



MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2018 and 2017

April 30, 2019

*The following discussion and analysis is prepared as of April 30, 2019, and should be read in conjunction with the financial statements of Marifil Mines Limited (the "Company") for the year ended December 31, 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.

On December 31, 2018, three new subsidiaries of the Company were incorporated: Prosperity Growth Ltd., Synergistic Resources Ltd., and Emirates Growth Ltd. These new subsidiaries are not yet active.

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.

## **OVERALL PERFORMANCE FOR THE YEAR ENDED DECEMBER 31, 2018**

During the year ended December 31, 2018, the Company completed its drill program on its flagship property, the San Roque Gold Property. For full details on the new gold discovery and drill results, please refer to the Company's news releases issued on November 5, 2018, October 17, 2018 and September 11, 2018.

## San Roque Gold Property Highlights for 2018 and Summary of Drill Program Results

Minas San Roque S.A. increased the property's size from 43,321 hectares to 73,915 hectares. Included are 9,449 hectares of granted mineral claim concessions ("minas") in the core area that cover all of the known zones of mineralization. The Company owns the mineral exploitation and extraction rights so as long as it pays the annual real estate taxes (canons) on them and complies with a general investment program.

Four diamond drill core holes were completed in 2018 for a total of 846.5 meters. In all, 532 drill core samples analyses were received.

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 apparently 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. Petrographic studies of that zinc mineralized drill core intriguingly suggest that the zinc may be associated with an as yet undiscovered mineralized body in the vicinity of the drill hole collar.

**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. These trenches cross cut substantial precious metals bearing quartz veins having lengths exceeding 2.5 kilometers. 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.** A fluid inclusion study on the quartz of the veins determined them to be of low sulfidation epithermal character overlying a fluid boiling zone that is likely to host a gold and silver deposit. These new vein findings may also offer possibilities for discovery of large, low grade bulk tonnage gold deposits.

### **Operational Highlights for the year ended December 31, 2018**

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.

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.

In the opinion of management, the primary operating jurisdiction of the Company, Argentina, saw improved conditions for mining in 2018 and the improved strength of the Canadian dollar against the Argentinian peso has further positioned the Company well for future operational expenses.

The Company's financial condition improved during the year. The Company's working capital deficiency decreased by \$109,580 to \$311,351 during the year ended December 31, 2018. Management anticipates reducing the working capital deficiency in fiscal 2019 through further financings, including the \$700,000 private placement completed on March 18, 2019.

The Company incurred a net loss of \$1,390,702 for the year ended December 31, 2018 compared to a net loss of \$435,831 in 2017. Increases were across all categories of expenses due to re-commencement of operational and promotional activities. Of particular note, was a \$100,000 bonus the CEO as part of his management contract, share based payments of \$206,163, and marketing expenses of \$364,722.

Subsequent to the year end, on March 18, 2019, the Company closed a non-brokered private placement of 14,000,000 units at \$0.05 per unit for gross proceeds of \$700,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of \$0.07 per share for 24 months from the date of issuance. On March 25, 2019, the Company issued 200,000 common shares in connection with a warrant exercise.

## **PROPERTY EXPLORATION SUMMARY**

### **SAN ROQUE GOLD PROPERTY**

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

San Roque is an advanced stage exploration project 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 drill defined bulk tonnage base metal deposit comprising gold, silver, lead, zinc, and indium for which a National Instrument 43-101 ("NI 43-101") technical report with estimated resources is currently being authored by an independent contractor. Additionally, there is an undrilled bulk tonnage epithermal gold-silver target associated with a series of extensive epithermal precious metals bearing quartz veins.

Mining rights (collectively minas, pertinencias and cateos) have been expanded from the previous 42,321 hectares in the third quarter 2018 to now comprise the 73,915-hectare property ("property"), and include 12 mineral tenures, 3 of which are now granted titles ("minas") containing 95 mining claims (pertinencias) that total 9,449 hectares. The other 9 are temporary exploration permits (cateos) which are either granted or in the process of being granted. The Company has the exclusive right to carry out exploration works on those cateos as well as those that are in the administrative process of being granted. The minas are mineral concessions whereby the Company owns the mineral exploitation and extraction rights so as long as it pays the annual real estate taxes (canons) on them and complies with a general investment program. Under provisions of the Argentine Mining Code the Company would be exposed to losing the pertinencias should it should it leave the property dormant, or inactive, for 4 years. The pertinencias of the minas are core area claims that cover all of the known mineralization on the property.

Polymetallic sulphide mineralization in the drill defined deposit 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 stock work and disseminated sulfides. 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 mineralization, and porphyritic syenite stocks may be associated with zones of mineralization.

On March 8, 2006, the Company signed an agreement with M.I.M. Argentina Exploraciones (MIM) to acquire the property. The Company committed to spending US\$50,000 annually on it 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, which was done during June, 2011.

On June 22, 2010 the Company and NovaGold Resources Inc. ("NovaGold") signed the San Roque Option Agreement. This effectively created a joint venture whereby NovaGold could earn up to 70% equity in the San Roque project. NovaGold relinquished its right to earn that 70% equity when the partnership, under terms of the Option Agreement, was converted to a Shareholders Agreement on March 13, 2016. Minas San Roque S.A. ("MSRSA"), a private Argentinean company, was thusly started. On May 4, 2018 the Shareholders Agreement was amended to include an approved budget for the 2018 drill program.

MSRSA is jointly owned by the Company's wholly-owned Argentinian subsidiary Marifil S.A. and NovaGold

Resources Inc.'s wholly-owned subsidiary, NovaGold Argentina Inc. Marifil S.A. holds 51% of the shares of MSRSA and NovaGold Argentina Inc. has the 49% balance. The activities and equity interests of and in MSRSA are governed by the Shareholders Agreement, which provides for ownership dilution of either party who does not financially contribute to an approved budgeted work program on the property. The Company expects that an equity shift in MSRSA will occur to its favor in the coming months upon closing of the 2018 financial books. The Company currently acts as the San Roque project operator, and manages MSRSA. All of the Company's San Roque mine rights are in the process of being ceded to MSRSA.

Technical information on the property comprises records containing the results for 1,500 meters of trenching, approximately 2,000 surface rock and soil samples, 42 km of ground magnetics, 90 km of IP-Resistivity and 16,683.5 meters of mineral exploration drilling as 112 holes. This drilling includes 11 reverse circulation holes for 1,604 meters by MIM; the rest is core drilling – mostly HQ size core. All drill holes, save one MIM rotary hole, are angle downwards, most at -60° but a few being at -55° and -45°.

The mineral exploration drilling involves three companies and seven 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.

In 2007, the Company also did water exploration drilling. Five holes in search of water were drilled at various locations about the San Roque Ranch. This program was done in conjunction with advisement from the Ranch owner as the intended water use was jointly for livestock and for diamond core drilling. In all, 317 meters comprised of 50 meters of standard rotary plus 267 meters of diamond core were drilled. No usable water was found. Drilling water is purchased in the town of Valcheta and trucked about 15 kilometers to the drill sites.

Every mineral exploration 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. Notably, the large precious metals bearing epithermal quartz vein system discovered in 2018, although trenched, has not yet been drill tested. Simply put, an extensive system of mineralization scattered over some 20 square kilometers is recognized. Mineralization, where drilled, is everywhere open in all directions and at depth. It frequently starts at surface and has been followed to the bottom of the deepest drill holes at vertical depths up to 200 vertical meters.

Marifil estimates that about US\$8,300,000 has been invested in in the acquisition and exploration of the property since and including MIM's initial program in 2000. The Company judges this effort has produced sufficient data to determine a NI 43-101 compliant resource. Accordingly, the Company retained the services of Tetra Tech Canada Inc. ("Tetra Tech") to produce a NI 43-101 (standards of disclosure for mineral projects) report containing estimated mineral resources, as announced by the news release: "Marifil Commences NI 43-101 Technical Report and Updates San Roque Progress", dated March 21, 2019. Tetra Tech is a prominent, global consulting firm with a reputation for high quality scientific and engineering work. The work has commenced and the Company expects the document to be completed and publicized during the second fiscal quarter of 2019.

