
TINKA RESOURCES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
SEPTEMBER 30, 2006 AND 2005



AUDITORS' REPORT

To the Shareholders of
TINKA RESOURCES LIMITED

We have audited the consolidated balance sheets of **Tinka Resources Limited** ("the Company") as at September 30, 2006 and 2005 and the consolidated statements of loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada,
January 17, 2007

A handwritten signature in cursive script that reads "Ernst & Young LLP".

Chartered Accountants

TINKA RESOURCES LIMITED
CONSOLIDATED BALANCE SHEETS
AS AT SEPTEMBER 30

	2006	2005
	\$	\$
A S S E T S		
CURRENT ASSETS		
Cash	1,330,783	1,323,206
Amounts receivable	5,799	4,460
Prepays	<u>19,318</u>	<u>7,687</u>
	1,355,900	1,335,353
MINERAL PROPERTY INTERESTS (Note 3)	290,849	496,309
EQUIPMENT (Note 4)	<u>38,713</u>	<u>50,157</u>
	<u><u>1,685,462</u></u>	<u><u>1,881,819</u></u>
L I A B I L I T I E S		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>69,157</u>	<u>71,457</u>
S H A R E H O L D E R S ' E Q U I T Y		
SHARE CAPITAL (Note 5)	5,974,458	4,758,968
CONTRIBUTED SURPLUS (Note 7)	413,761	327,061
DEFICIT	<u>(4,771,914)</u>	<u>(3,275,667)</u>
	<u>1,616,305</u>	<u>1,810,362</u>
	<u><u>1,685,462</u></u>	<u><u>1,881,819</u></u>

ON BEHALF OF THE BOARD

"Andrew Carter" , Director

"Nick DeMare" , Director

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

TINKA RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT
FOR THE YEARS ENDED SEPTEMBER 30

	2006	2005
	\$	\$
EXPENSES		
Accounting and administration	18,000	13,395
Amortization	14,826	1,548
Audit	32,138	8,880
Consulting	16,640	19,854
Corporate development	14,839	10,716
General exploration	119,004	77,498
Investor relations	36,000	34,250
Legal	2,926	489
Management fees	88,000	66,000
Office and general	22,144	22,891
Regulatory	7,600	6,841
Rent	5,400	5,400
Shareholder costs	5,628	6,202
Stock based compensation (Note 6)	97,900	237,500
Transfer agent	8,106	11,253
Travel and related	27,513	60,730
	<u>516,664</u>	<u>583,447</u>
LOSS BEFORE OTHER ITEMS	<u>(516,664)</u>	<u>(583,447)</u>
OTHER ITEMS		
Interest income	27,884	12,451
Foreign exchange	(4,684)	(18,410)
Write-off of mineral property interests (Note 3)	(1,002,783)	(229,727)
	<u>(979,583)</u>	<u>(235,686)</u>
NET LOSS FOR THE YEAR	(1,496,247)	(819,133)
DEFICIT - BEGINNING OF YEAR	<u>(3,275,667)</u>	<u>(2,456,534)</u>
DEFICIT - END OF YEAR	<u><u>(4,771,914)</u></u>	<u><u>(3,275,667)</u></u>
LOSS PER SHARE - BASIC AND DILUTED	<u><u>\$(0.09)</u></u>	<u><u>\$(0.06)</u></u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	<u><u>16,087,108</u></u>	<u><u>12,906,355</u></u>

