TINKA RESOURCES LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
DECEMBER 31, 2013

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

	Note	December 31, 2013 $	September 30, 2013 $
ASSETS			
Current assets			
Cash		1,160,955	1,653,410
GST/HST receivable		8,156	5,510
Amounts receivable		2,495	2,765
Prepaid expenses		132,202	33,978
Total current assets		1,303,808	1,695,663
Non-current assets			
Property, plant and equipment	4	61,035	68,884
Exploration and evaluation assets	5	11,249,305	10,103,010
Deferred share issue costs	6	-	750
Total non-current assets		11,310,340	10,172,644
TOTAL ASSETS		12,614,148	11,868,307
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	169,175	255,031
TOTAL LIABILITIES		169,175	255,031
SHAREHOLDERS' EQUITY			
Share capital	6	23,158,244	21,843,670
Share-based payments reserve	6	3,295,557	3,275,237
Share subscriptions received	6	-	242,240
Deficit		(14,008,828)	(13,747,871)
TOTAL SHAREHOLDERS' EQUITY		12,444,973	11,613,276
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		12,614,148	11,868,307

Event after Reporting Period (Note 11)

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on February 24, 2014 and are signed on its behalf by:

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

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

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

	Note	Three Months Ended December 31 2013 $	Three Months Ended December 31 2012 $
Expenses			
Accounting and administration	7	14,335	10,991
Audit		30,015	34,924
Corporate development		11,939	27,725
Depreciation of property, plant and equipment	4	291	229
General exploration		4,460	2,512
Investment conferences		9,005	9,590
Investor relations		18,000	21,000
Legal		4,105	4,458
Management fees	7(a)	30,000	30,000
Office		20,787	32,626
Professional fees	7	22,585	16,716
Regulatory		4,520	2,981
Rent	7(b)	11,427	10,936
Salaries, wages and benefits		62,674	64,204
Shareholder costs		3,125	2,213
Share-based compensation	6(d)	8,212	44,422
Transfer agent		1,985	1,532
Travel and related		35,615	53,065
		293,080	370,124
Loss before other items		(293,080)	(370,124)
Other items			
Interest income		4,389	3,061
Foreign exchange gain		27,734	8,066
		32,123	11,127
Net loss and comprehensive loss for the period		(260,957)	(358,997)
Loss per share - basic and diluted		$(0.00)	$(0.00)
Weighted average number of common shares outstanding - basic and diluted		80,015,749	70,928,442

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

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

	Three months Ended December 31, 2013					
	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Share Subscriptions Received $	Deficit $	Total Equity $
Balance at September 30, 2013	78,116,664	21,843,670	3,275,237	242,240	(13,747,871)	11,613,276
Common shares issued for cash:					-	
- private placement	2,769,480	1,384,740	-	(242,240)	-	1,142,500
Share issue costs	-	(70,166)	-	-	-	(70,166)
Share-based compensation	-	-	20,320	-	-	20,320
Net loss	-	-	-	-	(260,957)	(260,957)
Balance at December 31, 2013	80,886,144	23,158,244	3,295,557	-	(14,008,828)	12,444,973

	Three Months Ended December 31, 2012				
	Share Capital				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance at September 30, 2012	70,422,899	16,609,518	2,153,851	(11,092,425)	7,670,944
Common shares issued for cash:				-	
- private placement	3,000,000	2,250,000	-	-	2,250,000
- exercise of share options	170,000	36,000	-	-	36,000
Share issue costs	-	(207,950)	48,500	-	(159,450)
Share-based compensation	-	-	44,422	-	44,422
Transfer on exercise of share options	-	33,107	(33,107)	-	-
Net loss	-	-	-	(358,997)	(358,997)
Balance at December 31, 2012	73,592,899	18,720,675	2,213,666	(11,451,422)	9,482,919

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)

