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**TINKA RESOURCES LIMITED**

INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED  
DECEMBER 31, 2009

*(Unaudited - Prepared by Management)*

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## **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, 2009, 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)*

|  | <b>December 31,<br/>2009</b> | <b>September 30,<br/>2009</b> |
|--|------------------------------|-------------------------------|
|  | \$                           | \$                            |
| <b>ASSETS</b>                              |                              |                               |
| <b>CURRENT ASSETS</b>                      |                              |                               |
| Cash                                       | 649,688                      | 75,106                        |
| Amounts receivable                         | 4,039                        | 1,995                         |
| Prepays                                    | <u>7,964</u>                 | <u>6,913</u>                  |
|  | 661,691                      | 84,014                        |
| <b>MINERAL PROPERTY INTERESTS</b> (Note 3) | 2,041,414                    | 2,037,674                     |
| <b>EQUIPMENT</b> (Note 4)                  | 7,539                        | 8,683                         |
| <b>DEFERRED COSTS</b> (Note 13)            | 9,966                        | -                             |
| <b>OTHER</b>                               | <u>-</u>                     | <u>33,710</u>                 |
|  | <u><u>2,720,610</u></u>      | <u><u>2,164,081</u></u>       |

**LIABILITIES**

|  |               |               |
|--|---------------|---------------|
| <b>CURRENT LIABILITIES</b>               |               |               |
| Accounts payable and accrued liabilities | <u>87,115</u> | <u>69,353</u> |

**SHAREHOLDERS' EQUITY**

|   |                         |                         |
|---|-------------------------|-------------------------|
| <b>SHARE CAPITAL</b> (Note 5)                 | 8,335,738               | 8,335,738               |
| <b>SHARE SUBSCRIPTIONS RECEIVED</b> (Note 13) | 630,000                 | -                       |
| <b>CONTRIBUTED SURPLUS</b> (Note 7)           | 835,045                 | 799,524                 |
| <b>DEFICIT</b>                                | <u>(7,167,288)</u>      | <u>(7,040,534)</u>      |
|   | <u>2,633,495</u>        | <u>2,094,728</u>        |
|   | <u><u>2,720,610</u></u> | <u><u>2,164,081</u></u> |

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

**SUBSEQUENT EVENTS** (Note 13)

ON BEHALF OF THE BOARD

“Andrew Carter” , Director

“Nick DeMare” , Director

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

**TINKA RESOURCES LIMITED**  
**INTERIM CONSOLIDATED STATEMENTS OF LOSS AND**  
**COMPREHENSIVE LOSS AND DEFICIT**  
*(Unaudited - Prepared by Management)*

|   | Three Months Ended<br>December 31, |                    |
|---|------------------------------------|--------------------|
|   | 2009<br>\$                         | 2008<br>\$         |
| <b>EXPENSES</b>   |                                    |                    |
| Accounting and administration   | 6,000                              | 5,400              |
| Audit   | 18,000                             | -                  |
| Amortization  | 436                                | 747                |
| Consulting  | 5,550                              | 7,896              |
| Corporate development   | 5,416                              | 7,446              |
| General exploration   | 25,534                             | 21,840             |
| Investor relations  | -                                  | 5,000              |
| Legal   | 640                                | 749                |
| Management fees   | 24,000                             | 24,000             |
| Office  | 3,033                              | 3,891              |
| Regulatory  | 1,295                              | 1,395              |
| Rent  | 1,250                              | 1,350              |
| Shareholder costs   | 250                                | 330                |
| Stock based compensation (Note 6)   | 35,521                             | -                  |
| Transfer agent  | 586                                | 630                |
| Travel and related  | 3,035                              | 5,285              |
|   | <u>130,546</u>                     | <u>85,959</u>      |
| <b>LOSS BEFORE OTHER ITEMS</b>  | <u>(130,546)</u>                   | <u>(85,959)</u>    |
| <b>OTHER ITEMS</b>  |                                    |                    |
| Interest income   | 35                                 | 395                |
| Foreign exchange gain (loss)  | 3,757                              | (1,299)            |
|   | <u>3,792</u>                       | <u>(904)</u>       |
| <b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>                               | <u>(126,754)</u>                   | <u>(86,863)</u>    |
| <b>DEFICIT - BEGINNING OF PERIOD</b>  | <u>(7,040,534)</u>                 | <u>(6,025,981)</u> |
| <b>DEFICIT - END OF PERIOD</b>  | <u>(7,167,288)</u>                 | <u>(6,112,844)</u> |
| <b>LOSS PER SHARE - BASIC AND DILUTED</b>   | <u>\$(0.00)</u>                    | <u>\$(0.00)</u>    |
| <b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES<br/>OUTSTANDING - BASIC AND DILUTED</b> | <u>25,961,511</u>                  | <u>24,361,511</u>  |

