



**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018**

Expressed in Canadian dollars

(Unaudited)

#### **NOTE TO READER**

Under National Instrument 51-102, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a note indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the management. The Corporation's independent auditor has not performed a review of these interim financial statements.

**MARIFIL MINES LIMITED****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

AS AT SEPTEMBER 30, 2019 AND DECEMBER 31, 2018

Expressed in Canadian dollars

	Note	September 30, 2019 <i>(Unaudited)</i>	December 31, 2018
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	10	\$ 32,621	\$ 246,120
Other receivables	5	82,080	87,055
Advances	7	13,315	35,210
Prepaid expenses		9,144	4,761
		<b>137,160</b>	373,146
<b>Exploration and evaluation assets</b>	6	<b>4,102,421</b>	3,850,227
		<b>\$ 4,239,581</b>	<b>\$ 4,223,373</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Trade payables and other liabilities	7	\$ 786,959	\$ 607,953
Loans payable to related parties	7	54,548	52,492
		<b>841,507</b>	660,445
<b>Shareholders' equity</b>			
Share capital	8	19,166,873	18,291,123
Shares to be issued	8	15,000	-
Contributed surplus		2,506,986	2,456,525
Deficit		(18,270,760)	(17,173,366)
<b>Equity attributable to owners of the Company</b>		<b>3,418,099</b>	3,574,282
<b>Equity attributable to non-controlling interests</b>		<b>(20,025)</b>	(11,354)
		<b>3,398,074</b>	3,562,928
		<b>\$ 4,239,581</b>	<b>\$ 4,223,373</b>
Going concern (Note 2)			
Subsequent events (Note 11)			

Approved and authorized by the Board on November 29, 2019.

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Robert Abenante

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Michael Sweatman

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

**MARIFIL MINES LIMITED****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS****FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018**

Expressed in Canadian dollars

(Unaudited)

		For the three months ended September 30,		For the nine months ended September 30,	
	Note	2019	2018	2019	2018
<b>EXPENSES</b>					
General and administration (Note 9)	9	\$ 456,112	\$ 235,629	\$ 1,028,171	\$ 1,185,198
Write-down of other receivables	5	36,230	-	36,230	-
Finance costs	7	17,377	1,241	47,242	3,620
Administrative charge income		(4,940)	-	(10,850)	-
General exploration		4,342	(6,027)	9,208	-
Foreign exchange (gain) loss		(1,040)	107,439	(3,936)	39,547
<b>Net loss and comprehensive loss</b>		<b>\$ 508,081</b>	<b>\$ 338,282</b>	<b>\$ 1,106,065</b>	<b>\$ 1,228,365</b>
<b>Net loss for the period attributable to:</b>					
Owners of the Company		\$ 505,440	\$ 338,282	\$ 1,097,394	\$ 1,228,365
Non-controlling interests		2,641	-	8,671	-
		<b>\$ 508,081</b>	<b>\$ 338,282</b>	<b>\$ 1,106,065</b>	<b>\$ 1,228,365</b>
<b>Weighted average number of common shares outstanding</b>					
	8	57,234,184	34,118,083	59,399,209	30,181,844
<b>Basic and diluted loss per common share</b>					
	8	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.04)

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

**MARIFIL MINES LIMITED**  
**CONDENSED INERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018**  
Expressed in Canadian dollars  
(Unaudited)

	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (1,106,065)	\$ (1,228,365)
Items not affecting cash		
Write-down of other receivables	36,230	-
Management bonus shares	15,000	-
Unrealized exchange (gain) loss	(3,136)	3,539
Interest on related party loans	3,600	1,299
Share-based payments	50,461	165,937
	<b>(1,003,910)</b>	<b>(1,057,590)</b>
Changes in non-cash working capital items:		
Trade payables and other liabilities	180,598	53,364
Advances receivable	21,895	(19,253)
Prepaid expenses	(4,383)	(27,124)
Other receivables	(31,255)	(35,373)
<b>Cash used in operating activities</b>	<b>(837,055)</b>	<b>(1,085,976)</b>
<b>INVESTING ACTIVITIES</b>		
Cash expenditures on exploration and evaluation assets	(252,194)	(825,744)
<b>Cash used in investing activities</b>	<b>(252,194)</b>	<b>(825,744)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from private placement	700,000	1,945,000
Proceeds on exercise of warrants	180,000	-
Obligation to issue shares	-	50,000
Share issuance costs	(4,250)	(19,729)
<b>Cash provided by financing activities</b>	<b>875,750</b>	<b>1,975,271</b>
<b>CHANGE IN CASH</b>	<b>(213,499)</b>	<b>63,551</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>246,120</b>	<b>33,487</b>
<b>CASH, END OF PERIOD</b>	<b>\$ 32,621</b>	<b>\$ 97,038</b>

