

---

---

**TINKA RESOURCES LIMITED**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED  
MARCH 31, 2020

*(Unaudited - Expressed in Canadian Dollars)*

---

---

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

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

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**TINKA RESOURCES LIMITED**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
*(Unaudited - Expressed in Canadian Dollars)*

	Note	March 31, 2020 \$	September 30, 2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		14,081,737	6,861,443
Restricted cash	4	8,512,200	-
GST receivable		16,519	5,292
Prepaid expenses		<u>52,654</u>	<u>119,878</u>
<b>Total current assets</b>		<u>22,663,110</u>	<u>6,986,613</u>
<b>Non-current assets</b>			
Property, plant and equipment	5	45,495	33,834
Exploration and evaluation assets	6	<u>47,502,899</u>	<u>45,788,312</u>
<b>Total non-current assets</b>		<u>47,548,394</u>	<u>45,822,146</u>
<b>TOTAL ASSETS</b>		<u>70,211,504</u>	<u>52,808,759</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	8	<u>307,118</u>	<u>1,041,597</u>
<b>TOTAL LIABILITIES</b>		<u>307,118</u>	<u>1,041,597</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	93,478,232	75,110,666
Share-based payments reserve	7	7,102,706	6,062,126
Deficit		<u>(30,676,552)</u>	<u>(29,405,630)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>69,904,386</u>	<u>51,767,162</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>70,211,504</u>	<u>52,808,759</u>

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on May 20, 2020 and are signed on its behalf by:

/s/ Graham Carman  
Graham Carman  
Director

/s/ Nick DeMare  
Nick DeMare  
Director

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

**TINKA RESOURCES LIMITED**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
*(Unaudited - Expressed in Canadian Dollars)*

	Note	Three Months Ended March 31		Six Months Ended March 31	
		2020 \$	2019 \$	2020 \$	2019 \$
<b>Expenses</b>					
Accounting and administration	8(b)(ii)	47,756	29,950	72,575	63,560
Audit		26,350	512	42,000	42,512
Corporate development		5,820	3,507	11,640	9,013
Depreciation		2,094	787	2,769	1,506
Directors and officers compensation	8	265,088	125,017	395,368	252,732
General exploration		14,146	31,583	29,521	78,411
Investment conferences		8,144	24,994	33,801	59,162
Investor relations		22,500	22,500	45,000	45,000
Legal		9,265	22,551	23,444	47,710
Office		54,941	46,077	109,626	86,763
Professional fees		2,080	5,547	2,080	36,272
Regulatory		26,135	38,269	36,228	44,146
Rent	8(b)(ii)	13,248	9,073	30,701	21,947
Salaries and benefits		121,940	78,949	209,690	197,608
Shareholder costs		7,479	13,759	16,072	20,482
Share-based compensation	7(d)	1,040,580	246,844	1,040,580	590,149
Transfer agent		10,607	8,720	12,010	11,162
Travel and related		69,481	56,268	99,348	98,384
		<u>1,747,654</u>	<u>764,907</u>	<u>2,212,453</u>	<u>1,706,519</u>
<b>Loss before other items</b>		<u>(1,747,654)</u>	<u>(764,907)</u>	<u>(2,212,453)</u>	<u>(1,706,519)</u>
<b>Other items</b>					
Interest income		83,000	65,615	115,113	139,157
Foreign exchange		<u>850,211</u>	<u>(141,797)</u>	<u>826,418</u>	<u>101,403</u>
		<u>933,211</u>	<u>(76,182)</u>	<u>941,531</u>	<u>240,560</u>
<b>Net loss and comprehensive loss for the period</b>		<u>(814,443)</u>	<u>(841,089)</u>	<u>(1,270,922)</u>	<u>(1,465,959)</u>
<b>Loss per share - basic and diluted</b>		<u>\$(0.00)</u>	<u>\$(0.00)</u>	<u>\$(0.00)</u>	<u>\$(0.01)</u>
<b>Weighted average number of common shares outstanding - basic and diluted</b>		<u>328,646,522</u>	<u>264,609,031</u>	<u>296,627,776</u>	<u>264,381,821</u>