	Three Months Ended December 31,	
	2013	2012
	$	$
Operating activities		
Net loss for the period	(260,957)	(358,997)
Adjustments for:		
Depreciation of property, plant and equipment	291	229
Share-based compensation	8,212	44,422
	(252,454)	(314,346)
Changes in non-cash working capital items:		
Increase in GST/HST receivable	(2,646)	(10,645)
Decrease in amounts receivable	270	122
(Increase) decrease in prepaid expenses	(98,224)	10,000
(Decrease) increase in accounts payable and accrued liabilities	(6,933)	32,122
	(107,533)	31,599
Net cash used in operating activities	(359,987)	(282,747)
Investing activities		
Expenditures on exploration and evaluation assets	(1,217,660)	(1,202,638)
Purchase of property, plant and equipment	-	(28,664)
Net cash used in investing activities	(1,217,660)	(1,231,302)
Financing activities		
Issuance of common shares	1,142,500	2,286,000
Share issue costs	(57,308)	(159,450)
Net cash generated from financing activities	1,085,192	2,126,550
Net change in cash	(492,455)	612,501
Cash at beginning of period	1,653,410	2,220,006
Cash at end of period	1,160,955	2,832,507

Supplemental cash flow information - See Note 10

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

1. Nature of Operations

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

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

As at December 31, 2013 the Company had cash of $1,160,955 and working capital in the amount of $1,134,633. These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future. The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain the necessary financing to develop properties and to establish future profitable production. To date the Company has not earned significant revenues and is considered to be in the exploration stage. The Company's operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. Management considers that the Company has sufficient financial resources to maintain its core operations and existing mineral resource interests for the next twelve months. The Company will require additional equity financing to continue significant exploration and drilling activities. In addition, the Company recognizes that exploration expenditures may change with ongoing results. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future. The condensed consolidated interim financial statements do not reflect any adjustments related to conditions that occurred subsequent to December 31, 2013.

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, 2013, 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, 2013.

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.

Comparative Figures

Certain of the prior period comparative figures have been reclassified to conform to the current period's presentation.

3. Subsidiary

As at December 31, 2013 and September 30, 2013 the Company had one wholly-owned subsidiary,Tinka Resources S.A.C. (Peru), which was incorporated in Peru.

(Unaudited - Expressed in Canadian Dollars)

4. Property, Plant and Equipment

	Office Furniture and Equipment $	Vehicles $	Total $
Cost:			
Balance at September 30, 2012	65,319	112,750	178,069
Additions	4,922	28,664	33,586
Disposals	-	(51,590)	(51,590)
Balance at September 30, 2013 and December 31, 2013	70,241	89,824	160,065
Accumulated Depreciation:			
Balance at September 30, 2012	(37,866)	(74,245)	(112,111)
Depreciation	(8,204)	(22,456)	(30,660)
Disposals	-	51,590	51,590
Balance at September 30, 2013	(46,070)	(45,111)	(91,181)
Depreciation	(2,235)	(5,614)	(7,849)
Balance at December 31, 2013	(48,305)	(50,725)	(99,030)
Carrying Value:			
Balance at September 30, 2013	24,171	44,713	68,884
Balance at December 31, 2013	21,936	39,099	61,035

5. Exploration and Evaluation Assets

	As at December 31, 2013			As at September 30, 2013		
	Acquisition Costs $	Deferred Exploration Costs $	Total $	Acquisition Costs $	Deferred Exploration Costs $	Total $
Colquipucro	207,167	5,666,718	5,873,885	207,167	5,564,170	5,771,337
Ayawilca	23,984	4,076,402	4,100,386	23,984	3,064,414	3,088,398
Other	-	1,275,034	1,275,034	-	1,243,275	1,243,275
	231,151	11,018,154	11,249,305	231,151	9,871,859	10,103,010

(Unaudited - Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (continued)

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

*Colquipucro and Ayawilca Project*s

On May 27, 2004 the Company entered into an agreement (the "Sierra Alliance Agreement") with Sierra Peru Pty Ltd. ("Sierra") pursuant to which the Company staked a number of prospects in Peru. As at December 31, 2013 the Colquipucro and Ayawilca projects comprise a total of 46 contiguous mineral claims plus one mineral claim application in the Province of Daniel Alcides Carrion, Peru.

