
TINKA RESOURCES LIMITED

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED

JUNE 30, 2005 AND 2004

(Unaudited - Prepared by Management)

MANAGEMENT'S COMMENTS ON UNAUDITED FINANCIAL STATEMENTS

The accompanying unaudited interim consolidated financial statements of Tinka Resources Limited for the nine months ended June 30, 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
INTERIM CONSOLIDATED BALANCE SHEETS
(Unaudited - Prepared by Management)

	June 30, 2005	September 30, 2004
	\$	\$
A S S E T S		
CURRENT ASSETS		
Cash	1,491,002	967,669
Amounts receivable and prepaids	<u>13,725</u>	<u>24,536</u>
	1,504,727	992,205
MINERAL PROPERTY INTERESTS (Note 3)	450,257	302,129
EQUIPMENT (Note 4)	<u>53,834</u>	<u>59,711</u>
	<u><u>2,008,818</u></u>	<u><u>1,354,045</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>45,019</u>	<u>17,675</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 5)	4,685,794	3,621,068
CONTRIBUTED SURPLUS	323,310	171,836
DEFICIT	<u>(3,045,305)</u>	<u>(2,456,534)</u>
	<u>1,963,799</u>	<u>1,336,370</u>
	<u><u>2,008,818</u></u>	<u><u>1,354,045</u></u>

APPROVED BY THE DIRECTORS

"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 June 30		Nine Months Ended June 30	
	2005	2004	2005	2004
	\$	\$	\$	\$
EXPENSES				
Accounting and administration	2,470	2,425	11,195	14,710
Amortization	386	180	1,160	360
Audit	-	-	(1,120)	600
Consulting	(500)	6,582	16,704	12,574
Corporate development	1,240	8,877	6,412	24,819
General exploration	33,336	31,358	46,890	46,703
Investor relations	9,000	7,500	25,250	19,500
Legal	-	-	489	1,058
Management fees	15,000	15,000	45,000	30,000
Office	6,777	5,611	22,787	17,403
Regulatory	1,421	2,363	6,066	10,388
Rent	1,350	1,350	4,050	2,700
Shareholder costs	1,379	1,462	4,870	3,517
Stock based compensation	44,100	48,600	233,750	78,500
Transfer agent	2,097	2,483	9,812	7,580
Travel and related	7,106	17,455	43,756	21,251
	<u>125,162</u>	<u>151,246</u>	<u>477,071</u>	<u>291,663</u>
LOSS BEFORE OTHER ITEMS	<u>(125,162)</u>	<u>(151,246)</u>	<u>(477,071)</u>	<u>(291,663)</u>
OTHER ITEMS				
Interest income	3,630	905	9,360	2,484
Foreign exchange	1,112	(684)	(18,538)	(3,772)
Write-off of mineral property interests	-	(317,991)	(102,522)	(317,991)
	<u>4,742</u>	<u>(317,770)</u>	<u>(111,700)</u>	<u>(319,279)</u>
NET LOSS FOR THE PERIOD	<u>(120,420)</u>	<u>(469,016)</u>	<u>(588,771)</u>	<u>(610,942)</u>
DEFICIT - BEGINNING OF PERIOD	<u>(2,924,885)</u>	<u>(1,921,869)</u>	<u>(2,456,534)</u>	<u>(1,779,943)</u>
DEFICIT - END OF PERIOD	<u>(3,045,305)</u>	<u>(2,390,885)</u>	<u>(3,045,305)</u>	<u>(2,390,885)</u>
BASIC AND DILUTED				
LOSS PER SHARE	<u>\$(0.01)</u>	<u>\$(0.05)</u>	<u>\$(0.05)</u>	<u>\$(0.09)</u>
WEIGHTED AVERAGE NUMBER OF				
COMMON SHARES OUTSTANDING	<u>14,085,419</u>	<u>10,015,939</u>	<u>12,445,863</u>	<u>6,963,388</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 June 30		Nine Months Ended June 30	
	2005	2004	2005	2004
	\$	\$	\$	\$
CASH PROVIDED FROM (USED FOR)				
OPERATING ACTIVITIES				
Net loss for the period	(120,420)	(469,016)	(588,771)	(610,942)
Adjustment for items not involving cash				
Amortization	386	180	1,160	360
Stock-based compensation	44,100	48,600	233,750	78,500
Write-off of mineral property interests	-	317,991	102,522	317,991
	<u>(75,934)</u>	<u>(102,245)</u>	<u>(251,339)</u>	<u>(214,091)</u>
Decrease (increase) in amounts receivable and prepaids	2,442	1,080	10,811	(13,651)
Increase (decrease) in accounts payable and accrued liabilities	<u>25,339</u>	<u>(14,919)</u>	<u>27,344</u>	<u>(11,911)</u>
	<u>(48,153)</u>	<u>(116,084)</u>	<u>(213,184)</u>	<u>(239,653)</u>
INVESTING ACTIVITIES				
Purchase of equipment	(2,209)	-	(5,483)	(7,186)
Expenditures on mineral property interests	<u>(77,311)</u>	<u>(47,809)</u>	<u>(240,450)</u>	<u>(163,629)</u>
	<u>(79,520)</u>	<u>(47,809)</u>	<u>(245,933)</u>	<u>(170,815)</u>
FINANCING ACTIVITIES				
Issuance of common shares	23,200	27,125	982,450	1,387,215
Share issue costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>(74,068)</u>
	<u>23,200</u>	<u>27,125</u>	<u>982,450</u>	<u>1,313,147</u>
INCREASE (DECREASE) IN CASH DURING THE PERIOD	(104,473)	(136,768)	523,333	902,679
CASH - BEGINNING OF PERIOD	<u>1,595,475</u>	<u>1,306,655</u>	<u>967,669</u>	<u>267,208</u>
CASH - END OF PERIOD	<u><u>1,491,002</u></u>	<u><u>1,169,887</u></u>	<u><u>1,491,002</u></u>	<u><u>1,169,887</u></u>

