



## **Management's Discussion and Analysis for the Quarter Ended September 30, 2020**

*This Management's Discussion and Analysis ("MD&A") of Camrova Resources Inc ("Camrova" or the "Company") provides analysis of the Company's interim unaudited financial results for the quarter ended September 30, 2020. The following information should be read in conjunction with the accompanying interim unaudited financial statements for the quarter ended September 30, 2020, including the notes to those financial statements (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.*

*Financial information is expressed in United States dollars, unless stated otherwise. This MD&A is current as of October 26, 2020*

### **Caution on Forward-Looking Information**

This MD&A contains certain forward-looking statements concerning anticipated developments in Camrova's operations in future periods. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. These forward-looking statements may include statements regarding exploration results, mineral resource estimates, projected liquidity, capital expenditures, available capital resources and the potential availability of short-term and long-term financing, timelines, strategic plans, market prices of base metals or other statements that are not statements of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of Camrova may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors. Camrova's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from Camrova's expectations include, uncertainties as to when or if the Company will realize any cash flows from the Boleo Mine or generate revenues or cash flow from its own independent operations; uncertainties relating to the Company's ability to continue as a going concern and obtain additional financing to fund its future working capital and/or investment needs and other risks and uncertainties disclosed in the Company's MD&A for the quarter ended September 30, 2020 and other information released by Camrova and filed with the appropriate regulatory agencies. At this time COVID 19 poses an immeasurable and indefinable uncertainty to MMB and Camrova's operations.

## Summarized Financial Results

<i>(in US \$ or as otherwise noted)</i>	<b>September 30, 2020</b>	<b>September, 30, 2019</b>
Cash and cash equivalents	4,975	62,315
Working capital (deficiency)	(815,473)	(238,832)
Total assets	5,037	224,615
Shareholders' equity	(815,473)	(238,832)

<i>( US \$ unless otherwise noted)</i>	<b>Three months ended September 30</b>		<b>Nine months ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Loss before other items	(56,774)	(69,242)	(209,058)	(395,473)
Foreign exchange (loss) gain/ Interest expense	(8,329)	(4,041)	(22,879)	(5,756)
Net (loss) for the period	(65,103)	(73,283)	(231,937)	(401,229)

## First Quarter Highlights and Recent Events

- At the end of the quarter, the Company had working capital deficiency of \$815,473. The Company will require additional funding in the near-term to cover its operating costs and any prospective investment activities (see “*Corporate Outlook*”, on the following page and “*Liquidity, Capital Resources and Going Concern*” on page 6);
- The Company reported a net loss during the quarter ended September 30, 2020 of \$65,103 including the impact of a foreign exchange loss during the quarter of \$1,394 and interest charges of \$6,935 (see “*Review of Camrova Operating Results*” on page 4).

## Overview

Camrova Resources Inc. was incorporated on July 15, 1985, under the *Company Act* (British Columbia). The Company has a minority investment in MMB, which owns and operates a producing copper, cobalt and zinc mine (the “Boleo Mine”) located near Santa Rosalia, Baja California Sur, Mexico. In November 2018, the Company announced its equity ownership level had been diluted from 7.32% to 7.23%, with a further dilution in ownership to 7.07% in December 2019. The company invested US\$264M in the Mine. At this time, KORES, the ultimate controlling party and parent of MMB, directly holds 76.93% of the equity of MMB. The remaining 16% ownership of MMB is held by a consortium of Korean companies controlled by Kores. As of December 31, 2016, the Company recognized an impairment of \$17,905,000 to reduce the carrying value of the shareholder loan receivable (and its total investment in MMB) to \$Nil.

The Company is working to identify and evaluate alternative project opportunities with potential for near-term cash flow or value creation (see “*Corporate Outlook*” below).

## **Corporate Outlook**

### **MAYG**

On May 01, 2019 the Company signed an Asset Purchase Agreement with Asesoría y Inversiones MAYG SPA (**MAYG**). MAYG is a private company incorporated in Chile and holds the El Chagres slag processing contract with Anglo American Sur S, A. (**Anglo**). (Press Release #7 dated May 1, 2019).

### **Chilean Acquisition Update**

On February 13, 2020 the Company announced the signing of the Asset Purchase Agreement to acquire the Las Vacas Flotation Plant near Illapel, Chile for a purchase price of \$3.6 Million (see Press Release #1 dated February 13, 2020). Since the signing of this agreement, there were two extensions granted with a revised closing date of June 1, 2020. Partly due to the COVID 19 Pandemic the Asset Purchase Agreement expired, but the parties have signed an Extension Validity Agreement. (see Press Release # 4 dated June 08, 2020). On September 16 2020, there was a further extension of the agreement to December 30, 2020.