**SUPPLEMENTARY CASH FLOW INFORMATION**

	2019	2018
Shares issued for debt settlement	\$ -	\$ 25,800

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

**MARIFIL MINES LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018**  
Expressed in Canadian dollars  
(Unaudited)

	Note	Number of common shares*	Common shares amount	Contributed surplus	Shares to be issued	Deficit	Shareholders' equity	Non-controlling interests	Total equity
<b>Balance as at December 31, 2017</b>		13,220,870	15,502,190	2,149,097	347,679	(15,602,905)	2,396,061	-	2,396,061
Shares issued for settlement of debt		3,869,420	373,479	-	(347,679)	-	25,800	-	25,800
Issuance of performance shares	8	1,000,000	120,000	(120,000)	-	-	-	-	-
Proceeds from private placement	8	20,000,000	2,000,000	-	50,000	-	2,050,000	-	2,050,000
Share issuance costs – units	8	348,000	(124,605)	124,605	-	-	-	-	-
Share issuance costs - cash	8	-	(19,729)	-	-	-	(19,729)	-	(19,729)
Reserve for issuance of performance shares	8	-	-	58,205	-	-	58,205	-	58,205
Share-based payment of stock options	8	-	-	107,732	-	-	107,732	-	107,732
Obligation to issue share for debt settlement	8	-	-	-	-	-	-	-	-
Net loss for the period		-	-	-	-	(1,228,365)	(1,228,365)	-	(1,228,365)
<b>Balance as at September 30, 2018</b>		38,438,290	17,851,335	2,319,639	50,000	(16,831,270)	3,389,704	-	3,389,704
<b>Balance as at December 31, 2018</b>		<b>44,168,290</b>	<b>\$ 18,291,123</b>	<b>\$ 2,456,525</b>	<b>\$ -</b>	<b>\$ (17,173,366)</b>	<b>\$ 3,574,282</b>	<b>\$ (11,354)</b>	<b>\$ 3,562,928</b>
Proceeds from private placement	8	14,000,000	700,000	-	-	-	700,000	-	700,000
Share issuance costs – cash	8	-	(4,250)	-	-	-	(4,250)	-	(4,250)
Proceeds on exercise of warrants	8	1,907,142	180,000	-	-	-	180,000	-	180,000
Obligation to issue bonus shares	7	-	-	-	15,000	-	15,000	-	15,000
Share-based payment of stock options	7	-	-	50,461	-	-	50,461	-	50,461
Net loss for the period		-	-	-	-	(1,097,394)	(1,097,394)	(8,671)	(1,106,065)
<b>Balance as at September 30, 2019</b>		<b>60,075,432</b>	<b>\$ 19,166,873</b>	<b>\$ 2,506,986</b>	<b>\$ 15,000</b>	<b>\$ (18,270,760)</b>	<b>\$ 3,418,099</b>	<b>\$ (20,025)</b>	<b>\$ 3,398,074</b>

\* The number of issued and outstanding shares has been adjusted to reflect the two for one share consolidation that was completed on January 22, 2018.

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

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**MARIFIL MINES LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018****Expressed in Canadian dollars****(Unaudited)**

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**1. NATURE OF OPERATIONS**

Marifil Mines Limited (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 241 - 970 Burrard Street, Vancouver, British Columbia, Canada.

