HUNT

MINING CORP

Unaudited Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)
For the three and six month periods ended June 30, 2012 and 2011

Hunt Mining Corp.

An Exploration Stage Enterprise

Expressed in Canadian Dollars

Condensed Interim Consolidated Statements of Financial Position (unaudited)

	NOTE	June 30, 2012	December 31, 2011 (Audited)
CURRENT ASSETS:			
Cash and equivalents	6	$ 6,500,522	$ 8,840,000
Accounts receivable		157,828	64,364
Prepaid expenses		49,353	46,020
Deposits receivable	10	52,177	52,177
Total Current Assets		6,759,880	9,002,561
NON-CURRENT ASSETS:			
Property and equipment	7	905,930	824,289
Performance bond		258,610	227,596
VAT receivable, net of discount		1,273,161	1,143,509
Deposits receivable	10	104,354	104,354
Minimal presumed income tax receivable		278,320	192,479
Total Non-Current Assets:		2,820,375	2,492,227
TOTAL ASSETS:		$ 9,580,255	$ 11,494,788
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities		$ 437,209	$ 516,696
Taxes payable		108,860	224,233
Total Current Liabilities:		546,069	740,929
NON-CURRENT LIABILITIES:			
Provision	13(c)	125,000	125,000
Total Non-Current Liabilities:		125,000	125,000
TOTAL LIABILITIES:		$ 671,069	$ 865,929
SHAREHOLDERS' EQUITY			
Preferred shares	8	$ 177,417	$ 177,417
Share capital	8	25,885,064	25,885,064
Contributed surplus	9	3,490,375	3,159,826
Warrants	8	5,860,183	5,860,183
Deficit		(26,409,149)	(24,324,113)
Accumulated other comprehensive loss		(94,704)	(129,518)
Total Shareholders' Equity:		$ 8,909,186	$ 10,628,859
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 9,580,255	$ 11,494,788

Going Concern (Note 3)

Commitments and Contingencies (Note 13)

Approved on behalf of the Board of Directors

Signed "Tim Hunt"

Signed "Matt Hughes"

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

Hunt Mining Corp.

An Exploration Stage Enterprise

Expressed in Canadian Dollars

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (unaudited)

	NOTE	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
INCOME:					
Operator's Fee	4	$ 43,535	$ -	$ 43,535	$ -
OPERATING EXPENSES:					
Professional fees		159,948	519,979	368,240	762,331
Directors fees		35,207	23,935	63,765	44,069
Exploration expenses		89,417	1,066,397	336,432	1,575,435
Travel expenses		82,588	67,217	162,917	144,065
Administrative and office expenses		268,693	280,436	513,273	471,410
Payroll expenses		545,582	231,156	1,107,591	495,663
Share based compensation	9	5,613	145,420	330,549	384,621
Interest expense and banking charges		12,371	17,513	25,789	28,999
Depreciation	7	51,804	21,155	88,104	55,364
Exploration cost recovery	4	(728,075)	-	(728,075)	-
Total operating expenses		523,148	2,373,208	2,268,585	3,961,957
OTHER INCOME/(EXPENSE):					
Interest income		17,633	14,721	38,792	27,913
Gain on debt discount		-	-	-	3,085
Miscellaneous income	4	200,000	-	200,000	420
Taxes		(6,948)	(869)	(19,382)	(43,296)
Bank fees		-	-	-	(3,388)
VAT discount and accretion		21,054	(93,753)	31,272	(167,101)
Gain (loss) on foreign exchange		(90,024)	7,241	(111,728)	21,345
Total other expenses:		141,715	(72,661)	138,954	(161,022)
LOSS - before income tax		(337,898)	(2,445,869)	(2,086,096)	(4,122,979)
Income tax recovery		244	761	1,060	3,534
NET LOSS FOR THE PERIOD to equity owners		$ (337,654)	$ (2,445,108)	$ (2,085,036)	$ (4,119,445)
Other comprehensive loss:					
Change in value of performance bond		27,328	(12,642)	31,014	(28,731)
Translation of foreign operations into Canadian dollar presentation		82,172	(45,595)	3,800	(133,798)
TOTAL NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		$ (228,154)	$ (2,503,345)	$ (2,050,222)	$ (4,281,974)
Weighted average shares outstanding - basic and diluted		100,613,330	78,090,795	100,613,330	75,646,261
NET LOSS PER SHARE - BASIC AND DILUTED		$ (0.00)	$ (0.03)	$ (0.02)	$ (0.05)

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

Hunt Mining Corp.

