

TINKA RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED MARCH 31, 2013

Background

This discussion and analysis of financial position and results of operation is prepared as at May 16, 2013 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and the accompanying notes for the six months ended March 31, 2013 of Tinka Resources Limited (the "Company" or "Tinka"). The Company has adopted International Financial Reporting Standards ("IFRS") and the following disclosure and associated financial statements are presented in accordance with 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. Additional information relevant to the Company can be found on the SEDAR website at www.sedar.com.

Company Overview

The Company is a junior mineral exploration company engaged in the acquisition and exploration of precious 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".

Corporate Update

At the Company's annual general meeting ("AGM") held March 21, 2013, Messrs. Andrew Carter, Nick DeMare, David Henstridge and William Lee were re-elected to serve as directors the Company. At a board of directors meeting held subsequent to the AGM Mr. Carter was appointed President and Chief Executive Officer, Mr. DeMare was appointed Chief Financial Officer, Mr. John Nebocat was appointed Vice-President of Exploration and Ms. Mariana Bermudez was appointed Corporate Secretary. In addition Mr. DeMare, Mr. Henstridge and Mr. Lee were appointed as members of the Audit Committee.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Exploration Projects

Colquipucro Project, Peru

The Company has staked 46 claims covering 9,827 hectares in the Department of Pasco approximately 190 km NE of Lima and 65 km NW of Cerro de Pasco. The Colquipucro mining district lies some 25 km northwest of the famed Cerro de Pasco and Colquijirca Pb-Zn-Cu mines, and 35 km east of the Raura mine, a Cu-Pb-Zn-Ag skarn deposit mined since 1958. The project is 25 km SW of Buenaventura's high grade 150 million oz Uchucchacua silver mine.

A first field visit identified numerous gossanous mantos and veins over an area of 20 sq km within a sequence of limestone, shale and carbonaceous sandstone. Two dominant vein orientations were identified with widths up to 1 m, containing galena, sphalerite and pyrite as the principal sulphide minerals. Mapping identified propylitic alteration associated with intrusives northeast of the vein and gossanous occurrences, suggesting a mineralizing intrusive source may exist nearby.

Comprehensive exploration followed which included, geochemical surface and underground sampling, geophysical survey and a phase 1 diamond drill program which was completed in October 2007. The results of the program were included in the end of year report.

The Company has identified new areas of surface mineralization at Colquipucro. Two of the new areas, called Colquisur and Ayawilca, lie 1km SE of and from 1.5km and 2km SSE, respectively, from the recently drilled Zone 1 area. A total of 384 soil and rock chip samples were collected from the new areas on a grid covering both areas measuring roughly 1,500 metres by 1,900 metres. Results returned values ranging from trace to 85 g/t silver, trace to 0.39% lead and trace to 4.9% zinc. These geochemically anomalous areas are still open to the east, but geological mapping and soil sampling suggest that the mineralized areas are faulted-off along the western edge of the grid.

The Ayawilca zone is underlain mostly by sandstones and siltstones containing finely disseminated pyrite throughout. Other sulphide minerals have not yet been identified in the matrix of these rocks, but the highly anomalous soil sample results suggest they are there (galena, sphalerite). It is believed that this sequence of east-west structures could be a similar setting to the Zone 1 area just drilled, where faults served as conduits for reprecipitating and enriching the mineralization both along the faults and in intervening fractures.

The Colquisur zone sits in the valley immediately south of Zone 1. There is extensive overburden cover, but preliminary mapping and sampling indicates that it is underlain mostly by the Pucura limestone, host to the lead and zinc mineralization encountered in the deeper parts of some holes at Zone 1.

A third area, known as Colquicocha, of surface mineralization was discovered during the last quarter. This area lies 2 km SE of the recently identified Ayawilca zone and approximately 3.75 km SE of Zone 1 that was drilled during 2007. At Colquicocha, nine channel samples ranging from 1 metre to 3 metres wide were collected from surface outcrops and old workings. Results returned values ranging from trace to 222 g/t silver, trace to 9.10% lead and trace to 8.0% zinc. Two contiguous samples from one underground working, taken perpendicular to the bedding in the sandstone, averaged 136 g/t silver, 5.86% lead and 4.82% zinc. About 300 metres SE from this working, a 3.0 metre wide sample taken from another working along a north-south trending, easterly dipping structure, assayed 146 g/t silver, 8.78% lead and 0.57% zinc.