SUPPLEMENTARY CASH FLOW INFORMATION - See Note 8.

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

TINKA RESOURCES LIMITED
INTERIM CONSOLIDATED SCHEDULE OF MINERAL PROPERTY INTERESTS
FOR THE NINE MONTHS ENDED JUNE 30, 2005
(Unaudited - Prepared by Management)

	Peru					Total \$
	Pancoy Prospect \$	Pampa Property \$	Luminaria Prospect \$	Demetrio Prospect \$	Other \$	
BALANCE - BEGINNING OF PERIOD	<u>79,435</u>	<u>35,833</u>	<u>92,000</u>	<u>72,636</u>	<u>22,225</u>	<u>302,129</u>
EXPLORATION EXPENDITURES DURING THE PERIOD						
Amortization	-	-	10,200	-	-	10,200
Camp costs	-	-	3,341	-	-	3,341
Consulting	-	2,559	11,034	759	-	14,352
Geological	22,426	25	143,011	8,613	15,056	189,131
IVA tax	-	-	-	-	14,478	14,478
Staking	-	-	-	-	5,929	5,929
Other	661	2,183	8,991	1,384	-	13,219
	<u>23,087</u>	<u>4,767</u>	<u>176,577</u>	<u>10,756</u>	<u>35,463</u>	<u>250,650</u>
BALANCE BEFORE WRITE-OFF	102,522	40,600	268,577	83,392	57,688	552,779
LESS WRITE-OFF OF MINERAL PROPERTY INTERESTS	<u>(102,522)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(102,522)</u>
BALANCE - END OF PERIOD	<u>-</u>	<u>40,600</u>	<u>268,577</u>	<u>83,392</u>	<u>57,688</u>	<u>450,257</u>

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

TINKA RESOURCES LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED JUNE 30, 2005
(Unaudited - Prepared by Management)

1. NATURE OF OPERATIONS

The Company is in the process of exploring mineral properties located in Peru. On the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the mineral properties and related deferred costs is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Mineral property interests represent costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values.

2. SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles 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. The 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.

3. MINERAL PROPERTY INTERESTS

	June 30, 2005			September 30, 2004		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Peru						
Luminaria Prospect	66,673	201,904	268,577	66,673	25,327	92,000
Demetrio Prospect	72,636	10,756	83,392	72,636	-	72,636
Pancoy Prospect	-	-	-	78,061	1,374	79,435
Pampa Property	28,469	12,131	40,600	28,469	7,364	35,833
Other	-	57,688	57,688	-	22,225	22,225
	167,778	282,479	450,257	245,839	56,290	302,129

(a) Sierra Exploration Alliance

On May 27, 2004, the Company entered into an 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% NSR from any production from a project, which can be purchased for US \$1.0 million.

TINKA RESOURCES LIMITED
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FOR THE NINE MONTHS ENDED JUNE 30, 2005
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3. MINERAL PROPERTY INTERESTS (continued)

As at June 30, 2005, Sierra has identified, and the Company has staked, two prospects. The Luminaria Prospect comprises 4,300 hectares located in the Huraz mining district, department of Ancash. The Demetrio Prospect comprises five claims (5,000 hectares) located between the departments of La Libertad and Cajamarca, within the Pataz mining district.

(b) Pancoy Prospect

The Company held an option agreement to acquire a 100% interest in three concessions (the "Pancoy Prospect"), comprising of 2,700 hectares, located in southern central Peru. To exercise the option, the Company paid US \$10,000 and was required to issue a total of 1.2 million common shares (180,000 shares issued) and incur \$300,000 exploration expenditures.

During November and December 2004, the Company conducted a comprehensive sampling and mapping program on the Pancoy Prospect. Results were received in January 2005 and based on the results, the Company determined to terminate the option agreement. Accordingly during the nine months ended June 30, 2005, the Company wrote-off \$102,522 in acquisition and exploration costs.

