MARIFIL MINES LTD.

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CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Expressed in Canadian Dollars

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MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Marifil Mines Ltd.

We have audited the accompanying consolidated financial statements of Marifil Mines Ltd. which comprise the consolidated statements of financial position as at December 31, 2014 and 2013 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Marifil Mines Ltd. as at December 31, 2014 and 2013, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 2.1 to these consolidated financial statements which describes the existence of a material uncertainty that may cast significant doubt about the ability of Marifil Mines Ltd. to continue as a going concern.

Manning Elliott LLP

CHARTERED ACCOUNTANTS

Vancouver, British Columbia

April 29, 2015

MARIFIL MINES LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014 AND 2013
Expressed in Canadian Dollars

		December 31, 2014		December 31, 2013
ASSETS				
Current assets				
Cash and cash equivalents	$	35,742	$	92,426
Receivables (Note 6)		9,788		25,667
Prepaid expenses (Note 7)		5,847		5,708
Total current assets		51,377		123,801
Equipment (Note 8)		1,833		2,053
Resource Properties (Note 9)		4,565,356		4,717,781
	$	4,618,566	$	4,843,635
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities (Note 10)	$	223,239	$	217,795
Loans payable to related parties (Note 11)		37,480		-
Total liabilities		260,719		217,795
Shareholders' equity				
Share capital (Note 13)		15,058,465		14,885,683
Contributed surplus		2,016,775		2,016,775
Deficit		(12,717,393)		(12,276,618)
		4,357,847		4,625,840
	$	4,618,566	$	4,843,635

Going concern of operations (Note 2.1)
Subsequent events (Note 18)

Approved and authorized by the Board on April 29, 2015:

"John Hite"

John Hite

"Michael Sweatman"

Michael Sweatman

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

MARIFIL MINES LTD.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
AS AT DECEMBER 31, 2014 AND 2013
Expressed in Canadian Dollars

		2014		2013
EXPENSES				
Consulting fees	$	-	$	34,000
Depreciation (Note 8)		220		897
Director fees		34,974		32,668
Filing fees		27,105		20,603
General exploration		18,627		246,877
Investor relations		19,700		70,499
Management fees		22,896		202,061
Office and miscellaneous		49,527		147,893
Professional fees		156,648		141,371
Loss before other items		(329,697)		(896,869)
OTHER INCOME (EXPENSES)				
Foreign exchange gain (loss)		(31,344)		68,610
Gain on disposal of marketable securities		-		3,467
Gain on sale of resource properties (Note 9(h))		-		20,363
Other income (expense)		(2,400)		10,000
Write-off of resource properties (Note 9)		(77,334)		(455,595)
Net loss and comprehensive loss	$	(440,775)		(1,250,024)
Weighted average number of common shares outstanding		85,050,760		79,992,568
Basic and diluted loss per common share	$	(0.01)	$	(0.02)

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

MARIFIL MINES LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Expressed in Canadian Dollars

		2014		2013
OPERATING ACTIVITIES				
Net loss	$	(440,775)	$	(1,250,024)
Items not affecting cash				
Depreciation		220		897
Gain on sale of marketable securities		-		(3,467)
Gain on sale of resource properties		-		(20,363)
Write-off of resource properties		77,334		455,595
		(363,221)		(817,362)
Changes in non-cash working capital items:				
Accounts payable and accrued liabilities		51,245		68,910
Prepaid expenses		(139)		154
Receivables		15,879		(693)
Cash used in operating activities		(296,236)		(748,991)
INVESTING ACTIVITIES				
Cash expenditures on resource properties		(7,050)		(220,633)
Resource property option payments received		82,141		94,821
Proceeds on disposition of marketable securities		-		18,107
Proceeds on disposition of resource properties		-		20,363
Cash provided by (used in) investing activities		75,091		(87,342)
FINANCING ACTIVITIES				
Shares issued for cash		134,399		950,000
Cash paid for share issuance costs		(7,418)		(84,264)
Proceeds from loans payable to related party		37,480		-
Cash provided by financing activities		164,461		865,736
NET CHANGE IN CASH AND EQUIVALENTS		(56,684)		29,403
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		92,426		63,023
CASH AND CASH EQUIVALENTS, END OF YEAR	$	35,742	$	92,426

