MARLIN
GOLD MINING LTD.

Consolidated Financial Statements

For the year ended December 31, 2014 and for the thirteen months ended December 31, 2013

(Expressed in Canadian Dollars)

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

April 30, 2015

Independent Auditor's Report

To the Shareholders of Marlin Gold Mining Ltd.

We have audited the accompanying consolidated financial statements of Marlin Gold Mining Ltd., which comprise the consolidated statements of financial position as at December 31, 2014 and 2013 and the consolidated statements of loss, comprehensive loss, changes in shareholders' equity and cash flows for the year ended December 31, 2014 and for the thirteen month period ended December 31, 2013, and the related notes, which comprise 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, 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.

Auditor's 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 audit 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 the auditor's 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, the auditor considers 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.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 700, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806, www.pwc.com/ca

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Marlin Gold Mining Ltd. as at December 31, 2014 and 2013 and its financial performance and its cash flows for the year ended December 31, 2014 and for the thirteen month period ended December 31, 2013 in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Marlin Gold Mining Ltd.'s ability to continue as a going concern.

signed "PricewaterhouseCoopers LLP"

Chartered Accountants

MARLIN GOLD MINING LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

As at	December 31, 2014 $	December 31, 2013 $
ASSETS		
Current		
Cash	683,951	8,268,765
Accounts receivable and refundable taxes (Note 5)	4,606,622	2,227,806
Due from related party (Note 11 (b))	63,889	-
Inventories (Note 6)	11,761,819	342,898
Investment in securities (Note 9)	2,133,333	-
Prepaid expenses, and other	325,289	156,342
	19,574,903	10,995,811
Mineral property, plant and equipment (Note 7)	44,735,445	26,408,988
Resource property costs (Note 8)	3,358,371	10,196,441
Long-term prepaid expenses	4,176	17,960
	67,672,895	47,619,200
LIABILITIES		
Current		
Accounts payables and accrued liabilities	3,923,528	795,019
Due to related parties (Note 11 (a))	167,801	475,391
Loans (Note 15)	16,240,936	-
	20,332,265	1,270,410
Deferred tax liability (Note 18)	2,999,563	2,615,300
Provision for reclamation and rehabilitation (Note 13)	3,396,312	971,380
	26,728,140	4,857,090
SHAREHOLDERS' EQUITY		
Share capital (Notes 1 and 10(b))	82,539,082	75,026,109
Contributed surplus	10,896,076	10,896,076
Accumulated other comprehensive income	4,464,810	1,176,411
Deficit	(56,955,213)	(44,336,486)
	40,944,755	42,762,110
	67,672,895	47,619,200

Nature of operations and going concern (Note 1)

Approved on behalf of the Board of Directors:

"Akiba Leisman"	*" John Pontius "*
Director (Chair of the audit committee)	Director

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

MARLIN GOLD MINING LTD.

CONSOLIDATED STATEMENTS OF LOSS

(Expressed in Canadian dollars)

	Twelve months ended December 31, 2014 $	Thirteen months ended December 31, 2013 $
Revenue	2,435,492	-
Cost of Sales		
Production costs (Note 17)	3,670,026	-
Depreciation, depletion and amortization	258,673	-
	3,928,699	-
Gross profit / (loss)	**(1,493,207)**	-
Operating and Administrative Expenses		
Accounting and legal	908,136	667,863
Communications and investor relations	147,709	107,757
De-recognition of payroll tax accrual	-	(468,163)
Directors' fees	55,789	73,603
Exploration expenses	279,522	218,132
General office and rent	524,603	368,847
Impairment of resource properties (Note 8)	7,768,280	-
Management and consulting fees	534,374	366,250
Salaries, benefits and bonuses	422,085	1,139,782
Transfer agent fees and regulatory fees	75,909	82,245
Travel and promotion	87,085	44,729
Write down of IVA	-	270,579
Other expenses and (income)		
Foreign exchange gain	(42,350)	(267,150)
Loss on sale and write off of investments	-	35,848
Accretion expense	44,691	-
Interest and other income	(372,872)	(124,674)
Interest expense	498,945	-
Loss for the period	12,425,113	2,515,648
Income tax expense (Note 18)	193,614	2,615,300
Loss for the period	12,618,727	5,130,948
Basic and diluted loss per share	0.17	0.12
Weighted average number of shares outstanding *(Note 1)*	72,364,660	43,135,191

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

MARLIN GOLD MINING LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (INCOME) LOSS

(Expressed in Canadian dollars)

	Twelve months ended December 31, 2014	Thirteen months ended December 31, 2013
	$	$
Net loss for the period	12,618,727	5,130,948
Items subject to reclassification into statement of loss		
Change in fair value of available-for-sale securities	1,146,201	10,000
Reclassification to net loss on realization of loss	-	(1,500)
Reclassification to net loss on write off of investment	-	(34,200)
Cumulative translation adjustment	(4,434,600)	(1,606,240)
Other comprehensive income for the period	(3,288,399)	(1,631,940)
Comprehensive loss for the period	9,330,328	3,499,008

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

(Expressed in Canadian dollars)

	Shareholders' Equity					
	Number of shares *(Note 1)*	Amount $	Contributed surplus $	Accumulated other comprehensive income / (loss) $	Deficit $	Total $
Balance, December 1, 2012	19,239,074	45,314,647	10,896,076	(455,529)	(39,205,538)	16,549,656
Equity financing	48,759,929	30,005,427	-	-	-	30,005,427
Share issuance costs	-	(293,965)	-	-	-	(293,965)
Other comprehensive income	-	-	-	1,631,940	-	1,631,940
Net loss	-	-	-	-	(5,130,948)	(5,130,948)
Balance, December 31, 2013	67,999,003	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	-	(32,753)	-	-	-	(32,753)
Shares issued for services	1,700,000	1,480,726	-	-	-	1,480,726
Shares issued for Sprott loan	100,000	65,000	-	-	-	65,000
Other comprehensive income	-	-	-	3,288,399	-	3,288,399
Net loss	-	-	-	-	(12,618,727)	(12,618,727)
Balance, December 31, 2014	75,799,003	82,539,082	10,896,076	4,464,810	(56,955,213)	40,944,755

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

(Expressed in Canadian dollars)

