EMERITA
RESOURCES CORP.

Condensed Interim Consolidated Financial Statements

For the three months ended December 31, 2018 and 2017

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements, in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Emerita Resources Corp.
Condensed Interim Consolidated Statements of Financial Position
Expressed in Canadian Dollars- Unaudited

As at:	Note	**December 31, 2018 $**	September 30, 2018 $
ASSETS			
Current			
Cash		**118,145**	31,325
Amounts receivable		**83,123**	169,935
Prepaid expenses		**12,410**	18,059
Total current assets		**213,678**	219,139
Long-term			
Reclamation deposit		**17,955**	17,273
Equipment		**16,470**	16,941
Investment in and advances to associate	3	**252,618**	243,024
Exploration and evaluation properties	4	**397,494**	397,494
Total assets		**898,215**	894,051
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8,9	**1,227,350**	2,049,613
Loans payable	7	**206,919**	-
Current liabilities		**1,434,269**	2,049,613
Long-term loans payable		**125,740**	-
Total liabilities		**1,560,009**	**2,049,613**
SHAREHOLDERS' EQUITY			
Common shares	5	**11,775,614**	11,775,614
Warrant reserve	6	**951,105**	951,105
Option reserve	6	**348,000**	348,000
Deficit		**(13,736,513)**	(14,230,281)
Total shareholders' equity/(deficiency)		**(661,794)**	(1,155,562)
Total liabilities and shareholders' equity/(deficiency)		**898,215**	894,051

Nature of operations and going concern	1
Commitments and contingencies	11
Subsequent events	12

Approved on behalf of the Board of Directors on March 1, 2019:

Signed: *"Catherine Stretch"*, Director

Signed: *"David Gower"*, Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Emerita Resources Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

Expressed in Canadian Dollars- Unaudited

	Note	Three months ended December 31, 2018 $	2017 $
Expenses			
Project evaluation expenses		**158,540**	75,905
Consulting and management fees		**133,984**	312,449
Professional fees		**400**	9,242
Shareholder communication and filing fees		**17,606**	34,150
Promotion		**10,108**	-
Travel expenses		**-**	34,605
Office expenses		**15,480**	11,844
Loss for the period before other items		**(336,118)**	(478,195)
Other items			
Gain on settlement of liabilities	9	**890,153**	-
Interest income		**-**	156
Interest expense		**(3,029)**	-
Foreign exchange gain/(loss)		**(57,238)**	31,247
Comprehensive gain/(loss) for the period		**493,768**	(446,792)
Basic and diluted gain/(loss) per share		**$ 0.00**	$ (0.00)
Weighted average number of common shares outstanding			
Basic and Diluted		**142,095,829**	108,160,015

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Emerita Resources Corp.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

Expressed in Canadian Dollars- Unaudited

	Number of shares	Common Shares	Warrant Reserve	Option Reserve	Deficit	Shareholders' equity/(deficiency)
	#	$	$	$	$	$
Balance, September 30, 2017	**97,069,829**	**11,775,614**	**951,105**	**348,000**	**(14,230,281)**	**(1,155,562)**
Gain and comprehensive gain for the period	-	-	-	-	493,768	493,768
Balance, December 31, 2018	**97,069,829**	**11,775,614**	**951,105**	**348,000**	**(13,736,513)**	**(661,794)**
Balance, September 30, 2017	**97,069,829**	**8,523,762**	**227,950**	**354,000**	**(10,057,865)**	**(952,153)**
Common shares issued, net of issue costs	43,426,000	4,066,735	-	-	-	4,066,735
Warrants	-	(1,211,476)	1,211,476	-	-	-
Warrants exercised	100,000	11,000	(1,000)	-	-	10,000
Options expired	-	-	-	(4,000)	4,000	-
Warrants expired	-	-	(48,750)		48,750	-
Loss and comprehensive loss for the period	-	-	-	-	(446,792)	(446,792)
Balance, December 31, 2017	**140,595,829**	**11,390,021**	**1,389,676**	**350,000**	**(10,451,907)**	**2,677,790**

Emerita Resources Corp.

