CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2013 AND 2012

Expressed in Canadian Dollars
Unaudited

THE ACCOMPANYING FINANCIAL STATEMENTS FOR THE QUARTERS ENDED JUNE 30, 2013 AND 2012 HAVE NOT BEEN REVIEWED OR AUDITED BY THE CORPORATION'S AUDITORS

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MARIFIL MINES LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2013 AND DECEMBER 31, 2012

Expressed in Canadian Dollars

		June 30, 2013		December 31, 2012
ASSETS				
Current assets				
Cash and cash equivalents	$	428,139	$	63,023
Marketable securities (Note 5)		-		14,640
Receivables (Note 6)		33,933		24,974
Prepaid expenses (Note 7)		8,253		5,862
Total current assets		470,325		108,499
Equipment (Note 8)		2,796		2,950
Resource Properties (Note 9)		5,116,970		5,047,564
	$	5,590,091	$	5,159,013
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (Note 10)	$	271,355	$	148,885
Shareholders' equity				
Share capital (Note 12)		14,927,326		14,060,193
Contributed surplus		1,976,529		1,976,529
Deficit		(11,585,119)		(11,026,594)
		5,318,736		5,010,128
	$	5,590,091	$	5,159,013

NATURE AND CONTINUANCE OF OPERATIONS (Notes 1)

Approved and authorized by the Board on August 29, 2013

"John Hite"

John Hite

"William Schara"

William Schara

The accompanying notes form an integral part of these consolidated financial statements

MARIFIL MINES LTD.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2013 AND 2012

Expressed in Canadian Dollars

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	2013	2012	2013	2012
EXPENSES				
Consulting fees	$ 15,000	$ 12,500	$ 30,000	$ 16,100
Depreciation (Note 8)	77	102	154	211
Director fees	9,568	12,532	17,068	12,532
Investor relations	24,339	27,442	59,494	77,939
Filing fees	7,307	4,839	17,324	10,539
General exploration	85,123	45,246	139,842	89,668
Management fees	91,349	85,544	204,965	174,519
Office and miscellaneous	42,753	59,601	88,316	120,004
Share-based compensation	-	139,774	-	139,774
Professional fees	28,816	39,282	68,307	88,117
Loss before other items	(304,332)	(426,862)	(625,470)	(729,403)
OTHER INCOME (EXPENSES)				
Gain on disposal of marketable securities	-	-	3,467	
Foreign exchange gain (loss)	93,467	(5,113)	63,478	(6,747)
Interest income	-	12	-	29
Net loss	$ 210,865	$ 431,963	$ 558,525	$ 736,121
OTHER COMPREHENSIVE LOSS				
Fair value loss on available-for-sale investments	-	12,000	-	8,250
Total comprehensive loss for the period	$ 210,865	$ 443,963	$ 558,525	$ 744,371
Weighted average number of common shares outstanding	83,241,883	64,131,062	75,578,900	63,933,431
Basic and diluted loss per common share	$ 0.00	0.01	$ 0.01	$ 0.01

The accompanying notes form an integral part of these consolidated financial statements

MARIFIL MINES LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012

Expressed in Canadian Dollars

		2013		2012
OPERATING ACTIVITIES				
Net loss	$	(558,525)	$	(744,370)
Items not affecting cash:				
Unrealized loss on foreign exchange				
Realized gain on disposal of marketable securities		(3,467)		8,250
Depreciation		154		211
Stock based compensation		-		139,774
		(561,838)		(596,136)
Changes in non-cash working capital items:				
Receivables		(8,959)		(54,255)
Prepaid expenses		(2,392)		(2,727)
Accounts payable and accrued liabilities		122,470		(58,397)
Cash used in operating activities		(450,719)		(711,515)
INVESTING ACTIVITIES				
Proceeds on disposition of marketable securities		18,107		-
Cash received on resource properties		74,141		24,160
Cash paid on resource properties		(143,546)		(286,490)
Cash (used in) provided by investing activities		(51,298)		(262,330)
FINANCING ACTIVITIES				
Shares issued for cash, net of issuance costs		867,133		-
Shares issued on exercise of warrants and options		-		50,400
Cash provided by financing activities		867,133		50,400
NET CHANGE IN CASH AND EQUIVALENTS		365,116		(923,445)
CASH AND EQUIVALENTS, BEGINNING OF YEAR		63,023		1,580,719
CASH AND EQUIVALENTS, END OF PERIOD	$	428,139	$	657,274

