

TINKA RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2004

Background

This discussion and analysis of financial position and results of operation is prepared as at February 9, 2005 and should be read in conjunction with the audited consolidated financial statements and the accompanying notes for the years ended September 30, 2004 and 2003 of Tinka Resources Ltd. (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 Argentina and 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. Pursuant to the agreement, the Company has issued 250,000 common shares to Sierra. Should a project be subject to a successful feasibility study, Sierra will receive a further 500,000 common shares of the Company and a 1% net smelter return royalty ("NSR") on any production. This NSR can be purchased by the Company at any time for US \$1,000,000.

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

i) Luminaria Prospect

Field crews have returned to the mineralized Rurimarac Hill gold zone at the Luminaria Project and are excavating and sampling pits along the extent of the known stratabound mineralization. These pits are located systematically on the soil sampling grid announced November 26, 2004 and January 10, 2005. As reported, a total of 269 soil samples were collected on a grid measuring roughly 1,800 metres by 300 metres. Anomalous gold values ranging from 0.02 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.

In the first program, reported November 26, 2004, twenty-five 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 reported analytical results and calculations were reviewed by John Nebocat, P.Eng., a "Qualified Person", who has not yet visited the Luminaria Project area but will be examining it and conducting regional mapping in February 2005.

The Company has staked an additional claim covering a further 800 hectares which brings the total area at the Luminaria Prospect to 4,300 hectares. The new claim lies along the western boundary of the existing Luminaria claims and overlies the same sedimentary rock sequence that is the focus of exploration at Luminaria. Historical data, held by Sierra Peru, shows rock chip grab samples that include 10 g/t Au, 4.4 g/t Au, 3.1 g/t Au, and 0.4 g/t Au. No work in this new area has been undertaken by the Company and these results have yet to be verified.

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 km 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 Au and locally reach up to 120 g/t Au. 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 km by 5 km. Thirty-six unconfirmed grab samples from these zones of mineralization returned average grades between 1.5 and 7.0 g/t Au.

The Company is encouraged by the indications of sediment-hosted gold over such a large area in this highly prospective terrain and the Company plans to have geologists on the ground in March 2005 to systematically sample and map the area to determine its full potential.

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 km northwest of the village and mine of San Juan de Lucanas, and approximately 400 km 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 km area of argillized, silicified and ferruginous volcanics. Preliminary grab sampling of these volcanics has returned consistently anomalous Au and Ag 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 km 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.

Tinka Prospect, Peru

In December 2003, the Company completed a first phase work program on the Tinka Prospect, comprised of a horizontal loop electromagnetic ("HLEM") survey over the core area of the property, along with an initial follow-up

drill program. The HLEM survey successfully defined six distinct electromagnetic anomalies up to 1 km in length, four of which generally trend NE-SW and parallel to each other. A total of 19.5 line-km of HLEM was completed by VDG del Peru S.A.C., along thirteen parallel N-S grid lines that had been located by use of a high resolution GPS. The intent of the survey was to seek the presence of conductive sulphides within the previously outlined large induced polarization anomaly.

The Company also completed three reverse circulation drill holes in the area totaling 262 meters. One hole targeted known surface copper mineralization and two holes targeted HLEM anomalies. All three holes intersected a sequence of highly silicified, pyritic volcanics and all three holes intersected anomalous copper values. The best result was found in drill hole TRC3, which was drilled to intersect an HLEM anomaly, where an average of 0.5% copper was intersected over 18m, from 16 to 34 meters down-hole, including a high of 1.11% copper over 2 meters from 18 to 20 meters down-hole.

In light of the recent mineral resource additions to the Company's mineral portfolio it has determined to terminate the option agreement and return the property to the vendor.

Pancoy Prospect, Peru

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

Sierra 1 Property, Argentina

In February 2004, the Company conducted a detailed field reconnaissance of the Sierra 1 Property in the Patagonia region of Argentina. The program included surface mapping, stream sediment and rock chip sampling. No anomalous geochemical values were returned from the samples. In June 2004, the Company informed the optionor that it was withdrawing from the option agreement.

