HUNT

MINING CORP

Consolidated Financial Statements
(Expressed in Canadian Dollars)
Years Ended December 31, 2010 and 2009

Management's Report

To the Shareholders of Hunt Mining Corp.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors has appointed an Audit Committee, consisting primarily of directors who are neither management nor employees of the Company. The Audit Committee is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit Committee has the responsibility of meeting with management, and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Company's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the Shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

(signed)
Matthew Hughes
President and Chief Executive Officer

(signed)
Vicki Streng
Interim Chief Financial Officer

Liberty Lake, Washington
April 29, 2011

Independent Auditors' Report

To the Shareholders of Hunt Mining Corp.:

We have audited the accompanying consolidated financial statements of Hunt Mining Corp. and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2010 and 2009 and the consolidated statements of operations, deficit, comprehensive loss and accumulated other comprehensive income and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Hunt Mining Corp. and its subsidiaries as at December 31, 2010 and 2009, and the results of their operations and their cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter - Going Concern

We draw attention to Note 2 in the consolidated financial statements which indicates that Hunt Mining Corp. has had no revenues and has incurred an accumulated loss of $15,810,364. These conditions indicate the existence of a material uncertainty which may cast significant doubt on Hunt Mining Corp.'s ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Meyers Norris Penny LLP

April 29, 2011
Calgary, Alberta

Chartered Accountants

Hunt Mining Corp.

Consolidated Financial Statements

Years ended December 31, 2010 and 2009 **Page**

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

Consolidated Balance Sheets

	NOTE	December 31, 2010	December 31, 2009
CURRENT ASSETS:			
Cash and equivalents		$ 6,361,897	$ 3,165,966
Accounts receivable		53,943	11,648
Prepaid expenses and deposits	10	211,071	200,000
Future income tax	9	-	208,754
Total Current Assets		6,626,911	3,586,368
PROPERTY AND EQUIPMENT:	6	784,805	854,966
OTHER ASSETS:			
Performance bond		257,209	209,303
V.A. Tax, net of discount		622,761	513,636
Minimal presumed income tax receivable		-	214,044
Total Other Assets:		879,970	936,983
TOTAL ASSETS:		$ 8,291,685	$ 5,378,317
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities		$ 318,679	$ 1,444,729
Taxes payable		76,851	127,919
Shareholder loan	11	103,021	842,668
Interest payable on shareholder loan		10,240	3,698
Due to related parties		-	612,850
Total Current Liabilities:		$ 508,790	$ 3,031,864
LONG-TERM LIABILITIES:			
Other long-term liabilities	14	125,000	-
TOTAL LIABILITIES:		$ 633,791	$ 3,031,864
SHAREHOLDERS' EQUITY			
Preferred shares	7	177,417	177,417
Share capital	7	18,250,138	13,989,654
Contributed surplus	8	2,139,557	453,832
Warrants	7	2,838,467	250,000
Deficit		(15,810,364)	(12,640,589)
Accumulated other comprehensive income		62,679	116,139
Total Shareholders' Equity:		$ 7,657,894	$ 2,346,453
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 8,291,685	$ 5,378,317

Going Concern (Note 2)
Subsequent Events (Note 16)
Commitments and Contingencies (Note 14)

Approved on behalf of the Board of Directors

Signed "Tim Hunt" Director

Signed "Matt Hughes" Director

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

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

Consolidated Statements of Operations

	Years ended December 31, 2010	2009
INCOME:		
Interest income:	$ 21,269	$ 15,206
OPERATING EXPENSES:		
Professional fees	954,580	507,420
Exploration expenses	395,011	671,138
Travel expenses	256,664	100,281
Administrative and office expenses	656,272	244,622
Payroll expenses	945,383	373,602
Stock based compensation	818,318	240,500
Interest expense and banking charges	66,327	44,436
Depreciation	113,497	103,991
Total operating expenses	4,206,052	2,285,989
Other income/(expense):		
Debt forgiveness gain	1,637,578	-
Gain on debt discount	21,870	-
Miscellaneous income/(expense)	24,631	(5,621)
Taxes	(5,500)	(64,059)
Bank fees	(2,362)	(16,601)
VAT discount and accretion	2,397	(97,630)
Loss on foreign exchange	(11,041)	(77,211)
Contingent liability accrual	(125,000)	-
Total other income/(expense):	1,542,574	(261,122)
LOSS - before income tax	(2,642,209)	(2,531,905)
Income tax (expense)/recovery	(527,566)	232,098
NET LOSS BEFORE OTHER COMPREHENSIVE LOSS	(3,169,775)	(2,299,807)
Other comprehensive income - performance bond:	47,906	88,335
Other comprehensive income (loss) - translation adjustment	(101,366)	72,727
TOTAL NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	($3,223,235)	($2,138,745)
Weighted average shares issued and outstanding	47,172,054	4,198,588
NET LOSS PER SHARE - BASIC AND DILUTED	($0.07)	($0.51)

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

Consolidated Statements of Deficit

	Years ended ended December 31, 2010	2009
DEFICIT, BEGINNING OF YEAR	$ (12,640,589)	$ (10,340,782)
Net loss before comprehensive loss	(3,169,775)	(2,299,807)
DEFICIT, END OF YEAR	$ (15,810,364)	$ (12,640,589)

