

# TINKA RESOURCES LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED MARCH 31, 2008

### Background

This discussion and analysis of financial position and results of operation is prepared as at May 26, 2008, and should be read in conjunction with the unaudited interim consolidated financial statements and the accompanying notes for the six months ended March 31, 2008, and the audited consolidated financial statements and the accompanying notes for the years ended September 30, 2007 and 2006, of Tinka Resources Limited (the "Company"). The 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 and Australia 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".

### Corporate Update

On March 20, 2008, at the Company's Annual General Meeting of shareholders, Messrs. Andrew Carter, David Henstridge, Nick DeMare and William Lee were re-elected as directors. At a directors' meeting held subsequent to the shareholders' meeting, the directors appointed Mr. Carter as the President and Chief Executive Officer and Ms. Mariana Bermudez as Corporate Secretary.

### 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 42 claims totalling 6,679 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.

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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, 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 multi-phase drill program over the next 14 months is currently being planned. A copy of the full report can be viewed on the Company's website [www.tinkaresources.com](http://www.tinkaresources.com)

### ***Tingo Este Project***

This 3,700 hectare property was identified by Company staff and staked in late August 2006. Porphyry copper mineralization has been discovered within a creek bed and mapped over a distance of at least 300 metres. Chalcopyrite has been identified, occurring as grains along fractures. Host rocks are well fractured. Mapping and prospecting have defined copper mineralization within a 1,000m by 800m area. Eighty two channel samples were collected over 2m widths to sample the dominantly fracture-controlled mineralization. These sites were taken at nominal 50m intervals along the major drainages within the target area. Results ranged from 0.012% to 0.9% copper with 20 samples assaying greater than 0.1% copper. No further work was undertaken during the quarter.

### ***Strathbogie South Project - Australia***

The Company has entered into a heads of agreement (the "Strathbogie HOA") dated June 5, 2007 with an arm's length private company, that provides the Company with the right to earn an initial 49% interest and the right to acquire the remaining 51% interest in four mineral exploration claims located in north-eastern Victoria, Australia (the "Strathbogie South Project"). The Strathbogie South Project claims total approximately 960 square kilometres, situated 150 kilometres to the north-east of Melbourne, the capital of Victoria.

A comprehensive program of soil and stream sediment sampling is now underway to locate new areas of mineralization in similar geological settings to that known at Golden Mountain. Once targets have been identified, the project will be advanced to the initial drill stage as soon as possible.

### ***Golden Mountain Project - Australia***

On October 29, 2007 a heads of agreement (the "Golden Mountain HOA") was entered into with an arm's length private company, providing the Company with the right to acquire an 80% interest in the 202 hectare Golden Mountain Mining Licence ("MIN4683") located approximately 150 kilometres to the north-east of Melbourne, the capital of Victoria, Australia. MIN4683 lies within the exploration claims that comprise the Company's Strathbogie South Project.

The Company has entered into a contract to undertake diamond drilling at the project. The program will consist of approximately 600 metres of confirmation drilling within the footprint of previous drilling.

### **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 2008		Fiscal 2007				Fiscal 2006	
	Mar. 31 \$	Dec. 31 \$	Sept. 30 \$	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$	Sept. 30 \$	Jun. 30 \$
<b>Operations:</b>								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(339,348)	(115,273)	(92,189)	(200,008)	(147,378)	(104,016)	(137,785)	(157,738)
Other items	52,690	(2,659)	(83,306)	(22,807)	6,798	37,411	(1,037,940)	46,107
Net loss	(286,658)	(117,932)	(175,495)	(222,815)	(140,580)	(66,605)	(1,175,725)	(111,631)
Loss per share -basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)	(0.07)	(0.01)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Balance Sheet:</b>								
Working capital	885,171	1,105,965	1,572,046	2,168,928	1,740,591	1,062,004	1,286,743	1,504,185
Total assets	2,677,439	2,768,029	2,962,527	3,052,520	2,348,867	1,616,522	1,685,462	2,797,108
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

## Results of Operations

During the six months ended March 31, 2008 (the “2008 period”) the Company reported a net loss of \$404,590 (\$0.02 per share), compared to a net loss of \$207,185 (\$0.01 per share) for the six months ended March 31, 2007 (the “2007 period”), an increase in loss of \$197,405. The increase in loss is mainly attributed to the recognition of stock-based compensation of \$184,150 in the 2008 period versus \$24,950 in the 2007 period, and a general increase in corporate expenses.

