



**TNR GOLD CORP.
PO BOX 11604
620 – 650 W. GEORGIA STREET
VANCOUVER, BC V6B 4N9**

**TELEPHONE: 604-687-7551
FAX: 604-687-4670
EMAIL: info@tnrgoldcorp.com**

TNR GOLD CORP.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

AUDITORS' REPORT

To the Shareholders of
TNR Gold Corp.

We have audited the consolidated balance sheets of TNR Gold Corp. as at December 31, 2007 and 2006 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

April 3, 2008



TNR GOLD CORP.
CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31

	2007	2006
ASSETS		
Current		
Cash	\$ 1,067,624	\$ 281,870
Receivables (Note 4)	72,523	185,411
Marketable securities (Note 5)	67,735	81,625
Prepays	<u>11,410</u>	<u>-</u>
	1,219,292	548,906
Equipment (Note 6)	141,117	175,260
Mineral properties (Note 7)	1,534,146	1,126,343
Deferred exploration costs (Note 8)	<u>7,688,115</u>	<u>6,677,910</u>
	<u>\$ 10,582,670</u>	<u>\$ 8,528,419</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities	<u>\$ 524,558</u>	<u>\$ 241,569</u>
Shareholders' equity		
Capital stock (Note 9)	20,683,912	17,907,369
Share subscriptions received in advance (Note 9)	-	150,000
Contributed surplus (Note 9)	1,732,642	1,205,694
Deficit	<u>(12,358,442)</u>	<u>(10,976,213)</u>
	<u>10,058,112</u>	<u>8,286,850</u>
	<u>\$ 10,582,670</u>	<u>\$ 8,528,419</u>

Nature and continuance of operations (Note 1)

Commitment (Note 15)

Subsequent events (Note 16)

On behalf of the Board:

 "Gary Schellenberg"

Director

 "Paul Chung"

Director

The accompanying notes are an integral part of these consolidated financial statements.

TNR GOLD CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
YEAR ENDED DECEMBER 31

	2007	2006
EXPENSES		
Administration fees	\$ 15,500	\$ 12,000
Amortization	42,751	14,966
Argentina administration	152,516	131,246
Bank charges	35,528	12,418
Consulting fees	81,643	56,150
Filing fees	16,295	16,018
Management fees	77,500	60,000
Office and miscellaneous	97,658	61,569
Professional fees	228,576	123,782
Property investigation	5,400	-
Rent	35,025	36,410
Shareholder communications	56,381	27,883
Stock-based compensation (Note 9)	169,999	435,319
Transfer agent fees	9,100	7,830
Travel and promotion	63,384	13,332
	<u>(1,087,256)</u>	<u>(1,008,923)</u>
Loss before other items		
OTHER ITEMS		
Administration recoveries	-	35,176
Consulting recoveries	-	21,150
Drill rental services	-	28,746
Gain on sale of marketable securities	-	156,191
Gain (loss) on foreign exchange	22,078	(11,583)
Interest income	51,545	9,361
Unrealized loss on marketable securities (Note 5)	(26,730)	(16,328)
Write-off of deferred exploration costs (Note 8)	(337,342)	-
Write-off of mineral property (Note 7)	(25,000)	-
Write-off of receivable	(30,678)	-
	<u>(346,127)</u>	<u>222,713</u>
	(1,433,383)	(786,210)
Loss before income taxes		
Future income tax recovery (Note 14)	51,154	-
	<u>(1,382,229)</u>	<u>(786,210)</u>
Loss for the year		
Deficit, beginning of year	<u>(10,976,213)</u>	<u>(10,190,003)</u>
Deficit, end of year	\$ (12,358,442)	\$ (10,976,213)
Basic and diluted loss per common share		
	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding		
	58,552,077	41,990,421

The accompanying notes are an integral part of these consolidated financial statements.

TNR GOLD CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (1,382,229)	\$ (786,210)
Items not affecting cash:		
Accrued interest income	(19,484)	-
Amortization of equipment	42,751	14,966
Gain on sale of marketable securities	-	(156,191)
Stock-based compensation	169,999	435,319
Unrealized loss on marketable securities	26,730	16,328
Write-off of deferred exploration costs	337,342	-
Write-off of mineral property	25,000	-
Write-off of receivable	30,678	-
Future income tax recovery	(51,154)	-
Changes in non-cash working capital items:		
Increase in receivables	(24,764)	(181,801)
Increase in prepaid expenses	(11,410)	-
Increase (decrease) in accounts payable and accrued liabilities	<u>37,787</u>	<u>(21,157)</u>
Net cash used in operating activities	<u>(818,754)</u>	<u>(678,746)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Mineral properties	(383,465)	(34,358)
Deferred exploration costs	(1,465,311)	(2,230,380)
Recovery of deferred exploration costs	478,584	149,998
Proceeds from sale of marketable securities	-	249,191
Purchase of equipment	<u>(8,608)</u>	<u>(52,265)</u>
Net cash used in investing activities	<u>(1,378,800)</u>	<u>(1,917,814)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital stock issued	3,064,420	2,392,431
Loan from related party	100,000	-
Repayment of loan from related party	(100,000)	-
Share subscriptions received in advance	-	150,000
Share issuance costs	<u>(81,112)</u>	<u>(98,000)</u>
Net cash provided by financing activities	<u>2,983,308</u>	<u>2,444,431</u>
Increase (decrease) in cash during the year	785,754	(152,129)
Cash, beginning of year	<u>281,870</u>	<u>433,999</u>
Cash, end of year	<u>\$ 1,067,624</u>	<u>\$ 281,870</u>

Supplemental disclosures with respect to cash flows (Note 13)

The accompanying notes are an integral part of these consolidated financial statements.

