

# HUNT

MINING CORP

Management's Discussion and Analysis  
Three and six month periods ended June 30, 2011 and 2010  
August 25, 2011

**HUNT MINING CORP.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011**

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*The following discussion and analysis should be read in conjunction with the unaudited condensed interim consolidated financial statements of Hunt Mining Corp. (the "Company") for the three and six month periods ended June 30, 2011, as well as the Company's annual audited consolidated financial statements for the year ended December 31, 2010 and all of the notes, risk factors and information contained therein.*

*On January 1, 2011, the Company adopted International Financial Reporting Standards ("IFRS"). The unaudited condensed interim consolidated financial statements for the first quarter ended March 31, 2011 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") and using policies consistent with IFRS. A discussion of IFRS and its impact on the Company's financial presentation is presented under "Change in Accounting Policies". The comparative financial information of 2010 in this MD&A has been restated to conform to IFRS, unless otherwise stated.*

## **Introduction**

This management discussion and analysis ("MD&A") is dated August 25, 2011 and is in respect of the three and six month periods ended June 30, 2011. All dollar amounts referenced, unless otherwise indicated, are expressed in Canadian funds.

The following discussion of the financial condition and results of operations of the Company should be read in conjunction with its unaudited condensed interim consolidated financial statements for the three and six month periods ended June 30, 2011, as well as its annual audited consolidated financial statements and related notes for the year ended December 31, 2010. This section contains forward-looking statements that involve risks and uncertainties. The Company's actual results may differ materially from those discussed in forward-looking statements as a result of various factors, including those described under "Forward-Looking Information".

## **Forward Looking Information**

This MD&A contains "forward-looking information" and "forward-looking statements" (together, "forward looking statements") within the meaning of Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995. Such forward-looking statements concern the Company's anticipated results and developments in the Company's operations in future periods, planned exploration and development of its properties, plans related to its business and other matters that may occur in the future. These statements also relate to the ability of the Company to obtain all government approvals, permits and third party consents in connection with the Company's exploration and development activities; the Company's ongoing drilling program; the Company's future exploration and capital costs, including the costs and potential impact of complying with existing and proposed environmental laws and regulations; general business and economic conditions; analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Statements concerning mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are

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not statements of historical fact and may be forward looking statements. While the Company has based these forward-looking statements on its expectations about future events as at the date that such statements were prepared, the statements are not a guarantee of the Company's future performance and are subject to risks, uncertainties, assumptions and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Such factors and assumptions include, amongst others, the effects of general economic conditions, the supply and demand for gold and the level and volatility of prices of gold, the availability of financing to fund the Company's ongoing and planned exploration and possible future mining operation on reasonable terms, changing foreign exchange rates and actions by government authorities, market competition, risks involved in mining, processing, exploration and research and development activities, the political climate in Argentina, the Company's ongoing relations with its employees and with local communities and local governments, and uncertainties associated with legal proceedings and negotiations and misjudgments in the course of preparing forward-looking statements. In addition, there are also known and unknown risk factors which may cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation:

- risks related to the Company's lack of revenues from operations and its continued ability to fund ongoing and planned exploration and possible future mining operations;
- risks related to the Company's history of losses, which will continue to occur in the future;
- risks related to governmental regulations;
- risks related to the uncertainty of the Company's ability to attract and retain qualified management;
- risks related to the Company's ability to successfully establish mining operations or profitably produce precious metals;
- volatility in the market price of gold, silver and other minerals which could affect the profitability of possible future operations and financial condition;
- risks related to currency volatility;
- risks related to the inherently dangerous activity of mining, including conditions or events beyond the Company's control;
- risks related to the Company's primary properties being located in Argentina, including political, economic, and regulatory instability;
- uncertainty as to actual capital costs, operating costs, production and economic returns relating to potential mining operations;
- uncertainty in the Company's ability to obtain and maintain certain permits necessary for current and anticipated operations;
- risks related to the Company being subject to environmental laws and regulations;
- risks related to land reclamation requirements and loss of the Bajo Pobre property due to inability to meet contractual obligations;

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- risks related to the Company's ability to attract necessary capital funding for mineral exploration in the future;
- risks related to officers and directors being or becoming associated with other natural resource companies which may give rise to conflicts of interests; and
- the volatility of the Company's common share price.

This list is not exhaustive of the factors that may affect the Company's forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further in this MD&A under "Risk Factors". Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward looking statements. Forward-looking statements are made based on management's experience, beliefs, estimates and opinions on the date the statements are made, and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by law.

Investors are cautioned against attributing undue certainty to forward-looking statements.

### **Overall Performance**

The Company is a mineral exploration company incorporated 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 was a Capital Pool Corporation, within the meaning ascribed in the TSX Venture Exchange's (the "Exchange") Policy 2.4, prior to December 23, 2009. On that date the Company acquired all of the issued and outstanding shares of Cerro Cazador S.A. ("CCSA") in consideration for the issuance of 29,118,507 common shares and 20,881,493 convertible preferred shares of the Company in a reverse takeover transaction (the "Qualifying Transaction"). All of the shares issued pursuant to the transaction were acquired by HuntMountain Resources Ltd. ("HuntMountain") and HuntMountain Investments LLC, a wholly owned subsidiary of HuntMountain. HuntMountain is an entity that is majority owned and controlled by the Company's Chairman, Mr. Tim Hunt. This transaction constituted the Company's Qualifying Transaction as defined under the Exchange's Policy 2.4. Prior to completion of the Qualifying Transaction, the Company's business was to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Complete details regarding the reverse takeover transaction and CCSA's corporate development are contained in the Company's Filing Statement dated November 30, 2009, as filed on SEDAR on December 3, 2009.

2010 was the Company's first year of operations on a post Qualifying Transaction basis. During 2010 the Company's primary focus was on securing financing to continue the Company's exploration programs.

During 2010 CCSA's operational focus was on surface sampling, completion of a 43-101 compliant resource report and negotiating with Fomento Minero de Santa Cruz Sociedad del Estado ("Fomicruz", the provincial mining authority in Santa Cruz province, Argentina) to secure rights to the La Valenciana property that is contiguous to the Company's flagship property.

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Having secured funding late in 2010, the Company, during the first six months of 2011, ending June 30, escalated project exploration and development on the La Josefina property. The Company focused its efforts on a drilling program designed to increase previously disclosed resources, as described in the latest National Instrument 43-101 compliant technical report relating to La Josefina, currently on file at SEDAR.

**Current Highlights**

On January 10, 2011, the Company announced that it had begun a new drilling campaign on the La Josefina property. The goal of this drilling campaign is to increase the resource estimate assigned to the La Josefina property. The campaign's primary focus is to offset historic holes, perform step out drilling and test new drill targets.

