



INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 and 2017

November 29, 2018

The following discussion and analysis is prepared as of November 29, 2018 and should be read in conjunction with the financial statements of Marifil Mines Limited (the "Company") for the three and nine months ended September 30, 2018, which are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the notes thereto.

Marifil Mines Limited is classified as a "venture issuer" for the purposes of National Instrument 51-102.

Introduction

This section contains forward-looking statements that involve risks and uncertainties. The Company's actual results may differ materially from those discussed in forward-looking statements as a result of various factors, including those described under "Forward-Looking Information".

Forward Looking Information

This MD&A contains "forward-looking information" and "forward-looking statements" (together, "forward looking statements") within the meaning of Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995. Such forward-looking statements concern the Company's anticipated results and developments in the Company's operations in future periods, planned exploration and development of its properties, plans related to its business and other matters that may occur in the future. These statements also relate to the ability of the Company to obtain all government approvals, permits and third party consents in connection with the Company's exploration and development activities; the Company's ongoing drilling program; the Company's future exploration and capital costs, including the costs and potential impact of complying with existing and proposed environmental laws and regulations; general business and economic conditions; analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Statements concerning mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward looking statements. While the Company has based these forward-looking statements on its expectations about future events as at the date that such statements were prepared, the statements are not a guarantee of the Company's future performance and are subject to risks, uncertainties, assumptions, and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Such factors and assumptions include, amongst others, the effects of general economic conditions, the supply and demand for gold and other precious and base metals the level and volatility of prices of precious and base metals, the availability of financing to fund the Company's ongoing and planned exploration and possible future mining operation on reasonable terms, changing foreign exchange rates and actions by government authorities, market competition, risks involved in mining, processing, exploration and research and development activities, the political climate in Argentina, the Company's ongoing relations with its employees and with local communities and local governments, and uncertainties associated with legal proceedings and negotiations and misjudgments in the course of preparing forward-looking statements. In addition, there are also known and unknown risk factors which may cause actual events or results to differ from those expressed or implied by the forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described in this MD&A under "Risk Factors". Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements. Forward-looking statements are made based on

management's experience, beliefs, estimates and opinions on the date the statements are made, and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by law.

Investors are cautioned against attributing undue certainty to forward-looking statements.

OVERVIEW

Marifil Mines Limited ("Marifil" or the "Company") was incorporated on December 2, 2003 under the Yukon Business Corporation Act. On January 17, 2014, the Company changed its reporting jurisdiction from the Yukon to British Columbia. The Company is in the business of acquiring, exploring, and evaluating mineral resource properties in Argentina. The Company is a reporting issuer in the Provinces of Alberta, British Columbia, and Ontario. The Company's Common Shares trade on the TSX Venture Exchange under the symbol MFM.

Effective May 12, 2017, the Company effected a share consolidation on a five for one basis. As such, the Company's issued and outstanding shares of common stock were decreased on the basis of five old shares for one new share. Effective January 22, 2018, the Company effected a share consolidation on a two for one basis. As such, the Company's issued and outstanding shares of common stock were decreased on the basis of two old shares for one new share. This MD&A and the accompanying consolidated financial statements give retroactive effect to such share consolidations named above and all share and per share amounts have been adjusted accordingly.

The Company operates in Argentina through its subsidiaries: (1) a wholly-owned subsidiary called Marifil S.A., which is a private corporation incorporated in Rio Negro Province under the laws of Argentina. The Company acquired Marifil S.A. by issuing 1,100,000 of its Common Shares to the Marifil S.A. shareholders when the Company completed its Initial Public Offering ("IPO") on January 31, 2005; (2) a 51% owned subsidiary called Minas San Roque S.A., which is a private corporation incorporated in Rio Negro Province under the laws of Argentina and formed by the Company in 2012 to carry out exploration of the San Roque property.

The Company's business model involves identifying properties: adding value through judicious, cost effective exploration, and then farming out these properties to other mining companies. Over time, as our various projects mature, it is the Company's intent to become a hybrid royalty company whereby we will have a mix of royalties, working interests, and carried interests in our projects.

Marifil has pursued a model which has seen the Company acquiring prospective properties and preparing these projects for Joint Venture, with the Company maintaining significant carried interests. This enables the Company to maintain exposure to value increases on several projects while also potentially generating option payments to add to the balance sheet and mitigating exploration risk.

INTERIM MD&A QUARTERLY HIGHLIGHTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018

During the third quarter ended September 30, 2018, the Company completed its drill program and delivered results to shareholders. For full details on the new gold discovery and drill results, please refer to the Company's news releases issued on November 5, 2018, and September 11, 2018.

San Roque Gold Property, Rio Negro Province, Argentina Third Quarter 2018 Events

Minas San Roque S.A. increased the property's size from 43,321 hectares to 73,940 hectares. Included are 9,449 hectares of patented mineral claim titles in the core area that cover all of the known zones of mineralization.

Overdue assay results were received for diamond core drilling accomplished during the second quarter. In all, 532 drill core samples analyzes were received representing four holes totaling 846.5 meters.

The three fold objectives of the drilling were:

1. To evaluate the 34-zone with two 50 meter step-outs on DDHMSR-0034 (MFDDH-0056 & MFDDH-0059).
2. To assess the cause of a kilometer long linear geophysical anomaly of Induced Potential (I.P.) with a 570 meter step-out on DDMSR-0033 which is located on its south end (MFDDH-57).
3. To expand the 33-zone by a 50 meter step-out on DDMSR-0033 (MFDDH-0058).

The analytical results as they pertain to the three objectives are as follows:

1. MFDDHs 56 and 59 were successful in expanding continuity of gold mineralization for 50 meters down dip and along strike from DDHMSR-0034, respectively. Using a 1.5 meter 0.30 g/t Au cut-off grade, MFDDH-56 has eight intervals of mineralized core with a cumulative length weighted average of 53.6 meters at 0.68 g/t Au and 5 g/t Ag. This includes 9.6 meters of 1.58 g/t Au within a broader mineralized core run of 39.5 meters at 0.74 g/t Au from 5.0 meters to 44.5 meters down hole. Using the same cut-off grade, MFDDH-59 has five intervals of mineralized core with a cumulative length weighted average of 29.3 meters at 1.92 g/t Au with 5 g/t Ag. This includes 19.8 meters of 1.86 g/t Au from 6.2 meters to 26.0 meters within a broader intercept of 31.5 meters of 1.21 g/t Au from 2.0 meters to 33.5 meters down hole. The true widths of these mineralized intercepts are unknown.

