

TIMMINS GOLD CORP.

MANAGEMENT DISCUSSION AND ANALYSIS – FORM 51-102F1 for the three and six month periods ended September 30, 2007

Date of Report

The following Management Discussion and Analysis (“MD&A”) for Timmins Gold Corp. (“Timmins” or the “Company”) is prepared as of November 27, 2007, and should be read in conjunction with the unaudited Consolidated Financial Statements (“Financial Statements”) and related notes for the six month period ended September 30, 2007 and the comparative period ended September 30, 2006. Except as noted, all dollar amounts contained in this discussion and analysis and in the Financial Statements are in Canadian dollars.

Accounting Principles

The Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) as described in Note 2 to the Financial Statements.

Forward-Looking Statements

This discussion and analysis contains forward-looking statements about the Company’s future prospects, and the Company provides no assurance that actual results will meet management’s expectations. For a thorough discussion and analysis of the risks and uncertainties affecting the Company we refer you to the Annual Information Form (available on Sedar at www.sedar.com). All statements in this MD&A, other than statements of historical fact, that address exploration drilling, exploitation activities and events or developments that the Company expects to occur, are forward looking statements. Forward looking statements are statements that are not historical facts and are generally, but not always, identified by the words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “projects”, “potential” and similar expressions, or that events or conditions “will”, “would”, “may”, “could” or “should” occur. Information inferred from the interpretation of drilling results and information concerning mineral resource estimates may also be deemed to be forward looking statements, as it constitutes a prediction of what might be found to be present when, and if, a project is actually developed. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, and continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward looking statements are based on the beliefs, estimates and opinions of the Company’s management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that management’s beliefs, estimates or opinions, or other factors, should change.

Management’s Responsibility for Financial Statements

The information provided in this MD&A, including the Financial Statements, is the responsibility of management. In the preparation of these Financial Statements, estimates are sometimes necessary to make a determination of the future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying Financial Statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company’s assets are safeguarded and to facilitate the preparation of relevant and timely information.

Overall Performance

Timmins Gold Corp. is a junior resource company engaged in the acquisition, exploration and development of gold properties in Mexico. To date the Company has measured its success through the growth in its mineral resources, in particular gold resources, at reasonable discovery and/or acquisition cost. The Company has its corporate office in Vancouver and administrative office in Hermosillo, Sonora, Mexico. The Company also has field offices in Magdalena, Sonora, and Guadalajara, Jalisco, and an operations office at the San Francisco Mine near Estacion Llano, Sonora, Mexico. The Company currently has no revenue from operations and will continue to incur negative cash flow through 2008. The Company has commissioned a pre-feasibility study addressing the viability of re-commencing production at its 100% owned San Francisco Gold Mine. The study is expected to be completed in December 2007.

The Company has five projects. The Company's principal and only material mineral property for purposes of National Instrument 43-101 ("NI 43-101") is its San Francisco Gold Property ("San Francisco Property") located in Sonora, Mexico. The San Francisco Gold Mine was operated from 1997 to 2002 by Geomaque, Mexico. Mineral resources still existed when the Mine closed due to low gold prices. In July 2006, the Company completed its initial public offering ("IPO"), raising gross proceeds of \$3.1 million. In May 2007, the Company completed a private placement raising an additional \$6.1 million. These funds have been used to acquire a 100% interest in the San Francisco Property and complete drill programs on this property with the objective of confirming and expanding the mineral resource base and eventually recommencing production.

The Company is in a strong financial position to support its current plans and exploration programs. Once the pre-feasibility study is completed the Company will assess whether a full feasibility study is required to justify recommissioning. In July 2007, approximately nine million IPO warrants and agent's warrants exercisable to purchase one common share at \$0.50 were exercised. This added approximately \$4 million to working capital. Subsequent to the period end, approximately 7.6 million additional warrants exercisable to purchase one common share at \$0.70, from the May 2007 private placement, were exercised. The Company received gross proceeds of \$5,320,984 from this warrant exercise. US\$4.0 million of the proceeds from the exercise will be used to make various capital expenditures associated with recommencing operations at the San Francisco mine, including deposits on the acquisition of secondary and tertiary crushers, screens, conveyors, refurbishing of existing equipment including the gold plant and primary crusher, construction of the heap leach pads and exploration of the 20,000 hectare Norma and Patricia claims immediately to the west of the San Francisco claims. US\$300,000 has been allocated to a drill programs on the Tequila Property and US\$500,000 has been allocated to a drill program on the Las Coloradas Property. The balance will be added to the existing general working capital. The drill programs on the Tequila and Las Coloradas projects are expected to commence shortly. Assuming the pre-feasibility study demonstrates the project is viable, additional funding will be required to recommence operations at the San Francisco Gold Mine,.

Gold prices have been very volatile but generally have been rising in recent months, often setting near historic highs. Like most metal prices, gold prices are historically volatile and it is optimistic to assume that recent rates of appreciation will continue. It is also possible that current prices could fall from recent highs. The Company believes that gold prices have benefited from declining gold resources, a general weakening of the US dollar against other major currencies, a reduction or elimination of hedging programs by major producers, and an increase in demand. Recent unprecedented strengthening of the Canadian dollar could have both positive and negative consequences for the Company. As a significant portion of the Company's expenditures are denominated in US\$ or the Mexican Peso, which generally tracks the US\$, an increase in exchange rates of the Canadian dollar versus these currencies generally increases the Company's purchasing power. However, the inability of Canadian business to quickly adapt to this rapidly changing environment could ultimately impact the Canadian economy and the investment community in Canada, the Company's principle source of equity investment. Management continues to monitor the economic environment and its impact on the Company.