TNR GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the laws of the Province of British Columbia and is in the business of exploring and developing its mineral properties. To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

At the date of these consolidated financial statements, the Company has not been able to identify a known body of commercial grade minerals on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company being able to identify a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property.

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in these consolidated financial statements.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

	2007	2006
Working capital	\$ 694,734	\$ 307,337
Deficit	(12,358,442)	(10,976,213)

2. SIGNIFICANT ACCOUNTING POLICIES

Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from these estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Estimates (cont'd...)

Significant accounts that require estimates as the basis for determining the stated amounts include marketable securities, determination of impairment of assets, stock-based compensation, valuation allowance of future tax assets and foreign currency translation.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Compania Minera Solitario de Argentina S.A. and Compania Minera San Juan S.A., companies incorporated under the laws of Argentina. All inter-company transactions and accounts have been eliminated upon consolidation.

Cash

Cash is comprised of cash on hand and demand deposits.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is provided annually over the estimated useful life using the following methods:

Computer equipment	30% declining balance
Drill rig and equipment	20% declining balance
Office furniture	20% declining balance
Telephone equipment	30% declining balance
Vehicle	20% declining balance

Mineral properties and deferred exploration costs

All costs related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. The Company does not have any asset retirement obligations.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Foreign currency translation

The Company's subsidiaries are integrated foreign operations and are translated into Canadian dollars using the temporal method. Monetary items are translated at the exchange rate in effect at the balance sheet date and non-monetary items are translated at historical exchange rates. Revenues and expenses are translated at the exchange rates prevailing on the respective transaction dates. Exchange gains and losses arising on translation are included in the statement of operations.

Stock-based compensation

The fair value of stock options granted is determined using the Black-Scholes option pricing model and recorded as stock-based compensation expense over the vesting period of the related options.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per common share is recognized on the use of proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year.

Basic loss per common share is calculated using the weighted average number of common shares outstanding during the year and does not include outstanding options and warrants. Dilutive loss per common share is not presented separately from loss per share as the conversion of outstanding stock options and warrants into common shares would be anti-dilutive.

Future income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

3. ADOPTION OF NEW ACCOUNTING POLICIES

Effective January 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. 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 generally accepted accounting principles. Under the new standards, policies followed for periods prior to the effective date generally are not reversed 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 derecognized 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 marketable securities as held-for-trading, which are measured at fair value. Receivables are classified as loans and receivables and accounts payable and accrued liabilities are classified as other financial liabilities, all of which are measured at amortized cost.

The Company had no “other comprehensive income or loss” transactions during the year ended December 31, 2007 and no opening or closing balances for accumulated other comprehensive income or loss.

New Accounting Pronouncements

Effective January 1, 2008 the Company is required to adopt the following new Canadian accounting pronouncements:

(i) Assessing going concern – Section 1400

The Accounting Standards Board (AcSB) amended the Section 1400, to include requirements for management to assess an entity’s ability to continue as a going concern and to disclose material uncertainties related to events or conditions that may cast doubt upon the entity’s ability to continue as a going concern.

(ii) Capital disclosures – Section 1535

This new pronouncement establishes standards for disclosing information about an entity’s capital and how it is managed. Section 1535 also requires the disclosure of any externally-imposed capital requirements, whether the entity has complied with them, and if not, the consequences.

TNR GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

3. ADOPTION OF NEW ACCOUNTING POLICIES (cont'd...)

New Accounting Pronouncements (cont'd...)

(iii) Financial Instruments – Section 3862 and 3863 – Disclosure and Presentation

These new sections 3862 (on disclosures) and 3863 (on presentation) replace Section 3861, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. Section 3862 complements the principles for recognizing, measuring and presenting financial assets and financial liabilities in Financial Instruments. Section 3863 deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

The Company is evaluating the impact of these new accounting standards on its consolidated financial statements.

International Financial Reporting Standards (“IFRS”)

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

4. RECEIVABLES

The Company’s receivables are primarily comprised of \$30,451 (2006 - \$30,451) owed by Geocom Resources Inc. (“Geocom”) for exploration expenditures incurred on the Lake Illiamna property and \$22,574 (2006 - \$5,810) in refundable Goods and Services tax owed to the Company.

5. MARKETABLE SECURITIES

Marketable securities are comprised of the following:

	2007		2006	
	Market Value	Cost	Market Value	Cost
Geocom Resources Inc. 200,000 common shares (2006 – 200,000 common shares)	\$ 34,000	\$ 75,328	\$ 61,200	\$ 75,328
La Mancha Resources Inc. (“La Mancha”) 14,500 common shares (2006 – 10,000 common shares)	6,235	18,715	14,800	15,250
Latin American Minerals Inc. (“Latin American”) 25,000 common shares (2006 – 12,500 common shares)	<u>27,500</u>	<u>16,750</u>	<u>5,625</u>	<u>7,375</u>
	\$ 67,735	\$ 110,793	\$ 81,625	\$ 97,953

TNR GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

5. MARKETABLE SECURITIES (cont'd...)

At December 31, 2007, the Company recorded a net unrealized loss of \$26,730 (2006 - \$16,328) on its marketable securities.

