

## **TAMERLANE VENTURES INC.**

Interim Consolidated Financial Statements  
For the three months ended  
March 31, 2009  
Prepared by Management  
(Expressed in Canadian dollars)  
Unaudited

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the interim consolidated financial statements for the three months ended March 31, 2009.

# TAMERLANE VENTURES INC.

Consolidated Balance Sheets  
(Expressed in Canadian dollars)

March 31, 2009 and December 31, 2008

	March 31, 2009	December 31, 2008
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 92,631	\$ 82,156
Marketable securities (note 5)	42,000	9,000
Amounts receivable	3,129	326,785
Related party amounts receivable (note 12(a))	105,672	451,433
Notes receivable from related party (note 12(b))	860,708	843,177
Prepaid expenses and deposits	16,456	18,891
	<u>1,120,596</u>	<u>1,731,442</u>
Furniture and equipment (note 6)	83,310	100,813
Property reclamation bond (note 7(a))	60,000	60,000
Mineral interests (note 7)	14,142,536	14,045,464
	<u>\$ 15,406,442</u>	<u>\$ 15,937,719</u>

## Liabilities and Shareholders' Equity

Current liabilities		
Accounts payable and accrued liabilities	\$ 365,190	\$ 598,568
Future income taxes (note 13)	55,933	55,933
Shareholders' equity:		
Share capital (note 8)	17,839,326	17,839,326
Contributed surplus (note 11)	2,661,892	2,658,175
Accumulated other comprehensive loss (note 5)	(93,000)	(126,000)
Deficit	(5,422,899)	(5,088,283)
	<u>14,985,319</u>	<u>15,283,218</u>
	<u>\$ 15,406,442</u>	<u>\$ 15,937,719</u>

Going Concern (note 1)  
Commitments (notes 7 and 16)  
Contingency (note 7(b))  
Subsequent events (notes 17)

"J. Cowan McKinney"  
(Signed)

Director

"Margaret M. Kent"  
(Signed)

Director

# TAMERLANE VENTURES INC.

Consolidated Statements of Operations and Deficit  
(Expressed in Canadian dollars)

Three months ended March 31, 2009 and 2008

	2009	2008
Expenses:		
Amortization	\$ 17,503	\$ 12,898
Foreign exchange loss (gain)	(32,975)	7,546
General and administrative (note 12(a))	361,650	410,506
Professional fees	-	54,114
Stock-based compensation (note 10)	3,717	155,541
Transfer agent and regulatory fees	5,000	2,546
Travel and promotion	-	2,977
	354,895	646,128
Other income:		
Interest income	20,279	28,327
Loss for the period	(334,616)	(617,801)
Deficit, beginning of period	(5,088,283)	(3,361,425)
Deficit, end of period	\$ (5,422,899)	\$ (3,979,226)
Net loss per share - basic and diluted	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding	55,235,793	43,477,063

See accompanying notes to consolidated financial statements

Consolidated Statements of Comprehensive Gain (Loss)  
(Expressed in Canadian dollars)

Three months ended March 31, 2009 and 2008

	2009	2008
Net loss for the period	\$ (334,616)	\$ (617,801)
Other comprehensive loss:		
Unrealized gain (loss) on available-for-sale: Marketable securities (note 5)	33,000	(12,000)
Total comprehensive loss	\$ (301,616)	\$ (629,801)

See accompanying notes to consolidated financial statements.

# TAMERLANE VENTURES INC.

Consolidated Statements of Shareholders' Equity  
(Expressed in Canadian dollars)

As at March 31, 2009

	Number of common shares	Share Capital	Contributed surplus	Other comprehensive income	Deficit	Total
Balance as at December 31, 2007	43,468,730	15,399,041	1,661,467	(51,000)	(3,361,425)	13,648,083
Net loss for the year		-	-	-	(1,726,858)	(1,726,858)
Issued pursuant to private placements	8,214,285	2,400,000	-	-	-	2,400,000
Issue pursuant to flow- through private placements	3,377,778	1,595,000	-	-	-	1,595,000
Tax Impact for renounced flow-through shares	-	(812,887)	-	-	-	(812,887)
Fair value of stock options exercised	-	8,250	(8,250)	-	-	-
Unrealized loss on available- for-sale investments	-	-	-	(75,000)	-	(75,000)
Issued as finders' fees	150,000	100,681	48,134	-	-	148,815
Exercise of stock options	25,000	11,250	-	-	-	11,250
Fair value attributed to share purchase warrants included in flow-through share private placements	-	(565,534)	565,534	-	-	-
Share issue costs	-	(296,475)	-	-	-	(296,475)
Stock-based compensation	-	-	391,290	-	-	391,290
Balance as at December 31, 2008	55,235,793	\$17,839,326	\$2,658,175	\$(126,000)	\$(5,088,283)	\$15,283,218
Loss for the period					(334,616)	(334,616)
Unrealized gain on available-for- sale investments				33,000		33,000
Adjustment to subscription value		-				-
Stock base compensation			3,717			3,717
Balance as at March 31, 2009	55,235,793	\$17,839,326	\$2,661,892	\$(93,000)	\$(5,422,899)	\$14,985,319

# TAMERLANE VENTURES INC.

Consolidated Statements of Cash Flows  
(Expressed in Canadian dollars)

Three months ended March 31, 2009 and 2008

	2009	2008
Cash provided by (used in):		
Operations:		
Net loss for the period	\$ (334,616)	\$ (617,801)
Items not involving cash:		
Amortization	17,503	12,898
Stock-based compensation	3,717	155,541
	(313,396)	(449,362)
Changes in non-cash working capital:		
Amounts receivable, including related party	669,417	(461,891)
Prepaid expenses	2,435	63,402
Accounts payable and accrued liabilities, including related party	(233,378)	59,440
	125,078	(788,411)
Investments:		
Acquisition of and expenditures on mineral interests	(97,072)	(1,827,654)
Notes receivable issued to related party	(17,531)	-
Purchase of furniture and equipment	-	(4,521)
	(114,603)	(1,832,175)
Financing:		
Proceeds from shares issued	-	11,250
	-	11,250
Increase (decrease) in cash and cash equivalents	10,475	(2,609,336)
Cash and cash equivalents, beginning of period	82,156	4,030,051
Cash and cash equivalents, end of period	\$ 92,631	\$ 1,420,715
Supplementary information:		
Interest paid	\$ 916	\$ -

See accompanying notes to consolidated financial statements.

# TAMERLANE VENTURES INC.

Notes to Consolidated Financial Statements  
(Expressed in Canadian dollars)

As at March 31, 2009 and December 31, 2008

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## 1. Nature of operations and going concern:

The Company was incorporated under the Corporations Act of the Province of British Columbia on May 16, 2000. The Company is a natural resource company engaged in the exploration and development of base metals projects in Canada and Peru.

The Company has not generated any revenue since its inception and is considered to be a development stage company as defined by CICA Accounting Guideline No. 11. The Company is devoting its major efforts to the exploration and development of its Pine Point zinc-lead project in the Northwest Territories in Canada.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2009, the Company has working capital of \$755,406. The continuing operations of the Company and the recoverability of amounts recorded for mineral interests are dependent on the Company's ability to obtain additional financing to fund exploration and development, the discovery of economically recoverable reserves in order to generate positive cash flows in the future, or the receipt of sufficient proceeds on any sale of the mineral interests. Management is of the opinion that sufficient working capital will be obtained from external financing and the timely repayment of notes receivable due from a related party to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

## 2. Adoption of new accounting standards:

Effective January 1, 2008, the Company adopted five new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA). These accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements. The new standards and accounting policy changes are as follows:

### (a) Capital disclosures:

CICA Handbook Section 1535, *Capital Disclosures*, requires additional disclosures about how a company manages its capital. Such information includes quantitative and qualitative disclosure about the Company's objectives, policies and processes for managing capital, as well as summary quantitative data about what it manages as capital. The Company will also be required to disclose whether during the period it complied with externally imposed capital requirements and the consequences of non-compliance, if applicable. Such disclosures will be based on information provided internally by the Company's key management personnel. Additional disclosures are provided in note 15.

# TAMERLANE VENTURES INC.

Notes to Consolidated Financial Statements  
(Expressed in Canadian dollars)

As at March 31, 2009 and December 31, 2008

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## 2. Adoption of new accounting standards (continued):

### (b) Financial Instruments - Presentation:

Section 3863, *Financial Instruments - Presentation*, establishes standards for presentation of financial instruments and non-financial derivatives. It 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's adoption of this Section did not have a significant effect on the presentation in the financial statements.

### (c) Financial instruments - disclosure:

Section 3862, *Financial Instruments - Disclosures*, requires additional quantitative and qualitative disclosures about an entity's financial assets and liabilities, and their associated risks. Such disclosures include the significance of financial instruments for an entity's financial position and performance and the nature and extent of risks arising from financial instruments. Specific disclosures include the criteria for designating the classification of different types of financial instruments and determining when impairment is recorded against the related financial asset or when an allowance is used. Additional disclosures are provided in note 14.

### (d) Inventories:

Section 3031, *Inventories*, establishes standards for the measurement and disclosure of inventory. It provides guidance on the determination of costs and its subsequent recognition as an expense, including any write-down to net realizable value. The Section also provides guidance on the cost formulas that are used to assign costs to inventories. The Company has determined that there is no current impact from the adoption of this Section on the financial statements.

