

**PACHAMAMA RESOURCES LTD.**  
**(“Pachamama”)**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THIRD QUARTER ENDED**  
**FEBRUARY 28, 2010**  
**(Unaudited)**

**CONSOLIDATED BALANCE SHEETS**

**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

**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  
As at

	Feb 28 2010	May 31 2009
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 4,609,332	\$ 5,991,879
Performance bonds	8,300	8,300
Receivables	53,739	25,808
Short-term investments (Note 3)	<u>20,800</u>	<u>55,250</u>
	4,692,171	6,081,237
<b>Equipment</b>	3,351	
<b>Long-term investment securities</b> (Note 3)	3,030,845	1,738,505
<b>Deferred exploration costs</b> (Note 5)	<u>4,323,083</u>	<u>4,277,197</u>
	<u>\$ 12,049,450</u>	<u>\$ 12,096,939</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 29,816	\$ 1,026,460
Due to related parties (Note 7)	<u>91,747</u>	<u>20,355</u>
	121,563	1,046,815
<b>Asset retirement obligation</b>	<u>570,978</u>	<u>594,167</u>
	<u>692,541</u>	<u>1,640,982</u>
<b>Shareholders' equity</b>		
Capital stock (Note 6)	10,608,925	10,578,212
Accumulated other comprehensive income	1,953,895	661,555
Contributed surplus (Note 6)	1,325,468	1,330,236
Deficit	<u>(2,531,379)</u>	<u>(2,114,046)</u>
	<u>11,356,909</u>	<u>10,455,957</u>
	<u>\$ 12,049,450</u>	<u>\$ 12,096,939</u>

**Nature and continuance of operations** (Note 1)

**Subsequent event** (Note 12)

**Approved by the Board:**

**Director:**

“John M. Leask”  
\_\_\_\_\_  
John M. Leask, P.Eng

**Director:**

“Megan Cameron-Jones”  
\_\_\_\_\_  
Megan Cameron-Jones

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

**Pachamama Resources Ltd.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**AND COMPREHENSIVE INCOME (LOSS)**

(Unaudited –prepared by management)  
For the period ended February 28 - Canadian Funds

For periods prior to November 28, 2008, the financial statements of Pachamama, including the results of operations and cash flows, 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.

	2010		2009	
	Quarter to Date	Year to Date	Quarter to Date	Year to Date
<b>EXPENSES</b>				
Accounting and audit	\$ 7,498	\$ 22,913	\$ 4,319	\$ 25,581
Accretion	6,276	19,377	8,339	28,183
Amortization	182	345		
Bank charges and interest	678	1,805	691	1,384
Consulting fees	44,828	121,987	38,541	113,108
Consulting fees – stock-based compensation (Note 6)	2,648	7,945	303,700	303,700
Fees and taxes	22,800	70,729	31,854	60,826
Insurance	13,321	29,321	13,837	23,203
Investor relations and shareholder information	13,422	49,450	11,427	54,834
Legal		521	23,021	163,826
Management fees	60,000	180,000	60,000	180,000
Office and administration	1,470	14,170	6,054	27,388
Rent	10,184	30,308	10,188	19,793
Telephone	3,251	8,500	2,565	8,183
Transfer agent and listing fees	7,325	13,070	11,963	46,926
Travel and entertainment	900	2,397	6,890	8,945
Wages and benefits	4,592	14,410	20,618	42,161
<b>LOSS BEFORE OTHER ITEMS</b>	<b>(199,375)</b>	<b>(587,248)</b>	<b>(554,007)</b>	<b>(1,108,041)</b>
<b>OTHER ITEMS</b>				
Option payments received, net	29,195	29,195		14,446
Gain on foreign exchange	151,475	149,952	22,351	47,397
Interest income	10,661	29,637	23,993	70,968
Recovery (write-off) of deferred exploration costs (Note 5)	(5,927)	(19,844)	11,410	(34,926)
Gain on disposal of investments		10,175	40,846	40,846
Unrealized loss on short-term investments	(4,800)	(29,200)	(2,125)	(53,125)
<b>LOSS FOR THE PERIOD</b>	<b>(18,771)</b>	<b>(417,333)</b>	<b>(457,532)</b>	<b>(1,022,435)</b>
Fair value adjustment of long-term investment securities	876,945	1,292,340		
<b>Comprehensive income (loss) for the period</b>	<b>\$ 858,174</b>	<b>\$ 875,007</b>	<b>\$ (457,532)</b>	<b>\$ (1,022,435)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.000)</b>	<b>\$ (0.009)</b>	<b>\$ (0.010)</b>	<b>\$ (0.023)</b>
<b>Basic and diluted weighted average number of common shares outstanding</b>	<b>44,136,419</b>	<b>44,142,418</b>	<b>44,124,221</b>	<b>44,124,221</b>

