

MARIFIL MINES LIMITED

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2007

(Unaudited)

THE ACCOMPANYING FINANCIAL STATEMENTS FOR THE QUARTERS ENDED SEPTEMBER 30, 2007 AND 2006 HAVE NOT BEEN REVIEWED OR AUDITED BY THE CORPORATION'S AUDITORS

MARIFIL MINES LIMITED
INTERIM CONSOLIDATED BALANCE SHEETS
September 30, 2007
(Unaudited)

	<u>ASSETS</u>	<u>September 30,</u> <u>2007</u> (Unaudited)	<u>December 31,</u> <u>2006</u> (Audited)
Current			
Cash and cash equivalents		\$ 676,893	\$ 1,430,584
Marketable securities		36,000	-
GST receivable		31,359	19,133
Advances receivable		33,674	16,813
Prepaid expense		<u>19,406</u>	<u>27,941</u>
		797,332	1,494,471
Equipment		11,495	12,210
Resource properties – Notes 2 and 4		<u>5,283,550</u>	<u>3,996,414</u>
		<u>\$ 6,092,377</u>	<u>\$ 5,503,095</u>

LIABILITIES

Current			
Accounts payable and accrued liabilities – Note 4		<u>\$ 86,338</u>	<u>\$ 97,702</u>

SHAREHOLDERS' EQUITY

Share capital – Notes 3 and 7			
Authorized:			
Unlimited number of Class A common and Class B preferred shares with no par value			
Issued and outstanding:			
31,962,763 (2006: 28,974,138) Class A common shares		9,226,375	8,072,172
Subscriptions received		-	107,755
Contributed surplus		1,244,000	437,533
Deficit		<u>(4,464,336)</u>	<u>(3,212,067)</u>
		<u>6,006,039</u>	<u>5,405,393</u>
		<u>\$ 6,092,377</u>	<u>\$ 5,503,095</u>

Nature and Continuance of Operations – Note 1

APPROVED BY THE DIRECTORS:

<u>“John Hite”</u> John Hite	Director	<u>“Richard Walters”</u> Richard Walters	Director
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SEE ACCOMPANYING NOTES

MARIFIL MINES LIMITED
INTERIM CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT
for the three and nine month periods ended September 30, 2007 and 2006
(Unaudited)

	Nine months ended September 30		Three months ended September 30	
	2007	2006	2007	2006
Administrative expenses				
Accounting and audit – Note 4	\$ 35,211	\$ 43,978	\$ 12,390	\$ 10,452
Amortization	5,107	6,655	4,824	4,410
Bank charges and interest	1,972	2,510	572	735
Consulting fees – Note 4	114,050	120,585	36,386	35,588
Directors fees	14,796	11,327	2,880	3,358
Filing fees and investor relations	128,467	111,712	37,486	52,090
Insurance	18,911	17,719	5,412	5,361
Legal fees	7,562	9,001	-	-
Office and miscellaneous	9,617	21,143	2,226	6,237
Stock-based compensation – Note 3	806,467	130,504	59,200	66,000
Travel and promotion	59,719	37,129	7,439	17,257
Loss before other items:	(1,201,879)	(512,263)	(168,815)	(201,488)
Other items:				
Write-off of resource properties	-	(29,151)	-	(11,470)
Foreign exchange gain (loss)	(122,934)	6,102	(71,805)	(13,384)
Interest income	20,852	8,575	14,441	3,576
Other income	51,692	54,225	51,692	-
Net loss for the period	<u>\$ (1,252,269)</u>	<u>\$ (472,512)</u>	<u>\$ (174,487)</u>	<u>\$ (222,766)</u>
Basic and diluted loss per share	<u>\$ (0.04)</u>	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Weighted average number of shares Outstanding	<u>31,285,970</u>	<u>19,706,073</u>	<u>31,962,763</u>	<u>25,259,306</u>

SEE ACCOMPANYING NOTES

MARIFIL MINES LIMITED
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
for the three and nine month periods ended September 30, 2007 and 2006
(Unaudited)

	Nine months ended September 30		Three months ended September 30	
	2007	2006	2007	2006
Operating Activities				
Net loss for the period	\$ (1,252,269)	\$ (472,512)	\$ (174,487)	\$ (222,766)
Add non-cash items:				
Write-off of resource properties	-	29,151	-	16,678
Amortization	5,107	6,655	4,824	4,410
Stock-based compensation	806,467	130,504	59,200	66,000
	(440,695)	(306,202)	(110,463)	(135,678)
Change in non-cash working capital:				
Advances receivable	(16,861)	193	(16,029)	(5,122)
GST receivable	(12,226)	279	(2,819)	(4,443)
Prepaid expenses	8,535	(13,251)	3,705	18,342
Accounts payable	(11,364)	(115,070)	(8,782)	75,906
	(472,611)	(434,051)	(134,388)	(50,995)
Financing Activities				
Shares issued for cash	1,154,203	1,395,786	-	70,787
Share subscriptions received	(107,755)	796,870	-	856,870
	1,046,448	2,192,656	-	927,657
Investing Activities				
Acquisition of equipment	(5,618)	(2,647)	-	-
Disposal of equipment	1,226	-	1,226	-
Resource properties	(1,323,136)	(986,303)	(456,570)	(285,457)
	(1,327,528)	(988,950)	(455,344)	(285,457)
Increase (decrease) in cash	(753,691)	769,655	(589,732)	591,205
Cash, beginning of period	1,430,584	192,603	1,266,625	371,053
Cash, end of period	\$ 676,893	\$ 962,258	\$ 676,893	\$ 962,258
Cash and cash equivalents consist of:				
Cash	\$ 76,893	\$ 335,000	\$ 76,893	\$ 335,000
Term deposits	600,000	36,103	600,000	36,103
	\$ 676,893	\$ 371,103	\$ 676,893	\$ 371,103
Supplemental disclosure of cash flow information				
Cash paid for:				
Interest	\$ -	\$ -	\$ -	\$ -
Income Taxes	\$ -	\$ -	\$ -	\$ -

