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**TINKA RESOURCES LIMITED**

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
SEPTEMBER 30, 2008 AND 2007

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## AUDITORS' REPORT

To the Shareholders of  
Tinka Resources Limited

We have audited the consolidated balance sheets of Tinka Resources Limited as at September 30, 2008 and 2007 and the consolidated statements of loss and comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, B.C.  
January 9, 2009

**"D&H Group LLP"**  
**Chartered Accountants**

**TINKA RESOURCES LIMITED**  
**CONSOLIDATED BALANCE SHEETS**  
**AS AT SEPTEMBER 30**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>A S S E T S</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	428,335	1,645,671
Amounts receivable	19,376	14,609
Prepays	<u>22,546</u>	<u>16,670</u>
	470,257	1,676,950
<b>MINERAL PROPERTY INTERESTS</b> (Note 3)	2,442,307	1,249,034
<b>EQUIPMENT</b> (Note 4)	21,710	36,543
<b>OTHER</b>	<u>33,710</u>	<u>-</u>
	<u><u>2,967,984</u></u>	<u><u>2,962,527</u></u>
<b>L I A B I L I T I E S</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	<u>111,653</u>	<u>104,904</u>
<b>S H A R E H O L D E R S ' E Q U I T Y</b>		
<b>SHARE CAPITAL</b> (Note 5)	8,177,788	7,737,621
<b>CONTRIBUTED SURPLUS</b> (Note 7)	704,524	497,411
<b>DEFICIT</b>	<u>(6,025,981)</u>	<u>(5,377,409)</u>
	<u>2,856,331</u>	<u>2,857,623</u>
	<u><u>2,967,984</u></u>	<u><u>2,962,527</u></u>

**NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN** (Note 1)

**SUBSEQUENT EVENT** (Note 14)

ON BEHALF OF THE BOARD

“Andrew Carter” , Director

“Nick DeMare” , Director

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

**TINKA RESOURCES LIMITED**  
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS AND DEFICIT**  
**FOR THE YEARS ENDED SEPTEMBER 30**

	2008	2007
	\$	\$
<b>EXPENSES</b>		
Accounting and administration	21,700	23,550
Amortization	3,100	2,359
Audit	28,300	2,224
Consulting	35,529	32,500
Corporate development	26,279	26,056
General exploration	98,118	91,067
Investor relations	60,000	54,000
Legal	4,539	2,470
Management fees	96,000	96,000
Office	18,519	20,320
Regulatory	10,832	11,495
Rent	5,400	5,400
Shareholder costs	11,713	8,924
Stock-based compensation (Note 6)	207,113	134,050
Transfer agent	6,307	8,348
Travel and related	47,298	24,828
	<u>680,747</u>	<u>543,591</u>
<b>LOSS BEFORE OTHER ITEMS</b>	<u>(680,747)</u>	<u>(543,591)</u>
<b>OTHER ITEMS</b>		
Interest income	22,758	49,308
Foreign exchange gain (loss)	9,417	(25,959)
Write-off of mineral property interests (Note 3)	-	(85,253)
	<u>32,175</u>	<u>(61,904)</u>
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR</b>	(648,572)	(605,495)
<b>DEFICIT - BEGINNING OF YEAR</b>	<u>(5,377,409)</u>	<u>(4,771,914)</u>
<b>DEFICIT - END OF YEAR</b>	<u>(6,025,981)</u>	<u>(5,377,409)</u>
<b>LOSS PER SHARE - BASIC AND DILUTED</b>	<u>\$(0.03)</u>	<u>\$(0.03)</u>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED</b>	<u>23,171,306</u>	<u>20,626,233</u>

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

**TINKA RESOURCES LIMITED**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30**

	2008 \$	2007 \$
<b>CASH PROVIDED FROM (USED FOR)</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	(648,572)	(605,495)
Adjustment for items not involving cash		
Amortization	3,100	2,359
Stock-based compensation	207,113	134,050
Write-off of mineral property interests	-	85,253
	<u>(438,359)</u>	<u>(383,833)</u>
Increase in amounts receivable	(4,767)	(8,810)
Decrease (increase) in prepaids	(5,876)	2,648
Decrease in accounts payable and accrued liabilities	(46)	(50,683)
	<u>(449,048)</u>	<u>(440,678)</u>
<b>INVESTING ACTIVITIES</b>		
Other	(33,710)	-
Purchase of equipment	(1,053)	(9,582)
Expenditures on mineral property interests	(1,128,092)	(849,615)
	<u>(1,162,855)</u>	<u>(859,197)</u>
<b>FINANCING ACTIVITIES</b>		
Issuance of common shares	412,500	1,657,000
Share issue costs	(17,933)	(42,237)
	<u>394,567</u>	<u>1,614,763</u>
<b>(DECREASE) INCREASE IN CASH DURING THE YEAR</b>	(1,217,336)	314,888
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>1,645,671</u>	<u>1,330,783</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>428,335</u></u>	<u><u>1,645,671</u></u>
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>		
Cash	428,335	895,671
Short-term deposit	-	750,000
	<u>428,335</u>	<u>1,645,671</u>

**SUPPLEMENTAL CASH FLOW INFORMATION** - See Note 12

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

**TINKA RESOURCES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

**1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN**

The Company is in the process of exploring mineral properties located in Peru and Australia. The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. Consequently the Company considers itself to be an exploration stage company. The amounts shown as mineral property interests represent costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values. The underlying value of the mineral properties and related deferred costs is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to complete development, and upon future profitable production.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At September 30, 2008, the Company had working capital of \$358,604, had not yet achieved profitable operations, has accumulated losses of \$6,025,981 since inception and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. While the Company has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future.

