TINKA RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED JUNE 30, 2016

This discussion and analysis of financial position and results of operation is prepared as at August 29, 2016 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and the accompanying notes for the nine months ended June 30, 2016 of Tinka Resources Limited (the "Company" or "Tinka"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars.

Forward-Looking Statements

Certain information in this MD&A may constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws (collectively, "Forward-Looking Statements"). All statements, other than statements of historical fact that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future are Forward- Looking Statements. Forward-Looking Statements are often, but not always, identified by the use of words such as "seek," "anticipate," "believe," "plan," "estimate," "expect," and "intend" and statements that an event or result "may," "will," "can," "should," "could," or "might" occur or be achieved and other similar expressions. Forward-Looking Statements are based upon the opinions and expectations of the Company based on information currently available to the Company. Forward-Looking Statements are subject to a number of factors, risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the Forward-Looking Statements including, among other things, the Company has yet to generate a profit from its activities; there can be no guarantee that the estimates of quantities or qualities of minerals disclosed in Tinka's public record will be economically recoverable; uncertainties relating to the availability and costs of financing needed in the future; successful completion of planned drill program; competition with other companies within the mining industry; the success of the Company is largely dependent upon the performance of its directors and officers and Tinka's ability to attract and train key personnel; changes in world metal markets and equity markets beyond Tinka's control; mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized; production rates and capital and other costs may vary significantly from estimates; unexpected geological conditions; delays in obtaining or failure to obtain necessary permits and approvals from government authorities; community relations; all phases of a mining business present environmental and safety risks and hazards and are subject to environmental and safety regulation, and rehabilitation and restitution costs; and management of Tinka have experience in mineral exploration but may lack all or some of the necessary technical training and experience to successfully develop and operate a mine. Although Tinka believes that the expectations reflected in the Forward-Looking Statements, and the assumptions on which such Forward-Looking Statements are made, are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on Forward-Looking Statements, as there can be no assurance that the plans, intentions or expectations upon which the Forward-Looking Statements are based will occur. Forward-Looking Statements herein are made as at the date hereof, and unless otherwise required by law, Tinka does not intend, or assume any obligation, to update these Forward-Looking Statements.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com or the Company's website www.tinkaresources.com and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.

Company Overview

The Company is a junior mineral exploration company currently engaged in the acquisition and exploration of base and precious metals mineral properties located in Peru with the aim of developing them to a stage where they can be exploited at a profit or to arrange joint ventures whereby other companies provide funding for development and exploitation. The Company's activities have been focused on developing its 100% owned Ayawilca and Colquipucro Properties, located 40 kilometres northwest of Cerro de Pasco, Central Peru. As of the date of this MD&A, the Company has not earned any production revenue, nor found any proven reserves on any of its properties. The

Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange ("TSXV") as a Tier 1 issuer, under the symbol "TK", on the Frankfurt Exchange under the symbol "TLD", and on the OTC Pink under the symbol "TKRFF".

Corporate Update

In July 2016 the Company announced the engagement of Alpha Advisory Services Inc. ("Alpha") to serve as Investor Relations Consultant to the Company on a non-exclusive basis. The principal of Alpha is Mr. Rob Bruggeman. Through Alpha, Mr. Bruggeman will advise the Company on investor communications and market awareness efforts, assist management in developing a strategy to enhance and expand the Company's exposure in North America and Europe, and support corporate development initiatives.

Prior to his engagement, Mr. Bruggeman held the position of Vice President, Corporate Development, for Wellgreen Platinum Ltd. ("Wellgreen") from August 2012 to June 2016, during which time Mr. Bruggeman assisted that TSX listed company in raising over $60 million, building relationships with key shareholders that included two prominent mining private equity funds, and assisting with the implementation of Wellgreen's preliminary economic assessment and metallurgical test program. Mr. Bruggeman has 10 years' experience in institutional equities research including five years as Vice President, Trading Strategy and Research, in the institutional equities division of a large Canadian financial institution. Mr. Bruggeman holds a Bachelor of Engineering and Management degree from McMaster University, an MBA in Strategy & Finance from the Schulich School of Business and is a CFA charter holder.