SEE ACCOMPANYING NOTES

MARIFIL MINES LIMITED
INTERIM CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
for the nine month period ended September 30, 2007 and 2006
(Unaudited)

	<u>Number</u>	<u>Amount</u>	<u>Deferred Finance Changes</u>	<u>Subscriptions Received</u>	<u>Contributed Surplus</u>	<u>Deficit</u>	<u>Balance</u>
Balance, December 31, 2004	8,133,001	\$ 478,800	\$ (83,900)	\$ -	\$ -	\$ (165,758)	\$ 229,142
For cash							
on IPO - at \$0.50 each	4,599,930	2,299,965	-	-	-	-	2,299,965
for private placement - at \$0.15 each	2,000,000	300,000	-	-	-	-	300,000
Less: share issue costs	100,000	(287,953)	83,900	-	-	-	(204,053)
For acquisition of Marifil SA							
- at \$0.40 each	5,500,000	2,200,000	-	-	-	-	2,200,000
For consulting fees - at \$0.32 each	100,000	32,000	-	-	-	-	32,000
Stock-based compensation	-	-	-	-	294,688	-	294,688
Subscriptions received	-	-	-	60,000	-	-	60,000
Net loss for the year ended December 31, 2005	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,640,196)</u>	<u>(1,640,196)</u>
Balance, December 31, 2005	20,432,931	5,022,812	-	60,000	294,688	(1,805,954)	3,571,546
For cash							
for private placement - at \$0.25 each	2,090,000	522,500	-	(60,000)	-	-	462,500
for private placement - at \$0.30 each	2,667,000	800,499	-	-	-	-	800,499
for private placement - at \$0.60 each	2,166,664	1,299,990	-	-	-	-	1,299,990
Exercise of warrants - at \$0.20 each	1,000,000	200,000	-	-	-	-	200,000
Exercise of warrants - at \$0.50 each	220,043	110,022	-	-	-	-	110,022
Exercise of warrants - at \$0.35 each	347,500	121,625	-	-	-	-	121,625
Exercise of warrants - at \$0.40 each	50,000	20,000	-	-	-	-	20,000
Less: share issue costs	-	(25,276)	-	-	-	-	(25,276)
Stock-based compensation	-	-	-	-	142,845	-	142,845
Share subscriptions	-	-	-	107,755	-	-	107,755
Net loss for the year ended December 31, 2006	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,406,113)</u>	<u>(1,406,113)</u>
Balance, December 31, 2006	28,974,138	\$ 8,072,172	\$ -	\$ 107,755	\$ 437,533	\$ (3,212,067)	\$ 5,405,393

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SEE ACCOMPANYING NOTES

MARIFIL MINES LIMITED
INTERIM CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
for the nine month period ended September 30, 2007 and 2006
(Unaudited)

	<u>Number</u>	<u>Amount</u>	<u>Deferred Finance Changes</u>	<u>Subscriptions Received</u>	<u>Contributed Surplus</u>	<u>Deficit</u>	<u>Balance</u>
Balance, December 31, 2006	28,974,138	\$ 8,072,172	\$ -	\$ 107,755	\$ 437,533	\$ (3,212,067)	\$ 5,405,393
Exercise of warrants - at \$0.35 each	697,500	244,125	-	(14,000)	-	-	230,125
Exercise of warrants - at \$0.40 each	561,667	224,667	-	-	-	-	224,667
Exercise of warrants - at \$0.50 each	237,835	118,917	-	(93,755)	-	-	25,162
Stock-based compensation	-	-	-	-	40,087	-	40,087
Net loss for the period ended March 31, 2007	-	-	-	-	-	(192,631)	(192,631)
Balance, March 31, 2007	30,471,140	8,659,881	-	-	477,620	(3,404,698)	5,732,803
Exercise of options - at \$0.20 each	190,000	38,000	-	-	-	-	38,000
Exercise of options - at \$0.30 each	440,000	132,000	-	-	-	-	132,000
Exercise of warrants - at \$0.40 each	713,498	285,399	-	-	-	-	285,399
Exercise of warrants - at \$0.75 each	148,125	111,095	-	-	-	-	111,095
Stock-based compensation	-	-	-	-	707,180	-	707,180
Net loss for the period ended June 30, 2007	-	-	-	-	-	(885,151)	(885,151)
Balance, June 30, 2007	31,962,763	9,226,375	-	-	1,184,800	(4,289,849)	6,121,326
Stock-based compensation	-	-	-	-	59,200	-	59,200
Net loss for the period ended September 30, 2007	-	-	-	-	-	(174,487)	(174,487)
Balance, September 30, 2007	<u>31,962,763</u>	<u>\$ 9,226,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,244,000</u>	<u>\$ (4,464,336)</u>	<u>\$ 6,006,039</u>