**2. SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

These consolidated financial statements have been prepared by management in accordance with Canadian GAAP. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Tinka Resources S.A. (Peru). Intercompany balances and transactions are eliminated on consolidation.

***Use of Estimates***

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Examples of significant estimates made by management include amortization, the provision for income taxes, composition of future income tax assets, future income tax liabilities and asset retirement obligations and valuations of mineral property interests, equipment and stock-based compensation. Actual results could differ from these estimates.

**TINKA RESOURCES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Mineral Property Costs***

Mineral property costs and exploration, development and field support costs directly relating to mineral properties are deferred until the property to which they relate is placed into production, sold or abandoned. The deferred costs will be amortized over the life of the orebody following commencement of production or written off if the property is sold or abandoned. Administration costs and other exploration costs that do not relate to any specific property are expensed as incurred.

On a periodic basis, management reviews the carrying values of deferred mineral property acquisition and exploration expenditures with a view to assessing whether there has been any impairment in value. Management takes into consideration various information including, but not limited to, results of exploration activities conducted to date, estimated future metal prices, and reports and opinions of outside geologists, mine engineers and consultants. When it is determined that a project or interest will be abandoned or its carrying value has been impaired, a provision is made for any expected loss on the project or interest.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, according to the usual industry standards for the stage of exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received.

The Company also accounts for foreign value added taxes as part of deferred costs. The recovery of these taxes will commence on the beginning of foreign commercial operations. Should these amounts be recovered they would be treated as a reduction in the carrying costs of mineral property interests.

***Cash Equivalents***

Cash equivalents includes short-term deposits maturing within 90 days of the original date of acquisition.

***Equipment***

Office equipment and vehicles are recorded at cost less accumulated amortization calculated using the straight-line method over their estimated useful lives of four to five years.

***Asset Retirement Obligations***

The fair value of a liability for an asset retirement obligation is recognized when a reasonable estimate of fair value can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is charged to earnings using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flow. As at September 30, 2008 and 2007, the Company had no asset retirement obligations.

**TINKA RESOURCES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Impairment of Long-Lived Assets***

Long-lived assets are assessed for impairment when events and circumstances warrant. The carrying value of a long-lived asset is impaired when the carrying amount exceeds the estimated undiscounted net cash flow from use and fair value. In that event, the amount by which the carrying value of an impaired long-lived asset exceeds its fair value is charged to earnings. Fair value is generally determined using a discounted cash flow analysis.

***Stock-Based Compensation***

Stock-based compensation is accounted for at fair value as determined by the Black-Scholes option pricing model using amounts that are believed to approximate the volatility of the trading price of the Company's stock, the expected lives of awards of stock-based compensation, the fair value of the Company's stock and the risk-free interest rate. The estimated fair value of awards of stock-based compensation are charged to expense as awards vest, with offsetting amounts recognized as contributed surplus.

***Income Taxes***

Income tax liabilities and assets are recognized for the estimated income tax consequences attributable to differences between the amounts reported in the financial statements and their respective tax basis, using enacted income tax rates. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. Future income tax assets are recognized to the extent that they are considered more likely than not to be realized.

***Translation of Foreign Currencies***

Monetary items are translated at the rate of exchange in effect at the balance sheet date. Non-monetary items are translated at average rates in effect during the period in which they were earned or incurred. Gains and losses resulting from the fluctuation of foreign exchange rates have been included in the determination of income.

***Loss Per Share***

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated in accordance with the treasury stock method which assumes that proceeds received from the exercise of stock options and warrants would be used to repurchase common shares at the prevailing market rate. Under the treasury stock method, the basic and diluted loss per share are the same, as the effect of common shares issuable upon the exercise of warrants and stock options of the Company would be anti-dilutive.

***Financial Instruments***

Under Section 3251, *Equity*, Section 3855, *Financial Instruments - Recognition and Measurement* and Section 3861, *Financial Instruments - Disclosure and Presentation*, all financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale assets or other financial liabilities. All financial instruments, including derivatives, are included on the balance sheet and are measured at fair market value upon inception with the exception of

**TINKA RESOURCES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

certain related party transactions. Subsequent measurement and recognition of change in the fair value of financial instruments depends on their initial classification. Held-for-trading financial investments are measured at fair value and all gains and losses are included in operations in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses upon inception, derecognition, impairment write-downs and foreign exchange translation adjustments are recognized immediately. Transaction costs related to financing will be expensed in the period incurred.

The Company has designated its cash as held-for-trading, which is measured at fair value. Amounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

***Comprehensive Income***

Section 1530, *Comprehensive Income*, provides standards for the reporting and presentation of comprehensive income, which is defined as the change in equity, from transactions and other events and circumstances from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles. A statement of comprehensive income has not been presented as no components of comprehensive income have been identified and therefore have not affected the current or comparative period balances on the consolidated financial statements.

***Adoption of New Accounting Standards***

Effective October 1, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") under Section 3862, *Financial Instruments Disclosures*, Section 3863, *Financial Instrument - Presentation* and Section 1535, *Capital Disclosures*.

***Financial Instruments***

Section 3862 requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, *Financial Instruments - Recognition and Measurement*, Section 3863 and Section 3865, *Hedges*.

Section 3863 is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

The adoption of Sections 3862 and 3863 had no impact on the Company's consolidated financial statements.

**TINKA RESOURCES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Capital Disclosures*

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. The Company has included the required disclosure in Note 13.

*New Accounting Pronouncements*

*Assessing Going Concern*

The Accounting Standards Board ("AcSB") amended Section 1400, *General Standards of Financial Statement Presentation*, to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008.