The contract with Mr. Michael Ballanger as a member of the Company's Advisory Committee was discontinued as of July 31, 2016.

Exploration Projects, Peru

Introduction

As of the date of this MD&A, Tinka has 100% ownership of 52 granted mining concessions covering 12,340 hectares at the Company's Ayawilca Zinc-Tin-Silver Property in the Pasco region of central Peru. There are also four mining concession applications covering 3,000 hectares at Ayawilca, not yet granted. In addition, Tinka has two granted mining concessions covering 2,000 hectares at its 100% owned Rurimarac Gold Property in the Ancash region of Peru.

The Ayawilca Property is the Company's flagship project, located 200 kilometres northeast of Lima within the Department of Pasco. Ayawilca is at elevations of between 3,800 and 4,400 metres, 40 kilometres northwest of the Cerro de Pasco zinc-lead-silver mine and 100 kilometres south of the giant Antamina copper-zinc mine. Zinc (Zn) mineralization within the 'Zinc Zone' occurs as high-iron sphalerite, mostly in the form of flat lying 'mantos' or more rarely vertical 'chimneys' hosted by Pucará limestone, with indium (In) and lesser silver (Ag) and lead (Pb). Tin mineralization (Sn) within the 'Tin Zone' occurs as cassiterite (tin oxide) within one of two flat-lying 'mantos' at the base of the limestone which have an average thickness of 10-15 metres, in massive pyrrhotite bodies, accompanied by minor copper (Cu) and silver (Ag). The Tin Zone lies immediately beneath and separately from the Zinc Zone.

The Colquipucro Silver deposit, also 100% owned by Tinka, lies two kilometres north of the Ayawilca Zinc Resource. The Colquipucro silver deposit is hosted by Goyllar Group quartzite, the rock formation immediately overlying the Pucará limestone. Silver mineralization at Colquipucro occurs from surface to a depth of approximately 80 metres, within a number of fracture zones and disseminated within the weathered quartz sandstone.

Ayawilca Zinc - Tin Mineral Resources

In May 2016 the Company announced a resource update for its 100%-owned Ayawilca Zinc Zone sulphide deposit in Peru, which now consists of 18.8 million tonnes grading 8.2% zinc equivalent (ZnEq) at a cut-off grade of 5% ZnEq, as referred to in Table 1. The Company also announced its first Tin Zone resource consisting of 5.4 million tonnes grading 0.89% tin equivalent (SnEq) at a cut-off grade of 0.45% SnEq, as referred to in Table 2. Both of the Mineral Resources are in accordance with the NI 43-101 Inferred Mineral Resource category at a cut-off grade equivalent to approximately US $60/t, as estimated by Roscoe Postle Associates Inc. (RPA) of Toronto, Canada (see News Release dated May 25, 2016).

Table 1 - Ayawilca Deposit Inferred Mineral Resources - Zinc Zone

ZnEq % Cut-off	Tonnage (Mt)	ZnEq % Grade	Zinc %	Lead %	Indium g/t	Silver g/t
3	22.3	7.5	5.5	0.2	67	13
4	20.9	7.8	5.6	0.2	70	14
5	18.8	8.2	5.9	0.2	74	15
6	13.1	9.4	6.6	0.2	93	16
7	9.5	10.4	7.2	0.2	110	17

Notes:

1. Base case highlighted.
2. See Table 3 for notes.

Table 2 - Ayawilca Deposit Inferred Mineral Resources - Tin Zone

SnEq % Cut-off	Tonnage (Mt)	SnEq % Grade	Tin %	Copper %	Silver g/t
0.25	5.7	0.87	0.73	0.30	18
0.35	5.6	0.87	0.74	0.31	18
0.45	5.4	0.89	0.76	0.31	18
0.55	3.8	1.06	0.91	0.36	18
0.65	3.2	1.15	1.00	0.36	18

Notes:

1. Base case highlighted.
2. See Table 4 for notes.

Detail of Mineral Resource Estimates

RPA updated the Ayawilca Mineral Resource estimate using the drill results available to May 15, 2016 (Tables 3 and 4). The resources now include tin (Sn)-copper (Cu) mineralization ("Tin Zone") located below the zinc (Zn) -indium (In)-silver (Ag) -lead (Pb) mineralization ("Zinc Zone"). The two types of mineralization are distinct, and were treated separately using different cut-off values equivalent to an approximate US $60/t cut-off, on the basis of a possible underground mining scenario.

