

# TINKA RESOURCES LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED DECEMBER 31, 2013

This discussion and analysis of financial position and results of operation is prepared as at February 24, 2014 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and the accompanying notes for the three months ended December 31, 2013 of Tinka Resources Limited (the "Company" or "Tinka"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars.

### **Forward-Looking Statements**

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated exploration programs and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to identify one or more economic deposits on its properties, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via [www.sedar.com](http://www.sedar.com) and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.

### **Company Overview**

The Company is a junior mineral exploration company engaged in the acquisition and exploration of precious and base metals on mineral properties located in Peru with the aim of developing them to a stage where they can be exploited at a profit or to arrange joint ventures whereby other companies provide funding for development and exploitation. As of the date of this MD&A, the Company has not earned any production revenue, nor found any proven reserves on any of its properties. The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange ("TSXV") as a Tier II issuer, under the symbol "TK" and on the Frankfurt Exchange under the symbol "TLD".

### **Exploration Projects, Peru**

The Company has staked 46 claims covering 9,827 hectares in the Department of Pasco approximately 190 km NE of Lima and 40 km NW of Cerro de Pasco; a 47<sup>th</sup> claim, covering 400 hectares, is under application. The Colquipucro mining district lies some 40 km northwest of the famed Cerro de Pasco and Colquijirca lead-zinc-copper mines, 28 km ENE of the Raura mine, a copper-lead-zinc-silver deposit mined since 1958 and 25 km NE of Buenaventura's high grade, 150 million oz Uchucchacua silver mine.

### ***Colquipucro Project***

Preliminary reconnaissance exploration by the Company in 2006 included mapping and sampling of accessible underground workings. Results of systematic sampling between previously exploited high grade silver veins that

occupy east-west trending, northerly dipping faults at Zone 1 (“Colquipucro”) demonstrated the potential for a bulk-tonnage silver deposit. Narrow, sub-vertical fractures occur in the host rock between adjacent fault structures and are also mineralized. The host rock is a thinly banded sandstone belonging to the lower Cretaceous Goyllarisquisga (“Gollyar”) Group. The sandstone sits unconformably above sedimentary breccias, greywacke, limestone and siltstone of the lower Cretaceous Oyon Formation which in turn overlies either limestones and dolostones of the Jurassic Purará Group or phyllites of the Devonian Excelsior Group. The Purará Group is host to the famous Cerro de Pasco mine located about 40 km southeast from here.

Five surface channels were cut with a diamond saw along lines spaced 100 m apart and sampled between late 2006 and early 2007; this was followed by a 2,670 m, 15-hole diamond drilling program conducted in 2007. From the results of these 15 drill holes, 5 surface trenches and 2 underground workings, an NI 43-101 compliant, *inferred resource* of 5,669,853 tonnes grading 111.4 g/t Ag was estimated using 30 g/t Ag as a cut-off value. This equates to an average grade of 3.25 troy oz Ag/short ton and a contained metal content of 20,311,120 troy ounces of Ag.

#### 2008 Silver Resources, Colquipucro

Category	Ag Cut-off (g/t)	Tonnes	Avg. Grade Ag (g/t)	Troy Ounces Ag/Short Ton	Contained Troy Ounces
Inferred	30	5,669,853	111.4	3.25	20,311,120

An induced polarization (“IP”) and resistivity survey, consisting of 10 survey lines and totaling 8 line-kilometers, was completed in December, 2006 over the main zone and surrounding areas to help define drill targets. Stronger chargeability anomalies occur along the western part of the survey area, and several appear to coincide with elevated Ag, Pb, Zn and Cu values found in the trenches.

Limited exploration was conducted between September, 2008 and December, 2010. During February, 2009 a review of the project was undertaken, and it concluded that significant silver mineralization at Colquipucro is controlled by the complicated main regional fault and that future exploration must be directed at testing this 12 km long structural trend within the Company’s permit area. It recommended a work program prior to drilling consisting of: metallurgical testing of Colquipucro drill core, petrographic analysis, detailed aerial photograph interpretation and detailed follow-up mapping and sampling of the Ayawilca zone and any further targets.