2. MFDDH-57 was successful in testing the geophysical I.P. anomaly, but with negative exploration results. The I.P. anomaly is caused by a pyrite rich rock formation of schist within the Precambrian age basement strata upon which the mineralized Jurassic age rhyolitic volcanic rocks sit. Nonetheless, the first 45 meters of this drill hole crossing that geologic boundary at only 7 meters down-hole intersected a length weighted average of 0.30% Zn carrying mostly trace gold values.

3. MFDDH-58 was successful in expanding the size of the zone 33 mineralization by 50 meters. Using a 1.5 meter 0.30 g/t Au cut-off grade, MFDDH-58 has six intervals of mineralized core with a cumulative length weighted average of 83.0 meters at 0.49 g/t Au, 5 g/t Ag, 0.21% Pb and 0.46% Zn. This is consistent with grades in many other drill holes in zone 33, indicating a deposit of sulfidized rock ranging in the tens of millions of tonnes with about a half a gram of gold associated with significant base metal values.

Mechanized trenching and rock sampling was also accomplished on the NW Vein System. Seven widespread trenches for a total of 217 meters were continuously sampled for their entire lengths, amounting to 77 channel rock chip samples. Assay highlights include:

- a) A channel sample in Trench 3 showing 1.7 meters of 9.06 g/t Au with 82 g/t Ag,
- b) An open-ended channel sample in Trench 8 of 3 meters at 2.18 g/t Au, and
- c) A 0.2 meter channel sample in Trench 9 of 24.66 g/t Au with 78 g/t Ag within a 3.0 meter interval showing 2.43 g/t Au with 10 g/t Ag.

Discovery of the gold bearing epithermal NW Vein System adds a whole new dimension of mineral deposit potential. These new vein findings may also offer possibilities for discovery of large, low grade bulk tonnage gold deposits.

On August 21, 2018, the Company granted stock options to directors, officers and consultants of the Company for the purchase of up to 1,000,000 common shares pursuant to the Company's Stock Option Plan. Shares issuable upon the exercise of the Options will be subject to a TSX Venture Exchange hold period of four months and one day from the date of grant of the Options. The Options are exercisable for a period of five years at an exercise price of \$0.11 per Share.

Other key highlights from the nine months ended can be summarized as follows:

- The Company incurred a net loss of \$338,282 for the three-month period ended September 30, 2018 compared to a net loss of \$59,079. Increases were across all categories of expenses due to re-commencement of operational activities. Of particular note, was a \$100,000 bonus the CEO as part of his management contract and share based payments of \$165,937.

Subsequent to the quarter end:

- On October 10, 2018, the Company closed a non-brokered private placement of 5,650,000 units at a price of \$0.10 per Unit for gross proceeds of \$565,000. Each Unit consists of one common share of the Company and one share purchase warrant. One Warrant entitles the holder to purchase one additional Share of the Company at a price of \$0.15 per Share for a period of two years from closing. The Company issued 80,000 common shares and 80,000 share purchase warrants as a finder's fee in connection with certain subscriptions in the Financing. The Finder's Warrants have the same terms as the Warrants.

PROPERTY EXPLORATION SUMMARY

San Roque, epithermal gold-silver-indium, Rio Negro Province

The San Roque property is located in southern Argentina in the Province of Rio Negro. The property is near the Atlantic coast in a region of developed infrastructure. It is relatively flat desert terrain averaging about 200 meters in elevation and is accessible by vehicle year-round. It contains a bulk tonnage base metal deposit of gold, silver, lead, zinc, and indium, a separate untested bulk tonnage epithermal gold-silver target, as well as a series of newly discovered and unexplored gold-bearing epithermal quartz veins.

On March 8, 2006, the Company signed an agreement with M.I.M. Argentina Exploraciones (MIM) to acquire the San Roque property. The Company committed to spending US\$50,000 annually on the property over the next four years (incurred). In addition, the Company had the right until June 5, 2012 to purchase 100% of the property by making cash payments of US\$400,000 (paid).

In June 2010 NovaGold Resources Inc. subsidiary companies NovaGold Argentina Inc., NovaGold South America Inc. and Minas San Roque S.A. (NovaGold) entered into an option agreement with Marifil S.A. and parent company Marifil Mines Ltd. to earn up to a 70% interest in the San Roque property. As of February, 2012 NovaGold completed sufficient commitments to earn a 49% interest in the property.

On March 3, 2016, the option agreement was replaced by a shareholders agreement for Minas San Roque S.A. (a private Argentinean company) wherein Marifil S.A. held 51% and NovaGold Argentina Inc. held 49% of the shares. The shareholders agreement provides for equity dilution of either party in the event one does not participate in its prorated financing of a work program approved by the shareholders.

All of the San Roque property mineral tenures are 100% held by Minas San Roque S.A. The property currently has no production royalty burdens aside from the 3% mine-mouth royalty to the Argentina federal government.

As of the third quarter, the Minas San Roque S.A. equity split still stands at Marifil 51% and NovaGold 49%. Marifil now holds operatorship and manages approved work programs. Marifil intends, contingent on acquisition of funding and program approval, to proceed with continued definition drilling of the polymetallic sulfide deposit together with starting exploration drilling of the newly discovered NW Vein System.

Marifil estimates that about US\$8,300,000 has been invested in exploration of the San Roque property since and including MIM's initial exploration program in 2000. The Company judges this effort has produced sufficient data to determine a National Instrument 43-101 compliant resource. It intends to accomplish this in early 2019.

Including the third quarter, information on the property comprises 1,800 meters of trenching, approximately 2,300 surface rock and soil samples, 42 km of ground magnetics, 90 km of IP-Resistivity and 16,683.5 meters of drilling as 112 holes. The drilling includes 11 reverse circulation holes for 1,604 meters by MIM; the rest is core drilling – mostly HQ size core.

The drilling involves three companies and six campaigns:

2001 & 2002: MIM drilled 19 holes in two campaigns totaling 2,728 meters.

2007: The Company drilled 55 holes in two campaigns totaling 5,292 meters.

2010 & 2011: NovaGold drilled 34 holes in two campaigns totaling 7,817 meters.

2018: The Company drilled 4 holes in one campaign totaling 846.5 meters.

Every drill hole encountered some degree of mineralized rock, indicating a very large, complex, and variously mineralized sulphide system containing gold, silver, indium, lead, zinc and some copper and molybdenum. An extensive system of mineralization over several square kilometers has been discovered. Mineralization is open in all directions and at depth with mineralization frequently starting at surface and has been followed to the bottom of the deepest holes at depths up to 200 vertical meters.