6. EQUIPMENT

	2007			2006		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 16,416	\$ 11,221	\$ 5,195	\$ 16,416	\$ 8,994	\$ 7,422
Drill rig and equipment	180,615	78,785	101,830	180,615	51,191	129,424
Office furniture	22,633	14,176	8,457	14,025	9,381	4,644
Telephone equipment	9,480	5,782	3,698	9,480	3,354	6,126
Vehicle	<u>34,554</u>	<u>12,617</u>	<u>21,937</u>	<u>34,554</u>	<u>6,910</u>	<u>27,644</u>
	\$ 263,698	\$ 122,581	\$ 141,117	\$ 255,090	\$ 79,830	\$ 175,260

7. MINERAL PROPERTIES

Mineral property acquisition costs relate to the following properties:

	December 31, 2006	Additions	Written-off	December 31, 2007
Argentina				
Solitario Properties	\$ 595,728	\$ -	\$ -	\$ 595,728
El Salto	9,358	7,512	-	16,870
El Tapau	-	108,091	-	108,091
Eureka	<u>-</u>	<u>317,200</u>	<u>-</u>	<u>317,200</u>
	<u>605,086</u>	<u>432,803</u>	<u>-</u>	<u>1,037,889</u>
Canada				
Tyner Lake (British Columbia)	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>
United States				
Shotgun Claims (Alaska)	425,686	-	-	425,686
Lake Iliamna-Bristol Bay (Alaska)	<u>70,571</u>	<u>-</u>	<u>-</u>	<u>70,571</u>
	<u>496,257</u>	<u>-</u>	<u>-</u>	<u>496,257</u>
	\$ 1,126,343	\$ 432,803	\$ (25,000)	\$ 1,534,146

TNR GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

7. MINERAL PROPERTIES (cont'd...)

	December 31, 2005	Additions	December 31, 2006
Argentina			
Solitario Properties	\$ 595,728	\$ -	\$ 595,728
El Salto	<u>-</u>	<u>9,358</u>	<u>9,358</u>
	<u>595,728</u>	<u>9,358</u>	<u>605,086</u>
Canada			
Tyner Lake (British Columbia)	<u>-</u>	<u>25,000</u>	<u>25,000</u>
United States			
Shotgun Claims (Alaska)	425,686	-	425,686
Lake Iliamna-Bristol Bay (Alaska)	<u>70,571</u>	<u>-</u>	<u>70,571</u>
	<u>496,257</u>	<u>-</u>	<u>496,257</u>
	<u>\$ 1,091,985</u>	<u>\$ 34,358</u>	<u>\$ 1,126,343</u>

Title to mineral property interests

Title to mineral property interests involve certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its interests are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers and rights of ownership may be affected by undetected defects.

Solitario Properties (Argentina)

The Company holds interests in several mineral property interests in Argentina. The Company entered into agreements with respect to their mineral property interests as follows:

Batidero Property (Argentina)

The Company granted an option to Tenke Mining Corporation ("Tenke"), a company with a former common director, to acquire a 75% interest in the Batidero mineral properties. Tenke issued 184,000 common shares and incurred exploration expenses totalling \$2,000,000 to earn its interest.

During the year ended December 31, 2007, Tenke transferred its interest to Suramina Resources Inc. ("Suramina").

Suramina and the Company are currently negotiating a joint venture agreement to share all future costs and revenues on a pro-rata basis.

7. MINERAL PROPERTIES (cont'd...)

La Carolina Property (Argentina)

The Company granted an option to Geocom, a company with a common director, to acquire a 50% interest in the La Carolina Property in San Luis, Argentina. Pursuant to the agreement, Geocom issued 200,000 common shares at a value of \$102,500 to earn its interest.

The Company and Geocom entered into an agreement during the year ended December 31, 2005 with Latin American to grant an option to earn a 75% interest in the property.

Latin American is required to:

- i) incur exploration expenditures of US\$1,000,000 by April 4, 2011, providing a minimum expenditure of US\$50,000 on or before April 4, 2007 (incurred), and,
- ii) pay a total of US\$125,000 and issue 125,000 shares of Latin American to the Company and Geocom by April 4, 2010, of which US\$50,000 and 50,000 shares were received as of December 31, 2007.

Upon full vesting of its 75% interest in the property, Latin American will issue an additional 100,000 common shares divided equally between Geocom and the Company. Subsequent to December 31, 2007, Latin American paid a total of US\$75,000 and issued 175,000 common shares to the Company and Geocom to earn its 75% interest in the property.

Los Azules (Argentina)

The Company granted Xstrata PLC ("Xstrata") an option to acquire a 100% interest in the Los Azules project in Argentina.

Xstrata earned its 100% interest by making cash payments totaling US\$560,000 (received) and incurring exploration expenditures totalling US\$1,000,000.

The Company has an option to repurchase a 25% interest upon completion of a feasibility study.

La Ortiguita (Argentina)

The Company entered into an agreement during the 2006 fiscal year and an amended agreement in July 2007 granting La Mancha an option to acquire a 75% undivided interest in the La Ortiguita Property located in the San Juan Province of Argentina.

To earn its interest, La Mancha was required to pay US\$192,000 (US\$73,000 received), issue 167,500 common shares (14,500 received at a value of \$18,715), and incur exploration expenditures totalling US\$3,630,000 (US\$500,000 incurred to date) over the remaining period as follows:

- a) Pay US\$33,000, issue 27,000 shares and incur exploration expenditures of US\$450,000 on or before July 15, 2008;
- b) Pay US\$43,000, issue 49,500 shares and incur exploration expenditures of US\$1,080,000 on or before July 15, 2009; and
- c) Pay US\$43,000, issue 76,500 shares and incur exploration expenditures of US\$1,600,000 on or before July 15, 2010.

