HUNT MINING CORP

Consolidated Financial Statements
(Expressed in Canadian Dollars)
Years Ended December 31, 2009 and 2008

Management's Report

In management's opinion, the accompanying consolidated financial statements of Hunt Mining Corp. ("the Company") have been prepared within reasonable limits of materiality and in accordance with Canadian generally accepted accounting principles. Since a precise determination of many assets and liabilities is dependent on future events, the preparation of financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment and with all information available up to April 27, 2010. Management is responsible for the consistency, therewith, of all other financial and operating data presented in Management's Discussion and Analysis for the year ended December 31, 2009.

To meet its responsibility for reliable and accurate financial statements, management has established and monitors systems of internal control which are designed to provide reasonable assurance that financial information is relevant, reliable and accurate, and that assets are safeguarded and transactions are executed in accordance with management's authorization.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements and even those systems determined to be effective can provide only reasonable assurance with respect to the financial statement preparation and presentation.

The consolidated financial statements have been examined by our independent auditors, Meyers Norris Penny LLP. Their responsibility is to express a professional opinion on the fair presentation of the consolidated financial statements in accordance with Canadian generally accepted accounting principles. The Auditor's Report outlines the scope of their examination and sets forth their opinion on our financial statements.

The Board of Directors is responsible for approving the consolidated financial statements. The Board fulfills its responsibilities related to financial reporting mainly through the Audit Committee. The Audit Committee includes at least one director with financial expertise. The Audit Committee meets regularly with management and the external auditors to discuss reporting and governance issues and ensures each party is discharging its responsibilities. The Audit Committee has reviewed these financial statements with management and the Independent Registered Public Accountants and has recommended their approval to the Board of Directors. The Board of Directors has approved the consolidated financial statements of the Company.

(signed)
Matthew Hughes
President and Chief Executive Officer

(signed)
Bryn Harman
Chief Financial Officer

Liberty Lake, Washington
April 27, 2010

Auditors' Report

To the Shareholders of Hunt Mining Corp.:

We have audited the consolidated balance sheet of Hunt Mining Corp. (the "Company") as at December 31, 2009 and the consolidated statements of operations, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted out audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted principles.

The financial statements as at December 31, 2008 and for the year then ended were prepared in accordance with US generally accepted accounting principles with a reconciliation to Canadian generally accepted accounting principles and audited in accordance with the standards of the Public Company Accounting Oversight Board (United States). The auditors expressed an opinion without reservation on these statements in their report dated October 27, 2009.

We have audited the 2008 US-Canada accounting policy reconciliation note and agree that in all material respects, the comparative figures presented are appropriate under Canadian generally accepted accounting principles.

Meyers Norris Penny LLP

Calgary, AB

April 26, 2010

Chartered Accountants

Hunt Mining Corp.

Consolidated Financial Statements

Years ended December 31, 2009 and 2008 **Page**

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

Consolidated Balance Sheets

	NOTE	December 31, 2009	2008
CURRENT ASSETS:			
Total Cash and Equivalents		$ 3,165,966	$ 225,806
Accounts receivable		11,647	31,671
Prepaid expenses and deposits	10	200,000	72,432
Future income tax	8	208,754	-
Total Current Assets		3,586,368	329,910
PROPERTY AND EQUIPMENT:	6	854,966	1,119,424
OTHER ASSETS:			
Performance bond	12	209,303	120,968
V.A. Tax, net of discount	12	513,636	464,851
Minimal presumed income tax receivable		214,044	148,496
Total Other Assets:		936,983	734,314
TOTAL ASSETS:		$ 5,378,317	$ 2,183,648
CURRENT LIABILITIES:			
Accounts payable		$ 1,444,726	$ 2,789,348
Taxes payable		127,919	150,759
Due to related parties	10	612,850	-
Total Current Liabilities:		2,185,495	2,940,107
LONG-TERM LIABILITIES:			
Shareholder loan	11	842,668	489,120
Interest payable on shareholder loan	11	3,698	62,228
Total Long-Term Liabilities:		846,366	551,348
TOTAL LIABILITIES:		3,031,861	3,491,455
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Preferred shares	7	177,417	-
Share capital	7	13,989,654	8,864,896
Contributed surplus	7	453,832	-
Warrants	7	250,000	-
Deficit		(12,640,589)	(10,127,780)
Accumulated other comprehensive income/(loss)		116,139	(44,923)
Total Shareholders' Equity (Deficiency):		$ 2,346,454	$ (1,307,807)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 5,378,317	$ 2,183,648