The Zinc Zone Mineral Resources are hosted by Triassic Pucará Group limestone approximately 200 metres thick beneath the Goyllar sandstone unit that hosts the Colquipucro silver oxide deposit located 1.5 km to the north. The Zinc Zone deposit is made up of multiple, gently dipping lenses or 'mantos' within three structural zones (West, Central and East) located above the Paleozoic basement.

Table 3 - Zinc Zone Inferred Mineral Resources at Ayawilca as of May 25, 2016

Zone	Tonnage (Mt)	ZnEq (%)	Zn (%)	Pb (%)	In (g/t)	Ag (g/t)	Zn (Mlb)	Pb (Mlb)	In (kg)	Ag (Moz)
West	4.5	10.6	7.6	0.2	100	17	765	15	452,000	2.5
Central	9.5	7.4	5.2	0.2	72	13	1,094	39	685,000	3.9
East	4.8	7.4	5.6	0.3	52	16	587	27	248,000	2.5
Totals	**18.8**	**8.2**	**5.9**	**0.2**	**74**	**15**	**2,446**	**82**	**1,385,000**	**8.8**

Notes:

1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are reported above a cut-off grade of 5% ZnEq or approximately US $60 per tonne NSR value (i.e., the same cut-off as was used for the February 2015 resource estimate).
3. The ZnEq grade was based on estimated metallurgical recoveries, assumed metal prices and smelter terms, which include payable factors, treatment charges, penalties, and refining charges. Metal price assumptions were: US $1.00/lb Zn, US $500/kg In, US $20/oz Ag, and US $1.00/lb Pb. Metal recovery assumptions were: 90% Zn, 75% In, 50% Ag, and 75% Pb. The NSR value for each block was calculated using the following NSR factors: US $11.88 per % Zn, US$ 4.16 per % Pb, US $0.30 per gram In, and US $0.28 per gram Ag.
4. The zinc equivalent (ZnEq.%) value was calculated using the following formula:
   ZnEq.(%) = [Zn(%)*US $11.88+Pb(%)*US $4.16+In(g/t)*US $0.30+Ag(g/t)*US $0.28]/ US $11.88
5. Numbers may not add due to rounding.

The Tin Zone Mineral Resources are commonly hosted as disseminated cassiterite (tin oxide) and chalcopyrite (copper sulphide) within massive to semi-massive pyrrhotite lenses at the contact between the Pucará Group and underlying phyllite of the Devonian Excelsior Group.

Table 4 - Tin Zone Inferred Mineral Resources at Ayawilca as of May 25, 2016

	Tonnage (Mt)	SnEq (%)	Sn (%)	Cu (%)	Ag (g/t)	Sn (Mlb)	Cu (Mlb)	Ag (Moz)
Tin Zones	**5.4**	**0.89**	**0.76**	**0.31**	**18**	**90**	**37**	**3.1**

Notes:

1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are reported above a cut-off grade of 0.45% SnEq or approximately US $60 per tonne NSR value.
3. The SnEq grade was based on estimated metallurgical recoveries, assumed metal prices and smelter terms, which include payable factors, treatment charges, penalties, and refining charges. Metal price assumptions were: US $9/lb Sn, US $3/lb Cu, and US $20/oz Ag. Metal recovery assumptions were: 85% Sn, 75% Cu, and 50% Ag. The NSR value for each block was calculated using the following NSR factors: US $130.36 per % Sn, US $41.26 per % Cu, and US $0.28 per gram Ag.
4. The tin equivalent (Sn Eq.%) value was calculated using the following formula:
   Sn Eq.(%) = [Sn(%)*US $130.36+Cu(%)*US $41.26+Ag(g/t)*US $0.28]/ US $130.36
5. Numbers may not add due to rounding.

