

# HUNT

MINING CORP

Management's Discussion and Analysis  
Three and nine month periods ended September 30, 2012 and 2011  
November 26, 2012

**HUNT MINING CORP.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2012**

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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 nine month periods ended September 30, 2012, as well as the Company's annual audited consolidated financial statements for the year ended December 31, 2011 and all of the notes, risk factors and information contained therein.*

**Introduction**

This management discussion and analysis ("MD&A") is dated November 26, 2012 and is in respect of the three and nine month periods ended September 30, 2012. 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 nine month periods ended September 30, 2012, as well as its annual audited consolidated financial statements and related notes for the year ended December 31, 2011. 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 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

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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;
- 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

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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, La Josefina.

After having secured funding late in 2010, the Company, during 2011, escalated exploration and evaluation activity 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.

During 2011, the Company completed 203 holes totaling 18,885 meters at La Josefina and 21 holes totaling 2,358 meters at the El Gateado property.

### **2012 Highlights**

On March 5, 2012, the Company appointed Mr. Matthew Fowler as Chief Financial Officer ("CFO") effective March 1, 2012. Ms. Vicki Streng resigned her position as Interim CFO and resumed her position as Controller.

On March 5, 2012, the Company granted 1,250,000 stock options at an exercise price of \$0.30 per share to certain directors, officers, employees and consultants.

On March 27, 2012, the Company announced drill results from the 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).

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On May 10, 2012, the Company signed an exploration agreement with Eldorado Gold Corp ("Eldorado") for precious metals exploration in Argentina.

*Eldorado Exploration Agreement Summary*

Under the terms of the agreement, the Company's Argentine subsidiary Cerro Cazador S.A. ("CCSA") will be the initial operator for exploration and development on the Company's existing properties including twenty exploration concessions ("Cateos") and six discovery concessions ("Manifestations of Discovery") cumulatively totaling 2,013 square kilometers of prospective ground in the Deseado Massif, Santa Cruz province Argentina. The Company will also work to locate, submit, explore and develop new projects generated in the agreement area. Work programs, expenditures, and new submittals, under the agreement, will be considered for approval by a technical committee consisting of two representatives from the Company and two representatives from Eldorado. Upon approval, 100% of exploration expenditures will be paid by Eldorado, which has currently budgeted approximately \$2.5 million over the next seven months remaining in 2012. The agreement did not incorporate the Company's flagship La Josefina project or the La Valenciana project in which the Company will retain all rights as prescribed in the arrangements between Fomicruz and CCSA.

Under the terms of the agreement, exploration for each project will be broken into three stages with all funding for the first two stages coming from Eldorado.

**Stage I (reconnaissance exploration)**

- Provides a 30 month period to evaluate projects before graduating to Stage II or being dropped from the agreement with CCSA retaining 100% interest.
- New Stage I projects, generated by the Company and accepted by Eldorado under the agreement, will require a onetime payment from Eldorado to CCSA of \$125,000

**Stage II (drilling, advanced exploration, preliminary economic assessment)**

- Projects elected by Eldorado to advance to Stage II will require a onetime payment from Eldorado to CCSA of \$200,000 plus annual payments on each project of \$125,000

**Stage III (JV formation, feasibility, development toward production)**

- Projects advancing to stage 3 will require the formation of a joint venture entity (75% Eldorado and 25% Hunt Mining).
- Additionally, CCSA will also receive a onetime payment of \$1,500,000 from Eldorado for each Stage III property.

The Company's Bajo Pobre Gold Project was designated as a Stage II project under the terms of the Exploration Agreement. Exploration plans for Bajo Pobre will include advanced drill target definition through structural mapping, detailed sampling and may also include additional geophysical analysis with planned drill testing in late 2012. On the Company's El Gateado project the plan is to re-evaluate past drilling and geologic interpretations with a goal of developing new drill targets and advancing it to Stage II status within the next twelve months.

**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,

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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, geologic mapping and interpretation.

*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 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 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 2011, the Company completed 2,358 meters of drilling on the El Gateado property. All drill assays have been returned and the Company continues to compile and evaluate the results.