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

MARIFIL MINES LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
Expressed in Canadian dollars

	Number of Common Shares	Common Shares Amount	Contributed Surplus	Deficit	Balance
Balance, December 31, 2012	64,241,883	$ 14,060,193	$ 1,976,529	$ (11,026,594)	$ 5,010,128
Proceeds from private placement	19,000,000	950,000	-	-	950,000
Share issuance costs	-	(124,510)	40,246		(84,264)
Net loss for the year	-	-	-	(1,250,024)	(1,250,024)
Balance, December 31, 2013	83,241,883	14,885,683	2,016,775	(12,276,618)	4,625,840
Proceeds from private placement (Note 13)	6,600,000	132,000	-	-	132,000
Share issuance costs	-	(7,418)	-	-	(7,418)
Shares issued to settle payables (Note 13)	900,000	45,800	-	-	45,800
Shares issued as part of financing costs for loans payable (Note 11)	120,000	2,400	-	-	2,400
Net loss for the year	-	-	-	(440,775)	(440,775)
Balance, December 31, 2014	90,861,883	$ 15,058,465	$ 2,016,775	$ (12,717,393)	$ 4,357,847

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

1. NATURE OF OPERATIONS

Marifil Mines Ltd. (the “Company” or “Marifil”) was incorporated on December 2, 2003 under the Yukon Business Corporation Act. On January 17, 2014, the Company changed its reporting jurisdiction from Yukon to British Columbia. 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. BASIS OF PREPARATION

2.1 Going Concern of Operations

The Company has not generated revenue from operations. The Company incurred a net loss of $440,775 for the year ended December 31, 2014 and as of that date the Company’s accumulated deficit was $12,717,393. 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. These factors comprise a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern.

2.2 Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the international Accounting Standards Board (“IASB”).

The consolidated annual financial statements were authorized for issue by the Board of Directors on April 29, 2015.

2.3 Basis of Measurement

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

The consolidated annual financial statements are presented in Canadian dollars (“CDN$”) which is also the Company and its subsidiaries’ functional currency.

The preparation of the consolidated financial statements in compliance with IFRS requires management to make certain accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed in Note 4.

2.4 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 Minas San Roque S.A in which the Company has a 51% ownership. The Company’s subsidiary in Canada is an inactive holding company Oxbow Holdings Corp. which is wholly-owned.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 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 differences 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.

3.2 Cash and Cash Equivalents

Cash and cash equivalents is comprised of cash on hand and 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.

3.3 Receivables

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

3.4 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 FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

Held-to-maturity ("HTM")

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

Loans and receivables ("LAR")

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

Available-for-sale ("AFS")

Non-derivative financial assets not included in the above categories are classified as AFS. 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.

Fair value through profit or loss

This category comprises derivatives, or liabilities, acquired or incurred principally for the purpose of selling 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 loans payable, amounts due to related parties and accounts payable, all of which are recognized at amortized cost.

Classification

The Company has classified its financial assets and financial liabilities as follows:

Financial assets
- Cash and cash equivalents are classified as FVPTL.
- Marketable securities are classified as AFS.
- Other receivables are classified as LAR.

Financial liabilities
- Amounts payable, amounts due to related parties and loans payable are classified as other financial liabilities.

Impairment of financial assets

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

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

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.

3.5 Equipment

Equipment is recorded at cost and depreciated 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 depreciated 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 on the statement of comprehensive loss/income.

3.6 Resource 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 resource properties are capitalized. These expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company enters 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 in income as a gain on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Resource properties – exploration and evaluation assets (continued)

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. 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. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

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.

