



MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

JUNE 15, 2020

*The following discussion and analysis is prepared as of June 15, 2020, and should be read in conjunction with the consolidated financial statements of Marifil Mines Limited (the "Company") for the years ended December 31, 2019 and 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.V.

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 new Canadian subsidiaries of the Company were incorporated: Prosperity Growth Ltd., Synergistic Resources Ltd., and Emirates Growth Ltd.

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, 2019

The Company's primary activity during the year ended December 31, 2019 was the preparation of a 43-101 report for the Company's flagship property, San Roque. The results of the report were released on September 12, 2019 and are discussed below.

The Company's majority owned **San Roque** property in the Province of Rio Negro continues to be its principal asset. San Roque holds a substantial epithermal polymetallic sulfide deposit containing gold, silver indium, zinc and lead with a NI 43-101 Inferred Mineral Resource estimate of approximately 1½ million of equivalent gold as displayed in Tables 1 and 2 below.

TABLE 1

San Roque Summary of Mineral Resource Tonnage and Grades Estimate  
(Mineral Resources are not Mineral Reserves, and do not have demonstrated economic viability.)  
Effective April 29, 2011

Resource Classification: Inferred	Cutoff	Quantity (tonnes)	Grades					
			AUEQ	AU	AG	PB	ZN	IN
			g/t	g/t	g/t	%	%	g/t
<b>Total Combined (Oxide + Sulphide)</b>		<b>32,891,400</b>	<b>1.42</b>	<b>0.46</b>	<b>12.08</b>	<b>0.39</b>	<b>0.78</b>	<b>11.90</b>

Cautionary

Statement: The data of this table is based on a tonnage weighted oxide plus sulfide combined cut-off grade of 0.58 g/t AuEq.

TABLE 2

San Roque Summary of Mineral Resource Contained Metals Estimate  
(Mineral Resources are not Mineral Reserves, and do not have demonstrated economic viability.)  
Effective July 22, 2019

Resource Classification: Inferred	Cutoff	Quantity (tonnes)	Contained Metal					
			AuEq	AU	Ag	Pb	Zn	In
			Oz	Oz	Oz	lb	lb	Oz
<b>Total Combined (Oxide + Sulphide)</b>		<b>32,891,400</b>	<b>1,499,900</b>	<b>486,600</b>	<b>12,770,600</b>	<b>279,788,900</b>	<b>566,930,300</b>	<b>12,586,000</b>

Cautionary Statement: The data of this table is based on a tonnage weighted oxide plus sulfide combined cut-off grade of 0.58 g/t AuEq.

The Company engaged Tetra Tech Canada Inc. ("Tetra Tech") in the first quarter to independently produce a NI 43-101 Technical Report that resulted in this tabulated estimated mineral resource. Tetra Tech establish a conceptual open pit constrained Inferred Mineral Resource estimate using a weighted average gold equivalent ("g/t AuEq") cut-off grade of 0.58 grams per tonne to compute these estimated Inferred Mineral Resources.

Management views this as a positive outcome upon which it believes metal resources classifications can be heightened and also significantly expanded with continued work programs. The next anticipated San Roque work program focuses on performing bench scale metallurgical recovery amenability tests, the results of which may be used to convert some portion of the estimated Inferred Mineral Resources into indicated and measured resources. To that goal, during the fourth quarter, Tetra Tech submitted a co-management plan and budget for which portion their services amount to about \$26,000. Management expects the entire program would cost the Company about \$68,000. The decision to undertake this metallurgical evaluation is pending the acquisition of funding.

Along with receipt of the San Roque NI 43-101 report, the Company collected from Tetra Tech a well-organized and complete technical dataset that underpins the report's recommendations for perfecting and expanding the resource estimates and also for drill testing associated exploration targets elsewhere on the property. This robust

data package is an added value asset also beneficial for achieving a corporate financing to continue work on the property. Tetra Tech recommends a next phase project budget of \$4 million, the largest element of which is \$1.7 million for 7,500 meters of in-fill and extensional diamond core drilling.

Management believes that all of the known San Roque mineral resources and affiliated exploration targets are well secured by three Minas totaling 94.5 square kilometers. Additionally, it believes that the nine temporary exploration permits of 645 square kilometers adequately cover adjacent prospective regions.

Minas San Roque S.A. is a private Argentinean company that holds title to the Minas and exploration permits. The Company owns 51% of the shares of Minas San Roque S.A. with its partner NovaGold Resources Inc. holding the remaining 49%. The Company operates the property activities.

Las Aguilas is another important mineral deposit asset of the Company having NI 43-101 Mineral Resources. An Exploration and Option to Purchase contract for the Las Aguilas I mining concession, or Mina, previously lost and reported on in the third quarter, was consummated on December 27th with an individual, thereby preserving control over all of the Las Aguilas NI 43-101 Mineral Resources estimates for the next two years.

The Company now has three Option to Purchase agreements for three of the four Las Aguilas Minas and it owns the fourth. It is management's view these are beneficially termed Options that are significantly substantive to the Company's asset base.

The **Las Aguilas** property is located in the Province of San Luis. It hosts a magmatic segregation type sulfide deposit of nickel-copper-platinum group elements, and is the largest known resource of nickel in Argentina. The aforementioned Las Aguilas NI 43-101 Technical Report was completed by Wardrop, a Tetra Tech company (Wardrop), on April 11, 2011 with their estimated resources presented in Table 3 below.

**TABLE 3**  
**Las Aguilas Summary Mineral Resource Tonnage and Grade Estimate**  
 (Mineral Resources are not Mineral Reserves, and do not have demonstrated economic viability.)  
 Effective April 29, 2011

<b>Resource Classification</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>Indicated</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>
<b>Inferred</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>

Cautionary Statement: The data of this table is based on a cut-off grade of 0.40% NiEq as defined for Table 6 below in the Section of "Other Mineral Exploration Properties".

The Wardrop Las Aguilas report recommends additional exploration expenditures where extension of the known zones of mineralization offers the potential for significant resource expansion.

**Other key highlights from the year ended December 31, 2019 can be summarized as follows:**

- On March 18, 2019, the Company closed a private placement of 14,000,000 units for 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.

- During the year ended December 31, 2019, the Company issued 1,907,142 shares pursuant to warrant exercises and received \$180,000 cash.
- Subsequent to the year ended December 31, 2019, on April 1, 2020, the Company entered into an agreement with Global Elsimate Capital Corp (“GECC”) to sell the Las Aguilas, Fraile and Rantones properties for consideration of an aggregate of 26,666,667 common shares at a deemed price of \$0.075 per share for deemed aggregate consideration of \$2,000,000. The shares will be subject to a pooling agreement providing for release in 5 tranches over 48 months as follows:
  - 1,666,667 Shares will be released six (6) months following the Closing Date;
  - 1,666,667 Shares will be released 12 months following the Closing Date;
  - 3,333,333 Shares will be released 24 months following the Closing Date;
  - 6,666,667 Shares will be released 36 months following the Closing Date; and
  - 13,333,333 Shares will be released 48 months following the Closing Date.

**Property Update: San Roque precious metal bearing epithermal polymetallic deposit, Rio Negro Province**

Minas San Roque S.A. maintained the entire mining property package of 73,915 hectares during the course of 2019. Most importantly, that includes three granted mining claim concessions (“Minas”) totaling 9,449 hectares in the core area that includes the entire NI 43-101 resource and covers all the known zones of mineralization. Minas San Roque S.A. owns the mineral exploitation and extraction rights so as long as it pays the annual real estate taxes (canons) on them, complies with a general investment program, and does not let the claims remain idle for more than four consecutive years.

The foremost event during 2019 was the accomplishment of the aforementioned NI 43-101 technical report by Tetra Tech. No drilling was done at San Roque in 2019. There was, however, a limited amount of field activity on the property which aside from collection of NI 43-101 verification samples separately involved taking a series of rock outcrop and drill core specimens for metallogenetic research purposes. This scientific work was and continues to be conducted by one of the Company’s contracted geologists using laboratory facilities at the National University of the South in Bahia Blanca. Management believes that these studies will ultimately aid in productively positioning future drill holes as well as facilitate the intended metallurgical testing. The Company is grateful for the support provided by the University’s Geological Department.

The Company received and accepted the finalized San Roque NI 43-101 technical report from Tetra Tech on September 10, 2019 and published a summary of its results in a news release dated September 12, 2019. There were no disagreements between management and Tetra Tech. The technical report was completed in the agreed to time frame and 2% under budget at \$71,218.

