

MARIFIL MINES LIMITED MANAGEMENT'S DISCUSSION & ANALYSIS

1.1 April 29, 2011

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. The Company is 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.

The Company 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. The Company acquired Marifil S.A. by issuing 5,500,000 of its Common Shares to the Marifil S.A. shareholders when The Company completed its Initial Public Offering ("IPO") on January 31, 2005.

As of 31 December 2010, The Company controlled 21 properties located in 7 different provinces of Argentina. The Company 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 mining companies. Over time, as our various projects mature, it is the Company's intent to become a hybrid royalty company whereby we will have a mix of royalties, working interests, and carried interests in our projects.

The Company's Financial Statements are prepared in Canadian dollars and adhere to Canadian Generally Accepted Accounting Principles.

PROPERTY EXPLORATION SUMMARY

OVERVIEW

Marifil has pursued a model which has seen the Company acquiring prospective properties and preparing these projects for Joint Venture, with the Company maintaining significant carried interests. This enables the Company to maintain exposure to value increases on a number of projects while also generating option payments to add to the portfolio.

It has become clear, in order for Marifil to maximize the values of its properties in the future the Company will have to create value by:

1. Preparing reports which are 43-101 compliant in advance of entering into JV's and;
2. Include terms which require reporting by JV partners on a timely basis and;
3. The preparation of compliant reports, so that if a property is returned to the Company we can realize value from previous work done.

The Company has entered into a number of Confidentiality Agreements with companies which are currently evaluating a number of projects.

Projects the Company has joint ventured or sold

1. San Roque, epithermal gold-silver-indium, Rio Negro Province:

This 70,046 hectare property contains a bulk tonnage base metal deposit comprising stockwork veinlets of lead and zinc and a number of important gold-silver-indium bearing veins. The project comprises eleven claims, three of the claims are owned by MIM Exploraciones SA ("MIM") Marifil has the right to purchase a 100% interest in these claims for \$400,000.

Exploration and sampling during early 2007 revealed that the Del Indio vein within the San Roque project contains significant amounts of indium. In 2007, the Company completed a 55-hole program totaling 5,990.5 meters of HQ-sized core drilling.

Company geologists now believe that the San Roque mineralization may be hosted within a large diatreme or caldera up to 4 kilometers in diameter. We believe that we have discovered a major base metal deposit containing important amounts of lead, zinc, gold, silver, and indium.

On June 22, 2010 Marifil entered into an option agreement with NovaGold Resources, Inc. "NovaGold" whereby NovaGold can earn up to a 70% interest in San Roque. Under the terms of the agreement, NovaGold has an option to acquire 49% interest by spending \$3,000,000 during the first two years of the agreement (including making the \$400,000 payment to MIM) and paying the Company \$100,000 per year. For more information on the NovaGold option agreement please see the Company's June 22, 2010 press release titled "Marifil Enters into San Roque Agreement with NovaGold" which is available and filed on SEDAR (www.sedar.com)

2. K-2 potash, Neuquen Province:

This 99,964 hectare property is believed to overlie a very large potash deposit. The Company has finalized a report on the property. This report describes gamma ray, density, resistivity, induction, neutron logs and other analyses from four abandoned oil well holes. The four holes define an area 18 kilometres long in a north-south direction and 13 kilometres wide in an east-west direction. All four holes show excellent stratigraphic correlations with each other.

The study of the four drill logs indicates the presence of sylvinite (potash ore mineral) layers with economic grades and thicknesses similar to those encountered in Valle's Potasio Rio Colorado Mine. The following conclusions have been made:

- Two sylvinite mineral occurrences have been identified in all of the analyzed drill holes.
- The sylvinite mineral occurrences were intercepted in local drill holes between 1300 and 1500 m.
- The lower horizon reported a grade of 21% K₂O and a maximum thickness of 6 m.
- The upper horizon reported a lower grade of 12% K₂O over a greater thickness of 10 m.
- The potash horizons show great continuity throughout the basin. Drill intercepts encountered in drill holes spaced up to 18 km apart can be correlated both by stratigraphy and mineralization.

Favorable stratigraphy and structures identified at K2 indicate that potash rich horizons would be preserved at depth in this part of the Neuquen Basin. Marifil geologists have a strong understanding of the basin stratigraphy and will utilize this knowledge in conducting an efficient drilling program. Marifil has no competitor in this part of the basin and no potential conflict with oil companies is expected.