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

**TINKA RESOURCES LIMITED**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
*(Unaudited - Expressed in Canadian Dollars)*

<b>Six Months Ended March 31, 2020</b>					
<b>Share Capital</b>					
	<b>Number of Shares</b>	<b>Amount \$</b>	<b>Share-Based Payments Reserve \$</b>	<b>Deficit \$</b>	<b>Total Equity \$</b>
<b>Balance at September 30, 2019</b>	264,609,031	75,110,666	6,062,126	(29,405,630)	51,767,162
Common shares issued for:					
- private placement	76,131,686	18,500,000	-	-	18,500,000
Share issue costs	-	(132,434)	-	-	(132,434)
Share-based compensation	-	-	1,040,580	-	1,040,580
Net loss for the period	-	-	-	(1,270,922)	(1,270,922)
<b>Balance at March 31, 2020</b>	<b>340,740,717</b>	<b>93,478,232</b>	<b>7,102,706</b>	<b>(30,676,552)</b>	<b>69,904,386</b>

<b>Six Months Ended March 31, 2019</b>					
<b>Share Capital</b>					
	<b>Number of Shares</b>	<b>Amount \$</b>	<b>Share-Based Payments Reserve \$</b>	<b>Deficit \$</b>	<b>Total Equity \$</b>
<b>Balance at September 30, 2018</b>	262,666,202	74,500,920	5,518,350	(26,959,628)	53,059,642
Common shares issued for:					
- share options exercised	100,000	25,000	-	-	25,000
- warrants exercised	1,842,829	368,567	-	-	368,567
Transfer on exercise of share options and finders' warrants	-	216,179	(216,179)	-	-
Share-based compensation	-	-	590,149	-	590,149
Net loss for the period	-	-	-	(1,465,959)	(1,465,959)
<b>Balance at March 31, 2019</b>	<b>264,609,031</b>	<b>75,110,666</b>	<b>5,892,320</b>	<b>(28,425,587)</b>	<b>52,577,399</b>

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

**TINKA RESOURCES LIMITED**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
*(Unaudited - Expressed in Canadian Dollars)*

	Six Months Ended March 31,	
	2020 \$	2019 \$
<b>Operating activities</b>		
Net loss for the period	(1,270,922)	(1,465,959)
Adjustments for:		
Depreciation	2,769	1,506
Share-based compensation	1,040,580	590,149
Changes in non-cash working capital items:		
GST receivable	(11,227)	(2,424)
Amounts receivable	-	(14,239)
Prepaid expenses	67,224	20,021
Accounts payable and accrued liabilities	4,703	15,777
<b>Net cash used in operating activities</b>	<u>(166,873)</u>	<u>(855,169)</u>
<b>Investing activities</b>		
Expenditures on exploration and evaluation assets	(2,449,513)	(2,744,409)
Additions to properties, plant and equipment	<u>(18,686)</u>	<u>-</u>
<b>Net cash used in investing activities</b>	<u>(2,468,199)</u>	<u>(2,744,409)</u>
<b>Financing activities</b>		
Issuance of common shares	18,500,000	393,567
Share issue costs	<u>(132,434)</u>	<u>-</u>
<b>Net cash generated from financing activities</b>	<u>18,367,566</u>	<u>393,567</u>
<b>Net change in cash</b>	15,732,494	(3,206,011)
<b>Cash at beginning of period</b>	<u>6,861,443</u>	<u>14,260,023</u>
<b>Cash and restricted cash at end of period</b>	<u>22,593,937</u>	<u>11,054,012</u>

**Supplemental cash flow information** - See Note 11

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

**TINKA RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED MARCH 31, 2020**  
*(Unaudited - Expressed in Canadian Dollars)*

---

**1. Nature of Operations**

Tinka Resources Limited (the “Company”) was incorporated on September 15, 1987 under the provisions of the Company Act (British Columbia). The Company is listed and traded on the TSX Venture Exchange (“TSXV”) and the Lima Stock Exchange under the symbol “TK” and on the Frankfurt Exchange under the symbol “TLD”. The Company’s principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7 Canada.

