

## MANAGEMENTS DISCUSSION & ANALYSIS

1.1 November 28 2007

### 1.2 Overview

Marifil Mines Limited. (“Marifil” or the “Company”) was incorporated on December 2, 2003 under the Yukon Business Corporation Act and is in the business of acquiring, exploring, and evaluating mineral resource properties in Argentina. We are a reporting issuer in the Provinces of Alberta, British Columbia, and Ontario. The Company’s Common Shares trade on the TSX Venture Exchange under the symbol MFM.

Marifil operates in Argentina through a wholly-owned subsidiary called Marifil S.A., which is a private corporation incorporated in Rio Negro Province under the laws of Argentina. Marifil acquired Marifil S.A. by issuing 5,500,000 of its Common Shares to the Marifil S.A. shareholders when Marifil completed its Initial Public Offering (“IPO”) on January 31, 2005.

As of June 30, 2007, Marifil controls 34 properties totalling approximately 395,000 hectares located in 11 different provinces of Argentina. Marifil acquires properties through applications for mineral rights, purchasing properties, and joint ventures.

The Company’s business model involves identifying good properties: adding value through judicious, cost effective exploration: and then farming out these properties to other, better financed mining companies. Our joint venture business model requires us to maintain a pipeline of new projects to replace those being farmed out.

## PROPERTY EXPLORATION SUMMARY

### High Priority Projects

**1. Toruel, epithermal silver-copper-gold-lead-zinc Rio Negro Province:** The main Toruel vein is a, high grade silver-copper vein containing lesser amounts of gold, lead, and zinc. The north end of this vein contains greater amounts of lead and zinc and lesser amounts of copper. This zoning pattern suggests that the main ore shoots are raking down and to the west. Subsequent drilling will focus on deeper holes as we move progressively west.

The Toruel main vein is one of more than twenty sub-parallel veins located within a structural corridor more than 2 kilometers wide and more than eight kilometers long. To date, the Company has drilled 63 holes at Toruel, nearly all of them along the main vein.

During the past year Company geologists carried out additional mapping and sampling of two large fluorite veins located on both the east and west ends of the vein system. Our target model was to determine if these fluorite veins represent the distal ends or the tops of a system. The mapping and sampling results of the fluorite veins are inconclusive and we expect that drilling will be required to test gold anomalies along these veins.

During the quarter the Company re-assayed all of the samples containing more than 0.3% Zinc for Indium. The Company is pleased to report that many of the Toruel samples contain significant amounts of Indium with values up to 309 g/t Indium in Drill Hole 32. This indium will be a significant byproduct credit.

An ore reserve study to develop a NI 43-101 compliant resource is in progress. Depending upon the results of that study the Company may either commit to an additional 2,000 m of drilling or seek a joint venture partner.

**2. San Roque, epithermal gold-silver-indium, Rio Negro Province:** This 12,705 hectare property (adjacent property acquisitions are in progress) contains a number of gold-silver bearing veins.

Exploration and sampling during early 2007 reveals that the Del Indio vein within the San Roque project contains significant amounts of indium. Indium currently sells for about US\$650 per kilo, which is almost 3 times higher than uranium and 70% more than silver. In March 2007, the Company completed a 28-hole program totaling 2,803.5 meters of HQ-sized core drilling. All of the core has been split and samples sent to the laboratory for assaying.

Drilling also reveals a large amount of zinc in haloes around the silicified gold-bearing breccias and veins as noted in the following table:

Hole	Interval (m)	True Thickness (m)	Zn (%)
DDH 1	3.0 to 54.0 m	51	0.28
DDH-2	4.0 to 105	101	0.16
DDH-3	3.0 to 51.0	48	0.43
DDH-4	3.0 to 120.0	117	0.95
DDH-5	3.0 to 90.0	87	0.44
DDH-6	3.0 to 154	151	0.79
DDH-7	3.0-81.0	78	0.36

These broad zones of zinc mineralization occur as stockwork veinlets and disseminated sphalerite plus lesser amounts of copper, lead, gold, and silver. Company geologists are speculating that this mineralization may be located on the edge of a large diatreme or porphyry system.

