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**TINKA RESOURCES LIMITED**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED  
JUNE 30, 2022

*(Unaudited - Expressed in Canadian Dollars)*

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**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

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

	Note	June 30, 2022 \$	September 30, 2021 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		11,037,897	4,041,734
Restricted cash	4	7,731,600	7,644,600
GST receivable		23,328	17,044
Prepaid expenses		<u>99,914</u>	<u>87,859</u>
<b>Total current assets</b>		<u>18,892,739</u>	<u>11,791,237</u>
<b>Non-current assets</b>			
Property, plant and equipment	5	43,546	49,273
Exploration and evaluation assets	6	<u>57,775,830</u>	<u>55,266,993</u>
<b>Total non-current assets</b>		<u>57,819,376</u>	<u>55,316,266</u>
<b>TOTAL ASSETS</b>		<u>76,712,115</u>	<u>67,107,503</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		<u>373,087</u>	<u>596,196</u>
<b>TOTAL LIABILITIES</b>		<u>373,087</u>	<u>596,196</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	104,523,745	93,478,232
Share-based payments reserve	7	7,778,618	7,176,618
Deficit		<u>(35,963,335)</u>	<u>(34,143,543)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>76,339,028</u>	<u>66,511,307</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>76,712,115</u>	<u>67,107,503</u>

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on August 26, 2022 and are signed on its behalf by:

/s/ Graham Carman  
Graham Carman  
Director

/s/ Nick DeMare  
Nick DeMare  
Director

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

**TINKA RESOURCES LIMITED**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
*(Unaudited - Expressed in Canadian Dollars)*

	Note	Three Months Ended June 30		Nine Months Ended June 30	
		2022 \$	2021 \$	2022 \$	2021 \$
<b>Expenses</b>					
Accounting and administration	8(b)(ii)	16,082	19,086	67,849	70,998
Audit		(6,450)	6,450	42,000	48,450
Corporate development		26,055	23,438	81,097	61,702
Depreciation		-	-	-	534
Director and officer compensation	8	157,860	140,745	471,164	431,206
General exploration		330	12,288	9,238	41,097
Investment conferences		6,645	3,473	30,530	11,426
Investor relations		-	9,000	-	27,000
Legal		21,534	29,324	37,725	83,413
Office		45,320	48,612	101,932	129,871
Regulatory		8,832	30,702	64,094	63,419
Rent		12,007	7,240	34,871	33,494
Salaries and benefits		44,154	68,008	172,385	201,954
Shareholder costs		5,415	3,248	14,878	13,720
Share-based compensation	7(c)	602,000	-	602,000	26,084
Transfer agent		11,700	9,246	14,995	12,624
Travel and related		28,399	-	56,703	-
		<u>979,883</u>	<u>410,860</u>	<u>1,801,461</u>	<u>1,256,992</u>
<b>Loss before other items</b>		<u>(979,883)</u>	<u>(410,860)</u>	<u>(1,801,461)</u>	<u>(1,256,992)</u>
<b>Other items</b>					
Interest income		29,423	18,285	42,119	92,565
Foreign exchange		290,638	(152,220)	(60,450)	(815,842)
		<u>320,061</u>	<u>(133,935)</u>	<u>(18,331)</u>	<u>(723,277)</u>
<b>Net loss and comprehensive loss for the period</b>		<u>(659,822)</u>	<u>(544,795)</u>	<u>(1,819,792)</u>	<u>(1,980,269)</u>
<b>Loss per share - basic and diluted</b>		<u>\$(0.00)</u>	<u>\$(0.00)</u>	<u>\$(0.01)</u>	<u>\$(0.01)</u>
<b>Weighted average number of common shares outstanding - basic and diluted</b>		<u>357,595,120</u>	<u>340,740,717</u>	<u>349,167,919</u>	<u>340,740,717</u>

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

**TINKA RESOURCES LIMITED**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
*(Unaudited - Expressed in Canadian Dollars)*

<b>Nine Months Ended June 30, 2022</b>					
<b>Share Capital</b>					
	<b>Number of Shares</b>	<b>Amount \$</b>	<b>Share-Based Payments Reserve \$</b>	<b>Deficit \$</b>	<b>Total Shareholders' Equity \$</b>
<b>Balance at September 30, 2021</b>	340,740,717	93,478,232	7,176,618	(34,143,543)	66,511,307
Common shares issued for:					
- private placement	50,563,210	11,123,906	-		11,123,906
Share issue costs		(78,393)	-		(78,393)
Share-based compensation	-	-	602,000	-	602,000
Net loss for the period	-	-	-	(1,819,792)	(1,819,792)
<b>Balance at June 30, 2022</b>	<b>391,303,927</b>	<b>104,523,745</b>	<b>7,778,618</b>	<b>(35,963,335)</b>	<b>76,339,028</b>