On 8 November, 2008, the Company signed a Definitive Agreement with Oxbow Holdings Corp. (Oxbow), a private Canadian corporation whereby Oxbow can acquire 100% of the K-2 property.

Marifil has retained and maintained majority ownership of equity in Oxbow Holdings Inc, This significant interest resulted from Oxbow not carrying out any work on the property.

Marifil controls the Board of Oxbow and is reporting this as a partially owned subsidiary in our financial statements. The results are consolidated.

On December 21, 2010 the Company signed a letter of intent "LOI" on behalf of Marifil and its subsidiary Oxbow Holdings Corp with Saccharum Energy Corp. "Saccharum" for the K-2 project. Saccharum agreed to and paid \$10,000 for an exclusive 60 day due diligence period. As part of the agreement Saccharum agreed to purchase all of the shares of Oxbow Holdings Corp. for one cent per share. The Company would then restructure the underlying Oxbow agreement for K-2 with Saccharum whereby Saccharum can earn a 75% interest in the K-2 property.

The agreement calls for Saccharum to make cash payments, issue shares to Marifil as well as make expenditures totaling \$4,500,000 on K-2 over the next four years. For more information on the K-2 purchase and sale of Oxbow Holding Corp please see the Company's press release dated December 21, 2010 titled "Marifil signs letter of Intent for the K-2 Potash Project" filed and available on SEDAR (www.sedar.com). The Company has subsequently extended the Saccharum agreement twice. The first extension was a 30 day extension granted following payment of \$20,000 to the Company. The second 30 day extension will follow upon payment of \$50,000 to the Company,

The second extension also includes a provision for Saccharum to enter into Joint Ventures for the Company's K-3 and K-4 projects. The terms are described in the Company's press release dated April 4, 2011, and is also filed and available on SEDAR.

3. Toruel, epithermal silver-copper-gold-lead-zinc Rio Negro Province:

The Toruel property consists of a high grade silver-copper system of veins containing lesser amounts of gold, lead, and zinc. The north end of the main 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 to the west. Subsequent drilling will focus on deeper holes as we move progressively west.

The Toruel main vein is more than twenty sub-parallel veins located within a structural corridor more than 5 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 precious metal epithermal 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.

Subsequent to the year ended December 31, 2010 the Company signed an agreement with Netco Energy Inc. "NEI" and Marifil signed an agreement whereby NEI can earn a 75% interest in Marifil's Toruel property. Under the terms of the agreement, NEI can earn a 50% interest during the next three years by paying to Marifil an aggregate of \$200,000 in cash, issuing 3,150,000 NEI common shares and spending \$2,800,000 on the exploration and development of the Toruel project. NEI can earn a further 10% over the next two years by providing Marifil with a pre-feasibility study on the property. At that time, all further expenditures shall be shared with 70% covered by NEI and 30% by Marifil. Marifil at its sole option can elect to be carried through to the commencement of commercial production on the property, in which case NEI will earn an addition 5% of the project, bringing NEI's total interest to 75%. For more information on this transaction please see Marifil's press release dated March 4, 2011 and titled "Marifil Signs Agreement for Toruel Silver Property" available on SEDAR (www.sedar.com)

4. Las Aguilas, níckel-copper-cobalt-platinum Project, San Luis Province: and San Luis Exploration Area, nickel-copper-cobalt-platinum, San Luis Province:

These Properties were returned to Marifil when the JV partner Castillian Resources (TSX-V CT) decided to change direction of their focus from base metals to precious metals.

A great deal of data was gathered by Castillian which became the property of Marifil. We were able to find a new partner for this project, Pacific Coast Nickel, They are currently compiling the data we received from Castillian to produce a new 43-101 compliant report and commence further exploration.

The Las Aguilas deposit contains a 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 calculated by analyzing 10,000 meters of diamond drilling that was done between 1970 and 1984.

The resources are categorized as "historical estimates" and have not been reviewed or verified under National Instrument 43-101. However, the Company believes that the property has the potential to add significant future development opportunities. The historical exploration data was developed by the Argentine government agency Fabricaciones Militares which conducted an exploration program in the area.

Marifil believes this resource to be relevant to the extent that it shows that significant quantities of disseminated to semi-massive 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.

