TINKA RESOURCES LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
MARCH 31, 2013

(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 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.

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

	Note	March 31, 2013 $	September 30, 2012 $
ASSETS			
Current assets			
Cash		1,567,106	2,220,006
Amounts receivable	5	21,383	11,520
Prepaid expenses		25,489	27,272
Total current assets		1,613,978	2,258,798
Non-current assets			
Property, plant and equipment	6	79,415	65,958
Exploration and evaluation assets	7	8,049,297	5,469,838
Total non-current assets		8,128,712	5,535,796
TOTAL ASSETS		9,742,690	7,794,594
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		212,070	123,650
TOTAL LIABILITIES		212,070	123,650
SHAREHOLDERS' EQUITY			
Share capital	8	19,501,545	16,609,518
Share-based payments reserve		3,216,985	2,153,851
Deficit		(13,187,910)	(11,092,425)
TOTAL SHAREHOLDERS' EQUITY		9,530,620	7,670,944
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9,742,690	7,794,594

Events after the Reporting Period - see Note 13

These unaudited condensed consolidated interim financial statements were approved for issue by the Board of Directors on May 16, 2013 and are signed on its behalf by:

/s/ Andrew Carter	*/s/ Nick DeMare*
Andrew Carter	Nick DeMare
Director	Director

The accompanying notes are an integral part of these unaudited 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 2013 $	Three Months Ended March 31 2012 $	Six Months Ended March 31 2013 $	Six Months Ended March 31 2012 $
Expenses					
Accounting and administration		13,752	14,553	24,743	20,116
Audit		8,987	-	43,911	31,956
Consulting		26,710	7,460	43,426	13,747
Depreciation		228	393	457	786
Corporate development		27,862	13,012	55,587	23,688
General exploration		33,364	24,370	55,065	43,514
Investment conferences		4,514	1,386	14,104	16,879
Investor relations		17,500	17,000	38,500	26,000
Legal		41,449	11,527	45,907	17,906
Management fees		30,000	24,000	60,000	48,000
Office		24,062	23,024	55,447	28,499
Regulatory		6,690	4,315	9,671	5,840
Rent		11,154	7,491	22,090	17,790
Salaries, wages and benefits		49,815	29,354	96,971	68,055
Shareholder costs		6,521	4,558	8,734	7,048
Share-based compensation	8(d)	1,367,499	562,558	1,411,921	562,558
Transfer agent		4,024	2,695	5,556	3,854
Travel and related		56,879	16,543	109,044	18,233
		1,731,010	764,239	2,101,134	954,469
Loss before other items		(1,731,010)	(764,239)	(2,101,134)	(954,469)
Other items					
Interest income		5,047	5,500	8,108	14,592
Foreign exchange loss		(23,320)	(21,447)	(15,254)	(42,140)
Other income		12,795	-	12,795	-
Write-off exploration and evaluation assets	7	-	(733,903)	-	(733,903)
		(5,478)	(749,850)	5,649	(761,451)
Net loss and comprehensive loss for the period		(1,736,488)	(1,514,089)	(2,095,485)	(1,715,920)
Loss per share - basic and diluted		$(0.02)	$(0.03)	$(0.03)	$(0.03)
Weighted average number of common shares outstanding - basic and diluted		74,730,977	67,413,429	72,808,817	66,755,678

The accompanying notes are an integral part of these unaudited 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, 2013				
	Share Capital				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance at September 30, 2012	70,422,899	16,609,518	2,153,851	(11,092,425)	7,670,944
Common shares issued for cash:				-	
- private placement	3,000,000	2,250,000	-	-	2,250,000
- exercise of share options	1,612,000	424,190	-	-	424,190
- exercise of warrants	28,500	28,500	-	-	28,500
Share issue costs	-	(207,950)	48,500	-	(159,450)
Share-based compensation	-	-	1,411,921	-	1,411,921
Transfer on exercise of share options	-	397,287	(397,287)	-	-
Net loss	-	-	-	(2,095,485)	(2,095,485)
Balance at March 31, 2013	75,063,399	19,501,545	3,216,985	(13,187,910)	9,530,620