### (e) Assessing going concern:

The Company adopted the amended CICA Handbook Section 1400 *General Standards of Financial Statement Presentation*. This amended section includes requirements for management to assess and disclose an entity's ability to continue as a going concern, and if applicable, management's plans to address any going concern issues. These disclosures are provided in Note 1.

## 3. Significant accounting policies:

### (a) Basis of presentation:

These consolidated financial statements are prepared in conformity with Canadian generally accepted accounting principles and reflect the consolidation of the Company and its wholly-owned subsidiaries, Tamerlane Ventures Peru S.A.C. and Minera Los Pinos Canete (note 7(b)). All intercompany transactions and balances have been eliminated.

# TAMERLANE VENTURES INC.

Notes to Consolidated Financial Statements  
(Expressed in Canadian dollars)

As at March 31, 2009 and December 31, 2008

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### 3. Significant accounting policies (continued):

(b) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Significant financial statement items which involve the use of estimates include the valuation of mineral interests, assumptions used in valuing options and warrants in stock-based compensation calculations and future income tax asset valuation allowances. Actual results may differ from those estimates.

(c) Cash and cash equivalents:

The Company considers all highly liquid instruments with a maturity of three months or less when acquired to be cash equivalents.

(d) Marketable securities:

Marketable securities include publicly traded common shares received as proceeds of mineral property option transactions. Marketable securities are carried at market value based upon quoted market prices. Prior to January 1, 2007, marketable securities were recorded at the lower of cost and quoted market value.

(e) Furniture and equipment:

Furniture and equipment are stated at cost and are being amortized on a straight line basis over their estimated useful life of three years. The Company has not amortized the mining interests because they are not in production.

The Company reviews long-lived assets 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 estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(f) Mineral interests:

The Company follows the method of accounting for its mineral interests whereby all costs related to acquisition, exploration and development are capitalized by project, net of recoveries received. The amounts shown as mineral interests represent costs incurred to date less recoveries received and amounts written off, and do not necessarily represent present or future values. These costs will be amortized on a units-of-production basis on commencement of production or written off if the interest is abandoned or sold.

# TAMERLANE VENTURES INC.

Notes to Consolidated Financial Statements  
(Expressed in Canadian dollars)

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### 3. Significant accounting policies (continued):

(f) Mineral interests (continued):

The Company reviews its mineral properties for impairment whenever events or changes in circumstances indicate that the carrying amounts will not be recovered. If impairment is deemed to exist, the mineral interest will be written down to its net recoverable value. The ultimate recoverability of the amounts capitalized is dependent upon the identification of economically recoverable ore reserves and resources, the Company's ability to obtain the necessary financing to complete their exploration and development and to realize profitable production or proceeds from the disposition thereof.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionees, option payments are recorded as resource property costs or recoveries only when the payments are made or received, respectively.

(g) Foreign currency translation:

The reporting and functional currency of the Company is the Canadian dollar. The functional currency of its Peruvian subsidiaries is also the Canadian dollar as they are dependent on funding from its parent. Foreign currency monetary assets and liabilities are translated to Canadian dollars at the prevailing year end exchange rate. Foreign currency non-monetary assets and liabilities are translated at historical exchange rates. Revenue and expense items are translated at the average rate of exchange for the year. Translation gains and losses are included in the statement of operations.

(h) Financial instruments:

For certain of the Company's financial instruments, including cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities, the carrying amounts approximate fair values due to their short-term to maturity.

The fair value of amounts due to or from related parties, including notes receivable, are not practical to determine due to their related party nature and absence of a secondary market for such instruments.

The Company classifies all financial instruments as either held-to-maturity, available-for-sale, held for trading or loans and receivables. Financial assets held to maturity, loans and receivables and financial liabilities other than those held for trading, are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recognized in the statement of loss.

The Company has classified its cash and cash equivalents as held for trading and therefore measures them at fair value, with the unrealized gain or loss recorded in income.

# TAMERLANE VENTURES INC.

Notes to Consolidated Financial Statements  
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As at March 31, 2009 and December 31, 2008

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### 3. Significant accounting policies (continued):

(h) Financial instruments (continued):

The Company has classified its marketable securities as available-for-sale securities and therefore carries them at fair value, with unrealized gains or losses recorded in shareholders' equity as a component of other comprehensive income. These amounts will be reclassified from shareholders' equity to net income when they are realized. Prior to January 1, 2007, investments in public companies were carried at cost, less provisions for other than temporary declines in value. This change in accounting policy resulted in a \$93,000 decrease in the carrying value of marketable securities as at March 31, 2009, representing the aggregate cumulative unrealized loss.

(i) Comprehensive income:

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources. The Company reports a consolidated statement of comprehensive loss and a category, accumulated other comprehensive income (loss), has been added to the shareholders' equity section of the consolidated balance sheet. The components of this category include unrealized gains and losses on securities classified as available-for-sale.

(j) Asset retirement obligations:

The present value of the asset retirement obligations and the associated retirement costs related to site reclamation and abandonment is recorded when that liability is incurred with a corresponding increase in the related asset. The liability is increased over time to reflect an accretion to the amount ultimately payable on the date it is paid. As at March 31, 2009, the Company has not incurred any asset retirement obligations related to the exploration and development of its mineral properties.

(k) Income taxes:

The Company utilizes the asset and liability method of accounting for income taxes. Under this method, future income taxes are recognized to reflect the expected future tax consequences arising from tax losses carried forward and temporary differences between the carrying value and the tax bases of the Company's assets and liabilities. Future income tax assets are not recognized until realization is more likely than not. Future tax assets and liabilities are measured using substantively enacted tax rates in effect in the periods that the temporary differences are expected to be settled or realized. The effect of a change in income tax rates is recognized in income in the period the change occurs.

(l) Flow-through shares:

When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, a future income tax liability is recognized and share capital is reduced.

# TAMERLANE VENTURES INC.

Notes to Consolidated Financial Statements  
(Expressed in Canadian dollars)

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### 3. Significant accounting policies (continued):

(m) Stock-based compensation:

The Company applies the fair value method to stock-based payments to employees based upon the fair value of the award at the date of grant. For non-employee awards, the compensation cost is measured at fair value as the awards are earned and services provided. Compensation expense is recognized over the applicable vesting period with a corresponding increase in contributed surplus. When the options are exercised, the exercise price proceeds together with the related amount recorded in contributed surplus are credited to share capital.

(n) Earnings per share:

The basic earnings (loss) per share amounts are computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share. Stock options and warrants are dilutive when the average market price of the common shares during the period exceeds the exercise price of the options and warrants. However, outstanding options and warrants would be anti-diluted for any loss year.

(o) Comparative figures:

Certain figures presented for comparative purposes have been reclassified to conform to the presentation adopted for the current year.

### 4. Recent accounting pronouncements:

The following Standards have been issued by the CICA for adoption in future periods. Management is evaluating the impact of these new standards on the company's financial position and results of operations.

(a) 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 transition 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.

(b) HB 3064 Goodwill and Intangible Assets:

Issued by the CICA in February 2008, this section replaces Section 3062 *Goodwill & Other Intangible Assets*. This new standard provides guidance on the recognition, measurement, presentation, and disclosure of goodwill and intangible assets. Section 3064 requires the expensing of start-up costs unless those costs satisfy specific capitalization criteria. Concurrent with the adoption of this standard, EIC-27 *Revenues and Expenditures in the Pre-operating Period* has been withdrawn. Section 3064 is effective for annual or interim periods beginning on or after January 1, 2009.

# TAMERLANE VENTURES INC.

Notes to Consolidated Financial Statements  
(Expressed in Canadian dollars)

As at March 31, 2009 and December 31, 2008

## 5. Marketable securities:

2009	Number of common shares	Fair value	Cost	Accumulated unrealized gains (losses)
Century Mining Corporation (note 7)	300,000	\$ 42,000	\$ 135,000	\$ (93,000)

2008	Number of common shares	Fair value	Cost	Accumulated unrealized gains (losses)
Century Mining Corporation (note 7)	300,000	\$ 9,000	\$ 135,000	\$ (126,000)

## 6. Furniture and equipment:

2009	Cost	Accumulated amortization	Net book value
Furniture and equipment	\$ 94,317	\$ 56,059	\$ 38,258
Mining software	84,822	41,139	43,683
Other software	33,019	31,650	1,369
	\$ 212,158	\$ 128,848	\$ 83,310

2008	Cost	Accumulated amortization	Net book value
Furniture and equipment	\$ 94,317	\$ 48,278	\$ 46,039
Mining software	84,822	34,141	50,681
Other software	33,019	28,926	4,093
	\$ 212,158	\$ 111,345	\$ 100,813

# TAMERLANE VENTURES INC.

Notes to Consolidated Financial Statements  
(Expressed in Canadian dollars)

As at March 31, 2009 and December 31, 2008

## 7. Mineral interests:

	Pine Point property	Carolyn Mine property	Los Pinos property	Total
Balance, December 31, 2007	8,612,951	116,686	874,304	9,603,941
Expenditures during the year:				
Acquisition costs and option payments	16,017	-	465,081	481,098
Engineering and geological services	1,384,983	-	44,476	1,429,459
Drilling	2,499,265	-	-	2,499,265
Travel	11,990	-	-	11,990
Mine site administration	19,711	-	-	19,711
<b>Balance, December 31, 2008</b>	<b>\$ 12,544,917</b>	<b>\$ 116,686</b>	<b>\$ 1,383,861</b>	<b>\$ 14,045,464</b>
Engineering and geological services	79,929			79,929
Travel	1,143			1,143
Mine site administration	16,000			16,000
<b>Balance, March 31, 2009</b>	<b>12,641,989</b>	<b>116,686</b>	<b>1,383,861</b>	<b>14,142,536</b>

### (a) Pine Point property:

On March 2, 2004 and later amended on April 30, 2004, the Company entered into an option agreement with Karst Investments, LLC (Karst), an entity with common officers and a common director, to acquire up to a 100% interest in the Pine Point Property located in the Northwest Territories. In consideration for acquiring a 60% interest, the Company issued 1,200,000 of its shares at a fair value of \$660,000, paid \$150,000 in cash and agreed to incur cumulative exploration expenditures on the property of not less than \$1,250,000 on or before September 30, 2007 (completed).