	Twelve months ended December 31, 2014 $	Thirteen months ended December 31, 2013 $
Cash provided by (used for):		
Operating Activities		
Net loss for the period	(12,618,727)	(5,130,948)
Non-cash items (Note 16)	8,564,845	2,741,307
	(4,053,882)	(2,389,641)
Changes in non-cash working capital		
Accounts receivable and refundable taxes	1,562,667	(425,566)
Short-tem investments, prepaid expenses, and other	(153,008)	27,626
Inventory	(9,769,028)	(342,898)
Accounts payable and accrued liabilities	2,810,490	(185,596)
Due to related parties	(353,745)	431,701
	(9,956,506)	(2,884,374)
Investing Activities		
Change in refundable taxes	(3,644,984)	(1,138,626)
Interest received	32,179	69,449
Purchase of investment securities	(3,013,095)	-
Purchase of property, plant and equipment	(12,392,397)	(23,244,326)
Long-term prepaid expenses	(4,176)	-
	(19,022,473)	(24,313,503)
Financing Activities		
Common shares issued, net of share issuance costs	5,967,247	29,711,462
Loans	15,431,716	-
Interest paid on loans	(167,125)	-
	21,231,838	29,711,462
Net (decrease) increase in cash	(7,747,141)	2,513,585
Cash - beginning of period	8,268,765	5,757,539
Exchange loss on cash	162,327	(2,359)
Cash - end of period	683,951	8,268,765

Supplemental disclosure with respect to cash flows (Note 16)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Marlin Gold Mining Ltd. ("Marlin Gold" or the "Company") is a public company listed on the TSX Venture Exchange ("TSX-V") under the symbol "MLN". 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 is primarily engaged in the exploration for, development of and production of gold 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 consolidated financial statements have been adjusted retroactively to reflect this change.

On November 1, 2014, the La Trinidad mine commenced commercial production.

These 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 $12,618,727 for the year ended December 31, 2014 (thirteen months ended December 31, 2013 - $5,130,948). As at December 31, 2014, the Company had an accumulated deficit of $56,955,213 and a working capital deficit of $757,362. While the Company has commenced commercial production it has not yet generated positive cash flows from operations. Subsequent to the year end, an additional $3,763,796 (US$3,000,000) was obtained from a term facility (refer to Note 22) to fund continued mining activities at the La Trinidad mine and has entered into a private placement to raise gross proceeds of $8,750,000 (note 22). In order for the Company to meet current cash commitments over the next twelve months, the Company is dependent on generating positive operating cash flow, renegotiating the repayment dates of its loans payable, collecting its value added taxes (IVA) receivable or obtaining additional financing. The Company has a controlling shareholder which has provided and backstopped $41,000,000 of equity financings and loans 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. 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 are being evaluated with the objective of funding ongoing activities and obtaining additional working capital. This matter indicates the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments could be material.

These consolidated financial statements were approved by the board of directors for issue on April 30, 2015.

2. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

Except for the adoption of new accounting policies listed in (q) to (u) below, the Company has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

(a) Basis of presentation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by financial assets carried at fair value through other comprehensive income.

These consolidated financial statements are expressed in Canadian dollars and included the accounts of Marlin Gold Mining Ltd. and its subsidiaries. Subsidiaries are entities over which the Company has control. The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over its subsidiary. The Company's subsidiaries are:

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
Minera Orocuña, S.A. de C.V.	"Orocuña"	Mexico	100%	Dissolved in March 2013
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

All inter-company transactions, balances, revenue and expenses are eliminated in full on consolidation.

(b) Foreign currency translation

The Company's functional and reporting currency is the Canadian dollar. The functional currencies of its subsidiaries are:

- Oro Silver – Canadian Dollars;
- Oro Gold de Mexico, Minera Oro Silver, Marlin Gold Trading, Marlin US, Sailfish – US Dollars;
- Prestadora, Orocuña and EDM – Mexican Pesos.

2. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (cont'd)

(b) Foreign currency translation (cont'd)

Determination of functional currency involves certain judgments to determine the primary economic environment and the parent entity reconsiders the functional currency of its entities if there is a change in events or conditions which determined the primary economic environment. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The financial statements of the Mexican, United States, British Virgin Islands and Barbados subsidiaries ("foreign operations") are translated into the Canadian dollar presentation currency as follows:

- Assets and liabilities are translated into the Canadian dollar using exchange rates prevailing at the end of the reporting period.
- Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.
- Exchange differences are recognized in other comprehensive income and accumulated in equity.

Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the statement of loss.

(c) Cash and cash equivalents

Cash and cash equivalents include cash held in bank accounts and highly liquid investments with original maturities of three months or less.

2. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (cont'd)

(d) Inventories and inventory valuation

Inventories are valued at the lower of average cost and net realizable value ("NRV"). Costs incurred in bringing each product to its present location and condition is accounted for as follows:

Ore in process inventory consists of stockpiled ore, ore on leach pads, crushed ore, and in-circuit material. Finished metal inventory consists of gold in doré awaiting refinement or bullion.

Ore in process and finished metal costs consist of direct production costs including mining, crushing and processing; site administration costs; and allocated indirect costs, including depreciation and amortization of property, plant and equipment. Inventory costs are charged to production costs on the basis of quantity of metal sold. The Company regularly evaluates and refines estimates used in determining the costs charged to production costs and costs absorbed into inventory carrying values based upon actual gold recoveries and operating plans. NRV is the estimated selling price, less the estimated costs of completion and selling expenses. Any write-downs of inventory to NRV are recorded as cost of sales in the consolidated statement of loss, except prior to commercial production in which case the amounts are capitalized against mine construction and development costs. 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.

Supplies and spare parts inventory consists of consumables used in operations, such as fuel, chemicals, reagents and spare parts, which are valued at the lower of average cost and NRV and, where appropriate, less a provision for obsolescence. Costs include acquisition, freight and other directly attributable costs. NRV is estimated based on replacement costs.

(e) Property, plant and equipment

Property, plant and equipment are carried at cost, less accumulated amortization and accumulated impairment losses. Cost comprises the fair value of consideration given to acquire an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use along with the future cost of dismantling and removing the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs relating to any producing mineral interests are amortized on a unit-of-production basis over the estimated ounces of gold. Costs incurred after the property is placed into production that increase production volume or extend the life of a mine are capitalized.

2. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (cont'd)

(e) Property, plant and equipment (cont'd)

Amortization is calculated over the useful life on a declining balance basis as follows:

Building	10%
Equipment	20 - 45%
Producing mineral interest	units-of-production, over estimated proven and probable reserves, resources or metric
Vehicles	30%

Refer to note 2(p) for the Company's policy on amortization of stripping costs incurred in the production phase.

(f) Resource property costs

Resource property acquisition costs are capitalized. These include any cash consideration and advance royalties paid, and the fair market value of shares issued, if any, on the acquisition of the resource property interest. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made. Exploration and evaluation expenditures are expensed as incurred.

Once the technical feasibility and commercial viability of the extraction of resources from a particular mineral property has been determined, resource property acquisition costs are tested for impairment and then reclassified to mine properties within property, plant and equipment and carried at cost until the properties to which they relate are placed into commercial production, sold, abandoned or determined by management to be impaired in value.

At each reporting date, capitalized resource property acquisition costs expenditures are assessed for indicators of impairment. Where a potential impairment is indicated, impairment tests are performed for each area of interest, as described in Note 2(h) of these consolidated financial statements. To the extent that resource property acquisition costs are not expected to be recovered, they are charged to profit or loss.

Proceeds from the sale of properties or cash proceeds received from option payments are recorded as a reduction of the related resource property costs.

(g) Impairment

At each reporting period, management reviews all assets for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs of disposal ("FVLCD") and value in use ("VIU"). In assessing FVLCD, recent market transactions (where available) are taken into account. If no such transactions can be identified, an appropriate valuation model is used. In assessing VIU, 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/cash generating unit ("CGU"). If the recoverable amount of the asset is less than

2. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (cont'd)

(g) Impairment (cont'd)

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 that period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which that asset belongs.

Past impairments are also considered at each reporting period and where there is an indication that an impairment loss may have decreased, the recoverable amount is calculated as outlined above to determine the extent of the recovery. If the recoverable amount of the asset is more than its carrying amount, the carrying amount of the asset is increased to its recoverable amount and the impairment loss is reversed in the profit or loss for that period. The increased carrying amount due to reversal will not be more than what the depreciated historical cost would have been if the impairment had not been recognized.

(h) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity. Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value.

(i) Share-based payments

The Company grants stock options to directors, officers, employees and service consultants. Each tranche in an award is considered a separate award with its own vesting period. The Company applies the fair-value method of accounting for stock-based compensation and the fair value is calculated using the Black-Scholes option pricing model.

Share-based compensation for employees and others providing similar services is determined based on the grant date fair value. Share-based compensation for non-employees is determined based on the fair value of the goods or services received or option granted measured at the date on which the Company obtains such goods or services. When such fair value cannot be estimated reliably, fair value is measured based on the quoted market value of the Company's shares on the date of share issuance.

Compensation expense is recognized over each tranche's vesting period, in profit or loss or capitalized as appropriate, based on the number of awards expected to vest. The number of stock options expected to vest is adjusted each reporting period. No expense is recognized for stock-based awards that do not ultimately vest. If stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

2. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (cont'd)

(j) Provision for reclamation and rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when the environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the dismantling, remediation and ongoing treatment and monitoring of a mine and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operation license conditions and, when applicable, the environment in which the mine operates. Discount rates using a pre-tax rate that reflects the time value of money and the risk associated with the liability are used to calculate the net present value. These costs are capitalized and then charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating a finance expense in profit or loss.

Decommissioning costs are also adjusted at each reporting date for changes in estimates. These may include revised expected cash flows, the timing of the cash flows and discount rate. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss. The operations of the Company have been, and may in the future be, affected by changes in environmental regulations, including those for site restoration costs.

(k) Loss per share

Loss per common share is calculated using the weighted average number of common shares outstanding. Diluted loss per share is not presented as it is anti-dilutive.

(l) Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: Fair value through profit or loss ("FVTPL"), held-to-maturity ("HTM"), loans and receivables, and available-for-sale ("AFS"). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition. The Company has no financial assets categorized as FVTPL and HTM.

2. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (cont'd)

(l) Financial instruments (cont'd)

***Financial assets** (cont'd)*

(i) Loans and receivables - Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment. Loans and receivables are comprised of cash and receivables.

(ii) AFS - AFS financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity. AFS assets include investment in securities.

(iii) Impairment of financial assets - The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. An evaluation is made as to whether a decline in fair value is "significant" or "prolonged" based on indicators such as significant adverse changes in the market, economic or legal environment.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

(iv) Derecognition of financial assets and liabilities: Financial assets are derecognized when the investments mature or are sold, and substantially all the risks and rewards of ownership have been transferred. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Gains and losses on derecognition are recognized within other income and finance costs.

Financial liabilities

The Company classifies its financial liabilities in the following categories: FVTPL, other financial liabilities, and derivative financial liabilities. The Company has no financial liabilities categorized as FVTPL .

(v) Other financial liabilities - Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (cont'd)

(l) Financial instruments (cont'd)

***Financial liabilities** (cont'd)*

Other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable, which are non-interest bearing, loans, and due to related parties.

(vi) Derivatives - Derivatives are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting period with changes in the fair value recognized in profit or loss.

(m) Taxes

Deferred taxes

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Mining taxes and royalties

Mining taxes and royalties are treated and disclosed as current and deferred taxes if they have the characteristics of an income tax. This is considered to be the case when they are imposed under government authority and the amount payable is calculated by reference to taxable income. Obligations arising from royalty arrangements and other types of taxes that do not satisfy these criteria are recognized as current provisions and included in cost of sales.

Value added tax ("IVA")

IVA credit refundable is from the Government of Mexico and is currently calculated as 16% of expenditures in Mexico. IVA refunds are reviewed for impairment at each financial reporting date in accordance with the policy for impairment of financial assets.

2. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (cont'd)

Adoption of new accounting policies

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

(n) Stripping costs

As part of its mining operations, the Company incurs stripping costs during both the development and production phase. Stripping costs incurred in the development phase of a mine, before commercial production commences, are capitalized as part of the cost of constructing the mine and subsequently amortized over its useful life using a units of production method. Stripping costs incurred during the production phase of a mine are considered production costs and included in the cost of inventory produced during the period in which the stripping costs are incurred, unless the stripping activity provides additional access to the ore to be mined in the future, in which case the stripping costs are capitalized. Stripping costs incurred to prepare the ore body for extraction are capitalized as mine development costs (pre-stripping). Capitalized stripping costs are amortized on a unit-of-production basis over the proven and probable reserves of the component to which they relate.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that provides additional access to the identified component of ore, plus an allocation of directly attributable overhead costs.

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Company uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is presented as part of Property, plant and equipment in the statement of financial position. This forms part of the total investment in the relevant cash generating unit, which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

Economically recoverable resources are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less depreciation and any impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (cont'd)

Adoption of new accounting policies *(cont'd)*

(o) 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 consolidated financial statements.

(p) Borrowing costs

Borrowing costs are expensed as incurred except where they are directly attributable to the financing of acquisition, construction or development of qualifying assets requiring a substantial period of time to prepare for their intended future use. Interest is capitalized up to the date when substantially all the activities necessary to prepare the asset for its intended use are complete.

(q) Revenue recognition

Revenue from the sale of metals is recognized when the significant risks and rewards of ownership have passed to the buyer; it is probable that economic benefits associated with the transaction will flow to the Company; the sale price can be measured reliably; the Company has no significant continuing involvement; and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Proceeds from sales of pre-commercial production are recorded as a reduction of property plant and equipment. Revenue is measured at the fair value of the consideration received or receivable.

3. RECENT ACCOUNTING PRONOUNCEMENTS

The IASB issued the following new or revised pronouncements that may affect the Company's future financial statements.

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 consolidated financial statements.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENT

The preparation of these consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting 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.

Estimates and underlying assumptions are reviewed at each period end. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant areas requiring the use of management estimates include assumptions and estimates relating to determining resources, the recoverability of IVA receivable, the inventory valuation, including estimation of metals contained and assumptions of metal prices expected to be realized when the metals are recovered; the recoverability of the carrying value of the investment in its mineral interests, asset impairment analyses, 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, the provision for income tax liabilities, deferred income taxes and assessing and evaluating contingencies.

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

Actual results could differ from these estimates. Outlined below are some of the areas which require management to make significant estimates and assumptions in determining carrying values.

Estimated recoverable resources
Mineral resource estimates are based on various assumptions relating to operating matters, including, with respect to production costs, mining and processing recoveries and cut-off grades. Cost estimates are based on feasibility study estimates or operating history. Estimates are prepared by appropriately qualified persons, but will be impacted by forecasted commodity prices, inflation rates, exchange rates, capital and production costs and recoveries amongst other factors. Estimated recoverable resources are used to determine the depreciation of property, plant and equipment at operating mine sites, in accounting for deferred stripping costs, in performing impairment testing and for forecasting the timing of the payment of decommissioning and restoration costs. Therefore, changes in the assumptions used could impact the carrying value of assets, depreciation and impairment charges recorded in profit or loss and the carrying value of the decommissioning and restoration provision.

Deferred income taxes
The determination of income tax expense and deferred income tax involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretation of laws in the countries in which the Company operates. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these estimates may materially affect the final amount of deferred income taxes or the timing of tax payments.

Impairment of non-current assets
At each reporting date, the Company reviews its non-current assets to determine whether there are any indications of impairment. Calculating the estimated recoverable amount for the non-current asset impairment tests requires management to make estimates and assumptions with respect to estimated recoverable resources, estimated future commodity prices, the expected future operating and capital costs and discount rates. Changes in any of the assumptions or estimates used in determining the recoverable amount could impact the impairment analysis.

Reclamation and remediation provisions
Reclamation and remediation provisions represent the present value of estimated future costs for the reclamation of the Company's mines and properties. These estimates include assumptions as to the cost of services, timing of the reclamation work to be performed, inflation rates, exchange rates and interest rates. The actual cost to reclaim a mine may vary from the estimated amounts because there are uncertainties in factors used to estimate the cost and potential changes in regulations or laws governing the reclamation of a mine. Management periodically reviews the reclamation requirements and adjusts the liability as new information becomes available and will assess the impact of new regulations and laws as they are enacted.

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

Critical judgements

Inventory
The Company's management makes estimates of the amount of recoverable ounces in work-in-process inventory which is used in the determination of the cost of goods sold during the period. Changes in these estimates can result in a change in the carrying amount of inventories and mine operating costs of future periods. The Company monitors the recovery of gold ounces from the leach pad and may refine its estimate based on these results. Assumptions used in inventory valuation include tonnes mined, grams of gold per tonne, recovery rate based on the type of ore placed on the leach pad, assays of ore tonnes, solutions and gold on carbon, among others.

Impairment indicators
Critical judgement was applied on the assessment of impairment indicators for the Company's property plant and equipment, investment in securities and resource property costs. Management determined that there was an impairment indicator at the year end and therefore completed an impairment assessment for the La Trinidad CGU. The recoverable amount was determined as the FVLCD using a discounted cash flow model. The determination of FVLCD uses Level 3 valuation techniques.

The determination of FVLCD includes the following key applicable assumptions:
- Gold price per ounce: US$1,275
- Operating and capital costs based on the resource report and estimated forecasts
- Production volume and recoveries as indicated in the life-of-mine plan

Management's impairment evaluation did not result in the identification of an impairment loss as at December 31, 2014.

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.

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

Critical judgement (cont'd)

Commercial production

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. The La Trinidad mine achieved commercial production effective November 1, 2014.

Impairment for available-for-sale marketable securities

The Company follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration of and extent to which the fair value of an investment is less than its carrying value; and the financial health of and short term business outlook of investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Investment in Golden Reign Resources Ltd. ("Golden Reign")

Management has assessed the level of influence that the Company has on Golden Reign and determined that it does not have significant influence despite having board representation. Consequently, the investment has been classified as a marketable security.

Stripping costs

Significant judgement is required to identify and define these components, and also to determine the expected volumes (e.g., in tonnes) of waste to be stripped and ore to be mined in each of these components.

Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Company considers that the ratio of the expected volume (e.g., in tonnes) of waste to be stripped for an expected volume (e.g., in tonnes) of ore to be mined for a specific component of the ore body, is the most suitable production measure.

