

# HUNT MINING CORP

**ANNUAL INFORMATION FORM  
FOR THE YEAR ENDED DECEMBER 31, 2009  
DATED AS OF APRIL 28, 2010**

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## HUNT MINING CORP.

### 1. PRELIMINARY NOTES

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#### 1.1 Date of Information

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In this Annual Information Form (this “AIF”), unless the content otherwise requires, references to “our”, “us”, “we”, “its”, “the Company”, or “Hunt Mining” means Hunt Mining Corp. and its subsidiaries. All of the information contained in this AIF is at December 31, 2009, the last day of the Company’s most recently completed fiscal year, unless otherwise indicated.

#### 1.2 Cautionary Statement Regarding Forward-Looking Information

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This AIF contains “forward-looking information” and “forward-looking statements” (together, “forward looking-statements”) within the meaning of Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995. Such forward-looking statements concern the Company’s anticipated results and developments in the Company’s operations in future periods, planned exploration and development of its properties, plans related to its business and other matters that may occur in the future. These statements relate to the ability of the Company to obtain all government approvals, permits and third party consents in connection with the Company’s exploration and development activities; the Company’s planned drilling program; the Company’s future exploration and capital costs, including the costs and potential impact of complying with existing and proposed environmental laws and regulations; general business and economic conditions; analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Statements concerning mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “expects” or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “estimates” or “intends”, or stating that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements. While the Company has based these forward-looking statements on its expectations about future events as at the date that such statements were prepared, the statements are not a guarantee of the Company’s future performance and are subject to risks, uncertainties, assumptions and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Such factors and assumptions include, amongst others, the effects of general economic conditions, the supply and demand for gold and the level and volatility of prices of gold, the availability of financing to fund the Company’s ongoing and planned exploration and possible future mining operation on reasonable terms, changing foreign exchange rates and actions by government authorities, market competition, risks involved in mining, processing, exploration and research and development activities, the political climate and in Argentina, and the Company’s ongoing relations with its employees and with local communities and local governments, and uncertainties associated with legal proceedings and negotiations and misjudgments in the course of preparing forward-looking statements. In addition, there are also known and unknown risk factors which

may cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation:

- risks related to the Company's lack of revenues from operations and its continued ability to fund ongoing and planned exploration and possible future mining operations;
- risks related to the Company's history of losses, which will continue to occur in the future;
- risks related to governmental regulations;
- risks related to the uncertainty of the Company's ability to attract and retain qualified management;
- risks related to the Company's ability to successfully establish mining operations or profitably produce precious metals;
- volatility in the market price of gold, silver and other minerals which could affect the profitability of possible future operations and financial condition;
- risks related to currency volatility;
- risks related to the inherently dangerous activity of mining, including conditions or events beyond the Company's control;
- risks related to the Company's primary properties being located in Argentina, including political, economic, and regulatory instability;
- uncertainty as to actual capital costs, operating costs, production and economic returns relating to potential mining operations;
- uncertainty in the Company's ability to obtain and maintain certain permits necessary for current and anticipated operations;
- risks related to the Company being subject to environmental laws and regulations;
- risks related to land reclamation requirements;
- risks related to the Company's ability to attract necessary capital funding for mineral exploration in the future;
- risks related to officers and directors being or becoming associated with other natural resource companies which may give rise to conflicts of interests; and
- the volatility of the Company's common share price.

This list is not exhaustive of the factors that may affect the Company's forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further in this AIF under "Risk Factors". Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in

the forward-looking statements. Forward-looking statements are made based on management's experience, beliefs, estimates and opinions on the date the statements are made, and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by law. Investors are cautioned against attributing undue certainty to forward-looking statements.

### **1.3 Currency**

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References to “\$” are to Canadian dollars. References to “A\$” or “pesos” are to Argentine pesos. References to “US\$” are to United States dollars. Certain financial information relating to the Company originated in pesos were converted into C\$ based on prevailing and average exchange rates for certain fiscal periods.

The following table reflects the high, low and average rates of exchange for one US\$ expressed in pesos for the periods noted:

<b>Pesos per US\$</b>	<b>High</b>	<b>Low</b>	<b>Average</b>	<b>End of Period</b>
Year ended December 31, 2007	3.2295	3.0599	3.1218	3.1500
Year ended December 31, 2008	3.4827	3.4827	3.4827	3.4571
Year ended December 31, 2009	3.9347	3.4439	3.7385	3.8205

<b>Pesos per \$</b>	<b>High</b>	<b>Low</b>	<b>Average</b>	<b>End of Period</b>
Year ended December 31, 2007	3.4266	2.6138	2.9223	3.2110
Year ended December 31, 2008	3.2541	3.2541	3.2541	2.8290
Year ended December 31, 2009	3.7382	2.7378	3.2969	3.6417

<b>\$ Per US\$</b>	<b>High</b>	<b>Low</b>	<b>Average</b>	<b>End of Period</b>
Year ended December 31, 2007	1.1854	0.9145	1.0744	0.9820
Year ended December 31, 2008	1.2928	1.2928	1.2928	1.2228
Year ended December 31, 2009	1.2907	1.0269	1.1417	1.0494

### **1.4 Glossary of Terms**

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The following is a glossary of terms used in this AIF.

- a) “Ag” is the chemical symbol for silver.
- b) “As” is the chemical symbol for arsenic.
- c) “assay” means an analysis to determine the presence, absence, and quantity of one or more metallic components.
- d) “Au” is the chemical symbol for gold.

- e) “**Cu**” is the chemical symbol for copper.
- f) “**fault**” is a geological term that refers to a fracture or zone of fractures in the earth’s crust along which the rock units on each side of the fracture have moved relative to one another.
- g) “**g**” means gram.
- h) “**g/t**” means grams per tonne.
- i) “**kg**” means kilogram.
- j) “**km**” means kilometre.
- k) “**leach**” is the dissolution of soluble constituents from a rock or ore body by the natural or artificial action of percolating solutions.
- l) “**m**” means meters.
- m) “**mineral resource**” means a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.
- n) “**mineralization**” refers to the presence of a mineral of economic interest in a rock.
- o) “**m.y.**” means million years.
- p) “**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, of the Canadian Securities Administrators.
- q) “**open pit**” means a surface working pit open to daylight, such as a quarry.
- r) “**ore**” means a natural aggregate of one or more minerals which, at a specified time and place, may be mined and sold at a profit, or from which some part may be profitably separated.
- s) “**ounce**” is a unit of weight equal to 31.1 grams.
- t) “**Pb**” is the chemical symbol for lead.
- u) “**ppm**” means parts per million.
- v) “**Qualified Person**” conforms to that definition under NI 43-101 for an individual: (a) to be an engineer or geoscientist with at least 5 years experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these; (b) with experience relevant to the subject matter of the mineral project and the technical report; and (c) is a member in good standing of a professional association that, among other things, is self regulatory, has been given authority by statute, admits members based on their qualifications and experience, requires compliance with professional standards of competence and ethics and has disciplinary powers to suspend or expel a member.

- w) “**Sb**” is the chemical symbol for antimony.
- x) “**strike**” is a geological term which refers to the compass direction on a map that layered rock units or faults run.
- y) “**t**” means metric tonne.
- z) “**tonne**” means a metric tonne, being 1,000 kilograms (2,205 pounds).
- aa) “**Zn**” is the chemical symbol for zinc.

## 1.5 Mineral Property Application Process in Argentina

In Argentina minerals are owned by the provinces and they are generally regulated by the national Mining Code. The Argentine Mining Code establishes that private property of mines is determined by legal concession.

Argentine provinces can impose a maximum 3% mine-mouth royalty on mineral production. In the case of Santa Cruz Province, in which all of the Company’s mineral exploration properties are located, if most of the mining processes are performed in the province with doré bar as the final product then the mine-mouth royalty can drop to 1%.

In addition, in 1993 the Argentine Congress approved “The Mining Investment Law” which covers all mining stages - prospecting, exploration, extraction, milling, leaching and smelting – when these activities are performed by the same economic unit in the region of origin of the mineral. Mining companies need to file paper work with the Argentine National Mining Office in order to get an official certificate which gives several advantages. These advantages include 30 years of tax stability on new mines development, capital investment depreciation rights, advantages on provincial and municipal taxes, deduction of 100% on income taxes for the cost of investment done during prospecting and exploration studies, a special regime for amortizing investment in infrastructure machinery and equipment, exemption from income tax of profits resulting from mines and mineral rights; and certain import and export benefits alleviating taxes. By virtue of the Mining Code, new mine developments can claim a 5-year federal tax holiday on production income in Argentina.

### *Regulatory Exploration Stages:*

- a) *Cateos:* The first step in acquiring mining rights is filing a cateo, which gives exclusive prospecting rights for the requested area for a period of time, according with the size of the obtained surface. The maximum size of each cateo is 10,000 hectares, which gives one thousand days to explore the area. A maximum of 20 cateos can be held by a single entity (individual or company) in any one province.
- b) *Manifestation of Discoveries:* The holder of a cateo has exclusive right to establish a Manifestation of Discovery (“MD”) on that cateo, but MDs can also be set without a cateo on any land not covered by another entity’s cateo. MDs are filed as either a vein or a disseminated discovery. A square protection zone can be declared around the discovery – up to 840 hectares for a vein MD or up to 7,000 hectares for a disseminated MD. The protection zone grants the discoverer exclusive rights for an indefinite period, during which the discoverer must provide an

annual report presenting a program of exploration work and investments related to the protection zone.

c) *Minas or Pertenencias (Mining claims)*: An MD can later be upgraded to a Mina, Pertenencia, or mine claim, which gives the holder the right to begin commercial extraction of minerals.

A period not less than sixty (60) days must elapse between the publication of the expiration of the time for exclusive exploration rights belonging to a person and the request of a cateo by another person (Article 28, amended by Law 22259). During this period of 60 days (as amended by Law 24468), it is allowed that the owner of the cateo makes its MD. An additional period to make the required “formal work” up to 150 days is obtained and the exploration area is reduced to 70 zones or mining claims of 6 hectares each for vein type deposits or 35 zones of mining claims of 100 hectares each for disseminated type deposits.

The Mines Notary is the officer attesting in the discovery statement to the delivery date and hour, certifying after the Argentine mining authorities confirm that another petition does not exist. The certification is made after the graphic department of the Argentine mining authorities verifies on a map the location of the announced discovery.

When the permission has been granted, the claims are to be defined. Once the discovery has been verified and the mine deposit confirmed, the petitioner will request the formal concession for the mine.

The explorer must compensate the surface owner for any damage incurred during the exploration activities. The surface owner can demand a previous amount of money as a compensation value.

#### *Mining Property*

The mine concession is unlimited in time, and only ends when the exploitation ceases. It can be transferred by any of the means used for transfers of common property, and as in common real state, mining properties are subject to mortgages.

The payment of an annual lease or mining right of 80 Argentinean pesos for each claim in vein deposit and 800 Argentinean pesos for each disseminated deposit, is required. The lease must be paid in advance and in two equal semi-annual installments on June 30 and December 31 of each year.

The miner shall have to invest in the mine equipment, camps, building, roads, power plants, within the term of 5 years for a minimum amount of 500 times the annual Lease.

Provinces that decide to collect royalties may not receive a percentage exceeding three per cent over the “mine’s exit value” of the extracted ore.

## **2. CORPORATE STRUCTURE**

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### **2.1 Name and Incorporation**

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The Company was incorporated as Sinomar Capital Corp., a capital pool corporation within the meaning ascribed in Policy 2.4 of the TSX Venture Exchange (“TSXV”), under the *Business Corporations Act* (Alberta) on January 10, 2006. The Company completed its initial public offering on July 28, 2008 and its common shares (the “Common Shares”) were listed on the TSXV and began trading on August 5, 2008. Articles of Amendment to create the Preferred Shares (as hereinafter defined) were filed with the Registrar of Corporations for the Province of Alberta on December 23, 2009.

The Company filed articles of amendment on February 1, 2010 changing its name from “Sinomar Capital Corp.” to “Hunt Mining Corp.” The Company’s shares began trading under the new symbol “HMX” on Tier 2 of the TSXV on February 5, 2010.

The head office of the Company is located at 1611 N. Molter Road, Suite 201, Liberty Lake, Washington, USA, 99019 and the registered and records office of the Company is located at Suite 700, 550 – 11<sup>th</sup> Avenue S. W., Calgary, Alberta, T2R 1M7.

The Company has three subsidiaries, Cerro Cazador S.A. (“CCSA” or “Cerro Cazador”), 1494716 Alberta Ltd. and Hunt Gold USA LLC. CCSA, the Company’s primary operating subsidiary, was incorporated pursuant to Argentine law on February 13, 2006 and registered before the General Inspection of Corporations of Buenos Aires on March 30, 2006. CCSA’s head office and the registered and records office of CCSA is located at Av. Triunvirato 4125 -7mo. Floor, Suite ‘E’, 1431 Buenos Aires, Argentina. The Company acquired CCSA in a reverse takeover transaction completed on December 23, 2009. This reverse takeover transaction constituted the Company’s qualifying transaction as defined under Policy 2.4 of the TSXV.

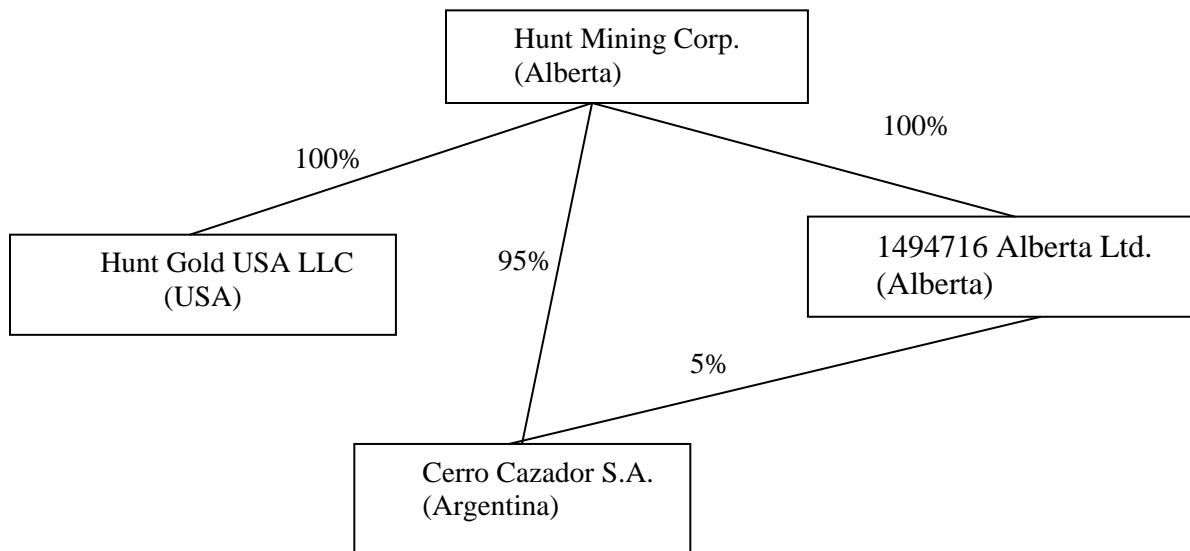
1494716 Alberta Ltd. was incorporated under the *Business Corporations Act* (Alberta) in November of 2009. The head office of 1494716 Alberta Ltd. is located at 1611 N. Molter Road, Suite 201, Liberty Lake, Washington, USA, 99019 and the registered and records office of the Company is located at Suite 700, 550 – 11<sup>th</sup> Avenue S. W., Calgary, Alberta, T2R 1M7. 1494716 Alberta Ltd. has the same directors as the Company.

Hunt Gold USA LLC was incorporated in Washignton State in November of 2009. The head office and registered office of Hunt Gold USA LLC is located at 1611 N. Molter Road, Suite 201, Liberty Lake, Washington, USA, 99019.

### **2.2 Inter-corporate Relationships**

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Under Argentine law, CCSA is required to have two shareholders. In order to abide by this law, management created 1494716 Alberta Ltd., an Alberta corporation and wholly owned subsidiary of the Company, to be the second shareholder of CCSA. As of the date of this AIF, the issued shares of CCSA were owned as to 95% by the Company and 5% by 1494716 Alberta Ltd.



### **3. GENERAL DEVELOPMENT OF THE BUSINESS**

#### **3.1 Three Year History**

##### **Hunt Mining Corp. - History**

The Company was incorporated on January 10, 2006 and its shares were listed on the TSXV on August 5, 2008. The Company was listed as a Capital Pool Company as defined in Policy 2.4 of the TSXV and therefore it did not carry on an active operating business prior to the completion of its Qualifying Transaction on December 23, 2009.

The Company entered into an acquisition agreement dated October 13, 2009 with CCSA and CCSA's shareholders, to acquire 100% of CCSA's shares (the "Qualifying Transaction"). The acquisition of CCSA was an arm's length transaction and was the qualifying transaction of the Company pursuant to the policies of the TSXV. The relevant details of the Qualifying Transaction, as fully detailed in the Company's Filing Statement dated December 3, 2009 and filed on SEDAR, are as follows:

- a) the Company issued 29,118,507 Common Shares and 20,881,493 preferred shares of the Company (the "Preferred Shares") to CCSA's shareholders (HuntMountain Resources Ltd. and Hunt Mountain Investments LLC) at a deemed price of \$0.30 per Preferred Share in exchange for all of the CCSA shares. The Preferred Shares are convertible into Common Shares for no additional consideration provided that the Company's share structure is in compliance with the public distribution requirements of the TSXV;
- b) a new board of directors of the Company, consisting of six directors, was appointed concurrently with the closing of the Qualifying Transaction;
- c) options to acquire 4,100,000 Common Shares, as to 3,500,000 options at the time of the Qualifying Transaction and an additional 600,000 common shares in January of 2010, at an

exercise price of \$0.30 per Common Share for a period of 5 years (the “Options”) were granted to officers, directors, employees and consultants of the Company and CCSA;

- d) concurrently with the completion of the Qualifying Transaction, the Company also completed equity financings for aggregate gross proceeds of \$3,500,000 by way of a brokered private placement (the “Brokered Private Placement”) and a TSXV short form offering document (the “Short Form Offering”). Pursuant to the Brokered Private Placement, the Company issued 5,000,000 units (the “Units”) at a price of \$0.30 per Unit, for proceeds of \$1,500,000. Each Unit consists of one Common Share and one-half of one Common Share purchase warrant (each a “Warrant”). Each whole Warrant entitles the holder thereof to acquire, for a period of 1 year, one Common Share of the Company at a price of \$0.60 per share. As consideration for its services as agent to the Brokered Private Placement, Wolverton Securities Ltd. (“Wolverton”), together with its selling group members, received 50,000 Units, a cash commission of \$150,000 and broker warrants to acquire an additional 500,000 Units at a price of \$0.30 per Unit, exercisable for a period of 3 years (the “Broker Warrants”). The Warrants comprising the Units underlying the Broker Warrants expire 1 year from closing of the financing, and no Warrants will be issued to Wolverton upon its exercise of the Broker Warrants after such time. Pursuant to the Short Form Offering, the Company issued 6,666,633 Common Shares at a price of \$0.30 per share for proceeds of \$1,999,989.90. As consideration for its services as selling agent to the Short Form Offering, Wolverton received a cash commission of \$199,999 and agent’s options to acquire 666,663 Common Shares of the Company at a price of \$0.30 per Common Share exercisable for a period of 3 years (the “Agent’s Options”);
- e) the assumption by CCSA’s former shareholders, HuntMountain Resources Ltd. and Hunt Mountain Investments LLC, of the indebtedness of CCSA owed to Patagonia Drill S.A. in the net amount of US\$811,492, including application of amounts previously advanced as a deposit in the amount of US\$644,000;
- f) payment of a finder’s fee by the Company to Wolverton of \$50,000 and 500,000 Common Shares in conjunction with the Qualifying Transaction; and
- g) payment of a finder’s fee of \$10,000 and 100,000 Common Shares by the Company to Mr. Dean Stuart, an arm’s length party to both the Company and the former shareholders of CCSA, in conjunction with the Qualifying Transaction.

#### Cerro Cazador S.A. - History

CCSA commenced operations in 2006 to engage in precious metals exploration in Santa Cruz Province, Argentina. Since incorporation, CCSA has acquired rights to explore six properties in Santa Cruz Province, Argentina.

#### ***Acquisition of Mineral Exploration Properties***

##### *El Overo, El Alazan and El Tordillo*

In 2006, CCSA was granted exclusive rights to explore, through a claims staking process, three properties known as “El Overo”, “El Alazan”, and “El Tordillo” in Santa Cruz province of Argentina. CCSA acquired the right to conduct exploration on these properties for a period of at least 1,000 days and retain 100% ownership of any mineral deposit found within. Should a mineral deposit be discovered, CCSA has the exclusive option to file for mining rights on the deposit.

The “El Alazan”, “El Overo”, and “El Tordillo” properties form a contiguous land block located 220 kilometers northwest of the port town of Puerto San Julian and 100 kilometers north of the town of Gobernador Gregores. This entire property package covers an area approximately 300 square kilometers in size.