The Company's website at [www.marifilmines.com](http://www.marifilmines.com) contains a power point presentation of the San Roque project. Also posted on the website is a technical report entitled "San Roque Project 2018 Drilling Program" which is a description of the most recent work on the project and some conclusion drawn from it. The 2018 exploration results of the property are summarized in two news releases: "Marifil Announces Final Drilling Results at Its Flagship San Roque Property", dated October 16, 2018, and "Marifil Mines Reports New Gold System Discovery at the San Roque Gold Project, dated November 5, 2018.

During June, 2018, Four HQ-size angle core drill holes were completed on the Property for a total of 846 meters, and 532 core samples were processed. The three fold objectives of the 2018 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 the 900 long Induced Potential anomaly with a 570 meter step-out on DDMSR-0033 (MFDDH-57).
3. To expand the 33-zone by a 50 meter step-out on DDMSR-0033 (MFDDH-0058).

Three of the four holes (MFDDHs 56, 58 & 59) increased the bulk of two known zones of mineralization, while the far reaching fourth hole (MFDDH-57) tested a geophysical anomaly with indeterminate results.

Following the drilling campaign in July 2018 and in August a surface prospecting program was undertaken to investigate some reconnaissance rock float samples of good gold values from prior programs. It included 300 meters of mechanized trenching in nine localities, leading to the discovery of the NW Vein System located about 2 kilometers northwest of 33-zone.

Drilling has outlined an area of semi-continuous polymetallic mineralization covering approximately 0.3 x 0.9 kilometers in the "33-zone". 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. Notably, directly adjacent to and extending out northward from the 33 zone is a 900-meter long induced polarization anomaly ("IP anomaly") which was discovered in 2011. Marifil had previously completed hole MFDDH-0043 at a location turning out to be on the south end of the IP anomaly which intercepted 42.8 meters with a weighted assay average of 0.29 g/t Au, 7.3 g/t Ag, 48.5 g/t In, 1.40% Pb and 0.46% Zn. In 2011, NovaGold drilled DDHMSR-033 specifically as a step-out of that hole testing the south end of the IP anomaly and intercepted 0.85 g/t Au, 9.2 g/t Ag, 2.7 g/t In, 0.31% Pb and 0.63% zinc over 81 meters. In 2018, Marifil drilled MFDDH-57, a lone hole into the far north end of the IP anomaly with indeterminate results. The cause of the I.P. anomaly could not be determined from the drill cores.

Notably, the first 69 meters of MFDDH-57 assay a weighted average of 0.23% zinc and 0.01% lead, with only traces of gold. The lack of zinc associated lead is an abnormality at the project. It is unlikely that this mineralization is the cause of the I.P. anomaly, which was target to be intercepted much deeper in the hole. Petrographic studies revealed the zinc mineral to be a zinc manganese oxide called Franklinite, with all indications the zinc had been leached from a nearby source and precipitated as a secondary enrichment in the in hole collar area of MFDDH-57. Locating the zinc source opens up new exploration possibilities that will receive future attention.

The 2018 hole MFDDH-58 is a 50 meter northward step-out on DDHMSR-033. Good mineralization was found, however at about 60% - 70% the intensity of that in DDHMSR-0033 (above), considering the assayed core lengths are roughly the same. In MFDDH-58 the interval between 6 and 132.5 meters contains six intervals that have an aggregate length of 83 meters with a length weighted average of 0.49 g/t Au, 5.0 g/t Ag, <1.0 g/t In, 0.22% Pb

and 0.46% Zn. This does add to the 33-zone body of mineralization, which by this hole is apparently decreasing going northward. As different assay laboratories were employed for the project in 2011 and 2018, the Company suspects there may be an assay laboratory bias contributing to these generally lower assay results. Check sample assaying is in progress.

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. No drilling on 51-zone was done in 2018.

In the 34-zone, NovaGold drilled hole DDHMSR-0034 which intercepted 34 meters of 2.27 g/t Au, 42.6 g/t Ag 0.1 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 Marifil 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.

In 2018, holes MFDDH-56 and MFDDH-59 were drilled in 34-zone as follow-ups on hole DDHMSR-0034. MFDDH-56 is a 50 meter step-out to the east of DDHMSR-0034 to catch possible down-dip mineralization, and MFDDH-59 is a 50 meter step-out to the south of DDHMSR-0034 along the trend of the mineralization. Both holes, like DDHMSR 0034, are at minus sixty degrees with the same azimuth as DDHMSR 0034. MFDDH-56 yielded 9.6 meters of 1.58 g/t Au within a broader mineralized zone of 39.5 meters at 0.74 g/t Au from 5.0 meters to 44.5 meters, and MFDDH-59 yielded 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. Although these new holes add to the bulk of the 34-zone mineralized body, they are distinctly lower in grade than is DDHMSR-0034 averaging about 43% of its grade over similar intercept lengths. As different assay laboratories were employed for the project in 2011 and 2018, the Company suspects there may be an assay laboratory bias contributing to these generally lower assay results. Check sample assaying is in progress.

In addition to expanding the known bodies of mineralization, the 2018 drill holes helped in the understanding of the geological model, the continuity of mineralization and distribution of minerals in different lithologies.

The Company has hired an independent geochemist to do a Quality Assurance/Quality Control review and evaluation report of the 2018 drilling. The consultant concluded: "This review of quality control results from the 2018 San Roque drilling program shows that Marifil's sampling and QC procedures are mostly compliant with best practices and QC results confirm that the analytical results are generally within of acceptable limits for accuracy and precision."

Marifil considers 33-zone to be a near surface bulk tonnage heap leach target. In 2013, A composite sample from three 34-zone drill holes was sent to Alex Stewart International laboratory in Mendoza, Argentina for bottle roll cyanide leach testing. At a 105 µm (micron) grind bottle roll tests averaged 84% gold recovery after 96 hours.

A mechanized (backhoe) trenching program was completed concurrent with the 2018 drilling campaign. Nine trenches for a total 303 meters were completed, geologically mapped and continuously channel sampled using

an air chip hammer. A total of 104 samples were taken from the floors of the trenches. Two exploration trenches for 84 meters are on zone-34. These did not encounter significant mineralization. The rest of the trenching focused on tracing and sampling the newly discovered quartz veins of the NW Vein System.

The discovery of the NW Vein System was initially announced in the Company's news release titled "Marifil Recommences Drilling at Flagship Property in Argentina", dated June 6, 2018. The results of the 2018 field work greatly enlarged and increased the importance of this zone to the ultimate success of the project, as presented in the Company's news release "Marifil Mines Reports New Gold System Discovery at the San Roque Gold Project", dated November 5, 2018.

Definition of the NW Vein System was based on assays of 180 rock samples, including 77 continuous rock chip channel samples from 217 meters in 7 trenches. Additionally, 186 samples of regolith were taken on a grid using an auger to penetrate the soil cover up to depths up to a meter. (Regolith is a layer of loose, heterogeneous superficial deposits covering solid rock including dust, soil, broken rock, and other related materials.)