General and administrative expenses increased by \$203,227 from \$251,394 during the 2007 period to \$454,621 during the 2008 period. Specific expenses of note are as follows:

- during the 2008 period the Company paid \$11,800 (2007 - \$16,600) 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 paid \$2,700 (2007 - \$2,700) to Chase for office space provided;
- management fees of \$48,000 during the 2008 period (2007 - \$48,000) were paid to the Company’s President in his capacity as such;
- general exploration increased by \$10,893 from \$49,330 during the 2007 period to \$60,223 during the 2008 period due to ongoing costs of the Company’s exploration office in Peru. Fluctuations in general exploration is also affected by allocations to direct property costs;
- the Company has retained Mr. Nick Nicolaas to provide investor relations activities on behalf of the Company. Mr. Nicolaas’ services are provided through his company, Mining Interactive Corp. During the 2008 period, the Company paid \$30,000 (2007 - \$24,000);
- corporate development expenses increased by \$7,086 from \$10,909 during the 2007 period to \$17,995 during the 2008 period due to a market awareness campaign conducted during the 2008 period;
- travel expenses increased by \$12,164 from \$18,333 during the 2007 period to \$30,497 during the 2008 period. The increase is attributed to travel by the Company’s President to Peru and Australia to oversee the mineral property interests;
- stock based compensation of \$184,150 (2007 - \$24,950) was recorded in the 2008 period relating to the granting and vesting of stock options; and
- incurred audit fees of \$28,300 for the audit of the Company’s year-end financial statements, an increase of \$26,300 from \$2,000 incurred in 2007. The change was solely due to the timing of the Company’s audit. .

As the Company is in the exploration stage of investigating and evaluating its mineral property interests, it has no revenue. Interest income is generated from cash held with the Company’s financial institution. During the 2008 period, the Company reported interest income of \$18,088 as compared to \$18,455 during the 2007 period.

During the 2008 period, the Company capitalized \$453,259 for mineral property interests expenditures, comprising of \$369,336 on the Colquipuro Prospect and \$83,923 on other prospects in Peru and Australia. See “Exploration Projects”.

## Financial Condition / Capital Resources

As at March 31, 2008, the Company had working capital of \$885,171. Subsequent to March 31, 2008, the Company announced a non-brokered private placement financing of up to 4,000,000 units at \$0.30 per unit for total gross proceeds of up to \$1,200,000. The Company believes that it will have sufficient financial resources to undertake by itself all of its anticipated exploration activities and ongoing level of corporate activities for the ensuing year. Exploration activities may change however, 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, 2007 audited consolidated financial statements.

## Changes in Accounting Policies

The Company has no proposed changes in accounting policies.

## Transactions With Related Parties

- (a) During the six months ended March 31, 2008 and 2007, the Company incurred the following expenditures to directors and corporations controlled by directors of the Company:

	2008	2007
	\$	\$
Management fees	48,000	48,000
Accounting and administration	11,800	16,600
Consulting services	15,000	13,000
Rent	2,700	2,700
	<u>77,500</u>	<u>80,300</u>

- (b) During the six months ended March 31, 2008, the Company reimbursed \$6,000 (2007 - \$6,000) and \$3,000 (2007 - \$3,450) to Tumi Resources Limited ("Tumi") for shared office personnel and other costs, respectively. Tumi is a public company with certain common directors.

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

As at March 31, 2008, \$13,800 (2007 - \$nil) 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.

The Company's mineral properties are located in Peru and Australia 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](http://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 \$5,000 per

month. Mr. Nicolaas' services are provided through his company, Mining Interactive Corp. During the 2008 period, the Company paid \$30,000 (2007 - \$24,000).

### **Outstanding Share Data**

The Company's authorized share capital is unlimited common shares with no par value. As at May 26, 2008, there were 22,686,511 issued common shares and 2,195,000 stock options outstanding, at exercise prices ranging from \$0.30 to \$0.50 per share expiring between June 8, 2008 and March 1, 2011 and 945,000 warrants outstanding at exercise prices ranging from \$0.40 to \$0.60 per share expiring between February 28, 2009 and March 21, 2009.