Date: January 18, 2018

This Management's Discussion and Analysis ("**MD&A**") provides a discussion and analysis of the financial condition and results of the operations of Emerita Resources Corp. (individually or collectively with its subsidiaries, as applicable, "**Emerita**" or the "**Company**"), to enable a reader to assess material changes in the financial condition and results of operations as at and for the years ended September 30, 2017 and 2016. The MD&A should be read in conjunction with the audited consolidated financial statements as at and for the years ended September 30, 2017 and 2016. All amounts included in the MD&A are expressed in Canadian dollars, unless otherwise specified.

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as published by the International Accounting Standards Board. Please refer to Note 2 of the annual audited consolidated financial statements as at and for the years ended September 30, 2017 and 2016 for disclosure of the Company's significant accounting policies.

Additional information about the Company may be found on SEDAR at www.sedar.com.

The scientific and technical contents of this MD&A have been reviewed and approved by Mr. Joaquin Merino-Marquez, P.Geo., President of the Company and a Qualified Person under National Instrument 43-101 ("**NI 43-101**"). As the President of the Company, Mr. Merino-Marquez is not considered independent.

The audit committee of the Company has reviewed this MD&A and the consolidated financial statements for the year ended September 30, 2017, and the Company's Board of Directors approved these documents prior to their release.

Overview and Strategy

Emerita is a publicly-traded Canadian exploration and development company listed on the TSX Venture Exchange ("**TSXV**"). The Company is engaged in the acquisition, exploration and development of mineral properties with a primary focus on exploring in Spain and Brazil. Exploration in Spain is conducted through the Company's wholly-owned Spanish subsidiary, Emerita Resources Espana SL ("**Emerita Espana**").

The Company currently has two gold exploration properties and one zinc exploration property in Spain, which are described in detail below under the section entitled, "Mineral Exploration Properties – Spain". The Company continues to review project submissions and data from various sources with a view to identifying opportunities that could create value for its shareholders.

The Company also has an option to acquire a 100% interest in the Falcon Litio MG Project in Brazil, which is described below under the section entitled, "Option Agreement- Brazil". On July 14, 2017, the Company entered into agreements to acquire the Salobro Zinc Project in Brazil.

Fourth Quarter Highlights

The Company advanced toward completing the acquisition of the Plaza Norte project, a high-grade zinc project with significant geological potential and historical technical information. The project is based in a well-known mining region in northern Spain, with target areas already identified based on historical drilling. The transaction closed and exploration concessions were granted subsequent to the fiscal year end.

The legal proceedings related to the tender process of the Aznalcóllar Project in Spain continue to develop.

The Company entered into a definitive agreement to acquire the rights to the Salobro Zinc project, located in the Municipality of Porteinha, Minas Gerais State, Brazil. Details can be found in the Company's press release dated July 14, 2017.

On August 28, 2017, the Company issued 500,000 common shares to maintain its option to acquire a 100% interest in the Falcon Litio MG project in Minas Gerais State, Brazil.

The Company's projects are described in detail in the "Summary of Properties and Projects" section below.

Summary of Properties and Projects

Mineral Exploration Properties – Spain

The Company has interests in one zinc property and two gold exploration properties. The three properties are (i) Plaza Norte, located in the Reocin Mining Camp in Cantabria, northern Spain (ii) Las Morras, located in the Extremadura region, Spain, and (iii) Sierra Alta, located in the Asturias region in northwestern Spain. Each of the properties is comprised of exploration permits that were issued by the Cantabrian, Extremadura, and the Asturian regulatory authorities, respectively.

Plaza Norte Property – Description

On October 26, 2017, the Company, along with its Spanish joint venture partner, Aldesa, was awarded exploration concessions for 120 claims comprising 3,600 hectares in the Santillana Syncline (the "**Plaza Norte Project**"), through the public tender organized by the government of Cantabria. The rights to the Plaza Norte Project have been granted for an initial term of three years, with the option to renew.

The Company participated in the tender process through a joint venture company, Cantabrica del Zinc ("the **JV Co**"), of which the Company owns a 50% interest with the Aldesa Group of Companies ("**Aldesa**"). Details about Aldesa can be found at www.aldesa.es. Aldesa is a specialized infrastructure construction group with over 40 years experience in the construction industry in Spain and internationally. Emerita and Aldesa formed a joint venture for the purpose of participating in the exploration and development of the Plaza Norte Project. Under the terms of the joint venture, the parties will be equally represented on the board of directors of the JV Co and Emerita will be the operator of the board-approved exploration programs.

The Plaza Norte Project is in the Cantabria Region, northern Spain, in the Recoin mining district. The Cantabria region is characterized by first world infrastructure including an industrial port and an excellent rail and road network. The Reocin mine is a past producing zinc mine and among the richest zinc mines in the world. The exploration tender launched by the government of Cantabria encompassed a total of 460 claims comprising 13,800 hectares, of which 120 claims were strategically selected by the JV Co based on a detailed review of the historical data.

Plaza Norte Property – Exploration

The Company has acquired the historical database for the Plaza Norte Project which included more than 300 drill holes (approximately 73,000 metres of diamond drilling) with numerous high grade intercepts. After analyzing the data and core held in government facilities, the Company has identified three high priority target areas within the selected tender land package, with multiple mineralized intercepts.

Plaza Norte Property – Outlook

Within the next two months the JV Co will submit the planned exploration program to the Provincial authorities in line with the public tender. The exploration licences are for a three-year period, and can be extended for an additional three years by the Ministry of Industry subject to compliance by filing a report of results of the exploration program.

