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**PANTHERA EXPLORATION INC.**

*(An Exploration Stage Company)*

INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED  
MARCH 31, 2010 AND 2009

*(Expressed in Canadian Dollars)*

*(Unaudited – Prepared by Management)*

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**PANTHERA EXPLORATION INC.**

**(the “Company”)**

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**Three months ended March 31, 2010 and three months ended March 31, 2009**

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

May 24, 2010

**PANTHERA EXPLORATION INC.**  
*(An Exploration Stage Company)*  
**CONSOLIDATED BALANCE SHEETS**  
(See Note 1 – Nature of Operations and Going Concern)

	<b>March 31, 2010 \$ (Unaudited)</b>	<b>December 31, 2009 \$ (Audited)</b>
<b>A S S E T S</b>		
<b>CURRENT ASSETS</b>		
Cash	431,609	186,280
Marketable securities (Note 3)	3,200	4,200
Other receivables and prepaid expenses	26,837	4,003
	461,646	194,483
<b>MINERAL PROPERTY INTERESTS</b> (Note 4)	9,764	9,764
	471,410	204,247
<b>L I A B I L I T I E S</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	341,152	501,549
<b>S H A R E H O L D E R S ' E Q U I T Y</b>		
<b>SHARE CAPITAL</b>		
Authorized – Unlimited common shares without par value (Note 5)		
Issued and outstanding 13,495,604 (December 31, 2009 – 8,795,604) common shares	12,749,764	12,500,883
<b>WARRANTS</b> (Note 5 and 7)	668,577	307,417
<b>CONTRIBUTED SURPLUS</b>	1,811,040	1,730,689
<b>ACCUMULATED OTHER COMPREHENSIVE INCOME</b>	(1,800)	(800)
<b>DEFICIT</b>	(15,097,323)	(14,835,491)
	130,258	(297,302)
	471,410	204,247

APPROVED BY THE BOARD

"David Horton" , Director

"Bruce Winfield" , Director

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

**PANTHERA EXPLORATION INC.**  
*(An Exploration Stage Company)*  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**  
*(Unaudited - Expressed in Canadian Dollars)*

	Three Months Ended March 31,	
	2010 \$	2009 \$
<b>EXPENSES</b>		
Accounting and audit	18,079	13,000
Corporate development and investor relations	5,691	4,079
General exploration	3,858	6,548
Legal and professional fees	-	1,202
Management fees	41,045	33,875
Office and sundry	6,060	1,291
Salaries	102,168	-
Stock-based compensation (Note 6)	80,351	-
Transfer agent and regulatory fees	11,424	7,438
Travel	8,344	-
	<u>277,020</u>	<u>67,433</u>
<b>LOSS (INCOME) BEFORE OTHER ITEMS</b>		
<b>OTHER INCOME (EXPENSE)</b>		
Foreign exchange	15,188	(5,538)
Write-off of mineral properties	-	(1,279,502)
	<u>15,188</u>	<u>(1,285,040)</u>
<b>LOSS FOR THE PERIOD</b>	(261,832)	(1,352,473)
<b>DEFICIT - BEGINNING OF PERIOD</b>	<u>(14,835,491)</u>	<u>(13,203,539)</u>
<b>DEFICIT - END OF PERIOD</b>	<u>(15,097,323)</u>	<u>(14,556,012)</u>
 <b>BASIC AND DILUTED LOSS PER COMMON SHARE</b>	<u>(0.02)</u>	<u>(0.32)</u>
 <b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>	<u>12,190,048</u>	<u>4,184,604</u>

**INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

	Three Months Ended March 31,	
	2010 \$	2009 \$
<b>LOSS FOR THE PERIOD</b>	(261,832)	(1,352,473)
<b>OTHER COMPREHENSIVE LOSS</b>		
Unrealized loss on available-for-sale marketable securities	(1,000)	(1,950)
<b>TOTAL COMPREHENSIVE LOSS</b>	<u>(262,832)</u>	<u>(1,354,423)</u>

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

**PANTHERA EXPLORATION INC.**  
*(An Exploration Stage Company)*  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*(Unaudited - Expressed in Canadian Dollars)*

	Three Months Ended March 31,	
	2010 \$	2009 \$
<b>CASH PROVIDED FROM (USED FOR)</b>		
<b>OPERATING ACTIVITIES</b>		
Loss for the period	(261,832)	(1,352,473)
Items not affecting cash:		
Write-off of mineral property interests	-	1,279,502
Stock-based compensation	80,351	-
	(181,481)	(72,971)
Change in non-cash working capital balances:		
Other receivables and prepaid expenses	(22,834)	12,242
Accounts payable and accrued liabilities	(160,397)	49,043
	(364,712)	(11,686)
<b>INVESTING ACTIVITIES</b>	-	-
<b>FINANCING ACTIVITIES</b>		
Issuance of common shares and warrants	611,000	-
Share and warrant issue costs	(959)	-
	610,041	-
<b>INCREASE (DECREASE) IN CASH</b>	245,329	(11,686)
<b>CASH - BEGINNING OF PERIOD</b>	186,280	24,502
<b>CASH - END OF PERIOD</b>	431,609	12,816

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**PANTHERA EXPLORATION INC.**  
*(An Exploration Stage Company)*  
**INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
*(Unaudited - Expressed in Canadian Dollars)*

	Number of Common Shares	Amount of Common Shares (Note 5)	Contributed Surplus (Note 5)	Warrants (Note 5)	Accumulated Other Comprehensive Income (Note 5)	Retained Earnings (Accumulated Deficit) (Note 5)
Balance as at December 31, 2008	4,184,604	12,298,254	1,319,921	554,690	-	(13,203,539)
Private placement	4,612,000	210,631		169,859		
Share issue costs		(7,892)				
Warrant issue costs				(6,364)		
Expiration of warrants			410,768	(410,768)		
Shares returned to treasury	(1,000)	(110)				
Net unrealized gain (loss) on available-for-sale marketable securities					(800)	
Net loss						(1,631,952)
Balance as at December 31, 2009	8,795,604	\$ 12,500,883	\$ 1,730,689	\$ 307,417	\$ (800)	\$(14,835,491)
Private placement	4,700,000	249,840		361,160		
Share issue costs		(959)				
Stock-based compensation			80,351			
Unrealized loss on available-for-sale marketable securities					(1,000)	
Net loss						(261,832)
Balance as at March 31, 2010	13,495,604	12,749,764	1,811,040	668,577	(1,800)	(15,097,323)

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

**PANTHERA EXPLORATION INC.**  
*(An Exploration Stage Company)*  
**CONSOLIDATED SCHEDULE OF MINERAL PROPERTY INTERESTS**  
**FOR THE PERIOD ENDED MARCH 31, 2010**  
*(Expressed in Canadian Dollars)*