On January 22, 2018, the Company effected a share consolidation on a two for one basis. As such, the Company's issued and outstanding shares of common stock were decreased on the basis of two old shares for one new share. These consolidated financial statements give retroactive effect to such share consolidation named above and all share and per share amounts have been adjusted accordingly.

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 \$1,106,065 for the period ended September 30, 2019 and as of that date the Company's accumulated deficit was \$18,270,760. The Company has a working capital deficiency of \$704,347. The Company's continuation as a going concern is contingent on the completion of financings to adequately cover the company's deficit. 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 cast significant doubt about the Company's ability to continue as a going concern.

**2.2 Statement of Compliance**

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Accordingly, certain disclosures required in annual financial statements have been condensed or omitted. These condensed consolidated interim financial statements are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed consolidated interim financial statements be read in conjunction with the most recent audited annual consolidated financial statements of the Company for the year ended December 31, 2018 available on [sedar.com](http://sedar.com) on April 30, 2019.

The condensed interim consolidated 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 condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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**MARIFIL MINES LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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**(Unaudited)**

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**2. BASIS OF PREPARATION (continued)**

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 29, 2019.

**2.3 Basis of Measurement**

The condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise stated.

The preparation of the condensed interim consolidated financial statements in compliance with IFRS requires management to make certain accounting estimates. It also 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 judgment 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 condensed interim 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 Argentine subsidiaries are Marifil S.A., which is wholly-owned, and Minas San Roque S.A ("MSR"), in which the Company has a 51% ownership. The Company's Canadian subsidiary, Oxbow Holdings Corp., was dissolved on January 1, 2018. On December 31, 2018, three new Canadian subsidiaries of the Company were incorporated: Prosperity Growth Ltd., Synergistic Resources Ltd., and Emirates Growth Ltd.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies followed by the Company are set out in Note 4 to the audited consolidated financial statements for the year ended December 31, 2018 and have been consistently followed in the preparation of these consolidated condensed interim financial statements.

Except as disclosed below, the Company has used the same accounting policies and methods of computation as in the audited annual consolidated financial statements for the year ended December 31, 2018.

*Effective January 1, 2019, the following standards were adopted:*

***IFRS 16 Leases ("IFRS 16")***

Effective January 1, 2019, the Company adopted IFRS 16 which supersedes IAS 17 Leases ("IAS 17"). The Company has applied the new standard retrospectively without restatement. The Company has concluded that the adoption of IFRS 16 did not require adjustments at the date of application.

**MARIFIL MINES LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018**

Expressed in Canadian dollars

**(Unaudited)****4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

There have been no material revisions to the nature and amount of changes in estimates of amounts and critical judgements in applying accounting policies reported in the annual financial statements for the year ended December 31, 2018.

**5. OTHER RECEIVABLES**

As at September 30, 2019, amounts in other receivables are related to \$33,537 (December 30, 2018: \$49,732) in government sales tax receivables and \$48,543 (December 31, 2018: \$37,323) in cash calls related to the operations at San Roque. During the nine months ended September 30, 2019, a GST re-assessment resulted in the denial of \$36,230 of ITCs claimed, accordingly, an allowance has been recorded. The Company is in the process of filing an objection to this decision, and it is likely that most of the ITCs that were denied will be refunded.

**6. EXPLORATION AND EVALUATION ASSETS**

	Carachi Pampa	San Roque, Rio Negro Province	Other Properties	Accumulated IVA, net of recoveries	Total
Balance, December 31, 2017	\$ -	\$ 2,608,081	\$ 1,288	\$ 207,272	\$ 2,816,641
Property payments	24,517	95,949	11,738	-	132,204
Exploration costs	-	824,365	23,564	-	847,929
Change in IVA	-	-	-	15,677	15,677
Impairment of exploration and evaluation costs	-	-	37,776	-	37,776
<b>Balance December 31, 2018</b>	<b>\$ 24,517</b>	<b>\$ 3,528,395</b>	<b>\$ 74,366</b>	<b>\$ 222,949</b>	<b>\$ 3,850,227</b>
Property payments	9,333	13,348	339	-	23,020
Exploration costs	10,583	199,755	277	-	210,615
Change in IVA	-	-	-	18,559	18,559
<b>Balance September 30, 2019</b>	<b>\$ 44,433</b>	<b>\$ 3,741,498</b>	<b>\$ 74,982</b>	<b>\$ 341,508</b>	<b>\$ 4,102,421</b>

