TARANIS RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

JUNE 30, 2010

TARANIS RESOURCES INC.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

"John J. Gardiner"

President and Chief Executive Officer

TARANIS RESOURCES INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2010	December 31, 2009
ASSETS		
Current		
Cash	$ 674,046	$ 181,699
Receivables	38,319	22,080
Marketable securities (Note 3)	60,000	30,000
	772,365	233,779
Buildings and equipment (Note 4)	47,659	47,659
Mineral properties (Note 5)	4,015,947	3,658,324
	$ 4,835,971	$ 3,939,762
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 113,678	$ 262,268
Due to related parties (Note 6)	10,495	11,156
	124,173	273,424
Future income taxes	342,247	342,247
	466,420	615,671
Shareholders' equity		
Capital stock (Note 7)	5,750,238	4,655,346
Contributed surplus (Note 7)	839,818	687,418
Deficit	(2,220,505)	(2,018,673)
	4,369,551	3,324,091
	$ 4,835,971	$ 3,939,762

Nature and continuance of operations (Note 1)
Basis of Presentation (Note 2)

On behalf of the Board:

"John J. Gardiner" Director "George R. Kent" Director

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

TARANIS RESOURCES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited)

	Three Month Period Ended June 30, 2010	Three Month Period Ended June 30, 2009	Six Month Period Ended June 30, 2010	Six Month Period Ended June 30, 2009
EXPENSES				
Consulting travel and marketing	$ 8,175	$ (20)	$ 23,130	$ 8,360
Courier and postage	108	-	124	504
Interest and bank charges	424	149	424	281
Licenses and fees	9,959	9,308	16,662	10,350
Office and miscellaneous	692	1,721	2,545	3,215
Professional fees	32,170	28,854	41,630	58,481
Property evaluation	1,296	10,246	3,154	13,086
Stock-based compensation	42,600	-	152,400	-
	(95,424)	(50,258)	(240,069)	(94,277)
OTHER ITEMS				
Foreign exchange gain (loss)	10,043	(4,480)	8,237	(8,029)
Unrealized gain on marketable securities	10,000	-	30,000	-
	(20,043)	(4,480)	38,237	(8,029)
Loss, before income taxes	(75,381)	(54,741)	(201,832)	(102,306)
Future income tax recovery	-	-	-	180,000
Income and comprehensive income (loss), for the period	(75,381)	(54,741)	(201,832)	77,694
Deficit, beginning of period	(2,145,124)	(1,747,654)	(2,018,673)	(1,880,089)
Deficit, end of period	$ (2,220,505)	$ (1,802,395)	$ (2,220,505)	$ (1,802,395)
Basic and diluted income (loss) per income per common share:	$ (0.00)	$ (0.00)	$ (0.01)	$ 0.00
Weighted average number of common shares outstanding:	25,799,084	18,707,875	23,509,988	18,517,267

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

TARANIS RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Month Period Ended June 30, 2010	Three Month Period Ended June 30, 2009	Six Month Period Ended June 30, 2010	Six Month Period Ended June 30, 2009
CASH FLOWS FROM OPERATING ACTIVITIES				
Income for the period	$ (75,381)	$ (54,741)	$ (201,832)	$ 77,694
Items not affecting cash:				
Unrealized gain on marketable securities	(10,000)	-	(30,000)	-
Future income tax recoveries		-		(180,000)
Stock-based compensation	42,600		152,400	
Changes in non-cash working capital items:				
(Increase) decrease in receivables	(28,268)	(4,657)	(16,239)	56,360
(Decrease) increase in accounts payable and accrued liabilities	(33,643)	(21,661)	(41,690)	(58,831)
Net cash used in operating activities	(104,692)	(81,059)	(137,361)	(104,777)
CASH FLOWS FROM INVESTING ACTIVITIES				
Mineral property expenditures	(238,067)	(5,197)	(475,723)	(167,500)
Mineral property cost recoveries	-	34,236	-	98,255
Net cash used in investing activities	(238,067)	29,039	(475,723)	(69,245)
CASH FLOWS FROM FINANCING ACTIVITIES				
Due to related parties	(60)	(241)	(661)	839
Subscriptions received in advance	(60,000)			
Capital stock issued	1,000,000	-	1,183,077	100,000
Issuance costs	(75,570)	(1,500)	(76,985)	(9,350)
Net cash provided by financing activities	864,370	(1,741)	1,105,431	91,489
Change in cash during the period	521,611	(53,761)	492,347	(82,533)
Cash, beginning of period	152,435	155,825	181,699	184,597
Cash, end of period	$ 674,046	$ 102,064	$ 674,046	$ 102,064
Cash paid for interest	$ -	$ -	$ -	$ -
Cash paid for income taxes	$ -	$ -	$ -	$ -

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

1. NATURE OF OPERATIONS

The Company is incorporated under the laws of the Province of British Columbia and its principal business activity is the exploration and development of mineral properties.