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 February 28, 2010 - Canadian Funds

	Number of Shares	Price	Amount	Accumulated Other Comprehensive Income	Contributed Surplus	Deficit	Total
<b>Balance, May 31, 2009</b>	44,124,221		\$ 10,578,212	\$ 661,555	\$ 1,330,236	\$ (2,114,046)	\$ 10,455,957
Shares issued for:							
Exercise of stock options	180,000	\$0.10	30,713		(12,713)		18,000
Stock-based compensation					7,945		7,945
Fair value adjustment of available-for-sale securities				1,292,340			1,292,340
Loss for the period						(417,333)	(417,333)
<b>Balance, February 28, 2010</b>	44,304,221		\$ 10,608,925	\$ 1,953,895	\$ 1,325,468	\$ (2,531,379)	\$ 11,356,909

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 February 28 – Canadian Funds

For periods prior to November 28, 2008, the financial statements of Pachamama, including the results of operations and cash flows, 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.

	2010		2009	
	Quarter to Date	Year to Date	Quarter to Date	Year to Date
<b>Cash Flows from Operating Activities</b>				
Net loss for the period	\$ (18,771)	\$ (417,333)	\$ (457,532)	\$ (1,022,435)
Items not affecting cash:				
Accretion	6,276	19,377	8,339	28,183
Amortization	182	345		
Stock-based compensation	2,648	7,945	303,700	303,700
Write-off (recovery) of deferred exploration costs	5,927	19,844	(11,410)	34,926
Unrealized loss on short-term investments	4,800	29,200	2,125	53,125
Unrealized gain on foreign exchange	(20,704)	(42,566)		
Gain on disposal of investments		(10,175)	(40,846)	(40,846)
Changes in non-cash working capital items:				
Increase in receivables	(12,428)	(27,931)	(3,153)	(11,618)
Increase (decrease) in accts payable & accrued liabilities	(26,826)	(16,964)	(11,353)	60,879
Increase (decrease) in due to related parties	32,472	71,392	(210,602)	106,466
Net cash used in operating activities	<u>(26,424)</u>	<u>(366,866)</u>	<u>(420,732)</u>	<u>(487,620)</u>
<b>Cash Flows from Financing Activities</b>				
Issuance of capital stock	18,000	18,000		
Funding provided by Mansfield				4,444,550
Net cash provided by financing activities	<u>18,000</u>	<u>18,000</u>	<u></u>	<u>4,444,550</u>
<b>Cash Flows from Investing Activities</b>				
Acquisition of deferred exploration costs	(1,006,902)	(1,045,410)	(64,016)	(666,054)
Purchase of equipment	(1,364)	(3,696)		
Proceeds from disposal of investments		15,425	354,516	354,516
Net cash provided by (used in) investing activities	<u>(1,008,266)</u>	<u>(1,033,681)</u>	<u>290,500</u>	<u>(311,538)</u>
<b>Increase (Decrease) in Cash &amp; Cash Equivalents</b>	<u>(1,016,690)</u>	<u>(1,382,547)</u>	<u>(130,232)</u>	<u>3,645,392</u>
<b>Cash &amp; Cash Equivalents – Beginning of Period</b>	<u>5,626,022</u>	<u>5,991,879</u>	<u>7,819,923</u>	<u>4,044,299</u>
<b>Cash &amp; Cash Equivalents – End of Period</b>	<u>\$ 4,609,332</u>	<u>\$ 4,609,332</u>	<u>\$ 7,689,691</u>	<u>\$ 7,689,691</u>

Included in cash and cash equivalents is \$209,332 in cash and \$4,400,000 in term deposits.