	Six Months Ended March 31, 2012				
	Share Capital				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance at September 30, 2011	66,010,511	14,836,393	1,234,833	(8,397,089)	7,674,137
Common shares issued for cash:					
- exercise of share options	1,250,000	144,500	-	-	144,500
- exercise of warrants	515,000	257,500	-	-	257,500
- exercise of Agent's Options Units	405,936	142,078	-	-	142,078
Share-based compensation	-	-	562,558	-	562,558
Transfer on exercise of share options	-	94,116	(94,116)	-	-
Transfer on exercise of Agent's Options Units	-	50,903	(50,903)	-	-
Net loss	-	-	-	(1,715,920)	(1,715,920)
Balance at March 31, 2012	68,181,447	15,525,490	1,652,372	(10,113,009)	7,064,853

The accompanying notes are an integral part of these unaudited 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,	
	2013 $	2012 $
Operating activities		
Net loss for the period	(2,095,485)	(1,715,920)
Adjustments for:		
Depreciation	457	786
Share-based compensation	1,411,921	562,558
Write-off of exploration and evaluation assets	-	733,903
	(683,107)	(418,673)
Changes in non-cash working capital items:		
Increase in amounts receivable	(9,863)	(29,737)
Decrease in prepaid expenses	1,783	19,118
Increase in accounts payable and accrued liabilities	39,945	28,183
	31,865	17,564
Net cash used in operating activities	(651,242)	(401,109)
Investing activities		
Expenditures on exploration and evaluation assets	(2,516,234)	(1,951,800)
Purchase of property, plant and equipment	(28,664)	(44,739)
Net cash used in investing activities	(2,544,898)	(1,996,539)
Financing activities		
Issuance of common shares	2,702,690	544,078
Share issue costs	(159,450)	-
Net cash generated from financing activities	2,543,240	544,078
Net change in cash	(652,900)	(1,853,570)
Cash at beginning of period	2,220,006	4,475,807
Cash at end of period	1,567,106	2,622,237
Cash comprises:		
Cash on hand	1,567,106	909,022
Demand deposits	-	1,713,215
	1,567,106	2,622,237

Supplemental cash flow information - See Note 12

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

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 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, 2013 the Company had cash of $1,567,106 and working capital in the amount of $1,401,908. 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 will require additional equity financing to maintain its core operations and planned exploration programs on its existing mineral resource interests for the next twelve months. In addition, the Company recognizes that exploration expenditures may change with ongoing results. 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. The condensed consolidated interim financial statements do not reflect any adjustments related to conditions that occurred subsequent to March 31, 2013.

See also Note 13.

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, 2012, 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, 2012.

Basis of Presentation

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

(Unaudited - Expressed in Canadian Dollars)

3. Significant Accounting Policies

The preparation of financial data is based on accounting principles and practices consistent with those to be used in the preparation of the audited annual consolidated financial statements as at September 30, 2012. The accompanying unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2012.

4. Subsidiary

As at March 31, 2013 and September 30, 2012 the Company had one wholly-owned subsidiary,Tinka Resources S.A.C. (Peru), located in Peru.

5. Amounts Receivable

	March 31, 2013 $	September 30, 2012 $
HST / GST receivable	20,520	10,535
Other	863	985
	21,383	11,520

6. Property, Plant and Equipment

Cost:	Office Furniture and Equipment $	Vehicles $	Total $
Balance at September 30, 2011	44,055	111,903	155,958
Additions	21,264	847	22,111
Balance at September 30, 2012	65,319	112,750	178,069
Additions	-	28,664	28,664
Disposals	-	(51,590)	(51,590)
Balance at March 31, 2013	65,319	89,824	155,143
Accumulated Depreciation:			
Balance at September 30, 2011	(27,216)	(59,061)	(86,277)
Depreciation	(10,650)	(15,184)	(25,834)
Balance at September 30, 2012	(37,866)	(74,245)	(112,111)
Depreciation	(3,979)	(11,228)	(15,207)
Disposals	-	51,590	51,590
Balance at March 31, 2013	(41,845)	(33,883)	(75,728)
Carrying Value:			
Balance at September 30, 2012	27,453	38,505	65,958
Balance at March 31, 2013	23,474	55,941	79,415

