TINKA RESOURCES LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
DECEMBER 31, 2016

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

TINKA RESOURCES LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Note	December 31, 2016 $	September 30, 2016 $
ASSETS			
Current assets			
Cash		11,688,975	1,765,069
GST receivable		12,433	2,691
Amounts receivable		10,253	5,073
Prepaid expenses		59,768	61,096
Total current assets		11,771,429	1,833,929
Non-current assets			
Property, plant and equipment	4	21,074	23,123
Exploration and evaluation assets	5	22,078,562	21,925,011
Total non-current assets		22,099,636	21,948,134
TOTAL ASSETS		33,871,065	23,782,063
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	191,005	142,149
TOTAL LIABILITIES		191,005	142,149
SHAREHOLDERS' EQUITY			
Share capital	6	50,366,280	40,137,096
Share-based payments reserve	6	4,682,072	4,457,243
Deficit		(21,368,292)	(20,954,425)
TOTAL SHAREHOLDERS' EQUITY		33,680,060	23,639,914
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		33,871,065	23,782,063

Nature of Operations - Note 1

Events after the Reporting Period - Note 11

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on February 27, 2017 and are signed on its behalf by:

*/s/ **Graham Carman***
Graham Carman
Director

*/s/ **Nick DeMare***
Nick DeMare
Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

TINKA RESOURCES LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Note	Three Months Ended December 31 2016 $	Three Months Ended December 31 2015 $
Expenses			
Accounting and administration	7	15,625	15,029
Audit		36,720	32,640
Corporate development		13,630	1,421
Depreciation		2,012	1,560
General exploration		25,383	2,501
Investment conferences		21,432	12,512
Investor relations		15,000	-
Legal		1,292	1,428
Management fees	7(a)	55,000	55,000
Office		35,171	29,097
Professional fees	7	85,412	59,198
Regulatory		1,814	1,800
Rent	7(b)	11,916	11,696
Salaries, wages and benefits		76,065	145,097
Shareholder costs		5,400	1,885
Share-based compensation	6(d)	13,278	28,143
Transfer agent		3,510	1,196
Travel and related		54,127	40,581
		472,787	440,784
Loss before other items		(472,787)	(440,784)
Other items			
Interest income		17,677	13,110
Foreign exchange (loss) gain		41,243	(26,130)
		58,920	(13,020)
Net loss and comprehensive loss for the period		(413,867)	(453,804)
Loss per share - basic and diluted		$(0.00)	$(0.00)
Weighted average number of common shares outstanding - basic and diluted		181,789,779	149,807,322

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

TINKA RESOURCES LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

Three Months Ended December 31, 2016

	Share Capital				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance at September 30, 2016	149,807,322	40,137,096	4,457,243	(20,954,425)	23,639,914
Common shares issued for:					
Cash- private placement	55,000,000	11,000,000	-	-	11,000,000
Share issue costs	-	(770,816)	211,551	-	(559,265)
Share-based compensation	-	-	13,278	-	13,278
Net loss	-	-	-	(413,867)	(413,867)
Balance at December 31, 2016	204,807,322	50,366,280	4,682,072	(21,368,292)	33,680,060

Three Months Ended December 31, 2015

	Share Capital				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance at September 30, 2015	149,807,322	40,137,096	4,363,949	(19,243,556)	25,257,489
Share-based compensation	-	-	28,143	-	28,143
Net loss	-	-	-	(453,804)	(453,804)
Balance at December 31, 2015	149,807,322	40,137,096	4,392,092	(19,697,360)	24,831,828

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

TINKA RESOURCES LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Note	Three Months Ended December 31, 2016 $	Three Months Ended December 31, 2015 $
Operating activities			
Net loss for the period		(413,867)	(453,804)
Adjustments for:			
Depreciation of property, plant and equipment		2,012	1,560
Share-based compensation		13,278	28,143
Changes in non-cash working capital items:			
GST receivable		(9,742)	(1,263)
Amounts receivable		(5,180)	339
Prepaid expenses		1,338	7,260
Accounts payable and accrued liabilities		51,286	46,650
Net cash used in operating activities		(360,885)	(371,115)
Investing activity			
Expenditures on exploration and evaluation assets		(155,432)	(1,737,080)
Property, plant and equipment		(512)	-
Net cash used in investing activity		(155,944)	(1,737,080)
Financing activities			
Issuance of common shares		11,000,000	-
Share issue costs		(559,265)	-
Net cash generated from financing activities		10,440,735	-
Net change in cash		9,923,906	(2,108,195)
Cash at beginning of period		1,765,069	6,912,872
Cash at end of period		11,688,975	4,804,677

