AMENDED AND RESTATED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)
(Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2011

Revised and refilled on August 17, 2011, to provide additional disclosure to Note 14 in regards to cumulative translation adjustment and note 8(b) mineral properties.

THE ACCOMPANYING FINANCIAL STATEMENTS FOR THE QUARTERS ENDED MARCH 31, 2011 AND 2010 HAVE NOT BEEN REVIEWED OR AUDITED BY THE CORPORATIONÔS AUDITORS

MARIFIL MINES, LTD.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
(Expressed in Canadian Dollars)
AS AT

		March 31, 2011		December 31, 2010		January 1, 2010
ASSETS						
Current assets						
Cash and cash equivalents (Note -4)	$	637,616	$	38,071	$	16,471
Marketable securities		-		-		261,187
Receivables (Note -5)		36,542		20,069		28,300
Prepaid expenses (Note -6)		16,714		18,322		7,574
Total current assets		690,872		76,462		313,532
Equipment (Note -7)		3,737		3,812		5,263
Resource Properties (Note ï 8)		3,612,397		3,990,874		4,413,327
Total assets	$	4,307,006	$	4,071,148	$	4,732,122
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current liabilities						
Accounts payable and accrued liabilities (Note -9)	$	178,832	$	143,436	$	222,348
Shareholders' equity						
Share capital (Note ï 11)		12,432,223		11,758,411		11,495,070
Subscriptions received		30,000		7,800		-
Contributed Surplus		1,792,824		1,350,289		1,260,989
Cumulative translation adjustment		(592,355)		(395,173)		
Deficit		(9,534,518)		(8,793,615)		(8,246,285)
Total shareholders' equity (Note ï 11)		4,128,174		3,927,712		4,509,774
Total liabilities and shareholders' equity	$	4,307,006	$	4,071,148	$	4,732,122

NATURE AND CONTINUANCE OF OPERATIONS
COMMITMENTS
SUBSEQUENT EVENTS (Note,)

Approved and authorized by the Board on

ìJohn Hite ò
John Hite

ìBill Schara ò
Bill Schara

Amended and Restated

MARIFIL MINES, LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (UNAUDITED) (Expressed in Canadian Dollars)

THREE MONTHS ENDED MARCH 31,	2011	2010
EXPENSES		
Accounting and audit	$ 25,037	$ 36,354
Amortization	639	218
Bank charges and interest	654	550
Consulting fees	36,390	15,629
Filing fees and investor relations	52,585	34,567
General exploration (reversal of accrual)	13,135	(2,086)
Insurance	3,031	3,742
Legal	10,400	6,149
Management	10,189	10,657
Office and miscellaneous	15,789	29,461
Share-based compensation	442,535	-
Travel and promotion	28,090	7,077
Loss before other items	(638,474)	(142,318)
OTHER INCOME (EXPENSES)		
Gain on disposal of marketable securities	-	14,876
Write up (down) of marketable securities	-	41,737
Foreign exchange gain (loss)	(107,685)	(21,208)
Interest income	-	4
Other income	5,225	2,098
Net loss for the period	$ (740,903)	$ (104,811)
Basic and diluted loss per common share	$ (0.01)	$ nil
Weighted average number of common shares outstanding	56,959,849	51,379,456

MARIFIL MINES, LTD.

	Three months ended March 31, 2011	Three months ended March 31, 2010	Year ended December 31, 2010
Loss for the period	$ (740,903)	$ (104,811)	$ (547,330)
Other comprehensive income:			
Translation of assets and liabilities into Canadian dollar reporting currency	(197,182)	(195,882)	(395,173)
Comprehensive Loss	$ (938,085)	$ (300,693)	$ (942,503)
Accumulated other comprehensive income (loss), beginning balance	$ (395,173)	$ -	$ -
Translation of asset and liabilities into Canadian dollar reporting currency	$ (197,182)	$ (95,882)	$ (395,173)
Accumulated other comprehensive loss, ending balance	$ (592,355)	$ (95,882)	$ (395,173)

The accompanying notes are an integral part of these condensed consolidated financial statements.

Amended and Restated

MARIFIL MINES, LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)

(Expressed in Canadian Dollars)

THREE MONTHS ENDED MARCH 31,	**2011**	**2010**
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (740,903)	$ (104,811)
Items not affecting cash:		
Write-up marketable securities	-	(41,735)
Gain on disposal of marketable securities	-	(14,875)
Depreciation	639	218
Stock based compensation	442,535	-
Changes in non-cash working capital items:		
Receivable	(16,473)	(3,054)
Prepaid expenses	1,608	6,344
Accounts payable and accrued liabilities	35,396	(27,620)
Net cash used in operating activities	(277,199)	(185,536)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on disposition of marketable securities	-	67,376
Mineral properties	180,731	(14,351)
Net cash used in investing activities	180,731	(53,025)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued for cash	-	184,267
Shares issued for exercise of warrants and options	673,812	35,000
Shares issued for subscription received	22,200	-
Net cash provided by financing activities	696,012	219,267
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	-	-
NET INCREASE IN CASH AND EQUIVALENTS	599,545	86,756
CASH AND EQUIVALENTS, BEGINNING OF PERIOD	38,071	54,542
CASH AND EQUIVALENTS, END OF YEAR/PERIOD	**$** 637,616	**$** 141,298
Cash paid during the period for interest	$ -	$ -
Cash paid during the period for income taxes	Ȥ	Ȥ
	$ Ȥ	$ Ȥ

SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (Note 14)

The accompanying notes are an integral part of these condensed consolidated financial statements.

MARIFIL MINES, LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERSô EQUITY (UNAUDITED)

(Expressed in Canadian Dollars)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERSô E

for the years ended December 31, 2010 and 2009

		Class A Common Number	Amount	Subscriptions Received	Contributed Surplus	Deficit	Balance
Balance, January 1, 2010		48,927,349	$ 11,495,070	$ -	$ 1,260,989	$ (8,246,285)	$ 4,509,774
For cash							
For private placement	- at $0.08 each	2,456,250	196,500	-	-	-	196,500
Less: share issue costs		-	(12,233)	-	-	-	(12,233)
Exercise of warrants	- at $0.10 each	350,000	35,000	-	-	-	35,000
Net Loss of the period ended March 31, 2010		-	-	-	-	(104,811)	(104,811)
Balance March 31, 2010		51,733,599	$ 11,714,337	$ -	$ 1,260,989	$ (7,097,188)	$ 5,878,138
Exercise of warrants	-at $0.12 each	313,124	37,574	-	-	-	37,574
From treasury (employee bonus)	-at $0.065 each	100,000	6,500	-	-	-	6,500
Stock-based compensation		-	-	-	89,300	-	89,300
Share subscription received		-	-	7,800	-	-	7,800
Cumulative translation adjustment		-	-	-	-	(395,173)	(395,173)
Net loss for the nine months		-	-	-	-	(547,330)	(547,330)
Balance, December 31, 2010		52,146,723	$ 11,758,411	$ 7,800	$ 1,350,289	$ (8,793,615)	$ 3,927,712
Balance, December 31, 2010		52,146,723	$ 11,758,411	$ 7,800	$ 1,350,289	$ (8,739,615)	$ 3,927,712
For cash							
For private placement		-	-	-	-	-	-
Less: share issue costs		-	-	-	-	-	-
For private placement		-	-	22,200	-	-	-
Less: share issue costs		-	-	-	-	-	-
For debt settlement		-	-	-	-	-	-
Exercise of options	- at $0.10 each	50,000	5,037	-	-	-	5,037
Exercise of warrants	- at $0.12 / 0.15 each	4,728,125	668,775	-	-	-	690,975
Stock-based compensation		-	-	-	442,535	-	442,535
Share subscription refunded		-	-	-	-	-	-
Cumulative translation adjustment		-	-	-	-	(592,355)	(592,355)
Net loss for the period ended March 31, 2011		-	-	-	-	(740,903)	(740,903)
Balance, March 31, 2011		56,959,849	12,432,223	$30,000	1,792,824	9,534,518	4,128,174

1. NATURE AND CONTINUANCE OF OPERATIONS

Marifil Mines Limited (the ñCompanyò) was incorporated on Decem is in the exploration 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.

