

HUNT

MINING CORP

Unaudited Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)
For the three and nine month periods ended September 30, 2011 and 2010

Hunt Mining Corp.
An Exploration Stage Enterprise

Expressed in Canadian Dollars

Condensed Interim Consolidated Statements of Financial Position (unaudited)

	NOTE	September 30, 2011	December 31, 2010
CURRENT ASSETS:			
Cash and equivalents		\$ 11,341,666	\$ 6,361,897
Accounts receivable		54,677	53,943
Prepaid expenses and deposits	9	275,025	211,071
Total Current Assets		<u>11,671,368</u>	<u>6,626,911</u>
PROPERTY AND EQUIPMENT:	6	857,808	632,000
OTHER ASSETS:			
Performance bond		226,611	257,208
V.A. Tax, net of discount		993,785	622,761
Minimal presumed income tax receivable		118,093	-
Total Other Assets:		<u>1,338,489</u>	<u>879,969</u>
TOTAL ASSETS:		<u>\$ 13,867,665</u>	<u>\$ 8,138,880</u>
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities		\$ 583,623	\$ 318,679
Taxes payable		110,942	76,851
Shareholder loan	10	-	103,021
Interest payable on shareholder loan		-	10,240
Total Current Liabilities:		<u>694,565</u>	<u>508,791</u>
LONG-TERM LIABILITIES:			
Other long-term liabilities	13(c)	125,000	125,000
TOTAL LIABILITIES:		<u>\$ 819,565</u>	<u>\$ 633,791</u>
SHAREHOLDERS' EQUITY			
Preferred shares	7	\$ 177,417	\$ 177,417
Share capital	7	25,717,781	18,250,138
Contributed surplus	8	3,492,739	2,339,072
Warrants	7	5,860,183	2,838,467
Deficit		(22,012,272)	(16,043,952)
Accumulated other comprehensive loss		(187,748)	(56,053)
Total Shareholders' Equity:		<u>\$ 13,048,100</u>	<u>\$ 7,505,089</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>\$ 13,867,665</u>	<u>\$ 8,138,880</u>

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

Approved on behalf of the Board of Directors

Signed "Tim Hunt"

Director

Signed "Matt Hughes"

Director

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

Hunt Mining Corp.
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Condensed Interim Consolidated Statements of Loss (unaudited)

	NOTE	Three months ended September 30,		Nine months ended September 30,	
		2011	2010	2011	2010
		(Note 16)		(Note 16)	
<i>INCOME:</i>					
Interest income:		\$ 33,024	\$ 3,915	\$ 60,937	\$ 11,704
<i>OPERATING EXPENSES:</i>					
Professional fees		279,922	160,883	1,042,253	639,677
Directors fees		23,934	-	68,003	-
Exploration expenses		855,784	74,956	2,431,220	320,746
Travel expenses		73,350	49,049	217,415	166,469
Administrative and office expenses		235,553	115,033	706,963	428,929
Payroll expenses		288,880	263,412	784,542	701,295
Share based compensation	8	16,282	132,495	400,902	731,026
Interest expense and banking charges		15,381	18,075	44,381	46,645
Depreciation	6	27,543	27,419	82,907	84,229
Total operating expenses		1,816,629	841,322	5,778,586	3,119,016
<i>Other income/(expense):</i>					
Debt forgiveness gain		-	-	-	1,685,476
Gain on debt discount	10	-	-	3,085	21,870
Miscellaneous income		-	17,159	420	17,832
Taxes		(3,585)	(2,120)	(46,881)	(2,637)
Bank fees		-	-	(3,388)	(2,406)
VAT discount and accretion		(67,687)	9,338	(234,788)	1,651
Gain/(loss) on foreign exchange		11,134	(11,245)	32,479	25,036
Total other income/(expense):		(60,138)	13,132	(249,073)	1,746,822
<i>LOSS - before income tax</i>		(1,843,743)	(824,275)	(5,966,722)	(1,360,490)
Income tax expense		(5,132)	-	(1,598)	(562,803)
<i>NET LOSS FOR THE PERIOD to equity owners</i>		\$ (1,848,875)	\$ (824,275)	\$ (5,968,320)	\$ (1,923,293)
<i>Weighted average shares outstanding</i>					
basic		100,407,287	44,720,819	83,990,636	44,701,649
diluted		107,555,461	44,720,819	88,517,165	44,701,649
<i>NET LOSS PER SHARE - BASIC AND DILUTED</i>		\$ (0.02)	\$ (0.02)	\$ (0.07)	\$ (0.04)

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

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
<i>Loss for the period</i>	\$ (1,848,875)	\$ (824,275)	\$ (5,968,320)	\$ (1,923,293)
<i>Other comprehensive loss:</i>				
Change in value of performance bond	(1,866)	28,291	(30,597)	34,664
Translation of assets and liabilities into Canadian dollar reporting currency	<u>32,700</u>	<u>(86,771)</u>	<u>(101,098)</u>	<u>(125,526)</u>
Comprehensive Loss	<u>\$ (1,818,041)</u>	<u>\$ (882,755)</u>	<u>\$ (6,100,015)</u>	<u>\$ (2,014,155)</u>
Accumulated other comprehensive loss, beginning balance	\$ (218,582)	\$ (32,382)	\$ (56,053)	\$ -
Change in value of performance bond	\$ (1,866)	\$ 28,291	\$ (30,597)	\$ 34,664
Translation of asset and liabilities into Canadian dollar reporting currency	<u>\$ 32,700</u>	<u>\$ (86,771)</u>	<u>\$ (101,098)</u>	<u>\$ (125,526)</u>
Accumulated other comprehensive loss, ending balance	<u>\$ (187,748)</u>	<u>\$ (90,862)</u>	<u>\$ (187,748)</u>	<u>\$ (90,862)</u>

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Consolidated Statement of Changes in Shareholders' Equity

