MARLIN
GOLD MINING LTD.

Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2014

(Unaudited - Expressed in Canadian Dollars)

- Condensed Consolidated Interim Statements of Financial Position
- Condensed Consolidated Interim Statements of Loss
- Condensed Consolidated Interim Statements of Comprehensive (Income) Loss
- Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
- Condensed Consolidated Interim Statements of Cash Flows
- Notes to the Condensed Consolidated Interim Financial Statements

MARLIN GOLD MINING LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited - Expressed in Canadian dollars)

	As at June 30, 2014 $	As at December 31, 2013 $
ASSETS		
Current		
Cash and cash equivalents	8,985,218	8,268,765
Accounts receivable and refundable taxes (Note 5)	3,859,168	2,227,806
Due from related party (Note 5 and Note 10)	345,132	-
Inventories (Note 6)	6,874,523	342,898
Short-term investments, prepaid expenses, and other (Note 16)	1,201,150	156,342
	21,265,191	10,995,811
Property, plant and equipment (Note 7)	32,403,362	26,408,988
Resource property costs (Note 8)	10,218,267	10,196,441
Long-term prepaid expenses	21,801	17,960
	63,908,621	47,619,200
LIABILITIES		
Current		
Accounts payables and accrued liabilities	2,713,593	795,019
Due to related parties (Note 10)	246,656	475,391
	2,960,249	1,270,410
Deferred tax liability	2,631,565	2,615,300
Credit facility (Note 13)	9,014,486	-
Provision for reclamation and rehabilitation (Note 12)	2,477,671	971,380
	17,083,971	4,857,090
SHAREHOLDERS' EQUITY		
Share capital (Notes 1 and 9 (a))	80,993,681	75,026,109
Contributed surplus		
Warrants	7,572,673	7,572,673
Options	3,323,403	3,323,403
Accumulated other comprehensive income	797,930	1,176,411
Deficit	(45,863,037)	(44,336,486)
	46,824,650	42,762,110
	63,908,621	47,619,200

Approved on behalf of the Board of Directors:

"Akiba Leisman"
Director (Chair of the audit committee)

"Cesar Gonzalez"
Director

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

MARLIN GOLD MINING LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS

For the three and six months ended June 30, 2014 and the three and seven months ended June 30, 2013

(Unaudited - Expressed in Canadian dollars)

	Three months ended June 30, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Seven months ended June 30, 2013
	$	$	$	$
Operating and Administrative Expenses				
Accounting and legal	469,345	87,483	606,251	357,629
Communications and investor relations	34,478	34,742	88,440	70,572
Directors' fees	13,750	15,000	28,289	33,333
Exploration expenses	-	90,228	44,564	188,342
General office and rent	113,299	75,521	171,130	180,631
Management and consulting fees	83,065	94,948	184,515	178,995
Salaries, benefits and bonuses	218,536	150,020	289,645	517,164
Transfer agent fees and regulatory fees	29,504	16,052	49,686	62,992
Travel and promotion	47,497	4,058	70,622	18,425
Write down of IVA	-	262,721	-	266,769
Loss before other items	1,009,474	830,773	1,533,142	1,874,852
Other expenses and (income)				
Foreign exchange (gain) / loss	62,050	142,970	43,575	148,437
Loss on sale and write off of investments	-	35,848	-	35,848
Interest and other income	(22,112)	(32,707)	(50,166)	(60,750)
Loss for the period	1,049,412	976,884	1,526,551	1,998,387
Basic and diluted loss per share	0.01	0.03	0.02	0.07
Weighted average number of shares outstanding *(Note 1)*	72,141,860	37,984,614	70,081,876	27,635,887

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

MARLIN GOLD MINING LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE (INCOME) LOSS

For the three and six months ended June 30, 2014 and the three and seven months ended June 30, 2013

(Unaudited - Expressed in Canadian dollars)

	Three months ended June 30, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Seven months ended June 30, 2013
	$	$	$	$
Net loss for the period	1,049,412	976,884	1,526,551	1,998,387
Items subject to reclassification into statement of loss				
Unrealized loss on investments	-	6,000	-	10,000
Reclassification to net loss on realization of loss	-	(1,500)	-	(1,500)
Reclassification to net loss on write off of investment	-	(34,200)	-	(34,200)
Cumulative translation adjustment	2,048,137	(1,017,515)	378,481	(1,365,925)
Other comprehensive (income) loss for the period	2,048,137	(1,047,215)	378,481	(1,391,625)
Comprehensive (income) loss for the period	3,097,549	(70,330)	1,905,032	606,762

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

MARLIN GOLD MINING LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited - Expressed in Canadian dollars)

