

EMERITA RESOURCES CORP.
Management's Discussion and Analysis
For the years ended September 30, 2021 and 2020
(in Canadian dollars, unless otherwise noted)

Date: January 27, 2022

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, 2021 and 2020. The MD&A should be read in conjunction with the audited consolidated financial statements as at and for the years ended September 30, 2021 and 2020. 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 3 of the annual audited consolidated financial statements as at and for the years ended September 30, 2021 and 2020 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 years ended September 30, 2021 and 2020, 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**") and OTCQB Venture Market. The Company is engaged in the acquisition, exploration and development of mineral properties with a primary focus on exploring in Spain. Exploration is conducted through the Company's wholly owned Spanish subsidiary, Emerita Resources Espana S.L. ("**Emerita Espana**"), and its 50% owned joint venture arrangement, Cantabrica del Zinc S.L. ("**CDZ**").

The Company currently has four exploration properties in Spain, which are described in detail below under the sections 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.

Summary of Properties and Projects

Mineral Exploration Properties – Spain

The Company has interests in four exploration properties; (i) Iberia Belt West, located in Huelva Province in southwestern Spain; (ii) Nuevo Tintillo located in Seville Province adjacent to the past producing Aznalcollar Mine property; (iii) Plaza Norte, located in the Reocin Mining Camp in Cantabria, northern Spain, and; (iv) Sierra Alta, located in the Asturias region in northwestern Spain. Each of the properties is comprised of exploration permits that were issued by the Andalusian, Cantabrian, and Asturian regulatory authorities, respectively.

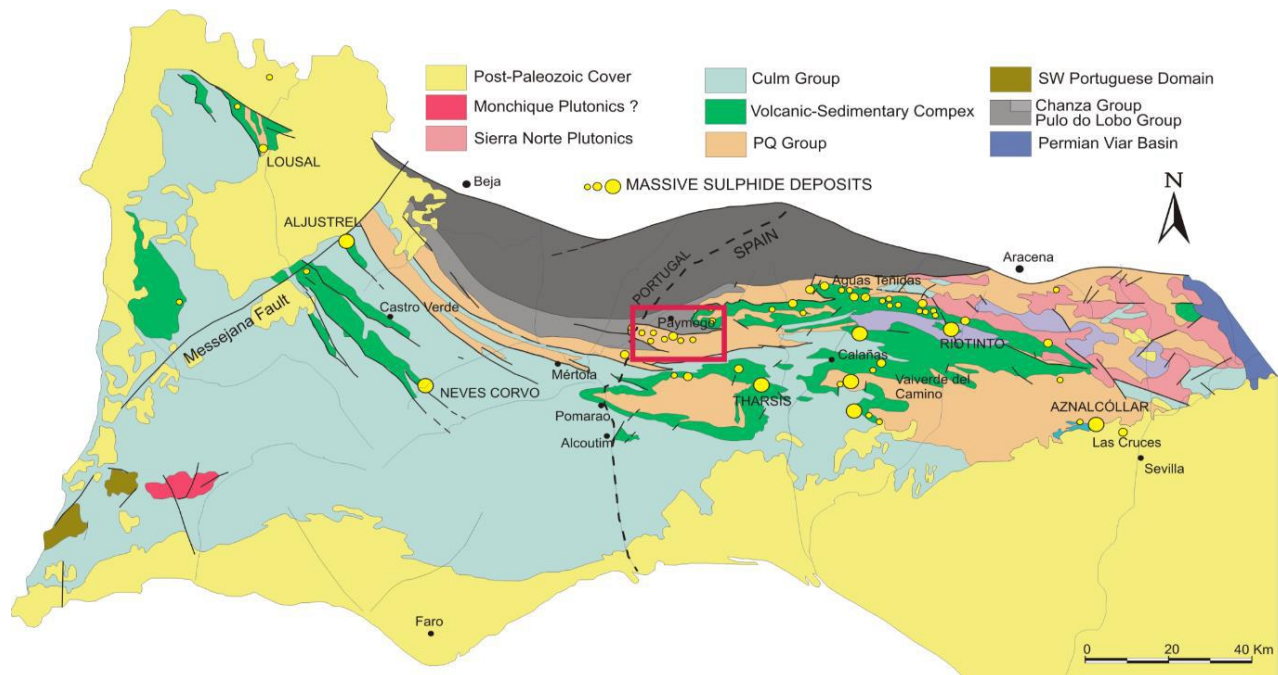
Iberia Belt West ("the IBW Project") (formerly referred to as Paymogo)

On September 1, 2020, Emerita was officially notified through a resolution that it is the winning bidder of the IBW mining rights in Huelva. The Tender resolution has been issued by the Provincial Secretary of the Regional Ministry of Industry in Huelva. The resolution declares that Emerita España is the winning bidder

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of the tender. Emerita España is registered on the Junta de Andalusia official website as the owner of the mineral rights to the IBW Project.

The IBW Project is hosted within the renowned Iberian Pyrite Belt, one of the most productive volcanogenic massive sulfide (VMS) terranes in the world. The IBW Project encompasses three polymetallic deposits. From east to west: Infanta, El Cura, and Romanera. The area has a long history of mining activity that dates back as far as Roman times. Previous exploration of the deposits was conducted by major companies including Asturiana, RTZ and Phelps Dodge in the 1970's and 1980's. The IBW Project is located in the western part of the belt, adjacent to the border with Portugal, approximately 170km west of Seville and 50km from the port city of Huelva. The Project extends along a strike length of approximately 12km. Access to the IBW Project is excellent via paved and all-weather gravel roads.



