
TINKA RESOURCES LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
MARCH 31, 2021

(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	March 31, 2021 \$	September 30, 2020 \$
ASSETS			
Current assets			
Cash and cash equivalents		7,283,246	12,865,468
Restricted cash	4	7,545,000	8,003,400
GST receivable		8,298	7,727
Prepaid expenses		<u>98,148</u>	<u>65,038</u>
Total current assets		<u>14,934,692</u>	<u>20,941,633</u>
Non-current assets			
Property, plant and equipment	5	50,159	47,594
Exploration and evaluation assets	6	<u>52,539,423</u>	<u>48,317,684</u>
Total non-current assets		<u>52,589,582</u>	<u>48,365,278</u>
TOTAL ASSETS		<u>67,524,274</u>	<u>69,306,911</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		<u>407,798</u>	<u>781,045</u>
TOTAL LIABILITIES		<u>407,798</u>	<u>781,045</u>
SHAREHOLDERS' EQUITY			
Share capital	7	93,478,232	93,478,232
Share-based payments reserve	7	7,162,617	7,136,533
Deficit		<u>(33,524,373)</u>	<u>(32,088,899)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>67,116,476</u>	<u>68,525,866</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>67,524,274</u>	<u>69,306,911</u>

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on May 21, 2021 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 March 31		Six Months Ended March 31	
		2021 \$	2020 \$	2021 \$	2020 \$
Expenses					
Accounting and administration	8(b)(ii)	27,481	47,756	51,912	72,575
Audit		25,785	26,350	42,000	42,000
Corporate development		27,067	5,820	38,264	11,640
Depreciation		162	2,094	534	2,769
Directors and officers compensation	8	147,142	265,088	290,461	395,368
General exploration		9,971	14,146	28,809	29,521
Investment conferences		7,953	8,144	7,953	33,801
Investor relations		9,000	22,500	18,000	45,000
Legal		28,199	9,265	54,089	23,444
Office		62,096	54,941	81,259	109,626
Professional fees		-	2,080	-	2,080
Regulatory		27,797	26,135	32,717	36,228
Rent	8(b)(ii)	14,742	13,248	26,254	30,701
Salaries and benefits		81,625	121,940	133,946	209,690
Shareholder costs		6,140	7,479	10,472	16,072
Share-based compensation	7(d)	1,882	1,040,580	26,084	1,040,580
Transfer agent		2,556	10,607	3,378	12,010
Travel and related		-	69,481	-	99,348
		<u>479,598</u>	<u>1,747,654</u>	<u>846,132</u>	<u>2,212,453</u>
Loss before other items		<u>(479,598)</u>	<u>(1,747,654)</u>	<u>(846,132)</u>	<u>(2,212,453)</u>
Other items					
Interest income		33,705	83,000	74,280	115,113
Foreign exchange		<u>(121,342)</u>	<u>850,211</u>	<u>(663,622)</u>	<u>826,418</u>
		<u>(87,637)</u>	<u>933,211</u>	<u>(589,342)</u>	<u>941,531</u>
Net loss and comprehensive loss for the period		<u>(567,235)</u>	<u>(814,443)</u>	<u>(1,435,474)</u>	<u>(1,270,922)</u>
Loss per share - basic and diluted		<u>\$(0.00)</u>	<u>\$(0.00)</u>	<u>\$(0.00)</u>	<u>\$(0.00)</u>
Weighted average number of common shares outstanding - basic and diluted		<u>340,740,717</u>	<u>328,646,522</u>	<u>340,740,717</u>	<u>296,627,776</u>

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)

	Six Months Ended March 31, 2021				
	Share Capital				
	Number of Shares	Amount \$	Share-Based Payments Reserve \$	Deficit \$	Total Equity \$
Balance at September 30, 2020	340,740,717	93,478,232	7,136,533	(32,088,899)	68,525,866
Share-based compensation	-	-	26,084	-	26,084
Net loss for the period	-	-	-	(1,435,474)	(1,435,474)
Balance at March 31, 2021	340,740,717	93,478,232	7,162,617	(33,524,373)	67,116,476