In June 2006 the Company purchased the remaining 40% interest in the property for \$1,000,000. Karst retains a royalty of 3% of net smelter returns.

The Company has posted a \$60,000 environmental bond for the Pine Point property.

# TAMERLANE VENTURES INC.

Notes to Consolidated Financial Statements  
(Expressed in Canadian dollars)

As at March 31, 2009 and December 31, 2008

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## 7. Mineral interests (continued):

### (b) Los Pinos property:

On March 21, 2007, the Company entered into an option agreement to acquire a 100% interest in a sole purpose company, Minera Los Pinos Canete, incorporated in Peru, which owns the Los Pinos and El Pino mineral properties in southern Peru. The Company paid an initial deposit of \$353,820 (US\$300,000). The Company was required to pay the vendors a total of US\$1,000,000 in four staged payments.

As of September 30, 2008, all option payments had been made and the company Minera Los Pinos Canete holding the mineral properties was transferred to Tamerlane Peru, S.A.C. (Tamerlane Peru), a wholly owned subsidiary of the Company.

In connection with the transaction, the Company also paid a finder's fee of US\$50,000 in June 2007 and issued 50,000 common shares of the Company to the finder in July 2007 with an estimated market value at that time of \$2.35 per share.

As at December 31, 2008, Tamerlane Peru's share registry, which provides evidence of the ownership of the issued and outstanding shares of Tamerlane Peru, is in the possession of the former General Manager of Tamerlane Peru. Management understands that the shares of Tamerlane Peru are listed in the share registry as owned by the former General Manager. The shares and the share registry have not been transferred to Tamerlane Peru pending resolution of various liquidation and termination issues surrounding this former General Manager in his role as General Manager of related party Century Mining Peru, S.A.C. Management estimates that this transfer will be consummated in mid-2009 and Century has indemnified the Company for any liquidation and termination obligations arising from this matter.

Little exploration work was conducted on the property in 2008 due to low metal prices, however the exploration permits were extended for an additional year.

### (c) Carolin Mine property:

On February 10, 2004, the Company entered into an option agreement with Athabaska Gold Resources Ltd. (Athabaska) to acquire a 90% interest in the dormant Carolin gold mine on the Ladner Creek properties, together with the plant and equipment situated thereon, known as the Carolin Mine, located near Hope, B.C.

On April 3, 2006, the Company exercised its option and purchased the remaining 10% of the property from Athabaska for \$45,000.

On February 13, 2004 and later amended July 31, 2004, the Company sub-optioned its option in the Carolin Mine by entering into an option agreement with Century Mining Corporation (Century), a company with common officers and directors, whereby Century was granted the exclusive right and option to earn an undivided 70% interest in the property, which was earned in 2007. Century has an option to acquire the Company's remaining 30% interest in the property for \$6,667 cash for each 1% interest held by the Company or in the equivalent value of common shares of Century at Century's option. Century issued 300,000 common shares to the Company valued at \$135,000 pursuant to this agreement.

# TAMERLANE VENTURES INC.

Notes to Consolidated Financial Statements  
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## 7. Mineral interests (continued):

### (c) Carolin Mine property (continued):

In April 2008, Century signed an option agreement with Module Resources Incorporated (Module), a company with common officers and directors, whereby Module can acquire up to 90% of the Carolin Mine and associated Ladner Creek properties.

During the year ended December 31, 2008, Module advanced Tamerlane Peru \$126,130 (USD \$100,000). The advances are non-interest bearing, unsecured and payable on demand. As at March 31, 2009, \$126,130 was owing to Module and is included in accounts payable and accrued liabilities.

## 8. Share capital:

### (a) Authorized: 100,000,000 common shares without par value

	Number of shares	Amount
Balance, December 31, 2007	43,468,730	15,399,041
Issued pursuant to flow-through private placements	3,377,778	1,595,000
Issued pursuant to private placements	8,214,285	2,400,000
Issued as finders' fees	150,000	100,681
Fair value attributed to share purchase warrants included in flow-through placement		(565,534)
Share issuance costs		(296,475)
Exercise of stock options	25,000	11,250
Fair value of stock options exercised transferred from contributed surplus	-	8,250
Future tax impact on renounced flow-through shares	-	(812,887)
Balance, December 31, 2008	55,235,793	17,839,326
Balance, March 31, 2009	55,235,793	\$ 17,839,326

### (b) Private placements:

On June 16, 2008, the Company completed a private placement of 2,500,000 units at \$0.80 per unit for gross proceeds of \$2,000,000. Total proceeds of \$321,988 have been allocated to warrants on a relative fair value basis. Each unit consisted of one common share and one half share purchase warrant with each warrant entitling the holder to acquire one non-flow-through common share at \$1.00 for the eighteen-month period ended December 16, 2009. Finder's fees of \$120,000 were paid through grants of 150,000 units, comprised of 150,000 common shares and 75,000 warrants, with each warrant exercisable for one common share at \$1.00 per share until December 16, 2009. Total proceeds of \$19,319 of the finder's fees have been allocated to the warrants on a relative fair value basis.

On July 11, 2008, the Company completed a private placement of 500,000 flow-through units at \$0.60 per unit for gross proceeds of \$300,000. Each unit consisted of one flow-through common share and one half share purchase warrant with each warrant entitling the holder to acquire one non-flow-through common share at \$0.80 for the eighteen-month period ending January 11, 2010. Total

# TAMERLANE VENTURES INC.

Notes to Consolidated Financial Statements  
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proceeds of \$54,251 have been allocated to warrants on a relative fair value basis. Cash finder's fees of \$21,000 were paid, in addition to a grant of 25,000 broker warrants with a fair value of \$6,623, each exercisable for one common share at \$0.60 per share until January 11, 2010.

On August 21, 2008 the Company completed a private placement totaling 1,500,000 flow-through units at \$0.45 per unit for gross proceeds of \$675,000. Each unit consisted of one flow-through common share and one half share purchase warrant with each warrant entitling the holder to acquire one non-flow-through common share at \$0.60 for the eighteen-month period ending February 21, 2010. Total proceeds of \$91,937 have been allocated to warrants on a relative fair value basis. Cash finder's fees of \$47,250 were paid in addition to 75,000 broker warrants with a fair value of \$10,643, each exercisable for one common share at \$0.60, and expiring February 21, 2010.

On August 28, 2008, the Company completed a private placement totaling 1,377,778 flow-through units at \$0.45 per unit for gross proceeds of \$620,000. Each unit consisted of one flow-through common share and one half share purchase warrant with each warrant entitling the holder to acquire one non-flow-through common share at \$0.60 for the eighteen-month period ending February 28, 2010. Total proceeds of \$97,358 have been allocated to warrants on a relative fair value basis. Cash finder's fees of \$43,400 were paid in addition to grants of 68,889 in broker warrants with a fair value of \$11,549, exercisable at \$0.60, and expiring February 28, 2010.

In December 2008, the Company completed a private placement of 5,714,285 common shares at \$0.07 per common share for gross proceeds of \$400,000. Cash finder's fees of \$34,763 were paid.

(c) Shareholder rights plan:

The directors of the Company approved the adoption of a shareholder rights plan, dated April 16, 2007 (the Plan). The Plan is designed to give the Company's Board of Directors and shareholders sufficient time to properly assess an unsolicited take-over bid without any undue pressure. Adoption of the Plan also provides the Company's Board of Directors time to consider alternatives designed to allow the Company's shareholders to receive full and fair value for their common shares. Rights under the Plan will become exercisable when a person, together with any parties related to it, acquires or announces its intention to acquire 20% or more of the Company's outstanding common shares without complying with the provisions of the Plan or without approval of the Board of Directors of the Company. Under such circumstances, each right, upon exercise, will permit the purchase of common shares of the Company at a substantial discount to the market price. The Company received shareholder approval of the Plan at its annual and special meeting on June 29, 2007.

# TAMERLANE VENTURES INC.

Notes to Consolidated Financial Statements  
(Expressed in Canadian dollars)

As at March 31, 2009 and December 31, 2008

## 9. Share purchase warrants:

The following table summarizes the continuity of the Company's share purchase warrants.