The Romanera deposit was drilled primarily by Minera Rio Tinto in the 1990's and is reported to contain 34 million tonnes grading 0.42% copper, 2.20% lead, 2.3% zinc, 44.4g/t silver and 0.8g/t gold, within which there is a higher-grade resource of 11.21 million tonnes grading 0.40% copper, 2.47% lead, 5.50% zinc, 64.0 g/t silver and 1.0 g/t gold (The Volcanic Hosted Massive Sulphide Deposits of the Iberian Pyrite Belt, Garcia-Cortes ed., 2011). A qualified person, as defined by NI 43-101, has not done sufficient work on behalf of Emerita to classify the historical estimate reported above as current mineral resources or mineral reserves, as Emerita is not treating the historical estimate as such. The historical estimate should not be relied upon. The deposit extends from surface to approximately 350 metres depth on historical drilling. The mineralization remains open for further expansion down dip beyond the limits of the existing drilling.

The La Infanta mineralized zone has been drilled from surface where it outcrops to a depth of approximately 100 metres. Numerous high-grade intercepts occur within the zone, and it remains open for expansion at shallow depths. La Infanta is located approximately 8km to the east of the La Romanera deposit.

The Company has completed the compilation of a comprehensive digital database from the historical work which was well preserved in hard copy. For the Romanera and Infanta deposits at the IBW Project there were 51 and 48 historical drill holes available, respectively, including survey data and assays. A complete list of the drill hole results for both the Infanta and Romanera deposits can be found in the Company's press releases dated September 9, 2020 and October 15, 2020, respectively.

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With the digital databases in place, three-dimensional models of the mineralized zones were developed and used for target generation in the upcoming diamond drill program, which the Company has submitted to and has been accepted by the mining authorities in Andalusia. The exploration permit granted to the Company is officially published on the Andalusia Mining portal on the Junta de Andalusia website. This is a requirement of the permitting process by the Department of Mines of Huelva province, who will consult with the environmental department of Huelva province to secure the environmental permit and authorize the exploration activities. The application process in Spain requires a comprehensive exploration plan as well as a reclamation plan. Once issued, the permits are valid for the duration of the license.

The Company has received initial results of its surface sampling completed during its ongoing geological mapping program. Initial mapping has focused on the areas around the Infanta and Romanera deposits and the El Cura area. The objective of this geochemical sampling campaign has been to verify the presence of massive sulfide mineralization and characterize the geological and structural setting in the three areas selected as priority targets for drilling within the IBW Project. The samples are from sulfide mineralized lenses and adjacent rocks in the areas where they outcrop either at surface or in historical trenches. The deposits were drilled by other companies in the past but until now the Company has not had representative samples.

The three selected areas are aligned along an approximate east-west direction and are separated from each other by approximately 4km. The three mineralized zones occur within a discrete rhyolitic to dacitic unit. It is possible that there are other non-outcropping lenses besides those already known. The Company plans magnetic and electromagnetic (EM) geophysical surveys to further evaluate the exploration potential and improve the selection of future drilling targets. Further details and a full table of all sampling results from the program can be found in the Company's press release dated May 10, 2021.

IBW Project- Outlook

The initial drill program at Infanta has been designed to test the full 1.2km strike length of the mineralization and test the depth extent to approximately 300 meters down dip. There are 48 historical holes drilled delineating the deposit to date and the program will move from the known mineralization and step out systematically along strike and down dip to establish a NI 43-101 compliant resource estimate for the deposit. The Company plans to initially complete approximately 48 drill holes for a total of approximately 10,000 meters of drilling. The Company is fully financed to complete the program. The Company has completed protocols with respect to safe work practices relating to managing the present pandemic situation as an important part of project implementation.

The Company filed its work program with the appropriate regulators in Huelva Province in support of acquiring permits to commence the diamond drill program on the IBW Project. On February 4, 2021, the Company received approval of the restoration plan for the planned drill program. The initial drilling will focus on the Infanta deposit. This is the zone with the highest-grade mineralization on the IBW Project to date and was only drilled to approximately 110 metres depth historically. The mineralized zone at Infanta remains open down dip and along strike. The first drill program will be comprised of approximately 10,000 metres of drilling in 48 planned drill holes ranging from 100 metres to 300 metres in length. Planned collar locations and an example section for the planned program can be found in the Company's press releases dated November 10, 2020 and April 12, 2021. The core will be logged and sampled in the Company's facilities in Puebla de Guzman, located 7km from the IBW Project. The samples will be shipped to ALS prep lab in Seville and assayed in ALS Ireland. Both laboratories are independent of the Company. The municipality of Puebla de Guzman, where La Infanta is located, is actively collaborating with the Company in facilitating the access agreements with the landowners. The Company does not anticipate any issues with respect to accessing the drill sites based on discussions to date.

On July 14th the company initiated the first drill campaign in La Infanta. The 10,000-metre drill program is aimed to test the historical results and extend the mineralized lenses along strike and at depth. In order to expedite the drill program at La Infanta, the Company added a second drill rig on July 20, 2021. The first

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results were announced on August 13 and August 20, 2021, as presented in the following table. The drilling indicates good correlation with the historical drilling in grades and widths.

