Condensed Consolidated Interim Financial Statements
(Expressed in United States dollars)

TAHOE RESOURCES INC.

(Unaudited)

Three and nine months ended September 30, 2010

November 10, 2010

TAHOE RESOURCES INC.

Condensed Consolidated Balance Sheets (unaudited)
(Expressed in United States dollars)

	Notes		September 30, 2010		December 31, 2009
Assets					
Current assets:					
Cash and cash equivalents		$	113,326,000	$	1
Other current assets			473,000		-
			113,799,000		1
Non-current assets:					
Mineral property and equipment	4		502,943,000		-
Other			503,000		-
			503,446,000		-
Total Assets		$	617,245,000	$	1
Liabilities & Shareholders' Equity					
Current liabilities:					
Accounts payable and accrued liabilities		$	2,342,000		-
Shareholders’ equity:					
Share capital	5		612,014,000		1
Reserves			10,698,000		
Deficit			(7,809,000)		-
			614,903,000		1
		$	617,245,000	$	1

See accompanying notes to condensed consolidated interim financial statements.

APPROVED BY THE DIRECTORS

Paul B. Sweeney
Director

Kevin McArthur
Director and Chief Executive Officer

TAHOE RESOURCES INC.

Condensed Consolidated Statements of Operations and Comprehensive Loss (unaudited)
(Expressed in United States dollars)

	Three Months Ended September 30, 2010	Nine Months Ended September 30,2010
Expenses:		
Share based compensation expense	$ 1,843,000	$ 4,582,000
Salaries	1,288,000	1,862,000
Exploration	701,000	961,000
Office services and rental	372,000	1,059,000
Consulting	322,000	528,000
Relocation	207,000	207,000
Mine engineering consulting	203,000	534,000
Legal and structuring costs	193,000	607,000
Metallurgical drilling	166,000	166,000
Other expenses	157,000	374,000
Marketing	20,000	102,000
Depreciation	8,000	8,000
	(5,480,000)	(10,990,000)
Foreign exchange gain	1,781,000	2,842,000
Interest income	313,000	339,000
Loss for the period	(3,386,000)	(7,809,000)
Other comprehensive loss	-	-
Net loss and comprehensive loss	$ (3,386,000)	$ (7,809,000)
Loss per share:		
Basic and diluted loss per share	$ (0.03)	$ (0.16)
Weighted average number of shares	115,156,577	50,354,632

See accompanying notes to condensed consolidated interim financial statements.

TAHOE RESOURCES INC.

Condensed Consolidated Statements of Cash Flows (unaudited)
(Expressed in United States dollars)

	Note	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2010
Cash provided by (used in):			
Operations:			
Net loss for the period		$ (3,386,000)	$ (7,809,000)
Non-cash items:			
Depreciation		8,000	8,000
Share based payment expense		1,651,000	4,389,000
Foreign exchange gain		(1,781,000)	(2,842,000)
Interest income		(313,000)	(339,000)
Changes in non-cash working capital and other:			
Other current and noncurrent assets		(656,000)	(975,000)
Accounts payable and accrued liabilities		1,253,000	2,342,000
		(3,224,000)	(5,226,000)
Financing:			
Issuance of share capital on IPO and over-allotment, net of issuance costs	5	(1,608,000)	340,456,000
Proceeds received on founders shares		-	1,500,000
Proceeds received from directors loans		-	1,786,000
Proceeds from issuance of common shares on exercise of underwriter warrants		1,167,000	1,167,000
		(441,000)	344,909,000
Investing			
Interest received		313,000	339,000
Mineral property acquired	4	-	(226,781,000)
Capital additions		(2,190,000)	(2,757,000)
		(1,877,000)	(229,199,000)
Increase in cash		(5,542,000)	110,484,000
Cash and cash equivalents, beginning of period		117,087,000	1
Foreign exchange gain		1,781,000	2,842,000
Cash and cash equivalents, end of period		$ 113,326,000	$ 113,326,000

See accompanying notes to consolidated financial statements.

TAHOE RESOURCES INC.

