TINKA RESOURCES LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
DECEMBER 31, 2012

(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 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.

TINKA RESOURCES LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited - Expressed in Canadian Dollars)

	Note	December 31, 2012 $	September 30, 2012 $
ASSETS			
Current assets			
Cash		2,832,507	2,220,006
Amounts receivable	5	22,043	11,520
Prepaid expenses		17,272	27,272
Total current assets		2,871,822	2,258,798
Non-current assets			
Property, plant and equipment	6	87,019	65,958
Exploration and evaluation assets	7	6,665,282	5,469,838
Total non-current assets		6,752,301	5,535,796
TOTAL ASSETS		9,624,123	7,794,594
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		141,204	123,650
TOTAL LIABILITIES		141,204	123,650
SHAREHOLDERS' EQUITY			
Share capital	8	18,720,675	16,609,518
Share-based payments reserve		2,213,666	2,153,851
Deficit		(11,451,422)	(11,092,425)
TOTAL SHAREHOLDERS' EQUITY		9,482,919	7,670,944
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9,624,123	7,794,594

Events after the Reporting Period - see Note 13

These unaudited condensed consolidated interim financial statements were approved for issue by the Board of Directors on February 22, 2013 and are signed on its behalf by:

/s/ Andrew Carter	*/s/ Nick DeMare*
Andrew Carter	Nick DeMare
Director	Director

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

	Note	Three Months Ended December 31 2012 $	Three Months Ended December 31 2011 $
Expenses			
Accounting and administration		10,991	5,563
Depreciation of property, plant and equipment		229	393
Audit		34,924	31,956
Consulting		16,716	6,287
Corporate development		27,725	10,676
General exploration		21,701	19,144
Investment conferences		9,590	15,493
Investor relations		21,000	9,000
Legal		4,458	6,379
Management fees	9(a)	30,000	24,000
Office		31,385	5,475
Regulatory		2,981	1,525
Rent		10,936	10,299
Salaries, wages and benefits		47,156	38,701
Shareholder costs		2,213	2,490
Share-based compensation	8(d)	44,422	-
Transfer agent		1,532	1,159
Travel and related		52,165	1,690
		370,124	190,230
Loss before other items		(370,124)	(190,230)
Other items			
Interest income		3,061	9,092
Foreign exchange gain (loss)		8,066	(20,693)
		11,127	(11,601)
Net loss and comprehensive loss for the period		(358,997)	(201,831)
Loss per share - basic and diluted		$(0.00)	$(0.00)
Weighted average number of common shares outstanding - basic and diluted		70,928,442	66,105,076

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

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

	Three Months Ended December 31, 2012				
	Share Capital				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance at September 30, 2012	70,422,899	16,609,518	2,153,851	(11,092,425)	7,670,944
Common shares issued for cash:				-	
- private placement	3,000,000	2,250,000	-	-	2,250,000
- exercise of share options	170,000	36,000	-	-	36,000
Share issue costs	-	(207,950)	48,500	-	(159,450)
Share-based compensation on share options	-	-	44,422	-	44,422
Transfer on exercise of share options	-	33,107	(33,107)	-	-
Net loss	-	-	-	(358,997)	(358,997)
Balance at December 31, 2012	73,592,899	18,720,675	2,213,666	(11,451,422)	9,482,919

	Three Months Ended December 31, 2011				
	Share Capital				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance at September 30, 2011	66,010,511	14,836,393	1,234,833	(8,397,089)	7,674,137
Common shares issued for cash:				-	
- exercise of share options	150,000	34,500	-	-	34,500
Transfer on exercise of share options	-	38,066	(38,066)	-	-
Net loss	-	-	-	(201,831)	(201,831)
Balance at December 31, 2011	66,160,511	14,908,959	1,196,767	(8,598,920)	7,506,806

