

# TINKA RESOURCES LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED DECEMBER 31, 2020

This discussion and analysis of financial position and results of operation is prepared as at February 24, 2021 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, 2020 and 2019 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

Certain information in this MD&A may constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws (collectively, "Forward-Looking Statements"). All statements, other than statements of historical fact that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future are Forward-Looking Statements. Forward-Looking Statements are often, but not always, identified by the use of words such as "seek," "anticipate," "believe," "plan," "estimate," "expect," and "intend" and statements that an event or result "may," "will," "can," "should," "could," or "might" occur or be achieved and other similar expressions. Forward-Looking Statements are based upon the opinions and expectations of the Company based on information currently available to the Company. Forward-Looking Statements are subject to a number of factors, risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the Forward-Looking Statements including, among other things, the Company has yet to generate a profit from its activities; there can be no guarantee that the estimates of quantities or qualities of minerals disclosed in Tinka's public record will be economically recoverable; uncertainties relating to the availability and costs of financing needed in the future; successful completion of planned drill program; competition with other companies within the mining industry; the success of the Company is largely dependent upon the performance of its directors and officers and Tinka's ability to attract and train key personnel; changes in world metal markets and equity markets beyond Tinka's control; mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized; production rates and capital and other costs may vary significantly from estimates; unexpected geological conditions; delays in obtaining or failure to obtain necessary permits and approvals from government authorities; community relations; the preliminary nature of the PEA and the Company's ability to realize the results of the PEA; all phases of a mining business present environmental and safety risks and hazards and are subject to environmental and safety regulation, and rehabilitation and restitution costs; and management of Tinka have experience in mineral exploration but may lack all or some of the necessary technical training and experience to successfully develop and operate a mine. Although Tinka believes that the expectations reflected in the Forward-Looking Statements, and the assumptions on which such Forward-Looking Statements are made, are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on Forward-Looking Statements, as there can be no assurance that the plans, intentions or expectations upon which the Forward-Looking Statements are based will occur. Forward-Looking Statements herein are made as at the date hereof, and unless otherwise required by law, Tinka does not intend, or assume any obligation, to update these Forward-Looking Statements.

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

### COVID-19

On March 11, 2020 the World Health Organization ("WHO") declared the novel coronavirus COVID-19 a global pandemic. A state of emergency in Peru commenced on March 15, 2020 and remains in place to the present day. While Peru has been one of the most impacted countries in the Latin American region by the COVID-19 crisis, mining in Peru has largely continued due to its importance to the economy. At the commencement of the pandemic, Tinka

stopped all field work in March 2020 but later obtained permission from the Peruvian authorities to restart operations in July 2020. A drill program commenced during October 2020 and will be completed by the end of February 2021.

The Company has implemented a health protocol with the principal objective of keeping its employees, contractors and stakeholders safe. The health protocol includes measures such as the mandatory use of face masks while travelling or working at the project, the widespread and regular use of molecular and antigen testing for COVID-19 together with isolation prior to travel, and regular health checks and monitoring of suspect cases as well as contact tracing. Physical distancing and working in group bubbles is strongly encouraged. Where possible, people are working from home.

At this time is not possible to reliably estimate the impact on the financial results of the Company and its operations in future periods as a result of the COVID-19 pandemic.

## **Company Overview**

Tinka is a junior mineral exploration company engaged in the acquisition and exploration of base and precious metals mineral properties in Peru, with the aim of developing these properties to a stage where they can be exploited at a profit, or arranged for joint venture whereby other companies can provide funding for development. The Company's activities have been focused on exploring its 100% owned Ayawilca and Colquipucro Properties (collectively the "Ayawilca Project"), located 40 kilometres northwest of Cerro de Pasco, Central Peru. 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 1 issuer, under the symbol "TK", on the OTC Pink under the symbol "TKRFF", on the Lima Stock Exchange under the symbol "TK", and on the Frankfurt Exchange under the symbol "TLD".

On January 13, 2020 the Company closed a strategic private placement equity financing with Compañía de Minas Buenaventura SAA ("Buenaventura") issuing 65,843,620 shares to Buenaventura for \$16,000,000 to the Company. Buenaventura is a precious and base metals mining and exploration-development company with numerous mining operations in Peru, and is listed on the New York Stock Exchange and Lima Stock Exchange. Buenaventura is an insider of Tinka, holding approximately 19.3% of the outstanding common shares. Sentient Global Resources Fund IV, LP ("Sentient"), an insider of the Company, exercised its pre-existing participation rights in respect of the private placement. As a result, Sentient subscribed for 10,288,066 shares at the same issue price for \$2,500,000 and now holds an aggregate of 74,036,831 common shares of Tinka, approximately 21.7% of the Company's outstanding common shares.

On July 2, 2019 the Company announced the results of a Preliminary Economic Assessment ("PEA") prepared for the Ayawilca Project and on August 15, 2019 the Company filed a National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") technical report for the PEA. See "Exploration Project, Peru".