SEE ACCOMPANYING NOTES

MARIFIL MINES LIMITED
CONSOLIDATED SCHEDULE OF RESOURCE PROPERTIES
September 30, 2007

	December 31, 2005		December 31, 2006		September 30, 2007
	Net Book <u>Value</u>	Net <u>Expenditures</u>	Net Book <u>Value</u>	Net <u>Expenditures</u>	Net Book <u>Value</u>
CARRIZAL, SAN JUAN PROVINCE					
Acquisition	\$ 254,295	\$ -	\$ 254,295	\$ -	\$ 254,295
Property payments	64,287	3,413	67,700	-	67,700
General exploration	7,413	1,751	9,164	-	9,164
Administrative and general	13,142	-	13,142	-	13,142
Contract and consultants	12,232	341	12,573	-	12,573
Geochemical	2,673	-	2,673	-	2,673
Field support	15,616	-	15,616	-	15,616
Travel and accommodation	2,068	-	2,068	-	2,068
Land environment	2,242	-	2,242	-	2,242
Deduct: write-off	<u>-</u>	<u>(379,473)</u>	<u>(379,473)</u>	<u>-</u>	<u>(379,473)</u>
	<u>373,968</u>	<u>(373,968)</u>	<u>-</u>	<u>-</u>	<u>-</u>
MANANTIALES, SAN JUAN PROVINCE					
Acquisition	171,951	-	171,951	-	171,951
Property payments	58,509	28,626	87,135	-	87,135
General exploration	6,347	5,697	12,044	-	12,044
Administrative and general	11,455	1,734	13,189	-	13,189
Contract and consultants	17,169	1,683	18,852	-	18,852
Geochemical	1,165	-	1,165	-	1,165
Field support	5,140	1,080	6,220	-	6,220
Travel and accommodation	2,683	259	2,942	-	2,942
Deduct: write-off	<u>-</u>	<u>(313,498)</u>	<u>(313,498)</u>	<u>-</u>	<u>(313,498)</u>
	<u>274,419</u>	<u>(274,419)</u>	<u>-</u>	<u>-</u>	<u>-</u>
LAS AGUILAS, SAN LUIS PROVINCE					
Property payments	28,412	40,404	68,816	3,104	71,920
General exploration	241	22,524	22,765	9,404	32,169
Administrative and general	138	3,727	3,865	2,855	6,720
Contract and consultants	1,761	12,259	14,020	2,693	16,713
Field support	-	13,783	13,783	305	14,088
Travel and accommodation	16	1,109	1,125	183	1,308
Land environment	-	550	550	-	550
Deduct: option payments received	<u>-</u>	<u>-</u>	<u>-</u>	<u>(143,468)</u>	<u>(143,468)</u>
	<u>30,568</u>	<u>94,356</u>	<u>124,924</u>	<u>(124,924)</u>	<u>-</u>
Subtotal	<u>678,955</u>	<u>(554,031)</u>	<u>124,924</u>	<u>(124,924)</u>	<u>-</u>

SEE ACCOMPANYING NOTES

MARIFIL MINES LIMITED
CONSOLIDATED SCHEDULE OF RESOURCE PROPERTIES
September 30, 2007

	December 31, 2005	Net	December 31, 2006	Net	September 30, 2007
	<u>Net Book</u> <u>Value</u>	<u>Expenditures</u>	<u>Net Book</u> <u>Value</u>	<u>Expenditures</u>	<u>Net Book</u> <u>Value</u>
Subtotal Carry Forward	<u>678,955</u>	<u>(554,031)</u>	<u>124,924</u>	<u>(124,924)</u>	<u>-</u>
MAIPU, SANTA CRUZ PROVINCE					
Acquisition	2,421	-	2,421	-	2,421
Property payments	-	-	-	124	124
General exploration	57	323	380	574	954
Administrative and general	-	113	113	27	140
Contract and consultants	255	1,365	1,620	1,226	2,846
Field support	<u>-</u>	<u>283</u>	<u>283</u>	<u>-</u>	<u>283</u>
	<u>2,733</u>	<u>2,084</u>	<u>4,817</u>	<u>1,951</u>	<u>6,768</u>
LOS MENCUCOS (SOMUNCURA), RIO NEGRO PROVINCE					
General exploration	1,649	1,419	3,068	999	4,067
Administrative and general	2,921	-	2,921	545	3,466
Contract and consultants	14,168	-	14,168	-	14,168
Field support	7,550	-	7,550	1,593	9,143
Travel and accommodation	<u>332</u>	<u>-</u>	<u>332</u>	<u>-</u>	<u>332</u>
	<u>26,620</u>	<u>1,419</u>	<u>28,039</u>	<u>3,137</u>	<u>31,176</u>
AMARILLO, SAN JUAN PROVINCE					
Acquisition	983,176	-	983,176	-	983,176
Property payments	51,934	56,872	108,806	33,222	142,028
General exploration	6,751	18,300	25,051	20,492	45,543
Administrative and general	12,006	3,672	15,678	5,270	20,948
Contract and consultants	15,049	14,274	29,323	22,336	51,659
Geochemical	2,370	333	2,703	-	2,703
Field support	17,057	5,096	22,153	1,459	23,612
Travel and accommodation	2,831	817	3,648	174	3,822
Land environment	1,008	-	1,008	-	1,008
Deduct: option payment received	-	(67,010)	(67,010)	(21,308)	(88,318)
Deduct: shares received (option payment)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,000)</u>	<u>(36,000)</u>
	<u>1,092,182</u>	<u>32,354</u>	<u>1,124,536</u>	<u>25,645</u>	<u>1,150,181</u>
Subtotal	<u>1,800,490</u>	<u>(518,174)</u>	<u>1,282,316</u>	<u>(94,191)</u>	<u>1,188,125</u>

SEE ACCOMPANYING NOTES

MARIFIL MINES LIMITED
CONSOLIDATED SCHEDULE OF RESOURCE PROPERTIES
September 30, 2007

	December 31, 2005		December 31, 2006		September 30, 2007
	Net Book Value	Net Expenditures	Net Book Value	Net Expenditures	Net Book Value
Subtotal Carry Forward	<u>1,800,490</u>	<u>(518,174)</u>	<u>1,282,316</u>	<u>(94,191)</u>	<u>1,188,125</u>
DAVICINO PROPERTIES, RIO NEGRO PROVINCE					
Acquisition	<u>339,132</u>	<u>-</u>	<u>339,132</u>	<u>-</u>	<u>339,132</u>
COVADONGA (DAVICINO)					
– MERIDIANO, SANTA CRUZ PROVINCE					
Property payments	2,513	6,625	9,138	-	9,138
General exploration	285	1,179	1,464	-	1,464
Administrative and general	504	78	582	-	582
Contract and consultants	1,145	1,392	2,537	-	2,537
Field support	90	-	90	-	90
Travel and accommodations	56	-	56	-	56
Land environment	-	5	5	-	5
Deduct: write-off	<u>-</u>	<u>(13,872)</u>	<u>(13,872)</u>	<u>-</u>	<u>(13,872)</u>
	<u>4,593</u>	<u>(4,593)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TEMBRAO (DAVICINO)					
– PAILEMEN, RIO NEGRO PROVINCE					
Property payments	-	27,081	27,081	-	27,081
General exploration	31	9,482	9,513	707	10,220
Administrative and general	55	1,885	1,940	124	2,064
Contract and consultants	-	14,290	14,290	-	14,290
Geochemical	-	784	784	-	784
Field support	266	4,473	4,739	-	4,739
Travel and accommodation	149	2,026	2,175	-	2,175
Land environment	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,332</u>	<u>2,332</u>
	<u>501</u>	<u>60,021</u>	<u>60,522</u>	<u>3,163</u>	<u>63,685</u>
LA ROSITA (DAVICINO), SANTA CRUZ PROVINCE					
Property payments	12,569	50,152	62,721	-	62,721
General exploration	1,689	17,272	18,961	-	18,961
Administrative and general	2,989	2,632	5,621	-	5,621
Contract and consultants	8,502	21,750	30,252	-	30,252
Geochemical	-	2,421	2,421	-	2,421
Field support	1,050	4,927	5,977	-	5,977
Travel and accommodation	375	1,782	2,157	-	2,157
Land environment	88	-	88	-	88
Deduct: write-off	<u>-</u>	<u>(128,198)</u>	<u>(128,198)</u>	<u>-</u>	<u>(128,198)</u>
	<u>27,262</u>	<u>(27,262)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>2,171,978</u>	<u>(490,008)</u>	<u>1,681,970</u>	<u>(91,028)</u>	<u>1,590,942</u>

