

# TINKA RESOURCES LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED MARCH 31, 2009

### Background

This discussion and analysis of financial position and results of operation is prepared as at May 29, 2009, and should be read in conjunction with the unaudited interim consolidated financial statements and the accompanying notes for the six months ended March 31, 2009, 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".

At March 31, 2009, the Company had working capital of \$74,333, had not yet achieved profitable operations, has accumulated losses of \$6,580,286 since inception and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. 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.

### 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

The Company is committed to the prudent use of cash and, to assist in dealing with current market conditions, the Company has been and will continue to undertake the necessary steps to preserve capital including postponing work programs, reducing personnel and minimizing non-essential expenditures.

#### *Colquipucro Project, Peru*

The Company has staked 42 claims totaling 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)

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. The application for the Phase 2 drill permit has been submitted to the authorities for approval. During February, 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. A recommended work program prior to drilling will consist 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.

#### ***Tingo Este Project - Peru***

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, as amended August 31, 2008, 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 began during April to locate new areas of mineralization in similar geological settings to that known at Golden Mountain. The program was delayed by adverse weather conditions but was completed during November and samples submitted for analysis. One hundred and forty four samples were collected for BLEG (bulk leach extractable gold) and conventional (-80 mesh) analytical determinations. The samples were collected from catchments over an area in excess of 200 square kilometres, spanning roughly 35 km east - west by 6 km north - south. Gold values by the BLEG technique ranged from 0.1 ppb to 771 ppb and averaged 23 ppb. Gold values by the -80 mesh technique ranged from 0.1 ppb to 62 ppb and averaged 4 ppb. BLEG samples were analyzed by the Au-CN12 technique and the -80 mesh samples by Au-ST43 and ME-ICP43 for gold and base metals respectively at ALS Chemex Ltd's laboratories in Adelaide, Australia, with duplicates, blanks and standards inserted according to standard industry practice.

The BLEG technique located 10 gold anomalous catchments surrounding and along strike from the 202 hectare Golden Mountain deposit, corresponding with elevated arsenic and antimony in the -80 mesh samples. This sampling has increased the prospective area for the Golden Mountain project by approximately 5 to 10 times. In addition, and of particular significance, stream sediment sampling located an area of coincident gold (BLEG), arsenic and antimony centered 18 km west of the Golden Mountain mine lease. This data has identified where to focus future exploration activity, particularly the newly discovered western anomaly, and as a result the exploration licences have been reduced to approximately 245 square kilometres.

### 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.

During July, diamond drilling commenced at the project with the objective being to test within the footprint of previous drilling to confirm previously reported mineralization, undertake assaying with modern techniques and protocols, and gain fresh sample for future metallurgical testing. Extremely adverse weather conditions delayed progress but two holes for a total of 417m were completed. Significant intersections from this drilling included: GMDDH2 56 m @ 1.9 g/t Au from 163 m to 219 m; GMDDH25 70 m @ 1.6 g/t Au from 59 m to 129 m; including 17 m @ 3.1 g/t Au from 59 m to 76 m, and 17 m @ 2.3 g/t Au from 112 m to 129 m. Since the end of the quarter, a review of this project was undertaken and the Company has withdrawn from the joint venture agreement. During the six months ended March 31, 2009, the Company wrote-off \$292,358 of acquisition and exploration costs.

### 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 2009		Fiscal 2008				Fiscal 2007	
	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	(185,707)	(85,959)	(115,973)	(110,153)	(339,348)	(115,273)	(92,189)	(200,008)
Other items	(281,735)	(904)	(13,912)	(3,944)	52,690	(2,659)	(83,306)	(22,807)
Net loss	(467,442)	(86,863)	(129,885)	(114,097)	(286,658)	(117,932)	(175,495)	(222,815)
Loss per share -basic and diluted	(0.02)	(0.00)	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Balance Sheet:</b>								
Working capital	74,333	204,467	358,604	882,953	885,171	1,105,965	1,572,046	2,168,928
Total assets	2,420,015	2,795,563	2,967,984	2,946,183	2,677,439	2,768,029	2,962,527	3,052,520
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

### Results of Operations

During the six months ended March 31, 2009 (the “2009 period”) the Company reported a net loss of \$554,305 (\$0.02 per share), compared to a net loss of \$404,590 (\$0.02 per share) for the six months ended March 31, 2008 (the “2008 period”), an increase in loss of \$149,715. The increase in loss during the 2009 period is mainly attributed to the write-off of mineral property interests of \$292,358 and partially offset by a \$113,500 decrease in stock based compensation expense.

