



**TNR GOLD CORP.  
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**TNR GOLD CORP.**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited – Prepared by Management)**

**SIX MONTH PERIOD ENDED**  
**JUNE 30, 2007**

**UNAUDITED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited consolidated financial statements for the period ended June 30, 2007.

**TNR GOLD CORP.**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited – Prepared by Management)

	June 30, 2007	December 31, 2006 (Audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 2,695,555	\$ 281,870
Receivables (Note 4)	229,950	185,411
Marketable securities (Note 5)	84,000	81,625
Prepays	<u>16</u>	<u>-</u>
	3,009,521	548,906
<b>Equipment</b> (Note 6)	159,437	175,260
<b>Reclamation bond</b> (Note 7)	2,000	-
<b>Mineral properties</b> (Note 8)	1,300,334	1,126,343
<b>Deferred exploration costs</b> (Note 9)	<u>6,505,943</u>	<u>6,677,910</u>
	<u>\$ 10,977,235</u>	<u>\$ 8,528,419</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	<u>\$ 183,772</u>	<u>\$ 241,569</u>
<b>Shareholders' equity</b>		
Capital stock (Note 10)	20,788,512	17,907,369
Share subscriptions received in advance	-	150,000
Contributed surplus (Note 10)	1,536,244	1,205,694
Deficit	<u>(11,531,293)</u>	<u>(10,976,213)</u>
	<u>10,793,463</u>	<u>8,286,850</u>
	<u>\$ 10,977,235</u>	<u>\$ 8,528,419</u>

**Basis of presentation** (Note 1)

**Subsequent events** (Note 15)

**On behalf of the Board:**

\_\_\_\_\_  
“Gary Schellenberg”

Director

\_\_\_\_\_  
“Jerry Bella”

Director

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

**TNR GOLD CORP.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**  
(Unaudited – Prepared by Management)

	Three Month Period Ended June 30, 2007	Three Month Period Ended June 30, 2006	Six Month Period Ended June 30, 2007	Six Month Period Ended June 30, 2006
<b>EXPENSES</b>				
Administration fees	\$ 3,000	\$ 3,000	\$ 6,004	\$ 6,000
Amortization	3,213	2,902	6,598	4,202
Argentina administration	47,360	36,971	83,771	85,207
Bank charges and interest	4,213	4,996	6,306	7,269
Consulting fees	18,108	13,682	38,253	27,932
Filing fees	20,049	10,701	25,999	14,701
Management fees	15,000	15,000	30,000	30,000
Office and miscellaneous	13,782	12,998	28,394	30,659
Professional fees	36,875	9,444	85,678	56,072
Rent	8,869	8,951	17,532	17,611
Shareholder communications	6,162	4,446	17,285	16,737
Stock-based compensation	136,693	-	136,693	150,498
Transfer agent fees	4,829	3,963	6,021	5,344
Travel and promotion	41,913	3,789	59,460	8,029
<b>Loss before other items</b>	<b>(360,066)</b>	<b>(130,843)</b>	<b>(547,994)</b>	<b>(460,261)</b>
<b>OTHER ITEMS</b>				
Administration recoveries	-	-	639	-
Gain on sale of marketable securities	-	76,953	-	156,191
Loss on foreign exchange	(7,654)	(8,866)	(12,814)	(10,567)
Interest income	11,100	3,594	12,089	5,040
Net unrealized loss on marketable securities (Note 5)	(36,000)	(19,349)	(7,000)	(19,349)
	<b>(32,554)</b>	<b>52,332</b>	<b>(7,086)</b>	<b>131,315</b>
<b>Loss for the period</b>	<b>(392,620)</b>	<b>(78,511)</b>	<b>(555,080)</b>	<b>(328,946)</b>
<b>Deficit, beginning of period</b>	<b>(11,138,673)</b>	<b>(10,440,438)</b>	<b>(10,976,213)</b>	<b>(10,190,003)</b>
<b>Deficit, end of period</b>	<b>\$ (11,531,293)</b>	<b>\$ (10,518,949)</b>	<b>\$ (11,531,293)</b>	<b>\$ (10,518,949)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding</b>	<b>56,619,196</b>	<b>39,838,877</b>	<b>52,635,611</b>	<b>41,112,912</b>