Condensed Interim Consolidated Statements of Cash Flows

Expressed in Canadian Dollars- Unaudited

	Three months ended December 31, 2018 $	2017 $
Cash (used in)/provided by:		
Operating activities		
Gain/(Loss) for the period	**493,768**	(446,792)
Items not involving cash:		
Exploration and evaluation property writeoff	**-**	-
Share-based compensation	**-**	-
Amortization	**887**	3,988
Working capital adjustments:		
Change in amounts receivable	**86,812**	(144,681)
Change in prepaid expenses	**5,649**	(48,177)
Change in accounts payable and accrued liabilities	**(615,344)**	(467,492)
Net cash (used in) operating activities	**(28,228)**	(1,103,154)
Investing activities		
Property, plant and equipment	**(416)**	(4,982)
Investment in associate	**(9,594)**	(75,260)
Exploration and evaluation properties, net of change in working capital	**(682)**	24,642
Net cash (used in) investing activities	**(10,692)**	(55,600)
Financing activities		
Proceeds from issuance of common shares	**-**	4,342,600
Cost of issue	**-**	(275,865)
Long-term loan	**125,740**	-
Options exercised	**-**	-
Warrants exercised	**-**	10,000
Net cash provided by financing activities	**125,740**	4,076,735
Change in cash, during the period	**86,820**	2,917,981
Cash, beginning of period	**31,325**	518,719
Cash, end of period	**118,145**	3,436,700

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Emerita Resources Corp. (the "Company", or "Emerita") was incorporated on October 30, 2009 as 0865140 BC Ltd. pursuant to the *Business Corporations Act of British Columbia*. On January 8, 2013, the Company completed its Qualifying Transaction and ceased to be a Capital Pool Company. The Company changed its name to Emerita Gold Corp. and commenced trading as a Tier 2 Mining Issuer on the TSX Venture Exchange ("TSXV") on January 11, 2013 under the new trading symbol "EMO". The Company owns the following subsidiaries:

- A 100% interest in Emerita Resources Espana SL ("Emerita Espana"), a company incorporated on May 30, 2012 in Spain.
- A 99% interest in Emerita do Brazil Mineracao Ltda. ("Emerita Brazil"), a company incorporated on December 9, 2017 in Brazil.
- A 75% interest in Zinco das Gerais, a company incorporated on August 15, 2017 in Brazil.

The Company is currently engaged in the acquisition, exploration and development of mineral properties. The head office and principal address of the Company is 65 Queen Street West, Suite 800, Toronto, Ontario, M5H 2M5.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that the current exploration programs will result in profitable operations.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation properties is dependent upon the establishment of a sufficient quantity of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition of these assets.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

The Company has a need for equity financing for working capital and exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation. Material uncertainties as mentioned above cast significant doubt upon the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed interim consolidated financial statements are in compliance with IAS 34, *Interim Financial Reporting*. Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These condensed interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended September 30, 2018.

Basis of presentation and consolidation

These condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information, and have been prepared using the historical cost basis. Furthermore, these condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries. All values are rounded to the nearest dollar.

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. All material intercompany transactions and balances between subsidiaries have been eliminated on consolidation. The Company holds a 50% interest in Cantabrica del Zinco S.L. ("Cantabrica"), along with its joint venture partner the Aldesa Group. Refer to Note 3.

Approval of the consolidated financial statements

These condensed interim consolidated financial statements of the Company for three months ended December 31, 2018 and 2017 were reviewed, approved and authorized for issue by the Board of Directors of the Company on March 1, 2019.

Critical judgements and estimation uncertainties

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical judgements and estimation uncertainties (continued)

Capitalization of exploration and evaluation costs

Management has determined that exploration and evaluation costs incurred have future economic benefits and are economically recoverable. In making this judgement, management has assessed various sources of information including, but not limited to, the geologic and metallurgic information, operating management expertise and existing permits. See Note 4 for details of the Company's capitalized exploration and evaluation costs.

Impairment of exploration and evaluation properties

While assessing whether any indications of impairment exist for exploration and evaluation properties, consideration is given to both external and internal sources of information. Changes in the market and the economic and legal environment in which the Company operates that are not within its control affect the recoverable amount of exploration and evaluation properties. Internal sources of information considered by the Company include the manner in which exploration and evaluation properties are being used or are expected to be used and indications of expected economic performance of the properties. Estimates include but are not limited to estimates of the discounted future cash flows expected to be derived from the Company's properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation properties.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based share awards is determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Contingencies

Refer to Note 11.