Gold prices and a strong Canadian dollar will have a significant influence on future cash flow and earnings of the Company should recommissioning of the San Francisco Mine proceed. The Company is not able to predict future gold prices or foreign exchange rates and its impact on future operations.

Results of Operations

San Francisco Gold Project

In April 2005 the Company entered into an option agreement (“Option Agreement”) to earn a 50% interest in the San Francisco Property, and in February 2007, it filed a technical report prepared in accordance with NI 43-101, disclosing the mineral resource estimate. In April 2007, the Company entered into an acquisition agreement (“Acquisition Agreement”) to acquire a 100% interest in the San Francisco Property. This agreement supersedes the Option Agreement. The 100% interest in the San Francisco Property was acquired for consideration of US\$5 million and 10 million common shares of the Company. The US\$5 million payment was made in two US\$2.5 million instalments, the first was made on closing of the acquisition in May 2007 and the second was made by October 31, 2007. In addition, the Company is required to purchase certain mining and processing equipment for \$3.5 million dollars. Payment of the US\$3.5 million is not required to be made until May 2010. As this liability is interest-free, the full acquisition price of this US\$ denominated debt has been discounted at an annualized rate of 4.5% to reflect the implied interest rate.

The February 2007 technical report disclosed the following Mineral Resource based on a US\$500 per ounce gold floating cone with 64% recoveries, US\$1.00 per tonne mining cost and 0.23 g/t gold cut-off grade is:

Resource Classification	Ore (million tonnes)	Grade (g/t Au)	Gold (thousand troy oz)
Measured Mineral Resource	5.35	0.91	156.9
Indicated Mineral Resource	22.30	0.78	559.9
Total Measured + Indicated	27.65	0.81	716.8
Inferred Mineral Resource	2.51	0.79	63.5

In the first quarter of fiscal 2008 the Company commenced a surface exploration, geochemical survey, both ground and airborne geophysical surveys and a third drill program with the objective of identifying additional targets on the 43,000 hectare property and expanding and upgrading the known mineral resource. Detailed technical disclosure of the results from these programs will be disclosed shortly. The objectives of the program were successful and the Company has commissioned a pre-feasibility study on the Property. Micon International Limited of Toronto (Micon) and Independent Mining Consultant Inc. of Tucson (IMC) are the principal consultants and independent Qualified Persons responsible for the Report. The Company expects to be in receipt of this document prior to the end of December 2007 and is confident that current gold prices will support the feasibility of the project. Management is currently proceeding on the basis that production will recommence in late 2008.

As previously disclosed, the Company believes the economics of the San Francisco operations will be particularly sensitive to gold recoveries. From January to September 2007, the Company completed a comprehensive metallurgical testing program. Micon and PRA Labs of Richmond, BC, were contracted to complete bottle roll and column leach tests on the four principal lithologies that host the gold mineralization at the San Francisco Mine Property. By relative tonnage these lithologies include leucocratic granite, gneissic granite and leucogranite, gabbro and pegmatite. The recoveries for each were 83.2%, 93.9%, 50.7% and 78.5% respectively. These results are significantly higher than historical recoveries and appear to be largely attributable to crush size. Testing has determined that crushing ore to ½ to ¼ inch is critical in maximizing recoveries. A review of historical data indicates a crush size of only ¾ inch or greater was achieved during Geomaque’s tenure.

This may partially explain historical recoveries of only approximately 61%. The Company is confident lab results can be replicated on a commercial scale provided appropriate controls are present.

Las Coloradas Property, Durango, Mexico

During the first quarter of fiscal 2008, the Company entered into an agreement to acquire a 100% interest in the Las Coloradas property and mill located in Durango, Mexico. This project consists of 17 concessions covering approximately 4,900 hectares in the western section of the State of Durango. The project is located in the heart of one of the best known epithermal gold – silver districts in Mexico. Significant deposits in the region include the Tayoltita, Guadalupe de los Reyes, Cosala and San Jose de Gracia deposits. In order to exercise the option the Company must pay USD\$350,000 (paid) and issue 500,000 common shares (issued) to the vendor. The Company must also pay a further USD\$350,000 and issue an additional 1,500,000 common shares on or before December 31, 2007. This has been verbally extended to April 30, 2008. The vendor will retain a 2.5% net smelter return interest.

The following is an extract from a 1994 report prepared by G.W. Park titled “Summary Report on Las Coloradas Mining District, Mexico”. The Company has not independently verified this information. “The Las Coloradas Project was in production intermittently from 1937 to 1991 ... Between 1989 and 1994 approximately 4,468 tonnes of gold-silver ore were produced from the Santa Anita workings with reported average grades of 15 grams of gold per tonne and 2,700 grams of silver per tonne. Average recovery from the mill and cyanide recovery system was over 90% for gold and 75% for silver. Operations were shut down due to increasing costs and inefficient workings. Exploration at Las Coloradas dates back to the mid 1930’s when high grade bonanza gold and silver was discovered. Visible gold was initially identified in outcrop with reported grades as high as 907 grams of gold per tonne ... The main controlling feature is a four kilometre long north-northwest trending fault system along which many of the area mines have been developed to date ... Assay values from the drift along the Guadalupe vein ranged from 0.5 to 26 grams of gold per tonne and from 30 to 1,015 grams of silver per tonne.”