The accompanying notes form an integral part of these consolidated financial statements

MARIFIL MINES LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012
Expressed in Canadian dollars

	Class A Common Number		Amount		Contributed Surplus		Accumulated other comprehensive loss		Deficit		Balance
Balance, December 31, 2011	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		50,400		-		-		-		50,400
Shares issued on the purchase of K-2 resource property	403,389										
Available for sale investments unrealized loss	-		-		-		(8,250)		-		(8,250)
Stock-based compensation					139,774						139,774
Net loss for period ended June 30, 2012	-		-		-		-		(736,121)		(736,121)
Balance, June 30, 2012	64,241,883	$	14,035,784	$	1,976,529	$	(12,750)	$	(10,253,835)	$	5,745,728
Balance, December 31, 2012	64,241,883	$	14,060,193	$	1,976,529	$	-	$	(11,026,594)	$	5,010,128
Net proceeds from private placement	19,000,000		867,133		-		-		-		867,133
Net loss for period ended June 30, 2013	-		-		-		-		(558,525)		(558,525)
Balance, June 30, 2013	83,241,883	$	14,927,326	$	1,976,529	$	-	$	(11,585,119)	$	5,318,736

The accompanying notes form an integral part of these consolidated financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Marifil Mines Ltd. (the "Company" or "Marifil") was incorporated on December 2, 2003 under the Yukon Business Corporation Act and is in the exploration stage. The Company is listed on the TSX Venture Exchange ("TSXV") under the symbol MFM.V. The address of the Company's corporate office and principal place of business is Suite 450 - 800 West Pender Street, Vancouver, British Columbia, Canada.

The Company is in the business of acquiring, exploring and evaluating mineral resource properties in Argentina.

2. GOING CONCERN OF OPERATIONS

The Company has not generated revenue from operations. The Company incurred a net loss of $558,525 for the six month period-ended June 30, 2013 and, as of that date the Company's accumulated deficit was $11,585,119. 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. These factors may raise significant doubt about the Company's ability to continue as a going concern. 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. BASIS OF PREPARATION

3.1 Statement of Compliance

These consolidated interim financial statements of the Company for the six months ending June 30, 2013 including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the international Accounting Standards Board ("IASB") and in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting.

The condensed interim consolidated financial statements do not include all the information required for full annual financial statements, and should be read in conjunction with the Company's December 31, 2012 annual financial statements.

The 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 and loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The consolidated interim financial statements were authorized for issue by the Board of Directors on August 29, 2013.

3.2 Basis of Measurement

The consolidated interim financial statements are presented in Canadian dollars ("CDN") which is also the Company and its subsidiaries' functional currency.

3.3 Assumptions

The preparation of the consolidated financial statements in compliance with IFRS requires management to make certain accounting estimates, judgements, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Critical judgements in applying accounting policies

The preparation of these financial statements requires management to make judgements regarding the going concern of the Company, as discussed in Note 2

3. BASIS OF PREPARATION *(cont'd)*

3.3 Assumptions (cont'd …)

Key sources of estimation uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting our consolidated financial statements include:

i) Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the year the new information becomes available.

ii) Title to Resource Properties

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects. 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.

iii) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law in the relevant jurisdiction. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision.

Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities. In addition, the Company recognizes deferred tax assets relating to tax losses carried forward only to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

iv) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 12.

3. BASIS OF PREPARATION *(cont'd)*

3.3 Assumptions (cont'd …)

v) Functional Currency

The Company operates in multiple jurisdictions and transacts in multiple currencies. Being an exploration stage company, the Company has no revenues from operations to date and therefore has based the determination of functional currency on expenditures, financial commitments and historical financing, the areas where the majority of the Company's transactions occur. Transactions related to all three of these criteria occur in more than one currency, however the CDN$ is the dominant currency for each of these criteria and therefore the currency of the primary economic environment to which the Company is the most significantly exposed. As such, management has determined the CDN$ to be the functional currency of the Company and the significant subsidiary within the consolidated group.