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

**TNR GOLD CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited – Prepared by Management)

	Three Month Period Ended June 30, 2007	Three Month Period Ended June 30, 2006	Six Month Period Ended June 30, 2007	Six Month Period Ended June 30, 2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss for the period	\$ (392,620)	\$ (78,511)	\$ (555,080)	\$ (328,946)
Items not affecting cash:				
Amortization of equipment	3,213	2,902	6,598	4,202
Gain on sale of marketable securities	-	(76,953)	-	(156,191)
Loss on foreign exchange	6,052	-	6,052	-
Unrealized loss on marketable securities (Note 5)	36,000	19,349	7,000	19,349
Stock-based compensation	136,693	-	136,693	150,498
Changes in non-cash working capital items:				
Increase in receivables	(28,395)	(281,288)	(44,539)	(285,192)
(Increase) decrease in prepaid expenses	10,000	58,459	(16)	(16)
Increase (decrease) in accounts payable and accrued liabilities	<u>(31,297)</u>	<u>(16,041)</u>	<u>20,046</u>	<u>(47,802)</u>
Net cash used in operating activities	<u>(260,354)</u>	<u>(372,083)</u>	<u>(423,246)</u>	<u>(644,098)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Mineral properties	-	(25,000)	(115,067)	(25,000)
Deferred exploration costs	(300,232)	(945,802)	(352,740)	(961,788)
Recovery of deferred exploration costs	436,683	122,147	451,286	122,147
Other	-	6,227	-	30,925
Proceeds from sale of marketable securities	-	123,453	-	249,191
Purchase of equipment	(1,197)	(44,923)	(4,572)	(45,503)
Reclamation bond	<u>(2,000)</u>	<u>-</u>	<u>(2,000)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>133,254</u>	<u>(763,898)</u>	<u>(23,093)</u>	<u>(630,028)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Loan payable	(100,000)	-	-	-
Capital stock issued	2,924,000	1,520,000	3,074,000	1,520,000
Share issuance costs	(63,976)	(98,000)	(63,976)	(98,000)
Share subscriptions received in advance	<u>-</u>	<u>-</u>	<u>(150,000)</u>	<u>-</u>
Net cash provided by financing activities	<u>2,760,024</u>	<u>1,422,000</u>	<u>2,860,024</u>	<u>1,422,000</u>
<b>Increase in cash during the period</b>	<b>2,632,924</b>	<b>286,019</b>	<b>2,413,685</b>	<b>147,874</b>
<b>Cash, beginning of period</b>	<u><b>62,631</b></u>	<u><b>295,854</b></u>	<u><b>281,870</b></u>	<u><b>433,999</b></u>
<b>Cash, end of period</b>	<u><b>\$ 2,695,555</b></u>	<u><b>\$ 581,873</b></u>	<u><b>\$ 2,695,555</b></u>	<u><b>\$ 581,873</b></u>

Supplemental disclosures with respect to cash flows (Note 14)

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

**TNR GOLD CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited – Prepared by Management)  
SIX MONTH PERIOD ENDED JUNE 30, 2007

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**1. BASIS OF PRESENTATION**

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.

The interim period consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual consolidated financial statements for the year ended December 31, 2006. Certain information and footnote disclosure normally included in financial statements prepared in accordance with Canadian generally accepted accounting principles has been condensed or omitted. These interim period statements should be read together with the audited consolidated financial statements and the accompanying notes for the year ended December 31, 2006. In the opinion of the Company, its unaudited interim consolidated financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

Certain reclassifications have been made to the prior period financial statements to conform to the current period presentation.

**2. NATURE OF OPERATIONS**

The Company's principal business activity is the exploration and development of mineral properties.

**3. CHANGE IN ACCOUNTING POLICY**

Effective October 1, 2006, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) under CICA Handbook Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments – Recognition and Measurement, Section 3861 Financial Instruments – Disclosure and Presentation 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 but that are excluded from net income calculated in accordance with generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet either 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. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

**TNR GOLD CORP.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

SIX MONTH PERIOD ENDED JUNE 30, 2007

**3. CHANGE IN ACCOUNTING POLICY (cont'd...)**

As a result of the adoption of these new standards, the Company has classified its marketable securities as held-for-trading. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other liabilities, which are measured at amortized cost.

