
PANTHERA EXPLORATION INC.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2010 AND 2009

(Expressed in Canadian Dollars)

Auditors' Report

To the Shareholders of Panthera Exploration Inc.

We have audited the consolidated balance sheets of Panthera Exploration Inc. as at December 31, 2010 and 2009 and the consolidated statements of operations and deficit, comprehensive loss, shareholders' equity (deficit), and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian Generally Accepted Auditing Standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company is currently operating at a loss, has no established stream of revenue, and has an accumulated deficit of \$15,216,093. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

PANTHERA EXPLORATION INC.
(An Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31
(See Note 1 – Nature of Operations and Going Concern)
(Expressed in Canadian Dollars)

	2010	2009
	\$	\$
A S S E T S		
CURRENT ASSETS		
Cash	54,624	186,280
Marketable securities (Note 3)	-	4,200
Other receivables and prepaid expenses	2,380	4,003
TOTAL CURRENT ASSETS	<u>57,004</u>	<u>194,483</u>
MINERAL PROPERTY INTERESTS (Note 4)	<u>23,487</u>	<u>9,764</u>
TOTAL ASSETS	<u><u>80,491</u></u>	<u><u>204,247</u></u>

L I A B I L I T I E S		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>9,107</u>	<u>501,549</u>
TOTAL LIABILITIES	<u>9,107</u>	<u>501,549</u>

S H A R E H O L D E R S ' E Q U I T Y		
SHARE CAPITAL		
Authorized – Unlimited common shares without par value (Note 5)		
Issued and outstanding 14,065,604 (December 31, 2009 – 8,795,604) common shares	12,919,009	12,500,883
WARRANTS (Note 5 and 7)	421,978	307,417
CONTRIBUTED SURPLUS	1,946,490	1,730,689
ACCUMULATED OTHER COMPREHENSIVE INCOME	-	(800)
DEFICIT	<u>(15,216,093)</u>	<u>(14,835,491)</u>
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)	<u>71,384</u>	<u>(297,302)</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	<u><u>80,491</u></u>	<u><u>204,247</u></u>

SUBSEQUENT EVENT (Note 12)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

"David Horton" , Director

"Gerald Carlson" , 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
FOR THE YEARS ENDED DECEMBER 31
(Expressed in Canadian Dollars)

	2010	2009
	\$	\$
EXPENSES		
Accounting and audit	14,450	29,325
Corporate development and investor relations	26,587	19,561
General exploration	18,095	(90,815)
Legal and professional fees	28,716	34,771
Management and consulting fees	93,545	276,540
Office and sundry	9,875	5,494
Salaries	158,902	-
Stock-based compensation (Note 6)	72,247	-
Transfer agent and regulatory fees	22,137	19,869
Travel	19,293	7,149
	463,847	301,894
LOSS BEFORE OTHER ITEMS		
OTHER INCOME (EXPENSE)		
Foreign exchange gain	29,481	5,129
Gain on sale of subsidiary	56,464	-
Interest expense	-	(35,555)
Loss on sale of marketable securities	(2,700)	-
Write-off of mineral properties	-	(1,299,632)
	83,245	(1,330,058)
TOTAL OTHER INCOME (EXPENSE)		
	(380,602)	(1,631,952)
LOSS FOR THE YEAR		
DEFICIT – BEGINNING OF YEAR	(14,835,491)	(13,203,539)
DEFICIT – END OF YEAR	(15,216,093)	(14,835,491)
BASIC AND DILUTED LOSS PER COMMON SHARE		
	(0.03)	(0.26)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		
	13,341,494	6,395,393

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	2010	2009
	\$	\$
LOSS FOR THE YEAR	(380,602)	(1,631,952)
OTHER COMPREHENSIVE INCOME (LOSS)		
Realized (unrealized) loss on available-for-sale marketable securities	800	(800)
TOTAL COMPREHENSIVE LOSS	(379,802)	(1,632,752)

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

PANTHERA EXPLORATION INC.
(An Exploration Stage Company),
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in Canadian Dollars)

