# Management's Discussion and Analysis
# for the Quarter Ended September 30, 2021

*This Management's Discussion and Analysis ("MD&A") of Camrova Resources Inc ("Camrova" or the "Company") provides analysis of the Company's financial results for the quarter ended September 30, 2021. The following information should be read in conjunction with the accompanying interim financial statements for the quarter ended September 30, 2021, 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 November 29, 2021.*

## ***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, 2021 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***

| (in *US $ or as otherwise noted*) | **September 30, 2021** | **September30, 2020** |
|---|---|---|
| Cash and cash equivalents | 288 | 4,975 |
| Working capital (deficiency) | (1,254,082) | (815,473) |
| Total assets | 1,827 | 5,037 |
| Shareholders' equity | (1,302,490) | (815,473) |

| | **Three months ended September 30** | | **Nine months ended September 30** | |
|---|---|---|---|---|
| *( US $ unless otherwise noted*) | **2021** | **2020** | **2021** | **2020** |
| Loss before other items | (61,691) | (56,774) | (248,977) | (209,058) |
| Foreign exchange (loss) gain/ Interest expense | 3,900 | (8,329) | 21,605 | (22,879) |
| Net (loss) for the period | (57,791) | (65,103) | (227,372) | (231,937) |

## ***Third Quarter Highlights and Recent Events***

- At the end of the quarter, the Company had working capital deficiency of $1,254,082. 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, 2021 of $57,791 including the impact of a foreign exchange gain during the quarter of $14,253 and interest charges of $10,353 (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 and 6.91% in March 2021. The company invested US$264M in the Mine. At this time, KORES, the ultimate controlling party and parent of MMB, directly holds 77.09% 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 1,2019 the Company signed an Asset Purchase Agreement with Asesoria 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 8,2020). On September 16,2020, there was a further extension of the agreement to December 30,2020.

On March 1, 2021 the Company negotiated a further extension to May 15,2021 of the Asset Purchase Agreement to purchase the Las Vacas Flotation Plant near Illapel, Chile. As part of the agreement the Company also agreed to pay a non-refundable deposit of US $ 50,000 and increase the purchase price from US$3.6 million to US $ 3.85 million. (See Press Release # 1 dated March 19,2021). This extension has expired again due to the widespread COVID situation in Chile and the Company is in negotiations to obtain another extension.

### ***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. With the further extension of the APA, the Company negotiated another extension to March 31, 2021 and then to September 30, 2021.

The Company is in discussion with various potential investors and has identified one serious investor 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.

## ***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, 2021, to the three-month period ended September 30, 2020.*

For the three-month period ended September 30, 2021 (Q3 2021), the Company recorded a net loss of $57,791 or $0.002 per share (basic) as compared to a net loss of $65,103 or $0.003 per share (basic) for the same period in 2020 (Q3 2020). The net loss in Q3 2021 includes a foreign exchange gain of $14,253 (loss of $1,394 in Q3 2020) and interest expense of $10,353 in Q3 2021 ($6,935 in Q3 2020)

Operating expenses during the quarter ended September 30, 2021, were $61,691 compared to $64,284 for Q3 2020. Operating expenses in Q3 2021 were comprised mainly of general and administrative expenses. The most significant difference in operating expenses is discussed below:

- Shareholders' Information: $1,688 ($620 in Q3 2020) related to the potential Chilean acquisition.

### *Comparison of the nine-month period ended September 30, 2021, to the nine-month period ended September 30, 2020.*

For the nine-month period ended September 30, 2021, the Company recorded a net loss of $227,372 or $0.01 per share (basic) as compared to a net loss of $231,937 or $0.01 per share (basic) for the same period in 2020. The net loss in the nine-month period ended September 30, 2021 includes a foreign exchange gain of $51,283 ($3,511 loss in the nine-month period ended September 30, 2020).

Operating expenses during the nine-month period, ended September 2021 were $248,977 compared to $216,568 for the nine-month period ended September 30, 2020. Operating expenses in the nine-month period ended September 30, 2021 were comprised entirely of general and administrative expenses.

The most significant differences in operating expenses are discussed below:

- Due Diligence: $53,339 ($1,247 for the nine-month period ended September 30,2020)- the increase is due to the non-refundable deposit of $50,000 paid to the owners of the Las Vacas Plant in order to extend the closing date of the Asset Purchase Agreement;
- Professional and consulting fees: ($1,447) ($25,274 for the nine-month period ended September 30, 2020) – the decrease relative to the same period in September 30, 2020, relates to legal fees incurred during the Armex and Chilean acquisition;

## ***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.

| | **2020 USD '000s** | **2019 USD '000s** | **2018 USD '000s** |
|---|---|---|---|
| (Loss) income for the year | (373) | (783) | (498) |
| (Loss) income per share | | | |
| - Basic | (0.020) | (0.034) | (0.026) |
| - Diluted | (0.020) | (0.034) | (0.026) |
| Total assets | 2 | 20 | 221 |
| Net working capital (deficiency) | (995) | (624) | 109 |