Castillian completed a 5,000 meter program in 2008. The latest drilling extended the Las Aguilas (LA) West deposit an additional 100 meters south and 50 meters north-northeast of last year's drilling. The LA West deposit and intrusion have now been intersected by drilling over a length of 500 meters and to a depth of 250 meters.

The LA West deposit is a tabular body contained within a pyroxenitic dike that shows mostly subvertical dips to the east, but in the southern third, the dips change from subvertical to the west to a shallow westerly dip. The mineralized intrusion appears to be cut off to the south by a noritic intrusion.

Hole CTLA08-078 was drilled to test the depth extent of the LA East deposit. The host ultramafic intrusion exhibits a funnel shape at depth, and the mineralized zone has subvertical dips and a steep plunge to the south. Hole CTLA08-078 intersected sulphides over 19.67 meters, confirming the continuity of the deposit downplunge and extending this deposit 70 meters vertically below the deepest intersection drilled in 2007. Hole CTLA08-078 is the deepest intercept of the LA East deposit to date, at an approximate vertical depth of 250 meters, and shows a marked increase in grade in this part of the deposit. The deposit remains open below this intercept.

As with previous analytical results from the 2007 campaign, significant platinum and palladium values were intersected in several holes including the following highlights:

Las Aguilas East:

- LA08-078 -- 19.67 meters with 0.58 per cent nickel (Ni), 0.42 per cent copper (Cu), 0.03 per cent cobalt (Co), 0.44 gram per tonne (g/t) platinum (Pt), 0.50 g/t palladium (Pd) and 0.22 g/t gold (Au), including 5.64 meters of 1.05 per cent Ni, 0.62 per cent Cu, 0.04 per cent Co, 0.8 g/t Pt, 0.69 g/t Pd and 0.14 g/t Au.

Las Aguilas West:

- LA08-070 -- 18.95 meters with 0.40 per cent Ni, 0.48 per cent Cu, 0.03 per cent Co, 0.23 g/t Pt and 0.31 g/t Pd;
- LA08-074 -- 15.80 meters with 0.41 per cent Ni, 0.55 per cent Cu, 0.03 per cent Co, 0.40 g/t Pt and 0.38 g/t Pd.

San Luis Exploration Area, nickel-copper-cobalt-platinum, San Luis Province: Marifil's San Luis exploration area includes about 55,000 hectares.

The Company entered into an agreement with Pacific Coast Nickel Corp. "Pacific Coast" on December 10, 2010 for the joint venture of the Las Aguilas project. The agreement calls for Pacific Coast to make payments and complete work on the project to earn a 49% interest. Pacific Coast may earn and acquire up to 100% of the project by meeting certain milestones and making set payments. If Pacific Coast meets all of the milestones, work commitments and payments to earn 100% the Company will retain a 3% NSR, the NSR could be reduced to 2% by Pacific Coast making two payments totaling \$3,000,000 to Marifil. For more information on the Las Aguilas Option agreement please see the Company's press release dated November 8, 2010 titled "Marifil Options the Las Aguilas Project to Pacific Coast Nickel Corp." filed and available on SEDAR (www.sedar.com)

5. Lithium Properties

The Company has identified numerous lithium properties in Argentina for future exploration and joint venture. In the last two years there has been a significant increase in interest in lithium projects, Marifil has seen this as an opportunity. Forecasts are predicting dramatic increases in lithium demand for use in batteries for electric vehicles and other uses.

The Puna plateau covers large portions of northwestern Argentina and contains the majority of the world's largest known lithium-brine resources, making this area attractive to many mineral exploration companies. Lithium brines have been recognized as the lowest cost source for lithium resources. The Puna plateau has been called the "Saudi Arabia of lithium".

The Company has acquired a number of properties through an option agreement and by staking property which are prospective for lithium.

Prospecting was carried out by digging holes up to 2 meters deep and sampling saline crusts and/or brine (salty water) samples, if brines were present. Anomalous amounts of lithium, boron, and potash were found on the Companies' Antofalla II and Cachari Pampa claims in Catamarca Province and to a lesser extent on our claims in Salta Province.

The National Instrument 43-101 reports for the Salta Province and Catamarca Province claims can be viewed by linking to the Company's website.