Subsequently we re-examined assay results from a 19-hole drill program conducted in 2001/02 by MIM Exploraciones S.A. (a wholly-owned subsidiary of mining giant XSTRATA). This work reveals extensive high-grade zinc (Zn) approximately 1,100 metres (m) southeast of the Del Indio structure. MIM's diamond drill hole number eight (DDH-8) cut 54 m (depth: 130-184 m) of 1.1% Zn and 0.5% lead (Pb), including 14 m (138 - 152 m) of 3.23% Zn and 1.5% Pb, and 8 m (40-48 m) of 4.79% Zn and 2.0% Pb.

XSTRATA has given the Company permission to cut the core and re-assay it for indium. These assays are in progress.

The Company is planning a 3,000 to 3,500meter drill program which commenced in October and is in progress as of the date of this report. Assays are in progress.

### **Joint Ventured Projects**

#### **1. Las Aguilas, nickel-copper-cobalt-platinum Project, San Luis Province:**

Marifil's Las Aguilas deposit contains an historical resource of 2.2 million tonnes grading about 0.52% nickel, 0.50% copper, 0.04% cobalt and significant amounts of platinum (this is not a National Instrument 43-101 compliant reserve.) This resource was determined by Fabricaciones Militares ("FM") (Argentina Geological Survey), which carried out almost 10,000 meters of diamond drilling between 1970 and 1984. Marifil believes this resource to be relevant to the extent that it shows that significant quantities of disseminated to semi-massive pyrrhotite, pentlandite and chalcopyrite (ores of copper, nickel, cobalt and platinum) are present and constitute a valid exploration target. This resource occurs within a large fold and mineralization is open-ended down dip along the plunge of the fold in both directions.

Marifil carried out a limited amount of assaying and discovered that the property contains significant amounts of platinum and lesser amounts of palladium. Drill hole LA 5-3 contains 42 m grading 1.1 g/t Platinum Group Elements ("PGE's") including 3.0 m grading 9.55 g/t PGE's (note: platinum generally comprises over 90% of the PGE's present).

On December 13, 2006 Marifil optioned the property to Maximus Resources Ltd., a private company. In March 2007 Maximus, with Marifil's permission, vended the property to Castillian Resources Ltd., a public company. Castillian can earn a 50% interest in the property by spending US\$3,000,000 in exploration and

development over a four-year period and making certain payments to Marifil. These payments total US\$475,000 in cash or, at Marifil's discretion, 50% each in cash and common shares in Castillian. Upon earning 50%, Castillian can make a further election to increase its ownership to 60% by spending an additional US\$2,000,000 and providing a bankable feasibility study within six years of the effective date of the agreement and making cash payments of US\$100,000 per year each year beginning on the fourth anniversary of this date. Subsequent to earning a 60% interest, at Marifil's option, Castillian can increase its interest by a further 5% by arranging suitable project financing. At that point, Marifil's share of expenses required to bring the project to commercial production, as a joint venture partner in the project, could be paid for from project cash flow, less an annual payment to Marifil of US\$75,000 until such expenses are repaid.

Castillian began a 6,000 to 7,000 meter program on 2 July 2007. As of the date of this report Castillian reports a number of significant drill intercepts including in the tables below:

Table 1

Drill Hole	From (m)	To (m)	Width (m)	Ni (%)	Cu (%)	Co (%)	Pt (g/t)	Pd (g/t)	Au (g/t)	Pt+Pd+Au (g/t)
LA07-001	Hole abandoned at 16.2 meters .									
LA07-002	56.75	100.77	44.02	0.43	0.31	0.03	0.14	0.11	0.04	0.29
including	68.93	78.76	9.83	0.73	0.39	0.04	0.10	0.20	0.03	0.33
LA07-003	31.05	34.50	3.45	0.45	0.32	0.03	0.05	0.12	0.01	0.19
LA07-005	21.90	60.70	38.80	0.81	0.40	0.05	0.16	0.19	0.04	0.39
including	21.90	28.99	7.09	1.03	0.40	0.05	0.22	0.25	0.05	0.52
including	32.52	39.59	7.07	1.15	0.62	0.06	0.03	0.21	0.03	0.28
including	42.53	55.51	12.98	0.96	0.39	0.05	0.27	0.21	0.05	0.53
LA07-006	30.45	38.95	8.50	0.50	0.34	0.05	0.09	0.14	0.08	0.31
LA07-007	10.00	23.00	13.00	0.82	0.58	0.05	0.51	0.19	0.06	0.76
LA07-008	28.21	34.00	5.79	0.75	0.57	0.05	0.22	0.18	0.14	0.53
LA07-009	37.02	47.10	10.08	0.34	0.29	0.03	0.10	0.02	0.02	0.14