(Unaudited - Expressed in Canadian Dollars)

7. Exploration and Evaluation Assets

	Peru			
	Colquipucro $	**Tibillos $**	**Other $**	**Total $**
Balance at September 30, 2011	2,393,802	259,783	446,704	3,100,289
Exploration costs				
Assays	77,214	4,605	-	81,819
Camp costs	111,280	16,718	-	127,998
Community relations	72,791	2,312	-	75,103
Consulting	19,006	19,676	-	38,682
Depreciation of property, plant and equipment	24,293	-	-	24,293
Drilling	727,829	212,689	-	940,518
Exploration site	201,890	38,386	-	240,276
Field equipment	116,282	26,151	-	142,433
Fuel	110,374	12,778	-	123,152
Geological	205,766	32,751	-	238,517
Geophysics	7,032	-	-	7,032
Salaries	432,300	44,485	-	476,785
Transportation	140,803	34,249	-	175,052
Travel	15,196	9,320	-	24,516
VAT	-	-	302,404	302,404
	2,262,056	454,120	302,404	3,018,580
Acquisition costs				
Surface right payments	64,872	20,000	-	84,872
Impairment	-	(733,903)	-	(733,903)
Balance at September 30, 2012	4,720,730	-	749,108	5,469,838
Exploration costs				
Assays	72,433	-	-	72,433
Camp costs	114,597	-	-	114,597
Community relations	52,050	-	-	52,050
Consulting	3,205	-	-	3,205
Depreciation of property, plant and equipment	14,750	-	-	14,750
Drilling	958,923	-	-	958,923
Exploration site	128,785	-	-	128,785
Field equipment	128,819	-	-	128,819
Fuel	127,152	-	-	127,152
Geological	213,256	-	-	213,256
Salaries	248,144	-	-	248,144
Transportation	211,974	-	-	211,974
Travel	4,736	-	-	4,736
VAT	-	-	289,156	289,156
	2,278,824	-	289,156	2,567,980
Acquisition costs				
Surface right payments	11,479	-	-	11,479
Balance at March 31, 2013	7,011,033	-	1,038,264	8,049,297

Colquipucro Project

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, 2013 the Company holds 46 mineral claims (the "Colquipucro Project") in the Province of Daniel Alcides Carrion, Peru.

7. Exploration and Evaluation Assets (continued)

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 successful feasibility study is prepared on the Colquipucro Project. Sierra also retains a right to a 1% net smelter return royalty ("NSR") from any production from the Colquipucro Project. The NSR can be purchased at any time for US $1,000,000.

Tibillos Project

On March 8, 2010 the Company entered into an option agreement to purchase up to a 100% interest in the Anita de Tibillos project ("Tibillos Project") located south of Lima, Peru. The Company had the right to acquire an initial 75% interest in the Tibillos Project by making cash payments totalling US $600,000 over a period of five years. Upon earning the 75% interest the Company had the right to purchase the remaining 25% interest in the Tibillos Project by making cash payments of US $500,000 over a further five year period.

The Company also staked concessions surrounding the Tibillos Project.

During fiscal 2012 the Company determined to terminate the option agreement and, accordingly, an impairment charge of $733,903 was made to acquisition and exploration costs.