The Company's website at www.marifilmines.com contains a San Roque project presentation incorporating the results of all the exploration work up to but not yet including the last drilling campaign. Some highlights are:

Drilling has outlined an area of semi-continuous polymetallic mineralization covering approximately 0.3 x 0.9 kilometers in the "33-zone". This namesake is after drill hole DDHMSR-033 which intercepted 0.85 g/t Au, 9.15 g/t Ag, 2.67 g/t In, 0.31 % Pb and 0.63 % zinc over 81 meters. Other individual drill holes have intersected zones with assay averages as high as 1.16 g/t Au, 10.3 g/t Ag, 39.0 g/t In, 0.43 % Pb and 2.04% Zn over 120 meters (hole DDHMSR-0009). The mineralization is open-ended in every direction.

Significant results have also been encountered in the "51-zone", located approximately 1.0 kilometer southeast of the 33-zone, and in hole DDHMSR-0034, located 1.9 kilometer southeast of the "33-zone", designated the "34-zone". Three core holes (MFDDH-51, DDHMSR-002 and DDHMSR-003) in the "51-zone" average 0.41 g/t Au, 18.5 g/t Ag, 0.31% Pb and 0.44% Zn over aggregate drill hole length of 419.5 meters.

In the 34-zone, drill hole DDHMSR-0034 intercepted 34 meters of 2.27 g/t Au, 42.62 g/t Ag 0.08 g/t In, 0.03% Pb and 0.08% Zn starting at 1 meter below the surface. The entire 233 meter length of the sixty degree inclined hole shows a weighted assay average of 0.64 g/t Au with 10.5 g/t Ag. This hole is a 50-meter step-back on a previous drill hole (MFDDH-0013) showing favorable results including 9.2 g/t Au and 8.9 g/t Ag over 4.2 meters near the top of the hole. "34-zone" is distinctly different than "33-zone" as it lacks significant base metal mineralization and quartz veining. The precious metal mineralization in "34-zone" is associated with variably silicified tuffs and volcanic sediments. Marifil considers it to be a near surface bulk tonnage heap leach gold drilling target. A composite sample from three "34-zone" drill holes was sent to Alex Stewart Argentina laboratory for bottle roll cyanide leach testing, generating encouraging results. At a 105 µm (micron) grind bottle roll tests averaged 84% gold recovery after 96 hours.

Northwest-trending zones of elevated, multi-element soil geochemistry coincide with known drilled structures and also signpost several other untested drill targets. One such is the aforementioned newly discovered and NW Vein System. It is located in an area of complete wind-blown sand cover about two km from "33-zone". Eight reconnaissance grab samples of rock float show an assay spread of 0.10 g/t Au to 22.9 g/t Au, and average 4.61 g/t Au.

During the third quarter, Minas San Roque S.A. increased the property size from 43,321 hectares to 73,940 hectares by filing 3 cateos (temporary mineral exploration rights) which the Rio Negro Mines Department has now granted. In all, there are now 12 mineral tenures comprised of 9 cateos and 3 minas. These minas contain 95 individual patented mining claims (pertinencias) that cover 9,449 hectares. A pertinencias is a titled mineral extraction right, the owner of which owns it in perpetuity as long as he pays the annual real estate taxes (canons) on it. The pertinencias at San Roque cover the core area and all of the known zones of mineralization.

During the third quarter, assay results were received for a small diamond core drilling campaign accomplished during the second quarter. Four holes were drilled for a total of 846.5 meters. The three fold objectives of this drilling were:

1. To evaluate the 34-zone with two 50 meter step-outs on DDHMSR-0034 (MFDDH-0056 & MFDDH-0059).
2. To assess the cause of a kilometer long linear geophysical anomaly of Induced Potential (I.P.) with a 570 meter step-out on DDMSR-0033 which is located on its south end (MFDDH-57).
3. To expand the 33-zone by a 50 meter step-out on DDMSR-0033 (MFDDH-0058).

In all, 532 drill core samples were submitted to Alex Stewart Laboratories in Mendoza for multi-element analyses. The drilling results as they pertain to the three objectives are as follows:

1. MFDDHs 56 and 59 were successful in expanding continuity of gold mineralization for 50 meters down dip and along strike from DDHMSR-0034, respectively. Using a 1.5 meter 0.30 g/t Au cut-off grade, MFDDH-56 has eight intervals of mineralized core with a cumulative length weighted average of 53.6 meters at 0.68 g/t Au and 5 g/t Ag. This includes 9.6 meters of 1.58 g/t Au within a broader mineralized core run of 39.5 meters at 0.74 g/t Au from 5.0 meters to 44.5 meters down hole. Using the same cut-off grade, MFDDH-59 has five intervals of mineralized core with a cumulative length weighted average of 29.3 meters at 1.92 g/t Au with 5 g/t Ag. This includes 19.8 meters of 1.86 g/t Au from 6.2 meters to 26.0 meters within a broader intercept of 31.5 meters of 1.21 g/t Au from 2.0 meters to 33.5 meters down hole. The true widths of these mineralized intercepts are unknown.

2. MFDDH-57 was successful in testing the geophysical I.P. anomaly, but with negative exploration results. The I.P. anomaly is caused by a pyrite rich rock formation of schist within the Precambrian age basement strata upon which the mineralized Jurassic age rhyolitic volcanic rocks sit. Nonetheless, the first 45 meters of this drill hole crossing that geologic boundary at only 7 meters down-hole intersected a length weighted average of 0.30% Zn carrying mostly trace gold values.

3. MFDDH-58 was successful in expanding the size of the zone 33 mineralization by 50 meters. Using a 1.5 meter 0.30 g/t Au cut-off grade, MFDDH-58 has six intervals of mineralized core with a cumulative length weighted average of 83.0 meters at 0.49 g/t Au, 5 g/t Ag, 0.21% Pb and 0.46% Zn. This is consistent with grades in many other drill holes in zone 33, indicating a deposit of sulfidized rock ranging in the tens of millions of tonnes with about a half a gram of gold associated with significant base metal values.