To date, there has been no known historic precious metal exploration conducted on these three properties. CCSA has not engaged in material exploration activities relating to these properties and has no immediate plan to explore these properties. However, they cover areas of hydrothermal alteration and structural complexity indicated by satellite images.

#### *El Gateado*

In March, 2006, CCSA acquired the right to conduct exploration on, through a claims staking process, the El Gateado property for a period of at least 1,000 days, commencing after the Argentine Government issues a formal claim notice, and retain 100% ownership of any mineral deposit found within. The Company has not yet received a formal claim notice pertaining to the El Gateado property. Should a mineral deposit be discovered, CCSA has the exclusive option to file for mining rights on the property.

El Gateado is a 10,000 hectare exploration concession filed with the Santa Cruz Provincial mining authority. The El Gateado Project is located in the north-central part of Santa Cruz Province.

No known exploration has taken place at El Gateado prior to the work completed by CCSA in 2006 and 2007. During that time CCSA conducted a program consisting of surface channel outcrop sampling, geological mapping, topographic surveying and 1,500 meters of diamond core drilling.

#### *Exploration Program*

CCSA began field reconnaissance work on the El Gateado property in February, 2006 with the completion of a topographic survey, base map generation, and a staked grid. In late 2006 and early 2007 CCSA drilled 13 holes on the El Gateado property. Results of this drilling program, based on assay results over 1 g/t Au, were as follows:

Hole	From (m)	To (m)	Length (m)	Au (g/t)
GAT-DDH06 001	146.6	147.4	0.80	11.7
GAT-DDH06 001	140.2	140.8	0.60	8.24
GAT-DDH06 001	142.5	143.2	0.70	6.5
GAT-DDH06 001	144.0	145.0	1.00	4.78
GAT-DDH06 001	141.4	142.0	0.60	3.92
GAT-DDH06 001	145.0	145.8	0.80	3.82
GAT-DDH06 001	139.7	140.2	0.50	3.76
GAT-DDH06-006	21.0	22.5	1.50	3.64
GAT-DDH06 001	139.2	139.7	0.50	3.03
GAT-DDH06 001	143.2	144.0	0.80	2.92
GAT-DDH07-007	33.0	33.5	0.50	2.61
GAT-DDH06 001	140.8	141.4	0.60	2.52
GAT-DDH06 001	137.7	138.7	1.00	2.39
GAT-DDH07-008	58.6	59.5	0.90	2.33
GAT-DDH06 001	145.8	146.6	0.80	1.89
GAT-DDH07-008	55.4	55.9	0.50	1.77
GAT-DDH07-008	57.2	58	0.80	1.34

Hole	From (m)	To (m)	Length (m)	Au (g/t)
GAT-DDH07-012	9.0	9.5	0.50	1.32
GAT-DDH06-003	36.74	37.5	0.76	1.3
GAT-DDH07-013	10.0	11.0	1.00	1.29
GAT-DDH07-012	35.0	36.0	1.00	1.08
GAT-DDH06-004	67.0	68.0	1.00	1.07
GAT-DDH07-007	32.0	32.6	0.50	1.07
GAT-DDH06-004	16.0	17.0	1.00	1.01

CCSA incurred approximately US\$706,000 in exploration expenses on the initial El Gateado drilling program. CCSA's management conducted all exploration processes except for drilling, which was conducted by an independent Argentine drilling contractor. All assay results above were based on assay work performed by an independent assay laboratory.

CCSA was encouraged by these drilling results but presently has no plan to further explore the El Gateado property.

#### *Bajo Pobré*

In January, 2006, CCSA signed a letter of intent with FK Minera S.A., an arm's length party to CCSA and CCSA's former parent corporation, to acquire a 100% interest in the Bajo Pobré gold property located in Santa Cruz Province, Argentina. In March, 2007 CCSA signed a final contract to acquire the Bajo Pobré property. Pursuant to this agreement, CCSA can earn up to a 100% equity interest in the Bajo Pobré property by making cash payments and exploration expenditures over a 5 year earn-in period. The required expenditures and ownership levels upon meeting those requirements are:

Year of the Agreement	Payment to FK Minera S.A.	Exploration Expenditures	Ownership
First Year	US\$50,000	US\$250,000	0%
Second Year	US\$30,000	US\$250,000	0%
Third Year	US\$50,000	\$0	51%
Fourth Year	US\$50,000	\$0	60%
Fifth Year	US\$50,000	\$0	100%

If CCSA is able to commence commercial production on the Bajo Pobré property, CCSA shall pay FK Minera S.A. the greater of a 1% Net Smelter Royalty ("NSR") on commercial production or US\$100,000 per year. CCSA 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.

CCSA paid approximately half of its required payment to FK Minera S.A. in the 2<sup>nd</sup> year of the agreement and all of its required payment to FK Minera S.A. in the 1<sup>st</sup> year of the agreement. CCSA has not engaged in any exploration activity on the Bajo Pobré property. CCSA has not fulfilled any of the exploration obligations required under the Bajo Pobré option agreement.

CCSA presently has no plans to conduct exploration activities on the Bajo Pobré Property.

### *La Josefina*

In March, 2007, CCSA was awarded the exploration and development rights to the La Josefina Project from Fomento Minero de Santa Cruz Sociedad del Estado (“Fomicruz”). Fomicruz is a government owned corporation in Santa Cruz province in Argentina. The legal agreement granting CCSA rights to the La Josefina property was finalized in July, 2007. Pursuant to this agreement, CCSA was obligated to spend US\$6 million in exploration and complete pre-feasibility and feasibility studies during a 4 year exploration period (excluding three months each year for winter holiday) commencing in October, 2007 at La Josefina in order to earn mining and production rights for a 40-year period in a joint venture partnership (“JV”) with Fomicruz. CCSA may terminate this agreement at the end of each exploration stage if results are negative. With the successful completion of positive pre-feasibility and feasibility studies at the end of the 4<sup>th</sup> year, a new company will be formed which will be 91%-owned by CCSA and 9%-owned by Fomicruz. If commercial production starts, Fomicruz has a one-time election to increase its interest in the new company to either 19%, 29% or 49% by reimbursing CCSA 10%, 20% or 45%, respectively, of CCSA’s total investment in the project. The royalty prescribed by Federal (Argentina) mining code will be a 1% mine-mouth royalty if the operation produces doré bullion within the province, which is required in the agreement. Also, because La Josefina is a Provincial mining reserve with the mineral rights belonging to the province, the project will carry an additional 5% mine-mouth royalty. See “La Josefina Technical Report” for more detail on the La Josefina/Fomicruz agreement.

In December, 2007, CCSA purchased the “La Josefina Estancia”, a 92 square kilometer parcel of land within the La Josefina Project area. CCSA plans to use the La Josefina Estancia as a base of operations for Santa Cruz exploration. The purchase price for the La Josefina Estancia was US\$710,000.

Between November, 2007 and December, 2008 CCSA completed a 37,605 meter drilling program on the La Josefina property. See “La Josefina Technical Report” for more information.

### **3.2 La Josefina Technical Report**

Much of the following information is derived from, and based upon, the technical report entitled “La Josefina Project NI 43-101 Compliant Technical Report” written by Mr. James Ebisch, R.P. Geo. and dated September, 2009 (the “La Josefina Technical Report”), which is available on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at [www.sedar.com](http://www.sedar.com).

#### Property Description and Location

The La Josefina Project is located in north-central Santa Cruz Province in southern Argentina, within the vast, sparsely-populated, steppe-like region of South America known as Patagonia. The La Josefina Project consists of mineral properties comprising a 528 sq-km area established in 1994 as a mineral reserve held by Fomicruz. The La Josefina Project is located in the Departamento Deseado division of the province. The approximate boundaries of the property are as follows (using Gauss-Krüger coordinates based on WGS 1984, Campo Inchauspe, Zone 2):

	<u>Latitude/Longitude</u>	<u>Gauss-Kruger Coordinates</u>
North Boundary	47°45'00" S	4,711,534 m N
South Boundary	48°00'00" S	4,683,500 m N
West Boundary	69°30'15" W	2,462,505 m E
East Boundary	69°15'00" W	2,486,505 m E

In Argentina, mineral rights are located by submission of a map to the Provincial Mining Authority. No boundary monuments are located on the ground. The submitted map contains Universal Transverse Mercator coordinates which define the boundaries of the concession. Once the Provincial Mining Authority accepts the map, it is posted on a Catastro Map which can be reviewed by the public.

The La Josefina Project includes 16 MDs totaling 52,776 hectares which are partially covered by 399 mining claims (minas or pertenencias), listed in the following table:

M.D.	Expediente	Hectares	No. of Pertenencias
Nicolás Alejandro	409.072/F/98	3,500	30
Lucas Marcelo	409.071/F/98	3,500	12
Sofia Luján	409.070/F/98	3,500	6
Matiao Augusto	409.069/F/98	3,500	24
Maria José	409.068/F/68	3,500	35
Ivo Gonzalo	409.067/F/98	3,500	35
Mirta Julia	409.066/F/98	3,500	35
Ailín	409.065/F/98	3,500	35
Mariana T.	409.064/F/98	3,500	18
Benjamin	409.063/F/98	3,500	35
Giuliana	409.062/F/98	5,100	25
Rosella	409.061/F/98	3,227	18
Noemi	409.060/F/98	3,013	30
Diana	409.059/F/98	2,995	25
Miguel Ángel	409.058/F/98	3,435	35
Julia	409.048/F/98	6	1
<b>TOTAL</b>		<b>52,776</b>	<b>399</b>

The La Josefina Project is covered entirely by 16 MDs and is partially surrounded by other mining properties which consist about equally of cates and MDs. The large number of MDs suggests that the area is in a generally advanced state of exploration. The 16 MDs which cover the La Josefina Project are additionally all or partly covered by 399 pertenencias or minas. The La Josefina pertenencias consist of 398 disseminated pertenencias (each 100 hectares in size), each requiring an annual canon (tax) payment to the province of A\$800 and one common pertenencia (6 hectares in size) which requires an annual canon of A\$80. Therefore the pertenencias at La Josefina require annual canon payments totaling A\$318,480.

Please see “Cerro Cazador S.A. – History” above for detail on the La Josefina/Fomicruz agreement.

The 4-year exploration period contained in the La Josefina/Fomicruz agreement was originally planned to proceed in the following three stages:

<b>Target Area</b>	<b>Year 1 To July 2008</b>	<b>Year 2 July 2008 to July 2009</b>	<b>Years 3 &amp; 4 July 2009 to July 2011</b>	<b>Totals</b>
Noreste Area	US\$300,000	US\$400,000	US\$500,000	US\$1,200,000
Veta Norte	500,000	800,000	800,000	2,100,000
Central Area	500,000	800,000	900,000	2,200,000
Piedra Labrada	200,000	100,000	200,000	500,000
<b>GRAND TOTAL US\$</b>	<b>US\$1,500,000</b>	<b>US\$2,100,000</b>	<b>US\$2,400,000</b>	<b>US\$6,000,000</b>

As of the date of this AIF, Cerro Cazador was significantly ahead of its exploration commitment, having spent about US\$9 million on the La Josefina Project.

Cerro Cazador can terminate the La Josefina/Fomicruz agreement at the end of each exploration stage if results do not meet expectations. At the end of the 4<sup>th</sup> year, pending the successful completion of positive pre-feasibility and feasibility studies, an S.A. company will be formed to develop the project. This new company will have joint participating ownership with 91% owned by Cerro Cazador and 9% by Fomicruz. Prior to production, Fomicruz has a one-time election to increase its participating interest in the new company to either 19%, 29% or 49% by reimbursing Cerro Cazador 10%, 20% or 40%, respectively, of Cerro Cazador’s total investment in the project.

Other conditions of the agreement:

1. Cerro Cazador posted a US\$600,000 bond (equal to 10% of the total proposed exploration investment).
2. Cerro Cazador must maintain the La Josefina mining rights by paying the annual canons due the province on the project’s 398 pertenencias.
3. Cerro Cazador must complete surface agreements (lease or buy) with the surface landowners, as required by the Federal mining law, to gain legal access to the ranches (“estancias”) that cover the project.

In regard to item 3 above, the major part of the project and all the current target areas lie within two large ranches which have been vacant for many years, Estancia La Josefina and Estancia Piedra Labrada. The major part of mineralization recognized to date occurs on Estancia La Josefina. In 2007 Cerro Cazador completed the purchase of this ranch, securing surface ownership over these mineralized areas. The old ranch buildings on Estancia Piedra Labrada have been maintained and upgraded by Fomicruz and Cerro Cazador to serve as the projects current exploration field camp.

### *Royalties*

Mineral properties in Argentina carry no Federal royalties but the provinces are entitled to collect up to 3% mine-mouth royalty (“MMR”) from mines in their province. MMRs are the least regressive type of royalty since they allow for the deduction of mineral processing charges. In Santa Cruz, the province has opted to drop this MMR to 1% if the operation is a precious metals mine that produces doré bullion within the province. The agreement between Cerro Cazador and Fomicruz stipulates that any doré bullion resulting from future La Josefina operations must be produced in the province, so it is likely the project will carry the minimal 1% MMR. However, because La Josefina is a mining reserve in which the mineral rights belong to Fomicruz, the project also carries an additional 5% MMR payable to the province. Therefore, the total MMR for any future gold/silver/base metal production at La Josefina under the current agreement totals 6%.

### ***Environmental Liabilities***

There are no known environmental liabilities associated with the La Josefina Property.

### ***Permits Required***

No permits are required to conduct the proposed exploration.

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### *Accessibility, Climate, Local Resources, Infrastructure and Physiography*

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The La Josefina Project is located in the north-central part of Santa Cruz Province, the southernmost of several Argentine provinces comprising a vast, sparsely-populated, steppe-like region of South America known as Patagonia. The town nearest the project, Gobernador Gregores (population 2,500), lies about 110 kilometres to the southwest. The nearest Atlantic coastal town is Puerto San Julián (population 6,200), 190 kilometres to the southeast. The project is reached by driving east from Gobernador Gregores for 40 km on gravel Provincial Road 25 – or west from Puerto San Julián for 170 km on the same road – and then north on gravel Provincial Road 12 for 110 km. Provincial Road 12 crosses the edge of the project and continues another 240 kilometres north to the oil town of Pico Truncado (population 15,000) in the northeastern part of the province. The provincial roads are generally accessible via two-wheel drive vehicles in dry weather but can become slippery to impassable for short periods when wet. Gobernador Gregores and Puerto San Julián are both served by weekly commuter flights to and from Comodoro Rivadavia (population 137,000), an important industrial center and port city. Comodoro Rivadavia lies 428 kilometres north of Puerto San Julián. It can be reached via paved highway Ruta 3. Comodoro Rivadavia serves as the region’s major supply center for the booming petroleum and mining industries and is served by several airline flights daily to Buenos Aires and other major cities in Argentina. Ruta 3, Argentina’s major coastal highway, runs from Buenos Aires on the north to Ushuaia at the southernmost tip of the continent and offers all-weather access to a number of sea ports.

The Patagonia region is classified as a continental steppe-like climate. It is arid, very windy and has two distinct seasons, cold and warm. Because Patagonia is in the southern hemisphere, the seasons are opposite to North America. The cold winter months are from May to September and the warmer summer months are from November to March. The average annual precipitation averages only 200 mm (8 inches), much of which occurs as winter snow. Average monthly temperatures range from 3°C to 14°C, but vary widely depending on elevation. The winds are persistent, cool, dry and gusty, averaging about 36 km/hour and directed predominantly to the east-southeast off the Andean Cordillera.

The La Josefina Project area consists largely of subdued hilly terrain with internal drainages and playa lakes. Elevations range from 300 meters to 800 meters above sea level. Hill slopes are not steep, usually less than 10 degrees, and the rock exposures on these hillsides are typically abundant. Almost all of the mineralization and significant geochemical and geophysical anomalies are found on the crests or the flanks of these subdued hills.

The area is covered by sparse vegetation, consisting mostly of scattered low bushes and grass. The local economy was formerly based largely on sheep herding and marine fishing but in the late-1980s, sheep herding began a steep decline and many of the former large sheep ranches (estancias) are now vacant and in disrepair. The prolific sheep herds have since been replaced by herds of wild guanacos, ostriches and flamingos. While marine fishing continues to be an important industry in the coastal areas and tourism is increasing, the economy of the region is now based largely on petroleum and natural gas, and increasingly on gold and silver mining. Away from the towns and villages in Patagonia, there are few power grids and scant telephone service. The many mineral exploration and development camps scattered widely throughout the Deseado Massif typically rely on diesel or gasoline generators for electrical power and satellite phones or radios for communications. Some communities in the region are now beginning to construct wind power generating stations (Pico Truncado for example) and it is possible such stations might someday be utilized in mining camps to supplement their power requirements. However, the recent effort by the Santa Cruz Provincial Government to pave the main highway, which runs within several kilometres of the La Josefina Project, may also include the construction of a power line which runs along the highway. Both the power line and improved road would be beneficial to development at La Josefina. Manpower is available in the larger communities to serve most exploration or mining operations.

### ***History***

Santa Cruz Province - and indeed much of Patagonia - has only a short history of mineral prospecting and mining. Unlike most other places in South America, Patagonia received almost no attention from the 16th and 17th century gold-seekers from Europe. Until Cerro Vanguardia (another Fomicruz mineral reserve, 100 km southeast of La Josefina) was brought to world attention in 1989-1990, only a few mineral occurrences had been identified within the 100,000 square kilometre area of the Deseado Massif. It has since become recognized as a modern-day exploration frontier and an important emerging precious metals province, currently the site of four producing mines (one being Cerro Vanguardia) opened only since the mid-1990s. Additionally, several new mines are being readied for production, and many active advanced exploration projects are in progress.

In 1975, the first occurrence of metals known in the La Josefina area was publicly mentioned by the Patagonia delegation of the National Ministry of Mining. They reported the presence of an old lead-zinc mine in veins very near Estancia La Josefina. The mineralization received no further attention until 1994 when a research project by the Institute of Mineral Resources of the UNLP and the geology department of the University of Patagonia San Juan Bosco examined the occurrence. That investigation corroborated not only the presence of base metals (197 to 377 ppm Cu, 972 to 2549 ppm Pb, and 308 to 569 ppm Zn), but also found significant amounts of previously unknown precious metals (1 to 3 grams/tonne Au and 5 to 21 grams/tonne Ag).

In 1994, immediately after the La Josefina gold-silver discovery, Fomicruz claimed the area as a Provincial mineral reserve and explored the project in collaboration with the Instituto de Recursos Minerales ("INREMI") of La Plata University. The geology and alteration of the project area was mapped at a scale of 1:20,000. Mineralized structures and zones of sinter were mapped at 1:2,500, trenches across the structures were continuously sampled and mapped at scales of 1:100 and ground geophysical surveys consisting of 6,000 m of IP-resistivity and 5,750 meters of magnetic surveys were completed over sectors

of greatest interest. The information in this paragraph is partially derived from the report “Informe Fomicruz Geología del NE de Josefina” prepared by INREMI in June, 2006.

In 1998, after 4 years of exploring and advancing interest in the project, Fomicruz offered La Josefina for public bidding by international mining companies. In accordance with provincial law, the winner would continue exploring the project to earn the right to share production with Fomicruz of any commercial discoveries. The bid was awarded to Minamérica S.A., a small private Argentine mining company. Minamérica S.A. dug a limited number of new trenches, initiated a program of systematic surface geochemical sampling, completed several new IP-Resistivity geophysical survey lines and drilled the first exploration holes on the project – 12 diamond core holes (HQ-size, 63.5mm diameter) totaling 800 meters in length. The results of this effort were relatively encouraging but Minamérica S.A. nevertheless abandoned the project a year later in 1999.

In 2000, Fomicruz resumed exploration of the project and continued their efforts until 2006. Pits were dug to bedrock on 100-meter grids over some of the target areas, 3,900 meters of new trenches were dug and sampled, more than 8,000 float, soil and outcrop samples were collected for geochemical analyses, some new IP-Resistivity surveys were completed under contract to Quantec Geophysical Co., and 59 diamond core holes (total 3,680 meters) were drilled to average shallow depth below surface of 55 meters. Of these holes, 37 were NQ-size core (47.6mm diameter) and 22 were HQ-size core (63.5mm). The results of the drilling are summarized under “La Josefina Technical Report – Drilling” below. Fomicruz reports spending more than US\$2.8 million in exploring and improving infrastructure on the La Josefina Project from 1994 to 2006. In late-2006, the La Josefina Project was again opened to international bidding and in May, 2007, Cerro Cazador was awarded the right to explore the project. Please see “Three Year History - Cerro Cazador S.A. – History” above.