**Table 2**

Drill Hole	From	To	Width	Ni	Cu	Co	Pt	Pd	Au
				%	%	%	ppm	ppm	ppm
<b>LA07-004</b>	<b>44.11</b>	<b>104.98</b>	<b>60.87</b>	<b>0.78</b>	<b>0.50</b>	<b>0.05</b>	<b>0.22</b>	<b>0.19</b>	<b>0.07</b>
including	<b>45.34</b>	<b>57.94</b>	<b>12.60</b>	<b>1.19</b>	<b>0.75</b>	<b>0.07</b>	<b>0.36</b>	<b>0.30</b>	<b>0.09</b>
including	62.26	69.43	7.17	0.87	0.42	0.05	0.17	0.22	0.04
including	71.73	89.90	18.17	0.85	0.56	0.05	0.28	0.21	0.08
including	94.90	104.98	10.08	0.65	0.43	0.04	0.18	0.15	0.08
<b>LA07-011</b>	24.78	34.58	9.80	0.32	0.32	0.02	0.24	0.22	0.10
	43.80	46.75	2.95	0.30	0.18	0.02	0.21	0.20	0.02
	<b>80.87</b>	<b>81.80</b>	<b>0.93</b>	<b>1.40</b>	<b>0.51</b>	<b>0.06</b>	<b>0.03</b>	<b>1.16</b>	<b>0.06</b>
	83.15	84.70	1.55	0.42	0.13	0.03	0.23	0.49	0.03
<b>LA07-012</b>	103.30	105.30	2.00	0.33	0.18	0.02	0.32	0.37	0.08
	111.06	118.28	7.22	0.36	0.18	0.02	0.28	0.27	0.06
	122.30	131.60	9.30	0.39	0.25	0.02	0.24	0.34	0.12
	148.95	150.12	1.17	0.36	0.20	0.02	0.30	0.23	0.11
	160.13	162.60	2.47	0.43	0.22	0.03	0.22	0.25	0.03
<b>LA07-013</b>	<b>84.34</b>	<b>98.69</b>	<b>14.35</b>	<b>0.59</b>	<b>0.26</b>	<b>0.02</b>	<b>0.30</b>	<b>0.32</b>	<b>0.11</b>
including	<b>85.32</b>	<b>87.93</b>	<b>2.61</b>	<b>1.18</b>	<b>0.46</b>	<b>0.04</b>	<b>0.39</b>	<b>0.59</b>	<b>0.13</b>
including	<b>94.50</b>	<b>98.69</b>	<b>4.19</b>	<b>0.84</b>	<b>0.31</b>	<b>0.03</b>	<b>0.54</b>	<b>0.46</b>	<b>0.23</b>
	<b>137.25</b>	<b>142.64</b>	<b>5.39</b>	<b>1.18</b>	<b>0.77</b>	<b>0.07</b>	<b>0.26</b>	<b>0.31</b>	<b>0.11</b>
<b>DDH CT-LA07-014</b>	36.20	37.17	0.97	1.43	3.05	0.05	0.38	0.79	0.42
	<b>44.90</b>	<b>55.10</b>	<b>10.20</b>	<b>0.58</b>	<b>0.38</b>	<b>0.03</b>	<b>0.56</b>	<b>0.54</b>	<b>0.27</b>

Castillian reports that an NI 43-101 report on ore resources will be ready by March 2008. These drill reports are highly encouraging and support the concept that this deposit can be placed into commercial production within a relatively short period of time as an open-pit deposit.

