
TINKA RESOURCES LIMITED

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
DECEMBER 31, 2006

(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, 2006, 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
INTERIM CONSOLIDATED BALANCE SHEETS

(Unaudited - Prepared by Management)

	December 31, 2006	September 30, 2006
	\$	\$
A S S E T S		
CURRENT ASSETS		
Cash	1,101,990	1,330,783
Amounts receivable	6,869	5,799
Prepays	<u>18,634</u>	<u>19,318</u>
	1,127,493	1,355,900
MINERAL PROPERTY INTERESTS (Note 3)	448,812	290,849
EQUIPMENT (Note 4)	<u>40,217</u>	<u>38,713</u>
	<u><u>1,616,522</u></u>	<u><u>1,685,462</u></u>
L I A B I L I T I E S		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>65,489</u>	<u>69,157</u>
S H A R E H O L D E R S ' E Q U I T Y		
SHARE CAPITAL (Note 5)	5,974,458	5,974,458
CONTRIBUTED SURPLUS (Note 7)	415,094	413,761
DEFICIT	<u>(4,838,519)</u>	<u>(4,771,914)</u>
	<u>1,551,033</u>	<u>1,616,305</u>
	<u><u>1,616,522</u></u>	<u><u>1,685,462</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
INTERIM CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT
(Unaudited - Prepared by Management)

	Three Months Ended December 31,	
	2006	2005
	\$	\$
EXPENSES		
Accounting and administration	7,600	6,350
Amortization	3,792	387
Consulting	4,500	3,225
Corporate development	4,232	4,027
General exploration	26,160	36,447
Investor relations	9,000	9,000
Legal	565	2,710
Management fees	24,000	21,000
Office and general	5,622	4,228
Regulatory	925	775
Rent	1,350	1,350
Shareholder costs	3,113	2,572
Stock based compensation (Note 6)	1,333	6,950
Transfer agent	844	1,086
Travel and related	10,980	4,998
	<u>104,016</u>	<u>105,105</u>
LOSS BEFORE OTHER ITEMS	<u>(104,016)</u>	<u>(105,105)</u>
OTHER ITEMS		
Interest income	9,617	4,130
Foreign exchange	27,794	14,715
	<u>37,411</u>	<u>18,845</u>
NET LOSS FOR THE PERIOD	<u>(66,605)</u>	<u>(86,260)</u>
DEFICIT - BEGINNING OF PERIOD	<u>(4,771,914)</u>	<u>(3,275,667)</u>
DEFICIT - END OF PERIOD	<u>(4,838,519)</u>	<u>(3,361,927)</u>
LOSS PER SHARE - BASIC AND DILUTED	<u>\$(0.00)</u>	<u>\$(0.01)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	<u>18,614,012</u>	<u>14,354,012</u>

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

TINKA RESOURCES LIMITED
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - Prepared by Management)

	Three Months Ended December 31,	
	2006	2005
	\$	\$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Net loss for the period	(66,605)	(86,260)
Adjustment for items not involving cash		
Amortization	3,792	387
Stock-based compensation	1,333	6,950
	(61,480)	(78,923)
Increase in amounts receivable	(1,070)	(2,984)
Decrease (increase) in prepaids	684	(14,773)
Decrease in accounts payable and accrued liabilities	(3,668)	(38,876)
	(65,534)	(135,556)
INVESTING ACTIVITIES		
Purchase of equipment	(5,296)	-
Expenditures on mineral property interests	(157,963)	(261,555)
	(163,259)	(261,555)
DECREASE IN CASH DURING THE PERIOD	(228,793)	(397,111)
CASH - BEGINNING OF PERIOD	1,330,783	1,323,206
CASH - END OF PERIOD	1,101,990	926,095
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest paid in cash	-	-
Income taxes paid in cash	-	-

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

TINKA RESOURCES LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2006
(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 generally accepted accounting principles ("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

	December 31, 2006			September 30, 2006		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Colquipucro Project	21,654	162,332	183,986	7,195	43,890	51,085
Tibillos Project	26,866	27,146	54,012	26,866	26,457	53,323
Other	17,016	193,798	210,814	17,016	169,425	186,441
	<u>65,536</u>	<u>383,276</u>	<u>448,812</u>	<u>51,077</u>	<u>239,772</u>	<u>290,849</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 agreement provided the Company with the right of first refusal on all targets defined by Sierra for a period of two years.