3.7 Impairment of tangible and intangible assets

At the end of each reporting period, the Company’s assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately on the statement of comprehensive loss/income.

3.8 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.

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.

3.9 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 resource 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 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 are concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 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. Deferred 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. Deferred tax assets are recognized only if it is probable that they can be realized.

3.11 Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. At each financial position reporting date presented the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

3.12 Earnings (loss) per share

Basic earnings or loss per share is computed by dividing net earnings or loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings or loss per share is computed similar to basic earnings or 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. As at December 31, 2014, the Company had 30,860,000 (2013 - 24,260,000) potentially dilutive shares outstanding.

3.13 Adoption of New Standards and Interpretations, and Recent Accounting Pronouncements

Effective January 1, 2014, the following standards were adopted without any material impact on the consolidated financial statements.

- IAS 36 (Impairment of Assets): In May 2013, the IASB issued an amendment to address the disclosure of information about the recoverable amount of impaired assets or a CGU for periods in which an impairment loss has been recognized or reversed. The amendments also address disclosure requirements applicable when an asset's or a CGU's recoverable amount is based on fair value less costs of disposal.

- IFRIC 21 (Levies): In May 2013, the IASB issued IFRIC 21, Levies ("IFRIC 21"), an interpretation of IAS 37, Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2015. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 15 (Revenue from Contracts with Customers): New standard establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2017.

- IFRS 9 (Financial Instruments): New standard that replaced IAS 39 for classification and measurement. Effective for annual periods beginning on or after January 1, 2018.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both. Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

a) Resource Properties Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether 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.

b) Title to Resource Properties

Although the Company has taken steps to verify title to resource 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 resource 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 resource properties. The Company has investigated title to all of its resource 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.

c) 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.

d) 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 Company did not issue any stock options in 2014 and 2013.

Expressed in Canadian Dollars

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

e) Site Closure and Reclamation Provisions

The Company assesses its mineral properties' rehabilitation provision at each reporting date or when new material information becomes available. Exploration, development and mining activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation obligations requires management to make estimates of the future costs that the Company will incur to complete the reclamation work required to comply with existing laws and regulations at each location. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the nil amounts currently provided due to minimal site disturbance.

f) 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 financings, 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.

5. MARKETABLE SECURITIES

The Company does not have any marketable securities at December 31, 2014 and 2013. During the year ended December 31, 2013, marketable securities consisting of 488,000 common shares of Netco Silver Co. received by the Company as option proceeds were sold for gross proceeds of $18,107. The Company recognized a gain of $3,467 with respect to this transaction.

6. RECEIVABLES

The Company's receivables are as follows:

		December 31, 2014		December 31, 2013
GST receivable	$	9,788	$	18,086
Other receivables		-		7,581
	$	9,788	$	25,667

7. PREPAID EXPENSES

The prepaid expenses for the Company are detailed as follows:

		December 31, 2014		December 31, 2013
Insurance	$	5,532	$	3,004
Vendor prepayments		315		2,704
	$	5,847	$	5,708

Expressed in Canadian Dollars

8. EQUIPMENT

		Office Equipment		Computer Equipment		Software		Total
Cost Basis								
Balance at January 1, 2012	$	2,383	$	5,762	$	5,074	$	13,219
Additions		310		-		-		310
Balance at December 31, 2013 and December 30, 2014	$	2,693	$	5,762	$	5,074	$	13,529
Depreciation								
Balance at December 31, 2012	$	(698)		(4,807)		(5,074)		(10,579)
Deprecation		(610)		(287)		-		(897)
Balance at December 31, 2013	$	(1,308)	$	(5,094)	$	(5,074)	$	(11,476)
Deprecation		(21)		(199)		-		(220)
Balance at December 31, 2014	$	(1,329)	$	(5,293)	$	(5,074)	$	(11,696)
Carrying amounts								
At December 31, 2012	$	1,995	$	955	$	-	$	2,950
At December 31, 2013	$	1,385	$	668	$	-	$	2,053
At December 31, 2014	$	1,364	$	469	$	-	$	1,833

