HUNT MINING CORP

Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three and nine month periods ended September 30, 2010 and 2009

Notice of No Auditor Review

The accompanying unaudited interim financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of the interim financial statements by an entity's auditors.

Hunt Mining Corp.

Consolidated Financial Statements

Three and nine month periods ended September 30, 2010 and 2009 | **Page**

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Hunt Mining Corp.

An Exploration Stage Enterprise

Expressed in Canadian Dollars

Consolidated Balance Sheets

	NOTE	September 30, 2010 (unaudited)	December 31, 2009
CURRENT ASSETS:			
Cash and equivalents		$ 111,729	$ 3,165,966
Accounts receivable		45,520	11,648
Prepaid expenses and deposits	8	242,571	200,000
Future income tax		-	208,754
Total Current Assets		399,820	3,586,368
PROPERTY AND EQUIPMENT:	4	836,399	854,966
OTHER ASSETS:			
Performance bond	11	243,967	209,303
V.A. Tax, net of discount	10	596,601	513,636
Minimal presumed income tax receivable		202,987	214,044
Other tax credits		15	-
Total Other Assets:		1,043,570	936,983
TOTAL ASSETS:		$ 2,279,789	$ 5,378,317
CURRENT LIABILITIES:			
Accounts payable		$ 363,976	$ 1,444,729
Taxes payable		367,261	127,919
Due to related parties		300,000	612,850
Interest payable - related parties		3,715	-
Total Current Liabilities:		1,034,952	2,185,498
LONG-TERM LIABILITIES:			
Shareholder loan	7	106,028	842,668
Interest payable on shareholder loan		14,324	3,698
Total Long-Term Liabilities:		120,352	846,366
TOTAL LIABILITIES:		1,155,304	3,031,864
SHAREHOLDERS' EQUITY			
Preferred shares	5	177,417	177,417
Share capital	5	14,060,715	13,989,654
Contributed surplus		955,824	453,832
Warrants	5	250,000	250,000
Deficit		(14,356,520)	(12,640,589)
Accumulated other comprehensive income		37,049	116,139
Total Shareholders' Equity:		$ 1,124,485	$ 2,346,453
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 2,279,789	$ 5,378,317

Going Concern (Note 2)

Commitments and Contingencies (Note 11)

Subsequent Events (Note 13)

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

Hunt Mining Corp.
An Exploration Stage Enterprise
Expressed in Canadian Dollars

Consolidated Statements of Operations

	Three months ended September 30,		Nine months ended September 30,	
	2010	**2009**	**2010**	**2009**
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
INCOME:				
Interest income:	$ 3,915	$ 4,084	$ 11,704	$ 15,472
OPERATING EXPENSES:				
Professional fees	160,883	94,604	639,677	337,861
Exploration expenses	74,956	76,384	320,746	590,447
Travel expenses	49,049	17,795	166,469	79,992
Administrative and office expenses	115,033	36,782	428,929	137,291
Payroll expenses	263,412	67,672	701,295	284,418
Stock based compensation	153,231	-	523,665	-
Interest expense and banking charges	18,075	6,268	46,645	28,728
Depreciation	27,419	20,485	84,229	71,131
Total operating expenses	862,058	319,990	2,911,655	1,529,868
Other income/(expense):				
Debt forgiveness gain	-	-	1,685,476	-
Gain on debt discount	-	-	21,870	-
Miscellaneous income/(expense)	17,159	-	17,832	(5,760)
Taxes	(2,120)	-	(2,637)	(4,031)
Bank fees	-	(1,705)	(2,406)	(11,741)
VAT discount and accretion	9,338	(5,763)	1,651	(71,536)
Gain on foreign exchange	(11,245)	120,527	25,036	724,798
Total other income/(expense):	13,132	113,059	1,746,822	631,731
NET LOSS - before income tax	(845,011)	(202,847)	(1,153,129)	(882,665)
Income tax (expense)/recovery	-	-	(562,803)	-
NET LOSS BEFORE OTHER COMPREHENSIVE LOSS	(845,011)	(202,847)	(1,715,932)	(882,665)
Other comprehensive income - performance bond:	28,290	38,157	34,663	77,998
Other comprehensive loss - translation adjustment	(4,903)	(94,338)	(113,754)	(433,416)
TOTAL NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	$ (821,624)	$ (259,028)	$ (1,795,023)	$ (1,238,083)
Weighted average shares issued and outstanding	44,720,819	3,176,900	44,701,649	3,176,900
NET LOSS PER SHARE - BASIC AND DILUTED	$ (0.02)	$ (0.06)	$ (0.04)	$ (0.28)