**2. San Luis Exploration Area, nickel-copper-cobalt-platinum, San Luis Province:** Marifil's San Luis exploration area includes about 55,000 hectares of land exclusive of the 3,000 hectares options to Castillian as described above.

On May 17, 2007 Marifil announced a second agreement with Castillian Resources. In this agreement Castillian agrees to spend \$3,000,000 on the belt and pay Marifil \$600,000 in cash to earn a 50% interest. Castillian may earn an additional 60% by spending an additional US\$2,000,000 and providing a bankable feasibility study and making cash payments of US\$150,000 per year each year beginning on the fourth anniversary of this date. Subsequent to earning a 60% interest, Castillian can increase its interest by a further 5% by arranging for the total amount of financing to bring the project to commercial production.

Castillian has announced a \$3.4 million program to explore this important nickel platinum copper cobalt trend. This work includes drilling at the Las Aguilas deposit (as reported above), geologic mapping, and an airborne geophysical program.

**3. Amarillo copper-gold project, San Juan Province:** Amarillo is a very large high priority target with an alteration zone comprising more than 40 square kilometers. The property is located in the prolific Veladero-El Indio gold belt. Most of the prior work was concentrated within a few relatively restricted areas and large parts of the project are totally unexplored.

On December 11, 2006 the Company signed an option agreement with ATW Resources Ltd. ATW can earn up to a 51% interest by spending US\$4 million over four years, paying the Company US\$282,500 and granting the Company 262,500 shares of ATW stock. The first year's stock and cash payments have been made. ATW will have the option of increasing its interest to 60% by spending an additional \$3 million over two years and paying the Company \$150,000 annually.

ATW can earn an additional 5% by providing the Company with a bankable feasibility study and a further 5% (bringing its total interest to 70%) by providing all funding to carry Marifil through to production and by paying Marifil \$150,000 until commencement of commercial production.

ATW began an aggressive exploration program in February 2007 with drilling started in March. Four drill holes have been completed as of this writing. The drill program was terminated due to onset of winter. ATW is now planning further drilling.

**4. Los Menucos, epithermal gold-silver plus base metals, Rio Negro Province, Argentina:** The Los Menucos project is a large claim group covering several epithermal gold silver prospects.

Prior work by IAMGOLD reveals a number of high grade gold targets as well as a large base metal target. Several companies have expressed interest in acquiring this large property position.

**5. Lago Fontana (Ferrocarillera), epithermal gold-silver plus base metals, Chubut Province:** This Project was optioned to Apex Silver Mines Ltd. on April 10, 2006. During the year the Province enacted legislation to halt mining activities along the front of the Andes Mountains from Esquel south to the border with Santa Cruz, which includes the Ferrocarillera project area. As a result, Apex has opted to drop the property. However, the Company does not believe this is a long term problem and several other companies have expressed interest in the project.

The Company plans its own exploration beginning next October during the austral spring. This exploration includes geologic mapping and sampling; thus it does not require governmental permits.

### **“Pipeline Projects”**

The following projects are in Marifil’s pipeline and will be moved up the queue as the Company’s advanced stage projects are drilled and then farmed out.

**1. Punta Colorado (Sierra Grande), limestone, Rio Negro Province:** This 900 hectare property is located along the shore next to a \$30 million (1980 dollars) bulk loading dock. The dock extends 1,200 m into the ocean, has a capacity of 1,500 tonnes per hour, and can handle ships up to 60,000 ton capacity.

The Company has been actively re-negotiating with the Province to clarify Marifil’s rights to the property and to obtain a right to use the nearby bulk loading dock. The Province has agreed to terms and Marifil expects the contract to be signed prior to year end.

The Company’s objective at Punta Colorado is to identify a resource of 100 to 200 million tonnes of cement grade limestone. Once the agreement with the Province has been signed, the Company intends to carry out a comprehensive drilling and sampling program followed by a market study to determine the property value and potential clients.