<b>Nine Months Ended June 30, 2021</b>					
<b>Share Capital</b>					
	<b>Number of Shares</b>	<b>Amount \$</b>	<b>Share-Based Payments Reserve \$</b>	<b>Deficit \$</b>	<b>Total Shareholders' Equity \$</b>
<b>Balance at September 30, 2020</b>	340,740,717	93,478,232	7,136,533	(32,088,899)	68,525,866
Share-based compensation	-	-	26,084	-	26,084
Net loss for the period	-	-	-	(1,980,269)	(1,980,269)
<b>Balance at June 30, 2021</b>	<b>340,740,717</b>	<b>93,478,232</b>	<b>7,162,617</b>	<b>(34,069,168)</b>	<b>66,571,681</b>

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

**TINKA RESOURCES LIMITED**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
*(Unaudited - Expressed in Canadian Dollars)*

	Nine Months Ended June 30.	
	2022 \$	2021 \$
<b>Operating activities</b>		
Net loss for the period	(1,819,792)	(1,980,269)
Adjustments for:		
Depreciation	-	534
Share-based compensation	602,000	26,084
Changes in non-cash working capital items:		
GST receivable	(6,284)	(7,764)
Prepaid expenses	(12,055)	(21,854)
Accounts payable and accrued liabilities	7,379	51,700
<b>Net cash used in operating activities</b>	<u>(1,228,752)</u>	<u>(1,931,569)</u>
<b>Investing activities</b>		
Expenditures on exploration and evaluation assets	(2,731,735)	(5,998,519)
Additions to property, plant and equipment	(1,863)	(13,565)
<b>Net cash used in investing activities</b>	<u>(2,733,598)</u>	<u>(6,012,084)</u>
<b>Financing activities</b>		
Issuance of common shares	11,123,906	-
Share issue costs	(78,393)	-
<b>Net cash provided by financing activities</b>	<u>11,045,513</u>	<u>-</u>
<b>Net change in cash during the period</b>	7,083,163	(7,943,653)
<b>Cash and cash equivalents at beginning of period</b>	<u>11,686,334</u>	<u>20,868,868</u>
<b>Cash and cash equivalents at end of period</b>	<u>18,769,497</u>	<u>12,925,215</u>
<b>Cash and cash equivalents comprises:</b>		
Cash	11,037,897	5,488,815
Restricted cash	7,731,600	7,436,400
	<u>18,769,497</u>	<u>12,925,215</u>

**Supplemental cash flow information** - See Note 11

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

**TINKA RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JUNE 30, 2022**  
*(Unaudited - Expressed in Canadian Dollars)*

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**1. Nature of Operations**

Tinka Resources Limited (the “Company”) was incorporated on September 15, 1987 under the provisions of the Company Act (British Columbia). The Company is listed and traded on the TSX Venture Exchange (“TSXV”) and the Lima Stock Exchange under the symbol “TK”, on the OTCQB under the symbol “TKRFF” and on the Frankfurt Exchange under the symbol “TLD”. The Company’s principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7 Canada.

The Company is a junior mineral exploration company currently engaged in the acquisition and exploration of mineral properties located in Peru. On the basis of information to date, the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the mineral resource interests is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development and upon future profitable production. Mineral resource interests represent costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values.

As at June 30, 2022 the Company had working capital in the amount of \$18,519,652. These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future. To date the Company has not earned any revenue 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. Although management considers that the Company has adequate resources to maintain its core operations and planned exploration programs on its existing exploration and evaluation assets for the next twelve months, the Company recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. 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.

In March 2020 the World Health Organization declared the outbreak of a novel coronavirus, identified as “COVID-19”, as a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. Mining and exploration activities has, to a large extent, continued uninterrupted. The Company has implemented safety and physical distancing procedures, testing protocols and is encouraging its employees to be vaccinated. The Company will continue to monitor the impact of the COVID-19 outbreak, the duration and impact which is unknown at this time, as is the efficacy of any intervention. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

**2. Basis of Preparation**

***Statement of Compliance***

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”), and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended September 30, 2021, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company’s consolidated financial statements for the year ended September 30, 2021.