	Number of shares	Weighted average exercise price
Balance, December 31, 2007	1,423,075	2.00
Issued with flow through private placements	1,688,889	0.63
Issued with non flow-through private placement	1,250,000	1.00
Issued as finder's fees	243,889	0.72
Exercised	-	-
Expired	-	-
Balance, December 31, 2008	4,605,853	\$ 1.16
Balance, March 31, 2009	4,605,853	\$ 1.16

As at March 31, 2009 the following share purchase warrants were outstanding:

Number of warrants	Weighted Average Exercise price	Expiry date
1,325,000	\$ 1.00	December 16, 2009
1,423,075	\$ 2.00	December 31, 2009
275,000	\$ 0.78	January 11, 2010
825,000	\$ 0.60	February 21, 2010
757,778	\$ 0.60	February 28, 2010
4,605,853	\$ 1.16	

## 10. Stock options:

The Company has a stock-based compensation plan in effect which provides that up to ten percent of the number of shares outstanding may be reserved for stock option grants to eligible optionees. Stock options granted under the plan prior to July 15, 2007 vested immediately, and stock options granted to persons other than directors subsequent to July 15, 2007 are subject to 33% vesting at 6, 18, and 30 months after the grant date.

At March 31, 2009, this plan provided for the grant of stock options to purchase a maximum of 5,523,579 common shares of which 3,057,500 have been granted and 2,466,079 options are available for future grants.

The following table summarizes the continuity of the Company's stock options:

	Number of shares	Weighted average exercise price
Balance, December 31, 2007	3,017,500	1.06
Granted	920,000	0.64
Exercised	(25,000)	0.45
Cancelled/forfeited	(445,000)	1.63
Balance, December 31, 2008	3,467,500	0.88
Granted	-	-
Exercised	-	-

# TAMERLANE VENTURES INC.

Notes to Consolidated Financial Statements  
(Expressed in Canadian dollars)

As at March 31, 2009 and December 31, 2008

Cancelled/forfeited	(410,000)	0.58
Balance, March 31, 2009	3,057,500	\$ 0.92

Additional information regarding stock options outstanding as of March 31, 2009 is as follows:

Exercise price	Outstanding and exercisable		
	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price
2.45	370,000	3.33	\$ 2.45
1.82	50,000	3.42	1.82
1.63	10,000	3.17	1.63
1.52	400,000	3.33	1.52
1.35	20,000	3.08	1.35
0.74	300,000	3.67	0.74
0.70	700,000	4.25	0.70
0.67	20,000	4.25	0.67
0.50	100,000	3.85	0.50
0.48	102,500	1.75	0.48
0.45	300,000	2.04	0.45
0.38	55,000	2.58	0.38
0.30	580,000	1.46	0.30
0.28	50,000	1.83	0.28
Options outstanding	3,057,500	3.02	\$ 0.92
Options exercisable	2,790,500	2.95	\$ 0.87

The fair values for stock options granted were estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	2009	2008
Expected dividends	Nil	Nil
Interest rate	2.6%	3.6%
Expected life (in years)	4.50	5.00
Expected volatility	127%	115%

The weighted average grant date fair value of stock options granted as at March 31, 2009 and December 31, 2008 was \$0.76 per option.

# TAMERLANE VENTURES INC.

Notes to Consolidated Financial Statements  
(Expressed in Canadian dollars)

As at March 31, 2009 and December 31, 2008

## 11. Contributed surplus:

The following table summarizes the continuity of the Company's contributed surplus:

	Amount
Balance, December 31, 2007	\$ 1,661,467
Stock-based compensation	391,290
Fair value of stock options exercised transferred to share capital	(8,250)
Fair value of share purchase warrants	613,668
Balance, December 31, 2008	2,658,175
Stock based compensation	3,717
Balance, March 31, 2009	\$ 2,661,892

## 12. Related party transactions:

In addition to related party transactions described elsewhere in the financial statements, the Company has entered into the following related party transactions:

- (a) In 2004, the Company entered into an agreement with Century Mining Corporation, a company with common officers and directors, whereby this company would provide administrative, accounting and geological services and office and vehicle rentals. During the period ended March 31, 2009, the Company paid or accrued \$330,000 (March 2008 - \$330,000) for administrative, accounting, legal, investor relations, secretarial, office support staff, and rent. The Company also incurred charges of \$79,929 (March 2008 - \$193,649) to Century for engineering and geological services, which are included in mineral interests. The total amount paid to Century during the period ended March 31, 2009 was \$409,930 (March 2008 - \$523,649).
- (b) During the year ended December 31, 2008, the Company advanced \$790,000 to Century. The advance bears interest at 9% per annum, is secured by certain mining equipment and is repayable in monthly installments. As at March 31, 2009 the total interest accrued is \$70,708 and the balance owed to the Company is \$860,708.  
  
As at March 31, 2009 included in amounts receivable is \$147,741 (2008 - \$Nil) due from Century.
- (c) As at March 31, 2009 \$55,091 was due from a related party included in amounts receivable, (March 2008 - Nil) in relation to a personal loan.
- (d) Included in professional fees are legal fees of \$2,947 (March 2008 - \$10,400) paid to a law firm in which the Company's Corporate Secretary, a director of the Company, is a partner. At March 31, 2009, \$29,901 (March 2008- \$27,800) was due to the law firm and included in accounts payable.

# TAMERLANE VENTURES INC.

Notes to Consolidated Financial Statements  
(Expressed in Canadian dollars)

As at March 31, 2009 and December 31, 2008

## 13. Income taxes:

As at March 31, 2009, the Company has non-capital losses carried forward of approximately \$4,706,000 which are available to offset taxable income earned in Canada. These non-capital loss carry forwards expire as follows:

2009	\$	68,000
2010		93,000
2014		174,000
2015		220,000
2026		259,000
2027		1,681,000
2028		2,211,000
	\$	4,706,000

The Company has cumulative resource pools available of \$8,887,941 which can be carried forward indefinitely to offset future taxable income in Canada. Unamortized share issue costs for tax purposes which are available to reduce taxable income of years 2009-2011 amounts to \$435,553.

## 14. Financial instruments and risk management:

The Company is exposed in varying degrees to a variety of financial risks. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management procedures are established to identify and analyze the risks faced by the Company.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management procedures and processes and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The types of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining adequate cash and cash equivalent balances. Management continuously monitors and reviews cash flows and matches the maturity profile of financial assets and liabilities. The Company ensures that there is sufficient capital in order to meet short term business requirements.

(b) Credit risk:

The Company is exposed to credit-related losses in the event of non-performance by counterparties to the financial instruments. It arises principally from the Company's outstanding receivables.

(i) Cash and cash equivalents:

The Company limits its exposure to credit risk by only investing in highly liquid securities and only with counterparties with strong credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations:

# TAMERLANE VENTURES INC.

Notes to Consolidated Financial Statements  
(Expressed in Canadian dollars)

As at March 31, 2009 and December 31, 2008

(ii) Accounts and notes receivable:

The Company's receivables are due primarily from the Federal Government of Canada and related parties. Management does not expect these counterparties to fail to meet their obligations.

(iii) Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date of March 31, 2009 was:

	March 31, 2009
Cash and cash equivalents	\$ 92,631
Amounts receivable	208,278
Notes receivable	860,708
	\$ 1,161,617

The Company has \$860,708 in notes receivable, secured by various pieces of mining equipment.

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control the market risk exposures within acceptable parameters, while optimizing the return on capital.

(i) Currency risk:

The Company operates on an international basis and therefore foreign exchange risk exposures arise from transactions denominated in currency other than the Canadian dollar functional currency. The foreign exchange risk arises primarily with respect to US dollars and Peruvian New Sols. The Company has not hedged its exposure to currency fluctuations.

The following is a breakdown of financial assets and liabilities denominated in foreign currencies to which the Company is exposed:

# TAMERLANE VENTURES INC.

Notes to Consolidated Financial Statements  
(Expressed in Canadian dollars)

As at March 31, 2009 and December 31, 2008

## 14. Financial instruments and risk management (continued):

### (c) Market risk (continued):

#### (i) Currency risk (continued):

The following is a breakdown of financial assets and liabilities denominated in foreign currencies to which the Company is exposed:

	March 31, 2009	
	USD	SOL
Cash and cash equivalents	-	-
Amounts receivable	-	-
Trade payables	(107,333)	-
Total	(107,333)	-
CAD foreign exchange rate	1.2613	-
Balance sheet exposure in equivalent CAD	(135,379)	-

#### (ii) Sensitivity analysis:

A 10 percent strengthening (weakening) in the Canadian dollar against the above currencies at March 31, 2009 would have increased (decreased) net loss by the amounts shown below. This analysis assumes that all other variables, in particular, interest rates, remain constant:

March 31, 2009	Change
USD	(13,538)
SOL	-

#### (iii) Equity price risk:

Equity price risk arises from available-for-sale equity securities. The Company's exposure at March 31, 2009 was \$42,000. The shares are publicly traded, market prices are readily available, and their carrying value is equal to the market value as of March 31, 2009.

#### (iv) Interest rate risk:

This is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's cash and cash equivalents contain highly liquid investments that earn interest at market interest rates. Fluctuations in market interest rates do not have significant impact on the Company's results of operations

# TAMERLANE VENTURES INC.

Notes to Consolidated Financial Statements  
(Expressed in Canadian dollars)

As at March 31, 2009 and December 31, 2008

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## 15. Capital management:

The Company manages its cash and cash equivalents, common shares, stock options and warrants as capital. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and sustain future development of the business.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable level of risk.

In the management of capital, the Company includes the components of shareholders' equity, as well as the cash and cash equivalents and investments. The Company manages the capital structure and makes adjustments to it in light of the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire, or dispose of assets.

In order to facilitate the management of its capital requirements the Company prepares annual expenditure budgets that are updated as necessary, depending on various factors including successful capital deployment and general industry conditions.