The Company is a junior mineral exploration company currently engaged in the acquisition and exploration of mineral properties located in Peru. On the basis of information to date, the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the mineral resource interests is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development and upon future profitable production. Mineral resource interests represent costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values.

As at March 31, 2020 the Company had working capital in the amount of \$22,355,992. These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future. To date the Company has not earned any revenue and is considered to be in the exploration stage. The Company’s operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. Although management considers that the Company has adequate resources to maintain its core operations and planned exploration programs on its existing exploration and evaluation assets for the next twelve months, the Company recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful in securing financings in the past there can be no assurance that it will be able to do so in the future.

Recently, there was a global outbreak of a novel coronavirus identified as “COVID-19”. On March 11, 2020 the World Health Organization (“WHO”) declared a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. The state of emergency in Peru has been in place since March 15, 2020 and is currently scheduled to remain in place until May 24, 2020. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. The Company has implemented safety and physical distancing procedures, including working from home where possible and ceased all travel. The Company will continue to monitor the impact of the COVID-19 outbreak, the duration and impact which is unknown at this time, as is the efficacy of any intervention. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

These condensed consolidated interim financial statements do not reflect any adjustments related to conditions that occurred subsequent to March 31, 2020.

**2. Basis of Preparation**

***Statement of Compliance***

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”), and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended September 30, 2019, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company’s consolidated financial statements for the year ended September 30, 2019 other than, effective October 1, 2019, the Company adopted IFRS 16 - *Leases* (“IFRS 16”).

**TINKA RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED MARCH 31, 2020**  
*(Unaudited - Expressed in Canadian Dollars)*

---

**2. Basis of Preparation** (continued)

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

There was no impact on the Company's condensed consolidated interim financial statements upon the adoption of this new standard.

***Basis of Measurement***

The Company's condensed consolidated interim financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. These condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise stated.

***Comparative Figures***

Certain of the prior period's comparative figures have been reclassified to conform with the current period's presentation.

**3. Subsidiaries**

The subsidiaries of the Company are as follows:

<u>Company</u>	<u>Location of Incorporation</u>	<u>Ownership Interest</u>
Darwin Resources Corp.	Canada	100%
Tinka Resources S.A.C.	Peru	100%
Darwin Peru S.A.C.	Peru	100%

**4. Restricted Cash**

The Company has set aside \$8,512,200 (US \$6,000,000) for certain project related costs to be incurred on the Company's Ayawilca Project.



**TINKA RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED MARCH 31, 2020**  
*(Unaudited - Expressed in Canadian Dollars)*

**5. Property, Plant and Equipment**

	Office Furniture and Equipment \$	Vehicles \$	Total \$
<b>Cost:</b>			
Balance at September 30, 2018	125,096	101,141	226,237
Additions	<u>15,565</u>	<u>-</u>	<u>15,565</u>
Balance at September 30, 2019	140,661	101,141	241,802
Additions	<u>18,686</u>	<u>-</u>	<u>18,686</u>
Balance at March 31, 2020	<u>159,347</u>	<u>101,141</u>	<u>260,488</u>
<b>Accumulated Depreciation:</b>			
Balance at September 30, 2018	(96,830)	(101,141)	(197,971)
Depreciation	<u>(9,997)</u>	<u>-</u>	<u>(9,997)</u>
Balance at September 30, 2019	(106,827)	(101,141)	(207,968)
Depreciation	<u>(7,025)</u>	<u>-</u>	<u>(7,025)</u>
Balance at March 31, 2020	<u>(113,852)</u>	<u>(101,141)</u>	<u>(214,993)</u>
<b>Carrying Value:</b>			
Balance at September 30, 2019	<u>33,834</u>	<u>-</u>	<u>33,834</u>
Balance at March 31, 2020	<u>45,495</u>	<u>-</u>	<u>45,495</u>