3.4 Basis of Consolidation

These consolidated financial statements include the financial statements of the Company and 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 Company's subsidiaries are included in the consolidated financial statements. All intercompany balances and transactions, income and expenses have been eliminated upon consolidation. The Company's subsidiaries in Argentina are Marifil S.A. which is wholly-owned, and an inactive holding company Minas San Roque S.A in which the Company has a 51% ownership. The Company's subsidiary in Canada is an inactive holding company named Oxbow Holdings Corp. which is wholly-owned.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 3 to the audited financial statements for the year ended December 31, 2012, and have been consistently followed in the preparation of these condensed consolidated financial statements.

The mandatory adoption of the following new and revised accounting standards and interpretations on January 1, 2013 had no significant impact on the Company's consolidated financial statements for the current or prior periods presented.

IFRS 10 *Consolidated Financial Statements* - IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements.* There is no significant impact to the Company's financial statements from the adoption of this requirement.

IFRS 11 *Joint Arrangements* - IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*. There is no significant impact to the Company's financial statements from the adoption of this requirement.

IFRS 12 *Disclosure of Interests in Other Entities* - IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. There is no significant impact to the Company's financial statements from the adoption of this requirement.

IFRS 13 *Fair Value Measurement* - IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among

Expressed in Canadian Dollars

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

the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. There is no significant impact to the Company's financial statements from the adoption of this requirement.

IAS 1 ***Presentation of Financial Statements (Amendment)***
The amendments to IAS 1 requires the grouping of items within other comprehensive income that may be reclassified to profit or loss and those that will not be reclassified. The consolidated statement of comprehensive income in these condensed consolidated interim financial statements has been amended to reflect the presentation requirements under the amended IAS 1. There is no significant impact to the Company's financial statements from the adoption of this amendment.

IFRIC 20 ***Production Stripping Costs -*** IFRIC 20 Stripping Costs requires the capitalization and depreciation of stripping costs in the production phase if an entity can demonstrate that it is probable future economic benefits will be realized, the costs can be reliably measured and the entity can demonstrate that it is probable future economic benefits will be realized, the costs can be reliably measured and the entity can identify the component of the ore body for which access has been improved. There is no significant impact to the Company's financial statements from the adoption of this amendment.

IAS 27, Separate financial statements (amended standard)
IAS 27, "Separate financial statements" (IAS 27) was re-issued by the IASB in May 2011 to only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The consolidation guidance will now be included in IFRS 10. The amendments to IAS 27 are effective for annual periods beginning on or after January 1, 2013. The standard does not impact the consolidated financial statements. There is no significant impact to the Company's financial statements from the adoption of this amendment.

IAS 28, Investments in Associates and Joint Ventures (amended standard)
The standard was updated to incorporate the accounting for joint ventures because the equity method is now applicable to both joint ventures and associates. The disclosure requirements from IAS 28 (as revised in 2003) have been included in IFRS 12. The amendments to IAS 28 are effective for annual periods beginning on or after January 1, 2013. The standard is not expected to impact the consolidated financial statements. There is no significant impact to the Company's financial statements from the adoption of this amendment.

Accounting standards issued but not yet effective

IFRS 9, Financial Instruments
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, 2015. Early adoption is permitted and the standard is required to be applied retrospectively. The Company does not expect the standard to have a significant impact on its consolidated financial statements.

5. MARKETABLE SECURITIES

	Number of Shares	Book Value June 30, 2013	Fair Value June 30, 2013	Fair Value December 31, 2012
Netco Shares	488,000	$ -	$ -	$ 14,640
	488,000	$ -	$ -	$ 14,640

During the period ending June 30, 2013, marketable securities consisting of 488,000 common shares of Netco Silver Co. received as option proceeds were sold. The common shares were designated as available-for-sale. Gross proceeds received on disposition equaled $18,107 resulting in a $3,467 gain. The carrying amount of these securities is subject to revaluation on a mark-to-market basis at the end of each reporting period, and the increases or decreases arising on revaluation are recorded in Accumulated Other Comprehensive Income ("AOCI"), a component of shareholders' equity.