***Basis of Measurement***

The Company’s condensed consolidated interim financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. These condensed consolidated interim financial statements are presented in Canadian Dollars unless otherwise stated.

**TINKA RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JUNE 30, 2022**  
*(Unaudited - Expressed in Canadian Dollars)*

**3. Subsidiaries**

The subsidiaries of the Company are as follows:

<u>Company</u>	<u>Location of Incorporation</u>	<u>Ownership Interest</u>
Darwin Resources Corp.	Canada	100%
Tinka Resources S.A.C.	Peru	100%
Darwin Peru S.A.C.	Peru	100%
Cia. Electrica Chaupihuaranga S.A.C.	Peru	100%

**4. Restricted Cash**

Pursuant to a contractual commitment the Company has set aside, until January 13, 2023, \$7,731,600 (US \$6,000,000) for certain development type costs on the Company's mineral projects.

**5. Property, Plant and Equipment**

	<u>Office Furniture and Equipment \$</u>	<u>Vehicles \$</u>	<u>Total \$</u>
<b>Cost:</b>			
Balance at September 30, 2020	164,791	101,141	265,932
Additions	<u>13,565</u>	<u>-</u>	<u>13,565</u>
Balance at September 30, 2021	178,356	101,141	279,497
Additions	<u>1,863</u>	<u>-</u>	<u>1,863</u>
Balance at June 30, 2022	<u>180,219</u>	<u>101,141</u>	<u>281,360</u>
<b>Accumulated Depreciation:</b>			
Balance at September 30, 2020	(117,197)	(101,141)	(218,338)
Depreciation	<u>(11,886)</u>	<u>-</u>	<u>(11,886)</u>
Balance at September 30, 2021	(129,083)	(101,141)	(230,224)
Depreciation	<u>(7,590)</u>	<u>-</u>	<u>(7,590)</u>
Balance at June 30, 2022	<u>(136,673)</u>	<u>(101,141)</u>	<u>(237,814)</u>
<b>Carrying Value:</b>			
Balance at September 30, 2021	<u>49,273</u>	<u>-</u>	<u>49,273</u>
Balance at June 30, 2022	<u>43,546</u>	<u>-</u>	<u>43,546</u>

**6. Exploration and Evaluation Assets**

	<u>June 30, 2022</u>			<u>September 30, 2021</u>		
	<u>Acquisition Costs \$</u>	<u>Deferred Exploration Costs \$</u>	<u>Total \$</u>	<u>Acquisition Costs \$</u>	<u>Deferred Exploration Costs \$</u>	<u>Total \$</u>
Colquipucro	402,014	9,483,848	9,885,862	402,014	9,261,472	9,663,486
Ayawilca	1,696,028	42,112,383	43,808,411	1,571,273	40,301,497	41,872,770
Other	<u>329,924</u>	<u>3,751,633</u>	<u>4,081,557</u>	<u>329,924</u>	<u>3,400,813</u>	<u>3,730,737</u>
	<u>2,427,966</u>	<u>55,347,864</u>	<u>57,775,830</u>	<u>2,303,211</u>	<u>52,963,782</u>	<u>55,266,993</u>



**TINKA RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JUNE 30, 2022**  
*(Unaudited - Expressed in Canadian Dollars)*

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

	Colquipucro \$	Ayawilca \$	Other \$	Total \$
<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>				
Assays	-	-	10,059	10,059
Camp costs	2,322	752,409	13,114	767,845
Community relations	438,844	939,287	-	1,378,131
Depreciation	-	11,352	-	11,352
Drilling	-	1,700,246	-	1,700,246
Engineering	23,343	268,049	-	291,392
Environmental	2,611	498,540	-	501,151
Geological	-	567,571	8,324	575,895
Health and safety	-	355,220	-	355,220
Metallurgical	-	153,802	-	153,802
Software and database management	-	27,306	-	27,306
Topography	-	1,188	-	1,188
VAT incurred	-	-	706,488	706,488
VAT recovered	-	-	(134,768)	(134,768)
	<u>467,120</u>	<u>5,274,970</u>	<u>603,217</u>	<u>6,345,307</u>
<b>Acquisition costs</b>				
Property acquisition payment	-	-	177,176	177,176
Concession payments and related taxes	-	274,078	128,931	403,009
Staking costs	-	-	23,817	23,817
	<u>-</u>	<u>274,078</u>	<u>329,924</u>	<u>604,002</u>
<b>Balance at September 30, 2021</b>	<u>9,663,486</u>	<u>41,872,770</u>	<u>3,730,737</u>	<u>55,266,993</u>
<b>Exploration costs</b>				
Assays	-	48,192	-	48,192
Camp costs	-	428,764	-	428,764
Community relations	211,840	494,925	-	706,765
Depreciation	-	7,590	-	7,590
Drilling	-	94,651	-	94,651
Engineering	-	27,812	-	27,812
Environmental	740	197,003	-	197,743
Geological	5,978	325,104	165,371	496,453
Health and safety	3,818	124,815	-	128,633
Metallurgical	-	20,789	-	20,789
Software and database management	-	41,241	-	41,241
VAT incurred	-	-	185,449	185,449
	<u>222,376</u>	<u>1,810,886</u>	<u>350,820</u>	<u>2,384,082</u>
<b>Acquisition costs</b>				
Concession payments and related taxes	-	124,755	-	124,755
<b>Balance at June 30, 2022</b>	<u>9,885,862</u>	<u>43,808,411</u>	<u>4,081,557</u>	<u>57,775,830</u>

