MANAGEMENT'S DISCUSSION AND ANALYSIS

As at June 30, 2011

This management's discussion and analysis ("MD&A") of the financial condition prepared as of September 1, 2011 and is to be read in conjunction with our financial statements as at June 30, 2011.

This management discussion and analysis ("MD&A") is in three and six month periods ended June 30, 2011. All dollar amounts referenced, unless otherwise indicated, are expressed in Canadian funds.

Marifil Mines Limited. ("Marifil" or the "Company") wa 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 Januar

The Company's business model involves identifying good ... 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 mix of royalties, working interests, and carried interests in our projects.

The Company's Financial Statements are prepared in Cana International Financial Reporting Standards ("IFRS") and in accordance with In 4, Interim Financial Reporting.

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 balance sheet.

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 enter
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.

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 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.

On June 22, 2010 Marifil entered into an option agree 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 "Marifil Enters into San Roque Agreement with NovaGo (www.sedar.com)

On March 17 NovaGold began a drilling program on the property. During the six months ended June 30, 2011 the drilling program was completed. NovaGold drilled 15 holes with every drill hole encountering some degree of mineralized rock, indicating the partnership is exploring a very large, complex and variously mineralized sulphide system containing gold, silver, indium, lead, zinc and some copper and molybdenum

During the period ended June 30, 2011 NovaGold made its second $100,000 payment and elected to make the $400,000 payment to MIM, the $400,000 payment and transfer of title are currently in process as of the filing of this MD&A.

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 NI 43-101 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 ne 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 drill holes between 1300 and 1500 m.
- The lower horizon reported a grade of 21% K_2O and a maximum thickness of 6 m.
- The upper horizon reported a lower grade of 12% K_2O 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.

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 of Marifil and its subsidiary of i
Oxbow Holdings Corp with Saccharum-2 Project. Saccharum agreed to Saccha
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 $4,000,000 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 2010 Company's "Marifil signs letter of intent K-2 Potash Project" filed www.sedar.com). The able
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 Sacc
K-3 and K-4 projects. The terms are described in the Compan
filed and available on SEDAR.

During the period ended June 30, 2011 the Company signed a definitive LOI to advance the purchase of Oxbow and the JV of K3 and K4 with Saccharum, the terns of this LOI were not materially different than the terms announced on December 21, 2010. This was announced June 17, 2011. The Company anticipates it will have completed JV agreements with Saccharum for the K2, K3 and K4 project and close this transaction during before the end of the third quarter.

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 one of 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.

On March 4, 2011 the Company signed an agreement with Netco Ene
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 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 r
press release dated March 4, 2011 entitled "Marifil Signs Agreement for Toruel Sil
SEDAR (www.sedar.com)

During the period ended June 30, 2011 the Company was notified by Netco that it had received TSX regulatory approval to acquire up to 75% of Marifil's Toruel property. Netco starting work on the project soon. Netco has made their first share and cash payments to the Company.

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

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 9,800 meters of diamond drilling as 43 drill holesdone 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 set the stage for Las Aguilas as being a valid exploration target and justification for continued resource development drilling.

Two mineralized intrusions separated 300 m from each other, Las Aguilas East and Las Aguilas West, have been identified on the Property. The bulk of the mineralization is composed of pyrrhotite, chalcopyrite and pentlandite (ores of copper, nickel, cobalt and platinum) in a matrix-supported texture, with some fracture-controlled massive sulphide veins. Pyrrhotite and chalcopyrite occur as disseminations, patches of net-textured accumulations, as well as mineralized fractures and veinlets found throughout the intrusion. The sulphide content varies between 10% and 50% sulphides (15% to 20% on average). Significant PGE mineralization, particularly represented by platinum and palladium, has been identified at Las Aguilas, as well as copper and minor gold contents. Petrographic studies identified merenskyite and sperrylite as the main PGE minerals.

Castillian Resources Corporation optioned the property from Marifil in 2007. Between November of 2007 and February of 2008 Castillian completed geological mapping, petrographic studies, 28,600 line km of BH-TEM, 3,569 line km of airborne VTEM, an environmental baseline study, and 78 HQ/NQ drill holes totaling 12,857 meters, most of which were surveyed with BHEM, .The Castillian drilling extended the Las Aguilas (LA) West deposit an additional 100 meters south and 50 meters north.. The LA West deposit and intrusion have now been intersected by drilling over a length of 800 meters and to a vertical depth of 250 meters. The LA West deposit is a 5 to 25 meter wide 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.

The East deposit is a 10 to 30 meter thick lens-like body about having 100 meters of strike length and plunging about 45 degrees to a vertical depth of at least 330 meters. The mineralization is hosted by a variety of ultramafic intrusive rocks. This resource occurs within a large fold and mineralization is open-ended down dip along the plunge of the fold in both directions.

Some Castillian drilling highlights are:

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.

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.

The Las Aguilas property was returned to Marifil 2009 when the JV partner Castillian Resources (TSX-V CT) decided to change direction of their focus from base metals to precious metals.