The Company has completed a systematic surface exploration program along the length of the principal vein system with a focus on the known ore shoots. The Company is currently assessing the extent and significance of several bonanza grade gold values recovered from the vein. A US\$500,000 3,000 m diamond drill program will be commencing in December with completion expected in January/February 2008. Road rehabilitation has commenced.

Tequila Property, Jalisco, Mexico

During the first quarter of fiscal 2008, the Company entered into an option to acquire a 100% interest in the Tequila Property located approximately 30 kilometres north of Tequila, Jalisco, Mexico. The Tequila property consists of 4 concessions covering approximately 564 hectares and is approximately 1½ hours north of Guadalajara. In order to exercise the option, the Company has paid US\$50,000, and is required to pay a further US\$50,000 on December 20, 2007; US\$50,000 on June 20, 2008; US\$100,000 on December 20, 2008; US\$150,000 on June 20, 2009; US\$600,000 on December 20, 2009, and US\$1,000,000 by June 20, 2010. The Company may elect to make half of the final payment in shares. The vendor, an arm’s length party, retains a 2% net smelter return interest, which may be purchased for US\$1,000,000.

During the second quarter the Company completed a first phase surface and underground sampling and exploration program. The Company is particularly encouraged by initial results obtained from sampling of the Veta Grande Vein system as several bonanza grade results have been returned. Specifically assay results from 27 samples on the vein system returned grades ranging from 25 ppb to 48.30 g/t gold with 13 of the samples returning grades greater than 8 g/t gold (average grade of all 27 samples = 9.268 g/t Au). The main areas sampled were the Veta Grande vein, the Grano de Oro vein, the Guadalupe vein and the Veta Grande breccia zone. Significant mineralized intervals encountered during the current sampling program include:

Veta Grande Vein: Samples VG-01 – 09, 15.91 g/t Au across 3.0 m; Samples VG 001 – 048, 13.71 g/t Au, 119 g/t Ag across 10.0 m; Samples VG 049 – 094, 14.01 g/t Au across 10.0 m.

Guadalupe Vein: Samples GPE7A, 5.72 g/t Au, 320.0 Ag across 1.0 m; Samples GPE7A, 121.56 g/t Au, 280.0 g/t Ag (chip sample).

Grano de Oro Vein: Samples GO frente, 662.40 g/t Au across 2.5 m; Samples GO piso, 13.88 g/t Au across 2.0 m; Samples Grano de Oro piso, 5.91 g/t Au across 2.0 m; Samples GO rebaje, 1.01 g/t Au across 1.5 m.

Veta Grande Breccia Zone: Samples TEE 101 – 117, 0.72 g/t Au across 28.0 m; Samples TEE 150 – 164, 1.67 g/t Au across 30.0 m; Samples TEE 118 – 122, 1.80 g/t Au across 10.0 m; Samples TEE 130 – 149, 1.13 g/t Au across 40.0 m, Samples TEE 300 – 313, 0.04 g/t Au across 26.0 m.

While the Company believes the above widths approximate true widths, this is subject to verification by the proposed drill program. Precious metal mineralization on the Tequila Property is associated with a sequence of rhyolitic tuffs and basalts hosting high grade epithermal gold veins in a breccia zone. The principal mineralized zone on the Tequila Property is the Veta Grande vein which has been traced along strike for over 700 metres and a vertical extent of over 300 metres. The down dip extent of the mineralized structure below the valley floor is not known but will be tested by the proposed drill program. Samples of the Veta Grande vein average 13.71 g/t gold and 119 g/t silver across 10 metres in exposures in the underground workings. Locally the Veta Grande vein has returned bonanza grades of up to 118.46 g/t gold and 469 g/t silver across 1.0 metre grab samples of mineralized material from the old workings averaging 23 g/t gold. The Veta Grande vein is hosted in a brecciated shear zone that has been traced along strike for over 1 km. This breccia zone varies from 20 to 60 metres in width and averages 40 metres. Sampling of the breccia zone, which is exposed on both sides of the Santiago River, returned an average grade of 1.13 g/t gold across 40 metres. The underground exposures of the breccia are highly oxidized suggesting the possibility of a higher grade zone of primary mineralization existing at depth.

The Veta Grande system also has several high to bonanza grade veins that cross cut the primary system. These include the Guadalupe, Grano de Oro and La Lupita veins. These veins, while generally narrower, are often higher grade. The remnants of several small scale operations are evident on the property. Current small scale mining activities and our own sampling program have confirmed the presence of bonanza grade gold from the Veta Grande and related veins. Specifically the Guadalupe vein has been traced along strike for over 500 metres and a vertical extent of over 300 metres. Sampling across the 1.5 metre width returned an average of 5 to 6 g/t gold with selective grab samples from the old workings returning 121 g/t gold and 280 g/t silver. The Grano de Oro vein, which has been largely inaccessible to date because of high water levels, averages 2.0 metres wide and is exposed along strike for approximately 100 metres in underground workings. A single sample at the portal returned 662.40 g/t gold across 2.5 metres. The Lupita vein, while largely unexplored, is exposed for approximately 15 metres in underground workings. The Lupita vein returned 2.14 g/t gold across a 2.0 metre width. Selective samples returned 16 g/t gold.

