Amended and Restated

MARIFIL MINES LTD.

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

FOR THE THREE MONTHS ENDED MARCH 31, 2012

THE ACCOMPANYING FINANCIAL STATEMENTS FOR THE QUARTERS ENDED MARCH 31, 2012 AND 2011 HAVE NOT BEEN REVIEWED OR AUDITED BY THE CORPORATION'S AUDITORS

MARIFIL MINES, LTD.
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
(Expressed in Canadian Dollars)
AS AT

		March 31, 2012		December 31, 2011
ASSETS				
Current assets				
Cash and cash equivalents (Note 4)	$	1,355,496	$	1,580,719
Marketable securities		52,017		13,500
Receivables (Note 5)		80,385		47,953
Prepaid expenses (Note 6)		5,882		11,069
Total current assets		1,493,780		1,653,241
Equipment (Note 7)		3,601		3,711
Resource Properties (Note 8)		4,751,996		4,762,877
Total Assets	$	6,249,377	$	6,419,829
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (Note 9)	$	199,580	$	119,904
Shareholders' equity				
Share capital (Note 11)		14,011,784		13,985,384
Accumulated other comprehensive loss		-		(4,500)
Subscriptions received		24,000		-
Contributed surplus		1,836,755		1,836,755
Deficit		(9,822,742)		(9,517,714)
Total shareholders' equity (Note 11)		6,049,797		6,299,925
Total liabilities and shareholders' equity	$	6,249,377	$	6,419,829

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)
SUBSEQUENT EVENTS (Note 13)

Approved and authorized by the Board on

"John Hite"
John Hite

"Bill Schara"
Bill Schara

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

MARIFIL MINES, LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (UNAUDITED)

(Expressed in Canadian Dollars)

THREE MONTHS ENDED MARCH 31	2012	2011
EXPENSES		
Accounting and audit	$ 48,834	$ 25,037
Amortization	110	639
Bank charges and interest	335	654
Consulting Fees	48,097	36,390
Filing fees and investor relations	56,197	52,585
General exploration	44,422	13,135
Insurance	2,420	3,031
Legal		10,400
Management	44,479	10,189
Office and miscellaneous	27,537	15,789
Share-based compensation	-	442,535
Travel and promotion	29,943	28,090
Loss before other items	(302,374)	(638,474)
OTHER INCOME (EXPENSES)		
Gain on disposal of marketable securities	-	-
Write up (down) of marketable securities	3,750	-
Foreign exchange gain (loss)	(6,421)	(107,685)
Interest income	17	-
Other income	-	5,225
Net loss for the period	$ (305,028)	$ (740,934)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	63,730,142	56,959,849

THREE MONTHS ENDED MARCH 31	2012	2011
Loss for the period	$ (305,028)	$ (740,934)
Other comprehensive income:		
Translation of assets and liabilities into Canadian dollar reporting currency	-	(197,182)
Comprehensive Loss	$ (305,028)	$ (938,116)
Accumulated other comprehensive income (loss), beginning balance	$ -	$ (395,173)
Translation of asset and liabilities into Canadian dollar reporting currency	$ -	$ (197,182)
Accumulated other comprehensive loss, ending balance	$ -	$ (592,355)

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

MARIFIL MINES, LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
(Expressed in Canadian Dollars) for the year ended December 31, 2011 and three months ended March 31, 2012

		Class A Common Number		Amount		Subscriptions Received		Contributed Surplus		Accumulated other comprehensive loss		Deficit		Balance
Balance, January 1, 2011		52,146,723	$	11,758,411	$	7,800	$	1,350,289	$	-	$	(8,793,615)	$	4,322,885
For cash														
For private placement		-		-		22,200		-		-		-		22,200
Exercise of options	-at $0.10 each	50,000		5,037		-		-		-		-		5,037
Exercise of warrants	-at $0.12/0.15 each	4,728,125		668,775		-		-		-		-		668,775
Stock-based compensation		-		-		-		442,535		-		-		442,535
Cumulative translation adjustment		-		-		-		-		-		(592,355)		(592,355)
Net loss for the period ended March 31, 2011		-		-		-		-		-		(740,903)		(740,903)
Balance, March 31, 2011		56,924,848	$	12,432,223	$	30,000	$	1,792,824	$	-	$	(10,126,873)	$	4,128,174
Balance, January 1, 2012		63,418,494	$	13,985,384	$	-	$	1,836,755	$	(4,500)	$	(9,517,714)	$	6,299,925
Exercise of warrants	-at $0.12 each	420,000		26,400		24,000		-		-		-		50,400
Available for sale investments		-		-		-		-		4,500		-		4,500
Net loss for the period ended March 31, 2012		-		-		-		-		-		(305,028)		(305,028)
Balance, March 31, 2012		63,838,494	$	14,011,784	$	24,000	$	1,836,755	$	-	$	(9,822,742)	$	6,049,797