On August 13 and August 20, 2021, the Company announced initial La Infanta drill results as follows:

DDH	azimuth	dip	depth (m)	FROM	TO	Width (m)	Cu_%	Pb_%	Zn_%	Au_g/t	Ag_g/t
IN001	172	-50.00	113.2	24.3	28.3	4.0	0.1	1.7	3.4	0.05	11.5
IN001				32.3	35.1	2.8	0.0	3.8	7.5	0.04	12.9
IN004	172	-50.00	162.4	62.6	70.0	7.5	1.7	6.0	11.5	0.49	90.1
incl.				64.6	67.2	2.7	3.8	15.3	28.8	1.08	206.4
IN003	172	-50.00	112.8	86.2	102.4	16.2	1.2	5.1	10	0.42	120
incl.				86.2	91.2	5.0	3.8	15.6	30.5	1.22	372.8

On September 08, 2021, the Company announced initial La Infanta drill results as follows:

DDH	azimuth	dip	depth (m)	FROM	TO	Width (m)	Cu_%	Pb_%	Zn_%	Au_g/t	Ag_g/t
IN002	172	-50	54.6	31.5	34.5	3.0	0.6	2.4	4.1	0.22	40.3
IN005	172	-50	92.5	57.4	60.0	2.6	2.3	13.8	22.3	0.21	98.2
IN006	172	-50	84.6	49.3	52.5	3.2	2.2	7.9	9.1	0.44	150.8
IN007	172	-50	63	26.1	29.4	3.3	1.7	4.2	7.9	0.36	110.2
incl.	172	-50	63	33.4	35.4	2.0	0.6	1.4	2.9	0.05	27.5
IN008	172	-50	126.6	64.5	75.6	11.1	3.6	15.1	27.8	0.80	319.3

On October 04, 2021, the Company announced initial La Infanta drill results as follows:

DDH	azimuth	dip	depth (m)	FROM	TO	Width (m)	Cu_%	Pb_%	Zn_%	Au_g/t	Ag_g/t
IN009	172	-50	170.3	104.2	114.7	10.5	0.9	1.9	3.4	0.36	55.3
incl.				104.2	108.4	4.1	0.8	3.1	5.5	0.56	104.0
incl.				110.3	111.2	0.9	4.4	0.3	0.7	0.76	72.0
IN010	172	-50	128.7	99.2	103.7	4.5	2.4	11.2	21.1	0.54	153.2
IN011	172	-50	57.2	25.8	32.8	7.1	0.3	1.6	3.2	0.23	32.8
incl.				26.8	27.6	0.8	1.2	3.8	7.3	0.70	90.0
incl.				30.2	30.8	0.6	1.9	9.4	17.4	0.46	188.0
IN012	172	-50	155.1	93.8	94.6	0.8	0.9	3.6	6.5	0.46	110.0
				127.6	128.4	0.8	0.2	6.2	6.6	0.11	48.0
IN013	172	-50	189.3	135.6	137.8	2.2	2.6	4.6	7.1	0.28	196.2
				139.5	141.2	1.7	1.0	4.3	7.4	0.31	95.0

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On October 22, 2021, the Company announced initial La Infanta drill results as follows:

DDH	azimuth	dip	depth (m)	FROM	TO	Width (m)	Cu_%	Pb_%	Zn_%	Au_g/t	Ag_g/t
IN014	172	-52	108.5	84.7	90.4	5.7	2.4	7.3	13.4	0.60	225.0
IN015	172	-52	56.2	26.1	30.1	4.0	0.5	2.2	4.3	0.30	50.5
incl.				27.1	29.1	2.0	0.9	4.3	8.1	0.40	87.0
IN016	172	-50	103.8	65.8	70.3	4.5	1.3	3.5	6.7	0.40	172.3
IN018	171	-50	122	59.4	67.6	8.2	2.5	8.7	17.3	0.50	223.5
incl.				62.7	67.6	4.9	3.6	12.7	25.9	0.70	331.9

The Company has engaged FRASA Ingenieros Consultores ("FRASA") to prepare the environmental documentation for the IBW Project, in order to obtain the environmental license required for exploration activities in the area. In Spain, there are different classifications of land with respect to environmental sensitivity as it pertains to development. The portion of the IBW Project that hosts the Infanta deposit falls within the classification where there are no environmental restrictions for development. The Company has been provided with a copy of a letter from the Environment Department to the Mines Department confirming this is the case and as such there is no requirement for an environmental study for this area of the Project for the purposes of mineral exploration. In order to commence drilling, the Mines Department's regulations require that the reclamation plan filed by the Company for the diamond drill program be published for 30 working days on the government website for comment. The 30-day consultation period was completed in April 2021 and the Company is proceeding with the planned diamond drill program.

The El Cura area of the property falls in the next category of environmental classification in terms of environmental protection to permit a drill program. The area within the Paymogo municipality is another step higher. Both areas require the Autorizacion Ambiental Unificada ("AAU") which is being completed with the assistance of FRASA.