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

TINKA RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30

	2006 \$	2005 \$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Net loss for the year	(1,496,247)	(819,133)
Adjustment for items not involving cash		
Amortization	14,826	1,548
Stock-based compensation	97,900	237,500
Write-off of mineral property interests	<u>1,002,783</u>	<u>229,727</u>
	(380,738)	(350,358)
Decrease (increase) in amounts receivable	(1,339)	14,712
Increase in prepaids	(11,631)	(2,323)
Increase (decrease) in accounts payable and accrued liabilities	<u>(2,300)</u>	<u>53,782</u>
	<u>(396,008)</u>	<u>(284,187)</u>
INVESTING ACTIVITIES		
Purchase of equipment	(3,382)	(5,180)
Expenditures on mineral property interests	<u>(797,323)</u>	<u>(410,721)</u>
	<u>(800,705)</u>	<u>(415,901)</u>
FINANCING ACTIVITIES		
Issuance of common shares	1,274,500	1,055,625
Share issue costs	<u>(70,210)</u>	<u>-</u>
	<u>1,204,290</u>	<u>1,055,625</u>
INCREASE IN CASH DURING THE YEAR	7,577	355,537
CASH - BEGINNING OF YEAR	<u>1,323,206</u>	<u>967,669</u>
CASH - END OF YEAR	<u><u>1,330,783</u></u>	<u><u>1,323,206</u></u>

SUPPLEMENTARY CASH FLOW INFORMATION - See Note 12

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

TINKA RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2006 AND 2005

1. NATURE OF OPERATIONS

The Company is in the process of exploring mineral properties located in Peru. The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. The amounts shown as mineral property interests represent costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values. The underlying value of the mineral properties and related deferred costs is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to complete development, and upon future profitable production.

Management considers that the Company has adequate resources to maintain its core operations and planned exploration programs over the next twelve months. However, 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.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Tinka Resources S.A. (Peru). Intercompany balances and transactions are eliminated on consolidation.

Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Examples of significant estimates made by management include amortization, the provision for income taxes, composition of future income tax assets, future income tax liabilities and asset retirement obligations and valuations of mineral property interests, equipment and stock-based compensation. Actual results could differ from these estimates.

Mineral Property Costs

Mineral property costs and exploration, development and field support costs directly relating to mineral properties are deferred until the property to which they relate is placed into production, sold or abandoned. The deferred costs will be amortized over the life of the orebody following commencement of production or written off if the property is sold or abandoned. Administration costs and other exploration costs that do not relate to any specific property are expensed as incurred.

TINKA RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2006 AND 2005

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

On a periodic basis, management reviews the carrying values of deferred mineral property acquisition and exploration expenditures with a view to assessing whether there has been any impairment in value. Management takes into consideration various information including, but not limited to, results of exploration activities conducted to date, estimated future metal prices, and reports and opinions of outside geologists, mine engineers and consultants. When it is determined that a project or interest will be abandoned or its carrying value has been impaired, a provision is made for any expected loss on the project or interest.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, according to the usual industry standards for the stage of exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received.

The Company also accounts for foreign value added taxes as part of deferred costs. The recovery of these taxes will commence on the beginning of foreign commercial operations. Should these amounts be recovered they would be treated as a reduction in the carrying costs of mineral property interests.

Cash Equivalents

Cash includes cash and short-term deposits maturing within 90 days of the original date of acquisition. As at September 30, 2006 and 2005, the Company does not hold any short-term deposits.

Equipment

Office equipment and vehicles are recorded at cost less accumulated amortization calculated using the straight-line method over their estimated useful lives of four to five years.

Asset Retirement Obligations

The fair value of a liability for an asset retirement obligation is recognized when a reasonable estimate of fair value can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is charged to earnings using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flow. As at September 30, 2006 and 2005, the Company does not have any asset retirement obligations.

Impairment of Long-Lived Assets

Long-lived assets are assessed for impairment when events and circumstances warrant. The carrying value of a long-lived asset is impaired when the carrying amount exceeds the estimated undiscounted net cash flow from use and fair value. In that event, the amount by which the carrying value of an impaired long-lived asset exceeds its fair value is charged to earnings. Fair value is generally determined using a discounted cash flow analysis.