The NW Vein System is located about 2 kilometers northwest of the precious-metals-rich, polymetallic deposit of 33-zone. It was discovered subsequent to the last round of NovaGold's drilling in 2011 in an area of nearly complete wind-blown sand cover. Eight reconnaissance grab samples of scattered rock float taken in 2011 show an assay spread of 0.10 g/t Au to 22.9 g/t Au, and average 4.61 g/t Au. 2018 follow-up work on these consisted of geologic and prospecting reconnaissance whereby another 89 chip samples of rock floats and outcrops were taken. A series of anomalous gold assay returns, with many over 1 g/t Au, lead to the identification of two major epithermal gold bearing quartz veins of significant width and length: the Clupe Vein with an associated vein called the Encuentro. These are characterized as discontinuous and restricted outcrops showing multiple quartz veins and sheeted quartz veinlets with observed widths of up to 2 meters that are oftentimes located on the tops of some small mounds, knolls or hills. They cut or transect a variety of volcanic and sedimentary host rock formations. The full extent of these newly discovered veins has not been established. So far, they have been traced for a length of 2.5 kilometers.

These quartz veins are classic epithermal, being variegated and thus signifying a complex geologic history with periodic injections of quartz. And they exhibit typical epithermal textures varying 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. Different sectors of the vein system show disseminated pyrite, sulfide boxworks, hematite, jarosite, goethite & minor copper oxides associated with the silica.

The Company performed a fluid inclusion study on quartz crystals from the veins which clearly establishes them to be of low sulfidation epithermal formation. Low sulfidation epithermal gold deposits are very different than those of high sulfidation origin, even though they can be the product of the same igneous system. In those low sulfidation the main control for gold deposition is fluid boiling caused by the drop in confining pressures as the fluid approaches the existing surface at the time of the hydrothermal event. The fluid inclusion study reveals the quartz sample is either from or above the boiling zone. Given such, the Company believes the NW Vein System has high potential for hosting a subsurface precious metal deposit, and their drill testing is warranted.

Some assay highlights from trenching on the veins include: A channel sample in Trench 3 on the Clupe zone showing 1.7 meters of 9.06 g/t Au with 82 g/t Ag, an open-ended channel sample on the Encuentro zone in Trench 8 of 3 meters at 2.18 g/t Au, and 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.

At one place, the Encuentro vein(s) is recognized to possess bulk tonnage gold deposit potential. Geologic mapping defined a section of the vein system some 200 meters long and 500 meters wide that stands out as a cross-trend 30 meter high hill. It determined this topographic high is the result of differential erosion caused by a silicified mass (harder) of volcanic rock. Although rock exposures are few, at least 7 quartz veins or sheeted quartz veinlet zones are mapped. All are strongly geochemically anomalous in gold, in some cases in the multi-gram range. The interstitial silicified host rock is not exposed well enough to assess its gold content. Geologists consider the silicified rocks of the hill may represent an alteration capping on a disseminated gold deposit, and may itself be well enough mineralized to be part of a large low grade deposit. Given the dimensions of the hill this possibility exceeds 10 million tonnes. The Company considers this to be a good drill target in the making, requiring further definition before a drill moves onto it. An induced potential geophysical survey on this site is under advisement.

The aforementioned grid regolith sampling survey was completed in conjunction with the trenching program. One 186 samples were taken on a 50 meter by 100 meter grid over an area of about 1.25 Km<sup>2</sup>. The aim was to trace the extent of the newly discovered veins and to detect any additional subsoil veins or other mineralized areas. This work defined a strong geochemical anomaly of precious and base metals that trends northward from the sampled outcrops and trenches. This soil/regolith geochemical anomaly is open ended on the north, making it clear the mineralized structures continue onward under cover. The company plans to extend this survey and trench the soil geochemical anomalies in its continuing program to assess the NW Vein System.

By the end of 2018, all technical, environmental and good practices reporting were completed and filed as required with the Rio Negro Department of Mines, keeping the Company in full Federal and Provincial mining laws compliance.

## **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, 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 Ratonés cateo (a "cateo" is a temporary 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. The Company has not yet received a title report for Carachi Pampa III.

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 cateos 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 lithium property acquisition and exploration campaign, and that it has successfully edged into the current 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.

The Company did not accomplish any new exploration of the Ratones property during 2018, and is holding the property dormant pending acquisition of exploration program funding for it whilst also seeking an industry partnership for its evaluation.

## **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.

The Company did not accomplish any exploration of the Fraile property during 2018, and is holding the property dormant pending acquisition of exploration program funding for it whilst also seeking an industry partnership for its evaluation.

### 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 still in progress. There can be no assurance that title will eventually be issued to Marifil.

These claims were formerly owned by Marifil, and were sold to Minera Esperanza S.A. ("Esperanza") in 2013, with Marifil keeping a non-purchasable 1% NSR for all commodities on them. On May 8, 2018, the Company together with 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 Esperanza retaining a subordinate (to Marifil's NSR) 1.5% NSR of which 1% can be purchased for US\$1,000,000 and the remaining 0.5% for another US\$1,000,000.

Under terms of the Purchase Option, Marifil has made the first installment of US\$20,000. A clean title certificate has been delivered for Carachi Pampa IV, but as of April 30, 2019 Marifil is waiting on Esperanza to deliver an unencumbered title certificate for Carachi Pampa III, which apparently has been stalled in the provincial Mines Department processing system. Failing that clean title delivery, half of the initial payment will be returned to Marifil and all future payments including the purchase price will be reduced by 50%.

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 – "Lake"), has secured some 50,000 hectares adjoining the Company's optioned claims on the north that cover the majority of the salar. Lake Resources (Lake) has, as of April 30, 2019, completed a maiden drilling program involving three drills (two rotary rigs and one diamond core rig) operating on the salar, with the core rig and a rotary rig drilling close parallel holes less than one-half a kilometer to the north of the common claims boundary with Carachi Pampa III. Lake's stated objective is to drill test for lithium-rich brine aquifers to depths of 400 meters. 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". Lake has completed sixteen diamond drill and rotary holes, some to depths of 400 meters, for a total of 3,150 meters and has announced their assay results. 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

show good porosities and permeabilities with brine assays showing low impurities, an average grade of 211 mg/l, and a low average Mg/Li ratio of 4.7. Management believes these drill results enhance the value of Marifil's holdings as subsurface aquifers undoubtedly transgress the claim boundary of Carachi Pampa III.

Additionally, 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. Esperanza is partnered with Maxiklak S.A., 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 construction. Management expects to start receiving small (US\$25,000 to US\$50,000 annually) royalty payments sometime within the coming year.

The Company continues to work with Esperanza, the Optionor, towards obtaining a clear title report for the Carachi Pampa III mining claim, which is tied up in provincial bureaucracy. The terms of the May 8, 2018 purchase option agreement, including all option payments, were suspended on December 28, 2018 with the signing of its Addendum No.1 until such time unfettered title documentation is obtained for Carachi Pampa III. Likewise the terms for the adjacent Carachi Pampa IV claim are suspended as it is integral to the same lithium option agreement. Regardless of the outcome of the Carachi Pampa III title determination, the Company intends to keep Carachi Pampa IV. No lithium exploration work was accomplished on either claim during 2018.

On November 27, 2018 Lake announced a maiden lithium carbonate equivalent ("LCE") resource on their claims adjoining Carachi Pampa of 4.4 million tonnes with 1.0 million tonnes in the indicated category and 3.4 million tonnes in the inferred category. Lake further claims there is a defined exploration target for 8 to 17 million tonnes of LCE (this is conceptual in nature and not a mineral resource), and on April 3, 2019 announced that it has commenced a pre-feasibility study on the project. Since the Lake and Esperanza claims cover the same salar and associated lithium rich brine aquifer, it is probable that significant and valuable lithium resources underlie the Company's optioned Carachi Pampa claims.

Robust development towards commercial production of a fracking sand deposit on Carachi Pampa IV was accomplished during 2018. A processing plant is in place undergoing a shakedown test. The sand is of very good quality and ranked to be the second best in all of Argentina. The Company holds a 1% NSR on fracking sand production from the claim which is separate and independent of the lithium option agreement for Carachi Pampa II & IV. It anticipates that production royalty payments will commence sometime in 2019.

