TINKA RESOURCES LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
JUNE 30, 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	June 30, 2016 $	September 30, 2015 $
ASSETS			
Current assets			
Cash		2,730,124	6,912,872
GST receivable		4,187	1,966
Amounts receivable		7,256	11,077
Prepaid expenses		59,517	44,771
Total current assets		2,801,084	6,970,686
Non-current assets			
Property, plant and equipment	4	28,579	39,820
Exploration and evaluation assets	5	21,363,579	18,797,958
Total non-current assets		21,392,158	18,837,778
TOTAL ASSETS		24,193,242	25,808,464
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	108,254	550,975
TOTAL LIABILITIES		108,254	550,975
SHAREHOLDERS' EQUITY			
Share capital	6	40,137,096	40,137,096
Share-based payments reserve	6	4,442,212	4,363,949
Deficit		(20,494,320)	(19,243,556)
TOTAL SHAREHOLDERS' EQUITY		24,084,988	25,257,489
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		24,193,242	25,808,464

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 August 29, 2016 and are signed on its behalf by:

/s/ ***Graham Carman***	/s/ ***Nick DeMare***
Graham Carman	Nick DeMare
Director	Director

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

	Note	Three Months Ended June 30		Nine Months Ended June 30	
		2016 $	2015 $	2016 $	2015 $
Expenses					
Accounting and administration	7(b)(ii)	6,050	14,255	31,726	49,808
Audit		-	-	32,640	32,808
Corporate development		27,277	13,021	30,978	14,520
Depreciation		1,633	2,539	4,755	7,842
General exploration		8,340	3,448	20,102	14,117
Investment conferences		23,408	-	45,298	24,005
Investor relations		-	3,500	-	17,000
Legal		3,701	9,814	10,409	46,717
Management fees	7(a)	55,000	55,000	165,000	165,000
Office		31,152	34,598	84,184	103,384
Professional fees	7	57,003	116,208	167,605	207,181
Regulatory		5,528	2,400	10,847	6,850
Rent		7,839	10,912	31,643	34,882
Salaries, wages and benefits		103,448	71,469	330,471	231,800
Shareholder costs		13,471	2,610	20,544	12,528
Share-based compensation	6(d)	38,698	448,432	78,263	512,188
Transfer agent		2,811	3,552	4,936	18,084
Travel and related		59,907	29,609	127,276	102,733
		445,266	821,367	1,196,677	1,601,447
Loss before other items		(445,266)	(821,367)	(1,196,677)	(1,601,447)
Other items					
Interest		6,128	13,519	28,819	35,301
Foreign exchange (loss) gain		3,182	(18,691)	(82,906)	104,809
		9,310	(5,172)	(54,087)	140,110
Net loss and comprehensive loss for the period		(435,956)	(826,539)	(1,250,764)	(1,461,337)
Loss per share - basic and diluted		$(0.00)	$(0.01)	$(0.01)	$(0.01)
Weighted average number of common shares outstanding - basic and diluted		149,807,322	128,274,285	149,807,322	120,106,581

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)

	Nine Months Ended June 30, 2016				
	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	-	-	78,263	-	78,263
Net loss	-	-	-	(1,250,764)	(1,250,764)
Balance at June 30, 2016	149,807,322	40,137,096	4,442,212	(20,494,320)	24,084,988

	Nine Months Ended June 30, 2015				
	Share Capital				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance at September 30, 2014	116,022,729	32,997,206	3,834,525	(17,552,842)	19,278,889
Common shares issued for:					
Cash- private placement	33,737,093	7,253,475	-	-	7,253,475
Finder’s fees	47,500	7,803	2,410	-	10,213
Share issue costs	-	(121,388)	-	-	(121,388)
Share-based compensation	-	-	512,188	-	512,188
Net loss	-	-	-	(1,461,337)	(1,461,337)
Balance at June 30, 2015	149,807,322	40,137,096	4,349,123	(19,014,179)	25,472,040

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)

	Nine Months Ended June 30,	
	2016 $	2015 $
Operating activities		
Net loss for the period	(1,250,764)	(1,461,337)
Adjustments for:		
Depreciation	4,755	7,842
Share-based compensation	78,263	512,188
Changes in non-cash working capital items:		
GST receivable	(2,221)	24,134
Amounts receivable	3,821	(17,203)
Prepaid expenses	(14,746)	(2,575)
Accounts payable and accrued liabilities	(250)	(166,463)
Net cash used in operating activities	(1,181,142)	(1,103,414)
Investing activities		
Expenditures on exploration and evaluation assets	(2,997,360)	(2,869,133)
Additions to property, plant and equipment	(4,246)	(2,739)
Net cash used in investing activities	(3,001,606)	(2,871,872)
Financing activities		
Issuance of common shares	-	7,253,475
Share issue costs	-	(111,175)
Net cash generated from financing activities	-	7,142,300
Net change in cash	(4,182,748)	3,167,014
Cash at beginning of period	6,912,872	5,838,547
Cash at end of period	2,730,124	9,005,561