The Company entered into an agreement with Pacific Coa
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'
"Marifil Options the Las Aguilas Project to Pacific
(www.sedar.com)

During the period ended June 30, 2011 the Company received a completed 43-101 resource estimate from Pacific Coast Nickel. Pacific Coast Nickel contracted Wardrop Engineering, A Tera Tech Company, to compile and analyze all the project drilling data and produce an NI43-101 compliant resource report. Wardrop concluded that the geological understanding is sufficient to support resource estimation. The project has been drilled by 132 holes, but only the 79 Castillian holes within the area of interest were included in the resource estimation due to data verification. The table below summarizes their resourse estimate.

Las Aguilas Resource Estimate at 0.4% NiEq

Total Class	NiEq% Cut-off	Tonnes	Ni%	Cu%	Co%	Au (ppm)	Ag (ppm)	Pt (ppm)	Pd (ppm)	NiEq%
IND	East	1,036,800	0.52	0.35	0.03	0.09	0.53	0.19	0.19	0.77
	West	2,227,000	0.36	0.45	0.03	0.03	0.29	0.15	0.19	0.62
	Total	3,263,800	0.41	0.42	0.03	0.05	0.37	0.16	0.19	0.67
INF	East	650,000	0.48	0.33	0.03	0.03	0.31	0.05	0.04	0.65
	West	689,000	0.35	0.43	0.03	0.01	0.01	0.01	0.01	0.53
	Total	1,339,000	0.41	0.41	0.03	0.02	0.16	0.03	0.03	0.59

The nickel equivalent value is based on a long range pricing index updated quarterly. The resource model was created in April of 2011 with the following commodity prices being used: Ni $9.02/lb, Cu $2.66/lb, Co $15.92/lb, Pt $1,842/ozt, Pd $ 681/ozt, Au 1,058/oz/t, Ag $16.57/ozt.

The report recommends additional exploration expenditures where extension of the known zones offers the potential for resource expansion; particularity along strike on the West Zone and down-dip on the East Zone. Pacific Coast intends to follow up on prior extensive geophysical data to identity new step out drill targets within the prospective 570sq. km optioned claim area. NI 43-101 recommendations include a down-hole geophysical survey to aid in the step-out drilling.

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 Argent
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 properties which are prospective for lithium.

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 a
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
Million” filed and available on SEDAR (www.sedar.com)

6. El Carmen, Oil and Gas prospect, Chubut Province: A favorable property report was produced by the Company’s consultant. This report suggests a signific -101
compliant.

On November 15, 2010 the Company sold the El Carmen project to Ilakon Lt
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
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 January 23, 2011, the Company acquired the projects by staking ground it believes to be highly prospective for potash. The claims are located in the Neuquen Basin are also 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.

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 Potassio 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 release dated April 4, 2011 and filed and Compan available on SEDAR (www.sedar.com). As of the date of this filing this Joint venture has not been approved by the TSX.V

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 Mar 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.

IAMGOLD was our former JV partner on this property, having spent approximately $5 million on geophysics, surface sampling and reverse circulation and diamond core drilling. Their work revealed a number of high grade gold targets as well as a large base metal target. Of the numerous quartz vein intercepts, the two best are in hole CMDD03 with 2.4 meters of 27 g/t Au and hole CMRC09 with 6 meters of 11 g/t Au. Several companies have expressed interest in acquiring this large property position.

The soil samples in an undrilled area of the property grade up to 2% zinc. 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 suggests that this area might be the surface expression of a porphyry molybdenum deposit.

4. Codihue, biogenic sulfur deposit, Neuquen Province: This acquisition is an ou
Neuquén Basin potash program, and involves much the sa
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 for sulphur. 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 ou
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
2011.

6. Maipu silver-lead-zinc, Santa Cruz Province: The ore deposit target is a zone 70 to 90 meters wide and exposed for 500 m vertically in a canyon. Similar outcrops occur 2,500 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 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 Ferrocarillera area and to other known properties containing high grade gold and silver.

8. Lago Fontana (Ferrocarillera), 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 Ferrocarillera project area. As a result, Apex has opted to drop the property. However, the Company does not believe this is a long term problem and several other companies have expressed interest in the project.

As of June 30, 2011 the Company was in compliance with all JV and on all option agreements with property holders. In addition at the time of this filing, July 5, 2011 the Company was in compliance with all JV and option agreements with property holders.

If the Company was to miss an option payment with a property holder or fall out of compliance with a JV agreement this could negatively affect the Company by j
property or the Company's ownership percentage or right other Company.

9. Cerro Samenta Norte & Cerro Samenta Sur, Porphyry Copper, Salta Province: Cerro Samenta Norte is the site of a hydrothermal breccia plug and a leached capping over a porphyritic intrusive rock. The size and metal content of the breccia plug has not been delineated. A 1998 report by Codelco Chile concluded that "Samenta Norte has the potential to host a copper oxide deposit of about 40 million tons grading about 0.5% copper." This is not a NI 43-101 compliant resource, and it is only an estimate of target size and grade. This target estimate is based on geological mapping and geochemical rock sampling and two trenches; one of which cut 93 meters grading 0.47% copper and the second cut 87 meters grading 0.62% copper.