An Exploration Stage Enterprise

Expressed in Canadian Dollars

Condensed Interim Consolidated Statement of Changes in Shareholders' Equity (unaudited)

	Share Capital	Deficit	Accumulated Other Comprehensive Loss	Contributed Surplus	Warrants	Preferred Shares	Total
Balance - January 1, 2011	$ 18,250,138	$ (16,043,952)	$ (56,053)	$ 2,339,072	$ 2,838,467	$ 177,417	$ 7,505,089
Net Loss	-	(4,119,445)	-	-	-	-	(4,119,445)
							-
Warrants issued					3,331,620		3,331,620
Transaction costs				807,818			807,818
Other comprehensive income/(loss)	-	-	(162,529)	-	-	-	(162,529)
Share Capital Issued	7,103,009	-	-	-	-	-	7,103,009
Share based compensation	-	-	-	384,621	-	-	384,621
Exercise of warrants	-	-	-		(194,601)	-	(194,601)
Exercise of agent's warrants	-	-	-	(38,010)	-	-	(38,010)
Balance - June 30, 2011	$ 25,353,147	$ (20,163,397)	$ (218,582)	$ 3,493,501	$ 5,975,486	$ 177,417	$ 14,617,572
Balance - January 1, 2012	$ 25,885,064	$ (24,324,113)	$ (129,518)	$ 3,159,826	$ 5,860,183	$ 177,417	$ 10,628,859
Net Loss	-	(2,085,036)	-	-	-	-	(2,085,036)
Other comprehensive loss	-	-	34,814	-	-	-	34,814
Share based compensation	-	-	-	330,549	-	-	330,549
Balance - June 30, 2012	$ 25,885,064	$ (26,409,149)	$ (94,704)	$ 3,490,375	$ 5,860,183	$ 177,417	$ 8,909,186

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

Hunt Mining Corp.

An Exploration Stage Enterprise

Expressed in Canadian Dollars

Condensed Interim Consolidated Statements of Cash Flows (unaudited)

	NOTE	Six months ended June 30, 2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss		$ (2,085,036)	$ (4,119,445)
Items not affecting cash			
Depreciation	7	88,104	55,364
Unrealized foreign exchange (loss)		3,800	(133,764)
Minimal presumed income tax receivable		(85,841)	(74,398)
VAT receivable		(129,652)	(207,231)
Share based compensation	9	330,549	384,620
Net change in non-cash working capital			
Increase in accounts receivable		(93,464)	(11,892)
Increase in prepaid expenses		(3,333)	(21,764)
Increase (decrease) in accounts payable and accrued liabilities		(79,487)	775,197
Decrease in taxes payable		(115,373)	(9,392)
Decrease in accrued interest on shareholder loan		-	(10,240)
Net cash used in operating activities		(2,169,733)	(3,372,945)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property and equipment	7	(169,745)	(198,882)
Net cash used in investing activities		(169,745)	(198,882)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of share capital, net of share issue costs		-	11,009,837
Repayments of shareholder loan		-	(103,021)
Net cash used in financing activities		-	10,906,816
NET DECREASE IN CASH AND EQUIVALENTS		$ (2,339,478)	$ 7,334,989
CASH AND EQUIVALENTS, BEGINNING OF PERIOD		8,840,000	6,361,897
CASH AND EQUIVALENTS, END OF PERIOD		$ 6,500,522	$ 13,696,886
Cash and cash equivalents consist of:			
Cash		3,500,522	11,696,886
Term deposits		3,000,000	2,000,000
		6,500,522	13,696,886
SUPPLEMENTAL CASH FLOW INFORMATION			
Taxes paid		(19,382)	(43,295)
Interest received		28,064	9,470

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

(Expressed in Canadian Dollars)

1. Nature of Business

Hunt Mining Corp. (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.

The Company's registered office is located at 1900, 736 – 6th Avenue SW, Calgary, Alberta T2P 3T7.

The condensed interim 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 June 30, 2012, 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 or a sale of these properties.

2. Basis of presentation

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC").

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The Company's functional and presentation currency is the Canadian Dollar.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with significant risk of material adjustment in the current and following years are discussed in Note 6 of the Company's audited consolidated financial statements for the year ended December 31, 2011.

These condensed interim consolidated financial statements were authorized for issue on August 27, 2012 by the Board of Directors of the Company.

3. Going Concern

These condensed interim consolidated financial statements have been prepared under the assumption that the Company will continue as a going concern. The Company is an exploration stage company and has incurred losses since its inception. As shown in these condensed interim consolidated financial statements, the Company has had no revenues and has incurred an accumulated loss of $26,409,149 through June 30, 2012. However, the Company believes it has sufficient cash at June 30, 2012 to fund normal operations for the next 12 months.

