

TINKA RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2005

Background

This discussion and analysis of financial position and results of operation is prepared as at January 27, 2006 and should be read in conjunction with the audited consolidated financial statements and the accompanying notes for the years ended September 30, 2005 and 2004 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 Project

The Company has 12 claims totalling 8,100 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.

A pole-dipole induced polarization (IP) and magnetic geophysical program at Luminaria has been completed with data being collected from 14.9 line kilometres. Ground magnetic profiles were also collected at 10 metre stations coincident with the IP traverses and all data was of exceptionally good quality. The data has delineated three large discrete bodies of high chargeability in the northern sector and a highly resistive body in the southern part of the survey. The best of these targets is in the centre of the northern part of the survey area (1200n local grid) with a depth to its centre of 110 metres at its southern extent. The body is present on the adjacent two northern traverses (1300n & 1400n) and plunges shallowly to the north. The northern extent of this body appears in the magnetic and the induced polarisation data models (resistivity) to be truncated by a north-northwesterly striking structure.

The second chargeable body is defined on the eastern side of the northern part of the survey area (1200n to 1600n). It has a northerly strike and depth to centre of approximately 120 metres. The third chargeable body is defined on the western side in the northern part of the survey area on traverses (1400n and 1500n). It has a northwesterly strike orientation and a depth to its centre of only 90 metres. All three chargeability bodies appear spatially associated with low resistivity features that may indicate that they are associated or controlled by faults. High chargeability bodies are commonly associated with economic sulphides and as these bodies are spatially related to elevated geochemistry (Au, Ag, Cu, Zn, Pb), the chargeability bodies identified by the survey represent high priority targets.

Additionally the resistivity data model, in the southern part of the survey area, defines a large highly resistive body. This resistive body is juxtaposed to the chargeable features, and may be an intrusion. All of the geophysical targets will require drill testing along with the anomalous gold areas previously reported. The Company has retained Pac Rim Drilling S.A.C Peru as the drill contractor and is currently undertaking an initial drill program of a minimum of approximately 2,000 metres and eight holes.

ii) *Demetrio Project*

The Company has staked six claims totalling 5,800 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.

The Company undertook two surface geochemical exploration programs during 2005. As a result of these programs, the Company has resolved that no further work is warranted.

iii) *Chunumayo Project*

The Company has staked 900 hectares, known as the Chunumayo Project, located in the Department and Province of Huancavelica, Peru.

The Chunumayo Project lies within the richly mineralized Castrovirreyna-Julcani mining district, 20 kilometres south of the town of Huancavelica and 250 kilometres southeast of Lima. The property is situated only 14 km from the Julcani Mine, which has produced in excess of 81 million ounces of silver and 0.2 million ounces of gold, at grades of approximately 590 g/t Ag, 1.2 g/t Au, 0.9% Cu, 0.6% Pb, 0.5% Zn.

Recent mapping and prospecting of the claim area discovered a series of low-sulphidation epithermal vein/stockwork occurrences developed within limestone of the Pucara Group and overlying Tertiary-age volcanic rocks. Both rock sequences are host to mineralization in the district. Extensive areas of silification, brecciation and alteration with associated veins were located and sampled. Twenty-one grab samples taken within an area of 3.3 kilometres by 1 kilometres ranged from <0.2 g/t Ag to 595 g/t Ag and averaged 70 g/t Ag, <0.005 g/t Au to 2.4 g/t Au and averaged 0.2 g/t Au. Lead averaged 0.35% and Zinc averaged 0.8%.

As a result of these initial anomalous results, the field crew will return to the Chunumayo Project in 2006 to undertake further surface sampling.

iv) *Tibillos Project*

Since the end of the financial year, the Company has staked an area of intrusive-hosted copper mineralization located along the coastal batholith in the Ayacucho Department and province of Lucanas, Peru. The property consists of three claims totaling 2,900 hectares. The Tibillos Project lies within a belt along the coast of Peru which contains several porphyry copper deposits.

Recent reconnaissance work yielded stream sediment and grab rock samples anomalous in copper from an area underlain by quartzite and andesite porphyry intruded by diorite and granodiorite. Further detailed mapping and sampling will be conducted during 2006.

Pampa Project, 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 later in 2006.

Selected Financial Data

The following selected consolidated financial information is derived from the audited consolidated financial statements and notes thereto. The information has been prepared in accordance with Canadian GAAP.

