43,393	(3,204)	40,189
Leasehold improvements	8,259	(620)	7,639
Vehicles	<u>37,208</u>	<u>(3,101)</u>	<u>34,107</u>
	<u>\$ 107,724</u>	<u>\$ (9,795)</u>	<u>\$ 97,929</u>
	March 31, 2006		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Computer equipment	<u>\$ 3,466</u>	<u>\$ (520)</u>	<u>\$ 2,946</u>
	<u>\$ 3,466</u>	<u>\$ (520)</u>	<u>\$ 2,946</u>

Capital assets are recorded at cost. Computer equipment is amortized on a declining balance basis at an annual rate of 30%. Office furniture and equipment is amortized on a declining balance basis at annual rates between 10% and 20%. Leasehold improvements are amortized on a straight-line basis at an annual rate of 20%. Vehicles are amortized on a declining balance basis at an annual rate of 25%. Additions during the year are amortized at one-half rates.

Note 4 Mineral Properties – Schedule 1

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as the potential for problems arising from the frequently ambiguous conveyance history characteristic of mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing. The properties in which the Company has committed to earn an interest are located in Mexico and the Company is therefore relying on title opinion by legal counsel who is basing such opinions on the laws of Mexico.

	Balance, March 31 <u>2006</u>	<u>Additions</u>	Balance, December 31, <u>2006</u>
San Francisco Property - Mexico	\$ 595,181	\$ 1,795,706	\$ 2,390,887

San Francisco Project- Mexico

- a) By option agreement dated April 15, 2005 and amended February 13, 2006, the Company's wholly owned subsidiary, Timmins Goldcorp Mexico S.A. de C.V acquired a 50% interest in five mineral titles located in the State of Sonora, Mexico (the "San Francisco Project") by incurring exploration expenditures of US\$2,500,000 as follows:
 - i. US\$1,000,000 on or before April 15, 2006 (amended to September 1, 2006, incurred);
 - ii. An additional US\$1,500,000 April 15, 2007.
- b) During the period ended December 31, 2006, the Company received property title of the Timmins and Timmins II concessions (36,479 hectares) and the Timmins III frac. 1 and 2 (400 hectares) issued by the Ministry of Economy. These concessions are located in Santa Ana in the State of Sonora, Mexico and have been included in the San Francisco Project.

Note 5 Advances Due to Related Parties

Advances due to related parties are unsecured, do not bear interest and are payable on demand.

a) Authorized:

Unlimited number of common shares without par value

b) Issued:

	<u>Number of Shares</u>	<u>Amount</u>	<u>Contributed Surplus</u>
Balance, March 31, 2006	10,948,633	\$ 685,516	\$ 92,625
For cash:			
Pursuant to Initial Public Offering – at \$0.35	9,000,000	3,150,000	-
Pursuant to Agent’s Corporate Finance			
Shares – at \$0.35	75,000	26,250	-
Pursuant to options exercised – at \$0.35	100,000	67,759	(32,759)
Agents’ broker warrants	-	-	123,020
Less: share issue costs	-	(587,426)	-
Conversion of Promissory Note	285,000	99,750	-
Stock-based compensation	-	-	<u>383,223</u>
Balance, December 31, 2006	<u>20,408,633</u>	<u>\$ 3,441,849</u>	<u>\$ 566,109</u>

- i. The Company completed its IPO offering and the gross proceeds received by the Company for the Offering were \$3,150,000 (9,000,000 common shares at \$0.35 per share with 9,000,000 share purchase warrants to purchase one share at \$0.50 up to July 25, 2007). The Company paid a cash commission of 8% of the aggregate proceeds of the offering, and issued agent’s warrants in an amount equal to 12% of the number of units sold under the IPO. Each agent’s warrant is exercisable into one common share at a price of \$0.35 up to July 25, 2007. The agent was also paid a corporate finance fee of 75,000 Units under the same terms as the Units issued for the IPO.

c) Stock Options:

Stock-based Compensation Plan

The Company has a stock option plan (the “Plan”) for directors, senior officers, employees, consultants and management. The Plan provides for the issuance of stock options to acquire up to a maximum of 10% of the issued and outstanding common shares of the Company. Options are granted for a term not exceeding five years. Incentive Share Purchase Options granted to directors, senior officers, employees and consultants vest when granted unless otherwise stated. Options granted to consultants performing investor relations activities vest over a period of twelve months.

