



INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 and 2019

NOVEMBER 30, 2020

*The following discussion and analysis is prepared as of November 30, 2020, and should be read in conjunction with the condensed interim consolidated financial statements of Marifil Mines Limited (the "Company") for the nine months ended September 30, 2020, 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.V, US OTC Exchange under symbol MFMLF and Frankfurt Exchange under symbol MMRB

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, Marifil S.A., incorporated in the 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, Minas San Roque S.A., incorporated in the Rio Negro Province under the laws of Argentina and formed by the Company in 2012 to carry out exploration of the Company's San Roque property.

On December 31, 2018, three Canadian subsidiaries of the Company were incorporated: Prosperity Growth Ltd., Synergistic Resources Ltd., and Emirates Growth Ltd. These companies are currently inactive.

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.

The recent outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other

countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

### **INTERIM MD&A QUARTERLY HIGHLIGHTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020**

The Company's business activity during the third quarter ended September 30, 2020 was severely curtailed due to the impacts of COVID-19 pandemic and attendant government restrictions on commerce, especially in Argentina.

Argentina remained under a nationwide Covid-19 pandemic quarantine throughout the third quarter. The economic situation remained dire in the third quarter, after GDP collapsed in the second quarter. Protracted macroeconomic imbalances, sky-high inflation, capital controls and potentially market-unfriendly policies continue to weigh heavily on the country's growth.

Argentina's borders were closed to foreign nationals and non-residents all during the third quarter, although air and land border crossings remain open for departures. While the Argentine government permitted a limited number of exceptional international flights during the third quarter, all scheduled international flights were suspended until further notice. Scheduled domestic flights and long-distance buses were also suspended pending further notice. Moreover, the autonomous city of Buenos Aires and the twenty-three Argentine provinces imposed significantly varying restrictions impeding provincial cross-border movements, many subject to financial penalties if not abided by. This country-wide commercial standstill has made it impossible for the Company to go about its normal course of business in Argentina. Consequently, there was no activity of significance associated with any of the Company's mineral properties, which are exclusively in Argentina.

Marifil's board of directors has adopted a revised business strategy to sell its non-core assets and shift its focus exclusively to gold. In doing so it has shifted its Argentina only policy to approving entertaining potential business deals for gold properties in other countries around the world. Nonetheless in keeping with its new business development plans, the Company continues to safe keep its flagship gold asset which is the majority owned San Roque property located in Rio Negro Province of Argentina.

On July 9, 2020, Marifil announced that its agents in Argentina have successfully obtained the exclusive exploration rights to 2,166 hectares in the historically productive El Indio Gold Belt, a mineral rich region of the Andes Mountains spanning the border between Chile and Argentina that contains large gold, silver and copper mines. Specifically, the Company lodged a cateo, or mining exploration claim, on land open for claims staking, located roughly 12 km northnortheast of Barrick Gold Corporation's Veladero gold mine on the Pascua-Lama to Veladero epithermal gold deposits trend within the Province of San Juan, Argentina. This cateo is named Ortiquita and shares a 250 square kilometer crowded field of mine claims which belong to competitors in the area.

Elsewhere in the Province of San Juan and located on the east front of the Andes Mountains, the Company has also applied for 3,946 hectares of contiguous mine claims (the "Castaño Mine Claims"). This parcel includes two exploration cateos totalling 3,838 hectares, covering land that was open for minerals staking, in addition to four existing separate, perfected mine rights. These mine rights amount to 108 hectares. Marifil's experienced geological staff has performed reconnaissance field examination and confirmed this prospective zone to be part of a northeast trending complex of hydrothermally altered intrusives (quartz-monzonite porphyries) and associated hydrothermal breccias containing geochemically anomalous gold and copper.

In keeping with its new initiative to monetize its non-gold assets and focus exclusively on gold, the Company announced in an April 6, 2020 news release that it had entered into a definitive agreement to sell its non-core assets in Argentina to Global Elsimate Capital Corp ("GECC") for a consideration of \$2,000,000 as GECC shares ("the transaction"). GECC subsequently changed its name to Extreme Vehicle Battery Technologies Corp.