Also during the third quarter of this year, a limited initial backhoe trenching and rock sampling program was accomplished on the NW Vein System. Seven widespread trenches for a total of 217 meters were made and continuously sampled for their entire lengths, amounting to 77 channel rock chip samples. Some assay highlights include:

- d) A channel sample in Trench 3 showing 1.7 meters of 9.06 g/t Au with 82 g/t Ag,
- e) An open-ended channel sample in Trench 8 of 3 meters at 2.18 g/t Au, and
- f) A 0.2 meter channel sample in Trench 9 of 24.66 g/t Au with 78 g/t Ag within a 3.0 meter interval showing 2.43 g/t Au with 10 g/t Ag.

Two distinct kinds of mineralization occur separated in two sectors of the property – East and NW. In the East sector, where all of the drilling noted above has been accomplished, polymetallic sulphide mineralization occurs as zones of multiple narrow, sheeted banded-textured quartz-carbonate veins, and as linear breccias. These veins and breccias are surrounded by broader zones of stockwork and disseminated sulfides. This mineralization is hosted by Jurassic age volcanic and sedimentary rocks as well as Paleozoic age basement quartz mica schist. Steeply-dipping northwest and northeast-striking faults exert a strong control on the emplacement of mineralization, and porphyritic syenite stocks may be associated with zones of mineralization.

In the Northwest sector, the newly discovered and undrilled NW Vein System has multiple gold-bearing epithermal style quartz veins with observed widths of up to 2 meters and projected strike lengths of 2 to 3 kilometers. These quartz veins, to the cursory extent explored, are largely lacking of polymetallic sulfide mineralization. They exhibit halos of weak to strong silica alteration several meters outward into their wall rocks which is in turn encased within an envelope of argillic alteration. Definitively anomalous gold and silver mineralization has been detected in these silica soaked rocks surrounding the veins for up to 20 meters outward. The quartz veins of the NW Vein System invade a variety of rock formations consisting of Cretaceous

age syenite intrusions, Jurassic age volcanic and sedimentary rocks as well as Paleozoic age basement metamorphics.

The sampled epithermal quartz vein textures vary from bladed carbonate replacements, dog tooth, cockscomb (hacksaw like), druse (coating of fine crystals on a rock fracture surface, vein or within a small cavity), and brecciated, while silica varies from coarse saccharoidal to crystalline quartz. Grey silica flooding is observed in some samples. Different sectors of the vein system show disseminated pyrite, sulfide boxworks, hematite, jarosite, goethite & minor copper oxides associated with the silica.

The discovery of the extensive NW Vein System apart from the drilled areas and these positive first exploration results from it add a whole new dimension of mineral deposit potential for the San Roque property. Geological mapping of the surface has yet to delimit the extent of the gold-bearing veins. Potential exists for one or more gold vein deposits which could be amenable to surface slot mining or possibly underground mining. There are more than five major gold vein producing mines in Patagonia in the same suite of Jurassic volcanic rocks that cover much of the property. It is the Company's opinion that these new vein findings may, upon further investigation, also offer possibilities for discovery of large, low grade bulk tonnage gold deposits.

LITHIUM PROPERTY EXPLORATION SUMMARY

Background

During 2009, the Company carried out a lithium brine exploration program on various salars (salt lakes) within Salta and Catamarca provinces of Argentina. That prospecting activity was within the southern portions of the famed "Lithium Triangle". The field program resulted in the staking of thirteen properties covering 37,600 hectares, and the production of a 43-101 report. No drill testing of the properties was accomplished. With the subsequent burst of the "lithium bubble" and attendant diminishing of investor interest the Company either abandoned or sold its properties. The properties are located within intermountain basin on the vast puna plateau (Alto Plano), a high elevation basin-like plain on the eastern slope of the Andes Mountains.

In the first quarter of 2018, following recovery of the lithium investment market, management decided to reactivate the Catamarca sector of its lithium exploration program using the geological and geochemical data base it had developed in 2009. The lead project geologist also rejoined the Company. One of its old claims, the Ratones cateo (a cateo is an exploration permit), was still valid and the Company reasserted its ownership with the provincial mining authorities. A second nearby claim, the Fraile cateo, had expired, but the open land had not yet been staked by competitors, so the Company refiled a cateo on it. A third property consisting of two contiguous claims, Carachi Pampa III and Carachi Pampa IV were formerly owned by Marifil, and were sold to Minera Esperanza S.A., a private Argentinean company, in 2013. Marifil struck a deal with Minera Esperanza for reacquisition of those claims on January 26, 2018 with the definitive exploration and option to purchase agreement being signed on May 8, 2018.

As of the end of the third quarter, the Company has received a clean title report on Carachi Pampa IV, but has not yet received a title report for Carachi Pampa III. An amendment to the Minera Esperanza S.A. definitive exploration and option to purchase agreement was effectuated during the third quarter which extends Minera Esperanza's deadline for producing a clean title report for Carachi Pampa III until December 8, 2018 and also the deferral of the Company's payments due for Carachi Pampa III and IV until that date.

The reactivated project area is approximately 100 kilometers south of FMC's Hombre Muerto lithium brine production operation, also in Catamarca. Lithium is derived from hot waters of volcanic origin leaching it from surrounding volcanic rocks and is concentrated by evaporation in salars (also known as alkali flats) that have no outlet except for evaporation. Hydrothermal solutions emanating from regional faults may be a secondary

source of lithium and borates.

The four mineral claims total 15,267 hectares covering various portions of three salars all within the same mining district. No surface owner obligations are pending on any of the claims since all are located on government lands. Management considers these properties to be the openers of Marifil's reactivated and aggressive lithium property acquisition and exploration campaign, and that it has successfully edged into the lithium rush.

1. Ratones

The Ratones cateo of 850 hectares is controlled 100% by Marifil. It is located on the Ratones Salar about 50 km southwest of the town of Antofagasta de la Sierra, and is accessed by unimproved dirt roads. The crescent shaped Ratones salar is about 1.5 km wide and 15 km long. The Company's claim covers the prospective heart of the southern portion of the salar while competitors have acquired the rest. In 2009, the Company took eight reconnaissance surface water samples on the salar. Geochemically anomalous levels of boron were found but without anomalous lithium. These brine samples are believed to have been diluted by fresh water run-off, and the results represent only the top of the water column where samples may not be representative of denser brines that exist further down in the water column. Lithium brine-bearing aquifers below the surface salt pan are of low resistivity with high conductivity. Such horizons can be detected by a Transient Electromagnetic Method (TEM) geophysical survey, which management intends to be the next step in the Company's exploration of the Ratones salar. However, due to budgetary constraints any exploration activities anticipated for the Ratones property have been put on hold for the time being.