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 February 28, 2010

**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.

The Company became a reporting issuer in Alberta and British Columbia on November 28, 2008 by virtue of a reorganization transaction involving the exchange of securities between Mansfield Minerals Inc. ("Mansfield"), the Company and the shareholders of Mansfield. The reorganization transaction involved the acquisition of certain assets and liabilities from Mansfield (Note 10). Concurrently, the Company's shares became publicly listed on the TSX Venture Exchange under the symbol "PMA.", and the Company incorporated a wholly-owned subsidiary, Pachamama (Bermuda) Ltd.

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.

	Feb 28 2010	May 31 2009
Working capital	\$ 4,570,608	\$ 5,034,422
Deficit	(2,531,379)	(2,114,046)

**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 nine month period ended February 28, 2010 are not necessarily indicative of the results that may be expected for the year ended May 31, 2010.

The interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual consolidated financial statements for the year ended May 31, 2009. For further information, refer to the consolidated financial statements and footnotes thereto included for the year ended May 31, 2009.

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

### **Change in accounting policy**

#### *Goodwill and Intangible Assets (Section 3064)*

The Company adopted the new standard “*Goodwill and Intangible Assets*” (Section 3064) for its fiscal year beginning June 1, 2009. 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.

#### *Amendment to Financial Instruments - Disclosures*

CICA Handbook Section 3862, Financial Instruments – Disclosures was amended to require disclosure about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

See Note 11 for relevant disclosures.

### **Recent accounting pronouncements**

#### *Business combinations (Section 1582)*

In January 2009, the CICA issued Section 1582 “Business Combinations” to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards. The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. The Company does not expect the adoption of this section to have a significant effect on its financial statements.

#### *Consolidated Financial Statements (Section 1601) and Non-Controlling Interests (Section 1602)*

The CICA concurrently issued Section 1601 “Consolidated Financial Statements” and Section 1602 “Non-Controlling Interests” which replace Section 1600 “Consolidated Financial Statements.” Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 “Business Combinations.” The Company does not expect the adoption of these sections to have a significant effect on its financial statements.

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

*International financial reporting standards ("IFRS")*

In 2006, the AcSB 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 IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly listed companies 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. The transition date of June 1, 2011 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.

There were no changes in the Company's approach to capital management during the period ended February 28, 2010. The Company is not subject to externally imposed capital requirements.

**3. INVESTMENTS**

**Long-term investment securities**

Long-term investment securities are comprised of the following:

	February 28, 2010	May 31, 2009
Fair value of shares of publicly listed entities	\$ 3,030,845	\$ 1,738,505
Historical acquisition cost	2,841,609	2,841,609

**Short-term investments**

Short-term investments are comprised of the following:

	February 28, 2010	May 31, 2009
Fair value of shares of publicly listed entities	\$ 20,800	\$ 55,250
Historical acquisition cost	48,000	63,750

**Pachamama Resources Ltd.**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – prepared by management)

For the period ended February 28, 2010

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**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 February 28, 2010		
	Direct	Written-off	Total
<b>Argentina properties</b>			
Aguas Calientes	\$ 154,186	\$	\$ 154,186
El Camino	186,756		186,756
La Frontera	33,377		33,377
Rio Grande	3,817,557		3,817,557
Other	267,684	(136,477)	131,207
<b>Total</b>	<b>\$ 4,459,560</b>	<b>\$ (136,477)</b>	<b>\$ 4,323,083</b>

	As at May 31, 2009		
	Direct	Written-off	Total
<b>Argentina properties</b>			
Aguas Calientes	\$ 147,534	\$	\$ 147,534
El Camino	184,018		184,018
La Frontera	24,603		24,603
Rio Grande	3,801,337		3,801,337
Other	236,338	(116,633)	119,705
<b>Total</b>	<b>\$ 4,393,830</b>	<b>\$ (116,633)</b>	<b>\$ 4,277,197</b>