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

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

	Three Months Ended December 31,	
	2012	2011
	$	$
Operating activities		
Net loss for the period	(358,997)	(201,831)
Adjustments for:		
Depreciation of property, plant and equipment	229	393
Share-based compensation	44,422	-
	(314,346)	(201,438)
Changes in non-cash working capital items:		
Decrease (increase) in amounts receivable	(10,523)	7,950
Decrease in prepaid expenses	10,000	29,446
Increase in accounts payable and accrued liabilities	32,122	35,831
	31,599	73,227
Net cash used in operating activities	(282,747)	(128,211)
Investing activities		
Expenditures on exploration and evaluation assets	(1,202,638)	(990,218)
Purchase of property, plant and equipment	(28,664)	(44,739)
Net cash used in investing activities	(1,231,302)	(1,034,957)
Financing activities		
Issuance of common shares	2,286,000	34,500
Share issue costs	(159,450)	-
Net cash generated from financing activities	2,126,550	34,500
Net change in cash	612,501	(1,128,668)
Cash at beginning of period	2,220,006	4,475,807
Cash at end of period	2,832,507	3,347,139
Cash comprises:		
Cash in bank	2,832,507	835,454
Demand deposits	-	2,511,685
	2,832,507	3,347,139

Supplemental cash flow information - See Note 12

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

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") under the symbol "TK". 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 precious metals on 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 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 December 31, 2012 the Company had cash of $2,832,507 and working capital in the amount of $2,730,618. 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. 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. Management considers that the Company has adequate resources to maintain its core operations and planned exploration programs on its existing mineral resource interests 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. The condensed consolidated interim financial statements do not reflect any adjustments related to conditions that occurred subsequent to December 31, 2012.

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, 2012, 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, 2012.

Basis of Presentation

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

(Unaudited - Expressed in Canadian Dollars)

3. Significant Accounting Policies

The preparation of financial data is based on accounting principles and practices consistent with those to be used in the preparation of the audited annual consolidated financial statements as at September 30, 2012. The accompanying unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2012.

4. Subsidiary

As at December 31, 2012 and September 30, 2012 the Company had one wholly-owned subsidiary,Tinka Resources S.A.C. (Peru), located in Peru.

5. Amounts Receivable

	December 31, 2012 $	September 30, 2012 $
Harmonized sales tax receivable	21,180	10,535
Other	863	985
	22,043	11,520

6. Property, Plant and Equipment

Cost:	Office Furniture and Equipment $	Vehicles $	Total $
Balance at September 30, 2011	44,055	111,903	155,958
Additions	21,264	847	22,111
Balance at September 30, 2012	65,319	112,750	178,069
Additions	-	28,664	28,664
Balance at December 31, 2012	65,319	141,414	206,733

Accumulated Depreciation:	Office Furniture and Equipment $	Vehicles $	Total $
Balance at September 30, 2011	(27,216)	(59,061)	(86,277)
Depreciation	(10,650)	(15,184)	(25,834)
Balance at September 30, 2012	(37,866)	(74,245)	(112,111)
Depreciation	(1,989)	(5,614)	(7,603)
Balance at December 31, 2012	(39,855)	(79,859)	(119,714)

(Unaudited - Expressed in Canadian Dollars)

6. Property, Plant and Equipment (continued)

Carrying Value:	**Office Furniture and Equipment** $	**Vehicles** $	**Total** $
Balance at September 30, 2011	16,839	52,842	69,681
Balance at September 30, 2012	27,453	38,505	65,958
Balance at December 31, 2012	25,464	61,555	87,019

(Unaudited - Expressed in Canadian Dollars)