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

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

Consolidated Statements of Cash Flows

	Years ended December 31, 2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (3,169,775)	$ (2,299,807)
Items not affecting cash		
Debt forgiveness gain	(1,637,578)	-
Future income taxes	208,754	(232,098)
Contingent liability	125,000	-
Depreciation	113,497	103,991
Translation adjustment	(101,366)	231,534
Minimal presumed income tax receivable	214,044	-
V.A. tax	(109,125)	(48,785)
Stock based compensation	818,318	240,500
Net change in non-cash working capital		
Increase in accounts receivable	(42,295)	(45,526)
Increase in prepaid expenses and deposits	(11,071)	(189,543)
Decrease in accounts payable and accrued liabilities	(101,322)	(692,637)
Decrease in taxes payable	(51,068)	-
Increase in interest payable on shareholder loan	6,542	12,784
Net cash used in operating activities	(3,737,445)	(2,919,587)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(43,335)	(551)
Cash acquired in business combination	-	257,111
Net cash used in investing activities	(43,335)	256,560
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of share capital, net of share issue costs	7,716,358	4,760,519
Proceeds from (repayments to) shareholder loan	(739,647)	842,668
Net cash from financing activities	6,976,711	5,603,187
NET INCREASE IN CASH AND EQUIVALENTS	$ 3,195,931	$ 2,940,160
CASH AND EQUIVALENTS, BEGINNING OF YEAR	3,165,966	225,806
CASH AND EQUIVALENTS, END OF YEAR	$ 6,361,897	$ 3,165,966
Breakdown of Cash:		
Cash	896,897	3,165,966
GIC	5,465,000	-
	6,361,897	3,165,966
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	-	-
Taxes paid	5,500	-

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

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

Consolidated Statements of Comprehensive Loss and Accumulated Other Comprehensive Income

	Years ended December 31, 2010	2009
Net loss	$ (3,169,775)	$ (2,299,807)
Change in value of performance bond	47,906	88,335
Translation of assets and liabilities into Canadian dollar reporting currency	(101,366)	72,727
Comprehensive loss	$ (3,223,235)	$ (2,138,745)
Accumulated other comprehensive income (loss), beginning balance	$ 116,139	$ (44,923)
Change in value of performance bond	47,906	88,335
Translation of assets and liabilities into Canadian dollar reporting currency	(101,366)	72,727
Accumulated other comprehensive income, ending balance	$ 62,679	$ 116,139

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

1. Nature of Business and Basis of Presentation

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

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

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

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

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

As of December 31, 2010, the Company is in the process of exploring mineral properties in Argentina. On the basis of information to date it has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the mineral properties is entirely dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Mineral property interests represent acquisition costs incurred to date, less amounts amortized and/or written-off and do not necessarily represent present or future values.

2. Going Concern

These consolidated financial statements have been prepared on the basis of Canadian generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and discharge of liabilities in the normal course of business. As shown in the accompanying consolidated financial statements, the Company has had no revenues and has incurred an accumulated loss of $15,810,364 through December 31, 2010.

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

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

3. Reverse Takeover Transaction

On December 23, 2009 the Company completed its Qualifying Transaction with the arm's length acquisition of all of the issued and outstanding shares of CCSA. The Company issued 29,118,507 common shares and 20,881,493 preferred shares to the shareholders of CCSA to effect the Qualifying Transaction.

The acquisition of CCSA has been accounted for as a reverse takeover transaction, in accordance with guidance provided by EIC-10 – Reverse Takeover Accounting. The Company did not qualify as a business under additional guidance provided by EIC-124 and as such, this transaction does not constitute a business combination, but rather is treated as a capital transaction with the issuance of CCSA shares for the net monetary assets of the Company, followed by a recapitalization of CCSA.

The net assets of the Company at the date of the transaction were as follows:

Cash	$257,115
Other assets	171,174
Accounts payable	(3,470)
	$424,819

4. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles.

a. Cash and Equivalents

Cash and equivalents include short-term cash investments that have an initial maturity of 90 days or less. In the normal course of business, 30% of all funds wire transferred to CCSA from the Company and 1494716 Alberta Ltd. are withheld by the Government of Argentina unless they are applied to a capital increase. These withheld amounts are deposited in non remunerated US dollars fixed term deposits until the Government of Argentina approves the Company's formal application for release. Year end balances of such funds total $199,423 (2009 – $103,640).

b. Measurement Uncertainty

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization of property and equipment is based on the estimated useful lives of these assets.

Estimates of the fair value of stock options and warrants require the use of estimates and assumptions including stock price volatility, forfeiture rates, and risk-free interest rates in the year granted. Changes to these estimates and assumptions may materially affect the calculations.

Other areas requiring the use of management estimates include the valuation of future income tax assets and the recoverability of value added tax (“VAT”). While management believes their estimates to be reasonable, actual results could differ materially from these estimates.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in income in the periods in which they become known.

c. Foreign Currency Translation

Monetary assets and liabilities, denominated in currencies other than the Canadian dollar are translated into Canadian dollars at the rates of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate prevailing at the transaction date. Revenues and expenses are translated at average exchange rates throughout the reporting period. Gains and losses on translation of foreign currencies are included in operations.