**Carachi Pampa**

On May 8, 2018, the Company together with Minera Esperanza signed a definitive exploration contract with an option to repurchase them. The contract's term is five years with scheduled option payments to be made each six months that total US\$1,860,000, with Minera Esperanza retaining a subordinate (to Marifil's NSR) 1.5% NSR of which 1% can be purchased for US\$1,000,000 and the remaining 0.5% for another US\$1,000,000.

Under terms of the Purchase Option, Marifil has made the first installment of US\$20,000. A clean title certificate has been delivered for Carachi Pampa IV, but as of August 15, 2018 Marifil is waiting on Minera Esperanza to deliver an unencumbered title certificate for Carachi Pampa III, which has been stalled in the provincial Mines Department processing system. Failing that clean title delivery, half of the initial payment will be returned to Marifil and all future payments including the purchase price will be reduced by 50%.

**MARIFIL MINES LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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**6. EXPLORATION AND EVALUATION ASSETS (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 its resource properties and, to the best of its knowledge; title to all properties are in good standing unless specifically noted otherwise. All the resource properties are in Argentina.

**7. RELATED PARTY BALANCES AND TRANSACTIONS**

a) Related Party Balances

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 matured 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. As at September 30, 2019, the loan is outstanding and due on demand and the carrying value is \$51,238 (December 31, 2018: \$49,081).

On October 10, 2017, the Company entered into a loan agreement with a director, whereas the director loaned the Company US\$2,500. The unsecured loan bears no interest and is due and payable on demand. As at September 30, 2019, the loan is outstanding and due on demand and the carrying value is \$3,310 (December 31, 2018: \$3,411).

During the three and nine months ended September 30, 2019, the Company recorded finance costs of \$1,201 and \$3,600, respectively (September 30, 2018: \$1,175 and \$3,539) in connection with interest accrued under the loan agreements. As of September 30, 2019, the carrying value of short-term loans payable to related parties including accrued interest was \$54,548 (December 31, 2018: \$52,492).

As at September 30, 2019 and December 31, 2018. The assets and liabilities of the Company include the following amounts receivable and payable from directors and officers:

	2019		2018	
Advances receivable <sup>(1)</sup>	\$	10,487	\$	31,970
Trade payables and other liabilities <sup>(2)</sup>	\$	401,804	\$	324,913

<sup>(1)</sup> This amount is non-interest bearing, unsecured and is due on demand.

<sup>(2)</sup> Includes \$4,000 (December 31, 2018: \$18,000) in rent fees accrued to a company controlled by the Chief Executive Officer.

**MARIFIL MINES LIMITED**  
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**7. RELATED PARTY BALANCES AND TRANSACTIONS (continued)**

b) Related Party Transactions

During the three and nine months ended September 30, 2019 and 2018, the Company incurred charges with an officer and directors, which comprise key management compensation as follows:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Management fees	\$ 76,945	\$ 52,420	\$ 213,539	\$ 181,389
Management bonus	-	-	-	100,000
Share-based payments	10,166	13,505	48,324	165,937
Director fees	9,900	13,070	33,195	38,629
Consulting fees	15,000	-	30,000	-
	\$ 112,011	\$ 78,995	\$ 325,058	\$ 485,955

For the three and nine months ended September 30, 2019 and 2018, 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.

On October 6, 2017, the Company entered into an Executive Consulting Agreement with 1053345 B.C. Ltd. for certain corporate consulting services provided by the Chief Executive Officer. As part of the compensation, the Company issued various performance shares of up to 1,000,000, which have entered into an escrow arrangement and will be released upon achievement of certain milestones; as at December 31, 2018, 175,000 were eligible for release. As at the effective date of the contract, Management estimated that 100% of the performance shares will vest and fair valued an equity reserve of \$120,000 based on the closing price of the stock on the date of the contract of \$0.12 per share. For the nine months ended September 30, 2019, the Company recognized from the reserve and recorded a share-based payment expense of \$nil (September 30, 2018: \$58,205).