	Six Months Ended March 31, 2020				
	Share Capital				
	Number of Shares	Amount \$	Share-Based Payments Reserve \$	Deficit \$	Total Equity \$
Balance at September 30, 2019	264,609,031	75,110,666	6,062,126	(29,405,630)	51,767,162
Common shares issued for:					
- private placement	76,131,686	18,500,000	-	-	18,500,000
Share issue costs	-	(132,434)	-	-	(132,434)
Share-based compensation	-	-	1,040,580	-	1,040,580
Net loss for the period	-	-	-	(1,270,922)	(1,270,922)
Balance at March 31, 2020	340,740,717	93,478,232	7,102,706	(30,676,552)	69,904,386

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)

	Six Months Ended March 31,	
	2021 \$	2020 \$
Operating activities		
Net loss for the period	(1,435,474)	(1,270,922)
Adjustments for:		
Depreciation	534	2,769
Share-based compensation	26,084	1,040,580
Changes in non-cash working capital items:		
GST receivable	(571)	(11,227)
Prepaid expenses	(33,110)	67,224
Accounts payable and accrued liabilities	(776,780)	4,703
Net cash used in operating activities	<u>(2,219,317)</u>	<u>(166,873)</u>
Investing activities		
Expenditures on exploration and evaluation assets	(3,812,239)	(2,449,513)
Additions to properties, plant and equipment	(9,066)	(18,686)
Net cash used in investing activities	<u>(3,821,305)</u>	<u>(2,468,199)</u>
Financing activities		
Issuance of common shares	-	18,500,000
Share issue costs	-	(132,434)
Net cash provided by financing activities	<u>-</u>	<u>18,367,566</u>
Net change in cash	(6,040,622)	15,732,494
Cash at beginning of period	<u>20,868,868</u>	<u>6,861,443</u>
Cash and restricted cash at end of period	<u>14,828,246</u>	<u>22,593,937</u>
Cash and cash equivalents comprises:		
Cash	2,848,702	14,081,737
Short-term redeemable investment certificates	4,434,544	-
Restricted cash	7,545,000	8,512,200
	<u>14,828,246</u>	<u>22,593,937</u>

Supplemental cash flow information - See Note 11

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

TINKA RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MARCH 31, 2021
(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”) and the Lima Stock Exchange under the symbol “TK”, on the OTCQB under the symbol “TKRFF” and on the Frankfurt Exchange under the symbol “TLD”. 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 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 March 31, 2021 the Company had working capital in the amount of \$14,526,894. 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 any revenue 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.

In March 2020 the World Health Organization (“WHO”) declared the outbreak of a novel coronavirus, identified as “COVID-19”, as a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. A state of emergency in Peru has been in place since March 15, 2020 and the country is now experiencing a second wave. Mining and exploration activities has, to a large extent, continued uninterrupted. The Company has implemented safety and physical distancing procedures, including working from home where possible and limited travel within Peru and internationally. The Company will continue to monitor the impact of the COVID-19 outbreak, the duration and impact which is unknown at this time, as is the efficacy of any intervention. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

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, 2020, 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, 2020

Adoption of New Accounting Standard

Effective October 1, 2020 the Company adopted the Amendments to IFRS 3 - *Definition of a Business*, which clarifies the definition of a business for the purpose of determining whether a transaction should be accounted for as an asset acquisition or a business combination. The amendments:

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2. Basis of Preparation (continued)

- clarify the minimum attributes that the acquired assets and activities must have to be considered a business;
- remove the assessment of whether market participants can acquire the business and replace missing inputs or processes to enable them to continue to produce outputs;
- narrow the definition of a business and the definition of outputs; and
- add an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business.

There was no impact on the Company's condensed consolidated interim financial statements upon the adoption of the amendments of this standard.

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. These condensed consolidated interim consolidated financial statements are presented in Canadian Dollars unless otherwise stated.

3. Subsidiaries

The subsidiaries of the Company are as follows:

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

4. Restricted Cash

The Company has set aside \$7,545,000 (US \$6,000,000) for certain project related costs to be incurred on the Company's Ayawilca Project.

