TINKA RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Background

This discussion and analysis of financial position and results of operation is prepared as at January 25, 2013 and should be read in conjunction with the audited consolidated financial statements for the years ended September 30, 2012 and 2011 of Tinka Resources Limited (the "Company" or "Tinka"). The Company adopted International Financial Reporting Standards ("IFRS") and the following disclosure and associated financial statements are presented in accordance with IFRS. All comparative information provided is in accordance with 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. Additional information relevant to the Company's activities, can be found on SEDAR at www.sedar.com .

Adoption of International Financial Reporting Standards ("IFRS")

The Company's financial statements and the financial data included in the MD&A have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee that are effective as at September 30, 2012, the date of the Company's first annual reporting under IFRS. The adoption of IFRS does not impact the underlying economics of the Company's operations.

These are the Company's first annual consolidated financial statements prepared in accordance with IFRS as issued by IASB. The Company has applied, *First-Time Adoption of International Financial Reporting Standards* ("IFRS 1") on the transition from previous Canadian Generally Accepted Accounting Principles ("Canadian GAAP") to IFRS and the impact of the transition is explained in Note 14 of the consolidated financial statements, including the effects of the transition to IFRS on the Company's financial position, equity, comprehensive loss and cash flows.

Subject to the application of the transition elections described in Note 14 of the consolidated financial statements, the accounting policies applied in the consolidated financial statements, have been applied consistently to all periods presented, including the opening statement of financial position as at October 1, 2010 (the Company's "Transition Date"), except where the Company applied certain exemptions upon transition to IFRS.

Comparative information in this MD&A has been restated to comply with IFRS requirements, unless otherwise indicated.

Company Overview

The Company is a junior mineral exploration company engaged in the acquisition and exploration of precious metals on 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. 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 II issuer, under the symbol "TK" and on the Frankfurt Exchange under the symbol "TLD".

Corporate Update

On January 3, 2013 the Company appointed Mr. John Nebocat (P.Eng.) to the position of Vice President Exploration. Mr. Nebocat has been working with the Company as an independent technical consultant since 2003 and during this time has overseen the exploration of the Company's flagship projects, Colquipucro and Ayawilca. Mr. Nebocat graduated from the Montana College of Mineral Science and Technology, Butte, Montana with a BSc. Geological Engineering (Honours) in 1984. He is a member of the Association of Professional Engineers and Geoscientists of British Columbia and also the Geological Association of Canada. Since 1993 Mr. Nebocat has operated as private consultant to various junior resource companies with experience in Peru, Argentina, Bolivia, Ecuador, Mexico, Sweden, Finland and Canada. Prior to this he worked for the B.C. Department of Mines & Petroleum Resources and Newmont Exploration of Canada Limited

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Exploration Projects

Colquipucro Project, Peru

The Company has staked 46 claims covering 9,827 hectares in the Department of Pasco approximately 190 km NE of Lima and 65 km NW of Cerro de Pasco. The Colquipucro mining district lies some 25 km northwest of the famed Cerro de Pasco and Colquijirca Pb-Zn-Cu mines, and 35 km east of the Raura mine, a Cu-Pb-Zn-Ag skarn deposit mined since 1958. The project is 25 km SW of Buenaventura's high grade 150 million oz Uchuccahacua silver mine.

A first field visit identified numerous gossanous mantos and veins over an area of 20 sq km within a sequence of limestone, shale and carbonaceous sandstone. Two dominant vein orientations were identified with widths up to 1 m, containing galena, sphalerite and pyrite as the principal sulphide minerals. Mapping identified propylitic alteration associated with intrusives northeast of the vein and gossanous occurrences, suggesting a mineralizing intrusive source may exist nearby.

Comprehensive exploration followed which included, geochemical surface and underground sampling, geophysical survey and a phase 1 diamond drill program which was completed in October 2007. The results of the program were included in the end of year report.