Supplemental cash flow information - See Note 10

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

(Unaudited - Expressed in Canadian Dollars)

1. Nature of Operations

Tinka Resources Limited (the "Company") was incorporated on September 15, 1987 under the provisions of the Company Act (British Columbia). The Company is listed and traded on the TSX Venture Exchange ("TSXV") under the symbol "TK". The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7 Canada.

The Company is a junior mineral exploration company currently engaged in the acquisition and exploration of precious and base metals on mineral properties located in Peru. On the basis of information to date, the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the mineral resource interests is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development and upon future profitable production. Mineral resource interests represent costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values.

As at December 31, 2016 the Company had working capital in the amount of $11,580,424. These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future. To date the Company has not earned significant revenues and is considered to be in the exploration stage. The Company's operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. Although management considers that the Company has adequate resources to maintain its core operations and planned exploration programs on its existing exploration and evaluation assets for the next twelve months, the Company recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful in securing financings in the past there can be no assurance that it will be able to do so in the future. These condensed consolidated interim financial statements do not reflect any adjustments related to conditions that occurred subsequent to December 31, 2016.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"), and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended September 30, 2016, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company's consolidated financial statements for the year ended September 30, 2016.

Basis of Measurement

The Company's consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value.

3. Subsidiaries

The subsidiaries of the Company are as follows:

Company	Location of Incorporation	Ownership Interest
Darwin Resources Corp.	Canada	100%
Tinka Resources S.A.C.	Peru	100%
Darwin Peru S.A.C.	Peru	100%

(Unaudited - Expressed in Canadian Dollars)

4. Property, Plant and Equipment

Cost:	**Office Furniture and Equipment** **$**	**Vehicles** **$**	**Total** **$**
Balance at September 30, 2015	94,631	101,141	195,772
Additions	4,246	-	4,246
Balance at September 30, 2016	98,877	101,141	200,018
Additions	512	-	512
Balance at December 31, 2016	99,389	101,141	200,530
Accumulated Depreciation:			
Balance at September 30, 2015	(65,813)	(90,139)	(155,952)
Depreciation	(10,842)	(10,101)	(20,943)
Balance at September 30, 2016	(76,655)	(100,240)	(176,895)
Depreciation	(1,854)	(707)	(2,561)
Balance at December 31, 2016	(78,509)	(100,947)	(179,456)
Carrying Value:			
Balance at September 30, 2016	22,222	901	23,123
Balance at December 31, 2016	20,880	194	21,074

5. Exploration and Evaluation Assets

	December 31, 2016			**September 30, 2016**		
	Acquisition Costs **$**	**Deferred Exploration Costs** **$**	**Total** **$**	**Acquisition Costs** **$**	**Deferred Exploration Costs** **$**	**Total** **$**
Colquipucro	338,330	7,458,395	7,796,725	338,330	7,427,994	7,766,324
Ayawilca	310,088	12,116,624	12,426,712	310,088	11,653,857	11,963,945
Other	7,392	1,847,733	1,855,125	7,392	2,187,350	2,194,742
	655,810	21,422,752	22,078,562	655,810	21,269,201	21,925,011

(Unaudited - Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (continued)