From a geological standpoint, the San Roque epithermal polymetallic sulfide deposit is hosted within the northern edge of the Somoncuro Massif, a broad uplifted zone of Jurassic age volcanic rocks in northern Patagonia. Its mineralization is hosted within the volcanic package of the Marifil Formation. Tetra Tech interpreted that a two kilometer diameter caldera complex underlies the property. They construed the ring faults and their splays within this caldera complex to be the conduits for metal pregnant fluid flow that now hosts much of the mineralization. Additionally, Tetra Tech concluded this mineralization constitutes an intermediate sulphidation epithermal gold deposit with elevated concentrations of gold (Au) (occasional visible gold), silver (Ag), zinc (Zn),

lead (Pb), and Indium (In) with a note that significant amounts of copper (Cu) and molybdenum (Mo) are locally present. Also importantly, they observed that mineralization has been drill intercepted from surface to a maximum depth of 250 meters, where it remains open to extensions at depth.

The Company's technical team now believes the estimated resources could have been augmented by inclusion of copper and molybdenum drill core assays in the computations. This was an oversight of the Company for having had not specified this in the Tetra Tech job parameters. Management also expects that substantial additional mineral resources could be found with deeper drilling of the mineralized zones as most have been drill tested to only 130 meters below surface.

Sensitivity analyses done by Tetra Tech were used to resolve appropriate cut-off grades for mineralized material both in the surface oxide and underlying sulfide, or un-oxidized, realms. That analysis shows the Inferred Mineral Resource estimate is included within a consolidated mineralized domain of 60 million tonnes or more.

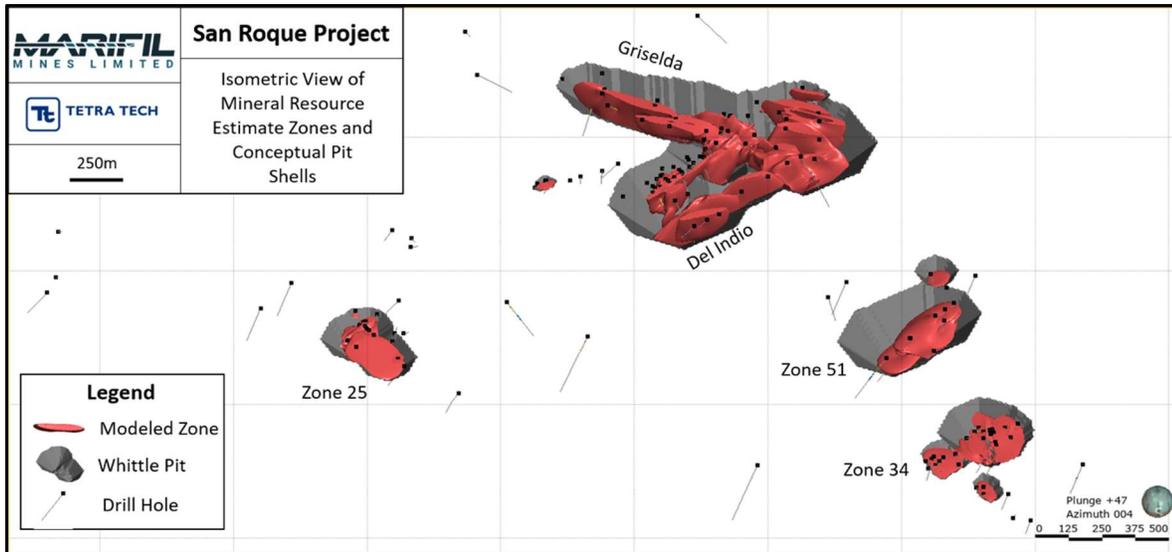
Four distinct zones of resource mineralization on the San Roque mining concessions have so far been established by 112 drill holes totaling 16,586 meters (15,082 m diamond drill core plus 1,504 m of reverse circulation) together with 58 trenches for 1,509 meters, all of which generated 10,755 samples used in the Tetra Tech estimated resource calculation. These are Zone 33 (also referred to as Del Indio/Griselda), Zone 25, Zone 34, and Zone 51.

The mineral resource estimate is reported by Tetra Tech as a sum of component pit constrained resources for each of the four zones using Whittle software open pit optimization. This was done to test the economic potential of the modeled mineralization. The reported mineral resources have been analyzed by, and constrained to, conceptual pit shells generated in Whittle. In addition to the mineralization constrained within the Whittle shells, Tetra Tech assessed the geological continuity of the zones, the near surface nature of the mineralization, and the San Roque property's close proximity to local infrastructure. Based on these considerations, the constrained mineralization presented is deemed by both Tetra Tech and the Company to have reasonable prospects for economic extraction.

The following Figure 1 is an isometric view depicting the lay-out of the four Whittle pit constrained resource zones.

FIGURE 1

Component Zones of San Roque Estimated Mineral Resources and Conceptual Whittle Pits



Tetra Tech and management both consider the computer modeling of the four zones to forecast that with continued drilling several of these zones may be found to have subsurface connections; a possible feature that could markedly enhance the estimated Inferred Mineral Resources. Notably, numerous drill holes ended in good mineralization. Additionally, sensitivity analyses done by Tetra Tech were used to resolve appropriate cut-off grades for mineralized material. That analysis shows the Inferred Mineral Resource estimate is included within a consolidated mineralized domain of 50 million or more tonnes. The Company's geological team believes that, based on surface mineralization indications, the consolidated mineralization domain would be considerably expanded with step-out drilling on the known zones.

These estimated resource blocks are displayed in Tables 4 and Table 5 below.

**TABLE 4**  
**San Roque Estimated Mineral Resources by Zone – Tonnage & Grade**  
 (Mineral Resources are not Mineral Reserves, and do not have demonstrated economic viability.)  
 Effective July 22, 2019

Resource Classification	Zone	Cutoff (g/t)	Quantity (tonnes)	Grades					
				AUEQ g/t	AU g/t	AG g/t	PB %	ZN %	IN g/t
<b>Oxide</b>									
Inferred (Oxide)	<i>Del Indio/Griselda</i>	0.5 AuEq	4,461,900	1.03	0.34	5.09	0.38	0.53	11.20
	<b>Zone 25</b>	0.5 AuEq	308,200	1.45	0.77	33.62	0.13	0.22	2.23
	<b>Zone 34</b>	0.5 AuEq	1,701,500	1.95	1.75	11.83	0.05	0.04	0.01
	<b>Zone 51</b>	0.5 AuEq	649,900	1.24	0.66	14.37	0.30	0.28	6.45
<b>Total Inferred Oxide</b>		<b>0.5 AuEq</b>	<b>7,121,500</b>	<b>1.29</b>	<b>0.72</b>	<b>8.78</b>	<b>0.28</b>	<b>0.37</b>	<b>7.70</b>
<b>Sulphide</b>									
Inferred (Sulphide)	<i>Del Indio/Griselda</i>	0.6 AuEq	19,114,500	1.47	0.33	8.95	0.46	1.03	14.92
	<b>Zone 25</b>	0.6 AuEq	1,884,500	1.48	0.48	33.03	0.22	0.55	11.09
	<b>Zone 34</b>	0.6 AuEq	603,000	1.53	1.09	25.07	0.06	0.10	0.10
	<b>Zone 51</b>	0.6 AuEq	4,167,900	1.35	0.49	20.70	0.33	0.55	7.31
<b>Total Inferred Sulphide</b>		<b>0.6 g/t AuEq</b>	<b>25,769,900</b>	<b>1.45</b>	<b>0.39</b>	<b>12.99</b>	<b>0.41</b>	<b>0.89</b>	<b>13.06</b>
<b>Combined</b>									
Inferred (Oxide + Sulphide)	<i>Del Indio/Griselda</i>	0.58 AuEq	23,576,400	1.39	0.33	8.22	0.45	0.93	14.21
	<b>Zone 25</b>		2,192,700	1.47	0.52	33.11	0.21	0.50	9.84
	<b>Zone 34</b>		2,304,500	1.84	1.58	15.29	0.05	0.05	0.03
	<b>Zone 51</b>		4,817,800	1.34	0.51	19.85	0.33	0.51	7.20
<b>Total Oxide and Sulphide Combined</b>			<b>32,891,400</b>	<b>1.42</b>	<b>0.46</b>	<b>12.08</b>	<b>0.39</b>	<b>0.78</b>	<b>11.90</b>

Numbers are rounded. Overall numbers may not be exact due to rounding.

These estimated Mineral Resources conform to NI 43-101, Companion Policy 43-101CP, and the CIM Definition Standards for Mineral Resources and Mineral Reserves. Inferred Resources have been estimated from geological evidence and limited sampling and must be treated with a lower level of confidence than Measured and Indicated Resources.

**TABLE 5**

**San Roque Estimated Mineral Resources by Zone – Contained Metal**

(Mineral Resources are not Mineral Reserves, and do not have demonstrated economic viability.)

