

**PACHAMAMA RESOURCES LTD.**  
**(“Pachamama”)**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SECOND QUARTER ENDED**  
**November 30, 2008**  
**(Unaudited)**

**CONSOLIDATED BALANCE SHEETS**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

**CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Pachamama Resources Ltd.**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited –prepared by management)  
Canadian Funds

For periods prior to November 30, 2008, the financial statements of Pachamama, including the results of operations and cash flow, have been prepared on a carve-out basis from Mansfield Minerals Inc. as is described in Note 10. These financial statements may not be indicative of the results that would have been attained if Pachamama had operated as a stand-alone entity for those periods.

	<u>Nov 30 2008</u>	<u>May 31 2008</u>
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 7,819,923	\$ 4,044,299
Performance bonds	8,300	8,300
Receivables	8,465	
Short-term investments (Note 3)	<u>21,250</u>	<u>114,750</u>
	7,857,938	4,167,349
<b>Long-term investments (Note 3)</b>	1,393,070	15,086,625
<b>Deferred exploration costs (Note 5)</b>	<u>2,591,037</u>	<u>2,739,998</u>
	<b>\$ 11,842,045</b>	<b>\$ 21,993,972</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accruals	\$ 674,270	\$ 602,038
Due to related parties (Note 7)	<u>317,068</u>	
	991,338	602,038
<b>Asset retirement obligation</b>	<u>604,157</u>	<u>661,979</u>
	1,595,495	1,264,017
<b>SHAREHOLDERS' EQUITY</b>		
<b>Capital stock (Note 6)</b>	10,644,344	15,188,962
<b>Contributed surplus</b>	358,656	191,547
<b>Accumulated other comprehensive income</b>		5,540,993
<b>Deficit</b>	<u>(756,450)</u>	<u>(191,547)</u>
	<u>10,246,550</u>	<u>20,729,955</u>
	<b>\$ 11,842,045</b>	<b>\$ 21,993,972</b>

Nature and continuance of operations (Note 1)

Subsequent events (Note 12)

Approved by the Board:

Director:

“John M. Leask”

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John M. Leask, P.Eng

Director:

“Megan Cameron-Jones”

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Megan Cameron-Jones

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

**Pachamama Resources Ltd.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited –prepared by management)  
For the period ended November 30 - Canadian Funds

For periods prior to November 30, 2008, the financial statements of Pachamama, including the results of operations and cash flow, have been prepared on a carve-out basis from Mansfield Minerals Inc. as is described in Note 10. These financial statements may not be indicative of the results that would have been attained if Pachamama had operated as a stand-alone entity for those periods.

	2008		2007	
	<u>Quarter to Date</u>	<u>Year to Date</u>	<u>Quarter to Date</u>	<u>Year to Date</u>
<b>EXPENSES</b>				
Accounting & audit	\$ 15,686	\$ 21,262	\$ 7,399	\$ 7,399
Accretion	16,320	19,844	6,898	14,338
Bank charges & interest	609	693	151	495
Consulting fees	40,147	74,567	33,185	65,738
Fees and taxes	25,378	28,972	4,878	16,436
Insurance		9,366	85	9,728
Investor relations & shareholder information	21,522	43,407	26,844	43,113
Legal	139,554	140,805	1,166	2,424
Management fees	60,000	120,000	60,000	120,000
Office & administration	13,030	21,334	5,540	15,495
Rent	9,851	9,605	7,076	14,204
Telephone	2,687	5,618	3,415	5,994
Transfer agent & listing fees	34,963	34,963		
Travel & entertainment	572	2,055	4,721	5,920
Wages & benefits	21,543	21,543	1,837	1,837
<b>LOSS BEFORE OTHER ITEMS</b>	<b>(401,862)</b>	<b>(554,034)</b>	<b>(163,195)</b>	<b>(323,121)</b>
Option payments received, net	14,446	14,446	(4,933)	276,067
Gain (loss) on foreign exchange	11,391	25,046	(55,356)	(27,739)
Interest income	12	46,975		
Unrealized loss (gain) on investments		(51,000)	2,125	(17,000)
Write-off of deferred exploration costs (Note 5)	(21,781)	(46,336)	(20,385)	(99,754)
<b>LOSS FOR THE PERIOD</b>	<b>\$ (397,794)</b>	<b>\$ (564,903)</b>	<b>\$ (241,744)</b>	<b>\$ (191,547)</b>
Basic and diluted income per common share	\$ (0.009)	\$ (0.013)	\$	\$
Basic weighted average number of common shares outstanding	44,124,221	44,124,221		

