

T a m e r l a n e

V E N T U R E S I N C . 

TSX-V: TAM

2010 Second Quarter Report

Six Months Ended June 30, 2010

*Interim Consolidated Financial Statements
(Unaudited – Prepared by Management)*



TAMERLANE VENTURES INC.

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

For the six months ended June 30, 2010

**(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 six months ended June 30, 2010. Information herein is presented as of August 27, 2010 and should be read in conjunction with the interim consolidated financial statements of the Company for the six months ended June 30, 2010 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, 2009 and for material changes that have taken place. The December 31, 2009 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.

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 has been continued as a federal corporation on July 26, 2010. The Company's shares trade on Tier 2 of 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. The Company plans to become a producer of lead-zinc concentrates from its Pine Point Project as soon as a financing package can be arranged for the Company's flagship project. The Company also holds mineral interests in Peru.

Pine Point Lead-Zinc Project, Northwest Territories

History

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 ("Karst"), a company with common members.

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

Feasibility Update 2008

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 and measured and indicated resources as shown in the table below:

RESERVE & RESOURCE CATEGORY	TONNES	% ZINC	% LEAD
Reserves			
Proven & Probable	7,790,000	6.16	3.01
Resources			
Measured & Indicated	8,030,000	2.26	1.13

The feasibility study overwritten by PAH also provides for a 9-year underground long-hole stoping mine encompassing six individual deposits in close proximity to each other. The feasibility study showed 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 per pound of zinc and US\$0.96 per pound of lead. Operating costs for the life of the project were calculated at an estimated US\$51.73 per tonne of ore.

Permit Status

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. 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. All permits remain current.

Exploration Potential

Confirmation drilling to upgrade known historical resources, which contain a total of 16 historic deposits, to the measured and indicated resource category was curtailed in 2009 to conserve cash during the global credit crisis. Drilling re-commenced in 2010 to confirm the historical N-204 open pit resource and bring it to the proven and probable category. The N-204 deposit contains an historical resource of 16.3 million tonnes at an average combined grade of 4.03% lead plus zinc at 30% dilution (this historical resource is not NI 43-101 compliant, has not been confirmed by a qualified person and is not to be relied on). A 1,433 meter drill program drilling has been completed and the assays received in May have confirmed the historical drilling. This drill program was carried out under a new five-year exploration land use permit issued by the Mackenzie Valley Land and Water Board on July 2, 2009. Resource calculations to qualify the deposit Measured and Indicated resources have commenced and are expected to be completed by the fourth quarter, 2010. Tamerlane intends to complete metallurgical testing on core from the N-204 deposit to confirm that dense media separation will allow this low grade deposit to be significantly upgraded. This will allow the upgraded material to be trucked to the centralized flotation concentrator currently designed. A feasibility study will then be completed on the deposit to bring it to proven and probable reserve status under NI 43-101 reserve guidelines.

Construction and Production

Construction of facilities to mine and process ore is expected to commence when the project financing is obtained. The feasibility study capital cost during construction, is approximately US\$138 million. This estimate includes working capital, which may be provided as a component of the smelter off-take contract that may 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 full year of production the forecast is that approximately 132 million pounds of zinc and 66 million pounds of lead contained in separate zinc and lead concentrates will be produced. Tamerlane is currently in the process of updating the feasibility study to current capital and operating costs. Once this is completed, management will be seeking financing to develop the mine. Management anticipates that the improvement in the base metal markets and easing of the credit markets will result in an acceptable financing package.

Los Pinos Oxide 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 June 30, 2010, 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 Ventures Inc (Canada) 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. Proceedings have been commenced by the Company to protect the title to the Los Pinos property, and Century has indemnified the Company of responsibility for any liquidation and termination obligations arising from this matter.

No exploration work was conducted on the property in the first quarter of 2010, and no work was done in 2009; however, the exploration permits have been extended into late 2010. 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 completed its purchase of 100% of the property from Athabaska Gold Resources Ltd. The agreement with Century, which funded the

purchase, gave Century 70% of the project 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. In 2009, Module carried out a limited surface exploration program on the property.

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 (\$)
2010		
Q2	(319,243)	(0.00)
Q1	(428,676)	(0.01)
2009		
Q4 ⁽¹⁾	48,650	0.01
Q3	(391,303)	(0.01)
Q2	(479,540)	(0.01)
Q1	(334,616)	(0.01)
2008		
Q4	438,254	-
Q3	(580,420)	(0.01)

(1) During the fourth quarter of 2009 the Company reached an agreement with Century to reduce service fees to Tamerlane from \$110,000 per month to \$55,000 per month retroactive to January 1, 2009. This resulted in a recovery against general and administrative expenses to Tamerlane in the fourth quarter of \$495,000.

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:

	6 months ended June 30, 2010 (\$)	6 months ended June 30, 2009 (\$)
Net loss	(747,919)	(814,156)
Unrealized foreign exchange (gain) loss	(14,878)	(44,544)
Adjusted net loss	(733,041)	(769,612)
Adjusted net loss per share	(0.01)	(0.01)
Weighted average number of shares	64,839,359	55,235,793

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. This will happen when the project is financed and built under terms accretive to the shareholders. Work has continued on the Pine Point project throughout Q2 2010.

Second Quarter ended June 30, 2010 compared to same period 2009

In the second quarter ended June 30, 2010 there was a net loss of \$319,243 or \$(0.00) per share compared to a net loss of \$479,540 or \$0.01 per share in the same period in the prior year.

In the second quarter ended June 30, 2010 there was interest income of \$Nil on cash and cash equivalents deposits, compared to \$17,687 in the same period in the prior year.

In the period ended June 30, 2010 total expenses were \$319,243 compared to \$497,227 in the same period in the prior year.

The decrease in expenses of \$177,984 between the two comparable periods mainly reflects General and Administrative expenses.