	Share Capital	Deficit	Accumulated Other Comprehensive Loss	Contributed Surplus	Warrants	Preferred Shares	Total
Balance - January 1, 2010	\$ 13,989,654	\$ (12,681,712)	\$ -	\$ 460,882	\$ 250,000	\$ 177,417	2,196,241
Net Loss	-	(1,923,293)	-	-	-	-	(1,923,293)
Other comprehensive loss	-	-	(90,862)	-	-	-	(90,862)
Share Capital Issued	71,061	-	-	709,353	-	-	780,414
Balance - September 30, 2010	\$ 14,060,715	\$ (14,605,005)	\$ (90,862)	\$ 1,170,235	\$ 250,000	\$ 177,417	\$ 962,500
Balance - January 1, 2011	\$ 18,250,138	\$ (16,043,952)	\$ (56,053)	\$ 2,339,072	\$ 2,838,467	\$ 177,417	7,505,089
Net Loss	-	(5,968,320)	-	-	-	-	(5,968,320)
Fair value of warrants issuable pursuant to broker compensation units	-	-	-	807,818	-	-	807,818
Other comprehensive loss	-	-	(131,695)	-	-	-	(131,695)
Share Capital Issued	11,540,250	-	-	-	-	-	11,540,250
Share issue costs and filing statement fees	(1,714,786)	-	-	-	-	-	(1,714,786)
Portion of units attributable to warrants issued	(3,331,620)	-	-	-	3,331,620	-	-
Share based compensation	-	-	-	400,902	-	-	400,902
Exercise of warrants	852,929	-	-	-	(309,904)	-	543,025
Exercise of agent's options	49,644	-	-	(10,044)	-	-	39,600
Exercise of broker compensation warrants	71,226	-	-	(45,009)	-	-	26,217
Balance - September 30, 2011	\$ 25,717,781	\$ (22,012,272)	\$ (187,748)	\$ 3,492,739	\$ 5,860,183	\$ 177,417	\$ 13,048,100

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

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Condensed Interim Consolidated Statements of Cash Flows (unaudited)

	NOTE	Three months ended September 30,		Nine months ended September 30,	
		2011	2010 (Note 16)	2011	2010 (Note 16)
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net loss		\$ (1,848,875)	\$ (824,275)	\$ (5,968,320)	\$ (1,923,293)
Items not affecting cash					
Debt forgiveness gain	10	-	-	-	(1,685,476)
Deferred income tax		-	-	-	208,754
Depreciation	6	27,543	27,419	82,907	84,229
Unrealized foreign exchange gain/(loss)		32,700	(4,920)	(101,098)	(113,753)
Minimal presumed income tax receivable		(43,694)	5,705	(118,093)	11,042
V.A. tax		(163,793)	(19,362)	(371,024)	(82,965)
Share based compensation	8	16,282	132,495	400,902	731,026
Net change in non-cash working capital					
(Increase) decrease in accounts receivable		11,158	(16,322)	(734)	(33,872)
(Increase) decrease in prepaid expenses and deposits		(42,190)	1,670	(63,954)	(42,571)
Increase (decrease) in accounts payable and accrued liabilities		(510,257)	101,038	264,944	(1,080,753)
Increase (decrease) in taxes payable		43,483	(34,470)	34,091	239,342
Increase (decrease) in accrued interest on shareholder loan		-	4,525	(10,240)	14,341
Net cash used in operating activities		<u>(2,477,643)</u>	<u>(626,497)</u>	<u>(5,850,619)</u>	<u>(3,673,949)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of property and equipment		(109,864)	16,592	(308,715)	(65,662)
Net cash (used in) provided by investing activities		<u>(109,864)</u>	<u>16,592</u>	<u>(308,715)</u>	<u>(65,662)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from issuance of share capital, net of share issue costs		232,287	12,600	11,242,124	49,388
Proceeds from (repayments of) shareholder loan		-	286,141	(103,021)	635,986
Net cash provided by financing activities		<u>232,287</u>	<u>298,741</u>	<u>11,139,103</u>	<u>685,374</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS		\$ (2,355,220)	\$ (311,164)	\$ 4,979,769	\$ (3,054,237)
CASH AND EQUIVALENTS, BEGINNING OF PERIOD		13,696,886	422,893	6,361,897	3,165,966
CASH AND EQUIVALENTS, END OF PERIOD		\$ 11,341,666	\$ 111,729	\$ 11,341,666	\$ 111,729
Cash and cash equivalents consist of:					
Cash		10,341,666	111,729	10,341,666	111,729
Cash equivalents		1,000,000	-	1,000,000	-
		<u>11,341,666</u>	<u>111,729</u>	<u>11,341,666</u>	<u>111,729</u>
SUPPLEMENTAL CASH FLOW INFORMATION					
Taxes paid		(3,585)	(2,120)	(46,881)	(2,637)

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

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Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

(Expressed in Canadian Dollars)

Three and nine month periods ended September 30, 2011 and 2010

1. Nature of Business

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”), an Argentine minerals exploration company, in a reverse takeover transaction (“RTO”).

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

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

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

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

As of September 30, 2011, 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. Basis of presentation and adoption of IFRS

In 2010, the CICA Handbook was revised to incorporate the *International Financial Reporting Standards* (“IFRS”), as published by the *International Accounting Standards Board* (“IASB”), and require publically accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in these condensed interim consolidated financial statements. In the condensed interim consolidated financial statements, the term “Canadian GAAP” refers to Canadian GAAP before adoption of IFRS.

Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board (“IASB”) and International Financial Reporting Standard 1, *First-time Adoption of International Financial Reporting Standards*.

Subject to certain transition elections disclosed in note 16, the Company has consistently applied the same accounting policies in its opening IFRS condensed interim consolidated statement of financial position at

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January 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 16 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended December 31, 2010.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued as of November 29, 2011, the date the Board of Directors approved the condensed interim consolidated financial statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2010 could result in restatement of these condensed interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's Canadian GAAP annual consolidated financial statements for the year ended December 31, 2010 and the Company's first set of IFRS compliant condensed interim consolidated financial statements for the period ended March 31, 2011.

Going concern

The accompanying condensed interim consolidated financial statements have been prepared under the assumption that the Company will continue as a going concern. The Company is an exploration stage company and has incurred losses since its inception. As shown in the accompanying condensed interim consolidated financial statements, the Company has had no revenues and has incurred an accumulated loss of \$22,012,272 through September 30, 2011. However, the Company has sufficient cash at September 30, 2011 to fund normal operations for the next 12 months.

The Company's ability to continue as a going concern is dependent upon the discovery of economically recoverable mineral reserves, the ability to obtain necessary financing to complete development and fund operations and future production or proceeds from their disposition. Additionally, the current capital markets and general economic conditions in the United States and Canada are significant obstacles to raising the required funds. These factors raise doubt about the Company's ability to continue as a going concern.

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

3. Significant Accounting Policies

The significant accounting policies used in the preparation of these condensed interim consolidated financial statements are described below.

(a) Basis of measurement

The condensed interim consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value.

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(b) Consolidation

The Company's condensed interim consolidated financial statements consolidate the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions, balances and unrealized gains or losses from intercompany transactions are eliminated on consolidation.

(c) Foreign currency translation

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

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

(d) Financial instruments

Financial assets and liabilities are recognized when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instrument were acquired.

