

TIMMINS GOLD CORP.

MANAGEMENT DISCUSSION AND ANALYSIS – FORM 51-102F1 for the three month period ended June 30, 2008

Date of Report

The following Management Discussion and Analysis (“MD&A”) for Timmins Gold Corp. (“Timmins” or the “Company”) is prepared as of August 27, 2008, and should be read in conjunction with the unaudited Consolidated Financial Statements (“Financial Statements”) and related notes for the three month period ended June 30, 2008 and the comparative period ended June 30, 2007. 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, Mexico, and an operations office at the San Francisco Mine ("Mine"). The San Francisco Gold Property, located in Sonora, Mexico is the Company's principal and only material mineral property for purposes of NI 43-101. The San Francisco Gold Mine was operated from 1997 to 2002 by Geomaque, Mexico. Gold resources still existed at the mine when it closed in 2002 because of low gold prices. As discussed under *Results of Operations*, the Company recently completed an independent pre-feasibility study of the San Francisco Property ("Property") to assess the viability of re-commissioning operations. The Study, titled *NI 43-101 F1 Technical Report on the Preliminary Feasibility Study for the San Francisco Gold Project, Sonora, Mexico*, dated March 31, 2008 (the "Pre-feasibility Study" or "Study") by Micon International Limited of Toronto ("Micon") and Independent Mining Consultants, Inc. of Tucson, Arizona ("IMC") was received in April 2008.

The conclusions within the Pre-feasibility Study (the "Study") recommended development and re-commissioning of the San Francisco Mine. Based on these conclusions and the recommendation of the Study, the Board of Directors of the Company approved development of the Mine. While the Company currently has no revenue from operations and will continue to incur negative cash flow during fiscal 2009. Mining is expected to begin in early 2009 with cash flow from operations projected for the second or third quarter of 2009.

Pursuant to National Instrument 43-101, Darcy Krohman, P.Geo., C.A., Executive Vice-President and CFO of Timmins Gold Corp. is the Qualified Person (QP) responsible for the disclosure in this MD&A.

In May 2007, the Company completed a private placement raising \$6.1 million. In July and October 2007 the Company received an additional \$4,114,000 and \$4,412,940 respectively from the exercise of warrants. These funds were used to complete the acquisition of a 100% interest in the San Francisco Property and the Study. A portion of the funds were also used to complete first phase drill and exploration programs on the Tequila Project in Jalisco and the Las Colorados Project in Durango.

The closing of the \$19.3 million equity financing announced on May 29, 2008, has put the Company in a strong financial position to support its current development and exploration programs. The Company expects to require a minimum of \$15 million in additional funds to complete the development and recommissioning of operations at San Francisco as Micon projects the total cost of recommissioning the Mine to be US\$33.8 million. The Company has received a number of offers to satisfy these additional financing requirements and management is currently assessing the various alternatives.

While gold prices, have been trending upward since 2001 they are historically volatile and there is no guarantee that this trend will continue or that current prices will be sustained. 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 physical demand. Gold prices will have a significant influence on future cash flow and earnings of the Company as it has decided to proceed with development of the San Francisco Mine. The Company however cannot predict future gold prices or 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. This estimate essentially confirmed the remaining mineral resources at the time Geomaque ceased operations in 2002. In April 2007, the Company entered into an acquisition agreement (“Acquisition Agreement”) to acquire a 100% interest in the San Francisco Property. This agreement superseded 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. In addition, the Company is required to purchase certain mining and processing equipment for US\$3.5 million dollars. Payment of the US\$3.5 million is not required to be made until May 2010.

The results from the 2005 and 2006 drill programs were supported by the results from previous programs to complete a mineral resource estimate that meets current Canadian Institute of Mines (“CIM”) definitions. The estimate, 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

During the 2008 fiscal year the Company completed a third drill program with the objective of expanding the known mineral resource. The Company also completed a program of bottle roll and column leach tests at Process Research Associates Ltd. (“PRA Labs”), in Richmond, BC and at its own lab at the San Francisco mine site. The tests were completed on four principal ore types that are representative of the deposit. In addition to the drill and metallurgical programs, the Company completed a regional exploration program consisting of geological mapping and sampling, soil geochemistry, and ground and airborne geophysics.