7. MINERAL PROPERTIES (cont'd...)

La Ortiguita (Argentina) (cont'd...)

La Mancha will earn a 42.66% interest upon fulfilment of terms a) and b) and a 75% interest upon the fulfilment of all the terms. The Company will retain a 1.5% net smelter return ("NSR") royalty purchasable by La Mancha for US\$1,500,000 before July 15, 2010.

El Salto (Argentina)

In 2006, the Company acquired an option to earn a 100% interest in the El Salto property, located in San Juan Province, Argentina. To earn its 100% interest, the Company will pay a total of US\$100,000 and incur US\$1,000,000 in exploration expenditures over five years as follows:

- i) Pay US\$8,000 upon signing (paid);
- ii) Pay US\$7,000 (paid) and incur exploration expenditures of US\$75,000 (incurred) on or before August 1, 2007;
- iii) Pay US\$10,000 and incur additional exploration expenditures of US\$150,000 on or before August 1, 2008;
- iv) Pay US\$20,000 and incur additional exploration expenditures of US\$175,000 on or before August 1, 2009;
- v) Pay US\$25,000 and incur additional exploration expenditures of US\$250,000 on or before August 1, 2010; and
- vi) Pay US\$30,000 and incur additional exploration expenditures of US\$350,000 on or before August 1, 2011.

The property is subject to a 1% NSR royalty. The Company has the option to purchase the property outright for US\$500,000 at any time during the exploration period by making five payments of US\$100,000 over the period of five years. If the Company exercises this option, the 1% NSR as well as the exploration expenditures requirement will no longer be applicable.

El Tapau (Argentina)

On August 29, 2007, the Company signed a letter of agreement with Petra Gold Servicio Mineros ("Petra") and Gustavo Pezzani (both of which are related parties) to earn a 70% interest of their 75% interest in the El Tapau property located in the San Juan Province of Argentina. To earn its 70% interest, the Company will pay a total of US\$1,000,000 over five years and incur US\$3,000,000 in exploration expenditures over four years as follows:

- i) Pay US\$25,000 upon signing (paid)
- ii) Pay US\$75,000 upon execution of a Formal Agreement (paid)
- iii) Pay US\$100,000 and incur exploration expenditures of US\$500,000 on or before December 10, 2008;
- iv) Pay US\$125,000 and incur exploration expenditures of US\$500,000 on or before December 10, 2009;
- v) Pay US\$175,000 and incur exploration expenditures of US\$1,000,000 on or before December 10, 2010;
- vi) Pay US\$200,000 and incur exploration expenditures of US\$1,000,000 on or before December 10, 2011; and
- vii) Pay US \$300,000 on or before December 10, 2012.

The property is subject to a 2% NSR royalty. The Company has the option to purchase the NSR royalty at any time for US\$2,000,000.

Eureka (Argentina)

On March 21, 2007, the Company signed an option agreement to acquire a 75% interest in the Eureka property, a copper-gold prospect located in the Jujuy province of Argentina. To exercise this option, the Company must expend a total of US\$3,000,000 in exploration and option payments as follows:

7. MINERAL PROPERTIES (cont'd...)

Eureka (Argentina) (cont'd...)

- i) Pay a total of US\$350,000 by December 19, 2008 (US\$200,000 paid to date)
- ii) Incur minimum exploration expenditures of US\$500,000 per year with a total of US\$2,650,000 being incurred before April 20, 2010.

Once the Company has earned its 75% interest, the Company is required to pay every six months after December 19, 2008 US\$150,000 until the property is put into production.

On June 1, 2007, the Company issued 750,000 warrants exercisable at \$0.25 per share until June 1, 2009 with a value of \$51,338. These warrants were issued as finders' fees for the Eureka property option agreement and in accordance with the finders' agreement, 450,000 warrants are exercisable at December 31, 2007, with the remaining 300,000 warrants exercisable at April 30, 2008.

On October 23, 2007, the Company acquired additional claims at the Eureka property for US\$30,000.

On November 22, 2007, the Company acquired an option to acquire additional claims at the Eureka property for US\$15,000. If the Company does not exercise this option by June 1, 2008 it will have a right of first refusal on the claims until June 1, 2009.

Shotgun Claims (Alaska)

The Company has a 50% interest in certain unpatented mineral claims located in the Kuskokwim and Bristol Bay district, Alaska.

The claims are subject to a 5% net proceeds royalty.

Lake Illiamna-Bristol Bay (Alaska)

The Company previously entered into a farm-out agreement with BHP Billiton Mineral Exploration Inc. ("BHPB") to acquire the right to earn a 70% interest in certain mineral claim blocks located in the Lake Illiamna-Bristol Bay area, Alaska.

During the year ended December 31, 2003, the Company granted an option to Geocom to earn a 75% interest in the Company's 70% interest in the Lake Illiamna project. To earn its interest, Geocom expended a minimum of US\$500,000 in exploration costs prior to September 26, 2004. Geocom is subject to the same terms and conditions as the Company on the amended farm-out agreement with BHPB.

7. MINERAL PROPERTIES (cont'd...)

Lake Iliamna-Bristol Bay (Alaska) (cont'd...)