Also of interest are two other sample sites located during reconnaissance exploration. The first one, about 300 metres south of the centre of the Ayawilca zone, yielded 55 g/t silver and highly anomalous lead over 8 metres, sampled obliquely across the bedding. Previous mapping has identified a NE-trending structure that passes through this site and projects towards some anomalous soil samples, a distance in excess of 400 metres. The other site, located about 1.3 km ENE from here, returned 64 g/t silver and highly anomalous lead and zinc over 15 metres width. This site is described as a "manto" in sandstone which hosts pyrite and iron oxides.

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The Company completed a grid sampling program and surface exploration to further delineate this new zone. The Company is continuing a grid sampling program and surface exploration to identify further zones.

In April 2008 an independent NI 43-101 report was completed which determined an inferred silver resource of 20.3 million ounces silver with an immediate potential contiguous target.

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

The report recommended an extensive drilling program to further define the existing resource, to test the target north of the resource and to drill some exploration holes at the Zone2/Ayawilca anomaly. A copy of the full report can be viewed on the Company's website www.tinkaresources.com

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 Zone 1 drill core, petrographic analysis, detailed airphoto interpretation on a 1 km corridor of the main thrust fault 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.

Test work was completed by Plenge Laboratories in Lima, Peru on two composite samples from the Colquipucro main mineralized zone ("Zone 1"). The samples were composited from 63 samples from two separate sections of pulps taken from diamond drill holes CDD6 and CDD13 that passed through Zone 1. Tests included head grade analysis, gravity separation and cyanidation. The samples were subjected to six conventional bottle roll techniques. Sample head grades averaged 79.7g/t Ag (CDD6) and 132.1g/t Ag (CDD13). Head grades for the metallurgical samples are in the same range as those of the recently calculated NI 43-101 inferred resource of 5.7 Mt at a grade of 111 g/t silver (20.3 Moz silver) at Zone 1.

Following the positive initial metallurgy results, a comprehensive mineralogical study was conducted on concentrates produced from sections of Zone 1 drill holes CDD 6 & 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.

The information obtained so far, including a recent interpretation done with satellite imagery, indicate that the geological setting at Zone 1 is strongly influenced by structural preparation, particularly by a large, complex fault system that marks the southwest margin of the prospective exploration area.

The exploration area is defined as a zone ranging from 1 km to 2 km in width, bounded by two large northwest-southeast trending fault systems and underlain by the Pucura limestone and Goyllarisquisga sandstone formations. So far, the Ayawilca zone located 2 km to the south of the known resource, has shown some structural and geochemical similarities to Zone 1. In August, a detailed structural mapping and geological interpretation study was completed by the Company's independent consulting geologists on the Ayawilca zone.

The interpretations and conclusions provided include:

- The structural setting and mineralization found at the Ayawilca zone has a direct correlation with the system found at Zone 1.
- The area, approximately 500m north-south by 200m east-west, defined as prospective for hosting bulk-tonnage silver mineralization at Ayawilca is sufficient for an exploration target equal to or greater than that established at Zone 1. The potential quantity and grade is conceptual in nature, and there has been insufficient exploration to define this target at this time. It is uncertain that drilling will result in further discoveries in this area. The target referred to is based on follow up of currently untested known strike length and down dip potential of the host sandstone.
- Ayawilca is believed to be higher in the Goyllar sandstone stratigraphy; hence, there may be potential for a thicker sequence of mineralization than at Zone 1.
- An eight hole reverse circulation drill program, totalling not less than 1,600m, is recommended as a first phase test of the Ayawilca zone.

Zone 1

In November 2011 the Phase 2 drilling program commenced at Zone 1 to test the northern extension of the resource. Ten holes were completed and the following significant results were recorded:

- 42 m of 165 g/t Ag, 14 m of 160 g/t Ag and 10 m 365 g/t Ag (CDD19)
- 94 m of 92 g/t Ag and 10 m of 299 g/t Ag (CDD21)
- 56 m of 80 g/t Ag and 8 m of 170 g/t Ag (CDD22)
- 58 m of 109 g/t Ag (including 10 m of 198 g/t Ag), 20 m of 100 g/t Ag (CDD23)
- 20 m of 85 g/t Ag (CDD24).