During the 2008 fiscal year the Company also completed an independent pre-feasibility study of the San Francisco Property which confirmed the economic viability of re-commissioning operations at San Francisco. The Study was received in April 2008, subsequent to the year end. The Study was prepared by Micon International Limited of Toronto (Micon) and Independent Mining Consultants, Inc. of Tucson, Arizona (IMC). The conclusions and recommendation of the Study are that *Timmins should proceed with development of the San Francisco open pit mine, crushing, heap leaching and gold recovery plant as described in the preliminary feasibility study...Given the amount of work conducted previously at the San Francisco project on the known exploration and areas of mineralization, the property should be regarded as an advanced-stage exploration project with significant economic potential.*

Mineral Reserves, which are part of the Mineral Resources, are estimated to be:

Case	Reserve Class	Gold Cut-off (g/t)	Reserve (000 t)	Grade (g/t)	Gold (000 oz)
High Grade Crusher feed	Probable	0.50	12,000	1.05	403.7
Low Grade Crusher feed	Probable	0.23	4,653	0.88	132.0
Sub-total Crusher feed	Probable		16,653	1.01	535.7
Low Grade ROM leach	Probable	0.28	5,981	0.39	75.3
Grand Total	Probable		22,634	0.84	611.0

The Pre-feasibility Study reports the life-of-mine (“LOM”) capital and operating costs associated with re-commissioning operations to be:

Initial capital costs: US\$33.8 million (including a 20% (US\$5.6 million) contingency);
 Sustaining capital costs: US\$12.7 million;
 Total cash operating costs: US\$412 per oz gold.

Net present value and sensitivity analysis of pre-tax cash flows are reported to be:

Gold Price (US\$)	Before-Tax IRR (%)	After-Tax IRR (%)	LOM Total Un-discounted (US\$ 000)	NPV 5% Discount (US\$ 000)	NPV 10% Discount (US\$ 000)	NPV 15% Discount (US\$ 000)	LOM Net Cash Flow US\$/oz
\$686 (base case)	51.7%	38.5%	\$61,565	\$48,757	\$38,538	\$30,280	\$152
\$850	86.7%	66.2%	\$127,722	\$104,454	\$85,981	\$71,119	\$315
\$1,000	129.2%	97.7%	\$188,467	\$156,913	\$131,797	\$111,536	\$465

The Study reported the cash flows from operations to be:

IRR 38.5%	USD 000	LOM TOTAL (Undisc.)	NPV disc. at 5%	NPV disc. at 10%	NPV disc. at 15%	US\$ per tonne	LOM Ave. USD/oz
Revenue	Gross Sales	278,188	241,900	212,654	188,763	12.29	686.63
<i>less</i>	Refining charges	(709)	(613)	(536)	(473)	(0.03)	(1.75)
<i>less</i>	Bullion delivery	(2,334)	(2,047)	(1,818)	(1,632)	(0.10)	(5.76)
<i>less</i>	Royalty	-	-	-	-	-	-
	Net Sales Revenue	275,145	239,240	210,300	186,658	12.16	679.12
Cash op.costs	G&A costs	6,821	5,921	5,200	4,614	0.30	16.84
	Mining costs	113,070	99,032	87,640	78,273	5.00	279.08
	Crushing costs	22,161	19,118	16,688	14,720	0.98	54.70
	Processing costs	19,736	17,174	15,111	13,426	0.87	48.71
	Laboratory costs	3,686	3,202	2,814	2,498	0.16	9.10
	Social & Env.Mgt	1,677	1,456	1,278	1,134	0.07	4.14
	Total cash op.costs	167,152	145,903	128,731	114,665	7.38	412.57
	Net Cash Operating Margin	107,994	93,337	81,570	71,993	4.77	266.55
Capital Exp.	Initial/exp. capital	33,769	33,359	32,974	32,609	1.49	83.35
	Sustaining capital	12,659	10,651	9,079	7,827	0.56	31.25
	Change in Working Capital	-	569	979	1,277	-	-
	Net cash flow before tax	61,565	48,757	38,538	30,280	2.72	151.96

As expected the project is most sensitive to revenue drivers (i.e. total reserve, reserve grade, recoveries) and operating costs, more specifically mining costs which represent approximately 68% of total cash costs. The project is less sensitive to capital costs.

Since reporting the initial Mineral Resource estimate in January 2007 the Company has completed an additional 5,123 metres of drilling with the objective of both increasing the confidence level and expanding the mineral resource on which an optimized pit and final mine plan will be based. It is unclear how the inclusion of the additional drilling information and more current estimates of gold prices and operating costs will impact a revised mineral resource estimate should one be commissioned. While gold prices have increased significantly since the initial resource estimate was completed, so have operating costs. The impact on the Measured, Indicated and Inferred Mineral Resource of four floating cones completed at four gold price assumptions were included in the Pre-feasibility Study (Table 17.1.6) and are reported below.

Floating Cones for Resource Definition – Measured, Indicated & Inferred Mineral Resources**

Gold Price	Gold Resource Classes**	Gold Cut-off (g/t)	Ore (x 1,000 t)	Gold (g/t)	Gold Resources (x 1,000 t)	Strip Ratio
500	MII	0.23	30,154	0.805	780.4	1.71
600	MII	0.23	36,378	0.762	891.2	1.87
650	MII	0.23	39,381	0.747	945.8	1.98
700	MII	0.23	41,803	0.738	991.9	2.13

****Cautionary Statement:** Mineral resources that are not mineral reserves do not have demonstrated economic viability. The above table includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves.