On January 20, 2011, the Company announced the addition of five additional prospective properties to its claims portfolio totaling 24,855 hectares. All of the new properties are located in Santa Cruz Province, Argentina.

On March 1, 2011, the Company announced the appointment of Mel Klohn to the position of Senior Technical Advisor. Mr. Klohn's primary focus is to assist in guiding the continued advancement of the Company's core assets.

On March 3, 2011, the Company announced initial drill results from the 2011 La Josefina campaign.

On March 14, 2011, the Company entered into an agreement to purchase a US\$103,000 loan owing from CCSA to HuntMountain. The purchase price for this transaction was US\$99,910, a 3% discount from the face value of the loan. The loan has accrued interest totaling US\$11,682 and therefore the total purchase price for the transaction was US\$111,592. Due to Argentine banking regulations, this transaction allows the Company to better manage its working capital. This loan acquisition transaction was approved by the Exchange on March 11, 2011.

On March 15, 2011, the Company announced the resignation of Mr. Bryn Harman from the positions of Chief Financial Officer ("CFO") and Secretary effective March 24, 2011. Ms. Vicki Streng has been appointed as interim CFO until a permanent CFO is retained.

On March 22, 2011, the Company announced drill results from the ongoing 2011 La Josefina campaign.

On March 31, 2011, the Company announced drill results from the ongoing 2011 La Josefina campaign.

On April 11, 2011, the Company announced that it had entered into an agreement with G Mining Services Inc. ("G Mining") to provide a series of services, studies, and assessments designed to guide the Company to a production decision for the La Josefina Project. G Mining will assume overall coordination and responsibility of all technical and engineering work to prepare an updated Technical Report in accordance with National Instrument 43-101 and Form 43-101F1.

On May 2, 2011, the Company announced drill results from the ongoing 2011 La Josefina campaign.

On May 5, 2011, the Company announced drill results from the Sinter Zone during the ongoing 2011 La Josefina campaign.

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On May 17, 2011, the Company announced an updated development schedule for the La Josefina Project. The updated development schedule is summarized below:

On May 24, 2011, the Company announced that it had engaged Viresh Varma as Director of Corporate Development. Mr. Varma's primary focus is to provide investor relations and marketing activities.

On May 25, 2011, the Company announced drill results from the Sinter Zone during the ongoing 2011 La Josefina campaign.

Detailed results of the La Josefina drilling program are included in the Company's website, [www.huntmining.com](http://www.huntmining.com).

On May 25, 2011, the Company announced that it had entered into an engagement letter with Macquarie Capital Markets Canada Ltd ("Macquarie"), pursuant to which Macquarie agreed to purchase, on a bought deal private placement basis, 22,300,000 units in the capital of the Company at the price of \$0.45 per unit for aggregate gross proceeds to the Company of \$10,035,000. Each unit will be comprised of one common share and one-half of one common share purchase warrant of the Company (each whole warrant, a "Warrant"). Each Warrant will entitle the holder thereof to purchase one additional common share of the Company at a price of \$0.65 per common share for a period of 24 months following the Closing Date.

On June 14, 2011 the Company issued 25,645,000 units at \$0.45 per unit pursuant to a bought-deal private placement for gross proceeds of \$11,540,250. Each unit consisted of one common share and one half share purchase warrant exercisable at \$0.65 per warrant before June 14, 2013. In conjunction with the private placement, the Company granted broker compensation options to Macquarie Capital Markets Canada Ltd to acquire 1,795,150 broker compensation units. Each broker compensation unit will consist of one common share and one half of one common share purchase warrant exercisable at \$0.45 prior to June 14, 2013.

### **Mineral Exploration Activity**

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

In 2006, CCSA was granted exclusive rights to explore, through a claims staking process, three properties known as El Overo, El Alazan, and El Tordillo in Santa Cruz province, Argentina. The El Alazan, El Overo, and El Tordillo properties form a contiguous land block located 220 kilometres northwest of the port town of Puerto San Julian and 100 kilometres north of the town of Gobernador Gregores.

To date, there has been no known historic precious metal exploration conducted on these three properties.

The Company has conducted a preliminary inspection and reconnaissance exploration of these properties which included the collection of cursory rock chip and channel samples.

#### *El Gateado*

In March 2006, CCSA acquired the right to conduct exploration on, through a claims staking process, the El Gateado property, located in the north-central part of Santa Cruz province, Argentina. CCSA began field reconnaissance work on the El Gateado property in February 2006 with the completion of a topographic survey, base map generation, and a staked grid. In late 2006 and early 2007 CCSA drilled 13

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holes on the El Gateado property. Results of this drilling program are included in the Company's Filing Statement dated November 30, 2009 as filed on SEDAR on December 3, 2009.

The Company did not conduct any exploration activity on the El Gateado property in 2008, 2009 or 2010.

In the first quarter of 2011 the company prepared roads and drill pads at El Gateado and completed a 2,358 meter drilling campaign initiated in April of 2011. The Company plans to spend approximately \$50,000 on this infrastructure work. During the six months ended June 3, 2011, the Company completed 2,358 meters of drilling on the El Gateado property. Drill assay results are pending.

*Bajo Pobre*

In January 2006, CCSA signed a letter of intent with FK Minera S.A. to acquire a 100% interest in the Bajo Pobre property located in Santa Cruz province, Argentina. In March 2007, CCSA signed a definitive agreement to acquire the Bajo Pobre property. Pursuant to this agreement, CCSA can earn up to a 100% equity interest in the Bajo Pobre property by making cash payments and exploration expenditures over a five year earn-in period. Details of this agreement are contained in the Company's Filing Statement dated November 30, 2009 as filed on SEDAR on December 3, 2009.

The Company has not conducted any exploration activities on the property and presently has no plans to conduct exploration activities on the Bajo Pobre property. The Company has not completed all the required expenditures relating to the Bajo Pobre property and has not secured a contract amendment in this regard.

*La Josefina*

In March 2007, CCSA was awarded the exploration and development rights to the La Josefina project by Fomicruz. The legal agreement granting CCSA rights to the La Josefina property was finalized in July 2007. The La Josefina project is located in North-Central Santa Cruz province in southern Argentina, within the region known as Patagonia.

Between November 2007 and December 2008, CCSA completed a 37,605 metre drilling program on the La Josefina property.

During 2009, the Company's focus with respect to the La Josefina project was data interpretation, resource estimation and exploration planning. The Company did not conduct any drilling activity on the La Josefina property during the fiscal year ended December 31, 2010. Full details regarding the Company's resource estimate are included in the Company's technical report dated September 29, 2010 (the "Technical Report") and filed on SEDAR on October 4, 2010.

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 is presently conducting a drilling campaign on the La Josefina property. Additional details regarding this current drilling campaign and the recommended work programs relating to the La Josefina project are included in the Technical Report. Detailed results of the La Josefina drilling program are included in the Company's website, [www.huntmining.com](http://www.huntmining.com). The La Josefina property is the Company's primary exploration property.