4. EQUIPMENT

	June 30, 2005	September 30, 2004
Vehicles	51,590	51,590
Office equipment	<u>15,700</u>	<u>10,217</u>
	67,290	61,807
Less: accumulated amortization	<u>(13,456)</u>	<u>(2,096)</u>
	<u><u>53,834</u></u>	<u><u>59,711</u></u>

TINKA RESOURCES LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED JUNE 30, 2005

(Unaudited - Prepared by Management)

5. SHARE CAPITAL

Authorized - unlimited common shares without par value (2004 - 100,000,000 common shares)

Issued	<u>June 30, 2005</u>		<u>September 30, 2004</u>	
	Shares	\$	Shares	\$
Balance, beginning of period	<u>10,297,912</u>	<u>3,621,068</u>	<u>6,171,462</u>	<u>2,065,346</u>
Issued during the period				
For cash				
Private placements	-	-	3,110,000	1,313,500
Exercise of options	501,100	128,875	-	-
Exercise of warrants	3,307,750	853,575	411,450	81,790
Reallocation from contributed surplus				
on exercise of options	-	82,276	-	-
For mineral properties	-	-	550,000	234,500
For agent's fee	-	-	55,000	24,750
	<u>3,808,850</u>	<u>1,064,726</u>	<u>4,126,450</u>	<u>1,654,540</u>
Share issue costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>(98,818)</u>
	<u>3,808,850</u>	<u>1,064,726</u>	<u>4,126,450</u>	<u>1,555,722</u>
Balance, end of period	<u><u>14,106,762</u></u>	<u><u>4,685,794</u></u>	<u><u>10,297,912</u></u>	<u><u>3,621,068</u></u>

- (a) During the nine months ended June 30, 2005, the Company granted 890,000 stock options to directors and consultants, and recorded compensation expense of \$233,750.

The fair value of stock options granted to directors and consultants is estimated on the date of grants using the Black-Scholes option pricing model with the following assumptions used for the grants made during the nine months ended June 30, 2005:

Risk-free interest rate	2.77% - 2.91%
Estimated volatility	92% - 93%
Expected life	1.5 years
Expected dividend yield	0

The weighted average fair value per share of stock options, calculated using the Black-Scholes option pricing model, granted during the nine months ended June 30, 2005 to the Company's directors and consultants was \$0.26 per share.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company's stock options.

TINKA RESOURCES LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED JUNE 30, 2005
(Unaudited - Prepared by Management)

5. SHARE CAPITAL (continued)

A summary of the Company's stock options at June 30, 2005 and the changes for the nine months ended June 30, 2005 is presented below:

	Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	1,017,100	0.32
Granted	890,000	0.47
Exercised	<u>(501,100)</u>	0.26
Balance, end of period	<u><u>1,406,000</u></u>	0.44

The following table summarizes information about the stock options outstanding and exercisable at June 30, 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	260,000	0.45	April 2, 2007
50,000	50,000	0.50	January 17, 2008
605,000	567,500	0.50	February 22, 2008
<u>235,000</u>	<u>235,000</u>	0.40	June 8, 2008
<u><u>1,406,000</u></u>	<u><u>1,358,500</u></u>		

- (b) A summary of the number of common shares reserved pursuant to the Company's outstanding warrants and agents warrants outstanding at June 30, 2005 and the changes for the nine months ended June 30, 2005, is as follows:

	Number
Balance, beginning of period	5,422,500
Exercised	(3,307,750)
Expired	<u>(1,170,000)</u>
Balance, end of period	<u><u>944,750</u></u>

Common shares reserved pursuant to warrants outstanding at June 30, 2005, are as follows:

Number	Exercise Price \$	Expiry Date
10,000	0.20	July 16, 2005
249,750	0.30	July 15, 2005
<u>685,000</u>	0.50	December 23, 2005
<u><u>944,750</u></u>		

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(Unaudited - Prepared by Management)

6. RELATED PARTY TRANSACTIONS

During the nine months ended June 30, 2005, the Company:

- i) paid \$15,245 for accounting and administration services and office rent provided by a private corporation controlled by a director of the Company;
- ii) paid \$45,000 to the President of the Company for management services;
- iii) paid \$6,650 for consulting services provided by certain directors of the Company; and
- iv) reimbursed \$8,375 to Tumi Resources Limited, a public company with common directors, for shared office personnel.

7. 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 June 30, 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 for the nine months ended June 30, 2005.

	June 30, 2005		
	Corporate Canada	Mineral Operations Peru	Total
	\$	\$	\$
Current assets	1,491,728	12,999	1,504,727
Mineral property interests	-	450,257	450,257
Equipment	5,809	48,025	53,834
	<u>1,497,537</u>	<u>511,281</u>	<u>2,008,818</u>

8. SUPPLEMENTARY CASH FLOW INFORMATION

Non-cash financing activities were conducted by the Company during the nine months ended June 30, 2005 and 2004 as follows:

	2005	2004
	\$	\$
Financing activities		
Shares issued on exercise of options	82,276	-
Contributed surplus	(82,276)	-
	<u>-</u>	<u>-</u>

TINKA RESOURCES LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED JUNE 30, 2005
(Unaudited - Prepared by Management)

8. SUPPLEMENTARY CASH FLOW INFORMATION (continued)

Other supplementary cash flow information:

	2005	2004
	\$	\$
Interest paid in cash	-	-
Income taxes paid in cash	-	-

9. SUBSEQUENT EVENTS

Subsequent to June 30, 2005, the Company issued 247,250 common shares on the exercise of warrants.