Cerro Samenta Sur is centered on a copper-in-soil anomaly measuring 400 meters by 1,400 meters covering a porphyritic intrusive with a leached cap and cut by numerous siliceous pebble dikes

Marifil acquired this project subsequent to the period ended June 30, 2011 and is planning a program to explore this shallow oxide copper resource and to also evaluate other prospective but undrilled zones associated with these two mineralized center.

Results of Operations and Financial Condition

Selected Annual Information

Period Ended,	December 31, 2010	June 30, 2011
	IFRS	IFRS
Expenses:		
General & administrative	(2,480,841)	(440,431)
Share-based compensation	(362,585)	(515,620)
Write-off of exploration and evaluation assets	-	-
Gain on sale of assets	21,547	-
Other Income (expenses)	(44,958)	(52,525)
Loss for the Period	(2,838,494)	(1,008,576)
Net loss per share, basic and fully diluted	(0.04)	(0.02)
Total Assets	5,720,229	7,165,604
Shareholders' Equity	11,758,411	6,961,454

Summary of Quarterly Results

The following quarterly financial data is derived from the unaudited condensed consolidated interim financial statements of Marifil Mines, ltd as at (and for) the three month periods ended on the dates indicated below. The data should be read in conjunction with the Compan y 'unsaudited condensed consolidated interim financial statements for the six months ended June 30, 2011 and the notes thereto.

	2010 Q2-IFRS	2010 Q1– CDN GAAP	2009 Q4- CDN GAAP	2009 Q3 – CDN GAAP
	June30/10	Mar 31/10	Dec 31/09	Sept 30/09
Total Revenues	-	-	-	-
Income (loss)	(152,475)	(104,811)	(285,871)	159,436
Per share	(0.00)	(0.0)	(0.01)	(0.00)
Per share, fully				
Diluted	(0.00)	(0.0)	(0.01)	(0.00)

	2011 Q2-IFRS	2011 Q1 – IFRS	2010 Q4- CDN GAAP	2010 Q3 –CDN GAAP
	June 30/11	Mar 31/ 10	Dec 31/10	Sept/10
Total Revenues	-	-	-	-
Income (loss)	(389,340)(ii)	(619,237)(i)	(23,234)	61,816
Per share	(nil)	(nil)	0.01	(0.00)
Per share, fully				
Diluted	(nil)	(nil)	(0.01)	(0.00)

(i) The Company experienced a larger than normal loss in the quarter ending March 31, 2011 mainly from recognizing $442,535 in stock based compensation expense and to a lesser extent from increased expensed related to investor relations and travel and promotion compared to prior quarters.

(ii) The Company recognized $73,805 in stock based compensation expense in the quarter ending June 30, 2011 this was the largely responsible for the increased loss in the quarter ended June 30, 2011 compared to June 30, 2010

The Company's Income (loss) can fluctuate between quarters based on property payments received as well as gains or losses recognized for Marketable securities received from JV partners.

2nd Quarter – Six and three months ended June 30, 2011

During the six months ended June 30, 2011, the Company incurred losses of $1,008,576 compared to a loss of $257,658 in 2010. The increase in loss is largely due to the granting of options and recognizing the related share based compensation expense during the period.

Share based compensation: $515,620 (2010 -257,986) – The Company granted 2,200,000 stock options during the 1st quarter of 2011, an additional 50,000 were issued during the period ended June 30, 2011 and 100,000 vest during the period. The stock based compensation expense is primarily affected by the number of options granted and vesting during the period, the strike price at grant date and stock-price volatility calculations used in the Black-Scholes option pricing model.

Operating expenses for the three months ended June 30, 2011(excluding share-based compensation) were $268, 637 compared to $115,820 for the same period in 2010. Operating expenses were higher in 2011 compared to 2010 largely due to the Company being more activate with property acquisitions and marketing and accounting activity in 2011 compared to 2010. Expense details are as follows:

(a) Accounting and audit fees: $84,807 ($17,300 - 2010) – Expenses reflect accrued expenses for the Company's annual external audits.
Accounting and Audit fees were higher during the period compared to the same the same period in 2010 as the Company spent completed its year end Audit and adopter International Financial Reporting Standards.

(b) Consulting: $42,629 ($15,421 - 2010)
Consulting fees were higher largely due to the Company returning its Presidents monthly fee back to $10,000 a month, which was the same amount that was paid prior to the economic downturn.

(c) Office and miscellaneous: $26,486($16,032 - 2010)
Office and miscellaneous fees increased as the Company had more expenses related to communication, postage and print materials.

(d) Filing fees and investor relations: $42,402 ($17,999 - 2010)
Filing fees and investor relations increased as the Company had more investor relations activity during the period compared to 2010 as well as the Company increased the amount paid to its investor relations team from half pay to full pay.

(e) Travel and promotion: $26,347 (5,433 - 2010)
Travel and promotion expenses increased as the Company had more travel expenses during this period compared to the same period in 2010; this was largely due to management traveling to Argentina to oversee operations, which did not happen in the same period in 2010.