The principal expenses in the second quarter ended June 30, 2010 compared to the same period of 2009 are as follows:

For the periods ended June 30,	Q2 2010	Q2 2009	Six Months 2010	Six Months 2009
	\$	\$	\$	\$
EXPENSES				
Amortization	10,239	16,148	25,167	33,651
Foreign exchange (gain) loss	(14,511)	(11,569)	(14,878)	(44,544)
General and administrative	238,310	420,130	581,184	786,780
Stock-based compensation	85,205	72,518	156,446	76,235
Total expenses	\$ 319,243	\$ 497,227	\$ 747,919	\$ 852,122

Six month period ended June 30, 2010 compared to same period 2009.

In the year to date period ended June 30, 2010 there was a net loss of \$747,919 or \$0.01 per share, compared to a net loss of \$814,156, or \$0.01 per share, in the first half of 2010.

In the year to date period ended June 30, 2010 there was interest income of \$Nil on cash and cash equivalents deposits and loans to Century Mining Corporation, compared to \$37,966 in the same period in the prior year.

In the year to date period ended June 30, 2010 total expenditures were \$747,919 compared to \$852,122 in the same period in the prior year. The decrease in expenditures of \$104,203 between the two comparable periods mainly reflects a decrease in general and administrative expenses of \$367,737 and an increase in professional fees of \$153,709 and an increase of \$80,211 in stock-based compensation.

Liquidity and Capital Resources

At June 30, 2010 the Company had working capital of \$416,712 compared to \$1,306,399 at December 31, 2009, a decrease of \$889,687 that resulted primarily from general and administrative expenditures, professional fees and exploration and development expenditures on the Pine Point Project.

Current assets at June 30, 2010 were \$989,756 compared to \$2,023,980 at December 31, 2009. The decrease of \$1,034,224 mainly reflected a decrease in cash relating to expenditures made on the Pine Point Project. Marketable securities held by the Company were valued at \$135,000 at June 30, 2010 compared to \$118,500 at December 31, 2009, the increase reflecting the rise in prices of equities during the second quarter (see note 5 in the quarterly financial statements). Cash and cash equivalents decreased by \$796,250 in the second quarter to \$767,956 at June 30, 2010.

Current liabilities, comprising accounts payable and accrued liabilities were \$362,646 at June 30, 2010, compared to \$580,270 at December 31, 2009, a decrease of \$217,624.

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 June 30, 2010.

The Company had no long-term debt as at June 30, 2010, or as at December 31, 2009.

Cash flows from operating activities

In the second quarter of 2010, cash flows used in operating activities after changes in non-cash working capital were \$125,767 compared to \$266,943 used in the same period a year earlier. In the second quarter of 2010, changes in non-cash working capital provided \$98,030 in operating activities compared to the same period in 2009, when changes in non-cash working capital provided \$123,931 from operating activities.

Cash flows from investing activities

In the second quarter of 2010, cash flows used in investing activities were \$95,692 compared to \$217,353 in the same period of 2009. The principal outlay of cash in both periods was for the acquisition of, and expenditures on, mineral properties: \$95,692 in the second quarter of 2010, a decrease of \$19,854 from \$115,546 in the second quarter a year earlier when there was a higher level of activity on the Pine Point Project.

Cash flows from financing activities

In the second quarter 2010, cash flows provided by financing activities were \$153,000, compared to \$Nil in the second quarter of 2009.

Change in aggregate cash position

In aggregate, cash flows from operating, financing and investing activities in the second quarter of 2010 resulted in a decrease in cash and cash equivalents of \$68,460 compared to a decrease of \$49,590 in the second quarter of 2009. After the decrease is subtracted from cash and cash equivalents of \$836,416 at the beginning of the second quarter of 2010 (\$92,631 at the beginning of the 2009 period), cash and cash equivalents at June 30, 2010 was \$767,956 (\$43,041 at June 30, 2009).

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 June 30, 2010, the Company has working capital of \$416,712. 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. Because of the robust base metal prices, management is of the opinion that sufficient working capital will be obtained from external financing 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 August 27, 2010 the Company had 65,187,073 common shares issued and outstanding. In addition, there are 9,898,124 shares reserved for issuance for the exercise of warrants, and 4,772,500 shares reserved for issuance for the exercise of stock options. Assuming exercise of all outstanding stock options and warrants, which would result in approximately \$5.1 million being added to the Company's treasury, there would be 79,857,697 shares on a fully diluted basis.

Commitments and Contingencies

There were no significant changes to the Company's commitments and contingencies since December 31, 2009.

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 June 30, 2010 describes all of the Company's significant accounting policies.

Related Party Transactions

In 2007, 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. On April 16, 2010 the Company signed an amendment to the service agreement with Century Mining Corporation which amended the monthly charge relating to certain administrative and business support services effective January 1, 2009. During the period ended June 30, the Company paid or accrued \$330,000 (June 2009 - \$330,000) for administrative, accounting, legal, investor relations, secretarial, office support staff, and rent. The Company also paid or accrued \$107,554 (June 2009 - \$170,536) to Century for engineering and geological services, which are included in mineral interests.

The Company owed \$90,961 to Century and this amount has been included in related party amounts payable as at June 30, 2010. As at December 31, 2009 the Company was owed \$362,045 by Century and this amount was included in related party amounts payable. As at June 30, 2010, a total of \$13,708 (December 2009 - \$Nil) was due to Karst and \$Nil (December 2009 - \$Nil) was due from Karst, a company owned by two directors of the Company. As at June 30, 2010, a total of \$105,730 (December 2009 - \$106,098) was owed to Module, a company with a common director up to June 25, 2010.

Included in professional fees are legal fees of \$25,589 (June 2009 - \$16,492) paid to a law firm in which the Company's corporate Secretary, a director of the Company, is a partner. At June 30, 2010, \$25,388 (June 2009 - \$43,446) was owing to the law firm and included in related party amounts payable and accrued.

In 2008, the Company advanced \$790,000 to Century. The advance accumulated interest at 9% per annum, was secured by certain mining equipment and repayable in

monthly installments. This amount plus accrued interest of \$124,276 was offset, effective December 31 2009, against amounts owing to Century.