Hunt Mining Corp.
An Exploration Stage Enterprise
Expressed in Canadian Dollars

Consolidated Statements of Deficit

	Three months ended September 30,		Nine months ended September 30,	
	2010	**2009**	**2010**	**2009**
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
DEFICIT, BEGINNING OF PERIOD	$ (13,511,509)	$ (10,807,597)	$ (12,640,588)	$ (10,127,779)
Net loss before comprehensive loss	(845,011)	(202,847)	(1,715,932)	(882,665)
DEFICIT, END OF PERIOD	$ (14,356,520)	$ (11,010,444)	$ (14,356,520)	$ (11,010,444)

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

Hunt Mining Corp.

An Exploration Stage Enterprise

Expressed in Canadian Dollars

Consolidated Statements of Cash Flows

	Three months ended September 30, 2010	Three months ended September 30, 2009	Nine months ended September 30, 2010	Nine months ended September 30, 2009
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	$ (845,011)	$ (202,847)	$ (1,715,932)	$ (882,665)
Adjustments to reconcile net loss to				
net cash used in operating activities				
Future income tax	-	-	208,754	-
Debt forgiveness gain	-	-	(1,685,476)	-
Depreciation	27,419	20,485	84,229	71,131
Translation adjustment	(4,903)	(94,338)	(113,753)	(433,416)
Stock based compensation	153,231	-	523,665	-
Income tax (expense)/recovery	(34,470)	(28,927)	239,342	(86,752)
(Increase) decrease in accounts receivable	(16,322)	12,890	(33,872)	23,162
Increase (decrease) in V.A. tax receivable	(19,362)	2,636	(82,965)	(14,606)
Increase in prepaid expenses and deposits	1,670	4,257	(42,571)	8,035
Increase (decrease) in accounts payable	101,038	(238,878)	(1,080,753)	(873,733)
Decrease (increase) in minimal presumed income tax and other tax credits	5,689	(21,204)	11,042	(573)
Net cash used in operating activities	(631,021)	(545,926)	(3,688,290)	(2,189,417)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Acquisition of property and equipment	16,592	60,317	(65,662)	127,345
Net cash provided (used) in investing activities	16,592	60,317	(65,662)	127,345
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from issuance of common stock	12,600	249,099	49,388	2,264,915
Proceeds from shareholder loan	286,141	380,135	635,986	(108,985)
Increase (decrease) in accrued interest payable on shareholder loan	4,525	560	14,341	(61,668)
Net cash provided by financing activities	303,266	629,794	699,715	2,094,262
NET DECREASE IN CASH AND EQUIVALENTS	$ (311,163)	$ 144,185	$ (3,054,237)	$ 32,190
CASH AND EQUIVALENTS, BEGINNING OF PERIOD	422,893	113,812	3,165,966	225,806
CASH AND EQUIVALENTS, END OF PERIOD	$ 111,729	$ 257,997	$ 111,729	$ 257,996
SUPPLEMENTAL CASH FLOW INFORMATION				
Interest paid	-	-	-	-
Taxes paid	2,120	-	2,637	4,031

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

1. Nature of Business and Basis of Presentation

Hunt Mining Corp., previously Sinomar Capital Corporation (the "Company"), is a mineral exploration company incorporated on January 10, 2006 under the laws of Alberta, Canada and, together with its subsidiaries, is engaged in the exploration of mineral properties in Santa Cruz Province, Argentina. Prior to December 23, 2009 the Company was a Capital Pool Company within the meaning ascribed by Policy 2.4 of the TSX Venture Exchange. On that date the Company completed its Qualifying Transaction, the acquisition of all of the issued and outstanding shares of Cerro Cazador S.A. ("CCSA"), an Argentine minerals exploration company, in a reverse takeover transaction ("RTO").