	Shareholders' Equity					
	Number of shares	Amount	Contributed surplus	Accumulated other comprehensive income / (loss)	Deficit	Total
	(Note 1)	$	$	$	$	$
Balance - December 1, 2012	**19,233,074**	**45,314,647**	**10,896,076**	**(455,529)**	**(39,205,538)**	**16,549,656**
Equity financing	18,751,540	15,001,232	-	-	-	15,001,232
Share issuance costs	-	(201,832)	-	-	-	(201,832)
Other comprehensive income	-			1,391,625		1,391,625
Net loss	-	-	-	-	(1,998,387)	(1,998,387)
Balance - June 30, 2013	**37,984,614**	**60,114,047**	**10,896,076**	**936,096**	**(41,203,925)**	**30,742,294**
Equity financing	**30,008,389**	**15,004,195**	-	-	-	15,004,195
Share issuance costs	-	**(92,133)**	-	-	-	(92,133)
Other comprehensive income	-	-	-	**240,315**	-	240,315
Net loss	-	-	-	-	**(3,132,561)**	(3,132,561)
Balance - December 31, 2013	**67,993,003**	**75,026,109**	**10,896,076**	**1,176,411**	**(44,336,486)**	**42,762,110**
Equity financing	6,000,000	6,000,000	-	-	-	6,000,000
Share issuance costs	-	(32,428)	-	-	-	(32,428)
Other comprehensive income	-	-	-	(378,481)	-	(378,481)
Net loss	-	-	-	-	(1,526,551)	(1,526,551)
Balance - June 30, 2014	**73,993,003**	**80,993,681**	**10,896,076**	**797,930**	**(45,863,037)**	**46,824,650**

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

(Unaudited - Expressed in Canadian dollars)

	Six months ended June 30, 2014	Seven months ended June 30, 2013
	$	$
Cash provided by (used for):		
Operating Activities		
Net loss for the period	(1,526,551)	(1,998,387)
Non-cash items		
Depreciation	8,169	8,512
Interest due from related party	(17,229)	-
Unrealized foreign exchange loss	(156,920)	409,139
Loss on sale and write down of investment	-	35,700
Write down of IVA	-	266,769
	(1,692,531)	(1,278,267)
Changes in non-cash working capital		
Accounts receivable and refundable taxes	(145,179)	210,808
Short-tem investments, prepaid expenses, and other	(1,071,368)	(2,431)
Inventory	(6,607,748)	-
Accounts payable and accrued liabilities	388,001	(9,030)
Due to related parties	(228,735)	(43,690)
	(9,357,560)	(1,122,610)
Investing Activities		
Change in refundable taxes	(1,835,776)	(804,595)
Purchase of property, plant and equipment, net of disposals	(3,054,655)	(9,323,212)
Long-term prepaid expenses	(3,841)	-
	(4,894,272)	(10,127,807)
Financing Activities		
Common shares issued	6,000,000	15,001,232
Share issuance costs	(32,428)	-
Credit facility, net of borrowing costs	8,984,724	(201,832)
	14,952,296	14,799,400
Net increase in cash and cash equivalents	700,464	3,548,983
Cash and cash equivalents - beginning of year	8,268,765	5,757,539
Exchange loss on cash and cash equivalents	15,989	-
Cash and cash equivalents - end of period	**8,985,218**	**9,306,522**

Supplemental disclosure with respect to cash flows (Note 15)

1. NATURE OF OPERATIONS AND LIQUIDITY

Marlin Gold Mining Ltd. ("Marlin Gold" or the "Company") was incorporated under British Columbia's Business Corporations Act on June 9, 2000 under the name of Nunamin Explorations Ltd. The Company is incorporated and domiciled in British Columbia, Canada. The address of its registered and head office is 250 - 1199 West Hastings Street, Vancouver, B.C. V6E 3T5. The Company commenced operations on January 1, 2004 and changed its name to Oro Gold Resources Ltd. on September 15, 2004 and to Oro Mining Ltd. on October 22, 2010 and to Marlin Gold Mining Ltd. on November 13, 2012. The Company is primarily engaged in the exploration and development of mineral properties in Mexico and acquiring royalty streaming agreements. The Company's operations comprise one reportable segment, exploration and development of mineral properties.

In April 2013, Marlin Gold changed its fiscal year end from November 30 to December 31. The change was made to allow the Company to provide its continuous disclosure information on a comparable basis with its peer group and to align its year end with the year end of Oro Gold de Mexico S. A de C.V., a wholly-owned subsidiary that carries on the principal business of Marlin Gold.

On July 14, 2014, the Company effected the consolidation of all of its issued and outstanding common shares on the basis of one new common share for ten previously issued and outstanding common shares (the "Share Consolidation"). All share and per share amounts in these condensed consolidated interim financial statements have been adjusted retroactively to reflect this change.

These condensed interim consolidated financial statements have been prepared by management on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company incurred a net loss of $1,049,412 for the three months ended June 30, 2014 (2013 - $976,884) and $1,526,551 for the six months ended June 30, 2014 (seven months ended June 30, 2013 - $1,998,387). As at June 30, 2014, the Company had an accumulated deficit of $45,863,037.