The Catamarca Province NI 43-101 report recommends a two phase program for a total cost of \$1,500,000. Phase I, at a cost of \$225,000, will be comprised of additional sampling and geophysical work. Phase II, at a cost of \$1,275,000, will

include 7,900 meters of drilling. This program will be sufficient to carry out an NI 43-101 compliant ore resource calculation on at least two or more of the claims.

On August 12, 2010 the Company signed an agreement with Renholn International, a private company "Renholn", whereby Renholn has the right to purchase all of Marifil's lithium claims in Salta and Catamarca Provinces.

Under the terms of the agreement Renholn agreed to pay the Company \$500,000 in cash at a rate of \$125,000 on signing of the purchase agreement and \$125,000 per year for the next three years, as well as making a set amount of exploration expenditures on the projects. For more information on the Renholn transaction please see the Company's press release dated August 12, 2010 and titled "Marifil Sells Lithium Properties for \$5 Million" filed and available on SEDAR (www.sedar.com)

5. El Carmen, Oil and Gas prospect, Chubut Province: A favorable property report was produced by the Company's consultant. This report suggests a significant target. This report is not NI 51-101 compliant.

On November 15, 2010 the Company sold the El Carmen project to Ilakon Ltd. "Ilakon" a private company. The sale agreement called for Ilakon to make two payments for a total of \$250,000, \$125,000 upon signing, which has been paid, and \$125,000 within 12 months. The Company retained an 8% production royalty from gross proceeds of sales of oil and gas. For more information on the sale of El Carmen please see the Company's press release dated November 15, 2010 titled "Marifil Sells El Carmen Oil & Gas Property" filed and available on SEDAR (www.sedar.com)

Projects the Company currently has available for joint venture or sale

1. K3 & K4, Potash, Mendoza Province: This 30,000 hectare property was acquired subsequent to year end, the Company acquired the projects by staking ground it believes to be highly prospective for potash. The claims located in the Neuquen Basin may also be prospective for uranium, biogenic sulfur and asphltites.

Geologic mapping and basin analysis identified this large area as having good potential for salt horizons at depths ranging from 500 m to 2,000 m. The evaporate salt horizons are believed to range from 50 m to 350 m in thickness. Analysis of electric and gamma ray logs from abandoned oil wells is ongoing. Potash (a mineral salt with the chemical formula KCl) typically occurs near the top of thick evaporate salt horizons.

The southern part of the Company's K-3 project lies about 50 kilometers northwest of Vale's giant Potasio Rio Colorado potash mine which has a

resource of 2 billion tons of potassium chloride. The K-4 project is located about ten kilometres north of the K-3 project (see attached map below).

The Company staked an additional 17,436 hectares on its K-3 project and an additional 30,000 hectares on its K4 project on 22 February, 2011. The K-3 project now covers 64,606 hectares and the K-4 project now covers 56,083 hectares; both in the northern portion of the Neuquen Sedimentary Basin. The Neuquen Basin is Argentina's most prolific oil producing basin, and hosts the country's only potash mine that is currently under construction – The \$4.1 Billion dollar Potasio Rio Colorado mine, owned by Vale.

On April 4, 2011, the Company entered into a Letter of Intent whereby Saccharum Energy Inc. could acquire up to a 70% interest in these two projects (see Company's news release dated April 4, 2011 and filed and available on SEDAR (www.sedar.com)).

2. 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 actively re-negotiated 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 agreed to terms and the agreement was signed in October, 2008.

The Company's objective at Punta Colorado is to identify a resource of 100 to 200 million tonnes of cement grade limestone. 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.

3. 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.

The soil samples grade up to 2% zinc. Re-assaying these samples reveals the presence of indium. The Company believes this area is highly prospective for a large disseminated base metal deposit similar to our San Roque deposit. Further analysis of the data shows that the zinc anomalies coincide with a large induced polarization anomaly. The presence of molybdenum anomalies in the soil suggest that this area might be the surface expression of a porphyry molybdenum deposit.

4. Codihue, biogenic sulfur deposit, Neuquen Province: This acquisition is an outgrowth of Marifil's Neuquén Basin potash program, and involves much the same sedimentary evaporite formations. Marifil's pioneering work found widespread sedimentary rock outcrops at Codihue that strongly resemble those of the Mishraq sulphur deposit in Iraq. Mishraq is the largest known biogenic sulphur deposit in the world, originally containing about 250 million tons of sulphur.