**2. Maipu silver-lead-zinc, Santa Cruz Province:** The ore target is a zone 70 to 90 meters wide and exposed for 500 m vertically in a canyon. Similar outcrops occur 2500 m to the south. If mineralization is continuous, this target has the potential of hosting a world class silver-zinc deposit.

Future work on the property is hindered by an access problem, which the Company is working to resolve. As the Provincial government is formulating rules to regulate mining in the Andes, the Mining Department is delaying approval of Marifil’s environmental report. The Company intends to move forward aggressively on this important target as soon as this regulatory delay is resolved.

**3. Valle Daza, nickel-copper-cobalt-platinum, La Pampa Province:** The Valle Daza Project comprises 28,000 hectares covering a very large aeromagnetic target believed to be related to a layered ultramafic complex similar to Marifil’s San Luis Project.

The ore targets are large nickel-copper-cobalt-platinum deposits hosted in layered ultramafics. Nearly all of the area is covered by shallow alluvium; however a sampling program of cuttings from shallow water wells reveals that the bedrock is comprised of ultramafic rocks. No work was carried out in 2006.

**4. Esperanza, red bed type copper-silver with possible uranium, Neuquen Province:** The Company completed a geologic map of the area and extended its land holdings. No work has been done on this property during the quarter.

**5. Araucana, molybdenum property, Mendoza Province:** This is a “grass roots” prospect. Work done in 1962-64 by a government agency suggests that a zone of granitic and aplitic rocks contain anomalous amounts of molybdenum, tin, and tungsten along with fluorite. This central core is partially surrounded by anomalous amounts of lead and zinc, which in turn is partially surrounded by an Induced polarization high probably reflecting an outer pyrite halo. This setting is indicative of Climax type porphyry molybdenite deposits. The Company is negotiating with local land owners for access rights.

**6. Tembrao, epithermal gold-silver, Rio Negro Province:** Geologic mapping and sampling reveal several gold targets in quartz veins cutting rhyolite domes. A trenching program followed by geophysics is planned.

**7. Puchen, copper-molybdenum-gold prospect, Mendoza Province:** Puchen, a relatively recent acquisition to be added to Marifil’s “pipeline,” is a large alteration area. Based on sampling by several companies, geochemical anomalies form a concentric shape suggestive of a porphyry style target. A comprehensive mapping and sampling program is planned.

**8. Yalguaraz, porphyry copper-molybdenum-gold, Mendoza Province:** The prospect is characterized by a north-trending leached cap measuring 2 km by 1.5 km that is spatially related to an intrusive dacite porphyry and hosted by Carboniferous clastics. The intrusive, younger tourmaline breccias occur along the periphery of the system. In the southern part of the prospect, a north-striking vein fault was exploited during 1960 for 140 m along its strike to 50m depth for its copper-oxide content.

The nature of the leach cap, alteration and stockwork style mineralization define the prospect as a porphyry copper deposit. The system was driven by a dacite porphyry that is 500 m in diameter at the surface. Sulphide contents in the heart of the system are 1-2%, most of which is chalcopyrite. To the northwest, La Colorada Breccia contains up to 15% sulfides, most of which is pyrite, arsenopyrite, and pyrrhotite.

Geochemical results reveal two copper-gold anomalous areas, one being in and proximal to the dacite porphyry, and the second being around the old mine area.

Mapping, veinlet density and geochemistry suggest that the porphyry system may be open to the east and southeast where it is concealed by unconsolidated sediments.

**9. Apeleg: epithermal gold-silver, Chubut Province:** Preliminary reconnaissance failed to find any definite targets but the area remains a priority target due to its proximity to the Ferrocarrillera area and to other known properties containing high grade gold and silver.

**10. Alto Chubut (Rio Foyel), epithermal gold-silver and porphyry style targets, Chubut Province:** This target is marked by a very large alteration area. No exploration was carried out during the year.

**11. El Carmen, Oil and Gas prospect, Chubut Province:** A highly favorable property report was produced by the Company's consultant, Mr. Carlos Reijenstein. Mr. Reijenstein believes that the targets on this property are permissive of 8 billion cubic feet of natural gas and 6.3 million barrels of oil. Six oil companies have already expressed interest in reviewing the property data: the Company intends to farm out this property to an experienced operating oil company.