TINKA RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2006 AND 2005

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Stock-Based Compensation

Stock-based compensation is accounted for at fair value as determined by the Black-Scholes option pricing model using amounts that are believed to approximate the volatility of the trading price of the Company's stock, the expected lives of awards of stock-based compensation, the fair value of the Company's stock and the risk-free interest rate. The estimated fair value of awards of stock-based compensation are charged to expense as awards vest, with offsetting amounts recognized as contributed surplus.

Income Taxes

Income tax liabilities and assets are recognized for the estimated income tax consequences attributable to differences between the amounts reported in the financial statements and their respective tax bases, using enacted income tax rates. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. Future income tax assets are recognized to the extent that they are considered more likely than not to be realized.

Translation of Foreign Currencies

Monetary items are translated at the rate of exchange in effect at the balance sheet date. Non-monetary items are translated at average rates in effect during the period in which they were earned or incurred. Gains and losses resulting from the fluctuation of foreign exchange rates have been included in the determination of income.

Loss Per Share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated in accordance with the treasury stock method which assumes that proceeds received from the exercise of stock options and warrants would be used to repurchase common shares at the prevailing market rate. Under the treasury stock method, the basic and diluted loss per share are the same, as the effect of common shares issuable upon the exercise of warrants and stock options of the Company would be anti-dilutive.

3. MINERAL PROPERTY INTERESTS

	2006			2005		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Colquipucro Prospect	7,195	43,890	51,085	-	-	-
Tibillos Project	26,866	26,457	53,323	-	-	-
Luminaria Prospect	-	-	-	83,301	296,644	379,945
Pampa Property	-	-	-	28,469	12,543	41,012
Other	17,016	169,425	186,441	3,588	71,764	75,352
	51,077	239,772	290,849	115,358	380,951	496,309

TINKA RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2006 AND 2005

3. MINERAL PROPERTY INTERESTS (continued)

(a) Sierra Exploration Alliance

On May 27, 2004, the Company entered into an agreement (the “Sierra Alliance Agreement”) with Sierra Peru Pty Ltd. (“Sierra”) to form an exploration alliance to identify gold and silver targets in Peru. During fiscal 2004, the Company had issued 250,000 common shares, at a fair value of \$87,500, for the right of first refusal on all targets identified by Sierra. The Company will also issue a further 500,000 shares in the event that a project be subject to a successful feasibility study. Sierra also retains a right to a 1% net smelter return royalty from any production from a project, which can be purchased for US \$1.0 million.

As at September 30, 2006, the Company has staked and maintained a number of prospects or projects identified through the Sierra Alliance Agreement. Significant projects are as follows:

- i) Colquipucro Project - 34 claims totaling 2,079 hectares, located in the Province of Daniel Alcides Carrion; and
- ii) Tibillos Project - eight claims totaling 7,575 hectares, located in the Province of Lucanas.

During fiscal 2006, the Company conducted a drilling program on the Luminaria Prospect. Based on results, the Company has determined to write off \$841,217 in acquisition and exploration costs associated with the Luminaria Prospect.

(b) Pampa Property

The Company has staked ten claims, totalling 7,000 hectares, located in the Province of Lucanas, During fiscal 2006, the Company abandoned the Pampa Property and wrote-off \$53,472 in acquisition and exploration costs.

(c) Other

Comprises of minor staked properties in Peru and \$143,481 of foreign value added taxes. During fiscal 2006, the Company wrote off \$108,094 in acquisition and related exploration costs pertaining to properties abandoned or considered to be impaired.