SEE ACCOMPANYING NOTES

MARIFIL MINES LIMITED
CONSOLIDATED SCHEDULE OF RESOURCE PROPERTIES
September 30, 2007

	December 31, 2005	Net	December 31, 2006	Net	September 30, 2007
	<u>Net Book</u> <u>Value</u>	<u>Expenditures</u>	<u>Net Book</u> <u>Value</u>	<u>Expenditures</u>	<u>Net Book</u> <u>Value</u>
Subtotal Carry Forward	<u>2,171,978</u>	<u>(490,008)</u>	<u>1,681,970</u>	<u>(91,028)</u>	<u>1,590,942</u>
TORUEL (DAVICINO), RIO NEGRO PROVINCE					
Property payments	24,558	59,800	84,358	56,772	141,130
General exploration	37,937	93,377	131,314	25,704	157,018
Administrative and general	68,262	45,138	113,400	5,402	118,802
Contract and consultants	210,645	67,259	277,904	1,445	279,349
Drilling	426,132	142,347	568,479	-	568,479
Geophysics	4,067	-	4,067	-	4,067
Geochemical	35,266	19,608	54,874	13	54,887
Field support	71,753	53,869	125,622	3,254	128,876
Travel and accommodation	<u>21,279</u>	<u>9,878</u>	<u>31,157</u>	<u>-</u>	<u>31,157</u>
	<u>899,899</u>	<u>491,276</u>	<u>1,391,175</u>	<u>92,590</u>	<u>1,483,765</u>
ALTO RIO (DAVICINO), CHUBUT PROVINCE					
Acquisition	<u>4,844</u>	<u>-</u>	<u>4,844</u>	<u>-</u>	<u>4,844</u>
VALLE DAZA PROJECT LA PAMPA PROVINCE					
Acquisition	18,164	-	18,164	-	18,164
Property payments	-	-	-	561	561
General exploration	100	392	492	144	636
Administrative and general	180	77	257	436	693
Contract and consultants	925	1,201	2,126	234	2,360
Field support	179	-	179	243	422
Travel and accommodation	20	-	20	-	20
Land environment	<u>212</u>	<u>-</u>	<u>212</u>	<u>-</u>	<u>212</u>
	<u>19,780</u>	<u>1,670</u>	<u>21,450</u>	<u>1,618</u>	<u>23,068</u>
Subtotal	<u>3,096,501</u>	<u>2,938</u>	<u>3,099,439</u>	<u>3,180</u>	<u>3,102,619</u>

SEE ACCOMPANYING NOTES

MARIFIL MINES LIMITED
CONSOLIDATED SCHEDULE OF RESOURCE PROPERTIES
September 30, 2007

	December 31, 2005		December 31, 2006		September 30, 2007
	<u>Net Book Value</u>	<u>Net Expenditures</u>	<u>Net Book Value</u>	<u>Net Expenditures</u>	<u>Net Book Value</u>
Subtotal Carry Forward	<u>3,096,501</u>	<u>2,938</u>	<u>3,099,439</u>	<u>3,180</u>	<u>3,102,619</u>
SAN ROQUE,					
RIO NEGRO PROVINCE					
Property payments	-	10,412	10,412	16,158	26,570
General exploration	-	24,801	24,801	231,450	256,251
Administrative and general	-	9,932	9,932	48,409	58,341
Contract and consultants	-	32,637	32,637	88,108	120,745
Drilling	-	-	-	316,753	316,753
Geochemical	-	6,569	6,569	59,329	65,898
Field support	-	52,680	52,680	149,071	201,751
Travel and accommodation	-	10,283	10,283	30,372	40,655
Land environment	-	-	-	361	361
	<u>-</u>	<u>147,314</u>	<u>147,314</u>	<u>940,011</u>	<u>1,087,325</u>
ARAUCANA,					
MENDOZA PROVINCE					
Property payments	-	11,280	11,280	4,900	16,180
General exploration	-	2,888	2,888	3,637	6,525
Administrative and general	-	1,181	1,181	584	1,765
Contract and consultants	-	1,024	1,024	609	1,633
Land environment	-	-	-	634	634
	<u>-</u>	<u>16,373</u>	<u>16,373</u>	<u>10,364</u>	<u>26,737</u>
Subtotal	<u>3,096,501</u>	<u>166,625</u>	<u>3,263,126</u>	<u>953,555</u>	<u>4,216,681</u>