Other highlights of the Pre-feasibility Study include forecast gold recoveries significantly higher than those experienced historically. Both independent and in-house bottle-roll and column leach tests completed on ore crushed to 100% minus ½ inch support this conclusion. Management recognizes that the project is particularly sensitive to gold recovery, and its dependence on achieving the targeted crush size. The independent column leach tests were conducted by Process Research Associates of Richmond, B.C. using 2.5 metre columns, while in-house tests were conducted at the lab facilities at the San Francisco Mine on both 2.5 and 6.0 metre columns. The 6.0 metre columns were used to better simulate the actual height of the heaps.

Most of the capital and operating cost estimates included in the Pre-feasibility Study are based upon firm contracts and quotations. These include but are not limited to costs for contract mining, heap leach pad construction, processing plant and primary crusher refurbishment, and new secondary and tertiary crusher acquisition. An agreement to acquire new secondary and tertiary crushers from Sandvik Mining and Construction de Mexico, S.A. de C.V. has been executed. Total cost is approximately US\$5.5 million. The crushing circuit has been specifically designed to accommodate the kinetics of the San Francisco ore while producing the optimum crush size and maximize throughput capacity. The Company is also considering the possibility of expanding capacity to a minimum of 100,000 per year.

Based on results obtained to date from work completed by Timmins, the significant amount of historical information available from previous operators and the Company's comfort with the detailed work, analysis, conclusions and recommendations within the Pre-feasibility Study, the Company has decided to proceed with development of the San Francisco Mine. A team of very experienced professional and technical staff lead by Mr. Alfredo Barraza, Mine Manager, has already been assembled and is working on project implementation. The Company is in final stages of negotiation with the mining contractor. In anticipation of this decision senior management have been actively negotiating project financing with several institutions for a period of time. On May 29, 2008 it announced the completion of a \$19.3 million equity placement with Pacific Road Resource Fund, a mining private equity investor. The Company received the first tranche of \$5 million on June 12, 2008. The second tranche of \$14.3 million was received July 17th 2008 from the placement. Efforts to fund the remainder of the capital requirements to recommission operations are continuing and are expected to be completed before the end of the second quarter of fiscal 2009.

Tequila Property

During the 2008 fiscal year the Company entered into an option to acquire a 100% interest in the Tequila Property located approximately 30 kilometres north of the city of Tequila, Jalisco, Mexico and 100 kilometres north of Guadalajara. The property consists of four concessions covering approximately 564 hectares. To exercise the option, Timmins must pay a total of US\$2,000,000 over three years. The first payment of US\$50,000 was made on receipt of TSX –Venture Exchange (“TSX-V” or “Exchange”) acceptance. A further US\$350,000 is due in stages within 24 months, US\$600,000 within 30 months, and US\$1,000,000 within 36 months. The vendor will

retain a 2% net smelter return interest, which may be purchased for US\$1,000,000. The vendor is an arm's length party.

The project is located in a belt of rhyolitic breccias and was acquired to assess the high grade, epithermal gold veins and the bulk tonnage potential of the breccia. The main feature on the property is a large breccia zone hosting a system of narrow, high grade parallel and cross cutting veins. Several small scale operations have been conducted on the property in the past and there are a number of underground workings and crosscuts. Prior to commencing a first phase drill program the Company completed surface and underground sampling and mapping to verify the tenure of certain high grade zones and examine the economic potential of the breccia zone. Preliminary estimates suggested the breccia zone extends at least 1 km along strike and 300 metres down dip. The Company was particularly encouraged by initial results obtained from sampling of the Veta Grande Vein system as assay results from 27 samples returned an average grade of over 9.2 g/t Au. Samples of the Veta Grande vein average 13.71 g/t gold and 119 g/t silver across 10 metres in the underground workings. Locally the vein system 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. 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 at depth. Channel sampling across the top of Adit No. 1 at Veta Grande returned assay values of 13.32 grams per tonne of gold across 1.5 metres and 43.80 grams per tonne of gold across 2.5 metres.

The Veta Grande system also has several high to bonanza grade veins that dissect 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 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 returned 16.0 g/t gold (selective sample) and 2.14 g/t gold across 2.0 metres. Lupita is exposed for approximately 15 metres in underground workings and remains largely unexplored.