Effective October 6, 2017, the Company became party to an agreement whereby the Executive Vice President (“EVP”) is awarded certain bonuses upon certain events. The EVP is eligible to receive up to \$188,000 in bonuses. As at September 30, 2019, the Company has accrued \$14,000 in cash bonuses, and \$15,000 in bonus shares to the EVP.

During the nine months ended September 30, 2019, \$61,990 (December 31, 2018: \$102,712) in management fees was capitalized to mineral properties.

During the nine months ended September 30, 2019, the Company entered into a lease agreement with a company owned by an officer. The terms of the lease are \$2,000 per month, month to month, and may be terminated, at the Company’s option, with six months’ notice.

**8. SHARE CAPITAL**

Effective January 22, 2018, the Company effected a share consolidation on a two for one basis. As such, the Company’s issued and outstanding shares of common stock were decreased on the basis of two old shares for one new share.

a) Shares issued

*For the nine months ended September 30, 2019:*

**MARIFIL MINES LIMITED**  
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**8. SHARE CAPITAL (continued)**

The Company issued 1,907,142 shares pursuant to warrant exercises and received \$180,000 cash.

On March 18, 2019, the Company closed a private placement of 14,000,000 units at \$0.05 per unit for gross proceeds of \$700,000. 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 \$0.07 per share for 24 months from the date of issuance. In connection with the private placement, \$4,250 share issuance costs were paid in cash.

*For the nine months ended September 30, 2018:*

On January 30, 2018, the Company issued 3,654,420 shares for settlement of accounts payable totaling \$347,679, settled during the year ended December 31, 2017.

On February 15, 2018, the Company closed a private placement of 20,000,000 units at \$0.10 per unit for gross proceeds of \$2,000,000. Each unit consists of one common share and one warrant. Each warrant entitles the holder to acquire an additional common share at a price of \$0.10 per share for 24 months from the date of issuance. In connection with the private placement the Company paid a finder's fee of 348,000 units; the finder's fee unit included one share and one purchase warrant with a strike price of \$0.10 and a term of two years.

These broker warrants were fair valued \$61,965 with an entry to reduce share capital and a corresponding amount to contributed surplus. The options had a grant date fair value of \$0.17 determined using the Black-Scholes Options Pricing model with the following assumptions: no expected dividends to be paid; volatility of 359.77% based on historical volatility; risk-free interest rate of 1.780%; and expected life of 2 years. In addition, the common shares issued with the warrants were fair valued at \$0.18 cents per share, based on the closing price of the stock on the date of the issuance, which resulted in a further share issuance cost of \$62,640 and a total finder's fee cost of \$124,605.

On March 29, 2018, the Company reached an agreement with a creditor to issue 215,000 shares to settle debt of \$25,800. These shares were issued on May 8, 2018.

On May 8, 2018, the Company issued 215,000 shares to settle debt of \$25,800 pursuant to a debt settlement agreement, dated March 29, 2018, with a creditor.

b) Warrants

A summary of the warrant activity for the nine months ended September 30, 2019 and the year ended December 31, 2018 is as follows:

	2019		2018	
	Warrants	Weighted Average Exercise	Warrants	Weighted Average Exercise Price
Balance, beginning of period	30,872,680	\$0.30	6,694,680	\$0.80
Issued in private placement units	14,000,000	0.07	26,078,000	0.11
Exercised	(1,907,142)	0.09	-	-
Expired	-	-	(1,900,000)	1.00
Balance, end of period	42,965,538	\$0.23	30,872,680	\$0.30

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**8. SHARE CAPITAL (continued)**

As at September 30, 2019, the weighted average remaining contractual life of warrants outstanding was 0.93 years (December 31, 2018 – 1.41 years).

c) 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.

On February 6, 2018, the Company granted stock options for a total of 1,200,000 common shares of the Company to officers, directors and consultants of the Company. These stock options are exercisable at \$0.115 per share and will expire on February 4, 2020. 50% of the stock options vest immediately, 25% will vest six months from the grant date with the remaining vesting one year from the grant date.