Subsequent to the RTO, the Company changed its name to Hunt Mining Corp.

The Company's financial statements are prepared in accordance with accounting principles generally accepted in Canada.

The consolidated financial statements include the accounts of the following subsidiaries after elimination of intercompany transactions and balances:

Corporation	Incorporation	Percentage ownership
CCSA	Argentina	100%
Hunt Gold USA LLC	Washington, USA	100%
1494716 Alberta Ltd.	Alberta	100%

In accordance with Canadian RTO accounting, these consolidated financial statements for the period ended September 30, 2010 reflect the assets, liabilities and operations of CCSA prior to the RTO and the consolidated assets, liabilities and operations of the Company subsequent to the RTO. The consolidated financial statements are issued in the name of the legal parent but are considered to be a continuation of CCSA.

As of September 30, 2010, the Company is in the process of exploring mineral properties in Argentina. On the basis of information to date it has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the mineral properties is entirely dependent upon 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 property interests represent acquisition costs incurred to date, less amounts amortized and/or written-off and do not necessarily represent present or future values.

2. Going Concern

These consolidated financial statements have been prepared on the basis of Canadian generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and discharge of liabilities in the normal course of business. As shown in the accompanying consolidated financial statements, the Company's revenues consist only of interest income and it has incurred an accumulated loss of $14,356,520 through September 30, 2010.

These factors raise doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon the discovery of economically recoverable mineral reserves, the ability to obtain necessary financing to complete development and fund operations and future production or proceeds from their disposition. Management is actively targeting sources of additional financing and while the Company has been successful in raising funds in the past, there can be no assurance that it will be able to do so in the future.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

3. Significant Accounting Policies

These interim financial statements do not include all disclosures required by Canadian generally accepted accounting principles for annual audited financial statements and therefore these interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements and notes thereto of the Company as at December 31, 2009.

These interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and follow the same accounting policies and methods of their application as the most recent annual financial statements.

4. Property and Equipment

	September 30, 2010			December 31, 2009		
	Cost	**Accumulated Amortization**	**Net book value**	Cost	Accumulated Amortization	Net book value
Land	$ 730,874	-	$ 730,874	$ 745,074	-	$ 745,074
Vehicles and equipment	362,891	(257,366)	105,525	286,884	(176,992)	109,892
	$ 1,093,765	$ (257,366)	$ 836,399	$ 1,031,958	$ (176,992)	$ 854,966

5. Share Capital

a) Authorized:

Unlimited number of common shares without par value
Unlimited number of preferred shares without par value

b) Issued:

Common Shares

	Three months ended September 30, 2010		Nine months ended September 30, 2010	
	Number	**Amount**	**Number**	**Amount**
Balance, beginning of period	44,704,665	$ 14,041,354	44,612,040	$ 13,989,654
Shares issued for cash and fair value recognized	42,000	19,361	134,625	62,061
Share issuance costs refunded	-	-	-	9,000
Balance, end of period	**44,746,665**	**$ 14,060,715**	44,746,665	$ 14,060,715

Preferred Shares

	Three months ended September 30, 2010		Nine months ended September 30, 2010	
	Number	**Amount**	**Number**	**Amount**
Balance, beginning of period	**20,881,493**	**$ 177,417**	20,881,493	$ 177,417
Balance, end of period	**20,881,493**	**$ 177,417**	20,881,493	$ 177,417

Warrants

	Three months ended September 30, 2010		Nine months ended September 30, 2010	
	Number	**Amount**	**Number**	**Amount**
Balance, beginning of period	**2,500,000**	**$ 250,000**	2,500,000	$ 250,000
Balance, end of period	**2,500,000**	**$ 250,000**	2,500,000	$ 250,000