Going Concern (Note 2)
Subsequent Event (Note 15)
Commitments and Contingencies (Note 13)

Approved on behalf of the Board of Directors

Signed "Tim Hunt" Director

Signed "Bryn Harman" Director

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

Hunt Mining Corp.

An Exploration Stage Enterprise

Expressed in Canadian Dollars

Consolidated Statements of Operations

	Years Ended December 31, 2009	2008
INCOME:		
Dividend and interest income:	$ 15,206	$ 8,495
OPERATING EXPENSES:		
Professional fees	507,420	543,700
Exploration expenses	671,138	5,694,595
Travel expenses	100,281	199,562
Administrative and office expenses	244,622	198,364
Payroll expenses	373,602	356,912
Stock based compensation	240,500	-
Interest expense and banking charges	44,436	86,207
Depreciation	103,991	78,261
Total operating expenses	2,285,989	7,157,601
Other expense:		
Miscellaneous expense	5,621	25,008
Taxes	64,059	42,666
Bank fees	16,601	25,384
VAT discount and accretion	97,630	866,640
Exchange rate differences	77,211	21,982
Total other expense:	261,122	981,680
NET LOSS - before income tax	(2,531,905)	(8,130,786)
Future income tax recovery (Note 8)	232,098	-
NET LOSS BEFORE OTHER COMPREHENSIVE INCOME/(LOSS)	(2,299,807)	(8,130,786)
Other comprehensive income/(loss) - performance bond:	88,335	(89,928)
Other comprehensive income - translation adjustment	72,727	42,150
TOTAL NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	($2,138,745)	($8,178,564)
Weighted average shares issued and outstanding	4,198,588	3,176,900
NET LOSS PER SHARE - BASIC	($0.51)	($2.57)

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

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

Consolidated Statements of Cash Flows

	Years Ended December 31, 2009	Years Ended December 31, 2008
Increase (Decrease) in Cash and Cash Equivalents		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (2,299,807)	$ (8,130,786)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	103,991	78,261
Translation adjustment	231,534	(41,242)
Stock based compensation	240,500	-
Future income tax recovery (Note 8)	(232,098)	-
(Increase) decrease in receivables	(48,878)	(131,214)
Increase in V.A. tax receivable	(48,785)	(417,007)
Increase in prepaid expenses	(189,543)	(14,279)
Increase (decrease) in trade accounts payable	(562,310)	2,377,261
Increase (decrease) in other payables	(130,327)	175,764
Net cash used in operating activities	(2,935,724)	(6,103,242)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Land purchases	-	-
Acquisition of performance bond	-	-
Cash acquired in business combination	257,111	-
Accrued interest income/(expense)	3,352	(5,292)
Acquisition of equipment and vehicles	(551)	(288,336)
Net cash used in investing activities	259,912	(293,627)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	4,760,519	5,963,884
Proceeds from shareholder loan	842,668	-
Increase (decrease) in accrued interest payable on shareholder loan	12,784	36,164
Net cash from financing activities	5,615,971	6,000,048
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 2,940,160	$ (396,822)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR/PERIOD	225,806	622,628
CASH AND CASH EQUIVALENTS, END OF YEAR/PERIOD	$ 3,165,966	$ 225,806
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid:	27,297	59,921
Taxes paid	(64,059)	(42,666)

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

Hunt Mining Corp.