Related party amounts outstanding as at June 30, include:

	2010	2009
Balance Sheet		
Related party amounts receivable	\$ -	\$ 313,613
Notes receivable from related party	-	-
Related party amounts payable and accrued	210,399	137,311

Subsequent Events

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

- (a) On August 9, 2010 the Company granted 1,100,000 options to the Executive Chairman and an employee of Tamerlane. The 1,000,000 options granted to the Executive Chairman will vest upon the successful completion of raising the required capital to put the Pine Point project into production. The options have an exercise price of \$0.18 per share and an expiry period of five years from the date of issue.

New accounting policies

Effective January 1, 2009, the Company adopted new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA). The new standards and accounting policy changes are as follows:

- a) HB 3064 Goodwill and Intangible Assets:

Issued by the CICA in February 2008, this section replaces Section 3062 *Goodwill & Other Intangible Assets*. Section 3064 is effective for annual or interim periods beginning on or after January 1, 2009. 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. The adoption of this standard did not have any effect on the Company's financial statements.

- b) Credit Risk:

On January 20, 2009, the CICA issued EIC-173, Credit Risk and the Fair value of Financial Assets and Financial Liabilities, which requires the Company to consider its own credit risk as well as the credit risk of its counterparty when

determining the fair value of financial assets and liabilities, including derivative instruments. The standard is effective for the first quarter of 2009 and is required to be applied retrospectively without restatement of prior periods. The adoption of this standard did not have an impact on the valuation of financial assets or liabilities.

c) Mining Exploration Costs:

On March 27, 2009, the CICA issued EIC-174, Mining Exploration Costs. EIC-174 provides guidance on the accounting and impairment review of exploration costs. This EIC abstract applies to financial statements issued after March 27, 2009. The adoption of EIC-174 did not have an effect on the Company's financial statements.

d) Financial Instruments – Disclosure and Presentation:

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.

e) International Financial Reporting Standards ("IFRS"):

The Company is completing an assessment of how each of the IFRS standards will impact the financial statements as well as evaluating the IFRS 1 ("First-time Adoption of IFRS") exemptions the Company shall apply. The implementation and transition phase to IFRS are planned for 2010 in order to meet the January 1, 2011 adoption date. Training of Company personnel has begun and will continue throughout 2010 along with discussions with the Company's auditors. It is expected that the transition to IFRS will significantly increase the disclosure in the financial statement notes and the Company is continuing to assess the level of disclosure required.

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 and the Peru share ownership should be considered.

Trends

The Company's financial success is dependent upon the financing and development of the Pine Point property which is economically viable to develop. Such financing and development could take a significant amount of time to complete. This financing and subsequent development will result in income and cash flow for the Company. The sales value of any mineralization developed by the Company is largely dependent upon factors beyond the Company's control, such as the market value of the products produced and general credit conditions.

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. Furthermore, the Company may be unable to find suitable concentrate markets for its products on terms it finds acceptable. The Company competes with many other base metal 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 development and financing stage. Exploration on the Los Pinos property in Peru is planned only when funds are available and Pine Point is fully financed. Development of the Company's properties will only proceed upon obtaining a major financing package. 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 metals and concentrates 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 smelting 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 cost of production, the Company may determine that it is impractical to commence or continue commercial production.

The Company has completed a feasibility study on the Pine Point zinc-lead project which indicated, an estimated capital cost of US\$138 million, for construction and working capital, to bring the project into production. This feasibility study is currently being updated to reflect 2010 economic conditions.

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.

The Company has commenced proceedings to protect the title to the Los Pinos property in Peru.

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 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 shortly thereafter 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 and continue development when funds are available. Results of the program will provide input for an NI 43-101 compliant technical report and the basis for a current feasibility study. Furthermore, the Company is currently looking at joint venture opportunities for the project. 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, 2009, 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. The shares and the share registry have not been transferred to Tamerlane Ventures Inc (Canada) 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. Proceedings are underway to protect the title to the property, 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 will 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 (\$2,400,000) 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. In December 2009, the Company received gross proceeds of \$1,265,000 in a private placement of units and gross proceeds of \$500,000 in a unit flow-through private placement for total gross proceeds of \$1,765,000. In April 2010, the Company received gross proceeds of \$162,766 in a private placement of flow-through units. The Company is required to expend flow-through share financing proceeds on eligible mineral exploration expenditures.

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, opening and closing of smelters worldwide, 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.

From 2003 until a dramatic decline in 2008, 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 pound in October 2003 to a peak of over US\$2.00 per pound in early 2007. Zinc prices subsequently fell to US\$0.50 per pound at the end of 2008, and have been volatile since reaching a price of US\$1.20 per pound in January of 2010, declining to US\$0.85 per pound in February, increasing to US\$1.11 per pound in April, and declining to US\$0.72 in May of 2010. As of August 13, 2010, the current price is US\$0.92.

Similarly, in the case of lead, prices increased from US\$0.25 per pound in October 2003 to a peak of over US\$1.75 per pound in late 2007, then fell to US\$0.39 per pound in December 2008, but recovered to US\$1.20 per pound in January of 2010. From January to July, lead prices have mirrored zinc prices with the current August 13, 2010 price being US\$0.93.

Falling zinc and lead prices in 2008 affected the economic viability of several operations where marginal cost producers were forced to shut down. The economics of many new projects have also been impacted where the rates of return at recent prices are significantly lower than when prices peaked in 2007 and cannot justify a production decision.

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 June 30, 2010, the Company's deficit was \$6,993,010.

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 has 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. Until financing has been obtained 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 global financial crisis 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. Pursuant to rising zinc and lead prices and easing of the global credit crisis, the share price subsequently recovered to \$0.45 in January of this year, and is currently approximately \$0.19 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 fluctuations may be due to factors outside of the Company's control.

Shares Reserved for Future Issuance: Dilution

As at August 13, 2010, there were 9,898,124 warrants and 4,772,500 stock options reserved for issuance pursuant to which 14,670,624 shares may be issued in the future, which would result in further dilution to the Company's shareholders and pose a dilutive risk to potential investors.