TINKA RESOURCES LIMITED
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3. MINERAL PROPERTY INTERESTS (continued)

As at December 31, 2006, the Company has staked and maintained a number of prospects or projects identified through the Sierra Alliance Agreement, as follows:

- i) Colquipucro Project - 34 claims totaling 2,079 hectares, located in the Province of Daniel Alcides Carrion;
- ii) Tibillos Project - eight claims totaling 7,575 hectares, located in the Province of Lucanas; and
- iii) Chunumayo Project - one claim comprising 900 hectares, located in the Province of Huancavelica.

The Company will issue 500,000 common 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.

(b) Other

Comprises of minor staked properties in Peru and \$152,193 of foreign value added taxes.

4. EQUIPMENT

	December 31, 2006 \$	September 30, 2006 \$
Vehicles	51,590	51,590
Office equipment	24,075	18,779
	<u>75,665</u>	<u>70,369</u>
Less: accumulated amortization	(35,448)	(31,656)
	<u><u>40,217</u></u>	<u><u>38,713</u></u>

TINKA RESOURCES LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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5. SHARE CAPITAL

Authorized - unlimited common shares without par value

Issued	Three Months Ended December 31, 2006		Year-Ended September 30, 2006	
	Shares	\$	Shares	\$
Balance, beginning of period	<u>18,614,012</u>	<u>5,974,458</u>	<u>14,354,012</u>	<u>4,758,968</u>
Issued during the period				
For cash				
Private placement	-	-	4,190,000	1,257,000
Exercise of options	-	-	70,000	17,500
Reallocation from contributed surplus on exercise of options	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,200</u>
	<u>-</u>	<u>-</u>	<u>4,260,000</u>	<u>1,285,700</u>
Less share issue costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,210)</u>
	<u>-</u>	<u>-</u>	<u>4,260,000</u>	<u>1,215,490</u>
Balance, end of period	<u><u>18,614,012</u></u>	<u><u>5,974,458</u></u>	<u><u>18,614,012</u></u>	<u><u>5,974,458</u></u>

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants and agents warrants outstanding at December 31, 2006 and 2005 and the changes for the three months ending on those dates is as follows:

	Three Months Ended December 31, 2006		Three Months Ended December 31, 2005	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of period	2,095,000	0.40	685,000	0.50
Expired	<u>-</u>	<u>-</u>	<u>(685,000)</u>	<u>0.50</u>
Balance, end of period	<u><u>2,095,000</u></u>	<u>0.40</u>	<u><u>-</u></u>	<u>-</u>

As at December 31, 2006, there are warrants outstanding to purchase 2,095,000 common shares at a price of \$0.40 per share on or before May 8, 2007, or \$0.60 per share on or before May 8, 2008.

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, 2006, the Company granted 60,000 (2005 - 20,000) stock options to directors and consultants and recorded compensation expense of \$1,333 (2005 - \$6,950) on the granting and vesting of stock options.

TINKA RESOURCES LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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6. STOCK OPTIONS AND STOCK-BASED COMPENSATION (continued)

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, 2006 and 2005:

	<u>Three Months Ended December 31, 2006</u>	<u>Three Months Ended December 31, 2005</u>
Risk-free interest rate	3.84%	3.55%
Estimated volatility	93%	82%
Expected life	3 years	1.5 years
Expected dividend yield	0%	0%

The weighted average fair value of all stock options granted during the period to the Company's directors and consultants was \$ 0.25 (2005 -\$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.

A summary of the Company's stock options at December 31, 2006 and 2005 and the changes for the three months ended on those dates is presented below:

	<u>Three Months Ended December 31, 2006</u>		<u>Three Months Ended December 31, 2005</u>	
	<u>Number of Options Outstanding</u>	<u>Weighted Average Exercise Price \$</u>	<u>Number of Options Outstanding</u>	<u>Weighted Average Exercise Price \$</u>
Balance, beginning of period	1,680,000	0.42	1,406,000	0.44
Granted	<u>60,000</u>	0.35	<u>20,000</u>	0.40
Balance, end of period	<u><u>1,740,000</u></u>	0.42	<u><u>1,426,000</u></u>	0.44

The following table summarizes information about the stock options outstanding and exercisable at December 31, 2006:

<u>Number Outstanding</u>	<u>Number Exercisable</u>	<u>Exercise Price \$</u>	<u>Expiry Date</u>
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	605,000	0.50	February 22, 2008
235,000	235,000	0.40	June 8, 2008
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
<u>60,000</u>	-	0.35	November 29, 2009
<u><u>1,740,000</u></u>	<u><u>1,680,000</u></u>		

See also Note 11.