Through a series of amended agreements with BHPB, the amendment is as follows:

- i) The Company issued 1,000,000 share purchase warrants to BHPB. The fair market value of these warrants using the Black-Scholes option pricing model is \$30,571 and is included in acquisition costs. The warrants are exercisable at an exercise price of \$0.40 per share until November 10, 2006 (expired unexercised);

- ii) The Company completed a drilling program on the D claims and delivered to BHPB all drilling and assay results therefrom and a drilling program on the H claims.

BHPB had the right to back in to a 70% ownership of the D claims by financing the project to a feasibility study and to an 80% ownership by financing the property to bring a mine into commercial production. BHPB did not exercise its right. The Company and Geocom agreed to enter into an amended agreement (not completed) on the D Claims on a pro-rata basis of 49% and 51% respectively of the Company's 70% interest. Upon completion of the amended agreement, the Company, Geocom and BHPB will enter into a joint venture agreement on the D Claims.

BHPB had the right to back into a 70% interest and take over operation of the project. BHPB did not exercise its right. The Company agreed with Geocom to enter into an amended agreement (not completed) on the H claims whereby the original interest of Geocom earning 75% of the Company's 70%, which will in turn enter into a joint venture with BHPB ("BHP JV") on the H claims.

Tyner Lake (Canada)

The Company held an option to acquire a 100% interest in certain mineral claims, referred to as the Tyner Lake copper project located in Highland Valley of British Columbia, Canada.

On December 31, 2007, the Company wrote-off related acquisition costs of \$25,000 and deferred exploration costs of \$337,342 to operations as the project was not economically feasible.

TNR GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

8. DEFERRED EXPLORATION COSTS

Deferred exploration costs for the year ended December 31, 2007 were incurred on properties in Alaska, Argentina and Canada as follows:

2007	Solitario Properties, Argentina	El Salto, Argentina	El Tapau, Argentina	Eureka, Argentina	Shotgun Claims, Alaska	Lake Illianna Bristol Bay, Alaska	Tyner Lake, Canada	Total
Deferred exploration costs, beginning of year	\$ 1,781,551	\$ 18,517	\$ -	\$ -	\$ 4,504,063	\$ 258,223	\$ 115,556	\$ 6,677,910
Additions during the year								
Administrative	11,468	331	252	866	2,175	-	2,542	17,634
Assays	385	7,303	3,856	237	25	-	920	12,726
Camp costs	-	-	-	-	5,658	-	12,614	18,272
Demobilization	-	1,860	3,810	3,263	8,334	-	3,500	20,767
Drilling	-	179,548	-	-	9,738	-	81,415	270,701
Field expenditures	11,838	55,890	108,465	9,241	65,450	-	18,189	269,073
Field personnel	14,817	30,319	97,327	7,621	16,492	44,021	17,850	228,447
Geological consulting	65,681	44,388	12,125	33,121	64,996	-	32,506	252,817
Geophysical	10,283	164,487	114,113	14,088	-	-	2,450	305,421
Maintenance	34,335	-	-	-	-	-	-	34,335
Mapping	178	2,773	4,814	6,025	-	-	430	14,220
Miscellaneous	17,072	7,209	5,472	2,604	2,985	-	15	35,357
Mobilization	-	11,694	7,205	3,263	-	-	3,298	25,460
Property investigation	-	-	19,510	-	-	-	-	19,510
Property leases and taxes	19,843	1,025	1,277	18,416	12,802	26,056	5,822	85,241
Site access	3,321	-	-	-	-	-	-	3,321
Staking fees	12,347	-	-	-	-	-	-	12,347
Storage	-	-	-	-	960	-	1,125	2,085
Telecommunications	5,104	-	-	-	1,815	-	657	7,576
Transportation and freight	13,713	13,201	14,247	8,642	1,950	-	1,211	52,964
Travel and related	6,262	31,167	13,849	22,622	12,536	-	37,242	123,678
Underground rehabilitation	-	-	-	27,019	-	-	-	27,019
	226,647	551,195	406,322	157,028	205,916	70,077	221,786	1,838,971
Written-off during the year	-	-	-	-	-	-	(337,342)	(337,342)
Costs recovered	(491,424)	-	-	-	-	-	-	(491,424)
Deferred exploration costs, end of year	\$ 1,516,774	\$ 569,712	\$ 406,322	\$ 157,028	\$ 4,709,979	\$ 328,300	\$ -	\$ 7,688,115