Initial metallurgical test work was undertaken during April 2009 and produced positive results. Highlights from this work include:

- Silver recovery ranged from 90 to 97% with cyanide consumptions of 3.5 to 8.0 kg/t after leaching for 72 hours.
- Silver leaching kinetics was extremely fast for both composites.
- Although reagent consumption was moderate to high the leaching time was extremely rapid, suggesting further test work may allow cyanide consumption to be reduced with only a small loss in recoverable silver.

A detailed structural mapping program was conducted in August 2009 to further understand the controls of the mineralization at both Colquipucro and Ayawilca zones.

Ten more holes, totalling 1,763 m, were drilled at Colquipucro during 2011-2012. The objective was to explore the potential northern extension of the known resource area documented in the NI 43-101 report of 2008. A subsequent NI 43-101 report, commissioned in 2012, documents updated *inferred resources* of 13,946,002 tonnes grading 72.98 g/t (2.13 oz/t) silver, using a 15 g/t cut-off, and 8,441,911 tonnes grading 108.95 g/t (3.18 oz/t) silver, using a 30 g/t cut-off were estimated. This equates to 32,724,441 and 29,571,802 contained ounces of silver, respectively.

## 2012 Silver Resources, Colquipucro Project

Cut-off	15 g/t Ag	15 g/t Ag	15 g/t Ag	30 g/t Ag	30 g/t Ag	30 g/t Ag
Category	Tonnes	Average Grade: g/t (oz)	Contained Oz.	Tonnes	Average Grade: g/t (oz)	Contained Oz.
Sandstone	8,423,384	75.82 (2.21)	20,532,198	5,423,756	112.04 (3.27)	19,536,758
Lower Units	5,522,618	68.67 (2.00)	12,192,243	3,018,155	103.42 (3.02)	10,035,044
Global	13,946,002	72.98 (2.13)	32,724,441	8,441,911	108.95 (3.18)	29,571,802

Four sets of drill core samples were tested by bottle roll and vat leach simulation in 2012; nominal head grades of 30, 60, 90 and 120 g/t Ag were selected. The bottle roll tests yielded recoveries from about 32% to 84% Ag, and the vat leach tests ranged from about 13% to 71% recovery, respectively, after 72 hours. The preliminary tests conducted in 2009 were done on higher grade material, and the cyanide concentration used was also somewhat stronger.

A comprehensive mineralogical study was conducted on concentrates produced from sections of drill holes CDD 6 and CDD 13 at Uppsala University, Uppsala, Sweden using qualitative x-ray diffraction (XRD) and microprobe analysis. The most common silver mineral identified was a silver-sulphide, very likely argentite or acanthite. A silver sulphosalt of undetermined composition was also noted. Pyrite, arsenopyrite and zircon are common minerals identified in the concentrates.

In December, 2012 the Company signed an agreement with the Pillao community providing surface access for the Colquipucro project. The agreement grants the Company access for all exploration activities, including drilling, for the next thirty months.

Detailed mapping north of Colquipucro in 2012 resulted in the discovery of a new area called the “north zone” immediately northwest of the resource area. Surface channel sampling of highly fractured and oxidized sandstones. A contiguous 16 m section averaged just over 20 g/t Ag and a 22 m interval averaged just under 1,000 ppm lead. These are considered significant results as the surface outcrops would be leached and not reflecting the actual metal content at depth.

Drilling resumed in the second week of January, 2013, and a further 10 holes were drilled. The objective was to improve the drilling density in certain areas along the existing sections and to start infill drilling along sections 50 m apart (the current sections are 100 m apart) in order to upgrade the resource classification from the *inferred* to the *indicated* category. The best intercepts from the first two holes included 18.7 m @ 165 g/t Ag (including 8 m @ 298 g/t Ag) and 12 m @ 3.34% Zn, and 8 m @ 206.3 g/t Ag. During May, the results of a further 3 holes were released with the best intercepts being 60 m @ 109 g/t Ag, 10 m @ 232 g/t Ag and 59.7 m @ 83 g/t Ag. Results from the last holes drilled at Colquipucro were announced in September; best results included 44 metres @ 65 g/t Ag and 21 metres @ 76 g/t Ag.

The Company is applying for an amendment to the current drill permit to include platforms to test the “north zone” surface mineralized area that is contiguous with the resource zone and to test a geophysical (IP) anomaly along the southern boundary of the project area.