Furthermore, judgements and estimates are also used to apply the units of production method in determining the depreciable lives of the stripping activity asset(s).

(Expressed in Canadian dollars)

5. ACCOUNTS RECEIVABLE AND REFUNDABLE TAXES

	December 31, 2014 $	December 31, 2013 $
Value added taxes (IVA)	4,558,695	1,877,824
(1) Sonoran Resources LLC (Note 11)	-	327,903
Other	47,927	22,079
	4,606,622	2,227,806

(1) Sonoran Resources LLC became a related party on February 25, 2014. Refer to Note 11.

IVA credit refundable is from the Government of Mexico and is currently calculated as 16% of expenditures in Mexico.

Subsequent to December 31, 2014, the Company received IVA of approximately $1,170,000.

6. INVENTORIES

	December 31, 2014 $	December 31, 2013 $
Ore in process	8,675,520	-
Finished metal inventory	1,913,884	-
Supplies and spare parts	1,172,415	342,898
	11,761,819	342,898

On December 31, 2014, ore in process and finished metal inventory was recorded at NRV. The Company recorded a write down to NRV of $819,281.

(Expressed in Canadian dollars)

7. MINERAL PROPERTY, PLANT AND EQUIPMENT

	Mine Property	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	-	16,672,281	-	397,266	103,370	17,172,917
Reclassification (1)	40,834,554	(40,834,554)				-
Balance, December 31, 2014	40,834,554	-	9,339	1,728,584	561,975	43,134,452
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	(927,346)	-	(873)	(453,409)	(133,813)	(1,515,441)
Balance, December 31, 2014	(927,346)	-	(2,832)	(968,890)	(231,271)	(2,130,339)
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, December 31, 2014	3,591,685	-	1,346	128,445	9,856	3,731,332
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, December 31, 2014	43,498,893	-	7,853	888,139	340,560	44,735,445

(1) The La Trinidad mine commenced production on November 1, 2014, all mine construction and development costs have been reclassified to mine property.

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

(Expressed in Canadian dollars)

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

Mine Construction and Development Costs *(cont'd)*

Trinidad Area *(cont'd)*

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 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.

During the year ended December 31, 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. Currently, at the request of the option holder, management is amending the payment terms.

On November 1, 2014, the Company determined that the La Trinidad mine had achieved commercial production.

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

	As at and for the 13 month period ended December 31, 2013	Additions December 31, 2014	As at and for the year ended December 31, 2014
	$	$	$
Construction costs	17,587,182	2,288,756	19,875,938
Mine costs	4,597,182	3,051,943	7,649,125
Deferred stripping costs	-	4,932,351	4,932,351
Provision for reclamation and rehabilitation	966,837	2,183,451	3,150,288
Capitalized borrowing costs	-	784,792	784,792
Pre-commercial production loss	-	3,262,474	3,262,474
Reclassification from resource property costs	742,717	-	742,717
Property acquisition costs	268,355	168,514	436,869
	24,162,273	16,672,281	40,834,554
Foreign exchange translation	1,035,111	2,556,574	3,591,685
	25,197,384	19,228,855	44,426,239
Depreciation	-	(927,346)	(927,346)
Total Mine Construction & Development Costs	25,197,384	18,301,509	43,498,893

(Expressed in Canadian dollars)

8. RESOURCE PROPERTY COSTS

	El Rosario	Trinidad	El Compas	Total
	$	$	$	$
Balance -December 31, 2013	340,950	-	9,855,491	10,196,441
Acquisition	-	-	-	-
Write down of property acquisition costs	-	-	(7,768,280)	(7,768,280)
Mineral property costs for the period	-	-	(7,768,280)	(7,768,280)
Foreign exchange translation	42,611	-	887,599	930,210
Balance - December 31, 2014	383,561	-	2,974,810	3,358,371

	El Rosario	Trinidad	El Compas	Total
	$	$	$	$
Balance - November 30, 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

(a) 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.

On December 31, 2014, management concluded no further exploration or evaluation was planned for this property and an impairment provision of $7,768,280 was recorded against the carrying amount of El Compas. The estimated recoverable amount of El Compas was based on management’s best estimate of the fair value less costs of disposal as at December 31, 2014 based upon interest expressed by third parties and in situ values. This represents a level 3 fair value measurement. The key assumptions to which this estimate is sensitive includes the total estimated ounces of gold and silver and the estimated value per ounce.

(b) 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”).

8. RESOURCE PROPERTY COSTS (cont'd)

(b) El Rosario Area (cont'd)

On April 30, 2014, the joint venture agreement was amended to extend the acquisition timeframe of the initial 80% interest by incurring $3,000,000 in exploration expenditures from November 30, 2014 to June 30, 2016 with an automatic extension to November 30, 2016, only if Goldplay incurs certain additional expenditures, as defined, 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. INVESTMENT IN SECURITIES

On July 10, 2014, the Company acquired ownership of 21,333,333 common shares (the "Acquired Shares") of 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 entered into 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. Upon execution of the Agreement, Sailfish earned a facilitation fee of $266,439 (US$250,000) which is included in interest and other income in the statement of net loss.

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.

The investment in Golden Reign is classified as available-for-sale and measured at fair value with changes in fair value recognized in other comprehensive income. For the year ended December 31, 2014, the Company recorded a loss of $1,146,201 in other comprehensive loss.

10. SHARE CAPITAL AND CONTRIBUTED SURPLUS

(a) Authorized - Unlimited number of common shares with no par value.

(b) Issued share capital is as follows:

(i) On December 15, 2014, the Company issued 1,700,000 common shares of the Company to a mining contractor in lieu of $1,480,726 (US$1,270,355) services provided.

(ii) On November 14, 2014, the Company issued 100,000 common shares of the Company to Sprott in lieu of a waiver to the Sprott Loan (refer to Note 15(a)). The fair value of the common shares was $0.65, per common share, determined using the issue date closing price

(iii) 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.

(iv) On May 30, 2014, the Company completed a 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.

(v) 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.

(vi) 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.

(vii) 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.