An Exploration Stage Enterprise

Expressed in Canadian Dollars

Statement of Changes in Shareholders' Equity

	Share Capital	Retained Loss	Accumulated Other Comprehensive Income/(Loss)	Total Retained Loss & Other Comprehensive Loss	Contributed Surplus	Warrants	Convertible Preferred Shares	Total
Balance, beginning of 2008	$ 2,901,012	$ (1,996,995)	$ 2,856	$ (1,994,139)	$ -	$ -	$ -	$ 906,873
Net Loss	-	(8,130,786)	-	(8,130,786)	-	-	-	(8,130,786)
Other comprehensive income/(loss)	-	-	(47,779)	(47,779)	-	-	-	(47,779)
Share Capital Issued	5,963,884	-	-	-	-	-	-	5,963,884
Balance, end of 2008	$8,864,896	($10,127,780)	($44,923)	($10,172,703)	$ -	$ -	$ -	($1,307,807)
Balance, beginning of 2009	$ 8,864,896	$ (10,127,780)	$ (44,923)	$ (10,172,703)	$ -	$ -	$ -	$ (1,307,807)
Net Loss	-	(2,299,807)	-	(2,299,807)	-	-	-	(2,299,807)
Warrants issued	-	-	-	-	-	250,000	-	250,000
Convertible preferred shares issued		-	-	-	-	-	177,417	177,417
Other comprehensive income/(loss)	-	-	161,062	161,062	-	-	-	161,062
Transaction costs	-	(213,000)	-	-	-	-	-	(213,000)
Share Capital Issued	5,124,758	-	-	-	453,832	-	-	5,578,590
Balance, end of 2009	$13,989,654	$ (12,640,589)	$116,139	($12,311,449)	$453,832	$250,000	$177,417	$2,346,455

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

1. Nature of Business and Basis of Presentation

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

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

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

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

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

In accordance with Canadian RTO accounting, these consolidated financial statements for the years ended December 31, 2009 and 2008 reflect the assets, liabilities and operations of CCSA prior to the RTO and the consolidated assets, liabilities and operations of the Company subsequent to the RTO. The consolidated financial statements are issued in the name of the legal parent but are considered to be a continuation of CCSA.

As of December 31, 2009, the Company is in the process of exploring mineral properties in Argentina. On the basis of information to date it has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the mineral properties is entirely dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Mineral property interests represent acquisition costs incurred to date, less amounts amortized and/or written-off and do not necessarily represent present or future values.

2. Going Concern

These consolidated financial statements have been prepared on the basis of Canadian generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and discharge of liabilities in the normal course of business. As shown in the accompanying consolidated financial statements, the Company has had no revenues and has incurred an accumulated loss of $12,640,589 through December 31, 2009.

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

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

3. Reverse Takeover Transaction

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

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

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

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

4. Significant Accounting Policies

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

a. Cash and Cash Equivalents

Cash and cash equivalents include short-term cash investments that have an initial maturity of 90 days or less. In the normal course of business, 30% of all funds wire transferred to CCSA from the Company and 1494716 Alberta Ltd. are withheld by the Government of Argentina unless they are applied to a capital increase. These withheld amounts are deposited in non remunerated US dollars fixed term deposits until the Government of Argentina approves the Company's formal application for release. Year end balances of such funds total $103,640 (2008 – $262,860).

b. Measurement Uncertainty

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

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

The impairment test for intangible assets is based on assumptions regarding future business volumes, costs, cash flows, discount rates and other relevant assumptions.