These results prompted the commissioning of a 12 hole, 1,500 metre diamond drill program in December 2007. The program was completed in early June 2008. The first hole, BDVG-1, was located to test the width of the Veta Grande Vein and associated breccias zone approximately 20 metres down dip from the existing underground workings. The 188 metre hole was successful in intersecting the Veta Grande as well as four additional veins within a lower grade breccia envelope. The hole unexpectedly intersected four veins/zones with significant gold values between 95.5 and 122.8 metres. Technical staff are encouraged by the results as it supports their theory that additional parallel and intersecting high grade zones exist within the main structure and that precious metal mineralization extends beyond the Veta Grande vein. The results include 1.21 g/t Au across 17 metres between 23.00 and 40.00 metres (including 2.53 g/t Au across 5 metres between 24.00 metres and 29.00 metres) and 4.77 g/t across 25.55 metres between 95.50 metres and 122.80 metres (including 9.02 g/t Au across 2 metres between 96.50 metres and 98.50 metres, 10.71 g/t Au across 5.55 metres between 103.50 and 109.05 metres (including 39.57 g/t Au across 1.55 metres between 107.50 and 109.05 metres), 6.65 g/t Au across 5 metres between 113.80 metres and 118.80 metres and 3.33 g/t Au across 2.00 metres between 120.80 and 122.80 metres). The intersections approximate true widths.

The final hole of the diamond drill program was completed in early June 2008. The Company is presently compiling all drill, underground and surface results to better understand the structural and lithological controls on the mineralization. Once the data and information is compiled and interpreted, management expects a

second phase drill will be commissioned with the objective of establishing a mineral resource along one or more of the structural corridors. Because of the high grade and nuggety nature of the mineralization this program may be augmented by an underground bulk sampling program. Bulk sampling is important for these high-grade deposits models as it provides a more representative sample and better estimate of the grade of the mineralized zones than the traditional NQ size core samples obtained from diamond drilling.

The Company has also received encouraging results from its channel sampling program of other recently discovered surface and underground workings. Dewatering and subsequent channel sampling of the foot and hanging wall of the Lupita shaft returned 40 g/t gold and 100 g/t silver across an average width of 2.4 metres. Channel sampling of the La Gaviota vein, approximately 100 metres west of the Veta Grande vein returned 12.67 g/t gold across 1.5 metres. Company geologists believe La Gaviota may be the extension of the La Lupita vein.

The drill program also tested the Grano de Oro, Lupita and Guadalupe veins. The program also completed surface exploration and sampling of the Guadalupe and La Lupita veins and general reconnaissance mapping and sampling of the entire property. Once all the assay results and drill hole and other exploration data have been reviewed, technical staff will begin planning a second phase drill program.

Cocula Property

During fiscal 2008 the Company completed first phase sampling of several trenches at its Cocula Project located approximately 50 kilometres west of Guadalajara, Jalisco, Mexico. The 102 channel samples taken across the highly oxidized and brecciated zone returned an average grade of 2.21 g/t Au, 19 g/t Ag, 0.97 % Pb, 0.11 % Zn and 0.08 % Cu across 99 metres. A high grade core within the breccia returned 6.90 g/t Au, 17.7 g/t Ag, 0.06% Cu, 1.07 % Pb, 0.12% Zn across 18 metres. This NW-SE trending alteration zone has been traced along strike for over 1.5 kilometres. The zone has an average width of 200 metres and is exposed over a vertical extent of between 40 and 50 metres. The zone remains open along strike and is projected to extend at least 150 metres down dip.

The epithermal mineralization lies within an argillized and brecciated shear zone between two semi parallel faults within a volcano-sedimentary sequence. The zone is strongly oxidized and silicified with common jarosite and stockworks of galena and sphalerite. Silicification is present in the form of vuggy silica, chalcedony banding and quartz veinlets. The bottom of the oxidized cap within the volcano sedimentary sequence can be identified by pervasive silicification and intense quartz veinlets, including disseminated pyrite, lead and zinc sulfides near its base. Assays from the transition and sulphide zones have been submitted for assay with results pending.

More comprehensive sampling and geological mapping program is currently being completed by Timmins geologists with a reverse circulation drill program scheduled to begin in the second quarter of fiscal 2009. The use of various geophysical and geochemical applications, including induced polarization and soil sampling to help identify parallel structures currently masked by the alluvial cover are also being considered.

While the Company had been confident a low grade, bulk tonnage target would be identified, the high grade results encountered on surface have made evaluation of the economic potential of the Cocula Property a high priority for the Company. A first phase reverse circulation drill program was initiated subsequent to the period end in late July. Initial assay results are expected in early September.

El Capomo Property

In early fiscal 2008, the Company acquired the mineral rights to 60,000 hectares in four claim blocks by staking. The El 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 having created favourable conduits for mineralizing fluids. Sulphide and precious metal 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 have been identified by previous operators. Oxidation, kaolinization and propylitic alteration are common alteration features. Sulphide mineralization with significant gold, silver, lead, zinc and copper values were encountered during the first phase surface sampling program. Selective grab samples have returned grades of up to 22.5 g/t gold and 1,860 g/t silver. The Company is currently accessing the results of the first phase surface program to determine their significance. A comprehensive surface exploration program is currently being planned and should be completed during the second quarter of fiscal 2009.