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, 2012	$	-	$	1,563,766	$	2,466,946	$	459,711	$	557,141	$	5,047,564
Property payments		12,367		10,160		4,726		137,509		-		164,762
Exploration costs		6,145		-		53,483		59,342		-		118,970
Change in IVA		-		-		-		-		(63,099)		(63,099)
Option and joint venture payments received		-		-		-		(94,821)		-		(94,821)
Write-off of exploration and evaluation costs		-		-		-		(455,595)		-		(455,595)
Balance, December 31, 2013	$	18,512	$	1,573,926	$	2,525,155	$	106,146	$	494,042	$	4,717,781
Property payments		-		1,874		3,680		-		-		5,554
Exploration costs		2,249		-		17,050		53,329		-		72,628
Change in IVA		-		-		-		-		(71,132)		(71,132)
Option and joint venture payments received		-		-		-		(82,141)		-		(82,141)
Write-off of exploration and evaluation costs		-		-		-		(77,334)		-		(77,334)
Balance, December 31, 2014	$	20,761	$	1,575,800	$	2,545,885	$	-	$	422,910	$	4,565,356

Expressed in Canadian Dollars

9. RESOURCE PROPERTIES (continued)

Title to resource 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 resource properties. The Company has investigated title to all of its resource properties and, to the best of its knowledge; title to all properties is in good standing. All the resource properties are located in Argentina.

Impuesto al Valdor Agregado ("IVA") represents value added sales taxes paid to the government of Argentina which is 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 Las Aguilas nickel property is a 100% owned interest in mining rights located in San Luis province Argentina. The mining rights total 13 contiguous claims.

Toruel, Rio Negro Province

The Toruel copper-silver property is covered by two separate purchase agreements. The mining rights total 2 contiguous claims.

a) M.I.M. Argentina Exploraciones

On January 31, 2006, further amended April 23, 2011, January 30, 2013, and May 9, 2014, 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. Additionally, the Company has to make a one-time payment of US $375,000 on January 31, 2015.

The agreement with MIM expired on January 31, 2015, and the Company is negotiating an extension which has not yet been granted.

b) Ruben Davicino

On May 8, 2004, further amended January 9, 2011, December 6, 2012, February 28, 2013, March 1, 2014, and September 1, 2014 , the Company entered into an 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 (extended to September 1, 2015)	US$	20,000	
September 1, 2016	US$	30,000	
September 1, 2017	US$	60,000	
Total	US$	145,000	

During the final 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.

9. RESOURCE PROPERTIES (continued)

San Roque, Rio Negro Province

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 mining rights total 18 contiguous claims and 115,898 hectares. The Company was committed to spending US$50,000 annually on the property over four years ending in 2011 (spent) and by making a cash payment of US$400,000 (paid).

The Company currently holds a 51% interest in the San Roque property.

Other Properties

Except as noted below, other Argentine properties include the Maipu mine rights located in Santa Cruz province, the Codihue mine rights in Neuguen province, the Lago Fontana mine rights in Chubut Province, and various claims in Salta and Catamarca Provinces.

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 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. The company paid US$200,000 in relation to the purchase of these properties.

On September 1, 2013, the Company terminated its agreement with Oscar and Jesus Gonzalez for the K-5 and K-6 properties and wrote off $371,139 of the carrying costs of the properties as an impairment charge to operations.

d) Arroyo Verde, Chubut Province

The Arroyo Verde copper-gold property is covered by one joint venture option purchase agreement. The mining rights total 8 contiguous claims.

Expressed in Canadian Dollars

9. RESOURCE PROPERTIES (continued)

d) Arroyo Verde, Chubut Province (continued)

On January 10, 2012, further amended on 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. The company paid US$35,000 in relation to the purchase of these properties.