Effective July 22, 2019

Resource Classification	Zone	Cutoff (g/t)	Quantity (tonnes)	Contained Metal					
				AuEq	AU	Ag	Pb	Zn	In
				Oz	Oz	Oz	lb	lb	Oz
<b>Oxide</b>									
Inferred (Oxide)	<i>Del Indio/Griselda</i>	0.5 AuEq	4,461,900	148,100	48,600	730,200	37,497,100	51,788,700	1,606,800
	<b>Zone 25</b>	0.5 AuEq	308,200	14,300	7,600	333,100	866,300	1,518,700	22,000
	<b>Zone 34</b>	0.5 AuEq	1,701,500	106,800	95,500	647,200	1,789,100	1,392,800	600
	<b>Zone 51</b>	0.5 AuEq	649,900	25,900	13,900	300,300	4,243,200	3,987,000	134,700
<b>Total Inferred Oxide</b>		<b>0.5 AuEq</b>	<b>7,121,500</b>	<b>295,200</b>	<b>165,600</b>	<b>2,010,800</b>	<b>44,395,700</b>	<b>58,687,200</b>	<b>1,764,200</b>
<b>Sulphide</b>									
Inferred (Sulphide)	<i>Del Indio/Griselda</i>	0.6 AuEq	19,114,500	904,700	204,900	5,497,800	194,945,800	433,820,600	9,168,000
	<b>Zone 25</b>	0.6 AuEq	1,884,500	89,500	29,000	2,001,300	9,347,400	22,647,200	671,700
	<b>Zone 34</b>	0.6 AuEq	603,000	29,600	21,200	486,100	816,500	1,310,200	1,900
	<b>Zone 51</b>	0.6 AuEq	4,167,900	180,900	65,900	2,774,700	30,283,500	50,465,100	980,200
<b>Total Inferred Sulphide</b>		<b>0.6 g/t AuEq</b>	<b>25,769,900</b>	<b>1,289,100</b>	<b>339,000</b>	<b>11,438,900</b>	<b>254,711,900</b>	<b>548,853,700</b>	<b>11,443,300</b>
<b>Combined</b>									
Inferred (Oxide + Sulphide)	<i>Del Indio/Griselda</i>	0.58 AuEq	23,576,400	1,052,800	253,500	6,228,100	232,442,900	485,609,300	10,774,800
	<b>Zone 25</b>		2,192,700	103,900	36,600	2,334,400	10,213,700	24,165,900	693,800
	<b>Zone 34</b>		2,304,500	136,400	116,700	1,133,300	2,605,600	2,703,000	2,500
	<b>Zone 51</b>		4,817,800	206,800	79,800	3,074,900	34,526,700	54,452,100	1,114,900
<b>Total Oxide and Sulphide Combined</b>			<b>32,891,400</b>	<b>1,499,900</b>	<b>486,600</b>	<b>12,770,700</b>	<b>279,788,900</b>	<b>566,930,300</b>	<b>12,586,000</b>

Numbers are rounded. Overall numbers may not be exact due to rounding. Note: lb. = (grade/100) x tonnage x 2,204.62.

These estimated Mineral Resources conform to NI 43-101, Companion Policy 43-101CP, and the CIM Definition Standards for Mineral Resources and Mineral Reserves. Inferred Mineral Resources have been estimated from geological evidence and limited sampling and must be treated with a lower level of confidence than Measured and Indicated Mineral Resources.

These tabulated Inferred Mineral Resource estimates have been constrained to the set of the four conceptual Whittle pit shells and the economic potential tested using the following assumptions and known parameters to set the sulfide and oxide Cut-Off grades:

- Open pit with heap leaching and sulfide flotation processing
- The approximate base of surface oxidation for each of the 112 drill holes (averages 39 meters)
- Mining costs of US\$1.50/t,
- Milling costs of US\$10.00/t and US\$16.00/t respectively for Oxide and Sulphide
- Gold price of US\$1,267.00/oz
- US\$5.00/t G&A
- Gold Equivalent (AuEq) based on the following metal value ratios to Gold: 1 (Au), 75 (Ag), 19,565 (Pb), 15,716 (Zn), and 117 (In) as calculated using three year trailing average metal prices of US\$1,267.00/oz Gold, US\$17.00/oz Silver, US\$1.00/lb Lead, US\$1.20/lb Zinc, and US\$10.80/oz Indium
- AuEq Cut-Off grade calculation assumes 70% recovery for Oxide hosted metals and 80% recovery for all metals in the Sulphide realm for lack of metallurgical recovery test results
- Bulk density has been applied to all materials as 2.63 tonnes per cubic meter

The mineral resource estimates are based on a combination of detailed geological modeling conducted in Aranz Leapfrog 3D software, along with geostatistical and conventional block modeling using the Inverse Distance Squared method of grade interpolation in Datamine Studio RM software. Leapfrog 3D software employs advanced implicit modeling techniques to generate geological models from drill holes and trenching data. The

mineral resources were estimated using a non-rotated block model with parent blocks of 5m x 5m x 5m with 5 sub-cells allowed in the X, Y, and Z directions. Block sizes were rounded to the nearest 0.5 m.

Management's opinion of the San Roque property is largely based on the geological and resource model generated by Tetra Tech. Management believes there is sufficient evidence to imply that the multiple zones modeled are hosted along the same geologic trend and structure, and that further drilling along that trend will result in discovery of more and potentially economic epithermal polymetallic mineralization containing important amounts of precious metals.

Also, notably, significant copper and molybdenum mineralization is present in some of the drill cores. These elements, however, were not included in the Tetra Tech Inferred Mineral Resource calculation. Management believes that had they been, it would have materially added to the Inferred Mineral Resource. Also not included is mineralization exposed by drilling to be deeper than the constrained Whittle open pits bottom levels that ultimately might be amenable to open pit or underground mining.

Management, in line with Tetra Tech's recommendation, is targeting, as aforementioned, extractive metallurgical testing as the being the next tangible and cost-effective step in the development of the San Roque Mineral Resources. In the opinions of both management and Tetra Tech a significant quantity of the currently defined Inferred Mineral Resources could likely be moved into more advanced Mineral Resource categories upon receipt of encouraging metal recovery test results. These opinions are founded on the close drill hole spacing in some locations – particularly in Zone 33 on the Del Indio structure where many drill holes are spaced 25 meters to 50 meters apart along its strike length. The Company's technical team anticipates the San Roque sulfide mineralization will suitably respond to standard sulfide flotation technology, and at this time sees no obvious reason why acceptable sulfide concentrations could not be produced. The Company expects that with such metallurgical test results and consequent revised Mineral Resource estimate a Preliminary Economic Assessment could be undertaken.

Management is mindful that neither the limits of the reported San Roque Inferred Mineral Resource, nor the larger body of mineralized material in which it is contained, have yet been found by exploration drilling. Many drill holes ended in good mineralization. It is therefore assuredly optimistic that an intensive drilling program would expand and improve the classification of the estimated Inferred Mineral Resources, join or connect up some of the individual resource zones, and in general enlarge the limits of the known mineralized body.

Beyond the polymetallic mineral zones hosting the Inferred Mineral Resource, prospecting which included mechanized trenching identified and exposed several precious metal exploration drilling targets about two kilometers northwest of the Zone 33. Management considers this 2018 discovery of the NW Vein System adds a whole new dimension of gold deposit discovery potential to the San Roque property. The Company's geologists are of the view that this extensive epithermal quartz vein system is genetically related the zones hosting the Inferred Mineral Resource. But it is of distinctly different character in than its multi-gram gold and silver mineralization is not associated with base metal sulfides of any significance. A fluid inclusion study on the quartz of the veins determined them to be of low sulphidation epithermal character overlying a fluid boiling zone that is prone to host a high grade gold and silver deposit. Notably, an extensive zone of geochemically gold anomalous volcanic bedrock silicification lies within the plus two kilometer long NW Vein System, and is by itself considered by management to be silica capping on a bulk tonnage gold drilling target of high priority for the next San Roque drilling campaign.

The San Roque property is located in a region of well-developed infrastructure where development costs are

expected to be comparatively low. The Company is at this time unaware of any risk factors related to environmental, permitting, legal, title, taxation, socio-economic, marketing, or political issues which could materially adversely affect the potential development of the property.

### **Property Update: Las Aguilas, nickel-copper-cobalt-platinum deposit, San Luis Province**

The Las Aguilas property is located in central Argentina in the Province of San Luis. It 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.

Over the years the Company has held four mining concessions (Minas) totaling 359.4 hectares which comprised the property. Those Minas are: Marco Antonio of 28.4 hectares, Las Aguilas I of 201.0 hectares, Las Aguilas II of 100.0 hectares, and Virorco of 30.0 hectares. Excluding Virorco, these Minas 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 amount.

Mining concessions, synonymously referencing minas, are real estate that grants the title holder the right to conduct further exploration work after a discovery has taken place, and to then exploit all the in-place mineral deposits found within the boundaries of the Mina. The transfer of a Mina title (or change of control) is not subject to governmental approval. Mining concessions are not subject to a life term and, therefore, to the extent the title holder does not incur any of the concession termination events set forth in the Argentine Mining Code ("AMC"), the concession will last until the "extinction" (complete extraction) of the identified mineral resources and/or reserves. Mining concessions are subject to a government mandated 3% mine-mouth, or pithead value, annual production royalty. The Las Aguilas property is currently not subject to any other royalties.