**4. RECEIVABLES**

The Company's receivables are primarily comprised of amounts owed by its joint venture partners for the Alaskan properties. NovaGold Resources Inc. owes the Company \$158,227 (December 31, 2006 - \$149,060) for expenditures on the Shotgun property (Note 8). Geocom Resources Inc., a company with a common director, owes the Company \$30,451 (December 31, 2006 - \$30,451) for exploration expenditures related to the Lake Illiamna property (Note 8). The Company paid \$18,313 (2006 - \$Nil) to Tenke Mining Corporation which will be applied against the Company's portion of costs on the Batidero property (Note 8). The Company advanced \$133 (December 31, 2006 - \$Nil) to a Director for travel expenses. An overpayment in shareholder costs resulted in a \$Nil (December 31, 2006 - \$16) receivable. The remaining \$22,826 (December 31, 2006 - \$5,884) is the refundable Goods and Services tax owed to the Company.

**5. MARKETABLE SECURITIES**

Marketable securities are comprised of the following:

	June 30, 2007	December 31, 2006
Geocom Resources Inc. ("Geocom") (200,000 common shares)	\$ 54,000	\$ 61,200
La Mancha Resources Inc. ("La Mancha") (10,000 common shares)	9,000	14,800
Latin American Minerals Inc. ("Latin") (25,000 common shares)	<u>21,000</u>	<u>5,625</u>
	<u>\$ 84,000</u>	<u>\$ 81,625</u>

On March 29, 2007, the Company received 12,500 common shares of Latin valued at \$9,375 pursuant to the option agreement on the La Carolina property.

During the six month period ended June 30, 2007, the Company adjusted its marketable securities to their fair market value (refer to Note 3). The Company recorded an unrealized gain of \$6,000 on its Latin shares. Unrealized losses of \$7,200 and \$5,800 were recorded on the Geocom and La Mancha shares respectively. At June 30, 2007, the Company recorded a net unrealized loss on marketable securities of \$7,000.

**TNR GOLD CORP.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

SIX MONTH PERIOD ENDED JUNE 30, 2007

**6. 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

	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 16,416	\$ 10,107	\$ 6,309
Drill rig and equipment	180,615	64,988	115,627
Office furniture	18,597	10,492	8,105
Telephone equipment	9,480	4,568	4,912
Vehicle	<u>34,554</u>	<u>10,070</u>	<u>24,484</u>
	<u>\$ 259,662</u>	<u>\$ 100,225</u>	<u>\$ 159,437</u>

**7. RECLAMATION BOND**

The Company has a deposit in place with the Ministry of Energy, Mines and Petroleum Resources of British Columbia, as security for a reclamation bond on its Tyner Lake property. The reclamation bond is required by British Columbia at the time exploration activities commenced on the property and do not represent an asset retirement obligation.

**TNR GOLD CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited – Prepared by Management)  
SIX MONTH PERIOD ENDED JUNE 30, 2007

**8. MINERAL PROPERTIES**

Mineral property acquisition costs relate to the following properties:

	June 30, 2007	December 31, 2006
<b>Argentina</b>		
Solitario Properties	\$ 595,728	\$ 595,728
El Salto	9,358	9,358
Eureka	<u>173,991</u>	<u>-</u>
	<u>779,077</u>	<u>605,086</u>
<b>Canada</b>		
Tyner Lake (British Columbia)	<u>25,000</u>	<u>25,000</u>
<b>United States</b>		
Shotgun Claims (Alaska)	425,686	425,686
Lake Iliamna-Bristol Bay (Alaska)	<u>70,571</u>	<u>70,571</u>
	<u>496,257</u>	<u>496,257</u>
	<u>\$ 1,300,334</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 a 100% interest in several mineral property interests in Argentina. The Company entered into agreements with respect to their mineral property interests as follows:

**TNR GOLD CORP.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

SIX MONTH PERIOD ENDED JUNE 30, 2007

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**8. MINERAL PROPERTIES (cont'd...)**

**Batidero Property (Argentina)**

The Company granted an option to 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.