### **Financing**

On March 18, 2019 Camrova announced the closing on Cdn \$73,000 of Bridge Financing in three tranches and the issuance of 1,216,667 Common Shares along with an equal number of warrants.

In addition, the Company entered into Loan Agreements in the form of unsecured non-convertible Promissory Notes of Cdn \$222,270, bearing simple interest at 15 % for annum. The interest and loans are due and payable one year after the date of issuance. Certain related parties were among the lenders. All lenders participated on the same terms. On July 11, 2020 the Loan Agreements expired and have been extended to December 31, 2020.

The Company is in discussion with various potential investors to secure financing for the Chilean Slag Processing project. (Press Release #1 dated February 13, 2020). This is delayed partly due to the COVID 19 Pandemic.

### **Status of Legal Action – Receivable due from MMB**

Further to information released in its December 10, 2018 press release, Camrova advised that MMB has been officially served with a judicial notice under applicable Mexican law. This notice is a formal demand for payment of US\$231,856 plus interest of US\$ 96,351 which is owing by MMB in accordance with the rights reserved within a settlement agreement entered into between Camrova and MMB in December 2016. The contractual obligations requiring payment have been carefully documented by Camrova and the related invoices have been received by Kores and MMB and have been reviewed with the respective financial managers. Since the Company has not been paid the outstanding receivable of US\$231,856 plus interest, which is now over one year outstanding a decision to provide the remaining net receivable balance of US\$162,300 as a doubtful receivable was taken in Q4, 2019. A provision was taken to provide US\$ 69,556 in Q4 2018, which will now account for the full amount of the receivable.

### **Right of First Offer (ROFO)**

In the Press Release of February 13, 2020, the Company also announced that pursuant to terms in the MMB Shareholders Agreement, Camrova has delivered to the other shareholders of MMB, Kores LUX, Kores Boleo LUX and the KBC, a Right of First Offer (ROFO) to sell its shares in the “Boleo Project”. Before the expiry date on April 14 2020, Kores LUX, Kores Boleo LUX and the KBC advised their decision not to exercise the ROFO right, the Company is now free to sell to any interested third parties. (See Press Release #2 dated April 22, 2020).

## **Impairment**

As of December 31, 2016 management determined, based on the MMB Life-of-Mine (“LOM”) Plan presented to the MMB Board (which projected operations to achieve only breakeven cash flows over the LOM and assumed the refinancing of the MMB senior debt), that distributions and/or the repayment of the shareholder loan to Camrova are unlikely, and recorded an impairment charge of \$17,905,000 to bring the carrying value of the shareholder loan receivable to \$Nil. The carrying value of the Company’s equity investment in MMB had previously been recorded at \$Nil. On May 10, 2019, the company was provided by MMB with an updated LOM. This LOM also projected a breakeven cash flow after repaying all debt and related interest.

## **Review of Camrova Operating Results**

### ***Comparison of the three-month period ended September 30, 2020, to the three-month period ended September 30, 2019.***

For the three-month period ended September 30, 2020 (Q3 2020), the Company recorded a net loss of \$65,103 or \$0.003 per share (basic) as compared to a net loss of \$73,283 or \$0.003 per share (basic) for the same period in 2019 (Q3 2019). The net loss in Q3 2020 includes a foreign exchange loss of \$1,394 (loss of \$3,870 in Q3 2019). Also included in the net loss for the current period is a miscellaneous income of US \$7,510 as a result of the Government COVID loan forgivable portion. The loan is in the amount of Cdn \$ 40,000 repayable by December 31, 2022. The forgivable portion is Cdn \$ 10,000.

Operating expenses during the quarter ended September 30, 2020, were \$64,284 compared to \$69,242 for Q3 2019. Operating expenses in Q3 2020 were comprised mainly of general and administrative expenses. The most significant difference in operating expenses is discussed below:

- Office and administration: \$7,141 (\$21,515 in Q3 2019) – are comprised mainly of Travel (lower in Q3,2020 due to travel restrictions because of the COVID 19 Pandemic);

Other items

- Foreign exchange loss \$1,394 (loss of \$3,870 in Q3 2019) – during Q3 2020, the Canadian dollar strengthened marginally against the US dollar;
- Due Diligence costs: \$Nil (\$8,868) in Q3 2019) related to the potential Chilean acquisition;

### ***Comparison of the nine-month period ended September 30, 2020, to the nine-month period ended September 30, 2019.***

For the nine-month period ended September 30, 2020, the Company recorded a net loss of \$231,937 or \$0.010 per share (basic) as compared to a net loss of \$401,229 or \$0.017 per share (basic) for the same period in 2019. The net loss in the nine-month period ended September 30, 2020 includes a foreign exchange loss of \$3,511 (\$4,692 loss in the nine-month period ended September 30, 2019).