The financial statements of the Company are presented in Canadian dollars, unless otherwise stated, which is the functional currency of the parent company and subsidiaries.

The Company is a mineral exploration company focused on acquiring, exploring and developing mineral properties in Argentina.

2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards (ñIFRSò) an accordance with International Accounting Standard (ñIASò) 34, Interim Financial Reporting.

The preparation of these unaudited condensed consolidated interim financial statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Canadian Generally Accepted Accounting Principles (ñCanadian GAAPò). The accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated interim financial statements. They have also been applied in preparing an opening IFRS statement of financial position at January 1, 2010 for the purposes of the transition to IFRS, as required by IFRS 1, First Time Adoption of International Financial Reporting Standards (ñIFRS1ò). The impact of the trans IFRS is explained in Note 16.

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates.

These condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

2. BASIS OF PREPARATION - (*Cont'd*)

1. The recoverability of receivables which are included in the condensed consolidated interim statement of financial position;
2. The carrying value and the recoverability of exploration and evaluation assets, which are included in the condensed consolidated interim statements of financial position;
3. The estimated useful lives of equipment which are included in the condensed consolidated interim statement of financial position and the related depreciation included in profit or loss;
4. The inputs used in the accounting for share based compensation expense included in profit or loss.

Going Concern of Operations

These condensed consolidated interim financial statements have been prepared assuming the Company will continue on a going concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going concern depends upon its ability to raise adequate financing and to develop profitable operations. However, the Company has sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period.

Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In addition, management closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur.

As the Company is in the exploration and evaluation stage, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are expected to be adopted for the year ending December 31, 2011 and have been applied consistently to all periods presented in these condensed interim consolidated financial statements and in preparing the opening IFRS statement of financial position at January 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

Basis of consolidation

These condensed consolidated interim financial statements include the financial statements of the Company and the entity controlled by the Company (Note 12). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases. All intercompany balances and transactions, income and expenses have been eliminated upon consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES - (*Cont ôd*)

Foreign currencies

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for Marifil Mines, ltd is the Canadian dollar. The functional currency for Marifil Mines, SA is the Argentine peso. The functional currency for Oxbow Holdings Corp. is the Canadian dollar. The functional currency determinations were made based on analysis of the factors identified in IAS 21, The Effects of Changes in Foreign Exchange The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company.

The functional currency for Marifil Mines, Ltd was determined to be the Canadian dollar based on the fact that the Canadian dollar is the currency in which Marifil Mines Ltd. hold its cash assets and primarily acquires goods and services re. Marifil Mines Ltd also funds its operations through financing activities denominated in the Canadian dollar and is subject to the competitive forces and regulations of Canada. Based on these factors as identified in IAS 21 management determined that the Canadian dollar was the appropriate functional currency for Marifil Mines, Ltd.

The functional currency for Marifil Mines, SA was determined to be the Argentina peso based on the fact that the operating activities, including the acquisition of labor, goods and services, is carried out in the Argentina peso. The Argentina peso is the currency that mainly influences the price of labor, good and services necessary for operations and is subject to the laws and regulations of Argentina. Based on these factors as identified in IAS 21 management determined that the Argentina peso was the appropriate functional currency for Marifil Mines, SA

The functional currency for Oxbow Holdings Corp. is the Canadian dollar. Oxbow Holdings does not have any current operation activity. Oxbow is a Canadian company and has outstanding liabilities, which are denominated in the Canadian dollar. Management expects that these outstanding liabilities wil-l be operating entity the primary and secondary indicators of functional currency identified in IAS 21 are either not applicable on inconclusive in their applications. As such management evaluated additional factors, including the level of control exercised by Marfili Mines, Ltd over Oxbowô s operations, the proportion of consolidated acti on the parent (Marifil Mines Ltd) and Oxbowôs incorporation in in IAS 21, and the fact that liabilities are denominated in the Canadian dollar, management determined the functional currency of Oxbow Holdings Corp to be the Canadian dollar.

Transactions in foreign currencies are initiall exchange rate recorded of the in t transaction. Monetary assets and liabilities of the Company that are denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of each reporting period. Nonmonetary assets and liabilities are translated using the exchange rates as at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined. Exchange gains and losses arising on translation are included in profit or loss.

Cash and cash equivalents

Cash is comprised of cash on hand. Cash equivalents consist of short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Receivables

Receivables are recorded at face value less any provisions for uncollectible accounts considered necessary.

Financial instruments

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on each
category is as follows:

Financial assets at fair value through profit or loss (“FVTPL”)

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company’s risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

Held-to-maturity (“HTM”)

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company’s management has the positive intention and ability to hold to maturity. These assets are measured at amortized costs using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairmentlosses, are recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES - *(Co n t ô d)*

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Available-for-s a l e (ñ A F S ò)

Non-derivative financial assets not included in the above categories are classified as available for sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available for sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

The Company has classified its financial assets as follows:

- Cash and cash equivalents and long-term investments are classified as FVPTL.
- Receivables are classified as loans and receivables.
- Other assets are classified as HTM.

Financial liabilities

Financial liabilities are classified into one of two categories:
- Fair value through profit or loss; and
- Other financial liabilities.

Fair value through profit or loss

This category comprises derivatives, or liabilities, acquired or incurred principally for the purpose of seeing or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities

This category includes promissory notes, amounts due to related parties and accounts payable and accrued liabilities, all of which are recognized at amortized cost.

The Company classified its financial liabilities which consisted of accounts payable and accrued liabilities as other liabilities.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

3. SIGNIFICANT ACCOUNTING POLICIES - *(Contôd)*

Impairment of financial assets - (Contôd)

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Equipment

Equipment is recorded at cost and amortized over its useful life using the declining balance method applying the following annual rates:

Office equipment	20%
Computer equipment	30%
Software	100%

Additions during the year are amortized at one-half the annual rates.

The Companyôs equipment is reviewed for an indication of impai
impairment exists, the assetôs Impairment losses are recognized in profit or loss. An imated
impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asse
carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

The cost of replacing part of a piece of equipment is recognized in the carrying amount of the equipment if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day to day servicing of the equipment are recognized in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES - *(Cont’d)*

Mineral properties – exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into joint venture agreements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the JV partner to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the JV partner on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as evaluation assets are also tested for impairment before the assets are transferred to development properties.