TNR GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

8. DEFERRED EXPLORATION COSTS (cont'd...)

2006	Solitario Properties, Argentina	El Salto, Argentina	Shotgun Claims, Alaska	Lake Illiamna Bristol Bay, Alaska	Tyner Lake, Canada	Total 2006
Deferred exploration costs, beginning of year	\$ 1,922,178	\$ -	\$ 2,635,828	\$ 8,252	\$ -	\$ 4,566,258
Additions during the year						
Administrative	-	-	13,572	164	2,475	16,211
Amortization	-	-	31,302	-	-	31,302
Assays	499	4,968	20,127	2,652	-	28,246
Camp costs	-	2,823	151,240	6,559	-	160,622
Demobilization	-	-	126,597	9,297	-	135,894
Drilling	-	-	285,374	72,817	-	358,191
Field expenditures	-	-	642,056	66,147	2,529	710,732
Field personnel	-	1,575	146,396	3,020	3,900	154,891
Geological consulting	46,805	6,378	206,395	8,710	6,350	274,638
Geophysical	-	-	14,298	-	70,203	84,501
Line cutting	-	-	-	-	17,185	17,185
Maintenance	4,701	-	-	-	-	4,701
Mapping	-	-	372	-	5,561	5,933
Miscellaneous	635	20	5,716	5,867	500	12,738
Mobilization	-	-	77,967	60,178	-	138,145
Property leases and taxes	302	-	8,825	5,299	-	14,426
Staking fees	-	-	1,563	516	-	2,079
Stock-based compensation	36,620	-	39,394	7,241	-	83,255
Storage	-	-	4,568	-	-	4,568
Telecommunications	-	-	6,417	-	-	6,417
Transportation and freight	-	1,690	13,806	-	116	15,612
Travel and related	933	1,063	72,250	1,504	6,737	82,487
	<u>90,495</u>	<u>18,517</u>	<u>1,868,235</u>	<u>249,971</u>	<u>115,556</u>	<u>2,342,774</u>
	2,012,673	18,517	4,504,063	258,223	115,556	6,909,032
Costs recovered	<u>(231,122)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(231,122)</u>
Deferred exploration costs, end of year	\$ 1,781,551	\$ 18,517	\$ 4,504,063	\$ 258,223	\$ 115,556	\$ 6,677,910

TNR GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

9. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Amount	Contributed Surplus
Authorized			
Unlimited common shares, without par value			
Unlimited Class "A" non-voting convertible redeemable shares, without par value			
Common shares issued			
Balance, December 31, 2005	34,827,888	\$ 15,559,171	\$ 740,887
Escrow shares cancelled	(18,125)	(2,175)	2,175
Private placement	7,600,000	1,520,000	-
Exercise of options	855,000	169,493	(55,942)
Exercise of warrants	4,743,000	758,880	-
Share issue costs	-	(98,000)	-
Stock-based compensation	-	-	518,574
Balance, December 31, 2006	48,007,763	17,907,369	1,205,694
Warrants issued for mineral property	-	-	51,338
Private placements	15,250,000	2,795,349	254,651
Exercise of options	215,000	89,589	(40,839)
Exercise of warrants	454,681	116,894	(1,224)
Share issue costs	-	(81,112)	-
Finders' fees	882,400	176,480	-
Finders' fees	-	(176,480)	-
Agents' warrants	-	(93,023)	93,023
Future income taxes on exploration expenditures renounced to shareholders	-	(51,154)	-
Stock-based compensation	-	-	169,999
Balance, December 31, 2007	64,809,844	\$ 20,683,912	\$ 1,732,642

As of December 31, 2007 and 2006, 1,974,907 Series "A" shares with a stated value of \$Nil are issued.

December 31, 2007

On January 18, 2007, the Company completed a non-brokered private placement of 750,000 Flow Through Units ("FT Unit") at \$0.20 per FT Unit for gross proceeds of \$150,000. Each FT Unit is comprised of one flow-through share and one-half share purchase warrant. Each whole warrant is exercisable into one flow-through share at \$0.25 per share by January 18, 2008.

TNR GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

9. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

December 31, 2007 (cont'd...)

On May 15, 2007, the Company completed a brokered private placement of 14,500,000 units at \$0.20 for gross proceeds of \$2,900,000. Each unit consists of one common share and one-half share purchase warrant. Each full warrant is exercisable into one additional common share of the Company at \$0.30 until May 15, 2008, then at \$0.50 until May 15, 2009. Of the total consideration, \$2,645,349 was allocated to capital stock and \$254,651 was allocated to contributed surplus as fair value for the warrants.

The Company paid a commission of \$26,520 and issued 882,400 units with the same terms and conditions as the private placement. The Company also issued 1,305,000 agents' warrants which entitle the holders to purchase one common share at \$0.25 until May 15, 2009. The fair value of the agents' warrants of \$93,023 was recorded as share issue costs.

The Company paid \$54,592 cash for other share issue costs in connection with the two private placements.

The Company issued 750,000 warrants valued at \$51,338 as finders' fees for the Eureka property option agreement.

December 31, 2006

During December 2006, the Company received share subscriptions totalling \$150,000 relating to the 750,000 flow-through share units issued.

On May 1, 2006, the Company completed a private placement and issued 7,600,000 units at \$0.20 for gross proceeds of \$1,520,000. Each unit is comprised of one common share and one-half share purchase warrant. Each whole share purchase warrant is exercisable at a price of \$0.24 until May 1, 2007 and then at \$0.27 until May 1, 2008. A finder's fee in the amount of \$98,000 was paid.

Stock Options

The Company has a stock option plan under which it is authorized to grant options to directors, employees and consultants, to acquire up to 10% of the issued and outstanding common stock. The exercise price of each option is based on the market price of the Company's stock for a period preceding the date of grant. The options can be granted for a maximum term of 5 years and vest as determined by the board of directors.

TNR GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

9. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Stock Options (cont'd...)