The Ayawilca drill database includes 27,248 metres in 74 diamond drill holes. A set of cross-sections and level plans were interpreted to construct three-dimensional wireframe models at approximate cut-offs of 5% ZnEq for the zinc zones and 0.45% SnEq for the tin zones. Prior to compositing to two metre lengths, high Zn, Sn, In, and Ag values were cut to 25%, 4%, 500 g/t, and 100 g/t, respectively. Block model grades within the wireframe models were interpolated by inverse distance cubed. Despite lead grades being low it is assumed that lead and silver will be recovered in a lead concentrate. Density was estimated to be 3.6 t/m^3 for the Zinc Zones and 3.9 t/m^3 for the Tin Zones. All Mineral Resources were assigned to the Inferred category due to the widely spaced drilling. No Mineral Reserves have yet been estimated at Ayawilca.

Colquipucro Silver Deposit

The Mineral Resource estimate for the Colquipucro silver oxide deposit are described in the NI 43-101 report (NI 43-101 Technical Report | Tinka Resources Ltd.). Indicated Mineral Resources are estimated to total 7.4 million tonnes at an average grade of 60 g/t Ag containing 14.3 million ounces of Ag, as referred to in Table 5. Inferred Mineral Resources are estimated to total 8.5 million tonnes at an average grade of 48 g/t Ag containing 13.2 million ounces of Ag. Mineral Resources are reported within a preliminary pit shell generated in Whittle software at a cut-off of 15 g/t Ag. A small amount of mineralization was not captured by the Whittle shell.

Mineral Resources are contained within ten north-dipping high grade zones, a gently dipping basal zone, and a low grade halo that encompasses all high grade zones. Overall, the mineral resource covers a region 550 metres in the north-south direction by 380 metres in the east-west direction by about 75 metres thick. The deposit is located on a topographic high and ranges between 4,160 and 4,360 metres elevation.

Table 5 - Colquipucro Silver Mineral Resources as of May 25, 2016

Classification/Zone	Tonnage (Mt)	Ag (g/t)	Ag (Moz)
Indicated			
High grade lenses	2.9	112	10.4
Low grade halo	4.5	27	3.9
Total Indicated	**7.4**	**60**	**14.3**
Inferred			
High grade lenses	2.2	105	7.5
Low grade halo	6.2	28	5.7
Total inferred	**8.5**	**48**	**13.2**

Notes:

1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are reported within a preliminary pit shell and above a cut-off grade of 15 g/t Ag for the Low Grade Halo and 60 g/t Ag for the High Grade Lenses.

3. The cut-off grade is based on a price of US $24/oz Ag.
4. Numbers may not add due to rounding.

The drill database for Colquipucro includes 8,003 m in 45 drill holes. A set of cross-sections and level plans were interpreted to construct three-dimensional wireframe models at a cut-off grade of 60 g/t Ag for the high grade zones and 15 g/t Ag for the low grade halo mineralization. Prior to compositing to two metre lengths, high Ag values were cut to 360 g/t Ag in the high grade lenses, and 120 g/t Ag in the low grade halo domain. Block model grades within the wireframe models were interpolated by inverse distance cubed. Density values were estimated from 41 measurements to be 2.48 t/m^3. Classification into the Indicated and Inferred categories was guided by the drill hole spacing and the continuity of the mineralized zones.

Readers are encouraged to read the entire technical report entitled "Technical Report on the Mineral Resource Estimate for the Ayawilca Property Department of Pasco, Peru", dated June 29, 2016 which can be found under the Company's profile on SEDAR at http://www.sedar.com or on the Company's website at NI 43-101 Technical Report Tinka Resources Ltd.

Qualified Person - Mineral Resources: The Mineral Resources disclosed above have been estimated by Mr. David Ross, P.Geo., an employee of RPA and independent of Tinka. By virtue of his education and relevant experience, Mr. Ross is a "Qualified Person" for the purpose of National Instrument 43-101. The Mineral Resources have been classified in accordance with CIM Definition Standards for Mineral Resources and Mineral Reserves (May, 2014).

Airborne Magnetic Survey - July 2016

In July 2016 Tinka carried out a helicopter-borne magnetic survey covering the Company's full mineral claim package at Ayawilca of more than 15,000 hectares. Subsequent field checking has led to the discovery of the "Los Pinos porphyry" near the end of a 5 kilometre magnetic structural trend (northeast) that encompasses the Ayawilca Zinc and Tin Zones (see NR August 17, 2016). The 300 metre by 100 metre outcropping quartz-feldspar porphyry hosts quartz-sulphide stockwork veining, and is the first intrusive rock discovered at Ayawilca. The Company believes this intrusive may be part of the source intrusion(s) associated with the base metal mineralization at Ayawilca.