3. SIGNIFICANT ACCOUNTING POLICIES - (*Contôd)*

Impairment of tangible and intangible assets

At the end of each reporting period, the Companyôs assetse are r
assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of t
knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit of loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Share 6based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in share-based compensation is transferred to accumulated losses (deficit).

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of sh
the terms and conditions of each equity financing agreement (
common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are assigned no value and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES - *(Contôd)*

Share õbased payments - *(Contôd)*

Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets, including the benefit of losses available to be carried forward to future years, and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities. Future tax assets are recognized only if it is more likely than not that they can be realized.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

New standards yet adopted

In November 2009, the IASB published IFRS 9, ñFinancial Instru classification and measurement of financial assets as part of its project to replace IAS 39, ñ
2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entitles would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective for the Company on January 1, 2013. Early adoption is permitted and the standard is required to be applied retrospectively. There will be no significant impact on the Company upon implementation of the issued standard.

4. CASH AND CASH EQUIVALENTS

		March 31, 2011		December 31, 2010
Cash on deposit	$	637,616	$	38,071
Marketable Securities		-		-
	$	637,616	$	38,071

(Expressed in Canadian Dollars)

5. RECEIVABLES

The Companyôs receivables arise from two main sources: harmonized sales tax (ñHSTò) receivable from government taxation authorities and Argentina value added tax (ñVATò) receivable from Argentinal government taxation authorities. The receivables balance is broken down as follows:

		March 31, 2011		December 31, 2010
HST receivable		9,658		4,361
Advances receivable		26,884		15,708
	$	36,542	$	20,069

6. PREPAID EXPENSES

The prepaid expenses for the Company are broken down as follows:

		March 31, 2011		December 31, 2010
Insurance		1,889		2,076
Vendor prepayments		14,825		16,246
	$	16,714	$	18,322

(Expressed in Canadian Dollars)

7. EQUIPMENT

	Office Equipment	Software	Computer Equipment
At January 1, 2010			
Cost	**$ 14,601**	**$ 4,117**	**$ 4,675**
Accumulated depreciation	(11,060)	(4,117)	(2,413)
Net book value	3,001	-	2,262
Year ended December 31, 2010			
Opening net book value	$ 3,001	$ -	$ 2,262
Additions	-	-	-
Disposals	-	-	-
Depreciation	(653)	-	(798)
Impairment	-	-	-
Closing net book value	**$ 2,348**	**$ -**	**$ 1,464**
Period ended March 31, 2011			
Opening net book value	$ 2,348	$ -	$ 1,464
Additions	-	-	-
Disposals	-	-	-
Depreciation	(50)	-	(25)
Impairment	-	-	-
Closing net book value	**$ 2,298**	**$ -**	**$ 1,439**

(Expressed in Canadian Dollars)

8. RESOURCE PROPERTIES

INTERIM CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES
March 31, 2011
(Unaudited ïPrepared by Management)

	Las Aguilas, San Luis Province	Toruel (Davicino), Rio Negro Province	San Roque, Rio Negro Province	Other Properties	IFRS Translation Adjustment	Total
Balance, December 31, 2010	$ 1,017	$ 1,729,867	$ 2,435,183	$ 959,573	$ (1,647,928)	$ 3,477,712
Acquisition	-	-	-	-	-	-
Property payments	-	10,485	-	38,309	-	48,794
General exploration	-	-	-	-	-	-
Administrative and general ïNote 8	-	-	-	6,378	-	6,378
Contract and consultants	551	-	1,812	189	-	2,552
Drilling	-	-	-	-	-	-
Geochemical	-	-	-	-	-	-
Field support	1,699	-	-	4,023	-	5,722
Travel and accommodation	-	-	-	22	-	22
Land environment	-	-	-	-	-	-
Deduct: shares received (option payments)	-	-	-	-	-	-
Deduct: write-down	-	-	-	-	-	-
IFRS Translation adjustment	-	-	-	-	(197,107)	(197,107)
	2,250	10,485	1,812	48,921	(197,107)	(135,679)
Balance March 31, 2011	$ 3,267	$ 1,740,352	$ 2,436,995	$ 1,008,494	$ (1,845,035	$ 3,344,073
Accumulated IVA paid net of recoveries						$ 268,324
Balance March 31, 2011						$ 3,612,397

MARIFIL MINES, LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
(Expressed in Canadian Dollars)

8. RESOURCE PROPERTIES

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge; title to all properties is in good standing. The properties in which the Company has committed to earn an interest are located in Argentina.

Impuesto al Valdor Agregado (ñIVAò) taxes paid to the governme
Where there is reasonable assurance that the Company will be able to obtain a refund of IVA taxes, the amounts received by the Company will be credited to the cost of the properties.

<u>Las Aguilas, San Luis Province</u>

The Company has a 100% interest in mining rights covering approximately 225 square kilometres located in San Luis province Argentina.

By an agreement dated December 13, 2006, the Company entered into an agreement to grant an option on 50% of certain of the Las Aguilas mining rights located in San Luis province with
the year ended December 31, 2009, the Company received 5,320,735 shares of Castillian pursuant to the terms of the option. The shares were valued at $320,206 when received, of which $283,235 was in excess of mineral property costs and recorded in other income. The optionee decided not to proceed with further development of the property and the agreement was terminated during the year ended December 31, 2009.

On December 10, 2010 the Company entered into a joint venture option agreement with Pacific Coast Nickel Corp. (Pacific Coast) whereby Pacific Coast can earn a 49% interest in the property by paying the Company cash of US$300,000, the issue to the Company of 1,000,000 shares of Pacific Coast and incurring US$2,000,000 in exploration procedures as follows:

Cash and Shares:

a) US$25,000 on signing the agreement and an additional 250,000 shares on approval of the TSX venture Exchange; during a due diligence phase Pacific Coast will complete a resource estimate followed by further payments as follows:

8. RESOURCE PROPERTIES ï (contôd)

Las Aguilas, San Luis Province ï (contôd)

Cash and Shares: ï (contôd)

b) US$75,000 and 250,000 shares on or before April 1, 2012;

c) US$100,000 and 250,000 shares on or before April 1, 2013

d) US$100,000 and 250,000 shares on or before April 1, 2014

Exploration Expenditures:

a) On or before April 1, 2012 incur US$500,000 in exploration expenditures,

b) On or before April 1, 2013 incur US$500,000 in exploration expenditures,

c) On or before April 1, 2014 incur US$1,000,000 in exploration expenditures.

Pacific Coast can earn an additional 11% (bringing their interest to 60%) by completing a pre-feasibility study and issuing an additional 2,000,000 shares on or before April 1 2015 and then a further 10% (bringing their interest to 70%) by completing a feasibility study before April 15, 2016.

If Marifil elects not to pay its 30% share of costs once Pacific Coast has earned its 70% interest, then Pacific Coast has the option of purchasing Marifilôs 30% for US$5,000,000. In such event, Mari 0.5% could be purchased for $1,000,000 and a second 0.5% could be purchased for $2,000,000, thereby reducing Marifilôs NSR to 2.0%.