Under the terms of the Sierra Alliance Agreement the Company will be required to issue 500,000 common shares to Sierra in the event that a positive feasibility study is prepared on either of the Colquipucro or Ayawilco projects. Sierra also retains a right to a 1% net smelter return royalty ("NSR") from any production from the Colquipucro and Ayawilco projects. The NSR can be purchased at any time for US $1,000,000.

5. Exploration and Evaluation Assets (continued)

Other

Expenditures incurred by the Company in Peru are subject to Peruvian Value Added Tax ("VAT"). The VAT is included in exploration and evaluation assets as incurred. The VAT is not currently refundable to the Company but can be used in the future to offset amounts due to Peruvian taxation authorities by the Company resulting from VAT charged on future sales

6. Share Capital

(a) *Authorized Share Capital*

As at December 31, 2013 the Company's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Reconciliation of Changes in Share Capital*

(i) During the three months ended December 31, 2013 the Company completed a non-brokered private placement financing of 2,769,480 units at a price of $0.50 per unit for gross proceeds of $1,384,740. Each unit consisted of one common share of the Company and one-half of one share purchase warrant. Each whole warrant is exercisable to purchase an additional common share at a price of $0.75, with 789,740 warrants expiring on October 8, 2014 and 595,000 warrants expiring on November 28, 2014.

The Company also paid the agents cash commissions totalling $48,850 cash and issued 1,500 broker warrants and 119,000 compensation options. The broker warrants have the same terms and conditions as the private placement warrants. The compensation options have the same terms and conditions as the private placement units. The fair values of the broker warrants and the compensation options have been estimated using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 0.99%; expected volatility of 53.40% - 55.25%; an expected life of one year; a dividend yield of 0%; and an expected forfeiture rate of 0%. The values assigned to the broker warrants and compensation options were $69 and $12,039, respectively.

The 119,000 compensation options remained outstanding at December 31, 2013.

The Company incurred $9,208 for legal and filing costs.

As at September 30, 2013 the Company had received $242,240 on account of the private placement and incurred $750 share issue costs relating to the private placement.

(ii) During fiscal 2013 the Company completed private placement financings as follows:

i) 3,000,000 units at $0.75 per unit for gross proceeds of $2,250,000. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant is exercisable at a price of $1.00 per common share. During fiscal 2013 the Company issued 28,500 common shares on the exercise of warrants. During the three months ended December 31, 2013 the Company extended the expiry date of the remaining 1,471,500 warrants, from December 21, 2013 to June 21, 2014.

(Unaudited - Expressed in Canadian Dollars)

6. Share Capital (continued)

The Company paid the agent a commission of $146,850 cash and issued 235,000 compensation options. The compensation options entitles the agent to purchase 235,000 units at an exercise price of $0.75 per unit, expiring December 21, 2013. The exercise price and term of the underlying warrants to the units issuable upon the exercise of the compensation options are the same as the warrants issued under the private placement. The $48,500 fair value assigned to the compensation options has been estimated using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 1.04%; expected volatility of 69.40%; an expected life of one year; a dividend yield of 0%; and an expected forfeiture rate of 0%.

The 235,000 compensation options expired on December 21, 2013 without exercise.

The Company incurred $17,170 for legal and filing costs; and

ii) 3,030,265 units at a price of $0.85 per unit for gross proceeds of $2,575,725. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant is exercisable at a price of $1.25 per common share expiring November 14, 2014.

The Company paid the agent a commission of $165,538 cash and issued 194,750 compensation options. The compensation options entitles the agent to purchase 194,750 units at an exercise price of $0.85 per unit, expiring November 14, 2014. The exercise price and term of the underlying warrants to the units issuable upon the exercise of the compensation options are the same as the warrants issued under the private placement. In addition, the Company paid a finder a cash commission of $6,375 and issued 7,500 finder warrants, each finder warrant having the same term and conditions as the warrants issued under the private placement. The fair values of the compensation options and finder's warrants have been estimated using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 0.95%; expected volatility of 65.26%; an expected life of eighteen months; a dividend yield of 0%; and an expected forfeiture rate of 0%. The values assigned to the compensation options and finder's warrants were $52,224 and $1,232 respectively.