## **OTHER RESOURCE PROPERTIES**

### **1. Las Aguilas, nickel-copper-cobalt-platinum Property, San Luis Province**

In early March 2019, the Company received notice from the San Luis Provincial Mines Department ("SLPMD") that one of its Las Aguilas four mine rights ("minas") was declared vacant. The Company believed it was current with the conditions required to continue ownership that mina ("Marco Antonio") having had paid the real estate taxes and filing an investment plan for it. However, there is a provision (section 225) in the Argentine Mining Code ("AMC") that allows the local mining authority, in this case the SLPMD, to revoke, or declare vacant, the mina if it had been inactive for more than four years. The Company had not done any physical work on the Las Aguilas property for over four years as under present conditions the defined mineral resource would not be economically exploitable. Under terms of the AMC the Company is not allowed to refile for ownership of the

mina for a period of one year.

Once vacant, an independent local prospector was able to immediately acquire the lost mina. Aware of the new ownership, the Company acted quickly to negotiate a deal with the prospector whereby the Company could purchase the mina within a 2 year period by terms of an Exploration and Option to Purchase contract, signed March 15, 2019. The prospector wants the commercial terms of this agreement kept confidential notwithstanding a provision that the prospector has a purchasable 0.5% Net Smelter Return royalty on the mina should the Company exercise its call option to purchase it. The Marco Antonio mina covers the Las Aguilas East deposit and is estimated to hold 37% of the La Aguilas indicated plus inferred resources displayed in the "Las Aguilas Resource Estimate" table below.

The Company recently assessed impairments affecting its Las Aguilas property. San Luis is considered a rogue province by federal authorities. The Company takes note the New Federal Mining Agreement signed on June 13, 2017 sets general principles and guidelines for the mining sector. The signatory parties are the federal government and the Argentine provinces. The agreement intends to make uniform the different rules and practices adopted by the provinces for the mining sector in past years. The Province of San Luis has not signed onto this agreement. The Company also notes the Province of San Luis has employed restrictive mining legislation banning the use of chemicals in ore processing, and has passed legislation giving it powers to directly regulate mining. This conflicts with the intent and spirit of Argentina's National Mining Code. Ongoing conflicts over this and numerous other issues between the federal government and the province have not been resolved. Accordingly, the Company has written down the carrying value of the Las Aguilas property to zero, and intends to maintain that until the prohibitive legislation is revised, amended or annulled.

No field activities were conducted on the Las Aguilas property during 2018. However, recently a collaborative agreement with the National University of the South the Company moved all salvageable Las Aguilas drill cores (amounting to about 19,000 meters) from a rental storage warehouse in Mendoza to the university in Bahia Blanca. The agreement allows for various technical and scientific projects and studies to be conducted on the drill cores by university staff and students, and in return the Company gets safe, secure and free drill core storage while maintaining full access to it and use of it. The Las Aguilas base and precious metal sulfide deposit has attracted a lot of research interest in academia as it is the only known nickel resource of significance in Argentina. The Company expects this will be a beneficial relationship where research findings will help to enhance the understanding and value of the mineral deposit.

Marifil acquired the Las Aguilas minas in 2000 by paying the overdue canons (real estate taxes) on them. Las Aguilas is a 359-hectare property, consisting of 4 minas, located in central Argentina in the Province of San Luis. The property is approximately 800 kilometers west of Buenos Aires. The nearest urban center is the city of San Luis, approximately 35 kilometers to the south. Good roads access the property all year.

Marifil currently holds a 100% interest in 3 of the 4 minas and has an option contract in place to purchase the fourth. These minas altogether consist of 12 individual mining claims (pertinencias) that hold the National Instrument 43-101 resource as announced by the news release: "Marifil Receives NI 43-101 Resource Estimate for Las Aguilas Nickel Platinum Deposit", dated May 11, 2011 and filed on SEDAR at [www.sedar.com](http://www.sedar.com) on the same day. The Company estimates that since 1970 approximately US\$15 million has been spent on the property and exploring the 100 km long ultramafic rock belt it occurs within. Marifil and its former joint venture partners account for over half of that.

Mineralization at Las Aguilas is located within small, variably differentiated mafic/ultramafic bodies intruding a Precambrian metamorphic rock complex, and is typical of world-wide magmatic segregation type semi-massive sulfide deposits with 10% to 50% sulfides containing platinum group metals (PGMs). Three drilling campaigns by three different companies total 143 diamond drill core holes for 29,499 meters, plus a 113-meter-long adit for a 30 tonne metallurgical bulk sample was also completed. The National Instrument 43-101 report was completed by Wardrop Engineering Inc. on April 29, 2011: "NI 43-101 Technical Report and Resource Estimate of the Las Aguilas Project, San Luis Province, Argentina". The report was authored by two Qualified Persons, Todd McCracken, P. Geo. and Callum Grant, P. Eng. They only used the most recent drilling to calculate and estimate the resource. That included 79 core holes completed by Castillian Resources Corp. (Marifil's former JV partner). The Las Aguilas resource is developed on two parallel nickel sulphide zones 300 meters apart (West and East deposits) that collectively contain about 4.6 million tonnes of Indicated plus Inferred resources with an average grade of 0.41% Ni, 0.41% Cu, 0.03% Co, 0.12 ppm Pt, 0.14 ppm Pd and 0.04 ppm Au. This resource is open to expansion and possibly to grade enhancement by continued drilling.

Between 1970 and 1988, Direccion General de Fabricaciones Militares ("DGFM"), an agency of the Argentina Government which provides mining services, conducted geological, geophysical, and metallurgical studies that included drilling 43 diamond core holes for 9,800 meters. DGFM also completed a feasibility study concluding the deposit could be economically mined (Barda Santiago Ing. De minas, 1988, I.M.A Reservdo, Viabilidad del Yacimiento Las Aguilas). For clarity purposes, the Company is not treating the DGFM historical reserves as current mineral resources or mineral reserves and a qualified person has not done sufficient work to classify the historical reserve as any kind of "ore" reserve.

In 1989, limited number of concentration tests made by Centro de Investigacion Minera Metalurgica in Santiago Chile at a laboratory scale revealed an ore of non-refractory sulfides; for a sample of large volume (30 tonnes from the adit), of a grade 0.375% Ni, 0.266% Cu and 0.022% Co which obtained a concentrate of 9.38% Ni, 15.2% Cu, 0.54% Co, with 6 g/t of Pt + Pd, 3 g/t Au, 9 g/t Ag, 29% Fe and 26.7% S. The recoveries varied from 68% to 83% for the Ni and from 89% to 92% for the Cu. The degree of metallurgical recovery for Las Aguilas appears to be similar to that of other sulfide deposits of its geologic class (ultramafic magmatic segregation deposits).

During the period from 1999 to 2000 Marifil optioned the property to Western Mining Corporation who completed a regional airborne geophysical study, and then from 2003 to 2005 to BHP Billiton World Exploration Group who completed extensive ground geophysical and geochemical surveys and drilled 22 diamond core holes for 6,842 meters. This drilling was oriented towards regional exploration with 6 holes being drilled into the Las Aguilas deposits. The other 16 holes were drilled testing various geologic-geochemical-geophysical anomalies spread out for tens of kilometers to the north of Las Aguilas. The most significant drill intercept came from Marifil's Virorco claim about 3.5 km north of Las Aguilas. There, drill hole SL-15/04 tested a strong IP-resistivity anomaly and encountered a 90 meter interval of relatively well mineralized (7-10% sulfides) pyroxenite with the basal portion assaying 0.27% Ni and 0.27% Cu along with strongly anomalous cobalt and platinum group metals over 19 meters starting at 200 meters depth in the vertical hole. The extensive IP-resistivity anomaly associated with the mineralization has not been further drill tested. The Company believes this situation could constitute a nickel-copper-cobalt deposit discovery in the making should more drilling follow.