The Company’s subsidiaries have adopted the United States Dollar as its functional currency. Financial statements are translated to their Canadian dollar equivalents using the current rate method. Under this method, the statements of operations and cash flows for each period have been translated using the average exchange rates prevailing during each period. All assets and liabilities have been translated using the exchange rate prevailing at the balance sheet date. Translation adjustments are recorded as income or losses in other comprehensive income or loss. Transaction gains and losses resulting from fluctuations in currency exchange rates on transactions denominated in currencies other than the United States dollar are recognized as incurred in the accompanying consolidated statements of operations.

d. Mineral Property Exploration Expenditures

All exploration expenditures are expensed as incurred. Expenditures to acquire mineral rights, to develop new mines, to define further mineralization in mineral properties which are in the development or operating stage, and to expand the capacity of operating mines, are capitalized and amortized on a units-of-production basis over proven reserves.

Should a property be abandoned, its capitalized costs are charged to operations. The Company charges to the consolidated statement of operations the allocable portion of capitalized costs attributable to properties sold. Capitalized costs are allocated to properties sold based on the proportion of claims sold to the claims remaining within the project area.

e. Remediation and Reclamation

Expenditures for ongoing compliance with environmental regulations that relate to current operations are expensed or capitalized as appropriate. Expenditures resulting from the remediation of existing conditions caused by past operations that do not contribute to future revenue generation are expensed. Liabilities are recognized when environmental assessments indicate that remediation efforts are probable and the costs can be reasonably estimated.

Estimates of such liabilities are based upon currently available facts, existing technology and presently enacted laws and regulations taking into consideration the likely effects of inflation and other societal and economic factors, and include estimates of associated legal costs. These amounts also reflect prior experience in remediating contaminated sites, other companies' clean-up experience and data released by government environmental agencies or other organizations. Such estimates are by their nature imprecise and can be expected to be revised over time because of changes in government regulations, operations, technology and inflation. As at December 31, 2010 and 2009, the Company has not recorded any retirement obligation.

f. Property and Equipment

The Company evaluates its long lived assets for impairment annually, or when events or changes in circumstances indicate that the related carrying amount may not be recoverable. If the sum of estimated future net cash flows on an undiscounted basis is less than the carrying amount of the related asset grouping, an asset impairment is considered to exist. The related impairment loss is measured by comparing estimated future net cash flows on a discounted basis to the carrying amount of the asset. Changes in significant assumptions underlying future cash flow estimates may have a material effect on the Company's financial position and results of operations. To date no such impairments have been identified.

Equipment and vehicles are stated at cost and depreciated on a straight-line basis over an estimated useful life of 3 years.

g. Stock Based Compensation

The fair value of each stock option granted is estimated on grant dates using the Black Scholes option pricing model. The associated compensation expense is charged to operations with a corresponding increase in contributed surplus, over the vesting period of the grant. As the options are exercised, consideration paid, together with the amount previously recognized in contributed surplus, is recorded as an increase in share capital. In the event that vested options expire, previously recognized compensation expense associated with such stock options is not reversed. In the event that unvested options are cancelled, previously recognized compensation expense associated with such stock options are reversed.

The fair value of agent options and warrants is estimated on the grant date using the Black-Scholes option pricing model. The associated charge is recorded in share issue costs and contributed surplus.

h. Per Share Data

Basic earnings or losses per common share are calculated based on the average number of common shares outstanding during the year. Diluted earnings per share are calculated using the treasury stock method, which assumes that the cash that would be received on the exercise of options and warrants is applied to purchase shares at the average price during the period and that the difference between the shares issued upon their exercise and the number of shares obtainable under this computation, on a weighted average basis, is added to the number of shares outstanding. Anti-dilutive amounts are not considered in computing diluted earnings per share.

i. Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is recorded to the extent that there is uncertainty regarding utilization of future tax assets.

The Company determines the Argentine presumed minimum income tax by applying the current rate of 1% on the taxable assets of CCSA as of fiscal year end. The Company’s Argentine tax obligation in each fiscal year is comprised of the greater of the minimum presumed income tax or income tax for the period. If the presumed minimum income tax applies, the difference between the presumed minimum income tax and income tax for the period may be applied as a credit against income tax payable in any of the ten subsequent fiscal years.

j. Value Added Tax ("VAT")

VAT is generally charged for goods and services purchased in Argentina. The VAT paid can be recovered from VAT payable on future sales and therefore the Company recognizes VAT paid as an asset. The Company discounts its VAT receivable using an average interest rate of 18.6% in order to reflect the present value of the VAT asset. The undiscounted VAT receivable was $1,460,828 at December 31, 2010 (2009 - $1,431,932).

k. Revenue Recognition

Interest income is accrued at the end of accounting periods on a proportion of time basis.

l. Financial Instruments

All financial instruments are initially measured at fair value with classification into one of five categories; loans and receivables; assets held to maturity; assets available for sale; other financial liabilities; and held for trading assets and liabilities.