The Company has identified new areas of surface mineralization at Colquipucro. Two of the new areas, called Colquisur and Ayawilca, lie 1km SE of and from 1.5km and 2km SSE, respectively, from the recently drilled Zone 1 area. A total of 384 soil and rock chip samples were collected from the new areas on a grid covering both areas measuring roughly 1,500 metres by 1,900 metres. Results returned values ranging from trace to 85 g/t silver, trace to 0.39% lead and trace to 4.9% zinc. These geochemically anomalous areas are still open to the east, but geological mapping and soil sampling suggest that the mineralized areas are faulted-off along the western edge of the grid.

The Ayawilca zone is underlain mostly by sandstones and siltstones containing finely disseminated pyrite throughout. Other sulphide minerals have not yet been identified in the matrix of these rocks, but the highly anomalous soil sample results suggest they are there (galena, sphalerite). It is believed that this sequence of east-west structures could be a similar setting to the Zone 1 area just drilled, where faults served as conduits for reprecipitating and enriching the mineralization both along the faults and in intervening fractures.

The Colquisur zone sits in the valley immediately south of Zone 1. There is extensive overburden cover, but preliminary mapping and sampling indicates that it is underlain mostly by the Pucura limestone, host to the lead and zinc mineralization encountered in the deeper parts of some holes at Zone 1.

A third area, known as Colquicocha, of surface mineralization was discovered during the last quarter. This area lies 2 km SE of the recently identified Ayawilca zone and approximately 3.75 km SEof Zone 1 that was drilled during 2007. At Colquicocha, nine channel samples ranging from 1 metre to 3 metres wide were collected from surface outcrops and old workings. Results returned values ranging from trace to 222 g/t silver, trace to 9.10% lead and trace to 8.0% zinc. Two contiguous samples from one underground working, taken perpendicular to the bedding in the sandstone, averaged 136 g/t silver, 5.86% lead and 4.82% zinc. About 300 metres SE from this working, a 3.0 metre wide sample taken from another working along a north-south trending, easterly dipping structure, assayed 146 g/t silver, 8.78% lead and 0.57% zinc.

Also of interest are two other sample sites located during reconnaissance exploration. The first one, about 300 metres south of the centre of the Ayawilca zone, yielded 55 g/t silver and highly anomalous lead over 8 metres, sampled obliquely across the bedding. Previous mapping has identified a NE-trending structure that passes through this site and projects towards some anomalous soil samples, a distance in excess of 400 metres. The other site, located about 1.3 km ENE from here, returned 64 g/t silver and highly anomalous lead and zinc over 15 metres width. This site is described as a "manto" in sandstone which hosts pyrite and iron oxides.

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The Company completed a grid sampling program and surface exploration to further delineate this new zone. The Company is continuing a grid sampling program and surface exploration to identify further zones.

In April 2008 an independent NI43-101 report was completed which determined an inferred silver resource of 20.3 million ounces silver with an immediate potential contiguous target.

Category	Ag Cut-off (g/t)	Tonnes	Avg. Grade Ag (g/t)	Troy Ounces Ag/Short Ton	Contained Troy Ounces
Inferred	30	5,669,853	111.4	3.25	20,311,120

The report recommended an extensive drilling program to further define the existing resource, to test the target north of the resource and to drill some exploration holes at the Zone2/Ayawilca anomaly. A copy of the full report can be viewed on the Company's website www.tinkaresources.com

During February 2009 a review of the project was undertaken and it concluded that significant silver mineralization at Colquipucro is controlled by the complicated main regional fault and that future exploration must be directed at testing this 12 km long structural trend within the Company's permit area. It recommended a work program prior to drilling consisting of: metallurgical testing of Zone 1 drill core, petrographic analysis, detailed airphoto interpretation on a 1 km corridor of the main thrust fault and detailed follow-up mapping and sampling of the Ayawilca zone and any further targets.