Common share issuances

During the three and nine month periods ended September 30, 2010 the Company issued 42,000 shares and 134,625 shares, respectively, pursuant to the exercise of agent's options granted in conjunction with the Company's initial public offering. The exercise price of the options was $0.30 per option and the Company therefore received $12,600 in the three month period ended September 30, 2010. The Company received $40,388 pursuant to the issuance in the nine month period ended September 30, 2010. In the three month period ended September 30, 2010 an additional $6,761 was recorded in common shares to reflect the Black-Scholes valuation of the exercised options. The Company has not assumed a forfeiture rate in accordance with CICA Handbook section 3870 "Stock-Based Compensation and Other Stock-Based Payments", and as such, forfeitures are accounted for as they occur. In the nine month period ended September 30, 2010 an additional $21,673 was recorded in common shares to reflect the Black-Scholes valuation of the exercised options.

During the three and nine month periods ended September 30, 2010, 32,035 agent's options expired. The options had an option price of $0.30 per share and expired on July 28, 2010.

c) Stock options:

The following is a summary of stock options for the three and nine month periods ended September 30, 2010:

	Three months ended September 30, 2010		Nine months ended September 30, 2010	
	Number of options	Weighted Average Price	Number of options	Weighted Average Price
Balance, beginning of period	4,991,725	$0.34	4,484,350	$0.30
Granted to officers and directors	-	-	600,000	$0.65
Exercise of agent's options	(42,000)	$0.30	(134,625)	$0.30
Expiration of agent's options	(32,035)	$0.30	(32,035)	$0.30
Balance, end of period	4,917,690	$0.34	4,917,690	$0.34

	Range of exercise prices	Number outstanding	Weighted average life (years)	Weighted average exercise price	Number exercisable on September 30, 2010
Stock options	$0.30 - $0.65	4,417,690	4.14	$0.35	2,387,690
Agent's options	$0.30	500,000	0.23	$0.30	500,000
		4,917,690	3.74	$0.34	2,887,690

In January of 2010 the Company granted 600,000 stock options to directors of the Company. All of these options, each of which entitles the holder to purchase one common share at an exercise price of $0.65 per share, expire on January 18, 2015. These options vest as to 25% on the date of grant, 25% on July 18, 2010, 25% on January 18, 2011 and 25% on July 18, 2011. The Black-Scholes valuation of these options was $0.52 per option given the following assumptions:

	January 18, 2010
Risk free interest rate	0.18%
Expected volatility	113%
Expected life (years)	5
Expected dividend yield	0%

Under the Company’s share option plan, and in accordance with TSX Venture Exchange requirements, the number of common shares reserved for issuance under the option plan shall not exceed 10% of the issued and outstanding common shares of the Company. In connection with the foregoing, the number of common shares reserved for issuance to: (a) any individual director or officer will not exceed 5% of the issued and outstanding common shares; and (b) all consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised the greater of twelve months after the completion of the Qualifying Transaction or ninety days following cessation of the optionee's position with the Corporation.

d) Escrowed shares

As required by Exchange Policy, all 1,510,300 of the Company’s seed capital shares were subject to a timed release escrow agreement dated April 24, 2008. This escrow agreement provides for the release of 10% of the escrowed shares on December 31, 2009 and 15% of the remaining escrowed shares every six

months thereafter. As at November 29, 2010, a total of 377,575 shares have been released from escrow leaving a balance of 1,132,725 in escrow.

In addition, all of the common shares and convertible preferred shares issued pursuant to the Company's qualifying transaction are subject to a TSX Venture Exchange Tier Two surplus escrow agreement allowing for the release of 5% of the shares on December 31, 2009, 5% on June 30, 2010, 10% on each of December 31, 2010 and June 30, 2011, 15% on each of December 31, 2011 and June 30, 2012 and 40% on December 31, 2012. If the Company subsequently meets the Tier 1 Minimum Listing Requirements of the TSX Venture Exchange, the release of these escrowed shares will be accelerated whereby such escrowed shares will be released from escrow as to 10% thereof effective as of December 31, 2009, 20% on June 30, 2010, 30% on December 31, 2010 and 40% on June 30, 2011. As at November 29, 2010, none of the shares placed in escrow pursuant to the Company's qualifying transaction have been released from escrow.