7. Exploration and Evaluation Assets

	Peru			
	Colquipucro $	Tibillos $	Other $	Total $
Balance at September 30, 2011	2,393,802	259,783	446,704	3,100,289
Exploration costs				
Assays	77,214	4,605	-	81,819
Camp costs	111,280	16,718	-	127,998
Community relations	72,791	2,312	-	75,103
Consulting	19,006	19,676	-	38,682
Depreciation of property, plant and equipment	24,293	-	-	24,293
Drilling	727,829	212,689	-	940,518
Exploration site	201,890	38,386	-	240,276
Field equipment	116,282	26,151	-	142,433
Fuel	110,374	12,778	-	123,152
Geological	205,766	32,751	-	238,517
Geophysics	7,032	-	-	7,032
Salaries	432,300	44,485	-	476,785
Transportation	140,803	34,249	-	175,052
Travel	15,196	9,320	-	24,516
VAT	-	-	302,404	302,404
	2,262,056	454,120	302,404	3,018,580
Acquisition costs				
Surface right payments	64,872	20,000	-	84,872
Impairment	-	(733,903)	-	(733,903)
Balance at September 30, 2012	4,720,730	-	749,108	5,469,838
Exploration costs				
Assays	31,423	-	-	31,423
Camp costs	38,485	-	-	38,485
Community relations	32,352	-	-	32,352
Consulting	2,041	-	-	2,041
Depreciation of property, plant and equipment	7,374	-	-	7,374
Drilling	490,336	-	-	490,336
Exploration site	59,981	-	-	59,981
Field equipment	29,585	-	-	29,585
Fuel	63,151	-	-	63,151
Geological	107,662	-	-	107,662
Salaries	113,427	-	-	113,427
Transportation	77,641	-	-	77,641
Travel	2,752	-	-	2,752
VAT	-	-	132,176	132,176
	1,056,210	-	132,176	1,188,386
Acquisition costs				
Surface right payments	7,058	-	-	7,058
Balance at December 31, 2012	5,783,998	-	881,284	6,665,282

Colquipucro Project

On May 27, 2004 the Company entered into an agreement (the “Sierra Alliance Agreement”) with Sierra Peru Pty Ltd. (“Sierra”) pursuant to which the Company staked a number of prospects in Peru. As at December 31, 2012 the Company holds 46 mineral claims (the “Colquipucro Project”) in the Province of Daniel Alcides Carrion, Peru.

7. Exploration and Evaluation Assets (continued)

Under the terms of the Sierra Alliance Agreement the Company will be required to issue 500,000 common shares to Sierra in the event that a successful feasibility study is prepared on the Colquipucro Project. Sierra also retains a right to a 1% net smelter return royalty ("NSR") from any production from the Colquipucro Project. The NSR can be purchased at any time for US $1,000,000.

Tibillos Project

On March 8, 2010 the Company entered into an option agreement to purchase up to a 100% interest in the Anita de Tibillos project ("Tibillos Project") located south of Lima, Peru. The Company had the right to acquire an initial 75% interest in the Tibillos Project by making cash payments totalling US $600,000 over a period of five years. Upon earning the 75% interest the Company had the right to purchase the remaining 25% interest in the Tibillos Project by making cash payments of US $500,000 over a further five year period.

The Company also staked concessions surrounding the Tibillos Project.

During fiscal 2012 the Company determined to terminate the option agreement and, accordingly, an impairment charge of $733,903 was made to acquisition and exploration costs.

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. The VAT is not currently refundable to the Company but can be used in the future to offset amounts due to Peruvian taxation authorities by the Company resulting from VAT charged on future sales

8. Share Capital

(a) *Authorized Share Capital*

As at December 31, 2012 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) *Reconciliation of Changes in Share Capital*

During the three months ended December 31, 2012 the Company completed a private placement financing of 3,000,000 units at $0.75 per unit for gross proceeds of $2,250,000. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant is exercisable at a price of $1.00 per common share expiring December 21, 2013. The Company paid the agent a commission of $146,850 cash and issued 235,000 agent compensation options ("Agent's Compensation Options"). The Agent's Compensation Options entitles the agent to purchase 235,000 units at an exercise price of $0.75 per unit, expiring December 21, 2013. The exercise price and term of the underlying warrants to the units issuable upon the exercise of the Agent's Compensation Options are the same as the warrants issued under the private placement. The $48,500 fair value assigned to the Agent's Compensation Options has been estimated using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 1.04%; expected volatility of 69.40%; an expected life of one year; a dividend yield of 0%; and an expected forfeiture rate of 0%.