Initial metallurgical test work was undertaken during April 2009 and produced positive results. Highlights from this work include:

- Silver recovery ranged from 90 to 97% with cyanide consumptions of 3.5 to 8.0 kg/t after leaching for 72 hours.
- Silver leaching kinetics was extremely fast for both composites.
- Although reagent consumption was moderate to high the leaching time was extremely rapid, suggesting further test work may allow cyanide consumption to be reduced with only a small loss in recoverable silver.

Test work was completed by Plenge Laboratories in Lima, Peru on two composite samples from the Colquipucro main mineralized zone ("Zone 1''). The samples were composited from 63 samples from two separate sections of pulps taken from diamond drill holes CDD6 and CDD13 that passed through Zone 1. Tests included head grade analysis, gravity separation and cyanidation. The samples were subjected to six conventional bottle roll techniques. Sample head grades averaged 79.7g/t Ag (CDD6) and 132.1g/t Ag (CDD13). Head grades for the metallurgical samples are in the same range as those of the recently calculated NI 43-101 inferred resource of 5.7 Mt at a grade of 111 g/t silver (20.3 Moz silver) at Zone 1.

Following the positive initial metallurgy results, a comprehensive mineralogical study was conducted on concentrates produced from sections of Zone 1 drill holes CDD 6 & CDD 13 at Uppsala University, Uppsala, Sweden using Qualitative X-ray diffraction (XRD) and microprobe analysis. The most common silver mineral identified was a silver-sulphide, very likely argentite or acanthite. A silver sulphosalt of undetermined composition was also noted. Pyrite, arsenopyrite and zircon are common minerals identified in the concentrates.

The information obtained so far, including a recent interpretation done with satellite imagery, indicate that the geological setting at Zone 1 is strongly influenced by structural preparation, particularly by a large, complex fault system that marks the southwest margin of the prospective exploration area.

The exploration area is defined as a zone ranging from 1 km to 2 km in width, bounded by two large northwest-southeast trending fault systems and underlain by the Pucura limestone and Goyllarisquisga sandstone formations. So far, the Ayawilca zone located 2 km to the south of the known resource, has shown some structural and geochemical similarities to Zone 1. In August, a detailed structural mapping and geological interpretation study was completed by the Company's independent consulting geologists on the Ayawilca zone.

The interpretations and conclusions provided include:

- The structural setting and mineralization found at the Ayawilca zone has a direct correlation with the system found at Zone 1.
- The area, approximately 500m north-south by 200m east-west, defined as prospective for hosting bulk-tonnage silver mineralization at Ayawilca is sufficient for an exploration target equal to or greater than that established at Zone 1. The potential quantity and grade is conceptual in nature, and there has been insufficient exploration to define this target at this time. It is uncertain that drilling will result in further discoveries in this area. The target referred to is based on follow up of currently untested known strike length and down dip potential of the host sandstone.
- Ayawilca is believed to be higher in the Goyllar sandstone stratigraphy; hence, there may be potential for a thicker sequence of mineralization than at Zone 1.
- An eight hole reverse circulation drill program, totalling not less than 1,600m, is recommended as a first phase test of the Ayawilca zone.

Zone 1

In November 2011 the Phase 2 drilling program commenced at Zone 1 to test the northern extension of the resource. Ten holes were completed and the following significant results were recorded:

- 42 m of 165 g/t Ag, 14 m of 160 g/t Ag and 10 m 365 g/t Ag (CDD19)
- 94 m of 92 g/t Ag and 10 m of 299 g/t Ag (CDD21)
- 56 m of 80 g/t Ag and 8 m of 170 g/t Ag (CDD22)
- 58 m of 109 g/t Ag (including 10 m of 198 g/t Ag), 20 m of 100 g/t Ag (CDD23)
- 20 m of 85 g/t Ag (CDD24).

Surface exploration continued and further surface mineralization was identified to the northwest and contiguous to Zone 1. Along one line a contiguous 16 m section averaged just over 20 g/t Ag. This area has been included in a new drill permit application.