All financial instruments, including derivatives, are included on the consolidated balance sheet and are measured at fair market value upon inception with the exception of certain related party transactions. Subsequent measurement and recognition of change in the fair value of financial instruments depends on their initial classification. Held-for-trading financial investments are measured at fair value and all gains and losses are included in operations in the period in which they arise. Available-for-sale financial instruments are measured at fair value with gains and losses included in other comprehensive income. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses upon inception, derecognition, impairment write-downs and foreign exchange translation adjustments are recognized immediately. Transaction costs related to financing are expensed in the period incurred.

Section 3862, Financial Instruments – Disclosures, requires that all financial instruments measured at fair value be categorized into one of three hierarchy levels (Note 12).

The Company has no derivatives or embedded derivatives in other financial instruments as of December 31, 2010 or 2009.

m. Other Comprehensive Income/(Loss)

Comprehensive income (loss) includes the accrued gain or loss on the performance bond (discussed in Note 14 – Commitments and Contingencies) and the translation difference from United States dollars to Canadian dollars.

5. New Accounting Pronouncements

International Financial Reporting Standards ("IFRS")

In February 2009, the Accounting Standards Board (AcSB) confirmed that Canadian generally accepted accounting principles ("CGAAP") for public companies will be converged with International Financial Reporting Standards ("IFRS") for accounting periods commencing on or after January 1, 2011. IFRS uses a conceptual framework similar to CGAAP, but there are some significant differences on recognition, measurement and disclosures. The Company will be required to report under IFRS for interim and annual financial statements beginning on January 1, 2011 and provide IFRS comparative figures for the preceding fiscal year, including an opening balance sheet as at January 1, 2010.

The Company has completed the diagnostic phase of planning for the implementation of IFRS. The Company has a plan in place to complete the implementation of IFRS during the first quarter of 2011.

Business Combinations, Consolidated Financial Statements and Non-controlling Interests

In January 2009, the CICA approved three new accounting standards for the CICA Handbook, including Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-Controlling Interests". All three standards are effective for fiscal years beginning on or after January 1, 2011. The Company does not expect any material impact from the adoption of these standards.

6. Property and Equipment

	December 31, 2010			December 31, 2009		
	Cost	**Accumulated Amortization**	**Net book value**	Cost	Accumulated Amortization	Net book value
Land	$710,141	-	$710,141	$745,074	-	$745,074
Vehicles and equipment	353,766	(279,103)	74,664	286,884	(176,992)	109,892
	$1,063,907	($279,103)	$784,805	$1,031,958	($176,992)	$854,966

During 2010 the Company purchased property and equipment with a historical cost of $81,537 (2009 – $nil). The remaining portion of the change in the value of vehicles and equipment during 2010 was related to foreign currency translation. All of the change in the value of land during 2010 was related to foreign currency translation.

7. Share Capital

a) Authorized:

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

Issued:

Common Shares

	2010		2009	
	Number	**Amount**	**Number**	**Amount**
Balance, beginning of year	44,612,040	13,989,654	26,412,450	8,864,896
Outstanding common shares of Hunt Mining at December 23, 2009	-	-	3,176,900	503,678
CCSA shares issued for cash	-	-	7,130,797	2,264,915
Qualifying Transaction (i)	-	-	29,118,507	247,401
Elimination of CCSA shares and Hunt Mining share capital (i)	-	-	(33,543,247)	(503,678)
Qualifying transaction - Finder's fees (ii)	-	-	600,000	180,000
Qualifying transaction - Agent's units (ii)	-	-	50,000	5,000
Private placement units (iii)	-	-	5,000,000	1,500,000
Portion of units attributable to warrants issued on 12/23/2009 (iii)	-	-	-	(250,000)
Short form offering closed on 12/23/2009 (iv)	-	-	6,666,633	1,999,990
Short form prospectus closed on 11/30/2010 (vi)	28,420,900	8,526,270	-	-
Share issue costs and filing statement fees	-	(1,487,811)	-	(822,548)
Portion of units attributable to warrants issued on 11/30/2010 (vi)	-	(2,838,467)	-	-
Exercise of agent's options	134,625	60,492	-	-
Balance, end of year	**73,167,565**	**18,250,138**	44,612,040	13,989,654

Preferred Shares

	2010		2009	
	Number	**Amount**	**Number**	**Amount**
Balance, beginning of year	**20,881,493**	**177,417**	-	-
Issuance of convertible preferred shares (Note 3)	-	-	20,881,493	177,417
Balance, end of year	**20,881,493**	**177,417**	20,881,493	177,417

Warrants

	2010		2009	
	Number	**Amount**	**Number**	**Amount**
Balance, beginning of year	2,500,000	250,000	-	-
Private placement units - portion attributable to warrants (iii)	-	-	2,500,000	250,000
Short form propsectus offering - portion attributable to warrants (vi)	14,210,450	2,838,467	-	-
Expiry of warrants issued in 2009 (viii)	(2,500,000)	(250,000)	-	-
Balance, end of year	**14,210,450**	**2,838,467**	**2,500,000**	**250,000**

Common share and warrant issuances

i. On December 23, 2009 the Company completed its Qualifying Transaction, the acquisition of all of the issued and outstanding shares of CCSA, through the issuance of 29,118,507 common shares with a deemed value of $0.30 per share and the issuance of 20,881,493 convertible preferred shares with a deemed value of $0.30 per share. The convertible preferred shares are convertible into common shares on a one common share for each convertible preferred share basis with no additional consideration provided that the Company is in compliance with the public distribution requirements of the TSX Venture Exchange.