*Goodwill and Intangible Assets*

The AcSB issued Section 3064, *Goodwill and Intangible Assets*, which replaces Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008.

The Company is currently assessing the impact of the above new accounting standards on the Company's financial position and results of operations.

*International Financial Reporting Standards ("IFRS")*

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011, will require the restatement for comparative purposes of amounts reported by the Company for the year ended September 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

**TINKA RESOURCES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

**3. MINERAL PROPERTY INTERESTS**

	2008			2007		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Peru:						
Colquipucro	33,706	1,555,599	1,589,305	22,588	804,405	826,993
Other	12,416	346,055	358,471	12,416	257,230	269,646
Australia:						
Strathbogie	152,000	70,275	222,275	104,000	-	104,000
Golden Mountain	<u>48,395</u>	<u>223,861</u>	<u>272,256</u>	<u>48,395</u>	<u>-</u>	<u>48,395</u>
	<u>246,517</u>	<u>2,195,790</u>	<u>2,442,307</u>	<u>187,399</u>	<u>1,061,635</u>	<u>1,249,034</u>

(a) Peru - Colquipucro Project

On May 27, 2004, the Company entered into an agreement (the “Sierra Alliance Agreement”) with Sierra Peru Pty Ltd. (“Sierra”) pursuant which the Company staked a number of prospects in Peru.

As at September 30, 2008, the Company maintains and is actively conducting exploration activities on the Colquipucro Project, comprising 42 mineral claims totaling 6,679 hectares, in the Province of Daniel Alcides Carrion.

Under the terms of the Sierra Alliance Agreement the Company will issue 500,000 common shares to Sierra in the event that the Colquipucro Project be subject to a successful feasibility study. Sierra also retains a right to a 1% net smelter return royalty (“NSR”) from any production from the Colquipucro Project, which can be purchased for US \$1,000,000.

During fiscal 2007, the Company wrote-off a total of \$73,776 in acquisition and exploration costs associated with the Tibillos and Chunumayo prospects.

(b) Peru - Other

As at September 30, 2008, the Company has continued to maintain the Tingo Este Prospect, covering 3,700 hectares. In addition the category includes \$317,546 of foreign value added taxes.

During fiscal 2007, the Company wrote-off \$11,477 in acquisition and exploration costs on properties abandoned or considered impaired.

(c) Australia - Strathbogie South Project

On June 5, 2007, as amended August 13, 2008, the Company entered into a heads of agreement (the “Strathbogie HOA”) with Flinders Resources Pty Ltd. (“Flinders”), an arm’s length private company, under which the Company can earn a 49% interest in four mineral exploration claims, covering approximately 960 square kilometres, located in north-eastern Victoria, Australia (the “Strathbogie South Project”). Pursuant to the terms of the Strathbogie HOA, the Company may earn a 49% interest in the Strathbogie South Project by making a cash payment of \$6,000 (paid), issuing

**TINKA RESOURCES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

**3. MINERAL PROPERTY INTERESTS** (continued)

a total of 500,000 common shares (issued at a total ascribed value of \$146,000) and incur a total minimum expenditure of \$400,000 on or before June 5, 2009. The Company will also issue 500,000 common shares of the Company should the Company define a gold resource within the Strathbogie South Project in excess of 1,000,000 ounces of gold in the proven or probable category. Flinders will also retain a 1% NSR on any production from the Strathbogie South Project, which can be purchased for \$1,000,000.

(d) Australia - Golden Mountain Project

On October 29, 2007, the Company and Flinders finalized a heads of agreement (the "Golden Mountain HOA"), pursuant to which the Company may earn its 80% interest in the 202 hectare Golden Mountain Mining License (the "Golden Mountain Project") located in north-eastern Victoria, Australia, by making a cash payment of AUS \$55,000 (paid), incurring a total minimum expenditure of AUS \$900,000 within a four year period including a minimum AUS \$100,000 expenditure in year one (incurred), and issuing 200,000 common shares after an independent geologic report is prepared recommending further exploration work and regulatory approval. The Company will also issue 500,000 common shares of the Company should the Company define a gold resource within the Golden Mountain Project in excess of 1,000,000 ounces of gold in the proven or probable category. Flinders will also retain a 1% NSR on any production from the Golden Mountain Project, which the Company can purchase for \$1,000,000.

**4. EQUIPMENT**

	2008 \$	2007 \$
Vehicles	51,590	51,590
Office equipment	29,414	28,361
	<u>81,004</u>	<u>79,951</u>
Less: accumulated amortization	(59,294)	(43,408)
	<u><u>21,710</u></u>	<u><u>36,543</u></u>

**TINKA RESOURCES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

**5. SHARE CAPITAL**

Authorized - unlimited common shares without par value

Issued	<u>2008</u>		<u>2007</u>	
	Shares	\$	Shares	\$
Balance, beginning of year	<u>22,686,511</u>	<u>7,737,621</u>	<u>18,614,012</u>	<u>5,974,458</u>
Issued during the year				
For cash				
Private placements	1,375,000	412,500	1,890,000	850,500
Exercise of options	-	-	270,000	121,500
Exercise of warrants	-	-	1,712,499	685,000
For mineral property interests	300,000	48,000	200,000	98,000
Reallocation from contributed surplus on exercise of options	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,400</u>
	<u>1,675,000</u>	<u>460,500</u>	<u>4,072,499</u>	<u>1,805,400</u>
Less share issue costs	<u>-</u>	<u>(20,333)</u>	<u>-</u>	<u>(42,237)</u>
	<u>1,675,000</u>	<u>440,167</u>	<u>4,072,499</u>	<u>1,763,163</u>
Balance, end of year	<u><u>24,361,511</u></u>	<u><u>8,177,788</u></u>	<u><u>22,686,511</u></u>	<u><u>7,737,621</u></u>