(f) Management: $28,575 ($14,958- 2010)
Management expenses increased as the Company had increased Management activity in Argentina to manage projects and over see our return to a higher level of activity.

Liquidity and Capital Resources

The Company's working capital balance on June 30, 2011 was $1,558,732 compared to $(79,235) at December 31, 2010.

Private Placements

The Company announced on June 1, 2011 that it closed its previously announced private placement for gross proceeds of $1,091,350. The Company sold 3,111,395 units; each $0.35 cent unit consisted of one common share and one-half warrant. Each whole warrant entitles the holder thereof to purchase one common share at a purchase price of $0.45 for a period of one year from May 26, 2011.

Capital Resources

The Company's cash r es... $1,100,429 during the period mainly from the receipt of funds from the completion of a private placement and to a lesser extent the exercising of warrants and receipt of option payments from joint venture partners.

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. Management continues to monitor the capital markets for opportunities to raise additional funds should the Compan expense increase.

As of June 30, 2011 The Company's only major upcoming capital requirement is to MIM Exploraciones SA "MIM" in 2012 for $400,000, this is if the Company elects to purchase title to the San Roque claims. As noted property section of this document, No partner on the San Roque project is responsible for making this payment, and has elected to do at the time of this filing. The Company does not have any leased equipment or vehicles that it has a contractual commitment for over the coming year. The Company rents office space on month to month basis and is not subject to a lease agreement. On June 24, 2011 NovaGold notified the Company that it will exercise its option to make the $400,000 payment to MIM and have title to the San Roque project transferred to the Company from MIM. At the time of this filing this was in process and is expected to be completed by September 30, 2011.

The Company will fund its ongoing operations and any capital commitments that it enters into for exploration properties through the sale of equity in the Company.

At June 30, 2011 the Company was in good standing on all option agreements with property holders.

Transactions with Related Parties

The financial statements and management discussion and analysis of Marifil Mines ltd. are inclusive of its subsidiary listed in the following table:

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

The remuneration to the President, Vice President, CFO, Project Manager, President of Marifil Mines, SA. and Directors during the three months ended

June 30, 2011 and 2010 are as follows:

		June 30, 2011		June 30, 2010
Salaries and Directors fees	$	82,340	$	36,672
Share based compensation	$	515,620	$	4,958
	$	597,960	$	41,630

Share based payments are the fair value of the options granted the CEO, Vice President, Directors CFO and Investor Relations consultants.

All transactions with related parties were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the parties.

Proposed Transactions

In the normal course of business, the Company evaluates property acquisition transactions and in some cases makes proposals to acquire such properties. These proposals, which are usually subject to board, regulatory and sometimes shareholder approvals, may involve future payments, share issuances, and property work commitments. These future obligations are usually contingent in nature and generally the Company is only required to incur the obligation if it wishes to continue with the transaction. As of this date, the Company has a number of possible transactions that it is examining. Management is uncertain whether any of these proposals will ultimately be completed.

Financial Instruments

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

(a) Capital Management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to 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 the shareholders' equity 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 private placements, sell assets, incur debt. As at March 31, 2011 the Company does not have any debt instruments and is not subject to externally imposed capital requirements.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company maintains sufficient cash balances to meet current working capital requirements. The Company is considered to be in the exploration stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash and equivale
with quality financial institutions, are availa
are not invested in any asset backed commercial paper.

The majority of the Company's cash and equivalents are held with major Canadian based financial institutions.

(c) Currency Risk

The Company's operations are in Canada and Argentina. The international nature of the Company's operations results in foreign exchange risk as transactions are denominated in foreign currency.

The Company holds cash balances and incurs payables that are denominated in the Canadian Dollar, the United States Dollar and the Argentine Peso. These balances are subject to fluctuations in the exchange rate between the Canadian Dollar, and the United States Dollar and the Argentine Peso, resulting in currency gains or losses for the Company.

The operating results and the financial position of the Company are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will, consequently, have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

(d) Inflation risk Argentina

Argentina has a history that includes high rates of inflation. This can affect the Company by increasing the cost of doing business in the country as well as decreasing the real value of Argentine pesos kept in the Company's bank acco

In June of 2011 the consumer price index (CPI) of Argentina was 9.70 (June 2010 - 10.7) this means inflation has been relatively stable over the last year, dropping 1% The average CPI over the last 5 years in Argentina was 9.2.

The Company limits the risk of inflation decreasing the real value of the Argentine pesos kept in its bank account by limiting the amount of funds kept within the country. The Company only transfers to the county funds necessary to pay current liabilities and does not maintain any large bank account balances within the country.

(e) 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 precious and base metals. The Company monitors commodity prices to determine appropriate actions to be undertaken.