The 235,000 Agent's Compensation Options remained outstanding at December 31, 2012.

(Unaudited - Expressed in Canadian Dollars)

8. Share Capital (continued)

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at December 31, 2012 and 2011 and the changes for the three months ended on those dates is as follows:

	2012		2011	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of period	-	-	7,950,000	0.50
Granted	1,500,000	1.00	-	-
Balance, end of period	1,500,000	1.00	7,950,000	0.50

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at December 31, 2012:

Number	Exercise Price $	Expiry Date
1,500,000	1.00	December 21, 2013

(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 five years.

During the three months ended December 31, 2012 the Company granted share options to purchase 20,000 common shares and recorded compensation expense of $8,607. In addition the Company also recorded share-based compensation of $35,815 on the vesting of share options which were previously granted. No share options were granted or vested during the three months ended December 31, 2011.

The fair value of share options granted and vested during the three months ended December 31, 2012 is estimated using the Black-Scholes option pricing model using the following assumptions: risk-free interest rate of 1.10% - 1.19%; estimated volatility of 77.09% - 95.23%; expected life of 2 years - 3 years; expected dividend yield of 0%; and expected forfeiture rate of 0%.

The weighted average fair value of all share options granted and vested, using the Black-Scholes option pricing model, during the three months ended December 31, 2012 was $0.41 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.

(Unaudited - Expressed in Canadian Dollars)

8. Share Capital (continued)

A summary of the Company's share options at December 31, 2012 and 2011 and the changes for the three months ended on those dates, is as follows:

	2012		2011	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of period	5,080,000	0.43	3,250,000	0.21
Granted	20,000	0.72	-	-
Exercised	(170,000)	0.21	(150,000)	0.23
Balance, end of period	4,930,000	0.44	3,100,000	0.21

The following table summarizes information about the share options outstanding and exercisable at December 31, 2012:

Number Outstanding	Number Exercisable	Exercise Price $	Expiry Date
805,000	805,000	0.15	January 26, 2013
80,000	80,000	0.27	January 28, 2014
120,000	120,000	0.27	February 7, 2014
625,000	625,000	0.45	March 3, 2014
350,000	262,500	0.43	January 23, 2015
1,200,000	1,200,000	0.55	January 26, 2015
1,600,000	1,600,000	0.50	August 3, 2015
30,000	30,000	0.50	September 20, 2015
100,000	100,000	0.58	September 28, 2015
20,000	20,000	0.72	November 23, 2015
4,930,000	4,842,500		

(e) See also Note 13.

9. 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 three months ended December 31, 2012 and 2011 the following amounts were incurred with respect to the Company's Chief Executive Officer and Chief Financial Officer ("CFO"):

	2012 $	2011 $
Management fees	30,000	24,000
Professional fees	1,500	1,500
	31,500	25,500

(Unaudited - Expressed in Canadian Dollars)

9. Related Party Disclosures (continued)

As at December 31, 2012, $500 (2011 - $500) remained unpaid and has been included in accounts payable and accrued liabilities.

(b) *Transactions with Other Related Parties*

During the three months ended December 31, 2012 and 2011 the following amounts were incurred with respect to other officers and directors:

	2012 $	2011 $
Professional fees	3,000	3,000

In addition, during the three months ended December 31, 2012 the Company incurred a total of $10,300 (2011 - $4,700) with Chase Management Ltd. ("Chase"), a private corporation owned by the CFO of the Company, for accounting and administrative services provided by Chase personnel, excluding the CFO, and for rent.