ii. In conjunction with the Qualifying Transaction the Company issued a total of 600,000 shares as a finder's fee to Wolverton Securities Inc. ("Wolverton") and Dean Stuart, an arm's length party to the Company and Wolverton. The Company also issued 50,000 units, where each unit consisted of one common share and one half of one common share purchase warrant with a exercise price of $0.60 and an expiration date of December 23, 2010, as a due diligence fee to Wolverton in connection with the qualifying transaction. The fair value of the warrants issuable pursuant to the due diligence units was $10,000 (see v.).

iii. On December 23, 2009 the Company issued 5,000,000 units, where each unit consisted of one common share and one half of a warrant to purchase a common share with an exercise price of $0.60 prior to December 23, 2010, at $0.30 per unit for total proceeds of $1,500,000 pursuant to a brokered private placement. A fair value of $250,000 was assigned to warrants. Wolverton acted as agent for the brokered private placement. In conjunction with this private placement the Company granted to Wolverton a broker's warrant to purchase 500,000 units, where each unit will consist of one common share and one half of one share purchase warrant, exercisable at an exercise price of $0.30 before December 23, 2012. The fair value of the shares issuable pursuant to the agent's option is $50,000 (see v.).

iv. On December 23, 2009 the Company issued 6,666,633 common shares at a price of $0.30 per share, for total proceeds of $1,999,990, pursuant to a short form offering document. Wolverton acted as agent for the short form offering. The Company granted agent's options to purchase 666,663 common shares at an exercise price of $0.30 before December 23, 2012 to Wolverton in conjunction with the short form offering. The fair value of the agent's option is $153,332 (see v.).

v. The fair value of warrants and options granted during 2009 was estimated using the Black-Scholes option pricing model with the following assumptions:

	2009
Risk free interest rate	0.19%
Expected volatility	136%
Expected life (years)	1 – 5
Expected dividend yield	0%

vi. On November 30, 2010 the Company issued 28,420,900 units at $0.30 per unit pursuant to a short form prospectus offering for gross proceeds of $8,526,270. Each unit consisted of one common share and one half share purchase warrant exercisable at $0.35 per warrant before November 30, 2013 (see vii). A fair value of $2,838,467 was assigned to warrants. In conjunction with the offering, the Company granted broker compensation warrants to Wolverton, Canaccord Genuity Corp. and Octagon Capital Corporation to acquire 2,842,090 broker compensation units. Each broker warrant entitles the holder to acquire one broker compensation unit at an exercise price of $0.30 per share on or before November 30, 2013. Each broker compensation unit will consist of one common share and one half of one common share purchase warrant exercisable at $0.35 prior to November 30, 2013. The fair value of the broker warrants are $637,513 (see vii).

vii. The fair value of the warrants and broker compensation warrants issued on November 30, 2010 pursuant to the short for prospectus unit offering was estimated using the Black-Scholes option pricing model with the following assumptions:

	2010
Risk free interest rate	1.6%
Expected volatility	116%
Expected life (years)	3
Expected dividend yield	0%

viii. On December 23, 2010 all of the warrants issued in conjunction with the December 23, 2009 brokered private placement expired.

b) Stock options:

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

	Range of exercise prices	**Number outstanding**	**Weighted average life (years)**	**Weighted average exercise price**	**Number exercisable on December 31, 2010**
Stock options	$0.30 - $0.65	5,332,735	4.15	$0.35	3,335,235
Agent's options	$0.30	666,663	1.98	$0.30	666,663
		5,999,398	3.91	$0.34	4,001,898

	2010		2009	
	Number of options	Weighted Average Price	Number of options	Weighted Average Price
Balance, beginning of year	4,651,013	$0.30	484,350	$0.30
Granted to officers and directors	1,710,000	$0.42	3,500,000	$0.30
Granted to agents	-		666,663	$0.30
Exercise of agent's options	(134,625)	$0.30	-	-
Expiration of agent's options	(32,035)	$0.30	-	-
Cancellation of options granted to officers and directors	(194,955)	$0.30	-	-
Balance, end of year	5,999,398	$0.32	4,651,013	$0.30

In conjunction with the Qualifying Transaction, the Company granted 3,500,000 stock options to officers, directors, employees and consultants of the Company in accordance with the Company's stock option plan. The options are exercisable at a price of $0.30 for a period of five years. Of these options a total of 875,000 options vested immediately with the remainder vesting over an eighteen month period. The associated stock options expense of $458,214 (2009 - $240,500) for the vested options was calculated using the fair value method (see Note 7(a)(v)).