- (a) During fiscal 2008, the Company completed a non-brokered private placement financing of 1,375,000 units at \$0.30 per unit for gross proceeds of \$412,500. Each unit consisted of one common share and one half share purchase warrant. Each whole warrant is exercisable at a price of \$0.50 per share expiring on June 4, 2009. The warrants are subject to a forced conversion which comes into effect once the shares trade above a weighted average price of \$0.60 for any 20 consecutive trading-day period. The expiry date of the warrants will then be 30 days from the date the Company issues a news release announcing the forced conversion. The Company paid finders' fees totalling \$17,520 and incurred share issue costs of \$2,813 relating to this financing. A director of the Company purchased 75,000 units of this private placement.
- (b) During fiscal 2007, the Company completed a non-brokered private placement of 1,890,000 units, at a price of \$0.45 per unit, for gross proceeds of \$850,500. Each unit comprised one common share and one-half share purchase warrant. Each full warrant was exercisable to purchase one additional common share at an exercise price of \$0.60 per share for a period of one year. The warrants are subject to a forced conversion provision which will come into effect once the shares trade at a weighted average price of \$0.90 per share for 20 consecutive trading days. The Company paid \$37,485 for finders' fees and \$4,752 for filing fees. Certain directors, officers and their family members purchased 100,000 units of the private placement.

During fiscal 2008, the Company extended the expiry dates of the share purchase warrants from February 28, 2008 and March 21, 2008, to February 28, 2009 and March 21, 2009.

**TINKA RESOURCES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

**5. SHARE CAPITAL (continued)**

(c) A summary of the number of common shares reserved pursuant to the Company's outstanding warrants outstanding September 30, 2008 and 2007 and the changes for the fiscal years ending on those dates is as follows:

	2008		2007	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of year	1,327,501	0.54	2,095,000	0.40
Issued	687,500	0.50	945,000	0.60
Exercised	-	-	(1,712,499)	0.40
Expired	<u>(382,501)</u>	0.40	<u>-</u>	-
Balance, end of year	<u><u>1,632,500</u></u>	0.56	<u><u>1,327,501</u></u>	0.54

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at September 30, 2008:

Number	Exercise Price \$	Expiry Date
702,500	0.60	February 28, 2009
242,500	0.60	March 21, 2009
<u>687,500</u>	0.50	June 4, 2009
<u><u>1,632,500</u></u>		

**6. STOCK OPTIONS AND STOCK-BASED COMPENSATION**

The Company has established a rolling stock 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 in accordance with the policies of the TSXV. The options have a maximum term of five years.

During fiscal 2008, the Company granted stock options to purchase 1,260,000 (2007 - 515,000) common shares and recorded compensation expense of \$207,113 (2007 - \$134,050) on the granting and vesting of stock options. The fair value of the stock options is estimated using the Black-Scholes option pricing model with the following assumptions used for the granting or vesting made during fiscal 2008 and 2007:

	2008	2007
Risk-free interest rate	2.64% - 4.16%	3.86% - 4.61%
Estimated volatility	70% - 82%	82% - 90%
Expected life	2 years - 3 years	2.25 years - 3 years
Expected dividend yield	0%	0%

**TINKA RESOURCES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

**6. STOCK OPTIONS AND STOCK-BASED COMPENSATION (continued)**

The weighted average fair value of all stock options granted during fiscal 2008 to the Company's directors, officers and consultants was \$0.16 (2007 - \$0.26) per share.

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 stock options.

A summary of the Company's stock options at September 30, 2008 and 2007 and the changes for the fiscal years then ended on those dates is presented below:

	2008		2007	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of year	1,825,000	0.43	1,680,000	0.42
Granted	1,260,000	0.30	515,000	0.45
Exercised	-	-	(270,000)	0.45
Expired	(890,000)	0.47	(100,000)	0.37
Balance, end of year	<u>2,195,000</u>	0.34	<u>1,825,000</u>	0.43

The following table summarizes information about the stock options outstanding and exercisable at September 30, 2008:

Number Outstanding	Number Exercisable	Exercise Price \$	Expiry Date
20,000	20,000	0.40	December 5, 2008
100,000	100,000	0.30	May 12, 2009
300,000	300,000	0.30	May 23, 2009
60,000	60,000	0.35	November 29, 2009
110,000	110,000	0.35	January 18, 2010
310,000	310,000	0.50	April 5, 2010
35,000	35,000	0.50	May 8, 2010
50,000	50,000	0.30	January 18, 2011
975,000	937,500	0.30	March 1, 2011
<u>235,000</u>	<u>235,000</u>	0.30	July 18, 2011
<u>2,195,000</u>	<u>2,157,500</u>		

See also Note 14.

**TINKA RESOURCES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

**7. CONTRIBUTED SURPLUS**

The Company's contributed surplus for fiscal 2008 and 2007, is comprised of the following:

	2008 \$	2007 \$
Balance, beginning of year	497,411	413,761
Stock-based compensation on stock options (Note 6)	207,113	134,050
Stock options exercised	-	(50,400)
Balance, end of year	<u>704,524</u>	<u>497,411</u>

**8. RELATED PARTY TRANSACTIONS**

- (a) During fiscal 2008 and 2007, the Company has incurred the following expenditures to directors and corporations controlled by directors of the Company:

	2008 \$	2007 \$
Management fees	96,000	96,000
Accounting and administration	21,700	23,550
Consulting services	19,500	20,500
Rent	5,400	5,400
	<u>142,600</u>	<u>145,450</u>

- (b) During fiscal 2008, the Company reimbursed \$24,932 (2007 - \$18,716) to public companies with certain common directors for shared office and geological personnel and other costs.