("ACDC"). The assets subject to the sale were the Company's Las Aguilas nickel-copper-cobalt mining concessions and concession options, and the Fraile and Ratones lithium exploration claims. Consummation of the purchase would, as the name change implies, constitute a change of business for ACDC and accordingly, was subject to approval from ACDC's shareholders and the Canadian Securities Exchange. The TSX Venture Exchange regulators did not approve the transaction because they considered the Las Aguilas NI 43-101 Technical Report of April, 2011 to be antiquated. ACDC was therefore required to file an updated NI 43-101 Technical Report pending its purchase of the properties. ACDC made significant efforts to satisfy that requirement. However, given the complications and delays caused by the COVID-19 pandemic, including not being able to access the subject properties because of the aforementioned Argentine travel restrictions, it determined that it would not be able to prepare the required NI 43-101 Technical Report in a timely fashion. Thereupon, proceeding with the sale was reconsidered during the third quarter and a decision to abandon the transaction was announced to be effective October 22, 2020 in a Company news release of the same date. The Company plans to maintain its mine rights to the three properties in good standing throughout the current Argentine health lock down, and then in more appropriate times seek a contemporary buyer.

On August 10, 2020, the Company accepted Michael Sweatman's resignation from the board of directors. The Company thanks Mr. Sweatman for his service, and wishes him all the best in his future endeavors.

In Canada, the Company applied and received on August 13, 2020 a \$40,000 government of Canada Emergency Business Account loan, offered as part of the response to the Covid-19 global pandemic. The loan is interest free until December 31, 2022, and no principal payments will be due until December 31, 2022. \$10,000 of the loan will be forgiven if \$30,000 is repaid prior to December 31, 2022. If the balance is not paid by December 31, 2022, the remaining balance will be converted to a three-year term loan at 5% annual interest, paid monthly, effective January 1, 2023. The final balance must be repaid no later than December 31, 2025. The Company also recovered approximately \$36,230 in GST ITCs from a prior year.

## RESULTS OF OPERATIONS AND FINANCIAL CONDITION

### Summary of Quarterly Results

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

Three months ended	Quarter	Total revenues	Loss attributable to owners of the Company	Basic and fully diluted loss per share
September 30, 2020	Q3	-	\$ (168,216)	(0.00)
June 30, 2020	Q2	-	\$ (208,407)	(0.00)
March 31, 2020	Q1	-	\$ (131,475)	(0.00)
December 31, 2019	Q4	-	\$ (508,345)	(0.01)
September 30, 2019	Q3	-	\$ (505,440)	(0.01)
June 30, 2019	Q2	-	\$ (299,124)	(0.01)
March 31, 2019	Q1	-	\$ (292,830)	(0.01)
December 31, 2018	Q4	-	\$ (342,096)	(0.04)
September 30, 2018	Q3	-	\$ (338,282)	(0.01)

During the third quarter ended September 30, 2020, loss decreased by 42,281 compared to the prior quarter primarily due to the following changes: recovery of other receivables of \$36,230, representing a 2018 ITC claim that was approved and received during the quarter, a \$36,579 decrease in management fees due to the accrual of \$15,000 milestone bonus and a \$20,367 increase in fees payable to the Executive Vice President in the second quarter of 2020 which did not recur for the third quarter, and a \$10,500 decrease in investor relation & shareholder info due to an adjustment of accruals in the second quarter of 2020; these decreases are offset by a \$18,960 increase in professional fees due to an under accrual of legal fees in the prior period and a \$30,547 increase in finance costs due to the buildup of interest-bearing overdue payables compared to the previous quarter.

During the second quarter ended June 30, 2020, loss increased by \$76,932, compared to the prior quarter primarily due to the following changes: a \$64,531 increase in management fees due to the accrual of a \$15,000 milestone bonus and a \$20,367 increase in fees payable to the Executive Vice President, and an increase of \$15,000 in fees payable to the Chief Executive Officer due to the reversal of a previously agreed upon decrease of fees which had taken affect in the first quarter of 2020, a \$21,000 increase to investor relations & shareholder info due to the adjustment of accruals; these increases are offset by a \$2,443 decrease in filing fees due to annual sustaining fees being charged in the prior quarter, and a \$2,097 decrease in office and miscellaneous due to reduced activity.