### *Geologic Setting*

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#### *Regional Tectonic Setting*

The La Josefina Project is located near the center of a large non-deformed stable platform known as the Deseado Massif, which covers an area of approximately 100,000 square kilometres in the northern third of Santa Cruz Province. The Deseado Massif is a virtual twin of the Somun Cura Massif which encompasses an equally large area in the two adjoining provinces to the north. These two massifs are major metallogenic features of the Patagonia region, and they are products of the massive continental volcanism formed by extensional rifting during the breakup of the South American and African continents in Jurassic time. The information in this paragraph is derived from “Tectonic Evolution of South America” prepared by Ramos, V.A and Aguirre-Urreta, M.B. in 2000 on behalf of the International Geological Congress.

The massifs are composed primarily of rhyolitic lavas, tuffs and ignimbrites which were erupted over a 50-million year period in middle-to late-Jurassic time (125 to 175 million years ago). The eruptives created a vast volcanic plateau which was subsequently segmented into the two massifs. These massifs are separated and bounded by sediment-filled sag basins: the Neuquén Basin north of the Somun Cura Massif, the San Jorge Basin between the massifs, and the Austral-Magellan Basin south of the Deseado Massif. These basins, filled largely with Cretaceous-age non-marine sedimentary rocks, are now sites of Argentina’s largest oil and gas fields.

## *General Geology of the Deseado Massif*

The geology of the Deseado Massif region has been described and discussed in numerous papers and reports published only during the last 15 years. The geology has been mapped at various scales by government agencies, most recently covered by a series of 1:250,000 quadrangles published by the Instituto de Geología y Recursos Minerales and Servicio Geológico Minero Argentino.

The Deseado Massif is dominated by a few major regional sequences comprised of felsic volcanic and volcaniclastic rocks deposited in middle- to late-Jurassic time. The rocks are broken by a series of regional fractures that probably represent reactivated basement fracture zones. Faults that were active during the period of intense Jurassic extension and volcanism trend mostly NNW-SSE and form a series of grabens, half-grabens and horst blocks which are tilted slightly to the east. Since Jurassic time, the rocks have been cut by normal faults of several different orientations, mainly NW-SE and ENE-WSW, but have undergone very little compression. As a result, they remain relatively undeformed and generally flat-lying to gently dipping, except locally where close to faults, volcanic domes or similar features.

### *Pre-Jurassic to Early Jurassic*

Only limited exposures of rocks older than Jurassic Age occur in the Deseado Massif. The oldest pre-Jurassic “basement” rocks occur as small outcrops consisting of low to medium-grade metamorphic rocks. These rocks are considered to be late-Precambrian to early-Paleozoic in age (about 540 m.y.) and have been assigned to the La Modesta Formation. The outcrops variably consist of schists, phyllites, quartzites, gneisses and amphibolites which are unconformable overlain by thick continental sedimentary sequences of late-Paleozoic to early-Mesozoic age. These overlying sequences consist of the following principal formations:

- *La Golondrina Formation* – Permian age (299–251 m.y.), up to 2200 m thick, comprised of arkosic to lithic sandstones, siltstones and conglomerates which were deposited in N-S to NW-SE rift basins along older reactivated basement structures.
- *El Tranquilo Formation* – Triassic age (251–200 m.y.), up to 650 m thick, comprised of rhythmically-bedded quartz sandstones and shales which grade upward into conglomerates and rebeds.
- *La Leona Formation* - early-Jurassic age (175–200 m.y.), comprised of calc-alkaline granitic intrusive bodies which are sparsely scattered throughout the northeastern part of the Deseado Massif. These intrusive bodies offer the first indications of igneous activity related to the continental breakup and crustal extension initiated in early Jurassic time.
- *Roca Blanca Formation* – early-Jurassic age, up to 900 m thick, comprised of a coarsening-upward fluvial to lacustrine mudstone-sandstone sequence that was deposited in grabens or other rift basins, mainly in the south-central part of the Deseado Massif. The upper third of the sequence is distinctly richer in volcanic tuffs and other pyroclastic materials.

### *Middle to Late-Jurassic rock units*

- *Bajo Pobre Formation* – middle-Jurassic age, occurs extensively across the Deseado Massif, typically 150 to 200 meters thick but locally up to 600 meters thick, unconformably overlies the Roca Blanca Formation. The Baja Pobre Formation is comprised of basalts, andesites and volcanic agglomerates which intercalate upward with mafic tuffs, conglomerates and sediments.

Olivine basalts common in the lower part of the formation may be products of fissure eruptions from rifts in the early stages of the continental breakup. Hypabyssal (relatively minor and shallow) andesite porphyry intrusives identical in age to the volcanic units occur throughout the massif; these are often mapped separately as the Cerro Leon Formation.

- *Bahía Laura Group* – middle- to Late-Jurassic age (177–125 m.y.). According to the 2004 M.S. thesis by Pablo Andrada titled “Application of Remote Sensing and Geographic Information Systems for Mineral Predictive Mapping, Deseado Massif, Southern Argentina”, this is the most abundant and important rock sequence in the Deseado Massif, covering more than half the area of the massif and host for more than 90 percent of the known gold-silver occurrences in the massif. The Bahia Laura Group is a complex sequence of felsic volcanic and sedimentary rocks and is sub-divided into two formations depending on whether the rocks are dominated by volcanic flows or lavas (“Chon Aike Formation”), or dominated by volcaniclastic and sedimentary debris (“La Matilde Formation”). These two formations are complexly intercalated and have rapid lateral changes in facies and thickness which make it virtually impossible to define a coherent regional stratigraphy. Important features of the two formations are:
  - *Chon Aike Formation* – comprised of numerous rhyolitic to rhyodacitic ignimbrite flows and lava domes together with subordinate agglomerates, volcanic breccias and tuffs. The units are products of numerous cycles of intense (often violent) volcanism interspersed locally with periods of gentle erosion and sedimentation. Regionally comprised of dozens of individual compact ignimbrite sheets, typically 5 to 15 meters thick, rarely up to 30 meters thick. Total cumulative thickness of the formation is widely variable but reaches up to 1,200 meters locally. The volcanism associated with the Chon Aike Formation is associated in space and time with virtually all of the important and widespread mineralization found in the Deseado Massif. The information in this paragraph is partially derived from a paper prepared by Sanders G, 2000, “Regional Geologic Setting of the Gold-Silver Veins of the Deseado Massif, Southern Patagonia, Argentina”, Argentina Mining 2000: Exploration, Geology, and Mine Development and Business Opportunities Conference, Engineering and Mining Journal and Latino Minería, Mendoza.
  - *La Matilde Formation* – includes tuffs, volcaniclastic-sedimentary rocks and some thin ignimbrite layers. The tuffs are compact, fine-grained to sandy, and glassy or crystalline. Fluvial and lacustrine sediments represent local deposits of quiet basins distal from areas of violent volcanism. These sediments are commonly fossiliferous, containing petrified remains of large pine trees, fragments of dinosaur bones, leaves and similar flora and fauna. The formation is usually less than 150 m thick.

#### *Cretaceous & Cenozoic rock units*

Late-Jurassic to early-Cretaceous age non-marine sediments, typically less than 150 m thick, fill local structural or erosional basins carved into the underlying Jurassic terrain at various places throughout the Deseado Massif. The dominance of continental sediments in these basins indicates that the massif remained as a positive region throughout Cretaceous time.

The most extensive post-Jurassic cover rocks consist of a series of Miocene to Quaternary age basalt lava flows (Miocene to Quaternary age) which blanket large parts of the Deseado Massif region. The flows are typically only a few meters thick except where they fill paleo-valleys carved in the old land surface. These thicker lava accumulations sometimes stand in relief above the surrounding landscape, providing

classic examples of inverted topography caused by differential erosion. The youngest cover consists of an extensive veneer of Quaternary gravels, especially in the eastern part of the massif.

### *Geology of the La Josefina Project Area*

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The geology of the La Josefina Project Area has been mapped in detail by the PhD thesis of Pilar Moreira dated July, 2005 and titled “Geología y Metalogénesis del Distrito La Josefina, Macizo del Deseado, Provincia de Santa Cruz” (“Moreira”). The geology of the La Josefina Project Area represents a scaled version of the Deseado Massif geology described above. Specifically:

- The area is dominated by Jurassic-age rhyolitic volcanic units belonging to the Chon Aike Formation;
- There is one inlier of metamorphic basement rocks belonging to the Paleozoic-age La Modesta Formation;
- There are several small inliers of andesitic volcanics belonging to the Bajo Pobre Formation which underlies the Chon Aike Formation;
- About half of the area is covered by thin Quaternary basalt flows;
- The project is crossed by a number of conjugate NNW-SSE and NE-SW sets of strong fault lineaments which are similar to those occurring throughout the Deseado Massif region.

Missing, or perhaps unrecognized, are the Jurassic-age sedimentary and volcaniclastic units of the Roca Blanca and La Matilde formations which are present at many other places in the Deseado Massif region.

Rhyolitic ignimbrites, lavas and tuffs of the Chon Aike Formation are intermittently exposed over about half of the La Josefina Project area, with the remainder of the area largely concealed beneath the veneer of Quaternary basalts. Moreira subdivided the Chon Aike Formation of the project area into nine members, each representing a separate volcanic event. Each of the members is comprised of generally similar sequences consisting of basal surge breccia followed by pyroclastic flows (ignimbrites), ash-fall tuffs and finally by re-worked volcaniclastic detritus. According to Moreira, the volcanism responsible for these nine episodic eruptions reached its climax over a relatively short 4-million year period in upper Jurassic time and is responsible for the epithermal events that emplaced the gold-silver mineralization found in the La Josefina Project Area.

### *Deposit Types*

Nearly all of the numerous gold-silver occurrences in the Deseado Massif region of southern Argentina are categorized as “low-sulfidation type epithermal vein deposits.” These epithermal deposits are high-level hydrothermal systems which usually form within one kilometre of the surface at relatively low temperatures, generally in the range of 50°C to 200°C. They commonly represent deeper parts of fossil geothermal systems and some are associated with hot-spring activity at or near the surface. The modifier “low-sulfidation” denotes a variety of epithermal deposits characteristically deficient in sulfide minerals. These low-sulfidation systems are also often called “quartz-adularia” vein systems after the two most common gangue (non-valuable) minerals in the veins – quartz and adularia (a potassium-aluminum bearing silicate mineral that forms from low-temperature hydrothermal solutions). Historically, these systems have also been termed “bonanza Au-Ag” because these deposits include many of the world’s

most famous bonanza-grade gold and/or silver ore bodies. Well-known examples include Comstock (Nevada, USA), McLaughlin (California, USA), Creede (Colorado, USA), Ladolam (Lihir, Papua New Guinea), El Peñon (Chile), Guanajuato (Mexico), Hishikari (Japan) and – in the Deseado Massif region of Argentina – Mina Martha and Cerro Vanguardia.

The premier example and flagship gold operation for the Deseado Massif region is the Cerro Vanguardia mine, operated jointly by AngloGold Ashanti (92.5%) and Fomicruz (7.5%). The mine opened in 1998 with an initial exploitable reserve of 2.89 million ounces of gold and 32.7 million ounces of silver contained in nine million tons of ore grading 10 g/t Au and 113 g/t Ag. It has since produced continuously at the approximate rate of 200,000-250,000 ounces gold and 2.5-3.0 million ounces silver per year at average cash costs of US\$133 to US\$261 per ounce of gold (AngloGold Annual Reports, 2001-2006). The vein system is extensive (containing about 142 km of vein structures) and exploration continues to replace reserves as readily as they are mined. In-ground vein resources at year-end 2008 totaled 3.21 million ounces of gold in 13.6 million tons of material averaging 7.32 g/t Au (AngloGold Ashanti Annual Report, 2008).

The many low-sulfidation epithermal occurrences of the Deseado Massif are products of episodic rhyolitic volcanism spread widely over a 50-million year time period and a 100,000 square kilometre area. Despite differences in space and time, the occurrences in the Deseado Massif are all remarkably similar in style and origin and closely fit the classic low-sulfidation epithermal vein model. The known deposits are steeply-dipping to sub-vertical fissure vein systems associated with intermediate to felsic volcanic centers in areas of regional faulting and are localized by structures, up to a meter or more in width and hundreds of meters to several kilometres in length. They are comprised of quartz veins, stockwork veins and breccias that carry gold, electrum (a gold-silver alloy), silver sulfosalts, and up to a few percent sulfide minerals, mainly pyrite, with variable, but usually small, amounts of base metal sulfides – sphalerite, galena, and/or chalcopyrite. The richest mineralization commonly occurs in dilatational zones caused by structural irregularities along or down the vein. The thickening and thinning along and down the structure - often referred to as “pinch-and-swell” - is responsible for rod-like high-grade ore shoots – “bonanzas” – that are hallmarks of these systems.

Common gangue minerals in the veins are quartz and other forms of silica, such as chalcedony, together with variable amounts of adularia, sericite, and sometimes distinct blades of calcite and rarely barite, either of which may be totally replaced by silica. When present, adularia, a hydrothermal potassium feldspar mineral, is considered diagnostic of a “low-sulfidation” epithermal environment. The veins commonly have open spaces and show evidence of multiple generations of quartz. The quartz is typically finely banded (“colloform”) and/or crustified. At shallower levels, the quartz is often chalcedonic.

The veins are typically in sharp contact with the surrounding wallrocks and the alteration and chemical halos that extend outward into the wallrocks are of relatively small extent. In the Deseado Massif, the epithermal occurrences are mostly hosted by chemically non-reactive silica-rich rhyodacitic tuffs and ash flow tuffs (ignimbrites) of the Chon Aike Formation. The wallrocks in most of these deposits are not widely or conspicuously altered, except immediately adjacent to the vein where the wallrocks may be intensely and pervasively silicified. Halos of argillic, sericitic, and propylitic alteration generally extend only a few meters to rarely a few tens of meters outward from the vein. A small number of epithermal occurrences in the Deseado Massif are hosted by chemically more reactive andesitic lavas and volcaniclastics of the underlying Bajo Pobré Formation. In contrast to the felsic rocks of the Chon Aike Formation, the wallrocks associated with the vein systems that cut the andesitic volcanic rocks often have conspicuous and broad clay alteration envelopes.

The metals associated with low sulfidation epithermal systems are commonly zoned laterally along strike and vertically with depth. The zonation can vary considerably from area to area, but the classic zonation

pattern consists of a gold and silver top giving way vertically over a few hundred meters depth to a relatively silver-rich zone with continuously increasing base metals (dominantly lead and zinc with sparse copper) at increasing depth. Mineralized epithermal vein systems are also very commonly associated with anomalous amounts of arsenic, mercury, antimony, thallium and/or potassium. Any or all of these elements can form broad halos of varying widths and intensities around the vein systems and they often serve as pathfinder elements in the geochemical exploration for epithermal mineral deposits.

In addition to the classic low sulfidation epithermal vein systems, the La Josefina Project contains an additional target that represents an uncommon variation of the epithermal deposit model known as “hot springs-type gold.” Formed as the surface expression of an epithermal system at depth, hot springs-type deposits are characterized by laminated silica layers, known as “sinter,” which occasionally may contain some gold. The feeder (pipeline conduit) for these sinters may contain hydrothermal breccias (“pipeline breccias”). The mineralization in these “pipeline breccias” can be high-grade.

#### *Exploration Considerations*

Most of the epithermal systems in the Deseado Massif consist of steeply-dipping tabular veins. The mineralization of economic interest in these veins generally occurs over a limited vertical range and is concentrated in discrete bodies (“shoots”) of comparatively small lateral dimensions. These characteristics – shared by most other low sulfidation epithermal vein systems throughout the world – present exploration challenges.

Because of their discontinuous character and the limited lateral and vertical extents of the high-grade zones in these systems, wide-spaced drilling along the veins, commonly done in the initial stage of drilling, will probably produce many more misses than hits. Close-spaced surface drilling or underground exploration is usually necessary to fully define the mineralization encountered in low-sulfidation epithermal vein systems.

Therefore, the exploration and definition of mineralization in low sulfidation epithermal vein systems can be quite risky and drill-intensive. However, the risks can be ameliorated by the careful interpretation of existing drill or trench results – e.g., vein characteristics, zonation patterns, pathfinder element distributions, etc. Geophysical surveys, especially IP-Resistivity surveys, have also proven useful in modern exploration to help define the possible character and dimensions of vein systems, even where the veins pinch out before reaching the surface or are concealed by alluvium or post-mineral rocks. In spite of the exploration challenges, persistent drilling guided by accurate geology, geochemistry, and geophysics has proven successful in discovering and defining promising gold-silver shoots at many sites throughout the Deseado Massif.

#### *Mineralization and Alteration*

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The historical exploration work completed by Fomicruz and Minamérica S.A. defined four general target areas in the La Josefina Project:

1. Veta Norte area (which includes the Sur, Cecelia, and Amanda targets)
2. Noreste area (which includes the Sinter, Subsinter and Lejano targets)
3. Central area
4. Piedra Labrada area

The targets are all low-sulfidation epithermal gold-silver deposits hosted by rhyolitic volcanics of the Chon Aike Formation, and, with one possible exception, are variations of classic structurally controlled fissure-vein systems. These fissure-vein systems generally have only small amounts of sulfide minerals and alteration is expressed mainly as silicification. Recent drilling by Cerro Cazador, however, has intercepted high percentages of sulfides locally at depth in some targets (see Tables 1-3 below). The one possible exception to the fissure-vein system target is the Sinter target which may be a subaqueous siliceous exhalite deposit, representing fossil hot spring activity at the surface above an epithermal system at depth.

Nearly all of the vein systems in the La Josefina vein system are steeply-dipping. The textures and other characteristics observed in these veins suggest that the veins representing high-level parts of epithermal systems. This suggests that mineralization in the veins could extend well below the depths tested by the historical drilling, and indeed, even below the depths tested by the recent deeper drilling.

#### *Veta Norte Area*

Veta Norte includes an area of 3 square kilometres in the northeast central part of the La Josefina Project between the Noreste and Central target areas. It consists of a prominent north-south fissure vein system hosted by a lithic-rich pumiceous ignimbrite which is strongly silicified within a few meters of the veins. The system is more than 1500 meters long, forming a broad sigmoidal curve along strike with intermittent widening (up to 7 meters) and narrowing in classic pinch-and-swell fashion. The system is divided into six segments, possibly separated and slightly offset along strike by NE-SW cross faults. Alternatively, they may be en echelon segments. From north to south, these segments are Veta Flaca, Veta Amanda/Veta Cecelia, Veta Cruzada, Veta Norte, and Veta Sur.

All of these segments are gold-bearing, with outcrop and trench samples across the veins commonly containing 2 to 5 g/t Au over lengths of 1 to 4 meters. The veins consist of colloform-banded quartz, quartz veinlets, and breccias. The veins contain adularia, bladed silica after calcite, barite, small amounts of visible gold, pyrite, chalcopyrite, bornite, specular hematite, galena, sphalerite, and silver-sulfosalt minerals. Some zoning of these minerals has been noted along strike – specifically, more adularia to the north and more barite to the south.

Prior to 2007, the Veta Norte system had been tested along 900 meters of strike with only 15 widely-spaced, shallow core holes to an average depth of less than 60 meters. Ten of these holes intersected gold with grades and widths similar to or better than the surface samples. The drilling completed by Cerro Cazador in 2008 and 2009 tested the Veta Norte vein targets with 174 core holes, establishing that the mineralization in the system locally extends to at least 250 meters below surface and defining significant mineralization in the Veta Sur, Veta Amanda, and Veta Cecelia targets described as follows:

#### *Veta Sur Target*

Based upon the 2007 to 2008 Cerro Cazador drill results, the Veta Sur is perhaps the most promising target tested thus far at La Josefina. Veta Sur lies at the south end of the Veta Norte target area. It is similar to the other veins on the property, but is the widest overall. Veta Sur also contains the most robust mineralization of the vein systems tested thus far. The vein contains not only high grades of gold and silver over significant widths, but also high grades of base metals, at least locally. Cerro Cazador tested Veta Sur with 83 core holes (see Table 7 below), defining a southeast - plunging mineralized shoot about 120 meters by 350 meters in size, averaging 2-3 meters in thickness, and open to depth. No resource has yet been calculated at Veta Sur. Significant results of the Veta Sur drilling are shown in Appendices A and E to the La Josefina Technical Report. Selected cross-sections and long-sections are shown in

Appendix C to the La Josefina Technical Report. Several of the better results are listed below in Table 3. True widths are estimated to be about 80% of the apparent widths tested by drilling.