	2010 \$	2009 \$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Loss for the year	(380,602)	(1,631,952)
Items not affecting cash:		
Write-off of mineral property interests	-	1,299,632
Foreign exchange gain	(29,481)	(5,129)
Loss on sale of marketable securities	2,700	-
Stock-based compensation	72,247	-
	<u>(305,655)</u>	<u>(337,449)</u>
Change in non-cash working capital balances:		
Other receivables and prepaid expenses	1,623	22,513
Accounts payable and accrued liabilities	(462,961)	(48,516)
Net cash provided by (used in) operating activities	<u>(796,474)</u>	<u>(363,452)</u>
INVESTING ACTIVITIES		
Expenditure on mineral property interests	(13,723)	(9,764)
Proceeds from sale of marketable securities	2,300	-
Proceeds from sale of mineral property interests	-	168,870
Net cash provided by (used in) investing activities	<u>(11,423)</u>	<u>159,106</u>
FINANCING ACTIVITIES		
Issuance of common shares and warrants	611,000	380,490
Share cancellation	-	(110)
Share and warrant issue costs	(959)	(14,256)
Warrants exercised	66,200	-
Net cash generated by financing activities	<u>676,241</u>	<u>366,124</u>
INCREASE (DECREASE) IN CASH	(131,656)	161,778
CASH - BEGINNING OF YEAR	186,280	24,502
CASH - END OF YEAR	<u>54,624</u>	<u>186,280</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	-	-
Income taxes paid	-	-

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

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

	Number of Common Shares	Amount of Common Shares (Note 5) \$	Contributed Surplus (Note 6) \$	Warrants (Note 7) \$	Accumulated Other Comprehensive Income (Loss) \$	Accumulated Deficit \$
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 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	329,523	-	281,477	-	-
Share issue costs	-	(959)	-	-	-	-
Warrants exercised	570,000	89,562	-	(23,362)	-	-
Warrants expired	-	-	143,554	(143,554)	-	-
Stock-based compensation	-	-	72,247	-	-	-
Realized loss on available-for-sale marketable securities	-	-	-	-	800	-
Net loss	-	-	-	-	-	(380,602)
Balance as at December 31, 2010	14,065,604	12,919,009	1,946,490	421,978	-	(15,216,093)

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 YEAR ENDED DECEMBER 31, 2010
(Expressed in Canadian Dollars)

ACQUISITION COSTS

	USA Roy \$
Balance, beginning of year	9,764
Acquisition costs – cash	13,723
	13,723
Balance, end of year	23,487

EXPLORATION EXPENDITURES

	General (*) \$
Cumulative costs expensed - beginning of year	6,444,268
Exploration expenditures during the year:	
Suppliers and contractors	18,095
	18,095
Cumulative costs expensed - end of year	6,462,363

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

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 YEAR ENDED DECEMBER 31, 2009
(Expressed in Canadian Dollars)

ACQUISITION COSTS

	Argentina	Peru				USA	Total
	Mogote \$	Cocha \$	Mitu \$	Acero \$	Fuyani \$	Walker Lane \$	
Balance - beginning of year	1,389,309	54,711	14,616	6,212	3,654	-	1,468,502
Acquisition costs – cash	-	-	-	-	-	9,764	9,764
	1,389,309	54,711	14,616	6,212	3,654	9,764	1,478,266
Write-off of mineral properties	(1,229,546)	(48,420)	(12,935)	(5,497)	(3,234)	-	(1,299,632)
	159,763	6,291	1,681	715	420	9,764	178,634
Proceeds from sale of mineral properties	(159,763)	(6,291)	(1,681)	(715)	(420)	-	(168,870)
Balance - end of year	-	-	-	-	-	9,764	9,764

EXPLORATION EXPENDITURES

	Argentina	Peru				USA	Total
	Mogote \$	Cocha \$	Mitu \$	Acero \$	Walker Lane \$	General (* \$)	
Cumulative costs expensed - beginning of year	1,583,813	1,386,723	137,336	36,945	21,135	3,369,131	6,535,083
Exploration expenditures during the year:							
Foreign value added tax	-	-	-	-	-	829	829
Salaries and Contractors	-	-	-	-	-	11,947	11,947
Supplies and equipment	-	-	-	-	-	144	144
Reversal of expenditure accrual	-	-	-	-	-	(103,735)	(103,735)
	-	-	-	-	-	(90,815)	(90,815)
Cumulative costs expensed - end of year	1,583,813	1,386,723	137,336	36,945	21,135	3,278,316	6,444,268

* Properties that were written of in previous years are included in the opening balance of general exploration

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

PANTHERA EXPLORATION INC.
(An Exploration Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(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 acquisition 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 \$15,216,093 at December 31, 2010 (December 31, 2009 - \$14,835,491) and shareholders’ equity of \$71,384 at December 31, 2010 (December 31, 2009 – shareholders’ deficit of \$297,302). In addition, the Company had working capital of \$47,897 at December 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 consolidated financial statements and accompanying notes have been prepared in conformity with Canadian generally accepted accounting principles (“GAAP”).