On January 7th, 2022, the Andalusian Environment Department in Huelva Province issued and published the Autorizacion Ambiental Unificada -AAU- (environmental authorization) in the official gazette approving the Company's diamond drill plan for the El Cura and Romanera areas which correspond to the west side of the Iberia Belt West. This section of the IBW Project hosts the Romanera and the El Cura deposits and as such, this is an important step for the ongoing exploration program of the IBW Project. The publication in the gazette marks the commencement of a 30-business day period during which the comprehensive exploration plan and reclamation plan for the drill sites are published on the government web site and available for comment prior to issuing the permits. Permitting the west side of the project required a more involved process than the Infanta area, where the Company has been drilling. The Company completed all studies required by the process including archaeological, flora and fauna studies and has documented support from the two municipalities, Pueblo de Guzman and Paymogo, that encompass the project included in the filing documents. Once issued, the permits are valid for the duration of the license.

Nuevo Tintillo Property – Description

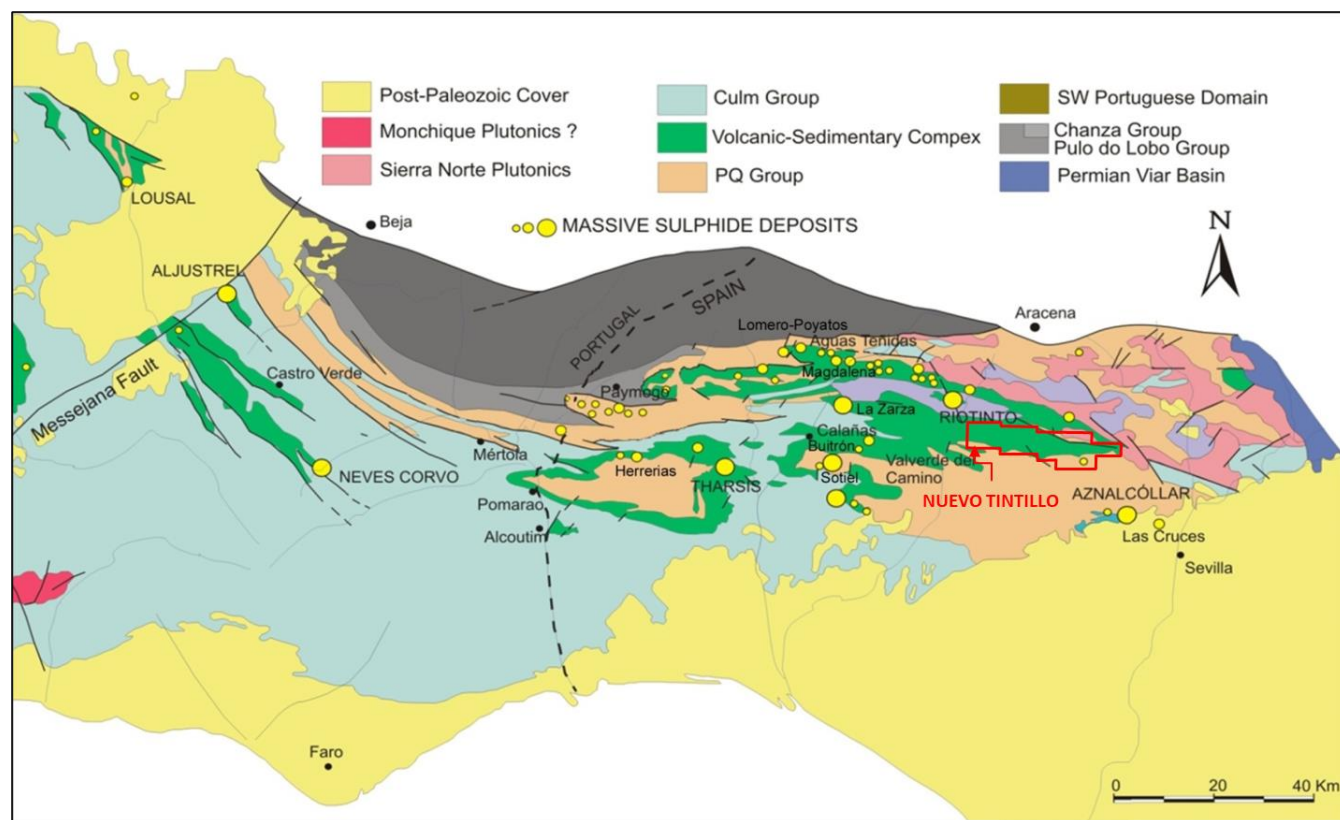
The Company applied for the group of concessions of El Tintillo on September 12, 2014. The definitive admission of the application was announced on June 8, 2021, which constituted the awarding of the concessions to the Company. The awarding has been published in the BOJA, Regional Gazette of Andalusia Region, and in the BOE, the National Spanish Gazette, most recently on August 17, 2021. Emerita España is registered on the Junta de Andalusia official website as the owner of the mineral rights to the Nuevo Tintillo Project.

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The Nuevo Tintillo project is also hosted in the Iberian Pyrite Belt. It is located in the eastern part of the belt, in Seville Province, between the world-class deposits of Aznalcollar, in the southeast, and Rio Tinto in the northwest. The project is easily accessible by road from Seville for approximately 40km.

Nuevo Tintillo encompasses 6875 hectares, and has a rectangular shape along the east-west axis for about 25 km. The concessions have been held by several major companies during the 1980’s and 1990’s, most recently Boliden Apirsa.