Surface exploration continued and further surface mineralization was identified to the northwest and contiguous to Zone 1. Along one line a contiguous 16 m section averaged just over 20 g/t Ag. This area has been included in a new drill permit application.

In October 2012, an updated NI 43-101 resource estimate was completed increasing the inferred resource to 32.7 million ounces of Ag. Two cut-off levels, 15 g/t Ag and 30 g/t Ag, and a rock density of 2.65 tonnes per cubic metre were used in this estimate. Samples assayed from a total of 25 drill holes, 3 surface trenches and 2 underground workings were used in arriving at this resource estimate.

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

A copy of the full report can be viewed on the Company's website www.tinkaresources.com

Further metallurgical testing was also undertaken during the year. Composite samples with nominal head grades of 30, 60, 90 and 120 g/t Ag were selected. The bottle roll tests yielded recoveries of up to 84% Ag and the column leach tests up to 71% Ag after 72 hours. The preliminary bottle roll tests conducted in 2009 were done on two sets of drill core samples using significantly higher cyanide concentrations; these yielded recoveries of up to 90% and 97% Ag after 72 hours.

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

Drilling resumed at Colquipucro during the second week of January 2013. Drilling will consist of approximately 20 in-fill holes at Zone 1 with the objective of both increasing the silver resources and upgrading the resource classification from the *inferred* to *indicated* category. As at March 31, 2013, eight holes have been completed with results from six of them pending. The best intercepts from the first two holes included 18.7 m of 165 g/t Ag (including 8 m of 298 g/t Ag) and 12 m of 3.34% Zn, and 8 m of 206.3 g/t Ag. Drilling is continuing at Colquipucro.

Ayawilca

In August 2010 an induced polarization ("IP") survey was undertaken over Ayawilca. The pole-dipole survey consisted of 8 lines totaling 14.1 km and was contiguous with IP survey performed over Zone 1 in 2007. The inversion model of the IP data produced a target underlying Ayawilca trending east-southeast for 600 metres and plunging gently to the east; this model fits the observed surface mineralization and pattern of faulting mapping east of Ayawilca and will be the target area for the eight reverse drill holes. During this time the Company also finalized an agreement with the local community for all ongoing exploration which was lodged with the authorities.

During the first week of February 2011 the Company was granted modification to the existing 50 hole diamond drill permit, for a further eight holes to test the Ayawilca. The first of two holes to test the eastern side of Ayawilca was

collared on May 21, 2011. This hole and the remaining seven of eight holes in the Ayawilca target area have been completed. Core was split and logged on site under the supervision of Tinka geologists and transported to the laboratory in Lima by Company staff. All holes intercepted altered siltstones and fine coarse grained sandstones, randomly crosscut by semi-massive to massive sphalerite veins. In addition, hole DDH53 encountered a wide section of massive and breccia-style pyrite-sphalerite mineralization with minor galena. The mineralization in hole DDH53 remains open at depth. Results from these eight holes include 26 m of 1.72% Zn and 35 g/t Ag, 6 m of 7.3% Zn and 40 g/t Ag, 8 m of 15.9% Zn and 33 g/t Ag, 30 m of 3.49% Zn. While compiling the drill results with the IP anomaly, it was evident that hole DDH53 intersected the southern lobe of this anomaly while the other holes were, for the most part, above or west of it. As a result of these assays, the Company recommenced drilling at Ayawilca and hole DDH52B was completed in February with a best intersection of 18 m of 5.4% Zn including 10 m of 7.1% Zn and 8 g/t Ag.

During February 2012 a second IP survey was undertaken over Ayawilca contiguous with, and to the east of, the previous survey. The pattern of the 3-D inversion anomalies appears to follow the trend of the dominant fault structures (eastwest) mapped on surface. There may be up to three parallel structures separated over about 700 m north-south, and the middle one may be the contiguous extension of the 2010 anomaly spanning a distance of 1,200 m eastwest indicating that the sulphide mineralization may be more than twice the size than was first indicated. Work has commenced on an amendment to the current drill permit to cover the newly identified drill targets.