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries 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 CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Mineral Property Interests

Exploration expenditures are charged to earnings as they are incurred until the property reaches the 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.

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 expenses when incurred. The recovery of these taxes may commence on the beginning of foreign commercial operations. Should these amounts be recovered they would be treated as a recovery of exploration expenses at that time.

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.

PANTHERA EXPLORATION INC.
(An Exploration Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Asset Retirement Obligations

Asset retirement obligations are recognized when a legal obligation arises. This liability is recognized at the fair value of the asset retirement obligation. When the liability is initially recorded the Company capitalizes the cost by increasing the carrying amount of the related long-lived assets. Over time the liability is accreted to its present value each period, and the capitalized cost is amortized over the useful life of the related asset. Upon settlement of the liability, the Company may incur a gain or loss. As at December 31, 2010 the Company does not have any asset retirement obligations.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when changes in circumstances suggest their carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the estimated undiscounted future projected cash flows to result from the use of the asset and its eventual disposition. If impairment is deemed to exist, the assets will be written down to fair value. Fair value is generally determined using a discounted cash flow analysis. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses whether the carrying value can be recovered. If an impairment is identified, the carrying value of the property interest is written down to its estimated fair value.

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 reclassified from contributed surplus to share capital. The Company has not incorporated an estimated forfeiture rate for stock options that will not vest; rather the Company accounts for actual forfeitures as they occur.

Income Taxes

The Company uses the asset and liability method of accounting for future income taxes. Under this method of tax allocation, future income tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the amounts reported in the consolidated financial statements and their respective tax bases, using substantively enacted tax rates and laws that are expected to be in effect in the periods in which the future income tax assets or liabilities are expected to be settled or realized. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

PANTHERA EXPLORATION INC.
(An Exploration Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss Per Share

Loss per share is calculated based on the weighted average number of common shares issued and outstanding during the year. The Company follows the treasury stock method in the calculation of diluted earnings per share. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period. Since the Company has losses, the exercise of outstanding stock options and warrants has not been included in this calculation as it would be anti-dilutive. Information regarding securities that could potentially dilute basic earnings per share in the future is presented in Notes 6 and 7.

Valuation of equity units issued in private placements

The Company has adopted a pro rata basis method with respect to the measurement of shares and warrants issued as private placement units. The pro rata basis method requires each component to be valued at fair value and an allocation of the total proceeds received based on the pro rata relative values of the components. The fair value of the common shares is based on the closing price on the closing date of the private placement and the fair value of the common share purchase warrants is determined at the announcement date using the Black- Scholes pricing model. The fair value attributed to the warrants is recorded in warrant equity.

Management Estimates and Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported years. Significant estimates include assumptions used in the determination of the fair value of stock-based compensation and warrants, the basis of impairment of mineral properties and future income taxes. Actual results could differ from those estimates.

Share issue costs

Share issue costs are charged to share capital when the related shares are issued.

Financial Instruments

The Company is required to designate its financial instruments into one of the following five categories: held for trading; available-for-sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments are to be initially measured at fair value with the exception of certain related party transactions. Financial instruments classified as held for trading or available-for-sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

PANTHERA EXPLORATION INC.
(An Exploration Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company has designated its financial instruments as follows:

- (i) Cash is classified as *“Held for trading”*, and recorded at fair value with changes in fair value recorded in the statement of operations.
- (ii) Marketable securities are classified as *“Available for sale”*, and recorded at fair value with changes in fair value recorded in the statement of other comprehensive income until the asset is disposed of or there is an other than temporary impairment. The fair value of marketable securities is obtained by reference to the closing quoted market price on the balance sheet date.
- (iii) Amounts receivable and deposits are classified as *“Loans and Receivables”*. These financial assets are recorded at values that approximate their amortized cost using the effective interest method.
- (iv) Accounts payable and accrued liabilities are classified as *“Other Financial Liabilities.”* These financial liabilities are recorded at values that approximate their amortized cost using the effective interest method.