Surface evidence for an underlying sulphur deposit target at Codihue is very strong, and includes a gypsum horizon more than 200 meters thick which projects into the target area, a large collapsed anticlinal structure, karst-collapse features, deep-seated fractures, sulphurous springs, and outcrops of biogenetically altered evaporates resulting in porous beds of biocalcite; all evidence indicating replacement of gypsum by limestone.

Biogenic sulphur deposits are formed when hydrocarbons react with overlying gypsum deposits in the presence of anaerobic bacteria to reduce the sulphate ions of gypsum to polysulphides and/or hydrogen sulphide gas. The sulphides and hydrogen sulphide gas are oxidized to native sulphur in an anaerobic (oxygen free) environment.

This process results in a 40% volume reduction of the gypsum as it is transformed into beds of biocalcite, or bioepigenetic limestone. The resulting loss of volume creates karsting and collapse features.

Biogenic sulphur deposits are amenable to solvent extraction by the Frasch process whereby hot water plus compressed air are forced down a triple tubed well and molten sulphur is lifted to the surface. The liquid sulphur can be shipped directly to end users. Sulphur's largest end use is in fertilizer but demand for sulphur to make sulphuric acid for leaching oxide copper deposits and uranium is a large and growing market. Argentina does not produce significant sulphur and Chile, Peru and Brazil are net importers.

A NI 43-101 report is in progress and will be completed shortly. We are actively seeking a partner to further this project.

5. Mechanquil biogenic sulphur deposit, Mendoza Province. The acquisition is an outgrowth of Marifil's Northern Neuquen Basin potash program. The surface evidence, geology, and extractive processes are identical to those described above for Codihue. Marifil's geologists believe this to be a high priority target and are planning to carry out a short drill program in 2011.

6. 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.

7. 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.

8. Lago Fontana (Ferrocarrillera), epithermal gold-silver plus base metals, Chubut Province: This Project was optioned to Apex Silver Mines Ltd. on April 10, 2006. In 2007 the Province enacted legislation to suspend mining activities along the front of the Andes Mountains from Esquel south to the border with Santa Cruz, which includes the Ferrocarrillera 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.

1.3 Selected Annual Information

	Year Ended December 31 2008 (audited)	Year Ended December 31 2009 (audited)	Year Ended December 31 2010 (audited)
Total Revenue	\$ 0	\$ 0	\$ 0
Assets	\$ 5,721,983	\$ 5,986,030	\$ 5,720,229
Net Income (Loss)	\$ (2,020,004)	\$ (212,589)	\$ (547,330)
Basic and Diluted loss per common share	\$(0.06)	\$(0.01)	\$(0.01)

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 ending December 31, 2008, 2009 and 2010. This information has been summarized from the Company's audited financial statements for the period ended December 31, 2008, 2009 and 2010. 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, 2010 was \$547,330 compared to a loss of \$212,589 for the prior year, including the loss attributable to the new controlling interest in Oxbow Holdings.

The increase in losses year over year was primarily due to increased levels of activity in the company, a reduced number of payments from JV partners and declining share prices in JV partners. This resulted in the Company receiving less income from the sale of marketable securities in 2010. Increase in Filing fees and Investor relations from \$80,797 to \$98,120 resulted from more investor relations activity during the year, in addition travel and promotion increased from \$27,445 in 2009 to \$28,715 and stock based compensation was increased to \$89,300 from \$0 in 2009. Consulting fees increased from \$55,559 to \$62,877. These increases were all a result of a gradual recovery of commodity prices and an increased amount of activity in the company.

1.5 Summary of Quarterly Results

	2009*			
	Q4	Q3	Q2	Q1
	Dec 31/ 09	Sept 30/09	June 30/09	Mar 31/09
Total Revenues	-	-	-	-
Income (loss)	(285,871)	159,436	(74,511)	(11,643)
Per share	(0.01)	0.00	(0.00)	(0.00)
Per share, fully Diluted	(0.01)	0.00	(0.00)	(0.00)

	2010*			
	Q4	Q3	Q2	Q1
	Dec 31/ 10	Sept 30/10	June 30/10	Mar 31/10
Total Revenues	-	-	-	-
Income (loss)	(191,341)	(98,703)	(152,475)	(104,811)
Per share	(0.01)	(0.00)	(0.00)	(0.00)
Per share, fully Diluted	(0.01)	(0.00)	(0.00)	(0.00)

In the fourth quarter of 2010, the Company recorded a net loss of \$285,871 (loss per share - \$0.01) compared to \$191,341 (loss per share - \$0.01) in the fourth quarter of 2009. The increase in loss was due to the Company being more active in the fourth quarter of 2010 compared to the same period in 2009.