**ACQUISITION COSTS**

	<u>USA</u>	
	<b>Roy</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
Balance, beginning of period	9,764	9,764
Acquisition costs – cash	-	-
	<u>9,764</u>	<u>9,764</u>
Write-off of mineral properties	-	-
	<u>9,764</u>	<u>9,764</u>
Proceeds from sale of mineral properties	-	-
Balance, end of period	<u><u>9,764</u></u>	<u><u>9,764</u></u>

**EXPLORATION EXPENDITURES**

	<b>General (*)</b>
	<b>\$</b>
Cumulative costs expensed - beginning of period	<u>6,444,268</u>
Exploration expenditures during the period:	
Suppliers and contractors	3,858
	<u>6,448,126</u>
Cumulative costs expensed - end of period	<u><u>6,448,126</u></u>

*\* Exploration expenditures for properties that were written off in previous years are included in the opening balance of general exploration*

**PANTHERA EXPLORATION INC.**

*(An Exploration Stage Company)*

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND**

**THE THREE MONTHS ENDED MARCH 31, 2009**

*(Unaudited - Expressed in Canadian Dollars)*

**1. NATURE OF OPERATIONS AND GOING CONCERN**

Panthera Exploration Inc. (formerly Amera Resources Corporation) (the “Company”) was incorporated on April 11, 2000 in the Province of British Columbia and was transitioned under the Business Corporations Act (BC) on June 17, 2004. The Company is a natural resource company engaged in the acquisition and exploration of resource properties in the Americas. The Company presently has no proven or probable reserves and, on the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. Consequently, the Company considers itself to be an exploration stage company.

The amounts shown as mineral property interests represent costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values. The underlying value of the mineral property interests is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to advance the properties beyond the exploration stage, and future profitability of the properties.

The Company has experienced recurring operating losses and has accumulated an operating deficit of \$15,097,323 at March 31, 2010 (December 31, 2009 - \$14,835,491) and a shareholders’ equity of \$130,258 at March 31, 2010 (December 31, 2009 – shareholders’ deficit of \$297,302). In addition, the Company had working capital of \$120,494 at March 31, 2010 (December 31, 2009 – working capital deficiency of \$307,066). Working capital is defined as current assets less current liabilities and provides a measure of the Company’s ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year. These factors raise substantial doubt about the Company’s ability to continue as a going concern. The Company’s continued operations, as intended, are dependent upon its ability to raise additional funding to meet its obligations and to attain profitable operations. Management’s plan in this regard is to raise equity financing as required. There are no assurances that the Company will be successful in achieving these goals. These consolidated financial statements do not include adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

**2. SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

These interim consolidated financial statements and accompanying notes have been prepared in conformity with Canadian generally accepted accounting principles (“GAAP”).

These interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries Recursos de los Andes S.A.C. (a Peru corporation), Amera-Chile Sociedad Contractual Minera (a Chile corporation), Amera Resources (BVI) Inc. (a British Virgin Island corporation) and Amera Resources (US) Inc. (a U.S. corporation). All inter-company transactions and balances have been eliminated upon consolidation.

**PANTHERA EXPLORATION INC.**

*(An Exploration Stage Company)*

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND**

**THE THREE MONTHS ENDED MARCH 31, 2009**

*(Unaudited - Expressed in Canadian Dollars)*

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

The interim consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles, except that they do not contain all disclosures as required for annual financial statements. The interim financial statements have been prepared following the same accounting policies as for the consolidated financial statements for the year ended December 31, 2009 except as noted. Accordingly, they should be read in conjunction with the 2009 financial statements and the notes thereto.

***Cash and cash equivalents***

Cash and cash equivalents are classified as held for trading and include short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company places its deposits with financial institutions with high credit standings.

***Marketable Securities***

Marketable securities are designated as available-for-sale and recorded at fair value, with changes in fair value recorded in the statement of other comprehensive income. The fair value of marketable securities is obtained by reference to the current quoted bid price on the balance sheet date. When it is determined that a decrease in fair value is other than temporary a loss will be recorded in other income (expense).

***Translation of Foreign Currencies***

The Company's foreign operations are integrated and are translated using the temporal method. Under this method, the Company translates monetary assets and liabilities denominated in foreign currencies at period-end rates. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at average rates in effect during the period except for depreciation and amortization which are translated at historical rates. The resulting gains or losses are reflected in operating results in the period of translation.

***Future Accounting Standards***

***Business combinations, consolidated financial statements and non-controlling interest***

In January 2009, the CICA issued CICA Handbook Section 1582, *Business Combinations*, Section 1601, *Consolidations*, and Section 1602, *Non-controlling Interests*. These sections replace the former CICA Handbook Section 1581, *Business Combinations* and Section 1600, *Consolidated Financial Statements* and establish a new section for accounting for a non-controlling interest in a subsidiary. CICA Handbook Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. It provides the Canadian equivalent to IFRS 3, *Business Combinations* (January 2008). The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

**PANTHERA EXPLORATION INC.**  
(An Exploration Stage Company)

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND**  
**THE THREE MONTHS ENDED MARCH 31, 2009**  
(Unaudited - Expressed in Canadian Dollars)

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

CICA Handbook Section 1601 establishes standards for the preparation of consolidated financial statements.

CICA Handbook Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS International Accounting Standards ("IAS") 27, Consolidated and Separate Financial Statements (January 2008).

CICA Handbook Section 1601 and Section 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year.

All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections as it has not adopted them yet.

***International Financial Reporting Standards ("IFRS")***

In 2006, the Canadian Accounting Standards Board ("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 the date for publicly-listed companies to use IFRS, replacing Canadian GAAP, is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. The Company is evaluating the financial reporting impact of the transition to IFRS.

**3. MARKETABLE SECURITIES**

As at March 31, 2010, the Company held 10,000 (March 31, 2009 – 10,000) common shares of Astral Mining Corporation ("Astral") which had a quoted market value of \$3,200 (March 31, 2009 - \$3,050). The Company has designated its marketable securities as financial assets available-for-sale and accordingly, changes to their fair value are recorded in other comprehensive income in the period they occur. An unrealized loss of \$1,000 was recorded for the three month period ended March 31, 2010.