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

**Pachamama Resources Ltd.**  
**CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY**  
(Unaudited –prepared by management)  
For the period ended November 30, 2008 - Canadian Funds

For periods prior to November 30, 2008, the financial statements of Pachamama, including the results of operations and cash flow, have been prepared on a carve-out basis from Mansfield Minerals Inc. as is described in Note 10. These financial statements may not be indicative of the results that would have been attained if Pachamama had operated as a stand-alone entity for those periods.

	Number of Shares	Amount	Accumulated Other Comprehensive Income (Loss)	Contributed Surplus	Deficit	Total
<b>Balance, May 31, 2008</b>		\$ 15,188,962	\$ 5,540,993	\$ 191,547	\$ (191,547)	\$ 20,729,955
Initial Placement	44,124,221	(4,544,618)	(5,540,993)			(10,085,611)
Transfer of assets				167,109		167,109
Loss for the period					(564,903)	(564,903)
<b>Balance, November 30, 2008</b>	44,124,221	\$ 10,644,344	\$	\$ 358,656	\$ (756,450)	\$ 10,246,550

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

**Pachamama Resources Ltd.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited –prepared by management)  
For the period ended November 30 – Canadian Funds

For periods prior to November 30, 2008, the financial statements of Pachamama, including the results of operations and cash flow, have been prepared on a carve-out basis from Mansfield Minerals Inc. as is described in Note 10. These financial statements may not be indicative of the results that would have been attained if Pachamama had operated as a stand-alone entity for those periods.

	2008		2007	
	<u>Quarter to Date</u>	<u>Year to Date</u>	<u>Quarter to Date</u>	<u>Year to Date</u>
<b>Cash Flows from Operating Activities</b>				
Loss for the period	\$ (397,794)	\$ (564,903)	\$ (241,744)	\$ (191,547)
Items not affecting cash:				
Accretion	16,320	19,844	6,898	14,338
Write-off of deferred exploration costs	21,781	46,336	20,385	99,754
Unrealized gain (loss) on investments		51,000	(2,125)	17,000
Changes in non-cash working capital items:				
Increase in receivables	(8,465)	(8,465)		
Increase in accts pay & acc. liabilities	(529,806)	(529,806)		
Increase in due to related parties	<u>317,068</u>	<u>317,068</u>		
Net cash used in operating activities	<u>(580,896)</u>	<u>(668,926)</u>	<u>(216,586)</u>	<u>(60,455)</u>
<b>Cash Flows from Financing Activities</b>				
Funding provided by Mansfield	<u>4,356,520</u>	<u>4,444,550</u>	<u>216,586</u>	<u>60,455</u>
Net cash provided by financing activities	<u>4,356,520</u>	<u>4,444,550</u>	<u>216,586</u>	<u>60,455</u>
<b>Increase in Cash &amp; Cash Equivalents</b>	<u>3,775,624</u>	<u>3,775,624</u>		
<b>Cash &amp; Cash Equivalents – Beginning of Period</b>	<u>4,044,299</u>	<u>4,044,299</u>		
<b>Cash &amp; Cash Equivalents – End of Period</b>	<b>\$ 7,819,923</b>	<b>\$ 7,819,923</b>	<b>\$</b>	<b>\$</b>

Supplemental disclosure with respect to cash flows (Note 9)

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

**Pachamama Resources Ltd.**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited –prepared by management)  
For the period ended November 30, 2008

**1. NATURE AND CONTINUANCE OF OPERATIONS**

Pachamama Resources Ltd. (the "Company") is a Canadian company incorporated in British Columbia. The Company is primarily engaged in the acquisition and exploration of mineral properties.