The Company has not changed its approach to capital management during the current period. The Company is not subject to any external capital restrictions.

The Company expects that it will be necessary to raise additional capital during the current fiscal year to meet its budgeted exploration and development plans.

## 16. Commitments:

The Company entered into a commercial building lease in Hay River, in the Northwest Territories, on October 31, 2007 which expires October 31, 2009. Under the terms of the lease, the Company is required to pay taxes, maintenance, utilities and insurance, in addition to minimum rental payments of \$4,000 per month. As of April 2009, the minimum rental payments have been reduced to \$2,500 per month.

## 17. Subsequent events:

Subsequent to the end of the first quarter, the Company:

Appointed Wolfgang Schleiss as vice president, exploration and granted him 100,000 stock options with an exercise price of \$0.15 per share and expiry date of five years.

# **TAMERLANE VENTURES INC.**

**Management's Discussion and Analysis of Financial Condition &  
Results of Operations.**

**For the three months ended March 31, 2009**

**(The interim Management's Discussion and Analysis of Financial Condition &  
Results of Operations have been prepared by Management and have not been  
reviewed by the Company's auditors)**

Set out below is a review of the activities, results of operations and financial condition of Tamerlane Ventures Inc, and its subsidiaries (collectively, the “Company” or “Tamerlane”) for the three months ended March 31, 2009. Information herein is presented as of May 28, 2009 and should be read in conjunction with the interim consolidated financial statements of the Company for the three months ended March 31, 2009 and the notes thereto, on file with the Canadian Provincial Securities Regulatory Authorities. The Company’s consolidated financial statements and the financial data set out below have been prepared by management in accordance with Canadian generally accepted accounting principles (“GAAP”). All amounts are in Canadian dollars except where otherwise indicated.

The information in this report updates Management’s Discussion and Analysis for the year ended December 31, 2008 and for material changes that have taken place. The December 31, 2008 report should be consulted to gain a complete understanding of Management’s Discussion and Analysis of the Company.

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Caution on Forward - Looking Statements**

This Management’s Discussion and Analysis includes “forward-looking statements”, within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “budget”, “plan”, “continue”, “estimate”, “expect”, “forecast”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar words suggesting outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration, development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of Tamerlane to obtain all permits, consents or authorizations required for its operations and activities; and health, safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of Tamerlane to fund the capital and operating expenses necessary to achieve the business objectives of Tamerlane, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by Tamerlane. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of Tamerlane should not place undue reliance on these forward-looking statements. Statements in relation to “reserves” are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably exploited in the future.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this report are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements contained in this report or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.

## **Overview**

Tamerlane Ventures Inc. was incorporated in British Columbia on May 16, 2000. The Company's shares trade on the TSX Venture Exchange under the symbol TAM.

The Company is engaged in the acquisition, exploration and development of base metal projects in Canada and Peru. Since its inception, the Company has been involved in the following projects and plans to become a producer of lead-zinc concentrates from its Pine Point Project when the world economy recovers and zinc and lead prices increase to a level where the project can be financed under terms accretive to the shareholders.

### ***Pine Point Lead-Zinc Project, Northwest Territories***

In 2004, the Company acquired an option and exclusive right to earn an undivided 60% interest in a lead-zinc property in the Northwest Territories south of Great Slave Lake ("Pine Point Property"). The Company commenced exploration in the fourth quarter of 2004 and completed a two-phase exploration program in 2005, which fulfilled all exploration requirements to earn the 60% interest in the property. In the second quarter of 2006, the Company increased its interest in the Pine Point Property to 100% by payment of \$1,000,000 and granted a 3% NSR royalty to Karst Investments, LLC ("Karst"), a company with common officers and a common director.

In 2007, the Company completed an NI 43-101 technical report resulting in 10.9 million tonnes of measured and indicated resources in conjunction with a positive bankable feasibility study of 1.0 million proven and probable tonnes for the R-190 deposit at the Pine Point Property.

An updated feasibility study was completed on July 30, 2008 and reviewed by an independent consulting firm, Pincock, Allen & Holt (PAH). The feasibility study and accompanying NI 43-101 technical report incorporated the results of 16 confirmation drill holes that confirmed proven and probable reserves of 7.8 million tonnes at grades of 6.2% zinc and 3.0% lead in addition to measured and indicated resources of 8.0 million tonnes grading 2.26% zinc and 1.13% lead.

The feasibility study overwritten by PAH also proves a 9-year underground long-hole stoping mine encompassing six deposits. The feasibility study shows an internal rate of return at 53% with a before-tax cash flow of US\$255 million. Overall process recoveries are 93.6% zinc and 88.9% lead. Metal prices assumed in PAH's financial analysis are US\$1.15/lb zinc and US\$0.96/lb lead. Operating costs for the life of the project are calculated at US\$51.73/tonne of ore.

The operating cost of production was updated in November 2008 using the same financial model used in the original financial analysis completed on July 30, 2008, which

was reviewed and overwritten by PAH. The main factors used in the update were the then current economic indicators, which were: currency exchange rates at C\$1.22 = US\$1.00; diesel costs of C\$0.75/litre; lead spot prices of US\$0.67 per pound; and shipping rates of US\$12.57 per tonne. Tamerlane now forecasts total operating costs per pound of zinc to be US\$0.49, using lead as a credit, down from the previously announced estimate of \$0.67 per pound.

In February 2008, the Company completed a full environmental assessment instituted by the Mackenzie Valley Environmental Impact Review Board, which determined the project should be approved stating “the Project is not likely to cause significant adverse impacts on the environment or be a cause of public concern”. On May 13, 2008, the federal Minister of Indian and Northern Affairs Development rendered his decision in agreement with the assessment carried out by the Mackenzie Valley Environmental Impact Review Board. The Mackenzie Valley Land and Water Board then undertook both the land use and water license process. On July 29, 2008, the Mackenzie Valley Land and Water Board issued Tamerlane a Type “A” land use permit pertaining to the completion and construction of the main mine site at R-190 deposit location. As a subsequent event, on April 24, 2009, Tamerlane received notice that the Federal Minister of Indian and Northern Affairs has approved and signed the project’s water license. Agreements have been signed with key First Nation and other aboriginal groups.

In addition, the Company has completed a portion of its 2008 confirmation and in-fill drill program to upgrade 16 historic deposits containing 40 million tonnes to the measured and indicated resource category. Currently four deposits have been confirmed through the drilling of 19 holes for a total length of 2,440 meters. The drilling program was stopped prematurely because the Company needed to conserve cash during the world credit crisis.

Construction of facilities to mine and process ore is not expected to commence in the near term because of low metal prices and depressed credit markets. The feasibility capital cost, including interest during construction, was approximately US\$130 million. This estimate includes working capital, which will be provided as a component of the smelter off-take contract that can be negotiated for the project.

Production from the Pine Point Project is anticipated to begin 18 months after project financing is complete. In the first two full years of production the forecast is that approximately 150 million pounds of zinc and 70 million pounds of lead contained in separate zinc and lead concentrates will be produced. The project is currently on care and maintenance. All work on the project has stopped and Tamerlane has advised the stakeholders in the area that at the first indications of a turnaround in the base metal markets, financing endeavors will recommence.

### ***Los Pinos Copper Project, Peru***

In March 2007, the Company optioned the Los Pinos copper deposit in the Coastal Cordillera of southern Peru. The three concessions cover a total area of 790 hectares. The Company paid the vendors a total of US\$1,000,000 in four staged payments over 18 months to complete the acquisition. The Company paid a finder’s fee of US\$50,000 and issued 50,000 shares of Tamerlane to the finder.

Significant opportunity exists to verify and expand the historical resource with more drilling and refinement of the mine plan outlined by independent consultants, Pincock,

Allen & Holt, in their 1994 feasibility study. The deposit has the potential for open pit mining and heap leaching followed by solvent extraction/electrowinning (SX/EW) to recover the copper.

As at December 31, 2008, Tamerlane Peru's share registry, which provides evidence of the ownership of the issued and outstanding shares of Tamerlane Peru, is in the possession of the former General Manager of Tamerlane Peru. Management understands that the shares of Tamerlane Peru are listed in the share registry as owned by the former General Manager but held in trust for the Company. The shares and the share registry have not been transferred to Tamerlane Peru pending resolution of various liquidation and termination issues surrounding this former General Manager in his role as General Manager of related party Century Mining Peru SAC. Management estimates that this transfer will be consummated in mid-2009 and Century has indemnified the Company of responsibility for any liquidation and termination obligations arising from this matter.

Little exploration work was conducted on the property in 2008 due to low metal prices; however, the exploration permits were extended for an additional year into 2009. The Company plans to carry out an in-fill drilling program on the Los Pinos property when funds are available. Results of the program will provide input for an NI 43-101 compliant technical report and the basis for an updated feasibility study.

***Carolin Mine and Ladner Creek Properties, British Columbia***

In February 2004, the Company sold an option and exclusive right to Century Mining Corporation ("Century"), a company with common officers and directors, to earn an undivided 70% interest in the dormant Carolin gold mine and Ladner Creek properties, which are located in southern British Columbia.

In April 2006, Tamerlane purchased 100% of the property from Athabaska Gold Resources Ltd. The agreement with Century, who funded the purchase, was amended to form a joint venture comprising Century 70% and the Company 30%. Century maintains the right to purchase the remaining 30% interest from Tamerlane. Century has posted a \$200,000 environmental bond covering the property.