While the company has a working capital balance of $18,304,942 it has not yet generated positive cash flows from operations. Subsequent to quarter end, $3,200,000 of the current cash balance was utilized to fund the transaction disclosed in note 17 and additional cash was used to fund continued expenditures to ready the Trinidad property for its intended use and commence mining activities. It is expected that the Company will commence commercial production during the third quarter of 2014. In order for the Company to meet current cash commitments over the next twelve months and to get the Trinidad property ready for its intended use, the Company is dependent on generating positive operating cash flow, collecting its value added taxes (IVA) receivable or obtaining additional financing. A number of financing alternatives including, but not limited to, selling an interest in one or more of its properties, entering in a loan or completing an equity financing may be required. Additionally, the Company has a controlling shareholder which has provided and backstopped $35,000,000 of equity financings to date. However, there are no assurances that these initiatives will be successful and while management is confident that financing will be available from the Company's controlling shareholder, when and if needed, no assurances have been given to that effect.

These condensed interim consolidated financial statements were approved by the board of directors for issue on August 26, 2014.

2. STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. using the same accounting policies and methods as were used for the Company's consolidated financial statements and the notes thereto for the period ended December 31, 2013 ("Annual Consolidated Financial Statements"), except for the new accounting pronouncements, listed below, which have been adopted on January 1, 2014. The Financial Statements should be read in conjunction with the Annual Consolidated Financial Statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Changes to accounting policies

The Company has adopted the following new standards effective January 1, 2014.

Stripping costs

In October 2011, the IASB issued International Financial Reporting Interpretations Committee ("IFRIC") 20 - Stripping Costs in the Production Phase of a Surface Mine ("IFRIC 20"). IFRIC 20 clarifies the requirements for accounting for the costs of stripping activity in the production phase when two benefits accrue: (i) usable ore that can be used to produce inventory; and (ii) improved access to further quantities of material that will be mined in future periods. IFRIC 20 includes guidance on transition for pre-existing stripping assets.

In October 2011, the IFRS Interpretation Committee published IFRIC 20 that applies to all types of resources that are extracted using the surface mining activity process. IFRIC 20 clarifies the requirements for accounting for stripping costs in the production phase of a surface mine. It provides guidance on when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The adoption of IFRIC 20 had no impact on the Company's condensed consolidated interim financial statements.

Accounting for levies imposed by governments

Effective January 1, 2014, the Company has adopted IFRIC 21, Levies ("IFRIC 21") with retrospective application. IFRIC 21 provides guidance on the accounting for a liability to pay a levy, if that liability is within the scope of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. Levies are imposed by governments in accordance with legislation and do not include income taxes or fines or other penalties imposed for breaches of legislation. The interpretation was issued to address diversity in practice around when the liability to pay a levy is recognized.

A liability to pay a levy is recognized at the date of the obligating event, which may be at a point in time or over a period of time. An obligating event is the activity that triggers the payment of the levy as identified by legislation. The fact that an entity is economically compelled to continue to operate in the future, or prepares its financial statements on a going concern basis, does not create an obligation to pay a levy.
The adoption of IFRIC 21 had no impact on the Company's condensed consolidated interim financial statements.

(Unaudited - Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and the following accounts:

Name of subsidiary	Refered to as	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Oro Silver Resources Ltd.	"Oro Silver"	Canada	100%	Parent of Minera Oro Silver
Oro Gold de Mexico, S.A. de C.V.	"Oro Gold de Mexico"	Mexico	100%	Holds mineral interests in Mexico
Minera Oro Silver de Mexico, S.A. de C.V.	"Minera Oro Silver"	Mexico	100%	Holds mineral interests in Mexico
Prestadora de Servicos Zacatecas, S.A. de C.V.	"Prestadora"	Mexico	100%	Performs payroll functions in Mexico
Exploracion y Desarrollo Minero Oro, S.A. de C.V.	"EDM"	Mexico	100%	Inactive company in Mexico
Marlin Gold Trading Inc.	"Marlin Gold Trading"	Barbados	100%	Commodity streaming company
Marlin Gold US Corporation	"Marlin US"	USA	100%	Management services company
Sailfish Royalty Corp.	"Sailfish"	British Virgin Islands	100%	Royalty / streaming company

Inter-company balances and transactions have been eliminated upon consolidation.

(c) Foreign currencies

The Company's functional and reporting currency is the Canadian dollar. During the quarter ended March 31, 2014 the Company incorporated two new subsidiaries, Marlin US and Sailfish. The functional currency of these two new subsidiaries is US Dollars.

(d) Inventories and inventory valuation

Inventories consist of unprocessed ore stockpile, ore in process, finished metal inventory, and spare parts and supplies. These inventories are valued at the lower of average cost and estimated net realizable value ("NRV") after consideration of additional processing, refining and transportation costs. Cost includes all direct costs incurred in production including direct labour and materials, freight, depreciation and amortization and directly attributable overhead costs. NRV is calculated as the estimated price at the time of sale based on prevailing and future metal prices less estimated future production costs to convert inventories into saleable form. Any write-downs of inventory to NRV are recorded as cost of sales in the consolidated statement of loss. If there is a subsequent increase in the value of inventories, the previous write-downs to NRV are reversed to the extent that the related inventory has not been sold.

Unprocessed ore stockpile represents ore that has been extracted from the mine and is available for further processing. Costs added to ore stockpile are valued based on current mining cost per tonne incurred up to the point of stockpiling the ore and are removed at the average cost per tonne. Ore stockpile is verified by periodic surveys.