c) Stock Options – (cont'd)

Stock-based Compensation Plan

A summary of the stock option activity is presented below:

	<u>Shares</u>	<u>Weighted Average Exercise Price</u>
Outstanding, March 31, 2006	-	-
Granted	2,000,000	\$0.35
Exercised	(100,000)	\$0.35
Outstanding, December 31, 2006	<u>1,900,000</u>	<u>\$0.35</u>
Vested, December 31, 2006	<u>1,500,000</u>	<u>\$0.35</u>

Share purchase options outstanding at December 31, 2006 are as follows:

<u>Number of Options</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
1,500,000	\$0.35	July 25, 2011
<u>400,000*</u>	\$0.35	September 6, 2011
<u>1,900,000</u>		

* The share purchase options granted to a director and officer of the Company vest under the same terms of the Company's escrow shares (see below) except for 50,000 options which have been accelerated to vest during the period ended December 31, 2006.

The Company has recorded \$383,223 (2005: \$Nil) of compensation expense for stock-based compensation relating to options granted and vested during the period. The fair value of the options granted has been determined using the Black-Scholes option pricing model with the following assumptions:

	Nine months ended December 31, <u>2006</u>
Expected dividend yield	Nil
Expected volatility	80%
Risk-free interest rate	4.01 - 4.26%
Weighted average expected term	5.0 years

d) Share Purchase Warrants:

Warrant transactions and the number of warrants outstanding are summarized as follows:

Outstanding, March 31, 2006	-
Granted	<u>10,155,000</u>
Outstanding, December 31, 2006	<u>10,155,000</u>

Share purchase warrants outstanding at December 31, 2006 are as follows:

<u>Number of Warrants</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
9,075,000	\$0.50	July 25, 2007
<u>1,080,000</u>	\$0.35	July 25, 2007
<u>10,155,000</u>		

e) Escrow:

At December 31, 2006, 5,400,000 (2005: Nil) common shares were held in escrow subject to the approval of the regulatory authorities. Uniform terms of automatic timed-release escrow apply to principals of exchange-listed issuers and the following automatic timed releases apply to securities held by its principals:

On the listing date	1/10 of the escrow securities
6 months after the listing date	1/6 of the remaining escrow shares
12 months after the listing date	1/5 of the remaining escrow shares
18 months after the listing date	1/4 of the remaining escrow shares
24 months after the listing date	1/3 of the remaining escrow shares
30 months after the listing date	1/2 of the remaining escrow shares
36 months after the listing date	the remaining escrow shares

Timmins Gold Corp.
Notes to the Interim Consolidated Financial Statements
December 31, 2006
(Unaudited) – Page 6

- a) The Company was charged the following by directors of the Company, or companies with common directors or a former officer of the Company:

	Three months ended December 31,		Nine months ended December 31,	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Mineral property costs:				
- deferred exploration costs				
– field work and consulting	\$ 79,475	\$ 57,670	\$ 119,934	\$ 57,670
Share issue costs:				
- legal fees	-	-	90,000	-
Consulting	9,000	-	9,000	-
Legal fees	14,799	9,763	21,463	16,050
Office	1,000	-	1,000	-
Salaries and wages	<u>13,391</u>	<u>8,000</u>	<u>46,950</u>	<u>25,500</u>
	<u>\$ 117,665</u>	<u>\$ 75,433</u>	<u>\$ 288,347</u>	<u>\$ 99,220</u>

These charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

- b) Accounts payable and accrued liabilities outstanding with related parties are unsecured, non-interest bearing and have no fixed terms of repayment. Included in accounts payable and accrued liabilities at December 31, 2006 and March 31, 2006 are the following related party amounts:

	December 31, <u>2006</u>	March 31, <u>2006</u>
Accounts payable and accrued liabilities	<u>\$ 1,000</u>	<u>\$ 118,106</u>

- c) Advances due to related parties are unsecured, do not bear interest and are payable on demand.