Condensed Consolidated Statement of Changes in Equity (unaudited)
(Expressed in United States dollars)

	Number of Shares	Share Capital	Share Based Payments Reserve	Deficit	Total
Issuance of share on incorporation, beginning balance at January 1, 2010	1	$ 1	$ -	$ -	$ 1
Shares issued on conversion of Director loans:					
Converted at CAD$0.25 per share	1,600,000	385,000	-	-	385,000
Converted at CAD$2.00 per share	750,000	1,401,000	-	-	1,401,000
Shares issued for cash:					
Issued to Directors at CAD$2.00 per share	750,000	1,500,000	-	-	1,500,000
Initial Public Offering at CAD$6.00 per share, net of issuance costs	58,000,000	301,006,000	7,083,000	-	308,089,000
Over allotment at CAD$6.00 per share, net of issuance costs	5,800,000	32,028,000	-	-	32,028,000
Shares issued to non-employee as compensation for services	60,000	340,000	-	-	340,000
Shares issued on acquisition of mineral property:					
Issued to Vendor	48,130,304	273,413,000	-	-	273,413,000
Shares issued under Restricted Share Award (RSAs) compensation plan:					
Issued to Directors	60,000	364,000	-	-	364,000
Underwriter Warrants exercised at CAD$6.00 per share	200,700	1,577,000	(410,000)		1,167,000
Share based compensation payments	-	-	4,025,000	-	4,025,000
Loss for the period	-	-	-	(7,809,000)	(7,809,000)
Balance, September 30, 2010	115,351,005	$612,014,000	$10,698,000	$ (7,809,000)	$614,903,000

See accompanying notes to consolidated financial statements.

1. Operations:

Tahoe Resources Inc. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on November 10, 2009 under the name of CKM Resources Inc. On January 13, 2010, the Company changed its name to Tahoe Resources Inc. These condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries (together referred to as the “Group”). Its principal business activity is the acquisition, exploration and development of mineral properties in the Americas for the mining of precious metals.

2. Significant accounting policies:

(a) Basis of presentation:

These condensed consolidated interim financial statements were prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* of the International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). They do not include all of the information required for full annual financial statements.

These condensed consolidated interim financial statements have been prepared on a historical cost basis. The condensed consolidated interim financial statements are presented in United States dollars, which is the Company’s and all of its subsidiaries’ functional currency.

The Board of Directors authorized issuance of the condensed consolidated interim financial statements on November 10, 2010.

(b) Basis of consolidation:

The financial statements of the subsidiaries controlled by the Group are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases.

Intra-Group balances and transactions, including any unrealized income and expenses arising from Intra-Group transactions, are eliminated in full on consolidation. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(c) Foreign currency:

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in the foreign currency are not re-translated.

(d) Cash and cash equivalents:

Cash and cash equivalents comprise cash balances and deposits callable on demand.

(e) Share capital:

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

2. Significant accounting policies (continued):

(f) Share based payments:

The grant date fair value of options granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognized as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are met.

Share based compensation arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity settled share based payment transactions. If the fair value of the goods or services received cannot be estimated reliably, the share based payment transaction is measured at the fair value of the equity instruments granted at the date the Group receives the goods or the services.

The grant date fair value of share awards granted to employees are recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the shares. The amount recognized as an expense is adjusted to reflect the actual number of share awards for which the related service and non-market vesting conditions are met.

The amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities over the period that the employees become entitled to payment. The liability is re-measured at each reporting date and at settlement date using the Black-Scholes option pricing model. Any changes in the fair value of the liability are recognized in profit or loss for the period.

(g) Exploration and evaluation expenditures:

Exploration and evaluation expenditures include costs of acquiring licenses and costs associated with exploration and evaluation activity. Exploration and evaluation expenditures are expensed as incurred except for expenditures associated with the acquisition of land and surface rights and the acquisition of exploration and evaluation assets through a business combination or an asset acquisition. Capitalized costs are classified as mineral property within mineral property, plant and equipment. Costs incurred before the Company has obtained the legal rights to explore an area of interest are recognized in profit or loss.

General and administrative costs are expensed as incurred.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to development assets within mineral property and equipment.

2. Significant accounting policies (continued):

(h) Mineral property and equipment:

Costs incurred which are directly attributable to an area of interest for which technical feasibility and commercial viability of the extraction of mineral resources has been demonstrated are capitalized as incurred.

Capitalized mineral property costs will be amortized using the unit of production method based on estimated proven and probable recoverable reserves commencing with commercial production.

If it is determined that the deferred costs related to a property are not recoverable over its productive life, those costs will be written down to the higher of the value in use or fair value less selling costs. Impairment write downs are charged to profit or loss in the period such a determination is made.