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. The adoption of Sections 1601 and 1602 is not expected to have a material impact on the Company’s consolidated financial statements. Whether the Company will be materially affected by the new recommendations of IFRS 3 (Section 1582) will depend on the specific facts of business combinations, if any, occurring subsequent to January 1, 2011.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 has evaluated the differences between Canadian GAAP and IFRS and has determined that there are no material differences for the majority of items appearing in the Company's balance sheet and income statement from what has been recorded under Canadian GAAP.

3. MARKETABLE SECURITIES

As at December 31, 2010, the Company held Nil (December 31, 2009 – 10,000) common shares of Astral Mining Corporation ("Astral") which had a quoted market value of \$Nil (December 31, 2009 - \$4,200). The Company designates 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. A realized loss of \$2,700 on the sale of these shares was recorded for the year ended December 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 December 31, 2010 and December 31, 2009:

	December 31, 2010		December 31, 2009	
	Acquisition Costs \$	Exploration Expenditures \$	Acquisition Costs \$	Exploration Expenditures \$
USA				
Roy Property, Walker Lane, Nevada	23,487	21,135	9,764	21,135

PANTHERA EXPLORATION INC.
(An Exploration Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Expressed in Canadian Dollars)

5. SHARE CAPITAL

The Company has authorized capital of unlimited common shares without par value. As at December 31, 2010, there were 14,065,604 issued and outstanding common shares.

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. The warrants were valued on a proportionate basis using the Black-Scholes Pricing Model at \$0.04 per warrant using the following assumptions: dividend yield 0%, risk-free rate 1.23%, expected annual volatility 183% and expected life of 2 years.

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 consisted of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share at a price of \$0.18 per share in year one and \$0.22 per share in year two. Aggregate finders' fee of \$959 was paid in cash to an arm's length party to the Company on a portion of the financing. The warrants were valued on a proportionate basis using the Black-Scholes Pricing Model at \$0.188 per warrant using the following assumptions: dividend yield 0%, risk-free rate 1.18%, expected annual volatility 254% and expected life of 1.3 years.

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 \$
Balance at December 31, 2008	3,432,000	0.53
Granted	5,000	0.20
Cancelled	(3,262,000)	(0.53)
Forfeited	(175,000)	(0.43)
Balance at December 31, 2009	-	-
Granted	700,000	0.13
Expired	(300,000)	(0.13)
Balance at December 31, 2010	400,000	0.13
Number of stock options exercisable	400,000	0.13

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6. STOCK OPTIONS (continued)

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

Number of Shares Outstanding	Exercise Price \$	Expiry Date
400,000	0.13	March 12, 2015

Total stock options granted during the year ended December 31, 2010 were 700,000 (year ended December 31, 2009 – 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 year ended December 31, 2010 was \$72,247 (year ended December 31, 2009 - \$Nil).

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

	Year Ended December 31, 2010	Year Ended December 31, 2009
Risk-free interest	1.58%	-
Expected dividend yield	-	-
Expected annual stock price volatility	159%	-
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, 2008	1,080,712	3.50
Exercised	-	-
Expired	(685,952)	(4.50)
Granted	4,612,000	0.11
Balance at December 31, 2009	5,006,760	0.24
Exercised	(570,000)	(0.12)
Expired	(394,760)	(1.80)
Granted	4,700,000	0.18/0.22
Balance at December 31, 2010	8,742,000	0.15/0.17

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7. WARRANTS (continued)

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

Number of Warrants Outstanding	Exercise Price \$	Expiry Date
4,092,000	0.11	July 9, 2011
4,650,000	0.18/0.22	January 22, 2011/2012
8,742,000		

8. INCOME TAXES

The recovery of income taxes shown in the statements of operations and deficit differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	2010	2009
Loss for the year	(380,602)	(1,631,952)
Canadian statutory income tax rate	28.50%	30.00%
	<u>\$</u>	<u>\$</u>
Income tax recovery at statutory rate	(108,472)	(489,586)
Effect on income taxes of:		
Non-deductible differences	715,858	8
Losses of disposed Peruvian subsidiary	1,317,760	-
Rate differential and other	103,984	149,137
Non-capital loss expired	48,964	7,877
Valuation allowance	(2,078,094)	332,564
Income tax recovery	<u>-</u>	<u>-</u>

The significant components of the Company's future tax assets are as follows:

	2010	2009
	\$	\$
Future income tax assets		
Marketable securities	-	6,225
Mineral property interests	762,896	807,204
Share and warrant issue costs	30,204	55,594
Capital tax loss carry forward	609,104	-
Non-capital tax loss carry forward	1,802,692	3,017,562
	<u>3,204,896</u>	<u>3,886,585</u>
Valuation allowance for future tax assets	<u>(3,204,896)</u>	<u>(3,886,585)</u>
Future income tax asset	<u>-</u>	<u>-</u>

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8. INCOME TAXES (continued)

The realization of income tax benefits related to these potential tax deductions is uncertain and cannot be viewed as more likely than not. Accordingly, no future income tax assets have been recognized for accounting purposes.