Toruel (Davicino), Rio Negro Province

a) M.I.M. Argentina Exploraciones

On January 31, 2006, the Company entered into an agreement to acquire up to a 100% interest in the Suerte property in Rio Negro Province Argentina. In consideration, the Company is obligated to spend US$178,000 (incurred) on exploration based on the following schedule:

The Toruel Project is covered by two separate agreements as follows: US$20,000 before January 31, 2007 (incurred);
US$30,000 before January 31, 2008 (incurred);
US$35,000 before January 31, 2009 (incurred);
US$43,000 before January 31, 2010 (incurred); and
US$50,000 before January 31, 2011 (incurred).

(Expressed in Canadian Dollars)

8. RESOURCE PROPERTIES ï (contôd)

Toruel (Davicino), Rio Negro Province ï (contôd)

a) M.I.M. Argentina Exploraciones ï (contôd)

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

The option agreement was renegotiated subsequent to year end on January 31, 2011, and was amended to extend the term for another two years from the original expiration date of the Agreement.

b) Davicino

The agreement dated May 8, 2004 with Ruben Davicino was amended in November 2008 and in April 2010 wherein the payments totaling US $305,000 due as to US$20,000 by November 8, 2007, US$35,000 by May 8, 2008, US$35,000 by November 8, 2008 and US$230,000 on May 8, 2009 were amended to the following:

Payments	Due Dates
US$20,000	November 8, 2008 (paid)
US$20,000	May 8, 2010
US$35,000	November 8, 2010
US$230,000	May 8, 2011

The optionor retains a 2% net smelter return which may be purchased for US$750,000.

On January 9, 2011 the Company amended the agreement with Ruben Davicino. The amending of agreement resulted in the following new payment schedule:

Payments	Due Dates
US $10,000	During 2011
US $15,000	At the conclusion of the first year
US $20,000	
US $30,000	
US $60,000	

During the fifth year the Company can exercise at its option to purchase 100% of the project for a payment of US $500,000.

As an the original agreement the optionor retains 2% net smelter return, this may be purchased for US$750,000.

On March 4, 2011, the Company signed an agreement for the joint venture of its Toruel silver property with Netco Energy Inc. (ñNEIò). Under the terms of the agreement, NE
paying an aggregate of $200,000 in cash, issuing 3,150,000 NEI common shares to Marifil and spending $2,800,000 on exploration and development on the property as follows:

(Expressed in Canadian Dollars)

8. RESOURCE PROPERTIES ï (contôd)

Toruel (Davicino), Rio Negro Province ï (contôd)

b) Davicino ï (contôd)

Date	Cash Payment	Share Issuance	Expenditure Requirement
Agreement Date	$25,000 (receive subsequent to year-end)	-	$ -
On the Approval Date	-	150,000 shares	$ -
On or before that date which is six months from the Agreement Date	$ 25,000	250,000 shares	$ 150,000
On or before 12 months from the Agreement Date	$ 50,000	250,000 shares	$ 150,000
On or before 24 months from the Agreement Date	$ 50,000	1,000,000 shares	$ 500,000
On or before 36 months from the Agreement Date	$ 50,000	1,500,000 shares	$ 2,000,000

NEI can earn a further 10% over the next two years by providing Marifil with a pre-feasibility study on the property and paying the Company $100,000 per year. NEI can earn a further 10% over the next two years by providing Marifil with a feasibility study on the property. At the time, all further expenditures shall be sh sole option, the Company can elect to be carried through to the commencement of commercial production on the property, in which cash NEI will earn an additional 5%, bring NEIôs total interest to 75%.

c) San Roque, Rio Negro Province

On March 8, 2006 the Company 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 (incurred). The Company has the right until June 5, 2012 to purchase 100% of the property by making a cash payment of US$400,000.

8. RESOURCE PROPERTIES ï (contôd)

Toruel (Davicino), Rio Negro Province ï (contôd)

c) San Roque, Rio Negro Province ï (contôd)

Under the terms of the Option Agreement (ñAgreementò) dated Ju option to acquire a 49% interest by incurring $3,000,000 in expenditures on the properties during the first two years of the Agreement (including making the $400,000 payment to MIM) and payments to Marifil of $100,000 per year. After earning its 49% interest, NovaGold can earn an additional 2% interest by committing to a Phase 2 program. During the Phase 2 program NovaGold shall spend an additional $6,000,000 in property expenditures over the next three years and pay Marifil $100,000 per year to earn an additional 19% interest, bringing its total interest to 70%. All further expenditures shall be shared 70% NovaGold and 30% Marifil.

During the year ended December 31, 2010, the Company received $100,000US from NovaGold. This completes NovaGoldôs year 1 obligations under the option agreement.

Other Properties

Except as noted below, other Argentine properties include the Maipu Project located in Santa Cruz province Argentina, the Somuncura Property which consists of fifteen properties located in the Rio Negro province of Argentina, and the Alto Rio Chubut Project, consisting of five staked properties in the Rio Negro province of Argentina. There are no remaining commitments on these projects.

The Company also owns a limestone property, oil and gas property and a red-bed copper prospect. The limestone property may be subject to a significant finderôs operty. The fee payab other two properties are 100% owned and have no commitments.

a) K-2 Potash Property

On September 19, 2008, the Company signed an acq-2 potash uisition property to Oxbow Holdings Corp., a private Canadian corpor

Under the terms of the Agreement, the Company received 13,500,000 shares of Oxbow (received March 26, 2009) and also received 4,000,000 common share purchase warrants expiring August 8, 2012 to purchase one additional common share of Oxbow for $0.40 per share for each warrant held. The shares received represented 54% of Oxbow resulting in the Company obtaining a controlling interest in Oxbow (Note 5) and effectively retaining a 54% interest in the property.

(Expressed in Canadian Dollars)

8. RESOURCE PROPERTIES ï (contôd)

Other Properties ï (contôd)

a) K-2 Potash Property ï (contôd)

The Company will also receive anti-dilution rights enabling the Company to retain a minimum fifty percent (50%) equity interest in Oxbow by participating in any private equity offerings for 12 months following the closing or for up to 24 months for any public offerings.

Oxbow also agreed to make the following cash payments to Marifil:

Payment Date	Payment Amount	
By August 13, 2008	US$50,000	(received)
At signing of the Agreement	US$95,000	(received)
November 24, 2008	US$40,000	(received)
On or before February 24, 2009	US$20,000	(received)
On or before January 1, 2010	US$250,000(1)	
	US$455,000	

(1) Settled by receipt of 2,500,000 shares of Oxbow. This
Oxbow to 57%.

In addition to the payments described above, and pursuant to the agreement, the Company was also to receive further payments of US$250,000 annually, commencing September 19, 2011 and continuing until the first Milestone payment (see below) was made after which the annual payments will cease.

On or before September 1, 2010, the Company was to receive a US$750,000 Resource Milestone payment as follows: the first Milestone payment will be paid on completion of a NI 43-101 report showing an inferred, indicated, and measured potash resource of 200,000,000 tonnes of potash grading 13% K_2O, if the resource calculation comes after September 1, 2010 the payment increases to US$1,500,000; the second Milestone payment of US$1,500,000 is due following completion of a bankable feasibility report, or if a decision is made to proceed to production without producing a feasibility study, occurs on or before September 1, 2012. During the period ended September 30, 2010 Oxbow had not completed a resource calculation, thereby increasing the first milestone payment to US$1,500,000.