2. BASIS OF PRESENTATION

The consolidated financial statements contained herein include the accounts of Taranis Resources Inc. (the "Company") and its wholly owned subsidiaries, ENVI Joint Venture, LLC, and Taranis Resources US Inc., each incorporated in the State of Nevada, and Tailtiu Oy, incorporated in Finland. The interim period consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual consolidated financial statements, with the addition of the policies listed below. Certain information and footnote disclosure normally included in financial statements prepared in accordance with Canadian generally accepted accounting principles has been condensed or omitted. These interim period statements should be read together with the audited consolidated financial statements and the accompanying notes included in the Company's latest annual filing. In the opinion of the Company, its unaudited interim consolidated financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

The Company continues to be dependent upon its ability to finance its operations and exploration programs through financing activities that may include issuances of additional debt or equity securities. The recoverability of the carrying value of exploration projects, and ultimately, the Company's ability to continue as a going concern, is dependent upon the existence and economic recovery of reserves, the ability to raise financing to complete the development of the properties, and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis, all of which are uncertain.

While the Company has been successful in obtaining its required financing in the past, there is no assurance that such financing will be available or be available on favourable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Change in accounting policy

The Canadian Institute of Chartered Accountants ("CICA") has issued new standards which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2009. The Company adopted the requirements commencing in the interim period ended March 31, 2009 and is currently considering the impact this will have on the Company's financial statements.

2. BASIS OF PRESENTATION (cont'd…)

Change in accounting policy (cont'd…)

a) Credit risk and fair value of financial assets and financial liabilities

In January 2009, the CICA approved EIC-173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities." This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. The Company has evaluated the new section and determined that adoption of these new requirements has had no impact on the Company's consolidated financial statements.

b) Goodwill and Intangible Assets

Effective January 1, 2009, the Company adopted CICA HB Section 3064, Goodwill and Intangible Assets ("Section 3064"), which replaces HB Section 3062, Goodwill and Other Intangible Assets ("Section 3062") and HB Section 3450, Research and Development Costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. HB Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill are unchanged from the standards included in the previous HB Section 3062. The Company has evaluated the new section and determined that adoption of these new requirements has had no impact on the Company's consolidated financial statements.

c) Mining exploration costs

On March 27, 2009, the CICA approved EIC-174 "Mining Exploration Costs." This guidance clarified that an entity that has initially capitalized exploration costs has an obligation in the current and subsequent accounting years to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The Company has evaluated the new section and determined that adoption of these new requirements has had no impact on the Company's consolidated financial statements.

Amendment to Financial Instruments – Disclosures

CICA Handbook Section 3862, Financial Instruments – Disclosures was amended to require disclosure about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

3. MARKETABLE SECURITIES

	June 30, 2010	December 31, 2009
Excalibur Resources	$ 60,000	$ 30,000

4. BUILDINGS AND EQUIPMENT

	June 30, 2010			December 31, 2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	$ 33,634	$ 1,280	$ 32,354	$ 32,354
Equipment	18,895	3,590	15,305	15,305
	$ 52,529	$ 4,870	$ 47,659	$ 47,659

No depreciation was charged during the period.

5. MINERAL PROPERTIES

	Canada	United States	Finland	Total June 30, 2010	Total December 31, 2009
Acquisition costs:					
Balance, beginning of period	$ 623,420	$ -	$ 129,079	$ 752,499	$ 714,671
Additions	1,959	27,630	25,016	54,505	37,828
Balance, end of period	625,379	27,630	154,095	807,104	752,499
Exploration costs:					
Balance, beginning of period	2,297,236		608,589	2,905,825	2,731,913
Assaying	5,973		73,052	79,025	27,344
Geological fees			43,063	43,063	55,029
Surveying			8,349	8,349	200,126
Drilling			172,581	172,581	5,584
	5,973		297,045	303,018	288,083
Exploration costs recovered					(114,171)
Balance, end of period	2,303,209		905,634	3,208,843	2,905,825
Total costs	$ 2,928,588	$ 27,630	$ 1,059,729	$ 4,015,947	$ 3,658,324

5. MINERAL PROPERTIES (cont'd…)

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

Nevada Properties

WSM Claims

The Company located 181 WSM claims in White Pine County, Nevada.