Las Morras Property – Description

The original exploration permit for the Las Morras property comprised 230 claims, totaling approximately 7,000 hectares. The permit for Las Morras was granted on 2012 and expired on April 17, 2015 but was renewable for an additional three-year term. The Company applied for an additional two-year term and received approval of the renewal for a period of two years on August 20, 2015. A subsequent renewal for an additional period of 2 years was granted on January 20, 2017. This property is located in the eastern part of the Badajoz province of Spain.

Las Morras Property – Outlook

On November 14, 2017 the Company granted an option ("**the Option**") to Copper One Inc. ("**Copper One**") to acquire a 100% interest in the Las Morras property. As consideration for the Option, Copper One paid $25,000 in cash to the Company on November 17, 2017 and paid an additional $75,000 in cash to the Company on January 9, 2018.

In order to exercise the Option, Copper One shall:

- pay $100,000 in cash to the Company on or before November 14, 2019;
- spend $500,000 on exploration activities on the project on or before November 14, 2019;
- pay $250,000 in cash to the Company on or before November 14, 2020;
- spend $1,500,000 on exploration activities on the project on or before November 14, 2021; and
- grant to the Company a 2% net smelter returns royalty on the project.

The Company will hold the project in trust for Copper One until the Option is exercised and the project is assigned and transferred. If Copper One does not exercise the Option, the Company will retain the project. During the option period, Copper One will have the right to designate the operator of the project.

Sierra Alta Property – Description

The Sierra Alta property is comprised of one exploration permit which consists of 90 mining claims comprising 2,700 hectares in the "Navelgas Gold Belt" in the Asturias region of northwestern Spain. The Company applied for the permit on November 18, 2013 and received notice that the permit for the property had been granted on July 26, 2015. The concession is valid for a three-year term and is renewable for equal and successive periods of three years. The Sierra Alta project is in a comparable geological environment to the El Valle-Boinas and Carles gold mines which operate 35 kilometres to the east of the project. Gold mineralization in the area typically occurs in high grade epithermal veins, skarns, and as intrusive related gold deposits. High grade gold samples in bedrock were identified by the Company during the initial property assessment, with grades of up to 10.65 g/t gold.

The area is characterized by extensive ancient Roman gold mine workings that align for over 10 kilometres along a NNE-SSW striking structure, of which the two largest historical excavations occur within the property boundary.

In July 2017, the restoration and investigation plan submitted to the local authorities was approved. This document initiates the three-year period of concessions and establishes the expiry date of the permit of July 31, 2020. The concessions period can be renewed for another three-year period, subject to conditions.

Sierra Alta Property – Exploration

In July 2016, the Company commenced exploration on the Sierra Alta property. The initial exploration program consisted of detailed geological mapping, bedrock sampling and trenching, where required. The program was designed to identify and evaluate areas with high grade gold mineralization along more than four kilometers of strike length and prioritize the target areas for diamond drilling in a subsequent program. The initial area of focus is characterized by a high density of ancient Roman mining excavations which are distributed along a geological structure that appears to control the distribution of the mineralization.

There are two main gold geochemical anomalies within the Sierra Alta property. The anomaly in the North is approximately 3.0 kilometres long by 300 metres wide, and the one in the South is approximately 1.5 kilometres long by 200 metres wide. Recent exploration has been focused on the Northern anomaly where there is a high concentration of ancient mining excavations.

On November 3, 2017, a formal work plan was submitted to the regional mining authorities and the Company received approval of the plan for a probation period of one year on December 21, 2017.

Aznalcóllar Tender

On December 16, 2014, the Company submitted a detailed technical proposal, which was the final requirement for the final stage of the public tender process for the Aznalcóllar Project.

The Aznalcóllar Project is a past producing property within the Iberian Pyrite Belt that hosted the Aznalcóllar and Los Frailes open pit zinc-lead-silver mines. The focus of the project is the re-development of the Los Frailes deposit which was developed in the mid-1990s. The historical open pit mineral resource as calculated by the previous operator of the mine was estimated to be 71 million tonnes grading 3.86% zinc, 2.18% lead, 0.34% copper and 60 ppm silver.

The key focus of the Aznalcóllar Project would be the development of the Los Frailes deposit as an underground mining operation. The deposit thickness ranges between 30 and 90 metres. The thickest section of the ore body lies below 150 metres depth from surface. The Los Frailes and the previously mined Aznalcóllar deposits are both open for further expansion by drilling at depth, as historical drilling was primarily constrained to depths accessible by open pit mining. A review of the historical drilling data indicates the potential existence of a higher grade portion of the resource that is estimated to contain 20 million tonnes grading 6.65% zinc, 3.87% lead, 0.29% copper and 84 ppm silver. This higher grade resource has been modeled by the Company and would be the focus for the underground mining operation.

A qualified person, as defined in National Instrument 43-101, has not done sufficient work on behalf of Emerita to classify the historical estimate as a current mineral resource and Emerita is not treating the historical estimate as a current mineral resource or mineral reserve. The resource estimate is a historical estimate and should not be relied upon. A summary of the historical resource estimate is available on the Government of Andalucía's website in a report prepared by the prior operator of the Aznalcóllar Project entitled "Proyecto de Exploitation Yacimiento Los Frailes, Memoria Andaluza de Piritas, Boliden- Apirsa, Octubre 1994" (Los Frailes Development Project Report, Boliden-Apirsa, October 1994) along with subsequent resource estimate updates, the latest being from 2000.