**Table 3**  
**Selected Intervals-Veta Sur**

<b>Drill Hole</b>	<b>From</b>	<b>To</b>	<b>Estimated True Width (m)</b>	<b>Au (ppm)</b>	<b>Ag (ppm)</b>	<b>%Cu</b>	<b>%Zn</b>	<b>%Pb</b>
D08-048	100.9	104.65	3	1.37	439	0.8	----	9.8
D08-129	123	132.1	7.3	1.03	135	0.1	0.9	3
Including	123	128.5	4.4	1.37	142	0.2	0.9	4.4
D08-130	114.3	116.9	2.1	4.1	175	3.8	0.2	0.6
D08-132	70	79	7.2	3.08	265	2.5	-----	2.4
D08-134	97.7	104	5	2.74	643	0.4	0.4	3.5
Including	98.6	100.5	1.5	8.44	2064	1.1	1	10
D08-144	98.75	103.25	3.6	6.84	359	0.1	2.6	6.9
Including	100.2	102.35	1.7	10.51	470	----	4.9	12.4

#### *Veta Amanda*

One of the more promising of the mineralized vein segments tested to date is Veta Amanda in the north-central part of the Veta Norte vein system. Veta Amanda occurs at a prominent widening (swell) formed within a concave-east curve in the north-central part of the Veta Norte vein system. Six of the ten mineralized holes drilled by Fomicruz and Minamérica S.E. in the Veta Norte vein system were in a 250-meter segment of Veta Amanda. Those holes demonstrated excellent continuity of mineralization along strike and to a depth of at least 40 or 50 meters. The mineralization occurs in as many as 7 closely-spaced, sub-parallel, intermittent veins having widths of 0.5 to 2.0 meters or more. Only two of these veins crop out at the surface; the others either pinch-out before reaching the surface or are covered by alluvium. An 0.5 meter wide verification sample collected by M. Klohn, C. Broili and D. Silva, the authors of the NI 43-101 technical report dated December 2007 (the “2007 Technical Report”), from a Fomicruz trench across a zone of outcropping veins contained 16.20 g/t Au plus 140 g/t Ag. The sample consisted of colloform-banded quartz veinlets with adularia, silica blades after calcite and up to 2% fine-grained sulfides, features compatible with a high-level epithermal system. The host rock is a pervasively silicified tuff. Classic epithermal vein models suggest that these many closely-spaced, sub-parallel high-level veins could possibly merge at depth into a wide, gold-rich mineralized shoot.

Cerro Cazador completed 84 diamond drill holes that targeted both the Amanda Vein and the sub-parallel Cecelia Vein. Both of these veins had relatively good continuity over widths of up to 2 meters or more and the mineralization appears to go to depth. Significant results of this drilling are provided in Appendices A and E to the La Josefina Technical Report. Selected cross-sections and long-sections can be seen in Appendix C to the La Josefina Technical Report. Several of the better results are listed below in Table 4. True widths are estimated to be about 80% of apparent widths intercepted by drilling.

**Table 4**  
**Selected Intervals-Veta Amanda**

<b>Drill Hole</b>	<b>From</b>	<b>To</b>	<b>Estimated True Width (m)</b>	<b>Au (ppm)</b>	<b>Ag (ppm)</b>	<b>%Cu</b>	<b>%Zn</b>	<b>%Pb</b>
D07-003	124.2	125.3	0.9	13.34	254	4.65	----	----
D08-057	140.8	152.25	9.2	5.33	----	----	----	----
D08-078	29.15	32	2.3	14.71	95.8	----	----	----
D08-102	30.3	32.7	1.9	6.84	42.8	----	----	----
D08-181	139.8	166.6	21.3	2.06	-----	-----	-----	-----

*Veta Cecelia*

Veta Cecelia is another promising target. Veta Cecelia is sub-parallel to Veta Amanda. It lies 20-50 meters to the west of Veta Amanda. Like Veta Amanda, it is a fissure vein with significant mineralization that varies in width from less than a meter to more than 2 meters. Most of the 84 drill holes completed by Cerro Cazador at Veta Amanda were designed to intercept both the Veta Cecelia and Veta Amanda in each drill hole. Both of those veins contain interesting gold values along with base metals. Significant results of the drilling are provided in Appendices A and E to the La Josefina Technical Report. Selected cross-sections and long-sections can be seen in Appendix C to the La Josefina Technical Report. Several of the better results are listed below in Table 5. True widths are estimated to be about 80% of the apparent widths intercepted by drilling.

**Table 5**  
**Selected Intervals-Veta Cecelia**

<b>Drill Hole</b>	<b>From</b>	<b>To</b>	<b>Estimated True Width (m)</b>	<b>Au (ppm)</b>	<b>Ag(ppm)</b>	<b>%Cu</b>	<b>%Zn</b>	<b>%Pb</b>
D08-057	140.8	142	1	37.62	150	3.4	----	----
D08-089	78	80	1.6	13.34	31.8	0.8	----	----
D08-096	229.6	231.82	1.8	5.81	58.5	2	----	----

*Noreste Area*

Noreste, a 28-square kilometre area in the northeast part of the project, consists of three separate target areas: Sinter, Subsinter and Lejano. The host rocks are various Chon Aike ignimbrite members exposed in large windows eroded through a cover of thin Cenozoic basalt flows. The Subsinter and Lejano targets have had limited surface sampling and no drilling to date; these targets are based largely on the presence of exposed surface alteration (mainly argillic with some silicification) and moderately anomalous amounts of possible pathfinder elements (As and Sb). Fomicruz believes these targets represent very high levels of hydrothermal systems because there are no obvious veins or gold anomalies at the surface.

### *Sinter target*

The Sinter target received its name from an outcropping layer of interlaminated silica-hematite interpreted to be a subaqueous, gold-bearing, hot spring sinter probably deposited in a lagoon or lake. The sinter layer is exposed discontinuously for 2.5 kilometres in a NW-SE direction over a width of 300 meters or more. Its maximum thickness in outcrop is about 2 meters. It dips moderately to the WSW, and rests on weakly silicified lapilli tuffs and reworked volcaniclastic units. The sinter consists of yellow and red iron oxides interlaminated with chert and in small scale very much resembles many classic exhalative laminated banded iron formations. The laminations are locally slightly contorted and show other features suggestive of soft-sediment deformation in a subaqueous environment. Occasional annular ring structures up to 15 cm in diameter are present; these have been interpreted as outgassing conduits in soft siliceous clay that was subsequently filled by chalcedonic silica. Regardless of origin, the Sinter target is very much different from the fissure vein systems common throughout the Deseado Massif.

The best exposure is Mogote Hormigas, a 600-meter long sinter-capped hill bounded on the east by a NW-SE fracture zone that displaces the sinter layer. The sinter exposures at Mogote Hormigas are locally gold-bearing with grains of electrum that are occasionally visible in outcrop samples. A 0.5-meter thick verification sample collected by the authors of the 2007 Technical Report from the Mogote Hormigas sinter outcrop displayed no obvious mineralization, but it assayed 5.65 g/t Au. Breccias of probable hydrothermal origin are closely associated with the sinter zone and appear to host the richest mineralization in the trenches and drill cores from this target. The breccias may be hydrothermal vents or feeders for mineralization because gold values in the sinter appear to decrease away from the breccia bodies, perhaps similar to the “hot springs-type” deposit model discussed previously in the section above “La Josefina Technical Report – Geology of the La Josefina Project Area - Deposit Types”. The gold-bearing sinter outcrop sample mentioned above is located within a few meters of an underlying breccia body exposed in a cross-cutting trench. Examples of high-grade gold over significant lengths within the breccia itself include: 3.0 m @ 176.9 g/t Au and 7.0 m @ 114.1 g/t Au in separate trenches. Previous drilling by Minamérica S.A. intercepted 12.0 m @ 22.9 g/t Au in core hole # DDH-12.

Minamérica S.A. and Fomicruz tested outcrop areas in the Sinter target with 22 core holes drilled to average depths of less than 60 meters. More than half these holes (12 total) tested the Mogote Hormigas zone but failed to demonstrate continuity of the high-grade gold either on strike or to the shallow depths tested by the drilling. Offsets to the high-grade interval hit in DDH-12, both along strike and under the interval at depth, failed to intersect any significant gold mineralization. Existing geophysical surveys show a high resistivity anomaly (possible silicification) and a chargeability anomaly (possible sulfides) about 225 meters beneath the strongest trench and drill samples at Mogote Hormigas, but the model for mineralization remains uncertain. This geophysical target has not yet been tested.

Cerro Cazador tested the Sinter target with 22 new drill holes in 2007-2008. Most of the holes contained widespread shallow gold mineralization – up to 20 meters of 1.0 to 5.0 g/t Au – suggesting the existence of a possible large, bulk-tonnage target in the tuffaceous units which lie immediately beneath the silica-iron sinter capping. Two of the new holes intercepted encouraging intervals of higher-grade gold mineralization at relatively shallow depth. Drill hole D08-074 intercepted 1.75 meters averaging 14.1 g/t Au and 4.1 g/t Ag from 40.25 – 42.00 meters. Drill hole D08-167 intercepted 7.0 meters averaging 12.3 g/t Au and 2.6 g/t Ag from 27.0 – 34.0 meters. Significant assay results for the Sinter drill holes are listed in Appendices A and E to the La Josefina Technical Report.

During July 2009, a re-evaluation of near surface mineralization was undertaken at Sinter. As part of this study, some of the near-surface core samples at Sinter that were not previously split were sawed and assayed. Some of these contained near-surface gold mineralization that was previously undetected. Assay results for some of these samples are pending. This re-evaluation may have a positive impact on future

work at the Sinter Prospect, although it must be stressed that no resource estimate has yet been completed there. A grab sample of laminated sinter taken at random by the author of the La Josefina Technical Report during the June 2009 site visit, contained 2.06 ppm gold (Sample # JESIN-1, Appendix D to the La Josefina Technical Report).

#### *Central Area*

The Central Area is just southwest of Veta Norte and is centered on the abandoned former headquarters of Estancia La Josefina. The area is crossed by at least 8 vein/veinlet systems exposed in a 2 square kilometre window through a thin cover of post-mineral basalts. The veins, which are hosted by crystal-rich ignimbrites of the Chon Aike Formation, are discontinuous, sigmoidal bodies up to 3.5 meters wide and 220 to 600 meters long. They trend NW-SE, disappearing in both directions along strike beneath the basalt cover. Individual veins consist of quartz veins & veinlets, 1 to 10 cm wide, with variable amounts of opal, adularia, pyrite, chalcopyrite, galena, sphalerite, specular hematite, tetrahedrite, bornite, silver sulfosalt minerals and occasional native gold. The veins each typically contain several or all of the following features: comb quartz, banded quartz, sugary quartz, silica replacing platy calcite, fillings of banded opal, and breccias with low temperature chalcedonic silica cement. These features are all suggestive of a high-level epithermal system that can be expected to continue to depth.

Fomicruz drilled 32 holes to average depths of less than 40 meters to test 3 of the 8 known vein systems in the Central Area. Veta Mariá Belén was tested with 20 holes over a strike length of 550 meters, Veta Las Latitas, 100 meters to the west, was tested with 3 holes over a length of 100 meters, and Veta Ailín, 250 meters further west, was tested with 9 holes over a 250-meter length. Strong mineralization – from 0.5 to 7 meters with 1 g/t Au to a maximum of 164 g/t – was intersected in 6 holes at Veta Mariá Belén and in 2 holes at Veta Ailín.

Cerro Cazador completed an additional 46 diamond drill holes in the Central Area during 2008. A brief summary of those drill holes is shown below in Table 6.

**Table 6**  
**Drill Hole Summary-Central Area**

<b>Target</b>	<b># Cerro Cazador Drill Holes</b>	<b># Holes with &gt; 2/gt Au eq over 1 m</b>
Veta Maria Belen	13	2
Veta Ailín	14	0
Veta Las Latitas	10	1
Veta Tonina	7	0
Water Well	2	0

At Veta Mariá Belén, some of the previous drilling demonstrated good continuity of the strong mineralization over 100-meter strike lengths and to depths of at least 40 meters interspersed with weakly mineralized gaps of about the same length along strike. This is probably a result of the pinching-and-swelling commonly seen in fissure vein systems. Drilling of deeper holes by Cerro Cazador thus far indicates lesser continuity at depth (see Table 6 above). From the drill hole distribution, it seems that the drilling completed by Cerro Cazador provided a good test of some of the vein systems in the Central

Area, although drilling on Veta Ailín was not deep enough on the southern extent of the vein to intercept the vein. This is because the vein curved in a westerly direction near its south end.

### *Piedra Labrada Area*

Piedra Labrada, in the south-central part of the La Josefina Project, includes a 2.5 kilometre by 5.0 kilometre area containing structural “fairways” with numerous zones of quartz veinlets and veinlet-stockworks hosted by a crystal-rich Chon Aike ignimbrite. The zones are a few hundred meters long, up to 15 meters wide, and aligned more-or-less end-to-end in NW-SE to NNE-SSW directions over strike lengths of 1 to 2 kilometres. The veinlets consist almost entirely of quartz, but locally contain small amounts of adularia, barite, galena, chalcopyrite, pyrite (and boxworks after pyrite) and native gold. The quartz is coarsely crystalline containing open spaces with drusy quartz. Opal is the main silica mineral in some veinlets. In other veinlets, opal fills open spaces in crystalline quartz. Comb textures are also common. Samples are commonly anomalous in gold, with values up to 9.0 g/t Au reported. The target has to date been tested only by two shallow holes drilled by Fomicruz in 2004. No other work has since been done. The quartz textures, presence of opal, and structural setting all suggest this is also a very high level part of an epithermal system.

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### *Exploration*

#### *Current Exploration*

CCSA acquired the La Josefina Project in 2007 and has since focused largely on drilling the targets previously defined by the historical exploration and drilling efforts of Minamérica S.E. and Fomicruz. Results of CCSA’s drilling (242 holes totaling 37,605 meters) are discussed in the section below “La Josefina Technical Report - Drilling”. Other recent exploration work by Cerro Cazador includes:

1. Review of existing project data
2. Re-logging and re-sampling of core from several historical drill holes
3. Re-mapping and re-sampling of select outcrops and trenches
4. Compilation of regional geologic data to better understand structure, stratigraphy and mineralization
5. Completion of 416 line kilometres of IP/Resistivity Survey

The IP/Resistivity Survey was done by AkuBra S.A. (Mendoza, Argentina) and consisted of gradient arrays at 25 meter X 50 meter spacings over a 5.5 kilometre grid. The technology employed was the same as that proven effective elsewhere in the Deseado Massif (e.g., San José, Cerro Negro) where similar vein systems have been successfully defined at depths of up to 120 meters. The survey undertaken at La Josefina delineated multiple zones of IP (chargeability) and resistivity anomalies, even under cover south of exposures in the Veta Sur area. Results are still being interpreted and a report is pending.

#### *Historical Exploration*

The historical exploration work, briefly summarized in the section above “La Josefina Technical Report – History”, defined four general prospect areas with gold-silver targets in the La Josefina Project. The results of this historical work are described in this Exploration section of the AIF because this historical work was completed within the last 12 years and remains relevant to the project.

#### *Noreste Area: Sinter target*

The Sinter target has been extensively mapped, sampled, trenched and surveyed with geophysics, and tested to average depths of less than 60 meters with 22 historic drill holes (see the section below “La Josefina Technical Report – Drilling - Historical Drilling Summary”). Surface sampling includes 300 outcrop samples, more than 300 trench samples, and 1100 soil samples. Outcrop and trench samples from the sinter, in underlying siliceous layers and hydrothermal breccias have returned significant gold values (up to 500 g/t in select samples). Two of the better trench results are:

Trench #110 – from 8.0 to 11.0m, hydrothermal (?) breccia, 3.0m @ 176.9 g/t Au

Trench #120 – from 4.0 to 12.0m, hydrothermal (?) breccia, 7.0m @ 114.1 g/t Au

Additionally, 25 line kilometres of conventional IP-Resistivity geophysical surveying and 3 line kilometres of RealSection-IP surveying has been done over the Sinter target. Discrete resistivity highs (probably from silica) and chargeability anomalies (probably from disseminated sulfide at depth) occur over the strongest gold showings.

#### *Noreste Area: Subsinter and Lejano target*

The Subsinter and Lejano targets have had limited surface and trench sampling, limited geophysical work, and no drilling. The Subsinter target is a 1-square-kilometer area of pervasively silicified rocks with zones of strong argillic alteration, perhaps products of steam heating and acid-leaching. It has been examined only with 22 outcrop samples and 100 soil samples. Moderate amounts of arsenic and antimony were detected, but the gold values were all low. These results together with geologic evidence are interpreted as representing the very high levels of a hydrothermal system. Geophysical anomalies detected in the Sinter area have not yet been drill-tested.

Similarly, the Lejano target has also been scarcely explored. It is a 1-square-kilometer area of strongly silicified rocks, in part opaline, associated with patchy areas of argillic alteration and proximate to outcrops of stromatolitic carbonates. It has been examined by 32 outcrop samples, 31 samples in two trenches and 200 soil samples. Results show moderate amounts of arsenic and antimony but low gold values. These results, like those in the Subsinter target, are interpreted to represent the very high levels of a hydrothermal system.

#### *Veta Norte Area*

Veta Norte, in the northeast central part of the project, consists of a prominent fissure vein system, more than 1,500 meters long in a north-south direction and hosted by a lithic-rich pumiceous ignimbrite. The system is up to 3 meters wide, curves slightly in a sigmoidal fashion and intermittently widens and narrows along strike in classic pinch-and-swell fashion. The system has been divided into 6 separately named segments, each of which has been mapped, sampled and trenched in some detail. More than 600 samples were collected from 35 trenches cut across the system, and numerous surface samples were also collected. In general, the float and MMI sampling found gold anomalies only near the outcropping veins.

Many of the outcrop and trench samples have significant amounts of gold. Some of the better trench results include the following:

Trench #206 – three separate 1.0 m samples @ 5.21, 4.81 and 3.50 g/t Au  
Trench #207 – 1.0 m @ 6.94 g/t Au  
Trench #211 – 2.0 m @ 3.60 g/t Au (including 1.0 m @ 4.43 g/t)  
Trench #213 – 4.0 m @ 3.83 g/t Au (including 1.0 m @ 7.37 g/t)  
Trench #214 – 3.0 m @ 4.14 g/t Au (including 1.0 m @ 9.77 g/t)  
Trench #216 – 19.8 m @ 4.99 g/t Au (including 1.0 m @ 33.10 g/t)  
Trench #222 – 2.0 m @ 2.96 g/t Au  
Trench #228 – 1.0 m @ 5.56 g/t Au

Of the 6 separate segments of the Veta Norte system examined by surface and trench sampling, only Veta Flaca, at the currently known north end of the system, failed to show any significant gold values. The strongest and most consistently anomalous values were from Veta Amanda, a broad swell located in the north-central part of the system, and from Veta Sur at the currently known south end of the system. Both of these areas received the majority of the attention during the 2007-2008 drilling program. The three targets tested there from 2007-2008 were the Veta Amanda, Veta Cecelia, and Veta Sur.

#### *Central Area*

The eight known vein systems in the Central Area were examined by Fomicruz with 24 trenches on 6 vein systems and 32 drill holes on 3 vein systems (summarized in the section below “La Josefina Technical Report – Drilling”). Trench samples containing more than 1.0 g/t Au were returned from the Ailín, Las Latitas and María Belén veins systems, as follows:

Veta Ailín, 1 of 4 trenches > 1.0 g/t Au, max. 1.2m @ 14.26 g/t Au and 196 g/t Ag

Veta Las Latitas, 3 of 5 trenches > 1.0 g/t Au as follows:  
1.0m @ 2.64 g/t Au, 0.6m @ 5.20 g/t Au, 0.6 m @ 4.40 g/t Au

Veta María Belén, 1 of 3 trenches > 1.0 g/t Au, max. 0.5 m @ 1.00 g/t Au

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#### *Drilling*

##### *Historical Drilling Summary*

Previous exploration work at the La Josefina Project has defined four general areas with gold-silver targets. Drill holes have been completed in parts of all four areas, initially by Minamérica S.A. in two areas, and more recently by Fomicruz in all four areas. The author of the La Josefina Technical Report (“Ebisch”) describes results of the historical drilling in this Drilling section of the AIF because these results were obtained within the last 9 years and Ebisch believes they are currently relevant to the La Josefina project. Significant historic mineralization encountered by previous drilling is also summarized in Appendix A to the La Josefina Technical Report, along with the results of the recent drilling.

Minamérica S.A. drilled 12 holes totaling 800 meters in 1998 and Fomicruz drilled 59 holes totaling 3,680 meters from 2003 to 2005. All 12 Minamérica S.A. holes and 22 of the Fomicruz holes were HQ-sized diamond drill core (63.5 mm diameter), with 37 Fomicruz holes of NQ-sized core (47.6 mm diameter). Core recoveries for the Minamérica S.A. drilling are unknown but probably similar to recoveries for the Fomicruz core drilling which is reported to have been consistently in the 95% or higher range. The drill holes were all sampled at intervals averaging about 1-meter in length and assays are

available for all these intervals. However, drill hole logs and archived core are available only for the Fomicruz drill holes.

#### *Current Drilling Summary*

During 2007 and 2008, Cerro Cazador completed 37,605 meters (123,358 feet) of core drilling in 242 holes which tested several targets (see Table 7 below). This drilling confirmed the presence of at least 5 well-mineralized shoots. However, no resource calculation has yet been completed on these bodies of mineralized material. Therefore, Cerro Cazador cannot presently quantify either the grade or volume of mineralized material that is indicated by the drilling.