### ***Aywilca Project***

The Aywilca zone is located about 1.5 km south of Colquipucro. Numerous small workings exist here along narrow faults, also hosted by sandstone and siltstone of the Gollyar Group. The showings are oxidized and yielded highly anomalous zinc and lead values with lesser amounts of silver.

Soil sampling and IP surveys were extended southward from Colquipucro to cover both the Aywilca zone showings and a series of long fault structures that trend easterly from the showings. An east-west baseline was established along the valley floor just south of the Colquipucro deposit in November, 2007. The baseline and four southerly trending lines were sampled southwards from the baseline; a total of 362 soil samples were collected. Encouraging soil geochemical anomalies of Ag, Zn and Pb seem to correlate with these structures.

A second, more extensive soil survey was completed shortly thereafter along 7 more north-south lines for a total of 558 samples collected. Numerous anomalous areas, mostly in zinc and lead, occur along the baseline in the valley bottom, and coincident with the large east-west trending faults/fractures extending easterly from the Ayawilca showings.

An application for 8 drill platforms, spaced at 2 platforms per section along lines 200 m apart, was granted in 2008; the objective was to eventually test the large east-west trending structures which underlie the coincidental soil geochemical anomalies east of the Ayawilca showings.

The initial IP survey done in 2010 was along the western portion of the Ayawilca zone, largely coincidental with and overlapping the first soil survey lines. Eight pole-dipole traverse lines were completed for a total of 14.1 line-km; the pole-dipole method was used with a 25 m dipole separation. Large, irregular zones of high chargeability and low resistivity were discovered starting at around 150 m depth.

During the first week of February 2011, the Company was granted a modification to the existing 50-hole diamond drill permit for a further 8 holes to test the Ayawilca zone. The first of two holes to test the western side of Ayawilca was collared on May 21, 2011. The objective of this drilling program was to explore for a near-surface, bulk tonnage silver resource similar to Colquipucro. This program was not successful in its objective, but a few isolated intervals of zinc mineralization were intersected. Hole DDH-69 intercepted 2 m @ 13.56% Zn, and hole DDH-71 intercepted 8 m @ 15.94% Zn.

Following this shallow drilling phase, a deeper hole (DDH-53) was drilled in November, 2011, targeting the large east-west structures at depth. Massive and semi-massive sulphides, dominated by pyrite and sphalerite, were encountered in the same sedimentary breccia, greywacke and siltstone found below the sandstones at Colquipucro, but here the sulphides are not oxidized. These sediments have been determined to belong to the Oyon Formation. Hole DDH-53 returned values of up to 30 m @ 3.49% Zn, 10 m @ 4.52% Zn and 2 m @ 10.0% Zn; the mineralization remains open at depth in this hole.

Re-examination of the 2010 IP survey showed that hole DDH-53 penetrated a portion of the chargeability anomaly, and that all the shallows holes did not. Following the discovery of massive sulphide mineralization at depth, a second IP survey was conducted during February 2012, east and south of the 2010 survey area. A total of 13.525 line-kilometres were surveyed but with a 50 m dipole spacing instead of a 25 m spacing. Chargeability anomalies now spanned a distance over 1,200 m east-west beneath the network of dominantly east-west fault fractures that overly them.

Drilling continued until Easter in 2012 when a further 4 holes were completed: DDH-52B and A12-01 to A12-03. Hole DDH-52B returned results of up to 8 m @ 5.4% Zn, including 10.4 m @ 7.1% Zn. The other holes, located along a section 250 m further east, yielded broad but weaker zones of mineralization.

Exploration ceased after Easter when the community of Yanacocha, in which the Ayawilca project is situated, interrupted activities pending a working agreement between the community and the Company. At the end of July 2012, the Company signed a surface access agreement with the Yanacocha community. The agreement grants the Company access for all exploration activities including drilling for the next thirty months. This is a positive decision by the community, and the Company continues to work with them, not only in the development of the Ayawilca project, but in the development of sustainable projects and social programs for the community as a whole.