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5. Property, Plant and Equipment

	Office Furniture and Equipment \$	Vehicles \$	Total \$
Cost:			
Balance at September 30, 2019	140,661	101,141	241,802
Additions	28,486	-	28,486
Disposals	<u>(4,356)</u>	<u>-</u>	<u>(4,356)</u>
Balance at September 30, 2020	164,791	101,141	265,932
Additions	<u>9,066</u>	<u>-</u>	<u>9,066</u>
Balance at March 31, 2021	<u>173,857</u>	<u>101,141</u>	<u>274,998</u>
Accumulated Depreciation:			
Balance at September 30, 2019	(106,827)	(101,141)	(207,968)
Depreciation	(12,990)	-	(12,990)
Disposals	<u>2,620</u>	<u>-</u>	<u>2,620</u>
Balance at September 30, 2020	(117,197)	(101,141)	(218,338)
Depreciation	<u>(6,501)</u>	<u>-</u>	<u>(6,501)</u>
Balance at March 31, 2021	<u>(123,698)</u>	<u>(101,141)</u>	<u>(224,839)</u>
Carrying Value:			
Balance at September 30, 2020	<u>47,594</u>	<u>-</u>	<u>47,594</u>
Balance at March 31, 2021	<u>50,159</u>	<u>-</u>	<u>50,159</u>

6. Exploration and Evaluation Assets

	March 31, 2021			September 30, 2020		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Colquipucero	402,014	8,947,838	9,349,852	402,014	8,794,352	9,196,366
Ayawilca	1,398,071	38,487,546	39,885,617	1,297,195	35,026,527	36,323,722
Other	<u>14,661</u>	<u>3,289,293</u>	<u>3,303,954</u>	<u>-</u>	<u>2,797,596</u>	<u>2,797,596</u>
	<u>1,814,746</u>	<u>50,724,677</u>	<u>52,539,423</u>	<u>1,699,209</u>	<u>46,618,475</u>	<u>48,317,684</u>

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6. Exploration and Evaluation Assets (continued)

	Colquipucro \$	Ayawilca \$	Other \$	Total \$
Balance at September 30, 2019	<u>9,048,534</u>	<u>33,306,363</u>	<u>3,433,415</u>	<u>45,788,312</u>
Exploration costs				
Assays	-	17,564	-	17,564
Camp costs	530	616,066	-	616,596
Community relations	147,302	780,734	-	928,036
Depreciation	-	10,291	-	10,291
Drilling	-	52,811	-	52,811
Engineering	-	145,930	-	145,930
Environmental	-	317,099	-	317,099
Geological	-	437,188	-	437,188
Health and safety	-	180,718	-	180,718
Metallurgical	-	82,784	-	82,784
Modelling	-	37,399	-	37,399
Software and database management	-	14,759	-	14,759
Topography	-	2,775	-	2,775
VAT incurred	-	-	309,038	309,038
VAT recovered	-	-	(944,857)	(944,857)
	<u>147,832</u>	<u>2,696,118</u>	<u>(635,819)</u>	<u>2,208,131</u>
Acquisition costs				
Concession payments and related taxes	-	321,241	-	321,241
Balance at September 30, 2020	<u>9,196,366</u>	<u>36,323,722</u>	<u>2,797,596</u>	<u>48,317,684</u>
Exploration costs				
Camp costs	-	432,245	-	432,245
Community relations	126,252	512,345	-	638,597
Depreciation	-	5,967	-	5,967
Drilling	-	1,717,565	-	1,717,565
Engineering	24,494	12,441	-	36,935
Environmental	2,740	223,306	-	226,046
Geological	-	293,720	-	293,720
Health and safety	-	219,256	-	219,256
Metallurgical	-	31,748	-	31,748
Software and database management	-	11,179	-	11,179
Topography	-	1,247	-	1,247
VAT incurred	-	-	491,697	491,697
	<u>153,486</u>	<u>3,461,019</u>	<u>491,697</u>	<u>4,106,202</u>
Acquisition costs				
Concession payments and related taxes	-	100,876	-	100,876
Staking costs	-	-	14,661	14,661
	<u>-</u>	<u>100,876</u>	<u>14,661</u>	<u>115,537</u>
Balance at March 31, 2021	<u>9,349,852</u>	<u>39,885,617</u>	<u>3,303,954</u>	<u>52,539,423</u>

Colquipucro and Ayawilca Projects

As at March 31, 2021 the Colquipucro and Ayawilca projects comprise a total of 59 mineral claims granted in the Province of Daniel Alcides Carrion, Peru.