Financial assets

Fair value through profit or loss

A financial asset can be classified as fair value through profit or loss only if it is designated at fair value through profit or loss or held-for-trading. The Company's financial assets at fair value through profit or loss are held for trading financial assets. They are measured at fair value with changes in fair value included in profit or loss.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at amortized cost using the effective interest method. Any gains or losses on the realization of receivables are included in profit or loss.

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Assets available for sale

Assets available for sale (“AFS”) represent securities and other financial investments that are non-strategic, that are neither held for trading, nor held to maturity, nor held for strategic reasons, and that have a readily available market price. As such, gains or losses from revaluation of the asset are put through a reserve in Shareholders' equity, except to the extent that any losses are assessed as being permanent, and the asset is therefore impaired, under IAS 39, or if the asset is sold or otherwise disposed of. If the asset is impaired, sold or otherwise disposed of the revaluation gain or loss implicit in the transaction is recognized as a revenue or expense.

Impairment of financial assets

All financial assets except for those at fair value through profit or loss are subject to review for impairment at each reporting date or when events indicate that impairment may exist. Financial assets are impaired when there is objective evidence that a financial asset or a group of financial assets are impaired. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Financial liabilities

Fair value through profit or loss

These liabilities are comprised of derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are measured at fair value with changes in fair value included in profit or loss.

Other financial liabilities

They are measured at amortized cost using the effective interest method. Any gains or losses in the realization of other financial liabilities are included in profit or loss.

Fair values

Fair values of financial assets and liabilities are based upon quoted market prices available from active markets or are otherwise determined using a variety of valuation techniques and models using quoted market prices.

(e) Cash and equivalents

Cash and equivalents include cash on hand, deposits held with banks and other highly liquid short-term investments with original maturities of three months or less. In the normal course of business, 30% of all funds wired 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 dollar fixed terms deposits until the Government of Argentina approves the Company's formal application for release.

(f) Value added tax (“VAT”)

VAT is generally charged for goods and services purchased in Argentina. The VAT paid may be recovered from VAT payable on future sales and therefore the Company recognizes VAT paid as an asset. The Company discounts its VAT receivable in order to reflect the present value of the VAT asset.

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(g) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of an asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced.

Repairs and maintenance costs are charged to the consolidated statement of loss during the period in which they are incurred.

Depreciation is calculated to amortize the cost of the property and equipment less their residual values over their estimated useful lives using the straight-line method. Equipment and vehicles are stated at cost and depreciated over an estimated useful life of three years.

The Company allocates the amount initially recognized in respect of an item of property and equipment to its significant parts and depreciates separately each such part. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains or losses in the condensed interim consolidated statement of loss.

Exploration and evaluation expenditures

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

Should a property be abandoned, its capitalized costs are charged to operations. The Company charges to the condensed interim consolidated statement of loss 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.

Impairment

The carrying value of property and equipment and exploration and evaluation expenditures is reviewed for indicators at each reporting period and whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs).

The recoverable amount is the higher of an asset's fair value less cost to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

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Expected future cash flows for property and equipment and exploration and evaluation expenditures are based on estimates of future metal prices and foreign exchange rates, proven and probable reserves, and future operating, capital, and reclamation cost assumptions.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

(h) Provisions

Provisions for environmental restoration, restructuring costs and legal claims, where applicable, are recognized when:

- (i) the Company has a present legal or constructive obligation as a result of past events;
- (ii) it is more likely than not that an outflow of resources will be required to settle the obligation; and
- (iii) the amount can be reliably estimated

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material. The increase in the provision due to passage of time is recognized as accretion expense. Changes in assumptions or estimates are reflected in the period in which they occur.

Provision for environmental restoration represents the legal and constructive obligations associated with the eventual closure of the Company's property and equipment and exploration and evaluation expenditures. These obligations consist of costs associated with reclamation and monitoring of activities and the removal of tangible assets. The discount rate used is based on a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, excluding the risks for which future cash flow estimates have already been adjusted. At September 30, 2011 the Company has not recorded any provisions (December 31, 2010 - \$Nil).

(i) Current and deferred income tax

Income tax expense represents the sum of current tax and deferred tax expense. Income tax is recognized in net earnings except to the extent it relates to items recognized directly in shareholders' equity, in which case the income tax expense is recognized in shareholders' equity. Current income taxes are measured at the amount, if any, expected to be recoverable from or payable to taxation authorities based on the income tax rates enacted or expected to be enacted at the end of the reporting period.

The Company follows the liability method of accounting for deferred taxes. Under this method, deferred income tax assets or liabilities are recorded to reflect differences between the accounting and tax base of assets and liabilities, and income tax loss carry forwards. Deferred taxes are measured using tax rates that are expected to apply to the period when the deferred tax asset is realized or deferred tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The effect of any changes in tax rate is recognized in net income in the period in which the change occurs or in shareholders' equity, depending on the nature of the item(s) affected by the adjustment.

Deferred income tax assets and liabilities are not recognized for temporary differences relating to: the initial recognition of goodwill; the initial recognition of an asset or liability in a transaction that is not

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a business combination and, at the time of the transaction, affects neither accounting profit or loss or taxable profit or loss; certain differences associated with subsidiaries, branches and associates, and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognized for deductible temporary differences to the extent it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent it is no longer probable that sufficient profits will be available to allow the asset to be recovered.

The Company offsets deferred tax assets and deferred tax liabilities relating to the same taxable entity. The Company may also offset deferred tax assets and deferred tax liabilities relating to different taxable entities, where the amounts relate to income taxes levied by the same taxation authority and the entities intended to realize the assets and settle the liabilities simultaneously.

(j) Share-based compensation

The Company offers a share option plan for its directors, officers, employees and consultants. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Share based compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

Any consideration paid on exercise of share options is credited to share capital. The contributed surplus resulting from share-based compensation is transferred to share capital when the options are exercised.

(k) Revenue Recognition

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

(l) Earnings per share

The calculation of earnings per share ("EPS") is based on the weighted average number of shares outstanding for each period. The basic EPS is calculated by dividing the profit or loss attributable to the equity owners of the Company by the weighted average number of common shares outstanding during the period.

The computation of diluted EPS assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the income per share. The treasury stock method is used to determine the dilutive effect of the warrants and share options. When the Company reports a loss, the diluted net loss per common share is equal to the basic net loss per common share due to the anti-dilutive effect of the outstanding warrants and share options.

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4. Accounting standards issued but not yet applied

IFRS 9, *International Financial Reporting Standard*, (“IFRS 9”)

IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39, *Financial Instruments: Recognition and Measurement*, for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive loss.