If the feasibility study or construction begins after September 1, 2012 the payment increases to US$3,000,000. At the Companyôs election the second milestone payment may be mad shares of stock. The Company will retain a sliding scale royalty on sales of potash from the property. The royalty shall start at 2% for sales at less than US$250 per tonne and increase to 4% for sales at US$400 per tonne; all sales FOB Vancouver.

8. RESOURCE PROPERTIES ï (contôd)

Other Properties ï (contôd)

a) K-2 Potash Property ï (contôd)

During the year ended December 31, 2009, management determined that the fundamentals of the potash market and the struggling financial environment had impaired the value of the K-2 property. Because of this impairment management wrote off $101,630, the carrying cost of the K-2 property.

On December 21, 2010 Marifil on behalf of itself and its r
signed a Letter of Intent ñLOIò with Saccharum Energy Corp for
$0.01 per share and the agreement that Marifil would renegotiate the underlying agreement between Oxbow and Marifil whereby Saccharum can earn a 75% interest in the K-2 property.

Subsequent to the year ended December 31, 2010 Marifil announced that it had given Saccharum an extension until March 23, 2011 to complete the financing and closing for the purchase of Oxbow and the K-2 Potash property. Saccharum agreed to pay $20,000 in consideration for the exclusive extension.

Subsequent to the year ended December 31, 2010, on April 4, 2011 Marifil signed an amended LOI for the Company and its majority owned subsidiary Oxbow for the sale of the K-2 Potash property. This amendment to the original LOI, signed December 21, 2010, established new terms for the purchase of Oxbow and the K-2 potash property, as well as two additional potash projects, K-3 and K-4. Saccharum agreed to pay US$50,000 non-refundable as consideration for an additional 30 day extension of the due diligence period and to arrange financing. Marifil agreed to apply $25,000 of this payment to the purchase of Oxbow shares upon closing, described below.

Under the amended LOI agreement, Saccharum agrees to purchase all the shares of Oxbow for a total price of US$366,481. In addition, Saccharum agrees to pay Oxbow shareholders in either cash or shares of Saccharum stock at a price of $0.50 per Saccharum share. Further, Marifil agrees to restructure its underlying agreement with Oxbow whereby Saccharum can earn up to a 70% interest in the K-2 property. Marifil will retain a 1.5% Net Smelter Royalty ñNSRò that Saccharum shall have the right to purchase for U

Marifil further agrees that Saccharum can acquire up to a 70% interest in the K-3 and K-4 properties that the Company acquired through staking on December 14, 2010 and January 23, 2011. If Marifil elects to not participate in the development, its 30% interest shall be reduced to a 25% carried interest.

Saccharum will pay Marifil $500,000 in cash plus 2,000,000 Saccharum common shares over three years for each of the three projects, for a total payment to Marifil of US$1
Marifil shall be US$450,000 in cash and 3,000,000 shares upon Saccharumôs

Saccharum agrees to spend US$4,500,000 in work on each of the three potash projects; K-2, K-3 and K-4 over the next four years; as follows:

Saccharum will pay Marifil $500,000 in cash plus 2,000,000 Saccharum common shares over three years for each of the three projects, for a total payment to Marifil of US$1
Marifil shall be US$450,000 in cash and 3,000,000 shares upon Saccharumôs completion of fin

(Expressed in Canadian Dollars)

8. RESOURCE PROPERTIES – (cont'd)

Other Properties – (cont'd)

a) K-2 Potash Property – (cont'd)

Saccharum will pay Marifil $500,000 in cash plus 2,000,000 Saccharum common shares over three years for each of the three projects, for a total payment to Marifil of US$1
Marifil shall be US$450,000 in cash and 3,000,000 shares upon Saccharum's

Saccharum agrees to spend US$4,500,000 in work on each of the three potash projects; K-2, K-3 and K-4 over the next four years; as follows:

Year 1	US$300,000
Year 2	US$1,350,000
Year 3	US$1,350,000
Year 4	US$1,500,000

Saccharum will also pay Marifil a performance bonus of 1,500,000 shares of Saccharum upon completion of a positive 43-101 compliant ore resource and a further 1,500,000 shares following completion of a Feasibility study. These bonus shares shall be a one-time payment applicable to the first property only.

If during the period of this agreement Saccharum's share s
shall be adjusted up proportionately.

Subsequent to the three month period ended March 31, 2011 the Company signed a definitive LOI with Saccharum for the completion of the sale of Oxbow Holdings Corp and the joint venture of K2, K3 and K4 with Saccharum. The terms of the definitive LOI were not materially different then the terms outlined in the LOI announced on December 21, 2010.

b) Punta Colorado

On October 10, 2008, the Company entered into an agreement whereby the Company is granted exclusive exploration rights and the right to use the nearby loading dock to the Punta Colorado property located in the Rio Negro Province of Argentina. Under the terms of the agreement, the Company is granted a six year term to carry out exploration. If the Company's exploration rcial exploitation the Company shall have exploitation rights for a thirty year term. The project is subject to a 5% royalty on the mine mouth value of the mineral extracted.

c) El Carmen

On November 15, 2010, the Company announced it has sold the El Carmen oil and gas property to Ilakon Ltd., a private company. The property comprises four patented oil claims totalling 2,001 hectares located on the north flank of the Golfo San Jorge Basin in Chubut Province, Argentina.

(Expressed in Canadian Dollars)

8. RESOURCE PROPERTIES ï (contôd)

Other Properties ï (contôd)

c) El Carmen ï (contôd)

Ilakon has agreed to purchase the El Carmen property for $250,000 of which $125,000 is payable on signing (received subsequent to December 31, 2010) and $125,000 is due in 12 months. Marifil has the option of taking the second payment in shares of Ilakon Ltd. if it has completed a public offering and exchange listing or is in the process of doing so. Marifil will retain an 8% production royalty from gross proceeds of sales of oil and gas. Annual advance royalty payments of $75,000 are due to Marifil beginning at the earlier of commencement of production or 24 months from the date of the Agreement.

d) Lithium claims, Salta and Catamarca Provinces

On August 12, 2010 the Company signed an agreement with Renholn In
whereby Renholn has the right to purchase all of Marifilôs

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.

9. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

Payables and accrued liabilities for the Company:

	March 31, 2011	December 31, 2010
Trade payable and Accrued liabilities	$ 178,832	$ 143,436
	$ 178,832	$ 43,436

10. RELATED PARTY TRANSACTIONS

The financial statements include the financial statements of Marifil Mines, ltd. and its subsidiaries are listed in the following table:

Name of Subsidiary	Country of Incorporation	Ownership Interest	Principal Activity
Marifil SA	Argentina	100%	Mineral exploration
Oxbow Holding Corp.	Canada	58%	Mineral exploration

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS ï (c o n t ô d)

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

	March 31, 2011	March 31, 2010
Administrative Expenses		
Accounting fees	$ 12,066	$ 15,562
Consulting fees	36,046	15,569
Director fees	7,700	-
Total	$ 55,812	$ 31,191

.