On February 23, 2015, the panel evaluating the bids for the Aznalcóllar Project on behalf of the Junta of Andalusia (the "**Panel**") recommended that the tender be granted to one of the Company's competitors in the bidding process. On February 26, 2015, the Head of the Mine Department of the Junta Andalusia confirmed that the tender process had been concluded and formally granted the tender to the Company's competitor, Minera Los Frailes SL ("**Los Frailes**").

Given the strength of its proposal, the Company initiated an appeal to the tender process and intends on continuing discussions with the responsible officials. The Company submitted the appeal on February 27, 2015 which was accepted by a Seville court judge on March 2, 2015.

In November 2015, the Court of Seville (the "**Court**") ruled that although there was not sufficient evidence to prove beyond a doubt the existence of a criminal act in connection with the Aznalcóllar tender, the evidence clearly demonstrated the existence of numerous administrative irregularities that must be resolved by the administrative courts of Seville to ensure that the Aznalcóllar Project is awarded to the rightful bidder as per well-established public tender legislation.

In October 2016, the Provincial Court of Seville (the "**Appellate Court**"), an appellate court, ruled in favour of Emerita in its appeal of the Court's decision that there was not sufficient evidence of any criminal act in the Aznalcóllar project tender process.

The appeal was heard by four judges of the Appellate Court who ruled unanimously in Emerita's favour in a fifty-nine-page judgement. The judges' decision was based on: (I) Minorbis-Grupo Mexico (a competitor bidder in the Aznalcóllar project) failing to submit the necessary documentation as required by the tender process; (ii) a failure by the Panel to consider the technical merits of the tender bids; and (iii) granting the mining rights to the Aznalcóllar project to Los Frailes, a company that did not participate in the tender process, contravened applicable laws governing public tenders in Spain.

The judges found that there was evidence of gross negligence and misconduct and indicated that there may be evidence of possible corruption and prevarication. As such, the Appellate Court ordered the criminal case against the Panel be reopened in October 2016.

The Court has engaged the "Unidad Centro Operativo ("**UCO**") de la Guardia Civil" (Spain's national police force) to investigate the alleged cash payments made from Grupo Mexico to Minorbis and to clarify Minorbis' role in the tender process. The Direccion General de Industria, Energía y Minas (the Andalucian government agency responsible for the administration of the Aznalcóllar public tender) has been asked by the Appellate Court to submit a copy of the Panel's final resolution that awarded the tender to Los Frailes for the Appellate Court's review.

In March 2017, the Company received a written resolution from the Seventh Provincial Court of Seville, ruling against a request by Minorbis, the Panel, and the former Director of Mines of the Government of Andalucía (collectively, the "**Accused**") to dismiss the ongoing criminal case against them. The Court has reiterated that there is sufficient evidence of gross negligence and misconduct by the Accused and it is necessary to continue the investigation. Under Spanish law the tender would be revoked and awarded to the next qualified bidder if it is found that criminal acts were committed. The Company believes that it is the only qualified bidder in the Aznalcóllar tender process.

Since May 2017, the UCO has been reviewing more than 120,000 emails of the people involved in the case, including high officials of the regional government of Andalusia, members of the Panel, and Minorbis' executives. As of September 30, 2017, this investigation is ongoing.

The timing of the legal process cannot be determined at this time and whether or not this process will result in the Company ultimately winning the rights to Aznalcóllar project remains uncertain.

Paymogo Tender

In September 2017, the Upper Court of Andalusía ("**the Upper Court**") ruled in favour of Emerita's appeal relating to the awarding of the Paymogo Zinc Project ("**the Paymogo Project**") tender to Mina de Aguas Tenidas SA ("**Matsa**") and ordered that the qualifying bids pursuant to the tender be reassessed.

When the Paymogo Project was initially awarded to Matsa in 2014, Emerita filed an appeal based on its belief that the tender process contained a number of procedural errors and had not been conducted impartially. The Upper Court found that certain of the criteria used by the panel to evaluate the offers were considered arbitrarily and had not been made known to all the participants in the tender process and that "the panel made an arbitrary assessment of the bids favoring one bidder to the detriment of the others". As a result, the Upper Court ruled in favour of Emerita's appeal and rescinded the awarding of the Paymogo Project.

The Upper Court has directed the panel to reassess the bids excluding the criteria that were not previously publicly disclosed. Using the legal criteria, the Company believes that it should be awarded the tender. The timing for reconvening the panel is not known by the Company nor how the panel will approach the reassessment. The Company will provide an update in due course with respect to any new developments.

The Paymogo Project is in Southwestern Spain, close to the border with Portugal. Geologically the Paymogo Project is underlain by rocks of the Iberian Pyrite Belt, which is a prolific volcanogenic massive sulphide terrane with numerous current and past producers of base metals sulphides. The Paymogo Project hosts two deposits, called La Infanta and Romanera. Both deposits remain open at depth. La Infanta has some very high-grade intercepts and is only drilled to approximately 100 metres. Romanera is a larger sulphide deposit which is located approximately 7 kilometers to the west of La Infanta.

Mineral Exploration Properties – Brazil

Salobro Zinc Project

On July 14, 2017, the Company entered a definitive agreement (the "**Definitive Agreement**") with Vale S.A. ("**Vale**") and IMS Engenharia Mineral Ltda. ("**IMS**") to acquire the Salobro Project. On October 5, 2017, the Company received conditional approval from the TSX-V to complete the acquisition of the Salobro zinc project ("**the Salobro Project**"). In connection with entering into the Definitive Agreement, Emerita and IMS have entered into a binding letter of intent ("**LOI**") pursuant to which Emerita has agreed to incorporate and organize a Brazilian subsidiary ("**PurchaseCo**") to formally acquire the Salobro Project from IMS. Emerita will initially own 75% of PurchaseCo with an exclusive right to acquire the remaining 25% interest of PurchaseCo from IMS at its sole option.