In September, 2012, drilling resumed at Ayawilca. During November 2012, results from hole A12-04A were released with a significant interval of 20 m @ 7.1% Zn, including 14 m @ 9.6% Zn. Drilling continued up to the 2012 Christmas break, completing a total of 10 holes for the year. The most significant results came from hole A12-08 which yielded 70 m @ 4.8% Zn (including 19 m @ 9.0% Zn) and 18.5 m @ 6.6% Zn. Hole A12-09 yielded results of up to 13.5 m @ 4.5% Zn. Up to the end of 2012, ten of the twelve holes intercepted either semi-massive or massive sulphides consisting of pyrite, pyrrhotite and sphalerite with lesser galena, chalcopyrite and arsenopyrite. Several intervals of massive sulphide were intercepted, ranging from a few metres to 10's of metres in thickness, interspersed with zones of semi-massive and disseminated sulphides. The mineralized zones contain hematite and magnetite with siderite (an iron carbonate) and argillic alteration. Surrounding the mineralization is a wide envelope of propylitic alteration dominated by chlorite.

A third IP survey was performed at Ayawilca early in 2013. This survey lies east of the 2012 survey area and comprises 9.3 line-kilometres along 5 north-south trending lines. Very strong chargeability anomalies were discovered east of and contiguous with the strong anomalies found along the eastern edge of the 2012 survey. The extent of the chargeability (IP) anomalies now spans a distance of about 1,700 m east-west. In addition, the entire survey area since 2010 was tested with a ground magnetic survey, and the entire IP and surface resistivity data from the 2010 through 2013 surveys was compiled and modeled using 3-D inversion methods. The magnetic survey defined several large anomalies, one of which has been confirmed to be caused by massive pyrrhotite bodies. Some magnetite occurs with the zinc mineralization near to the pyrrhotite bodies, but its influence on these anomalies is probably minor. Recent drilling along the edge of another large magnetic anomaly has found magnetite associated with sphalerite (zinc) mineralization, and this anomaly remains open for several hundred metres to the east.

IP surveying was done along another zone north of Colquipucro called Chaucha. Strong chargeability conductors were found here, but the source seems to be disseminated pyrite associated with orogenic quartz in metamorphic rocks of the Devonian Excelsior Group that comprises the basement rocks that underlie both the Colquipucro and Ayawilca deposits.

Drilling at Ayawilca resumed during the second week of January 2013 and continued to test a series of large 3-D inversion, IP anomalies that span a distance of 1,700 metres east-west; the anomalies remain open to the east. The Company has filed an amendment to the existing drill permit for a further 74 drill platforms covering the anomalies identified by geophysics. On March 12, 2013 and April 2, 2013 results of three drill holes were reported with the best intersections being 12 m @ 5.84% Zn (including 4 m @ 11.56% Zn) and 16 m @ 4.62% Zn (including 8 m @ 6.62% Zn). During May and June, the results of a further 4 holes were released. Strong mineralization was intercepted with the best intersections being 60 m @ 7.75% Zn (including 24 m @ 13.85% Zn and 46.5 g/t Ag), 29 m @ 7.05% Zn, 24 m @ 4.79% Zn and 10 m @ 7.85% Zn in hole A13-05 near the western edge of the zone.

In July 2013 the Company received the approval of its Environmental Impact Assessment (“EIA”) for the next proposed drill program at Ayawilca. The permit will allow for up to 74 platforms for a period of 30 months. The Company also submitted its water study to the local authority which was approved.

While waiting for permission from the authorities to resume drilling activities, the northern and southern extremities of the property were mapped and prospected on a reconnaissance level. So far, about 90% of the northern sector has been mapped and prospected.

The Company announced in September 2013 that the final approval to resume work at Ayawilca had been granted. During this time the last drill results for both Ayawilca and Colquipucro projects were announced.

In September 2013, drilling recommenced at Ayawilca with hole A13-10 and a further 8 holes totaling 3,045 metres were completed by December 31, 2013. Subsequent to December 31, 2013, an additional hole of 448 metres, A14-18, was completed. The best intersections reported from these holes were 36 m @ 5.93% Zn, 22.8 m @ 5.8% Zn, 4 m @ 7.22% Zn, 6.3 m @ 6.19% Zn and 12 m @ 4.22% Zn. Mineralization has now been traced for 1,000 m between the site of holes A13-05 and A13-06 to the southwest and hole A14-18 to the northeast.

The qualified person for the Company's projects, Mr. John Nebocat (P.Eng.), V.P. of Exploration for the Company, has reviewed and approved the scientific and technical information in this MD&A.

## Selected Financial Data

The following selected financial information is derived from the unaudited condensed consolidated interim financial statements of the Company.