Las Aguilas has two mineralized intrusions as initially defined by DGFM that are 300 meters apart: the Las Aguilas East and Las Aguilas West deposits. Mineralization comprises pyrrhotite, chalcopyrite and pentlandite (ores of copper, nickel, cobalt, and platinum) in a matrix-supported texture, with some fracture-controlled massive

sulphide veins. Pyrrhotite and chalcopyrite occur as disseminations, patches of net-textured accumulations, as well as mineralized fractures and veinlets found throughout the intrusion. The sulphide content is 15% to 20% on average. Significant PGE mineralization, particularly represented by platinum and palladium, has been identified at Las Aguilas, as well as copper, cobalt, and minor gold contents. Petrographic studies identified merenskyite and sperrylite as the main PGE minerals.

Marifil optioned the property to Castillian Resources Corp. in 2007 and they conducted the latest round of drilling from which Wardrop calculated the National Instrument 43-101 mineral resource. Between November 2007 and February 2008 Castillian completed geological mapping, petrographic studies, 28,600-line km of BH-TEM, 3,569-line km of airborne VTEM, an environmental baseline study, and 78 HQ/NQ drilled holes totaling 12,857 meters, most of which were surveyed with down-hole geophysical instrumentation (BHEM).

The Castillian drilling extended the Las Aguilas West deposit an additional 100 meters south and 50 meters north. The Las Aguilas West deposit and intrusion have now been intersected by drilling over a length of 800 meters and to a vertical depth of 250 meters. The Las Aguilas West deposit is a 5 to 25-meter-wide tabular body contained within a pyroxenitic dike that shows mostly subvertical dips to the east, but in the southern third, the dips change from subvertical to the west to a shallow westerly dip. The mineralized intrusion appears to be cut off to the south by a post-mineral noritic intrusion.

The Las Aguilas East deposit is a 10 to 30-meter-thick sulphide body having 100 meters of strike length and plunging about 45 degrees to a vertical depth of at least 330 meters. The mineralization is hosted by a variety of ultramafic intrusive rocks. This resource occurs within a large fold and mineralization is open-ended down dip along the plunge of the fold. Based on drilling results, the size and grade of this deposit are increasing with depth. Hole CT LA08-078 was drilled to test the depth extent of the East deposit. It intersected nearly 20 meters of sulfide mineralization, thereby confirming the continuity of the deposit down plunge by about 70 meters. It is the deepest intercept of the East deposit to date at approximately 250 meters vertical depth and shows a marked increase in grade. The East deposit remains open to continuation below this intercept.

Some highlights of Castillian's diamond core drilling are:

Las Aguilas West:

- a) LA08-070 -- 18.95 meters with 0.40% Ni, 0.48% Cu, 0.03% Co, 0.23 g/t Pt and 0.31 g/t Pd;
- b) LA08-074 -- 15.80 meters with 0.41% Ni, 0.55% Cu, 0.03% Co, 0.40 g/t Pt and 0.38 g/t Pd.

Las Aguilas East:

- LA08-078 -- 19.67 meters with 0.58% Ni, 0.42%Cu, 0.03%Co, 0.44 g/t Pt, 0.50 g/t Pd and 0.22 g/t Au, including 5.64 meters of 1.05% Ni, 0.62% Cu, 0.04% Co, 0.8 g/t Pt, 0.69 g/t Pd and 0.14 g/t Au.

The Las Aguilas property was returned to Marifil in 2009 when Castillian terminated its option agreement. The price of nickel had fallen from a high of nearly US\$23/lb. in 2007 to around US\$6/lb. in 2009.

The Wardrop project analysis completed in May, 2011 concluded that the geological understanding is sufficient to support resource estimation. The project has a total of 144 completed drill holes, of those only the 79 Castillian holes within the area of interest were included in the National Instrument 43-101 report as filed on [www.sedar.com](http://www.sedar.com) on June 20, 2011 due to availability of data verification. The table below summarizes their

resource estimate.

### **Las Aguilas Resource Estimate**

<b>Total Class</b>	<b>NiEq% Cut-off</b>	<b>Tonnes</b>	<b>Ni%</b>	<b>Cu%</b>	<b>Co%</b>	<b>Au (ppm)</b>	<b>Ag (ppm)</b>	<b>Pt (ppm)</b>	<b>Pd (ppm)</b>	<b>NiEq%</b>
<b>IND</b>	East	1,036,800	0.52	0.35	0.03	0.09	0.53	0.19	0.19	<b>0.77</b>
	West	2,227,000	0.36	0.45	0.03	0.03	0.29	0.15	0.19	<b>0.62</b>
	<b>Total</b>	<b>3,263,800</b>	<b>0.41</b>	<b>0.42</b>	<b>0.03</b>	<b>0.05</b>	<b>0.37</b>	<b>0.16</b>	<b>0.19</b>	0.67
<b>INF</b>	East	650,000	0.48	0.33	0.03	0.03	0.31	0.05	0.04	<b>0.65</b>
	West	689,000	0.35	0.43	0.03	0.01	0.01	0.01	0.01	<b>0.53</b>
	<b>Total</b>	<b>1,339,000</b>	<b>0.41</b>	<b>0.38</b>	<b>0.03</b>	<b>0.02</b>	<b>0.16</b>	<b>0.03</b>	<b>0.03</b>	<b>0.59</b>

The nickel equivalent (Ni Eq.%) formula =  $[(\text{Ni grade} \times \$\text{Ni}) + (\text{Cu grade} \times \$\text{Cu}) + (\text{Co grade} \times \$\text{Co})] \times 20 + [(\text{Au grade} \times \$\text{Au}) + (\text{Ag grade} \times \$\text{Ag}) + (\text{Pt grade} \times \$\text{Pt}) + (\text{Pd grade} \times \$\text{Pd})] \times 0.0291667 / (\$ \text{Ni} \times 20)$ . The metal grades used in the formula are the separate metal grades presented in the table. As no recent metallurgical work has been completed on all of the elements, the Ni Eq. formula assumes 100% recovery based on in-situ material. The estimated resource was created in April of 2011 with the following commodity prices being used to calculate the Ni Eq.: Ni = \$9.02/lb., Cu = \$2.66/lb., Co = \$15.92/lb., Pt = \$1,842/ozt (ozt = ounces per tonne), Pd = \$681/ozt, Au = \$1,058/ozt, Ag = \$16.57/ozt.

The report recommends additional exploration expenditures where extension of the known zones offers the potential for resource expansion; particularly along strike on the West Zone and down-dip on the East Zone. Future work will follow up on prior extensive geophysical data to identify new step out drill targets within the prospective claim area. The National Instrument 43-101 report recommends a down-hole geophysical survey to aid in the step-out drilling.

The Company is actively looking for, so far without success, an industry partner that would exchange some portion of equity in a lithium property in Argentina for some portion of equity in Las Aguilas. Alternatively, the Company is seeking a joint venture partner to continue definition and evaluation of its wholly-owned Las Aguilas property. The Company plans to maintain its core land position covering the drill defined nickel-copper-cobalt resources of Las Aguilas

## **2. El Carmen, Oil and Gas prospect, Chubut Province**

The El Carmein hydrocarbon property remained dormant for all of 2018. The continued low price of oil inhibited the Company's efforts to sell or option the property. The Company has titled hydrocarbon exploitation rights, an unusual circumstance in Argentina where hydrocarbon properties are normally concessions awarded by the state.