All core holes produced HQ-size core (63.5 mm in diameter). Core recovery was in excess of 95% overall. In no case was core recovery less than 80% over intervals greater than 2 meters. Core samples were sawed in half on site. Core samples of various lengths, dependent upon the variable mineralization encountered, were submitted to ALS Chemex for analysis. A drill hole summary is shown below in Table 7:

**Table 7**  
**Cerro Cazador Drill Hole Summary**

Target	# Previous Holes	# Cerro Cazador Holes	Meters
Veta Amanda/Cecelia	8	84	14,984
Veta Sur	3	83	12,338
Sinter	22	22	3,885
Veta Maria Belen	20	13	1,559
Veta Ailín	9	14	1,390
Veta Las Latitas	3	10	1,174
Veta Tonina	0	7	548
Veta Cruzada	1	3	372
Veta Norte	1	2	316
Veta Pequeña	1	1	152
Veta Flaca	0	1	110
Pozo De Agua	0	2	110

The drilling completed during the 2007-2008 drilling program at La Josefina generated hundreds of pages of geochemical results.

#### *Veta Norte – Historical Drilling*

The Veta Norte Area was initially drilled by Minamérica S.A. in 1998 (5 holes, 460 meters) and later by Fomicruz in 2004-2005 (10 holes, 588 meters). The drill holes are widely spaced along a 1-kilometer length of the north-trending vein system, with most holes concentrated in a broad 300-meter long segment known as Veta Amanda, in the northern part of the system, and a 300- meter long segment near the south end consisting of Veta Norte and Veta Sur.

Ten of the fifteen holes drilled along the Veta Norte system hit significant mineralization, with six of the seven holes drilled in the Veta Amanda segment of the system mineralized, and three of the four drilled in the Veta Norte-Veta Sur segment also mineralized. This suggests that both of these 300-meter long vein segments, which occur at sigmoidal bends in the overall vein system, might be shallow parts of mineralized shoots localized at dilational swells. The historic significant mineralized drill intervals are as follows:

**Veta Norte Target Area**  
**Historic Significant Drill Intercepts**

<b>Drill Hole</b>	<b>From</b>	<b>To</b>	<b>Thickness</b>	<b>Au g/t</b>	<b>Ag g/t</b>	<b>Comments</b>
VN-01	73	76	3	7.76	155.3	
VN-02	16.35	18.8	2.45	4.65		17.5 to 85.2 contains many anomalous values
	69.4	71.1	1.7	1.21	114.6	
	71.9	72.8	0.9	5.65	429	
VN-03	24.5	25.45	0.95	2.25	3.6	
VN-06F	11	11.5	0.5	8.92	109	Drill hole lost at 12.37 m
VN-06	11.5	12.5	1	3.16	2.9	Values in brecciaed zone
VN-13	49.9	51.3	1.4	4.07	156	
DDH-01	28.18	28.7	0.52	23.84	52.5	
	31	31.93	0.93	2.8	17	
	38.94	39.65	0.71	42.52	145	
	50.44	51.85	1.41	17.2	232.5	
DDH-03	17	19.8	2.8	3.48	7	
	31.05	32.78	1.73	12.64	12.4	
DDH-05	9.15	10.13	0.98	1.75	107.5	
DDH-06	23.45	27.45	4	3.04	19.2	

*Veta Norte – Current Drilling (174 Holes during 2007 – 2008)*

The Veta Sur target, which lies on the Veta Norte Property, is currently the most encouraging target. Historical drilling and drilling of 83 holes completed by Cerro Cazador during 2007-2008 has defined a shoot of strong mineralization that is about 120 meters in height, at least 300 meters in length, and averages 2-3 meters in thickness (for more details of these results see Appendix C to the La Josefina Technical Report). This shoot plunges to the southeast and is open at depth in that direction. Gold, silver, and base metals are widespread and have relatively good continuity in this shoot of mineralization. Veta Sur presently seems to have the widest and most robust mineralization of all the vein systems. A summary of several select intervals of Veta Sur mineralization can be seen in the following two tables. In general, these selected intervals, although some of the widest and highest grade encountered, tend to reflect the overall character of the mineralization found at Veta Sur. Continuity of mineralization is good from hole to hole. No resource calculation has yet been completed on this tabular body of mineralization. Significant assay results can be seen in Appendices A and E to the La Josefina Technical Report. Selected cross-sections and long-sections are located in Appendix C to the La Josefina Technical Report.

**Veta Sur Table 1**  
**Selected Wide Intervals Of Mineralization – Veta Sur**

<b>Drill Hole</b>	<b>From</b>	<b>To</b>	<b>Estimated True Width (m)</b>	<b>Au (ppm)</b>	<b>Ag (ppm)</b>	<b>%Cu</b>	<b>%Zn</b>	<b>%Pb</b>
D07-004	19	44	20	3.28	----	----	----	----
D08-129	123	132.1	7.3	1.01	135	0.1	0.9	3
Including	123	128.5	4.4	1.37	142	0.2	0.9	4.4
D08-132	70	79	7.2	3.07	265	2.5	----	2.4
D08-134	97.7	104	5	2.73	643	0.4	0.4	3.5
D08-150	16	37	17	3.23	----	----	----	----

**Veta Sur Table 2**  
**Selected Intervals Of Strong Base Metal Mineralization – Veta Sur**

<b>Drill Hole</b>	<b>From</b>	<b>To</b>	<b>Estimated True Width (m)</b>	<b>Au (ppm)</b>	<b>Ag (ppm)</b>	<b>%Cu</b>	<b>%Zn</b>	<b>%Pb</b>
D08-127	125.65	127.2	1.2	4.1	247	9.7	----	----
D08-130	114.3	116.9	2.1	4.1	175	3.8	0.2	0.6
D08-144	98.75	103.25	3.6	6.84	359	0.1	2.6	6.9
Including	100.2	102.35	1.7	10.04	469	0.1	4.9	12.4
D08-206	92.5	94	1.2	0.34	676	9.4	-----	1.2

Veta Amanda and Veta Cecelia, which also lie on the Veta Norte Property, are currently the next most encouraging targets. Veta Amanda and Veta Cecelia are sub-parallel vein systems, separated by about 50 meters of intervening rock. Most of the drilling was designed to test both vein systems with each drill hole. Historical drilling and the 84 holes completed by Cerro Cazador during 2007-2008 have defined a tabular body of mineralization at both Veta Cecelia and Veta Amanda (for more details of these results see Appendix C to the La Josefina Technical Report). Both of these targets average about 1-2 meters in width, with mineralization similar to that of Veta Sur. Veta Amanda plunges to the northwest while Veta Cecelia seems to plunge both to the southeast and the northwest. A summary of several select intervals of Veta Amanda and Veta Cecelia mineralization can be seen in the two tables below. In general, these selected intervals, although some of the widest and highest grade encountered, tend to reflect the overall character of the mineralization found at Veta Amanda and Veta Cecelia. Continuity of mineralization is good from hole to hole. No resource calculation has yet been completed on Veta Amanda or Veta Cecelia. Significant assay results that have been received thus far can be seen in Appendices A and E to the La Josefina Technical Report.

### Selected Intervals-Veta Amanda

<b>Drill Hole</b>	<b>From</b>	<b>To</b>	<b>Estimated True Width (m)</b>	<b>Au (ppm)</b>	<b>Ag (ppm)</b>	<b>%Cu</b>	<b>%Zn</b>	<b>%Pb</b>
D07-003	124.2	125.3	0.9	13.34	254	4.65	----	----
D08-057	140.8	152.25	9.2	5.33	----	----	----	----
D08-078	29.15	32	2.3	14.71	95.8	----	----	----
D08-102	30.3	32.7	1.9	6.84	42.8	----	----	----
D08-181	139.8	166.6	21.3	2.06	-----	-----	-----	-----

### Selected Intervals-Veta Cecelia

<b>Drill Hole</b>	<b>From</b>	<b>To</b>	<b>Estimated True Width (m)</b>	<b>Au (ppm)</b>	<b>Ag (ppm)</b>	<b>%Cu</b>	<b>%Zn</b>	<b>%Pb</b>
D08-057	140.8	142	1	37.62	150	3.4	----	----
D08-089	78	80	1.6	13.34	31.8	0.8	----	----
D08-096	229.6	231.82	1.8	5.81	58.5	2	----	----

Drilling of 3 holes to test Veta Cruzada, 2 holes to test Veta Norte, 1 hole to test Veta Pequeña, and 1 hole to test Veta Flaca by Cerro Cazador returned predominantly inconclusive results. The best assay from these 7 holes was from SVN D08-018 in the interval 83.16-84.55 meters. This 1.39 meter intercept averaged 3.41 ppm Au and 389 ppm Ag. Although this is a significant intercept, it was not replicated by adjacent holes. However, if more holes were drilled, it is possible that better results could be obtained. The geometry of these mineralized shoots is difficult to define with only a cursory amount of drilling.

#### *Noreste Historical Drilling – Sinter Target*

The Sinter target was tested by 22 HQ-sized diamond drill core holes – 7 by Minamérica S.A. in 1998 and 16 by Fomicruz in 2004 – totaling 1638 meters. The holes are distributed over a 1300 meter x 500 m area in or near areas of known sinter outcrop with average drill depth below the surface of 54 meters. Most of the holes – 12 of the 22 – were along or under the 400-meter long segment of sinter outcrop known as Mogote Hormigas. Five of the Mogote Hormigas holes hit significant mineralization; all other holes in the Sinter target area were initially found to be weakly mineralized, although analysis of cores in July of 2009 that were previously un-split showed that significant, near-surface gold mineralization, which has not yet been quantified, exists at Sinter. The mineralized Mogote Hormigas holes are as follows:

**Sinter Target**  
**Historic Significant Drill Intercepts**

<b>Drill Hole</b>	<b>From</b>	<b>To</b>	<b>Thickness (m)</b>	<b>Au g/t</b>	<b>Comments</b>
DDH-12	3.05	15.25	12.2	22.94	Hydrothermal? Breccia
SI 3	7.35	10.35	3	7.48	In fault zone
SI 6	4.6	5.6	1	2.51	
SI 7	43.1	45	1.9	2.96	Fault breccia
DDH-13	14.09	21.35	7.26	4.16	Hydrothermal? Breccia
	45.5	46.5	1	3.92	Fault zone

The strongest gold mineralization appears to be closely related to the presence of hydrothermal breccias, consistent with the “pipeline breccia” model for hot springs type gold deposits described in the section above “La Josefina Technical Report – Geology of the La Josefina Project Area – Deposit Types”. Laterally extensive, low-grade, near-surface mineralization at Sinter has also recently been recognized, although the amount of it is still not quantified. However, given the broad zones of high-grade gold mineralization encountered thus far (DDH 12 and DDH 13), the mineralized system at Sinter appears to be quite robust. Further drilling here is warranted.

*Noreste Current Drilling (22 Holes during 2007 – 2008)*

Previously, 22 drill holes were completed at Sinter. Cerro Cazador completed an additional 22 drill holes. The additional 22 drill holes completed by Cerro Cazador intersected significant gold mineralization (>1 g/t) in about 40% of the holes. However, a re-examination of core samples in July, 2009 indicated that some of the core that was not split contained significant, near-surface mineralization, although no resource calculation has yet been completed to determine the magnitude or lateral extent of this mineralization. Significant assay results for Sinter can be found in Appendices A and E to the La Josefina Technical Report. No other targets were tested at Noreste by Cerro Cazador during 2007 and 2008.

Despite strong and laterally extensive surface mineralization that extends over roughly 1500 meters in a northeasterly direction, mineralization documented at Mogote Divisoria has been tested by only one drill hole. A careful mapping and sampling of this 1500-meter long zone is warranted, especially given the difficulty of intercepting well-mineralized shoots. It seems likely that further, detailed mapping, sampling, and trenching along this extensive zone may generate a worthy drill target.

*Central Target – Historic Drilling*

The Central Area consists of eight known vein systems, four of which have now been tested by drilling. A total of 32 holes totaling 1632 meters in length were drilled by Fomicruz in 2002-2003 in the Central Area to an average depth of 40 meters below the surface; Minamérica S.A. did not drill any holes in this target area.

Most of these historic holes, 20 in total, were drilled at approximate 30-meter spacings to test a 600-meter long segment of the María Belén vein system to depths of 50 meters or less. Six of these holes intercepted significant mineralization as listed in the following table (holes prefixed by “MB”). The mineralization is continuous for short lengths (100 meters or less) along the vein segment, probably from pinch-and-swell in the high-level epithermal vein system. The nearby Las Latitas vein was tested with three holes to a depth of 30 to 50 meters; none were significantly mineralized. Veta Ailín, a 300-meter long sub-parallel

vein, 400 meters southwest of María Belén, was tested by nine holes, two of which hit high-grade mineralization over narrow intervals, as shown in the following table (holes prefixed by “A”):

**Central Target Area**  
**Historic Significant Drill Intercepts**

<b>Drill Hole</b>	<b>From</b>	<b>To</b>	<b>Thickness</b>	<b>Au g/t</b>	<b>Ag g/t</b>	<b>Comments</b>
A6	33.17	33.91	0.74	88.8	86.5	
A7	22.42	23.9	2.1	164.3	101.1	
MB1	29.73	30.2	0.47	20	75.6	
MB2	11.34	13.15	1.81	2.18	?	Other structures with max. value of 2.46 g/t Au
MB5	29.72	31.35	1.63	6.06	10.4	
MB9	24.64	31.65	7.01	1.62	7.8	Max. = 5.39 g/t Au
MB 17	25.62	30.63	5.01	1.31	5.6	Max. = 6.46 g/t Au
MB19	10.23	12.2	1.97	1.25	63	

*Central Target – Current Drilling (46 Holes during 2007 -2008)*

Previously, 32 drill holes were completed at Central, targeting Veta María Belén, Veta Las Latitas, and Veta Ailín. Deeper drilling of these veins and Veta Tonina consisted of 44 diamond drill holes completed by Cerro Cazador during 2007-2008. These drill holes all intercepted relatively low grades of gold/silver mineralization over short widths. One example of the better mineralization at Central can be found in DDH SVN D08-18. In that drill hole, the 1.39 meter interval from 83.16-85.55 meters averaged 3.41 ppm Au and 389 ppm Ag. Another example of significant mineralization is found in hole D08-030 from 63.42-65.35 meters, consisting of 1.93 meters averaging 4.85 ppm Au and 4.9 ppm Ag. Most of these 44 holes, however, intercepted gold grades of <1 g/t over 1 meter. Significant assays for these drill holes can be found in Appendices A and E to the La Josefina Technical Report.

Many of the holes drilled by Cerro Cazador on Veta Ailín did not go deep enough to test the vein system. The vein, rather than being linear, apparently curved in a westerly direction on the southern part of the Veta Ailín vein system. This was not recognized until after the drilling was completed. Essentially, much of the Veta Ailín vein system probably remains untested. Further drilling is warranted there.

*Piedra Labrada Area – Historic Drilling*

The Piedra Labrada Area is a complex system of veins still in early stages of exploration. It has been tested only with 2 holes (161 meters) drilled by Fomicruz in 2004. Neither hole intercepted significant mineralization.

No drilling was completed by Cerro Cazador at Piedra Labrada during 2007-2008.

*Sampling Method and Approach*

*Historical Surface Samples*

Previous workers on the La Josefina Project have taken both surface rock chip and trench samples, and results are discussed in the section above “La Josefina Technical Report – Exploration”. Maps showing the sample location and analytical results were reviewed by the authors of the 2007 Technical Report in the Fomicruz office in Rio Gallegos and Cerro Cazador’s offices in Puerto San Julián and their field camp

office at Estancia Piedra Labrada. Many details regarding size of the samples, methods, etc., are not known, but it is apparent that much of the sampling represents channel samples taken along trenches and across outcrops. Additionally, most of the sampling appears to have been focused on surface areas with relatively conspicuous mineralization or alteration.

#### *Historical drill samples*

The drill core consists of both HQ (63.5 mm diameter) and NQ (47.6 mm diameter) size core that was sawn in half with a diamond saw after being logged and the sampling intervals marked by a geologist. A one half split of the core for each interval was then sent for assay to either ALS Chemex, in the case of Minamérica S.A., or Fomicruz's own laboratory. The remaining half of the sawn core was returned to the original core box and retained for archival purposes. The entire Fomicruz drill core is currently securely stored in a warehouse in the Estancia Piedra Labrada field camp where it was found by Ebisch to be neatly stacked and clearly labeled. The Minamérica S.A. drill core until a few years ago was stored in a building in Puerto San Julián but unfortunately was all inadvertently destroyed when the building was demolished.

#### *Current surface samples*

Surface sampling consists of channel-type samples, which is the most representative surface sampling method. Staff geologists decide where to sample based upon mineralization and alteration. They then mark the outcrop for the sample intervals with paint and describe the sample locations and alteration, mineralization, and lithologic features for each sample interval. While documenting the sample details, they also supervise technical help to saw parallel cuts in the rock with a hand-held electric diamond saw (similar to a hand-held circular saw used in residential construction). The parallel cuts are 6.4 centimetres apart and 3.8 centimetres deep (roughly the size of split HQ drill core). The technicians then chisel out samples from between the sawn cuts in the rocks to a depth of 3.8 centimetres. The samples are bagged while chiseled, and then the bags are sealed upon completion.

#### *Current drill samples*

The drill core consists of HQ (63.5 millimetre diameter) size core. The drill core is removed from the core barrel by the drill crew and placed in "core" boxes with wooden blocks documenting the drilled core interval. The boxes are sealed and taken from the drill rig by technicians to tables in an indoor core logging facility. Staff geologists then log the core, which includes determining core recovery for drilled intervals, documenting lithology, mineralization, alteration, and structural features. During this procedure, the geologist also marks the sample intervals based upon the geologic features noted. These sample intervals commonly range from 0.4 to 1.5 meters in length. The geologist also marks the cut line on the core to optimize the symmetry of the mineralization. The technicians then photograph the core, both in a wet and dry condition. Next, they saw the core in half using a large diamond-bladed saw, returning both halves to the core box. The logging geologist then places one half of the sawn core sample into a sample bag marked with the appropriate sample number, and seals the bag with a "zip-tie". These samples are then organized according to sample number, at which time blanks and standards are randomly placed in the sample sequence within separate sample bags that will be submitted along with the actual core samples. The blanks and standards, with a known precious and base metal content, help to verify the accuracy of the lab results for the actual core samples. Finally, the sample bags are placed into large rice bags, secured with zip ties, and stored in a locked container until they are shipped by truck to a bus station for transport to the ALS Chemex prep facility. These security procedures tend to preclude any tampering with the core samples.

### *Verification Samples*

A total of nineteen verification samples were taken during the 2009 site visit by Ebisch. Only one of these samples was taken from outcrop. The other eighteen samples consisted of quartered drill core from some very well-mineralized intervals. Much of the sampled drill core contained significant amounts of sulfide minerals, consistent with Cerro Cazador assays. The observed mineralization was consistent with that of epithermal vein systems. The samples were quartered by a technician at the Cerro Cazador core facility under the supervision of Ebisch who then placed the quartered core into appropriately-marked sample bags. The check sample intervals corresponded exactly to the Cerro Cazador sample intervals. The nineteen samples were placed in a rice bag that was sealed with a zip tie. They were then transported personally by Ebisch as luggage to the United States from where the samples were shipped by United Parcel Service to the ALS Chemex Lab in Reno, Nevada.

Silver and base metals contents were evaluated at ALS Chemex through Inductively Coupled Plasma Spectrometry (“ICP”) while gold was evaluated by fire assay and Atomic Absorption Spectrometry (“AAS”). Results of check assays for the core and a comparison to Cerro Cazador assays can be seen in Table 8.