Ore in process

The recovery of gold and silver from the ore is achieved through heap leaching processes. Costs are added to ore on leach pads based on current mining and processing costs, including applicable overhead, depletion and depreciation relating to mining operations. Costs are removed from ore on leach pads as ounces are recovered, based on the average cost per ounce of gold in ore in process inventory.

Finished metal inventory consists of refined gold and doré bars containing gold and silver.

Spare parts and supplies are valued at the lower of average cost and NRV. NRV is estimated based on replacement costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Borrowing costs

Borrowing costs incurred that are attributable to acquiring and developing exploration and development stage mining properties and constructing new facilities (qualifying assets) are capitalized and included in the carrying amounts of qualifying assets until those qualifying assets are ready for their intended use, which in the case of mining properties, is when the mining property reaches commercial production. Capitalization commences on the date that expenditures for the qualifying asset are being incurred, borrowing costs are being incurred by the Company and activities that are necessary to prepare the qualifying asset for its intended use are being undertaken. All other borrowing costs are expensed in the period in which they are incurred. For funds obtained from general borrowing, the amount capitalized is calculated using a weighted average of rates applicable to the borrowings during the period. For funds borrowed that are directly attributable to a qualifying asset, the amount capitalized represents the actual borrowing costs incurred on the specific borrowings.

(f) Debt

Debt is initially recorded at gross proceeds received less direct issuance costs. Debt is subsequently measured at amortized cost and interest is calculated using the effective interest rate method.

(g) Changes in accounting standards not yet adopted

IFRS 9 Financial Instruments ("IFRS 9"): This standard replaces the current IAS 39 Financial Instruments Recognition and Measurement. The standard introduces new requirements for classifying and measuring financial assets and liabilities. The effective implementation date of IFRS 9 is January 1, 2018. The Company is currently evaluating the impact on the financial statements.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15"): This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue and IFRIC 13 Customer Loyalty Programmes. This standard outlines a single comprehensive model for entities to account for revenue arising from contracts with customers. The latest date of mandatory implementation of IFRS 15 is January 1, 2017. The Company has not yet evaluated the impact on the financial statements.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENT

The preparation of these condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The interim results are not necessarily indicative of results for a full year. The critical judgments and estimates applied in the preparation of the Company's condensed consolidated interim financial statements are consistent with those applied to the Company's Annual Consolidated Financial Statements except for the addition of when commercial production is reached.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENT (cont'd)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements is included in the notes to the financial statements where applicable.

Critical estimates
Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period relate to, but are not limited to, the following:

i. the recoverability of value added tax ("IVA") receivable;
ii. the inventory valuation, including estimation of metals contained and assumptions of metal prices expected to be realized when the metals are recovered;
iii. the recoverability of the carrying value of the investment in its mineral interests;
iv. the measurement of provisions for asset retirement obligations, including the estimation of the reclamation and rehabilitation costs, timing of expenditures, the impact of changes in discount rates, and changes in environmental and regulatory requirements.;

Critical judgement
Critical judgement was applied on the assessment of impairment indicators for the Company's property plant and equipment and resource property costs. Management determined that there were no impairment indicators at quarter end.

During the first quarter of 2013, the Company reclassified the La Trinidad property costs from Resource Property costs to Property, plant and equipment. In making the reclassification decision, management assessed the technical feasibility and commercial viability of the project and concluded that the Taunus deposit can be technically developed to a point where it can extract the resources disclosed under the Preliminary Economic Assessment ("PEA") assumptions which are preliminary in nature and include inferred resources. Management refined the information contained in the PEA by consulting technical advisors, selecting and engaging established mining contractors, and hiring key construction and management staff to oversee the construction of the project. Further, the Company attained surface rights and received the environmental permit from the Mexican authorities which allowed the commencement of construction and development of the Taunus deposit under Mexican mining law. Thus, upon management's recommendation, the board of directors of the Company approved the development of the Taunus deposit. As a result, the Company began construction during the first quarter of 2013 and accordingly reclassified the Trinidad property costs from Resource property costs to Property, plant and equipment. Immediately prior to the reclassification the Company performed an impairment test on the above asset and concluded that there was no impairment.

Critical judgement was applied in determining when the mining property is capable of operating at levels intended by management Prior to a mine being capable of operating at levels intended by management, costs incurred are capitalized as part of the costs of the related mining properties and proceeds from mineral sales are offset against costs capitalized. Depletion of capitalized costs for mining properties begins when the mine is capable of operating at levels intended by management.

(Unaudited - Expressed in Canadian dollars)

5. ACCOUNTS RECEIVABLE AND REFUNDABLE TAXES AND DUE FROM RELATED PARTY

	June 30, 2014	December 31, 2013
	$	$
Accounts receivable and refundable taxes		
Value added taxes (IVA)	3,816,782	1,877,824
(1) Sonoran Resources LLC	-	327,903
Other	42,386	22,079
	3,859,168	2,227,806

	June 30, 2014	December 31, 2013
	$	$
Due from related party		
(1) Sonoran Resources LLC	345,132	-
	345,132	-

(1) *Sonoran Resources LLC became a related party on February 25, 2014*

As of June 30, 2014 the Company had an IVA refund balance of $3,816,782 and is working closely with the responsible authorities to receive the refund. It expects to receive this amount during the next twelve months.