Operating expenses during the nine-month period, ended September 2020 were \$216,568 compared to \$395,473 for the nine-month period ended September 30, 2019. Operating expenses in the nine-month period ended September 30, 2020 were comprised entirely of general and administrative expenses, which included stock-based compensation of \$1,250 (\$Nil for nine-month period ended September 30, 2019).

The most significant differences in operating expenses are discussed below:

- Due Diligence: \$Nil (\$61,336 for the nine-month period ended September 30, 2019)- incurred during the potential Chilean acquisition in 2019;
- Professional and consulting fees: \$25,274 (\$74,713 for the nine-month period ended September 30, 2019) – the decrease relative to the same period in September 30, 2019, relates to legal fees incurred during the Armex and Chilean acquisition efforts;
- Office and administration: \$21,613 (\$61,731 for the nine-month period ended September 30, 2019) – the reduction relative to September 30, 2019 relates to reduced management travel due to COVID 19 Pandemic;
- Shareholder information: \$6,917 (\$26,255 for the nine-month period ended September 30, 2019) – the decrease relative to September 30, 2019 relates to the 2019 AGM delayed to Q4,2020 due to the COVID 19 Pandemic;
- Stock-based compensation: \$1,250 (\$Nil for the nine-month period ended September 30, 2019)

### **Selected Annual Information**

The Company's financial results presented above and below have been derived from the Company's Financial Statements prepared under IFRS. The Company's presentation currency is USD. The functional currency of Camrova Resources Inc. is the Canadian dollar. In October 2016, the Company effected the consolidation of the Company's common shares on a twenty-old-shares-for-one-new basis. All references to per common share amounts have been retroactively restated to reflect this common share consolidation.

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>USD '000s</b>	<b>USD '000s</b>	<b>USD'000s</b>
(Loss) income for the year	(783)	(498)	(765)
(Loss) income per share			
- Basic	(0.034)	(0.026)	(0.04)
- Diluted	(0.034)	(0.026)	(0.04)
Total assets	20	221	473
Net working capital (deficiency)	(624)	109	340

## **Review of Quarterly Results**

The eight most recently completed quarters up to September 30, 2020:

	<b>Q4 Dec 31 2018</b>	<b>Q1 March 31 2019</b>	<b>Q2 June30 2019</b>	<b>Q3 Sep 30 2019</b>	<b>Q4 Dec 31 2019</b>	<b>Q1 March 31 2020</b>	<b>Q2 June 30 2020</b>	<b>Q3 Sept 30 2020</b>
<b>(Loss) Gain for the period attributable to common shareholders of the Company (USD '000)</b>	\$(287)	\$(181)	\$(147)	\$ (73)	\$(382)	\$(99)	\$(68)	\$(65)
<b>Basic and diluted loss per share for the period</b>	\$(0.01)	\$(0.008)	\$(0.01)	\$ (0.01)	\$(0.02)	\$(0.004)	\$(0.003)	\$(0.003)

The loss in Q3 2020 is primarily due to necessary General and Administrative expenses such as Management Salaries \$48,711 (\$ 46,689 in Q3,2019) and Directors Fees of \$5,895 (\$5,715 in Q3,2019).

## **Liquidity, Capital Resources, and Going Concern**

MMB's mineral exploration and development activities have provided the Company with no source of income, and a history of losses, working capital deficiencies and deficit positions. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and, in the near-term, to obtain the necessary financing to meet its obligations, cover overheads, and settle its liabilities from normal operations as they become due. Based on the latest MMB LOM Plan published on May 10, 2019, the Company does not expect to receive any cash flows from its shareholding in MMB or shareholder loan in the foreseeable future.

The Company's combined cash and cash equivalents and short-term deposits as at September 30, 2020, totaled \$4,975 (September 30, 2019 - \$62,315).

The Company has a working capital deficiency of \$815,473 as at September 30, 2020 (September 30, 2019 – working capital deficiency of \$238,832).

The Company had cash outflows of \$4,781 in Q3, 2020 (Q3 2019 inflows of \$30,870).

The Company did not incur any cash expenditures on property, plant and equipment during 2020 (2019 - \$Nil).

Based on the Company's cash flow forecasts, it will require additional financing within the next 12 months in order to meet its ongoing corporate overhead, and to continue its discretionary exploration and evaluation programs. There can be no assurance that the Company will be able to obtain adequate financing in the near future or that such financing would be on terms acceptable to the Company. These factors cast significant doubt on the Company's ability to continue as a going concern.