The Salobro Project is comprised of two mining applications covering 1,209.75 hectares in the Municipality of Porteirinha, Minas Gerais State, Brazil, in an area well serviced with infrastructure including a zinc smelter, paved roads, cellular coverage, rail, water and power. The mineralization is hosted in the Riacho dos Machados group, which is described as a metasedimentary sequence of Archean or Paleoproterozoic age. The mineralization is stratabound with sphalerite and galena as the main ore minerals. The metasedimentary sequence comprises carbonates, banded iron formations and banded cherts, suggesting either a Mississippi Valley Type or Sedex depositional environment for the sulphide accumulations. The thickest intercept to date is 13.92 meters grading 10.39% zinc and 2.13% lead. The known mineralization occurs in three lenses all of which remain open for expansion by further drilling.

A qualified person, as defined in NI 43-101, has not done sufficient work on behalf of Emerita to classify the historical estimate as a current mineral resource and Emerita is not treating the historical estimate as a current mineral resource or mineral reserve. The resource estimate is a historical estimate and should not be relied upon. A summary of the historical resource estimate can be found on the Company's website in a report entitled "Mineralizações De Zinco E Chumbo Do Depósito Salobro, Porteirinha (Mg) (2006)". According to the report, the Salobro Project deposit is estimated to contain 8.3 million tonnes grading 7.12% zinc plus lead. The database used to establish the mineral resource estimate includes 40 diamond drill holes (13,884.94 meters of drilling). All borehole collar and down hole surveys, as well as a topographic survey with contour lines spaced at five meters, were provided to Emerita from the previous operators of the Salobro Project. Historical technical reports that included specific gravity and other technical commentary have also been provided to Emerita. All assays were completed at Vale's laboratory and there is no reference to external and independent duplicate assay samples in the database. The deposit remains open for further expansion. The initial work program will focus on a combination of completing work on the existing drill core to produce an NI 43-101 compliant resource as well as step out drilling to expand the resource. The results of the initial work program are expected to provide the necessary data for completing the initial economic evaluation of the Salobro Project deposit.

As part of the TSXV approval process, Emerita has engaged an independent technical consultant to complete a NI 43-101 technical report on the Salobro Project and the technical report will be filed on SEDAR promptly after the closing of the transaction.

Pursuant to the Definitive Agreement, Emerita agrees to pay USD$6.5 million in cash to Vale. The cash payments will be made by Emerita over seven (7) years on the following schedule:

- US$350,000 within 30 days from the date that the request for assignment of the mining rights which comprise the Salobro Project (the "**Mining Rights**") to PurchaseCo is filed by IMS or Emerita with the DNPM, Brazil's national mining agency and subsequent to Vale withdrawing its pending claims against IMS.
- US$1,650,000 on or before the first anniversary of the Definitive Agreement;
- US$1,500,000 on or before the third anniversary of the Definitive Agreement; and
- US$3,000,000 on or before the seventh anniversary of the Definitive Agreement (collectively, the "**Consideration**").

The rights to the Salobro Project are currently subject to litigation between Vale and IMS. In connection with this Transaction, Vale will withdraw its claims pending against IMS in the Civil Court of Belo Horizonte in respect of the amounts Vale claims are owing to it in relation to IMS's previous acquisition of the Salobro Project. Such claims currently are registered as encumbrances on the Mining Rights (the "**Encumbrances**"). Emerita will pay Vale's legal fees and court costs in connection with withdrawing such claims. Vale's legal fees are R$750,000 and its court costs are estimated to be R$10,000 (approximately USD$245,000 or CAD$315,000 in total).

PurchaseCo shall hold the Salobro Project in trust for Vale until the Consideration has been fully paid by Emerita. If Emerita fails to pay any instalment of the Consideration to Vale and Emerita does not remedy this breach within 30 days, Vale may request that the Salobro Project be returned by PurchaseCo or IMS, as applicable, to Vale and Vale shall retain any portion of the Consideration it has received up until such time. Vale shall not refund any of the legal fees and court costs paid by Emerita regarding this Transaction.

The Transaction remains subject to certain customary closing conditions, including (i) the lifting of the Encumbrances; and (ii) the approval of the Transaction by the TSX Venture Exchange. The Company is in compliance with the agreement as amended and has received conditional approval from the TSX-V.

As consideration for IMS transferring the rights to the Salobro Project to PurchaseCo, Emerita shall issue 1,000,000 common shares in the capital of Emerita (the "**Emerita Shares**") to IMS or its nominee on the date the DNPM approves the transfer of the Mining Rights from IMS to PurchaseCo.

Emerita has the right to acquire IMS's 25% interest in PurchaseCo, up to 48 months from the date of Definitive Agreement execution, by paying CAD$2,000,000 in cash to IMS or its nominee and issuing an additional 1,000,000 Emerita Shares to IMS or its nominee. A definitive agreement between Emerita and IMS is imminent.

Falcon Project – Brazil

In June 2016, the Company entered into a binding letter agreement (the "**Falcon Agreement**") with Falcon Metais Ltda. ("**Falcon**") pursuant to which Falcon granted to Emerita an option (the "**Option**") to acquire a 100% interest in the Falcon Litio MG Project (the "**Falcon Project**") on or before June 13, 2018 (the "**Option Expiry Date**"). The Falcon Project is adjacent to Brazil's only lithium mining operation owned by Companhia Brasileira de Lítio ("**CBL**") and the northwestern property boundary of the Falcon Project is just 500 meters from the CBL mine.