Several vestiges and XIX century small operations are found in the property, most notably Pilancrones, La Jarosa and Nazaret, which are all aligned in an east-west direction. From this last deposit, historical mineral productions of up to 5% in copper have been reported.



Plaza Norte Property – Description

On October 26, 2017, the Company, along with, inter alia, 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, CDZ, of which the Company owns a 50% interest. The remaining ownership interest is majority held by 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

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represented on the board of directors of CDZ 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 Reocin 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.

Plaza Norte Property – Outlook

CDZ has filed the technical report for renewal of the claims comprising the Plaza Norte Project with the Ministry of Mines in Cantabria. The claims were renewed by the Ministry in December 2020 for a period of three years. All activities are suspended in this area due to the COVID-19 pandemic.

CDZ has received all requisite permits and has initiated the exploration program. The drilling program is focused on evaluating high-grade Mississippi Valley type zinc-lead mineralization in the past producing Reocin mining camp. The program is following up on mineralized drill intercepts identified in previous drilling during exploration campaigns completed primarily in the 1980s and 1990s.

The Company has digitally compiled and analyzed the historical technical data consisting of drill core logs and assays from more than 300 diamond drill holes, geophysical data, historical production data, and internal exploration reports for the Plaza Norte Project. Analysis of this data has resulted in 4 key areas being identified as high priorities for exploration. These areas are (from north to south): Yuso, Queveda, San Miguel and Mercadal. All of these targets have significant mineralized intercepts, and Mercadal was the site of a past producing mine.

To date, 6 drill holes have been completed on the Queveda target (see news release dated August 8, 2019 for target details). All drill holes intersected mineralization and drill holes were generally more than 200 meters apart on this broad target area. The most significant intercepts were:

- Hole 1- intersected 4 meters grading 9.0% zinc
- Hole 2- intersected 1-meter grading 6.0% zinc
- Hole 4- intersected 1-meter grading 9.3% zinc and 1-meter grading 7.8% zinc
- Hole 5- intersected 1-meter grading 8.2% zinc

The mineralization is hosted within a breccia zone within a dolomite unit at depths between 550 and 600 meters in this area. The Breccia zones hosts pockets of collapse breccia that contains sphalerite and dolomite in variable proportions. The drilling indicates that sphalerite-rich sections on the Quebrada target seen to date are highly variable in shape, grade and width and become dolomite dominated laterally. To date, a dominant structural control that would focus the mineralization such as is seen at the adjacent Riocin deposit has not been identified at the Queveda target.

To date, 3 drill holes have been completed on the Yuso target. The most significant intercepts were:

- Hole 7- intersected 1 meter grading 6.65% zinc
- Hole 8- intersected 1-meter grading 1.67% zinc and 1-meter grading 1.43% zinc
- Hole 9- intersected 2.10-meter grading 9.48% zinc including 1-meter grading 16.15% zinc

CDZ expects to focus on the past producing Mercadal target for the next phase of drilling, however the Plaza Norte Project is presently a lower priority and the Company's focus has shifted to the IBW 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 initiated a three-year period of concessions and established the expiry date of the permit of July 31, 2020. The Company initiated the renewal process prior to July 31, 2020. The concessions period can be renewed for another three-year period, subject to certain conditions being satisfied. On July 5, 2021, the Asturias Regional Government accepted the submission of the Company. During deliberations, the company is entitled to continue with its exploration work.

On December 13, 2021, the Company received a resolution from the Asturian Mining Administration that authorized the extension of the research permit for gold, silver and copper, named "Sierra Alta" No. 30,840, until October 19, 2022.

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 by the Company to regional mining authorities. The Company received approval of the work plan which expired July 31, 2020. The Company has submitted a new work plan and is confident that it will receive approval from authorities in the coming months.

The Company has signed a binding letter agreement with Western Metallica Corp. (“Western”), a private company, pursuant to which Western may earn a 55% interest in the Sierra Alta project (the “Sierra Transaction”). Sierra Alta is a legacy project of the Company, and not presently a focus.

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To earn its 55% interest, Western shall:

- Pay \$50,000 in cash or in kind to the Company (paid);
- Issue 500,000 shares of Western to the Company upon the renewal of the license for the Sierra Alta project;
- Spend \$500,000 on mineral exploration of the project within 24 months; and
- Enter into a binding joint venture agreement with the Company.

Pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”), entering into the letter agreement with Western is a “related party transaction” as Joaquin Merino, Emerita’s President and a member of Emerita’s board, is a significant shareholder of Western and is Western’s Chief Executive Officer. The Company is exempt from the requirements to obtain a formal valuation or minority shareholder approval in connection with the transactions contemplated by the PPA by virtue of sections 5.5(b) and 5.7(e), respectively, of MI 61-101. The letter agreement with Western was considered and unanimously approved by the board of directors of the Company. Mr. Merino abstained from voting on this matter. The alternative for the Company to not pursuing this transaction with Western would be to divest itself of the Sierra Alta project for no consideration.

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. Reports by the operation’s mine department and a review of the diamond drilling data for the mine indicate the existence of a higher-grade portion of the resource that was estimated by the previous mine operator to contain 20 million tonnes grading 6.66% zinc, 3.87% lead, 0.20% copper and 84 ppm silver.