During the first quarter ended March 31, 2020, loss decreased by \$376,870, compared to the prior quarter primarily due to the following changes: a \$22,500 decrease in investor relations & shareholder info due the expiration of a contract with a previous IR consultant, a and \$38,249 decrease in professional fees due to \$25,500 in audit and tax services fees related to 2019 which were recorded in the prior quarter and decreased legal fees in the first quarter of 2020 due to reduced activity; also, the following charges occurred in the fourth quarter of 2019 and did not recur in the first quarter of 2020: impairment of exploration and evaluation assets of \$122,953, share-based compensation of \$26,209 relating to ongoing vesting of options, and a write-down of other receivables of \$169,907 which included all VAT amount due to an Argentinian subsidiary which became uncollectable.

During the fourth quarter ended December 31, 2019, loss increased by \$2,905 compared to the prior quarter primarily due to the following changes: increases to professional fees primarily due to 2019 audit and tax costs of \$25,500 accrued in the fourth quarter, an increase of \$122,953 in impairment of exploration and evaluation assets recorded in the fourth quarter, and an increase in write-down of other receivables of \$133,677 due to the \$169,907 in uncollectable VAT that was written of in the fourth quarter offset by \$36,230 recorded in the third quarter of 2019 to write off GST ITCs which were initially disallowed; these increases are offset by a decrease of \$240,568 in marketing due to fees incurred for a digital marketing campaign during the third quarter of 2019 that did not recur in the fourth and a \$46,991 decrease in finance costs due changes in interest arrangements on overdue payables.

During the third quarter ended September 30, 2019, loss increased by \$206,316 compared to the prior quarter primarily due to the following changes: an increase of \$214,986 in marketing due to fees incurred for a digital marketing campaign during the third quarter, an increase of \$36,230 to write-down of other receivables due to GST ITCs which were initially disallowed in the third quarter and no such write-down was recorded in the second quarter, a decrease of \$8,610 in consulting fees due to reduced fees from consultants in Argentina because of reduced activity in the third quarter compared to the second quarter, a decrease of \$4,885 in filing fees due to reduce capital activity in the third quarter of 2019, a \$23,958 decrease in professional fees due to an additional \$8,787 in audit fees for 2018 over and above those accrued and reduced accounting and legal costs out of Argentina because of reduced activity, and a decrease in finance costs of \$11,044 due to interest accrued on overdue payables being initially calculated in the second quarter of 2019 creating a higher interest accrual in the second quarter as compared to the third.

During the second quarter ended June 30, 2019, loss increased by \$6,294 compared to the prior quarter primarily due to the following changes: an increase of \$2,410 to foreign exchange loss due to the fluctuating Argentinian peso, an increase of \$12,202 to office and miscellaneous due to increased travel and insurance costs, and an increase of \$4,866 to general exploration for costs incurred in search of new mineral property acquisitions; these increases are offset by a decrease of \$11,399 in management fees in the second quarter due to increased fees in the first quarter relating to the San Roque drill program.

During the first quarter ended March 31, 2019, loss decreased by \$49,266 compared to the prior quarter primarily due to the following changes: a \$65,278 decrease to management fees in the first quarter of 2019 as compared to the increased management fees incurred in the fourth quarter of 2018 in relation to the San Roque drill program, and a decrease of \$38,287 in foreign exchange loss due to fluctuations in the Argentinian peso, offset by an increase of \$53,436 in marketing expenses for fees incurred in the first quarter of 2019 for the production of a promotional video to be released in the summer of 2019.

During the fourth quarter ended December 31, 2018, loss increased by \$3,814 compared to the prior quarter primarily due to the following changes: an increase of \$36,329 in office and miscellaneous expenses due to increased travel costs relating to the San Roque drill program, an increase of \$5,333 in filing fees due to an increase in capital activity in the fourth quarter of 2018 as compared to the third quarter of 2018, and these increases are offset by a reversal of impairment loss on the Las Aguilas property of \$37,776.