The Company's ability 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. Additionally, the current capital markets and general economic conditions in the United States and Canada provide no assurance that the Company's funding initiatives will continue to be successful. These factors raise significant doubt about the Company's ability to continue as a going concern.

The condensed interim consolidated financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern. If the going concern basis was not appropriate for these condensed interim consolidated financial statements, adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used.

4. Significant Accounting Policies

These condensed interim consolidated financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2011 consolidated annual financial statements. These condensed interim consolidated financial statements do not include all the information required for full set of annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year end December 31, 2011.

Revenue Recognition

Revenue for the Company is derived from operator's fees and the advancement of projects from Stage I to Stage II and Stage II to Stage III, as well as ongoing lease payments once projects have advanced to Stage II or Stage III status. Operator's fees are recognized when the services are provided, when persuasive evidence of an arrangement exists, the fee is determinable, and there is reasonable assurance of collection. Operator's fees are generated when the Company operates an exploration program under a budget approved by the project partner. The Company charges the project partner a pre-determined fee based on a percentage of the total exploration expenditures incurred. As operator, the Company may recover certain direct and indirect costs, and overhead which are recognized as a cost recovery, through the consolidated statements of loss and comprehensive loss.

5. Accounting standards issued but not yet applied

Unless otherwise noted, the revised standards and amendments as disclosed in Note 5 of the 2011 annual consolidated financial statements are effective for annual periods beginning on or after January 1, 2013 with earlier adoption permitted. The Company has not yet assessed the impact of these standards and amendments or determined whether it will adopt them early.

(Expressed in Canadian Dollars)

6. Cash and Equivalents

Cash and equivalents are comprised of the following:

	June 30, 2012	December 31, 2011
Cash	$ 3,309,804	$ 7,489,111
Cash on deposit	190,718	350,889
Short-term investments	3,000,000	1,000,000
	$ 6,500,522	$ 8,840,000

Short-term investments consist of a $3,000,000 term deposit with an annual interest rate of 1.10% issued on June 4, 2012 and a maturity date of September 5, 2012.

7. Property and Equipment

	Land	Vehicles and equipment	Total
Cost			
Balance at December 31, 2011	$ 530,227	613,806	$ 1,144,033
Additions	-	169,745	169,745
Foreign exchange movement	(22,874)	6,994	(15,880)
Balance at June 30, 2012	**$ 507,353**	**$ 790,545**	**$ 1,297,898**
Accumulated amortization			
Balance at December 31, 2011	$ -	$ 319,744	$ 319,744
Depreciation for the period	-	88,104	88,104
Foreign exchange movement	-	(15,880)	(15,880)
Balance at June 30, 2012	**$ -**	**$ 391,968**	**$ 391,968**
Net book value			
At December 31, 2011	$ 530,227	$ 294,062	$ 824,289
At June 30, 2012	**$ 507,353**	**$ 398,577**	**$ 905,930**

8. Share Capital

a) Authorized:

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

(Expressed in Canadian Dollars)

Issued:

There were no changes during the quarter.

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.

	Range of exercise prices	Number outstanding	Weighted average life (years)	Weighted average exercise price	Number exercisable on June 30, 2012
Stock options	$0.30 - $0.65	7,247,470	3.09	$0.33	7,131,286
Agent's options	$0.30	572,996	0.48	$0.30	572,996
		7,820,466	2.56	$0.32	7,704,282

	Six months ended June 30, 2012	
	Number of options	Weighted Average Price
Balance, beginning of period	6,570,466	$0.32
Granted to officers and directors	1,250,000	$0.30
Balance, end of period	7,820,466	$0.32

On February 27, 2012, the Company granted 1,250,000 stock options to certain directors, officers, 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. All options vested immediately. The associated stock option expense of $313,966 was calculated using the fair value method using the Black-Scholes option pricing model and using the following assumptions:

(Expressed in Canadian Dollars)

	February 27, 2012
Risk free interest rate	1.28%
Expected volatility	127.40%
Expected life (years)	5
Expected dividend yield	0%
Forfeiture rate	1.59%

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. As of June 30, 2012, 453,091 seed capital shares (December 31, 2011 – 679,635 shares) remain in escrow.