*The accompanying notes and schedule 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<br>December 31, |           |
|---|------------------------------------|-----------|
|   | 2009                               | 2008      |
|   | \$                                 | \$        |
| <b>CASH PROVIDED FROM (USED FOR)</b>                            |                                    |           |
| <b>OPERATING ACTIVITIES</b>                                     |                                    |           |
| Net loss for the period   | (126,754)                          | (86,863)  |
| Adjustment for items not involving cash                         |                                    |           |
| Amortization  | 436                                | 747       |
| Stock-based compensation  | 35,521                             | -         |
|   | (90,797)                           | (86,116)  |
| Decrease (increase) in amounts receivable                       | (2,044)                            | 1,712     |
| (Increase) decrease in prepaids                                 | (1,051)                            | 10,583    |
| (Decrease) increase in accounts payable and accrued liabilities | 19,590                             | (7,948)   |
|   | (74,302)                           | (81,769)  |
| <b>INVESTING ACTIVITIES</b>                                     |                                    |           |
| Expenditures on mineral property interests                      | (4,860)                            | (144,096) |
| Purchase of equipment   | -                                  | (1,535)   |
| Other   | 33,710                             | -         |
|   | 28,850                             | (145,631) |
| <b>FINANCING ACTIVITIES</b>                                     |                                    |           |
| Share subscriptions received                                    | 630,000                            | -         |
| Deferred costs  | (9,966)                            | -         |
|   | 620,034                            | -         |
| <b>INCREASE (DECREASE) IN CASH DURING THE PERIOD</b>            | 574,582                            | (227,400) |
| <b>CASH - BEGINNING OF PERIOD</b>                               | 75,106                             | 428,335   |
| <b>CASH - END OF PERIOD</b>                                     | 649,688                            | 200,935   |

*The accompanying notes and schedule 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, 2009**  
*(Unaudited - Prepared by Management)*

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

The Company is a junior resource company engaged in the acquisition and exploration of unproven mineral interests and is considered a development stage company as defined by Accounting Guideline No. 11 of the Canadian Institute of Chartered Accountants (“CICA”) Handbook. 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 December 31, 2009, the Company had working capital of \$574,576, had not yet achieved profitable operations, has accumulated losses of \$7,167,288 since inception and expects to incur further losses in the development of its business. 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.

See also Note 13.

**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 consolidated financial statements.

***Future Accounting Policies***

***Business Combinations, Consolidated Financial Statements and Non-Controlling Interests***

The CICA issued three new accounting standards in January 2009: Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-Controlling Interests*. These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company is in the process of evaluating the requirements of the new standards.

**TINKA RESOURCES LIMITED**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED DECEMBER 31, 2009**  
*(Unaudited - Prepared by Management)*

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

Section 1582 replaces Section 1581, *Business Combinations*, and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standards (“IFRS”) 3, *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace Section 1600, *Consolidated Financial Statements*. Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27, *Consolidated and Separate Financial Statements*, and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

*International Financial Reporting Standards*

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. Companies will be required to provide comparative IFRS information for the previous fiscal year. 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.