6. Related Party Transactions

During the three and nine month periods ended September 30, 2010 the Company paid nil and US$65,359, respectively, to HuntMountain Resources Ltd. ("HuntMountain"), an entity controlled by the Company's Executive Chairman, for the rental of office space. As at September 30, 2010 the Company recorded in current assets a prepaid rental expense of $1,613 relating to amounts paid to HuntMountain for office rent for periods beyond September 30, 2010.

During the three month period ended September 30, 2010 the Company incurred $32,874 (2009 – $34,597) in professional fees expense relating to the services of the President of CCSA. During the nine month period ended September 30, 2010 the Company incurred $99,050 (2009 – $110,606) in professional fees expense relating to the services of the President of CCSA. Included in accounts payable as at September 30, 2010 was $10,813 (2009 - $11,490) owing to the President of CCSA for professional geological fees.

At September 30, 2010 the Company had a payable owing to the President of CCSA for $559 (2009 - nil) relating to field expenses incurred on behalf of the Company. On September 30, 2009 the Company had a receivable due from the President of CCSA for $412 for cash advanced for field expenses.

During the three months ended September 30, 2010 the Company incurred $7,255 (2009 – nil) in general and administrative expenses relating to rent paid for office space to the President of CCSA. During the nine months ended September 30, 2010 the Company incurred $22,185 (2009 – nil) in general and administrative expenses relating to rent paid for office space to the President of CCSA.

During the three months ended September 30, 2010 the Company incurred nil (2009 - $13,616) in professional fees expense relating to the accounting services of a former director of CCSA. During the nine months ended September 30, 2010 the Company incurred $27,826 (2009 – $43,557) in professional fees expense relating to the accounting services of a former director of CCSA. At September 30, 2010 the Company had a payable owing to a director of CCSA for accounting services of nil (2009 - $4,522).

During the three and nine month periods ended September 30, 2010 the Company acquired office furniture and fixtures from HFP, LLC, an entity controlled by the Company's chairman, for $44,419 (2009 – nil).

During the three and nine month periods ended September 30, 2010 the Company paid a deposit of $5,242 in relation to the purchase of computer equipment from HuntMountain. The final purchase price of the equipment has not yet been determined and management expects the transactions to be completed before the end of 2010. Management expects the purchase price for the equipment to be at a discount to market value.

All related party transactions related to the normal course of business and are recorded at the exchange amount. Additional related party transactions are included as part of Notes 7, 8, 9 and 13.

7. Shareholder Loan

On June 23, 2009 CCSA entered into two shareholder loan agreements with HuntMountain and HuntMountain Investments LLC, a wholly owned subsidiary of HuntMountain. The loan agreements provided a combined line of credit of up to $1,715,850 to be disbursed in multiple advances. The loans bear interest at a 3% annual rate and are unsecured. The loans are repayable in installments no earlier than a date of five years from the date on which amounts were advanced under the loan.

On March 3, 2010 Hunt Gold USA LLC, a wholly owned subsidiary of the Company, acquired US$700,000 of the US$803,000 outstanding loan payable from CCSA for total consideration of US$679,000, a 3% discount to the outstanding amount payable. The Company's remaining principal amount owing to HuntMountain was $106,028 on September 30, 2010.

8. Deposit

In conjunction with the Qualifying Transaction, the Company advanced $200,000 to HuntMountain, CCSA's former parent corporation, as a refundable deposit. This deposit is reflected in prepaid expenses and deposits on the Company's balance sheet at September 30, 2010 and December 31, 2009.