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

At March 31, 2011 accounts payable included $33,198 (2010 - $57,086) owing to directors of the Company and a company with a common officer for unpaid fees and reimbursement of expenses.

11. SHARE CAPITAL AND RESERVES

Authorized share capital

As at March 31, 2011, the authorized share capital of the Company was an unlimited number of common shares without par value. All issued shares are fully paid.

T h e c a p i t a l s t r u c t u r e o f t h e C o m p a n y c o n s i s t s o f s h a r e h o l d e r s ô

	March 31, 2011	March 31, 2010
Components of Capital:		
Shareholders' equity	$ 4,128,174	$ 5,878,138
Less: cash	(637,616)	(103,227)
	$ 3,490,558	$ 5,774,911

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (C o d)t ô

Private Placement

During the three months ended March 31, 2011 the Company did not raise any money through private placements.

Warrants

Warrants Outstanding

As at March 31, 2011, the following share purchase warrants were outstanding:

Number	Exercise Price	Expiry Date
2,322,874	$0.10/$0.15	September 10, 2011
1,499,626	$0.12	January 15, 2012
3,822,500		

A summary of the warrant activity is as follows:

	Period Ended 3/31/2011		Year Ended 12/31/2010	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Balance, beginning of year	8,550,625	$0.10	8,664,293	$0.10
Issued	-	-	2,587,750	$0.12
Exercised	(775,000)	$0.12	(350,000)	$0.10
Expired	-	-	(2,038,293)	$0.65
Exercised	(3,953,125)	$0.15	(313,124)	$0.12
Balance, end of year	3,822,500	$0.10	8,550,625	$0.10

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (C o d) t ô

Stock options

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.

The Company granted two groups of options during the three month period ended March 31,2011. The Company awarded management 2,000,000 options on January 24, 2011 and 200,000 options on February 17,2011 to a consultant. The Company recognized $442,535 (2010 - $nil) in share based compensation from these grants. The grant value was determined on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	2011	2010
Expected dividend yield	0%	0%
Expected stock price volatility	146%	0%
Risk-free interest rate	2.23%	0%
Expected life of options	5 years	0 years

The fair value was recorded as stock-based compensation at the dates of vesting.

As at March 31, 2011, options outstanding are as follows:

Number		Vested	Exercise Price	Expiry Date
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
200,000	Consultant	50,000	$0.43	February 17, 2016
2,000,000	Directors and Consultants	2,000,000	$0.20	January 24, 2016
100,000	Consultant	100,000	$0.15	December 9, 2015
850,000	Directors	850,000	$0.10	April 5, 2020
70,000	Consultant	52,500	$0.10	April 13, 2020
4,830,000		4,712,500		

(Expressed in Canadian Dollars)

12. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, currency risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

The estimated fair value of financial liabilities is equal to their carrying values due to the short-term nature of these instruments. At March 31, 2011 and December 31, 2010, the Companyôs financi
the Argentine Peso.

Fair Value Hierarchy

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 ï Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 ï Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 ï Inputs that are not based on observable market data

The fair value of cash and cash equivalents and other assets are measured based on level 1 of the fair value hierarchy. The fair value of long term investments are measured based on level 3 of the fair value hierarchy.

Fair value of financial instruments

	March 31, 2011		December 31, 2010	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial Assets				
Cash and cash equivalents	$ 637,616	$ 637,616	$ 38,071	$ 38,071
Accounts receivable	36,542	36,542	28,300	28,300
Stocks subscription receivable	30,000	30,000	7,800	7,800
Financial liabilities				
Accounts payable	$ 178,832	$ 178,832	$ 143,436	$ 143,436

(a) Capital Management

The Company manages its capital to safeguard the Companyôs abil
provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in share capital as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through short-form prospectuses, private placements, sell assets, incur debt.

(b) Liquidity Risk

Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due or that it will be required to meet them at excessive cost. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Companyôs
capital and therefore short-term liquidity risk is inherent.

To mitigate its liquidity risk, the Company expects some of its liabilities to be paid later than the earliest date on which the Company is required to pay and expects to raise capital through private placements in the 2011 fiscal year.

(Expressed in Canadian Dollars)

12. FINANCIAL AND CAPITAL RISK MANAGEMENT *(Con t ôd)*

	March 31, 2011	December 31, 2010
Accounts payable and accrued liabilities	$ 178,832	$ 143,436

(c) Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Companyôs credit risk is primarily attributabl s, other assets and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and equivalents, and other assets with high-credit quality financial institutions.

	March 31, 2011	December 31, 2010
Accounts receivable	$ 36,452	$ 20,069

(d) Currency Risk

The Company has exposure to the US$ and Argentine pesos and is subject to fluctuations as a result of exchange rate variations to the extent that transactions are made in this currency. The Company considers this risk to be relatively limited and therefore does not hedge its foreign exchange risk.
.

	March 31, 2011	December 31, 2010
Cash and cash equivalents	$ 637,616	$ 38,071

(e) Interest Rate Risk

The Company is exposed to the risk that the value of financial instruments will change due to movements in market interest rates. The Company has no interest-bearing debt with long-term maturities and therefore does not believe that interest rate risk is significant. The Company does not use derivative instrument believes that the likely financial impact of interest rate changes does not justify using derivatives.

(f) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. The ability of the Company to explore its mineral properties and future profitability of the Company are directly related to the market price of gold and other precious metals. The Company monitors commodity prices to determine appropriate actions to be undertaken.

13. SUBSEQUENT EVENTS

Subsequent to the three month period ended March 31, 2011 the Company closed a private placement with accredited investors for gross proceeds to the Company of $1,091,350. The Company sold 3,111,295 units; each unit consisted of one common share and one-half warrant. Each whole warrant entitles the holder to purchase one common share at a purchase price of $0.45 for a period of one year from May 26, 2011.

On June 17, 2011 subsequent to the period ended March 31, 2011 the Company signed a definitive letter of intent with Saccharum energy ñ Sacch for the sale of Oxbow holdings Corp and the joint venture of our K3, and K4 project.

On June 24, 2011 the Company received a $100,000 property payme
project. Nova additionally notified the Company that it is exercising its option to make and has placed $400,000 in escrow for the Company to purchase the San Roque claims from MIM.

14. Transition to IFRS

The Company adopted IFRS effective January 1, 2010 (ñthe tIransi
position in accordance with International Financial Reporting Standards.

The date of the first annual financial statements in compliance with IFRS will be for the year ending December 31, 2011.

IFRS 1-tőFirst adoption of International Financial Reporting Standa
IFRS requires that the same policies are applied for all periods presented and that these policies are based on IFRS effective at the end of the first IFRS reporting year, December 31, 2011. The Company will therefore prepare its opening statement of financial position by applying existing IFRS at December 31, 2011 or earlier. Accordingly, it is possible that the opening statement of financial position and consolidated financial statements for December 31, 2011 may differ from the information presented in these interim financial statements.

The IFRS accounting policies as presented in Note X have been applied in preparing the financial statements for the period ended March 31, 2011, the comparative information and the opening statement of financial position at the date of transition.