**6. Exploration and Evaluation Assets**

	March 31, 2020			September 30, 2019		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Colquipucro	402,014	8,752,415	9,154,429	402,014	8,646,520	9,048,534
Ayawilca	975,954	33,729,399	34,705,353	975,954	32,330,409	33,306,363
Other	<u>-</u>	<u>3,643,117</u>	<u>3,643,117</u>	<u>-</u>	<u>3,433,415</u>	<u>3,433,415</u>
	<u>1,377,968</u>	<u>46,124,931</u>	<u>47,502,899</u>	<u>1,377,968</u>	<u>44,410,344</u>	<u>45,788,312</u>

**TINKA RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED MARCH 31, 2020**  
*(Unaudited - Expressed in Canadian Dollars)*

**6. Exploration and Evaluation Assets (continued)**

	Colquipucro \$	Ayawilca \$	Other \$	Total \$
<b>Balance at September 30, 2018</b>	<u>8,714,833</u>	<u>27,638,540</u>	<u>2,919,465</u>	<u>39,272,838</u>
<b>Exploration costs</b>				
Camp costs	-	776,618	-	776,618
Community relations	298,361	1,599,294	-	1,897,655
Consulting	-	88,026	-	88,026
Depreciation	-	7,007	-	7,007
Drilling	-	1,009,797	-	1,009,797
Environmental	14,644	415,616	-	430,260
Geological	-	533,880	-	533,880
Metallurgical	-	205,883	-	205,883
Modelling	-	53,474	-	53,474
Preliminary economic assessment	-	604,283	-	604,283
Software and database management	-	19,548	-	19,548
Topography	-	1,593	-	1,593
Travel	-	13,558	-	13,558
VAT incurred	-	-	513,950	513,950
	<u>313,005</u>	<u>5,328,577</u>	<u>513,950</u>	<u>6,155,532</u>
<b>Acquisition costs</b>				
Concession payments	<u>20,696</u>	<u>339,246</u>	-	<u>359,942</u>
<b>Balance at September 30, 2019</b>	<u>9,048,534</u>	<u>33,306,363</u>	<u>3,433,415</u>	<u>45,788,312</u>
<b>Exploration costs</b>				
Assays	-	15,856	-	15,856
Camp costs	535	316,276	-	316,811
Community relations	105,360	470,853	-	576,213
Consulting	-	20,063	-	20,063
Depreciation	-	4,256	-	4,256
Drilling	-	31,348	-	31,348
Engineering	-	60,033	-	60,033
Environmental	-	100,882	-	100,882
Geological	-	255,271	-	255,271
Metallurgical	-	83,940	-	83,940
Modelling	-	37,399	-	37,399
Topography	-	2,813	-	2,813
VAT incurred	-	-	209,702	209,702
	<u>105,895</u>	<u>1,398,990</u>	<u>209,702</u>	<u>1,714,587</u>
<b>Balance at March 31, 2020</b>	<u>9,154,429</u>	<u>37,705,353</u>	<u>3,643,117</u>	<u>47,502,899</u>

*Colquipucro and Ayawilca Projects*

As at March 31, 2020 the Colquipucro and Ayawilca projects comprise a total of 59 mineral claims granted in the Province of Daniel Alcides Carrion, Peru.

The Company is required to issue 500,000 common shares to Sierra Peru Pty Ltd. ("Sierra") in the event that a positive feasibility study is prepared on either of the Colquipucro or Ayawilca projects. Sierra also retains a right to a 1% net smelter return royalty ("NSR") from any production from the Colquipucro and Ayawilca projects. The NSR can be purchased at any time for US \$1,000,000.