9. Forgiveness of Accounts Payable

As a condition of the Qualifying Transaction, HuntMountain entered into an agreement with CCSA pursuant to which HuntMountain agreed to pay all of the CCSA's remaining accounts payable owed to Patagonia Drill Mining Services S.A. ("PDM"). In order to pay all of the Company's payables owing to PDM in accordance with the terms of the qualifying transaction, management of HuntMountain negotiated an agreement with PDM pursuant to which HuntMountain agreed to purchase all remaining accounts payable owed by the CCSA to PDM for total consideration of US$1,061,695. This amount excluded the $612,850 deposit made by HuntMountain against the PDM payables in 2008. Therefore, the $612,850 deposit amount was applied to the CCSA's PDM payables concurrently with the signing of the agreement. Therefore, the Company recorded a $612,850 payable owing to HuntMountain on December 31, 2009.

HuntMountain forgave the due to related party liability of $612,850 and all of the accounts payable purchased from PDM pursuant to an agreement between the CCSA and HuntMountain dated March 5, 2010. This had the same effect as the original agreement between the CCSA and HuntMountain except no further equity was issued by CCSA, as was contemplated in the original agreement, and the PDM

payables were extinguished immediately as opposed to the fifteen month term contemplated in the original agreement.

10. Financial Instruments

The Company's financial instruments consist of cash and equivalents, accounts receivable, performance bond, VAT, accounts payable, shareholder loan and due to related parties.

The fair value hierarchy established by CICA Handbook Section 3862 – Financial Instruments – Disclosures establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and lowest priority to Level 3 inputs. The Company's financial instruments in the form of cash and equivalents and performance bond are measured and reported as Level 1 with the VAT amount classified as Level 3.

Fair value

The fair value of financial instruments at September 30, 2010 is summarized as follows:

	Level 1	Level 2	Level 3
Cash and equivalents	$111,729	-	-
V.A. Tax	-	-	596,601
Performance bond	243,967	-	-
	$355,696	-	$596,601

Financial risk management

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest rate risk and price risk.

i. Currency risk

The Company holds cash balances and incurs payables that are denominated in the Canadian Dollar, the United States Dollar and the Argentine Peso. These balances are subject to fluctuations in the exchange rate between the Canadian Dollar, and the United States Dollar and the Argentine Peso, resulting in currency gains or losses for the Company. A significant change in the currency exchange rates between the United States dollar relative to the Canadian dollar and the Argentine Peso could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

At September 30, 2010, if the U.S. dollar strengthened or weakened by 10% relative to the Canadian dollar the impact on third quarter income and other comprehensive income due to the translation of monetary financial instruments would be as follows:

	Impact on net loss and comprehensive loss
U.S. Dollar Exchange rate – 10% increase	($54,213)
U.S. Dollar Exchange rate – 10% decrease	$54,213

ii.Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations.

The Company's cash is held through Canadian and Argentine financial institutions. The Company's receivables consist of goods & services tax due from the Federal Government of Canada. The Argentine accounts, which had a Canadian dollar balance of $19,287 at September 30, 2010 (December 31, 2009 - $14,008) are considered uninsured.

iii. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk through the management of its capital structure.

v. Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. There is minimal price risk at the present time as the Company is not yet in the production phase.

vi. Interest rate risk

Interest rate risk is the impact that changes in interest rates could have on the Company's earnings and liabilities. In the normal course of business, the Company is not exposed to interest rate fluctuations as its interest bearing debt due to shareholders is at a fixed rate.

11. Commitments and Contingencies

a) On March 27, 2007, the Company entered into a definitive lease purchase agreement with FK Minera S.A., an arm's length party, to acquire a 100% interest in the Bajo Pobré gold property located in Santa Cruz Province, Argentina. The Company may earn up to a 100% equity interest in the Bajo Pobré property by making cash payments and exploration expenditures over a five-year earn-in period. The required expenditures and ownership levels upon meeting those requirements are:

Year of Agreement	Payment Required	Exploration Expenditure Required	Ownership
2007	$52,470	$262,350	0%
2008	52,470	262,350	0%
2009	52,470	-	51%
2010	52,470	-	60%
2011	52,470	-	100%

After the fifth year, the Company is obligated to pay FK Minera S.A. the greater of a 1% net smelter royalty ("NSR") on commercial production or US$100,000 per year. The Company has the option to purchase the NSR for a lump-sum payment of US$1,000,000 less the sum of all royalty payments made to FK Minera S.A. to that point.