The estimated fair value of financial assets is equal to their carrying values due to the short-term nature of these instruments. At March 31, 2011 and December 31, 2010, the Company's financial assets as follow:

As at June 30, 2011	Stated in Canadian Dollars		
Carrying Value	Canadian Dollar	Total	Fair Value Adjustment
Cash	$ 1,762,882	$ 1,762,882	$ -
Marketable Securities	$ -	$ -	$ -
Total other assets	$ 19,519	$ 19,519	$ -
Receivables	$ 45,120	$ 45,120	$ -

As at December 31, 2010	Stated in Canadian Dollars		
Carrying Value	Canadian Dollar	Total	Fair Value Adjustment
Cash	$ 38,071	$ 38,071	$ -
Marketable Securities	-	-	$ -
Cash and cash equivalents	$ 38,071	$ 38,071	$ -
Total other assets	$ 18,322	$ 18,322	$ -
Receivables	$ 20,069	$ 20,069	$ -

As at June 30, 2011	Stated in Canadian Dollars		
Carrying Value	Canadian Dollar	Total	Fair Value Adjustment
Accounts Payable	$ 204,150	$ 204,150	$ -
Total Accounts Payable	$ 204,150	$ 204,150	$ -

As at December 31, 2010	Stated in Canadian Dollars		
Carrying Value	Canadian Dollar	Total	Fair Value Adjustment
Accounts Payable	$ 143,436	$ 143,436	$ -
Total Accounts Payable	$ 143,436	$ 143,436	$ -

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

As of June 30, 2011 the Company had 3,822,500 warrants outstanding. In addition, stock options, granted to key employees, directors, officers and consultants, to purchase 4,880,000 shares were outstanding at various exercise prices. If all of these securities 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.

Outstanding Share Data

The Company has authorized an unlimited number of common shares without par value. As of June 30, 2011 there were 61,175,244 shares issued and outstanding (June 2010 – 51,833,599) if all warrants and options issued were exercised, a total of 71,362,442 shares would be issued and outstanding.

As of August 28, 2011 at the time of this filing the Company had 61,254,994 shares issued and outstanding.

Controls and Procedures

Disclosure Controls and Procedures

The Company has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related unaudited condensed interim financial statements was properly recorded, processed, summarized and rep
Committee. The Company's certifying officers cond
supervision an evaluation of the disclosure controls and procedures as required under Canadian Securities Administration regulations, as at June 30, 2011. Based on the evaluation, the Company's certifying officers conc edures were effective the
to provide a reasonable level of assurance that information required to be disclosed by the Company in its annual filings and other reports that it files or submits under Canadian securities legislation is recorded, processed, summarized and reported within the time period specified and that such information is accumulated and communica
including the certifying officers, as appropriate to allow for timely decisions regarding required disclosure.

It should be noted that while the Company's certif
disclosure controls and procedures provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Internal controls over Financial Reporting

The Company's certifying officers acknowledge that they are responsible for designing internal

controls over financial reporting, or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There were no changes in these controls during the most recent interim period ending June 30, 2011 that had materially affected, or are reasonably likely to materially affect, such controls.

Limitations of Controls and Procedures

The Company's management, including the Chief Exe
believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected.

These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Changes in Accounting Policies and Critical Accounting Estimates

The unaudited condensed consolidated interim financial statements for the six months ended June 30, 2011 and 2010 have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") in accordance with International Accounting Standard ("IAS") 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 ("Canadi GAAP"). The accounting policies set out below ha 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 ("IFRS1"). The impa IFRS is explained in Note 14 in our financials and notes for the period ended March 31, 2011.

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:

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, 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.

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 entities controlled by the Company. 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.

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 all entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate of the 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. Non-monetary 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.

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 a trade date basis. The Company's accounting policy for 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 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 an 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 impairment losses, are recognized in profit or loss.

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 sale (“AFS”)

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 re organization.

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 historical cost less accumulated depreciation and impairment charges. Equipment is depreciated using the straight line method over the estimated useful lives of the individual assets. The significant classes of equipment and their useful lives are as follows

Office equipment and other equipment	3 years
Computer equipment	2 years
Motor vehicles	5 years

The Company's equipment is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the asset's recoverable amount is estimated. Impairment losses are recognized in profit or loss. An 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 asset's carrying am not exceed the 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.

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 often enters into joint venture arrangements ("JV") 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 to 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 "mines under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those 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 the asset in an arm's length transaction between 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 or 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.

Rehabilitation provision

In the future the Company could become subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. If and when this happens the Company will record the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs would be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

The Company does not have any significant rehabilitation obligations.

Share-based 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 share purchase warrants (“Warrants”). Depending on the terms and conditions of each equity financing agreement (“Agreement”), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are assigned $Nil value and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for agency fee or other transactions costs are accounted for as share based payments.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill and are not deductible for tax purposes, the initial recognition of assets or liabilities that do not affect either accounting or taxable loss, or differences relating to investments in subsidiaries to the extent that they will probably not reverse in the fore-seeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

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, "Financial Instruments", the classification and measurement of financial assets as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement". In October 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 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.

FIRST TIME ADOPTION OF IFRS

In preparing these financial statements in accordance with IFRS, the Company has adjusted amounts reported in previous financial statements prepared in accordance with Canadian GAAP.

An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows are set out in the following tables.