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

	Balance May 31, 2009	Additions	Balance February 28, 2010
Field operations	\$ 4,359	\$ 545	\$ 4,904
Administrative services	12,440	9,994	22,434
Transportation & vehicle maintenance	4,778	1,244	6,022
Geology & mapping	319,930	41,872	361,802
Roads & trenches	735,983	2,455	738,438
Taxes & licenses	65,644	30,425	96,069
Third party services	3,254,420		3,254,420
Option payments & recoveries	<u>(3,724)</u>	<u>(20,805)</u>	<u>(24,529)</u>
	4,393,830	65,730	4,459,560
Less: write-offs	<u>(116,633)</u>	<u>(19,844)</u>	<u>(136,477)</u>
	<u>\$ 4,277,197</u>	<u>\$ 45,886</u>	<u>\$ 4,323,083</u>

**6. CAPITAL STOCK**

Authorized: unlimited common shares without par value.

**Warrants**

There were no warrants granted, forfeited, cancelled or exercised during the quarter and no warrants were outstanding as at May 31, 2009 or February 28, 2010.

**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, with a maximum term of ten years, 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.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Shares	Exercise Price	Expiry Date
Balance, May 31, 2009	4,450,000	\$ 0.10	
Options exercised	<u>(180,000)</u>	0.10	
Balance, February 28, 2010	<u>4,270,000</u>	0.10	
Amount currently exercisable	<u>4,270,000</u>	\$ 0.10	December 29, 2013

**Pachamama Resources Ltd.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – prepared by management)

For the period ended February 28, 2010

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**7. RELATED PARTY TRANSACTIONS**

During the year to date, the Company paid management fees in the amount of \$180,000 (2009 - \$180,000) to companies controlled by directors of the Company.

During the year to date, the Company paid administrative consulting fees in the amount of \$93,769 (2009 - \$88,701) to an officer of the Company and to a company controlled by a director of the Company.

Amounts payable to related parties at February 28, 2010 aggregated \$91,747, made up of services provided to and expenses incurred on behalf of the Company by an officer of the Company and to companies controlled by directors of the Company (May 31, 2009 – \$20,355). 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	Equipment	Deferred Exploration Costs	Other Assets
February 28, 2010				
Canada	\$ 7,678,953	\$	\$	\$ 7,678,953
Bermuda	14,193			14,193
Argentina	4,356,304	3,351	4,323,083	29,870
	<u>\$ 12,049,450</u>	<u>\$ 3,351</u>	<u>\$ 4,323,083</u>	<u>\$ 7,723,016</u>
May 31, 2009				
Canada	\$ 7,786,335	\$	\$	\$ 7,786,335
Bermuda	8,856			8,856
Argentina	4,301,748		4,277,197	24,551
	<u>\$ 12,096,939</u>	<u>\$</u>	<u>\$ 4,277,197</u>	<u>\$ 7,819,742</u>

	2010		2009	
	Quarter to Date	Year to Date	Quarter to Date	Year to Date
Loss before other items:				
Canada	\$ 162,844	\$ 465,045	\$ 469,955	\$ 930,158
Bermuda	4,076	24,901	26,500	36,734
Argentina	32,455	97,302	57,552	141,149
	<u>\$ 199,375</u>	<u>\$ 587,248</u>	<u>\$ 554,007</u>	<u>\$ 1,108,041</u>

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

The significant non-cash transaction as at February 28, 2010 is as follows:

- a) Included in accounts payable and accrued liabilities is \$Nil (May 31, 2009 - \$979,680) related to deferred exploration costs.

The significant non-cash transactions as at February 28, 2009 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 Mansfield's mineral property assets in an effort to maximize shareholder value. Under the terms of the Plan of Arrangement, all of Mansfield's existing mineral properties with the exception of Lindero were transferred into a new company, incorporated under the name Pachamama Resources Ltd. 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 certain cash and securities to the Company to provide working capital and exploration funding along with certain accounts payable and accrued liabilities and asset retirement obligations directly related to the mineral properties, and the following subsidiaries: Argex Mining Samenta Ltd., Argex Cerro Gordo Ltd. and Minera El Toro S.A. The Company's common shares commenced trading on the TSX Venture Exchange on November 28, 2008 under the trading symbol "PMA".