Expressed in Canadian Dollars

5. MARKETABLE SECURITIES *(cont'd)*

		June 30, 2013		December 31, 2012
Fair value		-		14,640
Cost		-		(63,252)
Unrealized impairment loss recognized in net loss		-		(48,612)
Realized gain (loss) on disposal	$	3,467	$	-

During the year ended December 31, 2012, the share price of Netco Silver Co. declined significantly. The amount of the cumulative unrealized loss that is reclassified from equity reserve to profit or loss represents the difference between the acquisition cost and current fair value.

6. RECEIVABLES

The Company's receivables are as follows:

		June 30, 2013		December 31, 2012
HST receivable		15,041		7,506
Other receivables		18,892		17,468
	$	33,933	$	24,974

7. PREPAID EXPENSES

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

		June 30, 2013		December 31, 2012
Insurance		7,938		2,877
Vendor prepayments		315		2,985
	$	8,253	$	5,862

Expressed in Canadian Dollars

8. EQUIPMENT

Cost basis		Office Equipment		Computer Equipment		Software		Total
Balance at January 1, 2012	$	2,383	$	5,762	$	5,074	$	13,219
Additions		310		-		-		310
Disposals		-		-		-		-
Balance at December 31, 2012		2,693		5,762		5,074		13,529
Additions		-		-		-		-
Disposals		-		-		-		-
Balance at June 30, 2013	$	2,693	$	5,762	$	5,074	$	13,529
Depreciation								
Balance at January 1, 2012	$	(37)	$	(4,397)	$	(5,074)	$	(9,508)
Depreciation		(661)		(410)		-		(1,071)
Disposals		-		-		-		-
Balance at December 31, 2012		(698)		(4,807)		(5,074)		(10,579)
Depreciation		(12)		(142)		-		(154)
Disposals		-		-		-		-
Balance at June 30, 2013	$	(710)	$	(4,949)	$	(5,074)	$	(10,733)
Carrying amounts								
At January 1, 2012	$	2,346		1,365	$	-	$	3,711
At December 31, 2012	$	1,995	$	955	$	-	$	2,950
At June 30, 2013	$	1,983	$	813	$	-	$	2,796

9. RESOURCE PROPERTIES

		Las Aguilas, San Luis, Province		Toruel 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		17,282		330		-		359,258		-		376,870
Exploration costs		7,298		755		36,957		131,696		-		176,706
Write-off of exploration and evaluation costs		-		-		-		(155,167)		-		(155,167)
Change in IVA		-		-		-		-		20,723		20,723
Option and joint venture payments received		(24,580)		(109,865)		-		-		-		(134,445)
Balance, December 31, 2012	$	-	$	1,563,766	$	2,466,946	$	459,711	$	557,141	$	5,047,564
Property Payments		6,554		10,160		-		63,807		-		80,522
Exploration costs		3,088		-		31,202		13,638		-		47,928
Write-off of exploration and evaluation costs		-		-		-		-		-		-
Change in IVA		-		-		-		-		15,097		15,097
Option and joint venture payments received		-		-		-		(74,141)		-		(74,141)
Balance, June 30, 2013	$	9,642	$	1,573,926	$	2,498,148	$	463,015	$	572,238	$	5,116,970

9. 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 characteristics 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. All the mineral properties are located in Argentina.

Impuesto al Valdor Agregado ("IVA") represents value added sales taxes paid to the government of Argentina which 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.

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

The Company has a 100% interest in mining rights 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 could earn a 49% interest in the property by paying the Company cash of US$300,000, issuing 100,000 shares of Prophecy and incurring US$2,000,000 in exploration expenditures. On April 2, 2012, the Company and Prophecy agreed to amend the expenditure requirement dates, in return for an additional $50,000 payment. The remaining terms and conditions of the agreement with Prophecy remained unchanged.

Prophecy could 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 elected not to pay its 30% share of costs once Prophecy had earned its 70% interest, then Prophecy had 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%.

On September 28, 2012 Prophecy provided the Company with a formal written notice terminating the option agreement effective November 1, 2012. The Company had received $100,000 and 50,000 shares at the time of the termination notice.