Expressed in Canadian Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical judgements and estimation uncertainties (continued)

Joint arrangement

The Company has a joint arrangement with the Aldesa Group (see Note 3). The Company has joint control over this arrangement as under the contractual agreement with the Aldesa Group, unanimous consent is required from all parties to the agreements for certain key strategic, operating, investing and financing policies. The Company's joint arrangement is structured as a corporation and provides the Company and the Aldesa Group (parties to the agreements) with rights to the net assets of the limited company under the arrangements. Therefore, this arrangement has been classified as a joint venture and has been recorded as an investment in associate.

Judgment is required to determine the type of joint arrangement that exists. This judgment involves considering its rights and obligations arising from the arrangement. An entity assesses its rights and obligations by considering the structure and legal form of the arrangement, the terms agreed to by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

3. INVESTMENT IN ASSOCIATE

On October 26, 2017, the Company, along with its Spanish joint venture partner the Aldesa Group ("Aldesa"), were awarded exploration concessions for 3,600 hectares in the Santillana Syncline (the "Plaza Norte Project"). The Plaza Norte Project is in the Reocin Basin in Cantabria, Spain. In December of 2018, the rights to the Plaza Norte Project were extended for an additional term of 13 months. The Company and Aldesa each own a 50% interest in Cantabrica del Zinco S.L. ("Cantabrica"), a corporation registered in Spain, and will be equally represented on the board of directors. Emerita is the operator of the Plaza Norte Project. The Company recognizes its jointly controlled interest in the joint venture relationship with Aldesa as an investment. Effective October 26, 2017, the Company accounts for this investment using the equity method and it is recognized as an Investment in and advances to associate on the Statement of Financial Position.

Changes in the investment in and advances to associate for the year ended September 30, 2018 and three months ended December 31, 2018 were as follows:

	$
Balance, September 30, 2017	**-**
50% investment in associate	252,618
Balance, September 30 and December 31, 2018	**252,618**

Cash and cash equivalents	$	**123,860**
Current assets		**176,100**
Mineral property expenditures		**653,769**
Property, plant and equipment		**15,762**
Current liabilities	$	**(176,261)**
Long-term liabilities		**(287,994)**

Cantabrica did not have any revenues or expenses during the period from its incorporation to December 31, 2018.

Expressed in Canadian Dollars

4. EXPLORATION AND EVALUATION PROPERTIES

	Salobro Project $	Las Morras Property $	Falcon Litio Project $	Total $
Balance, September 30, 2017	**-**	**339,994**	**137,500**	**477,494**
Cost incurred during the year:				**-**
Purchase option (a,b,d)	100,000	(100,000)	20,000	**20,000**
Land management fees, taxes and permits	374,108	-	-	**374,108**
Labour, contract geologists, prospectors	641,248	-	-	**641,248**
Field expenses	57,922	-	-	**57,922**
Drilling & geophysics	662,963	-	-	**662,963**
Technical reports	-	-	-	**-**
Travel, meals and accommodations	84,475	-	-	**84,475**
Legal fees	295,886	-	-	**295,886**
Project overhead costs	55,806	-	-	**55,806**
Property writeoff (d)	(2,272,408)	-	-	**(2,272,408)**
Balance, September 30 and December 31, 2018	**-**	**239,994**	**157,500**	**397,494**

As at December 31, 2018, the Company has valid permits for two gold exploration properties, one lithium property, and one zinc exploration property held through the Company's joint arrangement with the Aldesa Group. Each of the gold properties is comprised of exploration permits that were issued by the Extremadura regulatory authorities and the Asturias regulatory authorities in Spain, respectively. The zinc property is comprised of exploration permits that were issued by the Cantabrian regulatory authorities in Spain. The lithium property is comprised of exploration permits that were issued by the Minas Gerais regulatory authorities in Brazil.

a) Falcon Litio Property

- 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 "Litio Project"). The Litio Project is located in Minas Gerais State, Brazil, and is comprised of five exploration permits and one application for an exploration permit.

- 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 based on the quoted market value of the shares on the date of issuance. An additional 500,000 common shares were issued on August 28, 2017 at a price per share of $0.12 based on the quoted market value of the shares on the date of issuance. On September 12, 2018, the Company exercised its option and acquired a 100% interest in the Falcon Project by issuing a third tranche of 500,000 common shares to Falcon at a price per share of $0.04, based on the quoted market value of the shares on the date of issuance. All issuances of common shares of Emerita are subject to a statutory hold period and to approval by the TSXV. Falcon will retain a transferable 2% net smelter royalty on all commercial sales from the Litio Project.

