

TINKA RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED MARCH 31, 2005

Background

This discussion and analysis of financial position and results of operation is prepared as at May 25, 2005 and should be read in conjunction with the unaudited interim consolidated financial statements and the accompanying notes for the six months ended March 31, 2005 and 2004 and the audited consolidated financial statements and the accompanying notes for the years ended September 30, 2004 and 2003 of Tinka Resources Limited (the "Company"). Those 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.

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 proved 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".

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

Sierra Exploration Alliance, Peru

In June 2004, the Company entered into an agreement with Sierra Peru Pty Ltd. ("Sierra"), a privately held Australian corporation at arms-length to the Company, to form an exploration alliance to define gold and silver targets throughout Peru. The agreement provides the Company with the right of first refusal on all targets defined by Sierra for a period of two years.

To date Sierra has identified a number of prospects for the Company, as follows:

i) Luminaria Prospect

The Company has recently expanded its land holdings at Luminaria to five claims totalling 4,300 hectares. Luminaria is located 30 kilometres south of Barrick's 7 million ounce Pierina gold mine and 270 kilometres north of Lima. The gold mineralization at Luminaria is hosted by an altered granodiorite that intrudes sediments of the Goyllarisquizga Group at an altitude between 3,200 metres and 3,600 metres.

A total of 269 soil samples have been collected on a grid measuring roughly 1,800 metres by 300 metres. Anomalous gold values ranging from 0.02 grams per tonne ("g/t") to 1.86 g/t, are associated with anomalous copper, lead and arsenic values within an area 1,400 meters by 300 metres. The geochemically anomalous area is still open to the east and partially open to the west. Geological mapping and soil sampling suggest that the mineralized area is faulted-off along the western edge of the grid.

Channel sampling and pitting has extended the mineralized surface area at the Rurimarac Hill zone by a further 200 metres by 150 metres lying south of the previously reported surface mineralization. Pits were dug to a maximum depth of 3.1 metres and vertical channel samples in the pits yielded results ranging from 0.07 g/t gold to 52.23 g/t gold with an average of 12.92 g/t gold over 1.37 metres. Further channel sampling was done in trenches which cut across the “manto” horizon immediately above fresh diorite on the eastern edge of the mineralization. Six channel samples ranged from 9.24 g/t gold and 8.7 g/t silver to 35.52 g/t gold and 109 g/t silver with an average of 19.20 g/t gold and 38.63 g/t silver over 0.4 metres.

Further channel sampling has been done in four trenches (TK-15 to TK-18) which cut across the “manto” horizon immediately above fresh diorite near the eastern edge of the grid. The mineralized horizon in TK-16 and TK-17, located about 10 metres apart along strike, yielded 12.8 g/t gold and 27.6 g/t silver, respectively, each over 0.7 metres thickness. The anomalous gold values are associated mainly with pyrite, arsenopyrite and grey quartz occurring in the Chimu Formation, consisting of white quartzite with narrow shale and coal horizons in contact with strongly altered diorite.

In a previous program, 25 pits were dug within the zone of interest to a maximum depth of 4 metres located within an area of about 270 metres by 100 metres. The pits intersected the Chimu formation and bottomed in strongly altered diorite intruding the overlying quartzites. Vertical channel samples in the pits ranged from 1.2 g/t gold to 24.6 g/t gold with an average of 7 g/t gold over 2 metres.

The Company continues to be encouraged by these results and is currently undertaking an induced polarization and magnetics (“IP”) survey over the area. The IP survey consists of 12 line kilometers covering an area of 1,400 metres by 800 metres.

ii) Demetrio Project

The Company has staked five claims totalling 5,000 hectares, known as the Demetrio Project. The project is located between the Peruvian departments of La Libertad and Cajamarca, within the Pataz mining district, 510 kilometres north of Lima. The Demetrio Project lies along a structural trend at the northern end of the Pataz mining district, home to several operating high grade gold mines including the substantial Poderosa, Horizonte and Retamas operations.

Production from this area has come from about 16 underground mines where grades typically vary between 7 and 15 g/t gold and locally reach up to 120 g/t gold. In 1996, reconnaissance exploration in the vicinity of the Demetrio Project, by a private Peruvian company, located four gold mineralized areas with artesinal workings across an area of 9 kilometres by 5 kilometres. Thirty-six unconfirmed grab samples from these zones of mineralization returned average grades between 1.5 and 7.0 g/t gold.

The Company is encouraged by the indications of sediment-hosted gold over such a large area in this highly prospective terrain and a comprehensive geological mapping program is currently underway.

Pampa Prospect, Peru

The Company has staked ten claims, totaling 7,000 hectares, in the Puquio district of central - southern Peru. The project is located within the Ayacucho Department, 25 kilometres northwest of the village and mine of San Juan de Lucanas, and approximately 400 kilometres southeast of Lima. All the claims lie within the Southern Peru Epithermal Gold-Silver Belt and were acquired following a regional prospecting and ASTER interpretation program.

The Pampa Project claims (Pampa, Pampa 1, Pampa 2) of 2,500 hectares, were staked to secure a high sulphidation epithermal target with strong alunite, silica and iron oxide alteration, associated with this style of mineralization. The Pampa claims lie on the northern end of the controlling structures of the recently closed San Juan de Lucanas mine. Reconnaissance exploration of the Pampa project has identified a 2 x 2 kilometre area of argillized, silicified and ferruginous volcanics. Preliminary grab sampling of these volcanics has returned consistently anomalous gold and silver values.

The Vado Project claims (Pampa 3, Pampa 4, Pampa 5) of 1,500 hectares, cover the northern and southern extensions of alteration associated with the Anta intrusive stock, 12 kilometres north of the San Juan de Lucanas mine.