During the year ended December 31, 2013, the Company terminated the Arroyo Verde agreement and wrote-off $84,456 of the carrying costs of the property as an impairment charge to operations.

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. The mining rights total 2 contiguous claims and 855 hectares. Under the terms of the agreement, the Company was granted a six year term to carry out exploration. The Company has 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 joint venture option purchase agreements, and two separate joint venture sale option agreements to sell the properties. The two purchase agreements and joint venture option agreements are very similar in nature. The details are noted below. The mining rights are 2 separate parcels of land with a total of 7 contiguous claims.

On May 27, 2011, the Company entered into an option agreement with Miguel Alberto Peral and Silvia Rodriguez to acquire the Cerro Samenta Norte property. The payment schedule is as follows:

Dates	Cash Payments		
Upon signing the agreement	US$	15,000	(Paid)
November 27, 2011	US$	15,000	(Paid)
May 27, 2012	US$	20,000	(Paid)
November 27, 2012	US$	20,000	(Paid)
May 27, 2013	US$	30,000	(Paid)
November 27, 2013	US$	30,000	(Paid by SCA)
May 27, 2014	US$	50,000	(Paid by SCA)
November 27, 2014	US$	50,000	
May 27, 2015	US$	75,000	
November 27, 2015	US$	75,000	
May 27, 2016	US$	100,000	
Upon completion of the agreement	US$	3,000,000	
Total	US$	3,480,000	

In addition to the above payments, the vendor will retain a 1% NSR which Marifil is able to acquire upon making a payment of US$1,000,000.

The Company currently is not in compliance with terms of this agreement and is in discussions with the underlying property owners to extend the property payment dates. The balance of mineral property costs of $38,667 capitalized for this property was written-off as an impairment charge to operations at December 31, 2014.

Expressed in Canadian Dollars

9. RESOURCE PROPERTIES (continued)

Other Properties (continued)

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

On May 27, 2011, as amended on August 6, 2013, the Company entered into an option agreement to acquire the Cerro Samenta Sur property. The payment schedule of the agreement is as follows:

Dates	Cash Payments		
Upon signing the agreement	US$	16,500	(Paid)
November 27, 2011	US$	16,500	(Paid)
May 27, 2012	US$	22,000	(Paid)
November 27, 2012	US$	22,000	(Paid)
May 27, 2013	US$	33,000	(Paid)
Upon signing the amendment on August 6, 2013	US$	22,000	(Paid by SCA)
February 6, 2014	US$	33,000	(Paid by SCA)
August 6, 2014	US$	33,000	(Paid by SCA)
February 6, 2015	US$	55,000	
August 6, 2015	US$	55,000	
February 6, 2016	US$	82,500	
August 6, 2016	US$	82,500	
February 6, 2017	US$	110,000	
Upon completion of the agreement	US$	3,300,000	
Total	US$	3,883,000	

In addition to the above payments, the vendor will retain a 1% NSR which Marifil is able to acquire upon making a payment of US$1,100,000.

The Company currently is not in compliance with terms of this agreement and is in discussions with the underlying property owners to extend the property payment dates. The balance of mineral property costs of $38,667 capitalized for this property was written-off as an impairment charge to operations at December 31, 2014.

On February 15, 2013 and May 30, 2013, the Company entered into two joint venture agreements for each of the Cerro Samenta Norte and Cerro Samenta Sur properties with Southern Copper Argentina S.R.L.("SCA"), whereby SCA can acquire a 70% interest in the two properties by incurring $4,000,000 on property expenditures and by paying $375,000 in cash, less 5% owed to the underlying property owner as follows:

The payment terms for Cerro Samenta Norte are as follows:

Date	Cash Payments		
Agreement Date	US$	37,500	(Received)
On February 15, 2014	US$	37,500	(Received)
On February 15, 2015	US$	37,500	
On February 15, 2016	US$	37,500	
On February 15, 2017	US$	37,500	
Total	US$	187,500	