2. Fraile

The Fraile cateo of 5,678 hectares covers the northeast boarder area of the Fraile salar. It is located about 60 km west of the town of Antofagasta de la Sierra, and is accessed by unimproved dirt roads. The staked northeast rim of this large salar is mostly concealed by alluvial fans which would need to be penetrated by drilling to acquire samples of the brine bearing stratum below. The remainder of the salar is staked by competitors. The Company is yet to prospect the site and no exploration data is available. Reconnaissance exploration pit sampling is planned. However, due to budgetary constraints any exploration activities anticipated for the Fraile property have been put on hold for the time being.

3. Carachi Pampa III & Carachi Pampa IV

These properties total 8,739 hectares covering southern portions of Laguna Carachi Pampa. Individually, these are the Carachi Pampa III claim of 2,569 hectares and the Carachi Pampa IV claim of 6,170 hectares. These two mine rights have advanced beyond being cateos, or exploration permits, to the first steps of becoming an exploitation concession (concesión de explotación o mina). The exploitation concession enables the titleholder to conduct extraction or exploitation activities within the granted area for an undetermined term, as long as the concessionaire complies with certain good standing conditions. The first step to obtaining such a right is through the filing of a discovery claim (manifestación de descubrimiento, or "MD"). Final title to the concession is given after the measurement of the limits of the area and the measurement's approval by the enforcement authority. Carachi Pampa III & IV are MDs. The legal processing of the Carachi Pampa III MD by the Catamarca Department of Mines is believed to be still in progress. There can be no assurance that title will eventually be issued to Esperanza.

These claims were formerly owned by Marifil, and were sold to Minera Esperanza S.A. in 2013, with Marifil keeping a non-purchasable 1% NSR for all commodities on them. On May 8, 2018, the Company together with Minera Esperanza signed a definitive exploration contract with an option to repurchase them. The contract's term is five years with scheduled option payments to be made each six months that total US\$1,860,000, with Minera Esperanza retaining a subordinate (to Marifil's NSR) 1.5% NSR of which 1% can be purchased for US\$1,000,000 and the remaining 0.5% for another US\$1,000,000.

Under terms of the Purchase Option, Marifil has made the first installment of US\$20,000. As previously noted, a clean title certificate has been delivered for Carachi Pampa IV, but by amended agreement Marifil is waiting until December 8, 2018 on Minera Esperanza to deliver an unencumbered title certificate for Carachi Pampa III,

which apparently has been stalled in the provincial Mines Department processing system. Also by that amendment, the second option payment of US\$20,000 was also deferred until December 8, 2018. Failing a timely clean title delivery for Carachi Pampa III, half of the initial payment made on May 8, 2018 will be credited to the second option payment for Carachi Pampa IV and all future payments including the purchase price will be reduced by 50%.

The Carachi Pampa salar is about 375 square kilometers in area, lies within a large intermountain basin and is accessible by good paved and dirt roads about 50 kilometers south of the town of Antofagasta de la Sierra. Geologically, the nearby young volcanic formations are an excellent source of lithium. In 2009, the company's reconnaissance sampling of surface waters yielded assays of up to 261 mg/l lithium. Marifil's Purchase Option is for claims covering a southern portion of the salar.

An industry competitor, Lake Resources NL (an Australian public mining company), has secured 69,000 hectares adjoining the Company's optioned claims on the north that cover the majority of the salar. Lake Resources (Lake) has completed a maiden drilling program of 15 holes for 3,150 meters on the salar, with some drill holes less than one-half a kilometer to the north of the common claims boundary with Carachi Pampa III. In public releases Lake asserts drilling has intercepted permeable sandy horizons containing brines with promising conductivities, densities and lithium assays, and pronounces that the salar is a "large, deep lithium brine-bearing basin being a similar size to producing globally significant lithium projects". It further reported that the best results are from a hole in the northern area of the salar showing 239 meters of 306 mg/l lithium, and another one in the same sector showing 42 meters of 250 – 276 mg/l Lithium. Results for the holes ten kilometers to the south close to the Company's holdings show 18 meters of 206 mg/l lithium. The brine sands encountered so far show good porosities and permeabilities with brine assays showing with low impurities and low average Mg/Li ratio of 3.7 (3.4 – 4.8). Lake's geophysical surveys project salar depths up to 800 meters. Lake interprets the drilling results along with geological and geophysical survey results to show an exploration target potential for 8 to 17 million tonnes of lithium carbonate equivalent (LCE) to depths of 400 meters for the entire salar. Furthermore, Lake has recently announced a JORC (Australasian Code for reporting mineral resources) resource of 4.4 million tonnes of LCE with 1.0 million tonnes indicated and 3.4 million tonnes inferred. Management believes these drill results and exploration data interpretations enhance the value of Marifil's holdings as subsurface aquifers undoubtedly transgress the claim boundary of Carachi Pampa III.

Additionally, Minera Esperanza is actively developing a fracking sand project on a part of the Carachi Pampa IV claim that lies south of the salar shoreline. The Company's Purchase Option excludes non-brine minerals such as those of silica sands, but it does maintain its original 1% NSR on that product. Minera Esperanza is partnered with a substantial Argentine private trucking company with the aim to serve Argentina's burgeoning oil shale well drilling industry. The development of this high-quality sand project has advanced to the stage of commercialization with the commencement of mine and plant operations, still in the shake-down phase. Management expects to start receiving small (US\$25,000 to US\$50,000 annually) royalty payments sometime within the coming year.

RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Summary of Quarterly Results

The table below sets forth selected results of operations for the Company's eight most recently completed quarters (in Canadian dollars). All figures are in accordance with IFRS.