During the third quarter ended September 30, 2018, loss increased by \$11,536 compared to the prior quarter primarily due to the following changes: an increase of \$6,669 to consulting fees due to additional costs relating to the San Roque drill program incurred in the third quarter of 2018, an increase of \$21,959 to investor relations & shareholder info due to one-time IR costs incurred in the third quarter of 2018, and these increases are offset by a decrease of \$12,054 to general exploration due to a decrease in costs incurred in search of new mineral property acquisitions.

## Results of Operations for the three months ended September 30, 2020 and 2019

### Operating Expenses

Period Ending	September 30, 2020	September 30, 2019	Change \$	Change %
<b>General and administrative:</b>				
Consulting fees	57,000	59,507	(2,507)	-4%
Directors fees	-	14,136	(14,136)	-100%
Filing fees	1,894	1,273	621	49%
Investor relations & shareholder info	10,500	22,500	(12,000)	-53%
Management fees	66,066	80,949	(14,883)	-18%
Marketing	-	240,793	(240,793)	-100%
Office and miscellaneous	10,488	14,233	(3,745)	-26%
Professional fees	26,868	22,721	4,147	18%
<b>Total general &amp; administrative expense</b>	<b>172,816</b>	<b>456,112</b>	<b>(283,296)</b>	<b>-62%</b>
General exploration	-	4,342	(4,342)	-100%
Foreign exchange loss (gain)	(3,457)	(1,040)	(2,417)	232%
Finance costs	39,177	17,377	21,800	125%
Admin charge income	(1,027)	(4,940)	3,913	-79%
Write-down (recovery) of other receivables	(36,230)	36,230	(72,460)	-200%
<b>Net loss for the period</b>	<b>171,279</b>	<b>508,081</b>	<b>(336,802)</b>	<b>-66%</b>
<b>Net loss attributable to:</b>				
Owners of the Company	168,216	505,440	(337,224)	-67%
Non-controlling interests	3,063	2,641	422	16%
	<b>171,279</b>	<b>508,081</b>	<b>(336,802)</b>	<b>-66%</b>

During the period, the Company incurred a loss of \$171,279 compared to a loss of \$508,081 in 2019. Marifil had incurred decreased expenses during the current period due to reduced activity and management's efforts to reduce costs. Changes from period to period can be explained primarily by the following factors:

- Consulting fees decreased by \$2,507 due to restrictions on activities in Argentina because of Covid-19 during the third quarter of 2020 compared to third quarter of 2019.
- Directors fees are \$nil in the current period as directors have elected to receive no fees until further notice in an effort to reduce costs.
- Filing fees has remained consistent with the prior period.
- Management fees decreased by \$14,883 primarily due to decreased activities in Argentina and hence, lower management expense of \$4,022 was incurred compared to the third quarter of 2019. In addition, 10,378 stock options granted to management was vested during the third quarter of 2019 whereas no such instruments were granted, or vested during the third quarter of 2020.
- Marketing costs were \$nil in the current period, and the \$240,793 was incurred in the prior period for a digital marketing campaign that was not recurring in 2020.
- Office and miscellaneous expense decreased by \$3,745 due to decreased activity including decreased

travel due to the Covid-19 pandemic.

- (g) Professional fees increased by \$4,147 in the third quarter of 2020 due to additional accounting fees incurred in connection with the 2018 GST ITCs.
- (h) Finance costs increased by \$21,800 due to changes in interest arrangements on overdue payables that were put into place in the fourth quarter of 2019. Therefore, no interest expense was accrued for overdue payables in third party of 2019 whereas interest expense was recorded for third quarter of 2020.