The 2.6 kilometre 'gap' between the outcropping intrusive and the Ayawilca Zinc Mineral Resource has not been tested by drilling, including a strong magnetic anomaly coincident with surface zinc gossans hosted by the Pucará limestone at "Zone 3". A further magnetic anomaly occurs immediately south of the high-grade West Ayawilca Inferred Mineral Resource (4.5 million tonnes @ 10.6% Zn Eq; News Release dated May 25, 2016) has also not been drill tested, due to limitations of the prior drilling permit. The "South Ayawilca" target is included under the new permit application, and will be the first target drilled once permits are granted.

The helicopter magnetic survey was completed on time and on budget during July 2016, consisting of 1,200 line kilometres using 200 metre-spaced north-south lines, draping the surface topography at an average elevation of 70 metres.

Current & Upcoming Work

Tinka continues its preparation for the 2016 drill program at Ayawilca, and is finalizing the permitting procedures required to initiate drilling. The Company anticipates that drill permits will be fully granted by late Q3 or early Q4 2016. The upcoming drill program will initially focus on testing resource extensions, in particular at West Ayawilca, where the highest grade part of the zinc resource occurs. Previously undrilled but high-priority targets will also be drilled, including at Zone 3 and Chaucha.

Additional magnetic anomalies elsewhere within the regional magnetic survey area are currently being field checked by Tinka's geological team. A soil grid is being extended to cover the gap between the Los Pinos porphyry and Zone 3.

Metallurgical testwork is ongoing for both typical zinc mineralization and tin mineralization. Flotation tests are currently underway in the laboratory for the zinc rich samples using standard methodologies. Tin samples are being processed using gravity as well as flotation, as cassiterite, the most common ore mineral for tin (with a specific gravity ~ 8) offers the opportunity for lower-cost concentration methods than flotation alone.

Community Relations/Sustainability

As part of the Company's May 2015 financing with the participation of the International Finance Corporation (IFC), Tinka agreed to complete an Environmental and Social Action Plan (ESAP) following a comprehensive social and environmental review of the project by the IFC. The ESAP included a number of Actions for Tinka to work through, within a period of approximately one year following closure of the 2015 financing. The Company has been working through these Actions with the IFC, together with the assistance of an external consultant, and Tinka expects this work to be completed by the end of calendar 2016.

Rurimarac Gold Property

The Rurimarac gold property, located in the Department of Ancash in central Peru, is located 35 kilometres from Barrick's Pierina gold mine. The property consists of two 100% owned mining concessions covering 2,000 hectares.

The principal target at Rurimarac lies beneath an outcropping zone of oxide gold mineralization at the contact between siltstone and diorite exposed for almost 1 kilometre. Previous sampling in 65 pit and trench samples up to 1 metre deep ranged in grade from 0.1 g/t to 39 g/t gold, with an average grade of 5.1 g/t gold. A single drill hole which tested the main geochemical target intersected 6 metres @ 3.3g/t gold from 60 metres depth in a fault zone. The Company is continuing to review options to move this project forward.

Qualified Person

The qualified person for the Company's projects, Dr. Graham Carman (FAUSIMM), President and CEO of the Company, has reviewed and approved the technical information in this MD&A.

Selected Financial Data

The following selected financial information is derived from the unaudited condensed consolidated interim financial statements of the Company.