*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 conducted cursory reconnaissance activities on the Bajo Pobre property. The Company has completed all lease payments to FK Minera but has not completed all the required work commitments relating to the Bajo Pobre property and is currently in negotiations to secure 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 meter 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

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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 engaged in reconnaissance exploration on several precious metal properties including La Josefina. Additional details regarding the reconnaissance exploration and the recommended work programs relating to the La Josefina project are included in the Company's 43-101 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.

During 2011, the Company drilled 203 core holes totaling 18,886 meters, collected 56 surface channel samples, and completed 85 trenches totaling 4,401 meters. All exploration expenditures were funded from working capital.

The Company suspended drilling operations late in 2011 but continues to conduct reconnaissance exploration including geologic mapping, as well as, surface chip, channel and trench sampling.

**Events Occurring Subsequent to the Close of the Nine Month Period Ended September 30, 2012**

On November 15, 2012 the Company signed an amendment with its partner, Fomicruz, on the La Josefina project in Santa Cruz Argentina. This amendment extends the time the Company has to develop the La Josefina project by four years, from 2013 to 2019. In addition to the signing of the extension, the Company also signed an agreement with Fomicruz for the right to explore and develop the La Valenciana project, also in Santa Cruz, Argentina.

**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 most recent three fiscal years ended December 31, 2011 is as follows:

	Year ended		
	December 31, 2011 (IFRS) \$	December 31, 2010 (IFRS) \$	December 31, 2009 (Cdn GAAP) \$
Net loss for the period	(8,280,161)	(3,362,240)	(3,169,775)
Net loss for the period – basic and diluted loss per share	(0.09)	(0.07)	(0.07)
Working capital	8,261,632	5,918,120	6,118,120
Total assets	11,494,788	8,138,880	8,291,685
Total non-current liabilities	125,000	125,000	125,000
Total shareholders' equity	10,628,859	7,505,089	7,657,894
Cash dividends	-	-	-

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

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In the three and nine month periods ended September 30, 2012 the Company incurred exploration expenses of \$106,575 and \$443,007, respectively. In the three and nine month periods ended September 30, 2011 the Company incurred exploration expenses of \$855,784 and \$2,431,220, respectively. Primary components of exploration expenses in 2012 and 2011 are given in the following table:

	Three months ended		Nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Drilling expense	\$ -	\$ 694,709	\$ -	\$ 1,805,664
Assay expense	9,069	87,951	90,996	226,690
Equipment rental expense	13,558	43,807	50,726	133,843
Fuel expense	39,151	42,469	88,130	83,290
Property payments	67,174	38,179	170,400	76,136
Property reports	4,431	1,539	4,431	2,312
Other	(26,808)	(52,870)	38,324	103,285
	<u>\$ 106,575</u>	<u>\$ 855,784</u>	<u>\$ 443,007</u>	<u>\$ 2,431,220</u>

The Company's overall exploration expenses were lower in 2012 compared to 2011 as the majority of the Company's exploration was funded by its project partner, Eldorado, as well as the Company put on hold exploration drilling as it worked to renegotiate its agreement on the La Josefina property.

The Company recovered exploration and operating expenses from its exploration partner according to the following table:

	Three months ended		Nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Exploration expenses	\$ 90,355	\$ -	\$ 329,192	\$ -
Professional fees	30,075	-	71,721	-
Administrative and office expenses	48,010	-	74,374	-
Payroll expenses	264,414	-	620,148	-
Travel expenses	55,473	-	120,967	-
Exploration cost recovery	<u>\$ 488,327</u>	<u>\$ -</u>	<u>\$ 1,216,402</u>	<u>\$ -</u>

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

	Three months ended		Nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
La Josefina	\$ 28,234	\$ 918,492	\$ 264,679	\$ 2,176,780
Bajo Pobre	7,653	1,880	13,508	3,346
Other	70,688	(64,588)	164,820	251,094
	<u>\$ 106,575</u>	<u>\$ 855,784</u>	<u>\$ 443,007</u>	<u>\$ 2,431,220</u>

For the nine months ended September 30, 2012 the major components of Administrative and Office expenses were \$97,054 on account of drilling camp rent (as compared to \$52,152 in 2011) and miscellaneous expense relating to the La Josefina project of \$130,295 (as compared to \$149,890 in 2011).