	Fiscal 2014	Fiscal 2013				Fiscal 2012		
	Dec. 31 2013 \$	Sept. 30 2013 \$	Jun. 30 2013 \$	Mar. 31 2013 \$	Dec. 31 2012 \$	Sept. 30 2012 \$	Jun. 30 2012 \$	Mar. 31 2012 \$
<b>Operations:</b>								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(293,080)	(279,605)	(220,859)	(1,731,010)	(370,124)	(749,811)	(201,635)	(764,239)
Other items	32,123	(43,498)	(15,999)	(5,478)	11,127	(25,530)	(2,440)	(749,850)
Net loss and comprehensive loss	(260,957)	(323,103)	(236,858)	(1,736,488)	(358,997)	(775,341)	(204,075)	(1,514,089)
Loss per share -basic and diluted	(0.00)	(0.02)	(0.00)	(0.02)	(0.00)	(0.01)	(0.00)	(0.03)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Balance Sheet:</b>								
Working capital	1,134,633	1,440,632	2,228,112	1,401,908	2,730,618	2,135,148	2,510,010	2,583,925
Total assets	12,614,148	11,868,307	11,921,621	9,742,690	9,624,123	7,794,594	7,711,916	7,200,421
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

## Results of Operations

### *Three Months Ended December 31, 2013 Compared to Three Months Ended September 30, 2013*

During the three months ended December 31, 2013 (“Q1-fiscal 2014”) the Company reported a net loss of \$260,957, compared to a net loss of \$323,103 for the three months ended September 30, 2013 (“Q4-fiscal 2013”), a decrease in loss of \$62,146. The decrease in loss in Q1-fiscal 2014 was attributed primarily to:

- (i) a decrease of \$38,580 in professional fees. During Q4-fiscal 2013 the Company engaged a third party to provide consulting services to the Company for a number of business opportunities in the United States for \$29,500. The Company did not have the engagement during Q1-fiscal 2014; and
- (ii) a total decrease of \$21,490 in general exploration costs, office costs, office rent, salaries, wages and benefits, and travel costs from \$156,453 for Q4-fiscal 2013 to \$134,963 for Q1-fiscal 2014. The decrease was due to decreased levels of activities in Peru during Q1-fiscal 2014.

### *Three Months Ended December 31, 2013 Compared to Three Months Ended December 31, 2012*

During the three months ended December 31, 2013 (the “2013 period”), the Company reported a net loss of \$260,957 (\$0.00 per share), compared to a net loss of \$358,997 (\$0.00 per share) for the three months ended December 31, 2012 (the “2012 period”), a decrease in loss of \$98,040. The decrease in loss during the 2013 period was primarily attributed to a \$36,210 decrease in share-based compensation. During the 2013 period the Company recorded \$8,212 share-based compensation relating to the granting of share options compared to \$8,607 recorded during the 2012 period. In addition during the 2012 period the Company recorded \$35,815 share-based compensation on the vesting of share option which were previously granted.

General and administrative expenses decreased by \$77,044, from \$370,124 during the 2012 period to \$293,080 during the 2013 period. Specific expenses of note are as follows:

- during the 2013 period the Company was billed \$10,500 (2012 - \$9,100) for accounting and administration services provided by Chase Management Ltd. (“Chase”) a private company owned by Mr. Nick DeMare, the Chief Financial Officer (“CFO”) and a director of the Company. In addition, the Company was billed \$1,005 (2012 - \$1,200) by Chase for office space provided;
- during the 2013 period management fees of \$30,000 (2012 - \$30,000) were billed by Mr. Andrew Carter, the Company’s President, in his capacity as such;