Tenke and the Company have formed a joint venture to share all future costs and revenues on a pro-rata basis of 25% and 75% to the Company and Tenke respectively.

On June 13, 2007, the Company paid \$18,313 to Tenke which will be applied against the Company's portion of the joint venture costs.

**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 Minerals ("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\$62,500 and 62,500 shares were received to date.

In addition to the consideration set out above, 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.

**Los Azules (Argentina)**

The Company signed a letter of understanding with Xstrata PLC ("Xstrata") granting Xstrata an option to acquire a 100% interest in the Los Azules project in Argentina.

**TNR GOLD CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited – Prepared by Management)  
SIX MONTH PERIOD ENDED JUNE 30, 2007

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**8. MINERAL PROPERTIES (cont'd...)**

**Los Azules (Argentina) (cont'd...)**

To earn its interest Xstrata must make cash payments totaling US\$560,000 and incur exploration expenditures totaling US\$1,000,000 by May 15, 2008 as follows:

- i) Pay US\$20,000 on or before May 15, 2004 (received);
- ii) Pay US\$30,000 on or before May 15, 2005; (received)
- iii) Pay US\$100,000 on or before May 15, 2006; (received)
- iv) Pay US\$160,000 on or before May 15, 2007; (received) and
- v) Pay US\$250,000 on or before May 15, 2008 (received).

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

In 2005, Xstrata optioned its 100% interest to Minera Andes Inc. (“Minera Andes”) in which Minera Andes would make all the cash payments required and incur \$3,000,000 in exploration expenditures by May 15, 2008.

**La Ortiguita (Argentina)**

The Company entered into an agreement during the 2006 fiscal year with La Mancha whereby La Mancha has 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 must pay US\$220,000, issue 185,000 common shares, and incur exploration expenditures totalling US\$3,630,000 over a period of five years as follows:

- i) Pay US\$25,000 and issue 5,000 shares on or before November 30, 2005 (received);
- ii) Pay US\$20,000 (received), issue 5,000 shares (received) and incur US\$250,000 on or before July 15, 2006 (incurred);
- iii) Pay US\$35,000, issue 5,000 shares and incur an additional US\$250,000 (incurred) on or before July 15, 2007; (see Note 15)
- iv) Pay US\$40,000, issue 30,000 shares and incur an additional US\$450,000 on or before July 15, 2008;
- v) Pay US\$50,000, issue 55,000 shares and incur an additional US\$1,080,000 on or before July 15, 2009; and
- vi) Pay US\$50,000, issue 85,000 shares and incur an additional US\$1,600,000 on or before July 15, 2010.

La Mancha will earn a 42.66% interest upon fulfilment of terms i) to v) 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.

**TNR GOLD CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**8. MINERAL PROPERTIES (cont'd...)**

**El Salto (Argentina)**

On August 15, 2006, the Company signed an option agreement 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 and incur US\$75,000 on or before August 1, 2007; (see Note 15)
- iii) Pay US\$10,000 and incur an additional US\$150,000 on or before August 1, 2008;
- iv) Pay US\$20,000 and incur an additional US\$175,000 on or before August 1, 2009;
- v) Pay US\$25,000 and incur an additional US\$250,000 on or before August 1, 2010; and
- vi) Pay US\$30,000 and incur an additional 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)**

During June 2007, the Company began conducting due diligence on the El Tapau property located in San Juan province, Argentina.

**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 paid \$115,067 (US \$100,000) and must expend a total of US \$3,000,000 in exploration and option payments before April 20, 2010, with a minimum expenditure of US \$500,000 per year.

On June 1, 2007, the Company issued 750,000 warrants exercisable at \$0.25 per share until June 1, 2009. These warrants were issued as a finder's fee for the Eureka property option agreement. The \$64,976 value of these warrants was capitalized to Eureka acquisition costs.

**Shotgun Claims (Alaska)**

The Company has a 50% interest in certain unpatented mineral claims located in the Kuskokwim and Bristol Bay recording district, Alaska from NovaGold Resources Inc. ("NovaGold") to acquire this interest. The Company incurred exploration expenditures totalling US\$3,100,000 and issued to NovaGold 1,312,500 common shares.