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**Results of Operations**

**Three and nine month periods ended September 30, 2012 as compared to the three and nine month periods ended September 30, 2011**

For the three month period ended September 30, 2012 the Company generated a net loss of \$616,845 or \$0.01 per share, compared to a net loss of \$1,848,875, or \$0.02 per share, for the three month period ended September 30, 2011. For the nine month period ended September 30, 2012 the Company generated a net loss of \$2,701,881 or \$0.03 per share, compared to a net loss of \$5,968,320, or \$0.07 per share, for the nine month period ended September 30, 2011. The decreased net loss and net loss per share was mainly a result of the majority of the Company's exploration and, to a lesser extent, administrative expenses being reimbursed by its project partner, Eldorado. The Company also had reduced professional fees during the period ended September 30, 2012, compared to the same period in 2011 due to the Company not generating any offering expenses from private placements during the period ended September 30, 2012.

The Company generated revenue from operator's fees for the three and nine month periods ended September 30, 2012 of \$41,613 and \$85,148, respectively (\$Nil in 2011). The Company generated interest and dividend income of \$14,828 for the three month period ended September 30, 2012, down from \$33,024 for the three month period ended September 30, 2011. The Company incurred operating expenses of \$620,520 for the three month period ended September 30, 2012, down from \$1,816,629 for the three month period ended September 30, 2011. The Company generated interest and dividend income of \$53,620 in the first nine months of 2012, down from \$60,937 in the first nine months of 2011. The Company incurred operating expenses of \$2,889,105 in the first nine months of 2012, down from \$5,778,586 in the first nine months of 2011. The decrease in the operating expenses in 2012 was mainly a result of decreased exploration expenses as discussed in the previous paragraph. To a lesser extent operating expenses were reduced from the period ended September 30, 2011 compared to the period ended September 30, 2012 as the Company incurred significantly reduced professional fees associated with capital raising activities.

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 September 30, 2012 of \$1,291,292. 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. This asset is reported at net present value on the Company's consolidated statement of financial position.

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**Summary of Quarterly Results**

For quarters ending after January 1, 2010, the quarterly results have been restated to reflect accounting policies consistent with IFRS.

	<b>September 30, 2012 \$</b>	<b>June 30, 2012 \$</b>	<b>March 31, 2012 \$</b>	<b>December 31, 2011 \$</b>
Net loss for the period	(616,845)	(337,654)	(1,747,380)	(2,311,841)
Net loss per share – basic and diluted:	(0.01)	(0.00)	(0.02)	(0.02)
Working capital	5,310,918	6,213,811	6,626,758	8,261,632
Total assets	8,787,759	9,580,255	9,928,496	11,494,788
Total non-current liabilities	125,000	125,000	125,000	125,000
Total shareholders' equity	8,144,485	8,909,186	9,131,729	10,628,859
Cash dividends	-	-	-	-

  

	<b>September 30, 2011 \$</b>	<b>June 30, 2011 \$</b>	<b>March 31, 2011 \$</b>	<b>December 31, 2010 \$</b>
Net loss for the period	(1,848,875)	(2,445,107)	(1,674,338)	(1,438,947)
Net loss per share – basic and diluted:	(0.02)	(0.03)	(0.02)	(0.03)
Working capital	10,976,803	12,834,217	4,364,744	5,918,120
Total assets	13,867,665	15,903,911	6,733,913	8,138,880
Total non-current liabilities	125,000	125,000	125,000	125,000
Total shareholders' equity	13,048,100	14,617,572	5,965,661	7,505,089
Cash dividends	-	-	-	-

**Capital Resources and Liquidity**

The Company does not have any cash flow generating properties. As at September 30, 2012 the Company had \$4,971,575 in cash and short term investments and working capital of \$5,310,918. In the normal course of business, 30% of all funds transferred by wire 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 November 26, 2012, the Company had approximately \$5.2 million in cash and short term investments. With the signing of the exploration agreement with Eldorado, the Company's management believes the Company will be able to significantly reduce its burn rate.

**Going Concern**

The accompanying consolidated financial statements have been prepared under the assumption that the Company will continue as a going concern. The Company is an exploration stage company and has incurred losses since its inception. As shown in the accompanying consolidated financial statements, the Company has had no revenues and has incurred an accumulated loss of \$27,025,994 through September 30, 2012. However, the Company has sufficient cash at September 30, 2012 to fund normal operations for the next 12 months.