Outlook

The Pine Point Project is one of the most exciting undeveloped lead-zinc projects ready to be financed. The Company has recently drilled off the N-204 project which has the potential to be a large open pit low-grade zinc mine on the property, in addition to the existing underground deposits. An initial response estimation and updated feasibility study on the current reserves should be completed by fourth quarter 2010.

As a subsequent event, Ms. Margaret Kent has joined the Company as the Executive Chair and will be working a substantial portion of her time to procure a project financing package accretive to the shareholders. She brings a tremendous amount of project finance experience and a creative ability to package projects for financing.

Debt markets for mining projects have re-opened for selected projects that meet very high credit criteria. Management will be submitting the project to a number of banking

institutions to determine what level of debt under existing tighter banking conditions the project will support. The Company's depressed share price has made it difficult to raise the necessary equity to aggressively pursue further drilling or development of this property. Given the robust base metal prices, management believes that it is only a matter of time before the market recognizes Tamerlane and the equity markets reopen for the Company.

Because Ms. Kent has joined the Company full-time, the Company has terminated its agreement with an outside advisor to explore all possible alternatives for Tamerlane and the financing of the Pine Point Project. The focus continues to be finding financing to put the Pine Point project into production whether the financing is obtained through a joint venture, merger or a project financing package.

The Company is in receipt of the required land use permit and water license for construction and operation of the Pine Point Project as these permits remain current. 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 a current 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\$3.09 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 exploring other alternatives for advancing the Los Pinos project that do not dilute the shareholders at these price levels.

TAMERLANE VENTURES INC.

Interim Consolidated Financial Statements
For the six months ended
June 30, 2010
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 six months ended June 30, 2010

TAMERLANE VENTURES INC.

Consolidated Balance Sheets

(Expressed in Canadian dollars)

	June 30, 2010 (Unaudited)	December 31, 2009 (Audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 767,956	\$ 1,564,206
Marketable securities (note 5)	135,000	118,500
Amounts receivable	51,612	13,472
Related party amounts receivable (note 12)	-	313,613
Prepaid expenses and deposits	35,188	14,189
	<u>989,756</u>	<u>2,023,980</u>
Property and equipment (note 6)	11,840	37,007
Property reclamation bond (note 7(a))	60,000	60,000
Mineral interests (note 7)	14,812,221	14,319,341
	<u>\$ 15,873,817</u>	<u>\$ 16,440,328</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 362,646	\$ 580,270
Related party amounts payable and accrued (note 12)	210,399	137,311
	<u>573,044</u>	<u>717,581</u>
Future income taxes (note 13)	81,089	81,089
Shareholders' equity:		
Share capital (note 8)	18,542,667	18,424,345
Contributed surplus (note 11)	3,670,027	3,478,904
Accumulated other comprehensive loss (note 5)	-	(16,500)
Deficit	<u>(6,993,010)</u>	<u>(6,245,091)</u>
	<u>15,219,684</u>	<u>15,641,658</u>
	<u>\$ 15,873,817</u>	<u>\$ 16,440,328</u>

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

"J. Cowan McKinney"
(Signed)

Director

"Margaret Kent"
(Signed)

Director

TAMERLANE VENTURES INC.

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

Six months ended June 30, 2010 and 2009 (unaudited)

	Three months		Six months	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Expenses				
Amortization	\$ 10,239	\$ 16,148	\$ 25,167	\$ 33,651
Foreign exchange loss (gain)	(14,511)	(11,569)	(14,878)	(44,544)
General and administrative	238,310	420,130	581,184	786,780
Stock-based compensation	85,205	72,518	156,446	76,235
	<u>319,243</u>	<u>497,227</u>	<u>747,919</u>	<u>852,122</u>
Other income				
Interest income	-	17,687	-	37,966
	<u>-</u>	<u>17,687</u>	<u>-</u>	<u>37,966</u>
Loss before income taxes	(319,243)	(479,540)	(747,919)	(814,156)
Deficit, beginning of period	(6,673,767)	(5,422,899)	(6,245,091)	(5,088,283)
Deficit, end of the period	<u>\$ (6,993,010)</u>	<u>\$ (5,902,439)</u>	<u>\$ 6,993,010)</u>	<u>\$ (5,902,439)</u>
Net loss per share – basic and diluted	\$ (0.00)	\$ (0.01)	(0.01)	\$ (0.01)
Weighted average number of shares outstanding	65,032,058	55,235,793	64,839,359	55,235,793
Net loss for the period	\$ (319,243)	\$ (479,540)	\$ (741,919)	\$ (814,156)
Other comprehensive loss:				
Unrealized gain (loss) on available-for-sale:				
Marketable securities	12,000	6,000	16,500	39,000
Comprehensive loss for period	<u>\$ (307,243)</u>	<u>\$ (473,540)</u>	<u>\$ (725,419)</u>	<u>\$ (775,156)</u>

See accompanying notes to consolidated financial statements.

TAMERLANE VENTURES INC.

Consolidated Statements of Shareholders' Equity

(Expressed in Canadian dollars)

As at June 30, 2010 (unaudited)