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 June 30, 2016 the Company working capital in the amount of $2,692,830. 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. The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain the necessary financing to develop properties and to establish future profitable production. 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. Management considers that the Company has sufficient financial resources to maintain its core operations and existing mineral resource interests for the next twelve months. The Company will require additional equity financing to continue exploration and drilling activities on its mineral property interests in Peru and to fund ongoing corporate and administrative costs. 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 June 30, 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, 2015, 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, 2015.

Basis of Measurement

The Company's condensed consolidated interim 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

	Office Furniture and Equipment $	Vehicles $	Total $
Cost:			
Balance at September 30, 2014	87,795	101,141	188,936
Additions	6,836	-	6,836
Balance at September 30, 2015	94,631	101,141	195,772
Additions	4,246	-	4,246
Balance at June 30, 2016	98,877	101,141	200,018
Accumulated Depreciation:			
Balance at September 30, 2014	(53,586)	(68,785)	(122,371)
Depreciation	(12,227)	(21,354)	(33,581)
Balance at September 30, 2015	(65,813)	(90,139)	(155,952)
Depreciation	(7,242)	(8,245)	(15,487)
Balance at June 30, 2016	(73,055)	(98,384)	(171,439)
Carrying Value:			
Balance at September 30, 2015	28,818	11,002	39,820
Balance at June 30, 2016	25,822	2,757	28,579

5. Exploration and Evaluation Assets

	June 30, 2016			September 30, 2015		
	Acquisition Costs $	Deferred Exploration Costs $	Total $	Acquisition Costs $	Deferred Exploration Costs $	Total $
Colquipucro	338,330	7,419,454	7,757,784	338,330	7,334,699	7,673,029
Ayawilca	306,531	10,965,320	11,271,851	124,260	8,901,243	9,025,503
Other	7,762	2,326,182	2,333,944	7,762	2,091,664	2,099,426
	652,623	20,710,956	21,363,579	470,352	18,327,606	18,797,958

(Unaudited - Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (continued)

	Colquipucro $	Ayawilca $	Other $	Total $
Balance at September 30, 2014	6,446,442	5,470,314	1,805,357	13,722,113
Exploration costs				
Assays	23,146	181,224	-	204,370
Camp costs	46,219	122,799	-	169,018
Community relations	88,998	84,166	-	173,164
Consulting	60,950	60,950	-	121,900
Depreciation	5,728	17,236	-	22,964
Drilling	229,812	1,447,792	-	1,677,604
Environmental	13,313	13,490	-	26,803
Exploration site	48,722	282,864	-	331,586
Field equipment	2,879	120,339	-	123,218
Fuel	35,139	158,097	-	193,236
Geological	57,420	182,535	-	239,955
Geophysics	59,519	242,335	-	301,854
Metallurgical test work	-	2,916	-	2,916
Salaries	428,356	396,286	-	824,642
Software and database management	23,756	23,756	-	47,512
Transportation	39,561	168,151	-	207,712
Travel	3,028	4,345	-	7,373
VAT incurred	-	-	547,110	547,110
VAT recovered	-	-	(260,803)	(260,803)
	1,166,546	3,509,281	286,307	4,962,134
Acquisition costs				
Concession payments	60,041	45,908	7,762	113,711
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	169,967	-	174,339
Community relations	16,786	315,392	-	332,178
Consulting	22,275	22,275	-	44,550
Depreciation	177	10,555	-	10,732
Drilling	-	667,373	-	667,373
Environmental	6,672	242,449	-	249,121
Exploration site	5,806	87,020	-	92,826
Field equipment	-	9,373	-	9,373
Fuel	8,660	29,289	-	37,949
Geological	-	225,346	-	225,346
Geophysics	2,490	43,560	-	46,050
Salaries	5,463	160,490	-	165,953
Software and database management	7,880	7,880	-	15,760
Transportation	4,174	42,940	-	47,114
VAT incurred	-	-	234,518	234,518
	84,755	2,064,077	234,518	2,383,350
Acquisition costs				
Concession payments	-	182,271	-	182,271
Balance at June 30, 2016	7,757,784	11,271,851	2,333,944	21,363,579

5. Exploration and Evaluation Assets (continued)

*Colquipucro and Ayawilca Project*s

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 June 30, 2016 the Colquipucro and Ayawilca projects comprise a total of 56 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.