As at December 31, 2012, $12,800 (2011 - $9,300) remained unpaid and has been included in accounts payable and accrued liabilities.

(c) During the three months ended December 31, 2012 the Company reimbursed $4,716 (2011 - $nil) to a public company with certain common directors for shared office and other costs.

As at December 31, 2012, $4,716 (2011 - $nil) remained unpaid and has been included in accounts payable and accrued liabilities.

10. Segmented Information

Substantially all of the Company's operations are in one industry, the exploration for precious metals. Management reviews the financial results according to expenditures by property. As at December 31, 2012 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.

	As at December 31, 2012		
	Corporate Canada $	Mineral Operations Peru $	Total $
Current assets	2,825,633	46,189	2,871,822
Exploration and evaluation assets	-	6,665,282	6,665,282
Property, plant and equipment	2,206	84,813	87,019
	2,827,839	6,796,284	9,624,123

	As at September 30, 2012		
	Corporate Canada $	Mineral Operations Peru $	Total $
Current assets	2,020,452	238,346	2,258,798
Exploration and evaluation assets	-	5,469,838	5,469,838
Property, plant and equipment	2,435	63,523	65,958
	2,022,887	5,771,707	7,794,594

(Unaudited - Expressed in Canadian Dollars)

11. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following four categories: fair value through profit or loss ("FVTPL"); held-to-maturity investments; loans and receivables; and available-for-sale. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	December 31, 2012 $	September 30, 2012 $
Cash	FVTPL	2,832,507	2,220,006
Amounts receivable	Loans and receivables	22,043	11,520
Accounts payable and accrued liabilities	Other liabilities	(141,204)	(123,650)

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 cash, amounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The Company's fair value of cash under the fair value hierarchy is 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 and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and amounts receivable 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.

11. Financial Instruments and Risk Management (continued)

	Contractual Maturity Analysis at December 31, 2012				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	2,832,507	-	-	-	2,832,507
Amounts receivable	22,043	-	-	-	22,043
Accounts payable and accrued liabilities	(141,204)	-	-	-	(141,204)

	Contractual Maturity Analysis at September 30, 2012				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	2,220,006	-	-	-	2,220,006
Amounts receivable	11,520	-	-	-	11,520
Accounts payable and accrued liabilities	(123,650)	-	-	-	(123,650)

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 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 Neuvo Sols 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 has not entered into any agreements or purchased any instruments to hedge possible currency risks. At December 31, 2012, 1 Canadian Dollar was equal to 2.59 Peruvian Nuevo Sols.

Balances are as follows:

	Peruvian Nuevo Sols	CDN $ Equivalent
Cash	104,132	40,274
Accounts payable and accrued liabilities	(207,121)	(80,107)
	(102,989)	(39,833)

Based on the net exposures as of December 31, 2012 and, assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Peruvian Nuevo Sol would result in an increase or decrease of approximately $3,983.

(Unaudited - Expressed in Canadian Dollars)

11. 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.

12. Supplemental Cash Flow Information

Non-cash activities conducted by the Company during the three months ended December 31, 2012 and 2011, are as follows:

	2012 $	2011 $
Operating activities		
Depreciation of property, plant and equipment	7,374	6,704
Increase (decrease) in accounts payable and accrued liabilities	(14,568)	(7,809)
	(7,194)	(1,105)
Investing activity		
Expenditures on exploration and evaluation assets	7,194	1,105
Financing activities		
Transfer on exercise of share options	33,107	-
Share-based payment reserves	15,393	-
Share issue costs	(48,500)	-
	-	-

13. Events after the Reporting Period

Subsequent to December 31, 2012 the Company:

(i) granted share options to purchase a total of 3,020,000 common shares of the Company at exercise prices ranging from $1.00 to $1.10 per share;

(ii) issued 1,287,000 common shares of the Company for $327,590 on the exercise of share options; and

(iii) issued 28,500 common shares of the Company for $28,500 on the exercise of warrants.