Period ending	Quarter	Total Revenues	Loss		Basic and fully diluted loss per share	Total Assets
September 30, 2018	Q3	-	(338,282)	(i)	(0.01)	3,848,409
June 30, 2018	Q2	-	(326,746)	(ii)	(0.01)	4,251,732
March 31, 2018	Q1	-	(563,337)	(iii)	(0.03)	4,308,220
December 31, 2017	Q4	-	(163,301)	(iv)	(0.01)	2,854,530
September 30, 2017	Q3	-	(117,273)	(i)	(0.00)	2,830,304
June 30, 2017	Q2	-	(105,027)	(ii)	(0.01)	2,849,693
March 31, 2017	Q1	-	(50,230)	(iii)	(0.00)	2,875,264
December 31, 2016	Q4	-	(26,782)	(iv)	(0.00)	2,877,683

- (i) The Company experienced a larger loss in the quarter ending September 30, 2018 as compared to the previous year's third quarter. The increase was due to primarily to a higher foreign exchange loss due to changes in value of the Argentinian Peso, higher management and office fees incurred, as well as increased share based payment expense incurred due to the granting of 1,000,000 options during the quarter.
- (ii) The Company experienced a larger loss in the quarter ending June 30, 2018 as compared to the previous year's second quarter. The increase in loss was due to higher management and office fees incurred as well as increased shared based payment expense incurred due to the granting of 1,200,000 options during the quarter.
- (iii) The Company experienced a larger loss in the quarter ending March 31, 2018 as compared to the previous year's first quarter, due to the reactivation of the company from property maintenance to becoming active in the ongoing operations. \$100,000 was recorded as a bonus expense related to the CEO's contract and a further \$121,461 in share-based payments associated with stock options and the ongoing vesting expense associated with the CEO's management contract; a \$60,000 increase to professional fees associated with the increased activity surrounding the private placement and other corporate activities; and marketing expenses previously not incurred of \$45,000 along with general increased activity.
- (iv) The Company experienced a larger than normal loss in the quarter ending December 31, 2017 as compared to the previous year's fourth quarter. The larger loss relates to a share-based payment of \$53,035 associated with the signing of the CEO's new contract and an increase of \$25,021 in professional fees due to debt settlement agreements, private placement arrangements, and the CEO's new contract which were executed in the current fourth quarter ending.

Except for the above increases, the Company has scaled back expenditures across all property and expense categories, and the quarterly losses would otherwise be consistent with prior quarterly losses.

Results of Operations for the three months ended September 30, 2018 and 2017

Operating Expenses

Period Ended	September 30, 2018	September 30, 2017	Change \$	Change %
General and administrative:				
Amortization	-	-	-	-%
Directors fees	18,135	9,802	8,333	85.0%
Filing fees	2,000	(1,956)	3,956	(202.2)%
Investor relations & shareholder info	(40)	3,465	(3,505)	(101.2)%
Management fees	64,218	24,624	39,594	160.8%
Office and miscellaneous	170,074	8,318	161,756	1944.7%
Professional fees	(18,758)	12,750	(31,508)	(247.1)%
Total General & administrative expense	235,629	57,003	178,626	313.4%
General exploration	(6,027)	-	(6,027)	100.0%
Foreign exchange loss (gain)	107,439	(532)	107,971	(20295.3)%
Finance costs	1,241	2,608	(1,367)	(52.4)%
Gain settlement of accounts payable	-	-	-	-%
Loss for the period	338,282	59,079	279,203	472.6%

During the period, the Company incurred a loss of \$338,282 compared to a loss of \$59,079 in 2017. Marifil was inactive in the comparative period, so all expenses are up from the re-commencement of operations. Changes from period to period can be explained primarily by the following factors:

- (a) Directors fees increased over the period due to the addition of compensation for a director, which increased fees by USD \$2,500 and share-based payments associated with the granting of options of \$5,065.
- (b) Management fees were recorded during the period due to the increase in business activity. Outside of monthly contractual amounts was \$8,440 in share-based payments associated with stock options and the ongoing vesting expense associated with the CEO's management contract, and the addition of fees payable to executive management which were not incurred in the previous fiscal year ended. Other increases in fees were due to renewed activity in the last quarter.
- (c) Filing fees, investor relations, and professional fees increased due to increased activity related to the announcement and subsequent closing of a private placement.
- (d) Office and miscellaneous increased by \$161,756 primarily due to increased marketing activities of \$127,848, and increased activity due to the company becoming operational again.

Results of Operations for the nine months ended September 30, 2018 and 2017

Operating Expenses

Year Ended	September 30, 2018	September 30, 2017	Change \$	Change %
General and administrative:				
Amortization	-	278	(278)	(100.0)%
Directors fees	82,190	29,818	52,372	175.6%
Filing fees	91,028	15,628	75,400	482.5%
Investor relations & shareholder info	15,550	13,216	2,334	17.7%
Management fees	473,991	73,925	400,066	541.2%
Office and miscellaneous	449,510	25,786	423,724	1643.2%
Professional fees	72,929	34,190	38,739	113.3%
Total General & administrative expense	1,185,198	192,841	992,357	514.6%
General exploration	-	6,967	(6,967)	(100.0)%
Foreign exchange loss	39,547	16,472	23,075	140.1%
Finance costs	3,620	5,750	(2,130)	(37.0)%
Gain settlement of accounts payable	-	(7,694)	7,694	(100.0)%
Loss for the year	1,228,365	214,336	1,014,029	473.1%

During the period, the Company incurred a loss of \$1,228,365 compared to a loss of \$214,336 in 2017. Marifil was inactive in the comparative period, so all expenses are up from the re-commencement of operations. Changes from period to period can be explained primarily by the following factors:

- (a) Directors fees increased over the period due to the addition of compensation for a director, which increased fees by USD \$2,500 and share-based payments associated with the granting of options of \$40,399.
- (b) Management fees were recorded during the period due to the increase in business activity. Outside of monthly contractual amounts, \$100,000 bonus payment to the new CEO and \$125,538 in share-based payments associated with stock options and the ongoing vesting expense associated with the CEO's management contract, and the addition of fees payable to executive management which were not incurred in the previous fiscal year ended. Other increases in fees were due to renewed activity in the last quarter.
- (c) Filing fees and investor relations increased due to increased activity related to PDAC and the announcement and closing of a private placement.
- (d) Office and miscellaneous increased by \$423,724 primarily due to increased marketing activities of \$255,623, and increased activity due to the company becoming operational again.
- (e) Professional fees are comprised of audit and legal fees. Professional fees increased by \$38,739 primarily due to increased legal fees in connection with increased legal activity relating to the private placement in February, and due to the company becoming operational again.

LIQUIDITY

The Company has \$97,038 in cash to settle \$458,705 in current liabilities and working capital deficiency of \$252,681 at September 30, 2018 compared to a working capital deficiency of \$420,580 at December 31, 2017.

CAPITAL RESOURCES

The Company's cash resources increased by \$63,551 during the period ended September 30, 2018 to \$97,038.

Management continues to monitor the capital markets for opportunities to raise additional funds.