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

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

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

c. Foreign Currency Translation

CCSA has adopted the United States Dollar as its functional currency. CCSA's financial statements are translated to their Canadian dollar equivalents for consolidation with the Company's financial statements, at year end currency exchange rates for monetary assets and liabilities and at average currency exchange rates for revenues and expenses. Non-monetary assets have been translated at the rate prevailing on the acquisition date. Translation adjustments are recorded as income or losses in the accompanying Consolidated Statements of Operations. Transaction gains and losses resulting from fluctuations in currency exchange rates on transactions denominated in currencies other than the functional currency are recognized as incurred in the accompanying Consolidated Statements of Operations.

d. Mineral Property Exploration Expenditures

All exploration expenditures are expensed as incurred. Expenditures to develop new mines, to define further mineralization in existing ore bodies, and to expand the capacity of operating mines, are capitalized and amortized on a units-of-production basis over proved reserves.

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

e. Remediation and Reclamation

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

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

f. Property and Equipment

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

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

Maintenance and repairs are expensed as incurred. Replacements and betterments are capitalized. The cost and related reserves of assets sold or retired are removed from the accounts, and any resulting gain or loss is reflected in results of operations.

g. Stock Based Compensation

The Company follows the recommendations of the CICA Handbook Section 3870 for stock based compensation. The fair value of each stock option granted is estimated on grant dates using the Black Scholes option pricing model. The associated compensation expense is charged to income (loss) with a corresponding increase in contributed surplus, over the vesting period of the grant. As the options are exercised, consideration paid, together with the

amount previously recognized in contributed surplus, is recorded as an increase in share capital. In the event that vested options expire, previously recognized compensation expense associated with such stock options is not reversed. In the event that unvested options are cancelled, previously recognized compensation expense associated with such stock options is reversed.

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

h. Per Share Data

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

i. Income Taxes

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

The Company determines the presumed income tax applying the current rate of 1% on the taxable assets as of fiscal year end. This tax is complementary of income tax. The Company's tax obligations in each fiscal year will be comprised of the greater of both taxes. However if the presumed income tax exceeds the income tax in the fiscal year, such surplus may be computed as payment on account of the income tax that may arise in any of the ten subsequent fiscal years.

j. Value Added Tax

VAT is generally charged for goods and services provided in Argentina. The VAT can be recovered from future sales of the Company. The Company discounts its VAT receivable using an average interest rate of 18.6%. The undiscounted VAT receivable was $1,431,932 at December 31, 2009 (2008 - $1,340,789).

k. Revenue Recognition

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

l. Financial Instruments

Section 3855 of the CICA Handbook requires the initial measurement of all financial instruments at fair value with classification into one of five categories; loans and receivables; assets held to maturity; assets available for sale; other financial liabilities; and held for trading.

Financial instruments that are classified as held-for-trading or available-for-sale are re-measured each reporting period at fair value with the resulting gain or loss recognized immediately as net income and other comprehensive income, respectively. All other financial instruments are initially accounted for at fair value and subsequently measured at amortized cost using the effective interest rate method with foreign exchange gain and losses recognized immediately as net income.

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

The Company has no derivatives or embedded derivatives in other financial instruments as of December 31, 2009 or December 31, 2008.

m. Other Comprehensive Income/(Loss)

Comprehensive income (loss) includes the accrued gain or loss on the performance bond (discussed in Note 13 – Commitments and Contingencies) and the translation difference from United States dollars to Canadian dollars

n. Capital Disclosure

The Company follows CICA Handbook section 1535, "Capital Disclosures". This section requires the Company to provide disclosures to enable users to evaluate the Company's objectives, policies and processes for managing capital.

o. Provision for Presumed Income Tax

The Company determined the Presumed Income Tax applying the current rate of 1% on the taxable assets as of fiscal year end. This tax is complementary of the income tax. The Company's tax obligations in each fiscal year will be comprised of the greater of both taxes. However if the presumed income tax exceeds the income tax in the fiscal year, such surplus may be computed as payment on account of the income tax that may arise in any of the ten subsequent fiscal years.