El Carmen is a 2,025-hectare property consisting of a block of four perfected mining rights ("minas") containing 25 claims (pertinencias) for oil on the north flank of the Golfo San Jorge Sedimentary Basin on the Atlantic coast, Argentina's second most prolific oil producing region. Local oil development infrastructure is excellent. The property has no production history; however, 12 wells drilled between 1928 and 1944, of which 6 were dry or abandoned, 4 encountered traces of oil, 2 yielded gas shows, and none penetrated the entire prospective sedimentary sequence to basement rocks. A favorable property report was produced by an independent petroleum consultant for the Company. The consultant integrated the results of the twelve drill holes with newly available 3 D seismic and geologic and drilling data for areas nearby the property which outlines discovery

possibilities with specific hydrocarbon drilling target recommendations. This report is not NI 51-101 compliant. There is royalty due to the province on any future production from El Carmen. It is determined by an established formula, which caps royalties at 11% of gross proceeds.

The Company is looking to sell or find a joint venture partner for its wholly-owned El Carmen property.

### **3. K-2, Potash, Neuquen Province**

During 2018, the Company did no work on its four K-2 potash mining tenements located in the Neuquen Sedimentary Basin in the Province of Neuquen. Despite firming potash prices, Marifil was unable to find a joint venture partner willing to invest in the project. The mining tenements were temporary mineral exploration permits called cateos that all expired naturally in March of 2019 upon reaching their inherent time limits. In order to continue with the program the Company would have had to convert the tenements into manifestations of discovery and surveying them, which expense it declined to incur. The Company has no intent to re-engage in potash exploration at this time. Its proprietary potash exploration file data base may prove to be a valuable asset at some point in the future.

### **4. K-3 & K-4, Potash, Mendoza Province**

This project was dormant for all of 2018. Marifil acquired these properties in 2011 by staking ground it believes to be highly prospective for potash, uranium, biogenic sulfur and asphaltites deposits. There are no underlying third-party agreements attached to these mining rights, which total 15 contiguous claims for 113,263 hectares. These claims, or tenements, are temporary mineral exploration permits known as cateos. The claims are located in the northern Neuquen Sedimentary Basin in areas of good road access.

The Neuquen Sedimentary Basin is Argentina's most prolific oil producing basin, and hosts the country's only potash mine development, Potasio Rio Colorada, owned by Brazilian mining giant Vale. The mine was under construction during the last quarter of 2012; however, in the first quarter of 2013 the project was mothballed due to tax credit and other disagreements between the Vale and the Argentinean government. The southern part of the Company's K-3 project lies about 50 kilometers northwest of Vale's Potasio Rio Colorada potash mine which has a resource of 2 billion tons of potassium chloride. Vale has recently announced considerations to jump-start Potasio Rio Colorada using a reduced mine model yielding annual production of 1.3 million tonnes potash per year, down from 4 million tonnes potash per year. Mine capitalization is projected at US\$3.7 billion, of which US\$2.2 billion has already been spent.

Geologic mapping and basin analysis identified this large area as having good potential for salt horizons at depths ranging from 220 meters to 2,000 meters. The evaporate salt horizons are believed to range from 50 meters to 350 meters in thickness. Sylvite (a potash salt with the chemical formula KCl) typically occurs near the top of thick evaporate salt horizons. Analysis of electric and gamma ray logs from abandoned oil wells supports the Company's conclusions about the prospectiveness of its land package.

The Company is continues to seek joint venture partners for its K-3 and K-4 properties.

### **5. Codihue, biogenic sulfur deposit, Neuquen Province**

During 2018, the Company did no work on its 5 sulfur mining tenements located in the Neuquen Sedimentary Basin in the Province of Neuquen. The mining tenements were temporary mineral exploration permits called

cateos that all expired naturally in March of 2019 upon reaching their inherent time limits. In order to continue with the program the Company would have had to convert the tenements into manifestations of discovery and surveying them, which expense it declined to incur. The Company has no intent to re-engage in sulfur exploration at this time.

## **6. Mechanquil, biogenic sulphur deposit, Mendoza Province**

The Mechanquil mining tenement for sulfur and potash is included in the K-4 land package. The Company is looking for a joint venture partner for its Mechanquil property together with its other fertilizer mineral properties.

## **7. Lago Fontana (Ferrocarillera), epithermal gold-silver plus base metals, Chubut Province**

The Lago Fontana gold exploration project was on hold for all of 2018. The Lago Fontana property consists of 15 mine rights covering 17,498 hectares, of which 11 of those are perfected mining claims, or minas, containing 83 pertinencias (claims) that cover 498 hectares. These minas were granted in 1940 - 1942. Additionally, there are two adjacent temporary exploration permits (known as cateos) totalling 17,000 hectares. A determination of the project's legal status is pending resolution of what ecological category the region is to be declared by the provincial legislature. It is located in the Andean Mountain front near the Argentine - Chile border next to Fontana Lake, with good access by road and 400 kilometres from the large city of Comodoro Rivadavia.

In 2007, the Province of Chubut enacted legislation to suspend mining activities along its front of the Andes Mountains while it evaluates the region for sectors to include in various conservation categories. The Lago Fontana project has been in standby mode ever since, and will remain so pending completion of the ecological studies. No timetable has been announced for that, but the Company believes it is soon to be put on the provincial legislative docket. In the meantime, the Company's mine rights are frozen and taxation of the mining claims (pertinencias) has also been postponed. The mine rights fees are paid up through 2010. Should the region be assigned a category allowing mining this year, Marifil would then have to pay about US\$ 8,000 in postponed taxes in order to proceed with exploration of the claims. Marifil will seek just compensation should the province seize Marifil's minas by law of eminent domain or permanently block access to them.

An old mine called Ferrocarrilera exists on the minas and was operated on a small scale between 1939 and 1947. The Company does not have its production records, but notes the underground mine workings amount to only 493 meters. Polymetallic sulphide ore minerals occur in several quartz veins and shear zones across the property. There are historic mineral resources on two veins – Veta Ferrocarrilera having 840,000 tonnes with 1g/t Au, 10 g/t Ag, 0.03% Cu, 0.95% Pb and 0.78% Zn, and Veta Cerro Cuchi having 337,500 tonnes with 0.23 g/t Au, 10.75 g/t Ag, 0.10% Cu, 0.65% Pb and 0.80% Zn. These are not NI 43-101 compliant resources. Marifil's geologic consultants think this potential can probably be increased up to 2 Mt with good zinc and lead grades carrying strong credits in gold and silver.

These veins are epithermal in character and cut through Tertiary age dacitic volcanics. The exploration potential for discovery of a bulk-tonnage epithermal gold deposit is good.

The Company optioned the Lago Fontana property to Apex Silver Mines Ltd. in 2006. Apex began a comprehensive exploration program, finding strong stream sediment anomalies up to 43.3 g/t Au on extensions of the known mineralization, and further confirming the potential resource by extensive rock chip channel sampling yielding up to 0.51 g/t Au, 7.5% Pb and 5.3% Zn across 6.3 meters of a quartz vein's width. The Apex

exploration program and its option agreement were terminated on news Chubut province was indefinitely closing the area to mining related activities.

Marifil has no exploration plans at this time for its Lago Fontana property and does not consider the historical resource to be a current mineral resource. Exploration activity will resume, following-up on the geochemical anomalies generated by Apex, if the withdrawn zone is released for mineral development by the Chubut Provincial Legislature. There can be no assurance that will happen.

## RESULTS OF OPERATIONS AND FINANCIAL CONDITION

### Selected Annual Information

Year Ended	December 31, 2018	December 31, 2017	December 31, 2016
Loss for the year, attributable to owners of the parent	(1,570,461)	(435,831)	(429,381)
Loss per share, basic and fully diluted	(0.04)	(0.03)	(0.00)
Total Assets	4,223,373	2,877,364	2,877,683

As the Company is still an exploration company, the Company has recorded no revenue during the last three fiscal years.

The Company became operational again over the course of 2018 closing two private placements and completing its drill program at its San Roque Gold Property. Net assets have increased by \$1,166,867 primarily due to an increase in exploration and evaluation assets of \$1,033,586.

In 2017, the Company was relatively inactive while management waited for market conditions to improve. Net assets increased by \$50,763 due to a decrease in trade payables and other liabilities of \$51,082.