**TINKA RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED MARCH 31, 2020**  
*(Unaudited - Expressed in Canadian Dollars)*

---

**6. Exploration and Evaluation Assets (continued)**

*Other*

Expenditures incurred by the Company in Peru are subject to Peruvian Value Added Tax (“VAT”). The VAT is included in exploration and evaluation assets as incurred. Under Peruvian law VAT paid can be used in the future to offset amounts resulting from VAT charged on sales. Under certain circumstances and subject to approval from tax authorities a Company can also apply for early refund of VAT prior to generating sales.

**7. Share Capital**

(a) *Authorized Share Capital*

The Company’s authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Equity Financings*

*Six Months Ended March 31, 2020*

On January 13, 2020 the Company completed a non-brokered private placement totalling 76,131,686 common shares of the Company at a price of \$0.243 per share for \$18,500,000, of which Compania de Minas Buenaventura S.A. subscribed for \$16,000,000 and Sentient Global Resources Fund IV, LP subscribed for \$2,500,000.

The Company incurred a total of \$132,434 for legal and other costs associated with this private placement.

*Fiscal 2019*

No financings were conducted during fiscal 2019.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company’s warrants outstanding at March 31, 2020 and 2019 and the changes for the six months ended on those dates is as follows:

	2020		2019	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of period	12,382,347	0.45	31,141,314	0.60
Exercised	-	-	(1,842,829)	0.20
Balance, end of period	12,382,347	0.45	29,298,485	0.62

As at March 31, 2020 warrants to purchase 12,382,347 common shares were outstanding and exercisable at an exercise price of \$0.45 per share expiring May 29, 2020.

**TINKA RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED MARCH 31, 2020**  
*(Unaudited - Expressed in Canadian Dollars)*

7. **Share Capital** (continued)

(d) *Share Option Plan*

The Company has established a rolling share option plan (the “Plan”) in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company’s closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years.

During the six months ended March 31, 2020 the Company granted share options to purchase 8,500,000 common shares and recorded compensation expense of \$1,040,580.

During the six months ended March 31, 2019 the Company granted share options to purchase 345,000 common shares and recorded compensation expense of \$2,846. The Company also recorded additional compensation expense of \$664,959 on the vesting of share options previously granted and a recovery of \$77,656 for expired and forfeited share options.

The fair value of share options granted and vested during the six months ended March 31, 2020 and 2019 is estimated using the Black-Scholes option pricing model using the following assumptions:

	<u>2020</u>	<u>2019</u>
Risk-free interest rate	1.43%	0.76% - 2.05%
Estimated volatility	76%	64% - 109%
Expected life	5 years	1.75 years to 3.25 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The weighted average measurement date fair value of all share options recognized, using the Black-Scholes option pricing model, during the six months ended March 31, 2020 was \$0.13 (2019 - \$0.21) per option.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company’s share options.

A summary of the Company’s share options at March 31, 2020 and 2019 and the changes for the six months ended on those dates, is as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Number of Options Outstanding</u>	<u>Weighted Average Exercise Price \$</u>	<u>Number of Options Outstanding</u>	<u>Weighted Average Exercise Price \$</u>
Balance, beginning of period	11,145,500	0.43	12,210,000	0.43
Granted	8,500,000	0.25	345,000	0.35
Exercised	-	-	(100,000)	0.25
Forfeited	-	-	(759,500)	0.49
Expired	<u>(4,883,500)</u>	0.33	<u>(50,000)</u>	0.33
Balance, end of period	<u>14,762,000</u>	0.36	<u>11,645,500</u>	0.42

**TINKA RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED MARCH 31, 2020**  
*(Unaudited - Expressed in Canadian Dollars)*

**7. Share Capital (continued)**

The following table summarizes information about the share options outstanding and exercisable at March 31, 2020:

