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**TINKA RESOURCES LIMITED**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED  
MARCH 31, 2015

*(Unaudited - Expressed in Canadian Dollars)*

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**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 Canadian Institute of Chartered Accountants 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, 2015 \$	September 30, 2014 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		2,721,467	5,838,547
GST receivable		12,051	34,851
Amounts receivable		12,524	7,503
Prepaid expenses		<u>56,938</u>	<u>29,414</u>
<b>Total current assets</b>		<u>2,802,980</u>	<u>5,910,315</u>
<b>Non-current assets</b>			
Property, plant and equipment	5	48,885	66,565
Exploration and evaluation assets	6	<u>16,158,635</u>	<u>13,722,113</u>
<b>Total non-current assets</b>		<u>16,207,520</u>	<u>13,788,678</u>
<b>TOTAL ASSETS</b>		<u>19,010,500</u>	<u>19,698,993</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	8	<u>302,653</u>	<u>420,104</u>
<b>TOTAL LIABILITIES</b>		<u>302,653</u>	<u>420,104</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	32,997,206	32,997,206
Share-based payments reserve	7	3,898,281	3,834,525
Deficit		<u>(18,187,640)</u>	<u>(17,552,842)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>18,707,847</u>	<u>19,278,889</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>19,010,500</u>	<u>19,698,993</u>

**Nature of Operations** - Note 1

**Event after the Reporting Period** - Note 12

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on June 1, 2015 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	
		2015 \$	2014 \$	2015 \$	2014 \$
<b>Expenses</b>					
Accounting and administration	8(b)	16,250	13,994	35,553	28,329
Audit		2,808	-	32,808	30,015
Corporate development		-	9,354	1,499	21,293
Depreciation	5	2,653	291	5,303	582
General exploration		3,599	989	10,669	5,449
Investment conferences		9,449	6,284	24,005	15,289
Investor relations		6,000	16,500	13,500	34,500
Legal		17,606	13,683	36,903	17,788
Management fees	8(a)	55,000	30,000	110,000	60,000
Office		32,543	18,483	68,786	39,270
Professional fees	8	52,083	30,633	90,973	53,218
Regulatory		1,200	5,165	4,450	9,685
Rent	8(b)	11,979	12,592	23,970	24,019
Salaries, wages and benefits		78,538	59,168	160,331	121,842
Shareholder costs		6,165	7,019	9,918	10,144
Share-based compensation	7(d)	17,814	23,184	63,756	31,396
Transfer agent		12,479	2,310	14,532	4,295
Travel and related		38,873	31,003	73,124	66,618
		<u>365,039</u>	<u>280,652</u>	<u>780,080</u>	<u>573,732</u>
<b>Loss before other items</b>		<u>(365,039)</u>	<u>(280,652)</u>	<u>(780,080)</u>	<u>(573,732)</u>
<b>Other items</b>					
Interest income		8,225	2,204	21,782	6,593
Foreign exchange gain		91,349	26,686	123,500	54,420
		<u>99,574</u>	<u>28,890</u>	<u>145,282</u>	<u>61,013</u>
<b>Net loss and comprehensive loss for the period</b>		<u>(265,465)</u>	<u>(251,762)</u>	<u>(634,798)</u>	<u>(512,719)</u>
<b>Loss per share - basic and diluted</b>		<u>\$(0.00)</u>	<u>\$(0.00)</u>	<u>\$(0.00)</u>	<u>\$(0.01)</u>
<b>Weighted average number of common shares outstanding - basic and diluted</b>		<u>116,022,729</u>	<u>80,942,144</u>	<u>116,022,729</u>	<u>80,473,856</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)*