In addition, all of the common shares and convertible preferred shares issued pursuant to the Company's qualifying transaction are subject to a TSX Venture Exchange Tier Two surplus escrow agreement allowing for the release of 5% of the shares on December 31, 2009, 5% on June 30, 2010, 10% on each of December 31, 2010 and June 30, 2011, 15% on each of December 31, 2011 and June 30, 2012, and 40% on December 31, 2012. If the Company subsequently meets the Tier 1 Minimum Listing Requirements of the TSX Venture Exchange, the release of these escrowed shares will be accelerated whereby such escrowed shares will be released from escrow as to 10% thereof effective as of December 31, 2009, 20% on June 30, 2010, 30% on December 31, 2010, and 40% on June 30, 2011. As of June 30, 2012, 16,015,179 common shares (December 31, 2011 – 20,382,955 common shares) and 11,484,821 convertible preferred shares (December 31, 2011 – 14,617,045 convertible preferred shares) from the qualifying transaction remain in escrow.

d) Warrants:

	Range of exercise prices	Number outstanding	Weighted average life (years)	Weighted average exercise price
Warrants	$0.35 - $0.65	25,481,450	1.19	$ 0.50
Broker Warrants	$0.30 - $0.45	4,913,378	1.16	0.35
Compensation Warrants	$0.35	55,910	1.42	0.35
		30,450,738	1.18	$ 0.48

	Number of warrants	Weighted Average Price
Balance, beginning and end of period	30,450,738	$ 0.48

9. Contributed Surplus

Balance, beginning of period	$ 3,159,826
Share based compensation	330,549
Balance, end of period	$ 3,490,375

10. Related Party Transactions

During the three months ended June 30, 2012, the Company paid US$28,007 (three months ended June 30, 2011 - US$21,067) to HuntMountain Resources Ltd. ("HuntMountain"), an entity controlled by the Company's Executive Chairman, for the rental of office space. During the six months ended June 30, 2012, the Company paid US$50,308 (six months ended June 30, 2011 – US$42,837) to HuntMountain for the rental of office space.

During the three months ended June 30, 2012, the Company incurred $58,189 (three months ended June 30, 2011 – $36,205) in professional fees expense relating to the services of the President of CCSA. During the six months ended June 30, 2012, the Company incurred $103,034 (six months ended June 30, 2011 - $68,838) in professional fees expense relating to the services of the President of CCSA. Included in accounts payable and accrued liabilities as at June 30, 2012 was $27,051 (December 31, 2011 - $12,773) owing to the President of CCSA for professional geological fees.

Included in prepaid expenses as at June 30, 2012, the Company had a receivable due from the President of CCSA for $117 (December 31, 2011 - $3,100) for cash advanced for field expenses.

During the three months ended June 30, 2012, the Company incurred $9,175 (three months ended June 30, 2011 – $6,620) in general and administrative expenses relating to rent paid for office space to the President of CCSA. During the six months ended June 30, 2012, the Company incurred $16,122 (six months ended June 30, 2011 - $13,295) in general and administrative expenses relating to rent paid for office space to the President of CCSA.

During the three months ended June 30, 2012, the Company incurred $16,436 (three months ended June 30, 2011 - $27,943) in professional fees expense relating to the accounting services of a director of CCSA. During the six months ended June 30, 2012, the Company incurred $28,573 (six months ended June 30, 2011 - $56,562) in professional fees expense relating to the accounting services of a director of CCSA. Included in accounts payable and accrued liabilities as at June 30, 2012, the Company had a payable owing to a director of CCSA for accounting services of $5,416 (December 31, 2011 – $5,027).

In conjunction with the Company's Qualifying Transaction, on December 23, 2009, the Company advanced $200,000 to HuntMountain, CCSA's former parent corporation, as a refundable deposit. At the year ended December 31, 2011, the Company received notice from the management of HuntMountain that they had identified invoices refundable to them as part of the Qualifying Transaction. Upon submittal to Hunt Mining, $43,000 of expenses were identified as refundable. The Company has credited the $43,000 against the $200,000 receivable leaving an outstanding balance owed by HuntMountain to Hunt Mining of $157,000. The Company has contacted HuntMountain's management and has confirmed the balance will be collected by December 31, 2014.

All related party transactions are in the normal course of business and are recorded at the exchange amount which is the amount agreed to by the related parties.

Remuneration of directors and key management of the Company

The remuneration awarded to directors and to senior key management, including the Executive Chairman, the Chief Executive Officer, the Chief Financial Officer and the Controller, is as follows:

(Expressed in Canadian Dollars)

	Three months ended		Six months ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Salaries and benefits	$ 184,871	$ 91,424	$ 458,972	$ 199,857
Consulting fees	109,125	87,648	194,107	168,600
Share based compensation	5,264	120,393	301,543	274,740
	$ 299,260	$ 299,465	$ 954,622	$ 643,197

11. Financial Instruments

The Company's financial instruments consist of cash and equivalents, accounts receivable, performance bond and accounts payable and accrued liabilities.