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

MARIFIL MINES, LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)
(Expressed in Canadian Dollars)

THREE MONTHS ENDED MARCH 31		**2012**		**2011**
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$	(305,028)	$	(740,903)
Items not affecting cash:				
Depreciation		110		639
Stock based compensation		-		442,535
	$	(304,918)	$	(297,729)
Changes in non-cash working capital items:				
Receivable		(32,432)		(16,473)
Prepaid expenses		5,187		1,608
Accounts payable and accrued liabilities		79,676		35,396
Net cash used in operating activities		(252,487)		(277,199)
CASH FLOWS FROM INVESTING ACTIVITIES				
Mineral properties		(23,136)		180,731
Net cash used in investing activities		(23,136)		180,731
CASH FLOWS FROM FINANCING ACTIVITIES				
Shares issued for exercise of warrants and options		50,400		673,812
Shares issued for subscription received		-		22,200
Net cash provided cash provided by financing activities		50.400		696,012
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS		-		-
NET (DECREASE) INCREASE IN CASH AND EQUIVALENTS		(225,223)		599,545
CASH AND EQUIVALENTS, BEGINNING OF PERIOD		1,580,719		38,071
CASH AND EQUIVALENTS, END OF YEAR/PERIOD	$	1,355,496	$	637,616
Cash paid during the period for interest	$	-	$	-
Cash paid during the period for income taxes				
	$	-	$	-
SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS				

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Marifil Mines Limited (the "Company") was incorporated on December 2, 2003 under the Yukon Business Corporation Act and is in the exploration stage. The Company is in the business of acquiring, exploring and evaluating mineral resource properties.

During the year ended December 31, 2005, the Company completed an initial public offering and obtained a listing on the TSX Venture Exchange. Also, in conjunction with the offering and listing, the Company acquired by the purchase of an Argentine company, Marifil SA, an interest in mineral properties located in Argentina.

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

The address of the Company's corporate office and principal place of business is Vancouver, British Columbia, Canada.

2. BASIS OF PREPARATION

a) Statement of Compliance

These unaudited condensed consolidated interim financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting.

b) Basis of Measurement

The condensed consolidated interim financial statements have been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets.

The financial statements have been presented in Canadian dollars ("CDN") which is also the Company's functional currency.

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.

c) Going Concern of Operations

The Company has not generated revenue from operation. The Company incurred a net loss of $ 368,318 during the period ended March 31, 2012 and, as of that date the Company's accumulated deficit was $9,822,742. However, the Company has sufficient cash resource to meet its obligations for at least twelve months from the end of the reporting period. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financial resources to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These condensed consolidated interim financial statements include the financial statements of the Company and the entity 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.

a) Foreign Currency Transactions

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the period end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the period end date and the related translation differences are recognized in net income. Exchange gains and losses arising on the retranslation of monetary available-for-sale financial assets are treated as a separate component of the change in fair value and recognized in net income. Exchange gains and losses on non-monetary available-for-sale assets form part of the overall gain or loss recognized in respect of that financial instrument.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation difference are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

b) Cash and cash equivalents

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

c) Loans and Receivables

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

d) 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 risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

d) Financial instruments (cont'd)

Held-to-maturity ("HTM")

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

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

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

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

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

Equipment

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

Office equipment	20%
Computer equipment	30%
Software	100%

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

The 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 amount does 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

The Company may occasionally enter into joint venture agreements ("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 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.

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 of loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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

Share-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.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

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 no value and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

Income taxes

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

Earnings (loss) per share

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

New standards yet adopted

In November 2009, the IASB published IFRS 9, "Financial Instruments", which covers 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 own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective for the Company on January 1, 2013. Early adoption is permitted and the standard is required to be applied retrospectively. There will be no significant impact on the Company upon implementation of the issued standard.