5. Changes in Accounting Policies and New Accounting Developments

The accounting policies are consistent with those of the previous financial year except as noted below:

The CICA issued handbook section 3064, "Goodwill and Intangible Assets", which was adopted by the Company, effective January 1, 2009. The new section replaces section 3062 "Goodwill and Other Intangible Assets" and section 3450, "Research and Development Costs". Section 1000, "Financial Statement Concepts" was also amended according to section 3064. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented companies. The adoption has had no effect on the Company's current or prior years' consolidated financial statements.

In January 2009, the Emerging Issues Committee ("EIC") of the CICA issued EIC-173 "Credit Risk and the Fair Value of Financial Assets and Liabilities". It concluded that an entity's own credit risk and the credit risk of any counterparty should be taken into account in determining the fair value of financial instruments, including derivative instruments. The Company adopted this EIC but it had no effect on the Company's current or prior years' consolidated financial statements.

Accounting standards issued but not yet effective

The following is a list of CICA accounting standards that have been issued but are not yet effective:

In January 2006, the CICA adopted a strategic plan for the direction of accounting standards in Canada. Accounting standards for public companies in Canada are to converge with International Financial Reporting Standards ("IFRS") by 2011. On April 7, 2008, the Accounting Standards Board issued its exposure draft proposing to incorporate IFRS for interim and annual financial statements for fiscal years beginning on or after January 1, 2011 with earlier adoption permitted. The Company has developed a changeover plan to complete the transition to IFRS by January 1, 2011, including the preparation of required comparative information. The impact of IFRS on the Company's consolidated financial statements is not reasonably determinable at this time.

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

In 2009 the CICA also issued exposure drafts ("EDs") to incorporate proposed changes to the existing International Accounting Standards ("IAS") or to conform existing CICA Handbook sections to IAS. These include EDs on Section 1000 "Financial Statements Concepts" and Section 3500 "Earnings per Share" as well as an ED to adopt the new consolidation standard, the final IAS standard on the derecognition of financial assets and financial liabilities and a new standard on fair value measurement proposed by the IASB.

6. Property and Equipment

In an agreement dated December 12, 2007 and finalized via perfection on title on April 4, 2008 the Company acquired 90 square kilometers of land in Santa Cruz province, Argentina. The purchase price

for this property was US$710,000. Known as the La Josefina estancia, the purpose of the land purchase was to provide a centralized base of operations in the Company's core operating area.

During the year the Company purchased property and equipment with a historical cost of $nil (2008 – $149,120). The following is a summary of property, equipment and accumulated depreciation at December 31, 2009 and December 31, 2008:

	2009			2008		
	Cost	**Accumulated amortization**	**Net book value**	Cost	Accumulated amortization	Net book value
Land	**$745,074**	**-**	**$745,074**	$868,188	-	$868,188
Vehicles and equipment	**286,884**	**(176,992)**	**109,892**	334,020	(82,784)	251,236
	$1,031,958	**($176,992)**	**$854,966**	$1,202,208	($82,784)	$1,119,424

In 2009 changes to the historical cost of land, vehicles and equipment relate to foreign currency translation.

7. Share Capital

a) Authorized:

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

b) Issued:

Common Shares

	2009		2008	
	Number	**Amount**	**Number**	**Amount**
Balance, beginning of year	26,412,450	8,864,896	8,721,625	2,901,012
Outstanding common shares of Hunt Mining at December 23, 2009	3,176,900	503,678	-	-
CCSA shares issued for cash	7,130,797	2,264,915	17,690,825	5,963,884
Qualifying Transaction (i)	29,118,507	247,401	-	-
Elimination of CCSA shares and Hunt Mining share capital (i)	(33,543,247)	(503,678)	-	-
Qualifying transaction - Finder's fees (ii)	600,000	180,000	-	-
Qualifying transaction - Agent's units (ii)	50,000	5,000	-	-
Private placement units (iii)	5,000,000	1,500,000	-	-
Portion of units attributable to warrants (iii)	-	(250,000)	-	-
Short form offering (iv)	6,666,633	1,999,990	-	-
Share issue costs and filing statement fees	-	(822,548)	-	-
Balance, end of year	**44,612,040**	**13,989,654**	26,412,450	8,864,896