Property and equipment ("PE") are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of PE consists of the purchase price, any costs directly attributable to bring the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recognized in profit or loss on a straight line basis over the estimated useful lives of each part of an item of PE, since this most closely reflects the expected pattern of consumption of economic benefits embodied in the asset.

The estimated useful lives for the assets are as follows:

Asset	Lives
Plant – Equipment	5 years

An item of PE is written-off upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

(i) Impairment:

At the end of each reporting period the carrying amounts of the Group's long lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the

2. Significant accounting policies (continued):

impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(j) Provision for site reclamation and asset decommissioning:

The Group recognizes a liability for site closure and reclamation costs in the period in which it is incurred if a reasonable estimate of costs can be made. The Group records the present value of estimated future cash flows associated with site closure and reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional asset retirement costs). The Group has no material asset retirement obligations as at September 30, 2010.

(k) Income taxes:

Income tax on the profit or loss for the period presented comprises current and deferred tax. Income tax is recognized in profit or loss in the statements of operations except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realized.

2. Significant accounting policies (continued):

(l) Non-derivative financial liabilities:

The Group has the following non-derivative financial liabilities: accounts payable and accrued liabilities. Such financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

All non-financial liabilities are payable within 90 days.

(m) Loss per share:

The Group presents basic and diluted loss per share ("LPS") data for its common shares. Basic LPS is calculated by dividing loss attributable to common shareholders of the Group by the weighted average number of common shares outstanding during the period.

Diluted LPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential common shares, which comprise share options granted to employees. Diluted LPS equals basic LPS for the periods presented as all potential shares are anti-dilutive.

(n) Use of estimates and judgments:

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, contingent liabilities, income and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements is included in the following notes:

Note 4 – Mineral property and equipment; and

Note 6 – Shares based payments.

(o) New standards and interpretations not yet adopted:

A number of new IFRS standards, and amendments to standards and interpretations, are not yet effective for the period ended September 30, 2010, and have not been applied in preparing these consolidated financial statements. None of these standards are expected to have a significant effect on the consolidated financial statements of the Group.

(Expressed in United States dollars)

3. Capital management:

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The capital structure of the Company consists of equity, comprising share capital and reserves, net of accumulated deficit.

There were no changes in the Group's approach to capital management during the period.

The Group is not subject to any externally imposed capital requirements.

4. Mineral property, plant and equipment:

		Plant and equipment	Mineral property	Total
Cost				
Balance at January 1, 2010		$ -	$ -	$ -
Acquisition of mineral property	(a)	-	500,194,000	500,194,000
Additions		127,000	2,630,000	2,757,000
Balance at September 30, 2010		$ 127,000	502,824,000	502,951,000
Depreciation				
Balance at January 1, 2010		-	-	-
Additions		(8,000)	-	(8,000)
Balance at September 30, 2010		$ (8,000)	$ -	$ (8,000)
Carrying Amounts				
At January 1, 2010		-	-	-
At September 30, 2010		$ 119,000	$ 502,824,000	$ 502,943,000

(a) Acquisition of Escobal

On May 3, 2010, the Company entered into a purchase and sale agreement (the "Agreement") to purchase the Escobal project ("Escobal"), a gold and silver mining project located in Guatemala from Goldcorp Holdings (Barbados) Ltd. and Guatemala Holdings Ltd., wholly owned subsidiaries of Goldcorp Inc. (collectively, the "Vendors"). The agreed consideration deliverable by the Company to the Vendors on closing consisted of both cash and equity in the Company. Closing of the acquisition was subject to the Company performing a successful Initial Public Offering ("IPO"). The terms of the Agreement required that the Company issue to the Vendors such number of shares of the Company equal to 40% of the issued and outstanding shares of the Company on a fully-diluted basis taking into account the shares of the Company that would be issued upon exercise of an over-allotment option. The cash component was also subject to adjustment on exercise of the over allotment option.

(Expressed in United States dollars)

4. Mineral property and equipment (continued):

On June 8, 2010, the Company completed its IPO and immediately after completed the purchase of Escobal from the Vendors. The purchase price was paid through the issuance of 43,687,000 common shares of Tahoe, and cash payments aggregating to $244,792,000.

On June 17, 2010, the over allotment option was exercised and, as per the terms of the Agreement, the Company issued an additional 4,079,333 common shares to the Vendors so that the Vendors maintained an aggregate 40% interest in the Company. The Company also received $22,225,000 in cash back from the Vendors.