Where such equity instruments are measured at fair value through other comprehensive loss, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive loss.

This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 10, *Consolidated Financial Statements*

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

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

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

IFRS 11, *Joint Arrangements*

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

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

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

IFRS 12, *Disclosure of Involvement with Other Entities*

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

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

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

IFRS 13, *Fair Value Measurements*

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

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

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

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

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5. Critical accounting estimates and judgments

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires the Company 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 condensed interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company also makes estimates and assumptions concerning the future. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

The more significant areas requiring the use of management estimates and assumptions relate to environmental rehabilitation obligations; income and mining taxes; share-based compensation and the fair value and accounting treatment of financial instruments. These estimates and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Company is also exposed to legal risk. The outcome of currently pending and future proceedings cannot be predicted with certainty. Thus, an adverse decision in a lawsuit could result in additional costs that are not covered, either wholly or partly, under insurance policies and that could significantly influence the business and results of operations.

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

6. Property and Equipment

The following is a summary of property, equipment and accumulated depreciation at September 30, 2011 and December 31, 2010.

	Land	Vehicles and equipment	Total
Cost			
Balance at December 31, 2010	\$ 562,315	\$ 295,178	\$ 857,493
Additions	-	343,792	343,792
Foreign exchange movement	(13,814)	(29,637)	(43,451)
Balance at September 30, 2011	\$ 548,501	609,333	\$ 1,157,834
Accumulated amortization			
Balance at December 31, 2010	\$ -	\$ 225,493	\$ 225,493
Depreciation for the period	-	82,907	82,907
Foreign exchange movement	-	(8,374)	(8,374)
Balance at September 30, 2011	\$ -	\$ 300,026	\$ 300,026
Net book value			
At December 31, 2010	\$ 562,315	\$ 69,685	\$ 632,000
At September 30, 2011	\$ 548,501	\$ 309,307	\$ 857,808

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7. Share Capital**a) Authorized:**

Unlimited number of common shares without par value

Unlimited number of preferred shares without par value

Issued:**Common Shares**

	September 30, 2011		December 31, 2010	
	Number	Amount	Number	Amount
Balance, beginning of period	73,167,565	\$ 18,250,138	44,612,040	\$ 13,989,654
Short form prospectus	-	-	28,420,900	8,526,270
Share issue costs and filing statement fees	-	(1,714,786)	-	(1,487,811)
Portion of units attributable to warrants issued	-	-	-	(2,838,467)
Bought-deal private placement	25,645,000	11,540,250	-	-
Portion of units attributable to warrants issued	-	(3,331,620)	-	-
Exercise of agent's options	93,667	49,644	134,625	60,492
Exercise of broker compensation warrants	155,598	71,226	-	-
Exercise of warrants	1,551,500	852,929	-	-
Balance, end of period	100,613,330	\$ 25,717,781	73,167,565	\$ 18,250,138

Preferred Shares

	September 30, 2011		December 31, 2010	
	Number	Amount	Number	Amount
Balance, beginning of period	20,881,493	\$ 177,417	20,881,493	\$ 177,417
Balance, end of period	20,881,493	\$ 177,417	20,881,493	\$ 177,417

Warrants

	September 30, 2011		December 31, 2010	
	Number	Amount	Number	Amount
Balance, beginning of year/period	14,210,450	\$ 2,838,467	2,500,000	\$ 250,000
Portion of units attributable to warrants issued	-	-	14,210,450	2,838,467
Expiry of warrants	-	-	(2,500,000)	(250,000)
Exercise of warrants	(1,551,500)	(309,904)	-	-
Portion of units attributable to warrants issued	12,822,500	3,331,620	-	-
Balance, end of period	25,481,450	\$ 5,860,183	14,210,450	\$ 2,838,467

Common share issuances

- (i) During the three month period ended March 31, 2011, the Company issued 30,000 shares pursuant to the cashless exercise of 111,821 broker compensation warrants granted in conjunction with the Company's November 2010 short form prospectus offering. Pursuant to the issuance, the Company recorded \$13,415 in common shares to reflect the Black-Scholes valuation of the cashless exercise of broker compensation warrants.
- (ii) During the three month period ended June 30, 2011, the Company issued 4,745 shares pursuant to the cashless exercise of 13,375 broker compensation warrants granted in conjunction with the Company's November 2010 short form prospectus offering. Pursuant to the issuance, the Company recorded \$872 in common shares to reflect the Black-Scholes valuation of the cashless exercise of broker compensation warrants.
- (iii) On June 14, 2011, the Company issued 25,645,000 units at \$0.45 per unit pursuant to a bought-deal private placement for gross proceeds of \$11,540,250, of which \$3,331,620 was the fair value

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- of the warrants. Each unit consisted of one common share and one half share purchase warrant exercisable at \$0.65 per warrant before June 14, 2013. In conjunction with the private placement, the Company granted broker compensation options to Macquarie Capital Markets Canada Ltd to acquire 1,788,150 broker compensation units. Each broker compensation unit will consist of one common share and one half of one common share purchase warrant exercisable at \$0.45 prior to June 14, 2013. The fair value of the warrants issuable pursuant to the broker compensation units is \$807,818.
- (iv) During the three month period ended June 30, 2011, the Company issued 74,187 shares pursuant to the exercise of 74,187 broker compensation warrants and compensation warrants granted in conjunction with the Company's November 2010 short form prospectus offering. Pursuant to the issuance, the Company recorded \$35,939 in common shares to reflect the Black-Scholes valuation of the exercise of broker compensation warrants and compensation warrants.
 - (v) During the three month period ended June 30, 2011, the Company issued 50,000 shares pursuant to the exercise of 50,000 agent's options granted in conjunction with the Company's December 2009 qualifying transaction. Pursuant to the issuance, the Company recorded \$26,500 in common shares to reflect the Black-Scholes valuation of the exercise of agent's options.
 - (vi) During the three month period ended June 30, 2011, the Company issued 974,250 shares pursuant to the exercise of 974,250 warrants granted at an exercise price of \$0.35 in conjunction with the Company's November 2010 short form prospectus offering. Pursuant to the issuance, the Company recorded \$535,589 in common shares to reflect the Black-Scholes valuation of the exercise of warrants and cash proceeds of \$340,988.
 - (vii) During the three month period ended September 30, 2011, the Company issued 46,666 shares pursuant to the exercise of 46,666 broker warrants granted in conjunction with the Company's December 2009 qualifying transaction. Pursuant to the issuance, the Company recorded \$7,000 in common shares to reflect the Black-Scholes valuation of the exercise of broker warrants and cash proceeds of \$14,000.
 - (viii) During the three month period ended September 30, 2011, the Company issued 43,667 shares pursuant to the exercise of 43,667 agent's options granted in conjunction with the Company's December 2009 qualifying transaction. Pursuant to the issuance, the Company recorded \$10,044 in common shares to reflect the Black-Scholes valuation of the exercise of agent's options and cash proceeds of \$13,100.
 - (ix) During the three month period ended September 30, 2011, the Company issued 577,250 shares pursuant to the exercise of 577,250 warrants granted at an exercise price of \$0.35 in conjunction with the Company's November 2010 short form prospectus offering. Pursuant to the issuance, the Company recorded \$115,303 in common shares to reflect the Black-Scholes valuation of the exercise of warrants and cash proceeds of \$202,037.