### **Regional Exploration Projects**

**1. Regional Exploration Salta Province:** As a result of the Company's evaluation of certain under-explored areas of northern Argentina, Marifil has acquired six properties in Salta totaling 31,904 hectares and exploration is on-going.

**2. Regional Exploration Jujuy Province:** As a result of the Company's evaluation of certain under-explored areas of northern Argentina, Marifil has acquired six properties in Jujuy totaling 28,817 hectares and exploration is on-going.

**3. Regional Exploration Catamarca Province:** As a result of the Company's review of certain under-explored areas of northern Argentina, Marifil has acquired 3 properties in Catamarca totaling 16,810 hectares and exploration is on-going.

### **Properties Written Off**

No properties were written off during the quarter.

### 1.3 Selected Annual Information

	Period ended December 31, 2004 (audited)	Year Ended December 31 2005 (audited)	Year Ended December 31 2006 (audited)
Total Revenue	\$ 0	\$ 0	\$ 0
Assets	\$ 263,806	\$ 3,829,653	\$ 5,503,095
Net Income (Loss)	\$(165,758)	\$ (1,640,196)	\$ (1,406,113)
Basic and Diluted loss per common share	\$(0.03)	\$(0.10)	\$(0.07)
Long-term debt	\$ 0	\$ 0	\$ 0

Note: The Company commenced operations in December 2003; the December 31 2004 amounts include all operations from incorporation to that date.

The Company's financial statements have been prepared in accordance with Canadian GAAP and are stated in Canadian dollars.

### 1.4 Results of Operation

The preceding table sets forth summary financial information of the Company for the period from incorporation on December 2, 2003 to December 31, 2004, as well as the years ended December 31 2005 and December 31, 2006. This information has been summarized from the Company's audited financial statements for the period ended December 31, 2005 and 2004. The following table shows the results on a quarterly basis. These summaries of the Company's financial information should only be read in conjunction with the Company's financial statements and related notes for the relevant periods.

The loss for the Year ended December 31 2006 was \$1,406,113 compared to a loss of \$1,640,196 for the prior year.

## 1.5 Summary of Quarterly Results

	Q3	Q2	Q1	Q4
	Sept 30/06	June 30/06	Mar 31/06	Dec31/05
Total Revenues	-	-	-	-
Income (loss)	(222,766)	(165,617)	(108,209)	(1,012,605)
Per share	(0.01)	(0.01)	(0.004)	(0.08)
Per share, fully				
Diluted	(0.01)	(0.01)	(0.004)	(0.08)

	Q3	Q2	Q1	Q4
	Sept 30 07	June 30/07	Mar 31/07	Dec 31/06
Total Revenues	-	-		-
Income (loss)	(174,487)	(885,151)	(192,631)	(912,930)
Per share	(0.01)	(0.03)	(0.01)	(0.04)
Per share, fully				
Diluted	(0.01)	(0.03)	(0.01)	(0.04)

### Quarterly Information

Activity in the South American Winter tends to reduce activity in the second and third quarters of the year which is in contrast to increases in activity for northern hemisphere based companies. The current quarter loss has been impacted by stock based compensation granted during the quarter, The impact will be felt throughout the vesting periods of these option grants.

Quarterly expenditures reflects the activity levels during the quarter. Increased travel and promotion are related to the timing of investor relations activities which occur during different periods and are not indicative of trends. Stock based compensation is dependent on option grants which also occur at various times. The large year end write-offs of resource properties in 2005 and 2006 are a result of management's annual review of carrying values which accounted for the large increase in the 4<sup>th</sup> quarter losses in 2005 and 2006. An increase to stock based compensation last year resulted from a year-end adjustment. This

increase/adjustment was due to a revaluation of the volatility used in the Black Scholes calculation and that increase resulted in a larger expense for this item.