**4. MINERAL PROPERTY INTERESTS**

The schedule below summarizes the carrying costs of acquisition costs and all exploration expenditures incurred to date for each mineral property interest that the Company is continuing to explore as at March 31, 2010 and December 31, 2009:

	Acquisition Costs \$	March 31, 2010 Exploration Expenditures \$	Total \$	December 31, 2009 Acquisition Costs \$	Exploration Expenditures \$	Total \$
USA						
Roy Property, Walker Lane, Nevada	9,764	-	9,764	9,764	-	9,764
	<u>9,764</u>	<u>-</u>	<u>9,764</u>	<u>9,764</u>	<u>-</u>	<u>9,764</u>

**PANTHERA EXPLORATION INC.**

*(An Exploration Stage Company)*

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND**

**THE THREE MONTHS ENDED MARCH 31, 2009**

*(Unaudited - Expressed in Canadian Dollars)*

**5. SHARE CAPITAL AND WARRANTS**

On July 9, 2009 the Company closed a non-brokered private placement financing of 4,612,000 units at a price of \$0.0825 per unit for gross proceeds of \$380,490. Each Unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share, exercisable at a price of \$0.11 expiring July 9, 2011. Aggregate finders' fee of \$14,256 was paid in cash to an arm's length party to the Company on a portion of the financing.

On January 25, 2010 the Company closed a non-brokered private placement consisting of the issuance of 4,700,000 units at a price of \$0.13 per unit, for gross proceeds of \$611,000. Each Unit consists of one common share and one common share purchase warrant. Each full warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at a price of \$0.18 per share in year one and \$0.22 per share in year two. Aggregate finders' fee of \$936 was paid in cash to an arm's length party to the Company on a portion of the financing.

**6. STOCK OPTIONS**

The Company has established a rolling stock option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The exercise price of the options is set at the Company's closing share price on the grant date, less allowable discounts in accordance with the policies of the TSX Venture Exchange. Stock options granted vest immediately and are subject to a four-month hold period and exercisable for a period of five years.

Stock option transactions are summarized as follows:

	Number of Shares	Weighted Average Exercise Price (CAD\$)
Balance at December 31, 2008	-	-
Granted	-	-
Exercised	-	-
Expired	-	-
Forfeited	-	-
Balance at December 31, 2009	-	-
Granted	700,000	-
Exercised	-	-
Cancelled	-	-
Expired	-	-
Balance at March 31, 2010	700,000	0.13
Number of stock options exercisable	700,000	0.13

**PANTHERA EXPLORATION INC.**  
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**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND**  
**THE THREE MONTHS ENDED MARCH 31, 2009**  
(Unaudited - Expressed in Canadian Dollars)

**6. STOCK OPTIONS** (continued)

As at March 31, 2010, the following stock options were outstanding as follows:

Number of Shares Outstanding	Exercise Price (CAD\$)	Expiry Date
700,000	0.13	March 11, 2015
700,000		

Total stock options granted during the three months ended March 31, 2010 were 700,000 (three months ended March 31, 2010 – Nil). Stock options granted vest immediately but are subject to a four month hold period. Total stock-based compensation recognized for the fair value of stock options granted, vested and approved by the shareholders during the three months ended March 31, 2010 was \$80,350 (three months ended March 31, 2009 - Nil).

The weighted average fair value of stock options granted is estimated to be \$ 0.12 for the three months ended March 31, 2010 (three months ended March 31, 2009 – Nil) by using the Black-Scholes options pricing model with the following weighted average assumptions:

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Risk-free interest	1.46%	-
Expected dividend yield	-	-
Expected stock price volatility	166%	-
Expected option life in years	2.5	-

**7. WARRANTS**

Share purchase warrant transactions are summarized as follows:

	Number of Shares	Weighted Average Exercise Price \$
Balance at December 31, 2009	5,006,760	0.24
Granted	4,700,000	0.18
Balance at March 31, 2010	9,706,760	0.21

On January 25, 2010 the Company closed a non-brokered private placement consisting of the issuance of 4,700,000 units at a price of \$0.13 per unit, for gross proceeds of \$611,000. Each Unit consists of one common share and one common share purchase warrant. Each full warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at a price of \$0.18 per share in year one and \$0.22 per share in year two. Aggregate finders' fee of \$936 was paid in cash to an arm's length party to the Company on a portion of the Financing.

**PANTHERA EXPLORATION INC.**

*(An Exploration Stage Company)*

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND**

**THE THREE MONTHS ENDED MARCH 31, 2009**

*(Unaudited - Expressed in Canadian Dollars)*

**7. WARRANTS (continued)**

At March 31, 2010, the following warrants were outstanding as follows:

<b>Number of Warrants Outstanding</b>	<b>Exercise Price (CAD\$)</b>	<b>Expiry Date</b>
192,560	1.80	April 30, 2010
8,700	1.80	June 12, 2010
193,500	1.80	June 18, 2010
4,612,000	0.11	July 9, 2011
4,700,000	0.18	January 25, 2012
<hr/> 9,706,760		

**8. RELATED PARTY TRANSACTIONS**

- (a) The former President of the Company provides his services on a full-time basis under a contract with a private company controlled by the former President for an annual fee of \$87,500. During the three months ended March 31, 2010, the Company paid fees of \$nil (2009 - \$21,875) to the President. The contract also provides that, in the event the services are terminated without cause or upon a change in control of the Company, a termination payment would include eighteen months of compensation plus a bonus amount agreed to by the parties.

On December 18, 2009 the Company terminated his contract. The termination payment of \$131,250 was paid during the three months ended March 31, 2010.

- (b) During the three months ended March 31, 2010 the Company paid consulting fees in the amount of \$7,500 (2009 - \$Nil) to a company controlled by an officer of the Company.

All of the related party transactions and balances in these consolidated financial statements arose 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.

**9. SEGMENTED INFORMATION**

The Company is primarily involved in mineral exploration activities in the United States and Peru. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating revenues for the three months ended March 31, 2010.

The Company's total assets are segmented geographically as follows:

	<b>March 31, 2010</b>				
	<b>Corporate Canada \$</b>	<b>Argentina \$</b>	<b>Peru \$</b>	<b>USA \$</b>	<b>Total \$</b>
Current assets	403,756	41,524	16,366		461,646
Mineral property interests	-	-	-	9,764	9,764

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**FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND**  
**THE THREE MONTHS ENDED MARCH 31, 2009**  
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	403,756	41,524	16,366	9,764	471,410
<b>9. SEGMENTED INFORMATION</b> (continued)					

December 31, 2009				
	Corporate Canada \$	United States \$	Peru \$	Total \$
Current assets	193,087	-	1,396	194,483
Mineral property interests	-	9,764	-	9,764
	193,087	9,764	1,396	204,247

**10. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT**

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

**(a) Fair Values**

The Company's financial instruments consist of cash and cash equivalents, receivables, and accounts payable. The fair value of these financial instruments approximates their carrying values due to the immediate or short-term maturity of these financial instruments.