At the date of these financial statements, the Company has not been able to identify a known body of commercial grade ore on any of its mineral property interests. The ability of the Company to realize the costs it has incurred to date on these mineral property interests is dependent upon the Company being able to lever its property interests and cash, by way of exploration activities and option/joint ventures, into assets of greater value or to identify a commercial ore body, to finance its exploration costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the mineral property interest. To date, the Company has not earned revenues and is considered to be in the exploration stage.

These financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheets.

	Nov 30 2008
Working capital	\$ 6,866,600
Deficit	(756,450)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for audited financial statements. In the opinion of management, all adjustments (consisting of normal and recurring accruals) considered necessary for fair presentation have been included. Operating results for the six month period ended November 30, 2008 are not necessarily indicative of the results that may be expected for the year ended May 31, 2009.

**Use of estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

### **Principles of consolidation**

These consolidated financial statements include the accounts of the Company and the following subsidiaries, all of which are 100% owned:

Pachamama (Bermuda) Ltd.  
Argex Cerro Gordo Ltd.

Argex Mining Samenta Ltd.  
Minera El Toro S.A.

All inter-company transactions and balances have been eliminated upon consolidation.

### **Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. As at November 30, 2008, the cash and cash equivalents consisted of \$319,556 in cash and \$7,500,367 in Bankers Acceptances.

### **Short-term investments**

Short-term investments consist of shares of publicly listed entities. The shares of publicly listed entities are recorded at market value.

### **Long-term investment securities**

Long-term investment securities are carried at market value.

### **Deferred exploration costs**

The Company records deferred exploration costs, which consist of costs attributable to the exploration of mineral property interests, at cost. All direct and indirect costs relating to the acquisition and exploration of these mineral property interests are capitalized on the basis of specific claim blocks until the mineral property interests to which they relate are placed into production, the mineral property interests are disposed of through sale or where management has determined there to be an impairment. If a mineral property interest is abandoned, the related deferred exploration costs will be written off to operations in the period of abandonment. General exploration costs not attributable to specific mineral property interests are written off at the end of each year.

Any option payments received by the Company from third parties are credited to the capitalized cost of the mineral property. If option payments received exceed the capitalized cost of the mineral property, the excess is recognized as income in the year received.

On an ongoing basis, the capitalized costs are reviewed on a property-by-property basis to consider if there is any impairment on the subject mineral property interest. Management's determination for impairment is based on: i) whether the Company's exploration programs on the mineral property interests have significantly changed, such that previously identified resource targets are no longer being pursued; ii) whether exploration results to date are promising and whether additional exploration work is being planned in the foreseeable future or iii) whether remaining lease terms are insufficient to conduct necessary studies or exploration work. As at November 30, 2008 and 2007, management believes that no impairment relating to the mineral property interests and deferred exploration costs was required.

The recorded cost of deferred exploration costs may not reflect recoverable value as this will be dependent on future development programs, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

### **Asset retirement obligations**

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease in the carrying amount of the liability for an asset retirement obligation and the cost of the related long-lived asset.

### **Foreign currency translation**

The Company's subsidiaries are integrated foreign operations and are translated into Canadian dollar equivalents using the temporal method. Monetary items are translated at the exchange rate in effect at the balance sheet date; non-monetary items are translated at historical exchange rates. Income and expense items are translated at the average exchange rate for the period. Translation gains and losses are reflected in loss for the year.

### **Stock-based compensation**

The fair value of stock options granted is determined using the Black-Scholes option pricing model and recorded as consulting fees - stock-based compensation over the vesting period of the stock options.

### **Future income taxes**

Future income taxes are recorded using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

### **Earnings (loss) per share**

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

### **Earnings (loss) per share (cont'd...)**

Basic earnings (loss) per common share is calculated using the weighted-average number of shares outstanding during the period.