As per the Agreement, the Company also paid the Vendors an additional $2,002,000 as reimbursement of land acquisition costs incurred at Escobal since February 12, 2010.

Escobal is a recent discovery of silver, gold, lead and zinc mineralization in southeast Guatemala.

Purchase price:	
47,766,000 common shares of Tahoe	$ 271,314,000
Cash consideration	224,570,000
	495,884,000
Acquisition costs*:	
Cash	2,211,000
364,304 common shares	2,098,000
	4,309,000
Total	$ 500,193,000

***** The Company's financial advisor with respect to the acquisition of Escobal was entitled to receive a fee equal to 0.85% of the deemed purchase price, payable at the option of the Company in cash or partially in cash and common shares of the Company.

The acquisition costs have been allocated in their entirety to mineral property and equipment.

(Expressed in United States dollars)

5. Share capital:

	Number of shares	Amount
Authorized:		
Unlimited number of voting common shares without par value. Holders of common shares are entitled to one vote per share at meetings of the Company.		
Issued:		
Balance at January 1, 2010	1	$ 1
Shares issued on conversion of Director loans:		
Shares at CAD$0.25 per share (a)	1,600,000	385,000
Shares at CAD$2.00 per share (a)	750,000	1,401,000
Shares issued for Cash:		
Founders shares at CAD$2.00 per share (a)	750,000	1,500,000
IPO net of issuance costs (b)	58,000,000	301,416,000
Over allotment net of issuance costs (b)	5,800,000	32,028,000
Underwriter Warrants exercised at CAD$6.00 per share	200,700	1,167,000
Shares issued in acquisition of mineral property:		
Issued to Vendor (c)	43,686,667	247,467,000
Issued to Vendor (c)	4,079,333	23,847,000
Issued to Advisor (c)	364,304	2,099,000
Shares issued under RSA plan:		
Issued to Directors (d)	60,000	364,000
Shares issued to non-employees as compensation for services (b)	60,000	340,000
Balance, September 30, 2010	115,351,005	$ 612,014,000

(Expressed in United States dollars)

5. Share capital (continued):

Issuance of common shares

(a) Shares issued to Directors

See note 9 for descriptions of these issuances.

(b) Initial Public Offering (IPO) and over allotment

On June 8, 2010, the Company completed its IPO of 58,000,000 common shares at a price of CAD$6.00 per share for gross proceeds of $328,550,000 and $301,415,000 net of share issuance costs. The Underwriters were paid a cash fee of 5.5% of the gross proceeds and were issued Underwriter warrants entitling the Underwriters to purchase 3,190,000 shares of the Company at CAD$6.00 exercisable until June 8, 2012. In addition, the Company issued 60,000 shares to a consultant as compensation for services performed during the IPO process.

On June 17, 2010, pursuant to the full exercise of an over-allotment option of the Underwriters in connection with the IPO, the Company completed the sale of an additional 5,800,000 common shares of the Company at a price of CAD$6.00 per share for gross proceeds of $33,891,720 or $32,028,000 net of share issuance costs. The Underwriters were paid a cash fee of 5.5% of the gross proceeds of the over allotment and were also issued Underwriter warrants entitling the Underwriters to purchase 319,000 shares at CAD$6.00 per share exercisable until June 8, 2012.

Gross IPO and over-allotment proceeds	$ 362,442,000
Cash share issuance costs paid including Underwriter fees	(21,986,000)
	340,456,000
Non cash share issuance costs(i)	(7,422,000)
Total	333,034,000

(i) Non cash transaction costs consisted of compensation options issued to the Underwriters and shares issued to non-employees for services related to the IPO. Refer to note 6 for further details on the valuation of these share based payments.

(c) Escobal acquisition

As part of the consideration for the acquisition of Escobal, the Company issued 47,766,000 common shares to the Vendors (June 8, 2010 – 43,686,667 and June 17, 2010 – 4,079,333 common shares) as per the terms of the Agreement. Refer to note 4 for additional details.

The Company also issued 364,304 shares to its financial advisor, for assistance in the acquisition of Escobal. Refer to note 4 for further details.

5. Share capital (continued):

(d) Shares issued to Directors under RSAs

On June 8 under the Company's stock compensation plan, the Company granted 60,000 common shares to the Directors which vested immediately. However, pursuant to the terms of the agreement under which the Company acquired Escobal ("Escobal Transaction Agreement") these shares cannot be traded for 24 months.