The above transactions have been recorded at the exchange amounts which is the amount agreed to by the related parties.

As at September 30, 2008, \$10,190 (2007 - \$14,067) remained outstanding and was included in accounts payable and accrued liabilities.

Other related party transactions are disclosed elsewhere in these consolidated financial statements.

**TINKA RESOURCES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

**9. INCOME TAXES**

The income tax effects of temporary differences that give rise to significant components of future income tax assets and liabilities are as follows:

	2008 \$	2007 \$
Future income tax assets:		
Losses available for future periods	1,256,000	949,000
Fixed assets	3,000	2,000
Net book value of assets in excess of tax basis	(475,000)	(240,000)
Other	<u>23,000</u>	<u>34,000</u>
	807,000	745,000
Valuation allowance for future income tax assets	<u>(807,000)</u>	<u>(745,000)</u>
	<u><u>-</u></u>	<u><u>-</u></u>

The recovery of income taxes shown in the statements of loss and deficit differ from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	2008 \$	2007 \$
Income tax rate reconciliation		
Combined federal and provincial income tax rate	<u>31.91%</u>	<u>34.12%</u>
Expected income tax recovery	(207,000)	(207,000)
Permanent differences	18,000	27,000
Effect of income tax rate changes	43,000	-
Effect of different income tax rates in Peru and Canada	(2,000)	(6,000)
Change in valuation allowance	95,000	107,000
Other	<u>53,000</u>	<u>79,000</u>
	<u><u>-</u></u>	<u><u>-</u></u>

As at September 30, 2008, the Company has non-capital losses of approximately \$1,750,000 (2007-\$1,583,000) and cumulative resource and other tax pools of approximately \$581,000 carried forward for Canadian income tax purposes and are available to reduce Canadian taxable income in future years. The non-capital losses expire commencing 2009 through 2028. The cumulative resource and certain other tax pools can be carried forward indefinitely.

The Company also has non-capital losses of approximately \$2,325,000 (2007 - \$1,364,000) for Peruvian income tax purposes, which are available for application against future taxable income. These non-capital losses expire commencing December 31, 2008 through December 31, 2012.

Future income tax benefits which may arise as a result of these losses have not been recognized in the financial statements as their realization is unlikely.

**TINKA RESOURCES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

**10. SEGMENTED INFORMATION**

Substantially all of the Company's operations are in one industry, the exploration for gold. Management reviews the financial results according to expenditures by property. As at September 30, 2008, the Company's mineral properties are located in Peru and Australia 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.

	<b>2008</b>			<b>Total</b>
	<b>Corporate Canada</b>	<b>Mineral Operations Peru</b>	<b>Mineral Operations Australia</b>	
	\$	\$	\$	\$
Current assets	438,404	31,853	-	470,257
Mineral property interests	-	1,947,776	494,531	2,442,307
Equipment	5,507	16,203	-	21,710
Other	-	-	33,710	33,710
	<u>443,911</u>	<u>1,995,832</u>	<u>528,241</u>	<u>2,967,984</u>
	<b>2007</b>			
	<b>Corporate Canada</b>	<b>Mineral Operations Peru</b>	<b>Mineral Operations Australia</b>	<b>Total</b>
	\$	\$	\$	\$
Current assets	1,664,572	12,378	-	1,676,950
Mineral property interests	-	1,096,639	152,395	1,249,034
Equipment	8,608	27,935	-	36,543
	<u>1,673,180</u>	<u>1,136,952</u>	<u>152,395</u>	<u>2,962,527</u>

**11. FINANCIAL INSTRUMENTS**

The fair values of financial instruments at September 30, 2008, were estimated based on relevant market information and the nature and terms of financial instruments. Management is not aware of any factors which would significantly affect the estimated fair market amounts, however, such amounts have not been comprehensively revalued for purposes of these consolidated financial statements. Disclosure subsequent to the balance sheet dates and estimates of fair value at dates subsequent to September 30, 2008, may differ significantly from that presented.

Fair value approximates the amounts reflected in the consolidated financial statements for cash, amounts receivable and accounts payable and accrued liabilities.

The Company may be subject to currency risk due to the fluctuations of exchange rates between the Canadian dollar and other foreign currencies. However, the Company is not subject to significant interest and credit risks arising from these instruments.

**TINKA RESOURCES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

**12. SUPPLEMENTAL CASH FLOW INFORMATION**

Non-cash activities were conducted by the Company during fiscal 2008 and 2007, as follows:

	2008 \$	2007 \$
Operating activities		
Amortization	12,786	-
Increase in accounts payable and accrued liabilities	<u>93,225</u>	<u>86,430</u>
	<u>106,011</u>	<u>86,430</u>
Financing activities		
Share issue costs	(2,400)	-
Shares issued for mineral property interests	48,000	98,000
Shares issued on exercise of options	-	50,400
Contributed surplus	<u>-</u>	<u>(50,400)</u>
	<u>45,600</u>	<u>98,000</u>
Investing activity		
Expenditures on mineral property interests	<u>(151,611)</u>	<u>(184,430)</u>
Other supplemental cash flow information:		
Interest paid in cash	<u>-</u>	<u>-</u>
Income taxes paid in cash	<u>-</u>	<u>-</u>

**13. CAPITAL MANAGEMENT**

The Company's objective when managing capital, defined as equity, is to safeguard the entity's ability to continue as a going concern, so that it can continue to acquire and explore mineral interests. The Company funds all administration and exploration programs from the issue of shares, generally through private placements. The Company prepares a budget for seasonal exploration programs and initiates equity offerings to ensure sufficient funds for each season's programs. If the Company is unsuccessful in raising sufficient capital, exploration programs are extended, delayed or cancelled. In order to conserve cash, the Company may issue shares to pay for properties or compensate directors, employees and contractors through stock options.