## **1.6 Liquidity**

The Company is in the development stage, dependent primarily on the sale of equity capital to finance its exploration operations, and therefore has no cash inflows from operations. We receive payment in respect of property options which are credited against accumulated costs and once all costs have been recovered they are shown as other income in the Statement of loss and Deficit. Our main source of cash over the recent quarter was the receipt of cash from the issuance of common shares on the exercise of warrants, this continues into the second quarter with both options and warrants being exercised. We concluded the quarter with more cash than at the end of the year. Capitalized expenditures in the 3<sup>rd</sup> quarter will be up as we continue to drill the San Roque property.

The Company's principal source of funds since its incorporation has been from the sale of equity capital to fund operations. As at December 31, 2006, the Company had 28,974,138 Common shares outstanding. This increased to 30,471,140 at the end of the March quarter and 31,962,763 at the end of the June and September quarters.

In addition to cash coming from option payments from joint-venture partners, the Company expects to seek additional funding through the sale of additional equity.

## **1.7 Capital Resources**

As of September 30, 2007, the Company had cash of \$676,893 compared to \$1,430,584 at December 31 2006.

The Corporations' cash resources decreased during the period as \$456,570 was spent on resource properties and \$134,388 on operations resulting in a reduction in cash from \$1,266,625 at the beginning of the quarter to \$676,893 at the end of the quarter. Further significant outflows continue with a drill program underway at San Roque.

The recently announced private placement will add to our cash and allow for continued exploration.

Management is of the view that the Company has sufficient resources to continue to execute its business plan for the foreseeable future. Should the necessary equity financings, exercise of warrants and option payments not materialize, exploration activities would be curtailed.

## **1.8 Off Balance Sheet Arrangements**

There are no off Balance sheet arrangements

## **1.9 Transactions with Related parties**

The Company pays for and utilizes the services of its President, Chief Financial Officer and Executive Vice President. These transactions have all occurred at market value and are not outside of the ordinary course of business. The details of these transactions are disclosed in the notes to the financial statements for the period ended December 31, 2006 and September 30, 2007

## **1.10 Proposed Transactions**

The Company is actively involved with ongoing discussions with regard to a number of possible additional joint ventures and/or option arrangements on several of its properties.

## **1.12 Critical accounting estimates**

The Company has adopted depreciation policies, which, in the opinion of management, are reflective of the estimated useful lives and abandonment cost, if any, of its assets. Marifil has not yet recorded any amounts in respect of abandonment, as none of these costs has been identified.

In addition, the Corporation is capitalizing costs related to the development and furtherance of development properties. The recovery of those costs will be dependant on the ability of the Corporation to discover and develop economic reserves and then to develop such projects in an economic fashion. Management believes that costs capitalized in respect of these projects are not impaired and no adjustments to carrying values are required at this time other than those written down in the financial statements.

The Corporation uses the Black Scholes valuation model in calculating stock based compensation expenses. The model requires that estimates be made of volatility; interest rates and the ensuing results could vary significantly if changes are made in these assumptions. If these assumptions are varied, significant difference in recorded amounts can result.

## **1.14 Financial Instruments and Other Instruments**

The Company's financial instruments consist primarily of deposits in Canadian Chartered banks.

## **1.15 Other MD&A Requirements**

### **Authorized and Issued Share Capital**

The authorized share capital of the Company consists of an unlimited number of Class "A" Common Shares without par value (the "Common Shares") and an unlimited number of Class "B" Preference Shares without par value (the "Preference Shares"). As of September 30, 2007, 31,962,763 Common Shares were issued and outstanding as fully paid and non-assessable shares and no Preference Shares were issued and outstanding (December 31, 2006, 28,974,138).

## **Common Shares**

The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company and each Common Share shall confer the right to one vote in person or by proxy at all meetings of the shareholders of the Company. The holders of the Common Shares, subject to the prior rights, if any, of any other class of shares of the Company, are entitled to receive such dividends in any financial year as the board of directors of the Company may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Company, the remaining property and assets of the Company.