b) Stock options:

Under the Company's share option plan, and in accordance with TSX Venture Exchange requirements, the number of common shares reserved for issuance under the option plan shall not exceed 10% of the issued and outstanding common shares of the Company. In connection with the foregoing, the number of common shares reserved for issuance to: (a) any individual director or officer will not exceed 5% of the issued and outstanding common shares; and (b) all consultants will not exceed 2% of the issued and outstanding common shares.

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Options may be exercised the greater of twelve months after the completion of the Qualifying Transaction and ninety days following cessation of the optionee's position with the Company.

	Range of exercise prices	Number outstanding	Weighted average life (years)	Weighted average exercise price	Number exercisable on September 30, 2011
Stock options	\$0.30 - \$0.65	5,997,470	3.51	\$0.35	4,940,103
Agent's options	\$0.30	572,996	1.23	\$0.30	572,996
		<u>6,570,466</u>	<u>3.31</u>	<u>\$0.35</u>	<u>5,513,099</u>

	Nine months ended September 30, 2011	
	Number of options	Weighted Average Price
Balance, beginning of period	5,999,398	\$0.32
Granted to officers and directors	764,735	\$0.33
Forfeiture of stock options	(100,000)	\$0.30
Exercise of agent's options	<u>(93,667)</u>	<u>\$0.30</u>
Balance, end of period	<u>6,570,466</u>	<u>\$0.32</u>

On January 10, 2011, the Company granted 300,000 stock options to an investor relations consultant of the Company in accordance with the Company's stock option plan. The options are exercisable at a price of \$0.35 for a period of five years. These options will vest over a twelve month period, beginning April 10, 2011. The associated stock options expense of \$37,746 was calculated using the fair value method using the Black-Scholes option pricing model and using the following assumptions:

	<u>January 10, 2011</u>
Risk free interest rate	2.24%
Expected volatility	115.74%
Expected life (years)	5
Expected dividend yield	0%
Forfeiture rate	1.59%

On January 27, 2011, the Company granted 464,735 stock options to two directors of the Company in accordance with the Company's stock option plan. The options are exercisable at a price of \$0.31 for a period of five years. Of these options a total of 116,183 vested immediately with the remainder vesting over an eighteen month period. The associated stock options expense of \$47,267 was calculated using the fair value method using the Black-Scholes option pricing model and using the following assumptions:

	<u>January 27, 2011</u>
Risk free interest rate	2.25%
Expected volatility	115.51%
Expected life (years)	5
Expected dividend yield	0%
Forfeiture rate	1.59%

c) Escrowed shares

As required by Exchange Policy, all 1,510,300 of the Company's seed capital shares are subject to a timed release escrow agreement dated April 24, 2008. This escrow agreement provides for the release of 10% of the escrowed shares on December 31, 2009 and 15% of the remaining escrowed shares every six months

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thereafter. As of September 30, 2011, 679,635 shares (December 31, 2010 – 906,180 shares) remain in escrow.

In addition, all of the common shares and convertible preferred shares issued pursuant to the Company's qualifying transaction are subject to a TSX Venture Exchange Tier Two surplus escrow agreement allowing for the release of 5% of the shares on December 31, 2009, 5% on June 30, 2010, 10% on each of December 31, 2010 and June 30, 2011, 15% on each of December 31, 2011 and June 30, 2012, and 40% on December 31, 2012. If the Company subsequently meets the Tier 1 Minimum Listing Requirements of the TSX Venture Exchange, the release of these escrowed shares will be accelerated whereby such escrowed shares will be released from escrow as to 10% thereof effective as of December 31, 2009, 20% on June 30, 2010, 30% on December 31, 2010, and 40% on June 30, 2011. As of September 30, 2011, 20,382,955 common shares (December 31, 2010 – 29,118,507 common shares) and 14,617,045 convertible preferred shares (December 31, 2010 – 20,881,493 convertible preferred shares) remain in escrow.

8. Contributed Surplus

	September 30, 2011	December 31, 2010
Balance, beginning of period	\$ 2,339,072	\$ 460,882
Share based compensation	400,902	1,010,782
Agent's options exercise	(10,044)	-
Broker compensation warrant exercise	(45,009)	-
Option exercise	-	(20,105)
Fair value of warrants issuable pursuant to broker compensation warrants	807,818	637,513
Warrant expiration	-	250,000
Balance, end of period	<u>\$ 3,492,739</u>	<u>\$ 2,339,072</u>

9. Related Party Transactions

During the three month period ended September 30, 2011, the Company paid US\$21,510 (three months ended September 30, 2010 - \$Nil) to HuntMountain Resources Ltd. ("HuntMountain"), an entity controlled by the Company's Executive Chairman, for the rental of office space. During the nine month period ended September 30, 2011, the Company paid US\$64,347 (nine months ended September 30, 2010 - US\$65,359) to HuntMountain for the rental of office space.

During the three months ended September 30, 2011, the Company incurred \$37,525 (three months ended September 30, 2010 – \$23,791) in professional fees expense relating to the services of the President of CCSA. During the nine months ended September 30, 2011, the Company incurred \$106,363 (nine months ended September 30, 2010 – \$99,050) in professional fees expense relating to the services of the President of CCSA. Included in accounts payable and accrued liabilities as at September 30, 2011 was \$12,968 owing to the President of CCSA for professional geological fees (September 30, 2010 - \$10,813).

At September 30, 2011, the Company had a payable owing to the President of CCSA in the amount of \$nil (September 30, 2010 - \$559) relating to field expenses incurred on behalf of the Company. Included in prepaid expenses and deposits as at September 30, 2011, the Company had a receivable due from the President of CCSA for \$2,008 (September 30, 2010 - \$412) for cash advanced for field expenses.