In 2016, Net assets decreased by \$117,337 due to a decrease in exploration and evaluation assets of \$117,466; \$135,611 of that change was accounted for from the receipt of sales tax paid to the government.

The Company has had no non-current financial liabilities over the course of the last three fiscal years.

## 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 attributable to owners of the parent		Basic and fully diluted loss per share	Total Assets
December 31, 2018	Q4	-	(342,096)	(iv)	(0.04)	4,223,373
September 30, 2018	Q3	-	(338,282)	(iii)	(0.01)	3,848,409
June 30, 2018	Q2	-	(326,746)	(ii)	(0.01)	4,251,732
March 31, 2018	Q1	-	(563,337)	(i)	(0.03)	4,308,220
December 31, 2017	Q4	-	(163,301)	(iv)	(0.01)	2,877,364
September 30, 2017	Q3	-	(117,273)	(iii)	(0.00)	2,830,304
June 30, 2017	Q2	-	(105,027)	(ii)	(0.01)	2,849,693
March 31, 2017	Q1	-	(50,230)	(i)	(0.00)	2,875,264

- (i) 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.
- (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 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.
- (iv) The Company experienced a larger loss in the quarter ending December 31, 2018 as compared to the previous year's fourth quarter. This increase in loss was due primarily to an increase of \$169,096 to investor relations & shareholder info related to marketing activities as the Company became operational again, and an increase in director's fees of \$16,040 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 \$13,485. Foreign exchange loss also increased by \$56,860 due to changes in the Argentinian peso. These increases are partially offset by a decrease in management fees of \$4,035 and a reversal of impairment loss on the Las Aguilas property of \$37,776.

## Results of Operations for the years ended December 31, 2018 and 2017

### Operating Expenses

Year Ended	December 31, 2018	December 31, 2017	Change \$	Change %
<b>General and administrative:</b>				
Amortization	-	278	(278)	-100%
Consulting fees	50,920	-	50,920	100%
Directors fees	107,953	39,541	68,412	173%
Filing fees	88,060	22,094	65,966	299%
Investor relations & shareholder info	484,491	19,613	464,878	2370%
Management fees	669,994	149,760	520,234	347%
Office and miscellaneous	106,910	58,976	47,934	81%
Professional fees	81,207	109,199	(27,992)	-26%
<b>Total General &amp; administrative expense</b>	<b>1,589,535</b>	<b>399,461</b>	<b>1,190,074</b>	<b>298%</b>
<b>Foreign exchange loss (gain)</b>	<b>75,181</b>	<b>(4,754)</b>	<b>79,935</b>	<b>-1681%</b>
<b>Finance costs</b>	<b>4,858</b>	<b>8,387</b>	<b>(3,529)</b>	<b>-42%</b>
<b>Impairment of exploration &amp; evaluation assets</b>	<b>(37,776)</b>	<b>58,194</b>	<b>(95,970)</b>	<b>-165%</b>
<b>Administration charge income</b>	<b>(37,323)</b>	<b>-</b>	<b>(37,323)</b>	<b>-100%</b>
<b>Gain settlement of accounts payable</b>	<b>(12,660)</b>	<b>(25,457)</b>	<b>12,797</b>	<b>-50%</b>
<b>Net loss for the year</b>	<b>1,581,815</b>	<b>435,831</b>	<b>1,145,984</b>	<b>263%</b>
<b>Net loss attributable to:</b>				
Owners of the parent	1,570,461	435,831	1,134,630	260%
Non-controlling interests	11,354	-	11,354	100%
	<b>1,581,815</b>	<b>435,831</b>	<b>1,145,984</b>	<b>263%</b>

During the year, the Company incurred a loss of \$1,581,815 compared to a loss of \$435,831 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:

- Directors fees increased over the period due to the addition of compensation for a director, which increased fees by USD \$10,000 and share-based payments associated with the granting of options of \$52,959.
- Management fees were recorded during the period due to the increase in business activity. Outside of monthly contractual amounts was \$143,923 in share-based payments associated with stock options and the ongoing vesting expense associated with the CEO's management contract, bonus payments of \$114,000, 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.
- Filing fees and investor relations increased due to increased activity related to the announcement and subsequent closing of private placements.
- Consulting fees and office and miscellaneous increased due to renewed activity from the re-commencement of operations.

## LIQUIDITY

The Company has \$246,120 in cash to settle \$660,445 in current liabilities and working capital deficiency of \$287,299 at December 31, 2018 compared to a working capital deficiency of \$420,580 at December 31, 2017.

The table below summarizes the maturity profile of the Company's financial liabilities at December 31, 2018:

As at December 31, 2018	On demand	Less than 1 year	1 -2 years	Later than 2 years	Total
Trade payables	\$ 289,272	\$ 64,123	\$ -	\$ -	\$ 353,395
Accrued liabilities	160,115	94,443	-	-	254,558
Loans payable to related parties	52,492	-	-	-	52,492
Total liabilities	\$ 501,879	\$ 158,566	\$ -	\$ -	\$ 660,445

The Company's operations consumed \$1,437,168 of cash, before working capital items, during the year ended December 31, 2018 (2017: \$346,859) with an additional \$995,810 (2017: \$34,926) utilized on mineral property acquisition costs and deferred exploration expenditures. The cash requirement for the year ended December 31, 2018 was fulfilled from cash on hand at the beginning of the year and \$2,471,359 from completing two private placements of equity financing.

The Company's aggregate operating, investing and financing activities during the year ended December 31, 2018 resulted in a net increase of \$212,633 in its cash balance from \$33,487 at December 31, 2017 to \$246,120 at December 31, 2018. The Company's working capital increased by \$133,281 correspondingly during the year and stood at a deficiency of \$287,299 at December 31, 2018. The Company has accumulated losses since inception of \$17,173,366.

## CAPITAL RESOURCES

The Company's cash resources increased by \$212,633 during the year ended December 31, 2018 to \$246,120.

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 of the Company to settle amounts payable totaling \$51,360. The shares were recorded at fair value of \$38,700. The difference of \$12,660 between the fair value of the shares and the amounts payable was recorded as a gain and included in gain on settlement of debt.

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.

Subsequent to year end, On March 18, 2019, the Company closed a non-brokered private placement of 14,000,000 units at \$0.05 per unit for gross proceeds of \$700,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of \$0.07 per share for 24 months from the date of issuance. On March 25, 2019, the Company issued 200,000 common shares in connection with a warrant exercise.

As of December 31, 2018, the Company had no major long-term expenditure commitments outside of consultancy obligations and mineral property option payments. 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.

If the Company were to miss an annual property tax payment or periodic obligatory lodgment of and compliance with an investment plan 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 \$188,000 in management bonuses should certain performance milestones be achieved.

The Company has a contract with Robert Abenante. Mr. Abenante can earn up to 1,000,000 bonus shares over a period of two years should he reach certain performance milestones. 175,000 bonus shares have been earned and are ready for release.

### **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
May 8, 2018	\$ 20,000
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
	\$ 1,860,000

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 December 31 2018, the Company had paid the first installment of US \$20,000 in connection with this agreement. A clean title certificate has been delivered for Carachi Pampa IV, but Marifil has not received an unencumbered title certificate for Carachi Pampa III. The terms of the option agreement are suspended until unfettered title documentation is obtained for Carachi Pampa III. Likewise, the terms for the adjacent Carachi Pampa IV claim are suspended as it is integral to the same lithium option agreement.

### TRANSACTIONS WITH RELATED PARTIES

The financial statements of the Company's subsidiaries are included in the consolidated financial statements. The Company's Argentine subsidiaries are Marifil S.A., which is wholly-owned, and Minas San Roque S.A, in which the Company has a 51% ownership. The Company's Canadian subsidiary, Oxbow Holdings Corp., was dissolved on January 1, 2018. On December 31, 2018, three new subsidiaries of the Company were incorporated in Canada: Prosperity Growth Ltd., Synergistic Resources Ltd., and Emirates Growth Ltd.