	Fiscal 2016			Fiscal 2015				Fiscal 2014
	Jun. 30 2016 $	Mar. 31 2016 $	Dec. 31 2015 $	Sept. 30 2015 $	Jun. 30 2015 $	Mar. 31 2015 $	Dec. 31 2014 $	Sept. 30 2014 $
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(445,266)	(310,627)	(440,784)	(363,747)	(821,367)	(365,039)	(415,041)	(1,275,698)
Other items	9,310	(50,377)	(13,020)	134,370	(5,172)	99,574	45,708	(1,744,396)
Net loss and comprehensive loss	(435,956)	(361,004)	(453,804)	(229,377)	(826,539)	(265,465)	(369,333)	(3,020,094)
Loss per share -basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.04)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Balance Sheet:								
Working capital (deficiency)	2,692,830	3,661,246	4,520,484	6,419,711	8,807,814	2,500,327	3,313,893	5,490,211
Total assets	24,193,242	24,614,226	25,167,499	25,808,464	25,737,199	19,010,500	19,251,893	19,698,993
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Three Months Ended June 30, 2016 Compared to Three Months Ended March 31, 2016

During the three months ended June 30, 2016 ("Q3") the Company reported a net loss of $435,956, compared to a net loss of $361,004 for the three months ended March 31, 2016 ("Q2"), an increase in loss of $74,952. The increase in loss is mainly attributed to:

(i) a $24,997 increase in corporate development, from $2,280 during Q2 to $27,277 during Q3. During Q3 the Company participated in several campaigns;

(ii) a $14,030 increase in investment conferences, from $9,378 during Q2 to $23,408 during Q3; and

(iii) a $27,276 increase in share-based compensation. During Q3 the Company granted share options to purchase 400,000 common shares and recorded compensation expense of $29,956 and recorded a further $8,742 on the vesting of share options previously granted. During Q2 the Company recorded share-based compensation of $11,422 on the vesting of share options which were previously granted. No share options were granted during Q2.

Nine Months Ended June 30, 2016 Compared to Nine Months Ended June 30, 2015

During the nine months ended June 30, 2016 (the "2016 period"), the Company reported a net loss of $1,250,764 ($0.01 per share), compared to a net loss of $1,461,337 ($0.01 per share) for the nine months ended June 30, 2015 (the "2015 period"), a decrease in loss of $210,573. The decrease in loss in the 2016 period is primarily attributed to a decrease of $404,770 in expenses, partially offset by the depreciation in the Canadian currency of $187,715 in which the Company recorded a foreign exchange gain of $104,809 in the 2015 period compared to a foreign exchange loss of $82,906 in the 2016 period.

Expenses decreased by $404,770, from $1,601,447 during the 2015 period to $1,196,677 during the 2016 period. Specific expenses of note are as follows:

(i) during the 2016 period the Company was billed $25,800 (2015 - $31,225) for accounting and administration services provided by Chase Management Ltd. ("Chase") a private company owned by Mr. Nick DeMare, the Chief Financial Officer ("CFO") and a director of the Company. In addition, the Company was billed $3,015 (2015 - $3,015) by Chase for office space provided;

(ii) during the 2016 period the Company expensed $167,605 (2015 - $207,181) for professional expenses, of which:
  - $75,042 (2015 - $93,607) was billed by directors and officers of the Company;
  - $17,562(2015 - $26,736) was reimbursed to public companies with certain common directors for shared personnel, office and other costs; and
  - $75,001 (2015 - $86,838) was billed by various parties for financial advisory services.

  The Company also capitalized $78,812 (2015 - $82,386) professional fees to exploration and evaluation assets. See also "Transactions with Related Parties";

(iii) share-based compensation of $51,701 (2015 - $461,443) was recorded during the 2016 period relating to the granting of 980,000 (2015 - 5,470,000) share options. During the 2016 period the Company also recorded share-based compensation of $26,562 (2015 - $50,745) on the vesting of stock options which were previously granted;

(iv) during the 2015 period the Company incurred $17,000 for investor relations services. During the 2016 period the Company did not conduct any investor relations activities with third parties;

(v) audit fees of $32,640 (2015 - $32,808) were incurred for the Company's year-end financial statements;

(vi) corporate development expense increased by $16,458, from $14,520 during the 2015 period to $30,978 during the 2016 period. During the 2016 period the Company participated in more campaigns;

(vii) investment conference expenses increase by $21,293, from $24,005 during the 2015 period to $45,298 during the 2016 period. During the 2016 period the Company participated in more investment conferences in North America; and

(viii) legal expenses decreased by $36,308, from $46,717 during the 2015 period to $10,409 during the 2016 period. Legal expenses incurred during the 2015 period were mainly related to the additional organizational structure from the Darwin acquisition. Legal expenses incurred during the 2016 period were for corporate general matters.