The Company has Canadian non-capital loss carry forwards of \$7,158,976 that may be available for tax purposes. The losses expire as follows.

Expiry	\$
2014	852,555
2015	1,219,352
2026	1,081,390
2027	1,485,734
2028	1,536,404
2029	376,422
2030	<u>607,119</u>
	<u><u>7,158,976</u></u>

At December 31, 2010, the Company had a net operating loss carryforward for Chile income tax purposes of approximately \$76,000 (2009 – \$76,000) that may be available for tax purposes. These available tax losses may only be applied to offset future taxable income from the Company's current Chile subsidiary. The Company also has available mineral resources expenses that are related to the Company's exploration activities in Argentina and the United States of approximately \$3,072,000 which may be deductible for Canadian tax purposes.

9. RELATED PARTY TRANSACTIONS

- (a) The former President of the Company provided his services on a full-time basis under a contract with a private company controlled by the former President. During the year ended December 31, 2010, the Company paid fees of \$Nil (year ended December 31, 2009 - \$83,854) to the President. The contract also provided 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 accrued during fiscal 2009 and paid during the year ended December 31, 2010.

- (b) During the year ended December 31, 2010 the Company paid consulting fees of \$Nil (year ended December 31, 2009 - \$35,000) to a company controlled by a former director of the Company.
- (c) During the year ended December 31, 2010 the Company paid consulting fees of \$20,000 (year ended December 31, 2009 - \$29,435) to a company controlled by a former officer and director 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.

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10. SEGMENTED INFORMATION

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

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

	December 31, 2010			
	Corporate Canada \$	Argentina \$	USA \$	Total \$
Current assets	49,657	7,347	-	57,004
Mineral property interests	-	-	23,487	23,487
	49,657	7,347	23,487	80,491

	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

	2010 \$	2009 \$
Net loss for the year – Canada	359,773	241,463
Net loss for the year – Argentina	5,384	1,241,394
Net loss for the year – Peru	15,445	149,095
Net loss for the year	380,602	1,631,952

11. 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.

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11. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)

(a) Fair Values

The Company's financial instruments consist of cash, 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.

The following table outlines the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy described below. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

As at December 31, 2010 the Company's financial instruments measured at fair value are as follows:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Cash	54,624	-	-	54,624

As at December 31, 2009 the Company's financial instruments measured at fair value are as follows:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Cash	186,280	-	-	186,280

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

An analysis of marketable securities including related gains and losses during the year is as follows:

	Year ended December 31, 2010 \$	Year ended December 31, 2009 \$
Marketable securities, beginning of year	4,200	5,000
Unrealized gain (loss) included in other comprehensive loss	800	(800)
Proceeds from sale of marketable securities	(2,300)	-
Loss on sale of marketable securities	(2,700)	-
Marketable securities, end of year	-	4,200

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11. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)

(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 accounts receivable. The Company has reduced its credit risk by investing its cash with financial institutions that operate globally. Also, as the majority of its receivables are with the government of Canada 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 expects to do 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 and Argentine pesos denominated in cash, 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 and between the Canadian dollar and the Argentine peso at December 31, 2010 is summarized in the table below:

	10% Increase in the Argentine Peso \$	10% Decrease in the Argentine Peso \$	10% Increase in the US Dollar \$	10% Decrease in the US Dollar \$
Increase (decrease) in net earnings	(37)	37	984	(984)
Increase (decrease) in other comprehensive (loss) income	-	-	-	-
Comprehensive (loss) income	(37)	37	984	(984)

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11. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)

(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 bears interest at variable rates. The fair value of cash approximates its carrying value 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, warrants 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 expects to do 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.

12. SUBSEQUENT EVENT

- 109,000 warrants were exercised for proceeds of \$19,620.