Administrative expenses increased by \$155,985 and totalled \$247,205 in the three months ended December 31, 2010 compared to \$91,220 in 2009. The major administrative expenses were in investor relations of \$29,644 (2009 - \$9,909) due to the Company's 2010 investor relations and shareholder awareness program; Stock based Compensation of \$84,342 (2009 - \$0); Accounting and Audit expense of \$50,579 (2009 - \$47,510), and Consulting and Management fees of \$29,387 (2009 - \$1,727).

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. Our cash inflows are limited to property payments received from joint venture partners. The Company receives payments 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. The Company's main source of cash over the recent quarters was the receipt of cash from JV partners and one private placement.

The Company's principal source of funds since its incorporation has been from the sale of equity capital. As at December 31, 2010, the Company had 52,146,723 Common shares outstanding, (December 31, 2009 - 48,927,349). In addition to cash option payments coming from joint-venture partners, the Company expects to seek additional funding through the sale of additional equity.

Payments from optioned properties are not dependable as our partners face similar financial challenges as the Company. During the quarter and to date the

Company has been funding itself through continuing the liquidation of its marketable securities that have been received from optionors and the receipt of payments for shareholders exercising their warrants in the Company.

1.7 Capital Resources

Global financial and commodity markets have in 2009 and 2010 continued to be volatile as the state of the economies of North America and Europe remain uncertain. These uncertainties impact the Company and its activities in that attracting capital is difficult in the volatile environment. In addition the changes in commodity prices affect the ability to attract Joint Venture partners and may cause certain ventures to be curtailed or abandoned. The Company continues to focus on exploring and exploiting its properties albeit at activity levels that are reduced given that less capital is available.

The Company's cash resources decreased by \$29,656 during the period as money was spent on investing in mineral properties. Operations during the year generated cash primarily due to option payments received on joint ventured properties and lower cash expenses as activities were curtailed due to budgetary constraints imposed as a reaction to the financial crisis.

As of December 31, 2010, the Company had cash of \$38,071 compared to \$16,471 as at December 31, 2009.

On February 22, 2011 the Company announced that it had received \$633,709 from the exercise of warrants held by investors in past placements and by the exercise of options held by directors of the Company. The Company has been using the proceeds from the exercised options and warrants for acquiring new projects in Argentina and general working capital purposes.

Management is of the view that the Company should have sufficient resources to continue to execute its business plan for the foreseeable future and beyond. Should the necessary equity financings, exercise of warrants and option payments not materialize, activities would be curtailed. Management is monitoring the capital markets and will move to finance if further opportunities present themselves.

Private Placements

On January 12, 2010, the Company issued 2,456,250 common shares pursuant to a non-brokered private placement of units of \$0.08 per unit for total proceeds of \$196,500. Each unit consisted of one common share and one share purchase warrant entitling the holder thereof to purchase an additional common share for each warrant held for \$0.12 per share for a period of two years. Finders' fees relating to this private placement were cash of \$10,500 and 131,500 share purchase warrant.

Warrants and Options Outstanding

A) As at December 31, 2010, the following share purchase warrants were outstanding:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
6,276,000	\$0.10/\$0.15	September 10, 2011
<u>2,209,626</u>	\$0.12	January 15, 2012
<u>8,485,626</u>		

B) As at December 31, 2010, options outstanding are as follows:

<u>Number</u>		<u>Vested</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
100,000	Employee	100,000	\$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
100,000	Consultants	100,000	\$0.66	May 28, 2012
60,000	Consultant and Officer of Marifil SA	60,000	\$0.66	May 28, 2012
100,000	Consultant	100,000	\$0.15	December 9, 2015
900,000	Directors	900,000	\$0.10	April 5, 2020
<u>70,000</u>	Consultant	<u>52,500</u>	\$0.10	April 13, 2020
<u>2,680,000</u>		<u>2,662,500</u>		

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, 2010 and December 31, 2009.

1.10 Proposed Transactions

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

1.11 Critical Accounting Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

The most significant assumption is that management is assuming that financings contemplated will be closed in the amounts announced and that capital markets will enable future financing to occur. The statements are prepared on the going concern assumption.