**TINKA RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JUNE 30, 2022**  
*(Unaudited - Expressed in Canadian Dollars)*

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

*Colquipucro and Ayawilca Projects*

As at June 30, 2022 the Colquipucro and Ayawilca projects comprise a total of 59 mineral claims granted in the Province of Daniel Alcides Carrion, Peru.

The Company is required to issue 500,000 common shares to Sierra Peru Pty Ltd. (“Sierra”) in the event that a positive feasibility study is prepared on either of the Colquipucro or Ayawilca projects. Sierra also retains a right to a 1% net smelter royalty (“NSR”) from any production from 46 of the 59 mineral claims that make up the Colquipucro and Ayawilca projects. The NSR can be purchased at any time for US \$1,000,000.

*Other*

On June 16, 2021 the Company entered into an acquisition agreement with BHP World Exploration Inc. Sucursal del Peru (“BHP Peru”) in which the Company paid \$177,176 (US \$145,000) and acquired mining claims located in the Huanuco Andean region of central Peru (the “Silvia Project”). BHP Peru retains a right to a 1% NSR on the Silvia Project. The NSR can be repurchased at any time by the Company for US \$8,000,000 on or before July 8, 2036. As at June 30, 2022 the Company holds 26 mining claims on the Silvia Project.

As at June 30, 2022 the Company also owns nine granted mining concessions at three exploration target areas in Central Peru.

Expenditures incurred by the Company in Peru are subject to Peruvian Value Added Tax (“VAT”). The VAT is included in exploration and evaluation assets as incurred. Under Peruvian law VAT paid can be used in the future to offset amounts resulting from VAT charged on sales. Under certain circumstances and subject to approval from tax authorities a Company can also apply for early refund of VAT prior to generating sales. As at June 30, 2022 the Company has a VAT balance of \$3,556,334 (September 30, 2021 - \$3,370,885).

**7. Share Capital**

(a) ***Authorized Share Capital***

The Company’s authorized share capital consists of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) ***Equity Financings***

*Nine Months ended June 30, 2022*

On May 31, 2022 the Company completed an equity subscription agreement with Nexa Resources S.A. (“Nexa”) and Compañía de Minas Buenaventura SAA (“Buenaventura”) under which Nexa subscribed for 40,792,541 common shares of the Company and Buenaventura subscribed for 9,770,669 common shares of the Company, for a total of 50,563,210 common shares at \$0.22 per share, for gross proceeds of \$11,123,906.

The Company incurred \$78,393 for legal and other costs associated with this financing.

*Fiscal 2021*

No financings were conducted during fiscal 2021.

**TINKA RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JUNE 30, 2022**  
*(Unaudited - Expressed in Canadian Dollars)*

7. **Share Capital** (continued)

(c) **Share Option Plan**

The Company has established a rolling share option plan (the “Plan”) in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company’s closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years.

During the nine months ended June 30, 2022 the Company granted share options to purchase 8,600,000 (2021 - 300,000) common shares and recorded compensation expense of \$602,000 (2021 - \$24,000). The Company also recorded additional compensation expense of \$nil (2021 - \$2,084) on the vesting of share options previously granted.