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 on February 27, 2015 and was accepted by a Seville court judge on March 2, 2015.

The Company has been engaged in a lengthy litigation process relating to corruption and prevarication charges against officials of the outgoing Junta in Andalusia related to the public tender for the Aznalcóllar Project. In October 2019, five judges of the Appellate Court of Seville unanimously ruled in favour of Emerita’s appeal of a lower court’s decision to dismiss a criminal case against the Andalusian government panel responsible for awarding the Aznalcóllar Project and the former Director of Mines of the Government of Andalusia. The criminal case was re-opened, and the scope of criminal charges expanded. All testimony relating to this phase of the proceedings has now been completed and the resolution is expected to be issued by the presiding judge shortly following the re-opening of the courts.

On July 9, 2021, the Company announced that the presiding judge of Court No. 3 of Seville, Judge Patricia Fernandez, had issued new indictments for the irregularities committed in the awarding of the Aznalcóllar public tender, abiding by the mandate of the Superior Court’s ruling (Please see the Company’s June 24, 2021 press release). This is an important development in that this is the initial court that heard the charges and until recently was not fully aligned with the Superior Court’s (Provincial) rulings. Upon final review of

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the body of evidence, the presiding judge of Court No. 3 has reconsidered the court's position relative to earlier rulings and has increased the number of people charged with crimes as well as added an additional serious charge.

According to Spanish legal counsel, laws relating to public tenders in Spain stipulate that if there is commission of a crime in the awarding of a public tender, the bid shall be disqualified, and the tender awarded to the next qualified bidder. In the case of the Aznalcóllar Project, Emerita is the only other qualified bidder. The exact 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. Emerita remains committed to working with the community of Aznalcóllar to develop the Project in an environmentally responsible manner to benefit all stakeholders.

With a successful acquisition, Emerita would commence work immediately upon receiving appropriate permits to carry out drilling on the property and complete an NI 43-101 compliant mineral resource estimate required for the completion of a feasibility study in support of development of a mining operation at the site. For a summary of the legal proceedings and summary of the Aznalcóllar Project, please refer to the news releases of October 4 and October 29, 2019, May 4, 2020, and February 10, 2021.

On October 17, 2021 the Company announced that the Administrative Court of Andalucía (the "Administrative Court") has notified the Company that it will be making a ruling in the administrative case initiated the Company in 2015. The application to the Administrative Court was filed by Emerita in 2015 because Emerita considered the awarding of the Aznalcóllar project pursuant to the public tender process to be unfair, arbitrary and inconsistent with the well-defined rules and laws of the tender process and Spanish law.

The Company perceives the Administrative Court's notice as a very positive development as Emerita's external Spanish legal counsel ("Counsel") has advised the Company that the Administrative Court has the authority to make a determination to award the Aznalcóllar project to Emerita.

This administrative process is separate from the ongoing criminal proceedings (see the Company's press release dated October 6, 2021) regarding the alleged crimes committed in the awarding of the Aznalcóllar tender and this gives Emerita another path forward to obtaining the rights to the Aznalcóllar project.

Mineral Exploration Properties – Brazil

Falcon Project – Description

As of December 2020, the Company has relinquished its property in Brazil in favour of focusing on projects in Spain. As of the date of this MD&A, the Company has wound up its Brazilian operations.

Liquidity and Capital Resources

As at September 30, 2021, the Company had working capital of \$26,113,366 (September 30, 2020 – working capital deficiency of \$490,674), which included a cash and equivalents balance of \$26,777,430 (September 30, 2020 - \$778,065), amounts receivable of \$391,325 (September 30, 2020 - \$80,966), and prepaid expenses and advances of \$149,858 (September 30, 2020 - \$220,117), offset by accounts payable and accrued liabilities of \$1,205,247 (September 30, 2020 - \$1,569,822).

On December 11, 2020, the Company completed a private placement financing of 36,964,285 units at a price of \$0.14 per unit for aggregate gross proceeds of \$5,175,000. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant is exercisable to acquire one common share at a price of \$0.16 until December 11, 2022. In connection with the offering, the Company paid finder's fees of \$414,000 in cash and issued 2,957,142 non-transferable

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finder's warrants. Each finder's warrant will entitle the holder thereof to purchase one common share at a price of \$0.16 until December 11, 2022.

On February 23, 2021, the Company completed a private placement financing of 13,636,363 units at a price of \$0.22 per unit for aggregate gross proceeds of \$3,000,000. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant is exercisable to acquire one common share at a price of \$0.30 until February 23, 2023. In connection with the offering, the Company paid finder's fees of \$180,000 in cash and issued 818,181 non-transferable finder's warrants. Each finder's warrant will entitle the holder thereof to purchase one common share at a price of \$0.30 until February 23, 2023.

On July 15, 2021, the Company completed a private placement financing of 18,182,500 units at a price of \$1.10 per unit for aggregate gross proceeds of \$20,000,750. Each unit is comprised of one common share of the Company, and one-half of one common share purchase warrant. Each whole warrant is exercisable to acquire one common share at a price of \$1.50 until July 15, 2023. In connection with the offering, the Company paid finders' fees of \$1,200,045 in cash and issued 1,090,950 non-transferable finder's warrants. Each finder's warrant will entitle the holder thereof to purchase one common share at a price of \$1.10 until July 15, 2023.