	Years Ended September 30,		
	2005 \$	2004 \$	2003 \$
Operations:			
Revenues	Nil	Nil	Nil
Income (loss)	(819,133)	(676,591)	(254,439)
Basic and diluted income (loss) per share	(0.06)	(0.08)	(0.10)
Dividends per share	Nil	Nil	Nil
Balance Sheet:			
Working capital	1,263,896	974,530	258,091
Total assets	1,881,819	1,354,045	400,265
Total long-term liabilities	Nil	Nil	Nil

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			
	Sept. 30 \$	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$	Sept. 30 \$	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
General and administration	106,376	125,162	282,274	69,635	70,559	151,246	109,337	30,510
Other items	(124,026)	4,742	(97,065)	(19,337)	4,910	(317,770)	1,787	(3,866)
Net income (loss)	(230,362)	(120,420)	(379,339)	(89,012)	(65,649)	(469,016)	(107,550)	(34,376)
Basic and diluted loss per share	(0.07)	(0.01)	(0.04)	(0.01)	(0.01)	(0.05)	(0.01)	(0.01)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Balance Sheet:								
Working capital	1,263,896	1,459,708	1,591,962	942,361	1,186,332	1,309,261	449,530	258,091
Total assets	1,881,819	2,008,818	2,036,599	1,440,372	1,403,559	1,724,269	736,875	400,265
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

During the year ended September 30, 2005 ("2005"), the Company reported a net loss of \$819,133 (\$0.06 per share), an increase of \$142,542 from the net loss of \$676,591 (\$0.08 per share) for the year ended September 30, 2004 ("2004"). During 2005, the net loss included \$229,727 (2004 - \$304,371) write-off of mineral property interests and the recognition of \$237,500 (2004 - \$73,100) non-cash stock based compensation on granting of stock options.

Excluding stock based compensation, general and administrative expenses increased by \$57,395, from \$288,552 in 2004 to \$345,947 in 2005. Specific expenses of note are as follows:

- 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 \$34,250 in 2005 (2004 - \$25,750). During 2005, corporate development expenses decreased by \$7,677, from \$18,393 in 2004 to \$10,716 in 2005 as a result of decreased participation at investment conferences in 2005, compared to 2004.
- During 2005 the Company paid \$6,650 (2004 - \$nil) for consulting services provided by certain directors of the Company and reimbursed \$11,375 (2004 - \$nil) to Tumi Resources Limited ("Tumi"), a public company with common directors, for shared office personnel. During 2004, the Company paid \$20,000 (2005 - \$nil) for geological services provided by a director of the Company. This amount was capitalized to mineral property interests during 2004.
- Management fees of \$66,000 in 2005 (2004 - \$45,000) was paid to the Company's President in his capacity as such.

- During 2005 the Company paid \$13,395 (2004 - \$17,710) 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 \$5,400 to Chase (2004 - \$4,050) for office space provided.
- Travel and related costs increased by \$30,084 from \$30,646 in 2004 to \$60,730 in 2005 due to increased travel in 2005 by the Company’s President to Peru to oversee the Company’s ongoing exploration programs.
- General exploration increased by \$13,875, from \$63,623 in 2004 to \$77,498 in 2005 as a result of increase in mineral property evaluations and the rent of office premises in Peru from Tumi.
- Office and general expenses decreased by \$9,273, from \$32,164 in 2004 to \$22,891 in 2005 due to initial office setup costs incurred during 2004.
- Regulatory fees decreased by \$4,222, from \$11,063 in 2004 to \$6,841 in 2005 due to decreased filings in 2005.

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 2005, the Company reported interest income of \$12,451 as compared to \$3,501. The increase is attributed to higher levels of cash held throughout 2005.

During 2005, the Company incurred \$423,907 for mineral property interests expenditures, comprising of \$29,864 on the Pancoy Prospect, \$5,179 on the Pampa Prospect, \$287,945 on the Luminaria Prospect, \$47,792 on the Demetrio Prospect, \$19,514 on the Chunumayo Prospect and \$33,613 for IVA tax and staking costs on other prospects. During 2005, the Company wrote-off acquisition and exploration costs of \$109,299 on the Pancoy Prospect and \$120,428 on the Demetrio Prospect.

Financial Condition / Capital Resources

As at September 30, 2005, the Company had working capital of \$1,263,896. 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, 2005 audited consolidated financial statements.

Changes in Accounting Policies

The Company has no proposed changes in accounting policies.

Transactions With Related Parties

- (a) The Company incurred the following expenses to directors and corporations controlled by directors of the Company:

	2005	2004
	\$	\$
Management fees	66,000	45,000
Accounting and administration	13,395	17,710
Consulting services	6,650	20,000
Rent	5,400	4,050

- (b) The Company reimbursed \$11,375 (2004 - \$nil) and \$5,485 (2004 - \$nil) 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.

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 year ended September 30, 2005, the Company paid \$34,250 to Mr. Nicolaas.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares with no par value. As at January 27, 2006, there were 14,354,012 issued common shares and 1,406,000 stock options outstanding and exercisable, at exercise prices ranging from \$0.25 to \$0.50 per share.