	<b>Six Months Ended March 31, 2015</b>				
	<b>Share Capital</b>				
	Number of Shares	Amount \$	Share-Based Payments Reserve \$	Deficit \$	Total Equity \$
<b>Balance at September 30, 2014</b>	116,022,729	32,997,206	3,834,525	(17,552,842)	19,278,889
Share-based compensation	-	-	63,756	-	63,756
Net loss	-	-	-	(634,798)	(634,798)
<b>Balance at March 31, 2015</b>	<u>116,022,729</u>	<u>32,997,206</u>	<u>3,898,281</u>	<u>(18,187,640)</u>	<u>18,707,847</u>

	<b>Six months Ended March 31, 2014</b>					
	<b>Share Capital</b>					
	Number of Shares	Amount \$	Share-Based Payments Reserve \$	Share Subscriptions Received \$	Deficit \$	Total Equity \$
<b>Balance at September 30, 2013</b>	78,116,664	21,843,670	3,275,237	242,240	(13,747,871)	11,613,276
Common shares issued for cash:					-	
- private placement	2,769,480	1,384,740	-	(242,240)	-	1,142,500
- exercise of share options	80,000	21,600	-	-	-	21,600
Share issue costs	-	(70,166)	12,108	-	-	(58,058)
Share-based compensation	-	-	31,396	-	-	31,396
Transfer on exercise of share options	-	16,837	(16,837)	-	-	-
Net loss	-	-	-	-	(512,719)	(512,719)
<b>Balance at March 31, 2014</b>	<u>80,966,144</u>	<u>23,196,681</u>	<u>3,301,904</u>	<u>-</u>	<u>(14,260,590)</u>	<u>12,237,995</u>

*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,	
	2015 \$	2014 \$
<b>Operating activities</b>		
Net loss for the period	(634,798)	(512,719)
Adjustments for:		
Depreciation	5,303	582
Share-based compensation	7(d) 63,756	31,396
	<u>(565,739)</u>	<u>(480,741)</u>
Changes in non-cash working capital items:		
Decrease (increase) in GST receivable	22,800	(3,291)
Increase in amounts receivable	(5,021)	(3,377)
(Increase) decrease in prepaid expenses	(27,524)	18,652
Decrease in accounts payable and accrued liabilities	<u>(150,988)</u>	<u>(13,044)</u>
	<u>(160,733)</u>	<u>(1,060)</u>
<b>Net cash used in operating activities</b>	<u>(726,472)</u>	<u>(481,801)</u>
<b>Investing activities</b>		
Expenditures on exploration and evaluation assets	(2,387,869)	(1,839,629)
Purchase of equipment	<u>(2,739)</u>	<u>-</u>
<b>Net cash used in investing activities</b>	<u>(2,390,608)</u>	<u>(1,839,629)</u>
<b>Financing activities</b>		
Issuance of common shares	-	1,164,100
Share issue costs	<u>-</u>	<u>(57,308)</u>
<b>Net cash generated from financing activities</b>	<u>-</u>	<u>1,106,792</u>
<b>Net change in cash</b>	(3,117,080)	(1,214,638)
<b>Cash at beginning of period</b>	<u>5,838,547</u>	<u>1,653,410</u>
<b>Cash at end of period</b>	<u>2,721,467</u>	<u>438,772</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, 2015**  
*(Unaudited - Expressed in Canadian Dollars)*

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**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 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, 2015 the Company had cash of \$2,721,467 and working capital in the amount of \$2,500,327. 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 March 31, 2015.

See also Note 12.

**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, 2014, 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, 2014.

***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.

**TINKA RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED MARCH 31, 2015**  
*(Unaudited - Expressed in Canadian Dollars)*

**3. Subsidiaries**

The subsidiaries of the Company are as follows:

<u>Company</u>	<u>Location</u>	<u>Ownership Interest</u>	
		<u>March 31, 2015</u>	<u>March 31, 2014</u>
Darwin Resources Corp. ("Darwin")	Canada	100%	0%
Tinka Resources S.A.C. (Peru)	Peru	100%	100%
Darwin Peru S.A.C.	Peru	100%	0%

See also Note 4.