The fair value hierarchy 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. Cash and equivalents and performance bond are measured and reported as Level 1.

Fair value

The fair value of financial instruments are summarized as follows:

	June 30, 2012		December 31, 2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets				
FVTPL				
Cash and equivalents (Level 1)	$6,500,522	$6,500,522	$8,840,000	$8,840,000
Available for sale				
Performance bond (Level 1)	258,610	258,610	227,596	227,596
Loans and receivables				
Accounts receivable	157,828	157,828	64,364	64,364
Financial Liabilities				
Other financial liabilities				
Accounts payable and accrued liabilities	437,209	437,209	516,696	516,696

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 June 30, 2012, the following are denominated in US dollars:

Cash and equivalents	$29,121
Accounts payable and accrued liabilities	63,656

As at June 30, 2012, the following are denominated in Argentine Peso:

Cash and equivalents	$672,728
Performance bond	258,610
Accounts receivable	42,880
Accounts payable and accrued liabilities	307,371

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 June 30, 2012, 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	$3,311
U.S. Dollar Exchange rate – 10% decrease	$(3,311)

At June 30, 2012, 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	$32,040
Argentine Peso Exchange rate – 10% decrease	$(32,040)

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.

(Expressed in Canadian Dollars)

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 $672,728 at June 30, 2012 (December 31, 2011 - $747,622) are considered uninsured.

The Company maintains a cash balance in its bank account in Argentina. This balance is exposed to credit risk if the bank failed to meet its obligation to the Company. The Company controls for this risk by only keeping funds in Argentina sufficient to meet approximately two months of operating expenses.

There is minimal credit risk on accounts receivable as all amounts are considered collectible.

The Company pays a value added tax "VAT" to the Argentine government on all expenses in Argentina. This creates a VAT receivable on the Company's books owed to it by the government of Argentina. The Company's receivable at June 30, 2012 is $1,273,161 (December 31, 2011 - $1,143,509). The Company believes this to be a collectable amount and it is backed in the strength and laws of the Argentine government. If for some reason the government did not pay, changed the laws, or defaulted on the receivable the Company potentially could lose the full value of the receivable.

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. All of the Company's accounts payable and accrued liabilities are current and payable within one year.

iv. Price risk

The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. A dramatic decline in commodity prices could impact the viability of the Company and the carrying value of its properties. The Company is exposed to price risk with respect to commodity prices. There is minimal price risk at the present time as the Company is not yet in the production phase.

vi. Interest rate risk

Interest rate risk is the impact that changes in interest rates could have on the Company's earnings and liabilities. In the normal course of business, the Company is not exposed to interest rate fluctuations as there is no interest bearing debt as at June 30, 2012.

12. 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 June 30, 2012 and December 31, 2011 is as follows:

	June 30, 2012	December 31, 2011
Canada	$ 6,065,834	$ 8,254,187
Argentina	3,441,221	3,166,828
United States	73,200	73,773
	$ 9,580,255	$ 11,494,788

(Expressed in Canadian Dollars)

The location of the Company's net loss by geographic area as of June 30, 2012 and June 30, 2011 is as follows:

	Three months ended		Six months ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Canada	$ 742,421	$ (705,235)	$ 183,883	$ (1,184,244)
Argentina	(831,632)	(1,582,245)	(1,639,748)	(2,554,058)
United States	(248,443)	(157,628)	(629,171)	(381,143)
	$ (337,654)	$ (2,445,108)	$ (2,085,036)	$ (4,119,445)

13. Commitments and Provision

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 June 30, 2012, the Company has made all required payments to F.K. Minera, however CCSA has not made sufficient exploration expenditures required by the Bajo Pobré contract. The parties to the contract have not finalized an amendment to 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 was adopted 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 June 30, 2012, the Company has invested approximately US$10.4 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 the Consultant. 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 condensed interim consolidated financial statements 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 without merit and intends to defend the Company and its subsidiaries to the fullest extent possible.

d) On October 31, 2011, CCSA signed an agreement with the owners of Piedra Labrada for the use and lease of facilities on the same premises as the Company's La Josefina facilities. The term is for three years beginning November 1, 2011 and ending on October 31, 2014, including annual commitments of $60,000.