On December 15, 2013 the Company lent US$300,000 to Sonoran Resources LLC ("Sonoran"). The loan was evidenced by way of a promissory note which bears interest at a rate of 10% per annum to be accrued daily, compounded semi-annually and it is to be repaid in full by December 15, 2014. During the quarter ended March 31, 2014 Sonoran became a related party as two of its principals are now directors of the Company, and as a consequence the Company re-classified the amounts due from Sonoran from accounts receivable and refundable taxes to due from related parties.

6. INVENTORIES

	June 30, 2014	December 31, 2013
	$	$
Ore in process	5,371,299	-
Finished metal inventory	908,473	-
Supplies and spare parts	594,751	342,898
	6,874,523	342,898

(Unaudited - Expressed in Canadian dollars)

7. PROPERTY, PLANT AND EQUIPMENT

	Mine construction and development costs $	Building $	Equipment $	Vehicles $	Total $
Cost:					
Balance, November 30, 2012	-	9,339	413,129	95,541	518,009
Net Additions	24,162,273	-	918,189	363,064	25,443,526
Balance, December 31, 2013	24,162,273	9,339	1,331,318	458,605	25,961,535
Net Additions	6,054,011	-	268,756	35,228	6,357,995
Balance, June 30, 2014	30,216,284	9,339	1,600,074	493,833	32,319,530
Accumulated depreciation:					
Balance, November 30, 2012	-	(1,014)	(342,812)	(54,728)	(398,554)
Depreciation for the period	-	(945)	(172,669)	(42,730)	(216,344)
Balance, December 31, 2013	-	(1,959)	(515,481)	(97,458)	(614,898)
Depreciation for the period	-	(390)	(190,105)	(58,040)	(248,535)
Balance, June 30, 2014	-	(2,349)	(705,586)	(155,498)	(863,433)
Cumulative translation adjustments:					
November 30, 2012	-	(248)	(2,014)	(4,322)	(6,584)
December 31, 2013	1,035,111	392	19,985	6,863	1,062,351
Balance, June 30, 2014	915,735	672	18,226	12,632	947,265
Net book value:					
November 30, 2012	-	8,077	68,303	36,491	112,871
December 31, 2013	25,197,384	7,772	835,822	368,010	26,408,988
Balance, June 30, 2014	31,132,019	7,662	912,714	350,967	32,403,362

Mine Construction and Development Costs

Trinidad Area

The Trinidad area is located in Sinaloa, Mexico and is comprised of 9 concessions of which 6 are owned and 3 are optioned to the Company as follow:

Don Paulino Agreement

Certain concessions, including the Trinidad area concessions, Nancy, Santa Cesilia and La Poderosa, are subject to an option to purchase agreement originally dated February 9, 2006, (as amended) (the “Don Paulino Agreement”). Pursuant to the Don Paulino Agreement, the Company has the option to purchase all the concessions within nine years in consideration of an aggregate payment of US$600,000 and the grant of a 0.5% to 1.5% net smelter royalty (“NSR”) payable upon exercise of the option and once the Company has recovered its initial investment or the mine has been in production for 2 years. The NSR consideration will be 0.5% if the price per ounce of gold is less than US$400; 1% if the price is greater than US$400 but less than US$499.99; and 1.5% if the price is equal or greater than US$500. The NSR can be purchased by the Company for US$1,000,000.

(Unaudited - Expressed in Canadian dollars)

7. PROPERTY, PLANT AND EQUIPMENT (cont'd...)

Mine Construction and Development Costs (cont'd)

Trinidad Area *(cont'd)*

During the quarter ended June 30, 2014 the Company made a US$150,000 payment bringing the total paid to US$430,000 pursuant to this agreement.

The next and final payment in the amount of US$170,000 is due on March 22, 2015.

Following is a detailed breakdown of mine construction and development costs.

	As at and for the 13 month period ended December 31, 2013	Additions June 30, 2014	As at and for the period ended June 30, 2014
	$	$	$
Construction costs	17,587,182	2,307,715	19,894,897
Mine costs	4,597,182	2,475,984	7,073,166
Provision for reclamation and rehabilitation	966,837	1,523,439	2,490,276
Capitalized borrowing costs	-	128,392	128,392
Pre-commercial production income	-	(550,033)	(550,033)
Reclassification from resource property costs	742,717	-	742,717
Property acquisition costs	268,355	168,514	436,869
	24,162,273	6,054,011	30,216,284
Foreign exchange translation	1,035,111	(119,376)	915,735
Total Mine Construction & Development Costs	**25,197,384**	**5,934,635**	**31,132,019**

8. RESOURCE PROPERTY COSTS

	El Rosario	Trinidad	El Compas	Total
	$	$	$	$
Balance - January 1, 2014	**340,950**	**-**	**9,855,491**	**10,196,441**
Acquisition	-	-	-	-
Mineral property costs for the period	**-**	**-**	**-**	**-**
Foreign exchange translation	1,497	-	20,329	21,826
Balance - June 30, 2014	**342,447**	**-**	**9,875,820**	**10,218,267**