## Results of Operations for the nine months ended September 30, 2020 and 2019

### Operating Expenses

Period Ending	September 30, 2020	September 30, 2019	Change \$	Change %
<b>General and administrative:</b>				
Consulting fees	171,000	143,503	27,497	19%
Directors fees	-	53,213	(53,213)	-100%
Filing fees	12,431	40,251	(27,820)	-69%
Investor relations & shareholder info	31,500	68,874	(37,374)	-54%
Management fees	206,825	241,845	(35,020)	-14%
Marketing	-	320,036	(320,036)	-100%
Office and miscellaneous	28,789	57,231	(28,442)	-50%
Professional fees	39,403	103,218	(63,815)	-62%
<b>Total general &amp; administrative expense</b>	<b>489,948</b>	<b>1,028,171</b>	<b>(538,223)</b>	<b>-52%</b>
General exploration	-	9,208	(9,208)	-100%
Foreign exchange loss (gain)	3,395	(3,936)	7,331	-186%
Finance costs	58,458	47,242	11,216	24%
Admin charge income	(2,320)	(10,580)	8,530	-79%
Write-down (recovery) of other receivables	(36,230)	36,230	(72,460)	0%
<b>Net loss for the period</b>	<b>513,251</b>	<b>1,106,065</b>	<b>(592,814)</b>	<b>-54%</b>
<b>Net loss attributable to:</b>				
Owners of the Company	<b>508,098</b>	<b>1,097,394</b>	<b>(589,296)</b>	<b>-54%</b>
Non-controlling interests	<b>5,153</b>	<b>8,671</b>	<b>(3,518)</b>	<b>-41%</b>
	<b>513,251</b>	<b>1,106,065</b>	<b>(592,814)</b>	<b>-54%</b>

During the period, the Company incurred a loss of \$513,251 compared to a loss of \$1,106,065 in 2019. Marifil had incurred decreased expenses during the current period due to reduced activity and management's efforts to reduce costs. Changes from period to period can be explained primarily by the following factors:

- (a) Consulting fees increased by \$27,497 for the current period primarily due to the Company entered into consulting agreements with two consultants in the second quarter of 2019. Therefore, as at the third quarter of 2020, the Company was charged nine months of consulting fee expenses, and was charged only six months of consulting fee expenses as at the third quarter of 2019.

- (b) Directors fees are \$nil in the current period as directors have elected to receive no fees until further notice in an effort to reduce costs.
- (c) Filing fees decreased by \$27,820 due to reduced capital activity in the current period.
- (d) Investor relations & shareholder info decreased by \$37,371 primarily due to a reduction of business activities in the third quarter of 2020, which led to a decrease in the need for investor relations services as compared to the prior period.
- (e) Marketing costs were \$nil in the current period in comparison to \$53,186 incurred in the prior period for the creation of a promotional video for the summer of 2019 and \$266,850 incurred for a digital marketing campaign.
- (f) Office and miscellaneous expense decreased by \$28,442 due to decreased activity including decreased travel due to the Covid-19 pandemic.
- (g) Professional fees decreased by \$63,815 due to reduction in activity in the current period. The prior period, by contrast, was very active with preparation and revisions to multiple agreements, warrant exercises, and increased accounting fees incurred in Argentina due to an accounting system transition.
- (h) Finance costs increased by \$11,216 due to changes in interest arrangements on overdue payables that were put into place in the fourth quarter of 2019 and was effective for the nine months ended September 2020.

## **CAPITAL RESOURCES AND LIQUIDITY**

The Company's cash increased by \$22,697 during period ended September 30, 2020 to \$48,993. Management continues to monitor the capital markets for opportunities to raise additional funds.

As of September 30, 2020, the Company had no major long-term expenditure commitments outside of consultancy obligations, mineral property option payments and repayment of government assistance loan. 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.

At September 30, 2020, the Company has \$48,993 in cash to settle \$1,539,300 in current liabilities and working capital deficiency of \$1,420,563 compared to a working capital deficiency of \$923,683 at December 31, 2019.

The Company's cash is highly liquid and held at major financial institutions.

### *Going concern*

The Company has not generated revenue from operations. The Company incurred a net loss of \$513,251 for the period ended September 30, 2020 and as of that date the Company's accumulated deficit was \$19,287,203. The Company has a working capital deficiency of \$1,420,563. The Company's continuation as a going concern is contingent on the completion of financings to adequately cover the Company's working capital deficit and planned exploration activities. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financial resources to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These factors comprise a material uncertainty which cast significant doubt about the Company's ability to continue as a going concern.