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

On August 16, 2006, the Company and NovaGold agreed to continue the exploration program on the Shotgun property with each participant contributing 50%, of which \$158,227 is due from NovaGold.

**TNR GOLD CORP.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**8. MINERAL PROPERTIES (cont'd...)****Lake Iliamna-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 Iliamna-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 Iliamna 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.

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 an aggregate of 500 meters of diamond drilling including not less than two drill holes of not less than 250 meters each on the D claims and delivering to BHPB all drilling and assay results therefrom in writing by no later than June 30, 2006, and not less than three drill holes of not less than 250 meters each on certain claims known as the H claims on or before December 31, 2005.

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)**

On April 25, 2006, the Company signed an option agreement 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.

In order to earn its interest in the property, the Company must pay \$100,000 (\$25,000 paid) and incur a minimum of \$35,000 in exploration costs (\$317,312 incurred). The property is subject to a 1% NSR royalty.

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**SIX MONTH PERIOD ENDED JUNE 30, 2007**

**9. DEFERRED EXPLORATION COSTS**

Deferred exploration costs for the six month period ended June 30, 2007 were incurred on properties in Alaska, Argentina and Canada as follows:

<b>2007</b>	Solitario Properties, Argentina	El Salto, Argentina	El Tapau, Argentina	Eureka, Argentina	Shotgun Claims, Alaska	Lake Illiamna Bristol Bay, Alaska	Tyner Lake, Canada	Total
Deferred exploration costs, beginning of the period	\$ 1,781,551	\$ 18,517	\$ -	\$ -	\$ 4,504,063	\$ 258,223	\$ 115,556	\$ 6,677,910
Additions during the period								
Administrative	-	-	-	110	2	-	1,169	1,281
Amortization	-	-	-	-	13,797	-	-	13,797
Assays	-	2,696	-	-	-	-	-	2,696
Camp costs	-	-	-	-	-	-	1,976	1,976
Demobilization	-	-	-	-	-	-	1,500	1,500
Drilling	-	-	-	-	-	-	81,415	81,415
Due diligence	-	-	20,512	-	-	-	-	20,512
Field expenditures	239	905	-	1,136	-	-	17,494	19,774
Field personnel	-	-	-	1,622	-	-	15,863	17,485
Geological consulting	29,700	1,192	-	4,825	18,217	-	31,569	85,503
Geophysical	-	-	-	3,863	-	-	2,450	6,313
Line cutting	-	-	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-	-	-
Mapping	-	-	-	154	-	-	430	584
Miscellaneous	-	411	-	559	24	-	15	1,009
Mobilization	-	-	-	-	-	-	3,298	3,298
Property leases and taxes	6,995	-	-	-	-	17,722	5,822	30,539
Staking fees	-	-	-	-	-	-	-	-
Stock-based compensation	-	-	-	-	-	-	-	-
Storage	-	-	-	-	666	-	300	966
Telecommunications	-	-	-	-	-	-	356	356
Transportation and freight	-	1,222	-	1,130	-	-	1,169	3,521
Travel and related	-	-	-	4,195	-	-	36,930	41,125
	<u>36,934</u>	<u>6,426</u>	<u>20,512</u>	<u>17,594</u>	<u>32,706</u>	<u>17,722</u>	<u>201,756</u>	<u>333,650</u>
Costs recovered	<u>(505,617)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(505,617)</u>
Deferred exploration costs, end of the period	\$ 1,312,868	\$ 24,943	\$ 20,512	\$ 17,594	\$ 4,536,769	\$ 275,945	\$ 317,312	\$ 6,505,943

**TNR GOLD CORP.**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

SIX MONTH PERIOD ENDED JUNE 30, 2007

**10. 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, 2006	48,007,763	\$ 17,907,369	\$ 1,205,694
Acquisition of mineral property	-	-	64,976
Exercise of warrants	100,000	24,000	-
Private placements	15,250,000	3,050,000	-
Share issue costs		(369,337)	128,881
Units issued as finder’s fee	882,400	176,480	-
Stock-based compensation	-	-	136,693
Balance, June 30, 2007	64,240,163	\$ 20,788,512	\$ 1,536,244

As of June 30, 2007, 1,974,907 Series “A” shares with a stated value of \$Nil are issued.