**3. MINERAL PROPERTY INTERESTS**

|             | December 31, 2009          |  |             | September 30, 2009         |  |             |
|-------------|----------------------------|--|-------------|----------------------------|--|-------------|
|             | Acquisition<br>Costs<br>\$ | Deferred<br>Exploration<br>Costs<br>\$ | Total<br>\$ | Acquisition<br>Costs<br>\$ | Deferred<br>Exploration<br>Costs<br>\$ | Total<br>\$ |
| Peru:       |                            |  |             |                            |  |             |
| Colquipucro | 33,706                     | 1,681,108                              | 1,714,814   | 33,706                     | 1,678,031                              | 1,711,737   |
| Other       | -                          | 326,600                                | 326,600     | -                          | 325,937                                | 325,937     |
|             | 33,706                     | 2,007,708                              | 2,041,414   | 33,706                     | 2,003,968                              | 2,037,674   |

(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 to which the Company staked a number of prospects in Peru. As at December 31, 2009, the Company holds 46 mineral claims (the “Colquipucro Project”), which had been identified by Sierra, totaling 10,235 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. The NSR can be purchased at any time for US \$1,000,000.

**TINKA RESOURCES LIMITED**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED DECEMBER 31, 2009**  
*(Unaudited - Prepared by Management)*

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

(b) Peru - Other

During fiscal 2009, the Company wrote off \$40,924 of acquisition and deferred exploration costs for other mineral property interests in Peru. As at December 31, 2009, the category comprises solely of foreign value added taxes.

**4. EQUIPMENT**

|                                | December 31,<br>2009<br>\$ | September 31,<br>2009<br>\$ |
|--------------------------------|----------------------------|-----------------------------|
| Vehicles                       | 51,590                     | 51,590                      |
| Office equipment               | 27,066                     | 27,066                      |
|                                | <u>78,656</u>              | <u>78,656</u>               |
| Less: accumulated amortization | (71,117)                   | (69,973)                    |
|                                | <u><u>7,539</u></u>        | <u><u>8,683</u></u>         |

**5. SHARE CAPITAL**

Authorized - unlimited common shares without par value

| Issued                       | December 31, 2009        |                         | September 30, 2009       |                         |
|------------------------------|--------------------------|-------------------------|--------------------------|-------------------------|
|                              | Shares                   | \$                      | Shares                   | \$                      |
| Balance, beginning of period | <u>25,961,511</u>        | <u>8,335,738</u>        | <u>24,361,511</u>        | <u>8,177,788</u>        |
| Issued during the period     |                          |                         |                          |                         |
| For cash                     |                          |                         |                          |                         |
| Private placements           | <u>-</u>                 | <u>-</u>                | <u>1,600,000</u>         | <u>160,000</u>          |
|                              | <u>-</u>                 | <u>-</u>                | <u>1,600,000</u>         | <u>160,000</u>          |
| Less share issue costs       | <u>-</u>                 | <u>-</u>                | <u>-</u>                 | <u>(2,050)</u>          |
|                              | <u>-</u>                 | <u>-</u>                | <u>1,600,000</u>         | <u>157,950</u>          |
| Balance, end of period       | <u><u>25,961,511</u></u> | <u><u>8,335,738</u></u> | <u><u>25,961,511</u></u> | <u><u>8,335,738</u></u> |

**TINKA RESOURCES LIMITED**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED DECEMBER 31, 2009**  
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**5. SHARE CAPITAL (continued)**

- (a) A summary of the number of common shares reserved pursuant to the Company's outstanding warrants outstanding December 31, 2009 and 2008, and the changes for the three months ending on those dates is as follows:

|   | <b>2009</b>      |   | <b>2008</b>      |   |
|---|------------------|---|------------------|---|
|   | <b>Number</b>    | <b>Weighted<br/>Average<br/>Exercise Price<br/>\$</b> | <b>Number</b>    | <b>Weighted<br/>Average<br/>Exercise Price<br/>\$</b> |
| Balance, beginning<br>and end of period | <u>1,600,000</u> | 0.15  | <u>1,632,500</u> | 0.56  |

As at December 31, 2009, there were warrants outstanding to purchase 1,600,000 common shares at an exercise price of \$0.15 per share, expiring December 22, 2010.

- (b) See also Note 13.

**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 TSX Venture Exchange ("TSXV"). The options have a maximum term of five years.

During the three months ended December 31, 2009, the Company granted stock options to a consultant to purchase 200,000 common shares and recorded compensation expense of \$35,521. The Company did not grant any options during the three months ended December 31, 2008.