Other

As at June 30, 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 apply for early refund of VAT prior to generating sales. As at June 30, 2016 the Company has total VAT recoverable of $2,063,885 (September 30, 2015 - $1,829,367).

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 nine months ended June 30, 2016 the Company did not complete any financings.

(ii) During fiscal 2015 the Company completed a private placement financing of 33,737,093 units at a price of $0.215 per unit for gross proceeds of $7,253,475. Each unit was comprised of one common share of the Company and 0.375 of one 2.5 year share purchase warrant and 0.375 of one 5 year share purchase warrant. Each whole warrant is exercisable to acquire one additional common share of the Company at a price of $0.30 as to the 2.5 year warrants and at a price of $0.45 as to the 5 year warrants.

The Company also issued 47,500 finders units, having the same terms as the private placement units, at an ascribed value of $10,213. The fair value of the underlying warrants to the finder's units has been estimated using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 0.48% - 0.75%; expected volatility of 77.03% - 78.83%; an expected life of 2.5 years - 5.0 years; a dividend yield of 0%; and an expected forfeiture rate of 0%. The value assigned to the underlying warrants to the finder's units was $2,410.

The Company paid $111,175 for filing fees and legal costs.

(Unaudited - Expressed in Canadian Dollars)

6. Share Capital (continued)

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's warrants outstanding at June 30, 2016 and 2015 and the changes for the nine months ended on those dates is as follows:

	2016		2015	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of period	40,143,556	0.37	17,713,985	0.48
Issued	-	-	25,338,444	0.38
Expired	(1,251,557)	0.48	(2,908,873)	1.01
Balance, end of period	38,891,999	0.37	40,143,556	0.37

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at June 30, 2016:

Number	Exercise Price $	Expiry Date
13,553,555	0.365	July 24, 2016
12,669,222	0.30	November 29, 2017
12,669,222	0.45	May 29, 2020
38,891,999		

The weighted average remaining contractual life of the warrants outstanding at June 30, 2016 was 1.76 years.

See also Note 11(a).

(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 nine months ended June 30, 2016 the Company granted share options to purchase 980,000 (2015 - 5,470,000) common shares and recorded compensation expense of $51,701 (2015 - $461,443). In addition the Company also recorded share-based compensation of $26,562 (2015 - $50,745) on the vesting of share options which were previously granted.

The fair value of share options granted and vested during the nine months ended June 30, 2016 and 2015 has been estimated using the Black-Scholes option pricing model using the following assumptions:

	2016	2015
Risk-free interest rate	0.51% - 1.01%	0.51% - 1.20%
Estimated volatility	72.6% - 105.7%	66.86% - 74.12%
Expected life	1.1 years - 3 years	2.1 years - 3 years
Expected dividend yield	0%	0%
Expected forfeiture rate	0%	0%

(Unaudited - Expressed in Canadian Dollars)

6. Share Capital (continued)

The weighted average fair value of all share options granted and vested, using the Black-Scholes option pricing model, during the nine months ended June 30, 2016 was $0.09 (2015 - $0.10) 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 June 30, 2016 and 2015 and the changes for the nine 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	10,915,000	0.37	10,499,500	0.57
Granted	980,000	0.25	5,470,000	0.34
Expired	(1,235,000)	0.65	(1,381,345)	0.66
Cancelled	-	-	(1,813,155)	1.08
Forfeited	-	-	(150,000)	0.30
Balance, end of period	10,660,000	033	12,625,000	0.39

The following table summarizes information about the share options outstanding and exercisable at June 30, 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	October 20, 2017
390,000	0.30	April 20, 2018
4,305,000	0.35	June 12, 2018
580,000	0.25	November 24, 2018
400,000	0.25	April 1, 2019
10,660,000		

The weighted average remaining contractual life of the outstanding share options at June 30, 2016 was 1.58 years.

See also Note 11(b).