The guidance for first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. The Company has elected to take the following IFRS1 optional exemptions

1. Business combinations

IFRS 1 provides the option to apply IFRS 3, Business Combinations, retrospectively or prospectively from the Transition Date. The retrospective basis would require restatement of all business combinations that occurred prior to the Transition Date. The Company elected not to retrospectively apply IFRS 3 to business combinations that occurred prior to its Transition Date and such business combinations have not been restated.

2. Currency translation differences

Retrospective application of IFRS would require the Company to determine cumulative currency translation differences in accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, from the date a subsidiary or equity method investee was formed or acquired. IFRS 1 permits cumulative currency translation gains and losses to be reset to zero at the Transition Date. The Company elected to reset all cumulative currency translation gains and losses to zero in opening retained earnings at its Transition Date.

3. Share-based payments

IFRS 2, Share-based Payments, encourages application of its provisions to equity instruments granted on or before November 7, 2002, but permits the application only to equity instruments granted after November 7, 2002 that had not vested by the Transition Date. The Company elected to take the exemption available under IFRS 1 and applied IFRS 2 for all equity instruments granted after November 7, 2002 that had not vested by the Transition Date.

4. Reclassification of share-based reserve

In accordance with IFRS 1, an entity's estimates under IFRS at the date of IFRS must be consistent with estimates made for the same date under previous Canadian GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of January 1,2010 are consistent with its Canadian GAAP estimates for the same date.

Investment Considerations and Risk Factors

An investment in securities of the Company involves a high degree of risk and must be considered highly speculative due to the nature of the Company's business and the present stage of exploration and development of its mineral properties. In addition to information set out or incorporated by reference in this MD&A, prospective investors should carefully consider the risk factors set out below. Any one risk factor could materially affect the Company's financial condition and future operating results and could cause actual events to differ materially from those described in forward looking statements relating to the Company.

Exploration and Mining Risks

Resource exploration and development and mining operations are highly speculative and characterized by a number of significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but from finding mineral deposits which, though present, are insufficient in quantity and quality to be mined profitability. Few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's programs will result in any discoveries of bodies of commercial mineralization. There is also no assurance that even if commercial quantities of mineralization are discovered, a mineral property will be brought into commercial production. The Company will continue to rely upon the advice and work of consultants and others for exploration, development, construction and operating expertise.

Substantial expenditures are required to establish and upgrade mineral resources, to establish mineral reserves, to develop metallurgical processes to extract metals from mineral resources and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that the funds required for development can be obtained on a timely basis. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size and grade; metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. Unsuccessful exploration and development programs could have a material adverse impact on the Company's operations and financial condition.

Factors beyond the Company's Control

The mining exploration business is subject to a number of factors beyon
changes in economic conditions, intense industry competition, variability in operating costs, changes in government and in rules and regulations of various regulatory authorities. An adverse change in any one of such factors would have a material adverse effect on the Company, its business and results of operations which might result in the Company not identifying a body of economic mineralization, completing the development of a mine according to specifications in a timely, cost effective manner or successfully developing mining activities on a profitable basis.

Uncertainty in the Estimation of Mineral Resources

The figures for mineral resources contained in this MD&A are estimates only and no assurance can be given that the anticipated tonnages and grades will be achieved. Actual reserves may not conform to geological, metallurgical or other expectations, and the volume and grade of ore recovered may be below the estimated levels. There are numerous uncertainties inherent in estimating mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. If resources are less than current estimates or if the Company fails to develop its resource base through the realization of identified mineralized potential, its results of operations or financial condition may be materially and adversely affected. Evaluation of resources occurs from time to time and they may change depending on further geological interpretation, drilling results and metal prices. The category of inferred resource is often the least reliable resource category and is subject to the most variability. The Company regularly evaluates its resources and it often determines the merits of increasing the reliability of its overall resources.

Reliance on Independent Contractors

The Company's success depends to an extent on the performance and continued service of certain independent contractors. The Company has contracted the services of professional drillers and others for exploration, environmental, engineering and other services. Poor performance by such contractors or the loss of such services could have a material and adverse effect on the Company, its business and results of operations and result in the Company failing to meet its business objectives.

Write downs and Impairments

Mining interests are the most significant assets of the Company and represent capitalized expenditures related to the development of mining properties and related plant and equipment and the value assigned to exploration potential on acquisition. The costs associated with mining properties are separately allocated to exploration potential and mineral resources and include acquired interests in exploration stage properties representing the fair value at the time they were acquired. The values of such mineral properties are primarily driven by the nature and amount of material interests believed to be contained or potentially contained, in properties to which they relate.

The Company reviews and evaluates its mining interests for impairment on a quarterly basis or when events or changes in circumstances indicate that the related carrying amounts may not be recoverable, which becomes more of a risk in the global economic conditions that exist currently. Impairment is considered to exist if the total estimated future undiscounted cash flows are less than the carrying amount of the assets. An impairment loss is measured and recorded based on discounted estimated future cash flows. Future cash flows are estimated based on expected future production, commodity prices, operating costs and capital costs. There are numerous uncertainties inherent in estimating mineral resources. Differences between mana and market conditions could have a material effect in the future on the Company's financial and results of operation.