Number Outstanding	Number Exercisable	Exercise Price \$	Expiry Date
135,000	135,000	0.46	June 12, 2020
6,119,500	6,119,500	0.50	May 8, 2022
345,000	345,000	0.35	March 8, 2023
<u>8,162,500</u>	<u>-</u>	0.25	January 23, 2025
<u>14,762,000</u>	<u>6,599,500</u>		

**8. Related Party Disclosures**

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

(a) *Transactions with Key Management Personnel*

During the six months ended March 31, 2020 and 2019 the following amounts were incurred with respect to the Company's Chief Executive Officer ("CEO"), Vice-President of Exploration ("VPE") and Chief Financial Officer ("CFO") as follows:

	2020 \$	2019 \$
Management fees and bonus - CEO	217,503	140,004
Management fees and bonus - VPE	153,012	123,370
Professional fees - CFO	17,500	15,000
Share-based compensation	<u>539,500</u>	<u>247,916</u>
	<u>927,515</u>	<u>526,290</u>

During the six months ended March 31, 2020 the Company expensed \$320,208 (2019 - \$204,372) to directors and officers compensation and \$539,500 (2019 - \$247,916) for share-based compensation. In addition, the Company capitalized \$67,807 (2019 - \$74,002) of compensation paid to the VPE to exploration and evaluation assets.

As at March 31, 2020 \$2,499 (September 30, 2019 - \$44,191) remained unpaid and has been included in accounts payable and accrued liabilities.

The Company has a management agreement with its CEO which provides that in the event the CEO's services are terminated without cause or upon a change of control of the Company, a termination payment is payable. If the termination had occurred on March 31, 2020 the amount payable under the agreement would be approximately \$620,000.

The Company has a management agreement with its VPE which provides that in the event the VPE's services are terminated without cause or upon a change of control of the Company, a termination payment is payable. If the termination had occurred on March 31, 2020 the amount payable under the agreement would be approximately \$240,000.

**TINKA RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED MARCH 31, 2020**  
*(Unaudited - Expressed in Canadian Dollars)*

**8. Related Party Disclosures** (continued)

(b) *Transactions with Other Related Parties*

- (i) During the six months ended March 31, 2020 and 2019 the following amounts were incurred with respect to the Company's non-management current and former directors and the corporate secretary of the Company:

	2020 \$	2019 \$
Director and officer compensation	75,160	48,360
Share-based compensation	<u>273,000</u>	<u>184,878</u>
	<u>348,160</u>	<u>233,238</u>

As at March 31, 2020 \$10,000 (September 30, 2019 - \$10,000) remained unpaid and has been included in accounts payable and accrued liabilities.

- (ii) During the six months ended March 31, 2020 the Company incurred a total of \$36,800 (2019 - \$46,500) with Chase Management Ltd. ("Chase"), a private corporation owned by the CFO, for accounting and administrative services provided by Chase personnel, excluding the CFO, and \$2,010 (2019 - \$2,010) for rent. As at March 31, 2020, \$335 (September 30, 2019 - \$335) remained unpaid and has been included in accounts payable and accrued liabilities.

**9. Segmented Information**

Substantially all of the Company's operations are in one industry, the exploration for base and precious metals. Management reviews the financial results according to expenditures by property. The Company's mineral properties are located in Peru and its corporate assets are located in Canada. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results.

	<u>March 31, 2020</u>		
	Corporate Canada \$	Mineral Operations Peru \$	Total \$
Current assets	22,245,123	417,987	22,663,110
Exploration and evaluation assets	-	47,502,899	47,502,899
Property, plant and equipment	-	<u>45,495</u>	<u>45,495</u>
	<u>22,245,123</u>	<u>47,966,381</u>	<u>70,211,504</u>
	<u>September 30, 2019</u>		
	Corporate Canada \$	Mineral Operations Peru \$	Total \$
Current assets	6,848,898	137,715	6,986,613
Exploration and evaluation assets	-	45,788,312	45,788,312
Property, plant and equipment	<u>2,699</u>	<u>31,135</u>	<u>33,834</u>
	<u>6,851,597</u>	<u>45,957,162</u>	<u>52,808,759</u>