**Table 8**  
**NI 43-101 Check Assays**  
**Assay Comparison**

<b>DDH &amp; Interval (meters)</b>	<b>Au (ppm)</b>	<b>Ag (ppm)</b>	<b>Cu (%)</b>	<b>Pb (%)</b>
D08-127 125.65-126.07	5.75 / 5.95	185 / 218	5.08 / 6.00	0.13 / 0.11
D08-127 126.07-126.40	2.63 / 2.35	224 / 199	10.15 / 7.99	0.04 / 0.04
D08-127 126.40-126.80	2.88 / 3.13	349 / 297	19.75 / 17.20	0.09 / 0.06
D08-127 126.80-127.20	4.57 / 5.84	229 / 273	3.98 / 5.35	0.42 / 0.27
D08-130 114.30-114.70	4.35 / 5.39	71 / 118	1.49 / 1.94	0.52 / 0.58
D08-130 114.70-115.10	3.17 / 3.61	97 / 88	1.38 / 1.97	0.53 / 0.33
D08-130 115.10-115.70	2.09 / 3.01	95 / 105	1.41 / 1.47	0.98 / 0.84
D08-130 115.70-116.05	2.46 / 1.86	340 / 441	12.50 / 19.90	0.41 / 0.35
D08-130 116.05-116.50	7.15 / 5.51	308 / 326	5.59 / 5.38	0.37 / 0.32
D08-130 116.50-116.90	5.48 / 7.54	182 / 281	2.25 / 3.95	0.67 / 0.76
D08-134 98.60-99.30	6.17 / 4.37	1055 / 1020	1.14 / 1.22	1.65 / 2.19
D08-134 99.30-99.70	2.44 / 1.70	4720 / 3120	0.23 / 0.18	19.15 / 16.35
D08-134 99.70-100.10	2.36 / 1.56	2360 / 1475	2.02 / 0.20	24.2 / >20
D08-134 100.10-100.50	24.5 / 6.31	875 / 3380	1.13 / 4.24	0.64 / 1.17
D08-137 74.70-76.30	3.56 / 4.81	241 / 328	0.73 / 1.00	1.26 / 1.45
D08-137 76.30-77.00	1.19 / 0.86	960 / 1395	3.64 / 4.25	26.50 / >20
D08-137 77.00-77.50	1.07 / 1.35	738 / 786	2.96 / 2.90	5.61 / 8.88
D08-137 77.50-78.40	0.71 / 1.14	218 / 151	0.33 / 0.31	2.79 / 2.02

## ***Sample Preparation, Analyses and Security***

### ***Historical sampling***

Samples collected by Fomicruz were sent for preparation and analysis mainly to their own internal laboratory in Rio Gallegos for preparation and analysis and those of Minamérica S.A. were analyzed by Bondar Clegg ITS and ALS Chemex Laboratory in Mendoza, Argentina. Few details are available regarding the handling of these samples; although it is obvious the drill core was examined by competent geologists who carefully marked sample intervals on the core for splitting (sawing in half). In one historical report, it was mentioned that cross checking of some Fomicruz analyses by ALS Chemex in 2004 showed that gold values below 0.04 g/t Au were often over-estimated and that silver values below 10 g/t Ag were sometimes under-estimated. Gold results in the 1 g/t Au range or greater were generally in agreement between the two labs.

Almost no other information exists regarding the quality assurance/quality control (“QA/QC”) sampling protocols of these two companies. Available data indicates that the other exploration methodologies used by these companies is in general of good professional quality and there is no reason to believe the sampling and analysis were not also carried out using acceptable procedures and methods.

### ***Current Sampling***

Samples collected by Cerro Cazador are sealed, organized, and stored in a locked container until shipped by truck to a bus station for transport to the ALS Chemex prep facility located in Mendoza, Argentina. From Mendoza, the pulps are sent to the ALS Chemex Assay Lab in Serena, Chile. The ALS Chemex laboratory is an ISO 9001:2000 and ISO 17025:1999 accredited facility. QA/QC procedures include the use of barren material to clean sample preparation equipment between well-mineralized samples and monitoring the particle size of crushed material and the fineness of the final sample pulp. Analytical accuracy and precision are monitored by the analysis of reagent blanks, reference materials, and replicate samples. ALS Chemex also maintains an extensive library of international and in-house standards for quality control purposes. The results were examined by Ebisch and in his opinion; no unusual or suspect analytical results were reported. In addition, the sample preparation, security, and analytical procedures were accurate and standard. No employee, officer, director, or associate of Cerro Cazador conducted any aspect of sample preparation.

Samples were initially analyzed for 34 elements, including gold and silver. Elements other than gold were analyzed using a four acid digestion and inductively coupled plasma atomic emission spectroscopy (“ICP AES”) method. Gold was analyzed with a 50 gram sample using fire assay with an atomic absorption finish. High-grade samples of gold and silver are analyzed using a gravimetric finish. Higher grades of copper, lead, and zinc were analyzed using a four acid digestion and atomic absorption finish.

In each sequence of twenty samples, Cerro Cazador inserts three control samples for verification of laboratory quality. These include one blank sample (established barren crystal tuff), one core quarter duplicate, and one standard (3 different standards are purchased from an accredited lab and rotated periodically).

### ***Verification sampling***

Nineteen verification samples were taken by Ebisch, an Independent Qualified Person as defined by NI 43-101. Ebisch has no direct interest in the La Josefina Project or in Cerro Cazador S.A. These

verification samples were handled entirely by Ebisch. No officer, director or associate of Cerro Cazador was in contact with the samples. Ebisch personally carried these samples as luggage to the United States from where they were sent by United Parcel Service to ALS Chemex laboratory in Reno, Nevada.

For all sample preparation and analysis activities, ALS Chemex routinely maintains logs which provide a QA/QC trail for any problems that may occur in the sample preparation or analytical processes. Blanks and standards are routinely put in each batch of samples as a way of tracking and maintaining analytical quality and error reports are generated automatically to warn of any reference or check materials that fall outside the established control limits. The sample preparation procedures consist of drying, crushing and splitting a 300g subset from the original pulp and pulverizing to 75 microns, taking a 50g split of this for a 3-hour hot aqua regia digestion, and following with a fire assay for gold using an AAS finish.

For any samples with more than 5 g/t Au, a gravity finish is used. Other elements are analyzed with an ICP procedure, with samples having more than 100 g/t Ag followed with fire assay and a gravity finish and samples with more than 1% copper, cobalt, molybdenum, nickel, lead or zinc followed with an AAS analysis. Ebisch believes that the preparation, security and analytical procedures used for the verification samples are adequate and meet or exceed industry accepted standards.

The assay certificates for the verification sampling may be found in Appendix D to the La Josefina Technical Report. The comparison of selected geochemical results can be seen in Table 8. It is Ebisch's opinion that the results seen in Table 8 indicate that both the original assays and the check assays contain base and precious metal values that are nearly equivalent, especially given the high grades of the selected samples that were submitted for a check analysis. Only one sample yielded results that seemed to vary significantly. DDH D08-134, 100.10-100.50 meters returned 24.5 ppm gold in the Cerro Cazador assay, but only 6.31 ppm gold in the check assay. However, the Cerro Cazador Ag assay of that same interval returned 875 ppm silver while the check assay yielded a result of 3380 ppm Ag. The high-grade nature of the original and the check samples makes it hard to replicate every sample value. Overall, however, the comparisons seen in Table 8 indicate that the quartered core taken by Ebisch is representative of the original samples. It also suggests that reproducibility of results is quite consistent, especially given the high-grades samples that were the subject of this investigation.

### ***Data Verification***

#### ***Data Examination***

In preparation of the La Josefina Technical Report, Ebisch spent thirty days in 2008 and 2009 reviewing technical data and constructing cross-sections, calculating grades of mineralized intercepts, and creating reports regarding the La Josefina Project. Although Ebisch has reviewed some historic data in Argentina, historic information in the La Josefina Technical Report has been gleaned primarily from the 2007 Technical Report and the other references listed in the reference section of the La Josefina Technical Report. Much of the current information in the La Josefina Technical Report was compiled from the 2007-2008 drilling completed by Cerro Cazador. The current information was reviewed in the Hunt Gold, Ltd. office in Liberty Lake, Washington (U.S.A.).

The information reviewed is of varying quality, but overall is of good technical quality, adequately documented, and relatively comprehensive. It appears to have been gathered by generally competent and credible technical persons. Any inconsistencies in the information were checked and re-checked until those inconsistencies were reconciled to Ebisch's satisfaction. Where possible, Ebisch attempted to confirm anecdotal information against documented information and any historical information against records on file. Copies of original laboratory assay certificates were unavailable for all the Fomicruz

samples and Minamérica S.A. samples. Regardless of the missing Minamérica S.A. and Fomicruz original assay certificates and drill core, it is Ebisch's opinion that the historical and technical information presented in the La Josefina Technical Report has been effectively verified for the purposes intended in the La Josefina Technical Report.

#### *Site visits*

A site visit was undertaken on June 17 and June 18, 2009. On June 17, Ebisch examined core samples from Cerro Cazador drilling. On June 18, a visit to the various prospects and drill-sites on the La Josefina concession was completed. Mineralization was examined in place on the Ailín, Veta Sur, Veta Amanda, and Sinter prospects. At Veta Ailín, a mineralized, hematitic breccia was seen at the surface. Surface mineralization, primarily a linear breccia zone, was examined at Veta Sur. Veta Amanda contained an impressive linear breccia zone with adjacent stockwork mineralization and significant barite. Mineralized outcrops at the Sinter Prospect contained strong iron-oxide mineralization, some of which was well-laminated. A grab sample of the hematite-rich laminated sinter taken by Ebisch returned an assay of 2.06 ppm gold (for more details of this sample see Appendix D to the La Josefina Technical Report).

#### *Verification sampling*

Eighteen samples of drill cores were taken to check the integrity of the Cerro Cazador assays. Only one outcrop sample was taken at the Sinter area. The values from the check assays were nearly identical to the original assays overall. A comparison of these results can be seen in Table 8. It is the opinion of Ebisch that the consistent results found when comparing the initial Cerro Cazador assays to the check assays indicates that the quartered core was representative of the initial core samples analyzed by Cerro Cazador. Given the high-grade mineralization of the core samples, reproducibility of the original assays by the check assays was excellent. Sulfide mineralization noted in the core samples was consistent with base metal assay results. Only one sample yielded results that varied significantly. DDH D08-134 from 100.10-110.50 meters depth returned 24.5 ppm gold in the Cerro Cazador assay, but only 6.31 ppm gold in the check assay. On the other hand, that same interval assayed by Cerro Cazador returned 875 ppm silver while the check assay yielded an assay of 3380 ppm. The rest of the check assays were quite consistent with the original assays. The average difference between the original assays and the check assays for all eighteen samples was 18% for gold and 5% for silver. This may have resulted from a nugget affect. Conversely, it may have been the result of some friable core samples.

#### *Adjacent Properties*

The Deseado Massif has a myriad of epithermal gold-silver and mesothermal lead-zinc-copper occurrences and prospects. The region currently has four producing mines, several developing operations, and numerous advanced exploration properties. Although none of the producing or developing properties are adjacent to La Josefina, they are mentioned here because they are all within the Deseado Massif epithermal district and have geology and styles of mineralization generally similar to La Josefina.

The producing mines are:

1. Cerro Vanguardia, a major gold-silver mine owned by Anglogold Ashanti and Fomicruz;
2. Mina Martha, a small, but very high-grade silver operation owned by Coeur d'Alene Mines;
3. San Jose, a recently opened joint operation by Hochshield and Minera Andes;
4. Manantial Espejo, owned by Pan American Silver.

The developing projects are:

1. Don Nicolas-Martinetas by Hidefield;
2. Cerro Negro by Andean Resources;
3. Cerro Moro by Exeter-Anglo gold/Ashanti.

The La Josefina Project itself is surrounded on the west, south and in part on the east by a number of early-stage to semi-advanced mineral properties. The properties are held by a number of various companies and individuals, including Fomicruz on the west and Cerro Cazador on the east. Approximately half of the surrounding properties are cates, exploration concessions with a life span of generally less than 4 years, and the other half consist of MDs, or Pertenencias (minas or mining claims) which supposedly represent semi-advanced mineral properties with an indefinite life span. The surrounding ground north and northeast of La Josefina is mostly open and unclaimed. Public information is available only for the following two properties. Ebisch has been unable to verify the information. The information is not necessarily indicative of the mineralization on the property that is the subject of the La Josefina Technical Report.

#### Gateado-Lobuno

El Gateado is a 100-square kilometre catoe adjacent to La Josefina on the west; the 70-square kilometre Lobuno catoe adjoins El Gateado on the south. They were acquired by Cerro Cazador in early-2006. According to public news releases, Cerro Cazador initiated drilling on the Gateado property in late-2006. The first hole drill on the property, GAT-DDH06 001, intersected strongly anomalous gold throughout its entire 150-meter depth, highlighted by a 11.3-meter interval averaging 3.65 g/t Au, including 8.2 m @ 4.50 g/t Au, with thin high-grade assays such as 0.85m @ 11.7 g/t Au and 0.60m @ 8.24 g/t Au. The mineralization is in a breccia body following west-northwest structures in epithermally-altered felsic volcaniclastic rocks of the Chon Aike Formation. No work has been done on the Lobuno catoe.

#### ***Mineral Processing and Metallurgical Testing***

No mineral processing or metallurgical test work has yet been carried out on the La Josefina Project.

#### ***Mineral Resource and Mineral Reserve Estimates***

The La Josefina Project is in an advanced stage of exploration with drill holes in several different targets intersecting gold and silver mineralization values comparable in size and grade to some of the gold-silver occurrences currently being mined or developed elsewhere in the Deseado Massif. Although Cerro Cazador has initiated preliminary work to assess the quality and quantity of this mineralization, no mineral resource estimations have yet been completed.

#### ***Other Relevant Data and Information***

Ebisch is not aware of any other available data or information relevant to the La Josefina Project.

## *Interpretation and Conclusions*

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The La Josefina Project is located in a very large, recently recognized epithermal precious metal province in the southern Patagonia region of Argentina. The many gold-silver deposits and occurrences of this new district are all geologically similar, representing slight variations of generally high-level, structurally-controlled, volcanic-hosted low sulfidation epithermal vein systems, a deposit model having many familiar (and often high-grade) productive examples throughout the world. In southern Patagonia, examples include Cerro Vanguardia (AngloGold Ashanti), San Jose (Minera Andes-Hochschild), Mina Martha (Coeur d'Alene Mines), and Manantial Espejo (Pan American Silver). Many other deposits are being readied for production such as Don Nicolas-Martinetas (Hidefield), Cerro Negro (Andean Resources) and Cerro Moro (Exeter-Anglogold Ashanti). Nearly all of these deposits were explored and developed since the mid-1990s.

Work done to date on the La Josefina Project confirms geology and mineralization favorable for epithermal gold-silver vein deposits similar in character and size to many of the other epithermal systems currently being exploited or developed in the southern Patagonia region. Unlike the other Patagonian projects, however, La Josefina has an inordinate amount of copper sulfide minerals, along with lead and zinc. This suggests that mineralization there may eventually prove to be significantly different from other deposits in the region. The common geologic ingredients of the region's productive epithermal deposits – brittle host rock allowing for open-spaces along structures for veins, regional shear zones or splays, evidence of gold, multiple complex vein systems, etc. – are all present at the La Josefina Project. Other than the exceptional copper grades encountered locally, the geochemical suite is similar to that of many other epithermal gold districts.

The drilling done to date on the La Josefina vein systems has produced results in line with those expected from well-mineralized, high-level epithermal vein systems to intermediate depths and demonstrates the continuity of gold/silver mineralization in three dimensions. Results suggest that the many narrow veins exposed at the surface can merge into wider veins at depth, in some case as wide as 20 meters true thickness. This has been observed in many other projects in the region. The vein systems all show evidence of being at a high level of preservation (virtually no erosion), which suggests the gold-silver mineralization should persist to considerable depth.

Shoots of high-grade mineralization have been well-defined by the Cerro Cazador drilling, open to depth. For this reason, deeper drilling should be continued in several areas to expand and further verify the quantity and quality of gold-silver mineralization. The accompanying high grades of base metals are a welcome addition to the gold and silver. They may provide valuable by-products along with the gold-silver mineralization. Because these are high-level vein systems, the many narrow veins present near the surface were expected by previous workers to merge into wider – and perhaps richer – veins at depth.

The most recent drill results at La Josefina show that broad zones of mineralization 20+ meters in true thickness have been intercepted. Several of the better examples of wide zones of mineralization delineated at La Josefina near the end of the drilling program are summarized below. The true thickness of these zones is estimated to be about 80% of the interval defined by drilling:

<u>Drill Hole</u>	<u>Interval</u>	<u>Estimated True Thickness and Gold Grade</u>
D08-167	33.0-55.0 meters	17.6 meters averaging 4.03 g/t Au
D08-181	139.8-0166.6 meters	21.4 meters averaging 2.06 g/t Au
D08-198	43.6-108.9 meters	52.2 meters averaging 1.01 g/t Au
D08-222	143.0-169.0 meters	20.8 meters averaging 1.93 g/t Au

Some of those very wide zones intersected at La Josefina by the Cerro Cazador 2007-2008 drilling consist of two or more wide zones of higher-grade material separated by poorly-mineralized intervening rock. However, this should not be considered as a negative factor. This simply means that there is some internal waste within a broad zone of mineralized material, internal waste that will not need to be processed in the mill, reducing the overall cost of exploiting these wide zones. Alternatively, it seems possible that the poorly-mineralized rock could be used as support pillars if bulk-tonnage, underground mining was ever attempted.

Additionally, La Josefina has many veins that have yet to be explored in detail. Given previous experience in the region, it is possible that there are more new veins yet to be discovered. They may lie hidden under alluvium and post-mineral basalts, or may have simply been overlooked due to the vast size of the property. A mineralized unconformity at depth is also an intriguing possibility. Interpretation of the 400+ line kilometres of recently completed IP/Resistivity survey by a competent geophysicist, inexpensive compared to the cost of the geophysical survey, would probably reveal additional shallow targets.

Based on the success of recent work, especially the drilling, the La Josefina project has good potential for hosting a number of epithermal gold-silver vein deposits of significant size in the currently known vein systems and good potential for discoveries of new vein systems which might also be mineralized. All of the zones tested thus far by drilling can probably be expanded with further drilling.

#### *Recommendations*

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Cerro Cazador's stated objective at the La Josefina Project is to focus directly on defining potentially economic deposits having a minimum combined resource of at least 250,000 ounces (7,750 kg) of gold equivalent. Cerro Cazador had committed to spend at least US\$6 million on the project by doing 21,000 m of in-fill and step-out HQ-size core drilling in areas of known mineralization and 2,600 m of core drilling in new exploration targets. This work commitment has now been fulfilled by the 2007-2008 drilling.

Now that the work commitment has been fulfilled, Cerro Cazador has more flexibility on how to advance the property. Given the successful results of drilling at Veta Sur, Veta Amanda, and Veta Cecelia, several recommendations can be made. Phase 1 and Phase 2 are proposed and detailed below. The Phase 1 program consists of activities that normally precede a subsequent round of drilling once the geology has been well-defined by drilling and target concepts have been refined. The drilling costs in the following proposed budget have been set at US\$90/meter. This was found to approximate the average cost of drilling to the drill contractor during the 2007-2008 drilling program. The proposed budget does not include wages or travel/field expenses for geologists and geotechnical personnel. The budget is in US\$

#### *Phase I*

Resource calculation & test High-Zn core for indium/gallium	US\$ 35,000
Interpretation of Existing Geophysics	15,000
CSAMT Survey To Determine Depth of Unconformity	50,000
Metallurgy	60,000
Drill Hole Planning (plan and locate drill sites)	15,000
Site Preparation	20,000
<b>Total</b>	<b>US\$195,000</b>

## *Phase II*

Test Unconformity (750 meters @ \$90/meter)	US\$72,000
*** If unconformity is too deep, money can be used to test	
Mogote Divisoria or other new targets	
Veta Sur: 3 down-dip holes to test shoot at depth (1800 m @ US\$90/m)	162,000
Veta Amanda: 2 down-dip holes to test shoot at depth (1100 m @ US\$90/m)	99,000
Veta Cecelia; 2 down-dip holes to test shoot at depth (1100 m @ US\$90/m)	99,000
Drill Test Prioritized IP/Resistivity Targets	125,000
Assays (Core and Surface)	100,000
Camp Upgrades	108,000
<b>Total</b>	<b>US\$765,000</b>

**Grand Total: US\$960,000**

## *Phase I Program*

As outlined above, Ebisch recommends a Phase 1 exploration program for the La Josefina project totaling US\$195,000. This phase could be completed in early to mid-2010. An independent consultant should be used to complete a resource calculation. Both a potentially mineable resource and a total resource should be calculated separately for Sur, Amanda, and Cecelia veins. Some additional method should be used, perhaps an arbitrary cutoff (for example, maybe a minimum of 1.2 meters of 12 grams/tonne Au equivalent), to determine a third category of mineralization that might be of sufficient grade to transport to Mina Martha or another nearby mill if that option is found to be feasible, and if continuity is good enough from hole to hole to facilitate an economically feasible extraction program. This would create a segregated resource not dependent upon construction of an expensive mill. Finally, a fourth category of resource might be considered. Near-surface mineralization at Sinter might be considered separately given the fact that additional mineralization there has recently been found in previously un-split core samples, although the magnitude and lateral extent of that near-surface mineralization is presently unknown.

Additionally, samples that contain high grades of zinc mineralization should be re-assayed for indium and gallium contents. Economically significant indium and gallium have been found to accompany zinc mineralization throughout the region. This would be as easy as a phone call to ALS Chemex if they have retained the assay pulps or coarse rejects.

The existing geophysical survey commissioned by Cerro Cazador needs to be carefully examined by a competent geophysicist to determine if there are any anomalous untested targets that warrant drill-testing during the Phase 2 program. Anomalous geophysical responses similar to those associated with the Sur Vein should be considered priority targets given the relative success of drilling on the Sur Vein. Since the next round of drilling will be limited by budget to about 6,000 meters, the geophysical targets should be carefully prioritized.