Preferred Shares

	2009		2008	
	Number	**Amount**	**Number**	**Amount**
Balance, beginning of year	**-**	**-**	-	-
Issuance of convertible preferred shares (Note 3(a))	20,881,493	177,417		
Balance, end of year	**20,881,493**	**177,417**	-	-
Total Share Capital	**65,493,533**	**14,167,071**		

Common share and warrant issuances

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

ii. In conjunction with the qualifying transaction the Company issued 500,000 shares as a finder's fee to Wolverton Securities Inc. ("Wolverton"). In addition, the Company issued 100,000 shares as a finder's fee to Dean Stuart, an arm's length party. The Company issued 50,000 units, where each unit consisted of one common share and one common share purchase warrant with a exercise price of $0.60 and expiration date of December 23, 2012, as a due diligence fee to Wolverton in connection with the qualifying transaction. The fair value of the warrants issuable pursuant to the due diligence units is $10,000 (see v.).

iii. On December 23, 2009 the Company issued 5,000,000 units, where each unit consisted of one common share and one half of a warrant to purchase a common share with an exercise price of $0.60 prior to December 23, 2010, at $0.30 per unit for total proceeds of $1,500,000 pursuant to a brokered private placement. Wolverton acted as agent for the brokered private placement. The Company granted an agent's option to purchase 500,000 units, where each unit will consist of one common share and one share purchase warrant, at an exercise price of

$0.30 before December 23, 2010 to Wolverton in conjunction with the brokered private placement. The warrants issuable pursuant to this agent's option have an expiration date of December 23, 2010. The fair value of the shares issuable pursuant to the agent's option is $50,000 (see v.).

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

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

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

c) Warrants Issued:

	2009		2008	
	Number	Amount	Number	Amount
Balance, beginning of year	-	-	-	-
Private placement units - portion attributable to warrants (iii)	2,500,000	250,000		
Balance, end of year	**2,500,000**	**250,000**	-	-

d) Stock options:

	Number of options	Weighted average price
Balance, beginning of year	317,690	$0.30
Granted to directors and officers	3,500,000	$0.30
Granted to agents	500,000	$0.30
Balance, end of year	4,317,690	

	Range of exercise prices	**Number outstanding**	**Weighted Average Life (years)**	**Weighted Average Exercise Price**	**Number Exercisable December 31, 2009**
Stock options	$0.30	3,817,690	4.86	$0.30	1,142,690
Agent's options	$0.30	500,000	0.89	$0.30	500,000
		4,317,690	4.30	$0.30	1,642,690

In conjunction with the qualifying transaction, the Company granted an additional 3,500,000 stock options to officers, directors, employees and consultants of the Company in accordance with the Company's stock option plan. Of these options a total of 875,000 options vested immediately with the remainder vesting over an eighteen month period. The associated stock options expense of $240,500 for the vested options was calculated using the fair value method (see above).

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

e) Escrowed shares

As required by Exchange Policy, all 1,510,300 of the Company's seed capital shares are subject to a timed release escrow agreement dated April 24, 2008. This escrow agreement provides for the release of 10% of the escrowed shares on December 31, 2009 and 15% of the remaining escrowed shares every six months thereafter. In addition, all of the common shares and convertible preferred shares issued pursuant to the Company's qualifying transaction are subject to a TSX Venture Exchange Tier Two surplus escrow agreement allowing for the release of 5% of the shares on December 31, 2009, 5% on June 30, 2010, 10% on each of December 31, 2010 and June 30, 2011, 15% on each of December 31, 2011 and June 30, 2012 and 40% on December 31, 2012. If the Company subsequently meets the Tier 1 Minimum Listing Requirements of the TSX Venture Exchange, the release of these escrowed shares will be accelerated whereby such escrowed shares will be released from escrow as to 10% thereof effective as of December 31, 2009, 20% on June 30, 2010, 30% on December 31, 2010 and 40% on June 30, 2011. As of December 31, 2009 none of the shares placed into escrow have been released from escrow.