The fair value of share options granted and vested during the nine months ended June 30, 2022 and 2021 were estimated using the Black-Scholes option pricing model using the following assumptions:

	<u>2022</u>	<u>2021</u>
Risk-free interest rate	3.18%	0.32% - 0.35%
Estimated volatility	65%	72%
Expected life	4 years	4 years - 4.75 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The weighted average measurement date fair value of all share options recognized, using the Black-Scholes option pricing model, during the nine months ended June 30, 2022 was \$0.07 (2021 - \$0.08) per option.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company’s share options.

A summary of the Company’s share options at June 30, 2022 and 2021 and the changes for the nine months ended on those dates, is as follows:

	<u>2022</u>		<u>2021</u>	
	<b>Number of Options Outstanding</b>	<b>Weighted Average Exercise Price \$</b>	<b>Number of Options Outstanding</b>	<b>Weighted Average Exercise Price \$</b>
Balance, beginning of period	13,720,000	0.35	14,377,000	0.36
Granted	8,600,000	0.25	300,000	0.25
Expired	<u>(5,587,500)</u>	0.49	<u>(989,500)</u>	0.47
Balance, end of period	<u>16,732,500</u>	0.25	<u>13,687,500</u>	0.35

The following table summarizes information about the share options outstanding and exercisable at June 30, 2022:

Number	Exercise Price \$	Expiry Date
35,000	0.35	March 8, 2023
8,097,500	0.25	January 23, 2025
<u>8,600,000</u>	0.25	June 28, 2026
<u>16,732,500</u>		

**TINKA RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JUNE 30, 2022**  
*(Unaudited - Expressed in Canadian Dollars)*

**8. Related Party Disclosures**

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

(a) *Transactions with Key Management Personnel*

During the nine months ended June 30, 2022 and 2021 the following amounts were incurred with respect to the Company's Chief Executive Officer ("CEO"), Vice-President of Exploration ("VPE") and Chief Financial Officer ("CFO") as follows:

	2022 \$	2021 \$
Management fees - CEO	232,497	232,497
Management fees - VPE	114,417	158,523
Professional fees - CFO	42,600	27,000
Share-based compensation	<u>210,000</u>	<u>-</u>
	<u>599,514</u>	<u>418,020</u>

During the nine months ended June 30, 2022 the Company expensed \$358,664 (2021 - \$322,906) to directors and officers compensation and capitalized \$30,850 (2021 - \$95,114) of compensation paid to the VPE to exploration and evaluation assets.

As at June 30, 2022 \$10,000 (September 30, 2021 - \$3,000) remained unpaid and has been included in accounts payable and accrued liabilities.

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 June 30, 2022 the amount payable under the agreement would be approximately \$620,000.

The Company has a consulting agreement with its VPE which provides that in the event the VPE's services are terminated as a result of a change of control of the Company, the VPE is entitled to receive a cash payment equal to 1.5 years of his salary. If the termination had occurred on June 30, 2022, the amount payable under the consulting agreement with the VPE would be \$180,000.

(b) *Transactions with Other Related Parties*

(i) During the nine months ended June 30, 2022 and 2021 the following amounts were incurred with respect to the Company's non-management directors and the corporate secretary of the Company:

	2022 \$	2021 \$
Directors and officers compensation	112,500	108,300
Share-based compensation	<u>192,500</u>	<u>-</u>
	<u>305,000</u>	<u>108,300</u>

As at June 30, 2022 \$nil (September 30, 2021 - \$3,500) remained unpaid and has been included in accounts payable and accrued liabilities.

**TINKA RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JUNE 30, 2022**  
*(Unaudited - Expressed in Canadian Dollars)*

**8. Related Party Disclosures** (continued)

- (ii) During the nine months ended June 30, 2022 the Company incurred a total of \$51,550 (2021 - \$46,300) with Chase Management Ltd. (“Chase”), a private corporation owned by the CFO, for accounting and administrative services provided by Chase personnel, excluding the CFO, and \$3,015 (2021 - \$3,015) for rent. As at June 30, 2022 \$4,170 (September 30, 2021 - \$4,170) remained unpaid and has been included in accounts payable and accrued liabilities.

**9. Segmented Information**

Substantially all of the Company’s operations are in one industry, the exploration for base and precious metals. Management reviews the financial results according to expenditures by property. The Company’s mineral properties are located in Peru and its corporate assets are located in Canada. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results.