Based on the results obtained to date, the Company is planning a first phase 1,000 metre, diamond drill program on the Property to commence in December 2007. The primary objective of this program will be confirmation of the strike length and down dip extent of (i) the Veta Grande vein and the associated breccia zone and (ii) the Grande de Oro vein. The program will also continue with surface exploration and sampling of the Guadalupe and La Lupita veins and reconnaissance mapping and sampling of the entire property. Technical staff are confident additional related veins and/or breccias zones will be identified by this exploration program. Contingent upon favourable results the Company is confident a more comprehensive second phase drill and exploration program forming the basis for an initial resource estimate can be justified.

Cocula Property, Jalisco, Mexico

During the second quarter the Company entered into an option agreement to acquire a 100% interest in the 250 hectare Cocula claims located in San Martin Hidalgo, Jalisco, Mexico, approximately 90 km west of Company's regional office in Guadalajara. To exercise the option, the Company must pay a total of US\$1.5 million over a four year period. The Vendor is an arm's-length party who retains no royalties on the claims. The property has been optioned to assess the open pit, bulk tonnage potential of the principal mineralized zone.

The mineralization hosted on the Cocula property exhibits epithermal characteristics similar to those of other deposits in the region and appears to be controlled by a large structural feature responsible for the siliceous and brecciated sedimentary sequence. Mineralization is hosted in hydrothermally altered andesitic tuffs and sandstones. Work to date has traced the principal structure over widths of 15 to 40 metres and a strike length of 2 kilometres. The system is open both at depth and along strike. A separate gossanous zone has also been identified over a surface area of 500 x 500 metres. A hand held drill program consisting of 4 shallow holes (average depth of 40 m) was completed in 2003. While all holes returned highly anomalous gold values (i.e. 0.10 to 4.5 g/t Au), Hole 3, drilled on the mineralized structure returned several intersections with grades between 0.50 and 3.32 g/t gold from 7 to 40 metres depth. A first phase surface sampling program by Timmins Gold geologists along the main structural trend returned numerous economic grade precious and base metal values. Sampling of the some of the zones identified to date returned the following average grades and intersections:

Hermosa Provincia Mine underground workings: 5.28 g/t Au across 6.0 metres.

La Chavelita Mine underground workings: 2.45 g/t Au, 60.0 g/t Ag across 0.30 metres;

La Chavelita Mine Zone: 0.89 g/t Au, 2.0% Pb, 1.5% Zn across 1.5 metres;

Gossanous Zone: 0.54 g/t gold across 16.50 metres & 0.50 g/t gold across 16.0 metres; and

Margarita Mine underground workings: 1.5 g/t gold across 1.0 metre;

In addition base metal values up to 1.2% copper, 1.5% lead and 2.2% zinc have been returned from representative grab samples from other localities on the property. The Company is currently completing a program of sampling and mapping to be followed by a geophysical program consisting of Induced Polarization and resistivity surveys to help define the vertical, lateral and strike extent of the identified mineralizing structures. The program will also help identify any parallel structures that have not been identified on surface.

Capomo Property, Nayarit, Mexico

During the first quarter of fiscal 2008 the Company acquired the mineral rights to 60,000 hectares in four claim blocks by staking. The Capomo Property is located in Nayarit State, approximately 50 kilometres east of Puerto Vallarta. The property is located in the Sierra Madre del Sur physiographic province consisting of rhyolitic and andesitic volcanics intruded by granite and granodiorites along a system of faults and fractures that are up to eight kilometres in length. Horst and graben structures displace these larger structures in several locations on the property creating favourable conduits for mineralizing fluids. Mineralization is hosted in epithermal veins measuring five to 20 metres in width, and 500 to 1,000 metres in length. Historically over 20 mineralized structures were identified by Consejo de Recursos Minerales, prior to Timmins's program. Oxidation, kaolinization and propilization are common alteration features. Massive sulphide mineralization with significant gold, silver, lead, zinc and copper values have been returned by the first phase surface sampling program. Selective grab samples have returned grades of up to 22.5 g/t gold and 1860 g/t silver. The Company is currently accessing the results of the first phase surface program to determine the significance of the results obtained to date. The Company plans to continue with a modest surface exploration program during the next two quarters.

Operating Activities

The Company recorded a net loss for the six month period ended September 30, 2007 of \$239,558 (\$0.01 per share), compared with a net loss for the same period in 2006 of \$826,503 (\$0.06 per share). In general overall operating expenditures increased because of an increase in corporate activity including higher administrative costs in both Canada and Mexico. These expenditures were offset, however, by a foreign exchange gain of \$1,087,312 resulting from the Company's current policy of holding the majority of its financial resources in Canadian dollars until such time that payment (In US\$ or Mexican pesos) is required. The majority of the Company's operating expenditures are denominated in US dollars. The increase of \$12,294,366 in deferred exploration and development costs is associated with the ongoing drill and exploration programs and acquisition costs on the San Francisco Property. The Company also initiated surface exploration programs on the Las Colorados and Tequila Projects, which increased deferred exploration and acquisition costs by an additional \$970,050 during the period. Exploration expenditures on the Capomo and Cocula properties totalled \$211,821 in the six months period of fiscal 2008.