	Number of common shares	Share capital	Contributed surplus	Other comprehensive income	Deficit	Total
Balance, December 31, 2008	55,235,793	\$ 17,839,326	\$ 2,658,175	\$ (126,000)	\$ (5,088,283)	\$ 15,283,218
Net loss for the year	-	-	-	-	(1,156,808)	(1,156,808)
Subscription proceeds	-	13,739	-	-	-	13,739
Issued pursuant to private placements	7,027,777	1,265,000	-	-	-	1,265,000
Issue pursuant to flow-through private placements	2,380,950	500,000	-	-	-	500,000
Tax Impact for renounced flow-through shares	-	(345,675)	-	-	-	(345,675)
Unrealized gain on available-for-sale investments	-	-	-	109,500	-	109,500
Fair value attributed to share purchase warrants included in private placements	-	(623,628)	623,628	-	-	-
Fair value of private placement broker warrants/units	-	-	167,272	-	-	167,272
Share issue costs – cash and broker's warrants/units fair value	-	(224,417)	(124,443)	-	-	(348,860)
Stock-based compensation	-	-	154,272	-	-	154,272
Balance, December 31, 2009	64,644,520	18,424,345	3,478,904	(16,500)	(6,245,091)	15,641,658
Net loss for the period	-	-	-	-	(747,919)	(747,919)
Issue pursuant to flow-through private placements	542,553	162,766	-	-	-	162,766
Fair value attributed to share purchase warrants included in private placements	-	(35,024)	35,024	-	-	-
Share issue costs – cash and broker's warrants/units fair value	-	(9,420)	(347)	-	-	(9,767)
Unrealized loss on available for-sale investments	-	-	-	16,500	-	16,500
Stock-based compensation	-	-	156,446	-	-	156,446
Balance, June 30, 2010	65,187,073	\$ 18,542,667	\$ 3,670,027	\$ 0.00	\$ (6,993,010)	\$ 15,219,684

See accompanying notes to consolidated financial statements.

TAMERLANE VENTURES INC.

Consolidated Statements of Cash Flows (Unaudited)

(Expressed in Canadian dollars)

	Three Months		Six months	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
	\$	\$	\$	\$
Cash provided by (used in)				
Operations:				
Net loss for the period	(319,243)	(479,540)	(747,919)	(814,156)
Items not involving cash:				
Amortization	10,239	16,148	25,167	33,651
Stock-based compensation	85,205	72,518	156,446	76,235
	(223,799)	(390,874)	(566,306)	(704,270)
Changes in non-cash working capital:				
Accounts receivable, including related party	52,626	53,552	275,473	722,969
Prepaid expenses	11,261	7,573	(20,999)	10,008
Accounts payable and accrued liabilities, including related party	34,145	62,806	(144,537)	(170,572)
	(125,767)	(266,943)	(456,369)	(141,865)
Investments:				
Expenditures on mineral interests	(95,692)	(115,546)	(492,880)	(212,618)
Notes receivable from related party	-	332,899	-	315,368
	(95,692)	217,353	(492,880)	102,750
Financing:				
Proceeds from shares issued	162,766	-	162,766	-
Share issue costs	(9,766)	-	(9,766)	-
	153,000	-	153,000	-
Increase (decrease) in cash and cash equivalents	(68,460)	(49,590)	(796,250)	(39,115)
Cash and cash equivalents, beginning of period	836,416	92,631	1,564,206	82,156
Cash and cash equivalents, end of period	767,956	43,041	767,956	43,041
Supplementary information:				
Interest paid	(715)	(759)	751	157

See accompanying notes to consolidated financial statements

TAMERLANE VENTURES INC.

Notes to Consolidated Financial Statements (Unaudited)

(Expressed in Canadian dollars)

As at June 30, 2010 and December 31, 2009

1. Nature of operations and going concern:

Tamerlane Ventures Inc. was incorporated in British Columbia on May 16, 2000. The Company has been continued as a federal corporation on July 26, 2010. The Company's shares trade on Tier 2 of the TSX Venture Exchange under the symbol TAM.

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 and commitments in the normal course of business. As at June 30, 2010, the Company has working capital of \$416,712. 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 receivables 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, 2009, the Company adopted five new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA). The new standards and accounting policy changes are as follows:

(a) HB 3064 Goodwill and Intangible Assets:

In February 2008, the CICA issued new CICA Section 3064, replacing Section 3062 *Goodwill & Other Intangible Assets*. Section 3064 is effective for annual or interim periods beginning on or after January 1, 2009. 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. The adoption of this standard did not have any effect on the Company's financial statements.

TAMERLANE VENTURES INC.

Notes to Consolidated Financial Statements (Unaudited)

(Expressed in Canadian dollars)

As at June 30, 2010 and December 31, 2009

2. Adoption of new accounting standards (continued):

(b) Credit risk:

On January 20, 2009, the CICA issued EIC-173, Credit Risk and the Fair value of Financial Assets and Financial Liabilities, which requires the Company to consider its own credit risk as well as the credit risk of its counterparty when determining the fair value of financial assets and liabilities, including derivative instruments. The standard was effective for the first quarter of 2009 and is required to be applied retrospectively without restatement of prior periods. The adoption of this standard did not have an impact on the valuation of financial assets or liabilities.

(c) Mining exploration costs:

In March 2009, the CICA issued EIC-174, Mining Exploration Costs. EIC-174 provides guidance on the accounting for, and impairment review of, exploration costs. This EIC abstract applies to financial statements issued after March 27, 2009. The adoption of EIC-174 did not have any effect on the Company's financial statements.

(d) Financial instruments – Disclosures and Presentation:

Effective January 1, 2009, the Company adopted the enhanced disclosure requirements of amended Section 3862, Financial Instruments – Disclosures. Refer to Note 3(h) and Note 5 for fair value measurement disclosures using a fair value measurement hierarchy that reflects the significance of the inputs in making the measurements.

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. All intercompany transactions and balances have been eliminated.

(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.

TAMERLANE VENTURES INC.

Notes to Consolidated Financial Statements (Unaudited)

(Expressed in Canadian dollars)

As at June 30, 2010 and December 31, 2009

3. Significant accounting policies (continued):

(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.

(e) Property and equipment:

Property and equipment is stated at cost and is being amortized on a straight line basis over its 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.

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.

TAMERLANE VENTURES INC.

Notes to Consolidated Financial Statements (Unaudited)

(Expressed in Canadian dollars)

As at June 30, 2010 and December 31, 2009

3. Significant accounting policies (continued):

(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 those at fair value, with the unrealized gain or loss recorded in income. The Company has classified amounts receivable as loans and receivables and accounted payable and accrued liabilities as other liabilities.

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 and for other than temporary declines in value. The Company's available-for-sale investments would be classified as Level 1 in the fair value hierarchy.

(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), and 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.