The Falcon Project is in Minas Gerais State, Brazil, near the Salobro zinc project detailed above. This provides the Company with the opportunity to explore the Falcon Project cost effectively, as its technical team will be in the area. The Falcon Project is comprised of one exploration permit and five applications for exploration permits. The applications for exploration permits have been submitted to the Brazilian Mining Agency by Falcon and will be transferred to Emerita when the exploration permits are granted.

Pegmatite dykes similar to the mineralized dykes on the adjacent CBL property have been identified on the Falcon Project during the initial field reconnaissance of the area. Systematic mapping and sampling of the Falcon Project is ongoing. Mineralization in the area where the Falcon Project is located is associated with Neoproterozoic granitic intrusions that have deposited lithium mineralization with minor contents of rare metals such as thallium, niobium and tin mineralization in the apical aureole of these intrusions. Mineralization is hosted by pegmatite dykes with widths varying from 5 to 30 meters and strike more than 1 kilometer. The mineralized pegmatite dyke system is structurally-controlled by a framework of NW and NE crosscutting faults and fractures, and locally is characterized by stock work systems or sets of sub-paralleled sheeted-dykes. The main lithium mineral at the adjacent CBL property is spodumene with minor amounts of petalite.

CBL produces lithium concentrate with a grade of approximately 5% LiO2 that is converted in a chemical plant, also belonging to CBL, into lithium-hydroxide and lithium-carbonate.

In order to acquire the Option, Emerita issued 500,000 common shares to Falcon in June 2016, at a price per share of $0.155. An additional 500,000 common shares were issued on August 28, 2017 at a price per share of $0.12 based on the estimated market value of the shares on the date of issuance. In order to exercise the Option and acquire the Falcon Project, Emerita must issue a third tranche of 500,000 common shares to Falcon on or before the Option Expiry Date. All issuances of common shares of Emerita are subject to a statutory hold period and to approval by the TSXV.

If Emerita exercises the Option and acquires the Falcon Project, Falcon will retain a transferable 2% net smelter royalty on all commercial sales from the Falcon Project. In addition, if a "mineral resource", as defined in NI 43-101, of at least 20 million tonnes with a grade of at least 1.3% LiO2 is delineated at the Falcon Project, Emerita shall either, (i) pay CAD$5 million in cash to Falcon or, by its sole discretion, (ii) issue CAD$5 million worth (to be determined on a reasonable volume weighted average price basis) of common shares to Falcon (the "**Resource Consideration**").

The Resource Consideration shall only be paid by Emerita if (i) the mineral resource is verified by a "qualified person", as such term is defined in NI 43-101, who is independent of Emerita and Falcon, and (ii) at least 50% of the mineral resource is categorized as an "indicated mineral resource" or "measured mineral resource", as defined in NI 43-101.

Pursuant to the Agreement, Falcon will hold the Project in trust for Emerita until Emerita exercises the Option and the Project is assigned and transferred to Emerita. If Emerita does not exercise the Option by the Option Expiry Date, Falcon will retain the Project.

Liquidity and Capital Resources

As at September 30, 2017, the Company had working capital deficit of $1,460,184 (September 30, 2016 – working capital deficit of $1,007,405), which included a cash balance of $518,719 (September 30, 2016 - $306,773), amounts receivable of $109,003 (September 30, 2016 - $114,950), and prepaid expenses and advances of $28,912 (September 30, 2016 - $53,083), offset by accounts payable and accrued liabilities of $2,116,818 (September 30, 2016 - $1,482,211).

On December 20, 2017, the Company completed a private placement financing by issuing 42,426,000 units at a price of $0.10 per unit for gross proceeds of $4,242,600. Each unit is comprised of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable at a price of $0.20 per warrant until December 20, 2019. The proceeds will be used to close the acquisition of the Salobro zinc project in Brazil, and commence the exploration programs of both the Salobro zinc project and the Plaza Norte zinc project in Spain, for future acquisitions of mineral properties, and for general corporate purposes. In addition, 2,097,095 broker options were issued, exercisable at a price of $0.10 per broker option into one common share and one half of one broker warrant. As a result, 1,048,548 broker purchase warrants were issued, exercisable at a price of $0.20 until December 20, 2019.

Results of Operations

During the year ended September 30, 2017, the Company recorded a loss of $2,522,973, or $0.03 per share, compared with a loss of $1,520,994, or $0.02 per share, during the year ended September 30, 2016.

Expenses incurred during the year ended September 30, 2017 included $947,479 in consulting and management fees; $40,147 in shareholder communications and filing fees; $12,994 in promotional expenses; $26,670 in travel expense; $85,799 in office expenses for office administration services; $112,242 in professional fees related to legal expenses and the preparation and audit of the Company's financial statements; and $57,500 in share-based compensation expense. During the year ended September 30, 2017, project evaluation expenses of $474,866 were incurred relating to the evaluation of possible mineral properties within Spain. These project evaluation expenses primarily include fees for numerous professionals who were involved in the preparation of the Plaza Norte tender documents submitted to the Government of Cantabria. The expenses also include overhead costs in Seville as well as other legal and consulting expenses. In November 2017, the Company incurred an impairment charge of $756,847, related to its Los Morras property as per the mineral property schedule in Note 4 of the consolidated financial statements.

Expenses incurred during the year ended September 30, 2016 included $595,784 in consulting and management fees; $58,262 in shareholders communications and filing fees; $2,873 in promotional expenses; $32,100 in travel expense, largely related to travel to the Company's properties in Spain; $23,998 in office expenses for office administration services; $17,311 in professional fees related to the preparation and audit of the Company's financial statements; and $328,000 in share-based compensation expenses. In addition, project evaluation expenses of $465,691 were incurred, relating to the evaluation of mineral properties in Spain.