As at September 30, 2019, options outstanding were as follows:

Number		Outstanding and Exercisable	Exercise Price	Expiry Date
85,000	Directors, Officers	85,000	\$1.00	April 5, 2020
400,000	Directors, Officers, and Consultants	400,000	\$0.50	June 28, 2020
1,200,000	Directors, Officers	1,200,000	\$0.115	February 4, 2020
650,000	Directors, Officers, and Consultants	650,000	\$0.11	August 21, 2023
2,335,000		2,335,000		

As at September 30, 2019, the weighted average remaining contractual life of stock options outstanding was 1.41 years (December 31, 2018 – 2.16 years). A summary of stock option activity for the nine months ended September 30, 2019 and the year ended December 31, 2018 is as follows:

	2019		2018	
	Options	Weighted Average Exercise	Options	Weighted Average Exercise
Balance, beginning of period	2,335,000	\$0.23	485,000	\$0.59
Expired	-	-	-	-
Forfeited	-	-	(350,000)	0.11
Granted	-	-	2,200,000	0.11
Balance, end of period	2,335,000	\$0.23	2,335,000	\$0.23

On February 4, 2018, the Company granted 1,200,000 stock options to directors and officers with a total fair value of \$94,227. 50% of the options vest immediately, 25% after 6 months, and the remaining 25% after one year. The expense is recorded over the vesting period. The options had a grant date fair value of \$0.11 determined using the Black-Scholes Options Pricing model with the following assumptions: no expected dividends to be paid; volatility of 365.7% based on historical volatility; risk-free interest rate of 1.809%; and expected life of 2 years.

**MARIFIL MINES LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018**

Expressed in Canadian dollars

(Unaudited)

**8. SHARE CAPITAL (continued)**

On August 21, 2018, the Company granted 1,000,000 stock options to directors, officers and consultants with a total fair value of \$118,932. 600,000 of the options vest 12 months from the grant date and the remaining options vest over a twelve month period with 25% vesting every three months after the grant date. The expense is recorded over the vesting period. The options had a grant date fair value of \$0.12 per option determined using the Black-Scholes Options Pricing model with the following assumptions: no expected dividends; volatility of 327.8% based on historical volatility; risk-free interest rate of 2.08%; and expected life of 2.50 years. On October 28, 2018, 350,000 of these options were forfeited by consultants before the first vesting period.

d) Per share amounts

	For the three-month period ended September 30,		For the three-month period ended September 30,	
	2019	2018	2019	2018
Weighted average number of shares – basic:				
Issued common shares as at June 1 and January 1	57,268,290	38,438,290	44,168,290	13,220,870
Effect of common shares issued during the period	790,894	-	16,055,919	21,281,181
Effect of escrowed shares	(825,000)	(4,320,207)	(825,000)	(4,320,207)
	57,234,184	34,118,083	59,399,209	30,181,844
Loss per share – basic and diluted	\$0.01	\$0.01	\$0.02	\$0.04

**9. GENERAL AND ADMINISTRATION EXPENSES**

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
Consulting fees	\$ 29,507	\$ 18,372	\$ 83,503	\$ 50,031
Directors fees	14,136	18,135	53,213	82,190
Filing fees	1,273	2,000	40,251	80,727
Investor relations & shareholder info	52,500	127,808	128,874	308,998
Management fees	80,949	81,619	241,845	526,194
Marketing	240,793	-	320,036	-
Office and miscellaneous	14,233	6,453	57,231	64,129
Professional fees	22,721	(18,758)	103,218	72,929
	\$ 456,112	\$ 235,629	\$ 1,028,171	\$ 1,185,198

**10. BASIS OF FAIR VALUE**

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

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**MARIFIL MINES LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018**  
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(Unaudited)

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**10. BASIS OF FAIR VALUE (continued)**

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;
- 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 September 30, 2019:

		Level 1	Level 2	Level 3
Cash	\$	32,621	\$ -	\$ -

**11. SUBSEQUENT EVENTS**

None.