SEE ACCOMPANYING NOTES

MARIFIL MINES LIMITED
CONSOLIDATED SCHEDULE OF RESOURCE PROPERTIES
September 30, 2007

	December 31, 2005		December 31, 2006		September 30, 2007
	Net Book <u>Value</u>	Net <u>Expenditures</u>	Net Book <u>Value</u>	Net <u>Expenditures</u>	Net Book <u>Value</u>
Subtotal Carry Forward	<u>3,096,501</u>	<u>166,625</u>	<u>3,263,126</u>	<u>953,555</u>	<u>4,216,681</u>
OTHER PROPERTIES					
Acquisition	263,219	-	263,219	-	263,219
Property payments	517	35,834	36,351	63,248	99,599
General exploration	387	38,377	38,764	64,944	103,708
Administrative and general	701	13,107	13,808	31,088	44,896
Contract and consultants	3,429	58,285	61,714	57,899	119,613
Drilling	-	3,493	3,493	-	3,493
Geophysics	-	7,279	7,279	14,080	21,359
Geochemical	-	3,880	3,880	3,956	7,836
Field support	749	40,268	41,017	21,366	62,383
Travel and accommodation	194	11,164	11,358	3,189	14,547
Land environment	-	3,007	3,007	2,069	5,076
Miscellaneous	-	(20,400)	(20,400)	10,388	(10,012)
Deduct: write-off	-	(17,534)	(17,534)	-	(17,534)
	<u>269,196</u>	<u>176,760</u>	<u>445,956</u>	<u>272,227</u>	<u>718,183</u>
Subtotal before IVA taxes paid	3,365,697	343,385	3,709,082	1,225,782	4,934,864
IVA taxes paid	<u>207,195</u>	<u>80,137</u>	<u>287,332</u>	<u>61,354</u>	<u>348,686</u>
	<u>\$ 3,572,892</u>	<u>\$ 423,522</u>	<u>\$ 3,996,414</u>	<u>\$ 1,287,136</u>	<u>\$ 5,283,550</u>

SEE ACCOMPANYING NOTES

MARIFIL MINES LIMITED
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2007
(Unaudited)

Note 1 Nature and Continuance of Operations

Marifil Mines Limited (the "Company") was incorporated on December 2, 2003 under the Yukon Business Corporation Act and is in the development stage. The Company is in the business of acquiring, exploring and evaluating mineral resource properties.

During the year ended December 31, 2005, the Company completed an initial public offering and obtained a listing on the TSX Venture Exchange. Also, in conjunction with the offering and listing, the Company acquired by the purchase of an Argentine company, Marifil SA, an interest in mineral properties located in Argentina.

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At September 30, 2007, the Company had not yet achieved profitable operations, had a working capital of \$710,994 which may not be sufficient to sustain operations over the next twelve months and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

Interim Reporting

While the information presented in the accompanying interim financial statements is unaudited, it includes all adjustments, which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented. These interim financial statements follow the same accounting policies and methods in their application as the Company's annual financial statements. It is suggested that these interim financial statements be read in conjunction with the Company's annual financial statements at December 31, 2006.

Note 2 Resource Properties

Carrizal Property

Pursuant to an agreement dated April 14, 2004 and amended June 7, 2005, the Company had the right to acquire up to a 100% interest in the Carrizal property located in San Juan province Argentina. In order to maintain the agreement in good standing, the Company was required to pay US\$300,000 by April 14, 2009. The Company could have exercised the option by paying US\$1,000,000 of which US\$300,000 is to be paid through the issuance of common shares and US\$700,000 in cash. The property was subject to a 1.5% net smelter return. The Company could have purchased 50% of the NSR by paying US\$750,000.

During the year ended December 31, 2006, the Company decided not to continue with the property and accordingly wrote off the costs incurred to date of \$379,473.

Manantiales Property

Pursuant to an agreement dated April 14, 2004 (the Closing Date) and amended April 2005, the Company had the right to acquire up to a 100% interest in the Manantiales property located in San Juan province Argentina. In order to maintain the agreement in good standing, the Company was required to pay US\$660,000 by October 14, 2010. The Company could have exercised the option by paying US\$1,000,000 of which US\$300,000 was payable through the issuance of common shares and US\$700,000 in cash. The property was subject to a 1.5% net smelter return. The Company could have purchased 50% of the NSR by paying US\$750,000.

During the year ended December 31, 2006, the Company decided not to continue with the property and accordingly wrote off the costs incurred to date of \$313,498.

San Luis Project (Las Aquillas)

The Company has a 100% interest in mining rights covering approximately 581 square kilometres located in San Luis province Argentina.

On November 20, 2003, the Company granted BHP Billiton World Exploration Inc. (“BHP”) the option to acquire up to an 80% interest in the properties. Effective August 29, 2005, BHP and the Company agreed to terminate the option agreement and in consideration thereof the Company agreed to purchase from BHP a 100% interest, subject to a 2% NSR to BHP, in properties adjacent to the San Luis Project. Consideration payable was US\$23,700 (paid).

Note 2 Resource Properties (cont'd)

San Luis Project (Las Aquillas) (cont'd)

December, 2006 Agreement

By an agreement dated December 13, 2006, the Company entered into an agreement to grant an option on 50% of its Las Aguillas property located in San Luis province with a predecessor of Castillian Resources Ltd. The agreement provides for the following consideration and expenditures:

Cash:

- a) US\$100,000 within 60 days of the effective date (received);
- b) US\$125,000 before the first anniversary of the effective date;
- c) US\$125,000 before the second anniversary of the effective date;
- d) US\$125,000 before the third anniversary of the effective date.

Exploration:

- a) US\$400,000 before the first anniversary of the effective date;
- b) US\$600,000 before the second anniversary of the effective date;
- c) US\$1,000,000 before the third anniversary of the effective date;
- d) US\$1,000,000 before the fourth anniversary of the effective date.

The Optionee has the right to increase their interest to 60% if it increases expenditures by a further US\$2,000,000 and by paying to the Company an additional US\$100,000 on or before 48 months and 60 months of the effective date and US\$100,000 each year until the commencement of commercial production and by providing a bankable feasibility study within 72 months of the effective date.

Castillian can earn a further 5% interest by arranging for total project financing and by paying the Company US\$150,000 per year until the project commences commercial production.