The Company has also issued share options (see note 6).

6. Share based payments:

Description of the share-based compensation arrangements

The Company's equity compensation plans are designed to attract and retain individuals and to reward them for current and expected future performance. At September 30, 2010, the Group has the following share-based payment arrangements:

Share option program (equity-settled)

The Company has established a share option program that entitles key management personnel and senior employees to purchase shares in the Company. Under the terms of this program, options are exercisable at the market close price of the shares on the day prior to the date of grant. The options vest based on service-related vesting terms set by the Compensation Committee of the Board of Directors.

Share Awards (equity-settled)

The Company has also established an equity compensation plan under which Deferred Share Awards (DSAs) and Restricted Share Awards (RSAs) were issued to key management personnel and senior employees. Under the plan, key management personnel and senior employees were issued shares in the Company at no exercise price. The DSAs vest based on service-related vesting terms set by the Compensation Committee of the Board of Directors. The RSAs vested immediately on the grant date, but pursuant to the Escobal Transaction Agreement, the RSAs cannot be traded by the holder for 24 months.

Underwriter warrants (equity-settled)

As part of the Underwriters' compensation for assistance in the IPO of the Company, they received warrants equivalent to 5.5% of the common shares issued as part of the IPO including common shares issued on exercise of the over-allotment option. The warrants have an exercise period of 24 months from the date of the IPO.

(Expressed in United States dollars)

6. Share based payments (continued):

Terms and conditions of share option program, share awards and Underwriter warrants

The terms and conditions relating to the grants under the share option program, share awards and Underwriter warrants are as follows. All options, share awards, and warrants are to be settled by physical delivery of shares:

Share Options and Warrants:

Grant date/employees entitled	Number of instruments	Vesting conditions	Contractual life of options
Warrant issuance to Underwriters on June 8, 2010	3,190,000	(2)	2 years
Option grant to key management on June 10, 2010	720,000	(1)	5 years
Option grant to executives and senior employees on June 10, 2010	1,530,000	(1)	5 years
Warrant issuance to Underwriters on June 17, 2010	319,000	(2)	2 years
Total share options and warrants	5,759,000		

1. On June 10, 2010, the Company granted stock options to Directors and employees for the acquisition of up to 2,250,000 common shares exercisable at a price of CAD$6.40 per share on or before June 10, 2015. The options vest over a three year period, with one-third of the options vesting upon the date of grant.
2. On June 8 and on June 17, 2010, the Company granted the Underwriters warrants to purchase common shares in the amount of 3,190,000 and 319,000, respectively, vesting on the date of grant.

The number and weighted average exercise price of share options and warrants is as follows:

	Weighted average exercise price		Number of options and warrants
Outstanding at January 1	CAD$	-	-
Exercised during the period	CAD$	6.00	(200,700)
Granted during the period	CAD$	6.11	5,759,000
Outstanding at September 30	CAD$	6.11	5,558,300
Exercisable at September 30	CAD$	6.00	3,308,300

(Expressed in United States dollars)

6. Share Based Payment (continued):

The options and warrants outstanding at September 30, 2010 have a weighted average exercise price of CAD$6.11 per share and a weighted average contractual life of 2.5 years. For the nine-month period ended September 30, 2010, the Company has recorded $2,736,000 of compensation expense relating to share options and warrants to purchase shares of the Company and $7,083,000 of compensation cost charged directly to equity in share capital.

Warrant Exercise:

At September 30, 2010, the Company had outstanding warrants to purchase an aggregate 3,308,000 Common Shares as follow:

Issue Date	Price CAD $	Expiry Date	Number of Warrants Issued	Exercised	Outstanding at September 30, 2010
6/8/2010	$6.00	6/8/2012	3,190,000	(200,700)	2,989,300
6/17/2010	$6.00	6/17/2012	319,000	-	319,000
			3,509,000	(200,700)	3,308,300

During the third quarter warrants to purchase 200,700 common shares were exercised, resulting in proceeds of $1,167,000.