### **Financial instruments**

The Company follows the recommendations of the Canadian Institute of Chartered Accountants (“CICA”) under CICA Handbook Section 1530 “Comprehensive Income” (“Section 1530”), Section 3251 “Equity”, Section 3855 “Financial Instruments – Recognition and Measurement” (“Section 3855”), Section 3861 “Financial Instruments – Disclosure and Presentation” and Section 3865 “Hedges”. These new sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: (1) held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; (2) available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired; and (3) all derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sale normal purchase exemption and changes in their fair value are recorded in income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income.

As a result of the adoption of these new standards, the Company has classified its cash and cash equivalents and short-term investments as held-for-trading and long-term investment securities as available-for-sale. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities as well as due to related parties are classified as other financial liabilities, all of which are measured at amortized cost. The Company has elected to measure all derivatives and embedded derivatives at fair value and the Company has maintained its policy not to use hedge accounting.

Section 3855 also provides guidance on accounting for transaction costs incurred upon the issuance of debt instruments or modification of a financial liability. Transaction costs are now deducted from the financial liability and are amortized using the effective interest method over the expected life of the related liability.

### **Capital Disclosures (Section 1535)**

This Section establishes standards for the disclosure of (i) an entity’s objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The adoption of this Section has had no impact on the Company’s consolidated financial statements.

### **Financial Instruments – Disclosures (Section 3862)**

This Section requires an increased emphasis on disclosing the nature and the extent of risk arising from financial statements and how the entity manages those risks. This section, together with *Section 3863, “Financial Instruments – Presentation”*, replaced *Section 3861, “Financial Instruments – Disclosure and Presentation”*. The adoption of this Section has had no impact on the Company’s consolidated financial statements.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

### Financial Instruments – Presentation (Section 3863)

This Section establishes standards for presentation of financial instruments and non-financial derivatives. The adoption of this Section has had no impact on the Company's consolidated financial statements.

The Company will adopt the new standard "Goodwill and Intangible Assets" (Section 3064) for its fiscal year beginning June 1, 2008. This Section replaces Section 3062 "Goodwill and Other Intangible Assets" and Section 3450 "Research and Development Costs". The 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 enterprises. Standards concerning goodwill are unchanged from the standards included in Section 3062. The adoption of this Section has had no impact on the Company's consolidated financial statements.

In addition to the above new accounting pronouncements, the Canadian Accounting Standards Board ("AcSB") in 2006 published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards ("IFRS") over a five-year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-accountable enterprises to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. For the Company, the transition date will be effective May 31, 2011 and will require the restatement for comparative purposes of amounts reported by the Company for the year ended May 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

### Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

## 3. INVESTMENTS

### Long-term investments

Long-term investments are comprised of the following:

	November 30, 2008
Shares of publicly listed entities	\$ 1,393,070
	<hr/>
	\$ 1,393,070

**3. INVESTMENTS (cont'd...)**

**Short-term investments**

Short-term investments are comprised of the following:

	November 30, 2008
Shares of publicly listed entities	\$ 21,250
	<u>\$ 21,250</u>

**4. MINERAL PROPERTY INTERESTS**

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated title to all of its mineral properties and believes, to the best of its knowledge that title to all of its properties is in good standing. The mineral property interests in which the Company has committed to earn an interest are located in Argentina and Canada and the Company is therefore relying on title opinion by legal counsel who are basing such opinions on the laws of Argentina and Canada.

**5. DEFERRED EXPLORATION COSTS**

	As at November 30, 2008		
	Direct	Written-off or Transferred	Total
<b>Argentina properties</b>			
Aguas Calientes	\$ 121,050	\$	\$ 121,050
El Camino	164,882		164,882
Rio Grande	2,110,584		2,110,584
Other	216,302	(21,781)	194,521
<b>Total Argentina</b>	<b>\$ 2,612,818</b>	<b>\$ (21,781)</b>	<b>\$ 2,591,037</b>