The fair value of the stock options granted during the three months ended December 31, 2009 is estimated using the Black-Scholes option pricing model with the following assumptions:

|                           | <b>2009</b> |
|---------------------------|-------------|
| Risk-free interest rate   | 1.96%       |
| Estimated volatility      | 153.80%     |
| Expected life             | 3 years     |
| Expected dividend yield   | 0%          |
| Estimated forfeiture rate | 0%          |

The weighted average fair value of all stock options granted during the three months ended December 31, 2009 to the Company's consultant was \$0.18 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.

**TINKA RESOURCES LIMITED**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED DECEMBER 31, 2009**  
*(Unaudited - Prepared by Management)*

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

A summary of the Company's stock options at December 31, 2009 and 2008, and the changes for the three months ended on those dates is presented below:

|                              | 2009                                |   | 2008                                |   |
|------------------------------|-------------------------------------|---|-------------------------------------|---|
|                              | Number of<br>Options<br>Outstanding | Weighted<br>Average<br>Exercise Price<br>\$ | Number of<br>Options<br>Outstanding | Weighted<br>Average<br>Exercise Price<br>\$ |
| Balance, beginning of period | 2,255,000                           | 0.14  | 2,195,000                           | 0.34  |
| Granted                      | 200,000                             | 0.16  | -                                   | -   |
| Expired                      | -                                   | -   | (880,000)                           | 0.34  |
| Balance, end of period       | <u>2,455,000</u>                    | 0.14  | <u>1,315,000</u>                    | 0.34  |

The following table summarizes information about the stock options outstanding and exercisable at December 31, 2009:

| Number<br>Outstanding<br>and Exercisable | Exercise Price<br>\$ | Expiry Date       |
|--|----------------------|-------------------|
| 360,000                                  | 0.30                 | March 1, 2011     |
| 125,000                                  | 0.30                 | July 18, 2011     |
| 1,120,000                                | 0.10                 | January 30, 2012  |
| 650,000                                  | 0.10                 | March 2, 2012     |
| <u>200,000</u>                           | 0.16                 | December 23, 2012 |
| <u>2,455,000</u>                         |                      |                   |

See also Note 13(b).

**7. CONTRIBUTED SURPLUS**

The Company's contributed surplus for the three months ended December 31, 2009 and 2008 is comprised of the following:

|  | 2009<br>\$     | 2008<br>\$     |
|--|----------------|----------------|
| Balance, beginning of period                       | 799,524        | 704,524        |
| Stock-based compensation on stock options (Note 6) | <u>35,521</u>  | <u>-</u>       |
| Balance, end of period                             | <u>835,045</u> | <u>704,524</u> |

**TINKA RESOURCES LIMITED**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED DECEMBER 31, 2009**  
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**8. RELATED PARTY TRANSACTIONS**

- (a) During the three months ended December 31, 2009 and 2008, the Company incurred the following expenditures to directors and corporations controlled by directors of the Company:

|                               | <b>2009</b>   | <b>2008</b>   |
|-------------------------------|---------------|---------------|
|                               | <b>\$</b>     | <b>\$</b>     |
| Management fees               | 24,000        | 24,000        |
| Accounting and administration | 6,000         | 5,400         |
| Consulting services           | 4,500         | 7,500         |
| Rent                          | 1,250         | 1,350         |
|                               | <u>35,750</u> | <u>38,250</u> |

- (b) During the three months ended December 31, 2009, the Company reimbursed \$2,609 (2008 - \$4,852) to a public company with certain common directors for shared office 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 December 31, 2009, \$64,300 (2008 - \$8,500) remained outstanding and was included in accounts payable and accrued liabilities.

**9. SEGMENTED INFORMATION**

Substantially all of the Company's operations are in one industry, the exploration for precious metals. Management reviews the financial results according to expenditures by property. As at December 31, 2009, 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.

|                            | <b>December 31, 2009</b>    |  |                  |
|----------------------------|-----------------------------|--|------------------|
|                            | <b>Corporate<br/>Canada</b> | <b>Mineral<br/>Operations<br/>Peru</b> | <b>Total</b>     |
|                            | <b>\$</b>                   | <b>\$</b>                              | <b>\$</b>        |
| Current assets             | 655,303                     | 6,388                                  | 661,691          |
| Mineral property interests | -                           | 2,041,414                              | 2,041,414        |
| Equipment                  | 4,351                       | 3,188                                  | 7,539            |
| Deferred costs             | 9,966                       | -                                      | 9,966            |
|                            | <u>669,620</u>              | <u>2,050,990</u>                       | <u>2,720,610</u> |