The 194,750 compensation options remained outstanding at December 31, 2013.

The Company incurred filing and legal fees of $15,909 for the private placement.

(c) *Warrants*

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

	2013		2012	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of period	2,994,133	1.13	-	-
Granted	1,386,240	0.75	1,500,000	1.00
Balance, end of period	4,380,373	1.01	1,500,000	1.00

(Unaudited - Expressed in Canadian Dollars)

6. Share Capital (continued)

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

Number	Exercise Price $	Expiry Date
1,471,500	1.00	June 21, 2014
791,240	0.75	October 8, 2014
1,522,633	1.25	November 14, 2014
595,000	0.75	November 28, 2014
4,380,373		

The weighted average remaining contractual life of the outstanding warrants at December 31, 2013 was 0.72 years.

(d) *Share Option Plan*

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

During the three months ended December 31, 2013 the Company granted share options to purchase 200,000 (2012 - 20,000) common shares and recorded compensation expense of $8,212 (2012 - $8,607). In addition the Company also recorded share-based compensation of $nil (2012 - $35,815) on the vesting of share options which were previously granted.

The fair value of share options granted and vested during during the three months ended December 31, 2013 and 2012 is estimated using the Black-Scholes option pricing model using the following assumptions:

	2013	2012
Risk-free interest rate	1.09% - 1.23%	1.10% - 1.19%
Estimated volatility	62.26% - 69.79%	77.09% - 95.23%
Expected life	3 years	2 years - 3 years
Expected dividend yield	0%	0%
Expected forfeiture rate	0%	0%

The weighted average fair value of all share options granted and vested, using the Black-Scholes option pricing model, during the three months ended December 31, 2013 was $0.33 (201 0 - $0.41) per option.

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

(Unaudited - Expressed in Canadian Dollars)

6. Share Capital (continued)

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

	2013		2012	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of period	6,185,000	0.73	5,080,000	0.43
Granted	200,000	0.50	20,000	0.51
Exercised	-	-	(170,000)	0.12
Expired	(175,000)	1.02	-	-
Forfeited	(25,000)	1.02	-	-
Balance, end of period	6,185,000	0.71	4,930,000	0.43

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

Number Outstanding	Number Exercisable	Exercise Price $	Expiry Date
80,000	80,000	0.27	January 28, 2014
510,000	510,000	0.45	March 3, 2014
1,170,000	1,170,000	0.55	January 26, 2015
1,555,000	1,555,000	0.50	August 3, 2015
30,000	30,000	0.50	September 20, 2015
100,000	100,000	0.58	September 28, 2015
20,000	20,000	0.72	November 23, 2015
2,120,000	2,120,000	1.00	January 11, 2016
400,000	400,000	1.10	January 11, 2016
200,000	-	0.50	November 29, 2016
6,185,000	5,985,000		

The weighted average remaining contractual life of the outstanding share options at December 31, 2013 was 1.58 years.

See also Note 11.

(Unaudited - Expressed in Canadian Dollars)

7. 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 three months ended December 31, 2013 and 2012 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"):

	2013 $	2012 $
Management fees - CEO	30,000	30,000
Professional fees - CFO	4,500	1,500
Professional fees - VPE	27,000	-
	61,500	31,500

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

As at December 31, 2013, $10,500 (2012 - $500) remained unpaid and has been included in accounts payable and accrued liabilities.

(b) *Transactions with Other Related Parties*

(i) During the three months ended December 31, 2013 and 2012 the following amounts were incurred with respect to non-management officers and directors:

	2013 $	2012 $
Professional fees - directors	6,000	3,000

As at December 31, 2013, $4,000 (2012 - $3,500) remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During the three months ended December 31, 2013 the Company incurred a total of $10,500 (2012 - $9,100) 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 $1,005 (2012 - $1,200) for rent. As at December 31, 2013, $9,170 (2012 - $9,300) remained unpaid and has been included in accounts payable and accrued liabilities.