Cash flows

Year ended September 30, 2017

During the year ended September 30, 2017, the Company used cash of $1,039,437 on operating activities. Cash used in operating activities consisted primarily of new project evaluation expenses incurred on the Company's properties in Spain, and corporate general and administrative expenses.

During the year ended September 30, 2017, investing activities used $45,817 which related to office equipment and general overhead for exploration and evaluation expenditures on the Company's properties in Spain, including new project evaluation.

During the year ended September 30, 2017, financing activities generated $1,297,200, consisting of the proceeds from the exercise of the 450,000 of the Company's outstanding options and 12,522,000 of the Company's outstanding warrants.

Year ended September 30, 2016

During the year ended September 30, 2016, the Company used cash of $900,018 on operating activities. Cash used in operating activities consisted mainly of new project evaluation expenses incurred on the Company's properties in Spain, and corporate general and administrative expenses.

During the year ended September 30, 2016, investing activities used $56,308 which related to office equipment and general overhead for exploration and evaluation expenditures on the Company's properties in Spain.

During the year ended September 30, 2016, financing activities generated $1,212,622 from the net proceeds from two separate private placements on December 24, 2015 and May 20, 2016, and proceeds from the exercise of 680,000 of the Company's outstanding warrants.

Off-Balance Sheet Items

As at September 30, 2017, the Company did not have any off-balance sheet items.

Select Annual Information

Select annual financial information for the years ended September 30, 2017, 2016 and 2015 is presented in the table below:

	2017 $	2016 $	2015 $
Revenues	$ -	$ -	$ -
Loss and comprehensive loss	(2,522,973)	(1,520,994)	(2,386,390)
Loss per share, basic and diluted	(0.03)	(0.02)	(0.05)
Total assets	1,164,665	1,638,331	1,196,621
Working capital ('000s)	(1,460)	(1,007)	(980)

(in Canadian dollars, unless otherwise noted)

Select Quarterly Information

Select quarterly financial information for the most recent eight quarters is presented in the table below:

Period	Revenue (1)	Operating costs	Loss	Loss per share	Total assets
	$	$	$	$	$
Q4- September 2017	-	679,378	(1,439,053)	(0.02)	1,164,665
Q3- June 2017	-	423,701	(436,579)	(0.00)	2,180,500
Q2- March 2017	-	256,595	(258,918)	(0.00)	1,735,564
Q1- December 2016	-	398,023	(388,423)	(0.01)	1,426,004
Q4- September 2016	-	560,597	(725,720)	(0.01)	1,638,331
Q3- June 2016	-	387,941	(382,153)	(0.00)	1,848,105
Q2- March 2016	-	400,244	(395,964)	(0.01)	1,251,012
Q1- December 2015	-	175,237	(17,157)	(0.00)	1,489,367

Explanatory Notes:

1) The Company has no sales revenues.

Financial Instruments

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The Company's financial instruments include cash, and accounts payable and accrued liabilities. The carrying values of these financial instruments reported in the statement of financial position approximate their respective fair values due to the relatively short-term nature of these instruments.

As at September 30, 2017 and 2016, the Company had no instruments to classify in the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) *Credit risk*

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by those counterparties, less any amounts owed to the counterparty by the Company where a legal right of set-off exists and includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

a. *Trade credit risk*

The Company is not exposed to significant trade credit risk.

b. *Cash*

In order to manage credit and liquidity risk the Company's policy is to invest only in highly rated investment grade instruments that have maturities of three months or less. Limits are also established based on the type of investment, the counterparty and the credit rating.

(b) *Currency risk*

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's foreign currency risk arises primarily with respect to the Euro from its property interests in Spain and US dollars from operations. Fluctuations in the exchange rates between these currencies and the Canadian dollar could have a material effect on the Company's business, financial condition and results of operations. The Company does not engage in any hedging activity to mitigate this risk.

As at September 30, 2017 and 2016, the Company had the following financial instruments and denominated in foreign currency (expressed in Canadian dollars):

September 30, 2017

		Euro		US dollars
Cash	$	47,914	$	1,093
Accounts payable and accrued liabilities		(390,345)		(468,906)
	$	(342,431)	$	(467,813)

September 30, 2016

		Euro		US dollars
Cash	$	26,484	$	7,870
Accounts payable and accrued liabilities		(460,465)		(288,877)
	$	(433,981)	$	(281,007)

A 10% strengthening (weakening) of the Canadian dollar against the Euro and US dollar would decrease (increase) net loss by approximately $34,000 and $47,000 (September 30, 2016 - $43,000 and $28,000) respectively.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At September 30, 2017, the Company had a cash balance of $518,719 (September 30, 2016 - $306,773) to settle current liabilities of $2,116,818 (September 30, 2016 - $1,482,211). The Company's trade payables have contractual maturities of less than 30 days and are subject to normal trade terms.

(d) Commodity / Equity price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as it relates to gold, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Commodity price risk is remote as the Company is not a producing entity.

(in Canadian dollars, unless otherwise noted)

Critical Accounting Policies

The Company's significant accounting policies are described in Note 2 to the audited consolidated financial statements for the year ended September 30, 2017. The preparation of statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The following is a list of the accounting policies that management believes are critical, due to the degree of uncertainty regarding the estimates and assumptions involved and the magnitude of the asset, liability or expense being reported:

- Foreign currencies
- Exploration and evaluation properties

Foreign currencies

The Foreign currency translation presentation and functional currency of the Company and its subsidiary is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Exchange differences are recognized in operations in the period in which they arise.