**4. Darwin Acquisition**

On April 16, 2014 the Company, Darwin Resources Corp. ("Darwin") and Sentient Global Resources Fund IV, LP ("Sentient") entered into a binding term sheet (the "Agreement") whereby the Company agreed to acquire, through a statutory plan of arrangement (the "Arrangement"), all of the outstanding common shares of Darwin. Under the terms of the Arrangement Darwin's shareholders would receive one common share of Tinka for each 5.5 common shares of Darwin. In addition, all outstanding Darwin options and warrants were to be adjusted and exchanged for Company options and warrants with the same exchange ratio. Sentient and its affiliates also agreed to participate in a private placement financing of the Company. See also Note 7(b)(ii).

On July 24, 2014 the Company completed the Arrangement and acquired all of the issued and outstanding common shares of Darwin, under which the Company issued 6,131,094 common shares with a fair value of \$1,961,950. The Company also granted 474,500 share options, exercisable at \$1.375 per share expiring June 19, 2015, and 342,367 warrants, exercisable at \$0.77 per share expiring November 27, 2015, in exchange for Darwin share options and warrants. The values assigned to the options and warrants were \$1,542 and \$9,610, respectively.

The Company incurred \$106,488 for legal, filing and other costs associated with the transactions conducted pursuant to the Arrangement.

The Acquisition was accounted for as an acquisition of the net assets of Darwin, as follows:

	\$
Common shares issued	1,961,950
Share options granted	1,542
Warrants issued	9,610
Advances to Darwin prior to Acquisition	52,870
Costs incurred	<u>106,488</u>
Acquisition cost	<u>2,132,460</u>

The Acquisition cost was generally allocated to the individual identifiable assets and liabilities on the basis of their relative fair value at the date of purchase. The results of operations were recorded from the effective date of purchase.

Cost of the net assets acquired consists of:

	\$
Net working capital deficiency	(39,573)
Property, plant and equipment	31,910
Exploration and evaluation assets	<u>2,140,123</u>
Net assets acquired	<u>2,132,460</u>



**TINKA RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED MARCH 31, 2015**  
*(Unaudited - Expressed in Canadian Dollars)*

**5. Property, Plant and Equipment**

	Office Furniture and Equipment \$	Vehicles \$	Total \$
<b>Cost:</b>			
Balance at September 30, 2013	70,241	89,824	160,065
Acquired on Acquisition	20,593	11,317	31,910
Write-off	<u>(3,039)</u>	<u>-</u>	<u>(3,039)</u>
Balance at September 30, 2014	87,795	101,141	188,936
Additions	<u>2,739</u>	<u>-</u>	<u>2,739</u>
Balance at March 31, 2015	<u>90,534</u>	<u>101,141</u>	<u>191,675</u>
<b>Accumulated Depreciation:</b>			
Balance at September 30, 2013	(46,070)	(45,111)	(91,181)
Depreciation	(9,694)	(23,674)	(33,368)
Write-off	<u>2,178</u>	<u>-</u>	<u>2,178</u>
Balance at September 30, 2014	(53,586)	(68,785)	(122,371)
Depreciation	<u>(5,974)</u>	<u>(14,445)</u>	<u>(20,419)</u>
Balance at March 31, 2015	<u>(59,560)</u>	<u>(83,230)</u>	<u>(142,790)</u>
<b>Carrying Value:</b>			
Balance at September 30, 2014	<u>34,209</u>	<u>32,356</u>	<u>66,565</u>
Balance at March 31, 2015	<u>30,974</u>	<u>17,911</u>	<u>48,885</u>

**6. Exploration and Evaluation Assets**

	March 31, 2015			September 30, 2014		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Colquipucro	278,289	6,879,672	7,157,961	278,289	6,168,153	6,446,442
Ayawilca	78,352	6,857,053	6,935,405	78,352	5,391,962	5,470,314
Other	<u>-</u>	<u>2,065,269</u>	<u>2,065,269</u>	<u>-</u>	<u>1,805,357</u>	<u>1,805,357</u>
	<u>356,641</u>	<u>15,801,994</u>	<u>16,158,635</u>	<u>356,641</u>	<u>13,365,472</u>	<u>13,722,113</u>