- during the 2013 period the Company incurred \$22,585 (2012 - \$16,716) for professional expenses, of which \$17,100 (2012 - \$4,500) was billed by private companies owned by certain directors of the Company, \$3,085 (2012 - \$4,716) was reimbursed to public companies with certain common directors for shared personnel, office and other costs and \$2,400 (2012 - \$7,500) was billed by various parties for consulting services. The Company also incurred and capitalized \$20,400 (2012 - \$nil) professional fees, which was billed by a private company owned by the Vice-President of Exploration of the Company, to exploration and evaluation assets;
- a total of \$28,380 decrease in general exploration costs, office costs, office rent, salaries, wages and benefits, and travel costs from \$163,343 for the 2012 period to \$134,963 for the 2013 period. The decrease was mainly due to decreased levels of activities in Peru during the 2013 period;
- share-based compensation of \$8,212 (2012 - \$8,607) was recorded during the 2013 period relating to the granting of share options. The Company also recorded share-based compensation of \$nil (2012 - \$35,815) on the vesting of stock options which were previously granted;
- during the 2013 period the Company was billed a total of \$18,000 (2012 - \$21,000) for investor relations costs. See also “Investor Relations Activities”;
- corporate development expenses decreased by \$15,786 from \$27,725 during the 2012 period to \$11,939 during the 2013 period. During the 2013 period the Company significantly curtailed participation in corporate development programs;
- audit fees of \$30,015 (2012- \$34,924) for the Company’s year-end financial statements.

During the 2013 period the Company capitalized \$1,146,295 (2012 - \$1,195,444) for mineral property interests exploration expenditures and acquisition costs, comprising \$102,548 (2012 - \$303,944) on the Colquipucro Project, \$1,011,988 (2012 - \$759,324) on the Ayawilca Project, and \$31,759 (2012 - \$132,176) for IVA tax in Peru. See also “Exploration Projects”.

	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Colquipucro	207,167	5,666,718	5,873,885	207,167	5,564,170	5,771,337
Ayawilca	23,984	4,076,402	4,100,386	23,984	3,064,414	3,088,398
Other	-	1,275,034	1,275,034	-	1,243,275	1,243,275
	<u>231,151</u>	<u>11,018,154</u>	<u>11,249,305</u>	<u>231,151</u>	<u>9,871,859</u>	<u>10,103,010</u>

	Peru			Total \$
	Colquipucro \$	Ayawilca \$	Other \$	
<b>Balance at September 30, 2012</b>	4,312,791	407,939	749,108	5,469,838
<b>Exploration costs</b>				
Assays	47,206	137,652	-	184,858
Camp costs	64,254	170,901	-	235,155
Community relations	55,725	61,853	-	117,578
Consulting	4,331	11,305	-	15,636
Depreciation of property, plant and equipment	10,349	19,334	-	29,683
Drilling	522,871	991,882	-	1,514,753
Exploration site	71,960	152,193	-	224,153
Field equipment	93,254	128,754	-	222,008
Fuel	37,864	181,793	-	219,657
Geological	116,477	234,788	-	351,265
Salaries	366,124	235,423	-	601,547
Transportation	25,112	327,006	-	352,118
Travel	6,343	3,591	-	9,934
VAT	-	-	494,167	494,167
	<u>1,421,870</u>	<u>2,656,475</u>	<u>494,167</u>	<u>4,572,512</u>
<b>Acquisition costs</b>				
Surface right payments	36,676	23,984	-	60,660
<b>Balance at September 30, 2013</b>	<u>5,771,337</u>	<u>3,088,398</u>	<u>1,243,275</u>	<u>10,103,010</u>
<b>Exploration costs</b>				
Assays	3,446	14,689	-	18,135
Camp costs	5,175	52,739	-	57,914
Community relations	863	31,966	-	32,829
Consulting	-	821	-	821
Depreciation of property, plant and equipment	695	6,863	-	7,558
Drilling	-	580,462	-	580,462
Exploration site	18,387	34,651	-	53,038
Field equipment	509	27,002	-	27,511
Fuel	-	52,553	-	52,553
Geological	4,597	70,985	-	75,582
Geophysics	-	10,049	-	10,049
Salaries	68,612	65,230	-	133,842
Transportation	264	63,978	-	64,242
VAT	-	-	31,759	31,759
	<u>102,548</u>	<u>1,011,988</u>	<u>31,759</u>	<u>1,146,295</u>
<b>Balance at December 31, 2013</b>	<u>5,873,885</u>	<u>4,100,386</u>	<u>1,275,034</u>	<u>11,249,305</u>

During the three months ended December 31, 2013 the Company completed a 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.

During the 2012 period the Company completed a private placement financing totalling 3,000,000 units at \$0.75 per unit for gross proceeds of \$2,250,000.

In addition, during the 2013 period the Company received \$nil (2012 - \$36,000) from the exercise of share options.

The funds were allocated for exploration on the Company's Colquipucro and Ayawilca projects and general working capital purposes.