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3. Significant accounting policies (continued):

(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 June 30, 2010 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. The Company will recognize an income tax recovery for any reduction in its valuation allowance related to loss carryforwards, if any, as a result of recognizing this future income tax liability.

(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-dilutive 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. Of particular note, general and administrative includes professional fees, transfer agent and regulatory fees as well as travel and promotion which were presented as separate income statement line items in the audited annual financial statements.

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4. Future accounting pronouncements:

- (a) Handbook Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-Controlling Interests*:

In January 2009, the CICA issued Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-Controlling Interests* to replace Section 1581 and Section 1600. These sections shall be applied prospectively to business combinations on or after the beginning of the first annual reporting period beginning after January 1, 2011 with earlier application permitted. The Company does not plan to early adopt these standards. The impact of implementation of these standards will not have a material impact on the Company's consolidated financial statements until it completes a business combination after January 1, 2011.

- (b) Adoption of International Financial Reporting Standards (IFRS):

The Canadian Accounting Standards Board (AcSB) has announced that Canadian publicly accountable enterprise will adopt IFRS effective January 1, 2011 and this change will significantly affect financial reporting requirements for Canadian companies. 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. The Company is completing an assessment of how each of the IFRS standards will impact the financial statements as well as evaluating the IFRS 1 ("First-time Adoption of IFRS") exemptions the Company shall apply. The implementation and transition phase to IFRS are planned for 2010 in order to meet the January 1, 2011 adoption date. Training of Company personnel has begun and will continue throughout 2010 along with discussions with the Company's auditors. It is expected that the transition to IFRS will significantly increase the disclosure in the financial statement notes and the Company is continuing to assess the level of disclosure required. 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.

5. Marketable securities:

	Number of common shares	Fair value	Cost	Accumulated unrealized gains (losses)
June 30, 2010				
Century Mining Corporation (note 12)	300,000	\$ 135,000	\$ 135,000	\$ -
December 31, 2009				
Century Mining Corporation (note 12)	300,000	\$ 118,500	\$ 135,000	\$ (16,500)

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6. Furniture and equipment:

June 30, 2010	Cost	Accumulated amortization	Net book value
Furniture and equipment	\$ 94,317	\$ 90,747	\$ 3,570
Mining software	84,822	76,553	8,270
Other software	33,019	33,019	-
	\$ 212,158	\$ 200,318	\$ 11,840

December 31, 2009	Cost	Accumulated amortization	Net book value
Furniture and equipment	\$ 94,317	\$ 79,717	\$ 14,600
Mining software	84,822	62,415	22,407
Other software	33,019	33,019	-
	\$ 212,158	\$ 175,151	\$ 37,007

7. Mineral interests:

	Pine Point property	Carolin Mine property	Los Pinos property	Total
Balance, December 31, 2008	\$ 12,544,917	\$ 116,686	\$ 1,383,861	\$ 14,045,464
Expenditures during the year:				
Acquisition and option costs payments and property maintenance	16,017	-	-	16,017
Engineering and geological services	231,957	-	-	231,957
Drilling	1,000	-	-	1,000
Travel	7,525	-	-	7,525
Mine site administration	17,378	-	-	17,378
Balance, December 31, 2009	12,818,794	116,686	1,383,861	14,319,341
Expenditures during the year:				
Engineering and geological Services including stock- based compensation	118,046	-	-	118,046
Drilling	297,415	-	-	297,415
Travel	7,562	-	-	7,562
Mine site administration	69,857	-	-	69,857
Balance, June 30, 2010	\$ 13,311,674	\$ 116,686	\$ 1,383,861	\$ 14,812,221

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7. Mineral interests (continued):

(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 directors, 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, a company owned by two directors of the Company retains a royalty of 3% of net smelter returns.

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

(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 Candente 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, 2009, 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 ex-General Manager of Tamerlane Peru. Management understands that the shares of Tamerlane Peru are listed in the share registry as owned by the ex-General Manager. The shares and the share registry have not been transferred to Tamerlane Venture Inc. (Canada) pending resolution of various liquidation and termination issues surrounding this ex-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 or resolved in late-2010 and Century has indemnified the Company for any liquidation and termination obligations arising from any claims of the former Century employee.

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7. Mineral interests (continued):

(c) Carolin Mine property (continued):

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 issued 300,000 common shares to the Company valued at \$135,000 pursuant to this agreement. As at June 30, 2010, the Company holds a 30% interest and Century holds a 70% interest in the Carolin property. 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.

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

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8. Share capital:

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

	Number of shares		Amount
Balance, December 31, 2008	55,235,793	\$	17,839,326
Subscription proceeds received for shares issued in prior year	-		13,739
Issued pursuant to flow-through private placements	2,380,950		500,000
Issued pursuant to private placements	7,027,777		1,265,000
Fair value attributed to share purchase warrants included in flow-through placement	-		(623,628)
Share issuance costs	-		(224,417)
Future tax impact on renounced flow-through shares	-		(345,675)
Balance, December 31, 2009	64,644,520	\$	18,424,345
Fair value attributed to share purchase warrants included in flow-through placement	-		(35,024)
Share issuance costs	-		(9,420)
Issued pursuant to flow-through private placements	542,553		162,766
Balance, June 30, 2010	65,187,073	\$	18,542,667

- (b) Private placements:

On December 17, 2009, the Company completed a private placement totaling 5,638,888 units at \$0.18 per unit for gross proceeds of \$1,015,000. Each unit consisted of one common share and one half of a \$0.25 share purchase warrant and one half of a \$0.32 share purchase warrant with each whole warrant entitling the holder to acquire one common share for the eighteen-month period ending June 17, 2011. Proceeds of \$402,633 have been allocated to warrants on a relative fair value basis and recorded in contributed surplus. Cash finder's fees totaled \$106,949 were paid and \$42,425 was allocated to the warrants valuation, with the balance recorded as common share issue costs. A total of 417,778 broker compensation units with an estimated fair value of \$100,319, with the same terms as the above units were granted and \$39,795 was allocated to the warrants valuation with the balance recorded as common share issue costs.