Total general and administrative costs were \$1,386,511 (net of a \$1,097,312 foreign exchange gain) for the six month ended September 30, 2007, and \$797,129 (net of a \$29,374 foreign exchange loss) for the comparative period in 2006. Included in these G&A expenditures are non-cash stock option compensation amounts of \$475,746 for the six month period ended September 30, 2007, and \$514,259 for the six month period September 30, 2006. Accounting and auditing expenses increased from \$4,262 in 2006 to \$32,303 in 2007. This increase was due to the significant increase in the level of operations and number of transactions in Mexico, and the costs of reporting those operations and transactions. The Company now has three employees in its Vancouver office, which has resulted in an increase of \$344,500 in salaries and benefits for the six months ended September 30, 2007 over the comparative period in 2006. As a result of the Company closing its April 2007 financing and the exercise of IPO warrants, the transfer agent and listing fees increased by \$41,139 in 2007. The Company engaged two investor relation firms to provide an investor relations and communication program. This resulted in an increase in investor relation expenses of \$95,440 in the six months ended September 30, 2007.

The Company recorded a net loss for the three month period ended September 30, 2007 of \$243,963 (\$0.00 per share), compared with a net loss for the same period in 2006 of \$686,199 (\$0.04 per share). The Company's interest income for the second quarter of fiscal 2008 totalled \$41,199 (2007 - \$Nil). General and administrative costs were \$451,136 (net of non-cash stock based compensation expenses of \$320,851 and foreign exchange gain of \$486,825) for the three month period September 30, 2007 and \$146,619 (net of non-cash stock based compensation expenses of \$514,259 and a foreign exchange loss of \$25,321) for the comparative period in 2006. The major increases were in salaries, totalling \$172,452 in the second quarter of fiscal 2008 compared to \$19,559 in the comparable quarter; and investor relations totalled \$48,926 and \$6,358, respectively. The Company now has three employees in its Vancouver office and has engaged two investor relations firms. These expenses were not incurred in the comparative period.

Summary of Quarterly Results

The following is a summary of the Company's financial results for the six most recently completed quarters (the Company was not a reporting issuer prior to the April 1, 2006 and as such did not prepare quarterly financial statements prior to that period):

	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Total revenues	\$41,199	\$18,442	\$9,563	Nil	Nil	Nil
Net income/(loss)	(\$243,963)	\$4,405	\$6,389	(\$88,450)	(\$686,199)	(\$140,304)
Basic loss per share (1)	\$0.00	\$0.00	\$0.00	\$0.01	\$0.04	\$0.01

(1) Loss per share on a diluted basis is not disclosed as it is anti-dilutive due to losses incurred.

The expenses incurred by the Company are typical of junior exploration companies that have not yet established mineral reserves. The Company's expenditures fluctuate from quarter to quarter as a result of non-recurring activities or events.

Liquidity

The Company had cash of \$4,251,615 (including \$77,896 in restricted cash) as at September 30, 2007 compared to \$135,049 (including \$77,276 restricted cash) as at March 31, 2007. The Company had working capital of \$2,036,818 at September 30, 2007 compared to a working capital deficiency of \$75,073 at March 31, 2007. The positive working capital position at September 30, 2007, included the final US\$2.5 million payment for the acquisition of the San Francisco Mine property, as the amount was included as a current liability. This payment was made prior to October 31, 2007.

During the period the Company received total proceeds of \$4,774,500 pursuant to its exercised securities. \$4,492,000 (\$120,000 share issue costs were incurred on these exercised warrants) was received from the exercise of 9,308,000 warrants and agent's warrants that expired on July 25, 2007. The warrants had been issued pursuant to the unit offering completed at the time of the Company's Initial Public Offering in July 2006. \$142,500 was received pursuant to 285,000 exercised warrants issued on settlement of a convertible promissory note; and \$140,000 was received on 400,000 stock options exercised during the period. The funds were added to the Company's working capital.

On May 3, 2007, the Company completed a \$6,313,500 financing by way of a private placement distribution of 12,627,000 units at \$0.50 per unit. Each unit consisted of one common share and one-half share purchase warrant. Each full warrant could be exercised to purchase a common share at \$0.70 by October 31, 2007. Subsequent to the period end 7,601,045 of the warrants, including agent's warrants, were exercised providing the Company with gross proceeds of \$5,320,732.

The Company's financial condition is contingent upon the results of continuing exploration and if feasible, development of the San Francisco Project. The Company recently completed a third phase of drilling on the property and is proceeding with a pre-feasibility study. In addition, the Company is continuing with an aggressive metallurgical testing program with the objective of increasing and confirming recoveries. Once completed, these results will be incorporated into the pre-feasibility study. Should the pre-feasibility study conclude recommissioning of the San Francisco Gold Mine is viable, and if the project is brought into production, the Company's operating results will be significantly influenced by gold recoveries, operating costs and gold prices. While the Company will seek to maximize recoveries and reduce operating costs, estimates and assumptions influencing these parameters at the pre-feasibility stage may prove incorrect. Incorrect assumptions may result in

material differences between estimated and actual results. The Company has no way to predict the future price of gold. As a result revenue and income derived from future operations, if any, will be impacted.

Timmins has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipates it will need additional capital in the future to finance ongoing exploration of its properties, such capital to be derived from the exercise of outstanding stock options, warrants and/or the completion of other equity financings. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for further exploration and development of its projects. Although the Company has been successful in the past in financing its activities through the sale of equity securities there can be no assurance that it will be able to obtain sufficient financing in the future to carry out exploration and development work on the Properties. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings.