## **Preference Shares**

The Preference Shares may be issued in one or more series having those rights and restrictions as the Board of Directors of the Company determines by resolution prior to the issuance of any Preference Shares of a series. The Preference Shares of any series shall rank in parity with the Preference Shares of any other series in respect of the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding up of the Company and shall be entitled to a preference, over the Common Shares and the shares of any other class ranking junior to the Preference Shares.

## **Risks**

### General Risk Associated with the Mining Industry

The Company is engaged in the exploration for and development of mineral deposits. These activities involve significant risks which careful evaluation, experience and knowledge may not, in some cases eliminate. The commercial viability of any mineral deposit depends on many factors not all of which are

within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure, government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations, have an impact on the economic viability of a mineral deposit.

Management attempts to mitigate its exploration risk by maintaining a diversified portfolio, our strategy of joint ventures with other companies on a number of properties is a factor which balances risk while at the same time allowing properties to be advanced.

### Political Risk

Recently three provinces in Argentina have placed or proposed to place restrictions on the mining industry.

Chubut Province has passed a law but not yet promulgated regulations in respect to the mining industry which proposes to limit the use on open pit methods and the use of cyanide. Mining activity has been suspended in an area south of L 42° and North of S L 33° 33'. Bounded by W 70° 33' and the Chile border. This has affected Marifil's Lago Fontana (Ferrocarillera) project as the option agreement signed with Apex Silver and our APG claims have been terminated and the property returned to Marifil.

Rio Negro Province has banned the use of cyanide and mercury in mining processes. This may affect our Tembrao project but will not affect Toruel or San Roque as these projects would produce concentrate from a mill, a process that would not involve the use of cyanide.

Mendoza Province has proposed suspending mining activity but this proposal was rejected by the state senate. If this situation changed and such a suspension was to be implemented, the Company's Araucana, Puchen and Yalguaraz projects could be affected.

Santa Cruz Province is currently formulating policies to reconcile tourism and mining until this policy is completed a delay in the Maipu Project may occur.

Management believes that the Company's diverse portfolio across a large number of provinces reduces Marifil's exposure to provincial governments in Argentina that may be considering changing their mining and environmental laws.

The Company's Management has discussed such proposed changes with legal counsel and has received advice that such provincial regulatory changes are or

would be unconstitutional given that the regulation of the mining industry is a federal responsibility. Marifil is closely monitoring the situation and may adjust its future plans accordingly. In addition, evidence of federal government support and recent policy initiatives designed to encourage uranium mining and nuclear electricity generation leads Management to believe that these are short term issues. In the event that environmental standards are adjusted to reflect public concerns, the Company would have no difficulty in complying.

### Foreign Currency Risk

The Company conducts its operations in Argentina advancing amounts as required. Cash balances are kept primarily in Canadian dollars and to a lesser extent in US dollars. The prices of commodities mined are primarily in US dollars as are the Capital costs of development and equipment. as a result, the fluctuations in the local currency tend to have less financial impact than if inputs and outputs are priced in the local currency.

### **Financial Reporting and Disclosure Controls**

Management has implemented and continues to add to disclosure controls in order that timely and appropriate public disclosures are made. As the Company grows, the necessity to implement more formal controls also grows. Management will continue to monitor the effectiveness of controls and make any adjustments as required.

Management has implemented controls over financial reporting, which, due to the small number of staff are limited in scope. Nonetheless, they are considered adequate in the circumstances and as the Company grows, additional controls and procedures will be implemented as deemed necessary.

### **Other Information**

Other information can be found at the following websites [www.sedar.com](http://www.sedar.com) or [www.marifilmines.com](http://www.marifilmines.com) .

### **Forward Looking Statements**

Certain statements contained in this MD&A constitute forward-looking statements which may relate to future events and performance; all statements other than

statements of historical fact may be forward-looking statements. Forward-looking statements are often but not always identified by the use of such words as “seek”, “anticipate”, “Plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe”, “and similar expressions. These statements involve known and unknown risks and uncertainties and other factors, which may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in these forward looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward looking statements included herein should not be unduly relied upon. These statements speak only as of the date of this MD & A. The Corporation does not assume any obligation to update these forward-looking statements.

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