General and administrative expenses decreased by \$182,955, from \$454,621 during the 2008 period to \$271,666 during the 2009 period. Specific expenses of note are as follows:

- during the 2009 period the Company paid \$14,296 (2008 - \$11,800) 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 (2008 - \$2,700) to Chase for office space provided;
- management fees of \$48,000 during the 2009 period (2008 - \$48,000) were paid to the Company’s President in his capacity as such;

- general exploration decreased by \$16,377 from \$60,223 during the 2008 period to \$43,846 during the 2009 period due to an overall reduction of exploration activities. Fluctuations in general exploration is also affected by allocations to direct property costs;
- the Company had retained Mining Interactive Corp (“Mining Interactive”) to provide investor relations activities on behalf of the Company. During the 2009 period the Company paid Mining Interactive \$5,000 (2008 - \$30,000). On September 30, 2008, the Company terminated its agreement with Mining Interactive;
- corporate development expenses decreased by \$9,046, from \$17,995 in the 2008 period to \$8,949 in the 2009 period. During the 2008 period, the Company participated in several market awareness campaigns;
- travel expenses decreased by \$20,172 from \$30,497 during the 2008 period to \$10,325 during the 2009 period. During the 2008 period travel expenses were incurred by the Company’s President to Peru and Australia to oversee the mineral property interests; and
- stock-based compensation of \$70,650 (2008 - \$184,150) was recorded in the 2009 period relating to the granting and vesting of stock options.

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 2009 period the Company reported interest income of \$2,363 as compared to \$18,088 during the 2008 period.

During the 2009 period the Company capitalized \$95,342 (2008 - \$453,259) for mineral property interests expenditures, comprising of \$60,831 (\$369,336) on the Colquipucro Prospect and \$34,511 (2008 - \$83,923) on other prospects in Peru and Australia. See “Exploration Projects”.

### **Financial Condition / Capital Resources**

As at March 31, 2009, the Company had working capital of \$74,333 and accumulated losses of \$6,580,286 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 current financial market conditions the Company is taking steps to reduce ongoing corporate overhead, reducing personnel and minimizing non-essential expenditures, including the postponement of exploration activities until market condition improve. The Company believes that it will need to raise additional financings to meet ongoing level of corporate activities, meet its expenditure commitments under its option agreements and conduct planned exploration activities on all of its mineral resource interest projects for the ensuing year. In addition, 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, 2008 audited consolidated financial statements.

### **Changes in Accounting Policies**

#### ***Adoption of New Accounting Standards***

#### ***Assessing Going Concern***

The Accounting Standards Board (“AcSB”) amended Section 1400, *General Standards of Financial Statement Presentation*, to include requirements for management to assess and disclose an entity’s ability to continue as a going

concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The adoption of Section 1400 had no impact on the Company's consolidated financial statements.

### *Goodwill and Intangible Assets*

The AcSB issued Section 3064, *Goodwill and Intangible Assets*, which replaces Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The adoption of Section 3064 had no impact on the Company's consolidated financial statements.

### **Transactions With Related Parties**

- (a) During the six months ended March 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	48,000	48,000
Accounting and administration	14,296	11,800
Consulting services	9,000	15,000
Rent	2,700	2,700
	<u>73,996</u>	<u>77,500</u>

- (b) During the six months ended March 31, 2009, the Company reimbursed \$9,720 (2008 - \$6,000) to a public company with certain common directors for shared office and geological personnel 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 March 31, 2009, \$18,950 (2008 - \$13,800) 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 Mining Interactive Corp (“Mining Interactive”) to provide market awareness and investor relations activities at a rate of \$5,000 per month. On September 30, 2008 the Company terminated its agreement with Mining Interactive and will use Mining Interactive as needed. During the 2008 period the Company paid Mining Interactive \$5,000 (2008 - \$30,000).

### **Outstanding Share Data**

The Company’s authorized share capital is unlimited common shares with no par value. As at May 29, 2009, there were 24,361,511 issued common shares and 2,255,000 stock options outstanding, at exercise prices ranging from \$0.10 to \$0.30 per share and 687,500 warrants outstanding at an exercise price of \$0.50 per share.