
TINKA RESOURCES LIMITED

(An Exploration Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
DECEMBER 31, 2005

(Unaudited - Prepared by Management)

MANAGEMENT'S COMMENTS ON UNAUDITED FINANCIAL STATEMENTS

The accompanying unaudited interim consolidated financial statements of Tinka Resources Limited for the three months ended December 31, 2005, have been prepared by and are the responsibility of the Company's management. These statements have not been reviewed by the Company's external auditors.

TINKA RESOURCES LIMITED
(An Exploration Stage Company)
INTERIM CONSOLIDATED BALANCE SHEETS
(Unaudited - Prepared by Management)

	December 31, 2005	September 30, 2005
	\$	\$
A S S E T S		
CURRENT ASSETS		
Cash	926,095	1,323,206
Amounts receivable and prepaids	<u>29,904</u>	<u>12,147</u>
	955,999	1,335,353
MINERAL PROPERTY INTERESTS (Note 3)	760,864	496,309
EQUIPMENT (Note 4)	<u>46,770</u>	<u>50,157</u>
	<u><u>1,763,633</u></u>	<u><u>1,881,819</u></u>
L I A B I L I T I E S		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>32,581</u>	<u>71,457</u>
S H A R E H O L D E R S ' E Q U I T Y		
SHARE CAPITAL (Note 5)	4,758,968	4,758,968
CONTRIBUTED SURPLUS (Note 7)	334,011	327,061
DEFICIT	<u>(3,361,927)</u>	<u>(3,275,667)</u>
	<u>1,731,052</u>	<u>1,810,362</u>
	<u><u>1,763,633</u></u>	<u><u>1,881,819</u></u>

ON BEHALF OF THE BOARD

"Andrew Carter" , Director

"Nick DeMare" , Director

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

TINKA RESOURCES LIMITED
(An Exploration Stage Company)

INTERIM CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT

(Unaudited - Prepared by Management)

	Three Months Ended December 31,	
	2005	2004
	\$	\$
EXPENSES		
Accounting and administration	6,350	1,675
Amortization	387	387
Consulting	3,225	11,766
Corporate development	4,027	3,506
General exploration	36,447	3,917
Investor relations	9,000	7,500
Legal	2,710	349
Management fees	21,000	15,000
Office and general	4,228	5,806
Regulatory	775	675
Rent	1,350	1,350
Shareholder costs	2,572	637
Stock based compensation (Note 6)	6,950	1,800
Transfer agent	1,086	761
Travel and related	4,998	14,506
	<u>105,105</u>	<u>69,635</u>
LOSS BEFORE OTHER ITEMS	<u>(105,105)</u>	<u>(69,635)</u>
OTHER ITEMS		
Interest income	4,130	2,329
Foreign exchange	14,715	(21,706)
	<u>18,845</u>	<u>(19,377)</u>
NET LOSS FOR THE PERIOD	<u>(86,260)</u>	<u>(89,012)</u>
DEFICIT - BEGINNING OF PERIOD	<u>(3,275,667)</u>	<u>(2,456,534)</u>
DEFICIT - END OF PERIOD	<u>(3,361,927)</u>	<u>(2,545,546)</u>
LOSS PER SHARE - BASIC AND DILUTED	<u>\$(0.01)</u>	<u>\$(0.01)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	<u>14,354,012</u>	<u>10,360,797</u>

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TINKA RESOURCES LIMITED
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INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited - Prepared by Management)

	Three Months Ended December 31,	
	2005	2004
	\$	\$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Net loss for the period	(86,260)	(89,012)
Adjustment for items not involving cash		
Amortization	387	387
Stock-based compensation	6,950	1,800
	(78,923)	(86,825)
Change in non-cash working capital items:		
Increase in amounts receivable and prepaids	(17,757)	(5,152)
Increase (decrease) in accounts payable and accrued liabilities	(38,876)	38,104
	(135,556)	(53,873)
INVESTING ACTIVITIES		
Purchase of equipment	-	(1,902)
Expenditures on mineral property interests, net of amortization	(261,555)	(78,877)
	(261,555)	(80,779)
FINANCING ACTIVITY		
Issuance of common shares	-	135,435
INCREASE (DECREASE) IN CASH DURING THE PERIOD	(397,111)	783
CASH - BEGINNING OF PERIOD	1,323,206	967,669
CASH - END OF PERIOD	926,095	968,452
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest paid in cash	-	-
Income taxes paid in cash	-	-

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TINKA RESOURCES LIMITED
(An Exploration Stage Company)

INTERIM CONSOLIDATED SCHEDULE OF MINERAL PROPERTY INTERESTS

FOR THE THREE MONTHS ENDED DECEMBER 30, 2005

(Unaudited - Prepared by Management)