Expressed in Canadian Dollars

9. RESOURCE PROPERTIES (continued)

Other Properties (continued)

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

The payment terms for Cerro Samenta Sur are as follows:

Date		Cash Payments	
Agreement Date	US$	37,500	(Received)
On May 30, 2014	US$	37,500	(Received)
On May 30, 2015	US$	37,500	
On May 30, 2016	US$	37,500	
On May 30, 2017	US$	37,500	
Total	US$	187,500	

In addition to the above payments, SCA has agreed to pay on behalf of the Company the option purchase obligations agreed to by Marifil to the vendors.

On November 7, 2014 SCA terminated the two option agreements with the Company.

g) Pedernal

On May 18, 2012, as amended on May 17, 2013 and May 17, 2014, the Company entered into an option agreement with a private party to purchase a 100% interest in the Pedernal property in the San Juan Province of Argentina. The payment terms of the amended May 17, 2014 agreement are noted below. The mining rights total 6 contiguous claims.

Dates		Cash Payments	
Upon signing the amended agreement	US$	10,000	(Paid)
May 17, 2014 (extended to May 17, 2015)	US$	30,000	
May 17, 2016	US$	55,000	
May 17, 2017	US$	86,250	
May 17, 2018	US$	115,000	
May 17, 2019	US$	172,500	
Upon completion of the agreement on May 17, 2020	US$	1,500,000	
Total	US$	1,968,750	

The seller retains a 2% Net Smelter Royalty ("NSR"). The Company can acquire 1.5% of the NSR for a one-time payment of US$2,000,000.

Additionally, the Company needs to incur the following exploration expenditures:

Dates		Exploration Expenditures
May 17, 2014 (extended to May 17, 2015)	US$	85,000
May 17, 2016	US$	120,000
May 17, 2017	US$	140,000
May 17, 2018	US$	200,000
May 17, 2019	US$	400,000
Total	US$	945,000

Expressed in Canadian Dollars

9. RESOURCE PROPERTIES (continued)

Other Properties (continued)

h) 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.

i) Other

During 2013 fiscal year, the Company sold its interest in Cachari property for $20,363. The property was originally staked by the Company for a minimal fee, and as a result the total proceeds of sale were recorded as income in the year ended December 31, 2013.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Payables and accrued liabilities for the Company:

		December 31, 2014		December 31, 2013
Trade payables	$	148,437	$	161,841
Accrued liabilities		74,802		55,954
	$	223,239	$	217,795

11. LOANS PAYABLE TO RELATED PARTIES

On July 29, 2014, the Company entered into a loan agreement with a director, whereas the director loaned the Company US$20,000. The unsecured loan bears interest at 18% per year and is due on January 29, 2016. At the option of the lender, the loan can be converted into common shares of the Company at the market price of the Company's shares.

On August 1, 2014, the Company entered into another loan agreement with a director, whereas the director loaned the Company US$10,000. The unsecured loan bears interest at 18% per year and is due on February 1, 2016. At the option of the lender, the loan can be converted into common shares of the Company at the market price of the Company's shares.

On September 15, 2014, the Company issued 120,000 common shares valued at $2,400 to these directors as part of the financing fee expense related to these loans.

Expressed in Canadian Dollars

12. 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
Minas San Roque S.A.	Argentina	51%	Mineral exploration
Oxbow Holding Corp.*	Canada	100%	*

* The operations of Oxbow were inactive at December 31, 2014.

During the years ended December 31, 2014 and 2013, the Company incurred charges with directors, an officer and companies with directors and officers in common which comprise key management compensation as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
Professional fees	$ 72,000	$ 72,000
Director fees	34,974	32,668
Management fees	-	202,061
	$ 106,974	$ 306,729

For the years ended December 31, 2014 and 2013, key management personnel were not paid any 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 December 31, 2014, accounts payable included $84,461 (December 31, 2013 - $100,664) owing to officers and directors of the Company. These amounts are non-interest bearing, unsecured and are due on demand.

