

**MARIFIL MINES LIMITED**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2007

(Unaudited)

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

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

	<u>ASSETS</u>	<u>June 30,</u> <u>2007</u> (Unaudited)	<u>December 31,</u> <u>2006</u> (Audited)
<b>Current</b>			
Cash and cash equivalents		\$ 1,266,625	\$ 1,430,584
Marketable securities		36,000	-
GST receivable		28,540	19,133
Advances receivable		17,645	16,813
Prepaid expense		<u>23,111</u>	<u>27,941</u>
		1,371,921	1,494,471
Equipment		17,545	12,210
Resource properties – Notes 2 and 4		<u>4,826,980</u>	<u>3,996,414</u>
		<u>\$ 6,216,446</u>	<u>\$ 5,503,095</u>

**LIABILITIES**

<b>Current</b>			
Accounts payable and accrued liabilities – Note 4		<u>\$ 95,120</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		1,184,800	437,533
Deficit		<u>(4,289,849)</u>	<u>(3,212,067)</u>
		<u>6,121,326</u>	<u>5,405,393</u>
		<u>\$ 6,216,446</u>	<u>\$ 5,503,095</u>

Nature and Continuance of Operations – Note 1

APPROVED BY THE DIRECTORS:

<u>“John Hite”</u>	Director	<u>“Richard Walters”</u>	Director
John Hite		Richard Walters	

SEE ACCOMPANYING NOTES

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

	Six months ended June 30		Three months ended June 30	
	2007	2006	2007	2006
Administrative expenses				
Accounting and audit – Note 4	\$ 22,821	\$ 33,526	\$ 15,465	\$ 30,875
Amortization	283	2,245	142	1,407
Bank charges and interest	1,400	1,775	716	1,051
Consulting fees – Note 4	77,664	84,997	41,575	51,525
Directors fees	11,916	7,969	11,916	7,969
Filing fees and investor relations	90,981	59,622	44,716	30,331
Insurance	13,499	12,358	6,579	6,452
Legal fees	7,562	9,001	7,562	5,440
Office and miscellaneous	7,391	14,906	3,236	10,833
Stock-based compensation – Note 3	747,267	64,504	707,180	40,207
Travel and promotion	52,280	19,872	25,341	16,476
Loss before other items:	(1,033,064)	(310,775)	(864,428)	(202,566)
Other items:				
Write-off of resource properties	-	(12,473)	-	(12,473)
Foreign exchange	(51,129)	14,278	(26,018)	(7,697)
Interest income	6,411	4,999	5,295	2,894
Other income	-	54,225	-	54,225
Net loss for the period	<u>\$ (1,077,782)</u>	<u>\$ (249,746)</u>	<u>\$ (885,151)</u>	<u>\$ (165,617)</u>
Basic and diluted loss per share	<u>\$ (0.04)</u>	<u>\$ (0.01)</u>	<u>\$ (0.03)</u>	<u>\$ (0.01)</u>
Weighted average number of shares				
Outstanding	<u>30,664,616</u>	<u>18,966,684</u>	<u>31,026,288</u>	<u>23,991,832</u>