(a) Elected exemptions from full retrospective application

IFRS 1 requires accounting policies to be applied retrospectively to determine the opening statement of financial position at the Companyôs date of January 1, 2010, and allows certain exemptions on the transition to IFRS. The optional exemptions applied are as follows:

(i) Business combinations

Under IFRS 1, the Company can elect to not restate in accordance with IFRS 3R Business Combinations, all business combinations that occurred prior to the transition date or to only restate all business combinations that occurred after a designated date prior to the transition date. The Company has applied this exemption to all business combinations that occurred prior to January 1, 2010.

(ii) Share-based payment transactions

IFRS 1 encourages, but does not require a first time adopter to apply IFRS 2 Share-based Payment (ñIFRS 2
instruments that were granted on or before November 7, 2002, or were granted after November 7, 2002 but vested before the Companyôs IFRS transition date. Accordingly, an entity may e
instruments.

The Company has elected this exemption and as a result, has applied IFRS 2 retrospectively only for share-based payments that were granted after November 7, 2002, and had not vested at
financial statements as presented under IFRS for the adoption of IFRS 2.

14. Transition to IFRS ï (contôd)

(iii) Cumulative translation differences

IFRS 1 allows cumulative translation differences for all foreign operations to be reset to zero at the date of transition to IFRS, with future gains or losses on subsequent disposal of any foreign operations to exclude translation differences arising prior to the date of transition to IFRS. The Company has elected this exemption and accordingly, has reset all cumulative translation differences to zero on transition to IFRS.

(iv) Borrowing costs

IFRS 1 permits an entity to apply the transitional provisions of IAS 23 - Borrowing Costs as an alternative to full retrospective application. Under these provisions, the Company may elect to only apply IAS 23 to qualifying assets for which the commencement date for capitalization is on or after the date of transition (or an elected earlier date).

The Company has elected to apply this exemption from its transition date of January 1, 2010, and as a result, will apply IAS 23 from this date onwards for projects with a commencement date of January 1, 2010 or later.

(b) Mandatory exceptions to retrospective application

IFRS 1 outlines specific guidelines that a first-time adopter must adhere to under certain circumstances. The Company has applied the following guidelines to its opening statement of financial position dated January 1, 2010:

(i) Estimates

Hindsight was not used to create or revise estimates and accordingly, the estimates previously made by the Company under Canadian GAAP are consistent with their application under IFRS.

(c) Reconciliations from Canadian generally accepted accounting

The Companyôs transition from Canadian GAAP to IFRS result adjustments to its statement of income, statement of comprehensive income, statement of financial position and statement of cash flows for the quarter ended March 31, 2011, the year ended December 31, 2010 and to the statement of financial position for January 1, 2010. Further details of the adjustments are provided in the following reconciliations and the notes that accompany the reconciliations. The adoption of IFRS has not changed the Companyôs actual cash flows.

(d) The Companyôs transit from Canadian GAAP to IFRS including recognizing foreign exchange translation adjustments that were recognized in operations under Canadian GAAP. For comparison purposes the net deficit under Canadian GAAP for the reporting periods would have been; January 1, 2010 was deficit of 158,068, as of March 31, 2010 a deficit of $179,276 and as of December 31, 2010 a deficit of $209,403

(Expressed in Canadian Dollars)

14. Transition to IFRS ï (c o n t ô d)

The January 1, 2010 Canadian (CGAAP) consolidated statement of financial position has been reconciled to IFRS as follows:

	Opening Balance Sheet January 1, 2010			
	CGAAP		IFRS	IFRS
ASSETS	**2010**		**Adjustments**	**2010**
Current				
Cash	$ 16,471		$ -	$ 16,471
Marketable securities	261,187		-	261,187
Receivable	28,300		-	28,300
Prepaid expense	7,574		-	7,574
	313,532		-	313,532
Equipment	6,487	*(a)*	(1,224)	5,263
Mineral properties	5,666,011	*(a)*	(1,252,684)	4,413,327
	$ 5,986,030		$ (1,253,908)	$ 4,732,122
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$ 222,348		$ -	$ 222,348
S H A R E H O L D E R S ô				
Share capital				
Authorized:				
Unlimited number of Class A common and Class B preferred shares with no par value				
Class A common				
Dec. 31, 2009: 48,927,349	11,495,070		-	11,495,070
Subscriptions received	-		-	-
Contributed surplus	1,260,989		-	1,260,989
Deficit	(6,992,377)	*(a)(b)*	(1,253,908)	(8,246,285)
Non-controlling interest	-		-	-
	5,763,682		(1,253,908)	4,509,774

(Expressed in Canadian Dollars)

	5,986,030	(1,253,908)	4,732,122

The December 31, 2010 Canadian (CGAAP) consolidated statement of financial position has been reconciled to IFRS as follows:

	Opening Balance Sheet December 31, 2010 CGAAP 2010		IFRS Adjustments	IFRS 2010
ASSETS				
Current				
Cash	$ 38,071		$ -	$ 38,071
Marketable securities	-		-	-
Receivable	15,708		-	15,708
Prepaid expense	18,822		-	18,322
	76,462		-	76,462
Equipment	4,965	*(a)*	(1,153)	3,812
Mineral properties	5,638,802	*(a)*	(1,649,928)	3,990,874
	$ 5,720,229		$ (1,649,081)	$ 4,071,148
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$ 143,436		$ -	$ 143,436
S H A R E H O L D E R S ô				
Share capital				
Authorized:				
Unlimited number of Class A common and Class B preferred shares with no par value				
Class A common				
Dec. 31, 2010: 52,146,723	11,758,411		-	11,758,411
Subscriptions received	7,800		-	7,800
Contributed surplus	1,350,289		-	1,350,289
Deficit	(7,539,707)	*(a)(b)*	(1,649,081)	(9,188,788)
Non-controlling interest	-		-	-
	5,576,793		(1,649,081	3,927,712

(Expressed in Canadian Dollars)

5,720,229	(1,649,081)	4,071,148

The Canadian GAAP consolidated statement of financial position at March 31, 2010 has been reconciled to IFRS as follows:

		Balance Sheet March 31,		
ASSETS	**CGAAP 2010**		**IFRS Adjustments**	**IFRS 2010**
Current				
Cash	103,227		-	103,227
Marketable securities	250,425		-	250,425
HST/GST recoverable	3,744		-	3,744
Amounts receivable	26,228		-	26,228
Advances receivable	1,381		-	1,381
Prepaid expense	1,230		-	1,230
	386,235		-	386,235
Equipment	6,269	*(a)*	(1,319)	4,950
Mineral properties	5,680,362	*(a)*	(1,448,471)	4,231,891
	6,072,866		(1,449,790)	4,623,076
LIABILITIES				
Current				
Accounts payable and accrued liabilities	194,728		-	194,728
SHAREHOLDERSô EQUITY				
Share capital				
Authorized:				
Unlimited number of Class A common and Class B preferred shares with no par value				
Class A common				
Mar. 21, 2010: 51,733,599 Dec. 31, 2009: 48,927,349	11,714,337		-	11,714,337
Subscriptions received	-		-	-
Contributed surplus	1,260,989		-	1,260,989
Deficit	(7,097,188)	*(a) (b)*	(1,449,790)	(8,546,978)
Non-controlling interest	-		-	-
	5,878,138		(1,449,790)	4,428,348