Foreign Operations

Part of the Company's operations are conducted in a foreign jurisdiction, Argentina, and as such, the Company's operations are exposed to various levels of political, economic, regulatory and other such risks and uncertainties such as extreme fluctuations in currency exchange rates; high rates of inflation; labor unrest; violence, terrorism or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; changes in fiscal regimes, changes in royalty and taxation policies; uncertainty regarding enforceability of contractual rights and judgments; restrictions on foreign exchange and repatriation; changing political conditions, currency controls and governmental regulations that favor or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

The Company's operations and properties are subject to a variety of governmental regulations governing health and worker safety, employment standards, waste disposal, protection of historic and archaeological sites, mine development, protection of endangered and protected species and other matters.

The Company's mineral exploration and mining activities in Argentina may be adversely affected in varying degrees by changing government regulations relating to the mining industry or shifts in political conditions that increase the costs related to the Company's activities or the maintenance of its properties.

Changes, if any, in mining or investment policies or shifts in political attitude may adversely affect the Company's operations and financial condition. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income and other taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations and financial condition.

Future changes in applicable laws and regulations or changes in their enforcement or regulatory interpretation could negatively impact current or planned exploration and development activities on the Company's properties or in respect of any other projects in which the Company becomes involved.

Any failure to comply with applicable laws and regulations, even if inadvertent, could result in the interruption of exploration and development operations or material fines, penalties or other liabilities.

Title Risks

Although the Company believes that it has taken reasonable measures to ensure that title to the Company's properties are held by the Company, including obtaining title opinions, there is no guarantee that title to any of the claims comprising the Company's properties will not be challenged or impaired.

The Company's properties may be subject to prior unregistered agreements, interests or native land claims, and title may be affected by undetected defects. There may be valid challenges to the title of any of the claims comprising the Company's properties that, if successful, could impair development or operations. A defect could result in the Company losing all or a portion of its right, title, estate and interest in and to the properties to which the title defect relates.

Additional Funding Required

Further exploration on, and development of, the additional financing. Accordingly, the continuing development of the Company's properties will depend upon the Company's ability to obtain financing through equity financing, debt financing, the joint venturing of projects or other external sources. Failure to obtain sufficient financing may result in a delay or an indefinite postponement of exploration, development or production on any or all of the Company's properties, or even a loss of property interest, or have a material adverse impact on the Company's future cash flows, earnings, result the substantial dilution of its interests in its properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company. If the Company was required to arrange for Debt financing we would be exposed to the risk of leverage, while equity financing may cause existing shareholders to suffer dilution. There can be no assurance that the Company will be successful in overcoming these risks or any other problems encountered in connection with such financings. Failure to raise capital when needed would have business, financial condition and results of operations.

The Company has and will continue to have negative operating cash flow until one or more of its mineral properties commence commercial production should exploration and development efforts demonstrate that commercial production from such mineral properties is feasible.

Global Financial Conditions

Current global financial conditions have been subject to increased volatility. The Company is exposed to liquidity risks in meeting its operating and capital expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities or equity or debt financing in the future and, if obtained, on terms favorable to the Company.

If these increased levels of volatility and market turmoil continue, the Company's operatio
be adversely impacted and the trading price of the common shares could be adversely affected

Fluctuations in Metal Prices and Currencies

The Company raises its equity in Canadian dollars and maintains its accounts in Canadian and US dollars as well as the Argentine peso. Foreign expenditures by the Company are subject to foreign currency fluctuations which may materially and adversely affect the Company's fina operations. Payments under certain of the Company's are required to be paid in United States dollars. A substantial increase in the value of the United States dollar compared to the Canadian dollar would adversely affect the Company's expenses and the wou percentage of the net proceeds of the Offering applied to such payments. The Company does not engage in any hedging or other transactions to protect itself against such currency fluctuations.

Market Price of Common Shares

The trading price of the common shares is likely to be significantly affected by short term changes in mineral prices or in its financial condition or results of operations as reflected in its quarterly earnings reports. Other factors unrelated to the Company's performance that may have an effect on the price of the common shares include the following: the extent of analytical coverage available to investors concerning the Company's business; the lessening in trading volume and general market interest in the Company's securities ability to trade effect significant numbers of common shares; and the price of the common shares and size of the Company's public float may limit the ability of some institutions to invest in the Company's securities.

As a result of any of these factors, the market price of the common shares at any given point in time may not accurately reflect the Company's long term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert ma resources.

Dilution to Common Shares

During the life of the Company's outstanding common share purchase warrants, as well as options and other rights granted or assumed by the Company, if any, the holders are given an opportunity to profit from a rise in the market price of the common shares. The Company's to obtain additional financing during the period such rights are outstanding may be adversely affected and the existence of the rights may have an adverse effect on the price of the common shares. The holders of common share purchase warrants, options and other rights of the Company may exercise such securities at a time when the Company would, in all likelihood, be able to obtain any needed capital by a new offering of securities on terms more favorable than those provided by the outstanding rights.