SEE ACCOMPANYING NOTES

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

	6 months ended June 30		3 months ended June 30	
	2007	2006	2007	2006
<b>Operating Activities</b>				
Net loss for the period	\$ (1,077,782)	\$ (249,746)	\$ (885,151)	\$ (165,617)
Add non-cash items:				
Write-off of resource properties	-	12,473	-	12,473
Amortization	283	2,245	142	1,407
Stock-based compensation	747,267	64,504	707,180	40,207
	<u>(330,232)</u>	<u>(170,524)</u>	<u>(177,829)</u>	<u>(111,530)</u>
Change in non-cash working capital:				
Advances receivable	(832)	5,315	7,182	14,437
GST receivable	(9,407)	4,722	(4,113)	7,003
Prepaid expenses	4,830	(31,593)	842	(31,552)
Accounts payable	(2,582)	(190,976)	(45,585)	(354,345)
	<u>(338,223)</u>	<u>(383,056)</u>	<u>(219,503)</u>	<u>(475,987)</u>
<b>Financing Activities</b>				
Shares issued for cash	1,154,203	1,324,999	566,494	802,499
Share subscriptions received	(107,755)	(60,000)	-	-
	<u>1,046,448</u>	<u>1,264,999</u>	<u>566,494</u>	<u>802,499</u>
<b>Investing Activities</b>				
Acquisition of equipment	(5,618)	(2,647)	(4,092)	(599)
Resource properties	(866,566)	(700,846)	(579,481)	(234,963)
	<u>(872,184)</u>	<u>(703,493)</u>	<u>(583,573)</u>	<u>(235,562)</u>
Increase (decrease) in cash	(163,959)	178,450	(236,582)	90,950
Cash, beginning of period	<u>1,430,584</u>	<u>192,603</u>	<u>1,503,207</u>	<u>280,103</u>
Cash, end of period	<u>\$ 1,266,625</u>	<u>\$ 371,053</u>	<u>\$ 1,266,625</u>	<u>\$ 371,053</u>
Cash and cash equivalents consist of:				
Cash	\$ 191,625	\$ 335,000	\$ 191,625	\$ 335,000
Term deposits	1,075,000	36,103	1,075,000	36,103
	<u>\$ 1,266,625</u>	<u>\$ 371,103</u>	<u>\$ 1,266,625</u>	<u>\$ 371,103</u>
<b>Supplemental disclosure of cash flow information</b>				
Cash paid for:				
Interest	\$ -	\$ -	\$ -	\$ -
Income Taxes	\$ -	\$ -	\$ -	\$ -

SEE ACCOMPANYING NOTES

**MARIFIL MINES LIMITED**  
**INTERIM CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY**  
for the six month period ended June 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	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
- at \$0.32 each	100,000	32,000	-	-	-	-	32,000
For consulting fees							
Stock-based compensation							
Subscriptions received	-	-	-	60,000	294,688	-	294,688
Net loss for the year ended December 31, 2005	-	-	-	-	-	(1,640,196)	(1,640,196)
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	2,667,000	800,499	-	-	-	-	800,499
for private placement	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							
Share subscriptions							
-	-	-	-	107,755	142,845	-	142,845
Net loss for the year ended December 31, 2006	-	-	-	-	-	(1,406,113)	(1,406,113)
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 three month period ended June 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	<u>31,962,763</u>	<u>\$ 9,226,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,184,800</u>	<u>\$ (4,289,849)</u>	<u>\$ 6,121,326</u>

SEE ACCOMPANYING NOTES

**MARIFIL MINES LIMITED**  
**CONSOLIDATED SCHEDULE OF RESOURCE PROPERTIES**  
June 30, 2007

	Dec 31, 2005		Dec 31, 2006		June 30, 2007
	Net Book	Net	Net Book	Net	Net Book
	<u>Value</u>	<u>Expenditures</u>	<u>Value</u>	<u>Expenditures</u>	<u>Value</u>
<b>CARRIZAL, SAN JUAN PROVINCE</b>					
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>
<b>MANANTIALES, SAN JUAN PROVINCE</b>					
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>
<b>LAS AGUILAS, SAN LUIS PROVINCE</b>					
Property payments	28,412	40,404	68,816	20,064	88,880
General exploration	241	22,524	22,765	8,685	31,450
Administrative and general	138	3,727	3,865	2,744	6,609
Contract and consultants	1,761	12,259	14,020	1,515	15,535
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>(195,160)</u>	<u>(195,160)</u>
	<u>30,568</u>	<u>94,356</u>	<u>124,924</u>	<u>(161,664)</u>	<u>(36,740)</u>
Subtotal	<u>678,955</u>	<u>(554,031)</u>	<u>124,924</u>	<u>(161,664)</u>	<u>(36,740)</u>