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During 2011, the Company plans to complete approximately 20,000 meters of drilling and has sufficient funds to conduct this drilling program on the La Josefina property. Exploration expenditures are funded from working capital. Additional funding for 2011 was provided from the June 2011 bought-deal private placement detailed above in the Current Highlights section. The Company believes it has sufficient funds to continue its exploration program in 2011.

**Subsequent Events**

On July 26, 2011, the Company announced drill results from the ongoing 2011 La Josefina campaign. Detailed results are included in the Company's website, [www.huntmining.com](http://www.huntmining.com).

Subsequent to June 30, 2011, 552,250 warrants, 25,000 agent's options and 20,000 broker warrants were exercised, raising proceeds of \$206,787.

**Selected Financial Information**

The Company's financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") and using policies consistent with IFRS. All financial results presented in this MD&A are expressed in Canadian dollars.

A summary of selected financial information for the three and six month periods ended June 30, 2011 and June 30, 2010 is as follows:

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>June 30, 2011</b>	<b>June 30, 2010</b>	<b>June 30, 2011</b>	<b>June 30, 2010</b>
Total revenues	\$14,721	\$3,893	\$27,913	\$7,789
Net loss for the period	(2,445,107)	(1,032,277)	(4,119,445)	(1,099,018)
Net loss for the period – basic and diluted loss per share	(\$0.03)	(\$0.02)	(\$0.06)	(\$0.02)
Total assets	15,903,911	2,578,349	15,903,911	2,578,349
Total long term liabilities	125,000	133,401	125,000	133,401
Cash dividends	-	-	-	-

The Company has chosen to expense its exploration and evaluation expenditures as incurred.

In the three and six month periods ended June 30, 2011 the Company incurred exploration expenses of \$1,066,397 and \$1,575,435, respectively. In the three and six month periods ended June 30, 2010 the Company incurred exploration expenses of \$89,888 and \$245,790, respectively. Primary components of exploration expenses in 2011 and 2010 are given in the following table:

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	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>June 30, 2011</b>	<b>June 30, 2010</b>	<b>June 30, 2011</b>	<b>June 30, 2010</b>
Drilling expense	\$ 752,347	\$ -	\$ 1,110,955	\$ -
Assay expense	108,628	20,879	138,739	79,136
Equipment rental expense	41,668	14,112	90,035	27,794
Fuel expense	26,384	11,636	40,822	28,334
Property payments	22,074	24,288	37,957	48,571
Property reports	773	-	773	3,045
Other	114,527	18,974	156,154	58,910
	<u>\$ 1,066,397</u>	<u>\$ 89,888</u>	<u>\$ 1,575,435</u>	<u>\$ 245,790</u>

Expenses attributable to drilling, assay, equipment rental and fuel were all higher in 2011 as compared to 2010. The Company's exploration efforts in 2011 were increased as the Company is conducting a drilling campaign on the La Josefina property. As a result, exploration expenses were higher in 2011 compared to 2010.

Exploration expenses were allocated to the Company's properties according to the following table:

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>June 30, 2011</b>	<b>June 30, 2010</b>	<b>June 30, 2011</b>	<b>June 30, 2010</b>
La Josefina	\$ 751,550	\$ 86,526	\$ 1,258,287	\$ 238,963
Bajo Pobre	6,512	3,362	1,466	6,827
Other	308,340	-	315,682	-
	<u>\$ 1,066,397</u>	<u>\$ 89,888</u>	<u>\$ 1,575,435</u>	<u>\$ 245,790</u>

For the six months ended June 30, 2011 the major components of Administrative and Office expenses were \$33,037 on account of drilling camp rent (as compared to \$39,892 in 2010) and miscellaneous expense relating to the La Josefina project of \$102,687 (as compared to \$57,907 in 2010).

## **Results of Operations**

### **Three month and six month periods ended June 30, 2011 as compared to the three and six month periods ended June 30, 2010**

For the three months ended June 30, 2011 the Company generated a net loss of \$2,445,107 or \$0.03 per share, compared to a net loss of \$1,032,277, or \$0.02 per share, in the three months ended June 30, 2010. For the six months ended June 30, 2011 the Company generated a net loss of \$4,119,445 or \$0.05 per share, compared to a net loss of \$1,099,018, or \$0.02 per share, in the six months ended June 30, 2010. The increased net loss and net loss per share was a result of increased exploration expense and increased professional fees expense.

The Company generated interest and dividend income of \$14,721 in the three months ended June 30, 2011, up from \$3,893 in the three months ended June 30, 2010. The Company incurred operating expenses of \$2,373,208 in the three months ended June 30, 2011, up from \$1,087,783 in the three months ended June 30, 2010. The Company generated interest and dividend income of \$27,913 in the first six months of 2011, up from \$7,789 in the first six months of 2010. The Company incurred operating expenses of \$3,961,957 in the first six months of 2011, up from \$2,277,694 in the first six months of

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2010. The increase in the operating expenses in 2011 was a result of increased exploration expenses, including drilling campaign on the La Josefina property, and increased professional fees.

The Company intends to continue exploration work on the La Josefina property in accordance with the Technical Report. Management believes that there are no exogenous factors that have caused the value of any of its mineral exploration properties to decrease since they were acquired.

Other assets include VAT receivable as of June 30, 2011 of \$829,992. This amount reflects the VAT credit accrued due to the payment of VAT on certain transactions in Argentina. The Company plans to seek reimbursement on the VAT if and when the exportation of minerals has commenced. This asset is reported at net present value on the Company's consolidated statement of financial position.

### Summary of Quarterly Results

For quarters ending after January 1, 2010, the quarterly results have been restated to reflect accounting policies consistent with IFRS. Quarterly results for quarters ended before January 1, 2010, and quarter ended September 30, 2010, have been prepared in accordance with Canadian generally accepted accounting principles.