A drill program commenced at Ayawilca in October 2020 and will be completed by the end of February 2021, with full results expected by the end of April 2021 (see "*Current Activities*" section below).

## **Directors and Officers**

As at the date of this MD&A, the Company's Directors and Officers are as follows:

Graham Carman	- President, Chief Executive Officer ("CEO") and director
Ben McKeown	- Non-executive Chairman and director
Nick DeMare	- Chief Financial Officer ("CFO") and director
Alvaro Fernandez-Baca	- Vice President Exploration
Mary Little	- Director
Pieter Britz	- Director
Raul Benavides	- Director
Mariana Bermudez	- Corporate Secretary

## Exploration Projects, Peru

### Introduction

As at the date of this MD&A, Tinka holds 100% ownership of 59 granted mining concessions covering 16,548 hectares at the Company's flagship Ayawilca Project in the Department of Pasco, Central Peru. The Ayawilca Project is located 200 km northeast of Lima and 40 km northwest of Cerro de Pasco, a large carbonate replacement deposit ("CRD") mined for silver, zinc, lead and copper in historic and recent times. The key asset at Ayawilca is the Zinc Zone which contains an estimated 5.6 billion pounds of zinc and 25 million ounces of silver in inferred resources, and an additional 1.8 billion pounds zinc and 6 million ounces silver in indicated resources (November 2018 resource estimate - see "Mineral Resources" section below). Zinc mineralization was discovered by Tinka in 2012 and more than 80,000 metres have been drilled at the property.

The Ayawilca Project also hosts a silver deposit at Colquipucro (the "Colqui Silver Zone"), 2 km north of the Zinc Zone. Silver mineralization at the Colqui Silver Zone occurs from surface and is a disseminated, oxide deposit hosted by sandstone to a depth of 100 metres. The Colqui Silver Zone contains an estimated 14 million ounces of silver in indicated resources and 13 million ounces in inferred resources (May 2016 resource estimate - see "Mineral Resources" section below). The deposit remains open to the west.

Ayawilca also hosts a tin and copper resource (the "Tin Zone") that is physically separated from the Zinc Zone. The Tin Zone contains an estimated 200 million pounds of tin, 67 million pounds of copper and 8 million ounces of silver in inferred resources.

### Current Activities

#### Drilling

The 7,500 metre, 21-hole resource expansion drill program which commenced in October 2020 is expected to be completed by the end of February 2021. The focus of the drill program is to test extensions of high-grade zinc-silver mineralization at West and South Ayawilca, and to expand the indicated resources estimation which currently stands at 11.7 million tonnes grading 8.1% ZnEq (see "*Mineral Resources*" section below). Two rigs are currently operational and are expected to remain on site until the end of February 2021. Results have been released for 11 holes (approximately half) of the drill holes in the program so far. Since the date of the last MD&A, the results of 7 holes were released and are summarized here.

Hole A20-177 intersected high grade vein-style zinc-silver-lead mineralization above the mineral resource at 100 metres depth. Three holes (A20-178, 177 & 175) successfully intersected high grade manto-style zinc mineralization at the Camp area. Hole A20-179 was an infill hole at the West area which intersected two wide zones of mineralization with better than expected zinc grades. Three other holes intersected extensions of zinc-rich mineralization at the South area (holes A20-176, 174, 172). Drill highlights from the most recent drill holes include:

#### Camp Area:

##### Hole A20-177

- \*19.2 metres @ 15.6% zinc, 1.5% lead & 154 g/t silver from 101.1 metres depth, *including*
  - \*1.9 metres @ 24.9% zinc, 7.7% lead & 604 g/t silver from 101.1 metres depth; and
  - \*7.8 metres @ 31.3% zinc, 1.7% lead & 225 g/t silver from 112.5 metres depth; and
- 34.0 metres @ 7.4% zinc & 8 g/t silver from 290.0 metres depth, *including*
  - 16.6 metres @ 9.5% zinc & 10 g/t silver from 298.3 metres depth;

##### Hole A20-178

- 42.1 metres @ 6.3% zinc & 14 g/t silver from 281.9 metres depth, *including*
  - 20.4 metres @ 9.8% zinc & 15 g/t silver from 289.5 metres depth, *including*
  - 7.9 metres @ 16.7% zinc & 27 g/t silver from 302.0 metres depth.

##### Hole A20-175

- \*1.2 metres @ 43.6% zinc & 212 g/t silver from 136.5 metres depth; and
- 16.4 metres @ 4.4% zinc & 7 g/t silver from 235.7 metres depth.

West Area:

Hole A20-179

- 31.9 metres @ 6.0% zinc & 15 g/t silver from 224.1 metres depth, *including*
  - 11.8 metres @ 8.4% zinc & 32 g/t silver from 242.0 metres depth; *and*
- 34.6 metres @ 7.0% zinc & 6 g/t silver from 270.0 metres depth, *including*
  - 12.2 metres @ 9.4% zinc & 5 g/t silver from 276.0 metres depth.