SEE ACCOMPANYING NOTES

**MARIFIL MINES LIMITED**  
**CONSOLIDATED SCHEDULE OF RESOURCE PROPERTIES**  
June 30, 2007

	Dec 31, 2005		Dec 31, 2006		June 30, 2007
	Net Book	Net	Net Book	Net	Net Book
	<u>Value</u>	<u>Expenditures</u>	<u>Value</u>	<u>Expenditures</u>	<u>Value</u>
Subtotal Carry Forward	<u>678,955</u>	<u>(554,031)</u>	<u>124,924</u>	<u>(161,664)</u>	<u>(36,740)</u>
<b>MAIPU, SANTA CRUZ PROVINCE</b>					
Acquisition	2,421	-	2,421	-	2,421
Property payments	-	-	-	46	46
General exploration	57	323	380	397	777
Administrative and general	-	113	113	-	113
Contract and consultants	255	1,365	1,620	1,014	2,634
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>1,457</u>	<u>6,274</u>
<b>LOS MENCUCOS (SOMUNCURA), RIO NEGRO PROVINCE</b>					
General exploration	1,649	1,419	3,068	285	3,353
Administrative and general	2,921	-	2,921	435	3,356
Contract and consultants	14,168	-	14,168	-	14,168
Field support	7,550	-	7,550	423	7,973
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>1,143</u>	<u>29,182</u>
<b>AMARILLO, SAN JUAN PROVINCE</b>					
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	19,918	44,969
Administrative and general	12,006	3,672	15,678	5,182	20,860
Contract and consultants	15,049	14,274	29,323	21,395	50,718
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>24,042</u>	<u>1,148,578</u>
Subtotal	<u>1,800,490</u>	<u>(518,174)</u>	<u>1,282,316</u>	<u>(135,022)</u>	<u>1,147,294</u>

SEE ACCOMPANYING NOTES

**MARIFIL MINES LIMITED**  
**CONSOLIDATED SCHEDULE OF RESOURCE PROPERTIES**  
June 30, 2007

	Dec 31, 2005		Dec 31, 2006		June 30, 2007
	Net Book	Net	Net Book	Net	Net Book
	<u>Value</u>	<u>Expenditures</u>	<u>Value</u>	<u>Expenditures</u>	<u>Value</u>
Subtotal Carry Forward	<u>1,800,490</u>	<u>(518,174)</u>	<u>1,282,316</u>	<u>(135,022)</u>	<u>1,147,294</u>
<b>DAVICINO PROPERTIES, RIO NEGRO PROVINCE</b>					
Acquisition	<u>339,132</u>	<u>-</u>	<u>339,132</u>	<u>-</u>	<u>339,132</u>
<b>COVADONGA (DAVICINO)</b>					
– 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>
<b>TEMBRAO (DAVICINO)</b>					
– 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>
<b>LA ROSITA (DAVICINO), SANTA CRUZ PROVINCE</b>					
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>(131,859)</u>	<u>1,550,111</u>

SEE ACCOMPANYING NOTES

**MARIFIL MINES LIMITED**  
**CONSOLIDATED SCHEDULE OF RESOURCE PROPERTIES**  
June 30, 2007

	Dec 31, 2005		Dec 31, 2006		June 30, 2007
	Net Book	Net	Net Book	Net	Net Book
	<u>Value</u>	<u>Expenditures</u>	<u>Value</u>	<u>Expenditures</u>	<u>Value</u>
Subtotal Carry Forward	<u>2,171,978</u>	<u>(490,008)</u>	<u>1,681,970</u>	<u>(131,859)</u>	<u>1,550,111</u>
TORUEL (DAVICINO), RIO NEGRO PROVINCE					
Property payments	24,558	59,800	84,358	42,077	126,435
General exploration	37,937	93,377	131,314	15,624	146,938
Administrative and general	68,262	45,138	113,400	3,851	117,251
Contract and consultants	210,645	67,259	277,904	259	278,163
Drilling	426,132	142,347	568,479	-	568,479
Geophysics	4,067	-	4,067	-	4,067
Geochemical	35,266	19,608	54,874	-	54,874
Field support	71,753	53,869	125,622	2,630	128,252
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>64,441</u>	<u>1,455,616</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	-	492
Administrative and general	180	77	257	413	670
Contract and consultants	925	1,201	2,126	-	2,126
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>1,217</u>	<u>22,667</u>
Subtotal	<u>3,096,501</u>	<u>2,938</u>	<u>3,099,439</u>	<u>(66,201)</u>	<u>3,033,238</u>