Summary of Quarterly Results

The following is a summary of the Company's unaudited financial results for the eight most recently completed quarters:

	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007
Total revenues	\$48,156	\$143,512	\$51,137	\$41,199	\$18,442	\$9,563	Nil	Nil
Net (loss) income	(\$1,178,095)	(\$4,152,783)	(\$1,084,943)	(\$243,963)	\$4,405	(\$6,389)	(\$88,450)	(\$686,199)
Basic loss per share (1)	\$0.02	\$0.08	\$0.02	\$0.00	\$0.00	\$0.00	\$0.01	\$0.03

(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.

Operating Activities

The Company recorded net loss for the three month period ended June 30, 2008 of \$1,178,095 (\$0.02 per share), compared with a net income for the same period in 2007 of \$4,405 (\$0.00 per share). In general, overall operating expenditures increased considerably because of an increase in corporate activity including higher administrative costs in both Canada and Mexico. In the comparative period these expenditures were offset by a significant foreign exchange gain of \$600,487 resulting from the Company's current policy of holding the majority of its financial resources in Canadian dollars until such time that payment is required. The majority of the Company's operating expenditures are denominated in US dollars.

The increase of \$1,411,291 in deferred exploration and development costs is mostly associated with development of the San Francisco Property. The Company also completed drill programs on the Tequila Projects and surface exploration programs on the El Copomo and Coculla Projects.

Total general and administrative costs were \$688,660 (net of a \$7,223 foreign exchange loss and \$530,368 stock-based compensation) for the three month ended June 30, 2008 and \$459,629 (net of a \$600,487 foreign exchange gain and \$154,895 stock-based compensation) for the comparative period in 2007. In the first quarter of 2009, the Company incurred \$203,331 of exploration expenditures on the written-off non-producing Las Coloradas mineral property.

During the period the Company embarked on an aggressive investor relations and promotional program in North America and Europe. This campaign resulted in an increase of \$76,355 in IR expenditures. The Company currently has contracts with two IR and communications firms at a cost of \$12,000 a month, as well as a full-time member of staff dedicated to IR work.

In fiscal 2008, the Company acquired mine equipment and buildings for \$3,045,638 as part of the acquisition of the San Francisco Mine. The Company is required to pay for these acquisitions prior to April 20, 2010. The loan is interest-free. The obligation has been recorded at the discounted amount and will be accreted to its face value through to April 20, 2010. An interest charge of \$56,618 was recorded for the three months ended June 30, 2008.

The increases in general and administrative costs were partially offset by decreases of \$121,122 in salaries and benefits for the period ended June 30, 2008, due to a bonus paid to an employee in 2007 to acquire shares of the Company as provided by his employment agreement, and \$51,214 in transfer and listing fees.

Asset retirement obligations (ARO)

The Company retained the services of an environmental consultant to assess the potential cost to the Company of the future closure of the San Francisco mine, and the related reclamation and retirement obligations for mine facilities and infrastructure. The consultant assessed the Company's obligation at approximately US\$2,000,000. Consequently the Company has set up an asset retirement obligations of \$1,279,000 using a credit-adjusted risk-free discount rate of 6.775%. This rate is equivalent to rates at which the Company had been offered financing. All asset retirement obligations are not expected to be paid for several years in the future and are intended to be funded from cash balances at the time of the mine closure.

The Company recognizes contractual, statutory and legal obligations associated with the retirement of mining properties when those obligations result from the acquisition, construction, development or normal operation of the assets. The initial liability for the asset retirement obligation has been recognized at its fair value in the period in incurred, so the corresponding asset retirement cost has been added to the carrying amount of that asset. This cost will be amortized as an expense over the economic life of the related asset, once production of that asset commences. Following this initial recognition of the asset retirement obligation, the carrying amount of the liability could be increased for the passage of time and adjusted for changes to the amount or timing of the underlying cash flows to settle the obligation. As at June 30, 2008, the Company has made no additional provision for site restoration costs or environmental liabilities on any of its other exploration stage properties.

Financing Condition, Liquidity and Capital Resources

Financing Activities

The June 30, 2008 cash position was augmented by the receipt of the first tranche of funds (\$5 million) from the total \$19.3 million private placement announced on May 29, 2008. The remaining \$14.3 million was received on July 17, 2008 subsequent to the period end (see Capital Resources below). During the second period of fiscal 2008 approximately 9,080,000 warrants were exercised. The proceeds from the exercise of approximately \$4,040,000 were used to make the final payment on the San Francisco mine and fund exploration and general and administrative activities for the remainder of fiscal 2008.