Any cash raised that is surplus to immediate requirements is invested in low-risk liquid instruments which may include Bankers' Acceptances or Guaranteed Investment Certificates.

Management believes that the Company's stock option plan complies with the rules of the TSXV and that the Company has complied with the TSXV rules in terms of the number of shares, pricing and timing for share issuances.

Please refer to Notes 5 and 7 for a description of changes in capital during fiscal 2008 and 2007.

**TINKA RESOURCES LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

**14. SUBSEQUENT EVENT**

Subsequent to September 30, 2008, the Company cancelled 290,000 stock options which were exercisable at prices ranging from \$0.30 to \$0.50 per share. In addition, 20,000 stock options which were exercisable at \$0.40 per share expired without exercise.

## SCHEDULE 1

**TINKA RESOURCES LIMITED**  
**CONSOLIDATED SCHEDULE OF MINERAL PROPERTY INTERESTS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	2008				2007	
	Peru		Australia		Total	
	Colquipucro	Other	Strathbogie	Golden Mountain		
	\$	\$	\$	\$	\$	
<b>BALANCE</b>						
- BEGINNING OF YEAR	826,993	269,646	104,000	48,395	1,249,034	290,849
<b>EXPLORATION EXPENDITURES DURING THE YEAR</b>						
Amortization	12,786	-	-	-	12,786	9,393
Assays	40,664	-	-	1,278	41,942	28,741
Camp costs	22,171	-	-	-	22,171	27,962
Consulting	13,810	-	-	-	13,810	91,763
Drilling	287,663	-	-	132,641	420,304	259,055
Environment studies	5,828	-	-	-	5,828	-
Exploration site	61,013	-	-	-	61,013	79,205
Field workers	19,098	-	-	-	19,098	63,297
Fuel	9,861	-	-	-	9,861	-
Geological	31,901	-	44,262	57,704	133,867	92,375
Geophysical	-	-	-	-	-	16,952
IVA tax	-	88,825	-	-	88,825	85,240
Permit and filing fees	42,570	-	-	7,782	50,352	30,989
Road access	27,298	-	-	-	27,298	-
Salaries	138,176	-	-	-	138,176	14,174
Supplies	8,468	-	-	-	8,468	27,598
Topography	7,219	-	-	-	7,219	-
Travel	4,895	-	15,722	22,824	43,441	12,687
Vehicles	17,773	-	10,291	1,632	29,696	33,826
	<u>751,194</u>	<u>88,825</u>	<u>70,275</u>	<u>223,861</u>	<u>1,134,155</u>	<u>873,257</u>
<b>ACQUISITION COSTS DURING THE YEAR</b>						
Staking and related costs	11,118	-	-	-	11,118	17,786
Option payment	-	-	-	-	-	54,395
Shares issued	-	-	48,000	-	48,000	98,000
	<u>11,118</u>	<u>-</u>	<u>48,000</u>	<u>-</u>	<u>59,118</u>	<u>170,181</u>
	<u>762,312</u>	<u>88,825</u>	<u>118,275</u>	<u>223,861</u>	<u>1,193,273</u>	<u>1,043,438</u>
<b>BALANCE BEFORE WRITE-OFFS</b>	1,589,305	358,471	222,275	272,256	2,442,307	1,334,287
<b>LESS WRITE-OFF OF MINERAL PROPERTY INTERESTS</b>	-	-	-	-	-	(85,253)
<b>BALANCE - END OF YEAR</b>	<u>1,589,305</u>	<u>358,471</u>	<u>222,275</u>	<u>272,256</u>	<u>2,442,307</u>	<u>1,249,034</u>

# TINKA RESOURCES LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2008

### Background

This discussion and analysis of financial position and results of operation is prepared as at January 26, 2009, and should be read in conjunction with the audited consolidated financial statements and the accompanying notes for the years ended September 30, 2008 and 2007, of Tinka Resources Limited (the "Company"). The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). 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](http://www.sedar.com).

### 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 and Australia 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".

At September 30, 2008, the Company had working capital of \$358,604, had not yet achieved profitable operations, has accumulated losses of \$6,025,981 since inception and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. While the Company has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future.

### 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

The Company is committed to the prudent use of cash and, to assist in dealing with current market conditions, the Company has been and will continue to undertake the necessary steps to preserve capital including postponing work programs, reducing personnel and minimizing non-essential expenditures.

#### *Colquipucro Project, Peru*

The Company has staked 42 claims totaling 6,679 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 Uchucchacua 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 Pucara limestone, host to the lead and zinc mineralization encountered in the deeper parts of some holes at Zone 1.

A third area, know 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 SE of 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.

Of interest, also, 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.

The Colquicocha 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 Company has now completed a grid sampling program and surface exploration to further delineate this new zone and samples are now at the laboratory in Lima. The Company is continuing a grid sampling program and surface exploration to further delineate these zones.

In April, 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 multi-phase drill program over the next 14 months is currently being planned. A copy of the full report can be viewed on the Company's website [www.tinkaresources.com](http://www.tinkaresources.com)

The Company has continued exploration at Colquipucro to identify further areas of surface mineralization. During the last quarter the Company identified a further area of surface mineralization to the east of Zone 1. Highly anomalous Ag, Pb and Zn values in soil samples cover an area roughly 800m east-west by up to 500m north-south. Rock samples were also taken with results including 8.4m of 155 g/t Ag and 4% Zn. This new zone is known as the Chaucha Zone and will be included in the Phase 2 drill program. The total area of the zones of surface mineralization that have been identified is now approximately four times the area of Zone 1. The application for the Phase 2 drill permit has been submitted to the authorities for approval.