On February 15, 2018, the Company closed a private placement of 20,000,000 units at \$0.10 per unit for gross proceeds of \$2,000,000. Each unit consists of one common share and one warrant. Each warrant entitles the holder to acquire an additional common share at a price of \$0.10 per share for 24 months from the date of issuance. In connection with the private placement the Company paid a finder's fee of 348,000 units. All shares and warrants are subject to a hold period ending June 16, 2018.

On May 8, 2018, the Company issued 215,000 shares to a creditor to settle debt of \$25,800.

Subsequent to the period, on October 10, 2018, the Company closed a non-brokered private placement of 5,650,000 units at a price of \$0.10 per Unit for gross proceeds of \$565,000. Each Unit consists of one common share of the Company and one share purchase warrant. One Warrant entitles the holder to purchase one additional Share of the Company at a price of \$0.15 per Share for a period of two years from closing. The Company issued 80,000 common shares and 80,000 share purchase warrants as a finder's fee in connection with certain subscriptions in the Financing. The Finder's Warrants have the same terms as the Warrants.

The Company has approximately \$400,000 in aggregate annual expenditures and property maintenance fees and will have to raise capital or sell assets to meet these working capital requirements.

The Company will fund its ongoing operations and any capital commitments that it enters through the sale or joint venture agreement of one of its properties, through the issuance of common shares, or issuance of debt financing.

Subsequent to period end, on October 10, 2018, the Company closed a non-brokered private placement of 5,650,000 units at a price of \$0.10 per Unit for gross proceeds of \$565,000. Each Unit consists of one common share of the Company and one share purchase warrant. One Warrant entitles the holder to purchase one additional Share of the Company at a price of \$0.15 per Share for a period of two years from closing. The Company issued 80,000 common shares and 80,000 share purchase warrants as a finder's fee in connection with certain subscriptions in the Financing. The Finder's Warrants have the same terms as the Warrants.

If the Company was to miss a property payment with the government or fall out of compliance with the shareholder agreement with NovaGold, it could negatively affect the Company by jeopardizing the Company's rights and or title to the property or the Company's ownership percentage or rights in a JV agreement with another Company.

OFF-BALANCE SHEET ARRANGEMENTS

Management contracts

The Company has a contract with Executive Vice President Richard Walters. Mr. Walters can earn up to \$234,000 in management bonuses should certain performance be achieved.

The Company has a contract with Robert Abenante. Mr. Abenante can earn up to 2,000,000 bonus shares over a period of two years should he reach certain performance milestones.

Property option payments

On May 16, 2018, the Company entered into an option agreement with Compania Minera Esperanza (Esperanza) which requires the following payments:

Option payments	US Dollars
November 16, 2018	\$ 20,000
May 16, 2019	20,000
November 16, 2019	20,000
May 16, 2020	40,000
November 16, 2020	40,000
May 16, 2021	100,000
November 16, 2021	100,000
May 16, 2022	250,000
November 16, 2022	250,000
May 16, 2023	1,000,000
	<u>\$ 1,840,000</u>

Thirty days before the end of every semester of this contract, the Company must notify Esperanza if it will choose to continue the contract. After this notice has been given, the Company is then obligated to make the corresponding payment. Once the Company complies with the total of the payments, the Company will have acquired 100% of the Carachi Pampa III lithium property.

As of September 30, 2018, the Company has paid US \$20,000 in connection with this agreement.

Minas San Roque

As part of Marifil's 51% ownership of Minas San Roque, the holding and operating company for the San Roque property, the other owner, NovaGold had an initial USD \$436,939 credit towards expenditures in Minas San Roque. Marifil's split of the budget increases until this credit is been fully expended. The current drill program budget will erode this initial credit and NovaGold will be responsible for 49% of the costs of the next drill program.

TRANSACTIONS WITH RELATED PARTIES

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

Name of Subsidiary	Country of Incorporation	Ownership Interest	Principal Activity
Marifil SA	Argentina	100%	Mineral exploration
Minas San Roque	Argentina	51%	Mineral exploration

The remuneration of directors and other members of key management personnel during the nine months ended September 30, 2018 and 2017 were as follows:

	September 30, 2018	September 30, 2017
Management fees	\$ 181,389	\$ 54,000
Management bonus	100,000	-
Share based payments	165,937	-
Director fees	38,629	29,818
	<u>\$ 485,955</u>	<u>\$ 83,818</u>

For the nine months ended September 30, 2018, management fees comprised of accounting fees of \$54,000, of Alex McAulay of ACM Management Inc. (2017 - \$54,000) and \$190,000 to 1053345 BC Ltd., Robert Abenante, as well as \$37,389 to R.R. Walters Consulting, Richard Walters, and \$41,131 to Daniel Buffone for management consulting. Directors fees were accrued to directors Greg Burnett, Michael Sweatman, John Hite, and John Pearson at \$2,500 USD per quarter for a total of \$38,629 for the nine months ended September 30, 2018 (2017 - \$29,818).

For the nine months ended September 30, 2018 and 2017, key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits. These transactions were recorded at the exchange amount, which is the amount agreed to by the transacting parties.

At September 30, 2018, trade payables and other liabilities included \$174,767 in payables (December 31, 2017: \$181,884) owing to officers and directors of the Company. These amounts are non-interest bearing, unsecured and are due on demand.

At September 30, 2018, advances receivable included \$24,838 (December 31, 2017: \$10,896) owing from an officer of the Company. This amount is non-interest bearing, unsecured and is due on demand.

During the three and nine months ended September 30, 2018, the Company recorded finance costs of \$1,175 and \$3,539, respectively, (September 30, 2017: \$1,811 and \$3,142, respectively) in connection with interest accrued under the loan agreements. As of September 30, 2018, the carrying value of short term loans payable to related parties including accrued interest was \$48,651 (December 31, 2017: \$98,813).

As part of the private placement closed on February 16, 2018, directors and officers contributed \$342,500 to the private placement and 3,425,000 shares and warrants were issued to directors.

During the nine months ended September 30, 2018, \$84,233 in management fees was capitalized to mineral properties.

PROPOSED TRANSACTIONS

In the normal course of business, the Company evaluates property acquisition transactions and, in some cases, makes proposals to acquire such properties. These proposals, which are usually subject to board, regulatory and sometimes shareholder approvals, may involve future payments, share issuances, and property work commitments. These future obligations are usually contingent in nature and generally the Company is only required to incur the obligation if it wishes to continue with the transaction. As of the date of this report, the Company has possible transactions that it is examining. Management is uncertain whether any of these proposals will ultimately be completed.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

During the periods ended September 30, 2018 and 2017, our company incurred the following expenses:

	2018		2017
Capitalized acquisition costs	\$ 123,897	\$	-
Capitalized exploration costs	572,731		26,393
Operating expenses	1,228,365		192,841
	<u>\$ 1,924,993</u>	<u>\$</u>	<u>219,234</u>

Please refer to Note 6 of our interim condensed consolidated financial statements for the nine months ended September 30, 2018 for a detailed description of the capitalized costs presented on a property by property basis.