The Company's marketable securities are classified as available for sale and fair value is determined using bid prices at the balance sheet date with any temporary unrealized gains or losses recognized in other comprehensive income.

**(b) Financial Instrument Risk Exposure**

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and accounts receivable. The Company has reduced its credit risk by investing its cash and cash equivalents in term deposits with financial institutions that operate globally. Also, as the majority of its receivables are with the governments of Canada and Peru in the form of sales tax, the credit risk is minimal. Therefore, the Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior year.

***Liquidity risk***

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due (Note 1). The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares and warrants to fund exploration programs and may require doing so again in the future.

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**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND**

**THE THREE MONTHS ENDED MARCH 31, 2009**

*(Unaudited - Expressed in Canadian Dollars)*

**10. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)**

***Market risk***

**(i) *Currency risk***

Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations include: US dollars; Peruvian Soles; Argentine Pesos; all denominated in cash and cash equivalents, accounts receivable and accounts payable. The sensitivity of the Company's net earnings and other comprehensive income to changes in the exchange rate between the Canadian dollar and the United States dollar, Argentine Peso and Peruvian Sole is summarized in the table below:

	March 31, 2010					
	10% Increase in the Argentine Peso	10% Decrease in the Argentine Peso	10% Increase in the Peruvian Sole	10% Decrease in the Peruvian Sole	10% Increase in the US Dollar	10% Decrease in the US Dollar
Increase (decrease) in net earnings	\$3,867	\$(3,867)	\$(14,266)	\$14,266	\$8,450	\$(8,450)
Increase (decrease) in other comprehensive (loss) income	-	-	-	-	-	-
Comprehensive (loss) income	\$3,867	\$(3,867)	\$(14,266)	\$14,266	\$8,450	\$(8,450)

**(ii) *Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash and cash equivalents bear interest at variable rates. The fair value of cash and cash equivalents approximates their carrying values due to the immediate or short-term maturity of these financial instruments.

Other current financial assets and liabilities are not exposed to interest rate risk because they are non-interest bearing.

**(c) *Capital Management***

The Company's objectives of capital management are intended to safeguard the entity's ability to support the Company's normal operating requirements on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, contributed surplus and deficit. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets.

To effectively manage the entity's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its

**PANTHERA EXPLORATION INC.**

*(An Exploration Stage Company)*

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND**

**THE THREE MONTHS ENDED MARCH 31, 2009**

*(Unaudited - Expressed in Canadian Dollars)*

operating and growth objectives. The Company has historically relied on issuance of shares to develop the project and may require doing so again in the future.

**10. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT** (continued)

The Company is monitoring market conditions to secure funding at the lowest cost of capital. The Company is exposed to various funding and market risks which could curtail its access to funds.

**11. SUBSEQUENT EVENTS**

On April 7, 2010 the Company settled a debt of \$215,696 with a drilling Company by paying cash of \$129,361 and transferring the shares of the Company's Peruvian subsidiary, Recursos de los Andes S.A.C.

110,000 warrants were exercised for gross proceeds of \$12,100.

## **PANTHERA EXPLORATION INC.**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND THE THREE MONTHS ENDED MARCH 31, 2009**

#### **Introduction**

The following discussion of the operating results and the financial position of Panthera Exploration Inc. (the "Company") which have been prepared on the basis of available information up to May 24, 2010, should be read in conjunction with the annual audited consolidated financial statement and notes thereto of the Company for the years ended December 31, 2009 and 2008 and the unaudited consolidated financial statements and the notes thereto of the Company for the interim periods ended March 31, 2010 and 2009. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"). The discussion also provides an indication of future developments along with issues and risks that can be expected to impact future operations. There is no guarantee of future performance as actual results could change based on factors beyond management's control. Except as otherwise disclosed all dollar figures in this report are stated in Canadian dollars. Additional information relevant to the Company can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com).

#### **Forward Looking Statements**

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the Ontario Securities Act or "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934 of the United States. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to foreign currency fluctuations; risks inherent in mining including environmental hazards, industrial accidents, unusual or unexpected geological formations, risks associated with the estimation of mineral resources and reserves and the geology, grade and continuity of mineral deposits; the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour; the inherent uncertainty of future production and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations; uncertain political and economic environments; changes in laws or policies, foreign taxation, delays or the inability to obtain necessary governmental permits; and other risks and uncertainties, including those described under Risk Factors Relating to the Company's Business in the Company's Annual Information Form and in each management discussion and analysis. Forward-looking information is in addition based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of gold, silver and copper; that the Company can access financing, appropriate equipment and sufficient labour. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

#### **Company Overview**

The Company was incorporated on April 11, 2000 and was transitioned under the Business Corporations Act (BC) on June 17, 2004. The Company remained without a business asset until March 2003, when the Company negotiated a number of agreements to option and acquire interests in various mineral concessions located in Argentina. In December 2003, the Company completed its initial public offering and commenced trading on the TSX Venture Exchange ("TSX-V") under the symbol "AMS". In December 2008, the Company consolidated its outstanding common shares on a 10 for 1 basis and changed the name of the Company to Panthera Resources Inc. trading on the TSX-V under the symbol "PNX".

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. The Company's material mineral property interest is located in the United States. As of the date of this MD&A, the Company has not earned any production revenue, nor found any proven reserves on any of its properties. The Company is a reporting issuer in British Columbia, Alberta and the USA (SEC).

## USA

### ***Roy and Hills Properties, Nevada***

The Roy and Hills Properties consist of two claim blocks in the Roysten Hills in the Walker Lane District of west central Nevada. The 478 ha (1,180 acres) Roy claim blocks and the 227 ha (560 acres) Hills claim block are located 45 kilometres northwest of Tonopah along the northern margin of the prolific Walker Lane epithermal belt which has seen past production of more than 35 million gold equivalent ounces.

In 2006, the Company signed a Letter of Intent with Astral Mining Corporation (“Astral”) to option to them the Roy and Hills properties. Under the terms of this Letter of Intent, Astral may earn up to an 80% undivided interest in the Roy and Hills Properties. Astral can earn an initial 65% interest in the project may be earned by incurring US\$2,500,000 in work expenditures over four years and issuing 500,000 common shares (100,000 common shares issued) to the Company. Astral may then elect to earn an additional 15% interest, by issuing a further 500,000 shares and completing a bankable feasibility study, within three years. The Company received approval from TSX Venture Exchange for this agreement.

On May 18, 2007 Astral reported the results from a 7-hole 1,000m Phase I Reverse Circulation (RC) drill program on the Roy and Hills gold projects. The best results from the program were a 6.1m interval averaging 0.89 g/t gold, including a 1.5m interval assaying 2.1 g/t gold (hole R-07-5). This hole, along with R-07-03, was designed to test the area where surface samples of subcropping bladed quartz vein material assayed 41.5 g/t gold. The option agreement was terminated by Astral in 2008. Accordingly, in 2008 the Company wrote off \$64,010 of acquisition costs. The Company dropped the Hills property in 2008 and still maintains title to the Roy property.