<b>Increase (decrease) in cash for the nine months ended,</b>			
		<b>September 30, 2020</b>	<b>September 30, 2019</b>
Operating activities	\$	(19,674)	\$ (837,055)
Investing activities		(23,629)	(252,194)
Financing activities		66,000	875,750
Total change in cash		22,697	(213,499)
Cash, beginning of the period		26,296	246,120
Cash, end of the period	\$	48,993	\$ 32,621

### *Operating Activities*

Cash used in operating activities primarily consist of general and administrative expenditures. The \$817,381 decrease in the use of cash for operating activities for the nine months ended September 30, 2020 is mainly attributable to a lower net loss before non-cash items as compared to the prior period as a result of decreased management fees, marketing expenses, filing fees, management fees and professional fees.

### *Investing Activity*

The \$23,629 cash used in investing activities for the nine months ended September 30, 2020 was attributable to expenditures on mineral properties.

### *Financing Activities*

Cash received from financing activities for the nine months ended September 30, 2020 was \$26,000 from loans and \$40,000 from the Emergency Business Account loan, offered as part of the government of Canada's response to the Covid-19 global pandemic.

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 its properties or the Company's ownership percentage or rights per the NovaGold shareholder agreement.

## **OFF-BALANCE SHEET ARRANGEMENTS**

### **Management contracts**

The Company had a contract with Executive Vice President ("EVP") Richard Walters. Mr. Walters could have earned up to \$188,000 in management bonuses should certain performance milestones be achieved. As at September 30, 2020, the Company has accrued \$14,000 in cash bonuses and \$15,000 in bonus shares to the EVP (December 31, 2019: \$14,000 and \$15,000, respectively). Mr. Walters terminated the contract effective March 29, 2020 in compliance with its terms of notice. He continues to fulfill his EVP duties under an hourly consulting fee basis.

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. 550,000 bonus shares have been earned and are ready for release.

### Property option payments

On May 8, 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 8, 2018	20,000
May 8, 2019	20,000
November 8, 2019	20,000
May 8, 2020	40,000
November 8, 2020	40,000
May 8, 2021	100,000
November 8, 2021	100,000
May 8, 2022	250,000
November 8, 2022	250,000
May 8, 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 at September 30, 2020, 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. Nor has it received notice from Esperanza recognizing any encumbrance or loss of the Carachi Pampa III mining claim. 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. The Company has the alternative to end the suspension and continue the option agreement at half the option payment schedule at such time as Esperanza may give official notice it does not own Carachi Pampa III.

During the year ended December 31, 2019, the Company was notified by the San Luis Provincial Mines Department that three of the Las Aguilas claims were revoked and declared vacant because of a four year period of inactivity on the mining claims. The claims are the Marco Antonio (28.4 ha), Las Aguilas I (200 ha) and Virorco (30 ha). Ownership of the claims was purchased by two unrelated third parties. The Company negotiated separate but similar Exploration with Option to Purchase Agreements with each of two unrelated individuals ("the Owners") whereby the Company could repurchase the three claims within a two year period.

One party holds the Marco Antonio and Las Aguilas I claims, and the other holds the Virorco claim. The Marco Antonio agreement was signed on March 15, 2019, Virorco on August 21, 2019 and Las Aguilas I on December 27, 2019. The expiry dates of the purchase options are March 15, 2021, August 21, 2019 and December 27, 2021 respectively.

The terms of all three agreements are the same:

- a) the Company is to invest in mineral exploration on the claims within a mutually agreed to program,
- b) the Company shall maintain the mining claim rights as per the Argentine Mining Code and the Code of Mining Procedures of the Province of San Luis including the payment of annual real estate taxes, performing surveys required by the regulatory authorities and comply with and take care of all environmental laws and arising matters,
- c) the Company and the Owner are to agree on a purchase price of claim at the time the Option to Purchase is called by the Company,
- d) The Company shall pay a 0.5% Net Smelter Return Royalty on metal produces extracted from the claims.

While the Company may exercise the call option to repurchase the claims, it has been verbally agreed with the Owners that there is currently no plan to explore the Las Aguilas property until the Covid-19 pandemic has passed and local political and international market conditions (particularly for nickel) improve. Therefore, the Company recorded an impairment of \$76,253 to deferred costs relating to the Las Aguilas property reducing its carrying value to \$nil.

#### **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 ("MSR"), in which the Company has a 51% ownership. The Company's wholly-owned Canadian subsidiaries are Prosperity Growth Ltd., Synergistic Resources Ltd., and Emirates Growth Ltd.