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2005	2,055,000	\$ 0.25
Options granted	2,760,000	0.22
Options exercised	(855,000)	0.13
Options expired/cancelled	<u>(45,000)</u>	0.13
Balance, December 31, 2006	3,915,000	0.26
Options granted	2,120,000	0.23
Options exercised	(215,000)	0.23
Options expired/cancelled	<u>(1,450,000)</u>	0.32
Balance, December 31, 2007	4,370,000	\$ 0.23
Exercisable, at December 31, 2007	3,880,000	\$ 0.21
Weighted average fair value per option granted during 2006		\$ 0.19
Weighted average fair value per option granted during 2007		\$ 0.14

As at December 31, 2007, the following incentive stock options are outstanding:

Number of Shares	Exercise Price	Expiry Date
975,000	\$ 0.25	January 20, 2008 (Note 16)
1,600,000	0.20	May 17, 2009
1,275,000	0.20	December 11, 2011
120,000	0.23	September 6, 2011
<u>400,000</u>	0.35	November 1, 2012
4,370,000		

TNR GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

9. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Stock-based compensation

The stock-based compensation recognized for stock options granted under the fair value method was \$290,235 (2006 - \$518,574). The Company expensed \$169,999 (2006 - \$435,319) leaving an unamortized balance of \$120,236 (2006 - \$Nil). Stock-based compensation also allocated to deferred exploration costs was \$Nil (2006 - \$83,255).

The following weighted average assumptions were used for the Black-Scholes option-pricing model calculation of stock options granted during the year:

	2007	2006
Risk-free interest rate	4.31%	3.81%
Expected life of options	2.68 years	4 years
Expected annualized volatility	62.01%	125.44%
Dividend	-	-

Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2005	13,586,200	\$ 0.22
Warrants granted	3,800,000	0.24
Warrants exercised	(4,743,000)	0.16
Warrants expired	<u>(6,718,200)</u>	0.27
Balance, December 31, 2006	5,925,000	0.24
Warrants granted	10,121,200	0.29
Warrants exercised	(454,681)	0.25
Warrants expired	<u>(2,125,000)</u>	0.25
Balance, December 31, 2007	13,466,519	\$ 0.28
Exercisable, at December 31, 2007	13,166,519	\$ 0.28

TNR GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

9. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Warrants (cont'd...)

At December 31, 2007, warrants were outstanding enabling holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
187,500	\$ 0.25	January 18, 2008 (Note 16)
3,550,000	0.27	May 1, 2008
7,250,000	0.30	May 15, 2008
	if not then at \$0.50	May 15, 2009
441,200	0.30	May 15, 2008
	if not then at \$0.50	May 15, 2009
1,287,819	0.25	May 15, 2009
<u>750,000</u>	0.25	June 1, 2009
<u>13,466,519</u>		

The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of warrants granted during the year:

	2007	2006
Risk-free interest rate	4.26%	-
Expected life of options	2 years	-
Expected annualized volatility	58.89%	-
Dividend	-	-

10. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2007, the Company entered into the following transactions with related parties not disclosed elsewhere in these financial statements:

- a) Paid or accrued \$77,500 (2006 - \$60,000) for management fees to a director and a company controlled by a director.
- b) Paid or accrued \$15,500 (2006 - \$12,000) for administration fees to the spouse of a director.
- c) Paid or accrued deferred exploration costs of \$260,363 (2006 - \$465,470) to two companies having common directors.

10. RELATED PARTY TRANSACTIONS (cont'd...)

- d) Paid or accrued \$30,360 (2006- \$30,130) for rent to a company having common directors.
- e) Paid or accrued \$55,660 (2006 - \$36,000) for consulting fees to two companies controlled by common directors.
- f) Paid or accrued \$31,537 (2006 - \$3,994) for accounting fees to a company controlled by an officer.
- g) Paid \$108,091 (2006 - \$Nil) for the El Tapau property option to a company controlled by an officer.
- h) Received a \$100,000 short term non-interest bearing loan with no formal terms of repayment from a company controlled by common directors. On May 16, 2007, the Company repaid the \$100,000 loan.

Included in accounts payable and accrued liabilities at December 31, 2007 is \$42,449 (2006 - \$72,934) due to a spouse of a director, a company controlled by an officer and three companies controlled by common directors.

Included in receivables at December 31, 2007 is \$30,451 (2006 - \$30,451) due from a company controlled by a common director for exploration expenditure recoveries.

Related party transactions are 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 related parties.

11. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, marketable securities, and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Credit risk

The Company does not believe it is subject to any significant credit risk although cash is held in excess of federally insured limits, with major financial institutions.

Currency risk

Cash held in foreign currencies other than the Canadian dollar is subject to currency risk. The Company is exposed to currency risk by incurring certain expenditures in currencies other than the Canadian dollar. The Company does not use derivative instruments to reduce its currency risk.

TNR GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

11. FINANCIAL INSTRUMENTS (cont'd...)

Risk management

The Company's largest non-monetary assets are its mineral exploration interests in Alaska and Argentina. The Company could accordingly be at risk for foreign currency fluctuations and developing legal and political environments.

The Company does not maintain significant other monetary assets or liabilities in Argentina. The Company relies on local consultants for the management of its exploration activities and for legal and accounting matters.

12. SEGMENTED INFORMATION

The Company operates in one business segment which is the exploration of mineral properties. Geographic information is as follows:

2007	Mineral Properties	Deferred Exploration Costs	Equipment
Capital assets			
Argentina	\$ 1,037,889	\$ 2,649,836	\$ 30,394
Canada	-	-	5,195
United States	<u>496,257</u>	<u>5,038,279</u>	<u>105,528</u>
	<u>\$ 1,534,146</u>	<u>\$ 7,688,115</u>	<u>\$ 141,117</u>

2006	Mineral Properties	Deferred Exploration Costs	Equipment
Capital assets			
Argentina	\$ 605,086	\$ 1,800,068	\$ 32,288
Canada	25,000	115,556	13,548
United States	<u>496,257</u>	<u>4,762,286</u>	<u>129,424</u>
	<u>\$ 1,126,343</u>	<u>\$ 6,677,910</u>	<u>\$ 175,260</u>