**5. DEFERRED EXPLORATION COSTS (cont'd...)**

	As at May 31, 2008		
	Direct	Written-off	Total
<b>Argentina properties</b>			
Aguas Calientes	\$ 227,975	\$	\$ 227,975
El Camino	189,070		189,070
Rio Grande	2,136,789		2,136,789
Other	12,540,272	(12,354,108)	186,164
<b>Total Argentina</b>	<b>\$ 15,094,106</b>	<b>\$(12,354,108)</b>	<b>\$ 2,739,998</b>

  

	Balance Nov 30, 2008	Balance May 31, 2008
Field operations	\$ 2,462	\$ 2,560,378
Administrative services	7,613	2,168,204
Transportation and vehicle maintenance	659	3,256,344
Geology and mapping	284,494	5,515,958
Roads and trenches	614,243	1,029,225
Taxes and licenses	54,892	384,854
Third party services	1,652,178	2,091,538
Option payments and recoveries	(3,723)	(1,781,830)
	2,612,818	15,224,671
Less: write-offs & transfers	(21,781)	(12,484,673)
	<b>\$ 2,591,037</b>	<b>\$ 2,739,998</b>

**6. CAPITAL STOCK**

Authorized: unlimited common shares without par value.

**Warrants**

There were no warrants granted or exercised during the quarter. Under the Plan of Arrangement (see Note 10), the following outstanding warrants were assigned to the Company. The number of warrants outstanding is summarized as follows:

Number of Warrants	Exercise Price	Expiry Date
330,000	\$ 1.50	March 27, 2009
330,000		

**6. CAPITAL STOCK** (cont'd...)

**Stock-based compensation**

The Company recognizes compensation for all stock options granted using the fair value based method of accounting.

**Stock options**

Under the Company's stock option plan effective October 29, 2008, the Company may grant options for up to 8,824,844 common shares to directors, employees and consultants at exercise prices to be determined by the market value on the date of grant. Vesting of options is made at the discretion of the Board of Directors at the time the options are granted with the exception of options granted in relation to investor relations. Options granted to consultants engaged in investor relations activities must vest no earlier than as to one-quarter upon the grant date and as to a further one-quarter after each of the following three four-month periods.

At November 30, 2008, there were no incentive stock options outstanding.

**7. RELATED PARTY TRANSACTIONS**

During the year to date, the Company paid management fees in the amount of \$120,000 (2007 - \$120,000) to companies controlled by directors of the Company.

During the year to date, the Company paid administrative consulting fees in the amount of \$53,495 (2007 - \$20,667) to an officer of the Company and to a company controlled by a director of the Company.

Amounts payable to related parties at November 30, 2008 aggregated \$317,068 (May 31, 2008 – Nil). The fair value for amounts due to related parties is not determinable since there are no stated terms of repayment.

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and are covered by signed agreements. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**8. SEGMENTED INFORMATION**

The Company operates under one segment, that being the exploration and development of mineral properties. Geographical information is as follows:

	Total Assets	Deferred Exploration Costs	Other Assets
November 30, 2008			
Canada	\$ 9,216,745	\$	\$ 9,216,745
Bermuda	3,678		3,678
Argentina	<u>2,621,622</u>	<u>2,591,037</u>	<u>30,585</u>
	<u>\$ 11,842,045</u>	<u>\$ 2,591,037</u>	<u>\$ 9,251,008</u>

**8. SEGMENTED INFORMATION (cont'd...)**

	Total Assets	Deferred Exploration Costs	Other Assets
May 31, 2008			
Canada	\$ 19,182,190	\$	\$ 19,182,190
Bermuda	2,973		2,973
Argentina	<u>2,808,809</u>	<u>2,739,998</u>	<u>68,811</u>
	\$ 21,993,972	\$ 2,739,998	\$ 19,253,974

	2008		2007	
	Quarter to Date	Year to Date	Quarter to Date	Year to Date
Loss before other items:				
Canada	\$ 323,963	\$ 460,203	\$ 145,334	\$ 279,895
Bermuda	7,792	10,234	2,595	2,970
Argentina	<u>70,107</u>	<u>83,597</u>	<u>15,266</u>	<u>40,256</u>
	\$ 401,862	\$ 554,034	\$ 163,195	\$ 323,121

**9. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS**

The significant non-cash transactions as at November 30, 2008 are as follows:

- a) Included in accounts payable and accrued liabilities is \$602,038 related to deferred exploration costs.
- b) The transfer of assets from Mansfield Minerals Inc. ("Mansfield") as disclosed in Note 10.