In April 2007, Century signed an agreement with Module Resources Incorporated, whereby Module can acquire up to 90% of the Carolin Mine and associated Ladner Creek properties. This agreement was amended in October 2008. Since signing of the original agreement with Module, Module has completed \$624,310 of work on the project.

## Summary of Quarterly Results

The following table summarizes the Company's operating results for each of the eight most recently completed quarters:

Period	Net income (loss) (\$)	Net income (loss) per share (\$)
<b>2009</b>		
Q1	(334,616)	(0.01)
<b>2008</b>		
Q4	438,254	-
Q3	(580,420)	(0.01)
Q2	(966,890)	(0.02)
Q1	(617,802)	(0.01)
<b>2007</b>		
Q4	(995,524)	(0.03)
Q3	(546,263)	(0.01)
Q2	(737,095)	(0.02)

## Non-GAAP Measure

### Adjusted Net Earnings / Loss

The Company has included non-GAAP performance measures, adjusted net earnings and adjusted net earnings per share throughout this document. The Company believes that in addition to conventional measures prepared in accordance with GAAP, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly it is intended to provide additional information which should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The following table provides a reconciliation of adjusted net earnings to the financial statements:

	3 months ended March 31, 2009 (\$)	3 months ended March 31, 2008 (\$)
Net loss	(334,616)	(617,801)
Unrealized foreign exchange (gain) loss	(32,975)	7,546
Adjusted net loss	(367,591)	(610,255)
Adjusted net loss per share	(0.01)	(0.01)
Weighted average number of shares	55,235,793	43,477,063

## Results of Operations

The Company is not yet engaged in mining operations that generate revenue. The Company expects to incur significant development and capital expenditures on the Pine Point Project prior to generating any revenues from future mining operations, which are anticipated to commence when the world economy recovers and zinc and lead prices increase to a level where the project can be financed into production.

## First Quarter and Year-to-Date ended March 31, 2008

In the first quarter ended March 31, 2009 there was a net loss of \$334,616 or \$0.01 per share compared to a net loss of \$617,801 or \$0.01 per share in the same period in the prior year. The decrease in the loss of \$283,185 mainly reflects a decrease in general and administrative expenses and stock-based compensation expenses in the period this year.

In the first quarter ended March 31, 2009 there was interest income of \$20,279 on cash and cash equivalents deposits, compared to \$28,327 in the same period in the prior year.

In the period ended March 31, 2009 total expenses were \$354,895 compared to \$646,128 in the same period in the prior year.

The decrease in expenses of \$291,233 between the two comparable periods mainly reflects a decrease in general and administrative expenses of \$48,856 and a decrease in stock-based compensation expenses of \$151,824.

The principal expenses in the first quarter ended March 31, 2009 compared to the same period of 2008 are as follows:

<b>For the three months ended March 31,</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>EXPENSES</b>		
Amortization	17,503	12,898
Foreign exchange (gain) loss	(32,975)	7,546
General and administrative	361,650	410,506
Professional fees	-	54,114
Stock-based compensation	3,717	155,541
Transfer agent and regulatory fees	5,000	2,546
Travel and promotion	-	2,977
<b>Total expenses</b>	<b>354,895</b>	<b>646,128</b>

## Liquidity and Capital Resources

At March 31, 2009 the Company had working capital of \$755,406 compared to \$1,132,874 at December 31, 2008, a decrease of \$377,468 that resulted primarily from general and administrative expenditures, and exploration and development expenditures on the Pine Point Project.

Current assets at March 31, 2009 were \$1,120,596 compared to \$1,731,442 at December 31, 2008. The decrease of \$610,846 mainly reflected a decrease in amounts receivable by \$323,656 from \$326,785 at December 31, 2008 to \$3,129 at March 31, 2009. Related party amounts receivable decreased by \$345,761 in the first quarter. At March 31, 2009 notes receivable were \$860,708 compared to \$843,177 on December 31, 2008 after the Company made advances in 2008 to Century Mining Corporation, a related party. Marketable securities held by the Company were valued at \$42,000 at March 31, 2008 compared to \$9,000 at December 31, 2008, the increase reflecting the

rise in prices of equities during the first quarter (see note 5). Cash and cash equivalents increased by \$10,475 in the first quarter to \$92,631 at March 31, 2009.

Current liabilities, comprising accounts payable and accrued liabilities were \$365,190 at March 31, 2009, compared to \$598,568 at December 31, 2008, a decrease of \$233,378.

On February 1, 2005 the Company established an irrevocable letter of credit for \$60,000 assigned to the Mackenzie Valley Land and Water Board for bonding for exploration activity at the Pine Point Property, which was still in place at March 31, 2009.

The Company had no long-term debt as at March 31, 2009, or as at December 31, 2008.

***Cash flows from operating activities***

In the first quarter of 2009, cash flows provided by operating activities after changes in non-cash working capital were \$125,078 compared to \$788,411 used in the same period a year earlier. In the first quarter of 2009, changes in non-cash working capital provided \$438,474 from operating activities compared to the same period in 2008, when changes in non-cash working capital required \$339,049 from operating activities.

***Cash flows from investing activities***

In the first quarter of 2009, cash flows used in investing activities were \$114,603 compared to \$1,832,175 in the same period of 2008. The principal outlay of cash in both periods was the acquisition of, and expenditures on, mineral properties: \$97,072 in 2009, a decrease of \$1,730,582 from \$1,827,654 in the first quarter a year earlier when there was a high level of activity on the Pine Point Project.

***Cash flows from financing activities***

In the period ended March 31, 2009, cash flows provided by financing activities were \$Nil, compared to \$11,250 in the first quarter of 2008 from the exercise of options.

***Change in aggregate cash position***

In aggregate, cash flows from operating, financing and investing activities in the first quarter of 2009 resulted in an increase in cash and cash equivalents of \$10,475 compared to a decrease of \$2,609,336 in the first quarter of 2008. After the increase is added to cash and cash equivalents of \$82,156 at the beginning of the first quarter (\$4,030,051 at the beginning of the 2008 period), cash and cash equivalents at March 31, 2009 was \$92,631 (\$1,420,715 at March 31, 2008).

The financial statements to which this Management's Discussion & Analysis relates have been prepared on the going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2009, the Company has working capital of \$755,406. The continuing operations of the Company and the recoverability of amounts recorded for mineral interests are dependent on the Company's ability to obtain additional financing to fund exploration and development, the discovery of economically recoverable reserves in order to generate positive cash flows in the future, or the receipt of sufficient proceeds on any sale of the mineral interests. Management is of the opinion that sufficient working capital will be obtained from external financing and the timely repayment of notes receivable due from a related party to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing

will not be available on a timely basis or on terms acceptable to the Company. The financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

### **Outstanding Share Data**

As of May 28, 2009 the Company had 55,235,793 common shares issued and outstanding. In addition, there are 4,605,853 shares reserved for issuance for the exercise of warrants, and 3,157,500 shares reserved for issuance for the exercise of stock options. Assuming exercise of all outstanding stock options and warrants, which would result in approximately \$7.5 million being added to the Company's treasury, there would be 62,999,146 shares on a fully diluted basis.

### **Commitments and Contingencies**

There were no significant changes to the Company's commitments and contingencies since December 31, 2008.

### **Off Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

### **Dividends**

There have been no dividends payments on the common shares of Tamerlane Ventures Inc.

### **Critical Accounting Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Significant financial statement items which involve the use of estimates include the valuation of mineral interests, assumptions used in valuing options and warrants in stock-based compensation calculations and future income tax asset valuation allowances. Actual results may differ from those estimates. Note 3 to the Company's consolidated financial statements for the period ended March 31, 2009 describes all of the Company's significant accounting policies.

### **Related Party Transactions**

In addition to related party transactions described elsewhere in the financial statements, the Company has the following related party transactions:

- (a) In 2004, the Company entered into an agreement with Century Mining Corporation, a company with common officers and directors, whereby this company would provide administrative, accounting and geological services and office and vehicle rentals. During the period ended March 31, 2009, the Company paid or accrued \$330,000 (period ended March 31, 2008 - \$330,000)

for administrative, accounting, legal, investor relations, secretarial, office support staff, and rent. The Company also paid or accrued \$79,929 (period ended March 31, 2008 - \$193,649) to Century for engineering and geological services, which are included in mineral interests. The total amount paid to Century during the period ended March 31, 2009 by the Company was \$409,930 (2008 - \$523,649).

As at March 31, 2009 included in amounts receivable is \$147,741 (March 31, 2008 - \$Nil) due from Century.

- (b) During the year 2008, the Company advanced \$790,000 to Century. The advance bears interest at 9% per annum, is secured by certain mining equipment and is repayable in monthly installments. The total interest accrued is \$70,708 and the balance owed to the Company is \$860,708.
- (c) As at March 31, 2009 \$55,091 was due from a related party included in amounts receivable, (March 2008 - Nil) in relation to a personal loan.
- (d) Included in professional fees are legal fees of \$2,947 (period ended March 31, 2008 - \$10,400) paid to a law firm in which the Company's Corporate Secretary, a director of the Company, is a partner. At March 31, 2009, \$29,901 (period ended March 31, 2008 - \$27,800) was due to the law firm and included in accounts payable.

All of the above transactions have been in the normal course of operations and, in management's opinion, undertaken with the same terms and conditions as transactions with unrelated parties.