	Colquipucro $	Ayawilca $	Other $	Total $
Balance at September 30, 2015	7,673,029	9,025,503	2,099,426	18,797,958
Exploration costs				
Assays	-	30,168	-	30,168
Camp costs	4,372	234,497	-	238,869
Community relations	16,786	471,587	-	488,373
Consulting	29,758	29,758	-	59,516
Depreciation	177	12,869	-	13,046
Drilling	-	692,422	-	692,422
Environmental	6,672	350,448	-	357,120
Exploration site	5,806	87,020	-	92,826
Field equipment	-	9,373	-	9,373
Fuel	8,660	29,289	-	37,949
Geological	-	264,054	-	264,054
Geophysics	3,547	266,267	-	269,814
Metallurgical test work	-	5,425	-	5,425
Salaries	5,463	218,617	-	224,080
Software and database management	7,880	7,880	-	15,760
Transportation	4,174	42,940	-	47,114
VAT incurred	-	-	304,224	304,224
	93,295	2,752,614	304,224	3,150,133
Acquisition costs				
Concession payments	-	185,828	-	185,828
Impairment	-	-	(208,908)	(208,908)
Balance at September 30, 2016	7,766,324	11,963,945	2,194,742	21,925,011
Exploration costs				
Camp costs	985	75,556	-	76,541
Community relations	18,664	198,253	-	216,917
Depreciation	-	548	-	548
Drilling	-	4,611	-	4,611
Environmental	1,075	69,288	-	70,363
Geological	9,677	80,740	-	90,417
Metallurgical test work	-	33,771	-	33,771
VAT incurred	-	-	33,533	33,533
VAT recovered	-	-	(373,150)	(373,150)
	30,401	462,767	(339,617)	153,1551
Balance at December 31, 2016	7,796,725	12,426,712	1,855,125	22,078,562

Colquipucro and Ayawilca Projects

On May 27, 2004 the Company entered into an agreement (the "Sierra Alliance Agreement") with Sierra Peru Pty Ltd. ("Sierra") pursuant to which the Company staked a number of prospects in Peru. As at December 31, 2016 the Colquipucro and Ayawilca projects comprise a total of 57 mineral claims granted or under application in the Province of Daniel Alcides Carrion, Peru.

Under the terms of the Sierra Alliance Agreement the Company will be required to issue 500,000 common shares to Sierra in the event that a positive feasibility study is prepared on either of the Colquipucro or Ayawilca projects. Sierra also retains a right to a 1% net smelter return royalty ("NSR") from any production from the Colquipucro and Ayawilca projects. The NSR can be purchased at any time for US $1,000,000.

(Unaudited - Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (continued)

Other

During fiscal 2016 the Company recorded an impairment charge of $208,908 relating to certain concessions and associated costs incurred in Peru. As at December 31, 2016 the Company holds two granted concessions in Peru.

Expenditures incurred by the Company in Peru are subject to Peruvian Value Added Tax ("VAT"). The VAT is included in exploration and evaluation assets as incurred. Under Peruvian law VAT paid can be used in the future to offset amounts resulting from VAT charged on sales. Under certain circumstances and subject to approval from tax authorities a Company can also apply for early refund of VAT prior to generating sales. During the three months ended December 31,2016 the Company received a VAT recovery of $373,150. As at December 31, 2016 the Company has recorded a VAT credit balance of $1,597,985 (September 30, 2016 - $1,937,599).

6. Share Capital

(a) *Authorized Share Capital*

The Company's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Equity Financings*

(i) During the three months ended December 31, 2016 the Company completed a private placement financing of 55,000,000 common shares at a price of $0.20 per shares for gross proceeds of $11,000,000. The Company paid finders' fees totalling $368,566 and issued 1,842,829 finders' warrants. Each finders' warrant entitles the holder to purchase one common share of the Company at a price of $0.20 per share, for a period of two years. The fair value of the finders' warrants has been estimated using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 0.54%; expected volatility of 112.01%; an expected life of 2 years; a dividend yield of 0%; and an expected forfeiture rate of 0%. The value assigned to the underlying finders' warrants was $211,551.

The Company incurred $190,699 legal and filing costs associated with the private placement.

Directors of the Company and family members purchased 300,000 shares for $60,000.

(ii) During fiscal 2016 the Company did not complete any financings.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's warrants outstanding at December 31, 2016 and 2015 and the changes for the three months ended on those dates is as follows:

	2016		2015	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of period	25,338,444	0.38	40,143,556	0.48
Issued	1,842,829	0.20	-	-
Expired	-	-	(342,367)	0.77
Balance, end of period	27,181,273	0.36	39,801,189	0.37

(Unaudited - Expressed in Canadian Dollars)

6. Share Capital (continued)

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at December 31, 2016:

Number	Exercise Price $	Expiry Date
12,669,222	0.30	November 29, 2017
1,842,829	0.20	November 7, 2018
12,669,222	0.45	May 29, 2020
27,181,273		

(d) *Share Option Plan*

The Company has established a rolling share option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of five years.