During the 2016 period the Company completed the drilling program at the Ayawilca Project and incurred $2,565,621 (2015 - $2,899,622) for mineral property interests exploration expenditures and acquisition costs, comprising $2,246,348 (2015 - $1,927,494) on the Ayawilca Project, $84,755 (2015 - $927,127) on the Colquipucro Project, and $234,518 (2015 - $298,042) for IVA tax in Peru. During fiscal 2015 the Company made applications and received recoveries of $260,803 VAT tax in Peru. See also "Exploration Projects".

The carrying costs of the Company's exploration and evaluation assets are as follows:

	As at June 30, 2016			As at September 30, 2015		
	Acquisition Costs $	Deferred Exploration Costs $	Total $	Acquisition Costs $	Deferred Exploration Costs $	Total $
Colquipucro	338,330	7,419,454	7,757,784	338,330	7,334,699	7,673,029
Ayawilca	306,531	10,965,320	11,271,851	124,260	8,901,243	9,025,503
Other	7,762	2,326,182	2,333,944	7,762	2,091,664	2,099,426
	652,623	20,710,956	21,363,579	470,352	18,327,606	18,797,958

Exploration and evaluation activities incurred during the nine months ended June 30, 2016 and fiscal 2015 are as follows:

	Colquipucro $	Ayawilca $	Other $	Total $
Balance at September 30, 2014	6,446,442	5,470,314	1,805,357	13,722,113
Exploration costs				
Assays	23,146	181,224	-	204,370
Camp costs	46,219	122,799	-	169,018
Community relations	88,998	84,166	-	173,164
Consulting	60,950	60,950	-	121,900
Depreciation	5,728	17,236	-	22,964
Drilling	229,812	1,447,792	-	1,677,604
Environmental	13,313	13,490	-	26,803
Exploration site	48,722	282,864	-	331,586
Field equipment	2,879	120,339	-	123,218
Fuel	35,139	158,097	-	193,236
Geological	57,410	182,535	-	239,955
Geophysics	59,519	242,335	-	301,854
Metallurgical test work	-	2,916	-	2,916
Salaries	428,356	396,286	-	824,642
Software and database management	23,756	23,756		47,512
Transportation	39,561	168,151	-	207,712
Travel	3,028	4,345	-	7,373
VAT incurred	-	-	547,110	547,110
VAT recovered	-	-	(260,803)	(260,803)
	1,166,546	3,509,281	286,307	4,962,134
Acquisition costs				
Concession payments	60,041	45,908	7,762	113,711
Balance at September 30, 2015	7,673,029	9,025,503	2,099,426	18,797,958
Exploration costs				
Assays	-	30,168	-	30,168
Camp costs	4,372	169,967	-	174,339
Community relations	16,786	315,392	-	332,178
Consulting	22,275	22,275		44,550
Depreciation	177	10,555	-	10,732
Drilling	-	667,373	-	667,373
Environmental	6,672	242,449	-	249,121
Exploration site	5,806	87,020	-	92,826
Field equipment	-	9,373	-	9,373
Fuel	8,660	29,289	-	37,949
Geological	-	225,346	-	225,346
Geophysics	2,490	43,560	-	46,050
Salaries	5,463	160,490	-	165,953
Software and database management	7,880	7,880		15,760
Transportation	4,174	42,940	-	47,114
VAT incurred	-	-	234,518	234,518
	84,755	2,064,077	234,518	2,383,350

	Colquipucro $	Ayawilca $	Other $	Total $
Acquisition costs				
Concession payments	-	182,271	-	182,271
Balance at June 30, 2016	7,757,784	11,271,851	2,333,944	21,363,579

Financings

The Company did not complete any equity financings during the nine months ended June 30, 2016.

During the nine months ended June 30, 2015 the Company completed a non-brokered private placement financing of 33,737,093 units at a price of $0.215 per unit for gross proceeds of $7,253,475. The funds were used to advance the Company's exploration efforts at Ayawilca and Colquipucro, Peru, and for general working purposes.