The Company's ability to continue as a going concern is dependent upon the discovery of economically recoverable mineral reserves, the ability to obtain necessary financing to complete development and fund operations and future production or proceeds from their disposition. Additionally, the current capital markets

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and general economic conditions in the United States and Canada are significant obstacles to raising the required funds. These factors raise doubt about the Company's ability to continue as a going concern.

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

**Transactions with Related Parties**

During the three and nine months ended September 30, 2012, the Company paid US\$44,490 and US\$94,799 (September 30, 2011 - US\$21,510 and US\$64,347) respectively to HuntMountain Resources Ltd. ("HuntMountain"), an entity controlled by the Company's Executive Chairman, for the rental of office space. In prepaid expenses as at September 30, 2012, the Company had prepaid rent of US\$21,227 (December 31, 2011 - US\$Nil).

During the three and nine months ended September 30, 2012, the Company incurred \$44,061 and \$147,095 (September 30, 2011 - \$37,525 and \$106,363) respectively in professional fees expense relating to the services of the President of CCSA. Included in accounts payable and accrued liabilities as at September 30, 2012 was \$14,876 (December 31, 2011 - \$12,773) owing to the President of CCSA for professional geological fees. Included in prepaid expenses as at September 30, 2012, the Company had a receivable due from the President of CCSA for \$2,051 (December 31, 2011 - \$3,100) for cash advanced for field expenses.

During the three and nine months ended September 30, 2012, the Company incurred \$6,678 and \$22,800 (September 30, 2011 - \$4,670 and \$17,965) respectively in general and administrative expenses relating to rent paid for office space to the President of CCSA.

During the three and nine months ended September 30, 2012, the Company incurred \$14,933 and \$43,506 (September 30, 2011 - \$24,330 and \$80,892) respectively in professional fees expense relating to the accounting services of a director of CCSA. Included in accounts payable and accrued liabilities as at September 30, 2012, the Company had a payable owing to the director of CCSA of \$5,760 (December 31, 2011 - \$5,193). Included in prepaid expenses as at September 30, 2012, the Company had a receivable due from the director of CCSA of \$1,042 (December 31, 2011 - \$166) for cash advanced for miscellaneous expenses.

In conjunction with the Company's Qualifying Transaction, on December 23, 2009, the Company advanced \$200,000 to HuntMountain, CCSA's former parent corporation, as a refundable deposit. As at the year ended December 31, 2011, the balance owed by HuntMountain to Hunt Mining was \$157,000. The Company has contacted HuntMountain's management and has confirmed that approximately \$40,000 will be received by December 31, 2012, with the balance collected by December 31, 2014.

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

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**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		Nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Salaries and benefits	\$ 136,731	\$ 108,897	\$ 572,594	\$ 308,754
Consulting fees	86,994	85,355	281,101	253,955
Share based compensation	1,284	46,747	302,828	321,487
	<u>\$ 225,009</u>	<u>\$ 240,999</u>	<u>\$ 1,156,523</u>	<u>\$ 884,196</u>

**Off Balance Sheet Arrangements**

As at September 30, 2012, 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 and accounts payable and accrued liabilities.

The fair value hierarchy established by CICA Handbook Section 3862 – *Financial Instruments – Disclosures* and by the proposed IFRS 9 *Financial Instruments: Classification and Measurement*, 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, 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 September 30, 2012 and December 31, 2011 is summarized as follows:

	September 30, 2012		December 31, 2011	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
<b>Financial Assets</b>				
<i>FVTPL</i>				
Cash and equivalents (Level 1)	4,971,575	4,971,575	8,840,000	8,840,000
<i>Available for sale</i>				
Performance bond (Level 1)	260,258	260,258	227,596	227,596
<i>Loans and receivables</i>				
Accounts receivable <sup>(1)</sup>	734,254	734,254	64,364	64,364
<b>Financial Liabilities</b>				
<i>Other financial liabilities</i>				
Accounts payable and accrued liabilities	360,415	360,415	516,696	516,696

<sup>(1)</sup> Accounts receivable is mainly made up of the recovery of expenses from the Company's project partner, Eldorado Gold Corp.