The net proceeds of the offerings are expected to be used to continue project development work in Spain and for working capital and general corporate purposes.

During the year ended September 30, 2021, 25,558,993 of the Company's warrants and 2,320,000 of the Company's options were exercised, generating net proceeds of \$4,599,137.

Subsequent to September 30, 2021, an additional 12,292,933 of the Company's warrants and 850,000 of the Company's options were exercised, generating additional proceeds of \$4,080,201.

Results of Operations

During the year ended September 30, 2021, the Company recorded a loss of \$17,231,030, or \$0.13 per share, compared with a loss of \$1,236,298, or \$0.02 per share, during the year ended September 30, 2020. The Company saw a significant increase in activity during the year related to its IBW Project.

Expenses incurred during the year ended September 30, 2021 included \$1,900,406 in consulting and management fees; \$306,449 in shareholder communications, filing fees, and promotional expenses; \$97,373 in office expenses for office administration services; \$63,355 in professional fees related to legal expenses and the preparation and audit of the Company's financial statements; and \$13,208,973 in share-based compensation to certain directors, officers, and consultants of the Company. During the year ended September 30, 2021, project evaluation expenses of \$1,783,550 were incurred relating to the evaluation of mineral properties in Spain.

Expenses incurred during the year ended September 30, 2020 included \$835,791 in consulting and management fees; \$155,526 in shareholders communications, filing fees, and promotional expenses; \$99,848 in office expenses for office administration services; \$119,976 in professional fees related to the preparation and audit of the Company's financial statements; and \$354,445 in share-based compensation to certain directors, officers, and consultants of the Company. In addition, project evaluation expenses of \$312,810 were incurred, relating to the evaluation of mineral properties in Spain.

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Cash flows

Year ended September 30, 2021

During the year ended September 30, 2021, the Company used cash of \$4,281,836 on operating activities. Cash used in operating activities consisted primarily of new project evaluation expenses incurred on the Company's properties in Spain, corporate general and administrative expenses, and share-based compensation expense.

During the year ended September 30, 2021, the Company used cash of \$79,225 on investing activities, related to investments in property, plant and equipment and reclamation deposits paid in connection with the Company's exploration properties.

During the year ended September 30, 2021, financing activities generated \$30,360,426 from proceeds received from private placement financings, and proceeds from the exercise of some of the Company's outstanding warrants and stock options, offset by the settlement of the Company's loan payable.

Year ended September 30, 2020

During the year ended September 30, 2020, the Company used cash of \$1,550,868 on operating activities. Cash used in operating activities consisted primarily of new project evaluation expenses incurred on the Company's properties in Spain, corporate general and administrative expenses, interest expense, and share-based compensation paid during the year.

During the year ended September 30, 2020, financing activities generated \$2,259,150, consisting of proceeds from a short-term loan, and proceeds from a private placement financing.

The Company did not have any investing activities during the year ended September 30, 2020.

Select Annual Information

Select annual financial information for the years ended September 30, 2021, 2020 and 2019 is presented in the table below:

	2021	2020	2019
	\$	\$	\$
Revenues	\$ -	\$ -	\$ -
Loss and comprehensive loss	(17,231,030)	(1,236,298)	(2,087,441)
Loss per share, basic and diluted	(0.13)	(0.02)	(0.06)
Total assets	27,418,795	1,105,001	264,215
Working capital ('000s)	26,113	(491)	(1,598)

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Select Quarterly Information

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

Period	Revenue (1) \$	Operating costs \$	Gain/(loss) \$	Gain/(loss) per share \$	Total assets \$
Q4-September 2021	-	13,749,202	(13,775,717)	(0.10)	27,418,795
Q3- June 2021	-	1,386,795	(1,224,908)	(0.01)	8,526,237
Q2- March 2021	-	1,586,273	(1,568,270)	(0.01)	6,625,759
Q1- December 2020	-	637,836	(662,135)	(0.01)	5,048,142
Q4- September 2020	-	690,785	3,214	0.00	1,105,001
Q3- June 2020	-	365,501	(350,123)	(0.01)	468,883
Q2- March 2020	-	195,394	(194,092)	(0.00)	247,508
Q1- December 2019	-	634,659	(695,297)	(0.01)	224,776

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 cash equivalents, amounts receivable, accounts payable and accrued liabilities, and loans payable. 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, 2021, the Company's financial instruments that are carried at fair value, being cash equivalents, are classified as Level 2 within the fair value hierarchy. As at September 30, 2020, the Company had no instruments to classify in the fair value hierarchy.

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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 and cash equivalents*

In order to manage credit and liquidity risk the Company's policy is to invest only in highly rated, investment grade instruments. 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, 2021 and 2020, the Company had the following financial instruments denominated in foreign currency (expressed in Canadian dollars):

September 30, 2021

	Euro	US dollars	Brazilian reals
Cash	\$ 460,166	\$ 13,231	\$ -
Accounts payable and accrued liabilities	(458,801)	(2)	-
	\$ 1,365	\$ 13,229	\$ -

September 30, 2020

	Euro	US dollars	Brazilian reals
Cash	\$ 65,489	\$ 100	\$ 984
Accounts payable and accrued liabilities	(70,003)	(137)	(121,480)
	\$ (4,514)	\$ (37)	\$ (120,496)

A 10% strengthening (weakening) of the Canadian dollar against the Euro would decrease (increase) net loss by approximately \$140 (September 30, 2020 – \$(400)).