Financial Condition / Capital Resources

The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain the necessary financing to develop properties and to establish future profitable production. To date the Company has not earned significant revenues 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. As at June 30, 2016 the Company had working capital in the amount of $2,692,830. In January 2016 the Company completed its 2015 drilling campaign and does not anticipate any significant drilling activities until the fall of 2016. Management considers that the Company has sufficient funds to maintain ongoing corporate overhead and field expenses, compile and assess the results of the 2015 drill program and continue ongoing exploration activities on its existing mineral projects. Exploration activities may change as a result of ongoing results and recommendations or the Company may acquire additional properties which may entail significant exploration commitments. While the Company has been successful in securing financings in the past, there is material uncertainty it will be able to do so in the future.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Examples of significant estimates made by management include estimating the fair values of financial instruments, valuation allowances for deferred income tax assets and assumptions used for share-based compensation. Actual results may differ from those estimates.

A detailed summary of all the Company's significant accounting policies is included in Note 3 to the September 30, 2015 annual consolidated financial statements.

Changes in Accounting Policies

There are no changes in accounting policies.

Transactions with Related Parties

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 nine months ended June 30, 2016 the Company has recognized a total of $345,415 (2015 - $566,493) for compensation with respect to the Company's CEO (Dr. Carman), the Company's current VP Exploration (Mr. Alvaro Fernandez-Baca), former VP Exploration (Mr. John Nebocat), and the Company's CFO (Mr. Nick DeMare) as follows:

	2016 **$**	**2015** **$**
Management fees - Dr. Carman	165,000	165,000
Professional fees - Mr. DeMare	22,500	22,500
Professional fees - Mr. Fernandez-Baca	131,354	33,493
Professional fees - Mr. Nebocat	-	120,000
Share-based compensation - Dr. Carman	13,700	162,603
Share-based compensation – Mr. DeMare	-	26,425
Share-based compensation - Mr. Fernandez-Baca	12,861	36,472
	345,415	566,493

The Company has expensed $165,000 (2015 - $165,000) to management fees, $75,042 (2015 - $93,607) to professional fees and $26,561 (2015 - $225,500) for share-based compensation. In addition the Company capitalized $78,812 (2015 - $82,386) to exploration and evaluation assets.

(b) *Transactions with Other Related Parties*

(i) During the nine months ended June 30, 2016 and 2015 the following amounts were incurred for professional services provided by non-management current and former directors of the Company (Messrs. David Henstridge, Mary Little and William Lee) and the Corporate Secretary (Ms. Mariana Bermudez):

	2016 **$**	**2015** **$**
Professional fees - Mr. Henstridge (current director)	18,000	18,000
Professional fees - Ms. Little (current director)	6,000	-
Professional fees - Mr. Lee (former director)	6,000	18,000
Share-based compensation - Mr. Henstridge	-	26,425
Share-based compensation - Ms. Little	29,956	-
Share-based compensation - Mr. Lee	-	26,425
Share-based compensation - Ms. Bermudez	-	26,425
	59,956	115,275

As at June 30, 2016, $2,000 (September 30, 2015 - $2,000) remained unpaid.

(ii) During the nine months ended June 30, 2016 the Company incurred a total of $25,800 (2015 - $31,225) with Chase, a private corporation owned by Mr. DeMare, for accounting and administrative services provided by Chase personnel, excluding Mr. DeMare, and $3,015 (2015 - $3,015) for rent. As at June 30, 2016, $935 (September 30, 2015 - $5,470) remained unpaid.

(c) The Company shared personnel, office and other costs with two public companies, Tasman Metals Ltd. ("Tasman") and Mawson Resources Limited ("Mawson"). Mr. DeMare and Mr. Henstridge are also directors of Tasman and Mawson. During the nine months ended June 30, 2016 the Company incurred

$17,562 (2015 - $26,736) for expenses. As at June 30, 2016, $4,712 (September 30, 2015 - $3,960) remained unpaid.

Risks and Uncertainties

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company is in compliance with all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

The Company's mineral properties are located in Peru and consequently the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares with no par value. As at August 29, 2016, there were 149,807,322 issued common shares, 25,338,444 warrants outstanding exercisable at prices ranging from $0.30 to $0.45 per share and 10,860,000 share options outstanding, at exercise prices ranging from $0.25 to $0.40 per share.