- In addition, if a "mineral resource", as defined in National Instrument 43-101 ("NI 43-101"), of at least 20 million tonnes with a grade of at least 1.3% LiO2 is delineated at the Project, Emerita shall either, (i) pay $5 million in cash to Falcon or, by its sole discretion, (ii) issue $5 million worth (to be determined on a reasonable volume weighted average price basis) of common shares to Falcon (the "Resource Consideration").

4. EXPLORATION AND EVALUATION PROPERTIES (continued)

a) Falcon Litio Property (Continued)

- 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.

b) Las Morras Property

- The original exploration permit for Las Morras Property is comprised of 230 claims, totaling approximately 7,000 hectares. The original exploration permit for Las Morras was granted in 2012 with an expiry date of April 17, 2015 subject to a right of renewal for an additional three-year term. The Company applied for an additional three-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 two years was granted on January 20, 2017. The Company has filed a request for an additional extension with government authorities and expects that approval is imminent. This property is in the eastern part of the Extremadura Province of Spain.

- On November 14, 2017 the Company entered into a binding letter agreement with Copper One Inc. (“Copper One”) pursuant to which the Company has granted an option (“the Option”) to acquire a 100% interest in the Las Morras Project. 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 and acquire a 100% interest in the 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.

- As a result of the agreement, the Company has written down the value of the property as at September 30, 2017 to the present value of the consideration expected to be received by the Company if the Option is completed, using an estimated discount rate of 15%.

c) Sierra Alta Property

- The Sierra Alta Property is comprised of one exploration permit which consists of 90 mining claims comprising approximately 2,700 hectares in the Asturias region in northwestern Spain. The Company applied for the permit on November 18, 2013 and received notice that the property had been granted on July 8, 2015 through the publication of the granting in the regional gazette. From that date, the concession is valid for a three-year term and is renewable for equal and successive periods of three years. The permit was renewed in July 2017 and will expire on July 21, 2020.

4. EXPLORATION AND EVALUATION PROPERTIES (continued)

d) Salobro Zinc Property

- The project is comprised of two mining applications covering 1,209.75 hectares in the Municipality of Porteirinha, Minas Gerais State, Brazil. On July 14, 2017, the Company entered a definitive agreement with Vale S.A. ("Vale") and IMS Engenharia Mineral Ltda. ("IMS") to acquire the project. On October 5, 2017, the Company received conditional approval from the TSX-V to complete the acquisition.

- Pursuant to the definitive agreement, Emerita agreed to pay USD$6.5 million in cash to Vale. The cash payments were to be made by Emerita over seven years on the following schedule:

  - US$350,000 within 30 days from the date that the request for assignment of the mining rights is filed by IMS or Emerita with Brazil's national mining agency and subsequent to Vale withdrawing its pending claims against IMS. $449,260 was paid by the Company in 2018.
  - US$1,650,000 on or before July 14, 2018;
  - US$1,500,000 on or before July 14, 2020; and
  - US$3,000,000 on or before July 14, 2024.

- The rights to the Salobro Project were subject to litigation between Vale and IMS. In connection with this Transaction, Vale withdrew its claims pending against IMS in the Civil Court of Belo Horizonte in respect of the amounts Vale claims was owing to it in relation to IMS's previous acquisition of the Salobro Project. The Company paid Vale's legal fees and court costs in connection with withdrawing such claims (approximately CAD$315,000 in total).

- A Brazilian subsidiary was incorporated to hold the Salobro Project in trust for Vale until the consideration was fully paid by Emerita.

- As consideration for IMS transferring the rights to the Salobro Project to the Brazilian subsidiary, the Company issued 1,000,000 of its common shares to IMS on March 15, 2018.

- Upon completion of the initial diamond drill program and analysis of the assays results, the Company terminated its option agreement on October 3, 2018 after attempts to renegotiate the payment terms with Vale were unsuccessful. As a result of the termination of the option agreement, the Company has written down the value of the property as at September 30, 2018 in accordance with the Company's accounting policies.

5. COMMON SHARES

Authorized

At December 31, 2018 and 2017, the authorized share capital consisted of an unlimited number of common shares without par value.