	Three Months Ended December 31, 2005					Year Ended September 30, 2005	
	Luminaria Prospect \$	Chunumayo Prospect \$	Tibillos Project \$	Pampa Prospect \$	Other \$	Total \$	Total \$
BALANCE							
- BEGINNING OF PERIOD	379,945	19,514	-	41,012	55,838	496,309	302,129
EXPLORATION EXPENDITURES DURING THE PERIOD							
Access road	1,978	-	-	-	-	1,978	1,077
Amortization	3,000	-	-	-	-	3,000	13,186
Assays	5,018	-	1,664	-	-	6,682	40,181
Camp costs	9,676	-	-	-	-	9,676	8,079
Consulting	3,533	-	-	-	-	3,533	30,124
Drilling	24,247	-	-	-	-	24,247	-
Environmental	3,470	-	-	-	-	3,470	-
Field workers	24,100	-	137	-	402	24,639	7,858
Geological	27,154	-	3,144	-	3,663	33,961	192,716
Geophysics	-	-	-	-	-	-	42,370
IVA tax	-	-	-	-	16,114	16,114	33,352
Mapping	91	-	-	-	-	91	792
Office	6,976	-	-	-	-	6,976	9,347
Other	1,360	276	1,596	-	7,071	10,303	2,240
Permit and filing fees	2,988	-	1,247	-	5,099	9,334	2,637
Salaries	2,556	-	-	-	-	2,556	-
Supplies	7,204	-	-	-	-	7,204	-
Travel	2,342	-	-	-	-	2,342	6,014
Vehicles	8,672	-	-	-	-	8,672	5,467
	134,365	276	7,788	-	32,349	174,778	395,440
ACQUISITION COSTS DURING THE PERIOD							
	2,071	-	36,655	-	51,051	89,777	28,467
	136,436	276	44,443	-	83,400	264,555	423,907
	516,381	19,790	44,443	-	139,238	760,864	726,036
LESS WRITE-OFF MINERAL PROPERTY INTERESTS	-	-	-	-	-	-	(229,727)
BALANCE - END OF PERIOD	<u>516,381</u>	<u>19,790</u>	<u>44,443</u>	<u>41,012</u>	<u>139,238</u>	<u>760,864</u>	<u>496,309</u>

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

TINKA RESOURCES LIMITED
(An Exploration Stage Company)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2005

(Unaudited - Prepared by Management)

1. NATURE OF OPERATIONS

The Company is in the process of exploring mineral properties located in Peru. The Company presently has no proven or probably 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.

2. SIGNIFICANT ACCOUNTING POLICIES

These interim consolidated financial statements of the Company have been prepared by management in accordance with Canadian GAAP. The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the interim financial statements and accompanying notes. Actual results could differ from those estimates. These interim consolidated financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality. These interim consolidated financial statements should be read in conjunction with the most recent annual consolidated financial statements. The significant accounting policies follow that of the most recently reported annual financial statements.

3. MINERAL PROPERTY INTERESTS

	<u>December 31, 2005</u>			<u>September 30, 2005</u>		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Luminaria Prospect	85,372	431,009	516,381	83,301	296,644	379,945
Chunumayo Prospect	3,588	16,202	19,790	3,588	15,926	19,514
Tibillos Project	36,655	7,788	44,443	-	-	-
Pampa Property	28,469	12,543	41,012	28,469	12,543	41,012
Other	<u>51,051</u>	<u>88,187</u>	<u>139,238</u>	<u>-</u>	<u>55,838</u>	<u>55,838</u>
	<u>205,135</u>	<u>555,729</u>	<u>760,864</u>	<u>115,358</u>	<u>380,951</u>	<u>496,309</u>

(a) Sierra Exploration Alliance

On May 27, 2004, the Company entered into an agreement (the "Sierra Alliance Agreement") with Sierra Peru Pty Ltd. ("Sierra") to form an exploration alliance to identify gold and silver targets in Peru. The Company has issued 250,000 common shares, at a fair value of \$87,500, for the right of first refusal on all targets identified by Sierra and will also issue a further 500,000 shares in the event that a project be subject to a successful feasibility study. Sierra also retains a right to a 1% net smelter return royalty from any production from a project, which can be purchased for US \$1.0 million.

TINKA RESOURCES LIMITED
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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2005

(Unaudited - Prepared by Management)

3. MINERAL PROPERTY INTERESTS (continued)

As at December 31, 2005, the Company maintains prospects staked under the Sierra Alliance Agreement, as follows:

- i) Luminaria Prospect - twelve claims totalling 8,100 hectares, located in the Huraz mining district, department of Ancash;
- ii) Chunumayo Prospect - one claim of 900 hectares, located in the Huachocolpa mining district, department of Huancavelica; and
- iii) Tibillos Project - three claims totalling 2,900 hectares, located in the Province of Lucanas.

(b) Pampa Prospect

The Company has staked ten claims, totalling 7,000 hectares, located in the Puquio mining district, department of Ayacucho, southern central Peru.