## ***Review of Quarterly Results***

The eight most recently completed quarters up to September 30, 2021:

| | **Q4 Dec 31 2019** | **Q1 March 31 2020** | **Q2 June 30 2020** | **Q3 Sept 30 2020** | **Q4 Dec 31 2020** | **Q1 March 31 2021** | **Q2 June 30 2021** | **Q3 September 30 2021** |
|---|---|---|---|---|---|---|---|---|
| **(Loss) Gain for the period attributable to common shareholders of the Company (USD '000)** | $(382) | $(99) | $(68) | $(65) | $(141) | $(112) | $(57) | $(58) |
| **Basic and diluted loss per share for the period** | $(0.02) | $(0.004) | $(0.003) | $(0.003) | $(0.01) | $(0.005) | $(0.002) | $(0.002) |

The loss of the Company through Q3 2021 is primarily due to the General and Administrative expenses mainly comprised of Office and Administration expenses $7,310 (Q3 2020 $7,141) and Shareholders Information of $1,688 (Q3 2020 $620).

## ***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, 2021, totaled $288 (September 30, 2020 - $4,975).

The Company has a working capital deficiency of $1,254,082 as at September 30, 2021 (September 30, 2020 – working capital deficiency of $815,473).

The Company had cash outflows of $1,127 in Q3, 2021 (Q3 2020 outflows of $4,781).

The Company did not incur any cash expenditures on property, plant and equipment during 2021 (2020 - $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, 2021, the Company had the following undiscounted contractual obligations:

| **Contractual Obligations** | | | **Payments due by period** | | |
|---|---|---|---|---|---|
| | Total | Less than 1yr | 1-3 yrs | 4-5 yrs | 5 yrs |
| Accounts payable and Accruals | $926,491 | $262,686 | $663,805 | $ - | $ - |
| Promissory Notes | $329,448 | $124,407 | $205,041 | - | - |
| | $1,255,939 | $387,093 | $868,846 | $ - | $ - |

The promissory notes of $329,448 accrued to related ($86,601) and non-related parties ($242,847) are unsecured, due on September 30, 2021 and bear interest at an annual rate of 15%.

## ***Government COVID Loans***

In addition to the Cdn $40,000 received from the Federal Government in 2020, a further Cdn $20,000 was received in January 2021. The loans are interest free and require no principal repayments until December 31, 2022. After the interest free period ends the loans will bear interest at a rate of 5% per annum. If the loans are repaid prior to December 31, 2022, Cdn $20,000 will be forgiven.

## ***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 $47,355 (2020- $48,711) not paid due the company's cash position.

| | **Quarter ended September 30,** | |
|---|---|---|
| | **2021** | **2020** |
| Short-term employee benefits/key personnel salary | 47,355 | 48,711 |
| Stock-based compensation | - | 29 |
| | 47,355 | 48,740 |

## ***Share Capital Information***

**Common Shares**: 23,011,760 issued and outstanding as at September 30, 2021 and as at the date of this report.

**Stock Options**: 1,463,750 outstanding as at Seotember 30, 2021 and as at the date of this report. During Q3 2019, 236,895 stock options expired. In July 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 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, 2020 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, 2020 (available on the SEDAR website at 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.

## ***COVID 19***

The Company's business could be adversely affected by the effects of health epidemics, including the global COVID-19 pandemic. In December 2019, a novel strain of COVID-19 was reported in China. Since then, the COVID-19 has spread globally, to include Canada, the United States and most European countries. The spread of COVID-19 from China to other countries has resulted in the World Health Organization (WHO) declaring the outbreak of COVID-19 as a "pandemic," or a worldwide spread of a new disease, on March 11, 2020. Many countries around the world, including Canada, have imposed quarantines and restrictions on travel and mass gatherings to slow the spread of the virus, and have closed non-essential businesses. The spread of COVID-19, which has caused a broad impact globally, may materially affect the Company economically. While the potential economic impact brought by, and the duration of, COVID-19 may be difficult to assess or predict, a pandemic could result in significant disruption of global financial markets, reducing the Company's ability to access capital, which could in the future negatively affect the Company's liquidity. In addition, a recession or market correction resulting from the spread of COVID- 19 could materially affect the Company's business and the value of the Company's common shares The global outbreak of COVID-19 continues to rapidly evolve. The extent to which COVID-19 may impact the Company's business, operations and clinical trials will depend on future developments, including the duration of the outbreak, travel restrictions and social distancing in Canada and other countries, the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the disease and whether Canada and other countries are required to move to complete lock-down status. The ultimate long-term impact of COVID-19 is highly uncertain and cannot be predicted with confidence.

## ***Subsequent Event***

## ***Chilean Acquisition Update***

Nothing to report.