TNR GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

13. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	2007	2006
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -

Significant non-cash transactions during the year ended December 31, 2007 included:

- a) The Company received 12,500 common shares of Latin American valued at \$9,375 pursuant to the option agreement on the La Carolina property.
- b) The Company received 4,500 common shares of La Mancha valued at \$3,465 pursuant to the option agreement on the La Ortigueta property.
- c) The Company issued 1,305,000 agents warrants valued at \$93,023 in connection with a private placement.
- d) The Company issued 882,400 units with a value of \$176,480 as commission in connection with the private placement.
- e) The Company issued 750,000 flow through units at \$0.20 per unit for share subscriptions of \$150,000 received in advance.
- f) The Company issued 750,000 warrants with a value of \$51,338 as finders' fee for the Eureka property option agreement.
- g) The Company allocated \$42,063 for stock options and agents' warrants exercised during the year to capital stock from contributed surplus.
- h) The Company accrued deferred exploration costs of \$325,545.
- i) The Company reclassified \$126,458 from receivables to deferred exploration costs.

Significant non-cash transactions during the year ended December 31, 2006 included:

- a) The Company capitalized \$31,302 as amortization on the drill and equipment to deferred exploration costs.
- b) The Company capitalized \$83,255 of stock-based compensation to deferred exploration costs.
- c) The Company accrued deferred exploration costs of \$80,343.
- d) The Company received 12,500 common shares of Latin for a value of \$7,375 pursuant to the option agreement on the La Carolina property.
- e) The Company received 150,000 common shares of Geocom for a value of \$66,000 pursuant to the option agreement on the La Carolina property.

TNR GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

13. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS (cont'd...)

- f) The Company received 5,000 common shares of La Mancha valued at \$7,750 pursuant to the option agreement on the La Ortiguita property.
- g) The Company allocated \$55,942 for stock options exercised during the year to capital stock from contributed surplus.
- h) The Company allocated \$2,175 for the cancellation of escrow shares from capital stock to contributed surplus.

14. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

	2007	2006
Loss before income taxes	\$ (1,433,383)	\$ (786,210)
Expected income tax (recovery)	\$ (489,070)	\$ (283,979)
Difference in foreign tax rates	2,612	2,332
Non-deductible items	256,948	250,179
Deductible items	(40,047)	(83,937)
Unrecognized benefit of non-capital losses	218,403	115,405
Total future income tax recovery	\$ (51,154)	\$ -

Details of future income tax assets are as follows:

	2007	2006
Future income tax assets:		
Non-capital loss carryforwards	\$ 871,200	\$ 706,117
Mineral properties and deferred exploration costs	1,408,700	1,464,473
Equipment	30,790	25,358
Other	132,000	53,561
Total future income tax assets	2,442,690	2,249,509
Less: valuation allowance	(2,442,690)	(2,249,509)
Net future income tax assets	\$ -	\$ -

14. INCOME TAXES (cont'd...)

The Company has available for deduction against future taxable income non-capital losses of approximately \$2,070,000. These losses, if not utilized, will expire through 2027. Subject to certain restrictions, the Company also has resource expenditures of approximately \$10,256,000 available to reduce taxable income of future years. Future tax benefits which may arise as a result of these losses, resource deductions and other tax assets have not been recognized in these financial statements and have been offset by a valuation allowance.

During the year ended December 31, 2007, the Company issued 750,000 (2006 – Nil) units on a flow-through basis for gross proceeds of \$150,000 (2006 - \$Nil).

The flow-through agreements require the Company to renounce certain deductions for Canadian exploration expenditures incurred on the Company's resource properties. Future income taxes of \$51,154 (2006 - \$Nil) related to the exploration expenditures renounced to shareholders were applied against capital stock.

15. COMMITMENT

During the 2007 fiscal year, the Company approved severance payments to directors, officers and senior management in the amount of \$50,000 each, plus \$5,000 per year of involvement with the Company in the event of a takeover.

16. SUBSEQUENT EVENTS

Subsequent to December 31, 2007:

- a) The Company granted stock options to directors, officers, employees and consultants to acquire 1,800,000 common shares at \$0.25 per share for a period of five years.
- b) The Company announced a brokered private placement of up to 9,500,000 units ("Units") at \$0.35 per Unit for gross proceeds of \$3,325,000. Each Unit will consist of one common share and one share purchase warrant. Each full warrant is exercisable into one additional common share of the Company at \$0.50 for a period of eighteen months from the date of closing.

The Company will pay the agent a commission equal to 7% of the gross proceeds raised, payable in cash, in units or a combination of both, at the election of the Agent. Any units issued in lieu of cash will be on the same terms as the Offering. In addition, the Agent will be paid compensation options equal to 9% of the number of Units issued pursuant to the Offering. Each compensation option will entitle the Agent to purchase, at an exercise price of \$0.50, one common share of the Company for a period of eighteen months from the date of closing.

This private placement is subject to regulatory approvals.

TNR GOLD CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

16. SUBSEQUENT EVENTS (cont'd...)

- c) The Company issued 381,139 common shares pursuant to the exercise of warrants and stock options for proceeds of \$104,341. Total warrants exercised were 281,139 ranging from \$0.25 to \$0.30 per share. Furthermore, 87,500 warrants expired unexercised. Total stock options exercised were 100,000 at \$0.25 per share and a total of 875,000 stock options expired unexercised.