**TINKA RESOURCES LIMITED**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED DECEMBER 31, 2009**  
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**9. SEGMENTED INFORMATION (continued)**

|                            | September 30, 2009        |                                     |  | Total<br>\$ |
|----------------------------|---------------------------|-------------------------------------|--|-------------|
|                            | Corporate<br>Canada<br>\$ | Mineral<br>Operations<br>Peru<br>\$ | Mineral<br>Operations<br>Australia<br>\$ |             |
| Current assets             | 78,164                    | 5,850                               | -  | 84,014      |
| Mineral property interests | -                         | 2,037,674                           | -  | 2,037,674   |
| Equipment                  | 4,787                     | 3,896                               | -  | 8,683       |
| Other                      | -                         | -                                   | 33,710                                   | 33,710      |
|                            | 82,951                    | 2,047,420                           | 33,710                                   | 2,164,081   |

**10. FINANCIAL INSTRUMENTS**

The fair values of financial instruments at December 31, 2009, 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 December 31, 2009, 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.

**11. 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.

**TINKA RESOURCES LIMITED**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED DECEMBER 31, 2009**  
*(Unaudited - Prepared by Management)*

**12. SUPPLEMENTAL CASH FLOW INFORMATION**

Non-cash activities were conducted by the Company during the three months ended December 31, 2009 and 2008 as follows:

|  | 2009<br>\$     | 2008<br>\$      |
|--|----------------|-----------------|
| Operating activities                                 |                |                 |
| Amortization   | 708            | 2,000           |
| Decrease in accounts payable and accrued liabilities | <u>(1,828)</u> | <u>(77,610)</u> |
|  | <u>(1,120)</u> | <u>(75,610)</u> |
| Investing activity                                   |                |                 |
| Expenditures on mineral property interests           | <u>1,120</u>   | <u>75,610</u>   |

**13. SUBSEQUENT EVENTS**

(a) In January 2010, the Company completed a private placement financing totalling 13,500,000 units at \$0.10 per unit for gross proceeds of \$1,350,000 as follows:

- (i) 4,500,000 units on a non-brokered basis. Each unit consisted of one common share and one warrant, with each warrant entitling the holder to purchase an additional common share at a price of \$0.15 per share for a period of eighteen months. The Company paid finders' fees of \$8,000; and
- (ii) 9,000,000 units on a brokered basis. Each unit consisted of one common share and one warrant, with each warrant entitling the holder to purchase an additional common share at a price of \$0.15 per share for a period of eighteen months. The Company paid the agent a commission of \$28,800 cash and issued 432,000 agent units and 900,000 agent warrants. The Company also paid the agent a corporate finance fee of 220,000 finance units. The agent units, agent warrants, and finance units have the same terms as the units and warrants issued on the brokered portion of the private placement.

Directors and officers of the Company purchased 324,000 units for \$32,400.

As at December 31, 2009, the Company had received \$630,000 in common share subscriptions and incurred \$9,966 of share issue costs related to this private placement.

(b) Subsequent to December 31, 2009, the Company:

- (i) granted stock options to purchase 1,080,000 common shares of the Company at a price of \$0.15 per share, expiring January 26, 2013; and
- (i) issued 352,500 shares on the exercise of stock options for \$35,250 proceeds.