	<u>June 30, 2011</u>	<u>March 31, 2011</u>	<u>December 31, 2010</u>	<u>September 30, 2010</u>
Interest Income	\$ 14,721	\$ 13,192	\$ 9,565	\$ 3,915
Net loss	(2,445,107)	(1,674,338)	(1,525,100)	(845,011)
Net loss per share:				
Basic	(\$ 0.03)	(\$ 0.02)	(\$ 0.02)	(\$ 0.02)
Fully-diluted	(\$ 0.03)	(\$ 0.02)	(\$ 0.02)	(\$ 0.02)
	(\$ 0.03)	(\$ 0.02)	(\$ 0.02)	(\$ 0.02)

	<u>June 30, 2010</u>	<u>March 31, 2010</u>	<u>December 31, 2009</u>	<u>September 30, 2009</u>
Interest Income	\$ 3,893	\$ 3,896	\$ 2,178	\$ 4,084
Net income (loss)	(1,032,277)	(66,741)	(1,417,143)	(202,847)
Net loss per share:				
Basic	(\$ 0.02)	\$ 0.00	(\$ 0.09)	(\$ 0.06)
Fully-diluted	(\$ 0.02)	\$ 0.00	(\$ 0.09)	(\$ 0.06)
	(\$ 0.02)	\$ 0.00	(\$ 0.09)	(\$ 0.06)

### Capital Resources and Liquidity

The Company does not have any cash flow generating properties. As at June 30, 2011 the Company had \$13,696,886 in cash and short term investments and working capital of \$12,834,217. In the normal course of business, 30% of all funds wire transferred to CCSA from the Company are withheld by the Government of Argentina unless they are applied to a capital increase. These withheld amounts are deposited in non remunerated US dollar fixed term deposits until the Government of Argentina approves the Company's formal application for release. As at August 25, 2011 the Company had approximately \$12.3 million in cash and short term investments.

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**Transactions with Related Parties**

During the six month period ended June 30, 2011 the Company paid US\$42,837 (six months ended June 30, 2010 - \$65,359) 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, 2011 the Company included \$68,838 (six months ended June 30, 2010 - \$75,259) in professional fees expense relating to the services of the President of CCSA. Included in accounts payable and accrued liabilities as at June 30, 2011 was \$12,287 owing to the President of CCSA for professional geological fees (June 30, 2010 - \$11,012).

At June 30, 2011 the Company had a payable owing to the President of CCSA in the amount of \$1,062 (receivable due from the President of CCSA at June 30, 2010 - \$1,570) relating to expenses incurred on behalf of the Company during the six months ended June 30, 2011.

During the six months ended June 30, 2011 the Company included \$13,295 (six months ended June 30, 2010 - \$17,841) in general and administrative expenses relating to rent paid for office space to the President of CCSA. At June 30, 2011 the Company had a payable owing to the President of CCSA for office rent of \$nil (June 30, 2010 - \$nil).

During the six months ended June 30, 2011 the Company included \$56,562 (six months ended June 30, 2010 - \$27,826) in professional fees expense relating to the accounting services of a director of CCSA. At June 30, 2011 the Company had a payable owing to a director of CCSA for accounting services of \$8,712 (June 30, 2010 - \$2,607).

In conjunction with the Qualifying Transaction, the Company advanced \$200,000 to HuntMountain, CCSA's former parent corporation, as a refundable deposit. The deposit was not applied to the consideration of the Qualifying Transaction and therefore is reflected in prepaid expenses and deposits on the Company's consolidated statement of financial position at June 30, 2011 (January 1, 2010, December 31, 2010 and March 31, 2011 - \$200,000).

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

On March 3, 2010, Hunt Gold USA LLC, a wholly owned subsidiary of the Company, acquired US\$700,000 of the US\$803,000 outstanding loan payable from CCSA to HuntMountain for total consideration of US\$679,000, a 3% discount to the outstanding amount payable. The Company's remaining amount owing to HuntMountain was \$80,887 on March 31, 2010.

On March 14, 2011, the Company entered into an agreement to purchase a US\$103,000 loan owing from CCSA to HuntMountain. The purchase price for this transaction was US\$99,910, a 3% discount from the face value of the loan. The loan has accrued interest totaling US\$11,682 and therefore the total purchase price for the transaction was US\$111,592. Due to Argentine banking regulations, this transaction allows the Company to better manage its working capital. This loan acquisition transaction was approved by the Exchange on March 11, 2011.

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As a condition of the Qualifying Transaction, HuntMountain entered into an agreement with CCSA pursuant to which HuntMountain agreed to pay all of CCSA's remaining accounts payable owed to 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 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 CCSA's PDM payables concurrently with the signing of the agreement. Therefore, the Company recorded a \$612,850 payable owing to HuntMountain on December 31, 2009.

HuntMountain forgave the due to related party liability of \$612,850 and all of the accounts payable purchased from PDM pursuant to an agreement between CCSA and HuntMountain dated March 5, 2010. This had the same effect as the original agreement between 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.

**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 and the Chief Financial Officer, is as follows:

	Three months ended		Six months ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Salaries and benefits	\$ 91,424	\$ 103,215	\$ 199,857	\$ 210,608
Consulting fees	87,648	43,564	168,600	103,085
Stock-based remuneration	120,393	227,582	274,740	536,453
	\$ 299,465	\$ 374,361	\$ 643,197	\$ 850,146

**Off Balance Sheet Arrangements**

As at June 30, 2011, the Company had no off balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on results of operations or the financial condition of the Company.

**Financial Instruments and Other 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

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(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 at June 30, 2011 and December 31, 2010 is summarized as follows:

	June 30, 2011		December 31, 2010	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial Assets</b>				
<i>FVTPL</i>				
Cash and equivalents (Level 1)	\$13,696,886	\$13,696,886	\$6,361,897	\$6,361,897
<i>Available for sale</i>				
Performance bond (Level 1)	228,477	228,477	257,209	257,209
<i>Loans and receivables</i>				
Accounts receivable	65,835	65,835	53,943	53,943
<b>Financial Liabilities</b>				
<i>Other financial liabilities</i>				
Accounts payable and accrued liabilities	1,093,880	1,093,880	318,679	318,679
Shareholder loan	-	-	103,021	103,021
Interest payable on shareholder loan	-	-	10,240	10,240
Due to related parties	-	-	-	-

*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, 2011, the following are denominated in US dollars:

Cash and equivalents	\$ 33,852
Accounts payable and accrued liabilities	30,836

As at June 30, 2011, the following are denominated in Argentine Peso:

Cash and equivalents	\$ 983,150
Performance bond	228,477
Accounts receivable	20,843
Accounts payable and accrued liabilities	784,121

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

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operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

At June 30, 2011, 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:

	<u>Impact on net loss and comprehensive loss</u>
U.S. Dollar Exchange rate – 10% increase	\$5,047
U.S. Dollar Exchange rate – 10% decrease	\$(5,047)

At June 30, 2011, 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:

	<u>Impact on net loss and comprehensive loss</u>
Argentine Peso Exchange rate – 10% increase	\$18,939
Argentine Peso Exchange rate – 10% decrease	\$(18,939)

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 \$983,150 at June 30, 2011 (December 31, 2010 - \$2,084) are considered uninsured.

There is minimal 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.

iv. 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. A dramatic decline in commodity prices could impact the viability of the Company and the carrying value of its properties.

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v. 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, 2011.