## **Current Liabilities- Accounts Payable**

As at September 30, 2020, the Company had the following undiscounted contractual obligations:

<b>Contractual Obligations</b>	<b>Payments due by period</b>				
	Total	Less than 1yr	1-3 yrs	4-5 yrs	5 yrs
Accounts payable and Accruals	\$624,664	\$277,484	\$347,180	-	-
Promissory Notes	\$195,846	\$195,846	-	-	-
	\$820,510	\$473,330	\$347,180	-	-

Included in the Accounts Payable is an accrual of \$359,511 payable to related parties.

The promissory notes of \$195,846 accrued to related (\$39,150) and non-related parties (\$156,696) are unsecured, due and payable on the extended date of December 31, 2020 bearing interest at an annual rate of 15%.

## **Off-Balance Sheet Arrangements**

In 2012, the Company entered into a lease assignment for offices no longer used by the Company. In order to induce the landlord to approve the assignment, the Company provided an indemnity agreement to the landlord. The Company remained liable during the lease term in the event the assignee does not fulfil its obligation to the landlord. The lease expired September 30, 2020 and the Company is now clear of any liability.

## **Transactions with Related Parties**

### ***Compensation of key management personnel***

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel of the Company include executive officers and directors.

The compensation accrued but not paid to key management, or to companies in common with key management personnel, for services provided is shown below. The amount includes an accrual of \$48,711 (2019- \$46,689) not paid due the company's cash position.

	<b>Quarter ended</b>	
	<b>September 30,</b>	<b>2019</b>
	<b>2020</b>	
Short-term employee benefits/key personnel salary	48,711	46,689
Stock-based compensation	29	-
	48,740	46,689

In addition to the above certain related parties loaned \$39,150 to assist with the Bridge Financing (see Bridge Financing on Page 3).

## **Share Capital Information**

**Common Shares:** 23,011,760 issued and outstanding as at September 30, 2020 and as at the date of this report.

**Stock Options:** 1,463,750 outstanding as at September 30, 2020 and as at the date of this report. During Q3 2019, 236,895 stock options expired. In July 2019, the Board of Directors awarded 200,000 stock options to two external consultants and 50,000 to the Company's Vice President of Business Development in Chile at the exercise price of Cdn \$0.06 per share which expired on July 20, 2020.

On May 1, 2019, the TSX Venture Exchange approved a Private Placement of 1,216,667 common shares at Cdn\$0.06 per share realising \$54,575 along with Warrants for the same number of common shares at the exercised price of Cdn\$0.10 per share with an expiry date of May 1, 2021. On September 21, 2018 final approval was received from the TSXV Exchange with respect to converting \$111,037 of indebtedness to certain arm's length and non-arm's length creditors to 1,954,440 common shares valued at Cdn\$0.075.

## **Changes in Accounting Standards**

### ***Adoption of new or revised IFRS pronouncements during the period***

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*, ("IFRS 9") to replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 introduces a single approach to determine whether a financial asset is measured at fair value through profit and loss, fair value through other comprehensive income, or at amortized cost. Measurement and classification of financial assets is dependent on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset.

For financial liabilities, IFRS 9 retains most of the IAS 39 requirements; however, where the fair value option is applied to financial liabilities, the change in fair value resulting from an entity's own credit risk is recorded in other comprehensive income rather than net earnings, unless this creates an accounting mismatch.

In addition, a new expected credit loss model for calculating impairment on financial assets replaces the incurred loss impairment model used in IAS 39. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure about expected credit losses and credit risk.

IFRS 9 is effective for years beginning on or after January 1, 2018, with early adoption permitted. The Company has evaluated the impact of adopting IFRS 9 on the financial statements. The impact is minimal given Camrova's limited Receivables and Equity Instruments.

## **Critical accounting estimates and judgments**

The preparation of the Financial Statements requires that the Company's management make assumptions and estimates of effects of various future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual results may differ from those estimates.

Estimates are reviewed on an ongoing basis using historical experience and other factors that are considered relevant given the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Further detail is set out in Note 3 of the Company's audited annual Financial Statements for the year ended December 31, 2019 and, in respect of the going concern assumption in Note 1 of the Financial Statements.

### **Risk factors**

Readers should carefully consider the risks and uncertainties described in the Company's MD&A for the year ended December 31, 2019 (available on the SEDAR website at [www.sedar.com](http://www.sedar.com)), before deciding whether to invest in the common shares of Camrova.

In addition, the reader's attention is directed to the going concern risk highlighted in Note 1 of the Financial Statements and in the "*Liquidity, Capital Resources and Going Concern*" section of this MD&A (page 6).

### **Disclosure Controls and Procedures**

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the Annual Financial Statements and this accompanying MD&A (together, the "Annual Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with its filings on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Subsequent Events**

Nothing to report.