Claims that comprise the Chincheja Project (Pampa 6, Pampa 7, Pampa 8, Pampa 9) total 3,000 hectares, and cover a series of alunite, kaolinite, iron oxide and silica alteration anomalies in structural settings conducive to the formation of gold - silver mineralization.

Alteration mapped at the Pampa Project shows similarity to the low sulphidation epithermal deposits of the region. Systematic mapping and sampling will begin soon.

Pancoy Prospect, Peru

A geological and rock chip sampling program was completed in December 2004 on the Pancoy Prospect. Results were obtained in January 2005, and yielded insufficient results for the Company to continue with exploration of the Pancoy Prospect. Accordingly, in January 2005, the Company terminated the option agreement and returned the Pancoy Prospect to the vendor.

Selected Financial Data

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

	Fiscal 2005		Fiscal 2004				Fiscal 2003	
	Mar. 31	Dec. 31	Sept. 30	Jun. 30	Mar. 31	Dec. 31	Sept. 30	Jun. 30
	\$	\$	\$	\$	\$	\$	\$	\$
Operations:								
Revenues	-	-	-	-	-	-	-	-
Net income (loss)	(468,351)	(89,012)	(65,649)	(469,016)	(107,550)	(34,376)	(138,389)	(22,088)
Basic and diluted loss per share	(0.04)	(0.01)	(0.01)	(0.05)	(0.01)	(0.01)	(0.06)	(0.01)
Dividends per share	-	-	-	-	-	-	-	-
Balance Sheet:								
Working capital	1,591,962	942,361	974,530	1,186,332	1,309,261	449,530	258,091	169,495
Total assets	2,036,599	1,440,372	1,354,045	1,403,559	1,724,269	736,875	400,265	251,343
Total long-term liabilities	-	-	-	-	-	-	-	-

Results of Operations

During the six months ended March 31, 2005 ("2005"), the Company reported a net loss of \$468,351 (\$0.04 per share), an increase of \$326,425 from the net loss of \$141,926 (\$0.02 per share) for the six months ended March 31, 2004 ("2004"). The increase in loss in 2005 was attributable primarily to the \$102,522 write-off of mineral property interest and to the recognition of \$189,650 non-cash stock based compensation on granting of stock options. During 2004, there were no write-offs of mineral property interests and only \$29,900 compensation expense was recognized.

Excluding stock-based compensation, general and administrative expenses increased by \$51,742 from \$110,517 in 2004 to \$162,259 in 2005. Administration and general expenses in 2005 reflects the Company's current operating levels. Specific expenses of note during 2005 are as follows:

- i) The Company has been engaged in an active program in communicating with its investors and investment community. The Company retained Mr. Nick Nicolaas to provide investor relations activities on behalf of the Company. Mr. Nicolaas was paid \$16,250 in 2005 and \$12,000 in 2004.
- ii) The Company paid \$5,000 for consulting provided by a director of the Company and reimbursed \$8,875 to Tumi Resources Limited, a public company with common directors, for shared office personnel.
- iii) Management fees of \$30,000 was paid to the Company's President in his capacity as such.
- iv) Effective January 1, 2004, the Company commenced paying \$450 per month rent for office space from Chase Management Ltd. ("Chase") a private company owned by a director of the Company. During 2005, the Company paid \$2,700 to Chase., compared to \$1,350 in 2004.
- v) Travel and related costs have increased by \$32,854, from \$3,796 in 2004 to \$36,650 in 2005 due to the Company's President traveling to Peru to oversee the exploration programs and the Company's participation in investment conferences in San Francisco and Chicago.

During 2005 the Company incurred \$163,139 for mineral property exploration expenditures, comprising of \$121,674 for channel sampling on the Luminaria Prospect, \$23,087 for a geological and rock chip sampling program on the Pancoy Prospect and \$18,378 for IVA tax and staking costs. During 2005, the Company wrote-off \$102,522 in acquisition and exploration costs on the Pancoy Prospect.

Financial Condition / Capital Resources

As at March 31, 2005, the Company had working capital of \$1,591,962. Subsequent to March 31, 2005, the Company received a further \$23,200 from the exercise of warrants. The Company believes that it currently has sufficient financial resources to undertake by itself all of its anticipated exploration activities and ongoing level of corporate activities for the ensuing year. However, exploration activities may change due to ongoing results and recommendations or the Company may acquire additional mineral properties, which may entail significant funding or exploration commitments. In the event that the occasion arises, the Company may be required to obtain additional financing. 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, 2004 audited consolidated financial statements.

Changes in Accounting Policies

The Company has no proposed changes in accounting policies.

Transactions With Related Parties

During the six months ended March 31, 2005 the Company:

- i) paid \$11,425 for accounting and administration services and office rent provided by a corporation controlled by a director of the Company;
- ii) paid \$30,000 to the President of the Company for management services;
- iii) paid \$5,000 for consulting services provided by a director of the Company; and
- iv) reimbursed \$8,875 to Tumi Resources Limited, a public company with common directors, for shared office personnel.

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 in all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

The Company's mineral properties are located in Peru and consequently the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry.

Investor Relations Activities

The Company provides information packages to investors; the package consists of materials filed with regulatory authorities. The Company updates its website (www.tinkaresources.com) on a continuous basis. The Company has retained Mr. Nick Nicolaas to provide market awareness and investor relations activities at a current rate of \$3,000 per month. During the six months ended March 31, 2005, the Company paid \$16,250 to Mr. Nicolaas.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares with no par value. As at May 25, 2005, there were 14,106,762 issued common shares, 1,171,000 stock options outstanding and exercisable and 944,750 warrants outstanding and exercisable.