During the current interim period the Company announced and partially completed a private placement financing totalling \$19,300,000 with the Pacific Road Resources Fund ("PRRF") a private equity mining investor. The financing took place in two stages. The first stage was a private placement of 4,000,000 common shares at a price of \$1.25 per share for gross proceeds of \$5,000,000 closed on June 10, 2008. \$143,612 share issue costs were incurred on the first stage of the financing. The second tranche was a private placement of 11,000,000 special warrants at a price of \$1.30 per special warrant, for total proceeds of \$14,300,000 closed on

July 14, 2008, subsequent to the end of period. Each special warrant is exercisable without payment of any additional consideration into a unit consisting of one convertible preference share and 0.318 convertible share purchase warrants for a total of 3,500,000 warrants. Each whole convertible share purchase warrant is exercisable for one convertible preference share at a price of \$1.50 per share, on or before October 1, 2008. The convertible preference shares will be convertible into one common share of Timmins Gold without payment of any additional consideration. \$491,000 of deferred financing costs were incurred on the second stage as of June 30, 2008 and charges against related proceeds on the completion of the financing.

Investing Activities

Proceeds from the May 2007 private placement and subsequent warrant exercise were used principally to acquire the San Francisco Mine from Geomaque (Mexico), complete third and fourth phase drill programs at San Francisco and complete the Study (see Results of Operations-San Francisco Gold Project). A portion of the proceeds were also used to fund a first phase drill program at the Tequila Property and surface exploration programs at the Cocula, Copomo, and Lety properties (see Results of Operations). In the first quarter of fiscal 2009, the Company spent a total of \$1,411,291 on exploration and advanced \$2,601,756 towards the acquisition and installation of the crushing and screening system at the Mine.

The proceeds of the recent PRRF financing will provide approximately 50% of the funds required for the capital expenditures to recommission operations at the San Francisco Mine. The funds will be used for the purchase and construction of the new secondary and tertiary crushing systems, the construction of the new heap leach pads, capital costs associated with the refurbishment of the primary crusher and gold plant and general working capital including drilling. Timmins is currently assessing the most appropriate alternatives to finance the remaining capital requirements to re-commence operations at San Francisco. These alternatives include offers for various forms of financing from financial institutions and investment banks.

Liquidity

The Company had cash of \$1,150,371 at June 30, 2008 compared to \$2,471,042 at March 31, 2008. The Company had working capital of \$2,903,427 at June 30, 2008 compared to \$3,119,433 at March 31, 2008.

The closing of the PRRF financing has improved the Company's cash position by \$19.3 million. However, \$7 million of this has already been ear marked for deposits and payments to suppliers and contractors relating to the recommissioning of the Mine. Approximately \$10,000,000 has been invested in banker's acceptances and a total of US\$2,700,000 was advanced towards the acquisition and installation of the crushing and screening system at the Mine.

The Company's financial performance is contingent upon the Company successfully recommissioning the San Francisco Project as contemplated by the Pre-feasibility Study. Assuming the Company is successful, actual 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 derived from future operations, if any, will be impacted.

Timmins has historically relied upon equity financings to satisfy its capital requirements. Based upon the conclusions of the Pre-feasibility Study the Company will require a minimum of US\$15 million of additional funds to complete construction of the San Francisco Mine. While additional equity and/or debt will be required to complete development of the San Francisco Mine, the Company believes the operations will generate positive cash flow by the third quarter of 2009. Assuming re-commissioning is successful, management believes cash flow should be sufficient that it will not be required to rely upon further equity investments to fund its exploration programs or general and administrative expenditures for the foreseeable future.

Until such time, if ever, the Company successfully re-commissions operations and develops a regular stream of positive cash flow it will require additional capital to finance ongoing exploration of its properties. Such capital could be derived from the exercise of outstanding stock options, warrants and/or the completion of other equity financings. Currently 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 Corporation 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 its 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

In May 2007 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 US\$3.5 million + IVA (the "Acquisition Agreement"). Payment of this interest-free loan of US\$3.5 million is not required until three years from closing (i.e., April 2010) of the acquisition of the San Francisco Property. Assuming successful recommissioning of operations at the San Francisco Mine the Company anticipates being in a position to fund this obligation from cash-flow from operations. The original option agreement dated April 15, 2005 ("Option Agreement") as amended February 13, 2006 between the Company and Geomaque de Mexico, S.A. de C.V., detailed the Company's option to purchase a 50% interest in five exploitation concessions known as the San Francisco, the San Francisco Dos, the San Francisco Cuatro, the Llano II, and the Llano III. The option required the Corporation to incur qualifying expenditures of US\$1.0 million before September 1, 2006, and a further US\$1.5 million before April 15, 2007. The Company had satisfied its expenditure obligation under the Option Agreement to expend US\$1.0 million by September 1, 2006, and was in the process of satisfying the second obligation when it concluded the Acquisition Agreement. The Acquisition Agreement supersedes the original Option Agreement. The Acquisition Agreement required the Company to make an initial payment of US\$2.5 million of the total US\$5.0 million acquisition price upon Exchange 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 required payment date of October 31, 2007.