During the three months ended September 30, 2011, the Company incurred \$4,670 (three months ended September 30, 2010 – \$4,344) in general and administrative expenses relating to rent paid for office space to

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the President of CCSA. During the nine months ended September 30, 2011, the Company incurred \$17,965 (nine months ended September 30, 2010 – \$22,185) in general and administrative expenses relating to rent paid for office space to the President of CCSA. Included in accounts payable and accrued liabilities as at September 30, 2011, the Company had a payable owing to the President of CCSA for office rent of \$nil (September 30, 2010 – \$nil).

During the three months ended September 30, 2011, the Company incurred \$24,330 (three months ended September 30, 2010 - \$Nil) in professional fees expense relating to the accounting services of a director of CCSA. During the nine months ended September 30, 2011, the Company incurred \$80,892 (nine months ended September 30, 2010 - \$27,826) 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, 2011, the Company had a payable owing to a director of CCSA for accounting services of \$11,889 (September 30, 2010 – \$nil).

During the three and nine months ended September 30, 2011, the Company acquired office furniture and fixtures from HFP, LLC, an entity controlled by the Company's chairman, for \$Nil (three and nine months ended September 30, 2010 - \$44,419).

During the three and nine months ended September 30, 2011, the Company paid a deposit of \$Nil (three and nine months ended September 30, 2010 - \$5,242) in relation to the purchase of computer equipment from HuntMountain, CCSA's former parent corporation.

During the three and nine months ended September 30, 2011, the Company paid US\$5,058 (three and nine months ended September 30, 2010 - \$nil) to Huntwood Industries, an entity controlled by the Company's Executive Chairman, for marketing design services, website development and website maintenance.

In conjunction with the Qualifying Transaction, on December 23, 2009, the Company advanced \$200,000 to HuntMountain, CCSA's former parent corporation, as a refundable deposit. The deposit was not applied to the consideration of the Qualifying Transaction and therefore is reflected in prepaid expenses and deposits on the Company's consolidated statement of financial position at September 30, 2011 (January 1, 2010 and December 31, 2010 – \$200,000).

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

Remuneration of directors and key management of the Company

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

	Three months ended		Nine months ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Salaries and benefits	\$ 108,897	\$ 121,730	\$ 308,754	\$ 265,110
Consulting fees	85,355	23,791	253,955	126,876
Stock-based remuneration	46,747	117,019	321,487	653,471
	<u>\$ 240,998</u>	<u>\$ 262,540</u>	<u>\$ 884,195</u>	<u>\$ 1,045,457</u>

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10. Shareholder Loan

On March 3, 2010, Hunt Gold USA LLC, a wholly owned subsidiary of the Company, acquired US\$700,000 of the US\$803,000 outstanding loan payable from CCSA to HuntMountain for total consideration of US\$679,000, a 3% discount to the outstanding amount payable.

On March 14, 2011, Hunt Gold USA LLC acquired the remaining amount of the loan owing from CCSA to HuntMountain. The outstanding principal amount of the loan was US\$103,000 and the accrued interest relating to the loan was US\$11,682. The total consideration paid to HuntMountain was 97% of the outstanding principal plus all accrued interest. The total consideration for this transaction was \$108,646.

11. Financial Instruments

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

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

Fair value

The fair value of financial instruments at September 30, 2011 and December 31, 2010 is summarized as follows:

	September 30, 2011		December 31, 2010	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets				
<i>FVTPL</i>				
Cash and equivalents (Level 1)	\$11,341,666	\$11,341,666	\$6,361,897	\$6,361,897
<i>Available for sale</i>				
Performance bond (Level 1)	226,611	226,611	257,208	257,208
<i>Loans and receivables</i>				
Accounts receivable	54,677	54,677	53,943	53,943
Financial Liabilities				
<i>Other financial liabilities</i>				
Accounts payable and accrued liabilities	583,623	583,623	318,679	318,679
Shareholder loan	-	-	103,021	103,021
Interest payable on shareholder loan	-	-	10,240	10,240

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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, 2011, the following are denominated in US dollars:

Cash and equivalents	\$26,276
Accounts payable and accrued liabilities	34,303

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

Cash and equivalents	\$530,303
Performance bond	226,611
Accounts receivable	28,085
Accounts payable and accrued liabilities	416,105

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, 2011, if the U.S. dollar strengthened or weakened by 10% relative to the Canadian dollar the impact on income and other comprehensive income due to the translation of monetary financial instruments would be as follows:

	Impact on net loss and <u>comprehensive loss</u>
U.S. Dollar Exchange rate – 10% increase	\$5,189
U.S. Dollar Exchange rate – 10% decrease	\$(5,189)

At September 30, 2011, if the Argentine Peso strengthened or weakened by 10% relative to the Canadian dollar the impact on income and other comprehensive income due to the translation of monetary financial instruments would be as follows:

	Impact on net loss and <u>comprehensive loss</u>
Argentine Peso Exchange rate – 10% increase	\$2,738
Argentine Peso Exchange rate – 10% decrease	\$(2,738)

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 \$530,303 at September 30, 2011 (December 31, 2010 - \$2,084) are considered uninsured.

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

iii. Liquidity risk

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

iv. Price risk

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

vi. Interest rate risk

Interest rate risk is the impact that changes in interest rates could have on the Company's earnings and liabilities. In the normal course of business, the Company is not exposed to interest rate fluctuations as there is no interest bearing debt as at September 30, 2011.

12. Segmented Information

All of the Company's operations are in the mineral properties exploration industry with its principal business activity in the acquisition and exploration of mineral properties. The Company conducts its resource properties exploration activities primarily in Argentina. The location of the Company's assets by geographic area as of September 30, 2011 and December 31, 2010 is as follows:

	September 30, 2011	December 31, 2010
Canada	\$ 10,884,960	\$ 6,329,919
Argentina	2,882,732	1,734,088
United States	99,973	74,873
	<u>\$ 13,867,665</u>	<u>\$ 8,138,880</u>

13. Commitments and Contingencies

- a) On March 27, 2007, the Company signed a definitive lease purchase agreement with FK Minera S.A. to acquire a 100% interest in the Bajo 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:

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

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

As of September 30, 2011, the Company has made all required payments to F.K. Minera (except the disbursements of US\$50,000 due in March of 2010 and US\$50,000 due in March of 2011); however, CCSA has not made any exploration expenditures required by the Bajo Pobr  contract. The parties to the contract have not amended the contract terms and therefore the Company’s ability to retain rights to explore the Bajo Pobr  property is uncertain at this time.