**Changes in Accounting Policies**

The Company prepared its unaudited condensed interim consolidated financial statements for the first quarter ended March 31, 2011 in accordance with IFRS. These are the Company's first financial statements prepared in accordance with IFRS and accordingly they were prepared in accordance with IAS 34 and IFRS 1 *First Time Adoption of International Financial Reporting Standards* ("IFRS 1"). Previously, the Company prepared its consolidated annual and condensed interim consolidated financial statements in accordance with Canadian GAAP.

The preparation of these unaudited condensed interim consolidated financial statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Canadian GAAP. The accounting policies listed below have been applied consistently to all periods presented in the financial statements. They also have been applied in preparing an opening IFRS statement of financial position as at January 1, 2010, the Company's Transition Date, for the purposes of the transition to IFRS, as required by IFRS 1. The accounting policies have been selected to be consistent with IFRS as is expected to be effective on December 31, 2011, the Company's first annual IFRS reporting date. The standards and interpretations within IFRS are subject to change and accordingly, the accounting policies for the annual period that are relevant to these condensed interim consolidated financial statements will be finalized only when the first full IFRS financial statements are prepared for the year ending December 31, 2011.

*Impact of Adopting IFRS on the Company's Business*

The adoption of IFRS has resulted in minimal changes to the Company's accounting systems and business processes. The Company has not identified any contractual arrangements that are significantly impacted by the adoption of IFRS.

The Company's staff and consultants involved in the preparation of financial statements have been appropriately trained on the relevant aspects of IFRS and the changes to accounting policies.

The Board of Directors and the Audit Committee have been regularly updated through the Company's IFRS transition process, and are aware of the key aspects of IFRS affecting the Company.

*First-time adoption of IFRS – exceptions and exemptions applied*

IFRS 1, which governs the first-time adoption of IFRS, generally requires accounting policies to be applied retrospectively to determine the opening statement of financial position on the Company's Transition Date. However, IFRS 1 also dictates certain mandatory exceptions and allows certain optional exemptions from full retrospective application on the transition to IFRS. In preparing its Transition Date statement of financial position, the Company has applied the following mandatory exceptions:

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- The estimates established by the Company in accordance with IFRS at the date of transition to IFRS are consistent with estimates made for the same date in accordance with Canadian GAAP, after adjustments to reflect any difference in accounting principles, if applicable.

- Financial assets and liabilities that had been de-recognized before January 1, 2010 under previous GAAP have not been recognized under IFRS. The Company applied by anticipation the modification to IFRS 1 related thereto with respect to the application date of the exception, which is January 1, 2010.

The Company has also elected to apply the following exemptions:

- To apply IFRS 2 *Share Based Payments* only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date; and

- To reset of the cumulative translation difference reserve for foreign operations to zero at the Transition Date. The adjustment of \$199,713 to give effect to this has been recorded against the opening equity.

*Changes to accounting policies resulting from the conversion to IFRS*

The Company has changed certain accounting policies to be consistent with IFRS as is expected to be effective or available on December 31, 2011, the Company's first annual IFRS reporting date. The impact of the changes to accounting policies on the recognition and measurement of assets, liabilities, equity, revenue and expenses within the Company's consolidated financial statements are presented below.

The following summarizes the significant changes to the Company's accounting policies on adoption of IFRS.

*i) Share Based Payments*

The guidance provided by IFRS 2 is largely consistent with Canadian GAAP and requires estimates of the fair value of stock options to be made at the date of the grant and the recognition of the related expense in income as the options vest. The use of the Black-Scholes model is an acceptable method to estimate the fair value of the options at the date of grant. For graded vested share options, IFRS 2 requires the use of the attribution method, which requires that the Company treat each installment as a separate share option grant with a different fair value. In accordance with Canadian GAAP, the Company had previously applied the straight line method. Also, under Canadian GAAP, the Company previously recorded forfeitures as they occur, however upon transition to IFRS, the Company provided for an estimate of the forfeiture rates determining the total share based compensation expense. The Company's accounting policy related to share-based payments has been adjusted to reflect these differences.

*ii) Impairment of Non-financial Assets*

IFRS requires a write down of assets if the higher of the fair value less cost to sale and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Canadian GAAP required a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets was less than its carrying value. The Company's accounting policies related to impairment of non-financial assets have been changed to reflect these differences. The Company has tested the Company's non-financial assets for impairment at the Transition Date (January 1, 2010) with the result that no impairment was required.

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*iii) Decommissioning Liabilities (Asset Retirement Obligations)*

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while Canadian GAAP only required the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions. The Company's accounting policies related to decommissioning liabilities have been changed to reflect these differences. This change had no impact on these unaudited condensed interim consolidated financial statements.

*Transition date and comparative unaudited consolidated financial statements*

The changes in accounting policies resulting from the Company's adoption of IFRS had the following impact on the consolidated statement of comprehensive income and on the consolidated statement of financial position. The changes in accounting policies resulting from the Company's adoption of IFRS had no impact on the unaudited consolidated statement of cash flows for the six months ended June 30, 2010 and the year ended December 31, 2010.

*Presentation*

Certain amounts on the interim consolidated statement of comprehensive income have been reclassified to conform to the presentation adopted under IFRS.

*Significant Accounting Policies Applied on Adoption of IFRS*

*Foreign currency translation*

The unaudited condensed interim consolidated financial statements are presented in Canadian dollars. The functional currency of the Company has remained unchanged during the reporting period.

Monetary assets and liabilities of the Company which are denominated in a foreign currency are translated at the exchange rate in effect at the reporting date, whereas its non-monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the transaction date. Revenues and expenses denominated in a foreign currency are translated at the average rate in effect during the period with the exception of depreciation that is translated at the historical rate. Gains and losses on exchange arising from the translation of foreign operations are recorded in profit or loss.

Under Canadian GAAP the Company used the temporal method of reporting foreign currency translations which is consistent with the requirements of IAS 21. The Company has elected to make use of the cumulative translation differences exemption provided under IFRS 1, which allows the Company to reset its cumulative translation adjustment balance to zero at the date of transition to IFRS, January 1, 2010.

As of December 31, 2009 the Company had accumulated other comprehensive loss of \$116,139.

*Provisions, contingent liabilities and assets*

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Timing or amount of the outflow may still be uncertain. If the time value of money is material, provisions are determined by discounting the expected

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future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets and are not recognized.

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the related asset, as soon as the obligation to incur such costs arises and to the extent that such cost can be reasonably estimated.

The Company had no material provisions at June 30, 2011 and December 31, 2010.