Share Awards:

Grant date/employees entitled	Number of instruments	Vesting conditions
RSAs granted to Directors on June 10, 2010	60,000	Vested immediately
DSAs granted to executives on June 10, 2010	126,000	1/3 each anniversary from issue date
DSAs granted to executives and senior employees on June 8, 2010	1,180,000	Cliff vest 24 months from grant date
Total share awards	1,366,000	

(Expressed in United States dollars)

6. Share Based Payment (continued):

Continuity of share awards outstanding is as follows:

	Number of Share awards
Outstanding at January 1, 2010	-
Issued during the period	1,366,000
RSAs exercised during the period	(60,000)
Outstanding at September 30, 2010	1,306,000

For the period ended September 30, 2010 the Company has recorded $1,653,000 of compensation expense relating to RSAs and DSAs.

Inputs for measurement of grant date fair values

The grant date fair values of the option plan share-based payments were measured based on the Black-Scholes formula. The expected volatility was estimated by considering the historic average share price volatility from another company with similar assets. The inputs used in the measurement of the fair values at grant date of the share-based payment plan are the following:

	Share option program- Key Management	**Share option program- Senior employees**	**Underwriter Warrants**	
Fair value of share options and assumptions			**06/08**	**06/17**
Share price at grant date	CAD$6.40	CAD$6.40	CAD$6.00	CAD$6.40
Exercise price	CAD$6.40	CAD$6.40	CAD$6.00	CAD$6.00
Expected volatility (weighted average volatility)	56%	56%	62%	62%
Option life (expected weighted average life)	**3**	**3**	**2**	**2**
Expected dividends	**-**	**-**	**-**	**-**
Risk-free interest rate (based on government bonds)	1.77%	1.77%	1.77%	1.77%
Resulting fair value at grant date	**CAD$2.50**	**CAD$2.50**	**CAD$2.11**	**CAD$2.39**

(Expressed in United States dollars)

7. Subsidiaries:

Name of subsidiary	Place of incorporation	Ownership percentage	Principal activity
Tahoe Resources USA Inc. (a)	Nevada, USA	100%	Services
Tahoe Swiss A.G. (b)	Switzerland	100%	Services
Escobal Resources Holding Limited (c)	Barbados	100%	Services
Minera San Rafael, S.A. (d)	Guatemala	100%	Operations

1. Tahoe Resources USA Inc. was incorporated on February 2, 2010 by the Company.
2. Tahoe Swiss A.G was incorporated on May 20, 2010 by the Company.
3. Escobal Resources Holding Limited was acquired by the Company on June 8, 2010.
4. Minera San Rafael, S.A. was acquired by the Company on June 8, 2010.

8. Segment Information:

The Company conducts its business as a single operating segment, being the mining business in Guatemala. All mineral properties and equipment are situated in Guatemala. Substantially all of the cash and cash equivalents are situated in Canada.

9. Related parties:

Related party transactions, in addition to related party transactions described elsewhere in these financial statements include the following:

(a) Loans from Director:

On January 14, 2010, the then sole Director of the Company loaned the Company CAD$400,000, and on February 8, 2010 an amount of CAD$1,500,000. The loans were non-interest bearing, repayable on demand and convertible, at the Director's election, into common shares of the Company on the basis of 1,600,000 shares at CAD$0.25 per share and 750,000 shares at CAD$2 per share, respectively. These loans were converted to common shares on March 30, 2010.

(b) Founders shares issued to Directors:

On April 29, 2010, the Company issued 750,000 common shares for CAD$2.00 per share for gross proceeds of CAD$1,500,000, to Directors of the Company.

(c) Key management personnel compensation:

During the reporting periods, compensation received by key management personnel included compensation in the form of short term employee benefits and share based payment awards in the form of both options and share awards (see note 6).

10. Financial Risk Management:

The Company's financial instruments consist of cash and cash equivalents and accounts payable and accrued liabilities. The carrying amounts of these items approximate their fair values.

(Expressed in United States dollars)

Foreign Exchange Risk

The Company holds cash and cash equivalents in both CAD and USD with large reputable financial institutions in Canada and the United States. As at September 30, 2010, the Company's cash and cash equivalents consisted of CAD$100,036,000 and USD$16,008,000. A 1% increase or decrease in the CAD to USD exchange rate would result in foreign exchange gain/loss of approximately $972,000 to the Company on its CAD holdings.

11. Commitments:

The Company has entered into lease agreements for the rental of office facilities that require minimum payments in the aggregate as follows:

Fiscal 2010	$ 78,000
Fiscal 2011	207,000
Fiscal 2012	189,000
Fiscal 2013	191,000
Fiscal 2014	197,000
Fiscal 2015	100,000
Total lease commitments	**$ 963,000**