**TINKA RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED MARCH 31, 2020**  
*(Unaudited - Expressed in Canadian Dollars)*

---

**10. Financial Instruments and Risk Management**

*Categories of Financial Assets and Financial Liabilities*

Financial instruments are classified into one of the following categories: fair value through profit or loss (“FVTPL”); amortized cost; and fair value through other comprehensive income (“FVOCI”). The carrying values of the Company’s financial instruments are classified into the following categories:

<b>Financial Instrument</b>	<b>Category</b>	<b>March 31, 2020 \$</b>	<b>September 30, 2019 \$</b>
Cash	FVTPL	14,081,737	6,861,443
Restricted cash	FVTPL	8,512,200	-
Accounts payable and accrued liabilities	Amortized cost	(307,118)	(1,041,597)

The Company’s financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The Company’s cash and restricted cash under the fair value hierarchy are measured using Level 1 inputs.

The Company’s risk exposures and the impact on the Company’s financial instruments are summarized below:

*Credit Risk*

Credit risk is the risk of loss associated with a counterparty’s inability to fulfill its payment obligations. The Company’s credit risk is primarily attributable to cash. Management believes that the credit risk concentration with respect to financial instruments included in cash and restricted cash is remote.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company’s financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

**TINKA RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED MARCH 31, 2020**  
*(Unaudited - Expressed in Canadian Dollars)*

**10. Financial Instruments and Risk Management (continued)**

	Contractual Maturity Analysis at March 31, 2020				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	14,081,737	-	-	-	14,081,737
Restricted cash	8,512,200	-	-	-	8,512,200
Accounts payable and accrued liabilities	(307,118)	-	-	-	(307,118)

  

	Contractual Maturity Analysis at September 30, 2019				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	6,861,443	-	-	-	6,861,443
Accounts payable and accrued liabilities	(1,041,597)	-	-	-	(1,041,597)

*Market Risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bear floating rates of interest. The interest rate risk on cash, restricted cash and on the Company's obligations are not considered significant.

(b) Foreign Currency Risk

The Company has operations in Canada and Peru which are subject to foreign currency fluctuations. The Company's operating expenses are incurred in Canadian Dollars and Peruvian Nuevo Soles and the fluctuation of the Canadian Dollar in relation to other currencies will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company also maintains a US Dollar bank account with a Canadian bank. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. At March 31, 2020, 1 Canadian Dollar was equal to 2.44 Peruvian Nuevo Soles and 0.70 US Dollar.

Balances are as follows:

	Peruvian Nuevo Soles	US Dollars	CDN \$ Equivalent
Cash	1,007,495	1,753,279	2,976,821
Restricted cash	-	6,000,000	8,512,200
Accounts payable and accrued liabilities	(660,114)	-	(270,538)
	<u>347,381</u>	<u>7,753,279</u>	<u>11,218,483</u>

Based on the net exposures as of March 31, 2020 and, assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Peruvian Nuevo Soles and US Dollar would result in the Company's net loss being approximately \$1,050,000 higher or lower.



**TINKA RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED MARCH 31, 2020**  
*(Unaudited - Expressed in Canadian Dollars)*

---

**10. Financial Instruments and Risk Management (continued)**

*Capital Management*

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital and cash. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

**11. Supplemental Cash Flow Information**

Non-cash activities conducted by the Company during the six months ended March 31, 2020 and 2019 are as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Operating activities		
Depreciation	4,256	2,946
Accounts payable and accrued liabilities	739,182	48,549
	<u>743,438</u>	<u>51,495</u>
Investing activity		
Exploration and evaluation assets	<u>(743,438)</u>	<u>(51,495)</u>
Financing activities		
Share-based payment reserves	-	(216,179)
Transfer on exercise of options and finders' warrants	-	216,179
	<u>-</u>	<u>-</u>