Given the unusual abundance of copper intercepted in deeper holes, there exists the possibility of significant, but unknown copper mineralization at depth, perhaps an enrichment blanket at the unconformity. This is purely speculative at this time, but unconformities are often worthy drill targets given the porous nature of the unconformity and the additional possibility of supergene mineralization. In fact, it is an exciting target to the exploration geologist. Contemporary geophysical methods are now capable of detecting subtle targets. For example, the Kennecott Flambeau Deposit was discovered

exclusively by geophysics. It was an enrichment blanket located at an unconformity at a 100-300 foot depth in northern Wisconsin, concealed by a thin veneer of younger rocks. Although the Flambeau Deposit contained only 1.8 million tons of ore, this ore averaged 10% copper, 0.18 ounces per tonne (“opt”) gold, and 1.8 opt silver. The mine had a high internal rate of return, and capital costs were small since no mill was required. The ore was rich enough that it was direct-shipped 800 miles via rail to a smelter.

Although targeting an unconformity at a depth of 700-800 meters is risky, a Flambeau-type discovery of 10+% copper and precious metals might warrant such a test. That is why it is imperative that a geophysical survey to determine the depth to the unconformity be undertaken if that deep drilling is contemplated by management. After speaking with a number of competent geophysicists, they agreed that a Controlled Source Audio Magneto-Telluric (“CSAMT”) survey may be the most useful and cost-effective technique to determine depth to the unconformity. The cost of a 10 line kilometre CSAMT survey would be about US\$40,000. Planning and interpretation by a competent geophysicist would be about an additional US\$10,000. Both Quantec and INREMI are well-established geophysical companies located in Argentina. And, reportedly, both have CSAMT capabilities. Akubra S.A. is another Argentine geophysical company, but it is uncertain whether or not they have CSAMT capability. Bob Ellis of Reno, Nevada was recommended by several people as the best geophysicist to plan and interpret this kind of survey.

Some workers might prefer a drill hole rather than a geophysical survey to determine the depth to the unconformity. Although a drill hole will give you geologic data that geophysics cannot provide, one insurmountable problem may arise. If the drill hole is terminated above the unconformity due to drilling problems, you still don’t know if the unconformity is another 10 meters away, or beyond reasonable drill depths. Drilling without an approximate target depth is often difficult. Without an approximate target depth, it is also hard to choose what type of drill to use. If the unconformity is deeper than 700 or 800 meters, drilling to test the unconformity becomes a risky and expensive proposition, although the reward could be great. With past drill contractor costs of about US\$90-100/meter total for drilling, this could be an expensive discovery of something that might be too deep. Alternatively, if a thick zone of chalcocite with appreciable gold and silver could be intercepted at the unconformity, the value of the whole project area would be greatly enhanced because similar mineralization may extend over large areas. Although CSAMT comes with no guarantees, it would be a low-risk cost scenario when compared to that of drilling. Success of the CSAMT survey would be contingent upon significant differences in physical properties between the volcanics and the underlying schists. If the unconformity exists at less than 800 or so meters, it would be an enticing target. Conversely, if CSAMT indicates that the unconformity might greater than 1000 meters, other targets could be drilled with that money.

If successful, this exploration program will confirm and expand mineralization in the Veta Norte, Central and Noreste prospect areas, defining discrete shoots with high-grade gold mineralization that might be upgraded into mineral resources with additional drilling in subsequent phases of exploration. Ebisch would also expect the Phase 2 program to explore mineralization on any new geophysical targets defined in the Noreste and Piedra Labrada areas, some of which might produce additional high-grade gold/silver shoots worth detailed follow-up in subsequent exploration phases.

### *Phase II Program*

Specific recommendations can be made based primarily upon the results of the Cerro Cazador drilling, although budget constraints somewhat limit drilling activities. The budget seen in the section above will limit the extent of the Phase 2 Program. The total cost of the Phase 2 Program is estimated to be US\$765,000.

**Veta Norte:** Three angle holes are planned to test the Veta Sur shoot at depth. Each of these three holes will be approximately 600 meters in depth. Two angle holes are planned to test Veta Amanda at depth. Each of these two holes will be approximately 550 meters in depth. Their location can be determined once all the assay results are finalized. Two angle holes are planned to test Veta Cecelia at depth. Each of these two holes will be about 550 meters in depth. Their location can be determined once all the assays are finalized. One vertical hole of as much as 800 meters depth is also proposed at Veta Norte to test the unconformity, but only if it is within a reasonable drill depth as determined by a CSAMT Survey. If the unconformity is found to be too deep, this drilling could be used to test additional geophysical targets or new, outlying targets based upon geochemistry.

**Noreste:** No drilling is immediately proposed at Noreste. Lejano and Subsinter have not yet received any drilling. According to the 2007 Technical Report, no substantial drill target has yet been identified because there are no obvious veins or gold anomalies at the surface on Lejano and Subsinter. However, some drilling at Subsinter may be warranted, given that geophysical anomalies generated by a previous geophysical survey have yet to be drill-tested. A recent investigation undertaken during July, 2009 has shown that some near-surface gold mineralization at Sinter was initially overlooked because not all the core samples were split initially. Further drill-testing of the Sinter target may be warranted once the magnitude and lateral extent of that near-surface gold mineralization has been determined.

One large area of mineralization that has had little drilling is the NE-trending zone of sinter and silicification that extends through Mogote Divisoria. This linear zone is over 1.6 kilometres in length, but has been tested by only one drill hole. It is over 2.0 kilometres in length if it is continuous with Baja del Sur. Detailed mapping and sampling along this trend by a competent senior geologist may generate additional drill targets, especially given the recent realization that near-surface mineralization is more laterally extensive than previously thought in the Mogote Hormigas area. Since delineation of well-mineralized shoots requires many drill holes, it seems likely that some may exist along this 1500+ meter trend, especially given that the Mogote Divisoria zone appears to be much more extensive than that of the Mogote Hormigas area. Similarly, the nearby Loma Del Plato area has had only three historic drill holes. This area also merits further detailed study, and if warranted, additional drilling.

**Central:** No more drilling is currently proposed at Central. However, additional targets may become apparent there once the 400+ line kilometres of geophysical survey is evaluated in detail.

**Geophysical Targets:** Once the 416 line kilometres of IP/Resistivity Survey have been examined carefully by a competent geophysicist, targets may be prioritized. The best targets should be drill-tested.

## **4. BUSINESS DESCRIPTION**

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### **4.1 General**

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#### *Summary*

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The Company is a mineral exploration company focusing on the exploration of precious metals in South America. Hunt Mining's principal properties, as fully described above in "Three Year History - Cerro Cazador S.A. - History" and "La Josefina Technical Report" are all located in Santa Cruz Province, Argentina.

CCSA, an indirectly wholly-owned subsidiary of the Company, has focused exclusively on exploration activity since inception and Company does not own a producing property. The Company has never

generated revenue or cash flow from operations. Hunt Mining and CCSA have relied upon external equity and debt financing to fund all exploration activities.

Based on all of the Company's exploration activity, as fully described above in "Three Year History - Cerro Cazador S.A. - History" and "La Josefina Technical Report", Hunt Mining cannot project mineral production or resultant financial returns.

#### *Production*

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The Company is at an exploration stage of corporate development and therefore we cannot predict the potential method of production if any exploration project ever reaches a productive state.

#### *Specialized Skill and Knowledge*

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Hunt Mining's business requires specialized skills and knowledge in the areas of geology, exploration planning, drilling and regulatory compliance. The Company has been able to engage and retain qualified professionals capable of providing all required services in Argentina and the United States. The ability to retain qualified professionals with background and experience specific to the Company's projects and business plan cannot be assured.

#### *Competitive Conditions*

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Hunt Mining operates in a highly competitive industry. In an environment of generally rising precious metals prices, favorable equity market conditions and publicized exploration results in the Company's primary operating areas Hunt Mining has encountered significantly increased competitive conditions. The Company has encountered, and is expected to continue to encounter, challenges accessing qualified exploration personnel, drilling contractors and drill rigs, mineral properties and access to capital.

#### *Cycles*

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Exploration activity in the Company's primary operating area is seasonal in nature. Exploration activity generally becomes more difficult during the winter months in Santa Cruz province. During the warmer months exploration activity generally increases, which increases demand for qualified exploration personnel, drilling contractors and drill rigs.

Worldwide cycles of economic growth, interest rates, inflation rates and other economic factors can have a profound impact on the demand and realizable sale prices for precious metals and base metals over time. Relatively high metals prices can improve the probability that a mineral deposit could be developed into an economic producing property. In contrast, relatively low metals prices can reduce the probability that a mineral deposit could be developed into a producing property. The relative attractiveness of all mineral deposits is therefore highly dependent on metals prices and overall macroeconomic activity. Thus, mineral exploration activity is closely tied to the worldwide markets for precious metals and base metals.

Hunt Mining's ability to explore for precious metals is dependent on access to external equity and debt financing and therefore the Company's business is highly sensitive to macroeconomic changes over time. During times of economic growth and favorable equity market conditions the Company's access to capital

is better than during times of poor economic growth and weak equity market conditions. Therefore, Hunt Mining's ability to explore for precious metals and base metals is highly sensitive to changing equity market conditions.

#### *Economic Dependence and Changes to Contracts*

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Hunt Mining's right to explore the La Josefina project relates to the CCSA/Fomicruz Agreement as described in the section above "La Josefina Technical Report – CCSA/Fomicruz Agreement. Since the La Josefina property is the Company's primary exploration property, the Company is economically dependent on one contract and one business partner.

#### *Environmental Protection Requirements*

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Hunt Mining's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas that would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

There are no known environmental liabilities associated with any of the Company's exploration properties.

#### *Employees*

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CCSA employs approximately 15 people in Argentina. Hunt Mining employs five people at the Company's headquarters in Liberty Lake, Washington.

#### *Foreign Operations*

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All of the Hunt Mining's exploration activity is in Argentina and therefore the Company is highly dependent on foreign operations.

#### *Reorganizations*

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The Company completed a Qualifying Transaction pursuant to Policy 2.4 of the TSXV, as fully described above in the section above "Three Year History".

## **4.2 Risk Factors**

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The mining business is inherently risky in nature. Exploration activities are based on professional judgments and statistically-based tests and calculations and often yield few rewarding results. Mineral properties are often non-productive for reasons that cannot be anticipated in advance and operations may be subject to numerous risks. As a result, an investment in the Common Shares should be considered highly speculative and prospective investors should carefully consider all of the information disclosed in this AIF prior to making an investment. In addition to the other information presented in this AIF, the following risk factors should be given special consideration when evaluating an investment in the Common Shares.

### *No History of Earnings*

Hunt Mining has no history of earnings. The Company's properties are in the exploration state and there are no known commercially mineable mineral deposits on its properties.

### *Title Risks*

Although CCSA has exercised due diligence with respect to determining title to the properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. Until competing interests, if any, in the mineral lands have been determined, the Company can give no assurance as to the validity of title to those lands or the size of such mineral lands.

### *Exploration and Development*

Resource exploration and development is a highly speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals the Company acquires or discovers may be affected by numerous factors that are beyond its control and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, the import and export of minerals and environmental protection, the combination of which factor may result in the Company not receiving an adequate return of investment capital.

All of the claims in which the Company has acquired or has a right to acquire an interest are in the exploration stage only and are without a known commercially-mineable ore body. Development of the subject mineral properties would follow only if favorable exploration results are obtained.

There is no assurance that Hunt Mining's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of its operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals

will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

CCSA has not engaged in any exploration activity on the Bajo Pobré property. CCSA has not fulfilled any of the exploration obligations required under the Bajo Pobré option agreement. CCSA presently has no plans to conduct exploration activities on the Bajo Pobré property and will not do so until the Company obtains a NI 43-101 compliant technical report relating to the Bajo Pobré property. Accordingly, CCSA may lose its right to acquire a 100% interest in the Bajo Pobré property.

#### *Uninsured or Uninsurable Risks*

Exploration, development and production of mineral properties is subject to certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to insure fully against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or for other reasons. Should such liabilities arise, they could have a material adverse impact on Hunt Mining's operations and could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

#### *Operating Hazards and Risks*

Mineral exploration and development involves risks which even a combination of experience, knowledge and careful examination may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to hazards and risks normally incidental to exploration, developments and production of minerals, any of which could result in work stoppages, damage to or destruction of property, loss of life and environmental damage. The Company's plans to carry commercial general liability insurance in the amount of \$2,000,000 for such risks and makes efforts to ensure its contractors have adequate insurance coverage. The nature of these risks is such that liabilities might exceed insurance policy limits, the liabilities and hazards might not be insurable or the Company may elect not to insure itself against such liabilities due to high premium costs or other factors. Such liabilities may have materially adverse effect upon the Company's financial condition.

#### *Environmental Risks, Regulations, Permits and Licenses and Other Regulatory Requirements*

The Company's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas that would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

The Company's operations, including development activities and commencement of production on its properties, require permits from various federal, provincial or territorial and local governmental authorities, and such operations are and will be governed by laws, and regulations governing prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Such operations and exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that may require that the Company obtains permits from various governmental agencies. There can be no assurance, however, that all permits that the Company may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project which it might undertake.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fine or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

#### *Competition*

The mining industry is intensely and increasingly competitive in all its phases, and the Company will compete with other companies that have greater financial and technical resources. Competition in the precious metals mining industry is primarily for mineral rich properties which can be developed and produced economically and businesses compete for the technical expertise to find, develop, and produce such properties, the skilled labour to operate the properties and the capital for the purpose of financing development of such properties. Such competition could adversely affect the Company's ability to acquire suitable producing properties or prospects for mineral exploration, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties.

#### *Dependence on Management*

The Company is largely dependent on the performance of its directors and officers. There is no assurance the Company will be able to maintain the services of its directors and officers or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse affect on the Company and its prospects.

#### *Fluctuating Mineral Prices*

The mining industry is heavily dependent upon the market price of metals or minerals being mined. There is no assurance that, even if commercial quantities of mineral resources are discovered, a profitable market will exist at the time of sale. Factors beyond the Company's control may affect the marketability of metals or minerals discovered, if any. Metal prices have fluctuated widely, particularly in recent years, and the Company will be affected by numerous factors beyond its control. The effect of these factors on the Company's operations cannot be predicted. If mineral prices decline significantly, it could affect the Company's decision to proceed with further exploration of its properties.

### *Future Financing*

The Company's continued operation will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained on acceptable terms to the Company, if at all. Failure to obtain additional financing on a timely basis may result in delay or indefinite postponement of further exploration and development or forfeiture of some rights in some or all of the Company's properties. If additional financing is raised by the issuance of shares from treasury, control of the Company may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to further explore and develop its properties, take advantage of other opportunities, or otherwise remain in business. Events in the equity market may impact the Company's ability to raise additional capital in the future.

### *Future Acquisitions*

As part of the Company's business strategy, it may seek to grow by acquiring companies, assets or establishing joint ventures that it believes will complement its current or future business. The Company may not effectively select acquisition candidates or negotiate or finance acquisitions or integrate the acquired businesses and their personnel or acquire assets for its business. The Company cannot guarantee that it can complete any acquisition it pursues on favorable terms, or that any acquisitions completed will ultimately benefit its business.

### *Volatility of Share Price*

In recent years, the securities markets in the United States and Canada, and the TSXV in particular, have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings.

### *Conflicts of Interest*

Certain directors and officers of the Company will and may continue to be involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers may conflict with the interest of the Company. Directors and officers of the Company with conflicts of interest will be subject to and follow procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

### *Reliability of Historical Information*

The Company has relied, and the La Josefina Technical Report is based, in part, upon historical data compiled by previous parties involved with the La Josefina project. To the extent that any of such historical data is inaccurate or incomplete, the Company's exploration plans may be adversely affected.

### *Dividends*

Hunt Mining has never paid a dividend on its Common Shares or Preferred Shares. It is not anticipated that the Company will pay any dividends on its Common Shares or Preferred Shares in the foreseeable future.

### *Currency Exchange Rates*

The Company will maintain most of its working capital in Canadian and United States dollars. However, a significant portion of Hunt Mining's operating costs are incurred in Argentinean pesos. Accordingly, the Company will be subject to fluctuations in the rates of currency exchange between the Canadian, United States dollar and the Argentinean pesos, and these fluctuations could materially affect the Company's financial position and results of operations as costs may be higher than anticipated. The costs of goods and services could increase due to changes in the value of the Canadian dollar, the United States dollar, or the Argentinean pesos. Consequently, operation and development of the Company's properties might be more costly than the Company anticipates.

### *Economic and Political Instability in Argentina*

All of the Company's material properties are located in Argentina. There are risks relating to an uncertain or unpredictable political and economic environment in Argentina. During an economic crisis in 2002 and 2003, Argentina defaulted on foreign debt repayments and on the repayment on a number of official loans to multinational organizations. In addition, the Argentinean government has renegotiated or defaulted on contractual arrangements. In January, 2008, the Argentinean government reassessed its policy and practice in respect of export duties and began levying export duties on mining companies operating in the country.

There also is the risk of political violence and increased social tension in Argentina and Argentina has experienced periods of civil unrest, crime and labor unrest.

Certain political and economic events such as acts or failures to act by a government authority in Argentina, and acts of political violence in Argentina, could have a material adverse effect on the Company's ability to operate.

### *Limitations on the Transfer of Cash or Other Assets*

The Company is a Canadian company that is conducting operations through foreign (principally Argentinean) subsidiaries, and substantially all of the Company's assets consist of equity in these entities. Accordingly, any limitation on the transfer of cash or other assets between the parent corporation and each of its foreign subsidiaries or joint venture partners, or among its foreign subsidiaries and joint venture partners, could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations might exist now or in the future, could have an adverse impact on available credit and the Company's valuation and stock price.

### *Current Global Economic Conditions*

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, could impede the Company's access to capital or increase its cost of capital. Failure to raise capital when needed or on reasonable terms may have a material adverse effect on the Company's business, financial condition and results of operations.

### *Service of Process*

A majority of the directors and all of the officers of the Company reside outside of Canada and it will therefore be difficult to effect service of process (service of legal proceedings) on such directors and officers.

## **5. DIVIDENDS**

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To date, the Company has not paid any dividends on its outstanding Common Shares or Preferred Shares. The future payment of dividends will be dependent upon the financial requirements of the Company to fund further growth, the financial condition of the Company and other factors which the board of directors of the Company may consider in the circumstances. It is not contemplated that any dividends will be paid in the immediate or foreseeable futures.

## **6. DESCRIPTION OF CAPITAL STRUCTURE**

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Hunt Mining is authorized to issue an unlimited number of Common Shares and Preferred shares without nominal or par value.

### *Common Shares*

As at the date hereof, 44,704,665 Common Share are issued and outstanding as fully paid and non-assessable.

The holders of Common Shares are entitled to dividends, if, as and when declared by the board of directors, to one vote per share at meetings of the shareholders of the Company and, upon liquidation, to receive such assets of the Company as are distributable to the holders of the Common Shares.

### *Preferred Shares*

The Company is also authorized to issue an unlimited number of preferred shares. As at the date hereof, 20,881,493 Preferred Shares were issued and outstanding.

The Preferred Shares are non-transferable, non-voting and non-redeemable and will be convertible at any time, at the option of the holder, into Common Shares on the basis of one Preferred Share for one Common Share; provided that such conversion shall not result in the public float, as defined in the policies of the TSXV, being less than 20% of the total issued Common Shares.

Additional preferred shares may be issued from time to time in one or more series, each consisting of a number of preferred shares as determined by the Board of Directors of the Company who also may fix the designations, rights, privileges, restrictions and conditions attaching to the shares of each series of preferred shares. The preferred shares of each series shall, with respect to payment of dividends and distributions of assets in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs, rank on a preference over the Common Shares and the shares of any other class ranking junior to the preferred shares.

### *Prior Sales*

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The following table summarizes each class of securities of the Company outstanding but not listed or quoted on a marketplace as at the date of this AIF and that were issued during the 2009 fiscal year, the price at which such securities were issued, the number of securities issued and the date such securities were issued.

Date	Number of Securities	Type of Security	Issue Price Per Security
December 23, 2009	20,881,493	Preferred Shares <sup>(1)</sup>	\$0.30
December 23, 2009	3,500,000	Options <sup>(2)</sup>	N/A
December 23, 2009	2,500,000	Warrants <sup>(3)</sup>	N/A
December 23, 2009	550,000	Broker Warrants <sup>(4)</sup>	N/A
December 23, 2009	666,663	Agent's Options <sup>(5)</sup>	N/A

Notes:

- (1) The Preferred Shares were issued to CCSA shareholders (HuntMountain and Hunt Mountain Investments LLC) pursuant to the qualifying transaction in exchange for all of the shares of CCSA.
- (2) The Options to acquire Common Shares at an exercise price of \$0.30 per share for a period of 5 years were granted to officer, directors, employees and consultants of the Company and CCSA in connection with the qualifying transaction.
- (3) The Warrants to acquire Common Shares at an exercise price of \$0.60 per Common Share for a period of 1 year comprised part of the Units sold pursuant to the Brokered Private Placement.
- (4) Broker Warrants to acquire Units at an exercise price of \$0.30 per Unit for a period of 1 year were issued to brokers in consideration of their services provided to the Brokered Private Placement. The Company also issued 50,000 units to Wolverton Securities Inc. as a due diligence fee relating to the qualifying transaction. These due diligence units consist of one share and one common share purchase warrant to acquire one common share at an exercise price of \$0.60 per share before December 23, 2012.
- (5) The Agent's Options to acquire Common Shares at an exercise price of \$0.30 per Common Share for a period of 3 years were issued to Wolverton in consideration for services provided to the Short Form Offering.