**TINKA RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED MARCH 31, 2015**  
*(Unaudited - Expressed in Canadian Dollars)*

**6. Exploration and Evaluation Assets (continued)**

	Colquipucro \$	Ayawilca \$	Suriloma \$	Other \$	Total \$
<b>Balance at September 30, 2013</b>	<u>5,771,337</u>	<u>3,088,398</u>	<u>-</u>	<u>1,243,275</u>	<u>10,103,010</u>
<b>Exploration costs</b>					
Assays	37,943	63,384	-	-	101,327
Camp costs	55,155	153,534	-	-	208,689
Community relations	15,409	128,273	-	-	143,682
Consulting	2,400	12,447	-	-	14,847
Depreciation	6,026	24,207	-	-	30,233
Drilling	36,461	947,429	-	-	983,890
Environmental	8,037	10,559	-	-	18,596
Exploration site	47,595	174,924	-	-	222,519
Field equipment	14,302	90,774	-	-	105,076
Fuel	17,446	148,800	-	-	166,246
Geological	66,292	181,648	-	-	247,940
Geophysics	-	54,766	-	-	54,766
Salaries	281,513	135,277	-	-	416,790
Transportation	13,061	198,516	-	-	211,577
Travel	2,343	3,010	-	-	5,353
VAT incurred	-	-	-	316,841	316,841
VAT recovery	-	-	-	(17,056)	(17,056)
	<u>603,983</u>	<u>2,327,548</u>	<u>-</u>	<u>299,785</u>	<u>3,231,316</u>
<b>Acquisition costs</b>					
Acquired on Acquisition (Note 4)	-	-	1,877,826	262,297	2,140,123
Concession payments	71,122	54,368	-	-	125,490
	<u>71,122</u>	<u>54,368</u>	<u>1,877,826</u>	<u>262,297</u>	<u>2,265,613</u>
<b>Impairment</b>	<u>-</u>	<u>-</u>	<u>(1,877,826)</u>	<u>-</u>	<u>(1,877,826)</u>
<b>Balance at September 30, 2014</b>	<u>6,446,442</u>	<u>5,470,314</u>	<u>-</u>	<u>1,805,357</u>	<u>13,722,113</u>
<b>Exploration costs</b>					
Assays	16,549	92,511	-	-	109,060
Camp costs	24,327	58,846	-	-	83,173
Community relations	18,076	34,381	-	-	52,457
Consulting	57,389	57,389	-	-	114,778
Depreciation	4,791	10,325	-	-	15,116
Drilling	223,256	494,916	-	-	718,172
Environmental	9,371	8,947	-	-	18,318
Exploration site	29,080	87,503	-	-	116,583
Field equipment	2,848	49,600	-	-	52,448
Fuel	25,818	106,209	-	-	132,027
Geological	31,326	83,733	-	-	115,059
Geophysics	-	104,640	-	-	104,640
Metallurgical test work	-	2,916	-	-	2,916
Salaries	241,274	182,625	-	-	423,899
Transportation	25,045	88,181	-	-	113,226
Travel	2,369	2,369	-	-	4,738
VAT incurred	-	-	-	259,912	259,912
	<u>711,519</u>	<u>1,465,091</u>	<u>-</u>	<u>259,912</u>	<u>2,436,522</u>
<b>Balance at March 31, 2015</b>	<u>7,157,961</u>	<u>6,935,405</u>	<u>-</u>	<u>2,065,269</u>	<u>16,158,635</u>

**TINKA RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED MARCH 31, 2015**  
*(Unaudited - Expressed in Canadian Dollars)*

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**6. Exploration and Evaluation Assets (continued)**

*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 March 31, 2015 the Colquipucro and Ayawilca projects comprise a total of 51 mineral claims 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.