April, 2007 Agreement

By a further agreement dated April 19, 2007, the Company signed an agreement with Castillian Resources Ltd wherein Castillian will acquire 54,790.62 hectare exploration properties surrounding the Las Aguillas property. This is a separate agreement with Castillian. Under the terms of the agreement, Castillian has the right to earn a 50% interest in the property for the following consideration and expenditures:

Note 2 Resource Properties (cont'd)

San Luis Project (Las Aquillas) (cont'd)

Cash:

- a) US\$10,000 on execution of the agreement (received);
- b) US\$40,000 on or before 30 days following execution of the agreement (received);
- c) US\$100,000 on or before the first anniversary of the agreement;
- d) US\$115,000 on or before the second anniversary of the agreement;
- e) US\$135,000 on or before the third anniversary of the agreement;
- f) US\$200,000 on or before the fourth anniversary of the agreement.

Exploration:

- a) US\$200,000 to be spent on or before the first anniversary of the agreement;
- b) US\$300,000 to be spent on or before the second anniversary of the agreement;
- c) US\$400,000 to be spent on or before the third anniversary of the agreement;
- d) US\$600,000 to be spent on or before the fourth anniversary of the agreement; and
- e) US\$1,500,000 to be spent on or before the fifth anniversary of the agreement.

If Castillian makes all of the commitments and payments listed above then Castillian will have the right to earn a further 10% interest by;

- a) Spending US\$2,000,000 per year for each of the next two years in work obligations; and
- b) Paying the Company US\$165,000 before the end of each year and continuing each year until Castillian produced a “bankable” feasibility study.

Castillian can earn a further 5% interest by arranging for total project financing and by paying the Company US\$150,000 per year until the project commences commercial production.

Maipu Project

The Company has a 100% interest in the Maipu properties located in Santa Cruz province Argentina.

Somuncura Property

The Company has a 100% interest in fifteen properties located in Rio Negro province Argentina.

Note 2 Resource Properties (cont'd)

Alto Rio Chubut Project

The Company has staked five properties in the Rio Negro province of Argentina.

Valle Daza Project

The Valle Daza project covers approximately 140 square kilometres located in La Pampa province, Argentina.

Amarillo Project

Pursuant to an agreement dated May 25, 2004 (the Closing Date) and amended June 7, 2005, the Company entered into an option agreement to acquire up to a 55% interest in the Amarillo properties located in San Juan province Argentina. In order to maintain the agreement in good standing, the Company must incur minimum exploration expenses of US\$3,125,000 and pay US\$380,000 by April 14, 2012 as follows:

- a) US\$15,000 upon execution of the agreement;
- b) US\$15,000 no later than May 25, 2005;
- c) US\$20,000 no later than November 25, 2005;
- d) US\$30,000 no later than May 25, 2006;
- e) US\$30,000 no later than November 25, 2006;
- f) US\$60,000 no later than May 25, 2007;
- g) US\$60,000 no later than November 25, 2007;
- h) US\$75,000 no later than May 25, 2008; and
- i) US\$75,000 no later than November 25, 2008.

After making all of the above payments, the Company can acquire a further 24% interest pay paying US\$900,000 in cash in two instalments: US\$300,000 upon the fifth anniversary of the agreement and US\$600,000 upon the sixth anniversary of the agreement. The Company may acquire the remaining 21% interest by, prior to the seventh anniversary of the agreement, paying US\$1,000,000 for each 7% increment or US\$3,000,000 for the full 21% interest.

The property is subject to a 1.5% net smelter return. There are no Royalty payments payable to the optionor.

By an agreement dated December 11, 2006, the Company has entered into an agreement to grant an option on 51% of the property. The option agreement provides for the following consideration and expenditures:

Note 2 Resource Properties (cont'd)

Amarillo Project (cont'd)

Cash and shares:

- a) US\$57,500 and 37,500 shares on the effective date;
- b) US\$57,500 and 37,500 shares before the first anniversary of the effective date;
- c) US\$75,000 and 75,000 shares before the second anniversary of the effective date;
- d) US\$100,000 and 100,000 shares before the third anniversary of the effective date;
- e) US\$150,000 before the fourth anniversary of the effective date;
- f) US\$150,000 before the fifth anniversary of the effective date.

Exploration:

- a) US\$500,000 before the first anniversary of the effective date;
- b) US\$1,000,000 before the second anniversary of the effective date;
- c) US\$2,500,000 before the third anniversary of the effective date.

The optionee can earn an additional 14% for a total of 65% by incurring an additional US\$3,000,000 and delivering a bankable feasibility study before 48 months after the effective date and by making payments of \$150,000 on the sixth anniversary date and US\$100,000 on each anniversary date until the commencement of commercial production. The optionee may earn an additional 5% for a total of 70% by providing for the Company's share of expenses through to commercial production.

Davicino Gold Properties

In May, 2004, the Company entered into three option agreements to acquire a group of seven properties located in Rio Negro and Santa Cruz Provinces, Argentina (the "Davicino Gold Project"), being the Cerro Covadonga, El Meridiano, Dos Amigos, Tembrao, Pailiman, Rosita and Alianza properties.

i) Cerro Covadonga & El Meridiano

On May 8, 2004, the Company entered into an option agreement to acquire up to a 100% interest in the Davicino I Properties. In order to maintain the agreement in good standing, the Company was required to pay US\$83,000 over six years. The property was subject to a 2.0% net smelter return. The Company could have purchased the NSR by paying US\$750,000.

During the year ended December 31, 2006, the Company decided not to continue with this property and accordingly wrote off the costs incurred to date of \$13,872.

Note 2 Resource Properties (cont'd)

Davicino Gold Properties (cont'd)

ii) Tembrao Property

On May 8, 2004, the Company entered into an option agreement to acquire up to a 100% interest in the Davicino II Properties. In order to maintain the agreement in good standing, the Company must pay US\$150,000 over six years as follows:

- a) US\$3,000 upon execution of agreement;
- b) US\$3,000 no later than November 8, 2004;
- c) US\$5,000 no later than May 8, 2005;
- d) US\$5,000 no later than November 8, 2005;
- e) US\$12,000 no later than May 8, 2006;
- f) US\$12,000 no later than November 8, 2006;
- g) US\$20,000 no later than May 8, 2007;
- h) US\$20,000 no later than November 8, 2007;
- i) US\$35,000 no later than May 8, 2008;
- j) US\$35,000 no later than November 8, 2008. and
- k) US\$230,000 on or after May 8, 2009.