In October 2012, an updated NI-43-101 resource estimate was completed increasing the inferred resource to 32.7 million ounces of Ag. Two cut-off levels, 15 g/t Ag and 30 g/t Ag, and a rock density of 2.65 tonnes per cubic metre were used in this estimate. Samples assayed from a total of 25 drill holes, 3 surface trenches and 2 underground workings were used in arriving at this resource estimate.

Cut-off	**15 g/t Ag**	**15 g/t Ag**	**15 g/t Ag**		**30 g/t Ag**	**30 g/t Ag**	**30 g/t Ag**
Category	**Tonnes**	**Average Grade: g/t (oz)**	**Contained Oz.**		Tonnes	Average Grade: g/t (oz)	Contained Oz.
Sandstone	**8,423,384**	**75.82 (2.21)**	**20,532,198**		5,423,756	112.04 (3.27)	19,536,758
Lower Units	**5,522,618**	**68.67 (2.00)**	**12,192,243**		3,018,155	103.42 (3.02)	10,035,044
Global	**13,946,002**	**72.98 (2.13)**	**32,724,441**		8,441,911	108.95 (3.18)	29,571,802

A copy of the full report can be viewed on the Company's website www.tinkaresources.com

Further metallurgical testing was also undertaken during the year. Composite samples with nominal head grades of 30, 60, 90 and 120 g/t Ag were selected. The bottle roll tests yielded recoveries of up to 84% Ag and the column leach tests up to 71% Ag after 72 hours. The preliminary bottle roll tests conducted in 2009 were done on two sets of drill core samples using significantly higher cyanide concentrations; these yielded recoveries of up to 90% and 97% Ag after 72hours.

In December 2012 the Company signed an agreement with the Pillao community, providing surface access for the Colquipucro project, west-central Peru. The agreement grants the Company access for all exploration activities, including drilling, for the next thirty months.

Drilling will resume at Colquipucro during the second week of January 2013. Drilling will consist of approximately 20 in-fill holes at Zone 1 with the objective of both increasing the silver resources and upgrading the resource classification from the *inferred* to *indicated* category. At the same time, with community support, an amendment to the existing drill permit will be lodged to include further drill platforms to test the north-west extension of Zone 1.

Ayawilca

In August 2010 an induced polarization ("IP") survey was undertaken over Ayawilca. The pole-dipole survey consisted of 8 lines totaling 14.1 km and was contiguous with IP survey performed over Zone 1 in 2007. The inversion model of the IP data produced a target underlying Ayawilca trending east-southeast for 600 metres and plunging gently to the east; this model fits the observed surface mineralization and pattern of faulting mapping east of Ayawilca and will be the target area for the eight reverse drill holes. During this time the Company also finalized an agreement with the local community for all ongoing exploration which was lodged with the authorities.

During the first week of February 2011 the Company was granted modification to the existing 50 hole diamond drill permit, for a further eight holes to test the Ayawilca. The first of two holes to test the eastern side of Ayawilca was collared on May 21, 2011. This hole and the remaining seven of eight holes in the Ayawilca target area have been completed. Core was split and logged on site under the supervision of Tinka geologists and transported to the laboratory in Lima by Company staff. All holes intercepted altered siltstones and fine coarse grained sandstones, randomly crosscut by semi-massive to massive sphalerite veins. In addition, hole DDH53 encountered a wide section of massive and breccia-style pyrite-sphalerite mineralization with minor galena. The mineralization in hole DDH53 remains open at depth. Results from these eight holes include 26 m of 1.72% Zn and 35 g/t Ag, 6 m of 7.3% Zn and 40 g/t Ag, 8 m of 15.9% Zn and 33 g/t Ag, 30 m of 3.49% Zn. While compiling the drill results with the IP anomaly, it was evident that hole DDH53 intersected the southern lobe of this anomaly while the other holes were, for the most part, above or west of it. As a result of these assays, the Company recommenced drilling at Ayawilca and hole DDH52B was completed in February with a best intersection of 18 m of 5.4% Zn including 10 m of 7.1% Zn and 8 g/t Ag.