**TINKA RESOURCES LIMITED**  
**INTERIM CONSOLIDATED SCHEDULE OF MINERAL PROPERTY INTERESTS**

*(Unaudited - Prepared by Management)*

|                                      | <u>Three Months Ended December 31, 2009</u> |                       |                         | <u>Year Ended<br/>September 30,<br/>2009</u> |
|--------------------------------------|---|-----------------------|-------------------------|--|
|                                      | <u>Peru</u>                                 |                       |                         |  |
|                                      | <u>Colquipucro<br/>\$</u>                   | <u>Other<br/>\$</u>   | <u>Total<br/>\$</u>     | <u>Total<br/>\$</u>                          |
| <b>BALANCE - BEGINNING OF PERIOD</b> | <u>1,711,737</u>                            | <u>325,937</u>        | <u>2,037,674</u>        | <u>2,442,307</u>                             |
| <b>EXPLORATION EXPENDITURES</b>      |   |                       |                         |  |
| Amortization                         | 708   | -                     | 708                     | 11,115                                       |
| Assays                               | -   | -                     | -                       | 16,500                                       |
| Camp costs                           | 67  | -                     | 67                      | 4,465  |
| Consulting                           | -   | -                     | -                       | 3,759  |
| Environment studies                  | -   | -                     | -                       | 6,019  |
| Exploration site                     | 1,923                                       | -                     | 1,923                   | 8,079  |
| Fuel                                 | 379   | -                     | 379                     | 2,142  |
| Geological                           | -   | -                     | -                       | 39,464                                       |
| IVA tax                              | -   | 663                   | 663                     | 8,390  |
| Permit and filing fees               | -   | -                     | -                       | 4,427  |
| Road access                          | -   | -                     | -                       | 5,264  |
| Salaries                             | -   | -                     | -                       | 23,497                                       |
| Travel                               | -   | -                     | -                       | 17,910                                       |
| Vehicles                             | -   | -                     | -                       | 10,231                                       |
|                                      | <u>3,077</u>                                | <u>663</u>            | <u>3,740</u>            | <u>161,262</u>                               |
| <b>BALANCE - BEFORE WRITE-OFFS</b>   | <u>1,714,814</u>                            | <u>326,600</u>        | <u>2,041,414</u>        | <u>2,603,569</u>                             |
| <b>LESS WRITE-OFFS</b>               | <u>-</u>                                    | <u>-</u>              | <u>-</u>                | <u>(565,895)</u>                             |
| <b>BALANCE - END OF PERIOD</b>       | <u><u>1,714,814</u></u>                     | <u><u>326,600</u></u> | <u><u>2,041,414</u></u> | <u><u>2,037,674</u></u>                      |

# TINKA RESOURCES LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED DECEMBER 31, 2009

### Background

This discussion and analysis of financial position and results of operation is prepared as at February 19, 2010, and should be read in conjunction with the unaudited interim consolidated financial statements and the accompanying notes for the three months ended December 31, 2009, of Tinka Resources Limited (the "Company"). The interim 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 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 December 31, 2009, the Company had working capital of \$574,576, had not yet achieved profitable operations, has accumulated losses of \$7,167,288 since inception and expects to incur further losses in the development of its business. 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. In January 2010, the Company received a further \$720,000 from the completion of a private placement of equity.

### Forward Looking Statements

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

### Exploration Projects

#### *Colquipucro Project, Peru*

The Company has staked 46 claims covering 10,234.85 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 2008, an independent NI43-101 report was completed which determined an inferred silver resource of 20.3 million ounces silver with an immediate potential contiguous target.

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

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

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

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

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

Test work was completed by Plenge Laboratories in Lima, Peru on two composite samples from the Colquipucro main mineralized zone ("Zone 1"). The samples were composited from 63 samples from two separate sections of pulps taken from diamond drill holes CDD6 and CDD13 that passed through Zone 1. Tests included head grade analysis, gravity separation and cyanidation. The samples were subjected to six conventional bottle roll techniques. Sample head grades averaged 79.7g/t Ag (CDD6) and 132.1g/t Ag (CDD13). Head grades for the metallurgical samples are in the same range as those of the recently calculated NI 43-101 inferred resource of 5.7 Mt at a grade of 111 g/t silver (20.3 Moz silver) at Zone 1.

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

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

The interpretations and conclusions provided include:

- The structural setting and mineralization found at the Ayawilca zone has a direct correlation with the system found at Zone 1.
- The area, approximately 500m north-south by 200m east-west, defined as prospective for hosting bulk-tonnage silver mineralization at Ayawilca is sufficient for an exploration target equal to or greater than that established at Zone 1. The potential quantity and grade is conceptual in nature, and there has been insufficient exploration to define this target at this time. It is uncertain that drilling will result in further discoveries in this area. The target referred to is based on follow up of currently untested known strike length and down dip potential of the host sandstone.
- Ayawilca is believed to be higher in the Goyllar sandstone stratigraphy; hence, there may be potential for a thicker sequence of mineralization than at Zone 1.
- An 8-hole reverse circulation drill program, totalling not less than 1,600m, is recommended as a first phase test of the Ayawilca zone.