South Area:

Hole A20-176

- 11.2 metres @ 5.3% zinc & 27 g/t silver from 336.2 metres depth.

Hole A20-174

- 1.2 metres @ 10.3% zinc & 4 g/t silver from 318.6 metres depth.

Hole A20-172

- \*0.9 metres @ 5.9% zinc, 5.3% lead & 733 g/t silver from 178.7 metres depth; *and*
- 7.2 metres @ 5.1% zinc & 15 g/t silver from 277.2 metres depth.

The intervals marked \* are vein-style hosted by sandstones and have an unknown true thickness.

Mineralization is mostly associated with gently-dipping sulphide “mantos” hosted in limestones. True thicknesses of the mantos are estimated to be at least 90% of the downhole thicknesses.

*Work Programs for 2021*

Drilling is expected to continue until the end of February 2021 with the completion of 21 drill holes. Following the receipt of all new data and the completion of an updated mineral resource, the Company is expecting to update the PEA with a revised mine plan by mid- 2021.

Tinka is also focusing on long-term permitting requirements for a future mine development at Ayawilca. An extended permit is required to cover additional drill targets which lie outside of the current permit area, and those documents will be filed soon. Potentially favorable sites for future mine-related infrastructure such as tailings, power, and water are currently being reviewed. In addition access agreement extensions with the local communities are in progress.

*New Opportunities*

Tinka has staked 10 mining concession applications for 6,900 hectares at three exploration target areas in Central Peru, considered prospective for gold-silver and/or base metals. All areas are early stage exploration targets. Field work on these application areas is yet to commence.

***Preliminary Economic Assessment - 2019***

A PEA for the Zinc Zone only was released July 2, 2019. The Tin Zone and the Colquipucro Silver Zone were not considered. The PEA was prepared in accordance with NI 43-101 by Amec Foster Wheeler Peru S.A. (“Wood”) as principal consultant, Transmin Metallurgical Consultants, and Roscoe Postle Associates Inc. (“RPA”). We encourage readers to review the full NI 43-101 technical report which was filed on August 15, 2019, and can be downloaded under the Company’s profile on [www.sedar.com](http://www.sedar.com) or from the Company’s website [here](#). The Report is titled “*Ayawilca Polymetallic Project, Department of Pasco, Central Peru - NI 43-101 Technical Report*”.

Key highlights of the PEA include:

1. After-tax net present value “(NPV)”<sub>8%</sub> of US \$363 million and pre-tax NPV<sub>8%</sub> of US \$609 million for the Ayawilca Zinc Zone (using metal prices of US \$1.20/lb zinc, US \$18/oz silver, and US \$0.95/lb lead at an NSR cut-off of US \$ 65 per tonne).
2. Initial Capex of US \$262 million with after-tax IRR of 27.1% and pre-tax IRR of 37.2%.
3. A 21-year mine life with life of mine (“LOM”) head grades of 6.05% zinc, 18.3 g/t silver and 0.25% lead.
4. Average annual production of approximately 101,000 tonnes of zinc recovered in concentrate and approximately 906,000 ounces of silver in a silver-lead concentrate.

5. PEA mine plan extracted 72% of the base case Indicated Mineral Resources and 66% of the base case Inferred Mineral Resources.
6. Leverage to zinc price: 20% increase in zinc price increases after-tax NPV<sub>8%</sub> to US \$606 million.
7. Indium, while occurring in high concentrations in the zinc concentrate, was not considered a payable metal in the PEA with the exception of a reduced treatment charge assumption in concentrates shipped to Asia.

Note: The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

**Table 1. Summary of PEA Results**

<b>PEA Financial Summary</b>	<b>Pre-tax</b>	<b>After-tax</b>
NPV (8% discount rate)	US \$609,000,000	US \$363,000,000
Internal Rate of Return (“IRR”)	37.2%	27.1%
Payback period	2.2 years	3.1 years
Pre-production capital expenditure (Capex) <sup>(1)</sup>		US \$261,900,000
Sustaining Capex		US \$144,600,000
LOM Capex		US \$406,500,000
Closure Cost (5.0% of LOM Capex)		US \$20,300,000

Notes: (1) Includes contingencies of US \$45,000,000.

<b>PEA Operating Summary</b>	
Processing plant throughput	5,000 t/day
Average annual zinc concentrate production	201,500 dmt/year
Average annual lead-silver concentrate production	7,570 dmt/year
Average annual silver in lead concentrate	905,700 oz/year
Net Smelter Return (“NSR”) from zinc and lead concentrates	US \$4,002,000,000
Mining costs	US \$36.66/t
Processing costs	US \$6.44/t
General and administration costs	US \$5.48/t
Total Operating Costs (Opex)	US \$48.57/t

Notes: dmt = dry metric tonne

<b>PEA Metal Prices, Cut-off, and Other Assumptions</b>	<b>Input value</b>
Zinc Price	US \$1.20/lb
Lead Price	US \$0.95/lb
Silver Price	US \$18/oz
NSR Cut-off value	US \$65/t
Total material processed (LOM)	38,200,000 tonnes
Mine Life	21.1 years

### ***Metallurgical Testwork***

On June 5, 2019, the Company announced locked cycle flotation metallurgical test results on composite zinc sulphide samples from Ayawilca. The metallurgical test program was carried out by XPS Consulting and Testwork Services, Ontario, under the project supervision of Transmin Metallurgical Consultants, Lima.