### **Notes Due to the Company**

As at March 31, 2009, the Company is owed \$860,708 by Century Mining Corporation, a company with common officers and directors, under two notes, which are recorded as related party notes receivable. The notes bear interest at 9% per annum, are secured by certain mining equipment and are repayable in monthly installments.

During the period ended March 31, 2009, the Company accrued \$17,531 (period ended March 31, 2008 - \$6,096) in interest on the notes due from Century Mining Corporation.

### **Subsequent Events**

Subsequent to the end of the first quarter, the Company:

- (a) Appointed Wolfgang Schleiss as vice president, exploration and granted him 100,000 stock options with an exercise price of \$0.15 per share and expiry date of five years.

## **New accounting policies**

Effective January 1, 2008, the Company has adopted five new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA). These accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements. The new standards and accounting policy changes are as follows:

### Capital disclosures:

CICA Handbook Section 1535, *Capital Disclosures*, requires additional disclosures about how a company manages its capital. Such information includes quantitative and qualitative disclosure about the Company's objectives, policies and processes for managing capital, as well as summary quantitative data about what it manages as capital. The Company will also be required to disclose whether during the period it complied with externally imposed capital requirements and the consequences of non-compliance, if applicable. Such disclosures will be based on information provided internally by the Company's key management personnel. The standard is effective beginning January 1, 2008 and additional disclosures are provided in note 15 to the Company's financial statements.

### (b) Financial Instruments - Presentation:

Section 3863, *Financial Instruments - Presentation*, establishes standards for presentation of financial instruments and non-financial derivatives. It 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 standard is effective for interim and annual periods beginning on or after October 1, 2007. The Company's adoption of this Section did not have a significant effect on the presentation in the Company's financial statements.

### (c) Financial instruments – disclosure:

Section 3862, *Financial Instruments - Disclosures*, requires additional quantitative and qualitative disclosures about an entity's financial assets and liabilities, and their associated risks. Such disclosures include the significance of financial instruments for an entity's financial position and performance and the nature and extent of risks arising from financial instruments. Specific disclosures include the criteria for designating the classification of different types of financial instruments and determining when impairment is recorded against the related financial asset or when an allowance is used. The Company included additional disclosures pursuant to this Section in note 14 to the Company's financial statements.

### (d) Inventories:

Section 3031, *Inventories*, establishes standards for the measurement and disclosure of inventory. It provides guidance on the determination of costs and its subsequent recognition as an expense, including any write-down to net realizable value. The Section also provides guidance on the cost formulas that are used to assign costs to inventories. This standard is effective for interim and annual financial statements beginning on January 1, 2008. The Company has determined that there is no current impact from the adoption of this Section on the Company's financial statements.

(e) Assessing going concern:

The Company adopted the amended CICA Handbook Section 1400 *General Standards of Financial Statement Presentation*. This amended section includes requirements for management to assess and disclose an entity's ability to continue as a going concern, and if applicable, management's plans to address any going concern issues. The adoption of this standard has no material impact on the Company's financial statements.

## **Management's Responsibility and Oversight**

### ***Evaluation of Disclosure Controls and Procedures***

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure.

As at the end of the period covered by this MD&A, the Chief Executive Officer and the Chief Financial Officer, concluded that the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in Tamerlane annual and interim filings (as such terms are defined under Multilateral Instrument 52-109 – Certification of disclosure issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian Securities laws is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management including the President and Chief executive Officer and the Chief Financial Officer as appropriate to allow timely decisions regarding required disclosure.

### ***Evaluation of Internal Controls and Procedures over Financial Reporting***

The Company's management together with the participation of the Chief Executive Officer and the Chief Financial Officer, are responsible for the design and implementation of the Company's internal control over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. It should be noted that a control system, no matter how well conceived or operated, can only provide reasonable assurance, not absolute assurance, that the objectives of the control system are met.

The Company evaluated the effectiveness of its disclosure controls and procedures as of March 31, 2009 under the supervision and with the participation of the Chief Executive Officer and the Chief Financial Officer. Based on the results of this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were generally effective.

## **Risks and Uncertainties**

The Company is subject to a number of risks and uncertainties due to the nature of its business and present stage of development. The Company's exploration and development activities expose the Company to various financial and operational risks that could have a significant impact on its profitability and levels of operating cash flows in the future. Readers are therefore urged to study and consider risk factors discussed

herein and more particularly described in the Company's Annual Report and its Annual Information Form.

In particular, specific risk factors related to the development into production of the Company's Pine Point Project in the Northwest Territories and the impending exploration on its Los Pinos property in Peru should be considered.

### ***Trends***

The Company's financial success is dependent upon the discovery of properties which could be economically viable to develop. Such development could take years to complete and the resulting income and cash flow, if any, is difficult to determine. The sales value of any mineralization discovered by the Company is largely dependent upon factors beyond the Company's control, such as the market value of the products produced.

Other than as disclosed herein, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect on the Company's sales or revenues, income from continuing operations, profitability, cash flow, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

### ***Competitive Conditions***

The resource industry is intensively competitive in all of its phases. The Company competes with other mining companies for the acquisition of mineral claims and other mining interests as well as for the recruitment and retention of qualified employees and contractors. There is significant and increasing competition for a limited number of base metal and other resource acquisition opportunities and as a result, the Company may be unable to acquire suitable producing properties or prospects for exploration in the future on terms it considers acceptable. The Company competes with many other companies that have substantially greater financial resources than the Company.

The Company may, in the future, be unable to meet its obligations under agreements to which it is a party and the Company may have its interest in the properties subject to such agreements reduced as a result.

### ***Mineral Exploration and Development***

The Company's Pine Point Project in Canada is in the exploration and development stage. Exploration on the Los Pinos property in Peru is planned when funds are available. Development of the Company's properties will only proceed upon obtaining satisfactory exploration results, subject to available funds. Mineral exploration and development involve a high degree of risk and few properties which are explored are ultimately developed into producing mines. There is no assurance that mineral exploration and development activities will result in the discovery of an economic or commercial deposit on any of the Company's properties. Several years may pass between the discovery of a deposit and its exploitation. Most exploration projects do not result in the discovery of commercially mineralized deposits.

### ***Economics of Developing Mineral Properties***

Substantial expenditures are required to establish reserves through drilling, to develop processes to extract base metals and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis.

The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Depending on the price of minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

### ***Title***

Title to all of the Company's properties appears valid and enforceable. However, there is no guarantee that title to properties in which the Company has a material interest will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or native land claims, and title may be affected by undetected defects, especially in foreign jurisdictions.

### ***Aboriginal Rights***

Aboriginal rights may be claimed on Crown properties or other types of tenure with respect to which mining rights have been conferred. The Company is not aware of any aboriginal land claims having been asserted or any legal actions relating to native issues having been instituted with respect to any of the mineral claims in which the Company has an interest. The Company is aware of the mutual benefits afforded by cooperative relationships with indigenous people in conducting exploration and development activity and actively supports measures established to achieve such cooperation. The Company has signed exploration agreements with three local aboriginal groups to establish a protocol for employment opportunities on the Pine Point Project.

### ***Governmental Regulation***

Regulatory standards continue to change, making the review and due diligence processes longer, more complex, and more costly.

Operations, development and exploration on the Company's properties are affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labour; (ii) mining law reform; (iii) restrictions on production, price controls, and tax increases; (iv) maintenance of claims; (v) tenure; and (vi) expropriation of property. There is no assurance that future changes in such regulations, if any, will not adversely affect the Company's operations. Changes in such regulations could result in additional expenses and capital expenditures, availability of capital, competition, reserve uncertainty, potential conflicts of interest, title risks, dilution of shareholders' equity, and restrictions and delays in operations, the extent of which cannot be predicted.

Exploration on the Company's properties requires responsible best exploration practices to comply with Company policy, government regulations, maintenance of claims and tenure. The Company is required to be registered to do business and have a valid prospecting license (required to prospect or explore for minerals on Crown Mineral Land or to stake a claim) in any Canadian province or territory in which it is carrying out work. Mineral exploration primarily falls under provincial and territorial jurisdiction. However, the Company is also required to follow the regulations pertaining to the mineral exploration industry that fall under federal jurisdiction, such as the Fish and Wildlife Act.

As the Company's projects are advanced to the development stage, those operations will also be subject to various laws and regulations concerning development, production, taxes, labour standards, environmental protection, mine safety and other matters. In addition, new laws or regulations governing operations and activities of mining companies could have a material adverse impact on any project in the mine development stage that the Company may possess.

### ***Environmental Factors and Protection Requirements***

The Company conducts exploration and development activities in the Northwest Territories in Canada and in Peru. All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. There is no assurance that regulatory and environmental approvals will be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or to preclude entirely the economic development of a property. Environmental hazards may exist on the properties which are unknown to the Company at present which have been caused by previous or existing owners or operators of the properties.

The approval of new mines on federal lands in Canada is subject to detailed review through a clearly established public hearing process, pursuant to the Federal Canadian Environmental Assessment Act. In addition, lands under federal jurisdiction are subject to the preparation of a costly environmental impact assessment report prior to the commencement of any mining operations. These reports entail a detailed technical and scientific assessment as well as a prediction of the impact on the environment and proposed development. Further, under such review process, there is no assurance that regulatory and environmental approvals will be obtained on a timely basis or at all.