(Expressed in Canadian dollars)

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

(b) Stock options

The Company has a share option plan for its employees, directors, officers and consultants. The plan provides for the issuance of incentive options to acquire up to a total of 10% of the issued and outstanding common shares of the Company. The exercise price of each option shall not be less than the minimum prescribed amount allowed under the TSX Venture. The options can be granted for a maximum term of 5 years with vesting provisions if determined by the Company.

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	(189,500)	2.68
Outstanding, December 31, 2014	507,625	2.18

No options were granted or vested during the year ended December 31, 2014.

As of December 31, 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	355,000	1.99	1.37
2.80 – 4.20	97,000	0.82	3.73
4.40 – 6.40	55,625	0.22	4.64
	507,625	1.57	2.18

(Expressed in Canadian dollars)

10. 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, December 31, 2014	-	-

11. RELATED PARTIES

(a) Key management compensation

During the year ended December 31, 2014, the following compensation was paid and accrued to key management. This compensation is included in exploration costs, administrative costs and in mine construction and development costs.

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

	Twelve months ended December 31, 2014	Thirteen months ended December 31, 2013
Short-term employment benefits		
Directors	$ 55,789	$ 63,333
Senior management	680,967	1,107,842
Total	$ 736,756	$ 1,171,175

Amounts due to key management as at December 31, 2014 were $167,801, and as at December 31, 2013 were $475,391.

(Expressed in Canadian dollars)

11. RELATED PARTIES (cont'd)

(b) Related party transactions

The Company entered into the following related party transactions:

- During the year ended December 31, 2014, fees relating to management, geological, and mining consulting services of $602,879 (US$545,098) (2013 - US$ Nil) were charged by a private company controlled by two directors of the Company via an intermediate corporation. The charges are expensed or capitalized to mineral properties as appropriate. During the year ended December 31, 2014, $270,811 (US$238,479) was offset against the amounts due from Sonoran Resources LLC ("Sonoran") (see below). Amounts payable as at December 31, 2014 were $Nil (December 31, 2013 - $Nil).

- On December 15, 2013 the Company lent US$300,000 to 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. On December 15, 2014, the Company revised the repayment terms and now the balance is payable on demand.

  During the quarter ended March 31, 2014 Sonoran became a related party as two of its principals become 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.

  During the year ended December 31, 2014, the following transactions took place:

	Year ended December 31, 2014
Balance outstanding, beginning of period	327,903
Foreign exchange	12,969
Cash received	(5,474)
Related parties invoices, offset	(284,204)
Director fees, offset	(21,057)
Interest receivable	33,752
Balance outstanding, end of period	63,889

(c) 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).

During the year ended December 31, 2014, the Wexford Funds loaned the Company US$6,000,000. (Refer to Notes 15 and 21).

(Expressed in Canadian dollars)

12. 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 31, 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 December 31, 2014 the aggregate lease commitments to June 30, 2016 are $214,201. Marlin Gold sublets three of its offices to independent companies reducing the Company's portion to approximately 23% of the total lease commitments.

13. RECLAMATION AND REHABILITATION OBLIGATIONS

The provision for environmental reclamation and rehabilitation as at December 31, 2014 is $3,396,312 (December 31, 2013 - $971,380). The expected timing of cash flows in respect of the provision is based on the estimated life of the mining operation. The provision was determined using a discount rate of 1.38% (2013 – 1.75%) and an estimated cash outflows commencing in 4 years (2013 - 5 years) for the La Trinidad property.

	$
Balance - December 1, 2012	-
New provisions for reclamation and rehabilitation	950,354
Accretion expense	16,483
Cumulative translation adjustment	4,543
Balance - December 31, 2013	971,380
New and changes in estimate to provisions for reclamation and rehabilitation	2,183,451
Accretion expense	44,691
Cumulative translation adjustment	196,790
Balance - December 31, 2014	3,396,312

14. CONTINGENCY

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 prepared a response to the notice of claim and stands by the legitimacy of the agreement and will vigorously defend against this claim. As at December 31, 2014, the Company determined a provision was not required for this matter, as it has assessed that an outflow of economic resources is not probable.

(Expressed in Canadian dollars)

15. LOANS

	December 31, 2014	December 31, 2013
Sprott Loan	$ 9,376,578	$ -
Wexford Loan A	$ 3,384,058	$ -
Wexford Loan B	$ 3,480,300	$ -
	$ 16,240,936	$ -

(a) Sprott Loan

On May 14, 2014, the Company entered into a credit facility with Sprott Resource Lending Partnership (“Sprott”) for $10,000,000 (the “Sprott Loan”). The Sprott 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 Sprott Loan allow for the shares of Sailfish to be distributed by Marlin Gold to its shareholders on a pro-rata basis. The Sprott 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 Sprott 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 Sprott to the extent the asset sale or equity financing causes the Company’s cash balance to exceed $1,000,000.

Sprott 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 Sprott Loan. The Company also paid Sprott a structuring fee of $200,000. The Company has recorded borrowing costs of $1,015,276 that are directly attributable to securing the Sprott Loan, against the balance of the debt and will amortize these fees and calculated interest using an effective interest rate of 19.19%. During the year ended December 31, 2014, the Company recorded interest expense of $994,598 relating to the Loan, of which $713,243 has been capitalized to mine construction and development costs as part of qualifying mining properties and the remaining balance of $281,355 was expensed in the statement of loss.

On November 14, 2014, the Company issued 100,000 common shares of the Company to Sprott in lieu of receiving a waiver from Sprott Loan on receiving the Wexford Loan B funds (see (b) below).

The Sprott Loan contains certain financial covenants, including a requirement to maintain at all times a minimum working capital of $2,000,000 and an unrestricted cash and cash equivalent balance of $1,000,000, with gold bullion on hand included in the definition of cash and cash equivalents. The Company is in compliance with all covenants as at December 31, 2014.

The terms of the Sprott Loan also requires the Company to seek written consent prior to undertaking certain activities, including but not limited to payment of dividends, obtaining additional or repayment of indebtedness, disposal of material assets and purchase of securities.