In January of 2010 the Company granted 600,000 stock options to two directors of the Company in accordance with the Company's stock option plan. The options are exercisable at a price of $0.65 for a period of five years. Of these options a total of 150,000 vested immediately with the remainder vesting over an eighteen month period. The associated stock options expense of $224,887 was calculated using the fair value method using the Black-Scholes option pricing model and using the following assumptions:

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

On December 15, 2010 the Company granted a total of 1,110,000 stock options to directors and employees of the Company in accordance with the Company's stock option plan. The options are exercisable at a price of $0.30 for a period of five years. Of these options a total of 277,500 options vested immediately with the remainder vesting over an eighteen month period. The associated stock options expense of $135,217 was calculated using the fair value method using the Black-Scholes option pricing model and using the following assumptions:

	December 15, 2010
Risk free interest rate	1.6%
Expected volatility	116%
Expected life (years)	5
Expected dividend yield	0%

During 2010, 134,625 agent's options were exercised.

c) Escrowed shares

As required by Exchange Policy, all 1,510,300 of the Company's seed capital shares are subject to a timed release escrow agreement dated April 24, 2008. This escrow agreement provides for the release of 10% of the escrowed shares on December 31, 2009 and 15% of the remaining escrowed shares every six months thereafter. In addition, all of the common shares and convertible preferred shares issued pursuant to the Company's qualifying transaction are subject to a TSX Venture Exchange Tier Two surplus escrow agreement allowing for the release of 5% of the shares on December 31, 2009, 5% on June 30, 2010, 10% on each of December 31, 2010 and June 30, 2011, 15% on each of December 31, 2011 and June 30, 2012 and 40% on December 31, 2012. If the Company subsequently meets the Tier 1 Minimum Listing Requirements of the TSX Venture Exchange, the release of these escrowed shares will be accelerated whereby such escrowed shares will be released from escrow as to 10% thereof effective as of December 31, 2009, 20% on June 30, 2010, 30% on December 31, 2010 and 40% on June 30, 2011. As of December 31, 2010, 604,120 shares have been released from escrow.

8. Contributed Surplus

	2010	**2009**
Opening balance	$453,832	-
Stock based compensation	818,318	240,500
Fair value of agent's options	637,513	213,332
Option exercise	(20,105)	-
Warrant expiration	250,000	-
	$2,139,557	$453,832

9. Income Taxes

The income tax provision differs from income taxes, which would result from applying the expected tax rate to net loss before income taxes. The differences between the "expected" income tax expenses and the actual income tax provision are summarized as follows:

December 31,	**2010**	**2009**
Loss before income taxes	$ (2,642,209)	$ (2,531,905)
Expected income tax recovery at 28.0% (2008 – 29.0%)	(739,819)	(734,252)
Non-deductible items and other	104,011	987
Stock based compensation	200,097	69,745
Temporary difference of Sinomar recognized on RTO	-	(41,768)
Change in prior year estimates	(336,438)	-
Share issuance costs	(238,083)	(267,637)
Tax rate differences (mostly comprised of difference from effective Argentina tax rate of 35% and effective United States tax rate of 34%)	(123,084)	(123,970)
Change in valuation allowance	1,660,882	864,797
Total income taxes (recovery)	$ 527,566	$ (232,098)

The components of the net future income tax asset are as follows:

December 31,	**2010**	**2009**
Canada		
Share issuance costs	$ 382,949	$ 232,156
Non-capital losses available for future periods	397,543	98,588
Valuation allowance	(780,492)	(330,744)
Canada net future income tax asset	$ -	$ -
Argentina		
Property and equipment	$ 4,265,892	$ 3,576,159
VAT receivable	391,140	391,979
Non-capital losses available for future periods	-	208,754
Contingency accrual	43,750	-
Valuation allowance	(4,700,782)	(3,968,138)
Argentina net future income tax asset	$ -	$ 208,754
United States		
Property and equipment	$ 285	$ -
Non-capital losses available for future periods	478,205	-
Valuation allowance	(478,490)	-
United States net future income tax asset	$ -	$ -
Total net future income tax asset	$ -	$ -

As at December 31, 2010, the Corporation has, for tax purposes, non-capital losses available to carry forward to future years totaling $2,805,617 (2009 - $990,793).

The non-capital loss carry-forwards reflected above expire as follows:

Year of Expiry	**Canada**	**Argentina**	**United States**	**Total**
2028	76,253	-	-	76,253
2029	208,598	-	482,451	691,049
2030	1,134,946	-	903,369	2,038,315
Total	**$ 1,419,797**	**$ -**	**$ 1,385,820**	**$2,805,617**

10. Related Party Transactions

During the year ended December 31, 2010 the Company paid $31,276 (2009 – $16,805) to a director and officer of CCSA for the lease of office space in Argentina. As at December 31, 2010 the amount the Company included in accounts payable $nil (2009 - $16,805) owing to the director and officer relating to the lease of office space in Argentina.

During the year ended December 31, 2010 the Company paid $139,769 (2009 - $144,843) to a director and officer of CCSA for geological consulting fees.

During the year ended December 31, 2010 the Company paid $38,660 (2009 - $57,002) to a director of CCSA for accounting fees. At December 31, 2010 the Company had fees payable for accounting expenses owing to the director of $4,467 (2009 - $nil).

In conjunction with the Qualifying Transaction, the Company advanced $200,000 to HuntMountain Resources Ltd. ("HuntMountain"), CCSA's former parent corporation, as a refundable deposit. The deposit was not applied to the consideration of the Qualifying Transaction and therefore it is reflected in prepaid expenses and deposits on the Company's balance sheet at December 31, 2010 (2009 - $200,000).