The Roy and Hills drilling program was carried out under the supervision of John Rice, C.P.G., and a Qualified Person. All analytical work for the Roy and Hills drilling program was performed by American Assay Laboratories Inc, located in Sparks, Nevada. The technical information discussed above has also been reviewed by Dr. David A. Terry, P.Geo, a director of the Company and a Qualified Person.

### **Selected Annual Financial Information**

The following selected consolidated financial information is derived from the audited consolidated financial statements and notes thereto. The information has been prepared in accordance with Canadian GAAP.

	Years Ended December 31,		
	2009 \$	2008 \$	2007 \$
Total revenue	Nil	Nil	Nil
Net loss for the year	(1,631,952) <sup>(1)</sup>	(3,472,349) <sup>(2)</sup>	(3,073,797)
Loss per share – basic and diluted	(0.26)	(0.90)	(1.00)
Total assets	204,247 <sup>(3)</sup>	1,524,520 <sup>(4)</sup>	3,588,597

- (1) includes \$1,299,632 in write-off of mineral properties offset by a credit of \$90,815 of exploration expenses.
- (2) includes \$2,165,600 in exploration expenses and \$411,946 in write-off of mineral properties
- (3) decrease is compared to 2008 is primarily due to write-off of mineral properties and sale of Peruvian and Argentine mineral property interests to Golden Arrow Resources Corp (“Golden Arrow”).
- (4) decrease in total assets compared to 2007 is due to fewer issuances of common shares and warrants and a decrease in short term investments.

## **Results Of Operations – For The Three Months Ended March 31, 2010 Compared To The Three Months Ended March 31, 2009**

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

### **Other income (expense)**

During the three months ended March 31, 2010, other income increased by \$1,300,228, to \$15,188 compared to other expenses of \$(1,285,040) for the three months ended March 31, 2009. The increase in other income is largely due to:

- A foreign exchange gain of \$(15,188) for the three months ended March 31, 2010 compared to a foreign exchange loss \$(5,538) for the three months ended March 31, 2009. This primarily resulted from the appreciation of the Canadian dollar against the Peruvian new sol.
- A write-off of mineral properties of \$nil for the three months ended March 31, 2010 compared to a write-off of mineral properties \$(1,279,502) for the three months ended March 31, 2009. During the year ended December 31, 2009, the majority of the Company's properties were written-off and then subsequently sold to Golden Arrow Resources Corp.

### **Expenses**

During the three months ended March 31, 2010, expenses increased by \$209,587, to \$(277,020) compared to \$(67,433) for the three months ended March 31, 2009. The increase in expenses is largely due to:

- An increase of \$109,308 in management fees and salaries. Management fees and salaries totaled \$143,213 for the three months ended March 31, 2010 compared to \$33,875 for the three months ended March 31, 2009. A fixed fee for geological, corporate development, administrative and management services was charged by a management company in the three months ended March 31, 2010 not present in the prior period. Also, management salaries and consulting fees were higher for the three months ended March 31, 2010 compared to the three months ended March 31, 2009.
- An increase of \$80,351 in stock-based compensation. Stock-based compensation was \$80,351 for the three months ended March 31, 2010 compared to \$nil for the three months ended March 31, 2009. Stock options were granted in the three months ended March 31, 2010 compared to none in the prior period.

The net loss for the three months ended March 31, 2010 was \$(261,832) or \$(0.02) per basic and diluted share compared to net loss of \$(1,352,473) or \$(0.32) per basic and diluted share for the three months ended March 31, 2009.

## **Cash Flow**

### **Operating Activities**

Cash outflow from operating activities was \$364,712 for the three months ended March 31, 2010 compared to \$11,686 for the three months ended March 31, 2009. Payment of outstanding accounts payable from the year ended December 31, 2009 and current ongoing corporate and administrative cash costs contributed to the increase in cash outflow.

### **Financing Activities**

Proceeds from the issuance of common shares and warrants were \$611,000 for the three months ended March 31, 2010 compared to \$nil for the three months ended March 31, 2009. This was offset by share and warrant issue costs of \$959 in the three months ended March 31, 2010 compared to \$nil for the three months ended March 31, 2009.

### **Investing Activities**

No investing activities occurred during the three months ended March 31, 2010 and 2009.

## **Balance Sheet**

At March 31, 2010, the Company had total assets of \$471,410 compared with \$204,247 in total assets at December 31, 2009. This increase is primarily a result of an increase in cash related to the issuance of common shares and warrants. Working capital at March 31, 2010 was \$190,494 compared to a working capital deficiency of \$(307,066) at December 31, 2009, as a result of a decrease in accounts payable balances and proceeds from common share and warrant issuance.

## **Selected Quarterly Financial Information**

	2010	2009				2008		
	Mar. 31 \$	Dec. 31 \$	Sep. 30 \$	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$	Sep. 30 \$	Jun. 30 \$
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	(261,832)	(258,474)	(6,521)	(14,484)	(1,352,473)	(315,755)	(529,824)	(949,888)
Net Loss per Common Share Basic and Diluted	(0.02)	(0.04)	(0.00)	(0.00)	(0.21)	(0.09)	(0.13)	(0.24)

## **Liquidity and Capital Resources**

The Company has experienced recurring operating losses and has accumulated an operating deficit of \$15,097,323 at March 31, 2010 (December 31, 2009 - \$14,835,491) and a shareholders' equity of \$130,258 at March 31, 2010 (December 31, 2009 - shareholders' deficit of \$297,302). In addition, the Company had working capital of \$120,494 at March 31, 2010 (December 31, 2009 - working capital deficiency of \$307,066). Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year.

The Company presently does not have adequate resources to maintain its core activities for the next fiscal year or sufficient working capital to fund all its planned activities. The Company will continue to rely on successfully completing additional equity financing to maintain its core activities and further exploration of its existing and new properties in the Americas. There can be no assurance that the Company will be successful in obtaining the required financing. The failure to obtain such financing could result in the loss of the Company's interest in one or more of its mineral claims.

The Company's cash position at March 31, 2010 was \$431,609, an increase of \$245,329 from December 31, 2009. This increase is primarily due to the proceeds received from issuance of common shares offset by payment of accounts payable and operational and administrative expenses.