Other

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. The VAT is not currently refundable to the Company but can be used in the future to offset amounts due to Peruvian taxation authorities by the Company resulting from VAT charged on future sales

8. Share Capital

(a) *Authorized Share Capital*

As at March 31, 2013 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, 2013 the Company completed a private placement financing of 3,000,000 units at $0.75 per unit for gross proceeds of $2,250,000. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant is exercisable at a price of $1.00 per common share expiring December 21, 2013. The Company paid the agent a commission of $146,850 cash and issued 235,000 compensation options. The compensation options entitles the agent to purchase 235,000 units at an exercise price of $0.75 per unit, expiring December 21, 2013. The exercise price and term of the underlying warrants to the units issuable upon the exercise of the compensation options are the same as the warrants issued under the private placement. The $48,500 fair value assigned to the compensation options has been estimated using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 1.04%; expected volatility of 69.40%; an expected life of one year; a dividend yield of 0%; and an expected forfeiture rate of 0%.

The 235,000 compensation options remained outstanding at March 31, 2013.

The Company incurred $12,600 for filing costs.

(Unaudited - Expressed in Canadian Dollars)

8. Share Capital (continued)

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at March 31, 2013 and 2012 and the changes for the six months ended on those dates is as follows:

	2013		2012	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of period	-	-	7,950,000	0.50
Granted	1,500,000	1.00	405,936	0.50
Exercised	(28,500)	1.00	(515,000)	0.50
Balance, end of period	1,471,500		7,840,936	0.50

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at March 31, 2013:

Number	Exercise Price $	Expiry Date
1,471,500	1.00	December 21, 2013

(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, 2013 the Company granted share options to purchase 3,040,000 (2012 - 1,550,000) common shares and recorded compensation expense of $1,372,338 (2012 - $562,558). In addition the Company also recorded share-based compensation of $39,583 (2012 - $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, 2013 and 2012 is estimated using the Black-Scholes option pricing model using the following assumptions:

	2013	2012
Risk-free interest rate	1.10% - 1.28%	0.98% - 1.05%
Estimated volatility	48.96% - 95.23%	107.33% - 133.47%
Expected life	1.5 years - 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, 2013 was $0.52 (2012 - $0.36) 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.

(Unaudited - Expressed in Canadian Dollars)

8. Share Capital (continued)

A summary of the Company's share options at March 31, 2013 and 2012 and the changes for the six months ended on those dates, is as follows:

	2013		2012	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of period	5,080,000	0.43	3,250,000	0.21
Granted	3,040,000	1.01	1,550,000	0.52
Exercised	(1,612,000)	0.25	(1,250,000)	0.12
Balance, end of period	6,508,000	0.74	3,550,000	0.38

The following table summarizes information about the share options outstanding and exercisable at March 31, 2013:

Number Outstanding	Number Exercisable	Exercise Price $	Expiry Date
80,000	80,000	0.27	January 28, 2014
23,000	23,000	0.27	February 7, 2014
510,000	510,000	0.45	March 3, 2014
400,000	25,000	1.02	August 1, 2014
1,170,000	1,170,000	0.55	January 26, 2015
1,555,000	1,555,000	0.50	August 3, 2015
30,000	30,000	0.50	September 20, 2015
100,000	100,000	0.58	September 28, 2015
20,000	20,000	0.72	November 23, 2015
2,120,000	2,120,000	1.00	January 11, 2016
400,000	400,000	1.10	January 11, 2016
100,000	-	1.02	February 1, 2016
6,508,000	6,033,000		

(e) See also Note 13.

(Unaudited - Expressed in Canadian Dollars)

9. 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, 2013 and 2012 the following amounts were incurred with respect to the Company's Chief Executive Officer and Chief Financial Officer ("CFO"):

	2013 $	2012 $
Management fees	60,000	48,000
Professional fees	6,000	3,000
Share-based compensation	478,388	249,274
	544,388	300,274

As at March 31, 2013, $3,000 (2012 - $500) remained unpaid and has been included in accounts payable and accrued liabilities.

(b) *Transactions with Other Related Parties*

During the six months ended March 31, 2013 and 2012 the following amounts were incurred with respect to other officers and directors:

	2013 $	2012 $
Professional fees	36,000	6,000
Share-based compensation	589,388	205,923
	625,388	211,923

The Company has expensed $18,200 (2012 - $6,000) professional fees to operations and capitalized $17,800 (2012 - $nil) professional fees to exploration and evaluation assets.