On March 3, 2010 the Company acquired US$700,000 of a US$803,000 loan payable from CCSA to HuntMountain for total consideration of US$679,000, a 3% discount to the outstanding amount payable. On March 14, 2011 the Company acquired the remaining amount owing from CCSA to HuntMountain (See Note 16).

During the year ended December 31, 2010 the Company paid $87,116 (2009 - $nil) to HuntMountain for office rent.

During the year ended December 31, 2010 the Company paid US$21,453 (2009 - $nil) to Huntwood Industries ("Huntwood"), an entity controlled by the Company's Executive Chairman, for information technology services, website maintenance, design services and the reimbursement of expenses incurred by Huntwood on behalf of the Company. The US$21,453 (2009 - $nil) amount is reflected in accounts payable as at December 31, 2010.

During the year ended December 31, 2010 the Company paid US$10,000 (2009 - $nil) to HuntMountain for reimbursement of travel expenses incurred by HuntMountain in conjunction with the Qualifying Transaction. This is recorded in travel expenses in the consolidated statement of operations.

During the year ended December 31, 2010 the Company acquired office furniture and fixtures from HFP, LLC, an entity controlled by the Company's Executive Chairman, for $44,419 (2009 – $nil).

During the year ended December 31, 2010 the Company paid a deposit of $5,242 in relation to the purchase of computer equipment from HuntMountain. This amount is included in accounts payable as at December 31, 2010. The purchase price for this equipment was later determined to be US$36,477 and the purchase transaction was effected on January 5, 2011 (see Note 16).

Patagonia Drill Mining Services S.A. Payables

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

HuntMountain forgave the due to related party liability of $612,850 and all of the accounts payable purchased from PDM of US$1,061,695 pursuant to an agreement between the CCSA and HuntMountain dated March 5, 2010. This had the same effect as the original agreement between the CCSA and HuntMountain except no further equity was issued by CCSA, as was contemplated in the original agreement, and the PDM payables were extinguished immediately as opposed to the fifteen month term contemplated in the original agreement.

All related party transactions related to the normal course of business and are recorded at the exchange amount. Additional related party transactions are included as part of Note 16.

11. Shareholder Loan

On June 23, 2009 CCSA entered into two shareholder loan agreements with HuntMountain and HuntMountain Investments LLC, a wholly owned subsidiary of HuntMountain. The loan agreements provided a combined line of credit of up to $1,715,850 to be disbursed in multiple advances. The loans bear interest at a 3% annual rate and are unsecured. The loans are repayable in instalments no earlier than a date of five years from the date on which amounts were advanced under the loan (see Note 10 and Note 16).

12. Financial Instruments

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

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

Fair value

The fair value of financial instruments at December 31, 2010 and 2009 is summarized as follows:

	2010		2009	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial Assets				
Held for trading				
Cash and equivalents (Level 1)	$6,361,897	$6,361,897	$3,165,966	$3,165,966
Available for sale				
Performance bond (Level 1)	257,209	257,209	209,303	209,303
Loans and receivables				
Accounts receivable	53,943	53,943	11,648	11,648
Financial Liabilities				
Other financial liabilities				
Accounts payable and accrued liabilities	318,679	318,679	1,444,729	1,444,729
Shareholder loan	103,021	103,021	842,668	842,668
Interest payable on shareholder loan	10,240	10,240	3,698	3,698
Due to related parties	-	-	612,850	612,850

Financial risk management

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

i. Currency risk

The Company holds cash balances and incurs payables that are denominated in the Canadian Dollar, the United States Dollar and the Argentine Peso. These balances are subject to fluctuations in the exchange rate between the Canadian Dollar, and the United States Dollar and the Argentine Peso, resulting in currency gains or losses for the Company.

As at December 31, 2010, the following are denominated in US dollars:

Cash and cash equivalents	$ 31,759
Accounts payable and accrued liabilities	47,055

As at December 31, 2010, the following are denominated in Argentine Peso:

Cash and cash equivalents	$ 201,507
Performance bond	257,209
Accounts receivable	8,901
Accounts payable and accrued liabilities	200,854
Shareholder loan	103,021
Interest payable on shareholder loan	10,240

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. A significant change in the currency exchange rates between the United States dollar relative to the Canadian dollar and the Argentine Peso could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

At December 31, 2010, if the U.S. dollar strengthened or weakened by 10% relative to the Canadian dollar the impact on income and other comprehensive income due to the translation of monetary financial instruments would be as follows:

	Impact on net loss and comprehensive loss
U.S. Dollar Exchange rate – 10% increase	$1,315
U.S. Dollar Exchange rate – 10% decrease	$(1,315)

At December 31, 2010, if the Argentine Peso strengthened or weakened by 10% relative to the Canadian dollar the impact on income and other comprehensive income due to the translation of monetary financial instruments would be as follows:

	Impact on net loss and comprehensive loss
Argentine Peso Exchange rate – 10% increase	$7,888
Argentine Peso Exchange rate – 10% decrease	$(7,888)

ii. Credit risk

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

The Company's cash and equivalents are held through Canadian and Argentine financial institutions.