(c) The Company shares personnel, office and other costs with public companies with certain common directors. During the three months ended December 31, 2013 the Company recorded $3,085 (2012 - $4,716) expenses with the public companies. As at December 31, 2013, $nil (2012 - $4,716) remained unpaid and has been included in accounts payable and accrued liabilities.

(Unaudited - Expressed in Canadian Dollars)

8. Segmented Information

Substantially all of the Company's operations are in one industry, the exploration for precious metals. Management reviews the financial results according to expenditures by property. As at December 31, 2013 the Company's mineral properties are located in Peru and its corporate assets are located in Canada. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results.

	As at December 31, 2013		
	Corporate Canada $	Mineral Operations Peru $	Total $
Current assets	1,145,535	158,273	1,303,808
Exploration and evaluation assets	-	11,249,305	11,249,305
Property, plant and equipment	2,422	58,613	61,035
	1,147,957	11,466,191	12,614,148

	As at September 30, 2013		
	Corporate Canada $	Mineral Operations Peru $	Total $
Current assets	1,591,417	104,246	1,695,663
Exploration and evaluation assets	-	10,103,010	10,103,010
Property, plant and equipment	2,713	66,171	68,884
Deferred share issued costs	750	-	750
	1,594,880	10,273,427	11,868,307

9. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following four categories: fair value through profit or loss ("FVTPL"); held-to-maturity investments; loans and receivables; and available-for-sale. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	December 31, 2013 $	September 30, 2013 $
Cash	FVTPL	1,160,955	1,653,410
Amounts receivable	Loans and receivables	2,495	2,765
Accounts payable and accrued liabilities	Other liabilities	(169,175)	(255,031)

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

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

(Unaudited - Expressed in Canadian Dollars)

9. Financial Instruments and Risk Management (continued)

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 cash, amounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The Company's fair value of cash under the fair value hierarchy is measured using Level 1 inputs.

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

Credit Risk

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

Liquidity Risk

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

	Contractual Maturity Analysis at December 31, 2013				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	1,160,955	-	-	-	1,160,955
Amounts receivable	2,495	-	-	-	2,495
Accounts payable and accrued liabilities	(169,175)	-	-	-	(169,175)

	Contractual Maturity Analysis at September 30, 2013				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	1,653,410	-	-	-	1,653,410
Amounts receivable	2,765	-	-	-	2,765
Accounts payable and accrued liabilities	(255,031)	-	-	-	(255,031)

9. Financial Instruments and Risk Management (continued)

Market Risk

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

(a) Interest Rate Risk

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

(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 has not entered into any agreements or purchased any instruments to hedge possible currency risks. At December 31, 2013, 1 Canadian Dollar was equal to $2.63 Peruvian Nuevo Soles.

Balances are as follows:

	Peruvian Nuevo Soles	**CDN $ Equivalent**
Cash	103,069	39,153
Accounts payable and accrued liabilities	(312,982)	(118,894)
	(209,913)	(79,741)

Based on the net exposures as of December 31, 2013 and, assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Peruvian Nuevo Sol would result in an increase or decrease of approximately $7,300.

Capital Management

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

(Unaudited - Expressed in Canadian Dollars)

10. Supplemental Cash Flow Information

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

	2013 **$**	**2012** **$**
Operating activities		
Depreciation	7,558	7,374
Decrease in accounts payable and accrued liabilities	(78,923)	(14,568)
	(71,365)	(7,194)
Investing activity		
Exploration and evaluation assets expenditures	71,365	7,194
Financing activities		
Transfer on exercise of share options	-	33,107
Share-based payment reserves	12,108	15,393
Share issue costs	(12,108)	(48,500)
	-	-

11. Event after the Reporting Period

Subsequent to December 31, 2013 the Company

(i) issued 80,000 common shares of the Company for $21,600 on the exercise of share options; and

(ii) granted share options to purchase 20,000 common shares of the Company at $0.40 per share for a term of three years.