(Unaudited - Expressed in Canadian dollars)

8. RESOURCE PROPERTY COSTS (cont'd...)

	El Rosario	Trinidad	El Compas	Total
	$	$	$	$
Balance - December 1, 2012	**310,122**	**742,717**	**9,207,140**	**10,259,979**
Reclassification to mine & development costs	-	(742,717)	-	(742,717)
Acquisition	-	-	-	-
Mineral property costs for the period	**-**	**(742,717)**	**-**	**(742,717)**
Foreign exchange translation	30,828	-	648,351	679,179
Balance - December 31, 2013	**340,950**	**-**	**9,855,491**	**10,196,441**

i) El Compas Area

The El Compas area, subdivided in 2 properties, is located in the state of Zacatecas, Mexico and consists of 24 owned concessions and 1 concession application.

Six concessions within the El Compas Area (the "Altiplano property") are subject to a 3% NSR royalty payable on production, half of which can be purchased by the Company for US$1,500,000.

ii) El Rosario Area

The El Rosario area includes the Cimarron and San Isidro properties.

Cimarron

On November 30, 2011, the Company and DFX Exploration Ltd. ("DFX"), entered into a joint venture agreement for the Company's 100% owned Cimarron property which was subsequently transferred to Goldplay de Mexico SA de CV. ("Goldplay").

On April 30, 2014, the joint venture agreement was amended to extend the acquisition timeframe of the initial 80% interest by incurring $3 million in exploration expenditures from November 30, 2014 to June 30, 2016 with an automatic extension to November 30, 2016, only if Goldplay incurs some additional expenditures on the Cimarron property between April 30, 2014 and June 30, 2016. In addition, Goldplay may acquire the remaining 20% interest in the Cimarron property by paying Marlin Gold $5 million in cash or, at the election of Goldplay, in shares providing they are listed on the TSX Venture Exchange or Toronto Stock Exchange within six months of the initial exercise of the 80% interest. The Company will retain a 1% NSR or the right to acquire certain underlying third party NSRs from any future production from the optioned property.

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS

(a) The authorized and issued share capital is as follows:

Authorized – unlimited number of common shares with no par value.

(i) On May 30, 2014, the Company completed the non-brokered private placement equity financing comprised of 1,000,000 common shares (10,000,000 pre-Share Consolidation) for gross proceeds of $1,000,000. The Company did not pay any broker or finder's fees. Share issue costs of $6,678 were incurred.

(ii) On April 22, 2014, the Company completed a non-brokered private placement equity financing with Wexford Spectrum Trading Limited ("WST") and Wexford Catalyst Trading Limited ("WCT") (together the "Wexford Funds"), existing shareholders of the Company, issuing 4,000,000 common shares (40,000,000 pre-Share Consolidation) to WST, and 1,000,000 common shares (10,000,000 pre-Share Consolidation) to WCT, for gross proceeds to the Company of $5,000,000.

On a non-diluted basis and after giving effect to the above offering, Wexford Funds' ownership percentage has increased from 79.42% to approximately 79.74% of the Company's issued and outstanding common shares. The Company did not pay any broker or finder's fees. Share issue costs of $25,750 were incurred.

(iii) On May 27, 2014, the Company cancelled the marketed public offering previously announced on April 2, 2014 and April 17, 2014. Costs of $119,939 related to this offering were expensed in accounting and legal expenses.

(iv) On March 27, 2013, the Company completed a rights offering (the "First Rights Offering") pursuant to which the Company's shareholders, including its largest shareholders Wexford Funds, exercised rights to acquire 20,192,063 common shares (201,920,635 pre-Share Consolidation) of the Company under both the basic subscription privilege and the additional subscription. The Company issued an aggregate of 18,751,540 common shares (187,515,406 pre-Share Consolidation) for gross proceeds of $15,001,232.

(v) On August 13, 2013 the Company closed a second rights offering (the "Second Rights Offering"). The shareholders of the Company, including the Wexford Funds, exercised rights to acquire 33,516,415 common shares (335,164,159 pre-Share Consolidation) of the Company under both the basic subscription privilege and the additional subscription privilege. The Company issued an aggregate of 30,008,389 common shares (300,083,896 pre-Share Consolidation) for gross proceeds of $15,004,195.

(Unaudited - Expressed in Canadian dollars)

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd...)

(b) Stock options

The continuity of incentive stock options issued and outstanding is as follows:

	Number of Options	Weighted Average Exercise Price $
Outstanding, November 30, 2012	781,625	2.50
Forfeited during period	(64,000)	3.60
Expired during period	(20,500)	5.50
Outstanding, December 31, 2013	697,125	2.30
Expired during period	(58,250)	2.50
Outstanding, June 30, 2014	638,875	2.30

No options were granted or vested during the six months ended June 30, 2014.