The Company maintains its cash and equivalents in multiple financial institutions. The Company maintains cash in an Argentine bank. The Argentine accounts, which had a Canadian dollar balance of $2,084 at December 31, 2010 (2009 - $14,008) are considered uninsured.

There is no credit risk on accounts receivable and is considered collectible.

iii. Liquidity risk

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

v. Price risk

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

ix. Interest rate risk

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

13. Segmented Information

All of the Company's operations are in the mineral properties exploration industry with its principal business activity in the acquisition and exploration of mineral properties. The Company conducts its resource properties exploration activities primarily in Argentina. The location of the Company's assets by geographic area as of December 31, 2010 and 2009 is as follows:

	2,010	2,009
Canada	6,329,919	3,256,093
Argentina	1,886,893	2,122,224
United States	74,873	-
	8,291,685	5,378,317

14. Commitments and Contingencies

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

Year of the Agreement	Payment to FK Minera SA	Exploration Expenditures Required	Ownership
First year - 2007	US$50,000	US$250,000	0%
Second year - 2008	US$30,000	US$250,000	0%
Third year -2009	US$50,000	-	51%
Fourth year - 2010	US$50,000	-	60%
Fifth year – 2011	US$50,000	-	100%

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

As of December 31, 2010, the Company has made all required payments to F.K. Minera (except the disbursements of US$50,000 due in March of 2010); however, CCSA has not made any exploration expenditures required by the Bajo Pobré contract. The parties to the contract have not amended the contract terms and therefore the Company’s ability to retain rights to explore the Bajo Pobré property is uncertain at this time.

b) In March 2007, the Company was the successful bidder for the exploration and development rights to the La Josefina project from Fomicruz. On July 24, 2007 the Company entered into an agreement with Fomicruz pursuant to which the Company agreed to invest a minimum of US$6 million in exploration and development expenditures over a four year period, including US$1.5 million before July 2008. The agreement provides that, in the event that a positive feasibility study is completed on the La Josefina property, a joint venture company would be formed by the Company and Fomicruz. A revised schedule for exploration and development of the La Josefina project was submitted in writing to Fomicruz and is expected to be adopted by default on May 3, 2011, mandating that an economic feasibility study and production decision be made by the Company for the La Josefina project by the end of 2013. The Company would own 91% of the joint venture company and Fomicruz would own the remaining 9%. As of December 31, 2010, the Company has invested approximately US$8 million in the La Josefina property.

c) On June 30, 2010 a former director and accounting consultant ("the Consultant") to the Company severed his business relationship with the Company. On August 5, 2010 the Consultant claimed that since 2006 he was actually an employee of, not a Consultant to, CCSA. On September 7, 2010 the Argentine Ministry of Labor, Employment and Social Security filed a Certificate of Notice on CCSA and the Company indicating that a representative from CCSA and the Company must appear before a mediator to address the Consultant's claims. The certificates of notice stated the value of the Consultant's claim against the Company at 500,000 pesos (US$126,811).

On March 18, 2011 a lawsuit was filed against the Company and its subsidiaries by a former director and accounting consultant to the Company. The lawsuit claimed that the Consultant was an employee of the Company, not a consultant, since 2006. The total value of the claim was US$249,041, including wages, alleged bonus payments, interest and penalties. The consolidated financial statements therefore include a contingent liability of $125,000 and a charge to operations for the year ended December 31, 2010 in the same amount. Management considers the lawsuit to be baseless and intends to defend the Company and its subsidiaries to the fullest extent possible.

15. Capital Disclosure

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

	2010	2009
Shareholders' equity	$7,657,894	$2,346,453
Due to related parties	-	612,850
Shareholder loan	103,021	842,668
	$7,760,915	$3,801,971

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

Management of capital risk

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

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

The Company is not subject to externally imposed capital requirements.

16. Subsequent Events

On January 5, 2011 the Company acquired computer equipment with a value of $36,351 from HuntMountain, a related party.

On March 14, 2011 the Company acquired the remaining amount of the loan owing from CCSA to HuntMountain, a related party. The outstanding principal amount of the loan was US$103,000 and the accrued interest relating to the loan was US$11,682. The total purchase price paid by the Company to HuntMountain was 97% of the outstanding principal plus all accrued interest. The total purchase price for this transaction was $108,646.

On March 18, 2011 a lawsuit was filed against the Company and its subsidiaries by a former director and accounting consultant to the Company. The lawsuit claimed that the Consultant was an employee of the Company, not a consultant, since 2006. The total value of the claim was US$249,041, including wages, alleged bonus payments, interest and penalties. Management considers the lawsuit to be baseless and intends to defend the Company and its subsidiaries to the fullest extent possible.

The Company paid US$28,873 to HuntMountain for office rent subsequent to December 31, 2010.

Subsequent to December 31, 2010 the Company granted an additional 464,735 stock options to two directors of the Company. These options have an exercise price of $0.31 and are exercisable on or before January 26, 2016.

Subsequent to December 31, 2010 the Company granted an additional 300,000 stock options to an investor relations consultant to the Company. These options have an exercise price of $0.35 and are exercisable on or before January 10, 2016.

Subsequent to December 31, 2010 the Company issued 30,000 shares to Wolverton Securities Ltd upon the exercise of 111,821 broker compensation warrants.