On December 22, 2009, the Company completed a private placement totaling 1,388,889 units at \$0.18 per unit for gross proceeds of \$250,000. Each unit consisted of one common share and one half of a \$0.25 share purchase warrant and one half of a \$0.32 share purchase warrant with each whole warrant entitling the holder to acquire one common share for the eighteen-month period ending June 21, 2011. Proceeds of \$99,171 have been allocated to warrants on a relative fair value basis and recorded in contributed surplus. Cash finder's fees of \$26,342 were paid and \$10,449 was allocated to the warrants valuation with the balance recorded as common share issue costs. A total of 111,111 broker compensation units with an estimated fair value of \$24,709, and the same terms and \$9,802 was allocated to the warrants valuation, with the balance recorded as common share issue costs.

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8. Share capital (continued):

(b) Private placements (continued):

On December 31, 2009 the Company completed a private placement totaling 2,380,950 flow-through units at \$0.21 per unit for gross proceeds of \$500,000. Each unit consisted of one flow-through common share and one half share purchase warrant with each whole warrant entitling the holder to acquire one non-flow-through common share at \$0.40 for the eighteen-month period ending June 30, 2011. Proceeds of \$121,824 have been allocated to warrants on a relative fair value basis and recorded in contributed surplus. Cash finder's fees of \$48,412 were paid and \$11,796 was allocated to the warrants valuation, with the balance recorded as common share issuance costs. A total of 190,476 broker compensation warrants with an estimated fair value of \$42,243, exercisable at \$0.21, and expiring June 30, 2011 were granted and \$10,293 was allocated to the warrants valuation with the balance recorded as share issue costs.

The Company renounced \$1,595,000 in flow-through shares expenditures in 2009 representing 100% of flow-through proceeds received in 2008 resulting in share issue costs and future income tax recovery of \$422,675.

The Company received \$13,739 in cash proceeds in 2009 relating to 196,285 common shares subscribed for and issued in 2008.

(c) On April 27, 2010 the Company Completed a flow-through brokered private placement for 542,553 flow-through Units at a purchase price of \$0.30 per flow-through Unit for gross proceeds of \$162,766. Each flow-through Unit consists of one common share and one-half of one common share purchase warrant with a term of 18 months from the date of closing. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of \$0.45 per share. The Company paid a cash finder's fee of \$9,766 and issued 43,403 finder's fee units as part of this share issuance. A finder's fee unit consists of one common share purchase warrant exercisable at \$0.30 plus one-half of one common share purchase warrant exercisable at \$0.45 for each full warrant.

(d) 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.

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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, 2008	4,605,853	\$ 1.16
Issued with flow-through private placements	1,190,475	0.40
Issued with non flow-through private placement (Class A)	3,513,888	0.25
Issued with non flow-through private placement (Class B)	3,513,888	0.32
Issued as finder's fees - non flow-through ¹ units	1,057,777	0.23
Issued as finder's fees - non flow-through ² units	285,714	0.27
Expired	(2,748,075)	1.26
Balance, December 31, 2009	11,419,520	0.35
Expired	(1,857,778)	0.63
Issued with flow-through private placements	271,276	0.45
Issued as finder's fees - flow-through ³ units	65,106	0.35
Balance, June 30, 2010	9,898,124	\$ 0.30

1. Finder's fee compensation units consist of: one common share warrant in the Company exercisable at \$0.18 per share for a period of 18 months from the date of issue, ½ of one common share warrant exercisable for 18 months from the date of issue for an exercise price of \$0.25 per whole warrant, and one-half of one common share warrant exercisable for 18 months from the date of issue for an exercise price of \$0.32 per whole warrant. None of these units were exercised as at June 30, 2010.
2. Finder's fee compensation units consist of: one common share warrant in the Company exercisable at \$0.21 per share for a period of 18 months from the date of issue, and ½ of one common share warrant exercisable for 18 months from the date of issue for an exercise price of \$0.40 per whole warrant. None of these units were exercised as at June 30, 2010.
3. Finder's fee compensation units consist of one common share warrant in the Company exercisable at \$0.30 per share for a period of 18 months from the date of issue, and ½ of one common share warrant exercisable for 18 months from the date of issue for an exercise price of \$0.45 per whole warrant. None of these units were exercised as at June 30, 2010.

As at June 30, 2010 the following share purchase warrants were outstanding:

Number of warrants	Weighted Average Exercise price	Expiry date
1,476,189	0.38	June 30, 2011
6,474,444	0.28	June 17, 2011
1,611,109	0.28	June 21, 2011
336,382	0.43	October 27, 2011
9,898,124	\$ 0.30	

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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 June 30, 2010, this plan provided for the grant of stock options to purchase a maximum of 6,518,707 common shares of which 3,672,500 have been granted and 2,846,207 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, 2008	3,467,500	\$ 0.88
Granted	850,000	0.17
Cancelled/forfeited	(910,000)	0.87
Balance, December 31, 2009	3,407,500	0.71
Granted	1,250,000	0.12
Cancelled/forfeited	(985,000)	0.63
Balance, June 30, 2010	3,672,500	\$ 0.53

Additional information regarding stock options outstanding as of June 30, 2010 is as follows:

Exercise price	Outstanding and exercisable		
	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price
2.45	155,000	2.05	\$ 2.45
1.82	50,000	2.14	1.82
1.52	300,000	2.01	1.52
1.35	20,000	1.80	1.35
0.74	300,000	2.42	0.74
0.70	500,000	2.95	0.70
0.67	20,000	2.97	0.67
0.48	52,500	1.49	0.48
0.45	150,000	1.44	0.45
0.38	25,000	1.30	0.38
0.18	150,000	4.44	0.18
0.17	600,000	3.97	0.17
0.15	100,000	3.82	0.15
0.12	1,250,000	4.99	0.12
Options outstanding	3,672,500	3.63	\$ 0.53
Options exercisable	2,949,166	3.34	\$ 0.62

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10. Stock options (continued):

The weighted average fair values for stock options granted during the quarter was \$0.12 (2009 - \$0.17) and are estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	2010	2009
Expected dividends	\$Nil	\$Nil
Interest rate	2.5%	2.5%
Expected life (in years)	5.00	5.00
Expected volatility	144%	145%

Total computed expense recognized as compensation expense as at June 30, 2010 was \$156,446 (2009 - \$144,369).