Subsequent to June 30, 2014, 130,000 stock options expired unexercised which is comprised of: 80,000 stock options with an exercise price of $1.40, 10,000 stock options with an exercise price of $3.80, 22,500 stock options with an exercise price of $4.40, 10,000 stock options with an exercise price of $6.20 and 7,500 stock options with an exercise price of $6.40

As of June 30, 2014 the following options were outstanding and vested:

Range of Exercise Prices Low – High $	Number of Options Outstanding and Exercisable	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price $
1.10 – 1.40	435,000	2.49	1.38
2.80 – 4.20	107,000	1.32	3.73
4.40 – 6.40	96,875	0.69	4.88
	638,875	**2.02**	**2.30**

(Unaudited - Expressed in Canadian dollars)

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd...)

(c) Share Purchase Warrants

The continuity of share purchase warrants granted and outstanding is as follows:

	Number of Warrants	Weighted Average Exercise Price $
Outstanding, November 30, 2012	5,908,707	3.00
Expired during the period	(1,957,672)	5.00
Outstanding, December 31, 2013	3,951,035	2.00
Expired during the period	(3,951,035)	2.00
Outstanding, June 30, 2014	**-**	-

10. RELATED PARTIES

Transactions with Key Management Personnel

During the three and six months ended June 30, 2014 the following compensation was paid and accrued to key management. Key management includes the Company's directors and senior management. This compensation is included in exploration costs, administrative costs and in mine construction and development costs. Amounts due to related parties as at June 30, 2014 were $246,656, and as at December 31, 2013 were $475,391. Amounts due from related parties as described in note 5 were $345,132 as at June 30, 2014 and $nil as at December 31, 2013.

Key management comprises directors and executive officers. The compensation to key management was as follows:

	Three months ended June 30,	
	2014	**2013**
	$	**$**
Short-term employment benefits:		
Directors	-	15,000
Senior management	209,680	236,080
	209,680	**251,080**

	Six months ended June 30, 2014 $	**Seven months ended June 30, 2013 $**
Short-term employment benefits:		
Directors	14,538	33,333
Senior management	868,464	735,576
	883,002	**768,909**

(Unaudited - Expressed in Canadian dollars)

10. RELATED PARTIES (cont'd...)

Transactions with Controlling Shareholder

On April 22, 2014, the Company closed a non-brokered private placement ("Private Placement") equity financing with the Wexford Funds, existing shareholders of the Company. The Company issued 5,000,000 common shares at a purchase price per common share of $1.00 for gross proceeds of $5,000,000. The Company did not pay any broker or finder fees nor issued any warrants in connection with the Private Placement. Also refer to Note 9 (a) (ii).

11. COMMITMENTS

On April 29, 2010 the Company extended the office premise's lease term for an additional period of three years and nine months to be effective until May 1, 2015. On May 1, 2012 the Company entered into an additional operating lease from July 1, 2012 to June 30, 2016. The monthly lease payments include rent, operating costs and property taxes. As of June 30, 2014 the aggregate lease commitments to June 30, 2016 are $350,169. Marlin Gold sublets three of its offices to independent companies reducing the Company's portion to approximately 23% of the total lease commitments.

12. RECLAMATION AND REHABILITATION OBLIGATIONS

The provision for environmental reclamation and rehabilitation as at June 30, 2014 is $2,477,671 (December 31, 2013 - $971,380). The provision was determined using a discount rate of 1.88% and an estimated cash outflows commencing in 6 years for the La Trinidad property.

	$
Balance - December 1, 2012	**-**
New provisions for reclamation and rehabilitation	950,354
Accretion expense	16,483
Foreign exchange translation	4,543
Balance - December 31, 2013	**971,380**
New provisions for reclamation and rehabilitation	1,523,439
Accretion expense	20,788
Foreign exchange translation	(37,936)
Balance - June30, 2014	**2,477,671**

13. CONTINGENT LIABILITY

On August 13, 2014 the Company received notice that recently appointed committee members of the community of Maloya, Mexico, are challenging the legitimacy of the Company's surface rights and occupation agreement. The Company is in the process of preparing a response to the notice of claim. The Company stands by the legitimacy of the agreement and will vigorously defend against this claim. The Company determined a provision was not required for this matter.

(Unaudited - Expressed in Canadian dollars)

14. CREDIT FACILITY

On May 14, 2014, the Company entered into a credit facility (the "Loan") with Sprott Resource Lending Partnership (the "Lender") for $10,000,000. The Loan bears interest at a rate of 10% per annum, payable monthly and is secured against all of the assets of the Company and the majority of the assets of its subsidiaries. However, the conditions of the Loan allow for the shares of Sailfish to be distributed by Marlin Gold to its shareholders on a pro-rata basis. The Loan will be payable in full on or before October 31, 2015, subject to certain prepayment conditions. In the event the Company repays the balance outstanding before October 31, 2015, the Company is required to pay the equivalent of not less than six months of interest on the amount so prepaid, including payments of interest made prior to the prepayment of the Loan. Also, in the event the Company sells an asset for cash in excess of $1,000,000 or completes an equity financing for gross proceeds of more than $1,000,000 such proceeds, less allowable deductions, are to be used to reduce the balance owing to the Lender to the extent the asset sale or equity financing causes the Company's cash balance to exceed $1,000,000.