*Share based payment transactions*

The fair value of share-based payments to directors, officers, employees and consultants is recognized as an expense over the vesting period with a corresponding increase to contributed surplus. The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model and taking into account an estimated forfeiture rate and the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

*Significant accounting judgments and estimates*

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates which, by their nature, are uncertain and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from the assumptions made, relate to, but are not limited to: i) the inputs used in accounting for share based payment transactions (using the Black-Scholes model), including volatility, probable life of options granted, time of exercise of the options and forfeiture rate; ii) the recovery of refundable mining tax credits and the deferred gain related to flow-through shares, in the event that exploration expenditures assessed to be eligible Canadian

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Exploration Expenses by the Company are subsequently disallowed by the tax authorities; iii) whether a past event has led to a liability that should be recognized in the consolidated interim statement of financial position or disclosed as a contingent liability; and iv) the assessment of the Company's ability to execute its strategy by funding future working capital requirements.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Accounting standards issued but not yet applied**

At the date of this MD&A, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company. Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standard, amendment and interpretation that is expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.

*IFRS 9 – Financial instruments: classification and measurement*

This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 has two measurement categories: amortized cost only in such instances that the entity is holding the financial asset to collect contractual cash flows and the cash flows represent principal and interest. Otherwise, the financial asset must be measured at fair value through the statement of profit or loss. The new standard was also updated to include guidance on financial liabilities and de-recognition of financial instruments. The new standard is effective for years beginning on or after January 1, 2013.

The company has not yet considered the impact that this new standard will have on its consolidated financial statements.

*IFRS 10, Consolidated Financial Statements*

On May 12, 2011 the IASB issued IFRS 10, *Consolidated Financial Statements* that addresses the accounting for consolidated financial statements by establishing a single control model that applies to all entities, including special purpose entities or structured entities. IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent as a single economic entity.

IFRS 10 establishes criteria for determining control which includes the ability to direct the activities of the investee that significantly affect the investee's return, exposes the controlling entity to variable returns of the investee and has power over the investee sufficient to affect returns to the investor. Control activities outlined in IFRS 10 include the ability to determine operating policies, making capital decisions, appointing key management and managing underlying investments.

The standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. IFRS 10 must be adopted in conjunction with IFRS 11 and 12. The Company

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has not yet assessed the impact the impact of the standard or determined whether it will adopt the standard early.

IFRS 11, *Joint Arrangements*

On May 12, 2011 the IASB issued IFRS 11, *Joint Arrangements* which establishes principals for financial reporting by parties to a joint arrangement. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures* and is effective for reporting periods after January 1, 2013. IFRS 11 describes the accounting for a "joint arrangement," defined as a contractual arrangement over which two or more parties have joint control. While IFRS 11 supersedes IAS 31, it does not broaden the scope of the standard.

Under IFRS 11 joint control is determined by the contractually agreed sharing of control of an arrangement whereby the decisions about the relevant activities require unanimous consent of the parties sharing control. Key in determining joint control include; contractual agreement among the parties, the ability to exert control over the relevant activities and the requirement for unanimous consent amongst the parties to an arrangement. Joint arrangements will be classified as either "joint operations" or "joint ventures" under IFRS 11. For joint operations the operator will continued to recognize its assets, liabilities, revenues and expenses under its control as they would have under IAS 31. In a joint venture the parties have joint control and rights to the net assets of the arrangement.

The standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. IFRS 11 must be adopted in conjunction with IFRS 10 and 12. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 12, *Disclosure of Involvement with Other Entities*

On May 12, 2011 the IASB issued IFRS 12, *Disclosures of Interests in Other Entities*. IFRS 12 combines the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, associates and structured entities into one comprehensive disclosure standard as previously included in IAS 27, 28 and 31 along with new disclosure standards. IFRS 12 is intended to disclose information that help users of financial statements evaluate the nature and risk associated with interest in another entity and the effect those interests have on its financial position, financial performance and cash flows.

IFRS 12 requires that management disclose significant judgments and estimates used in determining whether it has control, joint control or significant influence over another entity and the type of joint arrangement established when done through a separate vehicle.

The standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. IFRS 12 must be adopted in conjunction with IFRS 10 and 11. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 13, *Fair Value Measurements*

On May 12, 2011 the IASB issued guidance on the fair value measurement disclosure requirements for IFRS. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

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There is no transition date for IFRS 13 as the standard is not yet effective. The Company has not yet assessed the potential impact of the standard.

IFRS 28, *Investments in Associates and Joint Ventures*

In May 2011, the IASB published IFRS 28, *Investments in Associates and Joint Ventures* which are effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. Amendments to IAS 28 provide additional guidance applicable to accounting for interests in joint ventures or associates when a portion of an interest is classified as held for sale or when the Company ceases to have joint control or significant influence over an associate or joint venture. When joint control or significant influence over an associate or joint venture ceases, the Company will no longer be required to remeasure the investment at that date. When a portion of an interest in a joint venture or associate is classified as held for sale, the portion not classified as held for sale shall be accounted for using the equity method of accounting until the sale is completed at which time the interest is reassessed for prospective accounting treatment. The amendments to the standard are not expected to have a material impact on the presentation of the Company's financial position and results of operations.

IAS 1, *Presentation of Items of OCI: Amendments to IAS I Presentation of Financial Statements*

In June 2011, the IASB issued IAS 1, *Presentation of Items of OCI: Amendments to IAS I Presentation of Financial Statements*. The amendments stipulate the presentation of net earnings and OCI and also require the Company to group items within OCI based on whether the items may be subsequently reclassified to profit or loss. Amendments to IAS 1 are effective for the Company beginning on January 1, 2012 with retrospective application and early adoption permitted. The adoption of the amendments to this standard is not expected to have a material impact on the Company's financial statements.

**Transition to International Financial Reporting Standards**

For all periods up to and including the year ended December 31, 2010, the Company prepared its financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Conversion to IFRS was required for all Canadian publicly listed companies for the first financial period ending subsequent to January 1, 2011. Given the requirement to present comparative financial information, the Company's effective date of transition to IFRS was January 1, 2010. Accordingly, the Company commenced reporting on this basis for the condensed interim consolidated financial statements referenced herein. In the interim financial statements and this discussion and analysis, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

The consolidated financial statements referred to herein have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 and IFRS 1. The Company continues to monitor changes in IFRS issued by the IASB and their potential impact on the Company's financial statements. The Company will make necessary adjustments as the new pronouncements become effective.

Note 16 to the unaudited condensed interim consolidated financial statements contains a detailed discussion on the differences between the Company's financial statements under Canadian GAAP and IFRS. Note 16 also includes a detailed reconciliation from Canadian GAAP to IFRS of the Company's statement of financial position as at January 1, 2010 and December 31, 2010 as well as its statement of operations and comprehensive income (loss) for the three month and one year periods ended March 31, 2010 and December 31, 2010, respectively.