TINKA RESOURCES LIMITED
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6. Exploration and Evaluation Assets (continued)

The Company is required to issue 500,000 common shares to Sierra Peru Pty Ltd. (“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 46 of the 59 mineral claims that make up the Colquipucro and Ayawilca projects. The NSR can be purchased at any time for US \$1,000,000.

Other

As at March 31, 2021 the Company has staked 10 mining concession applications at three exploration target areas in Central 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. As at March 31, 2021 the Company has a VAT balance of \$3,289,293 (September 30, 2020 - \$2,797,596).

7. Share Capital

(a) *Authorized Share Capital*

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

(b) *Equity Financings*

Six Months Ended March 31, 2021

No financings were conducted during the six months ended March 31, 2021.

Fiscal 2020

On January 13, 2020 the Company completed a non-brokered private placement totalling 76,131,686 common shares of the Company at a price of \$0.243 per share for \$18,500,000, of which Compania de Minas Buenaventura S.A. subscribed for \$16,000,000 and Sentient Global Resources Fund IV, LP subscribed for \$2,500,000.

The Company incurred a total of \$132,434 for legal and other costs associated with the private placement.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company’s warrants outstanding at March 31, 2021 and 2020 and the changes for the six months ended on those dates is as follows:

	2021		2020	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning and end of period	-	-	12,382,347	0.45

No warrants remained outstanding as at March 31, 2021.

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7. **Share Capital** (continued)

(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 ten years.

During the six months ended March 31, 2021 the Company granted share options to purchase 300,000 (2020 - 8,500,000) common shares and recorded compensation expense of \$24,000 (2020 - \$1,031,225). The Company also recorded additional compensation expense of \$2,084 (2020 - \$9,355) on the vesting of share options previously granted.

The fair value of share options granted and vested during the six months ended March 31, 2021 is estimated using the Black-Scholes option pricing model using the following assumptions:

	<u>2021</u>	<u>2020</u>
Risk-free interest rate	0.32% - 0.35%	1.43%
Estimated volatility	72%	76%
Expected life	4 years - 4.75 years	5 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The weighted average measurement date fair value of all share options recognized, using the Black-Scholes option pricing model, during the six months ended March 31, 2021 was \$0.08 (2020 - \$0.13) 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 March 31, 2021 and 2020 and the changes for the six months ended on those dates, is as follows:

	<u>2021</u>		<u>2020</u>	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	14,377,000	0.36	11,145,500	0.43
Granted	300,000	0.25	8,500,000	0.25
Expired	<u>(989,500)</u>	0.47	<u>(4,883,500)</u>	0.33
Balance, end of period	<u>13,687,500</u>	0.35	<u>14,762,000</u>	0.36

The following table summarizes information about the share options outstanding and exercisable at March 31, 2021:

Number Outstanding	Number Exercisable	Exercise Price \$	Expiry Date
5,255,000	5,255,000	0.50	May 8, 2022
35,000	35,000	0.35	March 8, 2023
8,097,500	8,067,500	0.25	January 23, 2025
<u>300,000</u>	<u>-</u>	0.25	January 23, 2025
<u>13,687,500</u>	<u>13,357,500</u>		

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8. 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 six months ended March 31, 2021 and 2020 the following amounts were incurred with respect to the Company's Chief Executive Officer ("CEO"), Vice-President of Exploration ("VPE") and Chief Financial Officer ("CFO") as follows:

	2021 \$	2020 \$
Management fees - CEO	154,998	217,503
Management fees - VPE	109,316	153,012
Professional fees - CFO	18,000	17,500
Share-based compensation	-	539,500
	<u>282,314</u>	<u>927,515</u>

During the six months ended March 31, 2021 the Company expensed \$216,721 (2020 - \$320,208) to directors and officers compensation and capitalized \$65,593 (2020 - \$67,807) of compensation paid to the VPE to exploration and evaluation assets.

The Company has a management agreement with its CEO which provides that in the event the CEO's services are terminated without cause or upon a change of control of the Company, a termination payment is payable. If the termination had occurred on March 31, 2021 the amount payable under the agreement would be approximately \$620,000.