The Company has financed its operations through the sale of its equity securities. During the three months ended March 31, 2010, the Company completed:

- a non-brokered private placement financing of 4,700,000 units at a price of \$0.13 per unit, for gross proceeds to the Company of \$611,000. Each Unit will consist of one common share and one common share purchase warrant. Each full warrant will entitle the holder thereof to purchase one additional common share in the capital of the Company at a price of \$0.18 per share in year one and \$0.22 per share in year two.

The Company has received \$Nil from the exercise of warrants and options for the three months ended March 31, 2010 (2009 - \$Nil).

The Company does not know of any trends, demand, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, its liquidity either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in liquidity are substantially determined by the success or failure of the exploration programs. The Company does not have any loans or bank debt and there are no restrictions on the use of its cash resources.

## Contractual Commitments

As of March 31, 2010, the Company had no commitments.

## Capital Stock

At March 31, 2010, the Company had unlimited authorized common shares without par value. As at March 31, 2010, an aggregate of 13,495,604 common shares were issued and outstanding. As at May 24, 2010, 13,605,604 common shares were issued and outstanding.

Balance as at December 31, 2008	4,184,604	12,298,254	1,319,921	554,690	-	(13,203,539)
Private placement	4,612,000	210,631		169,859		
Share issue costs		(7,892)				
Warrant issue costs				(6,364)		
Expiration of warrants			410,768	(410,768)		
Shares returned to treasury	(1,000)	(110)				
Net unrealized gain (loss) on available-for-sale marketable securities					(800)	
Net loss						(1,631,952)
Balance as at December 31, 2009	8,795,604	\$ 12,500,883	\$ 1,730,689	\$ 307,417	\$ (800)	\$(14,835,491)
Private placement	4,700,000	328,310		282,690		
Share issue costs		(959)				
Stock-based compensation			80,351			
Unrealized loss on available-for-sale marketable securities					(1,000)	
Net loss						(261,832)
Balance as at March 31, 2010	13,495,604	12,828,234	1,811,040	590,107	(1,800)	(15,097,323)

The Company had the following warrants outstanding as at May 24, 2010:

<b>Number of Warrants Outstanding</b>	<b>Exercise Price (CAD\$)</b>	<b>Expiry Date</b>
192,560	1.80	April 30, 2010
8,700	1.80	June 12, 2010
193,500	1.80	June 18, 2010
4,502,000	0.11	July 9, 2011
4,700,000	0.18	January 25, 2012
9,596,760		

The following summarizes information about the stock options outstanding as at May 24, 2010:

<b>Number of Shares Outstanding</b>	<b>Exercise Price (CAD\$)</b>	<b>Expiry Date</b>
700,000	0.13	March 11, 2015
700,000		

### **Off-Balance Sheet Arrangements**

The Company does not utilize off-balance sheet arrangements.

### **Related Parties Transactions**

- (a) The former President of the Company provides his services on a full-time basis under a contract with a private company controlled by the former President for an annual fee of \$87,500. During the three months ended March 31, 2010, the Company paid fees of \$nil (2009 - \$21,875) to the President. The contract also provides that, in the event the services are terminated without cause or upon a change in control of the Company, a termination payment would include eighteen months of compensation plus a bonus amount agreed to by the parties.

On December 18, 2009 the Company terminated his contract. The termination payment of \$131,250 was paid during the three months ended March 31, 2010.

- (b) During the three months ended March 31, 2010 the Company paid consulting fees in the amount of \$7,500 (2009 - \$Nil) to a company controlled by an officer of the Company.

All of the related party transactions and balances in these consolidated financial statements arose 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.

### **Subsequent Events**

Subsequent to March 31, 2010:

- 1) On April 7, 2010 the Company settled a debt of \$215,696 with a drilling Company by paying cash of \$129,361 and transferring the shares of the Company's Peruvian subsidiary, Recursos de los Andes S.A.C.
- 2) 110,000 warrants were exercised for gross proceeds of \$12,100.

### **Critical Accounting Estimates and Recent Accounting Pronouncements**

The preparation of financial statements in conformity with Canadian GAAP 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 period. Actual results may differ from these estimates.

Reference should be made to the Company's significant accounting policies contained in Note 2 of the Company's consolidated financial statements for the year ended December 31, 2009. These accounting policies can have a significant impact of the financial performance and financial position of the Company.

#### ***Stock-based Compensation***

Stock-based compensation is accounted for at fair value as determined by the Black-Scholes option pricing model using amounts that are believed to approximate the volatility of the trading price of the Company's stock, the expected lives of awards of stock-based compensation, the fair value of the Company's stock and the risk-free interest rate. For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. The estimated fair value of awards of stock-based compensation is charged to expense over the period that it is earned, with offsetting amounts to contributed surplus. If the stock-based compensation is for past services, it is expensed immediately. If the stock-based compensation is forfeited, no amounts are charged to expense. If stock options are exercised then the fair value of the options is re-classified from contributed surplus to share capital.

### ***Mineral Property Interests***

Exploration expenditures are charged to earnings as they are incurred until the property reaches development stage. All direct costs related to the acquisition of resource property interests are capitalized. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves.

Management of the Company periodically reviews the recoverability of the capitalized mineral properties. Management takes into consideration various information including, but not limited to, results of exploration activities conducted to date, estimated future metal prices and reports and opinions of outside geologists, mine engineers and consultants. When it is determined that a project or property will be abandoned then costs are written off, or if its carrying value has been impaired, the costs are written down to fair value.

Mineral property acquisition costs include cash costs and the fair market value of common shares, based on the trading price of the shares issued for mineral property interests, pursuant to the terms of the related property agreements. Payments relating to a property acquired under an option or joint venture agreement are made at the sole discretion of the Company, and are recorded as mineral property acquisition costs upon payment.

The Company accounts for foreign value added taxes paid as part of exploration expense. The recovery of these taxes will commence on the beginning of foreign commercial operations. Should these amounts be recovered they would be treated as a recovery in exploration expense.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

### ***Future Accounting Standards***

#### ***Business combinations, consolidated financial statements and non-controlling interest***

In January 2009, the CICA issued CICA Handbook Section 1582, *Business Combinations*, Section 1601, *Consolidations*, and Section 1602, *Non-controlling Interests*. These sections replace the former CICA Handbook Section 1581, *Business Combinations* and Section 1600, *Consolidated Financial Statements* and establish a new section for accounting for a non-controlling interest in a subsidiary. CICA Handbook Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. It provides the Canadian equivalent to IFRS 3, *Business Combinations* (January 2008). The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

CICA Handbook Section 1601 establishes standards for the preparation of consolidated financial statements.

CICA Handbook Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination.

It is equivalent to the corresponding provisions of IFRS International Accounting Standards ("IAS") 27, *Consolidated and Separate Financial Statements* (January 2008).

CICA Handbook Section 1601 and Section 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year.