Key highlights of the metallurgical test program included:

1. A flowsheet using a standard flotation process for the zinc mineralization at West and South Ayawilca was successfully developed.
2. Testwork demonstrated that zinc recoveries of 92% at a zinc concentrate grade of 50% can be consistently achieved. Two locked cycle tests were carried out on two different styles of mineralization (a pyrite rich composite sample, and a low pyrite - high silica composite sample, respectively), with both tests producing similar zinc concentrate grade characteristics and zinc recoveries.
3. Potentially deleterious elements in the zinc concentrates (including silica, manganese, cadmium, mercury, and arsenic) are well below standard smelter penalty levels. A small penalty is anticipated for iron content in the concentrate.

### Mineral Resources

The current resources at the Ayawilca Project, as estimated by RPA of Toronto, Canada, are highlighted in the following tables. The Mineral Resources for the Zinc Zone (Tables 2 to 4) and Tin Zone (Table 5) have an effective date of November 26, 2018. The Colquipucro Silver Zone resource estimate has an effective date of May 25, 2016 (Table 6).

**Table 2 - Ayawilca Deposit Indicated Mineral Resource - Zinc Zone as of November 26, 2018**  
Sensitivities at various cut-off grades

NSR \$/t Cut-off	Tonnage (Mt)	ZnEq (% grade)	Zinc (%)	Lead (%)	Indium (g/t)	Silver (g/t)
40	13.6	7.4	6.3	0.16	75	15
50	12.4	7.9	6.7	0.17	80	15
<b>55</b>	<b>11.7</b>	<b>8.1</b>	<b>6.9</b>	<b>0.16</b>	<b>84</b>	<b>15</b>
60	10.8	8.5	7.2	0.16	89	16
70	9.4	9.2	7.7	0.15	99	16
80	7.9	10.0	8.4	0.15	111	17

Notes:

1. Base case highlighted with **bold** text.
2. See Table 4 for notes.

**Table 3 - Ayawilca Deposit Inferred Mineral Resources - Zinc Zone as of November 26, 2018**  
Sensitivities at various cut-off grades

NSR \$/t Cut-off	Tonnage (Mt)	ZnEq (% grade)	Zinc (%)	Lead (%)	Indium (g/t)	Silver (g/t)
40	52.7	6.2	5.2	0.24	60	17
50	48.1	6.5	5.4	0.24	64	17
<b>55</b>	<b>45.0</b>	<b>6.7</b>	<b>5.6</b>	<b>0.23</b>	<b>67</b>	<b>17</b>
60	41.5	7.0	5.8	0.23	70	18
70	33.9	7.6	6.4	0.22	78	18
80	26.9	8.3	6.9	0.22	86	20

Notes:

1. Base case highlighted with **bold** text.
2. See Table 4 for notes.

**Table 4 - Zinc Zone Mineral Resources Base Case at Ayawilca by Area**  
As of November 26, 2018

Area	Tonnage (Mt)	ZnEq (%)	Zn (%)	Pb (%)	In (g/t)	Ag (g/t)	Zn (Milb)	Pb (Milb)	In (kg)	Ag (Moz)
<b>Indicated</b>										
West	7.8	7.7	6.5	0.20	72	15	1,126	35	561	3.9
South	3.9	9.1	7.6	0.09	108	16	652	8	422	2.0
<b>Total Indicated</b>	<b>11.7</b>	<b>8.1</b>	<b>6.9</b>	<b>0.16</b>	<b>84</b>	<b>15</b>	<b>1,778</b>	<b>42</b>	<b>983</b>	<b>5.8</b>

Area	Tonnage (Mt)	ZnEq (%)	Zn (%)	Pb (%)	In (g/t)	Ag (g/t)	Zn (Mlb)	Pb (Mlb)	In (kg)	Ag (Moz)
<b>Inferred</b>										
West	5.0	7.1	6.4	0.27	34	17	699	30	170	2.8
Central	18.6	5.6	4.6	0.23	62	12	1,884	95	1,153	7.5
East	11.3	5.9	5.0	0.18	56	14	1,238	44	633	5.0
South	10.2	9.6	7.9	0.27	103	30	1,764	61	1,047	9.9
<b>Total Inferred</b>	<b>45.0</b>	<b>6.7</b>	<b>5.6</b>	<b>0.23</b>	<b>67</b>	<b>17</b>	<b>5,585</b>	<b>230</b>	<b>3,003</b>	<b>25.2</b>

Notes:

1. The Qualified Person for the estimate is Ms. Dorota El Rassi, P.Eng., an RPA employee. Mineral Resources have an effective date of November 26, 2018.
2. Mineral Resources are reported using the 2014 CIM Definition Standards. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
3. Mineral Resources are reported above a cut-off grade of US \$55 per tonne NSR value.
4. The NSR value was based on estimated metallurgical recoveries, assumed metal prices and smelter terms, which include payable factors, treatment charges, penalties, and refining charges. Metal price assumptions were: US \$1.15/lb Zn, US \$300/kg In, US \$15/oz Ag, and US\$1.00/lb Pb. Metal recovery assumptions were: 90% Zn, 75% In, 60% Ag, and 75% Pb. The NSR value for each block was calculated using the following NSR factors: US \$15.34 per % Zn, US\$ 4.70 per % Pb, US \$0.18 per gram In, and US \$0.22 per gram Ag.
5. The NSR value was calculated using the following formula:  

$$\text{NSR} = \text{Zn}(\%)*\text{US } \$15.34 + \text{Pb}(\%)*\text{US } \$4.70 + \text{In}(\text{g/t})*\text{US } \$0.18 + \text{Ag}(\text{g/t})*\text{US } \$0.22$$
6. The ZnEq value was calculated using the following formula:  

$$\text{ZnEq} = \text{NSR}/\text{US } \$15.34$$
7. Numbers may not add due to rounding.

**Table 5 - Tin Zone Inferred Mineral Resources at Ayawilca Deposit  
As of November 26, 2018**

	Tonnage (Mt)	SnEq (%)	Sn (%)	Cu (%)	Ag (g/t)	Sn (Mlb)	Cu (Mlb)	Ag (Moz)
<b>Tin Zones</b>	14.5	0.70	0.63	0.21	18	201	67	8

Notes:

1. The Qualified Person for the estimate is Ms. Dorota El Rassi, P.Eng., an RPA employee. Mineral Resources have an effective date of November 26, 2018 CIM definitions were followed for Mineral Resources.
2. Mineral Resources are reported using the 2014 CIM Definition Standards. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
3. Mineral Resources are reported above a cut-off grade of US \$55 per tonne NSR value.
4. The NSR value was based on estimated metallurgical recoveries, assumed metal prices and smelter terms, which include payable factors, treatment charges, penalties, and refining charges. Metal price assumptions were: US \$9.00/lb Sn, US \$2.85/lb Cu, and US \$15/oz Ag. Metal recovery assumptions were: 86% Sn, 75% Cu, and 60% Ag. The NSR value for each block was calculated using the following NSR factors: US \$155.21 per % Sn, US \$37.59 per % Cu, and US \$0.22 per gram Ag.
5. The NSR value was calculated using the following formula:  $\text{US\$NSR} = \text{Sn}(\%)*\text{US } \$155.21 + \text{Cu}(\%)*\text{US } \$37.59 + \text{Ag}(\text{g/t})*\text{US } \$0.22$
6. The SnEq value was calculated using the following formula:  $\text{SnEq} = \text{NSR}/\text{US } \$155.21$
7. Numbers may not add due to rounding.

**Table 6 - Mineral Resource Estimate, Colqui Silver Zone - As of May 25, 2016**

Zone and Confidence Classification	Tonnage (Mt)	Ag (g/t)	Contained Ag (Moz)
<i>Indicated</i>			
High Grade Lenses	2.9	112	10.4
Low Grade Halo	4.5	27	3.9
<b>Total Indicated</b>	<b>7.4</b>	<b>60</b>	<b>14.3</b>
<i>Inferred</i>			
High Grade Lenses	2.2	105	7.5
Low Grade Halo	6.2	28	5.7
<b>Total Inferred</b>	<b>8.5</b>	<b>48</b>	<b>13.2</b>

Notes:

1. The Qualified Person for the estimate is Ms. Dorota El Rassi, P.Eng., an RPA employee. Mineral Resources have an effective date of May 25, 2016.
2. Mineral Resources are reported using the 2014 CIM Definition Standards. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
3. Mineral Resources are reported within a preliminary pit-shell and above a reporting cut-off grade of 15 g/t Ag for the Low-Grade Halo and 60 g/t Ag for the High-Grade Lenses.
4. The cut-off grade is based on a silver price of US\$24/oz Ag.
5. Numbers may not add due to rounding.

## ***Ayawilca Project - Geology***

Zinc mineralization at Ayawilca is predominantly hosted by the Pucará Group limestone, a gently dipping limestone unit 150 to 250 m thick of Triassic-Jurassic age, which does not outcrop in the area of the Zinc Zone. The Pucará limestone is brecciated in the vicinity of the mineralization. The lower contact of the Pucará limestone is a low-angle east-dipping thrust fault, beneath which lies Excelsior Group metamorphosed sediments or “phyllite” of Paleozoic age. Pucará limestone is overlain by Goyllarisguizga (“Goyllar”) sandstones and siltstones 120 to 200 metres thick of Cretaceous age, which outcrop extensively above the resource area and are gently east dipping. Goyllar sandstones host a minor component of the Zinc Zone resource near the contact with limestone. The sandstone acted as a “seal” to the mineralization, one of the reasons as to why Ayawilca was not discovered until recent times. Mineralization is believed to be associated with Tertiary intrusions which post-date uplift and folding of the sedimentary sequence.