An amendment to the 50 hole diamond drill permit is being submitted to the authorities to include eight reverse circulation drill holes. Once this approval has been received drilling will commence.

### Selected Financial Data

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

|                                      | Fiscal 2010           | Fiscal 2009            |                       |                       |                       | Fiscal 2008            |                       |                       |
|--------------------------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|
|                                      | Dec. 31<br>2009<br>\$ | Sept. 30<br>2009<br>\$ | Jun. 30<br>2009<br>\$ | Mar. 31<br>2009<br>\$ | Dec. 31<br>2008<br>\$ | Sept. 30<br>2008<br>\$ | Jun. 30<br>2008<br>\$ | Mar. 31<br>2008<br>\$ |
| <b>Operations:</b>                   |                       |                        |                       |                       |                       |                        |                       |                       |
| Revenues                             | Nil                   | Nil                    | Nil                   | Nil                   | Nil                   | Nil                    | Nil                   | Nil                   |
| Expenses                             | (130,546)             | (115,290)              | (66,858)              | (185,707)             | (85,959)              | (115,973)              | (110,153)             | (339,348)             |
| Other items                          | 3,792                 | (43,755)               | (234,345)             | (281,735)             | (904)                 | (13,912)               | (3,944)               | 52,690                |
| Net loss                             | (126,754)             | (159,045)              | (301,203)             | (467,442)             | (86,863)              | (129,885)              | (114,097)             | (286,658)             |
| Loss per share<br>-basic and diluted | (0.00)                | (0.01)                 | (0.01)                | (0.02)                | (0.00)                | (0.01)                 | (0.00)                | (0.01)                |
| Dividends per share                  | Nil                   | Nil                    | Nil                   | Nil                   | Nil                   | Nil                    | Nil                   | Nil                   |
| <b>Balance Sheet:</b>                |                       |                        |                       |                       |                       |                        |                       |                       |
| Working capital                      | 574,576               | 14,661                 | 135,559               | 74,333                | 204,467               | 358,604                | 882,953               | 885,171               |
| Total assets                         | 2,720,610             | 2,164,081              | 2,294,738             | 2,420,015             | 2,795,563             | 2,967,984              | 2,946,183             | 2,677,439             |
| Total long-term liabilities          | Nil                   | Nil                    | Nil                   | Nil                   | Nil                   | Nil                    | Nil                   | Nil                   |

### Results of Operations

Due to the Company's limited financial resources, corporate overhead and discretionary costs were kept to minimal levels.

During the three months ended December 31, 2009 (the "2009 period"), the Company reported a net loss of \$126,754 (\$0.00 per share), compared to a net loss of \$86,863 (\$0.00 per share) for the three months ended December 31, 2008 ("the 2008 period"), an increase in loss of \$39,891. The increase in loss during the 2009 period is mainly attributed to a \$35,521 increase in stock-based compensation expense.

Specific expenses of note are as follows:

- during the 2009 period the Company was billed \$6,000 (2008 - \$5,400) for accounting and administration services provided by Chase Management Ltd. ("Chase") a private company owned by a director of the Company. In addition, the Company was billed \$1,250 (2008 - \$1,350) by Chase for office space provided;
- management fees of \$24,000 during the 2009 period (2008 - \$24,000) were billed by the Company's President in his capacity as such;
- general exploration increased by \$3,694 from \$21,840 during the 2008 period to \$25,534 during the 2009 period;
- corporate development expenses decreased by \$2,030, from \$7,446 in the 2008 period to \$5,416 in the 2009 period;
- travel expenses decreased by \$2,250 from \$5,285 during the 2008 period to \$3,035 during the 2009 period;
- stock-based compensation of \$35,521 was recorded during the 2009 period relating to the granting of stock options. The Company did not grant any stock options during the 2008 period; and
- audit fees of \$18,000 during the 2009 period. No audit fees were recorded in the 2008 period. The change between the 2008 period and the 2009 period was solely due to the timing of billings of the Company's year-end financial statements.