The Company makes expenditures and incurs costs in Euros ("EUR") and United States Dollars ("US$"). At September 30, 2017, one Canadian dollar was worth US$0.8013 (September 30, 2016– US$0.7624) and EUR 0.6783 (September 30, 2016 – EUR 0.6784). During the year ended September 30, 2017, the average value of one Canadian dollar was US$0.7612 (September 30, 2016 – US$0.7544) and EUR 0.6898 (September 30, 2016 – EUR 0.6793).

Exploration and evaluation properties

	Las Morras Property	Brazil Lithium Project	Total
	$	$	$
Balance, September 30, 2016	**1,048,384**	**77,500**	**1,125,884**
Cost incurred during the year:			
Common shares issued (c)	-	60,000	60,000
Land management fees, taxes and permits	24,223	-	24,223
Technical reports	2,207	-	2,207
Legal fees	348	-	348
Overhead - Project office Sevilla	21,679	-	21,679
Writedown of Los Morras property (a)	(756,847)	-	(756,847)
Balance, September 30, 2017	**339,994**	**137,500**	**477,494**

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and evaluation properties and classified as a component of property, plant and equipment.

Exploration expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Management reviews the carrying value of capitalized exploration and evaluation costs at least annually. The review is based on the Company's intentions for the development of the undeveloped property. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable or management determines that impairment is required, all irrecoverable costs associated with the project net of any impairment provisions are written off to operations.

The recoverability of amounts shown for exploration and evaluation properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

Costs recovered in excess of the carrying amount are recognized in operations. At September 30, 2017, the Company had exploration and evaluation properties on the statement of financial position of $477,494 (September 30, 2016 - $1,125,884).

Commitments and Contingencies

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company expects to make expenditures to comply with such laws and regulations.

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately $324,000 (2016 - $326,000) and additional contingent payments of up to approximately $1,235,000 (2016 - $1,241,000) upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.
The Company is subject to various claims, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable and the amounts are estimable. Although the outcome of such matters cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material adverse effect on the Company's financial condition, operations or liquidity.

The Company has been named as a defendant in a claim made by a group of companies regarding the payment of outstanding amounts owing to the group of companies relating to certain advertising services. The plaintiff is seeking payment in the amount of € 208,457 (CAD $307,307). Although the ultimate outcome of this action cannot be ascertained at this time and the results of legal proceedings cannot be predicted with certainty, management believes this claim to be without merit.

Transactions with Related Parties

The Company shares office space with other companies who may have common officers or directors. The costs associated with this space are administered by an unrelated company.

As at September 30, 2017, an amount of $972,436, included in accounts payable, were owed to directors and officers of the Company (September 30, 2016 - $634,927). The amounts outstanding on fees are unsecured, non-interest bearing, with no fixed terms of repayment.

Compensation of key management personnel of the Company

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. During the years ended September 30, 2017 and 2016, the remuneration of directors and other members of key management personnel are as follows:

	Year ended September 30, 2017	2016
Management fees	$ 683,304	$ 389,560
Share-based payments	-	196,000
	$ 683,304	$ 585,560

Risk Factors

Mining exploration inherently contains a high degree of risk and uncertainty, which even a combination of careful evaluation, experience and knowledge may not eliminate. The following are certain factors relating to the business of the Company, which investors should carefully consider when making an investment decision concerning the Company's shares. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known that the Company currently deems immaterial, may also impair the operations of the Company. If any such risks occur, the financial condition, liquidity and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected. An investment in the Company is speculative. An investment in the Company will be subject to certain material risks and investors should not invest in securities of the Company unless they can afford to lose their entire investment. The following is a description of certain risks and uncertainties that may affect the Company.

Substantial Capital Requirements and Liquidity

Substantial additional funds for the establishment of the Company's current and planned operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, current financial conditions, revenues, taxes, capital expenditures, operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and pursue only those projects that can be funded through cash flows generated from its existing operations, if any.

Financing Risks and Dilution to Shareholders

The Company will have limited financial resources, no operations and no revenues. Even if the Company's exploration program on one or more of the properties is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favourable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity which would result in dilution to the Company's shareholders.

Limited Operating History

The Company is a relatively new company with limited operating history. The Company only recently acquired its interest in its material properties and the Company has no history of business or mining operations, revenue generation or production history. The Company has yet to generate a profit from their activities. The Company will be subject to all the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations.

No Mineral Resources or Mineral Reserves

Resource exploration is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital.

The Company's properties are in the exploration stage only and, to date, no mineral resources or mineral reserves have been identified. Development of the Company's properties will follow only if favourable exploration results are obtained. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. There is no assurance that any mineral resources or mineral reserves will be identified or developed. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish mineral resources and mineral reserves and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

Fluctuating Mineral Prices

The economics of mineral exploration are affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, the Company may determine that it is impractical to continue a mineral exploration operation.

Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals that may be found on the Properties.

Regulatory, Permit and License Requirements

The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations that may concern, among other things, exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules because of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for facilities and the conduct of exploration and development operations on its properties will be obtainable on reasonable terms, or that such laws and regulations will not have an adverse effect on any exploration or development project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs, or require abandonment or delays in the development of new or existing properties.

With respect to the Aznalcóllar and Paymogo tender appeal processes, there can be no certainty with respect to further developments of the appeal or the results of any recourse initiated by the applicable governmental entities in Spain with respect to the tender processes. In addition, there can be no certainty with respect to the timing regarding any potential resolution of the tender review processes, the ability of the Company to be successful with its appeal or the potential for the Company to be awarded either project.