The Lender was paid a bonus in the amount of $500,000 and Medalist Capital Ltd. was paid a finder's fee in the amount of $200,000 in connection with the Loan. The Company also paid the Lender a structuring fee of $200,000. The Company has recorded borrowing costs of $1,015,276 that are directly attributable to securing the Loan, against the balance of the debt and will amortize these fees and calculated interest using an effective interest rate of 19.70%. For the period ended June 30, 2014, the Company incurred amortized borrowing costs and interest expense of $128,392 relating to the Loan all of which has been capitalized to mine construction and development costs as part of qualifying mining properties.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

		2014		2013
Interest paid	$	98,630	$	-
Interest received	$	22,188	$	56,608
The significant non-cash investing transactions during the six months ended June 30 consisted of:				
Change in property, plant and equipment included in accounts payable and accrued liabilities	$	1,493,528	$	-
Accretion of borrowing costs included the in the credit facility	$	29,762	$	-

16. MANAGEMENT OF FINANCIAL RISK

Overview

The Company has exposure to credit risk, liquidity risk and market risk from its use of financial instruments.

This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Fair Value of Financial Instruments

Financial instruments must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

16. MANAGEMENT OF FINANCIAL RISK (cont'd...)

- Level 3: Inputs that are not based on observable market data.

The carrying values, fair market values, and fair value hierarchical classification of the Company's financial instruments are as follows:

The Company does not have any financial instruments that are measured using level 2 or level 3 inputs.

The Loan is classified as other financial liabilities and as is carried at amortized cost. The fair value of all other financial instruments, other than marketable securities which are carried at fair value, approximates their carrying value due to their short-term maturity or capacity of prompt liquidation. However, due to going concern risk the fair value of accounts payable and accrued liabilities is less than carrying value.

During the six months ended June 30, 2014 there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

Credit risk

Credit risk is the risk of potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and cash equivalents held by Canadian, Barbadian, and Mexican financial entities, advances to a contractor and accounts receivable from Sonoran. As at June 30, 2014, $889,167 was advanced to a mining contractor, this amount will be offset at $177,833 per month for the next five months against mining services to be provided to the Company. The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

The Company limits its exposure to credit risk on liquid financial assets through investing its cash and cash equivalents with high-credit quality financial institutions. The Company has limited its exposure to credit risk on the advances to a contractor and the amount due from a related party by dealing with reputable individuals.

Foreign Currency risk

Foreign exchange risk is the risk arising from changes in foreign currency fluctuations. The Company operates projects in more than one country. As a result, a portion of the Company's expenditures, accounts receivable, accounts payable and accruals are denominated in U.S. Dollars and Mexican Pesos and are therefore subject to fluctuation in exchange rates. As at June 30, 2014 a 5% change in the exchange rate between the U.S. dollar and the Canadian Dollar would result in a net loss of approximately $91,000 and a 5% change in the exchange rate between the Mexican peso and the Canadian Dollar would result in a net loss of approximately $163,000. The Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign currency rates.

Interest rate risk

The interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Despite the fact that all short-term deposits are accruing interest at fixed rates, the risk that the Company will suffer a decline in the fair value of the short-term deposits as a result of increases in global interest rates is limited because these investments are realizable upon request. The Company's exposure to interest rate risk on the Loan is limited as the interest rate is fixed.

17. EVENT AFTER THE REPORTING PERIOD

Except as disclosed elsewhere in these condensed consolidated interim financial statements the following event occurred after the reporting period:

Golden Reign

On July 10, 2014, the Company acquired ownership of 21,333,333 common shares (the "Acquired Shares") of Golden Reign Resources Ltd. ("Golden Reign") representing approximately 18.51% of the issued and outstanding common shares of Golden Reign at the acquisition date. The Acquired Shares were purchased at a price of $0.15 per Acquired Share, for aggregate gross proceeds of $3,200,000.

Concurrent with the purchase of the Acquired Shares, the Company and Golden Reign completed a US$15,000,000 (the "Purchase Price") Gold Streaming Arrangement (the "Arrangement") for the construction and development of Golden Reign's San Albino Gold Deposit, located in Nueva Segovia, Nicaragua. The Purchase Price is only due once a preliminary cost assessment report has been provided for the development of the Golden Reign's San Albino Gold Deposit and has been approved by Sailfish.

Under the Arrangement, the Company's wholly-owned subsidiary, Sailfish will be entitled to purchase 40% of gold production from the San Albino Gold Deposit, at US$700 per troy ounce, subject to a 1% per year cost escalation beginning three years from commercial production, until Sailfish recovers US$19.6 million. Thereafter, Sailfish will be entitled to purchase 20% of gold production at US$700 per troy ounce and is subject to a 1% per year cost escalation beginning three years from commercial production, plus 50% of the price differential above US$1,200 per troy ounce subject to certain adjustments.

Prior to commercial production Sailfish will be entitled to receive an 8% semi-annual coupon payment on the Purchase Price and Golden Reign will be required to make minimum monthly payments of US$282,800 per month when commercial production commences.