The Colquipucro Fault, a north-northwest trending steep-dipping fault system on the western side of the deposit appears to control high-grade zinc mineralization at the West and South Ayawilca areas. Low-angle thrust faults acted as conduits for both the tin and zinc mineralization, both at the phyllite-limestone contact and within the limestone. An anticlinal fold hinge, which runs parallel to the Colquipucro Fault, appears to have concentrated the high-grade zinc zones at South Ayawilca.

Zinc mineralization occurs as sulphide “mantos” typically 5 to 30 m thick and up to 50 m thick. At West and South Ayawilca mantos are stacked on top of each other to form thick almost continuous zones with vertical thicknesses of 100 to 150 m. Zinc mantos at Central and East Ayawilca are typically narrower, with individual mantos horizontally continuous over hundreds of metres. Zinc mineralization occurs as iron-rich sphalerite (“marmatite”) accompanied by low-iron sphalerite, pyrite, magnetite with minor pyrrhotite, galena, arsenopyrite, and chalcopyrite, together with chlorite, clay, siderite, and quartz.

The Colqui Silver Zone was mined at a small scale in historic times for lead and silver. Mineralization is hosted by Goyllar sandstones and occurs in both a disseminated and fracture hosted form. The majority of the drilled mineralization at Colqui is oxidised, associated with iron oxides and/or manganese oxides. Silver mineralization occurs from surface to a depth of about 100 metres.

The Tin Zone mineralization predates and is physically separated from the Zinc Zone mineralization. The tin mineralization typically forms flat-lying sulphide mantos between 5 and 20 metres thick at the contact of the limestone and phyllite. The tin-bearing mantos consist of pyrrhotite rich sulphides with lesser quartz, chlorite, cassiterite, pyrite, and chalcopyrite. Quartz stockworks in the phyllite can also host tin mineralization.

### **Qualified Persons**

The qualified person for the Company’s projects, Dr. Graham Carman, President and CEO of the Company and a Fellow of the Australasian Institute of Mining and Metallurgy (“FAUSIMM”), has reviewed and verified the technical information in this MD&A and is responsible for other technical information (information not directly related to the Mineral Resource Estimate or the PEA) in this MD&A.

The Mineral Resources disclosed in this MD&A have been estimated by Mrs. Dorota El Rassi, P.Eng., of Roscoe Postle Associates Inc. (RPA). Mrs. El Rassi is a Qualified Person as defined in NI 43-101 and independent of Tinka.

Mr. William Colquhoun, Principal Metallurgical Consultant with Amec Foster Wheeler (Peru) S.A., a Wood company, a Qualified Person as defined in NI 43-101 and independent of Tinka, was responsible for the results of the PEA contained in this MD&A.

Mr. Edwin Peralta, P.E., a Senior Engineer with Wood Mining and Metals USA, a Qualified Person under NI 43-101 and independent of Tinka, was also responsible for the results of the PEA in this MD&A.

Mr. Adam Johnson, FAUSIMM (CP), Chief Metallurgist with Transmin Metallurgical Consultants (Peru), a Qualified Person under NI 43-101 and independent of Tinka, was responsible for the metallurgical assumptions of the PEA 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 2021	Fiscal 2020				Fiscal 2019		
	Dec. 31 2020 \$	Sept. 30 2020 \$	Jun. 30 2020 \$	Mar. 31 2020 \$	Dec. 31 2019 \$	Sept. 30 2019 \$	Jun. 30 2019 \$	Mar. 31 2019 \$
<b>Operations:</b>								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(366,534)	(417,775)	(424,330)	(1,747,654)	(464,799)	(436,942)	(623,770)	(764,907)
Other items	(501,705)	(3,053)	(567,189)	933,211	8,320	105,579	(24,910)	(76,182)
Net loss and comprehensive loss	(868,239)	(420,828)	(991,519)	(814,443)	(456,479)	(331,363)	(648,680)	(841,089)
Loss per share								
-basic and diluted	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Balance Sheet:</b>								
Working capital	16,838,169	20,160,588	20,872,770	22,355,992	4,441,536	5,945,016	8,350,122	10,581,942
Total assets	68,798,852	69,306,911	69,307,616	70,211,504	52,067,039	52,808,759	52,696,698	53,132,829
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

## Results of Operations

### *Three Months Ended December 31, 2020 Compared to Three Months Ended September 30, 2020*

During the three months ended December 31, 2020 (“Q1/2021”) the Company reported a net loss of \$868,239 compared to a net loss of \$420,828 for the three months ended September 30, 2020 (“Q4/2020”), an increase in loss of \$447,411. The increase in loss was primarily attributed to the recognition of a foreign exchange loss of \$542,280 in Q1/2021 compared to a foreign exchange loss of \$44,719 in Q4/2020 due to the fluctuation of US dollar and Canadian dollar exchange rates on the Company’s US dollar cash holdings.