During the current interim period the Company received the *Pre-feasibility Study* demonstrating the economic viability of recommissioning operations at the San Francisco Mine. Based on these conclusions the Company decided to proceed with development and began evaluating the various financing alternatives available to it. On May 29, 2008 the Company announced a financing private placement financing totalling \$19,300,000 with the Pacific Road Resources Fund ("PRRF") a mining private equity investor (see Financing Activities). The proceeds of the financing will provide the capital required for the refurbishment and purchase of the plant and equipment required for the restart of Timmins Gold's San Francisco Mine in Sonora, Mexico, including the completion of the purchase and construction of the new secondary and tertiary crushing systems, the construction of the new heap leach pads, capital costs associated with the refurbishment of the primary crusher and gold plant and general working capital including drilling. Timmins Gold is currently assessing the most appropriate alternatives to finance the remaining capital requirements to re-commence operations at San Francisco. These alternatives include offers for various forms of financing from several financial institutions and investment banks. Based upon the Conclusions of the *Pre-feasibility Study* the Company will require a minimum of US\$15

million of additional funds to complete construction of the San Francisco Mine. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms.

During the current interim period the Company also has financial obligations related to the option of the Las Coloradas, Tequila, Cocula and El Copomo Properties. None of these payments are considered material to the Company. During the period the Company chooses to default on the US\$350,000 payment due May 31, 2008 pursuant to the amended Las Coloradas option agreement and terminated the option. The Company's interest in the Las Coloradas property was written-off during the fiscal year ended March 31, 2007.

Transactions with Related Parties

During the three months ended June 30, 2008, the Company entered into the following transactions with related parties:

- (a) The Company paid \$Nil (2007 - \$20,000) as consulting fees to a director and an officer of the Company. As of June 30, 2008, \$9,766 (March 31, 2008 - \$9,766) was owed by this director and officer for expense advances.
- (b) As of June 30, 2008, \$647 (2007 - \$647) was held in trust by the legal firm controlled by a director and an officer of the Company.
- (c) The Company incurred \$15,000 (2007 - \$7,500) for accounting services with a private company of which a director of the Company is a vice-president. As of June 30, 2008, \$5,250 (March 31, 2008 - \$5,250) is owed to this company.
- (d) The Company incurred \$48,931 (2007 - \$11,703) of consulting fees, including geological consulting, by directors and officers of the Company. As of June 30, 2008, \$8,512 (March 31, 2008 - \$3,430 was advanced) was advanced to these directors and officers.
- (e) The Company incurred \$95,973 (2007 - \$Nil) for rent and administrative expenses on behalf of a company with directors in common. As of June 30, 2008, \$25,896 (March 31, 2008 - \$16,987) was owed by this company.

The transactions with related parties were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the parties.

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 8 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.

Investor Relations

During the interim period the Company entered into a consulting agreement with Alpha Communications Inc. to perform public and investor relations and communications activities. The Company pays Alpha consulting fees of US\$10,000 per month. The contract is on a month-to-month basis.

Disclosure of Outstanding Share Capital

Common Shares

Description	Authorized at June 30, 2008	Outstanding as at August 27, 2008
Common shares	Unlimited	65,555,454*

* This does not include the convertible preference shares discussed in the subsequent paragraph

Special Warrants as at August 27, 2008:

11,000,000 special warrants issued to PRRF at a price of \$1.30 per special warrant. Each special warrant is exercisable without payment of any additional consideration into a unit consisting of one convertible preference share and a 0.318 convertible share purchase warrant for a total of 3,500,000 warrants. Each whole convertible share purchase warrant is exercisable for one convertible preference share at a price of \$1.50 per share, on or before October 1, 2008. The convertible preference shares will be convertible into one common share of the Company without payment of any additional consideration. If shareholder approval of the creation of the convertible preference shares is not obtained on or before December 31, 2008, the special warrants can be converted into 1.1 substitute units, with each substitute unit consisting of one common share and 0.318 common share purchase warrants. Each whole common share purchase warrant so issued would be exercisable for one common share at a price of \$1.50 per share, for 15 days after issuance of the common share purchase warrants.

Options Outstanding as at August 27, 2008:

Designation of Securities under Option	No. of Securities to be Acquired Upon Exercise	Exercise Price per Share	Expiry Date
Common Shares	1,200,000	\$0.35	July 25, 2011
Common Shares	2,500,000	\$0.70	May 11, 2012
Common Shares	175,000	\$0.50	July 18, 2012
Common Shares	487,500	\$0.50	October 5, 2012
Common Shares	1,600,000	\$0.75	November 27, 2012
Common Shares	200,000	\$1.20	April 7, 2010

Financial Instruments and Other Instruments

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 include 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.