Finland

Kettukuusikko Property

The Company has six mineral claims located in Finland known as the Kettukuusikko Gold Deposit. Pursuant to an agreement with the Finnish Government, the Company was required to incur staged exploration expenditures of EUR 1,421,860 to October 2008. Any future commercial production from the property covered by this agreement is subject to a 2% NSR.

The Company has incurred substantially all the required exploration expenditures, but due to delays in the permitting process with the Finnish Government, the Company has not yet fulfilled the entire required exploration expenditure requirement. During fiscal 2008 the Company notified the Ministry of Employment and Economy of its inability to complete the requirements owing to delays associated with the issuance/re-issuance of the Kettukuusikko 1 and Kortemännikkö 1 Mining Claims. Management considers these to be the most significant Mining Claims on the Kettukuusikko property and has incurred the majority of the exploration on these claims. Subsequent to notifying the Ministry of Employment and Economy, these two Mining Claims were renewed to the Company to November 2013.

The Company entered into an agreement with Royal Gold, Inc. ("Royal Gold") pursuant to which Royal Gold funded exploration expenditures on the Kettukuusikko Gold Prospect sufficient to earn a 2% NSR on the prospect and copies of the exploration data. Royal Gold had the option to acquire a 51% interest in the prospect in consideration for funding additional exploration expenditures and terminating the 2% NSR on the prospect. Royal Gold could have acquired an additional 24% of the property by funding a feasibility study and arranging financing to bring the property into commercial production. During fiscal 2009, Royal Gold decided to forgo its earn-in rights and hold its 2% NSR.

5. MINERAL PROPERTIES (cont'd…)

Finland (cont'd…)

Other Properties

The Company has two claim groups (Marskinkuusikko 1 – 3 and Naakenavaara 1 – 4) covering approximately 5.8 square kilometers on lands outside of the Kettukuusikko area. Royal Gold holds a 2% NSR on both properties.

Royal Gold also has the option to acquire a 51% interest in any new properties in consideration for incurring 200% of the amounts expended by the Company on exploration activities and terminating the 2% NSR on the property. Royal Gold can acquire an additional 24% of the property by funding a feasibility study and arranging financing to bring the property into commercial production.

British Columbia Properties

Thor Property

During fiscal 2006, the Company acquired a 100% interest in certain mineral rights entitled the Thor Property located in the Revelstoke Mining District of British Columbia, Canada by paying $74,815 and issuing 1,250,000 common shares valued at $525,000.

The Company has subsequently staked additional contiguous mineral claims.

Sullivan South Property

During the fiscal year 2009 the Company acquired, by staking, 13 claims in the Cranbrook Mining District of British Columbia.

6. RELATED PARTY TRANSACTIONS

The Company conducted the following transactions with related parties during the six month period ended June 30, 2010:

a) Paid or accrued deferred exploration costs of $41,034 (June 30, 2009 - $162,330) to a company controlled by a director.

b) Paid or accrued consulting costs of $11,778 (June 30, 2009 - $11,576) to companies controlled by directors.

c) Paid or accrued professional fees of $21,500 (June 30, 1009 - $21,800) to a law firm in which a director is associated.

d) Paid or accrued professional fees of $7,200 (June 30, 2009 - $5,660) to a director.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Amounts due to related parties are non-interest bearing and have no specific terms of repayment.

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Capital stock				
	Number of Shares		Amount		Contributed Surplus
Authorized					
Unlimited common shares without par value					
Unlimited Class A preferred shares with a par value of $1					
Common shares issued					
Balance, December 31, 2008	18,207,875	$	4,707,696	$	687,418
Private placement	2,500,000		350,000		-
Share issue costs	-		(15,850)		-
Tax benefits renounced to flow-through share subscribers	-		(386,500)		-
Balance, December 31, 2009	20,707,875		4,655,346		687,418
Private placement	5,000,000		1,000,000		-
Share issue costs	-		(88,185)		-
Stock-based compensation	-		-		152,400
Shares issued for debt	915,385		183,077		-
Balance, March 31, 2010	26,623,260	$	5,750,238	$	839,818

Private placement

During fiscal 2010, the Company:

a) Settled debts to various creditors of $183,077 (US$171,100) all of whom are related parties by issuance of 915,385 common shares of the Company.