(Expressed in Canadian Dollars)

6,072,866	(1,449,790)	4,623,076

The Canadian GAAP consolidated statement of income for the three months ended December 31, 2010 have been reconciled to IFRS as follows:

	For the twelvemonths ended December 31,		
	CGAAP **2010**	IFRS **Adj's**	IFRS **2010**
Administrative expenses			
Accounting and audit	179,565	-	179,565
Amortization	1,521	-	1,521
Bank charges and interest	2,166	-	2,166
Consulting fees	62,877	-	62,877
D i r e c t o r s ô f e e s	11,756		11,756
Filing fees and investor relations	98,120	-	98,120
Finders fees	3,882		3,882
General exploration	93,830	-	93,830
Insurance	14,036	-	14,036
Legal fees (recovery)	11,987	-	11,987
Office and miscellaneous	11,249	-	11,249
Stock-based compensation	89,300	-	89,300
Travel and promotion	28,715	-	28,715
Loss before other items	(609,004)	-	(609,004)
Other items:			
Write-off of mineral properties	-	-	-
Gain on disposal of marketable securities	7,931	-	7,931
Write up of marketable securities	-	-	-
Foreign exchange gain (loss)	(51,335)	-	(51,335)
Interest income	13	-	13
Other income	105,065	-	105,065
Loss before non-controlling interest	(547,330)	-	(547,330)
OCI:	-	-	-
Cumulative translation adj;	-	-	-
Comprehensive loss for the year	(547,330)	-	(547,330)
Basic and diluted loss per share	$ (0.01)	$ -	$ (0.01)

(Expressed in Canadian Dollars)

Weighted average number of shares outstanding	51,705,415	$ -	51,705,415

The Canadian GAAP consolidated statement of income for the three months ended March 31, 2010 have been reconciled to IFRS as follows:

	For the three months ended March 31,		
	CGAAP **2010**	IFRS **Adj's**	IFRS **2010**
Administrative expenses			
Accounting and audit	36,354	-	36,354
Amortization	218	-	218
Bank charges and interest	550	-	550
Consulting fees	15,629	-	15,629
Filing fees and investor relations	34,567	-	34,567
General exploration	(2,086)	-	(2,086)
Insurance	3,742	-	3,742
Legal fees (recovery)	6,149	-	6,149
Management	10,657	-	10,657
Office and miscellaneous	29,461	-	29,461
Travel and promotion	7,077	-	7,077
Loss before other items	(142,318)	-	(142,318)
Other items:			
Write-off of mineral properties	-	-	-
Gain on disposal of marketable securities	14,876	-	14,876
Write up of marketable securities	41,737	-	41,737
Foreign exchange gain (loss)	(21,208)	-	(21,208)
Interest income	4	-	4
Other income	2,098	-	2,098
Loss before non-controlling interest	(104,811)	-	(104,811)
OCI:	-	-	-
Cumulative translation adj;	-	-	-
Comprehensive loss for the year	(104,811)	-	(104,811)
Basic and diluted loss per share	$ (0.002)	$ -	$ (0.00)

(Expressed in Canadian Dollars)

Weighted average number of shares outstanding	51,379,456	$ -	51,379,456

The Canadian GAAP consolidated statement of cash flows for the twelve months ended December 31, 2010 have been reconciled to IFRS as follows:

	March 31, 2010	IFRS Adjustments	March 31, 2010
Operating Activities			
Net loss for the year	$ (547,330)	$ -	$ (547,330)
Items not affecting cash			
Write-off of mineral properties	-	-	-
Write-up of marketable securities	(36,319)	-	(36,319)
Gain on disposal of marketable securities	28,389	-	28,389
Amortization	1,521	-	1,521
Shares issued for employee bonus	6,500	-	6,500
Stock-based compensation	89,300	-	89,300
Net change in non-cash working capital			
Advances receivable	(12,093)	-	(12,903)
GST and amounts receivable	(2,994)	-	(2,994)
Amounts receivable	24,129	-	24.129
Prepaid expenses	(10,748)	-	(10,748)
Accounts payable and accrued expenses	(78,912)	-	(78,912)
		-	-
Net cash used in operating activities	(539,367)	-	(539,367)
Financing Activities			
Shares issued for cash	184,267	-	184,267
Shares issued for exercise of warrants	72,574	-	72,574
Share subscriptions received	7,800	-	7,800
Net cash used in investing activities	264,641	-	264,641
Investing activities			
Proceeds on disposition of marketable securities	269,117	-	269,117
Mineral properties	27,209	-	27,209
Net cash from financing activities	296,326	-	296,326
NET INCREASE IN CASH AND EQUIVALENTS	$ 21,600	$ -	$ 21,600
CASH AND EQUIVALENTS, BEGINNING OF YEAR	16,471		16,471

(Expressed in Canadian Dollars)

CASH AND EQUIVALENTS, END OF YEAR/PERIOD	$ 38,071	$ -	$ 38,071

The Canadian GAAP consolidated statement of cash flows for the three months ended March 31, 2010 have been reconciled to IFRS as follows:

	March 31, 2010	**IFRS Adjustments**	**March 31, 2010**
Operating Activities			
Net loss for the year	$ (104,811)	$ -	$ (104,811)
Items not affecting cash			
Write-up of marketable securities	(41,735)	-	(41,735)
Gain on disposal of marketable securities	(14,878)	-	(14,878)
Amortization	218	-	218
Net change in non-cash working capital			
Advances receivable	1,423	-	1,423
GST and amounts receivable	(4,477)	-	(4,477)
Prepaid expenses	6,344	-	6,344
Accounts payable and accrued expenses	(27,620)	-	(27,620)
		-	-
Net cash used in operating activities	(185,536)	-	(185,536)
Financing Activities			
Shares issued for cash	184,267	-	184,267
Shares issued for exercise of warrants	35,000	-	35,000
Net cash used in investing activities	219,267	-	219,267
Investing activities			
Proceeds on disposition of marketable securities	67,376	-	67,376
Mineral properties	(14,351)	-	(14,351)
Net cash from financing activities	53,025	-	53,025
NET INCREASE IN CASH AND EQUIVALENTS	$ 86,756	$ -	$ 86,756
CASH AND EQUIVALENTS, BEGINNING OF YEAR	16,471		16,471
CASH AND EQUIVALENTS, END OF YEAR/PERIOD	$ 103,227	$ -	$ 103,227

Notes to IFRS reconciliations presented above:

(a) Foreign currency translation

IFRS does not have the concept of group functional currency and requires a separate functional currency assessment for each entity within the consolidated group. Under Canadian GAAP, al
currencies.

Under IFRS, the Company consolidates assets and liabilities for each balance sheet presented at the closing rate at the date of the statement of financial position. Under Canadian GAAP the Company translated property, plant and equipment at the historical rate on the date of transaction

(b) Cumulative translation differences

IFRS 1 allows cumulative translation differences for all foreign operations to be reset to zero at the date of transition to IFRS, with future gains or losses on subsequent disposal of any foreign operations to exclude translation differences arising prior to the date of transition to IFRS. The Company has elected this exemption and accordingly, has reset all cumulative translation differences to zero on transition to IFRS.

The results of the differences between IFRS and Canadian GAAP are reflected in the statements above.