SEE ACCOMPANYING NOTES

**MARIFIL MINES LIMITED**  
**CONSOLIDATED SCHEDULE OF RESOURCE PROPERTIES**  
June 30, 2007

	Dec 31, 2005		Dec 31, 2006		June 30, 2007
	Net Book	Net	Net Book	Net	Net Book
	<u>Value</u>	<u>Expenditures</u>	<u>Value</u>	<u>Expenditures</u>	<u>Value</u>
Subtotal Carry Forward	<u>3,096,501</u>	<u>2,938</u>	<u>3,099,439</u>	<u>(66,201)</u>	<u>3,033,238</u>
SAN ROQUE,					
RIO NEGRO PROVINCE					
Property payments	-	10,412	10,412	6,879	17,291
General exploration	-	24,801	24,801	159,676	184,477
Administrative and general	-	9,932	9,932	35,625	45,557
Contract and consultants	-	32,637	32,637	58,979	91,616
Drilling	-	-	-	266,278	266,278
Geochemical	-	6,569	6,569	51,975	58,544
Field support	-	52,680	52,680	86,818	139,498
Travel and accommodation	-	10,283	10,283	22,666	32,949
Land environment	-	-	-	199	199
	<u>-</u>	<u>147,314</u>	<u>147,314</u>	<u>689,095</u>	<u>836,409</u>
ARAUCANA,					
MENDOZA PROVINCE					
Property payments	-	11,280	11,280	64	11,344
General exploration	-	2,888	2,888	185	3,073
Administrative and general	-	1,181	1,181	53	1,234
Contract and consultants	-	1,024	1,024	422	1,446
	<u>-</u>	<u>16,373</u>	<u>16,373</u>	<u>724</u>	<u>17,097</u>
Subtotal	<u>3,096,501</u>	<u>166,625</u>	<u>3,263,126</u>	<u>623,618</u>	<u>3,886,744</u>

SEE ACCOMPANYING NOTES

**MARIFIL MINES LIMITED**  
**CONSOLIDATED SCHEDULE OF RESOURCE PROPERTIES**  
June 30, 2007

	Dec 31, 2005		Dec 31, 2006		June 30, 2007
	Net Book	Net	Net Book	Net	Net Book
	<u>Value</u>	<u>Expenditures</u>	<u>Value</u>	<u>Expenditures</u>	<u>Value</u>
Subtotal Carry Forward	<u>3,096,501</u>	<u>166,625</u>	<u>3,263,126</u>	<u>623,618</u>	<u>3,886,744</u>
<b>OTHER PROPERTIES</b>					
Acquisition	263,219	-	263,219	-	263,219
Property payments	517	35,834	36,351	17,197	53,548
General exploration	387	38,377	38,764	16,857	55,621
Administrative and general	701	13,107	13,808	23,161	36,969
Contract and consultants	3,429	58,285	61,714	41,835	103,549
Drilling	-	3,493	3,493	-	3,493
Geophysics	-	7,279	7,279	7,372	14,651
Geochemical	-	3,880	3,880	3,956	7,836
Field support	749	40,268	41,017	14,859	55,876
Travel and accommodation	194	11,164	11,358	2,212	13,570
Land environment	-	3,007	3,007	95	3,102
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>137,932</u>	<u>583,888</u>
Subtotal before IVA taxes paid	3,365,697	343,385	3,709,082	761,550	4,470,632
IVA taxes paid	<u>207,195</u>	<u>80,137</u>	<u>287,332</u>	<u>69,016</u>	<u>356,348</u>
	<u>\$ 3,572,892</u>	<u>\$ 423,522</u>	<u>\$ 3,996,414</u>	<u>\$ 860,566</u>	<u>\$ 4,826,980</u>