Capital Resources

During the first quarter of the 2008 financial year the Company entered into an agreement to acquire a 100% interest in the San Francisco Property for total consideration of US\$5 million and 10 million shares of the Company. In addition, the agreement required the Company to purchase certain mining and processing equipment for \$3.5 million dollars (the "Acquisition Agreement"). Payment of the US\$3.5 million is not required until three years from closing of the acquisition of the San Francisco Property (i.e., May 2010). IVA, the Mexican equivalent to value added tax, also has to be paid on the acquisition. As at September 30, 2007, an estimate of the amount of IVA payable has been made. Assuming the pre-feasibility study supports recommissioning of the mine, the Company anticipates being in a position to fund this obligation from cash-flow from operations. The Acquisition Agreement supersedes the original Option Agreement entered into on April 15, 2005.

The Acquisition Agreement required the Company to make an initial payment of US\$2.5 million of the total US\$5 million acquisition price upon TSX-V approval of the transaction. This approval was received on May 10, 2007. The initial payment was satisfied by allocating a portion of the proceeds from the private placement distribution that closed on April 25, 2007. The second and final payment of US\$2.5 million was made prior to the due date of October 31, 2007, subsequent to the period end. (See "Liquidity".)

The Company also has option payments due in the third quarter associated with its acquisition of the Las Coloradas (US\$350,000 due on or before December 31, 2007) and Tequila Properties (US\$50,000 due on December 20, 2007). The Company currently has sufficient funds to make these option payments.

Transactions with Related Parties

During the three months ended September 30, 2007, the Company entered into the following transactions with related parties:

- (a) During the period ended September 30, 2007, \$20,000 of consulting fees was incurred by a director and an officer of the Company. As of September 30, 2007, the Company owed \$234 (March 31, 2007 – \$70,534) to this director and officer for expense advances.
- (b) The Company incurred \$Nil of legal fees (2006 - \$96,844) to a company controlled by a director and an officer. As of September 30, 2007, \$Nil (March 31, 2007 - \$1,000) included in accounts payable was owed to this company, and \$647 (March 31, 2007 - \$647) was held in trust by this company.
- (c) During the period ended September 30, 2007, the Company incurred \$24,000 (2006 - \$Nil) for accounting services with a private company of which a director of the Company is a vice-president. As of September 30, 2007, \$Nil (March 31, 2007 - \$Nil) is owed to this company.
- (d) During the year ended March 31, 2007, \$90,000 was placed in trust with a legal firm pursuant to the Company's employment agreement with a director and officer. As of September 30, 2007, \$77,896 (March 31, 2007 - 77,276) was held in trust by the legal company.
- (e) During the period ended September 30, 2007, \$90,275 of geological consulting fees (2006 - \$40,459) were incurred by a director of the Company. As of September 30, 2007, \$Nil is owed to this director.
- (f) During the period ended September 30, 2007, the Company incurred \$23,931 (2006 - \$Nil) for rent and administrative expenses on behalf of a company with directors in common. As of September 30, 2007, \$3,470 (December 31, 2006 - \$Nil) owed by this company is included in accounts receivable.

Critical Accounting Estimates

The preparation of Financial Statements in conformity with GAAP requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date, and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company's accounting policies and estimates used in the preparation of the Financial Statements are considered appropriate in the circumstances, but are subject to judgements and uncertainties inherent in the financial reporting process.

Critical accounting estimates used in the preparation of the Financial Statements include the Company's estimate of recoverable value of its mineral properties and related deferred expenditures as well as the value of stock-based compensation. All of these estimates involve considerable judgement and are, or could be, affected by significant factors that are beyond the Company's control.

The Company capitalizes exploration and development expenditures directly related to its properties until such time that the properties are placed into production, sold, abandoned, or management determines impairment in the realizable value of the property/properties has occurred. The Company's policy to capitalize exploration costs on a project by project basis is consistent with GAAP, and that of other exploration companies that do not have established mineral reserves. If, and when, a mineral property is commissioned, the associated deferred costs will be amortized on a systematic basis. And, if and when, an impairment in value of a property is determined, the property value will be written-down to its realizable value at that time, and the write-down charged to operations. The recoverability of the recorded value of the Company's mineral properties and associated deferred expenses is based on market conditions for minerals, the underlying mineral resources associated with the properties, and future costs that may be required for ultimate realization through mining operations or by sale. The impairment

reviews are made annually by management, or earlier if warranted. A write-down may also be required when a property is sold or abandoned, if exploration activity ceases on a property due to unsatisfactory results, or if there is insufficient funding to continue exploration on a property.

The Company follows accounting guidelines in determining the value of stock option compensation, as disclosed in Note 2 to the Financial Statements. This is a calculated amount not based on historical cost, but on subjective assumptions introduced to an option pricing model, in particular: (1) an estimate for the average expected hold period of issued stock options before exercise, expiry or cancellation, and (2) expected volatility of the Company's share price in the expected hold period, using historical volatility or comparables as a reference. As there is no market for the options and they are not transferable, the resulting calculated value is not necessarily the value, which the holder of the option could receive in an arm's length transaction.

Changes in Accounting Policies including Initial Adoption

Financial Instruments and Other Instruments

Effective April 1, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 1530, Comprehensive Income; Section 3251, Equity; Section 3855, Financial Instruments - Recognition and Measurement; and Section 3865, Hedges, retroactively without restatement. These new Handbook Sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with GAAP. Under the new standards, policies followed for periods prior to the effective date generally are not revised and therefore, the comparative figures have not been restated. The adoption of these Handbook Sections had no impact on opening deficit.