Changes in Accounting Policies including Initial Adoption

On April 1, 2008, the Company adopted the following provisions of the Canadian Institute of Chartered Accountants (“CICA”) Handbook Sections. There was no material impact on the Company’s financial condition or operating results as a result of the adoption of these new standards:

- (a) Section 3862 – Financial Instruments – Disclosures, which replaces Section 3861 and provides expanded disclosure requirements that provide additional detail by financial asset and liability categories.
- (b) Section 3863 – Financial Instruments – Presentation, to enhance financial statement users’ understanding of the significance of financial instruments to an entity’s financial position, performance and cash flows.
- (c) Section 1535 – Capital Disclosures, which establishes standards for disclosing information about an entity’s capital and how it is managed. Under this standard, the Company will be required to disclose the following:
 - qualitative information about its objectives, policies and processes for managing capital;
 - summary quantitative data about what it manages as capital;
 - whether during the period it complied with any externally imposed capital requirement to which it is subject; and
 - when the Company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.
- (d) Section 1400 – General Standards of Financial Statement Presentation, to include requirements for management to assess and disclose an entity’s ability to continue as a going concern.

International Financial Reporting Standards

On February 13, 2008, the Canadian Accounting Standards Board (“AcSB”) confirmed the mandatory changeover date to International Financial Reporting Standards (“IFRS”) for Canadian profit-oriented publicly accountable entities (“PAE’s”) such as the Company.

The AcSB requires that IFRS compliant financial statements be prepared for annual and interim financial statements commencing on or after January 1, 2011. For PAE’s with a December 31 year-end, the first unaudited interim financial statements under IFRS will be the quarter ending March 31, 2011, with comparative financial information for the quarter ended March 31, 2010. The first audited annual financial statements will be for the year ending December 31, 2011, with comparative financial information for the year ended December 31, 2010. This also means that all the opening balance sheet adjustments relating to the adoption of IFRS must be reflected in the January 1, 2010 opening balance sheet which will be issued as part of the comparative financial information in the March 31, 2011 unaudited interim financial statements.

The Company intends to adopt these requirements as set out by the AcSB and other regulatory bodies. At this time, the impact of adopting IFRS cannot be reasonably quantified. During fiscal 2009, the Company will continue to evaluate the impact of IFRS on the Company and develop and put in place a plan for the conversion to IFRS. If the Company decides not to early adopt the standards, the actual conversion work will occur in late 2009 and 2010, in anticipation of the preparation of the April 1, 2010 balance sheet that will be required for comparative purposes for all periods ending in 2011.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this management’s discussion and analysis,

management evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws.

Based on that evaluation, management has concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Internal Controls over Financial Reporting

No changes of the Company's internal controls over financial reporting ("ICFR") occurred in the current period that have materially affected, or are reasonably likely to materially, affect the Company's ICFR.

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 receipt of the Prefeasibility Study in April 2008 demonstrating the economic viability of re-commissioning operations at the San Francisco Mine the Company is moving forward with recommissioning of the project. Management considered receipt of the Study to be a significant milestone as the Company moves from exploration to development and production. The Company also considered the completion of a \$19.3 million equity financing during the current interim period to be important in the evolution of the Company. The financing allows the Company to complete the acquisition of those capital assets requiring longer lead times such as delivery and instillation of the crushing circuit and the initiation of construction of the heap leach pads. Management believes that these financial resources will also provide security and leverage for negotiating the remainder of the capital required for development.

Also of significance during the current interim period, after an extensive environmental study of the land on which the mine is located, the Company received the Change of Land Use permit from the Environmental Protection Authorities (SERMANAT) in the State of Sonora, Mexico. Also the Governor of the State of Sonora has signed the authorization permit for the use of industrial explosives. This approval allows for the final approval of the use of explosives for the resumption of operations at the mine.

As discussed under the *Results of Operations*, the Company is also very encouraged by the results from its Tequila and Cocula projects. Once the results from the first drill program at Tequila have been evaluated, the Company anticipates a second phase drill and underground exploration and bulk sampling program will be approved. A comprehensive news release disclosing the results of the drill program and their significance is expected to be filed in September. Similarly, management considers the results from the surface sampling and mapping program completed on the Cocula project to be significant. A first phase drill program began in late July with first result expected in September 2008.

The Company continues to evaluate other opportunities as they are presented to it. Management's principal focus however is to development and initiate mining at the San Francisco Mine by the first quarter 2009 with the anticipation of cash flow from operations early in the second quarter of 2009.

Directors and Officers

Arturo Bonillas	Director, President
Bruce Bragagnolo	Director, CEO
Darcy Krohman, P.Geo., C.A.	Director, Executive VP and CFO
Miguel Soto	Director & COO
Hallein Darby, C.A.	Director
Lawrence Dick, PhD.	Director
Eugene Hodgson	Director
Alejandro Astizaran	Director (resigned during the current interim period)
Frank Cordova	Director (appointed during the current interim period)
Lee A Grader	Director (appointed during the current interim period)

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.

BY ORDER OF THE BOARD

"Bruce Bragagnolo"

Bruce Bragagnolo
Chief Executive Officer

"Darcy Krohman"

Darcy Krohman
Executive Vice-President & Chief Financial Officer

August 27, 2008