11. Contributed surplus:

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

	Amount
Balance, December 31, 2008	\$ 2,658,175
Stock based compensation	154,272
Fair value of private placement broker warrants/units	167,272
Fair value of share purchase warrants	623,628
Share issue costs allocated to warrant valuations	(124,443)
Balance, December 31, 2009	3,478,904
Stock based compensation	156,446
Fair value of private placement broker warrants/units	1,754
Fair value of share purchase warrants	35,024
Share issue costs allocated to warrant valuations	(2,101)
Balance, June 30, 2010	\$ 3,670,027

12. Related party transactions:

In 2007, 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. On April 16, 2010 the Company signed an amendment to the service agreement with Century Mining Corporation which amended the monthly charge relating to certain administrative and business support services effective January 1, 2009. During the period ended June 30, 2010, the Company paid or accrued \$330,000 (June 2009 - \$330,000) for administrative, accounting, legal, investor relations, secretarial, office support staff, and rent. The Company also paid or accrued \$107,554 (June 2009 - \$170,536) to Century for engineering and geological services, which are included in mineral interests.

The Company owed \$90,961 to Century and this amount has been included in related party amounts payable as at June 30, 2010. As at December 31, 2009 the Company was owed \$362,045 by Century and this amount was included in related party amounts payable. As at June 30, 2010, a total of \$13,708 (June 2009 - \$Nil) was due to Karst, a company owned by two directors of the Company.

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12. Related party transactions (continued):

As at June 30, 2010, a total of \$105,730 (December 2009 - \$106,098) was owed to Module, a company with a common director up to June 25, 2010.

Included in professional fees are legal fees of \$25,589 (June 2009 - \$16,492) paid to a law firm in which the Company's corporate Secretary, a director of the Company, is a partner. At June 30, 2010, \$25,388 (June 2009 - \$43,446) was owing to the law firm and included in related party amounts payable and accrued.

In 2008, the Company advanced \$790,000 to Century. The advance accumulated interest at 9% per annum, was secured by certain mining equipment and repayable in monthly installments. This amount plus accrued interest of \$124,276 was offset, effective December 31 2009, against amounts owing to Century.

Related party amounts outstanding include:

	June 30, 2010	December 31, 2009
Balance Sheet		
Related party amounts receivable	\$ -	\$ 313,613
Related party amounts payable and accrued	210,399	137,311

13. Income taxes:

As at June 30, 2010, the Company has non-capital losses carried forward of approximately \$5,733,000 which are available to offset taxable income earned in Canada. These non-capital loss carry forwards expire as follows:

2010	\$	93,000
2014		173,000
2015		220,000
2026		259,000
2027		1,681,000
2028		1,974,000
2029		1,333,000
	\$	5,733,000

The Company has cumulative resource pools available of \$7,846,000 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 2010-2013 amounts to \$426,000.

In assessing the realizability of future tax assets, management considers whether it is more likely than not that some portion or all of the future tax assets will not be realized. The ultimate realization of future tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of future tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of the future tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

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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 insures that there is sufficient capital in order to meet short term business requirements.

The Company's expected source of cash flow in the upcoming year will be through equity financing and collections on outstanding related party notes receivable balances.

(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:

(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.

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14. Financial instruments and risk management (continued):

(b) Credit risk (continued):

(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 June 30, 2010 was:

	June 30, 2010		December 31, 2009	
Cash and cash equivalents	\$	767,956	\$	1,564,206
Amounts receivable		51,612		13,472
Related party receivable		(210,399)		313,613
	\$	609,169	\$	1,891,291

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign market 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 currency 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 Soles. The Company has not hedged its exposure to currency fluctuations.

The following is a breakdown of financial assets and liabilities denominated in foreign currencies as at June 30, 2010 to which the Company is exposed:

	June 30, 2010	
	USD	SOLES
Cash and cash equivalents	26	-
Amounts receivable	-	2,751
Amounts payable and accrued liabilities	(36,383)	-
Related party amounts receivable	522,060	-
Related party amounts payable	(100,000)	(547)
Total	385,703	2,204
CAD foreign exchange rate	1.0484	0.3740
Balance sheet exposure in equivalent CAD	404,371	824

TAMERLANE VENTURES INC.

Notes to Consolidated Financial Statements (Unaudited)

(Expressed in Canadian dollars)

As at June 30, 2010 and December 31, 2009

14. Financial instruments and risk management (continued):

(ii) Sensitivity analysis:

A 10 percent strengthening (weakening) in the Canadian dollar against the above currencies at June 30, 2010 would have increased (decreased) net loss by the amounts shown below. This analysis assumes that all other variables, in particular, interest rates, remain constant:

June 30, 2010	Change
USD	40,437
SOL	82

(iii) Equity price risk:

Equity price risk arises from available-for-sale equity securities. The Company's exposure at June 30, 2010 was \$135,000. The shares are publicly traded, market prices are readily available, and their carrying value is equal to the market value as of June 30, 2010.

(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

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.

TAMERLANE VENTURES INC.

Notes to Consolidated Financial Statements (Unaudited)

(Expressed in Canadian dollars)

As at June 30, 2010 and December 31, 2009

15. Capital management (continued):

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 rental agreement in Hay River, in the Northwest Territories, on October 31, 2009. Under the terms of the agreement, the Company is required to pay \$52,500 for 2010 plus utilities.

17. Subsequent events:

- (a) On August 9, 2010 the Company granted 1,100,000 options to the Executive Chairman and an employee of Tamerlane. The 1,000,000 options granted to the Executive Chairman will vest upon the successful completion of raising the required capital to put the Pine Point project into production. The options have an exercise price of \$0.18 per share and an expiry period of five years from the date of issue.