During the three months ended December 31, 2016 the Company granted share options to purchase 108,750 (2015 - 580,000) common shares and recorded compensation expense of $13,278 (2015 - $18,291). In addition during the three months ended December 31, 2015 the Company also recorded share-based compensation of $9,852 on the vesting of share options which were previously granted.

The fair value of share options granted and vested during the three months ended December 31, 2016 and 2015 has been estimated using the Black-Scholes option pricing model using the following assumptions:

	2016	2015
Risk-free interest rate	0.54%	0.51% - 1.09%
Estimated volatility	111.28%	66.86% - 73.42%
Expected life	2 years	3 years
Expected dividend yield	0%	0%
Expected forfeiture rate	0%	0%

The weighted average fair value of all share options granted and vested, using the Black-Scholes option pricing model, during the three months ended December 31, 2016 was $0.12 (2015 - $0.07) per option.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company's share options.

A summary of the Company's share options at December 31, 2016 and 2015 and the changes for the three months ended on those dates, is as follows:

	2016		2015	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of period	10,860,000	0.33	10,915,000	0.37
Granted	108,750	0.20	580,000	0.25
Expired	(100,000)	0.30	(255,000)	0.32
Balance, end of period	10,868,750	0.33	11,240,000	0.37

(Unaudited - Expressed in Canadian Dollars)

6. Share Capital (continued)

The following table summarizes information about the share options outstanding and exercisable at December 31, 2016:

Number	Exercise Price $	Expiry Date
20,000	0.40	February 20, 2017
245,000	0.30	March 21,2017
300,000	0.35	March 21, 2017
2,125,000	0.37	August 5, 2017
1,945,000	0.30	August 5, 2017
350,000	0.30	August 31, 2017
150,000	0.35	August 31, 2017
390,000	0.30	April 20, 2018
4,105,000	0.35	June 12, 2018
108,750	0.20	November 23, 2018
530,000	0.25	November 24, 2018
400,000	0.25	April 1, 2019
200,000	0.25	July 25,2019
10,868,750		

See also Note 11.

7. Related Party Disclosures

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

(a) *Transactions with Key Management Personnel*

During the three months ended December 31, 2016 the Company recognized a total of $124,086 (2015 - $122,352) for compensation with respect to the Company's Chief Executive Officer ("CEO"), Vice-President of Exploration ("VPE") and Chief Financial Officer ("CFO") as follows:

	2016 $	2015 $
Management fees - CEO	55,000	55,000
Professional fees - CFO	7,500	7,500
Professional fees - VPE	61,586	50,000
Share-based compensation	-	9,852
	124,086	122,352

During the three months ended December 31, 2016 the Company expensed $55,000 (2015 - $55,000) to management fees, $31,478 (2015 - $29,498) to professional fees and $nil (2015 - $9,852) for share-based compensation. In addition the Company capitalized $37,608 (2015 - $28,002) to exploration and evaluation assets.

(Unaudited - Expressed in Canadian Dollars)

7. Related Party Disclosures (continued)

(b) *Transactions with Other Related Parties*

(i) During the three months ended December 31, 2016 and 2015 the following amounts were incurred with respect to the Company's non-management current and former directors of the Company:

	2016 $	2015 $
Professional fees	12,000	12,000

As at December 31, 2016, $14,000 (September 30, 2016 - $8,000) remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During the three months ended December 31, 2016 the Company incurred a total of $9,450 (2015 - $9,000) with Chase Management Ltd. ("Chase"), a private corporation owned by the CFO of the Company, for accounting and administrative services provided by Chase personnel, excluding the CFO, and $1,005 (2015 - $1,005) for rent. As at December 31, 2016, $9,420 (September 30, 2016 - $6,170) remained unpaid and has been included in accounts payable and accrued liabilities.

(c) The Company shares personnel, office and other costs with a public company with certain common directors. During the three months ended December 31, 2016 the Company incurred $6,374 (2015 - $2,700) for expenses. As at December 31, 2016, $300 (September 30, 2016 - $337) remained unpaid and has been included in accounts payable and accrued liabilities.