All three sections must be adopted concurrently. At this time the Company does not anticipate these sections prior to the adoption of IFRS and therefore does not expect any impact to the consolidated financial statements.

### ***International Financial Reporting Standards (“IFRS”)***

In February 2008, the CICA announced that publicly accountable enterprises will be required to transition from Canadian GAAP to IFRS for interim and annual financial statements effective for fiscal years beginning on or after January 1, 2011. This includes a requirement to present comparative financial information in accordance with IFRS for 2010. Accordingly, our first interim consolidated financial statements will be presented in accordance with IFRS for the three months ending March 31, 2011 with 2010 comparative results.

The Company has commenced a preliminary review of the Canadian equivalents to IFRS. At this stage of the transition, no areas have been identified that may have an impact on the financial statements of the Company. As at March 31, 2010 the Company has adopted its IFRS changeover plan and management has completed an IFRS diagnostic and has quantified and analyzed differences between Canadian GAAP and IFRS as part of its first phase of transition. The remaining phases: development and implementation, and post-implementation and review will be completed during the remainder of 2010. We note that Canadian GAAP to IFRS may be amended prior to adoption.

Management has considered the differences between Canadian GAAP and IFRS and to date has identified that there are likely no material differences to the majority of line items appearing in the Company’s balance sheet and income statement from what it has recorded under Canadian GAAP.

The specific areas where no applicable differences in recognition and measurement have been identified between IFRS and Canadian GAAP are cash, amounts receivable, prepaid expenses, and accounts payable and accrued liabilities.

Certain relevant accounting differences between Canadian GAAP and IFRS and the possible impacts on the consolidated financial statements of the Company are described below:

<b>Financial Statement Component</b>	<b>IFRS</b>	<b>Canadian GAAP</b>	<b>Possible Impact</b>
Exploration Expenditures and Development Costs	An entity shall determine a policy specifying which expenditures are recognized as exploration and evaluation assets and apply the policy consistently. In making this determination, an entity considers the degree to which the expenditure can be associated with finding specific mineral resources.  Exploration Expenditures shall be recognized at cost. The Company can elect to measure exploration and evaluation assets using either cost model or the revaluation model.	Exploration costs related to mining properties may initially be capitalized if an enterprise considers that such costs have the characteristics of property, plant and equipment and that capitalization is appropriate to its circumstances.  Exploration and evaluation assets are measured at cost. Canadian GAAP does not allow for the revaluation of exploration and evaluation assets other than during a business combination.	No impact. Continue with existing policy under IFRS 6.
Foreign Currency Translation	Defines functional currency as the currency of the primary economic environment in which the entity operates. Foreign currency translation methods are based on the functional currency concept.	Does not directly define functional currency. Foreign currency translation is based on the concept of integrated and self-sustaining foreign operations.	No impact expected at this time.
Impairment of Non-Current Assets	Assess at each reporting date whether there is any indication that an asset (other than goodwill and intangible assets with indefinite lives) may be impaired.  Impairment loss recognition is a one-step process based on discounted cash flows. Impairment losses are	A long-lived asset should be tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.  Impairment testing is based on a two-step test. Once an impairment loss is identified on an undiscounted cash flow basis (step 1), the impairment loss is measured as the	No impact expected at this time.

	<p>recognized when the carrying value exceeds the recoverable amount, which is the higher of (a) value in use and (b) fair value less costs to sell.</p> <p>An impairment loss recognized in prior periods for an asset shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.</p>	<p>amount by which the carrying value exceeds fair value (step 2).</p> <p>An impairment loss relating to long-lived assets should not be reversed even if the fair value subsequently increases</p>	
Share-Based Payments	<p>For graded-vesting features, IFRS requires each instalment to be treated as a separate share option grant, because each instalment has a different vesting period, and hence the fair value of each instalment will differ.</p> <p>Requires that forfeitures be estimated at the time of grant to eliminate distortion of remuneration expense recognized during the vesting period. The estimate should be revised if subsequent information indicates that actual forfeitures are likely to differ from previous estimates.</p>	<p>Allows the option to use the straight-line method or the attribution method to account for graded-vesting features.</p> <p>Permits companies to either estimate the forfeitures at time of grant date or record the entire expense as if all its stock option grants vest and then record forfeitures as they occur</p>	No impact expected at this time.

**Financial Instruments**

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

**(a) Fair Values**

The Company's financial instruments consist of cash and cash equivalents, receivables, and accounts payable. The fair value of these financial instruments approximates their carrying values due to the immediate or short-term maturity of these financial instruments.

The Company's marketable securities are classified as available for sale and fair value is determined using bid prices at the balance sheet date with any temporary unrealized gains or losses recognized in other comprehensive income.

**(b) Financial Instrument Risk Exposure**

*Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and accounts receivable. The Company has reduced its credit risk by investing its cash and cash equivalents in term deposits with financial institutions that operate globally. Also, as the majority of its receivables are with the governments of Canada and Peru in the form of sales tax, the credit risk is minimal. Therefore, the Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior year.

### ***Liquidity risk***

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due (Note 1). The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares and warrants to fund exploration programs and may require doing so again in the future.

### ***Market risk***

#### **(i) *Currency risk***

Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations include: US dollars; Peruvian Soles; Argentine Pesos; all denominated in cash and cash equivalents, accounts receivable and accounts payable. The sensitivity of the Company's net earnings and other comprehensive income to changes in the exchange rate between the Canadian dollar and the United States dollar, Argentine Peso and Peruvian Sole is summarized in the table below:

	March 31, 2010					
	10% Increase in the Argentine Peso	10% Decrease in the Argentine Peso	10% Increase in the Peruvian Sole	10% Decrease in the Peruvian Sole	10% Increase in the US Dollar	10% Decrease in the US Dollar
Increase (decrease) in net earnings	\$3,867	\$(3,867)	\$(14,266)	\$14,266	\$8,450	\$(8,450)
Increase (decrease) in other comprehensive (loss) income	-	-	-	-	-	-
Comprehensive (loss) income	\$3,867	\$(3,867)	\$(14,266)	\$14,266	\$8,450	\$(8,450)

#### **(ii) *Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash and cash equivalents bear interest at variable rates. The fair value of cash and cash equivalents approximates their carrying values due to the immediate or short-term maturity of these financial instruments.

Other current financial assets and liabilities are not exposed to interest rate risk because they are non-interest bearing.

#### **(c) *Capital Management***

The Company's objectives of capital management are intended to safeguard the entity's ability to support the Company's normal operating requirements on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, contributed surplus and deficit. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets.

To effectively manage the entity's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares to develop the project and may require doing so again in the future.

The Company is monitoring market conditions to secure funding at the lowest cost of capital. The Company is exposed to various funding and market risks which could curtail its access to funds.