*Suriloma Property*

On completion of the Acquisition, the Company held three option agreements to earn a 100% undivided interest in three mineral claims (the “Suriloma Property”) located in the Department of La Libertad of northern Peru. Pursuant to the option agreements the Company could earn its 100% interest in the Suriloma Property by making option payments totalling US \$800,000. In August 2014 the Company determined to terminate the option agreements and, accordingly, has recorded an impairment charge of \$1,877,826 to exploration and evaluation assets.

*Other*

As at March 31, 2015 the Company also holds 11 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. During fiscal 2014 the Company made application and received a recovery of \$17,056 (2013 - \$nil), which has been credited against capitalized costs. As at March 31, 2015 the Company has total VAT recoverable of \$1,802,972 (September 30, 2014 - \$1,543,060).

**7. 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) *Reconciliation of Changes in Share Capital*

During the six months ended March 31, 2015 the Company did not complete any equity financings. See also Note 12.

During fiscal 2014 the Company completed private placement financings as follows:

- (i) non-brokered private placement financing of 2,769,480 units at a price of \$0.50 per unit for gross proceeds of \$1,384,740. Each unit consisted of one common share of the Company and one-half of one share purchase warrant. Each whole warrant is exercisable to purchase an additional common share at a price of \$0.75 for a period of one year, with 789,740 warrants expiring on October 8, 2014 and 595,000 warrants expiring on November 28, 2014.

**TINKA RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED MARCH 31, 2015**  
*(Unaudited - Expressed in Canadian Dollars)*

**7. Share Capital (continued)**

The Company paid its agents cash commissions totalling \$48,850 and issued 1,500 compensation warrants and 119,000 compensation options. The compensation warrants have the same terms and conditions as the private placement warrants. The compensation options have the same terms and conditions as the private placement units. The fair values of the compensation warrants and the compensation options have been estimated using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 0.99%; expected volatility of 53.40% - 55.25%; an expected life of one year; a dividend yield of 0%; and an expected forfeiture rate of 0%. The values assigned to the compensation warrants and compensation options were \$69 and \$12,039, respectively.

On November 28, 2014 the compensation options expired without exercise.

The Company incurred \$9,208 for legal and filing costs.

As at September 30, 2013 the Company had received \$242,240 on account of the private placement and incurred \$750 share issue costs relating to the private placement; and

- (ii) as part of the Arrangement, the Company agreed to undertake a private placement of 28,834,491 units of the Company at a price of \$0.275 per unit for gross proceeds of \$7,929,485. Each unit was comprised of one common share and one-half of one share purchase warrant, with each whole warrant exercisable to acquire an additional common share at a price of \$0.365 for a period of 24 months from closing.

On May 1, 2014 the Company completed the first tranche of the private placement and issued 1,818,182 units to Sentient for gross proceeds of \$500,000. Concurrently with the closing of the Arrangement, the Company completed the second tranche of the Private Placement financing under which the Company issued a further 27,016,309 units for gross proceeds of \$7,429,485, of which Sentient purchased a further 19,512,727 units.

The Company also issued to a finder 91,000 units, each unit having the same terms as the units issued under the Private Placement. The units were recorded at a fair value of \$25,025. 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 1.09%; expected volatility of 66.86%; an expected life of two 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 \$7,007.

The Company incurred \$83,904 for filing fees and legal costs.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at March 31, 2015 and 2014 and the changes for the six months ended on those dates is as follows:

	2015		2014	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of period	17,713,985	0.48	2,994,133	1.13
Issued on private placements	-	-	1,386,240	0.75
Expired	<u>(2,980,873)</u>	1.01	<u>-</u>	-
Balance, end of period	<u>14,805,112</u>	0.37	<u>4,380,373</u>	1.01

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**7. 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 March 31, 2015:

Number	Exercise Price \$	Expiry Date
342,367	0.77	November 27, 2015
909,091	0.365	May 1, 2016
<u>13,553,654</u>	0.365	July 24, 2016
<u>14,805,112</u>		

The weighted average remaining contractual life of the outstanding warrants at March 31, 2015 was 1.29 years.