Expressed in Canadian Dollars

9. RESOURCE PROPERTIES *(cont'd)*

Toruel, Rio Negro Province

The Toruel copper-silver property is covered by two separate purchase agreements and one joint venture option agreement.

a) M.I.M. Argentina Exploraciones

On January 31, 2006, the Company entered into an agreement with M.I.M Argentina Exploraciones to acquire 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. The Company has incurred these expenditures.

b) Ruben Davicino

On May 8, 2004, further amended January 9, 2011, December 6, 2012, and February 28, 2013, the Company entered into any agreement with Ruben Davicino, to acquire the property, wherein a payment schedule was determined with due dates as follows:

Dates		Cash Payments		
During 2011		US$	10,000	(Paid)
January 9, 2012		US$	15,000	(Paid)
February 28, 2013		US$	10,000	(Paid)
February 28, 2014		US$	20,000	
February 28, 2015		US$	30,000	
February 28, 2016		US$	60,000	
	Total	US$	145,000	

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

c) Netco Silver

On March 4, 2011, the Company entered into a joint venture option agreement with Netco Silver Inc. ("Netco"), whereby Netco could earn a 50% in the property by paying the Company cash of $200,000, issuing 3,150,000 shares of Netco and incurring $2,800,000 on exploration and costs.

Netco could 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 could 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 that time, all further expenditures are to be shared 70% by Netco and 30% by Marifil. At Marifil's sole option, the Company could elect to be carried through to the commencement of commercial production on the property, in which case Netco would earn an additional 5%, bringing Netco's total interest to 75%.

9. RESOURCE PROPERTIES *(cont'd)*

On September 19, 2012, the Company and Netco entered a purchase agreement whereby Netco agreed to purchase all of Marifil's interest in the Toruel property. Under the terms of the purchase agreement, Marifil would assign and sell to Netco all of its interest in the Toruel Property in consideration for:

(a) Netco issuing Marifil an aggregate of 3,500,000 share purchase warrants, with each Warrant entitling Marifil to acquire one common share of Netco at a price between $0.10 and $0.15 per Share until the date that is twelve (12) months from the closing of the Transaction (the "Closing") and at a price of $0.15 per Share from the date that is twelve (12) months from the Closing until the date that is twenty-four months from the Closing;

(b) Netco issuing to Marifil Shares that will cause Marifil to hold an aggregate of 19.9% of the issued and outstanding Shares of Netco at Closing; and

(c) The grant of a 3% net smelter returns royalty to Marifil.

Netco had also agreed to assume Marifil's existing property payment obligations to the underlying owners of the Toruel Property upon closing.

On November 27, 2012, Netco provided the Company with a formal written notice terminating the option agreement and the purchase agreement effective November 1, 2012.

<u>San Roque, Rio Negro Province</u>

On March 8, 2006, the Company signed an agreement with M.I.M. Argentina Exploraciones (MIM) 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). In addition the Company had 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 Resources Inc. (NovaGold) an option to acquire a 49% interest in the San Roque property 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 (paid) and payments to Marifil of $100,000 per year. NovaGold complied with all terms of this agreement. NovaGold could earn an additional 21% (bringing their interest to 70%) by committing to spend an additional $6,000,000 in property expenditures over the next three years and paying Marifil $100,000 per year. All further expenditures were to be shared 70% NovaGold and 30% Marifil.

On June 22, 2012, NovaGold relinquished its right to earn 70% equity in the property, and is now seeking to sell its 49% interest in the San Roque property.

<u>Other Properties</u>

Except as noted below, other Argentine properties include the Maipu Project located in Santa Cruz province, the Somuncura Property which consists of fifteen properties located in the Rio Negro province, the Alto Rio Chubut Project which consists of five staked properties in the Rio Negro province, the Codihue mine rights in Neuguen province, the Lago Fontana project consisting of 16 mine rights located in Chubut Province, and various claims in Salta and Catamarca Provinces.

During the year ended December 31, 2012, the Company abandoned several claims and wrote off $155,167 (2011 - $546,886) of previously capitalized exploration costs related to these claims.

Expressed in Canadian Dollars

9. RESOURCE PROPERTIES *(cont'd)*

Other Properties *(cont'd)*

a) K-2 Potash, Neuquen Province

On September 19, 2008, the Company vended its K-2 potash property to Oxbow Holdings Corp. ("Oxbow"), a private Canadian corporation which Marifil owned a 58% interest in.