	December 31, <u>2006</u>	March 31, <u>2006</u>
Advances due to related parties	<u>\$ 38,875</u>	<u>\$ 79,600</u>

Timmins Gold Corp.
Notes to the Interim Consolidated Financial Statements
December 31, 2006
(Unaudited) – Page 7

The Company has one reportable operating segment, the acquisition and exploration of mineral properties. Geographical information is as follows:

	<u>Total Assets</u>	<u>Capital Assets</u>	<u>Mineral Properties</u>
December 31, 2006			
Canada	\$ 408,038	\$ 59,616	\$ -
Mexico	<u>2,705,043</u>	<u>38,313</u>	<u>2,390,887</u>
	<u>\$ 3,113,081</u>	<u>\$ 97,929</u>	<u>\$ 2,390,887</u>
March 31, 2006			
Canada	\$ 213,876	\$ 2,496	\$ -
Mexico	<u>597,806</u>	<u>-</u>	<u>537,027</u>
	<u>\$ 811,682</u>	<u>\$ 2,496</u>	<u>\$ 537,027</u>

Note 9 Subsequent Events

Subsequent to December 31, 2006, the Company:

- (a) released 900,000 shares from escrow under the terms of the escrow agreement;
- (b) issued 100,000 common shares pursuant to the exercise of 100,000 share purchase options for proceeds of \$35,000;
- (c) issued 100,000 common shares pursuant to the exercise of 100,000 warrants for proceeds of \$50,000;

Schedule 1

TIMMINS GOLD CORP.
INTERIM CONSOLIDATED SCHEDULE OF MINERAL PROPERTY
for the nine months ended December 31, 2006
(Unaudited)

	<u>San Francisco Project</u>		
	March 31, <u>2006</u>	<u>Changes</u>	December 31, <u>2006</u>
Acquisition costs and holding costs			
Acquired for cash	\$ 31,345	\$ -	\$ 31,345
Claim staking	14,410	10,408	24,818
Mining taxes and assessment	37,479	193,654	231,133
Surface rights	<u>68,369</u>	<u>67,424</u>	<u>135,793</u>
Subtotal acquisition costs	151,603	271,486	423,089
Deferred Exploration Costs			
Administration	1,265	12,074	13,339
Assays	30,405	42,100	72,505
Camp and field costs	15,863	22,975	38,838
Communications	2,529	3,108	5,637
Drilling	76,349	675,161	751,510
Engineering and feasibility	-	54,574	54,574
Exploration expense	20,543	50,396	70,939
Field work and consulting	273,233	493,164	766,397
Legal	-	128,621	128,621
Property investigation	11,216	-	11,216
Reports, drafting and maps	1,764	2,054	3,818
Travel and accommodation	10,411	14,615	25,026
Trenching and roadwork	-	20,553	20,553
Vehicle rental	<u>-</u>	<u>4,825</u>	<u>4,825</u>
Subtotal deferred exploration costs	<u>443,578</u>	<u>1,524,220</u>	<u>1,967,798</u>
	<u>\$ 595,181</u>	<u>\$ 1,795,706</u>	<u>\$ 2,390,887</u>

Schedule 1 (cont'd)

TIMMINS GOLD CORP.
INTERIM CONSOLIDATED SCHEDULE OF MINERAL PROPERTY
for the period ended December 31, 2005
(Unaudited)

San Francisco Project

	Date of Incorporation March 17, <u>2005</u>	<u>Changes</u>	December 31, <u>2005</u>
Acquisition costs and holding costs			
Acquired for cash	\$ -	\$ 31,345	\$ 31,345
Mining taxes and assessment	-	37,479	37,479
Surface rights	-	<u>45,446</u>	<u>45,446</u>
Subtotal acquisition costs	-	114,270	114,270
Deferred Exploration Costs			
Administration	-	1,264	1,264
Assays	-	30,299	30,299
Camp and field costs	-	12,116	12,116
Communications	-	1,986	1,986
Drilling	-	76,349	76,349
Exploration expense	-	14,541	14,541
Field work and consulting	-	217,953	217,953
Property investigation	-	10,517	10,517
Reports, drafting and maps	-	1,030	1,030
Travel and accommodation	-	<u>9,096</u>	<u>9,096</u>
Subtotal deferred exploration costs	-	<u>375,151</u>	<u>375,151</u>
	<u>\$ -</u>	<u>\$ 489,421</u>	<u>\$ 489,421</u>