Under Section 3855, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: 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 investment is no longer recognized or impaired, at which time the amounts would be recorded in net income.

Upon adoption of these new standards, the Company designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable, accrued liabilities and due to/from related parties are classified as other financial liabilities. The Company had other financial liabilities during the financial period ended September 30, 2007.

The Company's financial assets and liabilities consist of cash and cash equivalents, receivables and accounts payable and accrued liabilities, some of which are denominated in US dollars and Mexican Pesos. Amounts denominated in non-Canadian dollars are translated into Canadian dollars at the rates applicable to the period and date. The Company is at risk of financial gain or loss as a result of foreign exchange movements against the Canadian dollar. The Company manages its foreign exchange risk by adjusting balances in currencies other than the Canadian dollar from time to time. The Company has certain commitments to acquire assets in foreign currencies and it incurs the majority of its exploration costs in foreign currencies, either the US dollar or Mexican Peso. Significant expenditures in recommissioning the San Francisco will also be denominated in these foreign

currencies. The Company may acquire foreign currencies to fix such costs in Canadian funds, if management considers it advantageous.

The carrying value of financial instruments, which includes cash, accounts receivable, prepaid expenses, accounts payable and accrued liabilities and advances due to related parties, approximate fair value because of the short-term maturity of those instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Other MD&A Requirements

Additional information relating to the Company, including the Company's AIF, is on SEDAR at www.sedar.com and on the Company's website at www.timminsgold.com.

Commitments

The Company has lease commitments for office premises and equipment, which require future minimum lease payments for the fiscal years ended:

March 31, 2008	\$ 45,773
2009	\$ 45,773
2010	\$ 45,773
2011	\$ 45,773

On May 1, 2007, the company entered into a consulting agreement with Freeform Communications Inc. ("Freeform") to perform public and investor relations and communications. The Company paid Freeform consulting fees of \$6,500 per month for an initial term of four months (which has automatically renewed for a further four month term).

On August 1, 2007, the Company entered into an agreement to retain the services of Grandich Publications LLC ("Grandich Publications") to provide an investor relations and communications program for a period of one year. Grandich Publications was granted 100,000 stock options for a period of five years and will receive a fee of US\$2,000 per month. The options are exercisable at \$0.50 per share and vest as to 25% every three months during the first year. The Company and Grandich Publications are at arm's length.

Disclosure Controls and Procedures

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures. Based upon the results of that evaluation, they concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective in providing reasonable assurance that the information required to be disclosed by the Company in the reports it files, is recorded, processed, summarized and reported, within the appropriate time periods and in the appropriate format.

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgements in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be

circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls is also based, in part, upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Therefore, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and may not be detected.

There was no change in the Company's internal control over financial reporting during the Company's interim period ended September 30, 2006 that materially affected, or was reasonably likely to materially affect, the Company's internal control over financial reporting.

During the previous financial year, management of the Company commissioned an independent review of its internal controls over financial reporting for both its Mexican and Canadian operations. While no significant deficiencies were identified, the report made some recommendations for improvements in the control system. Among other recommendations the independent consultant identified weakness in the segregation of duties and the backup of information. Management has implemented several of the recommendations including the segregation of duties and backup of information by outsourcing several aspects of the accounting and financial reporting function to Pacific Opportunity Capital Ltd. an independent third party corporation that specializes in fostering small public and private companies. Other functions were outsourced to Automatic Data Processing, Inc. (ADP) a company specializing in payroll services.

Additional Disclosure for Venture Issuers without Significant Revenue:

Schedule of Exploration and Development Costs:

	Mar 31, 2007	Additions	Sept. 30, 2007
San Francisco Property (Note 6a)			
Acquisition and holding costs			
Acquisition cost	\$ 31,345	\$ 10,701,260	\$ 10,732,605
Claim staking	39,442	-	39,442
Mining taxes and assessments	265,554	41,388	306,942
Surface rights	135,534	-	135,534
	<u>471,875</u>	<u>10,742,648</u>	<u>11,214,523</u>
Deferred exploration costs			
Administration	2,836	-	2,836
Assays	120,979	100,483	221,462
Camp and field costs	40,470	6,917	47,387
Communication	6,214	3,512	9,726
Drilling	720,712	400,381	1,121,093
Engineering and feasibility	52,441	9,719	62,160
Field work and geological consulting	870,947	50,484	921,431
Geophysics	-	94,943	94,943
Legal and filing fees	163,689	122,907	286,596
Miscellaneous exploration	99,403	408,246	507,649
Property investigation	11,216	(786)	10,430
Reports, drafting and maps	5,376	2,287	7,663
Travel and accommodation	35,880	35,543	71,423
Salaries and consulting fees	-	317,082	317,082
	<u>2,130,163</u>	<u>1,551,718</u>	<u>3,681,881</u>
Total acquisition and exploration costs	<u>2,602,038</u>	<u>12,294,366</u>	<u>14,896,404</u>