(Expressed in Canadian dollars)

15. LOANS (cont'd)

(b) Wexford Loan

On September 9, 2014, the Company entered into a term facility with the Wexford Funds for US$3,000,000 (the "Wexford Loan A"). Wexford Loan A bears interest at a rate of 15% per annum, payable on the date of the first drawdown and is not secured. Wexford Loan A will be payable in full on or before March 7, 2015. The Company is required to make payments on Wexford Loan A from any funds received from: (i) the IVA refund; and (ii) proceeds of any equity financing, subject, in the case of any equity financing that separately or together with any other equity financings exceed C$1,000,000, to receipt of waiver from Sprott under the Sprott Loan. During 2014, IVA refunds of approximately $1,800,000 were received, to which the Wexford Funds waived their right to receive payment.

On September 10, 2014, US$3,000,000 was drawn down on the facility and interest payable by way of an original issue discount of US$225,000 was paid. The Company has recorded the interest paid against the balance of the debt and will amortize the interest using an effective interest rate of 17.34%. For the year ended December 31, 2014, the Company incurred interest expense of $155,490 relating to Wexford Loan A, of which $71,553 has been capitalized to mine construction and development costs as part of qualifying mining properties and the remaining balance of $83,937 was expensed in the statement of loss. On March 7, 2015, the Company and the Wexford Funds agreed to revise the repayment terms of the Wexford Loan A and now the balance is payable on demand.

On November 13, 2014, an additional US$3,000,000 was borrowed by the Company (the "Wexford Loan B"). The Wexford Loan B bears interest at a rate of 15% per annum, payable in full on or before November 13, 2015. The Company has accrued interest of $68,652 on the Wexford Loan B, all of which was expensed in the statement of loss.

16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Twelve months ended December 31, 2014	Thirteen months ended December 31, 2013
The significant non-cash investing transactions consisted of:		
Change in property, plant and equipment included in accounts payable and accrued liabilities	$ 1,824,870	$ 297,450
Accretion of borrowing costs included the in the credit facility	$ 433,944	$ -
Total interest paid	$ 602,741	$ -

(Expressed in Canadian dollars)

16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (cont'd)

		Twelve months ended December 31, 2014		Thirteen months ended December 31, 2013
Non-cash items:				
Accretion expense	$	44,691	$	-
Interest expense	$	498,945	$	-
Depreciation, depletion and amortization	$	270,503	$	20,413
Deferred income tax (reversal)	$	97,574	$	2,615,300
Interest due from related party	$	(62,882)	$	-
Interest and other imcome	$	(266,439)	$	-
Impairment of mineral properties	$	7,768,280	$	-
Unrealized foreign exchange	$	214,173	$	(131,236)
Loss on sale and write down of investment	$	-	$	35,700
Write down of IVA	$	-	$	270,579
Total non-cash items	$	8,564,845	$	2,810,756

17. PRODUCTION COSTS

		Twelve months ended December 31, 2014		Thirteen months ended December 31, 2013
Mining, crushing and conveying, and processing	$	4,689,855	$	-
Mine general and administrative	$	591,051	$	-
Laboratory	$	76,106	$	-
Refining	$	8,334	$	-
Selling expenses and silver credits	$	37,064	$	-
Mining tax	$	51,074	$	-
Change in inventory	$	(1,783,458)	$	-
	$	3,670,026	$	-

(Expressed in Canadian dollars)

18. INCOME TAX EXPENSE AND DEFERRED TAXES

(a) A reconciliation of income tax provision computed at Canadian statutory rates to the reported income tax provision is provided as follows:

		ended December 31, 2014		**ended December 31, 2013**
Loss for the period	$	(12,425,113)	$	(2,515,648)
Canadian statutory tax rate		26.0%		25.1%
Income tax benefit computed at statutory rates	$	(3,230,529)	$	(630,660)
Effect of change and difference in tax rates	$	(441,126)	$	(191,014)
Other	$	(12,171)	$	(481,342)
Capital and non-capital losses due to change of control	$	-	$	4,046,062
Mining royalty	$	230,793	$	2,615,300
Permanent differences	$	2,592,037	$	12,554
Change in deferred tax assets not recognized	$	1,054,610	$	(2,755,600)
Income tax expense (recovery)	$	193,614	$	2,615,300

(Expressed in Canadian dollars)

18. INCOME TAX EXPENSE AND DEFERRED TAXES (cont'd)

(b) The tax effected items that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities are presented below:

		ended December 31, 2014		ended December 31, 2013
Deferred tax assets				
Tax value over book value of investments	$	149,000	$	4,400
Tax value over book value of equipment	$	245,100	$	24,900
Non-capital losses carried forward	$	8,836,700	$	4,685,300
Tax value over book value of asset retirement obligation	$	1,018,900	$	144,200
Book value over tax value of inventories	$	182,137	$	-
Special mining royalty deduction	$	835,800	$	784,600
Tax value over book value of share issue costs	$	365,400	$	232,500
Other tax values over book values	$	87,400	$	-
Total defereed tax assets	$	11,720,437	$	5,875,900
Deferred tax assets not recognized	$	(10,815,700)	$	(4,188,800)
Net deferred tax assets	$	904,737	$	1,687,100
Deferred tax liabilities				
Book value over tax value of resource properties	$	(552,500)	$	(1,687,100)
Special mining royalty	$	(2,997,200)	$	(2,615,300)
Book value over tax vaues of loans	$	(341,900)	$	-
Other book values over tax values	$	(12,700)	$	-
Net deferred tax liabilities	$	(3,904,300)		(4,302,400)
Net deferred tax assets (liabilities)	$	(2,999,563)	$	(2,615,300)

(Expressed in Canadian dollars)

18. INCOME TAX EXPENSE AND DEFERRED TAXES (cont'd)

(c) The Company recognizes tax benefits on losses or other deductible amounts generated in countries where it is probable the Company will generate future taxable income. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

		Twelve months ended December 31, 2014		Thirteen months ended December 31, 2013
Tax value over book value of investments	$	149,000	$	4,400
Tax value over book value of equipment	$	245,100	$	24,900
Non-capital losses carried forward	$	9,133,000	$	2,998,200
Tax value over book value of asset retirement obligation	$	-	$	144,200
Special mining royalty deduction	$	835,800	$	784,600
Tax value over book value of share issue costs	$	365,400	$	232,500
Other tax value over book value	$	87,400	$	
Unrecognized deductible temporary differences	$	10,815,700	$	4,188,800

The Company's unused non-capital losses expire as follows:

Year of Expiry		**Canada**		**Mexico**		**Barbadian**		**United States**
2016	$	-	$	457,000	$	-	$	-
2017	$	-	$	4,107,000	$	-	$	-
2018	$	-	$	8,455,000	$	-	$	-
2019	$	-	$	1,559,000	$	-	$	-
2020	$	-	$	2,519,000	$	-	$	-
2021	$	-	$	2,447,000	$	-	$	-
2022	$	-	$	387,000	$	20,000	$	-
2023	$	-	$	4,356,000	$	47,000	$	-
2033	$	1,857,000	$	-	$	-	$	-
2034	$	3,633,000	$	-	$	-	$	244,000
Total	$	5,490,000	$	24,287,000	$	67,000	$	244,000

19. MANAGEMENT OF FINANCIAL RISK

(a) 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.