TINKA RESOURCES LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2006
(Unaudited - Prepared by Management)

7. CONTRIBUTED SURPLUS

The Company's contributed surplus for the three months ended December 31, 2006 and 2005 is comprised of the following:

	Three Months Ended December 31, 2006 \$	Three Months Ended December 31, 2005 \$
Balance, beginning of period	413,761	327,061
Stock-based compensation on stock options (Note 6)	<u>1,333</u>	<u>6,950</u>
Balance, end of period	<u><u>415,094</u></u>	<u><u>334,011</u></u>

8. RELATED PARTY TRANSACTIONS

(a) During the three months ended December 31, 2006 and 2005, the Company incurred the following expenditures to directors and corporations controlled by directors of the Company:

	Three Months Ended December 31, 2006 \$	Three Months Ended December 31, 2005 \$
Management fees	24,000	21,000
Accounting and administration	7,600	6,350
Consulting services	1,500	-
Rent	1,350	1,350

(b) During the three months ended December 31, 2006, the Company reimbursed \$3,000 (2005 - \$3,000) and \$1,693 (2005 - \$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.

TINKA RESOURCES LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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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, 2006, 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, 2006.

	December 31, 2006			September 30, 2006		
	Corporate Canada \$	Mineral Operations Peru \$	Total \$	Corporate Canada \$	Mineral Operations Peru \$	Total \$
Current assets	1,059,489	68,004	1,127,493	1,245,090	110,810	1,355,900
Mineral property interests	-	448,812	448,812	-	290,849	290,849
Equipment	7,174	33,043	40,217	4,699	34,014	38,713
	<u>1,066,663</u>	<u>549,859</u>	<u>1,616,522</u>	<u>1,249,789</u>	<u>435,673</u>	<u>1,685,462</u>

10. FINANCIAL INSTRUMENTS

The fair values of financial instruments at December 31, 2006, 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, 2006 may differ significantly from that presented.

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.

11. SUBSEQUENT EVENT

Stock options to acquire 100,000 common shares expired on January 20, 2007. The Company subsequently granted stock options to the Company's directors to acquire 110,000 common shares, exercisable at \$0.35 per share, expiring January 18, 2010.

TINKA RESOURCES LIMITED
CONSOLIDATED SCHEDULE OF MINERAL PROPERTY INTERESTS

	Three Months Ended December 31, 2006				Year ended September 30, 2006
	Colquipucro Prospect \$	Tibillos Project \$	Other \$	Total \$	Total \$
BALANCE					
- BEGINNING OF PERIOD	<u>51,085</u>	<u>56,805</u>	<u>182,959</u>	<u>290,849</u>	<u>496,309</u>
EXPLORATION EXPENDITURES DURING THE PERIOD					
Access road	-	-	-	-	1,975
Assays	12,572	-	647	13,219	46,504
Camp costs	-	-	-	-	6,372
Consulting	17,619	689	5,903	24,211	36,943
Drilling	-	-	-	-	244,884
Environmental	-	-	-	-	3,465
Exploration office	13,043	-	2,640	15,683	28,255
Field workers	4,450	-	700	5,150	44,168
Geological	42,669	-	5,772	48,441	95,753
Geophysical	18,731	-	-	18,731	-
IVA tax	-	-	8,711	8,711	87,903
Mapping	-	-	-	-	822
Permit and filing fees	-	-	-	-	38,595
Salaries	-	-	-	-	2,552
Supplies	3,083	-	-	3,083	9,283
Travel	-	-	-	-	17,623
Vehicles	<u>6,275</u>	<u>-</u>	<u>-</u>	<u>6,275</u>	<u>19,888</u>
	118,442	689	24,373	143,504	684,985
ACQUISITION COSTS DURING THE PERIOD	<u>14,459</u>	<u>-</u>	<u>-</u>	<u>14,459</u>	<u>112,338</u>
	<u>132,901</u>	<u>689</u>	<u>24,373</u>	<u>157,963</u>	<u>797,323</u>
BALANCE BEFORE WRITE-OFFS	183,986	57,494	207,332	448,812	1,293,632
LESS WRITE-OFF MINERAL PROPERTY INTERESTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,002,783)</u>
BALANCE - END OF PERIOD	<u>183,986</u>	<u>57,494</u>	<u>207,332</u>	<u>448,812</u>	<u>290,849</u>