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

On April 26, 2012, the Company purchased the remaining 42% of Oxbow for $132,240 and share consideration of 403,389 common shares, resulting in Marifil owning 100% of Oxbow Holdings Corp and the K-2 project. The purchase price of the 42% of Oxbow was accounted for as an asset acquisition and the total purchase price was allocated to K-2 as a property acquisition cost.

b) K-3 & K-4 Potash, Mendoza Province

Marifil acquired these properties in January and February of 2011 by staking ground it believes to be prospective for potash, uranium, biogenic sulfur and asphaltites. There are no underlying third party agreements attached to these mining rights which total 15 contiguous claims. The claims are located in the northern Neuquen Sedimentary Basin.

c) K-5 & K-6 Potash, Neuquen Province

On April 27, 2012, further amended March 1, 2013, the Company signed an agreement, with Oscar and Jesus Gonzalez, to acquire the Filo Morado Potash properties ("K-5 & K-6") in the Neuquen Sedimentary Basin. The five mining rights of K-6 belong to the same private party as those of K-5, and bring the area under mineral rights control in this agreement to a total of 52,172 hectares.

Terms of the amended March 1, 2013 agreement are as follows:

Dates		Cash Payments		
Upon signing the LOI agreement		US$	25,000	(Paid)
Upon signing the definitive agreement		US$	125,000	(Paid)
March 31, 2013		US$	50,000	(Paid)
September 30, 2013		US$	50,000	
March 31, 2014		US$	150,000	
March 31, 2015		US$	200,000	
March 31, 2016		US$	250,000	
March 31, 2017		US$	3,400,000	
	Total	US$	4,250,000	

Additionally, the owner retains a 2% NSR of which 1.5% Marifil is able to acquire upon a payment of US $1,500,000. The remaining 0.5% can be acquired for an additional payment of US $1,500,000. There are no work obligations in the agreement.

d) Arroyo Verde, Chubut Province

On January 10, 2012, amended March 6, 2013, the Company entered into an option agreement with a private party to purchase a 100% interest in the Arroyo Verde property in Chubut Province.

Expressed in Canadian Dollars

9. RESOURCE PROPERTIES *(cont'd)*

Other Properties *(cont'd)*

The payment terms of the amended March 6, 2013 agreement are as follows:

Dates		Cash Payments		
Upon signing the LOI agreement		US$	35,000	(Paid)
December 5, 2013		US$	35,000	
December 5, 2014		US$	100,000	
December 5, 2015		US$	150,000	
December 5, 2016		US$	200,000	
December 5, 2017		US$	250,000	
December 5, 2018		US$	2,800,000	
	Total	US$	3,570,000	

Additionally the seller retains a 1% Net Smelter Royalty ("NSR") which Marifil can acquire for a one-time payment of US$2,000,000.

e) Punta Colorada, Rio Negro Province

On October 10, 2008, the Company entered into an agreement whereby the Company was granted exclusive exploration rights and the right to use the nearby loading dock to the Punta Colorada property located in the Rio Negro Province of Argentina. Under the terms of the agreement, the Company was 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.

f) Cerro Samenta Norte & Cerro Samenta Sur, Salta Province

The Cerro Samenta Norte and Cerro Samenta Sur properties are covered by two separate purchase agreements and two separate venture option agreements. The two purchase agreements and joint venture option agreements are very similar in nature are the combined details are noted below.

On May 27, 2011 the Company entered into agreements to acquire the properties. The combined payment schedule of the two agreements is as follows:

Dates		Cash Payments		
Upon signing the LOI agreement		US$	31,500	(Paid)
Upon signing the definitive agreement		US$	16,500	(Paid)
November 27, 2011		US$	31,500	(Paid)
May 27, 2012		US$	42,000	(Paid)
November 27, 2012		US$	42,000	(Paid)
May 27, 2013		US$	63,000	(Paid)
November 27, 2013		US$	63,000	
May 27, 2014		US$	105,000	
November 27, 2014		US$	105,000	
May 27, 2015		US$	157,500	
November 27, 2015		US$	157,500	
May 27, 2015		US$	210,000	
Upon completion of the agreement		US$	6,300,000	
	Total	US$	7,324,500	

Additionally, the two vendors each retain a 1% NSR which Marifil is able to acquire upon making a combined payment of US$ 2,100,000.