4. CASH AND CASH EQUIVALENTS

	March 31, 2012	December 31, 2011
Cash on deposit	$ 1,355,496	$ 1,580,719

(Expressed in Canadian Dollars)

5. RECEIVABLES

The Company's receivables arise from two main sources: harmonized sales tax ("HST") receivable due from Canadian government taxation authorities and value added tax ("VAT") due from Argentine government taxation authorities. The receivables balance is broken down as follows:

	March 31, 2012	December 31, 2011
HST receivable	68,824	35,424
Advances receivable	11,560	12,529
	$ 80,385	$ 47,953

6. PREPAID EXPENSES

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

	March 31, 2012	December 31, 2011
Insurance	5,882	3,293
Vendor prepayments	-	7,776
	$ 5,882	$ 11,069

7. EQUIPMENT

Cost basis	Office Equipment	Computer Equipment	Software	Total
Balance at December 31, 2011	$ 2,383	$ 5,762	$ 5,074	$ 13,219
Additions	-	-	-	-
Disposals	-	-	-	-
Balance at March 31, 2012	$ 2,383	$ 5,762	$ 5,074	$ 13,219
Depreciation				
Balance at December 31, 2011	$ (37)	$ (4,397)	$ (5,074)	$ 9,508
Depreciation	(102)	(8)	-	(110)
Disposals	-	-	-	-
Balance at March 31, 2012	$ (139)	$ (4,405)	$ (5,074)	$ (9,618)
Carrying amounts				
At December 31, 2011	$ 2,346	$ 1,365	$ -	$ 3,711
At March 31,2012	$ 2,244	$ 1,357	$ -	$ 3,601

(Expressed in Canadian Dollars)

8. RESOURCE PROPERTIES

	Las Aguilas, San Luis, Province	Toruel (Davicino), Rio Negro Province	San Roque, Rio Negro Province	Other Properties	Accumulated IVA, net of recoveries	Total
Balance, December 31, 2011	$ -	$ 1,672,546	$ 2,429,989	$ 123,924	$ 536,418	$ 4,762,877
Property Payments	-	-	-	4,140	-	4,140
Administrative and general	-	-	-	218	-	218
Contract and consultants	494	-	1,485	30,059	-	32,038
Geochemical	-	-	11,612	7,659	-	19,271
Field support	1,979	726	4,736	24,869	-	32,310
Travel and accommodation	-	-	630	263	-	893
Deduct; share received (option payments)	-	(84,865)	-	-	-	(84,865)
Change in IVA (net of recoveries)	-	-	-	-	(14,886)	(14,886)
Balance March 31, 2012	$ 2,473	$ 1,588,407	$ 2,488,452	$ 67,208	$ 551,304	$ 4,751,996

8. RESOURCE PROPERTIES *(cont'd)*

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

Impuesto al Valdor Agregado ("IVA") taxes paid to the government of Argentina are recorded in the accounts when paid. Where there is reasonable assurance that the Company will be able to obtain a refund of IVA taxes, the amounts received by the Company will be credited to the cost of the properties.

Las Aguilas, San Luis Province

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

On December 10, 2010 the Company entered into a joint venture option agreement with Prophecy Platinum Corp. (Prophecy) whereby Prophecy can earn a 49% interest in the property by paying the Company cash of US$300,000, the issue to the Company of 100,000 shares of Prophecy and incurring US$2,000,000 in exploration procedures as follows:

Cash and Shares:

a) US$25,000 and 25,000 shares upon signing the agreement; during a due diligence phase Prophecy will complete a resource estimate followed by further payments as follows:

b) US$75,000 and 25,000 shares on or before April 1, 2012;

c) US$100,000 and 25,000 shares on or before April 1, 2013

d) US$100,000 and 25,000 shares on or before April 1, 2014

Exploration Expenditures:

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

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

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

Prophecy can earn an additional 11% (bringing their interest to 60%) by completing a pre-feasibility study and issuing an additional 200,000 shares on or before April 1, 2015 and then a further 10% (bringing their interest to 70%) by completing a feasibility study before April 15, 2016.

If Marifil elects not to pay its 30% share of costs once Prophecy has earned its 70% interest, then Prophecy has the option of purchasing Marifil's 30% for US$5,000,000. In such event, Marifil would retain a 3% NSR, of which a first 0.5% could be purchased for $1,000,000 and a second 0.5% could be purchased for $2,000,000, thereby reducing Marifil's NSR to 2.0%.