4. EQUIPMENT

	December 31, 2005	September 30, 2005
Vehicles	51,590	51,590
Office equipment	<u>15,397</u>	<u>15,397</u>
	66,987	66,987
Less: accumulated amortization	<u>(20,217)</u>	<u>(16,830)</u>
	<u><u>46,770</u></u>	<u><u>50,157</u></u>

5. SHARE CAPITAL

Authorized - unlimited common shares without par value

	December 31, 2005		September 30, 2005	
	Shares	\$	Shares	\$
Issued				
Balance, beginning of period	<u>14,354,012</u>	<u>4,758,968</u>	<u>10,297,912</u>	<u>3,621,068</u>
Issued during the period				
For cash				
Exercise of options	-	-	501,100	128,875
Exercise of warrants	-	-	3,555,000	926,750
Reallocation from contributed surplus on exercise of options	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,275</u>
	-	-	4,056,100	1,137,900
Share issue costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>4,056,100</u>	<u>1,137,900</u>
Balance, end of period	<u><u>14,354,012</u></u>	<u><u>4,758,968</u></u>	<u><u>14,354,012</u></u>	<u><u>4,758,968</u></u>

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2005

(Unaudited - Prepared by Management)

5. SHARE CAPITAL (continued)

- (a) A summary of the number of common shares reserved pursuant to the Company's outstanding warrants and agents warrants outstanding at December 31, 2005 and the changes for the three months ending December 31, 2005, is as follows:

	Number
Balance, beginning of period	685,000
Expired	<u>(685,000)</u>
Balance, end of period	<u><u>-</u></u>

- (b) As at December 31, 2005, there were 231,000 common shares held in escrow, of which 115,500 common shares were released on January 21, 2006, and the remaining 115,500 common shares will be released on July 21, 2006.

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 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 TSX Venture Exchange. The options have a maximum term of five years.

During the three months ended December 31, 2005, the Company granted 20,000 stock options to directors and consultants and recorded compensation expense of \$3,200. The Company also recorded an additional \$3,750 compensation expense for options which had vested during the three months ended December 31, 2005.

The fair value of stock options granted to directors and consultants is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used for the grants made during the three months ended December 31, 2005:

Risk-free interest rate	3.55%
Estimated volatility	82%
Expected life	1.5 years
Expected dividend yield	0%

The weighted average fair value of all stock options granted during the period to the Company's directors and consultants was \$0.16 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.

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2005

(Unaudited - Prepared by Management)

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

A summary of the Company's stock options at December 31, 2005 and the changes for the three months ended December 31, 2005 is presented below:

	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	1,406,000	0.44
Granted	20,000	0.40
Balance, end of period	1,426,000	0.44

The following table summarizes information about the stock options outstanding and exercisable at December 31, 2005:

Number Outstanding	Number Exercisable	Exercise Price \$	Expiry Date
146,000	146,000	0.25	August 8, 2006
100,000	100,000	0.37	January 20, 2007
270,000	270,000	0.45	April 2, 2007
50,000	50,000	0.50	January 17, 2008
605,000	592,500	0.50	February 22, 2008
235,000	235,000	0.40	June 8, 2008
20,000	20,000	0.40	December 5, 2008
1,426,000	1,413,500		

7. CONTRIBUTED SURPLUS

The Company's contributed surplus is comprised of the following:

	\$
Balance, beginning of period	327,061
Stock-based compensation (Note 6)	6,950
Balance, end of period	334,011

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2005

(Unaudited - Prepared by Management)

8. RELATED PARTY TRANSACTIONS

- (a) The Company incurred the following expenditures to directors and corporations controlled by directors of the Company during the three months ended December 31, 2005:

	\$
Management fees	21,000
Accounting and administration	6,350
Rent	1,350

- (b) The Company reimbursed \$3,000 and \$1,750 to Tumi Resources Limited (“Tumi”) for shared office personnel and other costs, respectively. Tumi is a public company with certain common directors.

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

9. 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 December 31, 2005, the Company's mineral properties are located in Peru and its corporate assets are located in Canada. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results during the three months ended December 31, 2005.

	December 31, 2005			September 30, 2005		
	Corporate Canada \$	Mineral Operations Peru \$	Total \$	Corporate Canada \$	Mineral Operations Peru \$	Total \$
Current assets	879,014	76,985	955,999	1,314,000	21,353	1,335,353
Mineral property interests	-	760,864	760,864	-	496,309	496,309
Equipment	5,035	41,735	46,770	5,422	44,735	50,157
	<u>884,049</u>	<u>879,584</u>	<u>1,763,633</u>	<u>1,319,422</u>	<u>562,397</u>	<u>1,881,819</u>

10. FINANCIAL INSTRUMENTS

The fair values of financial instruments at December 31, 2005, 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 financial statements. Disclosure subsequent to the balance sheet dates and estimates of fair value at dates subsequent to December 31, 2005 may differ significantly from that presented.

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2005

(Unaudited - Prepared by Management)

10. FINANCIAL INSTRUMENTS (continued)

Fair value approximates the amounts reflected in the 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.