Expressed in Canadian Dollars

9. RESOURCE PROPERTIES *(cont'd)*

Other Properties *(cont'd)*

f) Cerro Samenta Norte & Cerro Samenta Sur, Salta Province *(cont'd)*

On May 9, 2013 the Company entered into a joint venture agreement for both the properties with Southern Copper Argentina S.R.L.. ("Southern Copper"), whereby Southern Copper can acquire a 70% interest in the two properties by spending $4,000,000 on property and by paying $375,000 in cash as follows:

Date		Cash Payments		
Agreement Date		US$	75,000	(Received)
On February 15, 2014		US$	75,000	
On February 15, 2015		US$	75,000	
On February 15, 2016		US$	75,000	
On February 15, 2017		US$	75,000	
	Total	US$	375,000	

g) El Carmen, Chubut Province

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

Ilakon agreed to purchase the El Carmen property for US$250,000 (received) and issue Marifil an 8% production royalty from gross oil and gas sales. Annual advance royalty payments of $75,000 were due to Marifil beginning at the earlier of commencement of production or 24 months from the date of the Agreement.

On November 23, 2012, Ilakon terminated its exploration and licensing rights to the property, and returned the property to the Company.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Payables and accrued liabilities for the Company:

	June 30, 2013	December 31, 2012
Trade payable	$ 232,914	$ 78,885
Accrued liabilities	38,441	70,000
	$ 271,355	$ 148,885

11. RELATED PARTY TRANSACTIONS

The financial statements include the financial statements of Marifil Mines Ltd. and its subsidiaries as listed in the following table:

Name of Subsidiary	Country of Incorporation	Ownership Interest	Principal Activity
Marifil S.A.	Argentina	100%	Mineral exploration
Oxbow Holding Corp.*	Canada	100%	*
Minas San Roque S.A.*	Argentina	51%	*

* The operations of Oxbow and Minas San Roque S.A. were inactive at June 30, 2013.

Expressed in Canadian Dollars

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

During the six month period ended June 30, 2013 and 2012, the Company incurred charges with directors, an officer and companies with directors and officers in common which comprise key management compensation as follows:

	June 30, 2013	June 30, 2012
Professional fees	$ 36,000	$ 33,156
Director fees	17,068	12,534
Management fees	204,965	174,519
Stock based compensation	-	123,330
Total	$ 258,033	$ 343,539

For the period ended June 30, 2013 and 2012, key management personnel were not paid post-employment benefits, termination benefits or any other long-term benefits.

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

At June 30, 2013 accounts payable included $105,926 (December 31, 2012 - $54,536) owing to officers and directors of the Company. These amounts are non-interest bearing and are due on demand.

12. SHARE CAPITAL AND RESERVES

Authorized share capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value. All issued shares are fully paid.

Warrants

As at June 30, 2013, 20,050,000 share purchase warrants were outstanding. A summary of the warrant activity for the six month period ended June 30, 2013 and year ended December 31, 2012 are as follows:

	Period Ended June 30, 2012		Year Ended December 31, 2012	
	Warrants	Weighted Average Exercise Price	Warrants	Weighted Average Exercise Price
Balance, beginning of the year	-	-	1,976,485	$0.38
Issued – March 14, 2013 Private Placement	20,050,000	$0.10	-	-
Exercised	-	-	(420,000)	$0.12
Expired	-	-	(1,556,485)	$0.45
Exercised	-	-	-	-
Balance, end of period / year	20,050,000	$0.10	-	-

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 or higher at the date of the grant, less any discounts permitted by regulatory authorities. Unless otherwise stated options vest when granted. As at March 31, 2013, options outstanding are as follows:

Expressed in Canadian Dollars

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

Number		Vested	Exercise Price	Expiry Date
2,000,000	Directors and Consultants	2,000,000	$0.20	January 24, 2016
850,000	Directors and Officer	850,000	$0.10	April 5, 2020
1,360,000	Directors, Officers and Employees	1,360,000	$0.20	June 17, 2017
4,210,000		4,210,000		