Selected Financial Data

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

	Years Ended September 30,		
	2004 \$	2003 \$	2002 \$
Operations:			
Revenues	-	-	-
Income (loss)	(676,591)	(254,439)	(46,039)
Basic and diluted income (loss) per share	(0.08)	(0.10)	(0.03)
Dividends per share	-	-	-
Balance Sheet:			
Working capital (deficiency)	974,530	258,091	(54,657)
Total assets	1,354,045	400,265	1,458
Total long-term liabilities	-	-	-

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

	Fiscal 2004				Fiscal 2003			
	Sept. 30 \$	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$	Sept. 30 \$	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$
Operations:								
Revenues	-	-	-	-	-	-	-	-
Net income (loss)	(65,649)	(469,016)	(107,550)	(34,376)	(138,389)	(22,088)	(71,546)	(22,416)
Basic and diluted loss per share	(0.01)	(0.05)	(0.01)	(0.01)	(0.06)	(0.01)	(0.05)	(0.01)
Dividends per share	-	-	-	-	-	-	-	-
Balance Sheet:								
Working capital (deficiency)	974,530	1,186,332	1,309,261	449,530	258,091	169,495	82,551	(89,573)
Total assets	1,354,045	1,403,559	1,724,269	736,875	400,265	251,343	128,907	15,203
Total long-term liabilities	-	-	-	-	-	-	-	-

Results of Operations

During the 2004 fiscal year ("2004"), the Company reported a net loss of \$676,591 (\$0.08 per share), an increase of \$422,152 from the net loss of \$254,439 (\$0.10 per share) for the 2003 fiscal year ("2003"). The increase in loss in 2004 was attributable primarily to a general increase in corporate costs, general exploration activities, stock-based compensation charges and write-off of mineral property interests.

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 institutions.

During 2004, the Company recorded expenses of \$361,652 compared to \$255,904 in 2003. The \$105,748 increase is attributable to a number of factors. In 2003, the Company was working towards a restructuring of its business activities and reactivation of its listing on the TSXV. Funds and corporate activities were limited. The reorganization was not completed and additional funding did not occur until July 2003. Administration and general expenses in 2004 reflects the Company's current operating levels. Specific expenses of note during 2004 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 \$25,750 in 2004. In addition, during 2004, the Company participated in a number of investment conferences. Trips were also made to the United Kingdom and Europe to review financing opportunities. The Company paid \$18,393 for corporate development and \$30,646 for travel and related cost.
- ii) The Company paid \$63,623 for general exploration, primarily for the engagement of consultants to identify and conduct due diligence on potential mineral property acquisitions.
- iii) Management fees of \$45,000 paid to the Company's President in his capacity as such. Effective March 1, 2004, the President's monthly remuneration was increased from \$2,000 to \$5,000.
- iv) The Company granted stock options to purchase 400,000 (2003 - 617,100) common shares. The Company recorded a non-cash charge of \$73,100 (2003 - \$98,736) for stock-based compensation.
- v) 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 2004, the Company paid \$4,050 to Chase. During 2003, the Company paid \$9,800 for rent on office space occupied by former management of the Company.

During 2004, the Company experienced a significant decrease in accounting and administration (\$9,695) and consulting (\$24,874), due to activities in 2003 associated with the Company's reorganization, name change, consolidation of share capital and preparation of information circular and Annual Information Form.

In 2004, the Company entered into a number of mineral property agreements. The Company incurred \$244,630 for mineral property acquisition and exploration expenditures. The Company also issued 550,000 common shares, at a fair value of \$234,500, for mineral properties. As a result of ongoing evaluation of its mineral exploration results, in 2004 the Company wrote-off \$137,920 and \$166,451, respectively on the terminations of the option agreements on the Tinka and Sierra 1 prospects.

Financial Condition / Capital Resources

As at September 30, 2004, the Company had working capital of \$974,530. Subsequent to September 30, 2004, the Company received a further \$467,000 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 2004 fiscal year the Company:

- i) incurred \$17,770 for accounting, administration and professional services and \$4,050 office rent provided by a corporation controlled by a director of the Company;
- ii) paid \$45,000 to the President of the Company for management services;
- iii) paid \$20,000 for geological services to a director of the Company; and
- iv) entered into an option agreement on the Tinka Prospect with Tumi Resources Ltd., a public company with common directors and officers. The Company subsequently terminated the option agreement. See Note 3(c) to the September 30, 2004 audited consolidated financial statements.

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. Mr. Nicolaas is paid a monthly fee of \$2,500 and may be cancelled by either party on 15 days notice. During the 2004 fiscal year, the Company paid \$25,750 to Mr. Nicolaas.

Outstanding Share Data

The Company's authorized share capital is 100,000,000 common shares with no par value. As at September 30, 2004, there were 10,297,912 issued common shares compared to 6,171,462 shares outstanding at September 30, 2003, reflecting the issuance of 411,450 common shares on the exercise of warrants, 3,110,000 common shares for private placements, 55,000 common shares for agent's fees and 550,000 common shares for mineral property acquisitions. As at September 30, 2004, there were 1,017,100 stock options outstanding and exercisable, with exercise prices ranging from \$0.25 to \$0.45 per share. In addition there were 5,422,500 warrants outstanding, with exercise prices ranging from \$0.20 to \$0.60 per share. More information on these instruments and the terms of their conversion are set out in Note 5 to the September 30, 2004 audited consolidated financial statements.