### *Three Months Ended December 31, 2020 Compared to Three Months Ended December 31, 2019*

During Q1/2021 the Company reported a net loss of \$868,239 compared to a net loss of \$456,479 for the three months ended December 31, 2019 (“Q1/2020”), an increase in loss of \$411,760. The increase in loss was primarily due to the recognition of a foreign exchange loss of \$542,280 during Q1/2021 compared to a foreign exchange loss of \$23,793 during Q1/2020 and partially offset by a \$98,265 decrease in general and administrative expenses, from \$464,799 during Q1/2021 to \$366,534 during Q1/2020. Significant fluctuations in expenses were as follows:

- (i) during Q1/2021 the Company recorded share-based compensation expense of \$24,202 on the granting and vesting of share options. No share options were granted or vested during Q1/2020;
- (ii) during Q1/2021 the Company incurred \$143,319 (Q1/2020 - \$128,929) for directors and officers compensation. See also “Transactions with Related Parties”;
- (iii) legal expenses increased by \$11,711 during Q1/2021 to \$25,890, compared to \$14,179 during Q1/2020;
- (iv) during Q1/2020 the Company incurred \$25,657 for registration and attendances at investment conferences. Due to the impact of COVID-19 the Company did not attend any investment conferences in Q1/2021;
- (v) during Q1/2020 the Company incurred \$29,867 for corporate travel. No corporate travel was conducted in Q1/2021 due to COVID-19;
- (vi) a \$35,533 decrease in office expense from \$54,685 during Q1/2020 to \$19,163 during Q1/2021. The decrease in Q1/2021 is due to the significant curtailment of activities in the Peru office due to COVID-19; and
- (vii) a \$35,429 decrease in salaries and benefits from, \$87,750 during Q1/2020 to \$52,321 during Q1/2021. The decrease reflects the reduction of employees as a result of COVID-19 on activities in Peru during Q1/2021.

The Company holds its cash in interest bearing accounts in major financial institutions. The Company has also set aside US \$6,000,000 in deposit with its financial institution. These funds were segregated for the purpose of incurring expenditures for certain project related costs on the Company’s Ayawilca Project. These funds also bear interest. Interest income is generated from the deposits and fluctuates primarily with the levels of cash on deposit. During Q1/2021 the Company recorded interest income of \$40,575 compared to \$32,113 during Q1/2020.

The carrying costs of the Company's exploration and evaluation assets are as follows:

	As at December 31, 2020			As at September 30, 2020		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Colquipucro	402,014	8,899,786	9,301,800	402,014	8,794,352	9,196,366
Ayawilca	1,297,195	37,154,051	38,451,246	1,297,195	35,026,527	36,323,722
Other	13,548	3,026,716	3,040,264	-	2,797,596	2,797,596
	<u>1,712,757</u>	<u>49,080,553</u>	<u>50,793,310</u>	<u>1,699,209</u>	<u>46,618,475</u>	<u>48,317,684</u>

Exploration and evaluation activities incurred during Q1/2021 and fiscal 2020 are as follows:

	Colquipucro \$	Ayawilca \$	Other \$	Total \$
<b>Balance at September 30, 2019</b>	<u>9,048,534</u>	<u>33,306,363</u>	<u>3,433,415</u>	<u>45,788,312</u>
<b>Exploration costs</b>				
Assay	-	17,564	-	17,564
Camp costs	530	616,066	-	616,596
Community relations	147,302	780,734	-	928,036
Depreciation	-	10,291	-	10,291
Drilling	-	52,811	-	52,811
Engineering	-	145,930	-	145,930
Environmental	-	317,099	-	317,099
Geological	-	437,188	-	437,188
Health and safety	-	180,718	-	180,718
Metallurgical	-	82,784	-	82,784
Modelling	-	37,399	-	37,399
Software and database management	-	14,759	-	14,759
Topography	-	2,775	-	2,775
VAT incurred	-	-	309,038	309,038
VAT recovered	-	-	(944,857)	(944,857)
	<u>147,832</u>	<u>2,696,118</u>	<u>(635,819)</u>	<u>2,208,131</u>
<b>Acquisition costs</b>				
Concession payments and related taxes	-	321,241	-	321,241
<b>Balance at September 30, 2020</b>	<u>9,196,366</u>	<u>36,323,722</u>	<u>2,797,596</u>	<u>48,317,684</u>
<b>Exploration costs</b>				
Camp costs	-	261,555	-	261,555
Community relations	80,564	275,471	-	356,035
Depreciation	-	3,014	-	3,014
Drilling	-	1,180,702	-	1,180,702
Engineering	24,870	10,892	-	35,762
Environmental	-	107,945	-	107,945
Geological	-	162,355	-	162,355
Health and safety	-	117,892	-	117,892
Metallurgical	-	2,110	-	2,110
Software and database management	-	5,588	-	5,588
VAT incurred	-	-	229,120	229,120
	<u>105,434</u>	<u>2,127,524</u>	<u>229,120</u>	<u>2,462,078</u>
<b>Acquisition costs</b>				
Staking costs	-	-	13,548	13,548
<b>Balance at December 31, 2020</b>	<u>9,031,800</u>	<u>38,451,246</u>	<u>3,040,264</u>	<u>50,793,310</u>