#### ***Tingo Este Project - Peru***

This 3,700 hectare property was identified by Company staff and staked in late August 2006. Porphyry copper mineralization has been discovered within a creek bed and mapped over a distance of at least 300 metres. Chalcopyrite has been identified, occurring as grains along fractures. Host rocks are well fractured. Mapping and prospecting have defined copper mineralization within a 1,000m by 800m area. Eighty two channel samples were collected over 2m widths to sample the dominantly fracture-controlled mineralization. These sites were taken at nominal 50m intervals along the major drainages within the target area. Results ranged from 0.012% to 0.9% copper with 20 samples assaying greater than 0.1% copper. No further work was undertaken during the quarter.

#### ***Strathbogie South Project - Australia***

The Company has entered into a heads of agreement (the "Strathbogie HOA") dated June 5, 2007, as amended August 31, 2008, with an arm's length private company, that provides the Company with the right to earn an initial 49% interest and the right to acquire the remaining 51% interest in four mineral exploration claims located in north-eastern Victoria, Australia (the "Strathbogie South Project"). The Strathbogie South Project claims total approximately 960 square kilometres, situated 150 kilometres to the north-east of Melbourne, the capital of Victoria.

A comprehensive program of soil and stream sediment sampling began during April to locate new areas of mineralization in similar geological settings to that known at Golden Mountain. The program was delayed by adverse weather conditions but was completed during November and samples submitted for analysis.

#### ***Golden Mountain Project - Australia***

On October 29, 2007 a heads of agreement (the "Golden Mountain HOA") was entered into with an arm's length private company, providing the Company with the right to acquire an 80% interest in the 202 hectare Golden Mountain Mining Licence ("MIN4683") located approximately 150 kilometres to the north-east of Melbourne, the capital of Victoria, Australia. MIN4683 lies within the exploration claims that comprise the Company's Strathbogie South Project.

During July, diamond drilling commenced at the project with the objective being to test within the footprint of previous drilling to confirm previously reported mineralization, undertake assaying with modern techniques and protocols, and gain fresh sample for future metallurgical testing. Extremely adverse weather conditions delayed progress but two holes for a total of 432.7m were completed. At the time of writing this report the core has now been logged and will be split and sent to the laboratory for analysis.

## Selected Financial Data

The following selected consolidated financial information is derived from the audited consolidated financial statements and notes thereto. The information has been prepared in accordance with Canadian GAAP.

	Years Ended September 30,		
	2008 \$	2007 \$	2006 \$
<b>Operations:</b>			
Revenues	Nil	Nil	Nil
Expenses	(680,747)	(543,591)	(516,664)
Other items	32,175	(61,904)	(979,583)
Net loss	(648,572)	(605,495)	(1,496,247)
Loss per share - basic and diluted	(0.03)	(0.03)	(0.09)
Dividends per share	Nil	Nil	Nil
<b>Balance Sheet:</b>			
Working capital	358,604	1,572,046	1,286,743
Total assets	2,967,984	2,962,527	1,685,462
Total long-term liabilities	Nil	Nil	Nil

The following selected financial information is derived from the unaudited interim consolidated financial statements of the Company prepared in accordance with Canadian GAAP.

	Fiscal 2008				Fiscal 2007			
	Sept. 30 \$	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$	Sept. 30 \$	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$
<b>Operations:</b>								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(115,973)	(110,153)	(339,348)	(115,273)	(92,189)	(200,008)	(147,378)	(104,016)
Other items	(13,912)	(3,944)	52,690	(2,659)	(83,306)	(22,807)	6,798	37,411
Net loss	(129,885)	(114,097)	(286,658)	(117,932)	(175,495)	(222,815)	(140,580)	(66,605)
Loss per share -basic and diluted	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Balance Sheet:</b>								
Working capital	358,604	882,953	885,171	1,105,965	1,572,046	2,168,928	1,740,591	1,062,004
Total assets	2,967,984	2,946,183	2,677,439	2,768,029	2,962,527	3,052,520	2,348,867	1,616,522
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

## Results of Operations

### *Three Months Ended September 30, 2008 Compared to Three Months Ended September 30, 2007*

During the three months ended September 30, 2008 (the "2008 Quarter") the Company reported a net loss of \$129,885, compared to a net loss of \$175,495 for the three months ended September 30, 2007 (the "2007 Quarter"), a decrease in loss of \$45,610. The primary factor for the fluctuation was the write-off of mineral property interests in the 2007 Quarter.

### *Year Ended September 30, 2008 Compared to Year Ended September 30, 2007*

During the year ended September 30, 2008 ("fiscal 2008"), the Company reported a net loss of \$648,572 (\$0.03 per share), compared to a net loss of \$605,495 (\$0.03 per share) for the year ended September 30, 2007 ("fiscal 2007"), an increase in loss of \$43,077.