**10. PLAN OF ARRANGEMENT**

On October 29, 2008, the shareholders of Mansfield approved a Plan of Arrangement to reorganize the mineral property assets of Mansfield in an effort to maximize shareholder value. Under the terms of the Plan of Arrangement, all of Mansfield's existing projects with the exception of the Lindero Deposit were transferred to the Company.

Under the terms of the Plan of Arrangement, Mansfield's shareholders of record on November 20, 2008 received one share of the Company for every one Mansfield share held. Concurrently, Mansfield transferred \$9,230,554 in cash and securities to the Company to provide working capital and exploration funding. The Company's common shares commenced trading on the TSX Venture Exchange on November 28, 2008 under the trading symbol "PMA".

The Company's November 30, 2008 balance sheet includes the historic values that were transferred from Mansfield in November, 2008. The comparative balances at May 31, 2008 are the values that would have been transferred as of that date. The Company's Statements of Operations for the three and six month periods ended November 30, 2007 is the result of a carve-out of an allocation of Mansfield's expenses for those years. The allocation of Mansfield's general and administrative expenses was calculated on the basis of each Company's share of the expenditures determined on a line-by-line basis.

**10. PLAN OF ARRANGEMENT** (cont'd...)

The carrying value of the assets and liabilities transferred pursuant to the Plan of Arrangement was as follows:

Asset (liability)	Nov 30, 2008	May 31, 2008
Cash	\$ 7,790,655	\$ 4,044,299
Performance bonds	8,300	8,300
Short-term investments	21,250	114,750
Long-term investments	1,393,070	15,086,625
Deferred exploration	1,630,166	2,739,998
Accrued liabilities	(602,038)	(602,038)
Intercompany advances	402,941	
Asset retirement obligation		(661,979)
Accumulated other comprehensive income		(5,540,993)
	<b>\$ 10,644,344</b>	<b>\$ 15,188,962</b>

**11. FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash and cash equivalents, performance bonds, receivables, long and short-term investments, accounts payable, accrued liabilities and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

**Risk management**

The Company's largest non-monetary assets are its mineral exploration interests in Argentina. The Company could accordingly be at risk for foreign currency fluctuations and developing legal and political environments.

The Company does not maintain significant cash or other monetary assets or liabilities outside of Canada.

The Company relies on local consultants for the management of its exploration activities and for legal and accounting matters.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at November 30, 2008, the Company had a balance in cash and cash equivalents of \$7,819,923 (May 31, 2008 - \$4,044,299) to settle current liabilities of \$991,338 (May 31, 2008 - \$602,038).

## 11. FINANCIAL INSTRUMENTS (cont'd...)

### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

#### a) Interest rate risk

The Company has cash balances and interest-bearing investments payable. The interest earned on the investments approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of November 30, 2008, the Company did not have any investments in investment-grade short-term deposit certificates.

#### b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in US dollars (US) and Argentinean pesos.

#### c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

### *Sensitivity Analysis*

The carrying amount of cash and cash equivalents, accounts payable and accrued liabilities, and due to related parties approximates their fair value due to their short term nature.

The Company operates in Argentina and is exposed to risk from changes in the U.S. dollar and the Argentinean peso. A simultaneous 10% fluctuation in the U.S. dollar and Argentinean peso against the Canadian dollar would affect net loss for the period by approximately \$8,000.

## 12. SUBSEQUENT EVENTS

In December 2008, the Company granted 4,450,000 incentive stock options at \$0.10 per share to directors, employees and consultants, bringing the total of outstanding incentive stock options to 4,450,000.

In December 2008, the Company dropped the Campo Casablanca and Desierto properties.