As of September 30, 2010, the Company has not conducted any exploration activity pursuant to the agreement with FK Minera SA. The Company has not made all investments required by the Bajo Pobré contract, nor have the parties to the contract amended the contract terms. The Company's ability to retain rights to explore the Bajo Pobré property is uncertain at this time.

b) In March 2007, the Company was the successful bidder for the exploration and development rights to the La Josefina Project from Fomento Minero de Santa Cruz Sociedad del Estado ("Fomicruz S.E."). Fomicruz S.E. is a company that is owned by the government of the Santa Cruz province in Argentina. On July 24, 2007 the Company entered into an agreement with Fomicruz S.E. pursuant to which the Company agreed to invest a minimum of US$6 million in exploration and development expenditures over a four year period, including US$1.5 million before July 2008. The agreement delineates that in the event that a positive feasibility study is completed on the La Josefina property that a joint venture company would be formed; the Company would own 91% of the joint venture company and Fomicruz S.E. would own the remaining 9%. Management believes that the Company has fulfilled the expenditure requirement of the Fomicruz agreement.

During the quarter ended March 31, 2007, the Company was required to purchase a performance bond as a condition of the exploration agreement on La Josefina property in Argentina. The bond was originally purchased for $292,877. At September 30, 2010 the value of the bond was $243,967 (December 31, 2009 – $209,303).

12. Capital Disclosure

Capital management is the key to achieving the Company's growth plans, the maintenance of a strong capital base to ensure financial flexibility, and providing returns to shareholders. The Company's capital is comprised of shareholders' equity, due to related parties, and shareholder loan, as follows:

	September 30, 2010	December 31, 2009
Shareholders' equity	$1,124,485	$2,346,453
Due to related parties	$300,000	$612,850
Shareholder loan	$106,028	$842,668
	$1,530,513	$3,801,971

The Company does not have covenants associated with the Company's long term liabilities. The Company regularly reviews its on-going capital requirements to fund capital expenditures and service upcoming obligations.

Management of capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire or dispose of assets. In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments.

The Company is not subject to externally imposed capital requirements.

13. Subsequent Events

On October 8, 2010 the Company filed a preliminary short form prospectus in connection with a marketed public offering of units in all provinces of Canada except Quebec. Full details regarding this announcement were included in the Company's press release dated October 12, 2010.

On August 20, 2010, the Company entered into an unsecured bridge loan agreement with an entity controlled by the Company's Executive Chairman, Tim Hunt in the amount of $300,000 at an interest rate of 12% per annum and is due on December 31, 2010. Additional unsecured bridge loan amounts of $150,000 and $250,000 were entered into on October 7, 2010 and October 15, 2010, respectively, at the same terms. Full details regarding this announcement were included in the Company's press release dated October 18, 2010.

On November 23, 2010 the Company filed a final short form prospectus in connection with a marketed public offering of units in all provinces of Canada except Quebec. The short form prospectus qualifies the distribution of a minimum of 19,333,333 units of the Company and a maximum of 43,333,333 units at a price of $0.30 per unit pursuant to an agency agreement entered into among the Company and each of Octagon Capital Corporation, Canaccord Genuity Corp. and Wolverton Securities Ltd. Each unit consists of one common share in the capital of the Company and one half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to purchase one common share in the capital of the Company (a "Warrant Share") at a price of $0.35 per Warrant Share at any time prior to the third anniversary of the date of the closing of the offering. Completion of the Offering is subject to subscriptions being received for the Minimum Offering.

14. Comparatives

Certain comparative figures have been reclassified to conform to the current year's presentation.