*Flow-Through Private Placement*

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 will be exercisable into one flow-through share at \$0.25 per share by January 18, 2008.

*Private Placement*

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 transferable 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.

The Company paid the agent a 7% commission on 12,605,714 of the units by issuing an additional 882,400 units valued at \$176,480 which consisted of one common share and one-half non-transferable share purchase warrant. Each full agent’s warrant entitles the agent to acquire one common share at \$0.30 until May 15, 2008, then at \$0.50 until May 15, 2009.

**TNR GOLD CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited – Prepared by Management)  
SIX MONTH PERIOD ENDED JUNE 30, 2007

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**10. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)**

*Private Placement (cont'd...)*

Pursuant to the private placement agreement, the agent also received 1,305,000 warrants (valued at \$128,881) equal to 9% of the 14,500,000 units issued. Each agent's warrant entitles the agent to purchase one common share at \$0.25 until May 15, 2009.

The Company paid the agent a commission of \$26,520 plus \$21,654 to reimburse for expenses. Legal fees of \$15,802 related to this private placement were also recorded as share issue costs.

**Stock Options**

As at June 30, 2007, the following incentive stock options are outstanding:

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Number of Shares	Exercise Price	Expiry Date
1,115,000	0.25	January 20, 2008
1,425,000	0.20	December 11, 2011
<u>1,600,000</u>	0.20	May 17, 2009
4,140,000		

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On January 7, 2007, the 75,000 stock options exercisable at \$0.28 per share expired unexercised.

On February 10, 2007, the 1,100,000 stock options exercisable at \$0.35 per share expired unexercised.

On June 30, 2007, the 150,000 stock options exercisable at \$0.25 per share expired unexercised.

On June 30, 2007, the 50,000 stock options exercisable at \$0.20 per share expired unexercised.

**Stock-Based Compensation**

On May 17, 2007, the Company granted 1,600,000 incentive stock options at \$0.20 per option which will expire on May 17, 2009. The Company recognized \$136,693 of stock-based compensation on the consolidated statements of operations and deficit with a corresponding entry to contributed surplus on the balance sheet.

**TNR GOLD CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited – Prepared by Management)  
**SIX MONTH PERIOD ENDED JUNE 30, 2007**

**10. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)**

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

	2007
Risk-free interest rate	4.35%
Expected life of options	2 years
Expected annualized volatility	52.22%
Dividend	-

**Warrants**

At June 30, 2007, warrants were outstanding enabling holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
2,125,000	\$ 0.25	August 16, 2007
3,700,000	0.27	May 1, 2008
375,000	0.25	January 18, 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
1,305,000	0.25	May 15, 2009
<u>750,000</u>	0.25	June 1, 2009
<u>15,946,200</u>		

*Exercise of Warrants*

On April 13, 2007, the Company received \$24,000 from the exercise of 100,000 warrants at \$0.24 per share with a May 1, 2007 expiry date.

**TNR GOLD CORP.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

SIX MONTH PERIOD ENDED JUNE 30, 2007

**10. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)****Warrants (cont'd...)***Warrants Granted*

On June 1, 2007, the Company issued 750,000 warrants exercisable at \$0.25 per share until June 1, 2009. These warrants were issued as a finder's fee for the Eureka property option agreement. The \$64,976 value of these warrants was capitalized to Eureka acquisition costs.

The following weighted average assumptions were used for the Black-Scholes option-pricing model calculation of the 1,305,000 private placement finder's fee and 750,000 Eureka property option warrants granted during the period:

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	2007
Risk-free interest rate	4.37%
Expected life of options	2 years
Expected annualized volatility	79.29%
Dividend	-

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**11. RELATED PARTY TRANSACTIONS**

During the six month period ended June 30, 2007, the Company entered into the following transactions with related parties not disclosed elsewhere in these financial statements:

- a) Paid or accrued \$30,000 (2006 - \$30,000) for management services to a director and a company controlled by a director.
- b) Paid or accrued \$6,000 (2006 - \$6,000) for administration fees to the spouse of a director.
- c) Paid or accrued deferred exploration costs of \$107,940 (2006 - \$90,983) to a company having common directors.
- d) Paid or accrued rent of \$14,950 (2006- \$13,500) to a company having common directors.
- e) Paid or accrued \$17,820 (2006 - \$18,200) for consulting services to a director and a company controlled by a director.
- f) Paid or accrued \$11,982 (2006 - \$Nil) for accounting fees to a company controlled by an officer.