b) Granted 700,000 incentive options to directors and officers of the Company. The options are exercisable at $0.21 per share for a period of 5 years from February 10, 2010.

c) Issued 5,000,000 units at a price of $0.20 per unit for gross proceeds of $1,000,000. Each unit consisted of one common share and one share purchase warrant exercisable at $0.30 until April 15, 2012, subject to potential early expiry. The Company also issued finder’s options entitling the holders to purchase up to 248,000 units at a price of $0.20 until April 15, 2012. Each finder’s unit consists of the same terms of the private placement. The Company also paid finder’s fees of $49,700 on the placement.

During fiscal 2009, the Company:

a) Issued 500,000 units for proceeds of $100,000. Each unit consisted of one common share and one share purchase warrant, with each warrant entitling the holder to acquire one additional common share at $0.25 until March 4, 2011.

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd…)

Private placement (cont'd…)

b) Issued 2,000,000 units at $0.125 per unit for gross proceeds of $250,000. Each unit consisted of one common share and on share purchase warrant, with each warrant entitling the holder to purchase on additional common share at a price of $0.25 until November 4, 2011. The Company also issued finder's options entitling the holders to purchase up to 28,000 common shares at a price of $0.25 per share until November 4, 2011. The estimated value of the finders' options was not considered significant, consequently, no amount was recorded or grant.

Stock options and warrants

The Company has a stock option plan whereby, from time to time at the discretion of the Board of Directors, stock options are granted to directors, officers, employees and certain consultants. The exercise price of each option is based on the market price of the Company's common stock at the date of grant, subject to a minimum price of $0.10. The options can be granted for a maximum term of 5 years and vest at the discretion of the Board of Directors.

The following options and warrants to acquire common shares of the Company were outstanding at June 30, 2010:

	Number of Shares/Units	Exercise Price	Expiry Date
Options	100,000	$ 0.35	January 16, 2011
	450,000	0.55	November 7, 2012
	700,000	0.20	October 15, 2013
	700,000	0.21	February 10, 2010
Warrants	50,000	1.00	August 6, 2010
	500,000	0.25	March 4, 2011
	2,000,000	0.25	November 4, 2011
	5,000,000	0.30	April 15, 2012 (1)
Finder's options	7,000	0.46	August 6, 2010 (2)
	248,500	0.20	April 15, 2012 (3)
Finder's warrants	28,000	0.25	November 4, 2011

(1) Each warrant is exercisable at $0.30 into one common share until April 15, 2012 (subject to potential acceleration is the closing price of the Company's shares is $0.50 or greater for 20 consecutive trading days).
(2) Each finder's option is exercisable at $0.46 into one common share and one-half of one share purchase warrant, each whole warrant to entitle the holder to purchase one common share at a price of $1.00 until August 6, 2010.
(3) Each finder's option is exercisable at $0.20 into one common share and one share purchase warrant. Each warrant entitles the holder to purchase on additional common share at $0.30 until April 15, 2012.

8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the period ended June 30, 2010 included:

a) Accruing mineral property expenditures of $76,403 and share issue costs of $11,200 through accounts payable and accrued liabilities at June 30, 2010.

Significant non-cash transactions during the period ended June 30, 2009 included:

a) Accruing mineral property expenditures of $178,039 and share issue costs of $6,200 through accounts payable and accrued liabilities at June 30, 2009.

9. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any long term debt that may be issued. As at June 30, 2010, the Company's shareholders' equity was $4,369,551 and there was no long term debt outstanding. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital.

10. FINANCIAL INSTRUMENTS

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and receivables. The Company's receivables are primarily from government agencies and are subject to certain risks that would be considered normal in this environment. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

Liquidity risk

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its positive working capital position.

Fair value

Financial instruments consist of cash, receivables, marketable securities, accounts payable and accrued liabilities and due to related parties, the fair value of which are considered to approximate their carrying value due to their short-term maturities or ability of prompt liquidation.

10. FINANCIAL INSTRUMENTS (cont'd…)

Currency risk

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations.

11. SEGMENTED INFORMATION

The Company's one reportable operating segment is the exploration and development of mineral properties. Geographic information is as follows:

	June 30, 2010	December 31, 2009
Capital assets:		
Finland	$ 1,059,729	$ 737,668
U.S.A	27,630	
Canada	2,928,588	2,920,656
	$ 4,015,947	$ 3,658,324