	Mar 31, 2007	Additions	Sept. 30, 2007
Las Coloradas Property (Note 6b)			
Acquisition cost	-	691,986	691,986
Drafting, reporting	-	565	565
Legal fees	-	1,073	1,073
Miscellaneous exploration expenses	-	55,668	55,668
Salaries and consulting fees	-	2,815	2,815
Travel	-	5,420	5,420
Mining tax	-	11,800	11,800
Total exploration costs	-	769,327	769,327
Tequila Property (Note 6c)			
Acquisition cost	-	57,008	57,008
Assaying	-	6,001	6,001
Camp and accommodation	-	6,530	6,530
Drafting, reporting	-	398	398
Legal fees	-	105	105
Miscellaneous exploration expenses	-	60,054	60,054
Salaries and consulting fees	-	62,350	62,350
Mining tax	-	1,294	1,294
Telecommunications	-	560	560
Travel	-	6,423	6,423
Total exploration costs	-	200,723	200,723
Capomo Property			
Acquisition cost	-	550	550
Claim staking	-	18,744	18,744
Camp and accommodation	-	3,293	3,293
Drafting and reporting	-	279	279
Miscellaneous exploration expenses	-	9,018	9,018
Mining tax	-	15,520	15,520
Salaries and consulting fees	-	47,283	47,283
Telecommunications	-	503	503
Travel	-	1,519	1,519
Total exploration costs	-	96,709	96,709
Cocula Property (Note 13d)			
Acquisition cost	-	56,561	56,561
Drafting and reporting	-	319	319
Camp and accommodation	-	1,091	1,091
Assay	-	613	613
Legal fees	-	105	105
Miscellaneous exploration expenses	-	5,731	5,731
Mining tax	-	27,401	27,401
Salaries and consulting fees	-	22,448	22,448
Telecommunications	-	145	145
Travel	-	698	698
Total exploration costs	-	115,112	115,112

	Mar 31, 2007	Additions	Sept. 30, 2007
Other Properties			
Claim staking	-	5	5
Mining tax	-	10,163	10,163
Salaries and consulting fees	-	97	97
Total other exploration costs	-	10,265	10,265
Total property expenditures	\$ 2,602,038	\$ 13,486,502	\$ 16,088,540

Risks and Uncertainties

The Company is a mineral exploration and development company and is exposed to a number of risks and uncertainties that are common to other companies in the same business; some of these risks have been discussed elsewhere in this document. The reader should also refer to the discussion of risks contained in the Company's Annual Information Form. The Company's financial success is subject to, among other things, fluctuations in gold and other commodity prices that may affect current or future operating results and may affect the economic value of its mineral properties. The Company is exposed to currency fluctuations against the Mexican peso and United States dollar that could affect capital and operating costs, but may choose to mitigate the risk through forward purchase of these currencies. The Company must comply with environmental regulations governing air and water quality and land disturbance. The Company's ability to obtain financing to explore and develop its mineral properties is not assured; nor is there assurance that the expenditure of funds will result in the discovery and development of an economic mineral deposit. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements.

Outlook

With the revised mineral resource estimate on the San Francisco Property completed in March 2007 and the progress of the metallurgical testing program, the pre-feasibility study being completed by Micon International Ltd. of Toronto is well advanced. The Company is confident it will be in receipt of the document before the end of December 2007. As a significant amount of technical and economic data is available from previous operators a considerable amount of time has been allotted to consolidating and integrating the information with that obtained by Timmins. The Company has assessed all alternatives to recommissioning operations at San Francisco and believes minor modifications to the conventional heap leach process previously employed should prove effective. As previously disclosed column leach tests completed by PRA have returned recoveries of 91.9%, 93.9%, 47.7% and 75.9% from the four principal lithologies hosting the resource. The Company believes it can reproduce these recoveries on a commercial scale.

The Company also completed ground geophysical (Induced Polarization) and drill programs in the immediate area of the current mineral resource (see "Results of Operations"). Any additional resources identified by the most recent drill program and any revisions to the resource categories will be incorporated into the mine plan. An airborne magnetic and radiometric survey and soil geochemical survey were also completed during June 2007. These programs were successful in identifying several additional earlier stage exploration targets within the property boundaries and the Company is reviewing the results to aid in future exploration programs.

The Company is also very encouraged by initial surface and underground sampling results obtained from the Tequila, Cocula and Capomo projects. A first phase diamond drill program is planned for November/December 2007.

The Company has made the final payment on the San Francisco Mine property and now owns 100% of the project. In addition, with the exercise of the warrants in October 2007 the Company is well funded to advance its

exploration projects to the next stage of development. Additional funding will be required to acquire and/or refurbish the capital assets required to recommence operations at San Francisco. The Company is assessing the possibility of equity financing, debt facility or combination of the two to address these capital requirements.

Directors and Officers

Arturo Bonillas	Director, President
Bruce Bragagnolo	Director, CEO
Darcy Krohman, P.Geo., C.A.	Director, Vice President and CFO
Miguel Soto	Director & COO
Hallein Darby, C.A.	Director
Lawrence Dick, PhD.	Director
Eugene Hodgson	Director

The Company is dependent on a small number of key directors and officers. Loss of any one of those persons could have an adverse affect on the Company. The Company does not maintain “key-man” insurance with respect to any of its management.

Conflicts of Interest

Certain officers and directors of the Company are officers and/or directors of, or are associated with, other natural resource companies that acquire interests in mineral properties. Such associations may give rise to conflicts of interest. The directors are required by law, however, to act honestly and in good faith with a view to the best interests of the Company and its shareholders, and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with the Company, and to abstain from voting as a director for the approval of any such transaction.