The remuneration of directors and other members of key management personnel during the years ended December 31, 2018 and 2017 were as follows:

For the years ended December 31,	2018	2017
Management fees	\$ 315,190	\$ 120,859
Management bonus	114,000	-
Director fees	51,832	39,541
Share based payments	179,810	53,035
	\$ 660,833	\$ 213,436

For the year ended December 31, 2018, management fees comprised of accounting fees of \$72,000, of Alex McAulay of ACM Management Inc. (2017 - \$72,000) and \$220,000 to 1053345 BC Ltd., Robert Abenante, (2017 - \$30,000) as well as \$67,585 to R.R. Walters Consulting, Richard Walters (2017 - \$nil), and \$69,605 to Daniel Buffone (2017 - \$18,859) 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 \$51,832 for the year ended December 31, 2018 (2017 - \$39,541).

For the years ended December 31, 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 December 31, 2018, trade payables and other liabilities included \$341,966 in payables (December 31, 2017: \$181,884) owing to officers and directors of the Company. \$50,770 is owing to directors of the company, \$4,771 is owing to Daniel Buffone, \$58,913 is owing to R.R. Walters Consulting, Richard Walters, \$7,242 is owing to Alex

McAulay and ACM Management Inc., \$220,270 in total is owing to Robert Abenante and 1053345 BC Ltd.

At December 31, 2018, advances receivable included \$31,970 (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 year ended December 31, 2018, the Company recorded finance costs of \$4,777 (December 31, 2017: \$5,418) in connection with interest accrued under the loan agreements. As at December 31, 2018, the carrying value of short term loans payable to related parties including accrued interest was \$52,492 (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 and officers.

During the year ended December 31, 2018, \$102,712 (December 31, 2017: \$nil) in management fees payable to R.R. Walters Consulting, and Daniel Buffone was capitalized to mineral properties.

Subsequent to the year end, as part of the private placement closed on March 18, 2019, directors and officers contributed \$150,000 to the private placement and 3,000,000 shares and warrants were issued to directors and officers.

## **FINANCIAL INSTRUMENT RISK**

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

- a) Market risk
- b) Credit risk
- c) Liquidity risk

The Company is exposed to risks that arise from its financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

General objectives, policies, and processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receive quarterly reports from the Company's Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous reported periods unless otherwise stated in the note. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign currency exchange, interest rates, and commodity and equity price risk.

(i) Foreign currency risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and Argentine peso as well as the Canadian dollar and the U.S. dollar will affect the Company's operations and financial results. The operating results and financial position of the Company are reported in Canadian dollars. The Company's operations are in Canada and Argentina.

Exposure to foreign currency risk decreased overall during the period due to an increase in the value of the Canadian dollar compared to both the Argentine peso. This was partially offset by an increase in net liabilities denominated in U.S. dollars for the period.

As at December 31, 2018, if the Canadian dollar had weakened 5% against the U.S. dollar and 20% against the volatile Argentine peso, with all other variables held constant, comprehensive loss would have been \$9,204 lower. Conversely, if the Canadian dollar had strengthened 5% against the U.S. dollar so, with all other variables held constant, comprehensive loss would have been \$9,204 higher.

(ii) Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The Company does not have any variable rate debt. The interest earned on cash and cash equivalents is insignificant and the Company does not rely on interest to fund its operations. As a result, the Company is not exposed to significant interest rate risk.

(iii) Commodity price risk:

Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity price movements to determine the appropriate course of action to be taken by the Company.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents and receivables. The Company believes it has no significant credit risk related to its cash and cash equivalents as the majority of its cash is held at a large Canadian bank. The Company's receivables consist mainly of input tax credits receivable from the Government of Canada and as result the Company does not believe it is subject to significant credit risk.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. As at December 31, 2018, the Company had cash and cash equivalents of \$246,350 to settle current liabilities of \$660,520. The Company will require additional financings to meet its short-term financial obligations.

## 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 years ended December 31, 2018 and 2017, our company incurred the following expenses:

	<b>2018</b>		<b>2017</b>
Capitalized acquisition costs	\$ 132,204	\$	18,856
Capitalized exploration costs	847,929		13,142
Operating expenses	1,589,535		399,461
Impairment of exploration and evaluation assets	(37,776)		58,194
	<u>\$ 2,494,116</u>	<u>\$</u>	<u>489,653</u>

Please refer to Note 5 of our consolidated financial statements for the year ended December 31, 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 December 31, 2018, the Company had 30,872,680 warrants outstanding. In addition, stock options, granted to key employees, directors, officers, and consultants, to purchase 2,335,000 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 December 31, 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	0.83	October 30, 2019
May 1, 2015	405,000	\$2.00	1.33	April 29, 2020
November 1, 2015	1,000,000	\$2.00	1.83	October 30, 2020
April 1, 2016	1,000,000	\$1.00	2.25	March 31, 2021
August 10, 2016	699,680	\$1.00	2.61	August 8, 2021
April 24, 2017	1,030,000	\$0.50	3.31	April 23, 2019
February 16, 2018	20,348,000	\$0.10	1.13	February 16, 2020
October 10, 2018	5,730,000	\$0.15	1.78	October 9, 2020
	<b>30,872,680</b>		1.41	

On March 18, 2019, the Company closed a non-brokered private placement of 14,000,000 units at \$0.05 per unit for gross proceeds of \$700,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of \$0.07 per share for 24 months from the date of issuance.

On March 25, 2019, the Company issued 200,000 common shares in connection with a warrant exercise.

As of the date of this filing on April 30, 2019 warrants outstanding were 44,672,680.

Of the warrants outstanding at April 30, 2019, 14,000,000 have an exercise price of \$0.07. 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. 1,030,000 have an exercise price of \$0.50. 20,148,000 have an exercise price of \$0.10. The 1,030,000 warrants issued on April 24, 2017 will have their exercise price increase from \$0.50 to \$1.00 on April 24, 2019.

(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 December 31, 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	\$0.15	February 5, 2020
Directors, Officers, and Consultants	650,000	\$0.11	August 21, 2023
	<b>2,335,000</b>		

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 \$0.15 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. On October 28, 2018, 350,000 of these options were forfeited by consultants before the first vesting period.

c) Common shares

The Company has authorized an unlimited number of common shares without par value. As of December 31, 2018, there were 44,168,290 shares issued and outstanding (December 31, 2017 – 13,220,870) if all warrants and options issued were exercised, a total of 77,375,970 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.

Subsequent to the year end, on March 18, 2019, the Company closed a non-brokered private placement of 14,000,000 units at \$0.05 per unit for gross proceeds of \$700,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of \$0.07 per share for 24 months from the date of issuance. On March 25, 2019, the Company issued 200,000 common shares in connection with a warrant exercise.

As of the date of this filing the Company had 58,368,290 shares issued and outstanding. If all warrants and options issued were exercised, a total of 105,375,970 shares would be issued and outstanding.

## **FAIR VALUE HIERARCHY**

The Company's financial instruments consist of cash, other receivables, advances receivable, trade payables and other liabilities and loans payable to related parties. The fair value of the Company's other receivables, advances receivable, accounts payable and other liabilities and loans payable to related parties approximate the carrying value, which is the amount on the consolidated statements of financial position due to their short-term maturities or ability of prompt liquidation. The Company's cash 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;
- 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 December 31, 2018, the Company had \$246,120 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, 2018.

## **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, 2018 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, and have not been applied in preparing these consolidated financial statements.

The following new standards, amendments and interpretations have not been early adopted in these consolidated financial statements 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](http://www.sedar.com) or [www.marifilmines.com](http://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.