During February 2012 a second IP survey was undertaken over Ayawilca contiguous with, and to the east of, the previous survey. The pattern of the 3-D inversion anomalies appears to follow the trend of the dominant fault structures (eastwest) mapped on surface. There may be up to three parallel structures separated over about 700 m north-south, and the middle one may be the contiguous extension of the 2010 anomaly spanning a distance of 1,200 m eastwest indicating that the sulphide mineralization may be more than twice the size than was first indicated. Work has commenced on an amendment to the current drill permit to cover the newly identified drill targets.

During April 2012 a further three holes were drilled at Ayawilca within the western most IP anomaly. Significant results included 2m of 5.27% Zn and 11.1 g/t Ag, 6m of 2.77% Zn and 7.9 g/t Ag, 10m of 44.2 g/t Ag, 4m of 4.7% Zn and 16.1 g/t Ag, 6m of 4.05% Zn and 2.4 g/t Ag. These three holes, A12-01 to A12-03, intercepted massive and semi-massive sulphides, consisting of pyrite, sphalerite and lesser galena, chalcopyrite and arsenopyrite hosted by a sedimentary breccia, greywacke and siltstone formation that underlies the sandstones that hosts the silver mineralization at Zone 1. The mineralization is often accompanied by hematite, magnetite and chlorite alteration. As yet, the geometry of the mineralization is not fully understood, so the angles at which the holes intercepted the sulphide bodies can only be conjectured. The mineralization is believed to have been sourced from steeply dipping structures that underlie this sedimentary sequence, thus some of the mineralization may have a steep to near-vertical component; however, the irregular nature of some of it may suggest a replacement style which could trend in any direction.

At the end of July 2012 the Company signed a surface access agreement with the Yanacocha community for Ayawilca. The agreement grants the Company access for all exploration activities including drilling for the next thirty months. This is a positive decision by the community and the Company will work with them, not only in the development of the Colquipucro project, but in the development of sustainable projects and social programs for the community as a whole.

In September 2012, drilling resumed drilling at Ayawilca. In November 2012, results from hole A12-04 were released with a significant result of 20 m of 7.1% Zn including 14 m of 9.6% Zn. Drilling continued up to the 2012 Christmas break completing a further 4 holes. Significant results from hole A12-08 were 70 m of 4.8% Zn (including 19 m of 9.0% Zn) and 18.5 m of 6.6% Zn and from hole A12-09 13.5 m of 4.5% Zn. So far, ten of the twelve holes intercepted either semi-massive or massive sulphides consisting of pyrite, pyrrhotite and sphalerite with lesser galena, chalcopyrite and arsenopyrite. Hole A12-08 contains the best intercepts of zinc mineralization found so far. Several intervals of massive sulphide were intercepted, ranging from a few metres to 10's of metres in thickness, interspersed with zones of semi-massive and disseminated sulphides. The mineralized zones contain hematite and magnetite with siderite (an iron carbonate) and argillic alteration. Surrounding the mineralization is a wide envelope of propylitic alteration dominated by chlorite.

Drilling at Ayawilca is scheduled to resume during the second week of January 2013 and will continue to test a series of large 3-D inversion, induced polarization (IP) anomalies that span a distance of 1,200 metres east-west; the anomalies remain open to the east. The Company has filed an amendment to the existing drill permit for a further 84 drill platforms covering the anomalies identified by geophysics.

Tibillos, Peru

The Company had signed an option agreement to purchase a 100% interest in the Anita de Tibillos Copper Porphyry property ("Tibillos") from an arm's length private owner in Peru. Surface work was undertaken, a geophysical survey completed identifying drill targets and drilling commenced in November 2011. A total of 6 holes were completed by February and the core was sent to the laboratory in Lima for analysis. As a result of this, in February 2012, the Company elected to withdraw from the option agreement and concentrate its resources on the Colquipucro project. Accordingly, the Company wrote-off $733,903 of acquisition and related deferred exploration costs.