4. EQUIPMENT

	2006	2005
Vehicles	51,590	51,590
Office equipment	<u>18,779</u>	<u>15,397</u>
	70,369	66,987
Less: accumulated amortization	<u>(31,656)</u>	<u>(16,830)</u>
	<u><u>38,713</u></u>	<u><u>50,157</u></u>

TINKA RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2006 AND 2005

5. SHARE CAPITAL

Authorized - unlimited common shares without par value

Issued	2006		2005	
	Shares	\$	Shares	\$
Balance, beginning of year	<u>14,354,012</u>	<u>4,758,968</u>	<u>10,297,912</u>	<u>3,621,068</u>
Issued during the year				
For cash				
Private placement	4,190,000	1,257,000	-	-
Exercise of options	70,000	17,500	501,100	128,875
Exercise of warrants	-	-	3,555,000	926,750
Reallocation from contributed surplus on exercise of options	<u>-</u>	<u>11,200</u>	<u>-</u>	<u>82,275</u>
	<u>4,260,000</u>	<u>1,285,700</u>	<u>4,056,100</u>	<u>1,137,900</u>
Less share issue costs	<u>-</u>	<u>(70,210)</u>	<u>-</u>	<u>-</u>
	<u>4,260,000</u>	<u>1,215,490</u>	<u>4,056,100</u>	<u>1,137,900</u>
Balance, end of year	<u>18,614,012</u>	<u>5,974,458</u>	<u>14,354,012</u>	<u>4,758,968</u>

(a) During fiscal 2006, the Company completed a non-brokered private placement of 4,190,000 units, at \$0.30 per unit, for gross proceeds of \$1,257,000. Each unit is comprised of one common share of the Company and one-half of a share purchase warrant. Each full warrant is exercisable to purchase an additional common share at a price of \$0.40 per share on or before May 8, 2007 and \$0.60 per shares on or before May 8, 2008. The Company paid \$46,840 for finders' fees on the private placement and \$23,370 for legal and related costs. Certain directors, officers and their family members purchased 252,334 units of the private placements.

(b) A summary of the number of common shares reserved pursuant to the Company's outstanding warrants and agents warrants outstanding at September 30, 2006 and 2005 and the changes for the fiscal years ending on those dates is as follows:

	2006		2005	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of year	685,000	0.40	5,422,500	0.36
Issued	2,095,000	0.40	-	-
Exercised	-	-	(3,555,000)	0.33
Expired	<u>(685,000)</u>	0.40	<u>(1,182,500)</u>	0.60
Balance, end of year	<u>2,095,000</u>	0.40	<u>685,000</u>	0.40

As at September 30, 2006, there are warrants outstanding to purchase 2,095,000 common shares at a price of \$0.40 per share on or before May 8, 2007 or \$0.60 per share on or before May 8, 2008.

TINKA RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2006 AND 2005

6. STOCK OPTIONS AND STOCK-BASED COMPENSATION

The Company has established a rolling stock 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 exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts in accordance with the policies of the TSX Venture Exchange. The options have a maximum term of five years.

During fiscal 2006, the Company granted 420,000 (2005 - 890,000) stock options to directors and consultants and recorded compensation expense of \$90,400 (2005 - \$237,500). The Company also recorded an additional \$7,500 (2005 - \$nil) compensation expense for options which had vested during fiscal 2006.

The fair value of stock options granted to directors and consultants is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used for the grants made during fiscal 2006 and 2005:

	2006	2005
Risk-free interest rate	3.83% - 4.13%	2.77% - 2.91%
Estimated volatility	82% - 90%	92% - 93%
Expected life	3 years	1.5 years
Expected dividend yield	0%	0%

The weighted average fair value of all stock options granted during fiscal 2006 to the Company's directors and consultants was \$0.21 (2005 - \$0.27) per share.

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 stock options.

A summary of the Company's stock options at September 30, 2006 and 2005 and the changes for the fiscal years then ended on those dates is presented below:

	2006		2005	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of year	1,406,000	0.44	1,017,100	0.32
Granted	420,000	0.30	890,000	0.47
Exercised	(70,000)	0.25	(501,100)	0.26
Expired	(76,000)	0.25	-	-
Balance, end of year	<u>1,680,000</u>	0.42	<u>1,406,000</u>	0.44

TINKA RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2006 AND 2005

6. STOCK OPTIONS AND STOCK-BASED COMPENSATION (continued)

The following table summarizes information about the stock options outstanding and exercisable at September 30, 2006:

Number	Exercise Price \$	Expiry Date
100,000	0.37	January 20, 2007
270,000	0.45	April 2, 2007
50,000	0.50	January 17, 2008
605,000	0.50	February 22, 2008
235,000	0.40	June 8, 2008
20,000	0.40	December 5, 2008
100,000	0.30	May 12, 2009
<u>300,000</u>	0.30	May 23, 2009
<u><u>1,680,000</u></u>		

7. CONTRIBUTED SURPLUS

The Company's contributed surplus is comprised of the following:

	2006 \$	2005 \$
Balance, beginning of year	327,061	171,836
Stock-based compensation on stock options (Note 6)	97,900	237,500
Stock options exercised	<u>(11,200)</u>	<u>(82,275)</u>
Balance, end of year	<u><u>413,761</u></u>	<u><u>327,061</u></u>

8. RELATED PARTY TRANSACTIONS

(a) The Company incurred the following expenditures to directors and corporations controlled by directors of the Company:

	2006 \$	2005 \$
Management fees	88,000	66,000
Accounting and administration	18,000	13,395
Consulting services	2,000	6,650
Rent	5,400	5,400

(b) The Company reimbursed \$12,000 (2005 - \$11,375) and \$6,761 (2005 - \$5,485) to Tumi Resources Limited ("Tumi") for shared office personnel and other costs, respectively. Tumi is a public company with certain common directors.

The above transactions have been recorded at the exchange amounts which is the amount agreed to by the related parties.

See also Note 5(a).

TINKA RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2006 AND 2005

9. INCOME TAXES

The income tax effects of temporary differences that give rise to significant components of future income tax assets and liabilities are as follows:

	2006 \$	2005 \$
Future income tax assets:		
Losses available for future periods	660,000	490,000
Fixed assets	1,000	-
Other	<u>55,000</u>	<u>39,000</u>
	716,000	529,000
Valuation allowance for future tax assets	<u>(716,000)</u>	<u>(529,000)</u>
	<u><u>-</u></u>	<u><u>-</u></u>

The recovery of income taxes shown in the statements of loss and deficit differ from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	2006 \$	2005 \$
Income tax rate reconciliation		
Combined federal and provincial income tax rate	<u>34.12%</u>	<u>35.36%</u>
Expected income tax recovery	(511,000)	(290,000)
Permanent differences	184,000	161,000
Effect of income tax rate changes	47,000	-
Effect of different income tax rates in Peru and Canada	28,000	-
Change in valuation allowance	271,000	136,000
Other	<u>(19,000)</u>	<u>(7,000)</u>
	<u><u>-</u></u>	<u><u>-</u></u>

As at September 30, 2006, the Company has non-capital losses of approximately \$1,233,000 (2005 - \$1,107,000) available for Canadian income tax purposes to offset against future income. The non-capital losses expire commencing 2007 through 2016.

The Company also has non-capital losses of approximately \$884,000 (2005 - \$275,000) for Peruvian income tax purposes, which are available for application against future taxable income. These non-capital losses expire commencing 2007 through 2010.

Future income tax benefits which may arise as a result of these losses have not been recognized in the financial statements as their realization is unlikely.

TINKA RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2006 AND 2005

10. SEGMENTED INFORMATION

Substantially all of the Company's operations are in one industry, the exploration for gold. Management reviews the financial results according to expenditures by property. As at September 30, 2006, 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 during fiscal 2006 and 2005.

	<u>2006</u>		
	Corporate Canada \$	Mineral Operations Peru \$	Total \$
Current assets	1,245,090	110,810	1,355,900
Mineral property interests	-	290,849	290,849
Equipment	4,699	34,014	38,713
	<u>1,249,789</u>	<u>435,673</u>	<u>1,685,462</u>

	<u>2005</u>		
	Corporate Canada \$	Mineral Operations Peru \$	Total \$
Current assets	1,314,000	21,353	1,335,353
Mineral property interests	-	496,309	496,309
Equipment	5,422	44,735	50,157
	<u>1,319,422</u>	<u>562,397</u>	<u>1,881,819</u>

11. FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments

The Company's financial instruments include cash, amounts receivable, and accounts payable and accrued liabilities, for which the carrying values approximate fair values due to the short-term maturity of these financial instruments.