The property is subject to a 2.0% net smelter return. The Company may purchase the NSR by paying US\$750,000.

The Tembrao property is located in a conservatory area and no exploration work is permitted at this time.

iii) La Rosita Property

On May 8, 2004, the Company entered into an option agreement to acquire up to a 100% interest in the Davicino III Properties. In order to maintain the agreement in good standing, the Company was required to pay US\$230,000 over six years. The property was subject to a 2.0% net smelter return. The Company could have purchased the NSR by paying US\$750,000.

During the year ended December 31, 2006, the Company decided not to continue with the property and accordingly wrote off the costs incurred to date of \$128,198.

Note 2 Resource Properties (cont'd)

Davicino Gold Properties (cont'd)

iv) Toruel Property

The Toruel Project is covered by three separate agreements as follows:

a) M.I.M. Argentina Exploraciones

Marifil is obligated to spend US\$178,000 on exploration based on the following schedule:

US\$20,000 before the first anniversary date
US\$30,000 before the second anniversary date
US\$35,000 before the third anniversary date
US\$43,000 before the fourth anniversary date
US\$50,000 before the fifth anniversary date

The Company may purchase the property for US\$375,000 anytime within the term of the option. There are no Royalty payments payable to the optionor.

b) Davicino

The second contract is with Ruben Daviceno and was signed on May 8, 2004 for the Dos Amigos, Paileman I and II, and Tembrao I and II claims. The payments in respect of this portion of the property are included in the Tembrau payments schedule. The Dos Amigos claims are part of the Toruel project.

The optionor retains a 2% NSR, and the Company has the right to purchase this for US\$750,000. There is no Royalty payments payable to the optionor.

c) Ana Beda and Veronica Alduvino

The third contract is with Ana Benda and Veronica Alduvino for the Sonito claim. Contract payments as follows:

<u>Payments</u>	<u>Due Dates</u>
US\$2,500	On signing
US\$7,500	December 31, 2005
US\$7,000	June 30, 2006
US\$8,000	December 31, 2005
US\$15,000	June 30, 2007
US\$15,000	December 31, 2007
US\$40,000	June 30, 2008
US\$50,000	December 31, 2008
US\$100,000	June 30 2009
US\$100,000	December 31, 2009

There are no Royalty payments payable to the optionor.

Note 2 Resource Properties (cont'd)

Lago Fontana (Ferrocarillera) Project

The Company acquired this property by staking and has optioned it to Silex Argentina (“Silex”), a wholly owned subsidiary of Apex Silver Mines Ltd. Under the terms of the agreement Silex must make payments and incur exploration expenses as follows in order to earn a 55% interest in the property.

Exploration expenditures

US\$ 250,000	Before April 10, 2007
US\$ 400,000	Before April 10, 2009
US\$ 750,000	Before April 10, 2010
US\$1,000,000	Before April 10, 2011

Cash payments

US\$ 50,000	April 10, 2006 (received)
US\$ 25,000	October 10, 2006 (received)

Silex has declared a force majeure due to inability to obtain permitting. The property has been returned and a new joint venture is being sought. The amount received of \$82,873 (US\$75,000) has been recorded as other income.

Araucana Property

The Company has entered into an agreement to option the Araucana Molybdenum Property located in Mendoza Province Argentina. Under the terms of the agreement, the Company must pay as follows:

- a) US\$5,000 upon execution of agreement;
- b) US\$5,000 before December 31, 2006;
- c) US\$50,000 no later than July 12, 2007;
- d) US\$100,000 no later than December 31, 2008;
- e) US\$150,000 no later than December 31, 2009; and
- f) US\$180,000 no later than December 31, 2010.

Once these payments have been made and the Company has expended US\$500,000, it shall immediately earn a 25% interest in the property. An additional 55% can be purchased by spending US\$2,500,000 in three equal instalments. The remaining 20% will be subject to a dilution clause and if the interest falls below 10%, it will automatically convert to a 1% NSR which can be purchased for US\$1,500,000.

A temporary ban on mining activity has been imposed by Mendoza Province.

Note 2 Resource Properties (cont'd)

San Roque Project

The Company entered into an agreement with M.I.M. Argentina Exploraciones S.A. dated May 6, 2006. The agreement provides an option to acquire the San Roque gold project in Rio Negro province, Argentina. The Company has committed to spending US\$50,000 annually in work on the property for four years. The Company has the right to purchase 100% of the property at any time by making a single cash payment of US\$400,000.

Other Properties

The Company also owns a limestone property, an oil and gas property and a red-bed copper prospect. The limestone property is subject to a significant finder's fee payable on any proceeds received in respect of the property. This arrangement is the subject of renegotiation discussions currently underway.

Note 3 Share Capital

Shares

Authorized:

Unlimited number of Class A common shares without par value
Unlimited number of Class B preferred shares without par value

Stock Option Plan

The Company has an incentive stock option plan whereby share purchase options may be granted to directors, officers, employees and consultants of the Company and its subsidiaries. The total number of shares reserved under the plan may not exceed more than 10% of the outstanding shares at the time of granting the option. Options are granted at the market price at the date of the grant, less any discounts permitted by regulatory authorities. Unless otherwise stated options vest when granted.

Marifil Mines Limited
Notes to the Interim Consolidated Financial Statements
September 30, 2007 – Page 11
(Unaudited)

Note 3 Share Capital (cont'd)

Stock Options Outstanding

As at September 30, 2007, options outstanding are as follows:

<u>Number</u>		<u>Vested</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
150,000*	Consultant	75,000	\$0.60	June 20, 2009
900,000	Directors	900,000	\$0.50	March 16, 2010
250,000	Consultant	250,000	\$0.30	September 15, 2010
65,000	Employees	65,000	\$0.60	November 21, 2011
100,000*	Employee	75,000	\$0.58	February 10, 2012
1,200,000	Directors	1,200,000	\$0.66	May 28, 2012
150,000	Officer	150,000	\$0.66	May 28, 2012
200,000*	Consultants	100,000	\$0.66	May 28, 2012
	Consultant and officer of Marifil SA	<u>30,000</u>	\$0.66	May 28, 2012
<u>3,075,000</u>		<u>2,845,000</u>		

* These options vest as to 25% when granted and 25% every three months thereafter.