(Expressed in Canadian Dollars)

8. RESOURCE PROPERTIES *(cont'd)*

Toruel (Davicino), Rio Negro Province

The Toruel Project is covered by two separate agreements as follows:

a) M.I.M. Argentina Exploraciones

On January 31, 2006, the Company entered into an agreement to acquire up to a 100% interest in the Suerte property in Rio Negro Province Argentina by incurring in aggregate, exploration costs of US $178,000 over five years. To date the Company has incurred US $138,000 of these costs and is committed to the remaining US $40,000 to be incurred over the next two years.

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

b) Davicino

The agreement dated May 8, 2004 with Ruben Davicino was amended on January 9, 2011 wherein a new payment schedule was determined with new due dates:

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

During the fifth year the Company can exercise at its option to purchase 100% of the project for a payment of US $500,000. The optionor retains 2% net smelter return, this may be purchased for US$750,000.

On March 4, 2011, the Company entered into a joint venture agreement with Netco Energy Inc. ("Netco"), whereby Netco can earn a 50% interest during the next three years by paying an aggregate of $200,000 in cash, issuing 3,150,000 Netco common shares to Marifil and spending $2,800,000 on exploration and development on the property as follows:

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

8. RESOURCE PROPERTIES *(cont'd)*

Toruel (Davicino), Rio Negro Province (cont'd)

Netco can earn a further 10% (bringing their interest to 60%) over the next two years by providing Marifil with a pre-feasibility study on the property and paying the Company $100,000 per year. Netco can earn a further 10% (bringing their interest to 70%) over the next two years by providing Marifil with a feasibility study on the property. At the time, all further expenditures shall be shared 70% by Netco and 30% by Marifil. At Marifil's sole option, the Company can elect to be carried through to the commencement of commercial production on the property, in which case Netco will earn an additional 5%, bringing Netco's total interest to 75%.

San Roque, Rio Negro Province

On March 8, 2006 the Company signed an agreement to acquire the San Roque gold project in Rio Negro province, Argentina. The Company committed to spending US$50,000 annually on the property over the next four years (incurred). The Company has the right until June 5, 2012 to purchase 100% of the property by making a cash payment of US$400,000.

On June 22, 2010, the Company granted NovaGold an option to acquire a 49% interest by incurring $3,000,000 in expenditures on the properties during the first two years of the Agreement (including making the $400,000 payment to MIM) and payments to Marifil of $100,000 per year. After earning its 49% interest, NovaGold can earn an additional 21% interest by committing to spend an additional $6,000,000 in property expenditures over the next three years and paying Marifil $100,000 per year, bringing its total interest to 70%. All further expenditures shall be shared 70% NovaGold and 30% Marifil.

The Company has received US $200,000 from NovaGold which completes the year 1 and year 2 obligations under the option agreement.

On September 13, 2011, the Company received notice from NovaGold to complete the purchase of the San Roque mineral rights and was advanced approximately $406,500 from NovaGold to make a final payment to MIM for title to San Roque. Payment was made and title to the claims was transferred to the Company on September 15, 2011.

Other Properties

Except as noted below, other Argentine properties include the Maipu Project located in Santa Cruz province Argentina, the Somuncura Property which consists of fifteen properties located in the Rio Negro province of Argentina, and the Alto Rio Chubut Project, consisting of five staked properties in the Rio Negro province of Argentina. There are no remaining commitments on these projects. During the year ended December 31, 2011 the Company abandoned a number of other projects and wrote off $546,886 of previously capitalized exploration costs related to these projects.

The Company also owns a limestone property, a oil and gas property and a red-bed copper prospect. The limestone property may be subject to a significant finder's fee payable on any proceeds received in respect of the property. The other two properties are 100% owned and have no commitments.

a) K-2 Potash Property

On September 19, 2008, the Company vended its K-2 potash property to Oxbow Holdings Corp. ("Oxbow"), a private Canadian corporation.

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

Oxbow agreed to make US $455,000 of cash payments to Marifil by January 1, 2010. To date the Company has received US$205,000 in cash and US $250,000 by receipt of 2,500,000 shares of Oxbow. The receipt of shares increased the Company's interest in Oxbow to 58%.