General and administrative expenses increased by \$137,156, from \$543,591 during fiscal 2007 to \$680,747 during fiscal 2008. Specific expenses of note are as follows:

- during fiscal 2008 the Company paid \$21,700 (2007 - \$23,550) 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 paid \$5,400 (2007 - \$5,400) to Chase for office space provided;
- management fees of \$96,000 during fiscal 2008 (2007 - \$96,000) were paid to the Company’s President in his capacity as such;
- general exploration increased by \$7,051 from \$91,067 during fiscal 2007 to \$98,118 during fiscal 2008 due to ongoing costs of the Company’s exploration activities in Peru and Australia. Fluctuations in general exploration is also affected by allocations to direct property costs;
- the Company retained Mr. Nick Nicolaas to provide investor relations activities on behalf of the Company. Mr. Nicolaas’ services are provided through his company, Mining Interactive Corp (“Mining Interactive”). During fiscal 2008 the Company paid Mining Interactive \$60,000 (2007 - \$54,000). Subsequent to September 30, 2008, the Company terminated its agreement with Mining Interactive;
- corporate development expenses of \$26,279 (2007 - \$26,056) due to an ongoing market awareness program and participation in several investment conferences;
- travel expenses increased by \$22,470 from \$24,828 during fiscal 2007 to \$47,298 during fiscal 2008. The increase is attributed to travel by the Company’s President to Peru and Australia to oversee the mineral property interests;
- stock based compensation of \$207,113 (2007 - \$134,050) was recorded in fiscal 2008 relating to the granting and vesting of stock options; and
- during fiscal 2008 incurred audit fees of \$28,300, for the audit of the Company’s year-end financial statements, an increase of \$26,076 from \$2,224 incurred in fiscal 2007. During fiscal 2007 the recorded audit fees were lower due to the change in the basis for recording audit fees.

As the Company is in the exploration stage of investigating and evaluating its mineral property interests, it has no revenue. Interest income is generated from cash held with the Company’s financial institution. During fiscal 2008 the Company reported interest income of \$22,758 as compared to \$49,308 during fiscal 2007.

During fiscal 2008 the Company capitalized \$1,193,273 (2007 - \$1,043,438) for mineral property interests expenditures, comprising of \$762,312 (\$775,908) on the Colquipucro Prospect and \$430,961 (2007 - \$267,530) on other prospects in Peru and Australia. During fiscal 2007 the Company recorded a \$85,253 write-off of mineral property interests on the abandonment of various prospects in Peru. No write-offs or impairments were made in fiscal 2008. See “Exploration Projects”.

### **Financial Condition / Capital Resources**

As at September 30, 2008, the Company had working capital of \$358,604 and accumulated losses of \$6,025,981 since inception. The Company is not generating any revenues and expects to incur further losses in the development of its business. In light of the current financial market conditions the Company is taking steps to reduce ongoing corporate overhead, reducing personnel and minimizing non-essential expenditures, including the postponement of exploration activities until market condition improve. The Company believes that it will need to raise additional financings to meet ongoing level of corporate activities, meet its expenditure commitments under its option agreements and conduct planned exploration activities on all of its mineral resource interest projects for the ensuing year. In addition, 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 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.

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

### **Proposed Transactions**

The Company has no proposed transactions.

## **Critical Accounting Estimates**

A detailed summary of all the Company's significant accounting policies is included in Note 2 to the September 30, 2008 audited consolidated financial statements.

## **Changes in Accounting Policies**

### ***Adoption of New Accounting Standards***

Effective October 1, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") under Section 3862, *Financial Instruments Disclosures*, Section 3863, *Financial Instrument - Presentation* and Section 1535, *Capital Disclosures*.

#### *Financial Instruments*

Section 3862 requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, *Financial Instruments - Recognition and Measurement*, Section 3863 and Section 3865, *Hedges*.

Section 3863 is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

The adoption of Sections 3862 and 3863 had no impact on the Company's consolidated financial statements.

#### *Capital Disclosures*

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. The Company has included the required disclosure in Note 13 on the Company's consolidated financial statements.

### ***New Accounting Pronouncements***

#### *Assessing Going Concern*

The Accounting Standards Board ("AcSB") amended Section 1400, *General Standards of Financial Statement Presentation*, to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008.

#### *Goodwill and Intangible Assets*

The AcSB issued Section 3064, *Goodwill and Intangible Assets*, which replaces Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008.

The Company is currently assessing the impact of the above new accounting standards on the Company's financial position and results of operations.

### ***International Financial Reporting Standards (“IFRS”)***

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011, will require the restatement for comparative purposes of amounts reported by the Company for the year ended October 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

### **Transactions With Related Parties**

- (a) During fiscal 2008 and 2007, the Company incurred the following expenditures to directors and corporations controlled by directors of the Company:

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Management fees	96,000	96,000
Accounting and administration	21,700	23,550
Consulting services	19,500	20,500
Rent	5,400	5,400
	<u>142,600</u>	<u>145,450</u>

- (b) During fiscal 2008, the Company reimbursed \$24,932 (2007 - \$18,716) to public companies with certain common directors for shared office and geological personnel and other costs.

The above transactions have been recorded at the exchange amounts which is the amount agreed to by the related parties.

As at September 30, 2008, \$10,190 (2007 - \$14,067) remained outstanding and was 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 Australia 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 provides information packages to investors; the package consists of materials filed with regulatory authorities. The Company updates its website ([www.tinkaresources.com](http://www.tinkaresources.com)) on a continuous basis. The Company has retained Mr. Nick Nicolaas to provide market awareness and investor relations activities at a current rate of \$5,000 per month. Mr. Nicolaas’ services are provided through his company, Mining Interactive Corp (“Mining Interactive”).

During fiscal 2008 the Company paid Mining Interactive \$60,000 (2007 - \$54,000). Subsequent to September 30, 2008 the Company terminated its agreement with Mining Interactive.

**Outstanding Share Data**

The Company's authorized share capital is unlimited common shares with no par value. As at January 26, 2009, there were 24,361,511 issued common shares and 1,885,000 stock options outstanding, at exercise prices ranging from \$0.30 to \$0.50 per share and 1,632,500 warrants outstanding at exercise prices ranging from \$0.50 to \$0.60 per share.