Provincial and federal mining legislation establishes requirements for the decommissioning, reclamation and rehabilitation of mining properties in a state of temporary or permanent closure. Such closure requirements relate to the protection and restoration of the environment and the protection of public safety. Some former mining properties must be managed for long periods of time following closure in order to fulfill closure requirements. The cost of closure of mining properties and, in particular, the cost of long-term management of mining properties can be substantial. The Company intends to progressively rehabilitate its mining properties during their period of operation,

should any properties become operational, so as to reduce the cost of fulfilling closure requirements after the termination or suspension of production.

The Company has adopted an environmental policy designed to ensure that it continues to comply with or exceeds all environmental regulations currently applicable to it. All of the Company's activities are in compliance in all material respects with applicable environmental legislation. The Company is engaged in exploration and development in Canada and exploration in Peru with no to minimal environmental impact.

### ***Operating Hazards and Risks***

Mineral exploration and development involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of resources, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the risks involved in the operation of mines and the conduct of exploration and development programs. Although the Company will, when appropriate, secure liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liability and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

### ***Operations at Pine Point***

Pursuant to carrying out a feasibility study on its Pine Point Project in 2007, the Company has completed an updated feasibility study incorporating the results of a confirmation drilling program, which has been reviewed by independent third party consultants. This feasibility study includes NI 43-101 compliant reserves and resources and mine plans for five additional deposits in close proximity to the R-190 deposit.

The Company has successfully completed a full environmental assessment and received all necessary land and water permits to commence construction and production on the R-190 deposit.

### ***Operations in Peru***

In March 2007, the Company optioned the Los Pinos copper deposit in the Coastal Cordillera of southern Peru. The Company plans to carry out an in-fill drilling program on the Los Pinos property when funds are available. Results of the program will provide input for an NI 43-101 compliant technical report and the basis for an updated feasibility study. Carrying on business in Peru will expose the Company to risks and uncertainties associated with operating in foreign countries, including political, financial and other risks in addition to risks and uncertainty associated with exploration and development of mining properties.

As at December 31, 2008, Tamerlane Peru's share registry, which provides evidence of the ownership of the issued and outstanding shares of Tamerlane Peru, is in the possession of the former General Manager of Tamerlane Peru, who was also the General Manager of related party Century Mining Peru SAC. Management understands

that the shares of Tamerlane Peru are listed in the share registry as owned by the former General Manager but are held in trust for the Company. The shares and the share registry have not been transferred to Tamerlane Peru pending resolution of various liquidation and termination issues surrounding this former General Manager in his role as General Manager of related party Century Mining Peru, S.A.C. Management estimates that this transfer will be consummated in mid-2009 and Century has indemnified the Company for any liquidation and termination obligations arising from this matter.

### ***Financial Risk***

The businesses of exploring and developing mineral properties, and operating mines, are highly uncertain and risky by their very nature. The Company may require additional equity and/or debt capital to maintain positive working capital and continue as a going concern. In 2008, the Company received total gross proceeds of approximately \$4.0 million from two private placements (\$2,386,260) and two flow-through unit private placements (\$1,595,000). Funds raised in the two flow-through private placements were less than anticipated due to the downturn in market conditions and falling share prices. Current market conditions resulting from the global financial crisis make equity financing particularly challenging and may lead to high levels of dilution.

The Company currently has the Pine Point Project on care and maintenance and no financing activities are underway at this time.

### ***Commodity Prices***

The Company's revenues, if any, are expected to be in large part derived from the mining and sale of zinc and lead concentrates from its Pine Point Project commencing 18 months after financing is complete, and potentially from copper cathodes at some time in the future from its Los Pinos Project in Peru. Historically the price of commodities has fluctuated widely and is affected by numerous factors beyond the Company's control including international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, global or regional consumption patterns, speculative activities, levels of supply and demand, increased production due to new mine developments and improved mining and production methods, availability and costs of substitutes, commodity stock levels maintained by producers and others, and inventory carrying costs. The effect of these factors on commodity prices and therefore the economic viability of the Company's operations cannot accurately be predicted.

Since 2003, and prior to a dramatic decline over the last year, zinc and lead prices increased significantly due to strong global demand for the metals, particularly in China and India where economic growth has been robust due to large infrastructure projects and consumer demand. As a result, the mining industry experienced high demand for capital equipment, spare parts, consumables and supplies, as well as for experienced professional staff and operating personnel, all of which had an impact on the Company's exploration and development activities.

In the case of zinc, prices increased from US\$0.45 per lb in October 2003 to a peak of over US\$2.00 per lb in early 2007. Zinc prices have subsequently fallen and are currently at US\$0.66 per lb.

Similarly, in the case of lead, prices increased from US\$0.25 per lb in October 2003 to a peak of over US\$1.75 in late 2007, then fell to US\$0.39 per lb in January 2009, but have subsequently recovered to the current price of US\$0.66 per lb.

Current zinc and lead prices have affected the economic viability of several operations where marginal cost producers have been forced to shut down. The economics of many new projects have also been impacted where the rates of return at current prices are significantly lower than when prices peaked in 2007 and cannot justify a production decision. In light of the declining market last fall, Tamerlane recently re-ran its financial analysis taking into account currency exchange rate fluctuations, power and diesel costs, lead and zinc spot prices and reduced shipping rates. Tamerlane forecasted total operating costs per payable pound of zinc to be US\$0.49 lead credits of US\$0.67 per lb in its cash flow model. Despite recent trends in zinc and lead spot prices, this new financial analysis shows that the Pine Point Project can generate positive operating results at today's metals prices. However, Tamerlane will not pursue financing of the project at this time because of the credit crisis.

#### ***Limited Operating History: Losses***

The Company has experienced losses in most years of its operations. There can be no assurance that the Company will operate profitably in the future, if at all. As at March 31, 2009, the Company's deficit was \$5,422,899.

#### ***Management***

While a company's success may result from good fortune, it is more often dependent on management's knowledge and expertise and its ability to identify and advance attractive projects and targets from exploration through development and into production, as well as to secure the necessary financing to fund these activities.

While it is impossible to eliminate all of the risks associated with exploration, development and mining, it is management's intention to manage its affairs, to the extent possible, to ensure that the Company's assets are protected and that its efforts will result in increased value for the Company's shareholders. The Company assesses and minimizes risks by applying high operating standards, including careful management and planning of its facilities, hiring qualified personnel, establishing and maintaining internationally recognized standards, performing independent audits, and purchasing insurance policies.

The success of the Company depends to a large extent on its ability to retain the services of its senior management and key personnel. The loss of their services may have a material, adverse effect on the Company. The Company had opened an office in Hay River with the intent to recruit highly experienced mining, geological and other professionals to develop its Pine Point Project into production. Currently all efforts to recruit professionals for this office have been put on hold.

#### ***Conflicts of Interest***

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

with the Company and to abstain from voting as a director for the approval of any such transaction.

### ***Share Price Volatility***

In recent years, the securities markets in Canada and the United States have experienced a high level of price and volume volatility, and the market price of securities of many mineral exploration companies have experienced wide fluctuations in price, which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. In particular, the Company's share price has fallen from a high of \$2.98 in July 2007, which approximated the time when zinc and lead prices peaked, to a low of \$0.04 per share in December, 2008. This steady decline in share price has reflected the fall in zinc and lead prices over the same period and the resulting impact on the economics of the Pine Point Project and increased financing risk. Furthermore, the current global financial crisis has put significant downward pressure on the share prices and market valuations of junior resource companies, which depend largely on equity financing to fund their operations. The share price has subsequently recovered to a high of \$0.25 this year, and is currently \$0.17 per share.

Shareholders and potential investors should be cognizant that there can be no assurance that continual fluctuations in the Company's share price will not occur in the future and that these fluctuations may be due to factors outside of the Company's control.

### ***Shares Reserved for Future Issuance: Dilution***

As at May 28, 2009, there were 4,605,853 warrants and 3,157,500 stock options outstanding pursuant to which shares may be issued in the future, all of which will result in further dilution to the Company's shareholders and pose a dilutive risk to potential investors.

### **Outlook**

As previously discussed under Risks and Uncertainties – Commodity Prices, zinc and lead prices have fallen significantly from their peak levels of 2007 reflecting a slowdown in global economic growth, particularly in China and India. Current zinc and lead prices of US\$0.66 and US\$0.66 per pound, respectively, have had a significant impact on the economics of the Pine Point Project.

Notwithstanding current metal prices, the current credit crisis results in economic times whereby no new projects are being financed.

The Company is in receipt of the required land use permit and water license for construction and operation of the Pine Point Project. The Company has signed exploration agreements with a number of aboriginal communities that will provide employment opportunities and ensure that mutually beneficial relationships are established as the Company develops the Pine Point Project into production.

In pursuing its objectives to build a diverse base metals company, the Company acquired the Los Pinos copper property in Peru in 2007, which was the subject of an independent feasibility study in 1994. The Company plans to carry out confirmation drilling on the property when funds are available prior to completing an NI 43-101 technical report and updated feasibility study. At this time, the Company is not prepared

to dilute its shareholders to raise funds to complete the exploration work necessary to produce a NI 43-101 technical report. Based on prevailing copper prices of US\$0.90 per pound in 1994 (compared to the current price of US\$2.07 per pound), the feasibility study indicated that the property had potential to become an operating mine using open pit mining followed by heap leaching and SX/EW technology to extract the copper.

The Company is currently pursuing exploration opportunities with other advanced exploration projects in the Americas. Management believes that this is the time to acquire lead and zinc reserves for very low prices.