There are three essential obligations to keep the title ownership of a mining concession in good standing: 1.) the payment of an annual mining fee or real estate tax called a "canon", 2.) the lodgment of and compliance with a registered investment plan, and 3.) avoidance of a four year period of inactivity on the mining concession. Ownership of the Mina title can be revoked by the provincial Mines Department for non-compliance of any one of these conditions in accordance with the terms of section 225 of the AMC. Should the concession be revoked it is then declared vacant at which time any person or federally registered company can apply for and gain title ownership provided any deficiencies like canons in arrears are satisfied. The prior owner of a concession declared vacant is not allowed to refile for ownership of the Mina for a period of one year.

The Company has maintained the canon payments current and has complied with filing investment plans for the four Las Aguilas mine concessions. However, over the last few quarters the Company has been notified by the San Luis Provincial Mines Department ("SLPMD") that three of the Las Aguilas Minas (Marco Antonio, Las Aguilas 1 and Virorco) have been revoked and declared vacant. The SLPMD noted that the Company had not done any physical work on those Minas for over four years and hence pronounced it was in violation of section 225 of the AMC. The SLPMD notified the Company of its title revocations of the Marco Antonio and Virorco Minas on November 1, 2018 and the Las Aguilas 1 Mina on September 13, 2019. It had been the Company's intent to delay further work on those Minas as under present metal market conditions the NI 43-101 defined mineral resources on Las Aguilas property would not be economically exploitable. Pending funding acquisition, management plans

were to reinitiate work on the property at such time metal market conditions may improve.

Once the Marco Antonio, Las Aguilas 1 and Virorco Mina vacancies were made of public notice, three unrelated and independent local people were able to directly acquire them. Aware of the new ownerships, the Company acted quickly to negotiate separate deals with each of them whereby the Company could purchase the three Minas within a two year period by terms of Exploration and Option to Purchase contracts (the "Agreement(s)"). The Company consummated the Agreement for Marco Antonio on March 15, 2019, for Virorco on August 21, 2019 on August 21, 2019 and for Las Aguilas I December 27, 2019. The new private title holders want the commercial terms of their Agreements with the Company kept confidential notwithstanding a provision in all three Agreements for a purchasable 0.5% Net Smelter Return royalty on each of their Minas should the Company exercise its call option to purchase it.

While the Company may exercise the call option to repurchase the claims, there is no plan to explore the Las Aguilas property until market conditions improve. Accordingly, the Company has written down the carrying value of the Las Aguilas property to zero.

Management expects that a similarly caused revocation of the Las Aguilas II Mina will occur at some point in the near future. At such time as that may happen, the Company intends to attempt control of that Mina by negotiating an agreement similar to that of the others with whatever party may win it. There can be no assurance that any of this will take place.

Although no field activities were conducted on the Las Aguilas property during 2019, on September 13th the Company signed a collaborative agreement with the National University of the South ("NUS") whereby the Company has now moved all salvageable Las Aguilas drill cores (amounting to about 19,000 meters) from a rental storage warehouse in Mendoza to the NUS in Bahia Blanca. Additionally, 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.

Subsequent to the year ended December 31, 2019, on April 01, 2020, the Company entered into an agreement with Global Elsimate Capital Corp ("GECC") to sell the Las Aguilas property for consideration outlined in the other key highlights section above.

## **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"(standards of disclosure for mineral projects)) technical report with an Inferred Mineral Resource

estimate was completed in 2019 by an independent contractor, Tetra Tech Canada Inc. ("Tetra Tech"). Additionally, nearby the area of the NI 43-101 Mineral Resource are a series of extensive undrilled epithermal precious metals bearing quartz veins with an associated bulk tonnage epithermal gold-silver target associated with (the "NW Vein System").

Mining rights (collectively known as concessions, minas, pertinencias and cateos) comprise the 73,915-hectare property, and include 12 mineral tenures, 3 of which are granted concessions (minas) containing 95 mining claims (pertinencias) of approximately one square kilometers each that total 9,449 hectares. The other 9 are temporary exclusive exploration permits (cateos). The Company has the exclusive right to carry out exploration works on those cateos. The minas are federal real estate for which the state has granted mineral concessions to the Company. The Company effectively owns a franchise for 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 registered with the Rio Negro Department of Mines. Under provisions of the Argentine Mining Code the Company would be exposed to losing the concessions should it leave the property dormant, or inactive, for more than four years. The pertinencias of the minas are core area claims that securely cover all of the known mineralization on the property.

Epithermal 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 on behalf of the Company by NovaGold Resources Inc. ("NovaGold") during June, 2011.

On June 22, 2010, the Company and 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") was henceforth incorporated, as required by the Shareholders Agreement, as a private Argentinean company to hold the San Roque mining rights. On May 4, 2018, the Shareholders Agreement was amended to include an approved budget for the 2018 drill program and for the independent NI 43-101 report which was later completed in July of 2019.

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 a small equity shift in MSRSA will occur to its favor in the coming months upon closing of the 2019 financial books. The Company currently acts as the San Roque project operator, and manages MSRSA. All of the San Roque mine rights that were held by the Company or its agents have been 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 diamond core drilling – mostly HQ size core. All drill holes, save one MIM vertical rotary hole, are angle downwards, most at -60° but with a few 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 ground 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 NW Vein system of precious metals bearing epithermal quartz veins 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 on the San Roque property. 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 of up to 200 meters.

Marifil estimates that about US\$8,400,000 has been invested in the acquisition, exploration and initial resource assessment of the property since and including MIM's earliest discovery program in 2000. The Company judges all this expense and effort has produced sufficient data to determine a NI 43-101 Mineral Resource estimate. Accordingly, the Company retained the services of Tetra Tech to produce a NI 43-101 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. Their results published in the News Releases of "Marifil Reports a Positive Opening NI 43-101 Resource at San Roque", dated July 22, 2019 and "Marifil's NI 43-101 Report on San Roque Confirms Positive Results", dated September 12, 2019.

The Tetra Tech NI 43-101 technical report is posted on the Company's website at [www.marifilmines.com](http://www.marifilmines.com), along with a power point presentation of the San Roque project. Also shown on the website is a technical report entitled "San Roque Project 2018 Drilling Program" which is a description of the most recent physical work done on the project and some conclusions 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.

See Figure 1 (above) for the locations of mineralized Zones 25, 33, 34, and 51 that are variously referenced in the following script.

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:

- To evaluate the Zone 34 with two 50 meter step-outs on DDHMSR-0034 (MFDDH-0056 & MFDDH-0059).
- To assess the cause of the 900 long Induced Potential anomaly with a 570 meter step-out on DDMSR-0033 (MFDDH-57).
- To expand Zone 34 by a 50 meter step-out on DDMSR-0033 (MFDDH-0058).

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

In August following the drilling campaign of July 2018, 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 Zone 34.

Drilling has outlined an area of semi-continuous polymetallic mineralization covering approximately 0.3 x 0.9 kilometers in the Zone 34. 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 Zone 33 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. Then 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.

Remarkably, 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 this mineralization is the cause of the I.P. anomaly, which was targeted to be intercepted much deeper in the hole. Petrographic studies revealed the zinc mineral to be a zinc manganese oxide called Franklinite. Oxide minerals like Franklinite usually do not respond well to IP chargeability. All indications are 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 it is about 60% - 70% the intensity of that in DDHMSR-0033 (above). The assayed core lengths are roughly the same in both holes. In MFDDH-58 the interval between 6 meters 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 bulk to the Zone 33 (Griselda plus Del Indio) 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 for MFDDH-58.

Significant results have also been encountered in Zone 51, located approximately 1.0 kilometer southeast of the Zone 33, and in hole DDHMSR-0034, located 1.9 kilometer southeast of the Zone 33, designated the Zone 34. Three core holes (MFDDH-51, DDHMSR-002 and DDHMSR-003) in Zone 51 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 Zone 51 was done in 2018. Likewise, no drilling was done on Zone 25 in 2018.

In Zone 34, 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. Zone 34 is distinctly different than Zone 33 as it lacks significant base metal mineralization and quartz veining. The precious metal mineralization in Zone 34 is associated with variably silicified tuffs and volcanic sediments.

In 2018, holes MFDDH-56 and MFDDH-59 were drilled in Zone 34 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 Zone 34 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.

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 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 Zone 34 to be a near surface bulk tonnage heap leach target. In 2013, a composite sample from three Zone 34 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 Zone 33. 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 those samples 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 of 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. Marifil's 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 hundred eighty six 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. For lack of funding, there is no current timetable to undertake this proposed work.

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.

As previously stated in the above 2019 Property Update section, no field program was conducted on San Roque in 2019 other than verification sampling by Tetra Tech for the purpose of the NI 43-101 technical report.