8. RESOURCE PROPERTIES *(cont'd)*

a) K-2 Potash Property (cont'd)

The Company was also to receive further payments of US $250,000 annually, commencing September 19, 2011, and continuing until a certain Milestone payment was made by Oxbow after which the annual payments will cease.

The Company will retain a sliding scale royalty on sales of potash from the property. The royalty shall start at 2% for sales at less than US$250 per tonne and increase to 4% for sales at US$400 per tonne, all sales are FOB Vancouver.

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

Oxbow has missed the first annual payment of $250,000.

On December 21, 2010, the Company signed a Letter of Intent ("LOI") with Saccharum Energy Corp. ("Saccharum") for the sale of Oxbow to Saccharum for $0.01 per share of Oxbow and further agreed that Marifil would renegotiate the underlying agreement between Oxbow and Marifil and whereby Saccharum can earn a 74% interest in the K-2 property.

On February 23, 2011, Saccharum was granted an extension until March 23, 2011 to complete the financing and close the purchase of Oxbow and the K-2 Potash property. Saccharum paid $20,000 to the Company in consideration for this extension.

On April 4, 2011, the Company signed an amended LOI for the sale of the K-2 potash property. This amendment established new terms for the purchase of Oxbow and the K-2 potash property, as well as two additional potash projects, K-3 and K-4, staked by the Company on December 14, 2010 and January 23, 2011 respectively.

On October 4, 2011, the Company and Saccharum agreed to terminate the LOI because of Saccharum's inability to receive regulatory approval for the transaction. The Company is actively pursuing a new joint venture partner.

Subsequent to March 31, 2012 the Company purchased the 42% of Oxbow it did not own for $132,240 and share consideration of 403,389 common shares, at the time of this filing Marifil owned 100% of Oxbow Holdings Corp and the K-2 project.

b) Punta Colorado

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

c) El Carmen

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

Ilakon has agreed to purchase the El Carmen property for US$250,000 of which US$125,000 is payable on signing (received) and $125,000 is due in 12 months (received). Marifil will retain an 8% production royalty from gross proceeds of sales of oil and gas. Annual advance royalty payments of $75,000 are due to Marifil beginning at the earlier of commencement of production or 24 months from the date of the Agreement.

(Expressed in Canadian Dollars)

8. RESOURCE PROPERTIES *(cont'd)*

d) Lithium claims, Salta and Catamarca Provinces

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

Under the terms of the agreement Renholn agreed to pay the Company $500,000 in cash at a rate of $125,000 on signing of the purchase agreement and $125,000 per year for the next three years, as well as making a set amount of exploration expenditures on the projects.

During the period ended December 31, 2011 the Company received the lithium claims back from Renholn for non-performing with the joint venture agreement.

9. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

Payables and accrued liabilities for the Company:

	March 31, 2012	December 31, 2011
Trade payable	$ 153,512	$ 73,836
Accrued liabilities	$ 46,068	$ 46,068
	$ 199,580	$ 119,904

10. RELATED PARTY TRANSACTIONS

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

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

* The net assets of Oxbow are nil and its operations inactive at March 31, 2012

** Subsequent to the period ended March 31, 2012 the Company purchased the 42% of Oxbow it did not own (Note 8)

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

	March 31, 2012	March 31, 2011
Administrative Expenses		
Accounting fees	$ 10,778	$ 12,066
Consulting fees	44,497	36,046
Director fees	3,500	7,700
Total	$ 58,775	$ 55,812

.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS *(cont'd)*

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

At March 31, 2012 accounts payable included $25,157 (2011 - $33,198) owing to directors of the Company and a company with a common officer for unpaid fees and reimbursement of expenses.

11. SHARE CAPITAL AND RESERVES

Authorized share capital

As at March 31, 2012, the authorized share capital of the Company was an unlimited number of common shares without par value. All issued shares are fully paid.