As at June 30, 2013, stock options outstanding had a weighted average life outstanding of 3.8 years (December 31, 2012 – 4.3 years)

A summary of stock option activity for the six month period ended June 30, 2013 and year ended December 31, 2012 are as follows:

	Period Ended June 30, 2013		**Year Ended December 31, 2012**	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Balance, beginning of the year	4,630,000	$0.19	4,880,000	$0.34
Issued	-	-	1,360,000	$0.20
Exercised	-	-	-	-
Expired/Cancelled	(420,000)	$0.18	(1,610,000)	$0.66
Balance, end of period	4,210,000	$0.19	4,630,000	$0.19

The weighted average fair value at grant date of the options granted during the year ended March 31, 2013 was $0.09 per option (December 31, 2012: $0.23).

The grant date fair value was determined using the Black-scholes option-pricing model with the following weighted-average assumptions:

	2013	2012
Expected dividend yield	$0	$0
Share price at grant date	0.12	0.12
Expected stock price volatility	1.19%	1.19%
Risk-free interest rate	1.21%	1.21%
Expected life of options	5 years	5 years

13. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its business plan to be a royalty company, using the project generator model. The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In the management of capital the Company considers components of shareholders' equity.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period.

14. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, marketable securities, receivables, and accounts payable and accrued liabilities. The fair value of the Company's receivables, and accounts payable and accrued liabilities approximate the carrying value, which is the amount on the consolidated statements of financial position due to their short-term maturities or ability of prompt liquidation. The Company's other financial instruments, cash and cash equivalents, and marketable securities, under the fair market hierarchy is measured at fair value, based on level one quoted prices in active markets for identical assets or liabilities.

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.

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

- Market Risk
- Credit Risk
- Liquidity Risk

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 quarterly reports from the Company's Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

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 reported periods unless otherwise stated in the note.

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 of loss that may arise from changes in market factors such as foreign currency exchange, interest rates, and commodity and equity price risk.

Foreign Currency Exchange 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. The operating results and financial position of the Company are reported in Canadian dollars. The Company's operations are in Canada, United States and Argentina. 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 affect the value of the Company's assets and liabilities. To limit this risk the Company maintains the majority of its cash in Canadian dollars.

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 interest bearing debt. The interest earned on cash and cash equivalents is insignificant, and the Company does not rely on interest to fund its operations. As a result, the Company is not at a significant risk to fluctuating interest rates.

Expressed in Canadian Dollars

14. FINANCIAL INSTRUMENTS *(cont'd)*

Equity and Commodity Price Risk:

The Company is exposed to price risk with respect to equity and commodity prices. Equity price risk is defined as the potential adverse impacts on the Company's earnings due to movements in individual equities or the general movements in the level of the stock market. The Company is exposed to this risk through its own equity, and the holdings of other companies through the available-for-sale investment in marketable securities. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors individual equity and commodity price movements, and the stock market to determine the appropriate course of action to be taken by the Company.

b) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or 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 and receivables. The company believes it has no significant credit risk related to its cash and cash equivalents as the majority of its cash is held at a large Canadian bank. The Company's receivables consist mainly of input tax credits receivable from the Government of Canada and as result the company does not believe it is subject to significant credit risk.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. As at June 30, 2013, the Company had cash and cash equivalents of $428,139 to settle current liabilities of $271,355. Management believes the Company has sufficient funds to meet its obligations as they become due.

15. SEGMENTED REPORTING

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration activities. Geographical information on the Company's assets on a country-by-country basis is as follows:

June 30, 2013	Canada	Argentina	Total
Cash and cash equivalents	$ 422,279	$ 5,860	$ 428,139
Other current assets	23,294	18,892	42,196
Equipment	920	1,876	2,796
Resource properties	-	5,116,970	5,116,970
Total assets	$ 446,493	$ 5,143,598	$ 5,590,091

December 31, 2012	Canada	Argentina	Total
Cash and cash equivalents	$ 55,229	$ 7,794	$ 63,023
Other current assets	28,008	17,468	45,476
Equipment	1,074	1,876	2,950
Resource properties	-	5,047,564	5,047,564
Total assets	$ 84,311	$ 5,074,702	$ 5,159,013