The mineral resource details of the Tetra Tech study are shown in Table 2 and Table 3 of the Property Update section above. That report concludes the San Roque property contains a deposit of low-sulphidation epithermal polymetallic mineralization with gold and zinc as the principal economic commodities accompanied by important values of silver, indium and lead. These have all been integrated into a conceptual open pit constrained Inferred Mineral Resource of 32,891,400 tonnes of 1.42 grams per tonne gold equivalent of 1,499,900 ounces of which the gold constituent is 486,600 troy ounces. The zinc constituent of 566,930,300 pounds is as economically important as is the gold at this level of resource evaluation. The estimated silver content is 12,770,600 troy ounces. Notably, the estimated indium content, an element vital to the global digital electronics industry, is 12,586,000 troy ounces. The estimated lead content is 279,788,900 pounds. The substantial base metal content amounts to about 384,000 tonnes. The drilling data also shows the deposit contains noteworthy assay values of copper and molybdenum which the Company imagines could add significant credits to the estimated resource base.

The San Roque mining concessions (minas) are subject to a government mandated 3% mine-mouth, or pithead value, annual production royalty. The San Roque property is currently not subject to any other royalties.

## **LITHIUM PROPERTY EXPLORATION SUMMARY**

### **Background**

During 2009, the Company carried out a lithium brine exploration program on various salars (salt lakes or alkali flats) 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 an NI 43-101 technical 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 Ratones cateo (a “cateo” is a temporary exclusive 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 manifestations of discovery, Carachi Pampa III and Carachi Pampa IV were formerly owned by Marifil, and were sold to Compañía Minera Esperanza S.A. (“Esperanza”), a private Argentinean company, in 2013. Manifestations of discovery are mining claim rights that are in transition from being a cateo to a mina (mining concession). Marifil struck a deal with Esperanza for reacquisition of those claims on January 26, 2018 with the definitive exploration and option to purchase agreement (“Esperanza Agreement”) being signed on May 8, 2018; see News Release “Marifil Enters Into Agreement to Acquire Lithium Claims in Argentina’s Famed Lithium Triangle”, dated May 15, 2018 and posted on the Company’s website shortly thereafter.

Esperanza produced a valid ownership title certificate for Carachi Pampa IV, but could not produce a clean title certificate of ownership for Carachi Pampa III despite continued promises it was working on finding and obtaining it. In observance of this frustration, on December 29, 2018, Esperanza and Marifil then amended some sections of the Esperanza Agreement dated May 8, 2018. The contract amendment freezes Marifil’s obligation to continue contract payments until Esperanza either produces a clean ownership title for Carachi Pampa III or otherwise officially notifies Marifil that it does not own Carachi Pampa III. Aside from the option payment freeze, all other provisions in the contract remain the same. Subsequently, Marifil’s persistent research of the Province of Catamarca Graphic Register revealed that the Catamarca Mines Department revoked the cateo for Esperanza not keeping it in good standing. Nevertheless, Esperanza has not acknowledged the revocation of the Carachi Pampa III mine right and has not provided the required notice that it cannot produce its claimed ownership of the mine right. Until such time as it does, the Esperanza Agreement payments remain suspended.

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 that have no outlet except for evaporation. Hydrothermal solutions emanating from regional faults may be a secondary source of lithium and borates.

The three cateos adjusting for the loss of Carachi Pampa III total 12,698 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.

### **Ratones and Fraile, Catamarca Province**

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 2019, and is holding the property dormant pending acquisition of exploration program funding for it whilst also seeking an industry partnership for its evaluation.

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.

Subsequent to the year ended December 31, 2019, on April 1, 2020, the Company entered into an agreement with Global Elsimate Capital Corp ("GECC") to sell the Rantones and Fraile properties for consideration outlined in the other key highlights section above.

#### **Carachi Pampa IV, Catamarca Province**

The Carachi Pampa IV claim is of 6,170 hectares. This mine right has advanced beyond being a cateo, or temporary exclusive exploration permit, 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 IV is a MD. The legal processing of the Carachi Pampa IV MD by the Catamarca Department of Mines is still in progress. There can be no assurance that title will eventually be issued to Esperanza.

Carachi Pampa III and IV were formerly owned by Marifil, being sold to Minera Esperanza S.A. ("Esperanza") in 2013, with Marifil keeping a non-purchasable 1% NSR for all commodities. 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 Esperanza Agreement, Marifil made the first installment of US\$20,000. A clean title of ownership certificate has been delivered for Carachi Pampa IV, but as stated in the above summary Esperanza has been unable deliver an unencumbered title certificate of ownership for Carachi Pampa III, which was originally included together with Carachi Pampa IV in the Esperanza Agreement. As discussed above, Marifil later

discovered that Catamarca Mines Department had revoked the Carachi Pampa III manifestation of discovery before the Esperanza Agreement had been signed. Purchase option payments by the Company to Esperanza were frozen and the Esperanza Agreement was then amended, as noted above, to recognize that. At such time as Marifil receives delivery of the required notice of non-ownership of Carachi Pampa III from Esperanza, half of the initial (and so far only) payment is to be applied to a future year with all such scheduled future purchase option payments 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. Carachi Pampa IV covers the extreme 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 claim on the north that cover nearly all of the exposed surface of the salar. Lake Resources (Lake) has, as of April 30, 2019, completed an initial 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 approximately 3.4 kilometers to the north of the common claim boundary with Carachi Pampa IV. 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 that are nearer to the Company's holding 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.

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 including lithium metallurgical recovery tests on the project.

Management believes these drill results enhance the value of Marifil's holdings as subsurface aquifers undoubtedly transgress the claim boundary of Carachi Pampa IV. Carachi Pampa IV lies on the southeast boundary of Lake's holdings on the south of the salar shoreline. It is mostly covered by a layer of wind-blown volcanic sand and some rock talus. The Company's geologists believe a large extension of the exposed salar underlies hidden under this surficial cover, and thus the exploration discovery potential for lithium bearing brines is very high.

The Company did not undertake lithium exploration work on Carachi Pampa IV during 2018 or 2019 for lack of available funding.

Esperanza is actively developing a fracking sand project on a part of Carachi Pampa IV. The sand is of very good quality and ranked to be the second best in all of Argentina. Robust development towards commercial production

was accomplished during 2018 and 2019. 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 fracking sand mining project has advanced to the stage of commercialization with the commencement of mine and plant construction. A processing plant is in place undergoing a shakedown test. 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.

The Company holds a 1% Net Smelter Return royalty on fracking sand production from the Carachi Pampa IV claim which is separate and independent of the Esperanza lithium purchase option Agreement for the claim. That royalty originated as a term in the aforementioned 2013 sales agreement. At such time as full commercial sand production starts, Management expects to start receiving small (US\$25,000 to US\$50,000 annually).

## **OTHER MINERAL EXPLORATION PROPERTIES**

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

The current Las Aguilas property situation is covered in the above Property Update section of this document.

No field activities were conducted on the Las Aguilas property during 2018 and 2019. However, on September 13, 2019 the Company signed a collaborative agreement with the National University of the South for drill core storage and student and staff dissertations and geologic research use as also noted in the above Property Update section herein.

Marifil acquired the Las Aguilas minas in the year 2000 by paying the overdue canons (real estate taxes) on them. Las Aguilas is a 359-hectare property, consisting of four 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.

The current Las Aguilas property situation is covered in the above Property Update section of this document. To recap, Marifil currently holds a 100% interest in one of the four minas and has purchase option contacts in place to purchase the other three. 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.

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). The Indicated and Inferred Mineral Resource estimates are summarized in Table 3 above and fully displayed in Table 6 below. These estimated resources are 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 estimated 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, vertical 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. Its basal portion assayed 0.27% Ni and 0.27% Cu along with strongly anomalous cobalt and platinum group metals over 19 meters starting at 200 meters. 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° 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 with the mineralization being 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:

- 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;
- 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 Wardrop NI 43-101 technical report as filed on [www.sedar.com](http://www.sedar.com) on June 20, 2011. The delay was due to availability of data verification. Table 6 below summarizes their resource estimate.

