

MATERIAL CHANGE REPORT

Under Section 85(1) of the *Securities Act* (British Columbia) and
Section 146(1) of the *Securities Act* (Alberta)

Item 1: Reporting Issuer

La Mancha Resources Inc.
311 West 1st Street
North Vancouver, B.C.
V7M 1B5

Item 2: Date of Material Change

May 16, 2003

Item 3: Press Release

Date: May 16, 2003
Place: Vancouver, B.C.

Item 4: Summary of Material Change

La Mancha Resources Inc. (the “Company”) has signed an Arrangement Agreement with Minera Andes pursuant to which the two companies have agreed to a merger, subject to shareholder and regulatory approval.

Item 5: Full Description of Material Change

The Company has signed an Arrangement Agreement with Minera Andes pursuant to which the two companies have agreed to a merger. La Mancha’s management believes this transaction offers substantial benefits to both companies and their respective shareholders.

Subject to the approval of La Mancha’s shareholders, the merger calls for the shareholders of La Mancha to receive 4.5 shares of Minera Andes for each share in La Mancha and thus become shareholders in Minera Andes. Minera Andes will then be renamed La Mancha Mining Inc. As part of the merger, Minera Andes has agreed to consolidate its shares on a basis of 4.5 existing shares for one new share. The effect of this will be that each existing La Mancha share will be exchanged for one post-consolidation share in Minera Andes. As of the date of the news release, Minera Andes had 37,009,197 shares issued and outstanding.

As a precondition to the merger, the proposal requires the completion of final due diligence by each company, the receipt of “Fairness Opinions” by the board of each company, and appropriate regulatory and shareholder approvals. The Fairness Opinions will review the fairness of the proposed merger for the shareholders of each company: this is a pre-requisite to final board approvals to the transaction.

It is also proposed that a private placement will be undertaken by La Mancha as part of the merger, so as to ensure that the combined company has sufficient working capital to advance its interests in its various exploration and development projects. In particular, it is the intention of the combined company to maintain Minera Andes' continuing 49% interest in the San Jose project presently being developed by Mauricio Hochschild & Cia. Ltda., of Lima, Peru.

Following the merger, the company will have two resource-backed projects and several active exploration projects in Argentina. La Mancha is acquiring the Hualilan gold property of San Juan province, on which an initial gold resource has been independently calculated and also holds 10,000 hectares of surrounding mineral exploration lands. Minera Andes has the advanced stage exploration project at Huevos Verdes with a gold/silver resource under development (see Minera Andes press release dated 14th May, 2003). Minera Andes also has other exploration properties comprising a total of 163,000 hectares of exploration lands in San Juan, Chubut and Santa Cruz provinces. The combined property portfolio will include copper, gold and silver exploration prospects.

Item 6: Reliance on section 85 (2) of the *Securities Act* (British Columbia) and equivalent sections of the Alberta securities act

Not applicable.

Item 7: Omitted Information

Not applicable.

Item 8: Senior Officers

Name: Julie Bolden
Title: Corporate Secretary
Telephone: (604) 998-1250

Item 9: Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

Dated at North Vancouver, British Columbia this 26th day of May, 2003.

LA MANCHA RESOURCES INC.

Per:

"Julie Bolden"
Julie Bolden
Corporate Secretary