## **7. MARKET FOR SECURITIES**

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The Common Shares were originally listed on the TSXV under the trading symbol "SMM.P". Trading of the Common Shares was halted on June 23, 2009 and remained halted until completion of the Qualifying Transaction. The Common Shares were reinstated for trading on January 6, 2010 after the TSXV provided final approval for the Qualifying Transaction.

At a Special and Annual Meeting of Hunt Mining's shareholders held on February 1, 2010 the Company's shareholders approved a change of name of the Company from "Sinomar Capital Corp." to "Hunt Mining Corp." The TSXV approved the new name and the Common Shares began trading under the new symbol "HMX" on Tier 2 of the TSXV on February 5, 2010.

The following table details the price range and volume traded for the Common Shares on the TSXV on a monthly basis for the year ended December 31, 2009:

Trading period	High	Low	Volume
January, 2009	No trade	No trade	No trade
February, 2009	\$ 0.07	\$ 0.07	3,000

Trading period	High	Low	Volume
March, 2009	No trade	No trade	No trade
April, 2009	No trade	No trade	No trade
May, 2009	No trade	No trade	No trade
June, 2009	No trade	No trade	No trade
July, 2009	No trade	No trade	No trade
August, 2009	No trade	No trade	No trade
September, 2009	No trade	No trade	No trade
October, 2009	No trade	No trade	No trade
November, 2009	No trade	No trade	No trade
December, 2009	No trade	No trade	No trade

## 8. ESCROWED SECURITIES

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Details relating to the Company's securities that are subject to TSXV escrow requirements are as follows:

Designation of Class	Number of securities held in escrow	Percentage of class
Common Shares	30,628,807	68.66%
Preferred Shares	19,837,418	100.00%

As a requirement of Policy 2.4 of the TSXV, 1,510,300 Common Shares issued to the Company's initial directors, officers insiders and promoters ("initial escrowed shares") remain in escrow pursuant to an escrow agreement dated April 24, 2008, between the Company, Computershare Trust Company of Canada, as Trustee, and those shareholders who executed such escrow agreement. The initial escrowed shares will be releasable as to 5% on the date of the final Exchange bulletin approving the Qualifying Transaction and 15% thereof every six months after the final exchange bulletin approving the Qualifying Transaction (the "TSXV Bulletin") with the final release being 36 months from the date of the TSXV Bulletin. The date of the TSXV Bulletin was December 31, 2009. If the Company subsequently meets the Tier 1 Minimum Listing Requirements of the TSXV, the release of the initial escrowed shares will be accelerated whereby such shares will be released from escrow as to 25% thereof every six months thereafter after the date of the TSXV Bulletin with the final release 18 months from the date of the TSXV Bulletin.

The 29,118,507 Common Shares and 19,837,418 Preferred Shares issued to effect the Qualifying Transaction remain subject to a Tier 2 Surplus Security Escrow Agreement as defined in Policy 5.4 of the TSXV. The shares are releasable from escrow after the date of the TSXV Bulletin as follows: 5% thereof six months thereafter, 10% thereof twelve months and eighteen months thereafter, 15% thereof twenty four months and thirty months thereafter and 40% thereof thirty six months thereafter. If the Company subsequently meets the Tier 1 Minimum Listing Requirements of the TSXV, the release of these escrowed shares will be accelerated whereby such escrowed shares will be released from escrow after the date of the TSXV Bulletin as follows: 20% thereof six months thereafter, as to 30% thereof twelve months thereafter and 40% thereof eighteen months thereafter.

## **9. DIRECTORS AND OFFICERS**

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### **9.1 Name, Occupation and Security Holding of Directors and Officers**

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The following table set out the name, province or state and country of residence, position held and principal occupations for at least the past 5 years, and percentage ownership holdings beneficially owned or controlled or directed, directly or indirectly of each director or officer of the Company. The directors are elected at each annual meeting and hold office until the next annual meeting, unless his office is vacated earlier due to death, removal, resignation or ceasing to be duly qualified in accordance with the *Business Corporations Act* (Alberta).

Name and Municipality of Residence <sup>1</sup>	Positions Held With the Company	Principal Occupation During Past 5 Years	Percentage of Common Shares held	Percentage of convertible Preferred Shares held
Tim Hunt ♀ Greenacres, Washington, USA	Executive Chairman of the Board of Directors and Director (December 23, 2009 - present)	Executive Chairman of the Company since April 26, 2010; Chief Executive Officer, Chairman and Director of the Company from December 23, 2009 to April 26, 2010; President of T.R.A. Industries, Inc., doing business as Huntwood Industries, a building products manufacturing company, 1988 - present. Mr. Hunt's principal occupation is the Presidency of T.R.A. Industries, Inc.	65.17% (held by HuntMountain Resources Ltd., a company controlled by Mr. Hunt)	100.00% (held by HuntMountain Resources Ltd., a company controlled by Mr. Hunt)
Matthew Hughes Spokane, Washington, USA	President, Chief Executive Officer and Director (December 23, 2009 - present)	President, Chief Executive Officer and Director of the Company from April 26, 2010 – present; President, Chief Operating Officer and Director of the Company from December 23, 2009 to April 26, 2010; Executive Vice-President and Chief Operating Officer of HuntMountain from December, 2005 to February, 2010; Chief Geologist of Mundoro Mining Inc., a mining company, from October, 2003 to December, 2005.	0.00%	0.00%

Name and Municipality of Residence <sup>1</sup>	Positions Held With the Company	Principal Occupation During Past 5 Years	Percentage of Common Shares held	Percentage of convertible Preferred Shares held
Bryn Harman, CFA Spokane, Washington, USA	Chief Financial Officer, Secretary, and Director (December 23, 2009 - present)	Chief Financial Officer, Secretary and Director of the Company since December 23, 2009; Chief Financial Officer of HuntMountain from November, 2007 to February, 2010; Director of Research of ICM Asset Management Inc., an investment management company, from July, 2002 to November, 2007.	0.00%	0.00%
Derrick Hunt, CPA Greenacres, Washington, USA	Director (December 23, 2009 - present)	Chief Financial Officer of T.R.A. Industries, Inc., doing business as Huntwood Industries since January, 2006; Controller of T.R.A. Industries, Inc., doing business as Huntwood Industries Inc. from May, 1999 to January, 2006.	0.00%	0.00%
Andrew M. Gertler * Cote St-Luc, Quebec	Director (2008 - present)	Since July, 2006, Vice-President of Lester Asset Management Inc., a financial consulting company; from August, 2004 to June, 2006, Chairman and Chief Executive Officer of Neutron Enterprises Inc., a technology company. Mr. Gertler's principal occupation is the Vice-Presidency of Lester Asset Management Inc.	0.09%	0.00%
Alan P. Chan ** Calgary, Alberta	Director (2008 - present)	President and principal of A.C. Capital Inc. (formerly called A.C. Management Inc.), a financial consulting company.	0.22%	0.00%
Danilo Silva Pigue, Argentina	General Manager Argentina, December 23, 2009 – present) President of CCSA (2006 - present)	President of CCSA since 2006; Vice-President of Hidefield Argentina S.A., a mineral exploration company, since 2005; Geologist for Cia De Minas Bueneventura S.A., a mineral exploration company, since 2004.	0.00%	0.00%

Name and Municipality of Residence <sup>1</sup>	Positions Held With the Company	Principal Occupation During Past 5 Years	Percentage of Common Shares held	Percentage of convertible Preferred Shares held
Scott Brunsdon*❖ Liberty Lake, Washington, USA	Director (2010 - present)	From 1991 to 1997, CFO and Corporate Secretary Placer Dome US Inc.; from 1997 to 1999, Vice President and CFO of Placer Dome North America Ltd.; from 1999 to 2002, Senior Vice President and Chief Financial Officer of Dayton Mining Corporation; from 2002 to 2004, Vice President and Corporate Development of Hillsborough Resources Limited; from 2004 to 2009, CFO and Corporate Secretary of Revett Minerals Inc.	0.00%	0.00%

Note:

(1) Upon completion of the Qualifying Transaction, Victor I.H. Sun resigned his positions as President, CEO and director of the Company, and David Bickerman, James Randall, Felix J. Furst resigned their positions as directors of the Company.

\* Member of the Company's Audit Committee.

❖Member of the Company's Compensation Committee.

As of December 31, 2010, the directors and officers above collectively beneficially owned, or controlled or directed, directly or indirectly, 29,258,507 Common Shares and 20,881,493 Preferred Shares, representing 65.58% and 100%, respectively, of the issued and outstanding Common Shares and Preferred Shares.

The information as to principal occupation and shares beneficially owned or controlled or directed, directly or indirectly not being within the knowledge of the Company, has been furnished by the officers and directors.

## 9.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

### *Cease Trade Orders*

Other than disclosed below, no director or executive officer of the Company is, at the date of this AIF, or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company that was (i) subject to a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) subject to such an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

- Dragon-Tex (Group) Limited ("Dragon-Tex") was cease traded on August 2, 2005 by the Alberta Securities Commission and on August 8, 2005 by the British Columbia Securities Commission for failing to file audited annual financial statements for the year ended March 31, 2005. On August 3, 2005 Dragon-Tex was suspended from trading on the TSXV. Dragon-Tex entered into

an amalgamation transaction with Med Biogene Inc., whereby Dragon-Tex amalgamated with a subsidiary of Med Biogene Inc. The amalgamation closed and effective April 27, 2006, Med Biogene Inc. became listed on the TSXV and Dragon-Tex was delisted. Dragon-Tex was subsequently deemed to no longer be a reporting issuer. Alan P. Chan was a director of Dragon-Tex from April, 2002 until, April 2006.

2. Alan P. Chan was a director of IVG Enterprises Ltd. at the time that cease trade orders were issued by the Alberta Securities Commission and the British Columbia Securities Commission, dated May 7, 2007 and May 9, 2007, respectively. The cease trade orders were issued for failure of IVG Enterprises Ltd. to file comparative financial statements and management's discussion and analysis for its financial year ended December 31, 2006. Mr. Chan subsequently resigned, effective August 30, 2007, as a director of IVG Enterprises Ltd. IVG Enterprises Ltd. is still subject to the cease trade orders as of December 31, 2009.

#### *Personal Bankruptcies*

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company (i) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (ii) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

#### *Penalties or Sanctions*

None of the directors, officers, insiders or the promoter of the Company has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

The foregoing information, not being within the knowledge of the Company, has been furnished by the directors/executive officers/significant shareholders.

#### 9.3 Conflicts of Interest

To the Company's knowledge, there are no existing or potential material conflicts of interest between the Company and any of its directors or officers, except that certain of the Company's directors and officers serve or may agree to serve as directors or officers of other companies or have significant shareholdings in other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms.

## **10. PROMOTERS**

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Both Tim Hunt and Victor I.H. Sun (a former Director, President and CEO of the Company) are considered to have been promoters of the Company, as defined in the *Securities Act* (Alberta), within the two most recently completed financial years.

HuntMountain Resources Ltd., a company controlled by Tim Hunt, beneficially owns, or controls or directs, directly or indirectly 29,188,507 Common Shares and 20,881,493 Preferred Shares representing approximately 65.17% and 100%, respectively, of the issued and outstanding Common Shares and Preferred Shares. See “Interests of Management and Others In Material Transactions” in this AIF for details of material transactions involving Tim Hunt and the Company.

Victor I.H. Sun beneficially owns, or controls or directs, directly or indirectly 147,000 Common Shares representing approximately 0.33% of the Common Shares issued and outstanding.

## **11. LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

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The Company is not currently a party to any legal proceedings, nor is the Company currently contemplating any legal proceedings. Management of the Company is currently not aware of any legal proceedings contemplated against the Company. The Company was not party to any legal proceedings during the year ended December 31, 2009.

The Company is not currently party to any regulatory actions, nor was the Company party to any regulatory actions during the year ended December 31, 2009.

## **12. INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

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HuntMountain, a company controlled by Tim Hunt, Executive Chairman of the board of the Company, received all the 29,118,507 Common Shares and 20,881,493 Preferred Shares issued pursuant to the qualifying transaction. Tim Hunt is presently the President, CEO and Chairman of HuntMountain Resources Ltd. Bryn Harman, Chief Financial Officer and Secretary of the Company, and Matthew Hughes, President and Chief Operating Officer of the Company, were both officers of HuntMountain Resources Ltd. at the time of the closing of the Qualifying Transaction. Mr. Harman and Mr. Hughes resigned from their positions in HuntMountain Resources Ltd. on February 2, 2010.

HuntMountain and its wholly owned subsidiary HuntMountain Investments LLC, have assumed US\$811,492 of the indebtedness of CCSA owed to Patagonia Drill S.A., pursuant to shareholders loan agreements dated June 23, 2009. See Items 14 and 15 of the “Material Contracts” section for details of such agreements.

Pursuant to an asset transfer agreement among the Company, Cerro Cazador and HuntMountain Resources Ltd., the Company purchased US\$700,000 of the loan owing from CCSA to HuntMountain Resources Ltd. See Item 17 of the “Material Contracts” section for more details of the asset transfer agreement.

## **13. TRANSFER AGENT AND REGISTRAR**

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Computershare Trust Company of Canada, through its principal office in Calgary, Alberta, is the transfer agent and registrar for the Common Shares.

## **14. MATERIAL CONTRACTS**

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The Company has not entered into any material contracts, outside the ordinary course of business, within the past financial year or before the last financial year that is still in effect, other than:

1. The agency agreement dated April 24, 2008 between the Company and Wolverton pursuant to which Wolverton was appointed as agent for the Company's initial public offering, and in consideration therefore Wolverton received a commission of \$49,998, a corporate finance fee of \$10,000, and a non-transferable option to acquire up to 114,730 Common Shares at a price of \$0.30 per Common Share, exercisable until August 4, 2010; Research Capital Corporation received a non-transferable option to acquire up to 33,030 Common Shares at a price of \$0.30 per Common Share, exercisable until August 4, 2010; and Blackmont Capital Inc. received a non-transferable option to acquire up to 18,900 Common Shares at a price of \$0.30 per Common Share, exercisable until August 4, 2010;
2. The initial escrow agreement as described in Section 7 above;
3. Transfer Agency and Registrarship Agreement dated April 24, 2008 between the Company and Computershare Trust Company of Canada pursuant to which Computershare Trust Company of Canada was appointed as the transfer agent and registrar for the Common Shares of the Company;
4. A finder's fee agreement dated June 22, 2009 between the Company and Wolverton pursuant to which the Company issued 500,000 Common Shares to Wolverton on closing of the Qualifying Transaction;
5. A finder's fee agreement dated June 22, 2009 between the Company and Dean Stuart pursuant to which the Company issued 100,000 Common Shares to Dean Stuart on closing of the Qualifying Transaction;
6. The sponsorship agreement between Wolverton and the Company dated July 21, 2009 (accepted August 8, 2009) pursuant to which Wolverton agreed to act as Sponsor of the Qualifying Transaction;
7. The acquisition agreement dated October 13, 2009 between the Company, HuntMountain Resources Ltd. and HuntMountain Investments LLC pursuant to which the Company issued, at a deemed price of \$0.30 per share, a total of 29,118,507 Common Shares and 20,881,493 Preferred Shares to HuntMountain and HuntMountain Investments LLC in exchange for all of the shares of CCSA;
8. The memorandum of agreement dated November 12, 2009 between the Company, HuntMountain Resources Ltd. and HuntMountain Investments LLC wherein the deadline for the closing date for the Qualifying Transaction was extended from November 30, 2009 to December 31, 2009;

9. The refundable deposit agreement dated November 12, 2009 between the Company, HuntMountain Resources Ltd., HuntMountain Investments LLC and CCSA, wherein the Company agreed to advance a refundable deposit of \$200,000 to HuntMountain Resources Ltd. relating to the qualifying transaction;
10. The brokered private placement agency agreement (including amendments) dated December 23, 2009 between the Company and Wolverton pursuant to which Wolverton agreed to serve as selling agent, on a “commercially reasonable efforts agency” basis, in connection with a brokered private placement of units to raise \$1,500,000. The selling price was \$0.30 per unit. Each unit consisted of one common share and one half share purchase warrant; each warrant has an exercise price of \$0.60 and a maturity date of December 23, 2010. Wolverton was paid a due diligence work fee of \$15,000, plus G.S.T. and a commission of \$150,000. Wolverton was also issued an agent’s unit option entitling it to purchase 500,000 additional units, exercisable for the period of 3 years from the closing, at an exercise price of \$0.30 per unit. Since the warrants included in the agent’s unit option expire 2 years before the maturity date of the warrants, no warrants will be issued to Wolverton if Wolverton exercises the agent’s unit option after December 23, 2010;
11. The short form offering agency agreement dated December 11, 2009 between the Company and Wolverton pursuant to which Wolverton acted as selling agent on a “commercially reasonable effort” basis in connection with the offering of Common Shares by way of short form offering document in accordance with the policies of the TSXV. The Company issued 6,666,663 Common Shares at a price of \$0.30 per share to raise a total of \$1,999,990 pursuant to this financing. Wolverton was paid a commission of \$199,999 and a due diligence work fee of \$15,000, plus G.S.T., in connection with this financing. Wolverton was also issued an agent’s common share option, entitling it to purchase 666,663 Common Shares from the Company’s treasury with a \$0.30 exercise price on or before December 23, 2012;
12. The Bajo Pobré Investment, Exploration and Option Agreement, dated March 28, 2007, between CCSA and FK Minera S.A., pursuant to which FK Minera S.A., an Argentinean company, awarded CCSA an option to acquire the Bajo Pobré Mining Property;
13. The Exploration Agreement with Option for Exploitation of La Josefina Mining Area, dated July 24, 2007, between Fomicruz and CCSA, pursuant to which Fomicruz granted CCSA the rights of exploration of the La Josefina Mining Area;
14. A shareholder loan agreement dated June 23, 2009 between HuntMountain and CCSA, pursuant to which HuntMountain loaned US\$771,100 to CCSA in installments as requested by CCSA between June 23, 2009 and December 18, 2009. The loan funds were used by CCSA to finance the operations and expenses relating to its mining activities in the Santa Cruz Province, Argentina prior to completion of the qualifying transaction. This loan bears interest at an annual rate of 3% and is unsecured. The earliest that HuntMountain can demand repayment of the loan is 5 years after the advance of each installment;
15. A shareholder loan agreement dated June 23, 2009 between HuntMountain Investments LLC and CCSA, pursuant to which HuntMountain Investments LLC loaned US\$40,900 to CCSA in installments as requested by CCSA between June 23, 2009 and December 18, 2009. The loan funds were used by CCSA to finance the operations and expenses relating to its mining activities in the Santa Cruz Province, Argentina prior to completion of the qualifying transaction. This loan bears interest at an annual rate of 3% and is unsecured. The earliest that HuntMountain can demand repayment of the loan is 5 years after the advance of each installment;

16. An investor relations agreement dated December 23, 2009 between the Company and Dean Stuart, pursuant to which Mr. Stuart provides ongoing investor relations services for the Company. The Company granted 200,000 options with an exercise price of \$0.30 as partial consideration for this contract. The Company pays \$4,000 per month for Mr. Stuart's services and the contract expires on December 22, 2010; and
17. An asset transfer agreement dated February 3, 2010 among the Company, CCSA and HuntMountain Resources Ltd., pursuant to which the Company purchased a portion of a loan owing from Cerro Cazador to HuntMountain Resources Ltd, a corporation controlled by the Company's Chairman and CEO. The Company acquired a portion of the loan totaling US\$700,000 at a 3% discount to the originally loaned amount, for an acquisition cost equal to US\$679,000.

## **15. NAME AND INTERESTS OF EXPERTS**

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1. James Ebisch, R.P. Geo. is the author of the La Josefina Technical Report. To the Company's knowledge, Mr. Ebisch does not own any securities, direct or indirect, of the Company.
2. Meyers Norris Penny LLP is the auditor who prepared the auditor's report for the Company's annual financial statements for the year ended December 31, 2009. Meyers Norris Penny LLP is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

## **16. ADDITIONAL INFORMATION**

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Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional financial and other information is provided in the following documents which can be found on SEDAR at [www.sedar.com](http://www.sedar.com):

- a) Audited consolidated financial statements of the Company for the fiscal year ended December 31, 2009, together with the auditor's report thereon;
- b) Management's Discussion and Analysis ("MD&A") for the fiscal year ended December 31, 2009.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans is contained in the Company's management information circular filed on SEDAR on January 5, 2010 in connection with the annual general and special meeting of the Company's security holders held on February 1, 2010.