Selected Financial Data

The following selected financial information is derived from the audited annual consolidated financial statements of the Company. All comparative figures have been revised for the adoption of IFRS.

	Years Ended September 30,		
	2012 $	**2011 $**	**2010 $**
Operations:			
Revenues	Nil	Nil	Nil
Expenses	(1,905,915)	(806,117)	(594,830)
Other items	(789,421)	25,730	18,662
Net loss	(2,695,336)	(780,387)	(576,168)
Loss per share - basic and diluted	(0.04)	(0.02)	(0.02)
Dividends per share	Nil	Nil	Nil
Balance Sheet:			
Working capital	2,135,148	4,504,167	813,720
Total assets	7,794,594	7,732,414	3,138,280
Total long-term liabilities	Nil	Nil	Nil

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

	Fiscal 2012				Fiscal 2011			
	Sept. 30 2012 $	Jun. 30 2012 $	Mar. 31 2012 $	Dec. 31 2011 $	Sept. 30 2011 $	Jun. 30 2011 $	Mar. 31 2011 $	Dec. 31 2010 $
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(749,811)	(201,635)	(764,239)	(190,230)	(114,609)	(149,426)	(404,534)	(137,548)
Other items	(25,530)	(2,440)	(749,850)	(11,601)	56,201	(4,129)	(17,181)	(9,161)
Net loss and comprehensive loss	(775,341)	(204,075)	(1,514,089)	(201,831)	(58,408)	(153,555)	(421,715)	(146,709)
Loss per share -basic and diluted	(0.01)	(0.00)	(0.03)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Balance Sheet:								
Working capital	2,135,148	2,510,010	2,583,925	3,310,081	4,504,167	2,437,514	1,910,881	1,031,008
Total assets	7,794,594	7,711,916	7,200,421	7,593,105	7,732,414	5,212,094	4,437,238	3,524,793
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Three Months Ended September 30, 2012 Compared to Three Months Ended September 30, 2011

During the three months ended September 30, 2012 (the "2012 Quarter") the Company reported a net loss of $775,341, compared to a net loss of $58,408 for the three months ended September 30, 2011 (the "2011 Quarter"), an increase in loss of $716,933. Significant variances are as follows:

- share-based compensation of $532,335 was recorded during the 2012 Quarter relating to the granting of share options granted and vested during the 2012 Quarter. No share options were granted during the 2011 Quarter;
- a total of $49,392 increase in general exploration costs, office costs, office rent and salaries, wages and benefits, from $48,127 for the 2011 Quarter to $97,519 for the 2012 Quarter. The increase was mainly due to increased levels of activities in Peru;
- legal fees increased by $11,005 from $1,589 for the 2011 Quarter to $12,594 for the 2012 Quarter. The increase was mainly due to general legal advice on general corporate matters and agreements with local communities for ongoing exploration activities in Peru; and
- the Company has retained Bay Street Connect ("Bay Street") to provide investor relations services at $3,000 per month, effective February 1, 2012, changed to $7,000 per month, on a month to month basis. During the 2012 Quarter the Company was billed a total of $21,000 (2011 - $9,000) by Bay Street. See also "Investor Relations Activities".

Year Ended September 30, 2012 Compared to Year Ended September 30, 2011

During the year ended September 30, 2012 ("fiscal 2012"), the Company reported a net loss of $2,695,336 ($0.04 per share), compared to a net loss of $780,387 ($0.02 per share) for the year ended September 30, 2011 ("fiscal 2011"), an increase in loss of $1,914,949. The increase in fiscal 2012 was primarily attributed to a $858,138 increase in share based compensation expense and a $733,903 write-off of exploration and evaluation assets relating to the Tibillos Project.