**TABLE 6**  
**Las Aguilas Estimated Mineral Resources by Zone – Tonnage & Grade**  
 (Mineral Resources are not Mineral Reserves, and do not have demonstrated economic viability.)  
 Effective April 29, 2011

Resource Class	Zone	NiEq% Cut-off	Tonnes	Ni%	Cu%	Co%	Au (ppm)	Ag (ppm)	Pt (ppm)	Pd (ppm)	NiEq%
<b>Indicated</b>	East	0.40	1,036,800	0.52	0.35	0.03	0.09	0.53	0.19	0.19	<b>0.77</b>
	West	0.40	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>	<b>0.67</b>
<b>Inferred</b>	East	0.40	650,000	0.48	0.33	0.03	0.03	0.31	0.05	0.04	<b>0.65</b>
	West	0.40	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 summary resources of this table are based on a 0.40% NiEq cut-off parameter which incorporated metals prices of early 2011 to calculate tonnages and grades. They are based on the nickel equivalent (Ni Eq.%) formula =  $[(Ni\ grade \times \$Ni) + (Cu\ grade \times \$Cu) + (Co\ grade \times \$Co)] \times 20 + [(Au\ grade \times \$Au) + (Ag\ grade \times \$Ag) + (Pt\ grade \times \$Pt) + (Pd\ grade \times \$Pd)] \times 0.0291667 / (\$Ni \times 20)$ . The metal grades used in the formula are the separate metal grades presented in the table. As no recent extractive metallurgical tests have been completed for the various 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 Wardrop report recommends additional exploration expenditures where extension of the known zones offers the potential for resource expansion; particularity 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 NI 43-101 report also recommends a down-hole geophysical survey to aid in the step-out drilling.

Subsequent to the year ended December 31, 2019, on April 1, 2020, the Company entered into an agreement with Global Elsimate Capital Corp ("GECC") to sell the Las Aguilas property for consideration outlined in the other key highlights section above.

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

The El Carmen hydrocarbon property remained dormant for all of 2019. All titles to its oil mining claims have been transferred into Spinell S.A., a wholly owned Marifil subsidiary company, in preparation for sale of the property. The continued low price of oil inhibited the Company's efforts to sell or option-off the property. The Company has wholly-owned titled hydrocarbon exploitation rights, an unusual circumstance in Argentina where hydrocarbon properties are normally concessions awarded by the state. Marifil will no longer pursue exploration of the El Carmen property and has written down its carrying value to zero.

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.

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

The Lago Fontana gold exploration project continued on standby status for all of 2019. The Lago Fontana property consists of 16 mine rights covering 17,498 hectares, of which 14 of those are perfected mining claims, or minas (mining concessions), containing 83 pertinencias (claims) that cover 498 hectares. These minas, which are real estate, were established in 1940 - 1942. Additionally, there is one Manifestation of Discovery (MD) of 7,000 hectares plus a temporary exclusive mineral exploration permit (cateo) totaling 10,000 hectares. A MD is a transition mining right of conversion of a cateo into a mina. A determination of the project's legal status is pending resolution of what ecological category the region is to be declared by the Chubut provincial legislature. It is located in the Andean Mountain front near the Argentine - Chile boarder next to Fontana Lake, with good access by road and 400 kilometres from the large oil services 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 on standby ever since, and will remain so pending completion of the ecological studies. No timetable has been announced for the studies, and its inclusion in the provincial legislative docket remains

pending. In the meantime, the Company's mine rights are frozen and taxation of the minas has also been postponed. The mine rights fees (called canons) are paid up through 2010. Should the region be assigned a category allowing mining this year, Marifil would then have to pay about US\$5,000 in accumulated postponed taxes in order to proceed with ownership of the claims. Marifil will seek just and fair 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 and have not been checked by a qualified person. Marifil's geologic consultants think this potential can probably be increased upwards 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 robust stream sediment gold anomalies up to 43.3 g/t Au on extensions of the known mineralization, and further confirming the potential mineral 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 width of a quartz vein. 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 work 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.

#### **4. Ortiquita gold property, San Juan Province**

On December 5, 2018 the Company successfully lodged a cateo (exclusive temporary mineral exploration permit) of 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. This property is located roughly 12 kilometers north-northeast of Barrick Gold Corporation's Veladero gold mine on the Pascua-Lama to Veladero epithermal gold deposits trend. It shares a 250 square kilometer crowded field of mine claims belonging to competitors. Its staking was opportunistic acquisition by Marifil, which through researching title records discovered an old cateo that had expired and the space was again open for claim location. The large block of mine claims surrounding Ortiquita contains significant hydrothermal alteration as depicted by satellite imagery. Favorably altered and gold mineralized volcanic rocks have also been found in past explorations by various companies working the large claim block. However, the Company has not yet obtained or produced a technical data base for the property. Although it is situated within a highly prospective epithermal gold zone, specific gold drilling targets, if any, remain to be identified.

During 2019, the Company was unable to launch a prospecting evaluation of the property for lack of funding. The Company is looking to either joint venture or option-out the property.

## **5. Castaño gold property, San Juan Province**

The Castaño gold project was initiated during 2019. It is located at a relatively low elevation on the east front of the Andes Mountains in the Castaño Viejo mining district. There is intense industry competition for mine rights there. The Company successfully acquired 3,946 hectares of contiguous mine claims and is currently attempting to expand on that. This parcel includes two cateos (temporary exclusive mineral exploration permits) totaling 3,838 hectares covering prospective land that was recently re-open for staking, in addition to four existing and separate minas (mining concessions). The minas amount to 108 hectares.

A major international mining company conducted exploration operations some 10 years ago in the zone of these claims. Their work defined a prospective gold zone about 10 kilometers long, but that company subsequently abandoned their claims when a corporate decision was made to cease business operations in Argentina. A reconnaissance field examination by Marifil's geological staff 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. Proximal to the porphyry and breccia complex are several lead-zinc-silver and copper-gold veins with minor production histories.

The Company is continuing with competitive efforts to better consolidate its land position in the old gold mining district, and also to collect historical technical data generated by various previous workers. Once a better assembly of mine rights is accomplished and more technical exploration data is obtained or generated it will seek a funding joint venture partner. The Company has identified a hydrothermally altered gold bearing igneous breccia pipe to be a good quality drilling target. It launched a mines right application for that zone, but so did another company at the same time. The Company understands the successful applicant will be determined by lottery in the San Jun Department of Mines, a date for which remains to be set.

## **6. Agricultural fertilizer (potash, phosphate and sulfur) properties, Neuquen and Mendoza Provinces**

In past years the Company carried out a large scale acquisition program for fertilizer minerals within the Neuquen Sedimentary Basin in Neuquen and Mendoza provinces. This was principally driven by the explosion of potash prices in 2008. The Company intended that any discovery would provide feedstock for a fast growing regional market, mainly in Brazil and Argentina, at the time.

The Company had built an effectual portfolio of lithologic, electric and radiometric oil well logs consisting of both public and purchased proprietary data bases. Helpful seismic profiles were also obtained. The targets were potash and sulfur bearing stratigraphic horizons amenable to Frasch type in-situ mining processes. In the case of phosphate, interesting drill hole intercepts were projected to possible surface exposures where, if found, the Company geologists sampled them.

In recent years, the price of potash has considerably waned, with consequent evaporation of exploration funding for it. This has forced the Company to abandon the program and reduce or in some cases relinquish its fertilizer properties. The surviving property positions are being continually eroded for lack of funding. The Company has no intent to attempt re-engaging in fertilizer minerals exploration at this time. Accordingly, the Company has written down the carrying value of its potash properties to zero. Nevertheless, the Company continues to look for buyers or take-off partners for these assets. Its proprietary exploration file data base, particularly for potash, may prove to be a valuable asset at some point in the future.

- **K-2, Potash property, Neuquen Province**

During 2019, the Company did no work on its four K-2 potash mining tenements. The mining tenements were temporary exclusive 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 survey them, an expense it declined to incur.

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

This project was dormant for all of 2019. 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. They 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 postponed 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 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.

The Company's geologic mapping and basin analysis identified this large area as having good potential for evaporate potassium salt horizons at depths ranging from 220 meters to 2,000 meters. These 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.

- **Mechanquil, biogenic sulphur property, Mendoza Province**

The one Mechanquil mining tenement (cateo) for sulfur and potash covers 7,200 hectares and is associated with the K-4 land package as it is also prospective for potash. Dissolution collapse features characteristic of biogenic sulfur deposits have been mapped on the property.

- **Milagros, phosphate property, Mendoza Province**

The Company holds two temporary mineral exploration permits (cateos) covering 7,700 hectares which are prospective for phosphate deposit discovery. It has determined the surface break trace of a phosphatic stratigraphic horizon of the Vaca Muerta formation, the main sedimentary unit of a massive oil play, for 35 kilometers. Therein, numerous outcrops were located and more than a hundred samples taken. Ore grade phosphate has not yet been found, but the sample results clearly show the potential of such clearly exists.

## RESULTS OF OPERATIONS AND FINANCIAL CONDITION

### Selected Annual Information

Year Ended	December 31, 2019	December 31, 2018	December 31, 2017
Loss for the year, attributable to owners of the parent	(1,605,739)	(1,570,461)	(435,831)
Loss per share, basic and fully diluted	(0.03)	(0.04)	(0.03)
Total Assets	3,944,148	4,223,373	2,877,364

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

In 2019, the Company remained active with the preparation of a 43-101 report for its San Roque property. Total assets have decreased by \$279,225 primarily due to the impairment of other exploration and evaluation assets of \$122,953 and a write-down of other receivables of \$206,137.