## **Risk Factors and Uncertainties**

The Company's operations and results are subject to a number of different risks at any given time. These factors, include but are not limited to disclosure regarding exploration, additional financing, project delay, titles to properties, price fluctuations and share price volatility, operating hazards, insurable risks and limitations of insurance, management, foreign country and regulatory requirements, currency fluctuations and environmental regulations risks. Exploration for mineral resources involves a high degree of risk. The cost of conducting programs may be substantial and the likelihood of success is difficult to assess. A number of the risks and uncertainties are discussed below:

*History of losses:* The Company has historically incurred losses as evidenced by its audited consolidated financial statements for the years ended December 31, 2009 and 2008. The Company has financed its operations principally through the sale of its equity securities. The Company does not anticipate that it will earn any revenue from its operations until its properties are placed into production, if ever. If the Company is unable to place its properties into production, the Company may never realize revenues from operations, will continue to incur losses and you may lose the value of your investment.

*Joint ventures and other partnerships:* The Company may seek joint venture partners to provide funding for further work on any or all of its other properties. Joint ventures may involve significant risks and the Company may lose any investment it makes in a joint venture. Any investments, strategic alliances or related efforts are accompanied by risks such as:

1. the difficulty of identifying appropriate joint venture partners or opportunities;
2. the time the Company's senior management must spend negotiating agreements, and monitoring joint venture activities;
3. the possibility that the Company may not be able to reach agreement on definitive agreements, with potential joint venture partners;
4. potential regulatory issues applicable to the mineral exploration business;
5. the investment of the Company's capital or properties and the loss of control over the return of the Company's capital or assets;
6. the inability of management to capitalize on the growth opportunities presented by joint ventures; and
7. the insolvency of any joint venture partner.

There are no assurances that the Company would be successful in overcoming these risks or any other problems encountered with joint ventures, strategic alliances or related efforts.

*Unexpected delays:* The Company's minerals business will be subject to the risk of unanticipated delays including permitting its contemplated projects. Such delays may be caused by fluctuations in commodity prices, mining risks, difficulty in arranging needed financing, unanticipated permitting requirements or legal obstruction in the permitting process by project opponents. In addition to adding to project capital costs (and possibly operating costs), such delays, if protracted, could result in a write-off of all or a portion of the carrying value of the delayed project.

*Potential conflicts of interest:* Several of the Company's directors are also directors, officers or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. Such a conflict poses the risk that the Company may enter into a transaction on terms which could place the Company in a worse position than if no conflict existed. The directors of the Company are required by law to act honestly and in good faith with a view to the best interest of the Company and to disclose any interest which they may have in any project or opportunity of the Company. However, each director has a similar obligation to other companies for which such director serves as an officer or director. The Company has no specific internal policy governing conflicts of interest.

*Competition with larger, better capitalized competitors:* The mining industry is competitive in all of its phases. The Company faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, base and precious metals. Many of these companies have greater financial resources, operational experience and technical capabilities than the Company. As a result of this competition, the Company may be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all. Consequently, the Company's revenues, operations and financial condition could be materially adversely affected.

*The Company does not intend to pay dividends:* The Company has not paid out any cash dividends to date and has no plans to do so in the immediate future. As a result, an investor's return on investment will be solely determined by his or her ability to sell common shares in the secondary market.

*Title Risk:* Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

*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's property has exposure to predominantly gold, silver and copper. The prices of these metals, especially gold, silver and copper, greatly affect the value of the Company and the potential value of its property and investments.

*Financial Markets:* The Company is dependent on the equity markets as its sole source of operating working capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

*Political Risk:* Exploration is presently carried out in the United States and is currently being reviewed worldwide. This exposes the Company to risks that may not otherwise be experienced if all operations were domestic. Political risks may adversely affect the Company's potential projects and operations. Real and perceived political risk in some countries may also affect the Company's ability to finance exploration programs and attract joint venture partners, and future mine development opportunities.

*Credit Risk:* Credit risk is the risk of an unexpected loss of a third party to a financial instrument fails to meet its contractual obligations. The Company is subject to credit risk on the cash. The Company's limits its exposure to credit loss by placing its cash with major financial institutions.

*Liquidity Risk:* Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company raises capital through equity issues and its ability to do so is dependent on a number of factors including market acceptance, stock price and exploration results. The Company's cash is invested in bank accounts.

*Interest Risk:* The Company's bank accounts earn interest income at variable rates. The fair value of cash and cash equivalents approximates their carrying values due to the immediate or short-term maturity of these financial instruments.

*Currency Risk:* Business is transacted by the Company in a number of currencies. Fluctuations in exchange rates may have a significant effect on the cash flows of the Company. Future changes in exchange rates could materially affect the Company's results in either a positive or negative direction.

*Environmental Risk:* The Company seeks to operate within environmental protection standards that meet or exceed existing requirements in the countries in which the Company operates. Present or future laws and regulations, however, may affect the Company's operations. Future environmental costs may increase due to changing requirements or costs associated with exploration and the developing, operating and closing of mines. Programs may also be delayed or prohibited in some areas. Although minimal at this time, site restoration costs are a component of exploration expenses.

### **Cautionary Note to US Readers**

As a British Columbia corporation, the Company is subject to certain rules and regulations issued by the British Columbia Securities Commission ("BCSC"). The Company is required to provide detailed information regarding its properties including mineralization, drilling, sampling and analysis, security of samples and mineral resources and mineral reserve estimates. Further, the Company describes mineral resources associated with its properties utilizing

terminology such as "inferred" or "indicated" which are terms recognized by Canadian regulators but not recognized by the United States Securities and Exchange Commission ("SEC").

**Cautionary Note to US Investors Regarding Mineral Resources**

The SEC allows mining companies, in their filings with the SEC, to disclose only those mineral deposits they can economically and legally extract or produce. The Company may use certain terms in this document, such as "mineral resources", "indicated mineral resources" and "inferred resources" that are recognized and mandated by Canadian securities regulators but not recognized by the SEC. This report may use the term "inferred resources". USA readers are cautioned that while this term is recognized and required by Canadian regulations, the SEC does not recognize it. "Inferred resources" have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. USA investors are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable.

**Disclosure Controls and Procedures and Internal Control over Financial Reporting**

On November 23, 2007, the British Columbia Securities Commission exempted Venture Issuers from the requirement to certify disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. The Company is a Venture Issuer; therefore it files the venture issuer basic certificates. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at March 31, 2010.

**Additional Information**

Additional information relating to the Company, including news releases, financial statements and prior MD&A filings, is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company maintains a website at [www.pantheraexploration.com](http://www.pantheraexploration.com), and has not entered into any agreements with any investor relations firms.