The remuneration of directors and other members of key management personnel during the nine months ended September 30, 2020 and 2019 were as follows:

	<b>For the nine months ended September 30,</b>	
	<b>2020</b>	<b>2019</b>
Management fees	\$ 206,825	\$ 213,539
Share-based payments	-	48,324
Director fees	-	33,195
Consulting fees	45,000	30,000
	<b>\$ 251,825</b>	<b>\$ 325,058</b>

These transactions are recorded at the exchange amount, which is the amount agreed to by the transacting parties.

For the nine months ended September 30, 2020 and 2019, key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits.

Management fees are comprised of the following:

	<b>For the nine months ended September 30,</b>	
	<b>2020</b>	<b>2019</b>
1053345 BC Ltd (controlled Robert Abenante, President and CEO)	\$ 88,500	\$ 90,000
R.R. Walters Consulting (controlled by Richard Walters, Executive Vice President and Director)	50,829	43,442
ACM Management Inc. (controlled by Alex McAulay, CFO)	54,000	54,000
Daniel Buffone, Director	13,496	26,097
	<b>\$ 206,825</b>	<b>\$ 213,539</b>

Director fees are comprised of the following:

	<b>For the nine months ended September 30,</b>	
	<b>2020</b>	<b>2019</b>
John Hite	\$ -	\$ 9,957
Greg Burnett	-	3,324
Michael Sweatman	-	9,957
John Pearson	-	9,957
	<b>\$ -</b>	<b>\$ 33,195</b>

Pursuant to a new consulting agreement effective April 1, 2019, Marifil agreed to pay Carob Management Ltd., a corporation controlled by Greg Burnett, a consulting fee of \$5,000 per month in lieu of director fees. For the nine months ended September 30, 2020, consulting fees to Carob Management Ltd. totaled \$45,000 (2019: \$nil). As at September 30, 2020 and December 31, 2019, the assets and liabilities of the Company include the following amounts receivable and payable from directors and officers:

	<b>2020</b>	<b>2019</b>
Advances:		
Daniel Buffone <sup>(1)</sup>	\$ -	\$ 1,089
Trade payables and other liabilities:		
1053345 BC Ltd., management fees and interest	\$ 228,631	\$ 196,050
Robert Abenante, expenses <sup>(2)</sup>	105,333	46,833
1022698 BC Ltd., rent <sup>(2)</sup>	4,000	4,000
Alex McAulay, expenses <sup>(2)</sup>	3,429	3,429
ACM Management, management fees and interest	79,045	27,143
R.R. Walters Consulting, management fees and interest	129,934	89,062
Daniel Buffone, management fees <sup>(2)</sup>	37,278	16,519
Carob Management, consulting fees and interest	92,060	46,233
John Pearson, directors' fees <sup>(2)</sup>	17,761	17,297
Greg Burnett, directors' fees <sup>(2)</sup>	8,730	8,502
Michael Sweatman, directors' fees <sup>(2)</sup>	22,534	21,945
John Hite, directors' fees <sup>(2)</sup>	26,642	25,944
	<b>\$ 755,377</b>	<b>\$ 502,956</b>

<sup>(1)</sup> Amount consists of expense advances, is non-interest bearing, unsecured and due on demand.

<sup>(2)</sup> These balances are non-interest bearing, unsecured and payable on demand.

During the nine months ended September 30, 2020, the Company recorded finance costs of \$20,152 (2019: \$nil) of accrued interest on accrued fees due to 1053345 BC Ltd., ACM Management, R.R. Walters Consulting, and Carob Management. Interest is accrued at 10% per annum compounded monthly.

As of September 30, 2020, the carrying value of short-term loans payable to John Hite and Richard Walters including accrued interest was \$56,574 and \$3,341, respectively (December 31, 2019: \$51,553 and \$3,254, respectively).