## Financial Condition / Capital Resources

As at December 31, 2013 the Company had cash of \$1,160,955 and working capital in the amount of \$1,134,633. 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.

Subsequent to December 31, 2013 the Company received \$21,600 on exercise of share options.

## Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

## Proposed Transactions

The Company has no proposed transactions.

## Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Examples of significant estimates made by management include estimating the fair values of financial instruments, valuation allowances for deferred income tax assets and assumptions used for share-based compensation. Actual results may differ from those estimates.

A detailed summary of all the Company's significant accounting policies is included in Note 3 to the September 30, 2013 annual consolidated financial statements.

## Changes in Accounting Policies

There are no changes in accounting policies.

## Transactions with Related Parties

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

### (a) *Transactions with Key Management Personnel*

During the three months ended December 31, 2013 and 2012 the following amounts were incurred with respect to the Company's Chief Executive Officer (Mr. Andrew Carter), the Company's Vice-President of Exploration (Mr. John Nebocat), and the Company's CFO (Mr. Nick DeMare):

	2013	2012
	\$	\$
Management fees - Mr. Carter	30,000	30,000
Professional fees - Mr. DeMare	4,500	1,500
Professional fees - Mr. Nebocat	27,000	-
	<u>61,500</u>	<u>31,500</u>

The Company has expensed \$11,100 (2012 - \$1,500) professional fees to operations and capitalized \$20,400 (2012 - \$nil) professional fees to exploration and evaluation assets.

As at December 31, 2013, \$10,500 (2012 - \$500) remained unpaid.

(b) *Transactions with Other Related Parties*

(i) During fiscal 2013 and 2012 the following amounts were incurred with respect to non-management directors of the Company (Messrs. David Henstridge and William Lee):

	2013	2012
	\$	\$
Professional fees - Mr. Henstridge	3,000	1,500
Professional fees - Mr. Lee	3,000	1,500
	<u>6,000</u>	<u>3,000</u>

As at December 31, 2013, \$4,000 (2012 - \$3,500) remained unpaid.

(ii) During the three months ended December 31, 2013 the Company incurred a total of \$10,500 (2012 - \$9,100) with Chase, a private corporation owned by Mr. DeMare, for accounting and administrative services provided by Chase personnel, excluding Mr. DeMare, and \$1,005 (2012 - \$1,200) for rent. As at December 31, 2013, \$9,170 (2012 - \$9,300) remained unpaid.

(c) The Company shared personnel, office and other costs with two public companies, Tumi Resources Limited (“Tumi”) and Mawson Resources Limited (“Mawson”). Mr. DeMare and Mr. Henstridge are also directors of Tumi and Mawson. During the 2013 period the Company recorded \$3,085 (2012 - \$4,716) expenses with the public companies. As at December 31, 2013, \$nil (2012 - \$4,716) remained unpaid.

**Risks and Uncertainties**

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company is in compliance with all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

The Company’s mineral properties are located in Peru and consequently the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry.

**Investor Relations Activities**

Effective February 1, 2013 the Company engaged Michael D’Amico to provide investor relations services at \$3,500 per month. During the 2013 period the Company was billed a total of \$7,000 by Mr. D’Amico. Effective November 30, 2013 Mr. D’Amico’s engagement was terminated.

On November 29, 2013 the Company entered into an investor relations agreement with Mr. Reg Advocaat for an initial term of twelve months, at \$5,500 per month commencing December 1, 2013. In addition Mr. Advocaat was paid a signing-fee of \$5,500. The Company also granted share options to Mr. Advocaat to purchase up to 200,000

common shares of the Company at a price of \$0.50 per common share for a period of three years, subject to vesting and termination provisions. During the 2013 period the Company was billed a total of \$11,000 by Mr. Advocaat.

In addition the Company updates its website ([www.tinkaresources.com](http://www.tinkaresources.com)) on a continuous basis.

### **Outstanding Share Data**

The Company's authorized share capital is unlimited common shares with no par value. As at February 24, 2014, there were 80,966,144 issued common shares, 4,380,373 warrants outstanding exercisable at prices ranging from \$0.75 to \$1.25 per share, compensation options to purchase 313,750 units exercisable at prices ranging from \$0.50 to \$0.85 per unit and 6,125,000 share options outstanding, at exercise prices ranging from \$0.40 to \$1.10 per share.