The Company has a management agreement with its VPE which provides that in the event the VPE's services are terminated without cause or upon a change of control of the Company, a termination payment is payable. If the termination had occurred on March 31, 2021 the amount payable under the agreement would be approximately \$240,000.

(b) *Transactions with Other Related Parties*

(i) During the six months ended March 31, 2021 and 2020 the following amounts were incurred with respect to the Company's non-management current and former directors and the corporate secretary of the Company:

	2021 \$	2020 \$
Directors and officers compensation	73,740	75,160
Share-based compensation	-	273,000
	<u>73,740</u>	<u>348,160</u>

As at March 31, 2021 \$nil (September 30, 2020 - \$1,680) remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During the six months ended March 31, 2021 the Company incurred a total of \$34,500 (2020 - \$36,800) with Chase Management Ltd. ("Chase"), a private corporation owned by the CFO, for accounting and administrative services provided by Chase personnel, excluding the CFO, and \$2,010 (2020 - \$2,010) for rent. As at March 31, 2021 \$335 (September 30, 2020 - \$4,170) remained unpaid and has been included in accounts payable and accrued liabilities.

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9. 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.

	March 31, 2021		
	Corporate Canada \$	Mineral Operations Peru \$	Total \$
Current assets	14,778,372	156,320	14,934,692
Property, plant and equipment	-	50,159	50,159
Exploration and evaluation assets	-	52,539,423	52,539,423
	<u>14,778,372</u>	<u>52,745,902</u>	<u>67,524,274</u>
	September 30, 2020		
	Corporate Canada \$	Mineral Operations Peru \$	Total \$
Current assets	20,573,542	368,091	20,941,633
Property, plant and equipment	-	47,594	47,594
Exploration and evaluation assets	-	48,317,684	48,317,684
	<u>20,573,542</u>	<u>48,733,369</u>	<u>69,306,911</u>

10. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); amortized cost; and fair value through other comprehensive income ("FVOCI"). The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	March 31, 2021 \$	September 30, 2020 \$
Cash and cash equivalents	FVTPL	7,283,246	12,865,468
Restricted cash	FVTPL	7,545,000	8,003,400
Accounts payable and accrued liabilities	Amortized cost	(407,798)	(781,045)

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.

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10. Financial Instruments and Risk Management (continued)

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 accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The Company's cash and cash equivalents and restricted cash under the fair value hierarchy are 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. Management believes that the credit risk concentration with respect to financial instruments included in cash and restricted cash 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 March 31, 2021					
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash and cash equivalents	7,283,246	-	-	-	7,283,246
Restricted cash	7,545,000	-	-	-	7,545,000
Accounts payable and accrued liabilities	(407,798)	-	-	-	(407,798)
Contractual Maturity Analysis at September 30, 2020					
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash and cash equivalents	12,865,468	-	-	-	12,865,468
Restricted cash	8,003,400	-	-	-	8,003,400
Accounts payable and accrued liabilities	(781,045)	-	-	-	(781,045)

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 cash equivalents and on the Company's obligations are not considered significant.

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10. Financial Instruments and Risk Management (continued)

(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 March 31, 2021, 1 Canadian Dollar was equal to 2.97 Peruvian Nuevo Soles and 0.80 US Dollar.

Balances are as follows:

	Peruvian Nuevo Soles	US Dollars	CDN \$ Equivalent
Cash and cash equivalents	375,668	3,038,459	3,924,562
Restricted cash	-	6,000,000	7,545,000
Accounts payable and accrued liabilities	<u>(1,163,889)</u>	<u>(750)</u>	<u>(392,819)</u>
	<u>(788,221)</u>	<u>9,037,709</u>	<u>11,076,743</u>

Based on the net exposures as of March 31, 2021 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 the Company's net loss being approximately \$1,100,000 higher or lower.

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.

11. Supplemental Cash Flow Information

Non-cash activities conducted by the Company during the six months ended March 31, 2021 and 2020 are as follows:

	2021 \$	2020 \$
Operating activities		
Depreciation	5,967	4,256
Accounts payable and accrued liabilities	<u>403,533</u>	<u>739,182</u>
	<u>409,500</u>	<u>743,438</u>
Investing activity		
Exploration and evaluation assets	<u>(409,500)</u>	<u>(743,438)</u>