During Q1/2021 the Company focused on continuing exploration drilling, metallurgical test work, construction of access roads and platforms, rehabilitation of drill sites and access tracks with local communities and completion of the PEA. The Company incurred a total of \$2,475,626 (Q1/2020 - \$959,203) for exploration expenditures and acquisition costs, comprising \$2,127,524 (Q1/2020 - \$754,941) on the Ayawilca Project, \$105,434 (Q1/2020 -

\$67,987) on the Colquipucro Project, \$229,120 (Q1/2020 - \$136,275) for VAT tax in Peru and \$13,548 (Q1/2020 - \$nil) for staking costs on minor concessions in Central Peru. See also “Exploration Projects, Peru”.

### **Financings**

During Q1/2021 and Q1/2020 the Company did not conduct any equity financings.

### **Financial Condition / Capital Resources**

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. As at December 31, 2020 the Company had working capital in the amount of \$16,838,169, including \$7,639,200 set aside by the Company for certain project related costs to be incurred on the Ayawilca Project. Management considers that the Company has sufficient funds to complete the 2021 exploration program at the Zinc Zone, update the PEA, continue advancing the Ayawilca Project and maintain ongoing corporate overhead and field expenses over the next twelve months. See also “Exploration Project, Peru, Work Program for 2021 and COVID-19 Update”. Exploration activities may change as a result of ongoing results and recommendations or the Company may acquire additional properties which may entail significant exploration commitments. While the Company has been successful in securing financings in the past, there is material uncertainty it will be able to do so in the future.

### **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 critical accounting estimates is included in Note 3 to the September 30, 2020 annual consolidated financial statements.

### **Changes in Accounting Policies**

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

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

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

A detailed summary of all the Company's significant accounting policies is included in Note 3 to the September 30, 2020 annual consolidated financial statements.

### 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 Q1/2021 and Q1/2020 the following amounts were incurred with respect to the Company's CEO (Dr. Carman), the Company's CFO (Mr. Nick DeMare) and the Company's VP of Exploration (Mr. Alvaro Fernandez-Baca) as follows:

	Q1/2021 \$	Q1/2020 \$
Management fees - Dr. Carman	77,499	70,002
Management fees - Mr. Fernandez-Baca	55,650	53,767
Professional fees - Mr. DeMare	9,000	8,500
	<u>142,149</u>	<u>132,269</u>

During Q1/2021 the Company expensed \$108,759 (Q1/2020 - \$100,009) to directors and officers compensation and capitalized \$33,390 (Q1/2020 - \$32,260) of compensation paid to the VPE to exploration and evaluation assets.

The Company has a management agreement with its CEO which provides that in the event the CEO's services are terminated without cause or upon a change of control of the Company, a termination payment is payable. If the termination had occurred on December 31, 2020 the amount payable under the agreement would be approximately \$620,000.

The Company has a management agreement with its VPE which provides that in the event the VPE's services are terminated without cause or upon a change of control of the Company, a termination payment is payable. If the termination had occurred on December 31, 2020 the amount payable under the agreement would be approximately \$240,000.

(b) *Transactions with Other Related Parties*

(i) During Q1/2021 and Q1/2020 the following amounts were incurred for professional services provided by non-management directors of the Company (Mary Little, Ben McKeown, and Raul Benavides) and the Corporate Secretary (Mariana Bermudez):

	Q1/2021 \$	Q1/2020 \$
Professional fees - Ms. Little	7,500	7,000
Professional fees - Mr. McKeown	12,000	10,000
Professional fees - Mr. Benavides*	7,500	-
Professional fees - Ms. Bermudez	7,560	11,920
	<u>34,560</u>	<u>28,920</u>

\* Elected on February 27, 2020

As at December 31, 2020 \$2,520 (September 30, 2020 - \$1,680) remained unpaid.

(ii) During Q1/2021 the Company incurred a total of \$18,200 (Q1/2020 - \$14,100) with Chase, a private corporation owned by Mr. DeMare, for accounting and administrative services provided by Chase personnel, excluding Mr. DeMare, and \$1,005 (Q1/2020 - \$1,005) for rent. As at December 31, 2020 \$10,670 (September 30, 2020 - \$4,170) 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.

## **Outstanding Share Data**

The Company's authorized share capital is unlimited common shares with no par value. As at February 24, 2021, there were 340,740,717 issued common shares and 13,687,500 share options outstanding, at exercise prices ranging from \$0.25 to \$0.50 per share.