Significant accounts that require estimates as the basis for determining the stated amounts include mineral properties and stock-based compensation.

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.

1.13 Changes in Accounting Policies

International Financial Reporting Standards

The Company will be required to report utilizing IFRS effective with the first quarter report of 2011. In order to accomplish this, the Company will need to have a comparative statement prepared utilizing IFRS available for Q1 2011 (March 31 2010).

Changeover in Argentina may not require as much work as might be the case if we operated outside Argentina as our accounting contractor

in Argentina is already familiar with IFRS as IFRS is GAAP in Argentina already. They have staff who are knowledgeable. We have provided them with notification of the changeover timetable and will be coordinating with them throughout the process.

The Company has completed an IFRS Diagnostic with the assistance of a major accounting firm.

Accounting Changes IFRS

It is possible that during the course of the transition, the effort required may differ from the initial expectations as a range of detailed implementation issues could emerge. Further, the ultimate financial statement impact can only be determined once detailed calculations are made.

IFRS ACTION PLAN

Key Activity	Timing	Current Status
Financial Reporting IFRS Diagnostic	Prepared during IFRS training and final product reviewed by independent firm	Completed
Identify differences in Canadian GAAP and IFRS and effect on accounting policies	Q4 2010	Differences identified analysis of impact disclosures ongoing
Determine exemptions applicable IFRS 1	Q4 2010	Exemptions identified
Develop financial statements in accordance with IFRS	Q4 2010	Accounting policy development initiated, review of comparative adopters in other jurisdictions reviewed.
Quantify effects of change in initial IFRS disclosure and 2010 comparative statements	Q4 2010	The quantitative impact will be finalized upon completion of transition

1.14 Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, marketable securities and accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The Company classifies its marketable securities as held for trading and as such marks to market at each period end including the gain or loss in income for that period.

1.15 Other MD&A Requirements

Additional Disclosure for Venture Issuers without Significant Revenue

As the Company has not had significant revenue from operations in either of its last two financial years, the following is a breakdown of the material costs incurred:

	Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008
Capitalized or Expensed Exploration and Development Costs	\$27,209	\$567,992	\$1,503,682
General and Administration Expenses	\$609,004	\$306,316	\$613,875
Write-off of mineral properties	\$0	\$310,732	\$1,877,914
Loss (gain) on disposal of marketable securities	\$28,389	\$(83,911)	\$(3,218)
Write down (up) of marketable securities	\$(36,320)	\$(17,413)	\$204,000

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 December 31, 2010, 52,146,723 (December 31, 2009, 48,927,349) Common Shares were issued and outstanding as fully paid and non-assessable shares and no Preference Shares were issued and outstanding.

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 SL 42⁰ and North of S L 33⁰ 33'. Bounded by W 70⁰ 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 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.

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. Argentina is currently undergoing an increase in inflation and we will continue to monitor the potential effects on our operations.

Equity Market Risk

The Company raises money in the equity markets which can fluctuate significantly. If the appetite for equity financing is curtailed it may be difficult or impossible to raise additional equity. This could have a negative effect on the Company. These factors are beyond the control of management.

Economic Background Argentina.

The Company's operations are exclusively in Argentina. Argentina has not been immune to the global financial crisis its economy has been negatively impacted.

The US AR exchange rate went from 3.10 one year ago to 3.84. As of March 4, 2011, the rate was 4.03. As our financials are stated in C\$ the increase in value of the Canadian dollars against the US dollar results in impacts as well. Effectively our Canadian dollars are going further than they were a year ago.

This is because of the increased value of the Canadian Dollar, partially offset by general inflation in Argentina.

Long term value is impacted as most commodity selling prices are stated and negotiated in US dollars thus reducing the impact of fluctuating currency so long as the Canadian dollar trades reasonably close to that of the US dollar.

Management will be monitoring these trends to attempt to mitigate any detrimental trends although no hedging program is in place nor contemplated at this time.

Other Information

Other information can be found at the following websites www.sedar.com or www.marifilmines.com .

This Management Discussion and Analysis has been reviewed and approved by Mr. John Hite, President and CEO of Marifil Mines Limited, under whose direction the Company's operations are being carried out. Mr. Hite is a Qualified Person as defined by National Instrument 43-101.

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.