On December 19, 2018, the shareholders of the Company approved a special resolution to consolidate the Company's outstanding common shares on the basis of one (1) post-consolidation common share for each five (5) pre-consolidation common shares and granted the Board of Directors of the Company the authority to implement the consolidation at any time during the 12 month period following the approval date. The share consolidation is expected to be implemented in the upcoming quarter in connection with a private placement financing announced by the Company on February 19, 2019. See Note 12.

Expressed in Canadian Dollars

5. COMMON SHARES (continued)

Common Shares Issued

	Number of shares outstanding		Amount
Balance, September 30, 2017	**97,069,829**	**$**	**8,523,762**
Mineral Property Option Acquisition (iii,iv)	1,500,000		120,000
Private placement, net of issuance costs (i)	43,426,000		4,070,245
Warrant valuation (i,ii)	-		(953,393)
Warrant exercise	100,000		10,000
Valuation allocation of exercise of warrants	-		5,000
Balance, September 30 and December 31, 2018	**142,095,829**	**$**	**11,775,614**

(i) On December 20, 2017, the Company completed a private placement financing by issuing 43,426,000 units at a price of $0.10 per unit for gross proceeds of $4,342,600. Each "unit" is comprised of one common share and one half of one common share purchase warrant. Each warrant is exercisable at a price of $0.20 per full warrant until December 20, 2019. The fair value of the 21,713,000 warrants issued was estimated at $811,225 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 135%; risk-free interest rate of 1.63% and an expected life of 2 years. In addition, 2,097,095 finder units were granted. Each finder unit is exercisable at a price of $0.20 per unit until December 20, 2019. The fair value of the finder units was estimated at $139,880 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 135%; risk-free interest rate of 1.63% and an expected life of 2 years.

(ii) On May 16, 2018, the Company received approval from the TSXV to extend to August 20, 2018 the expiry date of 16,450,000 purchase warrants that were previously set to expire on May 20, 2018. The adjustment to the fair value of the warrants issued was estimated at $2,288 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 97%; risk-free interest rate of 1.93% and an expected life of 0.28 years.

(iii) On March 15, 2018, the Company completed the acquisition of the Salobro zinc project. Pursuant to the terms of the transaction, the Company issued 1,000,000 common shares to IMS Engenharia Mineral Ltda. ("IMS"), at a price per share of $0.10 based on the quoted market price of the shares on the date of issuance.

(iv) On June 13, 2016, the Company entered into a binding letter agreement with Falcon Metais Ltda., granting the Company an option to acquire a 100% interest in the Falcon Litio MG Project on or before June 13, 2018. In order to acquire the option, the Company issued 500,000 common shares at a price per share of $0.155 based on the quoted market price of the shares on the date of issuance. An additional 500,000 common shares were issued on August 28, 2017 at a price per share of $0.12 based on the quoted market price of the shares on the date of issuance. A final 500,000 common shares were issued on September 12, 2018 at a price per share of $0.04 based on the quoted market price of the shares on the date of issuance (Note 4).

Expressed in Canadian Dollars

6. EQUITY RESERVES

Warrants

The changes in warrants issued during the year ended September 30, 2018 and three months ended December 31, 2018 are as follows:

	Number of warrants	Weighted average exercise price	Value of warrants
Balance, September 30, 2017	**20,644,000**	**$ 0.10**	**$ 227,950**
Exercised, November 2017	(100,000)	0.10	(5,000)
Granted, December 2017	23,810,095	0.20	951,105
Expired, December 2017	(3,900,000)	0.10	(48,750)
Expired, May 2018	(194,000)	0.10	(9,700)
Extension, May 2018	-	0.10	2,288
Expired, August 2018	(16,450,000)	0.10	(166,788)
Balance, September 30 and December 31, 2018	**23,810,095**	**$ 0.20**	**$ 951,105**

The following summarizes the warrants outstanding as at December 31, 2018:

Number outstanding #	Number exercisable #	Grant date	Expiry date	Exercise price $	Estimated grant date fair value $	Volatility	Risk-free interest rate	Expected life (Yrs) #	Expected dividend yield
21,713,000	21,713,000	20-Dec-17	20-Dec-19	$0.20	811,225	135%	1.63%	2.00	0%
2,097,095	2,097,095	20-Dec-17	20-Dec-19	$0.20	139,880	135%	1.63%	2.00	0%
23,810,095	**23,810,095**				**951,105**				

The weighted-average remaining contractual life of the warrants as of December 31, 2018 is 0.97 years (2017 – 1.32 years).