Title to Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to some or all the Company's interest in its properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company does not have the interest it understands it has in its properties could cause the Company to lose any rights to explore, develop and mine any minerals on such properties without compensation for its prior expenditures relating thereto.

Competition

The mineral exploration and development industry is highly competitive. The Company will have to compete with other companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of minerals claims, leases and other mineral interests, as well as for the recruitment and retention of qualified employees and other personnel. Failure to compete successfully against other companies could have a material adverse effect on the Company and its prospects.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon the performance of its directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

Environmental Risks

The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the exploration, development and mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and national and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with exploration, development and mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

Local Resident Concerns

Apart from ordinary environmental issues, the exploration, development and mining of the Company's properties could be subject to resistance from local residents that could either prevent or delay exploration and development of the properties.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers may become subject to conflicts of interest. The *Business Corporations Act* (British Columbia) ("**BCBCA**") provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to a Company, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Foreign Operations

The Company's properties are located in Spain and Brazil. As such, the Company's proposed activities with respect to its properties will be subject to governmental, political, economic and other uncertainties, including but not limited to expropriation of property without fair compensation, repatriation of earnings, nationalization, currency fluctuations and devaluations, exchange controls and increases in government fees, renegotiation or nullification of existing concessions and contracts, changes in taxation policies, economic sanctions and the other risks arising out of foreign governmental sovereignty over the areas in which the Company's operations will be conducted, as well as risks including loss due to civil strife, acts of war, insurrections and the actions of national labour unions. Future government actions concerning the economy, taxation, or the operation and regulation of nationally important facilities such as mines, could have a significant effect on the Company. No assurances can be given that the Company's plans and operations will not be adversely affected by future developments in Spain and/or Brazil. Any changes in regulations or shifts in political attitudes will be beyond the Company's control and may adversely affect the Company's business.

Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, any of which could result in damage to, or destruction of, equipment and mines, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company securities.

Litigation

The Company and/or its directors or officers may be subject to a variety of civil or other legal proceedings, with or without merit.

Subsequent Events

On October 26, 2017, the Company, along with its Spanish joint venture partner, Aldesa, was awarded exploration concessions for the Plaza Norte Project. The Plaza Norte Project is in the Reocin Basin in Cantabria, Spain, which hosts the Reocin mine, formerly one of the premiere zinc producers in Europe. The rights to the Plaza Norte Project have been granted for an initial three-year term with the option to renew. The Company and Aldesa each own a 50% interest in Cantabrica del Zinc and will be equally represented on the board of directors. Emerita will be the operator of the Plaza Norte Project.

On November 14, 2017 the Company entered into a binding letter agreement with Copper One pursuant to which the Company has granted the Option to Copper One to acquire a 100% interest in the Las Morras property. As consideration for the Option, Copper One paid $25,000 in cash to the Company on November 17, 2017 and shall pay an additional $75,000 in cash to the Company on or before January 14, 2018.

In order to exercise the Option and acquire a 100% interest in the Las Morras project, Copper One shall:

- pay $100,000 in cash to the Company on or before November 14, 2019;
- spend $500,000 on exploration activities on the project on or before November 14, 2019;
- pay $250,000 in cash to the Company on or before November 14, 2020;
- spend $1,500,000 on exploration activities on the project on or before November 14, 2021; and
- grant to the Company a 2% net smelter return royalty on the project.

On November 15, 2017, Mr. Michael Timmins was appointed as CEO and a Director of the Company. Joaquin Merino, P.Geo, will continue as President of Emerita as well as the Managing Director of its wholly owned subsidiary, Emerita Resources Espana SL.

In November 2017, 100,000 of the Company's outstanding common share purchase warrants were exercised, generating net proceeds of $10,000.

On December 20, 2017, the Company completed a private placement financing by issuing 42,426,000 units at a price of $0.10 per unit for gross proceeds of $4,242,600. Each unit is comprised of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable at a price of $0.20 per warrant until December 20, 2019. The proceeds will be used to commence the exploration program of the Plaza Norte and Salobro zinc projects, for future acquisitions of mineral properties, and for general corporate purposes.

Outstanding Share Data

As at the date of this MD&A, the Company has:

1) 140,595,829 common shares outstanding;
2) 41,857,000 warrants outstanding with expiry dates ranging between December 24, 2017 and December 20, 2019. If all the warrants were exercised, 41,857,000 shares would be issued for gross proceeds of $6,307,000.
3) 7,597,095 stock options outstanding with expiry dates ranging between March 1, 2018 and September 8, 2021. If all the options are exercised, 7,797,095 shares would be issued for gross proceeds of $749,709.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

This MD&A contains forward-looking information under Canadian securities legislation. Forward-looking information includes, but is not limited to, dispositions and strategy, development potential and timetable of the Company's exploration properties; the Company's ability to raise required funds; future mineral prices; mineralization projections; conclusions of economic evaluation; the timing and amount of estimated future exploration and development; costs of development; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the opinions and estimates of management as of the date such statements are made. Estimates regarding the anticipated timing, amount and cost of exploration are based on previous industry experience and regional political and economic stability. Capital and operating cost estimates are based on extensive research of the Company, recent estimates of costs and other factors that are set out herein. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during exploration and development; acquisition risks; regulatory risks; revocation of government approvals; timing and availability of external financing on acceptable terms; actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of minerals; accidents, labour disputes and other risks of the mining industry. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update its forward-looking information, except in accordance with applicable securities laws.