SEE ACCOMPANYING NOTES

**MARIFIL MINES LIMITED**  
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
June 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 June 30, 2007, the Company had not yet achieved profitable operations, had a working capital of \$1,276,801 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

The Company has a 100% interest in mining rights covering approximately 225 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 is US\$23,700.

Note 2     Resource Properties (cont'd)

San Luis Project (cont'd)

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. The agreement provides for the following consideration and expenditures:

Cash:

- a) US\$100,000 within 60 days of the effective date;
- 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.

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.

By an agreement dated October 6, 1999 and amended April 9, 2005, the Company granted IAMGOLD Corporation an exclusive option to purchase all of the mineral rights at any time over an 80 month term for total consideration of US\$735,000 and exploration expenditures of US\$650,000 as follows:

Note 2      Resource Properties (cont'd)

Somuncura Property (cont'd)

Cash:

- a) US\$10,000 on signing;
- b) US\$20,000 on June 6, 2000;
- c) US\$40,000 on June 6, 2001;
- d) US\$45,000 on June 6, 2002;
- e) US\$60,000 on June 6, 2003;
- f) US\$60,000 on June 6, 2004;
- g) US\$500,000 on June 7, 2007.

Exploration:

- a) US\$250,000 by December 31, 2005;
- b) US\$400,000 by December 31, 2006.

In the event IAMGOLD's exploration is successful, IAMGOLD and Marifil SA have agreed to form a new corporation to develop the property with IAMGOLD holding 70% and Marifil SA holding 30% of the shares.

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.

Note 2      Resource Properties (cont'd)

Amarillo Project (cont'd)

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.

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:

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.

Note 2      Resource Properties (cont'd)

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.

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.

Note 2      Resource Properties (cont'd)

Davicino Gold Properties (cont'd)

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.

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.

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.

Note 2 Resource Properties (cont'd)

Davicino Gold Properties (cont'd)

iv) Toruel Property (cont'd)

c) Ana Benda 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.

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.

Note 2      Resource Properties (cont'd)

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.

San Roque Project

The Company has signed an agreement 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

Note 3 Share Capital – (cont'd)

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.

Stock Options Outstanding

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

<u>Number</u>		<u>Vested</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
150,000*	Consultant	30,000	\$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	40,000	\$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	40,000	\$0.66	May 28, 2012
	Consultant and officer of Marifil SA			
<u>60,000*</u>		<u>12,000</u>	\$0.66	May 28, 2012
<u>3,075,000</u>		<u>2,687,000</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 – June 30, 2007	<u>3,075,000</u>

Note 3 Share Capital – (cont'd)

Warrants Outstanding

As at June 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 – June 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

Note 3 Share Capital – (cont'd)

Contributed Surplus

Details are as follows:

	June 30, <u>2007</u>	December 31, <u>2006</u>
Balance – beginning of period	\$ 437,533	\$ 294,688
Fair value of stock-based compensation	<u>747,267</u>	<u>142,845</u>
Balance – end of period	<u>\$ 1,184,800</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:

	Six month period ended June 30,		Three month period ended June 30,	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Deferred resource properties costs	\$ 52,852	\$ 36,492	\$ 25,570	\$ 20,492
Accounting fees	24,195	11,526	15,465	8,875
Consulting fees	<u>48,326</u>	<u>68,707</u>	<u>27,237</u>	<u>35,235</u>
	<u>\$ 125,373</u>	<u>\$ 116,725</u>	<u>\$ 68,272</u>	<u>\$ 64,602</u>

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

At June 30, 2007 accounts payable included \$26,773 (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).