(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 six months ended March 31, 2015 the Company granted share options to purchase 350,000 (2014 - 220,000) common shares and recorded compensation expense of \$26,835 (2014 - \$31,396). In addition the Company also recorded share-based compensation of \$36,921 (2014 - \$nil) on the vesting of share options which were previously granted.

The fair value of share options granted and vested during the six months ended March 31, 2015 and 2014 is estimated using the Black-Scholes option pricing model using the following assumptions:

	<u>2015</u>	<u>2014</u>
Risk-free interest rate	1.01% - 1.20%	1.09% - 1.39%
Estimated volatility	66.86% - 74.12%	62.26% - 71.41%
Expected life	3 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 six months ended March 31, 2015 was \$0.18 (2014 - \$0.45) 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.

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**7. Share Capital (continued)**

A summary of the Company's share options at March 31, 2015 and 2014 and the changes for the six months ended on those dates, is as follows:

	2015		2014	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	10,499,500	0.57	6,185,000	0.73
Granted	350,000	0.30	220,000	0.49
Exercised	-	-	(80,000)	0.27
Expired	(1,331,350)	0.63	(685,000)	0.60
Cancelled	(1,813,155)	1.08	-	-
Forfeited	<u>(75,000)</u>	0.30	<u>(25,000)</u>	1.02
Balance, end of period	<u>7,629,995</u>	0.43	<u>5,615,000</u>	0.74

The following table summarizes information about the share options outstanding and exercisable at March 31, 2015:

Number	Exercise Price \$	Expiry Date
49,995	1.375	June 19, 2015
1,555,000	0.50	August 3, 2015
30,000	0.50	September 20, 2015
100,000	0.58	September 28, 2015
370,000	0.30	January 11, 2016
600,000	1.00	January 11, 2016
20,000	0.40	February 20, 2017
2,125,000	0.37	August 5, 2017
2,430,000	0.30	August 5, 2017
<u>350,000</u>	0.30	October 20, 2017
<u>7,629,995</u>		

The weighted average remaining contractual life of the outstanding share options at March 31, 2015 was 1.70 years.

See also Note 12(b).

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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*

The following amounts were incurred with respect to the Company's current and former Chief Executive Officer ("CEO"), former Vice-President of Exploration ("VPE") and Chief Financial Officer ("CFO"):

	<b>Six Months Ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
	\$	\$
Management fees - current CEO	110,000	-
Management fees - former CEO	-	60,000
Professional fees - CFO	15,000	9,000
Professional fees - former VPE	54,000	54,000
Share-based compensation	34,999	-
	<u>213,999</u>	<u>123,000</u>

During the six months ended March 31, 2015 the Company expensed \$133,100 (2014 - \$87,300) of key management compensation to operations and capitalized \$45,900 (2014 - \$35,700) to exploration and evaluation assets.

As at March 31, 2015, \$27,333 (2014 - \$10,500) remained unpaid and has been included in accounts payable and accrued liabilities.

(b) *Transactions with Other Related Parties*

(i) During the six months ended March 31, 2015 the Company incurred \$24,000 (2014 - \$12,000) for professional services provided by non-management directors of the Company.

As at March 31, 2015, \$10,000 (2014 - \$3,000) remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During the six months ended March 31, 2015 the Company incurred a total of \$24,375 (2014 - \$21,800) 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 \$2,010 (2014 - \$2,010) for rent. As at March 31, 2015, \$6,270 (2014 - \$6,470) 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 six months ended March 31, 2015 the Company incurred \$15,938 (2014 - \$8,745) for expenses. As at March 31, 2015, \$2,610 (2014 - \$3,060) 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 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.