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*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 September 30, 2012, the following are denominated in US dollars:

Cash and equivalents	\$ 21,669
Accounts payable and accrued liabilities	\$ 69,430

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

Cash and equivalents	\$ 207,470
Performance bond	\$ 260,258
Accounts receivable	\$ 81,984
Accounts payable and accrued liabilities	\$ 233,973

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

At September 30, 2012, if the U.S. dollar strengthened or weakened by 10% relative to the Canadian dollar the impact on income and other comprehensive income due to the translation of monetary financial instruments would be as follows:

	<u>Impact on net loss and comprehensive loss</u>
U.S. Dollar Exchange rate – 10% increase	\$ 5,032
U.S. Dollar Exchange rate – 10% decrease	\$ (5,032)

At September 30, 2012, if the Argentine Peso strengthened or weakened by 10% relative to the Canadian dollar the impact on income and other comprehensive income due to the translation of monetary financial instruments would be as follows:

	<u>Impact on net loss and comprehensive loss</u>
Argentine Peso Exchange rate – 10% increase	\$ 9,864
Argentine Peso Exchange rate – 10% decrease	\$ (9,864)

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.

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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 \$207,470 at September 30, 2012 (December 31, 2011 - \$747,622) are considered uninsured.

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

The Company believes there to be minimal credit risk on accounts receivable from its exploration partner due to their size and significant operations as a mid-tier mining company.

The Company pays a value added tax "VAT" to the Argentine government on all expenses in Argentina. This creates a VAT receivable on the Company's books owed to it by the government of Argentina. The Company's receivable at September 30, 2012 is \$1,291,292 (December 31, 2011 - \$1,143,509). The Company believes this to be a collectable amount and it is backed in the strength and laws of the Argentine government. If for some reason the government did not pay, changed the laws, defaulted on the receivable or the Company never achieved any mineral production, the Company potentially could lose the full value of the receivable. The Company believes there is significant risk of loss due to the current instability of the Argentine government.

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.

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 September 30, 2012 and invested cash is short-term in nature.

### **Accounting Policies**

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

This management discussion and analysis should be read in conjunction with the Company's first set of IFRS compliant annual consolidated financial statements for the year ended December 31, 2011.

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**Accounting standards issued but not yet applied**

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

**Commitments and Provision**

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 September 30, 2012, the Company had not conducted sufficient exploration activity pursuant to the agreement with FK Minera S.A.. The Company has made all lease payment investments but not all work commitment investments required by the Bajo Pobre contract, nor have the parties to the contract amended the contract as of September 30, 2012.

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

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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 November 26, 2012, the Company's outstanding equity and convertible securities were as follows:

<b>Securities</b>	<b>Outstanding</b>
Voting equity securities issued and outstanding	100,613,330 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 7,147,470 common shares <sup>(9)</sup>
Securities convertible or exercisable into voting equity securities – warrants	12,658,950 warrants to acquire 12,658,950 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	572,996 agent's options to acquire up to 572,996 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	453,334 warrants to acquire 453,334 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>
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>



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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 23, 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 of one common share and one half of one common share purchase warrant exercisable at \$0.65 prior to June 14, 2013.
- (9) On February 27, 2012, the Company granted 1,250,000 stock options at an exercise price of \$0.30 per share to certain directors, officers, employees and consultants.

Subsequent to the period ended September 30, 2012, there has been no change in share capital.

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## **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.

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

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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 sufficient exploration activity pursuant to its option agreement with FK Minera SA. The Company has not satisfied all of its USD\$500,000 exploration commitment as required by the Bajo Pobr  agreement, nor have the parties to the contract finalized amendment of 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 made the required lease payment investments but not all the work commitment investment, 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 may at some future date determine that it has ceased to qualify as a "foreign private issuer" for the purposes of United States federal securities laws. This determination is performed each year as of June 30, being the last business day of its second fiscal quarter. Should this occur, the Company would not be able to avail itself of the rules and forms designated for foreign private issuers until the Company is able to once again establish its qualification as a foreign private issuer. Absent registration under the U.S. Securities Act, under most circumstances, securities issued by the Company during such times as that the Company fails to qualify as a "foreign private issuer," would be "restricted securities" for the purposes of the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), and would 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.

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

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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.

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

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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 effect on the Company and its prospects.

Fluctuating Mineral Prices

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

Future Financing

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

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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.

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.

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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.

Service of Process

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

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**

These condensed interim consolidated financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2011 consolidated annual financial statements. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year end December 31, 2011.