General and administrative expenses increased by $1,099,798 from $806,117 during fiscal 2011 to $1,905,915 during fiscal 2012. Specific expenses of note are as follows:

- during fiscal 2012 the Company was billed $28,500 (2011 - $29,100) for accounting and administration services provided by Chase Management Ltd. ("Chase") a private company owned by a director of the Company. In addition, the Company was billed $4,800 (2011 - $4,800) by Chase for office space provided;
- management fees of $96,000 during fiscal 2012 (2011 - $96,000) were billed by the Company's President in his capacity as such;

- a total of $122,971 increase in general exploration costs, office costs, office rent and salaries, wages and benefits, from $226,174 for fiscal 2011 to $349,145 for fiscal 2012. The increase was mainly due to increased levels of activities in Peru;
- share-based compensation of $1,121,057 (2011 - $254,363) was recorded during fiscal 2012 relating to the granting of share options. During fiscal 2012 the Company also recorded share-based compensation of $nil (2011 - $8,556) on the vesting of stock options which were previously granted;
- on March 20, 2010 the Company entered into an investor relations agreement with Bay Street Connect ("Bay Street"). During fiscal 2012 the Company was billed a total of $68,000 (2011 - $36,000) by Bay Street. See also "Investor Relations Activities";
- corporate development expenses increased by $50,659 from $19,747 during fiscal 2011 to $70,406 during fiscal 2012. During fiscal 2011 the Company participated in one corporate development program. During fiscal 2012 the Company participated in several corporate development programs;
- audit fees increased by $5,178 from $26,778 in fiscal 2011 to $31,956 in fiscal 2012, reflecting the increase in scope in the audit process;
- legal fees increased by $17,323 from $4,382 in fiscal 2011 to $21,705 in fiscal 2012. The increase was mainly due to general legal advice on general corporate matters and agreements with local communities for ongoing exploration activities in Peru.

During fiscal 2012 the Company capitalized $3,103,452 (2011 - $871,465) for mineral property interests exploration expenditures and acquisition costs, comprising $2,326,928 (2011 - $537,004) on the Colquipucro Project, $474,120 (2011 - $232,393) on the Tibillos Project and $302,404 (2011 - $102,068) for IVA tax in Peru. During fiscal 2012 the Company determined to terminate the Tibillos option agreement and, accordingly, wrote-off $733,903 of acquisition and exploration costs. See also "Exploration Projects".

During fiscal 2012 the Company received $1,571,086 (2011 - $2,686,050) from the exercise of share options, warrants and Agent's Option Units and issued 4,412,388 (2011 - 17,494,500) common shares of the Company. During fiscal 2011 the Company completed a private placement financing totalling 7,950,000 units at $0.35 per unit for gross proceeds of $2,782,500. No financings were conducted during fiscal 2012.

Financial Condition / Capital Resources

As at September 30, 2012 the Company had cash of $2,220,006 and working capital in the amount of $2,135,148. The Company has sufficient funds to meet ongoing corporate activities and planned exploration programs for the ensuing year. However, exploration activities may change due to ongoing results and recommendations or the Company may acquire additional mineral properties, which may entail additional significant funding or exploration commitments. The Company may conduct further equity financings as market conditions allow. The Company has relied solely on equity financing to raise the requisite financial resources. While it has been successful in the past, there can be no assurance that the Company will be successful in raising future financings should the need arise.

Subsequent to September 30, 2012 the Company completed a private placement financing totalling 3,000,000 units at $0.75 per unit for gross proceeds of $2,250,000. The Company also received $177,000 from exercise of share options and issued 1,020,000 common shares of the Company.

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 these financial statements requires management to make certain estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Changes in Accounting Policies

IFRS Implementation - Changes in Accounting Policies Including Initial Adoption

The Canadian Accounting Standards Board established 2011 as the year that Canadian companies' financial reporting requirements should comply with IFRS. Accordingly, the Company has commenced reporting on an IFRS basis in the current consolidated financial statements. The transition date, October 1, 2010, has required the restatement for comparative purposes of amounts reported by the Company for the year ended September 30, 2011.