	<b>June 30, 2022</b>		
	<b>Corporate Canada \$</b>	<b>Mineral Operations Peru \$</b>	<b>Total \$</b>
Current assets	18,729,003	163,736	18,892,739
Property, plant and equipment	-	43,546	43,546
Exploration and evaluation assets	-	57,775,830	57,775,830
	<u>18,729,003</u>	<u>57,983,112</u>	<u>76,712,115</u>
	<b>September 30, 2021</b>		
	<b>Corporate Canada \$</b>	<b>Mineral Operations Peru \$</b>	<b>Total \$</b>
Current assets	11,654,194	137,043	11,791,237
Property, plant and equipment	-	49,273	49,273
Exploration and evaluation assets	-	55,266,993	55,266,993
	<u>11,654,194</u>	<u>55,453,309</u>	<u>67,107,503</u>

**10. Financial Instruments and Risk Management**

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

Financial instruments are classified into one of the following categories: fair value through profit or loss (“FVTPL”); amortized cost; and fair value through other comprehensive income (“FVOCI”). The carrying values of the Company’s financial instruments are classified into the following categories:

<b>Financial Instrument</b>	<b>Category</b>	<b>June 30, 2022 \$</b>	<b>September 30, 2021 \$</b>
Cash and cash equivalents	FVTPL	11,037,897	4,041,734
Restricted cash	FVTPL	7,731,600	7,644,600
Accounts payable and accrued liabilities	Amortized cost	(373,087)	(596,196)

The Company’s financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

**TINKA RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JUNE 30, 2022**  
*(Unaudited - Expressed in Canadian Dollars)*

**10. Financial Instruments and Risk Management (continued)**

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The Company's cash and cash equivalents and restricted cash under the fair value hierarchy are measured using Level 1 inputs.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit Risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Management believes that the credit risk concentration with respect to financial instruments included in cash and restricted cash is remote.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

	<b>Contractual Maturity Analysis at June 30, 2022</b>				
	<b>Less than 3 Months \$</b>	<b>3 - 12 Months \$</b>	<b>1 - 5 Years \$</b>	<b>Over 5 Years \$</b>	<b>Total \$</b>
Cash and cash equivalents	11,037,897	-	-	-	11,037,897
Restricted cash	7,731,600	-	-	-	7,731,600
Accounts payable and accrued liabilities	(373,087)	-	-	-	(373,087)
	<b>Contractual Maturity Analysis at September 30, 2021</b>				
	<b>Less than 3 Months \$</b>	<b>3 - 12 Months \$</b>	<b>1 - 5 Years \$</b>	<b>Over 5 Years \$</b>	<b>Total \$</b>
Cash and cash equivalents	4,041,734	-	-	-	4,041,734
Restricted cash	7,644,600	-	-	-	7,644,600
Accounts payable and accrued liabilities	(596,196)	-	-	-	(596,196)

*Market Risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

**TINKA RESOURCES LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JUNE 30, 2022**  
*(Unaudited - Expressed in Canadian Dollars)*

**10. Financial Instruments and Risk Management (continued)**

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bear floating rates of interest. The interest rate risk on cash and cash equivalents and on the Company's obligations are not considered significant.

(b) Foreign Currency Risk

The Company has operations in Canada and Peru which are subject to foreign currency fluctuations. The Company's operating expenses are incurred in Canadian Dollars and Peruvian Nuevo Soles and the fluctuation of the Canadian Dollar in relation to other currencies will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company also maintains a US Dollar bank account with a Canadian bank. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. At June 30, 2022, 1 Canadian Dollar was equal to 2.98 Peruvian Nuevo Soles and 0.79 US Dollar.

Balances are as follows:

	Peruvian Nuevo Soles	US Dollars	CDN \$ Equivalent
Cash and cash equivalents	441,597	8,288,737	10,640,260
Restricted cash	-	6,000,000	7,731,600
Accounts payable and accrued liabilities	<u>(994,225)</u>	<u>-</u>	<u>(333,632)</u>
	<u>(552,628)</u>	<u>14,288,737</u>	<u>18,038,228</u>

Based on the net exposures as of June 30, 2022 and, assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Peruvian Nuevo Soles and US Dollar would result in the Company's net loss being approximately \$2,011,000 higher or lower.

*Capital Management*

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital and cash. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

**11. Supplemental Cash Flow Information**

Non-cash activities conducted by the Company during the nine months ended June 30, 2022 and 2021 are as follows:

	2022 \$	2021 \$
Operating activities		
Depreciation	7,590	8,699
Accounts payable and accrued liabilities	<u>(66,914)</u>	<u>203,715</u>
	<u>(59,324)</u>	<u>212,414</u>
Investing activity		
Exploration and evaluation assets	<u>59,324</u>	<u>(212,414)</u>