In 2018, the Company became operational again closing two private placements and completing its drill program at its San Roque Gold Property. Total assets have increased by \$1,346,009 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. Total assets and loss for the year remained consistent with the prior year due to similar inactivity.

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.

Three months ended	Quarter	Total revenues	Loss attributable to owners of the Company		Basic and fully diluted loss per share
December 31, 2019	Q4	-	\$ (508,345)	(iv)	(0.01)
September 30, 2019	Q3	-	\$ (505,440)	(iii)	(0.01)
June 30, 2019	Q2	-	\$ (299,124)	(ii)	(0.01)
March 31, 2019	Q1	-	\$ (292,830)	(i)	(0.01)
December 31, 2018	Q4	-	\$ (342,096)	(iv)	(0.04)
September 30, 2018	Q3	-	\$ (338,282)	(iii)	(0.01)
June 30, 2018	Q2	-	\$ (326,746)	(ii)	(0.01)
March 31, 2018	Q1	-	\$ (563,337)	(i)	(0.03)

- (i) The Company experienced a reduced loss in the quarter ending March 31, 2019 as compared to the previous year's first quarter primarily due to expenses incurred the prior year's first quarter which did not recur in the quarter ending March 31, 2019. These expenses were a \$100,000 bonus and a further \$121,461 in share-based payments associated with stock options and the ongoing vesting expense related to the Chief Executive Officer's management contract. The reduced loss is also caused by a reduction in share-based payments expense associated with the granting of stock options; for the quarter ending March 31, 2019 expense was \$21,644 compared to \$83,511 for the three months ended March 31, 2018.
- (ii) The Company experienced a slightly lower loss in the quarter ending June 30, 2019 as compared to the previous year's second quarter. The decrease in loss was due to lower general and administration fees overall.
- (iii) The Company experienced a larger loss in the quarter ending September 30, 2019 as compared to the previous year's third quarter. The increase was due to primarily to a \$165,485 combined increase in marketing and investor relations expenses over the prior period, along with increased finance costs relating to amounts due to related parties.
- (iv) The Company experienced a larger in loss in the quarter ended December 31, 2019 over the comparative period during the previous fiscal year primarily due to impairment of exploration and evaluation assets of \$122,953 compared to a recovery of \$37,776 during the comparative period.

## Results of Operations for the three months ended December 31, 2019 and 2018

### Operating Expenses

Three months ended	December 31, 2019 \$	December 31, 2018 \$	Change \$	Change %
<b>General and administrative:</b>				
Consulting fees	15,456	4,050	11,406	282%
Directors fees	9,949	9,117	832	9%
Filing fees	670	7,333	(6,663)	-91%
Investor relations & shareholder info	52,500	175,493	(122,993)	-70%
Management fees	61,668	139,599	(77,931)	-56%
Marketing	225	-	225	100%
Office and miscellaneous	54,215	42,781	11,434	27%
Professional fees	25,350	8,278	17,072	206%
<b>Total general &amp; administrative expense</b>	<b>220,033</b>	<b>386,651</b>	<b>(166,618)</b>	<b>-43%</b>
Foreign exchange loss (gain)	1,958	35,634	(33,676)	-95%
Write-down of other receivables	169,907	-	169,907	100%
Finance costs	(29,614)	1,238	(30,852)	-2492%
General exploration	2,044	-	2,044	100%
Admin charge income	(1,109)	(37,323)	36,214	-97%
Impairment (recovery) on exploration and evaluation assets	122,953	(37,776)	160,729	425%
Share-based compensation	26,209	17,686	8,523	48%
Gain on settlement of debt	-	(12,660)	12,660	-100%
<b>Net loss</b>	<b>(512,381)</b>	<b>(353,450)</b>	<b>158,931</b>	<b>45%</b>
<b>Net loss attributable to:</b>				
Owners of the Company	<b>(508,345)</b>	<b>(342,096)</b>	<b>(166,249)</b>	<b>-49%</b>
Non-controlling interests	<b>(4,036)</b>	<b>(11,354)</b>	<b>7,318</b>	<b>-64%</b>
	<b>(512,381)</b>	<b>(353,450)</b>	<b>(158,931)</b>	<b>45%</b>

During the three-month period ended December 31, 2019, the Company incurred a loss of \$512,381 compared to a loss of \$353,450 for the same period in 2018. Increase in loss is primarily driven by the incurrence of one-time other expenses as a result of write downs from management assessment of the valuation of the Company's exploration and evaluation assets and other receivables. Changes from period to period can be explained primarily by the following factors:

- (a) Investor relations fees decreased by \$122,993, due primarily to \$82,993 in fees paid to investor relations consultants in 2018 which did not incur fees in the current year's quarter.

- (b) Management fees decreased by \$77,931, due to decreases in management bonuses and reduction in costs associated with the San Roque drill program in the prior period that were non-recurring.
- (c) Professional fees increased by \$17,073 due to a timing difference.
- (d) Write-down of other receivables increased by \$169,907 primarily due to the write-off of previously accrued VAT receivables and GST receivable which management has determined is of doubtful collectability.
- (e) Impairment of exploration and evaluation assets increased \$160,729 over the \$37,776 recovery incurred during the comparative quarter. The impairment expenses during the current period are a result of a write-down of the carrying value of the Las Aguilas, Carachi Pampa, El Carmen, and K (potash) properties as a result of management's assessment of these properties.
- (f) Finance costs decreased during the period by \$30,852 due to changes in interest accrued on amounts due to officers and consultants.
- (g) Other expense increases were offset partially due to reduction in foreign exchange losses of \$33,676 from favourable movements in foreign currencies.
- (h) Share-based compensation increased by \$8,523 for the period due to compensation expense on performance shares of \$24,072, offset by reductions in share-based payments as no options were issued during 2019 and all outstanding options were fully vested by September 30, 2019.

## Results of Operations for the year ended December 31, 2019 and 2018

### Operating Expenses

Year ended	December 31, 2019 \$	December 31, 2018 \$	Change \$	Change %
<b>General and administrative:</b>				
Consulting fees	98,959	54,081	44,878	83%
Directors' fees	43,144	51,833	(8,689)	-17%
Filing fees	40,921	88,060	(47,139)	-54%
Investor relations & shareholder info	181,374	484,491	(303,117)	-63%
Management fees	275,207	539,330	(264,123)	-49%
Marketing	320,261	-	320,261	100%
Office and miscellaneous	93,920	106,910	(12,990)	-12%
Professional fees	146,094	81,207	64,887	80%
<b>Total general &amp; administrative expense</b>	<b>1,199,880</b>	<b>1,405,912</b>	<b>(206,032)</b>	<b>-15%</b>
Foreign exchange loss (gain)	(1,978)	75,181	(77,159)	-103%
Write-down of other receivables	206,137	-	206,137	100%
Finance costs	17,628	4,858	12,770	263%
General exploration	11,252	-	11,252	100%
Admin charge income	(11,959)	(37,323)	25,364	-68%
Impairment (recovery) on exploration and evaluation assets	122,953	(37,776)	160,729	-425%
Share-based compensation	74,533	183,623	(109,090)	-59%
Gain on settlement of debt	-	(12,660)	12,660	-100%

<b>Net loss</b>	<b>(1,618,446)</b>	<b>(1,581,815)</b>	<b>(36,631)</b>	<b>2%</b>
<b>Net loss attributable to:</b>				
Owners of the Company	<b>(1,605,739)</b>	<b>(1,570,461)</b>	<b>(35,278)</b>	<b>2%</b>
Non-controlling interests	<b>(12,707)</b>	<b>(11,354)</b>	<b>(1,353)</b>	<b>12%</b>
	<b>(1,618,446)</b>	<b>(1,581,815)</b>	<b>(36,631)</b>	<b>2%</b>

During the year ended December 31, 2019, the Company incurred a loss of \$1,618,446 compared to a loss of \$1,581,815 in 2018. Marifil had incurred decreased operating expenses during the comparative period but overall loss increased due to the recognition of significant one-time other expenses. Changes from year to year can be explained primarily by the following factors:

- (a) Consulting fees increased by \$44,878 primarily due to an additional \$45,000 incurred in the current period pursuant to a consulting contract with a director for advisory services which commenced on April 1, 2019.
- (b) Directors' fees are materially consistent with the prior quarter.
- (c) Filing fees decreased by \$47,139 for the year ended December 31, 2019 compared the prior period primarily due to an additional \$41,600 incurred in the prior period for the Company's application to trade on the OTC.
- (d) Management fees decreased by \$264,123 due to a management bonus of \$100,000, and increased management fees associated with the San Roque drill program incurred during the prior period.
- (e) Marketing expenses increased by \$320,261 due to production costs of \$53,186 incurred for a promotional video and \$266,850 incurred for a digital marketing campaign.
- (f) Office and miscellaneous expenses are materially consistent with the prior quarter.
- (g) Professional fees increased by \$47,361 primarily due to an additional \$8,787 incurred in the current period for audit fees over and above those accrued, an additional \$8,000 for tax services, an additional \$8,707 in legal costs incurred in the current period to set up the new Canadian subsidiaries and increased costs incurred pursuant to the system transition that took place in Q2.