13. SHARE CAPITAL AND RESERVES

a) Authorized share capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

b) Shares issued

During 2014 the Company closed a private placement consisting of 6,600,000 units at $0.02 per unit. Each unit consists of one common share and one common share purchase warrant exercisable at $0.05 per share for the 24 months from the date of issuance and $0.10 for the next 36 months, subject to accelerated expiry in the event the Company's shares trade at $0.20 per share for a period of 20 consecutive trading days.

During 2014 the Company issued 900,000 common shares to settle amounts payable to related parties of $45,000. No gain or loss was recognized on settlement as the fair value of the shares was equal to the amount payable.

During 2013 the Company closed a private placement consisting of 19,000,000 units at $0.05 per unit. Each unit consists of one common share and one common share purchase warrant exercisable at $0.10 per share until March 14, 2018. In connection with the private placement, the Company paid finders' fees comprised of $52,500 in cash and issued 1,050,000 warrants exercisable at $0.05 per share until March 14, 2015 (see Note 15).

Expressed in Canadian Dollars

13. SHARE CAPITAL AND RESERVES (continued)

c) Warrants

A summary of the warrant activity for the years ended December 31, 2014 and 2013 is as follows:

	2014		2013	
	Warrants	Weighted Average Exercise Price	Warrants	Weighted Average Exercise Price
Balance, beginning of year	20,050,000	$0.10	-	-
Issued in private placement units	6,600,000	$0.08	19,000,000	$0.10
Issued to finders	-	-	1,050,000	$0.05
Balance, end of year	26,650,000	$0.09	20,050,000	$0.10

As of December 31, 2014 the weighted average life of warrants outstanding is 3.49 years (December 31, 2013 – 4.05 years).

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 or higher at the date of the grant, less any discounts permitted by regulatory authorities. Unless otherwise stated options vest when granted. As at December 31, 2014 and 2013, options outstanding are as follows:

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

As at December 31, 2014, stock options outstanding had a weighted average life outstanding of 2.58 years (December 31, 2013 – 3.6 years).

A summary of stock option activity for the years ended December 31, 2014 and 2013 is as follows:

	2014		2013	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Balance, beginning of year	4,210,000	$0.19	4,630,000	$0.19
Expired/Cancelled	-	-	(420,000)	$0.18
Balance, end of year	4,210,000	$0.18	4,210,000	$0.19

Expressed in Canadian Dollars

14. SUPPLEMENTAL CASH FLOW DISCLOSURE

		2014		2013
Interest paid	$	2,677	$	-
Income taxes paid	$	-	$	-
Non-cash financing and investing activities				
Shares issued for resource properties	$	-	$	-
Shares received for resource properties	$	-	$	-
Shares issued in settlement of accounts payable	$	45,800	$	-

15. INCOME TAXES

The differences between tax recovery for the 2014 and 2013 years ended and the expected income tax recovery based on statutory rates arise as follows:

		2014		2013
Loss before income tax	$	440,775	$	1,250,024
Expected tax recovery based on statutory rate of 26% (2013 – 25.75%)	$	115,000	$	322,000
Impact of change in tax rates		(46,000)		43,000
Effect of higher statutory tax rate for foreign subsidiaries		8,000		57,000
Expired losses		(43,000)		-
Option income received		(29,000)		(22,000)
Permanent and other differences		(5,000)		(23,000)
Unrealized foreign exchange		50,000		(4,000)
Change in deferred tax assets		50,000		(373,000)
Total income tax recovery	$	-	$	-

The nature and tax effect on the temporary differences giving rise to potential deferred tax assets at December 31, 2014 and 2013 are as follows:

		2014		2013
Non-capital carry forwards	$	1,249,000	$	1,258,000
Share issue costs		16,000		22,000
Resource properties		276,000		282,000
Other deductible temporary differences		21,000		50,000
		1,562,000		1,612,000
Less: unrecognized deferred tax assets		(1,562,000)		(1,612,000)
	$	-	$	-

Expressed in Canadian Dollars

15. INCOME TAXES (continued)

At December 31, 2014, the Company has accumulated Canadian non-capital losses of $4,796,000 for income tax purposes which may be deducted in the calculation of taxable income in future years. These losses expire as follows:

2015	$	556,000
2026		476,000
2027		535,000
2028		194,000
2029		310,000
2030		472,000
2031		679,000
2032		793,000
2033		482,000
2034		299,000
	$	4,796,000

The potential benefit of these non-capital loss carry-forwards has not been recognized in these financial statements as it is not considered probable that sufficient future taxable profit will allow the deferred assets to be recovered.

16. FINANCIAL AND CAPITAL RISK 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 the 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 year.

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

a) Market Risk
b) Credit Risk
c) 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.

16. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

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.

(i) 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. The operating results and financial position of the Company are reported in Canadian dollars. The Company's operations are in Canada and Argentina.

Based on the net Canadian dollar denominated asset and liability exposures as at December 31, 2014, a 10% fluctuation in the Canadian/Argentine and Canadian/US exchange rates will have no significant impact on the Company's earnings.

(ii) 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 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.

(iii) 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.

16. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

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 December 31, 2014, the Company had cash and cash equivalents of $35,742 to settle current liabilities of $223,239. The Company will require additional financing in 2015 to meet its short-term financial obligations.

The Company's financial instruments consist of cash and cash equivalents, receivables, accounts payable, amounts due to related parties and loans payable. The fair value of the Company's receivables and accounts payable 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 and cash and cash equivalents, under the fair market hierarchy is measured at fair value, based on level one quoted prices in active markets for identical assets or liabilities.

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, 2014 and 2013, the Company's financial liabilities were held in US dollars, Canadian Dollars and the Argentine Pesos. A 10% fluctuation in the Canadian/Argentine and Canadian/US exchange rates will have no significant impact on the Company's earnings.

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 following table sets forth the Company's financial instruments measured at fair value on a recurring basis by level within the fair value hierarchy as at December 31, 2014:

	Level 1	Level 2	Level 3
Cash	$ 35,742	$ -	$ -

The following table sets forth the Company's financial instruments measured at fair value on a recurring basis by level within the fair value hierarchy as at December 31, 2013:

	Level 1	Level 2	Level 3
Cash	$ 92,426	$ -	$ -

The fair values of other financial instruments, which include other receivables and accounts payable approximate their carrying values due to the short-term maturity of these instruments.

Expressed in Canadian Dollars

17. SEGMENTED REPORTING

The Company is organized into business units based on 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:

December 31, 2014		Canada		Argentina		Total
Cash and cash equivalents	$	28,403	$	7,339	$	35,742
Other current assets		15,319		315		15,635
Equipment		544		1,289		1,833
Resource properties		-		4,565,356		4,565,356
Total assets	$	44,266	$	4,574,299	$	4,618,566

December 31, 2013		Canada		Argentina		Total
Cash and cash equivalents	$	103,354	$	(10,928)	$	92,426
Other current assets		23,794		7,581		31,375
Equipment		764		1,289		2,053
Resource properties		-		4,717,781		4,717,781
Total assets	$	127,912	$	4,715,723	$	4,843,635

18. SUBSEQUENT EVENTS

On March 14, 2015, 1,050,000 warrants issued in 2013 expired unexercised.

On April 28, 2015, the Company completed a private placement consisting of 4,000,000 units at $0.015 per unit for gross proceeds of $60,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of $0.05 per share for the 24 months from the date of issuance and $0.10 for the next 36 months, subject to accelerated expiry in the event the Company's shares trade at $0.20 per share for a period of 20 consecutive trading days after the expiry of the four-month hold period.