During April 2012 a further three holes were drilled at Ayawilca within the western most IP anomaly. Significant results included 2m of 5.27% Zn and 11.1 g/t Ag, 6m of 2.77% Zn and 7.9 g/t Ag, 10m of 44.2 g/t Ag, 4m of 4.7% Zn and 16.1 g/t Ag, 6m of 4.05% Zn and 2.4 g/t Ag. These three holes, A12-01 to A12-03, intercepted massive and semi-massive sulphides, consisting of pyrite, sphalerite and lesser galena, chalcopyrite and arsenopyrite hosted by a sedimentary breccia, greywacke and siltstone formation that underlies the sandstones that hosts the silver mineralization at Zone 1. The mineralization is often accompanied by hematite, magnetite and chlorite alteration. As yet, the geometry of the mineralization is not fully understood, so the angles at which the holes intercepted the sulphide bodies can only be conjectured. The mineralization is believed to have been sourced from steeply dipping structures that underlie this sedimentary sequence, thus some of the mineralization may have a steep to near-vertical component; however, the irregular nature of some of it may suggest a replacement style which could trend in any direction.

At the end of July 2012 the Company signed a surface access agreement with the Yanacocha community for Ayawilca. 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 will 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. In November 2012 results from hole A12-04 were released with a significant result of 20m of 7.1% Zn including 14 m of 9.6% Zn. Drilling continued up to the 2012 Christmas break completing a further 4 holes. Significant results from hole A12-08 were 70m of 4.8% Zn (including 19 m of 9.0% Zn) and 18.5m of 6.6% Zn and from hole A12-09 13.5 m of 4.5% Zn. So far, ten of the twelve holes intercepted either semi-massive or massive sulphides consisting of pyrite, pyrrhotite and sphalerite with lesser galena, chalcopyrite and arsenopyrite. Hole A12-08 contains the best intercepts of zinc mineralization found so far. 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.

Drilling at Ayawilca resumed during the second week of January 2013 and will continue to test a series of large 3-D inversion, IP anomalies that span a distance of 1,200 metres east-west; the anomalies remain open to the east. The Company has filed an amendment to the existing drill permit for a further 84 drill platforms covering the anomalies identified by geophysics. A third IP survey commenced during January 2013 and a further 9.3 line-km was completed. Subsequent to March 31, 2013, the data from the three surveys was combined and reinterpreted. The Company has now identified a 1.7 km anomalous geophysical strike length at Ayawilca. On March 12, 2013 and April 2, 2013 results of three drill holes were reported on with the best intersections being 12 m of 5.84% Zn (including 4 m of 11.56% Zn) and 16 m of 4.62% Zn (including 8 m of 6.62% Zn). As at the date of this MD&A, a further four holes have been completed with results pending.

Selected Financial Data

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

	Fiscal 2013		Fiscal 2012				Fiscal 2011	
	Mar. 31 2013 \$	Dec. 31 2012 \$	Sept. 30 2012 \$	Jun. 30 2012 \$	Mar. 31 2012 \$	Dec. 31 2011 \$	Sept. 30 2011 \$	Jun. 30 2011 \$
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(1,731,010)	(370,124)	(749,811)	(201,635)	(764,239)	(190,230)	(114,609)	(149,426)
Other items	(5,478)	11,127	(25,530)	(2,440)	(749,850)	(11,601)	56,201	(4,129)
Net loss and comprehensive loss	(1,736,488)	(358,997)	(775,341)	(204,075)	(1,514,089)	(201,831)	(58,408)	(153,555)
Loss per share -basic and diluted	(0.02)	(0.00)	(0.01)	(0.00)	(0.03)	(0.00)	(0.01)	(0.00)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Balance Sheet:								
Working capital	1,401,908	2,730,618	2,135,148	2,510,010	2,583,925	3,310,081	4,504,167	2,437,514
Total assets	9,742,690	9,624,123	7,794,594	7,711,916	7,200,421	7,593,105	7,732,414	5,212,094
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

During the six months ended March 31, 2013 (the “2013 period”) the Company reported a net loss of \$2,095,485 (\$0.03 per share), compared to a net loss of \$1,715,920 (\$0.03 per share) for the six months ended March 31, 2012 (the “2012 period”), an increase in loss of \$379,565.