During the 2009 period the Company capitalized \$3,740 (2008 - \$68,486) for mineral property interests expenditures, comprising of \$3,077 (\$46,128) on the Colquipucro Prospect and \$663 (2008 - \$22,358) on other prospects in Peru. See "Exploration Projects".

## **Financial Condition / Capital Resources**

As at December 31, 2009, the Company had working capital of \$574,576 and accumulated losses of \$7,167,288 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 recent financial market conditions the Company took measures to reduce corporate overhead, reducing personnel and minimizing non-essential expenditures, including the postponement of exploration activities until market conditions improved. With the recent financing completed in January 2010 the Company now has sufficient financing to implement a Phase 1 drill program to test the Ayawilca zone and meet ongoing corporate activities for the ensuring year. However, exploration activities may change due to ongoing results and recommendations or the Company may acquire additional mineral properties, which may entail additional significant funding or exploration commitments. The Company 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, 2009 audited consolidated financial statements.

## **Changes in Accounting Policies**

### ***Future Accounting Policies***

#### *Business Combinations, Consolidated Financial Statements and Non-Controlling Interests*

The CICA issued three new accounting standards in January 2009: Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-Controlling Interests*. These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company is in the process of evaluating the requirements of the new standards.

Section 1582 replaces Section 1581, *Business Combinations*, and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standards ("IFRS") 3, *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

Sections 1601 and 1602 together replace Section 1600, *Consolidated Financial Statements*. Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27, *Consolidated and Separate Financial Statements*, and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

#### *International Financial Reporting Standards*

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. Companies will be required to provide comparative IFRS information for the previous fiscal year.

The Company has commenced the scoping and planning phase of its changeover plan. The Company has designated the appropriate resources to the project to develop an effective plan and will continue to assess resource and training requirements as the project progresses. The Company has identified the following four phases of its conversion plan: scoping and planning, detailed assessment, operations implementation and post implementation. The scoping and planning phase involves establishing a project management team, mobilizing organizational support for the conversion plan, identifying major areas affected and developing an implementation plan. The Company expects to complete the scoping and planning phase during the 2010 fiscal year. The detailed assessment phase (“Phase 2”) will result in accounting policies and transitional exemptions decisions, quantification of financial statement impact, preparation of shell financial statements and identification of business processes and resources impacted. The operations implementation phase (“Phase 3”) includes the design of business, reporting and system processes to support the compilation of IFRS compliant financial data for the opening balance sheet at October 1, 2010 and thereafter. Phase 3 also includes ongoing training, testing of the internal control environment and updated processes for disclosure controls and procedures. Post implementation (“Phase 4”) will include sustainable IFRS compliant financial data and processes for fiscal 2011 and beyond. The Company will continue to monitor changes in IFRS throughout the duration of the implementation process and assess their impacts on the Company and its reporting.

### Transactions with Related Parties

- (a) During the three months ended December 31, 2009 and 2008, the Company incurred the following expenditures to directors and corporations controlled by directors of the Company:

|                               | 2009<br>\$    | 2008<br>\$    |
|-------------------------------|---------------|---------------|
| Management fees               | 24,000        | 24,000        |
| Accounting and administration | 6,000         | 5,400         |
| Consulting services           | 4,500         | 7,500         |
| Rent                          | 1,250         | 2,350         |
|                               | <u>35,750</u> | <u>38,250</u> |

- (b) During the three months ended December 31, 2009, the Company reimbursed \$2,609 (2008 - \$4,852) to a public company with certain common directors for shared office 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 December 31, 2009, \$64,300 (2008 - \$8,500) 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.

As at December 31, 2009, the Company’s mineral properties are located in Peru and consequently the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result

in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry.

### **Investor Relations Activities**

The Company does not have an investor relations programs in place. Mr. Andrew Carter, President, CEO and Director, coordinates investor relations activities. The Company updates its website ([www.tinkaresources.com](http://www.tinkaresources.com)) on a continuous basis.

### **Outstanding Share Data**

The Company's authorized share capital is unlimited common shares with no par value. As at February 19, 2010, there were 40,466,011 issued common shares and 3,182,500 stock options outstanding, at exercise prices ranging from \$0.10 to \$0.30 per share and 16,652,000 warrants outstanding at an exercise price of \$0.15 per share.