A 10% strengthening (weakening) of the Canadian dollar against the US dollar would decrease (increase) net loss by approximately \$1,300 (September 30, 2020 - \$nil).

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(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, 2021, the Company had a cash and cash equivalents balance of \$26,777,430 (September 30, 2020 - \$778,065) to settle current liabilities of \$1,205,247 (September 30, 2020 - \$1,569,822). 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 and zinc, 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.

Management Changes

On May 10, 2021, Michael Jones was added to the Company's board of directors.

Critical Accounting Policies

The Company's significant accounting policies are described in Note 3 to the audited consolidated financial statements for the year ended September 30, 2021. 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, 2021, one Canadian dollar was worth US\$0.7849 (September 30, 2020– US\$0.7497); and EUR 0.6756 (September 30, 2020 – EUR 0.6398). During the year ended September 30, 2021, the average value of one Canadian dollar was US\$0.7909 (September 30, 2020 – US\$0.7432); and EUR 0.6616 (September 30, 2020 – EUR 0.6637).

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Project evaluation expenses

	For the year ended September 30,	
	2021	2020
Land management fees, taxes and permits	\$ 47,799	\$ 28,809
Labour	415,801	163,747
Drilling and geophysics	336,722	18,273
Travel, meals and accomodations	24,285	1,475
Legal fees	218,312	44,484
Project overhead costs	740,631	56,022
Total project evaluation expenses	\$ 1,783,550	\$ 312,810

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 \$592,000 (2020 - \$313,000) and additional contingent payments of up to approximately \$2,130,000 (2020 - \$1,190,000). As a triggering event has not taken place, the contingent payments have not been reflected in the consolidated financial statements.

Certain officers of the Company will receive aggregate bonus payments totaling \$400,000 upon the award of the Aznalcóllar Project in Spain and the completion of a subsequent financing. As a triggering event has not yet taken place, these contingent payments have not been reflected in the 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'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 the consolidated financial statements.

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, 2021, an amount of \$199,617, included in accounts payable and accrued liabilities, were owed to directors and officers of the Company (September 30, 2020 - \$438,231). The amounts outstanding on fees are unsecured, non-interest bearing, with no fixed terms of repayment.

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As at September 30, 2021, the Company prepaid \$23,090 in salary to a director and officer of the Company. This amount was repaid subsequent to the year end.

As at September 30, 2021, an amount of \$23,541, included in amounts receivable, was owed to the Company by directors and officers of the Company. The amounts outstanding are unsecured, non-interest bearing, with no fixed terms of repayment.

The Company entered into debt waiver agreements with certain directors and officers of the Company, in which the directors and officers agreed to waive amounts owed to them by the Company at September 30, 2020 in the amount of \$719,498.

On January 24, 2020, the Company entered into a loan agreement with a related party for \$100,000. An officer of the Company is also the Chief Executive Officer of the lender. On July 14, 2020, the loan was repaid in full. The amount paid, consisting of principal, administration fees and accrued interest, was \$113,131.

On April 20, 2020, the Company signed a binding letter agreement with Western, pursuant to which Western may earn a 55% interest in the Sierra Alta project. A director and officer of Western is also a director and officer of the Company.

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 year ended September 30, 2021 and 2020, the remuneration of directors and other key management personnel are as follows:

	Year ended September 30,	
	2021	2020
Management fees	\$ 1,366,691	\$ 574,445
Share-based compensation	12,261,818	321,076
Total	\$ 13,628,509	\$ 895,521

In connection with the February 5, 2021 stock option grant, officers and directors of the Company were granted 3,900,000 stock options with a fair value of \$625,951 that vest immediately and expire 5 years from the date of grant.

In connection with the April 14, 2021 stock option grant, a director of the Company was granted 300,000 stock options with a fair value of \$63,870 that vest immediately and expire 5 years from the date of grant.

In connection with the July 29, 2021 stock option grant, officers and directors of the Company were granted 7,000,000 stock options with a fair value of \$11,571,997 that vest immediately and expire 5 years from the date of grant.

In connection with the July 15, 2021 private placement, a director of the Company subscribed for 6,800 units of the offering, for total proceeds of \$7,480.

In connection with the July 10, 2020, private placement, officers and directors of the Company subscribed for 4,620,000 units of the Company for total proceeds of \$231,000.

In connection with the August 13, 2020, private placement, officers and directors of the Company subscribed for 2,117,120 units of the Company for total proceeds of \$296,397.

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.

Novel Coronavirus ("COVID-19")

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

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

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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,

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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 tender appeal process, 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 process, the ability of the Company to be successful with its appeal or the potential for the Company to be awarded the 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

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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. 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. 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.

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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.

Outstanding Share Data

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

- 1) 194,852,470 common shares outstanding;
- 2) 21,021,601 warrants outstanding, with expiry dates ranging from July 10, 2022 to July 15, 2023. If all of the warrants were exercised, 21,021,601 shares would be issued for gross proceeds of \$15,504,017.
- 3) 15,425,000 stock options outstanding with expiry dates ranging between November 7, 2024 and July 29, 2026. If all of the options are exercised, 15,425,000 shares would be issued for gross proceeds of \$14,830,750.

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.