(Unaudited - Expressed in Canadian Dollars)

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 nine months ended June 30, 2016 the Company recognized a total of $345,415 (2015 - $566,493) for compensation with respect to the Company's Chief Executive Officer ("CEO"), current and former Vice-Presidents of Exploration ("VPE") and Chief Financial Officer ("CFO") as follows:

	2016 $	2015 $
Management fees - CEO	165,000	165,000
Professional fees - CFO	22,500	22,500
Professional fees - current VPE	131,354	33,493
Professional fees - former VPE	-	120,000
Share-based compensation	26,561	225,500
	345,415	566,493

During the nine months ended June 30, 2016 the Company expensed $165,000 (2015 - $165,000) to management fees, $75,042 (2015 - $93,607) to professional fees and $26,561 (2015 - $225,500) for share-based compensation. In addition the Company capitalized $78,812 (2015 - $82,386) to exploration and evaluation assets.

(b) *Transactions with Other Related Parties*

(i) During the nine months ended June 30, 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	30,000	36,000
Share-based compensation	29,956	79,275
	59,956	115,275

As at June 30, 2016, $2,000 (September 30, 2015 - $2,000) remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During the nine months ended June 30, 2016 the Company incurred a total of $25,800 (2015 - $31,225) 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 $3,015 (2015 - $3,015) for rent. As at June 30, 2016, $935 (September 30, 2015 - $5,470) remained unpaid and has been included in accounts payable and accrued liabilities.

(c) The Company shares personnel, office and other costs with public companies with certain common directors. During the nine months ended June 30, 2016 the Company incurred $17,562 (2015 - $26,736) for expenses. As at June 30, 2016, $4,712 (September 30, 2015 - $3,960) remained unpaid and has been included in accounts payable and accrued liabilities.

(Unaudited - Expressed in Canadian Dollars)

8. Segmented Information

Substantially all of the Company's operations are in one industry, the exploration for 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.

	June 30, 2016		
	Corporate Canada $	Mineral Operations Peru $	Total $
Current assets	2,676,400	124,684	2,801,084
Exploration and evaluation assets	-	21,363,579	21,363,579
Property, plant and equipment	3,982	24,597	28,579
	2,680,382	21,512,860	24,193,242

	September 30, 2015		
	Corporate Canada $	Mineral Operations Peru $	Total $
Current assets	6,253,967	716,719	6,970,686
Exploration and evaluation assets	-	18,797,958	18,797,958
Property, plant and equipment	3,155	36,665	39,820
	6,257,122	19,551,342	25,808,464

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	June 30, 2016 $	September 30, 2015 $
Cash	FVTPL	2,730,124	6,912,872
Amounts receivable	Loans and receivables	7,256	11,077
Accounts payable and accrued liabilities	Other financial liabilities	(108,254)	(550,975)

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.

(Unaudited - Expressed in Canadian Dollars)

9. Financial Instruments and Risk Management (continued)

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.

	Contractual Maturity Analysis at June 30, 2016				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	2,730,124	-	-	-	2,730,124
Amounts receivable	7,256	-	-	-	7,256
Accounts payable and accrued liabilities	(108,254)	-	-	-	(108,254)

	Contractual Maturity Analysis at September 30, 2015				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	6,912,872	-	-	-	6,912,872
Amounts receivable	11,077	-	-	-	11,077
Accounts payable and accrued liabilities	(550,975)	-	-	-	(550,975)

9. Financial Instruments and Risk Management (continued)

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 June 30, 2016, 1 Canadian Dollar was equal to 2.56 Peruvian Nuevo Soles and 0.77US Dollar.

Balances are as follows:

	Peruvian Nuevo Soles	US Dollars	CDN $ Equivalent
Cash	283,620	642,810	947,183
Amounts receivable	17,281	-	6,760
Accounts payable and accrued liabilities	(202,468)	(868)	(80,334)
	98,433	641,942	873,609

Based on the net exposures as of June 30, 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 $79,500.

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.

(Unaudited - Expressed in Canadian Dollars)

10. Supplemental Cash Flow Information

Non-cash activities conducted by the Company during the nine months ended June 30, 2016 and 2015 are as follows:

	2016 $	2015 $
Operating activities		
Depreciation	10,732	18,971
Accounts payable and accrued liabilities	(442,471)	11,518
	(431,739)	30,489
Investing activity		
Exploration and evaluation assets expenditures	431,739	(30,489)
Financing activities		
Share-based payment reserves		2,410
Share issue costs		(2,410)
	-	-

11. Events After the Reporting Period

(a) On July 24, 2016 warrants to purchase 13,553,555 common shares of the Company at an exercise price of $0.365 per share expired without exercise.

(b) On July 25, 2016 the Company granted share options to a consultant to purchase 200,000 common shares of the Company, at an exercise price of $0.25 per share, for a period of three years.