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The IFRS accounting policies as presented in Note 2 have been applied in preparing the financial statements for the period ended March 31, 2011, the comparative information and the opening statement of financial position at the date of transition. Below is a summary discussion of some of the key impacts of the transition to IFRS:

*(a) Elected exemptions from full retrospective application*

IFRS 1 requires accounting policies to be applied retrospectively to determine the opening statement of financial position at the Company's transition date of January 1, 2010, and allows certain exemptions on the transition to IFRS. The optional exemptions applied are as follows:

*(i) Business combinations*

Under IFRS 1, the Company can elect to not restate in accordance with IFRS 3R *Business Combinations*, all business combinations that occurred prior to the transition date or to only restate all business combinations that occurred after a designated date prior to the transition date. The Company has applied this exemption to all business combinations that occurred prior to January 1, 2010.

*(ii) Share-based payment transactions*

IFRS 1 encourages, but does not require a first time adopter to apply IFRS 2 *Share-based Payment* ("IFRS 2") to equity instruments that were granted on or before November 7, 2002, or were granted after November 7, 2002 but vested before the Company's IFRS transition date. Accordingly, an entity may elect not to retrospectively apply IFRS 2 to these equity instruments.

The Company has elected this exemption and as a result, has applied IFRS 2 retrospectively only for share-based payments that were granted after November 7, 2002, and had not vested at the date of transition.

*(iii) Cumulative translation differences*

IFRS 1 allows cumulative translation differences for all foreign operations to be reset to zero at the date of transition to IFRS, with future gains or losses on subsequent disposal of any foreign operations to exclude translation differences arising prior to the date of transition to IFRS. The Company has elected this exemption and accordingly, has reset all cumulative translation differences to zero on transition to IFRS.

*(iv) Borrowing costs*

IFRS 1 permits an entity to apply the transitional provisions of IAS 23 - *Borrowing Costs* as an alternative to full retrospective application. Under these provisions, the Company may elect to only apply IAS 23 to qualifying assets for which the commencement date for capitalization is on or after the date of transition (or an elected earlier date).

The Company has elected to apply this exemption from its transition date of January 1, 2010, and as a result, will apply IAS 23 from this date onwards for projects with a commencement date of January 1, 2010 or later.

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*(b) Mandatory exceptions to retrospective application*

IFRS 1 outlines specific guidelines that a first-time adopter must adhere to under certain circumstances. The Company has applied the following guidelines to its opening statement of financial position dated January 1, 2010:

*(i) Estimates*

Hindsight was not used to create or revise estimates and accordingly, the estimates previously made by the Company under Canadian GAAP are consistent with their application under IFRS.

*(c) Reconciliations from Canadian generally accepted accounting principles ("GAAP") to IFRS*

The Company's transition from Canadian GAAP to IFRS has resulted in a number of adjustments to its statement of loss, statement of comprehensive loss, statement of financial position and statement of cash flows for the quarter ended March 31, 2010, the year ended December 31, 2010 and to the statement of financial position for January 1, 2010. Further details of the adjustments are provided in the following reconciliations and the notes that accompany the reconciliations. The adoption of IFRS has not changed the Company's actual cash flows.

**Commitments and Contingencies**

On March 27, 2007, the Company entered into a definitive lease purchase agreement with FK Minera S.A., an arm's length party, to acquire a 100% interest in the Bajo Pobre gold property located in Santa Cruz Province, Argentina. The Company may earn up to a 100% equity interest in the Bajo Pobre 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:

<b>Year of the Agreement</b>	<b>Payment to FK Minera SA</b>	<b>Exploration Expenditures Required</b>	<b>Ownership</b>
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, 2011, the Company had not conducted exploration activity pursuant to the agreement with FK Minera S.A. and presently has no plans to conduct such activities in the future. The Company has not made all investments required by the Bajo Pobre contract, nor have the parties to the contract amended the contract as of June 30, 2011.

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**Outstanding Share Data**

The authorized share capital of the Company consists of an unlimited number of common shares and preferred shares without nominal or par value. As at August 25, 2011, the Company's outstanding equity and convertible securities were as follows:

<b>Securities</b>	<b>Outstanding</b>
Voting equity securities issued and outstanding	100,542,997 common shares
Securities convertible or exercisable into voting equity securities – convertible preferred shares <sup>(1)</sup>	20,881,493 convertible preferred shares
Securities convertible or exercisable into voting equity securities – stock options	Stock options to acquire up to 5,997,470 common shares
Securities convertible or exercisable into voting equity securities – warrants	12,683,950 warrants to acquire 12,683,950 common shares at an exercise price of \$0.35 per share before November 30, 2013 <sup>(2)</sup>  12,822,500 warrants to acquire 12,822,500 common shares at an exercise price of \$0.65 per share before June 14, 2013 <sup>(7)</sup>
Securities convertible or exercisable into voting equity securities – agent's options	591,663 agent's options to acquire up to 591,663 common shares at an exercise price of \$0.30 prior to December 23, 2012 <sup>(3)</sup>
Securities convertible or exercisable into voting equity securities – broker's warrants	480,000 warrants to acquire 480,000 units, each consisting of one common shares and one half of one common share purchase warrant, at an exercise price of \$0.30 prior to December 23, 2012 <sup>(4)</sup> ; 2,671,894 broker warrants to acquire one broker compensation unit at an exercise price of \$0.35 per share on or before November 30, 2013 where each broker compensation warrant will consist of one common share and one half of one common share purchase warrant exercisable at \$0.35 prior to November 30, 2013 <sup>(5)</sup> ; 1,788,150 broker compensation options to acquire 1,788,150 units, each consisting of one common shares and one half of one common share purchase warrant, at an exercise price of \$0.45 prior to June 14, 2013 <sup>(8)</sup>

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<b>Securities</b>	<b>Outstanding</b>
Securities convertible or exercisable into voting equity securities – compensation warrants	55,910 broker warrants to acquire one common share at an exercise price of \$0.35 per share on or before November 30, 2013 <sup>(6)</sup>

Table Notes:

- (1) The convertible preferred shares were all issued to HuntMountain, CCSA's former parent corporation, on December 23, 2009 in partial consideration for the Qualifying Transaction. The convertible preferred shares are convertible into common shares on the basis of one common share for each convertible preferred share held, with no additional consideration required, provided that the Company meets the public distribution requirements of the Exchange.
- (2) On November 30, 2010, the Company issued 28,420,900 units pursuant to a short form prospectus offering. Each unit consisted of one common share and one half share purchase warrant exercisable at \$0.35 per warrant before November 30, 2013.
- (3) In conjunction with a brokered private placement, the Company granted an option to Wolverton Securities Ltd. ("Wolverton") to purchase 666,663 common shares at an exercise price of \$0.30 per share, exercisable until December 22, 2012.
- (4) In conjunction with a 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 warrants issuable pursuant to this agent's option have an expiration date of December 23, 2010 and therefore any exercise of this broker's warrant will not result in the issuance of any new warrants. 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 expiration date of December 23, 2010, as a due diligence fee to Wolverton in connection with the qualifying transaction. Exercise of any of the 50,000 due diligence units would not result in the granting of additional options.
- (5) In conjunction with the November 30, 2010 offering, the Company granted broker compensation warrants to purchase 2,842,090 broker compensation units 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.
- (6) Issued upon cashless exercise of broker compensation warrants issued on November 30, 2010.
- (7) In conjunction with the June 14, 2011 bought-deal private placement, the Company issued 25,645,000 units pursuant to a short form prospectus offering. Each unit consisted of one common share and one half share purchase warrant exercisable at \$0.65 per warrant before June 14, 2013.
- (8) In conjunction with the June 14, 2011 bought-deal private placement, the Company granted broker compensation options to purchase 1,788,150 broker compensation units at an exercise price of \$0.45 per share on or before June 14, 2013. Each broker compensation unit will consist

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of one common share and one half of one common share purchase warrant exercisable at \$0.65 prior to June 14, 2013.