The Company has completed its internal review of the impact of the adoption of IFRS. This review considered potential differences between applicable IFRS policies and those currently used by the Company. Accounting policy changes were made due to IFRS in the areas of exploration and evaluation assets, impairment testing, property, plant and equipment, provision for site restorations, and share-based compensation. Available elections under IFRS minimized the impact of these changes such that the financial reporting impact of the transition to IFRS is not material to the Company's financial results. The impact of the changes to IFRS is detailed in Note 14 to the annual consolidated financial statements and none of these are considered material.

Accounting Standards and Interpretations Issued but Not Yet Adopted

The following accounting standards, amendments and interpretations have been issued but are not effective until annual periods beginning after January 1, 2012. Unless otherwise indicated, earlier application is permitted. As at the date of these consolidated financial statements, the following standards, amendments and interpretations have not been applied in these consolidated financial statements.

(i) IFRS 9 *Financial Instruments* (New; to replace IAS 39); effective for annual periods beginning on or after January 1, 2015.

(ii) IFRS 10 *Consolidated Financial Statements*; effective for annual periods beginning on or after January 1, 2013. Early application is permitted. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidated - Special Purpose Entities*.

(iii) IFRS 11 *Joint Arrangements*; effective for annual periods beginning on or after January 1, 2013. Early application is permitted. IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes the current IAS 31 *Interest in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-Monetary Contributions by Ventures*.

(iv) IFRS 12 *Disclosure of Interest in Other Entities*; effective for annual periods beginning on or after January 1, 2013. Early application is permitted. IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity.

(v) IFRS 13 *Fair Value Measurements*; to be applied for annual periods beginning on or after January 1, 2013. Early application is permitted. IFRS 13 defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements).

(vi) IAS 12 *Income Taxes, Amendments Regarding Deferred Tax: Recovery of Underlying Assets*; effective for annual periods beginning on or after January 1, 2012.

Management is currently assessing the impact of these new standards on the Company's accounting policies and financial statement presentation.

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 fiscal 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	96,000	96,000
Professional fees	6,000	6,000
Share-based compensation	426,492	93,647
	528,492	195,647

As at September 30, 2012, $8,500 (2011 - $1,000) remained unpaid and has been included in accounts payable and accrued liabilities.

(b) *Transactions with Other Related Parties*

During fiscal 2012 and 2011 the following amounts were incurred with respect to other officers and directors:

	2012 **$**	**2011** **$**
Professional fees	12,000	12,000
Share-based compensation	342,244	62,432
	354,244	74,432

In addition, during fiscal 2012 the Company incurred a total of $33,300 (2011 - $33,900) 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 September 30, 2012, $5,900 (2011 - $10,100) remained unpaid and has been included in accounts payable and accrued liabilities.

(c) During fiscal 2012 the Company reimbursed $2,639 (2011 - $8,656) to a public company with certain common directors for shared office and other costs.

As at September 30, 2012, $1,190 (2011 - $nil) remained unpaid and has been included in accounts payable and accrued liabilities.

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.

Investor Relations Activities

The Company has retained Bay Street Connect ("Bay Street") to provide investor relations services at $3,000 per month, effective February 1, 2012, changed to $7,000 per month, on a month to month basis. The Company also granted options to Bay Street to purchase 350,000 common shares of the Company at $0.43 per share, for a term of three years. During fiscal 2012 period the Company was billed a total of $68,000 (2011 - $36,000) by Bay Street.

In addition the Company updates its website (www.tinkaresources.com) on a continuous basis.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares with no par value. As at January 25, 2012, there were 74,442,899 issued common shares, 1,500,000 warrants outstanding exercisable at $1.00 per share, Agent's Compensation Warrants to purchase 235,000 units exercisable at $0.75 per unit and 6,600,000 share options outstanding, at exercise prices ranging from $0.27 to $1.10 per share.