8. Income Taxes

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

December 31,	**2009**	**2008**
Loss before income taxes	$ (2,531,905)	$ (8,130,786)
Expected income tax recovery at 29.0% (2008 – 29.5%)	(734,252)	(2,398,582)
Non-deductible items and other	987	44,415

December 31,	2009	2008
Stock based compensation	69,745	-
Temporary difference of Sinomar recognized on RTO	(41,768)	-
Share issuance costs	(267,637)	-
Tax rate differences (mostly comprised of difference from effective Argentina tax rate of 35%)	(123,970)	(438,913)
Change in valuation allowance	864,797	2,793,080
Total income taxes (recovery)	$ (232,098)	$ -

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

December 31,	2009	2008
Canada		
Share issuance costs	$ 232,156	-
Non-capital losses available for future periods	98,588	-
Valuation allowance	(330,744)	-
Canada net future income tax asset	$ -	$ -
Argentina		
Property and equipment	$ 3,576,159	$ 2,965,927
VAT receivable	391,979	357,808
Non-capital losses available for future periods	208,754	110,350
Valuation allowance	(3,968,138)	(3,434,085)
Argentina net future income tax asset	$ 208,754	$ -
Total net future income tax asset	$ 208,754	$ -

As at December 31, 2009, the Company has, for tax purposes, non-capital losses available to carry forward to future years totaling $990,793 (2008 - $315,286).

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

Year of Expiry	Canada	Argentina	Total
2011	-	489	489
2012	-	74,038	74,038
2013	-	240,759	240,759
2014	-	281,155	281,155

Year of Expiry	Canada	Argentina	Total
2027	9,044	-	9,044
2028	58,762	-	58,762
2029	326,546	-	326,546
Total	**$394,352**	**$596,441**	**$990,793**

9. Contributed Surplus

	2009
Opening balance	**$ -**
Stock-based compensation	**240,500**
Share issue costs	**213,332**
Ending balance	**$ 453,832**

10. Related Party Transactions

At December 31, 2009 the Company had an accounts payable owing to a director and officer of CCSA for $16,805 (2008 – nil) relating to the Company's lease of office space.

At December 31, 2009 the Company had an employee exploration expense payable of $nil (2008 -$4,172) owing to an officer of CCSA for exploration expenses incurred on behalf of the Company.

During the year ended December 31, 2009 the Company paid $57,002 to a director of CCSA for accounting services (2008 – $24,841). At December 31, 2009 the Company had fees payable for these accounting services of $9,241 (2008 - $5,072).

During the year ended December 31, 2009 the Company paid $144,843 (2008 – $122,980) to a director of CCSA for geological fees.

In conjunction with the Qualifying Transaction, the Company advanced $200,000 to HuntMountain Resources Ltd. ("HuntMountain"), CCSA's former parent corporation, as a refundable deposit. This deposit is reflected in prepaid expenses and deposits on the Company's balance sheet at December 31, 2009 (2008 – $nil).

All related party transactions related to the normal course of business and are recorded at the exchange amount. Additional related party transactions are included as part of Note 15.

11. Shareholder Loan

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

12. Financial Instruments

The Company's financial instruments consist of cash and equivalents, accounts receivable, performance bond, VAT, accounts payable, shareholder loan and due to related party.