(b) Foreign exchange risk

The Company incurs certain of its expenses in currencies other than the Canadian dollar. As such the Company is subject to foreign exchange risk as a result of fluctuations in exchange rates.

(c) Concentration of credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash. To reduce credit risk, cash and cash equivalents are on deposit at major financial institutions.

TINKA RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2006 AND 2005

12. SUPPLEMENTARY CASH FLOW INFORMATION

Non-cash financing activities were conducted by the Company as follows:

	2006	2005
	\$	\$
Financing activities		
Shares issued on exercise of options	11,200	82,275
Contributed surplus	<u>(11,200)</u>	<u>(82,275)</u>
	<u><u>-</u></u>	<u><u>-</u></u>
Other supplementary cash flow information:		
Interest paid in cash	<u>-</u>	<u>1,000</u>
Income taxes paid in cash	<u>-</u>	<u>-</u>

13. SUBSEQUENT EVENT

On November 29, 2006, the Company granted 60,000 stock options to consultants at an exercise price of \$0.35 per share until November 29, 2009.

SCHEDULE 1

TINKA RESOURCES LIMITED
CONSOLIDATED SCHEDULE OF MINERAL PROPERTY INTERESTS
FOR THE YEARS ENDED SEPTEMBER 30, 2006 AND 2005

	2006					2005	
	Luminaria Prospect \$	Pampa Prospect \$	Colquipucro Prospect \$	Tibillos Project \$	Other \$	Total \$	Total \$
BALANCE							
- BEGINNING OF YEAR	379,945	41,012	-	-	75,352	496,309	302,129
EXPLORATION							
EXPENDITURES							
DURING THE YEAR							
Access road	1,975	-	-	-	-	1,975	1,077
Amortization	-	-	-	-	-	-	13,186
Assays	27,150	1,443	4,889	6,206	6,816	46,504	40,181
Camp costs	4,276	-	430	985	681	6,372	8,079
Consulting	20,570	1,567	4,677	3,282	6,847	36,943	30,124
Drilling	244,884	-	-	-	-	244,884	-
Environmental	3,465	-	-	-	-	3,465	-
Exploration office	20,844	492	1,978	1,724	3,217	28,255	11,587
Field workers	37,873	305	1,909	462	3,619	44,168	7,858
Geological	41,538	1,802	15,577	8,576	28,260	95,753	192,716
Geophysics	-	-	-	-	-	-	42,370
IVA tax	-	-	-	-	87,903	87,903	33,352
Mapping	166	383	36	75	162	822	792
Permit and filing fees	12,600	5,271	11,748	3,280	5,696	38,595	2,637
Salaries	2,552	-	-	-	-	2,552	-
Supplies	8,873	-	410	-	-	9,283	-
Travel	12,134	429	1,115	1,935	2,010	17,623	6,014
Vehicles	13,207	768	1,121	3,414	1,378	19,888	5,467
	452,107	12,460	43,890	29,939	146,589	684,985	395,440
ACQUISITION COSTS							
DURING THE YEAR	9,165	-	7,195	26,866	69,112	112,338	28,467
	461,272	12,460	51,085	56,805	215,701	797,323	423,907
BALANCE BEFORE							
WRITE-OFFS	841,217	53,472	51,085	56,805	291,053	1,293,632	726,036
LESS WRITE-OFF MINERAL							
PROPERTY INTERESTS	(841,217)	(53,472)	-	-	(108,094)	(1,002,783)	(229,727)
BALANCE - END OF YEAR	-	-	51,085	56,805	182,959	290,849	496,309