- b) In March 2007, the Company was the successful bidder for the exploration and development rights to the La Josefina project from Fomicruz. On July 24, 2007, the Company entered into an agreement with Fomicruz pursuant to which the Company agreed to invest a minimum of US\$6 million in exploration and development expenditures over a four year period, including US\$1.5 million before July 2008. The agreement provides that, in the event that a positive feasibility study is completed on the La Josefina property, a joint venture company would be formed by the Company and Fomicruz. A revised schedule for exploration and development of the La Josefina project was submitted in writing to Fomicruz and was adopted on May 3, 2011, mandating that an economic feasibility study and production decision be made by the Company for the La Josefina project by the end of 2013. The Company would own 91% of the joint venture company and Fomicruz would own the remaining 9%. As of September 30, 2011, the Company has invested approximately US\$8.8 million in the La Josefina property. The carrying value of the performance bond at September 30, 2011 is \$226,611.
- c) On June 30, 2010, a former director and accounting consultant (“the Consultant”) to the Company severed his business relationship with the Company. On August 5, 2010 the Consultant claimed that since 2006, he was actually an employee of, not a Consultant to, CCSA. On September 7, 2010, the Argentine Ministry of Labor, Employment and Social Security filed a Certificate of Notice on CCSA and the Company indicating that a representative from CCSA and the Company must appear before a mediator to address the Consultant’s claims. The certificates of notice stated the value of the Consultant’s claim against the Company at 500,000 pesos (US\$126,811).

On March 18, 2011, a lawsuit was filed against the Company and its subsidiaries by the Consultant. The lawsuit claimed that the Consultant was an employee of the Company, not a consultant, since 2006. The total value of the claim was US\$249,041, including wages, alleged bonus payments, interest and penalties. The condensed interim consolidated financial statements include a contingent liability of \$125,000 and a charge to operations for the year ended December 31, 2010 in the same amount. Management considers the lawsuit to be without merit and intends to defend the Company and its subsidiaries to the fullest extent possible.

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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 and shareholder loan, as follows:

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

	September 30, 2011	December 31, 2010
Shareholders' equity	\$13,048,100	\$7,505,089
Shareholder loan	-	103,021
	<u>\$13,048,100</u>	<u>\$7,608,110</u>

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

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.

On November 7, 2011, the Company signed a letter of intent ("LOI") with Eldorado Gold Corp. Under the terms of the LOI, Hunt Mining will grant exclusive rights to Eldorado, who has declared its intention to review the Projects with the objectives of entering into a strategic alliance or option agreement with Hunt Mining to jointly explore and develop the Projects. The LOI is valid until December 31, 2011, at which time it may expire or be extended upon mutual agreement of both parties.

16. Transition to IFRS

The Company adopted IFRS effective January 1, 2010 ("the transition date") and has prepared its opening statement of financial position in accordance with International Financial Reporting Standards.

The date of the first annual financial statements in compliance with IFRS will be for the year ending December 31, 2011.

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IFRS 1 'First-time adoption of International Financial Reporting Standards' ("IFRS 1"), which governs the first time adoption of IFRS requires that the same policies are applied for all periods presented and that these policies are based on IFRS effective at the end of the first IFRS reporting year, December 31, 2011. The Company will therefore prepare its opening statement of financial position by applying existing IFRS at December 31, 2011 or earlier. Accordingly, it is possible that the opening statement of financial position and consolidated financial statements for December 31, 2011 may differ from the information presented in these unaudited condensed interim financial statements.

The IFRS accounting policies as presented in Note 2 have been applied in preparing the condensed interim consolidated financial statements for the period ended September 30, 2011, the comparative information and the opening statement of financial position at the date of transition.

(a) Elected exemptions from full retrospective application

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

(i) Business combinations

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

(ii) Share-based payment transactions

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

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

(iii) Cumulative translation differences

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

(iv) Borrowing costs

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

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

(b) Mandatory exceptions to retrospective application

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

(i) Estimates

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

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

The Company's transition from Canadian GAAP to IFRS has resulted in a number of adjustments to its consolidated statement of loss, consolidated statement of comprehensive loss, consolidated statement of financial position and consolidated statement of cash flows for the quarter ended September 30, 2010, the year ended December 31, 2010 and to the consolidated statement of financial position for January 1, 2010. Further details of the adjustments are provided in the following reconciliations and the notes that accompany the reconciliations. The adoption of IFRS has not changed the Company's actual cash flows.

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The Canadian GAAP consolidated statement of financial position at September 30, 2010 has been reconciled to IFRS as follows:

	CGAAP September 30, 2010		Effect of IFRS Transition	IFRS September 30, 2010
CURRENT ASSETS:				
Cash and equivalents	\$ 111,729		\$ -	\$ 111,729
Accounts receivable	45,520		-	45,520
Prepaid expenses and deposits	242,571		-	242,571
Total Current Assets	399,820		-	399,820
PROPERTY AND EQUIPMENT:				
	836,399	(a)	(161,984)	674,415
OTHER ASSETS:				
Performance bond	243,967		-	243,967
V.A. Tax, net of discount	596,601		-	596,601
Minimal presumed income tax receivable	202,987		-	202,987
Other tax credits	15		-	15
Total Other Assets:	1,043,570		-	1,043,570
TOTAL ASSETS:				
	\$ 2,279,789		\$ (161,984)	\$ 2,117,805
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities	\$ 363,977		\$ -	\$ 363,977
Taxes payable	367,261		-	367,261
Due to related parties	300,000		-	300,000
Interest payable – related parties	3,715		-	3,715
Shareholder loan	106,028		-	106,028
Interest payable on shareholder loan	14,324		-	14,324
TOTAL CURRENT AND TOTAL LIABILITIES:				
	\$ 1,155,305		\$ -	\$ 1,155,305
SHAREHOLDERS' EQUITY				
Preferred shares	177,417		-	177,417
Share capital	14,060,715		-	14,060,715
Contributed surplus	955,824	(b)	214,411	1,170,235
Warrants	250,000		-	250,000
Deficit	(14,356,521)	(a)(c)	(34,073)	(14,605,005)
		(b)	(214,411)	
Accumulated other comprehensive income	37,049	(a)(c)	(127,911)	(90,862)
Total Shareholders' Equity:	\$ 1,124,484		\$ (161,984)	\$ 962,500
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY				
	\$ 2,279,789		\$ (161,984)	\$ 2,117,805

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The Canadian GAAP consolidated statement of loss for the three and nine months ended September 30, 2010 has been reconciled to IFRS as follows:

	Three months ended			Nine months ended		
	CGAAP Sept 30 2010	Effect of IFRS Transition	IFRS Sept 30 2010	CGAAP Sept 30 2010	Effect of IFRS Transition	IFRS Sept 30 2010
<i>INCOME:</i>						
Interest income:	\$ 3,915	\$ -	\$ 3,915	\$ 11,704	\$ -	\$ 11,704
<i>OPERATING EXPENSES:</i>						
Professional fees	160,883	-	160,883	639,677	-	639,677
Exploration expenses	74,956	-	74,956	320,746	-	320,746
Travel expenses	49,049	-	49,049	166,469	-	166,469
Administrative and office expenses	115,033	-	115,033	428,929	-	429,929
Payroll expenses	263,412	-	263,412	701,295	-	701,295
Stock based compensation	153,231	(b) (20,736)	132,495	523,665	(b) 207,361	731,026
Interest expense and banking charges	18,075	-	18,075	46,645	-	46,645
Depreciation	27,419	-	27,419	84,229	-	84,229
Total operating expenses	862,058	(20,736)	841,322	2,911,655	207,361	3,119,016
Other income/(expense):						
Debt forgiveness gain	-	-	-	1,685,476	-	1,685,476
Gain on debt discount	-	-	-	21,870	-	21,870
Miscellaneous income	17,159	-	17,159	17,832	-	17,832
Taxes	(2,120)	-	(2,120)	(2,637)	-	(2,637)
Bank fees	-	-	-	(2,406)	-	(2,406)
VAT discount and accretion	9,338	-	9,338	1,651	-	1,651
Gain on foreign exchange	(11,245)	-	(11,245)	25,036	-	25,036
Total other income:	13,132	-	13,132	1,746,822	-	1,746,822
<i>LOSS - before income tax</i>	(845,011)	20,736	(824,275)	(1,153,129)	(207,361)	(1,360,490)
Income tax expense	-	-	-	(562,803)	-	(562,803)
<i>NET LOSS FOR THE PERIOD</i>	(845,011)	20,736	(824,275)	(1,715,932)	(207,361)	(1,923,293)
Weighted average shares issued and outstanding	44,720,819	44,720,819	44,720,819	44,701,649	44,701,649	44,701,649
<i>NET LOSS PER SHARE - BASIC AND DILUTED</i>	(\$0.02)	(\$0.02)	(\$0.02)	(\$0.04)	(\$0.04)	(\$0.04)

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The Canadian GAAP consolidated statement of cash flows for the three and nine months ended September 30, 2010 has been reconciled to IFRS as follows:

	Three months ended			Nine months ended		
	CGAAP	Effect of	IFRS	CGAAP	Effect of	IFRS
	Sept 30, 2010	IFRS Transition	Sept 30, 2010	Sept 30, 2010	IFRS Transition	Sept 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES:						
Net loss	\$ (845,011)	20,736	\$ (824,275)	\$ (1,715,932)	(207,361)	\$ (1,923,293)
Items not affecting cash						
Debt forgiveness gain	-	-	-	(1,685,476)	-	(1,685,476)
Deferred income tax	-	-	-	208,754	-	208,754
Depreciation	27,419	-	27,419	84,229	-	84,229
Unrealized foreign exchange gain/loss	(4,920)	-	(4,920)	(113,753)	-	(113,753)
Minimal presumed income tax receivable	5,705	-	5,705	11,042	-	11,042
V.A. tax	(19,362)	-	(19,362)	(82,965)	-	(82,965)
Share based compensation	153,231	(b) (20,736)	132,495	523,665	(b) 207,361	731,026
Net change in non-cash working capital	56,441	-	56,441	(903,513)	-	(903,513)
Net cash used in operating activities	(626,497)	-	(626,497)	(3,673,949)	-	(3,673,949)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Acquisition of property and equipment	16,592	-	16,592	(65,662)	-	(65,662)
Net cash (used in) provided by investing activities	16,592	-	16,592	(65,662)	-	(65,662)
CASH FLOWS FROM FINANCING ACTIVITIES:						
Proceeds from issuance of share capital, net of share issue costs	12,600	-	12,600	49,388	-	49,388
Proceeds from shareholder loan	286,141	-	286,141	635,986	-	635,986
Net cash provided by financing activities	298,741	-	298,741	685,374	-	685,374
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ (311,164)	\$ -	\$ (311,164)	\$ (3,054,237)	\$ -	\$ (3,054,237)
CASH AND EQUIVALENTS, BEGINNING OF PERIOD	422,893		422,893	3,165,966		3,165,966
CASH AND EQUIVALENTS, END OF PERIOD	\$ 111,729	\$ -	\$ 111,729	\$ 111,729	\$ -	\$ 111,729
Cash and cash equivalents consist of:						
Cash	111,729		111,729	111,729		111,729
Cash equivalents	-		-	-		-
	111,729		111,729	111,729	\$ -	111,729
SUPPLEMENTAL CASH FLOW INFORMATION						
Taxes paid	2,120		2,120	2,637		2,637

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Notes to IFRS reconciliations presented above:

(a) Foreign currency translation

IFRS does not have the concept of group functional currency and requires a separate functional currency assessment for each entity within the consolidated group. The Company's subsidiaries have adopted the United States Dollar as its functional currency. Financial statements are translated to their Canadian dollar equivalents using the current rate method. Under this method, the statements of operations and cash flows for each period have been translated using the average exchange rates prevailing during each period. All assets and liabilities have been translated using the exchange rate prevailing at the statement of financial position date. Translation adjustments are recorded as income or losses in other comprehensive income or loss. Transaction gains and losses resulting from fluctuations in currency exchange rates on transactions denominated in currencies other than the United States dollar are recognized as incurred in the accompanying consolidated statements of loss.

Under IFRS, the Company consolidates assets and liabilities for each consolidated statement of financial position presented at the closing rate at the date of the statement of financial position. Under Canadian GAAP the Company translated property and equipment at the historical rate on the date of transaction.

The results of the differences between IFRS and Canadian GAAP are reflected in the statements above.

(b) Share-based payments

Under Canadian GAAP, the Company recognized each share-based payment award as a single pool with a fair value based on the specified vesting period for the overall arrangement. Under IFRS, the fair value of each tranche of a share-based payment award is considered a separate grant based on the vesting period with the fair value of each tranche determined separately and recognized as compensation expense over the term of its respective vesting period. In addition, IFRS requires that forfeitures be estimated in advance, whereas a policy choice existed under Canadian GAAP.

The results of the differences between IFRS and Canadian GAAP are reflected in the statements above.

(c) Cumulative translation differences

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

The results of the differences between IFRS and Canadian GAAP are reflected in the statements above.