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

Fair value

The fair value of financial instruments at December 31, 2009 and 2008 is summarized as follows:

	2009		**2008**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial Assets				
Held for trading				
Cash and equivalents	$3,165,966	$3,165,966	$225,806	$225,806
V.A. Tax, net of discount	513,636	513,636	464,851	464,851
Available for Sale				
Performance bond	209,303	209,303	120,968	120,968
Loans and receivables				
Accounts receivable	11,647	11,647	31,671	31,671

	2009		**2008**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial Liabilities				
Other financial liabilities				
Accounts Payable	$1,444,726	$1,444,726	$2,789,348	$2,789,348
Shareholder loan	842,668	842,668	489,120	489,120
Due to related party	612,850	612,850	-	-

Financial risk management

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

i. Currency risk

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

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

At December 31, 2009, if the U.S. dollar strengthened or weakened by 10% relative to the Canadian dollar the impact on income and other comprehensive income due to the translation of monetary financial instruments would be as follows:

	Impact on net loss and comprehensive loss
U.S. Dollar Exchange rate – 10% increase	$(270,115)
U.S. Dollar Exchange rate – 10% decrease	$124,662

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 is held through Canadian and Argentine financial institutions. The Company's receivables consist of goods & services tax due from the Federal Government of Canada.

The Company maintains its cash and cash equivalents in multiple financial institutions. The Company maintains cash in an Argentine bank. The Argentine accounts, which had a Canadian dollar balance of $14,008 at December 31, 2009 (2008 - $12,947) are considered uninsured.

iii. Liquidity risk

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

v. Price risk

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

vi. Interest rate risk

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

13. Commitments and Contingencies

a) 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 Pobré gold property located in Santa Cruz Province, Argentina. The Company may earn up to a 100% equity interest in the Bajo Pobré property by making cash payments and exploration expenditures over a five-year earn-in period. The required expenditures and ownership levels upon meeting those requirements are:

Year of the Agreement	Payment to FK Minera SA	Exploration Expenditures Required	Ownership
First year – 2007	$52,470	$262,350	0%
Second year – 2008	$52,470	$262,350	0%
Third year -2009	$52,470	-	51%
Fourth year - 2010	$52,470	-	60%
Fifth year – 2011	$52,470	-	100%

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

As of December 31, 2009, the Company has not conducted any exploration activity pursuant to the agreement with FK Minera SA. The Company has not made all investments required by the Bajo Pobré contract, nor have the parties to the contract amended the contract terms. The Company’s ability to retain rights to explore the Bajo Pobré property is uncertain at this time.

b) In March 2007, the Company was the successful bidder for the exploration and development rights to the La Josefina Project from Fomento Minero de Santa Cruz Sociedad del Estado (“Fomicruz S.E.”). Fomicruz S.E. is a company that is owned by the government of the Santa Cruz province in Argentina. On July 24, 2007 the Company entered into an agreement with Fomicruz S.E. pursuant to which the Company agreed to invest a minimum of US$6 million in exploration and development expenditures over a four year period, including US$1.5 million before July 2008. The agreement delineates that in the event that a positive feasibility study is completed on the La Josefina property that a joint venture company would be formed; the Company would own 91% of the joint venture company and Fomicruz S.E. would own the remaining 9%. Management believes that the Company has fulfilled the expenditure requirement of the Fomicruz agreement.

During the quarter ended March 31, 2007, the Company was required to purchase a performance bond as a condition of the exploration agreement on La Josefina property in Argentina. The bond was originally purchased for $292,877. At year end the value of the bond was $209,303 (2008 – $120,968).

14. Capital Disclosure

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

	2009	2008
Shareholders’ equity	**$ 2,346,454**	$ (1,307,807)
Due to related parties	**612,850**	-
Shareholder loan	**842,668**	489,120
	$ 3,801,969	$ (818,687)

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

Management of capital risk

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

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

The Company is not subject to externally imposed capital requirements.

15. Subsequent Events

Patagonia Drill Mining Services S.A. Agreement

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

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

Directors' and Officers' Stock Options

Subsequent to December 31, 2009 the Company granted an additional 600,000 stock options to two directors of the Company. These options have an exercise price of $0.65 and are exercisable on or before January 18, 2015.

16. Comparatives

Certain comparative figures have been reclassified to conform to the current year's presentation.