The increase in the number of common shares in the market and the possibility of sales of such shares may have a depressive effect on the price of the common shares. In addition, as a result of such additional common shares, the voting power of the Company's existing shareholders will be diluted.

Future Sales of Common Shares by Existing Shareholders

Sales of a large number of common shares in the public markets, or the potential for such sales, could decrease the trading price of the common shares and could impair the Company's ability to raise capital through future sales of common shares.

Volatility of Share Price

The price of the shares of resource companies tends to be volatile, as has been particularly evidenced during the recent economic crisis. The market price of the common shares has experienced wide fluctuations which may not necessarily be related to the operating performance, underlying asset values or prospects of the Company. Fluctuations in the market price for precious metals and other elements which are beyond the control of the Company could materially affect the price of the securities of the Company.

Future Profits or Losses and Production Revenues and Expenses

There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as required consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Company's properties and any other properties that the Company may acquire are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners and the Company's acquisition of additional properties, in addition to other factors, many of which are beyond the Company's control.

The Company expects to incur expenditures and losses unless and until such time as the Company's properties may acquire achieve a sufficient level of commercial production and revenues to fund continuing operations. The development of the Company's properties will require the commitment of substantial resources to conduct the time consuming exploration and development of properties. There can be no assurance that the Company will generate any revenues or achieve profitability, nor can there be any assurance that the underlying assumed levels of expenses will prove to be accurate.

Labor and Employment Matters

While the Company has good relations with its contractors and employees, its operations are dependent upon the efforts of its employees. In addition, relations between the Company and its employees may be affected by changes in the scheme of labor relations that may be introduced by the relevant governmental authorities in jurisdictions the Company carries on business. Changes in

such legislation or in the relationship between the Company and its employees may have a material adverse effect on the Company's operations and financial condition.

Acquisitions and Integration

From time to time, the Company examines opportunities to acquire additional mining assets and businesses. Any acquisition that the Company may choose to complete may be of a significant size, may change the scale of the Company's business and operations, and may expose the Company to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of the Company. Any acquisitions would be accompanied by risks. For example, there may be a significant change in commodity prices after the Company has committed to complete the transaction and established the purchase price or exchange ratio; a material ore body may prove to be below expectations; the Company may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may disrupt the Company's ongoing business and its relationships with employees, customers, suppliers and contractors; and the acquired business or assets may have unknown liabilities which may be significant. If the Company chooses to raise debt capital to finance any such acquisition, the Company's leverage will be increased. If the Company chooses to use equity as consideration for such acquisition, existing shareholders may suffer dilution. Alternatively, the Company may choose to finance any such acquisition with its existing resources. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

Competition

The Company's business is intensely competitive in all of its phases and the Company will compete with other mining companies for natural resource acquisition opportunities, many of which have greater resources and technical facilities than the Company. Competition in the mining industry is primarily for mineral rich properties which can be developed and can produce economically; the technical expertise to find, develop, and operate such properties; the skilled labor to operate such properties; and the capital for the purpose of funding such properties. Many competitors not only explore for and mine metals, but also conduct refining and marketing operations on a world-wide basis. Such competition may result in the Company being unable to (i) acquire desired properties, (ii) recruit or retain qualified employees or (iii) raise or generate the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources could have a material adverse effect on its operations, financial condition and trading price of the securities of the Company.

Loss of Key Employees

The Company depends on the business and technical expertise of a number of key personnel, including its directors and executive officers and key personnel working fulltime in management and administrative capacities or as consultants.

The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Company's explor and development activities expand, it will require additional key personnel. The Company does not maintain life insurance for such personnel. The loss of any key personnel, or the failure to retain such personnel, could have a material adverse effect on the Company's operations and financial condition.

Litigation and Tax Risks

All industries, including the mining industry, are subject to legal claims, with and without merit. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material effect on the Company's operations and financial position.

The Company's joint venture interests are subject to the risks normally associated with the conduct of joint ventures. The existence or occurrence of one or more of the following circumstances and events, for example, could have a material adverse impact on the Company's profitability or the viability of its interests held through joint ventures, which could have a material adverse impact on future cash flows, earnings, results of operations and financial condition: disagreement with joint venture partners on previous exploration results or future exploration programs; inability of joint venture partners to meet their obligations to the joint venture or third parties; or litigation arising between joint venture partners regarding joint venture matters.

Certain of the officers and directors of the Company reside outside of Canada and, similarly, a majority of the assets of the Company are located outside of Canada. It may not be possible for investors to effect service of process within Canada upon the directors and officers not residing in Canada. It may also not be possible to enforce against the Company and certain of its directors and officers judgments obtained in Canadian courts.

No History of Dividends

Investors cannot expect to receive a dividend on their investment in the foreseeable future, if at all. Accordingly, it is likely investors will not receive any return on their investment in the Company's securities other than possible capital gains.

Conflicts of Interest

Certain directors and officers of the Company are also directors or officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

Directors and officers with conflicts of interests will be subject to, and will follow the procedures set out in, applicable corporate and securities legislation. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

These risk factors could materially affect the Company's future results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Certain statements contained in this document constitute "forward looking" statements. Such forward looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward looking statements.