The reorganization was designed to allow Mansfield's shareholders to realize the value of Mansfield's Lindero property through continued ownership of Mansfield's common shares, while retaining the upside potential associated with Mansfield's other exploration and development properties through ownership of the Company's common shares.

The Company's Consolidated Statement of Operations and Comprehensive Loss for the period ended November 30, 2008 is the result of a "carve-out" of an allocation of general and administrative expenses for the period to the Company. The allocation of the Company's general and administrative expenses was calculated on the basis of each Company's share of the expenditures on a line-by-line basis.

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

<u>Asset (liability)</u>	
Cash and cash equivalents	\$ 7,816,234
Performance bonds	8,300
Receivables	8,684
Short-term investments	21,250
Long-term investment securities	1,393,070
Deferred exploration costs	2,595,071
Accounts payable and accrued liabilities	(660,240)
Asset retirement obligation	(604,157)
	<u>\$ 10,578,212</u>

**11. FINANCIAL INSTRUMENTS**

**Fair value**

The carrying value of performance bonds, receivables, accounts payable and accrued liabilities and due to related parties approximated their fair value because of the short-term nature of these instruments. Financial instruments measured at fair value on the balance sheet are summarized in levels of fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 4,609,332	\$	\$	\$ 4,609,332
Short-term investments	20,800			20,800
Long term investment securities	<u>3,030,845</u>			<u>3,030,845</u>
<b>Total</b>	<b>\$ 7,660,977</b>	<b>\$</b>	<b>\$</b>	<b>\$ 7,660,977</b>

**Risk management**

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 a 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 February 28, 2010, the Company had a balance in cash and cash equivalents of \$4,609,332 (May 31, 2009 - \$5,991,879) to settle current liabilities of \$121,563 (May 31, 2009 - \$1,046,815). Management believes that it has sufficient funds to meet its current liabilities as they become due.

*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 financial institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of February 28, 2010, the Company had \$4,400,000 in investment-grade short-term deposit certificates.

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

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 United States dollars (U.S.) 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. The Company currently maintains investments in certain publicly listed companies. There can be no assurance that the Company can exit these positions if required resulting in proceeds approximating the carrying value of the securities.

*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 \$5,000.

**12. SUBSEQUENT EVENT**

In March 2010, the Company executed a binding letter agreement with Shamrock Enterprises Inc. ("Shamrock") on the Company's 100% owned Fireweed property, located in the Omineca Mining Division, BC. Shamrock has an option to earn an initial 50% interest by spending \$2,550,000 in exploration expenditures, \$650,000 in cash payments and 1,000,000 shares of Shamrock over a four year period. An initial \$200,000 in exploration expenditures is a firm commitment which must be completed by February 17, 2011. To earn the initial 50% interest, Shamrock must complete cash and share payments and incur expenditures for the balance of the purchase price as follows:

Date	Option Payments	Share Issuances	Annual Exploration Exp.
Upon execution	\$ 50,000		\$
Within 10 days of regulatory approval		100,000	
February 17, 2011	50,000	200,000	200,000
February 17, 2012	100,000	200,000	450,000
February 17, 2013	200,000	250,000	650,000
February 17, 2014	250,000	250,000	1,250,000
<b>Total</b>	<b>\$ 650,000</b>	<b>1,000,000</b>	<b>\$ 2,550,000</b>

**Pachamama Resources Ltd.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – prepared by management)

For the period ended February 28, 2010

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**12. SUBSEQUENT EVENT** (cont'd...)

Shamrock can acquire an additional 10% interest (60% total) by completing an independent feasibility study within three years. Shamrock can acquire an additional 10% interest (70% total) by putting the project into production within three years by incurring the following annual construction expenditures:

<b>Year Ended On</b>	<b>Annual Construction Expenditure</b>
1 <sup>st</sup> Anniversary of Second Earn-in	10% of Cap-Ex as defined in the Feasibility Study
2 <sup>nd</sup> Anniversary of Second Earn-in	30% of Cap-Ex as defined in the Feasibility Study
3 <sup>rd</sup> Anniversary of Second Earn-in	Remainder of Cap-Ex as defined in the Feasibility Study