In addition, during the six months ended March 31, 2013 the Company incurred a total of $23,000 (2012 - $19,100) 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 for rent.

As at March 31, 2013, $27,700 (2012 - $12,797) remained unpaid and has been included in accounts payable and accrued liabilities.

(c) During the six months ended March 31, 2013 the Company reimbursed $9,026 (2012 - $nil) to a public company with certain common directors for shared office and other costs.

As at March 31, 2013, $2,270 (2012 - $nil) remained unpaid and has been included in accounts payable and accrued liabilities.

(Unaudited - Expressed in Canadian Dollars)

10. 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. As at March 31, 2013 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.

	As at March 31, 2013		
	Corporate Canada $	Mineral Operations Peru $	Total $
Current assets	1,411,369	202,609	1,613,978
Exploration and evaluation assets	-	8,049,297	8,049,297
Property, plant and equipment	1,978	77,437	79,415
	1,413,347	8,329,343	9,742,690

	As at September 30, 2012		
	Corporate Canada $	Mineral Operations Peru $	Total $
Current assets	2,020,452	238,346	2,258,798
Exploration and evaluation assets	-	5,469,838	5,469,838
Property, plant and equipment	2,435	63,523	65,958
	2,022,887	5,771,707	7,794,594

11. 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:

Financial Instrument	Category	March 31, 2013 $	September 30, 2012 $
Cash	FVTPL	1,567,106	2,220,006
Amounts receivable	Loans and receivables	21,383	11,520
Accounts payable and accrued liabilities	Other liabilities	(212,070)	(123,650)

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.

(Unaudited - Expressed in Canadian Dollars)

11. **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 cash, 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 March 31, 2013				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	1,567,106	-	-	-	1,567,106
Amounts receivable	21,383	-	-	-	21,383
Accounts payable and accrued liabilities	(212,070)	-	-	-	(212,070)

	Contractual Maturity Analysis at September 30, 2012				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	2,220,006	-	-	-	2,220,006
Amounts receivable	11,520	-	-	-	11,520
Accounts payable and accrued liabilities	(123,650)	-	-	-	(123,650)

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.

11. 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 Neuvo Sols 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, 2013, 1 Canadian Dollar was equal to 2.55 Peruvian Nuevo Sols.

Balances are as follows:

	Peruvian Nuevo Sols	**CDN $ Equivalent**
Cash	500,247	196,507
Accounts payable and accrued liabilities	(363,206)	(142,674)
	137,041	53,833

Based on the net exposures as of March 31, 2013 and, assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Peruvian Nuevo Sol would result in an increase or decrease of approximately $5,383.

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)

12. Supplemental Cash Flow Information

Non-cash activities conducted by the Company during the six months ended March 31, 2013 and 2012, are as follows:

	2013 $	2012 $
Operating activities		
Depreciation	14,750	13,408
Increase in accounts payable and accrued liabilities	48,475	49,108
	63,225	62,516
Investing activity		
Expenditures on exploration and evaluation assets	(63,225)	(62,516)
Financing activities		
Transfer on exercise of share options	397,287	-
Share-based payment reserves	(348,787)	-
Share issue costs	(48,500)	-
	-	-

13. Events after the Reporting Period

Subsequent to March 31, 2013 the Company:

(i) completed a private placement financing (the "Financing") of 3,030,265 units at a price of $0.85 per unit for gross proceeds of $2,575,725. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $1.25 per common share for a period of eighteen months.

Richardson GMP Limited ("RGMP") acted as agent on a portion of the Financing placing 1,947,500 units. In consideration for RGMP's services, the Company paid a cash fee of $165,538 and issued 194,750 compensation options. Each compensation option entitles the holder to purchase one unit of the Company under the same terms as the units issued under the Financing. In addition, the Company paid a finder a cash commission of $6,375 and issued 7,500 finder warrants, each finder warrant having the same terms and conditions as the warrants issued under the Financing; and

(ii) issued 23,000 common shares of the Company for $6,210 on the exercise of share options.