### **Investor Relations**

In conjunction with the closing of the Qualifying Transaction the Company engaged Mr. Dean Stuart to provide investor relations activities. The investor relations agreement between the Company and Mr. Stuart provides for a monthly fee of \$4,000 for a period of one year commencing December 23, 2009. The Company renewed the agreement, with a monthly fee of \$6,000, through December 2011.

### **Risks and Uncertainties**

#### No History of Earnings

The Company has no history of earnings. The Company's properties are in the exploration stage of development. Additional external financing will be required to develop these properties further. There can be no assurances that any of the Company's properties will ever contain an economic ore body.

None of the Company's properties are currently in production, and although the Technical Report indicates mineral resources for La Josefina project, there can be no assurance that any proven or probable mineral reserves will be discovered or that any particular level of recovery of minerals will in fact be realized or that an identified mineral reserve or mineral resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. The Company's ability to continue operations and fund its liabilities is dependent on management's ability to secure additional financing. Although the Company has been successful in pursuing additional sources of financing in the past, there can be no assurance it will be able to do so in the future. There can be no assurances that additional funding will be available, or available under terms favorable to the Company, or at all.

#### Title Risks

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

#### Exploration and Development

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

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

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

Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

The Company is required to obtain required permits from various government departments to carry out its work programs. There is no guarantee that all required permits will be granted on terms satisfactory to the Company, or at all. If such permits are not received, the Company may not be able to carry out or complete its business objectives.

The Company has not conducted any exploration activity pursuant to its option agreement with FK Minera SA. The Company has not satisfied its USD\$500,000 exploration commitment as required by the Bajo Pobr  agreement, nor have the parties to the contract amended the contract terms. The Company's ability to retain rights to explore the Bajo Pobr  property is uncertain at this time.

#### Loss of Bajo Pobr  Property

The Company has not made the required investment, nor has the Company conducted any exploration activity as required under the Bajo Pobr  option agreement. FK Minera SA has agreed to amend the Bajo Pobr  option agreement to permit the Company to cure its contractual breach. There is no guarantee, however, that this amending agreement will be executed in a timely manner or at all. As a result, the Company could lose its rights to explore the Bajo Pobr  property.

#### Loss of Foreign Issuer Status

The Company has determined that it has ceased to qualify as a "foreign private issuer" for the purposes of United States federal securities laws as of June 30, 2010, being the last business day of its most recently completed second fiscal quarter. Accordingly, the Company has not been able to avail itself of the rules and forms designated for foreign private issuers since January 1, 2011. Absent registration under the U.S. Securities Act, under most circumstances, securities issued by the Company on or after January 1, 2011, and until such time that the Company again qualifies as a "foreign private issuer," will be "restricted securities" for the purposes of the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), and will be issued with a U.S. restrictive legend, regardless of whether they are issued in an "offshore transaction" pursuant to Regulation S, or are issued in the United States pursuant to an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities laws. The Company's inability to issue securities outside the United States without resale restrictions imposed by the U.S. Securities Act and regulations thereunder may make it difficult or impossible to complete securities offerings on favorable terms or at all.

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Uninsured or Uninsurable Risks

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

Operating Hazards and Risks

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

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

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

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

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

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

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

#### Competition

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

#### Dependence on Management

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

#### Fluctuating Mineral Prices

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

#### Future Financing

The Company's continued operation will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained on acceptable terms to the Company, if at all. Failure to obtain additional financing on a timely basis may result in delay or indefinite postponement of further exploration and development or forfeiture of some rights in some or all of the Company's properties. If

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additional financing is raised by the issuance of shares from treasury, control of the Company may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to further explore and develop its properties, take advantage of other opportunities, or otherwise remain in business. Events in the equity market may impact the Company's ability to raise additional capital in the future. The Company's loss of "foreign private issuer" status under US securities law may also adversely affect future financings.

#### Future Acquisitions

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

#### Volatility of Share Price

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

#### Conflicts of Interest

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

#### Reliability of Historical Information

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

#### Dividends

The Company has never paid a dividend on its common shares or preferred shares. It is not anticipated that the Company will pay any dividends on its common shares or preferred shares in the foreseeable future.

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Adverse fluctuations in currency exchange rates

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

Economic and political instability in Argentina may affect the Company's mineral projects

All of the Company's material properties are located in Argentina. There are risks relating to an uncertain or unpredictable political and economic environment in Argentina.

During an economic crisis in 2002 and 2003, Argentina defaulted on foreign debt repayments and on the repayment on a number of official loans to multinational organizations. In addition, the Argentinean government has renegotiated or defaulted on contractual arrangements.

In January 2008, the Argentinean government reassessed its policy and practice in respect of export duties and began levying export duties on mining companies operating in the country.

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

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

Limitations on the transfer of cash or other assets between the Company and its subsidiaries or joint venture partners

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

Current Global Economic Conditions

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

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Service of Process

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

Breach of Undertaking

If the undertaking entered into by HuntMountain in conjunction with the Qualifying Transaction is breached by HuntMountain or any of its directors or officers, trading of the common shares of the Company on the Exchange could be suspended and the Company could be delisted from the Exchange. Such undertaking provides that any material change relating to CCSA or its assets, including the La Josefina project, shall be initially announced by the Company prior to any announcement by HuntMountain and that any news release issued by HuntMountain in relation to the foregoing matters be in conformity with the news release of the Company; that all directors and officers from time to time of HuntMountain provide to the Exchange Personal Information Forms (as defined in the Exchange policies) and an undertaking of each such director and officer to resign if not acceptable to the Exchange; that the preferred shares of the Company will not be transferred by HuntMountain except with the consent of the Exchange; and that the issued shares of HuntMountain not be transferred by the Control Person (as defined in the Exchange policies) of HuntMountain if such transfer would result in a Change of Control (as defined in the Exchange policies).

**Critical Accounting Policies and Estimates**

Details regarding the Company's accounting policies are presented in Note 3 to the annual consolidated financial statements.