	<b>March 31, 2015</b>		
	<b>Corporate Canada \$</b>	<b>Mineral Operations Peru \$</b>	<b>Total \$</b>
Current assets	2,619,658	183,322	2,802,980
Exploration and evaluation assets	-	16,158,635	16,158,635
Property, plant and equipment	<u>3,554</u>	<u>45,331</u>	<u>48,885</u>
	<u>2,623,212</u>	<u>16,387,288</u>	<u>19,010,500</u>
	<b>September 30, 2014</b>		
	<b>Corporate Canada \$</b>	<b>Mineral Operations Peru \$</b>	<b>Total \$</b>
Current assets	5,785,666	124,649	5,910,315
Exploration and evaluation assets	-	13,722,113	13,722,113
Property, plant and equipment	<u>941</u>	<u>65,624</u>	<u>66,565</u>
	<u>5,786,607</u>	<u>13,912,386</u>	<u>19,698,993</u>

**10. Financial Instruments and Risk Management**

***Categories of Financial Assets and Financial Liabilities***

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

<b>Financial Instrument</b>	<b>Category</b>	<b>March 31, 2015 \$</b>	<b>September 30, 2014 \$</b>
Cash	FVTPL	2,721,467	5,838,547
Amounts receivable	Loans and receivables	12,524	7,503
Accounts payable and accrued liabilities	Other liabilities	(302,653)	(420,104)

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.



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**10. 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.

	<b>Contractual Maturity Analysis at March 31, 2015</b>				
	<b>Less than 3 Months \$</b>	<b>3 - 12 Months \$</b>	<b>1 - 5 Years \$</b>	<b>Over 5 Years \$</b>	<b>Total \$</b>
Cash	2,721,467	-	-	-	2,721,467
Amounts receivable	12,524	-	-	-	12,524
Accounts payable and accrued liabilities	(302,653)	-	-	-	(302,653)
	<b>Contractual Maturity Analysis at September 30, 2014</b>				
	<b>Less than 3 Months \$</b>	<b>3 - 12 Months \$</b>	<b>1 - 5 Years \$</b>	<b>Over 5 Years \$</b>	<b>Total \$</b>
Cash	5,838,547	-	-	-	5,838,547
Amounts receivable	7,503	-	-	-	7,503
Accounts payable and accrued liabilities	(420,104)	-	-	-	(420,104)

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**10. 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 has not entered into any agreements or purchased any instruments to hedge possible currency risks. At March 31, 2015, 1 Canadian Dollar was equal to 2.45 Peruvian Nuevo Soles.

Balances are as follows:

	Peruvian Nuevo Soles	CDN \$ Equivalent
Cash	298,883	122,184
Amounts receivable	30,637	12,524
Accounts payable and accrued liabilities	<u>(471,481)</u>	<u>(192,742)</u>
	<u>(141,961)</u>	<u>(58,034)</u>

Based on the net exposures as of March 31, 2015 and, assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Peruvian Nuevo Soles would result in an increase or decrease of approximately \$5,500.

*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.

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**11. Supplemental Cash Flow Information**

Non-cash activities conducted by the Company during the six months ended March 31, 2015 and 2014, are as follows:

	2015 \$	2014 \$
Operating activities		
Depreciation	15,116	15,116
Increase (decrease) in accounts payable and accrued liabilities	<u>33,537</u>	<u>(64,650)</u>
	<u>48,653</u>	<u>(49,534)</u>
Investing activity		
Exploration and evaluation assets expenditures	<u>(48,653)</u>	<u>49,534</u>
Financing activities		
Transfer on exercise of share options	-	16,837
Share-based payment reserves	-	(4,729)
Share issue costs	<u>-</u>	<u>(12,108)</u>
	<u>-</u>	<u>-</u>

**12. Events after the Reporting Period**

- (a) In May 2015 the Company completed a private placement financing consisting of 33,737,093 units at a price of \$0.215 per unit for gross proceeds of \$7,253,475. Each unit is 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.

- (b) On April 20, 2015 the Company granted share options to an officer of the Company to purchase up to 390,000 common shares of the Company at an exercise price of \$0.30 per share, expiring April 20, 2018.