## **CAPITAL RESOURCES AND LIQUIDITY**

The Company's cash decreased by \$219,824 during period ended December 31, 2019 to \$26,296. Management continues to monitor the capital markets for opportunities to raise additional funds.

As of December 31, 2019, 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 has \$26,296 in cash to settle \$1,034,383 in current liabilities and working capital deficiency of \$923,683 at December 31, 2019 compared to a working capital deficiency of \$287,299 at December 31, 2018.

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 \$1,618,446 for the year ended December 31, 2019 and as of that date the Company's accumulated deficit was \$18,779,105. The Company has a working capital deficiency of \$923,683. The Company's continuation as a going concern

is contingent on the completion of financings to adequately cover the company's deficit. 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 years ended,</b>			
	<b>December 31, 2019</b>		<b>December 31, 2018</b>
Operating activities	\$	(829,747)	\$ (1,262,916)
Investing activities		(265,827)	(995,810)
Financing activities		875,750	2,471,359
Total change in cash		(219,824)	212,633
Cash, beginning of the period		246,120	33,487
Cash, end of the period	\$	26,296	\$ 246,120

#### *Operating activities*

Cash used in operating activities primarily consist of general and administrative expenditures. The \$433,169 decrease in the use of cash for operating activities for the year ended December 31, 2019 is mainly attributable to decreased operating expenses as discussed above and increases in trade payables and other liabilities due to timing of vendor payments.

#### *Investing activities*

Cash used in investing activities decreased to \$265,827 from \$995,810 over the year ended December 31, 2019 due to the increased investment in exploration and evaluation assets in 2018 from the San Roque drill program which did not recur in 2019.

#### *Financing activities*

Cash from financing activities for the year ended December 31, 2019 decreased to \$875,750 from \$2,471,359. The decrease was attributable to fewer private placements completed during the current year. In 2019 there was one private placement for a total net proceeds of \$695,750 and \$180,000 was received pursuant to exercise of warrants. In 2018, two private placements were completed for a total net proceeds of \$2,471,359.

The Company will fund its ongoing operations and any capital commitments that it enters through the sale or joint venture agreement 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 has a contract with Executive Vice President Richard Walters. Mr. Walters can earn up to \$188,000 in management bonuses should certain performance milestones be achieved. As of December 31, 2019, cash bonuses of \$14,000 have been incurred and \$15,000 in bonus shares have been earned.

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 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
	<u>\$ 1,860,000</u>

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

As at December 31, 2019, 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 year ended December 31, 2019 and 2018 were as follows:

	<b>2019</b>	<b>2018</b>
Management fees	\$ 275,207	\$ 315,190
Management bonus	-	114,000
Share-based payments	72,396	179,810
Director fees	43,144	51,832
Consulting fees	45,000	-
	<b>\$ 435,747</b>	<b>\$ 660,832</b>

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

For the years ended December 31, 2019 and 2018, key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits.

For the year ended December 31, 2019, management fees comprised of accounting fees of \$72,000 to Alex McAulay of ACM Management Inc. (2018 - \$72,000), \$120,000 to Robert Abenante of 1053345 BC Ltd. (2018 - \$220,000), \$50,168 to Richard Walters of R.R. Walters Consulting (2018 - \$67,585) and \$33,039 to Daniel Buffone (2018 - \$69,605) for management consulting.

Directors fees were accrued to directors Greg Burnett, Michael Sweatman, John Hite, and John Pearson at \$2,500 USD per quarter. However, pursuant to a new consulting agreement effective April 1, 2019, Marifil agrees 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 year ended December 31, 2019, director fees for all directors and consulting fees to Carob Management Ltd. totaled \$43,144 and \$45,000, respectively (2018 - \$51,833 and \$nil).

As at December 31, 2019 and 2018, the assets and liabilities of the Company include the following amounts receivable and payable from directors and officers:

	2019	2018
Advances <sup>(1)</sup>	\$ 1,089	\$ 31,970
Trade payables and other liabilities	\$ 508,957	\$ 324,913

<sup>(1)</sup> This amount is due from Daniel Buffone, which consists of expense advances, is non-interest bearing, unsecured and due on demand.

As at December 31, 2019, included in trade payables and accrued liabilities is \$508,957 (2018 - \$324,913) due to related parties which is comprised of \$10,000 (2018: \$18,000) in rent fees accrued to 1022698 BC Ltd., a company controlled by Robert Abenante, \$242,883 (2018: 202,270) in management fees, expenses, and accrued interest due to Robert Abenante and 1053345 BC Ltd., \$30,571 (2018: \$7,242) in management fees, expenses and interest due to Alex McAulay and ACM Management, \$89,062 (2018: \$58,913) in management fees, performance bonuses and interest due to R.R. Walters Consulting, \$16,519 (2018: \$4,771) in management fees due to Daniel Buffone, \$17,297 (2018: \$4,994) in directors fees due to John Pearson, \$54,735 (2018: \$5,440) in directors fees, consulting

fees and interest due to Greg Burnett and Carob Management, \$21,945 (2018: \$9,642) in directors fees due to Michael Sweatman, \$25,945 (2018: \$13,642) in directors fees due to John Hite. These balances are non-interest bearing, unsecured and payable on demand.

During the year ended December 31, 2019, the Company recorded finance costs of \$3,254 (2018 - \$4,777) in connection with interest accrued under a loan with John Hite.

During the year ended December 31, 2019, the Company recorded finance costs of \$3,107 (December 31, 2018: \$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 1% per annum compounded monthly.

As of December 31, 2019, the carrying value of short-term loans payable to John Hite and Richard Walters including accrued interest was \$51,553 and \$3,254, respectively (2018 - \$49,081 and \$3,411, respectively).

During the year ended December 31, 2019, \$67,336 (2018 - \$102,712) in management fees payable to R.R. Walters Consulting and Daniel Buffone were capitalized to mineral properties.

During the year ended December 31, 2019, the Company entered into a lease agreement with 1022698 BC Ltd. owned by Robert Abenante. The terms of the lease are \$2,000 per month, and may be terminated, at the Company's option, with six months' notice.

## 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 year ended December 31, 2019 and 2018, our company incurred the following expenditures:

	<b>2019</b>		<b>2018</b>
Capitalized acquisition costs	\$ 23,811	\$	132,204
Capitalized exploration costs	223,726		847,929
Operating expenses	1,199,880		1,405,912
Impairment (recovery) of exploration and evaluation assets	122,953		(37,776)
	<u>\$ 1,570,370</u>	<u>\$</u>	<u>2,348,269</u>

Please refer to Note 6 of our consolidated financial statements for the years ended December 31, 2019 and 2018 for a detailed description of the capitalized costs presented on a property by property basis.

## OUTSTANDING SHARE DATA

As at June 15, 2020, the Company had 60,075,432 common shares outstanding, 1,000,000 stock options outstanding and 23,102,538 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 December 31, 2019, 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 \$18,197 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 \$18,197 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 December 31, 2019, the Company had cash and cash equivalents of \$26,296 to settle current liabilities of \$1,034,383. The Company will require additional financings to meet its short-term financial obligations.

All the Company's financial liabilities as at December 31, 2019 and 2018 were due on demand.

**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 December 31, 2019, the Company had \$26,296 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 audited financial statements for the years ended December 31, 2019 and 2018.

## **SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies followed by the Company are set out in Note 3 to the audited financial statements for the years ended December 31, 2019 and 2018 and have been consistently followed in the preparation of the audited financial statements for the years ended December 31, 2019 and 2018.

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

### **Accounting Standards Adopted During the Period**

*Effective January 1, 2019, the following standards were adopted:*

- **IFRS 16 Leases ("IFRS 16")**  
Effective January 1, 2019, the Company adopted IFRS 16 which supersedes IAS 17 Leases ("IAS 17"). The Company has applied the new standard retrospectively without restatement. The Company has concluded that the adoption of IFRS 16 did not require adjustments at the date of application.

## **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**

On April 1, 2020, the Company entered into an agreement with Global Elsimat Capital Corp ("GECC") to sell the Las Aguilas, Fraile, and Rantones properties for consideration of an aggregate of 26,666,667 common shares at a deemed price of \$0.075 per share for deemed aggregate consideration of \$2,000,000. The shares will be subject to a pooling agreement providing for release in 5 tranches over 48 months as follows:

- 1,666,667 Shares will be released six (6) months following the Closing Date;

- 1,666,667 Shares will be released 12 months following the Closing Date;
- 3,333,333 Shares will be released 24 months following the Closing Date;
- 6,666,667 Shares will be released 36 months following the Closing Date; and
- 13,333,333 Shares will be released 48 months following the Closing Date.

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.