General and administrative expenses increased by \$1,146,665 from \$954,469 during the 2012 period to \$2,101,134 during the 2013 period. Specific expenses of note are as follows:

- during the 2013 period the Company was billed \$20,600 (2012 - \$16,700) for accounting and administration services provided by Chase Management Ltd. (“Chase”) a private company owned by a director of the Company. The increase in the 2013 period was due to general services provided for the Company’s recent private placement financing and a general increase in services. In addition, the Company was billed \$2,400 (2012 - \$2,400) by Chase for office space provided;
- management fees of \$60,000 during the 2013 period (2012 - \$48,000) were billed by the Company’s President in his capacity as such. Effective October 1, 2012 the President’s remuneration was increased from \$8,000 per month to \$10,000 per month;
- a total of \$162,526 increase in general exploration costs, office costs, office rent, salaries, wages and benefits, and travel costs from \$176,091 for the 2012 period to \$338,617 for the 2013 period. The increase was mainly due to increased levels of activities in Peru;
- share-based compensation of \$1,372,338 (2012 - \$562,558) was recorded during the 2013 period relating to the granting of share options. The Company also recorded share-based compensation of \$39,583 (2012 - \$nil) on the vesting of stock options which were previously granted;
- during the 2013 period the Company incurred \$43,426 (2012 - \$13,747) for consulting expenses, of which \$24,200 (2012 - \$9,000) was billed by private companies owned by certain directors of the Company, \$9,026 (2012 - \$nil) was reimbursed to a public company with certain common directors for shared office and other costs and \$10,200 (2012 - \$4,747) was billed by various parties for consulting services;
- during the 2013 period the Company was billed a total of \$38,500 (2012 - \$26,000) for investor relations costs. See also “Investor Relations Activities”;
- legal cost increased by \$28,001 from \$17,906 during the 2012 period to \$45,907 during the 2013 period. The increase was mainly due to legal advice on general corporate matters and agreements with local communities for ongoing exploration activities in Peru;
- corporate development expenses increased by \$31,899 from \$23,688 during the 2012 period to \$55,587 during the 2013 period. During the 2013 period the Company participated in more corporate development programs than during the 2012 period; and

- audit fees increased by \$11,955 from \$31,956 during the 2012 period to \$43,911 during the 2013 period, reflecting the increase in scope in the audit process.

During the 2013 period the Company capitalized \$2,579,459 (2012 - \$2,014,316) for mineral property interests exploration expenditures and acquisition costs, comprising \$2,290,303 (2012 - \$1,320,047) on the Colquipucro Project, \$nil (2012 - \$474,120) on the Tibillos Project and \$289,156 (2012 - \$220,149) for IVA tax in Peru. During the 2012 period the Company terminated its option agreement on the Tibillos Project and recorded an impairment charge of \$733,903. No impairment charges were considered necessary during the 2013 period. See also “Exploration Projects”.

During the 2013 period the Company completed a private placement financing of 3,000,000 units at \$0.75 per unit for gross proceeds of \$2,250,000. In addition the Company received \$452,690 (2012 - \$544,078) from the exercise of share options and warrants. The Company did not conduct any financings during the 2012 period.

Financial Condition / Capital Resources

As at March 31, 2013 the Company had cash of \$1,567,106 and working capital in the amount of \$1,401,908. 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.

During May 2013 the Company completed a private placement financing of 3,030,265 units at \$0.85 per unit for gross proceeds of \$2,575,725. In addition, subsequent to March 31, 2013 the Company received a total of \$6,210 on the 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, 2012 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 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
	<u>544,388</u>	<u>300,274</u>

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
	<u>625,388</u>	<u>211,923</u>

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.

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

The Company had retained Bay Street Connect ("Bay Street") to provide investor relations services at \$3,000 per month, effective February 1, 2012, changed to \$7,000 per month, on a month to month basis. During the 2013 period the Company was billed a total of \$35,000 (2012 - \$26,000) by Bay Street. Effective February 24, 2013, Bay Street ceased to provide investor relation services to the Company.

Effective February 1, 2013 the Company engaged Michael D'Amico as the Company's investor relations consultant. Mr. D'Amico will be paid a monthly fee of \$3,500 and granted share options to purchase up to 100,000 common shares of the Company at a price of \$1.02 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 \$3,500 by Mr. D'Amico. Mr. D'Amico's engagement may be terminated on one month's notice.

In addition the Company updates its website (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 May 16, 2013, there were 78,116,664 issued common shares, 2,994,133 warrants outstanding exercisable at prices ranging from \$1.00 to \$1.25 per share, compensation options to purchase 429,750 units exercisable at prices ranging from \$0.75 to \$0.85 per unit and 6,485,000 share options outstanding, at exercise prices ranging from \$0.27 to \$1.10 per share.