Share-based payments

The changes in stock options issued during the year ended September 30, 2018 and three months ended December 31, 2018 are as follows:

	Number of options	Weighted average exercise price	Estimated grant date fair value
Balance, September 30, 2017	**5,700,000**	**$ 0.10**	**$ 354,000**
Expired, November 25, 2017	(200,000)	0.10	(4,000)
Expired, March 1, 2018	(200,000)	0.05	(2,000)
Balance, September 30 and December 31 , 2018	**5,300,000**	**$ 0.10**	**$ 348,000**

Expressed in Canadian Dollars

6. EQUITY RESERVES (Continued)

Share-based payments (Continued)

Options outstanding as at December 31, 2018 are as follows:

Number outstanding #	Number exercisable #	Grant date	Expiry date	Exercise price $	Estimated grant date fair value $	Volatility	Risk-free interest rate	Expected life (Yrs) #	Expected dividend yield
4,000,000	4,000,000	29-Aug-16	29-Aug-21	$0.10	280,000	128%	0.72%	5.00	0%
150,000	150,000	08-Sep-16	08-Sep-21	$0.10	10,500	128%	0.68%	5.00	0%
1,150,000	1,150,000	24-Oct-16	24-Oct-21	$0.10	57,500	111%	0.53%	5.00	0%
5,300,000	**5,300,000**				**348,000**				

The weighted average remaining contractual life of the options as at December 31, 2018 is 2.70 years (2017 – 3.57 years).

7. CAPITAL MANAGEMENT

The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of mineral properties. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers its capital to consist of common shares, warrants and options.

The properties in which the Company currently has an interest are in the exploration and evaluation stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and evaluation and pay for administrative costs, the Company must raise additional amounts.

The Company may continue to assess new properties and may seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management during the three months ended December 31, 2018 and 2017.

The Company and its subsidiaries are not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required to maintain operations and cover general and administrative expenses for a period of 6 months.

On December 5, 2018, the Company entered into loan agreements with a total principal amount of $329,630. In the three months ended December 31, 2018, the Company incurred an interest expense of $3,029 in relation to these agreements. The agreements have maturity dates ranging from June 5, 2019 to December 5, 2021.

8. 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 December 31, 2018 and 2017, 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 also 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 and Brazilian reals from its property interests in Spain and Brazil, 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.

8. FINANCIAL INSTRUMENTS (Continued)

(b) *Currency risk (continued)*

As at September 30 and December 31, 2018, the Company had the following financial instruments and denominated in foreign currency (expressed in Canadian dollars):

December 31, 2018

		Euro		US dollars		Brazilian reals
Cash	$	22,195	$	791	$	42,604
Accounts payable and accrued liabilities		(183,598)		(101,500)		(250,321)
	$	(161,403)	$	(100,710)	$	(207,717)

September 30, 2018

		Euro		US dollars		Brazilian reals
Cash	$	17,516	$	7,224	$	1,505
Accounts payable and accrued liabilities		(303,808)		(459,372)		(413,370)
	$	(286,292)	$	(452,148)	$	(411,865)

A 10% strengthening (weakening) of the Canadian dollar against the Euro would decrease (increase) net loss by approximately $16,000 (September 30, 2018 - $29,000).

A 10% strengthening (weakening) of the Canadian dollar against the US dollar would decrease (increase) net loss by approximately $10,000 (September 30, 2018 - $45,000).

A 10% strengthening (weakening) of the Canadian dollar against the Brazilian real would decrease (increase) net loss by approximately $21,000 (September 30, 2018 - $41,000).

(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 December 31, 2018, the Company had a cash balance of $118,145 (September 30, 2018 - $31,325) to settle current liabilities of $1,434,269 (September 30, 2018 - $2,049,613). 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 they relate to gold, zinc, and lithium, 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.

Expressed in Canadian Dollars

9. RELATED PARTY TRANSACTIONS

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 December 31, 2018, an amount of $288,900, included in accounts payable, were owed to directors and officers of the Company (September 30, 2018 - $920,873). The amounts outstanding on fees are unsecured, non-interest bearing, with no fixed terms of repayment. During the first fiscal quarter, certain directors and officers agreed to waive a portion ($680,873) of their outstanding fees.