8. Segmented Information

Substantially all of the Company's operations are in one industry, the exploration for base and precious metals. Management reviews the financial results according to expenditures by property. The Company's mineral properties are located in Peru and its corporate assets are located in Canada. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results.

	December 31, 2016		
	Corporate Canada $	Mineral Operations Peru $	Total $
Current assets	11,422,450	348,979	11,771,429
Exploration and evaluation assets	-	22,078,562	22,078,562
Property, plant and equipment	3,433	17,641	21,074
	11,425,883	22,445,182	33,871,065

	September 30, 2016		
	Corporate Canada $	Mineral Operations Peru $	Total $
Current assets	1,751,140	82,789	1,833,929
Exploration and evaluation assets	-	21,925,011	21,925,011
Property, plant and equipment	3,707	19,416	23,123
	1,754,847	22,027,216	23,782,063

(Unaudited - Expressed in Canadian Dollars)

9. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following five categories: fair value through profit or loss ("FVTPL"); held-to-maturity investments; loans and receivables; available-for-sale, and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	December 31, 2016 $	September 30, 2016 $
Cash	FVTPL	11,688,975	1,765,069
Amounts receivable	Loans and receivables	10,253	5,073
Accounts payable and accrued liabilities	Other financial liabilities	(191,005)	(142,149)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for amounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The Company's fair value of cash under the fair value hierarchy is measured using Level 1 inputs.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and amounts receivable is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

9. Financial Instruments and Risk Management (continued)

	Contractual Maturity Analysis at December 31, 2016				
	Less than 3 Months $	**3 - 12 Months $**	**1 - 5 Years $**	**Over 5 Years $**	**Total $**
Cash	11,688,975	-	-	-	11,688,975
Amounts receivable	10,253	-	-	-	10,253
Accounts payable and accrued liabilities	(191,005)	-	-	-	(191,005)

	Contractual Maturity Analysis at September 30, 2016				
	Less than 3 Months $	**3 - 12 Months $**	**1 - 5 Years $**	**Over 5 Years $**	**Total $**
Cash	1,765,069	-	-	-	1,765,069
Amounts receivable	5,073	-	-	-	5,073
Accounts payable and accrued liabilities	(142,149)	-	-	-	(142,149)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bear floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

(b) Foreign Currency Risk

The Company has operations in Canada and Peru which are subject to foreign currency fluctuations. The Company's operating expenses are incurred in Canadian Dollars and Peruvian Nuevo Soles and the fluctuation of the Canadian dollar in relation to other currencies will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company also maintains a US Dollar bank account with a Canadian bank. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. At December 31, 2016, 1 Canadian Dollar was equal to 2.50 Peruvian Nuevo Soles and 0.74 US Dollar.

Balances are as follows:

	Peruvian Nuevo Soles	**US Dollars**	**CDN $ Equivalent**
Cash	819,388	1,771,291	2,706,165
Amounts receivable	25,625	-	10,253
Accounts payable and accrued liabilities	(261,597)	-	(104,670)
	583,416	1,771,291	2,611,748

Based on the net exposures as of December 31, 2016 and, assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Peruvian Nuevo Soles and US Dollar would result in an increase or decrease of approximately $237,500.

(Unaudited - Expressed in Canadian Dollars)

9. Financial Instruments and Risk Management (continued)

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital and cash. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

10. Supplemental Cash Flow Information

Non-cash activities conducted by the Company during the three months ended December 31, 2016 are as follows:

	2016 $	2015 $
Operating activities		
Depreciation	549	3,993
Accounts payable and accrued liabilities	(2,430)	(261,954)
	(1,881)	(257,961)
Investing activity		
Property plant and equipment	(549)	(3,993)
Exploration and evaluation assets	2,430	261,954
	1,881	257,961
Financing activities		
Share-based payment reserves	211,551	-
Share issue costs	(211,551)	-
	-	-

11. Events After the Reporting Period

Subsequent to December 31, 2016:

(i) share options to purchase 20,000 common shares of the Company, at an exercise price of $0.40 per share, expired without exercise; and
(ii) the Company granted share options to purchase 5,510,000 common shares of the Company, at an exercise price of $0.325 per share, for a period of three years.