(b) 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
- 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:

Investment in securities is measured using level 1. The Loans are classified as other financial liabilities and are 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.

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

During the year ended December 31, 2014 there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

(c) 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 held by Canadian, American, Barbadian, and Mexican financial entities, advances to a contractor and accounts receivable from Sonoran. As at December 31, 2014, $92,809 was advanced to a mining contractor, this amount will be offset against future 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.

19. MANAGEMENT OF FINANCIAL RISK (cont'd)

(c) Credit Risk (cont'd)

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.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities and through the management of its capital structure. Accounts payable and accrued liabilities of $3,923,528 are due in the first quarter of fiscal 2015, a $9,376,578 loan payable is due on October 31, 2015, a $3,384,058 (US$3,000,000) loan payable is now payable on demand and a $3,480,300 (US$3,059,178) loan payable is due on November 13, 2015. Also refer to Note 1.

(e) Market Risk

(i) Foreign Currency Risk

Foreign exchange risk is the risk arising from changes in foreign currency fluctuations. The Company operates in more than one country. As a result, a portion of the Company's expenditures, amounts 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 December 31, 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 $104,000 and a 5% change in the exchange rate between the Mexican peso and the Canadian Dollar would result in a net loss of approximately $179,000. The Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign currency rates.

(ii) 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 Loans is limited as the interest rates are fixed.

(iii) Other Price Risk

Other price risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from currency risk or interest rate risk. The Company's investment in securities is carried at market value and is therefore directly affected by fluctuations in the market value of the underlying securities. The Company's sensitivity analysis suggests that a 10% change in market prices would have no material impact on the value of the Company's investment in securities.

(Expressed in Canadian dollars)

20. SEGMENT INFORMATION

As at December 31, 2014, the Company has two business segment, the production of gold and exploration of resources. The Company's principal product is gold doré with the refined gold bullion sold in the London spot market by the subsidiary in Barbados. The gold doré is produced at the La Trinidad mine in Mexico. All of the Company's significant non-current assets are distributed by geographic locations as follows:

As at	**December 31, 2014**		**December 31, 2013**	
	Mineral property, plant and	Resource property costs	Mineral property, plant and equipment	Resource property costs
Mexico	$ 44,708,705	$ 3,358,371	$ 26,374,303	$ 10,196,441
Canada	$ 24,616	$ -	$ 34,685	$ -
USA	$ 2,124	$ -	$ -	$ -
Total	$ 44,735,445	$ 3,358,371	$ 26,408,988	$ 10,196,441

21. CAPITAL MANAGEMENT

The Company manages and adjusts its capital structure based on available funds in order to support its operations and the acquisition, exploration and development of mineral properties. The Company considers its capital under management to consist of cash and cash equivalents, share capital, contributed surplus and debt. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets.

The Company's objectives of capital management are intended to ensure the entity's ability to support the Company's normal operating requirements on an ongoing basis, continue the development and exploration of its mineral properties, and support any expansionary plans.

To effectively manage the entity's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company may finance acquisition, development and exploration activity through cash flows from operations, joint ventures and by raising additional debt or share capital when market conditions are suitable.

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

There were no changes in the Company's approach to capital management during the year ended December 31, 2014. Also refer to Note 1.

22. EVENT AFTER THE REPORTING PERIOD

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

(a) Wexford Funds loaned an additional $3,763,796 (U$3,000,000) ("Wexford Loan C") with the following terms: interest accrued at 15% per annum with a maturity date of November 13, 2015.

(b) The Company entered into an agreement with Commonwealth Silver and Gold Mining Inc. ("Commonwealth"), a privately held entity, whereby the Company will acquire, in an all cash transaction, all the issued and outstanding common shares of Commonwealth by way of a statutory plan of arrangement under the Canada Business Corporations Act (the "Arrangement").

Commonwealth is the current owner of the Commonwealth Silver and Gold Project (the "Commonwealth Project") in Cochise County, Arizona, USA. The total consideration payable to Commonwealth shareholders is approximately $7,400,000.

The Company has agreed to pay approximately $1,300,000 in Commonwealth liabilities and assume a $2,550,000 bridge loan that was provided to Commonwealth by affiliates of Wexford Funds. Following completion of the Arrangement, Marlin will own 100% of the issued and outstanding Commonwealth Shares and all securities convertible into Commonwealth Shares will have been cancelled.

A special meeting of Commonwealth shareholders to consider the Arrangement (the "Meeting") will be called by Commonwealth. The Arrangement requires approval by holders of 66 2/3% of the Commonwealth Shares and approval by holders of 66 2/3% of the Commonwealth Shares and outstanding Commonwealth warrants to purchase Commonwealth Shares (together, the "Commonwealth Securities"). The Arrangement will also be subject to the approval of the TSX-V and the Supreme Court of British Columbia. In addition, the Arrangement will be subject to approval by Sprott under the terms of the credit facility and certain customary conditions and relevant regulatory approvals. The Arrangement is expected to close in mid-May 2015.

As part of the Arrangement, the Company agreed to advance Commonwealth a break away fee of $400,000 (paid).

(c) The Company has entered into a subscription agreement for a private placement with the Wexford Funds in the amount of $8,750,000 for 15,625,000 common shares of the Company. Upon completion, this will increase their ownership to 81.63%. Under the terms of the Sprott credit facility, equity financings greater than $1,000,000 trigger repayment of the loan with the proceeds, after setting aside the portion required to maintain unrestricted cash and cash equivalents of $1,000,000. The Company is currently in negotiations with Sprott with respect to the repayment requirement.