The capital structure of the Company consists of shareholders' equity and cash as noted below:

	March 31, 2012	March 31, 2011
Components of Capital:		
Shareholders' equity	$ 6,049,797	$ 4,128,174
Less: cash	(1,355,496)	(637,616)
	$ 4,694,301	$ 3,490,558

Private Placement

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

Warrants

Warrants Outstanding

As at March 31, 2012, the following share purchase warrants were outstanding:

Number	Exercise Price	Expiry Date
1,556,236	$0.45	May 26, 2012

A summary of the warrant activity is as follows:

	Period Ended March 31, 2012		Year Ended December 31, 2011	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Balance, beginning of the year	1,976,485	$0.38	8,550,625	$0.10
Issued	-	-	1,556,236	$0.45
Exercised	(420,000)	$0.12	(1,854,376)	$0.12
Expired	(249)	$0.12	(20,000)	$0.15
Exercised	-	-	(6,256,000)	$0.15
Balance, end of period	1,556,236	$0.45	1,976,485	$0.38

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES *(cont'd)*

Stock options

The Company has an incentive stock option plan whereby share purchase options may be granted to directors, officers, employees and consultants of the Company and its subsidiaries. The total number of shares reserved under the plan may not exceed more than 10% of the outstanding shares at the time of granting the option. Options are granted at the market price at the date of the grant, less any discounts permitted by regulatory authorities. Unless otherwise stated options vest when granted.

As at March 31, 2012, options outstanding are as follows:

Number		Vested	Exercise Price	Expiry Date
1,200,000	Directors	1,200,000	$0.66	May 28, 2012
150,000	Officer	150,000	$0.66	May 28, 2012
100,000	Consultants	100,000	$0.66	May 28, 2012
60,000	Consultant and Officer of Marifil SA	60,000	$0.66	May 28, 2012
200,000	Consultant	150,000	$0.43	February 17, 2016
2,000,000	Directors and Consultants	2,000,000	$0.20	January 24, 2016
100,000	Consultant	100,000	$0.10	December 9, 2015
850,000	Directors	850,000	$0.10	April 5, 2020
70,000	Consultant	70,000	$0.10	April 13, 2020
50,000	Consultant	50,000	$0.10	June 1, 2016
4,780,000		4,730,000		

12. FINANCIAL AND CAPITAL RISK MANAGEMENT

	March 31, 2011	December 31, 2011
Components of Capital:		
Shareholders' equity	$ 6,049,797	$ 6,299,925
Less: cash	1,355,496	1,580,719
	$ 4,694,301	$ 4,719,206

The company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

12. FINANCIAL AND CAPITAL RISK MANAGEMENT *(cont'd)*

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receive monthly reports from the Company's Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

Foreign Currency Risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and Argentine peso as well as the Canadian dollar and the US dollar will affect the Company's operations and financial results. To limit this risk the Company maintains the majority of its cash in Canadian dollars and considers foreign currency exposure at December 31, 2011 to be insignificant.

Equity Price Risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company is exposed to this risk through its equity holdings. The available-for-sale investment in the common shares of Netco Silver Co. is monitored by Management with decisions on sale taken at Board level. A 10% decrease in the fair value of Netco Silver Co. would result in a $1,350 decrease in value.

Interest Rate Risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

b) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 365 days. To achieve this objective, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure.

12. FINANCIAL AND CAPITAL RISK MANAGEMENT *(cont'd)*

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Statement of Financial Position carrying amounts for cash and cash equivalents and trade and other payables approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

The value of financial liabilities is equal to their fair values due to the short-term nature of these instruments. At December 31, 2011, and December 31, 2010, the Company's financial liabilities were held in US dollars, Canadian Dollars and the Argentine Peso.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable marker data (unobservable inputs).

The available-for-sale investment is based on quoted prices and is therefore considered to be Level 1.

13. SUBSEQUENT EVENTS

On April 2, 2012, the Company mutually agreed with Prophecy Platinum Corp. ("Prophecy") to amend the Las Aguilas agreement (Note 8). Prophecy notified the Company that they would be unable to complete the $500,000 work obligations due on or before April 1, 2012 and has requested an extension until November 1, 2012 and has requested a similar extension of the next work obligation due on or before April 1, 2013, which now must be completed on or before October 1, 2013. Marifil agreed to the extensions, but in return requested an extra $50,000 payment. The remaining terms nd conditions of the agreement with prophecy remain unchanged.

On April 13, 2012, the Company entered into an agreement to acquire 4,508,777 Class A Preferred Shares of Oxbow Holdings Corp. ("Oxbow"). Under the terms of the agreement, Marifil will issue 403,389 common shares in exchange for the Oxbow preferred shares. Oxbow is a privately held mining corporation, which holds an interest in the K-2 potash property. Upon completion of the Acquisition, it is anticipated that Oxbow will become 100% a wholly-owned subsidiary of Marifil.