A summary of the share purchase options is as follows:

	<u>Options Outstanding</u>
Opening balance – December 31, 2006	1,850,000
Granted	1,860,000
Exercised	(630,000)
Cancelled	<u>(5,000)</u>
Ending balance – September 30, 2007	<u>3,075,000</u>

Note 3 Share Capital – (cont'd)

Warrants Outstanding

As at September 30, 2007, the following share purchase warrants were outstanding:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Warrants Outstanding</u>
<u>918,542</u>	\$0.75	October 3, 2007	
Balance - December 31, 2006			5,653,747
Exercised			(2,375,292)
Expired			<u>(2,359,913)</u>
Balance – September 30, 2007			<u><u>918,542</u></u>

Stock-Based Compensation

On March 17, 2005, the Company granted options to purchase up to 900,000 shares of the Company's stock to employees and non-employees at an exercise price of \$0.50 per share. On July 22, 2005, the Company granted options to purchase 190,000 shares at an exercise price of \$0.20 per share and on September 16, 2005, a further 250,000 shares at \$0.30 per share. On March 24, 2006, the Company granted options to purchase 440,000 shares at an exercise price of \$0.30 per share and on November 21, 2006, a further 70,000 shares at \$0.60 per share. On February 11, 2007, the Company granted options to purchase 100,000 shares at an exercise price of \$0.58 per share. On May 29, 2007 the Company granted options to purchase 1,610,000 shares at an exercise price of \$0.66 per share and on June 19, 2007, a further 150,000 shares at \$0.60 per share. The fair value of stock options granted totalling \$748,620, was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	<u>2007</u>	<u>2006</u>
Expected dividend yield	0%	0%
Expected stock price volatility	88.03% - 92.19%	66.4% – 119.6%
Risk-free interest rate	3.90%	3.90% - 3.91%
Expected life of options	5 years	2 - 5 years

Marifil Mines Limited
Notes to the Interim Consolidated Financial Statements
September 30, 2007 – Page 13
(Unaudited)

Note 3 Share Capital – (cont'd)

Contributed Surplus

Details are as follows:

	September 30, <u>2007</u>	December 31, <u>2006</u>
Balance – beginning of period	\$ 437,533	\$ 294,688
Fair value of stock-based compensation	<u>806,467</u>	<u>142,845</u>
Balance – end of period	<u>\$ 1,244,000</u>	<u>\$ 437,533</u>

Note 4 Related Party Transactions

The Company incurred charges with directors, an officer and companies with directors and officers in common as follows:

	Nine month period ended September 30,		Three month period ended September 30,	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Deferred resource properties costs	\$ 73,742	\$ 56,610	\$ 20,890	\$ 20,118
Accounting fees	36,585	21,978	12,390	10,452
Consulting fees	<u>94,359</u>	<u>103,900</u>	<u>46,033</u>	<u>35,193</u>
	<u>\$ 204,686</u>	<u>\$ 182,488</u>	<u>\$ 79,313</u>	<u>\$ 65,763</u>

These transactions were recorded at the exchange amount, which is the amount agreed to by the transacting parties.

At September 30, 2007 accounts payable included \$2,210 (December 31, 2006 - \$11,558) owing to directors of the Company for unpaid fees and reimbursement of expenses.

Note 5 Corporation Income Taxes

At December 31, 2006, the Company has accumulated non-capital losses of approximately \$1,108,694, which are available to carry forward and offset future years taxable income. The non-capital losses expire as follows:

2014	\$ 165,758
2015	466,866
2016	<u>476,070</u>
	<u>\$ 1,108,694</u>

Note 5 Corporation Income Taxes (cont'd)

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

	<u>2006</u>	<u>2005</u>
Non-capital loss carry forward	\$ 394,917	\$ 225,341
Less: valuation allowance	<u>(394,917)</u>	<u>(225,341)</u>
	<u>\$ -</u>	<u>\$ -</u>

The Company has recorded a valuation allowance against its future income tax assets based on the extent to which it is more likely than not that sufficient taxable income will not be realized in the future to utilize all the future tax assets.

Note 6 Acquisition of Marifil S.A.

On February 3 2005 the Company acquired 100% of the outstanding shares of Marifil S.A., a Company incorporated in Argentina. The Company issued 5,500,000 shares valued at \$2,200,000 as consideration. This acquisition has been accounted for using the purchase method as follows:

Net assets acquired:	
Cash	\$ 17,438
Other current assets	23,745
Tax credits	18,991
Equipment	795
Mineral properties, at assigned value	2,202,238
Liabilities	<u>(63,207)</u>
Consideration - 5,500,000 shares at \$0.40 each	<u>\$ 2,200,000</u>

Note 7 Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statement of cash flows. The following transactions have been excluded from the statement of cash flows. For the year ended December 31, 2005, the Company issued 5,500,000 common shares valued at \$0.40 per share totalling \$2,200,000 for the acquisition of an Argentine subsidiary, having mineral property interests in Argentina (Note 6).

Note 8 Subsequent Events

- a) On November 9, 2007, the Company announced it has arranged a non-brokered private placement of up to 2,000,000 units at a price of \$0.55 per unit for gross proceeds of up to \$1,100,000. Each unit will consist of one common share and one-half of one warrant. One full warrant will entitle the holder to acquire an additional common share at a price of \$0.80 for a period of one year. A finders' fee will be payable in connection with this transaction.
- b) The Company issued 250,000 common shares pursuant to the exercise of options as follows:

<u>Options exercised</u>	<u>Price</u>	<u>Total proceeds received</u>
<u>250,000</u>	\$0.30	\$ <u>75,000</u>
<u>250,000</u>		\$ <u>75,000</u>