**TNR GOLD CORP.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

SIX MONTH PERIOD ENDED JUNE 30, 2007

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**11. RELATED PARTY TRANSACTIONS (cont'd...)**

Included in accounts payable and accrued liabilities at June 30, 2007 is \$14,806 (2006 - \$271,532) due to two companies controlled by common directors.

On March 15, 2007, the Company 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 receivable at June 30, 2007 is \$30,584 (2006 - \$Nil) due from a director and a company controlled by a common director for travel and exploration expenditures.

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.

**12. 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. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

**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**

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.

**Risk management**

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

The Company does not maintain significant cash or 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.

**TNR GOLD CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited – Prepared by Management)  
**SIX MONTH PERIOD ENDED JUNE 30, 2007**

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**13. SEGMENTED INFORMATION**

The Company operates in one business segment which is the exploration of mineral properties.

The Company's mineral properties are located in Argentina, Canada and United States.

**14. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS**

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

Significant non-cash transactions during the six month period ended June 30, 2007 included:

- a) The Company capitalized \$13,797 as amortization on the drill and equipment to deferred exploration costs.
- b) On March 29, 2007, the Company received 12,500 common shares of Latin American Minerals Inc. valued at \$9,375 pursuant to the option agreement on the La Carolina property.
- c) On May 15, 2007, the Company issued 1,305,000 warrants valued at \$128,881 to the agent as a finder's fee for the 14,500,000 unit private placement.
- d) On May 15, 2007, the Company paid the agent a 7% commission on 12,605,714 of the 14,500,000 unit private placement by issuing an additional 882,400 units valued at \$176,480 which consisted of one common share and one-half non-transferable share purchase warrant.
- e) On June 1, 2007, the Company issued 750,000 warrants exercisable at \$0.25 per share until June 1, 2009. These warrants were issued as a finder's fee for the Eureka property option agreement. The \$64,976 value of these warrants was capitalized to Eureka acquisition costs.

Significant non-cash transactions during the six month period ended June 30, 2006 included:

- a) The Company capitalized \$15,222 as amortization on the drill equipment to deferred exploration costs.
- b) The Company capitalized \$26,115 of stock-based compensation to deferred exploration costs since it was directly related to work performed on the properties by consulting geologists.
- c) Included in deferred exploration costs is \$763,492 incurred through accounts payable and accrued liabilities.
- d) On April 6, 2006, the Company received 150,000 common shares of Geocom Resources Inc. valued at \$65,744 pursuant to the La Carolina property option agreement.
- e) On May 18, 2006, the Company allocated \$2,175 for the cancellation of 18,125 escrow shares from capital stock to contributed surplus.

## 15. SUBSEQUENT EVENTS

### *La Ortiguita*

The Company and La Mancha are currently renegotiating the cash payments and exploration requirements of the La Ortiguita property option agreement. The following amendments have been proposed to replace the existing terms of the option agreement (see Note 8):

- a) Pay US\$28,000, issue 4,500 shares and incur an additional US\$250,000 (incurred) on or before July 15, 2007
- b) Pay US\$33,000, issue 27,000 shares and incur an additional US\$450,000 on or before July 15, 2008;
- c) Pay US\$43,000, issue 49,500 shares and incur an additional US\$1,080,000 on or before July 15, 2009; and
- d) Pay US\$43,000, issue 76,500 shares and incur an additional US\$1,600,000 on or before July 15, 2010.

### *El Salto*

The Company paid US\$7,000 and incurred US\$75,000 before August 1, 2007 pursuant to the El Salto property option agreement.

### *Expired Warrants*

On August 16, 2007, the 2,125,000 warrants exercisable at \$0.25 per share expired unexercised.