On May 22, 2020, the Company received a total of \$13,000 cash in exchange for a promissory note with Greg Burnett. The note carries and interest rate of 12%, accrued monthly, with a maturity date of April 30, 2021. The note can be settled in either cash or common shares of the Company. If settled in shares, the terms will be agreed upon between the Company and Greg Burnett. If the Company does not fully repay the note on maturity the Company shall pay a penalty of 10% of the principal of the note. During the nine months ended September 30, 2020, the Company recorded finance costs of \$574 (2019: \$nil) in connection with interest accrued under the note. As at September 30, 2020, included in loans payable to related parties is the carrying value of \$13,574 (December 31, 2019: \$nil).

On May 22, 2020, the Company received a total of \$13,000 cash in exchange for a promissory note with 1053345 BC Ltd. The note carries and interest rate of 12%, accrued monthly, with a maturity date of April 30, 2021. The note can be settled in either cash or common shares of the Company. If settled in shares, the terms will be agreed upon between the Company and 1053345 BC Ltd. If the Company does not fully repay the note on maturity the Company shall pay a penalty of 10% of the principal of the note. During the nine months ended September 30, 2020, the Company recorded finance costs of \$574 (2019: \$nil) in connection with interest accrued under the note. As at September 30, 2020, included in loans payable to related parties is the carrying value of \$13,574 (December 31, 2019: \$nil).

During the nine months ended September 30, 2020, the Company recorded finance costs of \$3,737 (2019: \$2,399) in connection with interest accrued under a loan with John Hite.

During the nine months ended September 30, 2020, \$nil and \$6,598 (December 31, 2019: \$40,215 and \$27,120) in management fees payable to R.R. Walters Consulting and Daniel Buffone respectively were capitalized to mineral properties.

During the nine months ended September 30, 2019, the Company entered into a lease agreement with 1022698 BC Ltd., a company controlled by Robert Abenante. The terms of the lease are \$2,000 per month on a month to month basis and may be terminated at the Company's option with six months' notice. As of September 30, 2019, this agreement was terminated by the lessor. For the nine months ended September 30, 2020 rent expense incurred under this agreement was \$nil (2019: \$12,000).

## **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 nine months ended September 30, 2020 and 2019, the Company incurred the following expenses:

	<b>2020</b>		<b>2019</b>
Capitalized acquisition costs	\$ -	\$	23,020
Capitalized exploration costs	23,629		210,615
Operating expenses	513,251		1,106,065
	<u>\$ 536,880</u>	<u>\$</u>	<u>1,339,700</u>

Please refer to Note 6 of our consolidated financial statements for the nine months ended September 30, 2020 for a detailed description of the capitalized costs presented on a property by property basis.

## **OUTSTANDING SHARE DATA**

As at November 30, 2020, the Company had 60,075,432 common shares outstanding, 600,000 stock options outstanding and 17,372,538 warrants outstanding.

## **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

### **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 increased overall during the period due to an increase in trade payables denominated in U.S. dollars, this is partially offset by a reduction in cash held in both foreign currencies.

As at September 30, 2020, 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 \$23,145 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 \$23,145 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 other receivables. The Company believes it has no significant credit risk related to its cash as the majority of its cash is held at a large Canadian bank. The Company's other receivables consist mainly of input tax credits receivable from the Government of Canada and the Government of Argentina and, as a 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 September 30, 2020, the Company had cash of \$48,993 to settle current liabilities of \$1,539,300. The Company will require additional financings to meet its short-term financial obligations.

All the Company's financial liabilities as at September 30, 2020 were due on demand with the exception of the \$13,000 promissory notes due to each of Greg Burnett and 1053345 BC Ltd. which are both due on April 30, 2021.

#### **Basis of fair value**

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

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 September 30, 2020, the Company had \$48,993 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 4 in the financial statements for the year ended December 31, 2019 and 2018 and Note 4 of the condensed interim consolidated financial statements for the nine months ending September 30, 2020 and 2019.

#### **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, 2019 and 2018 and have been consistently followed in the preparation of the condensed interim consolidated financial statements for the nine months ending September 30, 2020 and 2019.

## **ADOPTION OF NEW STANDARDS AND INTERPRETATIONS, AND RECENT ACCOUNTING PRONOUNCEMENTS**

Adoption of any new accounting standards and recent accounting pronouncements have been disclosed the Company's condensed interim consolidated financial statements for the nine months ended September 30, 2020 and 2019.

## **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.

## **SUBSEQUENT EVENTS**

None.