OUTSTANDING SHARE DATA

Effective May 12, 2017, the Company effected a share consolidation on a five for one basis. As such, the Company's issued and outstanding shares of common stock were decreased on the basis of five old shares for one new share.

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

As of September 30, 2018, the Company had 25,142,680 warrants outstanding. In addition, stock options, granted to key employees, directors, officers, and consultants, to purchase 2,685,000 shares were outstanding at various exercise prices. The fair value of cash and cash equivalents and other assets are measured based on level 1 of the fair value hierarchy.

a) Warrants

As at September 30, 2018 warrants outstanding were as follows:

Grant date	Outstanding and Exercisable	Exercise Price	Remaining life (yrs)	Expiry Date
October 31, 2014	660,000	\$2.00	1.08	October 30, 2019
May 1, 2015	405,000	\$2.00	1.58	April 29, 2020
November 1, 2015	1,000,000	\$2.00	2.08	October 30, 2020
April 1, 2016	1,000,000	\$1.00	2.50	March 31, 2021
August 10, 2016	699,680	\$1.00	2.86	August 8, 2021
April 24, 2017	1,030,000	\$0.50	3.56	April 23, 2019
February 16, 2018	20,348,000	\$0.10	1.38	February 16, 2020
	*25,142,680		1.58	

On October 10, 2018, the Company closed a non-brokered private placement of 5,650,000 units at a price of \$0.10 per Unit for gross proceeds of \$565,000. Each Unit consists of one common share of the Company and one share purchase warrant. The Company issued 80,000 common shares and 80,000 share purchase warrants as a finder's fee in connection with certain subscriptions in the Financing.

As of the date of this filing on November 29, 2018 warrants outstanding were 30,872,680.

Of the warrants outstanding at November 29, 2018, 5,730,000 have an exercise price of \$0.15. 2,065,000 have an exercise price of \$2.00. 1,699,680 have an exercise price of \$1.00. have an exercise price of \$0.50. 1,030,000 issued on April 24, 2017 have their exercise price increase from \$0.50 to \$1.00 on April 24, 2019. 20,348,000 have an exercise price of \$0.10.

(ii) All warrants priced at \$0.50 and \$1.00 have an acceleration clause whereby if at any time the Company's common shares trade on the Exchange at a price of more than \$2.00 for 20 consecutive trading days, the Issuer will have the right to accelerate the expiry of the Warrants by giving notice, via a news release issued within 5 business days of the last day of such 20 consecutive trading day calculation period, of its exercise of such right and thereafter the Warrants will, without further notice or act by Issuer, automatically expire and be of no further force and effect at 4:00 p.m. (PST) on the date that is 20 business days after the issuance of said news release.

b) Stock options

As at September 30, 2018 options outstanding were as follows:

	Outstanding	Exercise Price	Expiry Date
Directors, Officers	85,000	\$1.00	April 5, 2020
Directors, Officers, and Consultants	400,000	\$0.50	June 28, 2020
Directors, Officers	1,200,000	\$0.115	February 5, 2020
Directors, Officers, and Consultants	1,000,000	\$0.11	August 21, 2023
	2,685,000		

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

On August 21, 2018, the Company granted stock options for a total of 1,000,000 common shares of the Company to officers, directors and consultants of the Company. These stock options are exercisable at \$0.11 per share and will expire on August 21, 2023. The options will vest over a twelve month period with 25% vesting every three months after the grant date.

c) Common shares

The Company has authorized an unlimited number of common shares without par value. As of September 30, 2018, there were 38,438,290 shares issued and outstanding (December 31, 2017 – 13,220,870) if all warrants and options issued were exercised, a total of 66,265,970 shares would be issued and outstanding.

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

On February 15, 2018, the Company closed a private placement of 20,000,000 units at \$0.10 per unit for gross proceeds of \$2,000,000. Each unit consists of one common share and one warrant. Each warrant entitles the holder to acquire an additional common share at a price of \$0.10 per share for 24 months from the date of issuance. In connection with the private placement the Company paid a finder's fee of 348,000 units. All shares and warrants are subject to a hold period ending June 16, 2018.

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

On October 10, 2018, the Company closed a non-brokered private placement of 5,650,000 units at a price of \$0.10 per Unit for gross proceeds of \$565,000. Each Unit consists of one common share of the Company and one share purchase warrant. One Warrant entitles the holder to purchase one additional Share of the Company at a price of \$0.15 per Share for a period of two years from closing. The Company issued 80,000 common shares and 80,000 share purchase warrants as a finder's fee in connection with certain subscriptions in the Financing. The Finder's Warrants have the same terms as the Warrants.

As of the date of this filing the Company had 44,168,290 shares issued and outstanding. If all warrants and options issued were exercised, a total of 77,725,970 shares would be issued and outstanding.

FAIR VALUE HIERARCHY

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

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable marker data (unobservable inputs).

The Company classifies cash and cash equivalents as level 1 financial instruments. As at September 30, 2018, the Company had \$97,038 in cash and cash equivalents.

CRITICAL ACCOUNTING ESTIMATES

The Company is a venture issuer; therefore, this section is not applicable. For more information on critical accounting estimates refer to Note 3 in the financial statements for the year ended December 31, 2017.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 3 to the audited financial statements for the year ended December 31, 2017 and have been consistently followed in the preparation of these consolidated financial statements.

ADOPTION OF NEW STANDARDS AND INTERPRETATIONS, AND RECENT ACCOUNTING PRONOUNCEMENTS

Accounting Standards and Amendments Issued but Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2018 and are not expected to have a material effect on the Company's future results and financial position.

The following standard will be adopted by the Company effective January 1, 2019:

- IFRS 16 'Leases': IFRS 16 will be effective for accounting periods beginning on or after January 1, 2019. Early adoption will be permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting.

Other Information

Other information can be found at the following websites www.sedar.com or www.marifilmines.com.

This Management Discussion and Analysis has been reviewed and approved by Richard Walters, Executive Vice President and he acts as the Company's Qualified Persons responsible for preparing and approving all technical information disclosed, as required by National Instrument 43-101.