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 three months ended December 31, 2018 and 2017, the remuneration of directors and other key management personnel are as follows:

	Three months ended December 31, 2018	Three months ended December 31, 2017
Management fees	$ 52,500	$ 122,813

10. SEGMENT INFORMATION

The Company conducts its business as a single operating segment, being mineral exploration and evaluation in Spain and Brazil. The following tables summarize the total assets and liabilities by geographic segment as at December 31 and September 30, 2018:

December 31, 2018	**Spain**	**Canada**	**Brazil**	**Total**
Cash	$ 22,195	$ 53,346	$ 42,604	$ 118,145
Other current assets	73,454	22,009	70	95,533
Reclamation deposit	17,955	-	-	17,955
Property, plant and equipment	10,799	-	5,671	16,470
Investment in and advances to associate	252,618	-	-	252,618
Exploration and evaluation properties	239,994	-	157,500	397,494
Total Assets	**$ 617,015**	**$ 75,355**	**$ 205,845**	**$ 898,215**
Accounts payable and accrued liabilities	$ 183,598	$ 793,431	$ 250,321	$ 1,227,350
Short-term loans payable	-	206,919	-	206,919
Long-term loans payable	-	125,740	-	125,740
Total liabilities	**$ 183,598**	**$ 1,126,090**	**$ 250,321**	**$ 1,560,009**

September 30, 2018	**Spain**	**Canada**	**Brazil**	**Total**
Cash	$ 17,516	$ 12,304	$ 1,505	$ 31,325
Other current assets	83,892	104,037	65	187,994
Reclamation deposit	17,273	-	-	17,273
Property, plant and equipment	11,572	-	5,369	16,941
Investment in and advances to associate	243,024	-	-	243,024
Exploration and evaluation properties	239,994	-	157,500	397,494
Total Assets	**$ 613,271**	**$ 116,341**	**$ 164,439**	**$ 894,051**
Accounts payable and accrued liabilities	$ 303,808	$ 1,332,435	$ 413,370	$ 2,049,613
Total liabilities	**$ 303,808**	**$ 1,332,435**	**$ 413,370**	**$ 2,049,613**

Expressed in Canadian Dollars

10. SEGMENT INFORMATION (Continued)

The following tables summarize the loss by geographic segment for the three months ended December 31, 2018 and 2017:

December 31, 2018	**Spain**	**Canada**	**Brazil**	**Total**
Other income	$ (209,280)	$ (680,873)	$ -	$ (890,153)
Project evalution expenses	138,995	(38,796)	58,341	158,540
General and administrative expenses	-	180,607	-	180,607
Exploration and evaluation property writeoff	-	-	-	-
Foreign exchange (gain)/loss	-	57,238	-	57,238
(Gain)/Loss	**$ (70,285)**	**$ (481,824)**	**$ 58,341**	**$ (493,768)**

December 31, 2017	**Spain**	**Canada**	**Brazil**	**Total**
Other income	$ -	$ (156)	$ -	$ (156)
Project evalution expenses	75,905	-	-	75,905
General and administrative expenses	-	402,290	-	402,290
Foreign exchange (gain)/loss	-	(31,247)	-	(31,247)
Loss	**$ 75,905**	**$ 370,887**	**$ -**	**$ 446,792**

11. 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 (December 31, 2017 - $300,000) and additional contingent payments of up to approximately $1,234,000 (December 31, 2017 - $1,235,000) 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's joint venture agreement with the Aldesa Group requires the Company to invest an additional €1,250,000 in the development of the Plaza Norte project should the project advance to later phases. It is not currently known whether the Plaza Norte project will advance to a stage where this investment is required, therefore the expenditure has 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 (approximately $325,000). 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.

12. SUBSEQUENT EVENTS

On February 19, 2019, the Company announced a brokered private placement financing of up to 20,000,000 post-consolidation common shares of the Company at a price per share of $0.10 on a post-consolidation basis, for total gross proceeds of up to $2,000,000. See Note 5.

The proceeds of the Offering are expected to be used to finance exploration activities at the Company's Plaza Norte Project in Spain, repayment of the Company's existing debt and for general corporate purposes. The offering is expected to close on or about March 15, 2019 and is subject to all required regulatory approvals. Further details are available in the Company's press release dated February 19, 2019.