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 three and nine months ended June 30, 2016 and 2015. The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements as at and for the periods ended June 30, 2016 and 2015.

The Company's condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board. Please refer to Note 2 of the annual audited consolidated financial statements as at and for the year ended September 30, 2015 for disclosure of the Company's significant accounting policies.

Additional information about the Company may be found on SEDAR at www.sedar.com, or the Company website at www.emeritaresources.com.

All amounts included in the MD&A are in Canadian dollars, unless otherwise specified. This report is dated as of August 25, 2016.

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

Overview and Strategy

Emerita is a natural resource company engaged in the acquisition, exploration and development of mineral properties with a primary focus on exploring in Spain and Brazil. Exploration in Spain is conducted through the Company's wholly-owned Spanish subsidiary, Emerita Resources Espana SL ("Emerita Espana"). The Company currently has two gold exploration properties in Spain, which are described in detail below under the section entitled, "Mineral Exploration Properties – Spain". The Company continues to review project submissions and data from various sources within the Iberian Peninsula with a view to identifying opportunities that could create value for its shareholders. On March 17, 2016 the Company entered into a strategic joint venture ("the JV") with the Aldesa Group of Companies to develop mining projects in the Iberian Peninsula. The JV contemplates that each party will own 50% of target projects and will each contribute its share of the initial required funding. The objective of the JV is to form a partnership between the two companies to explore and develop mineral resources and reserves in the Iberian Peninsula. The JV is contingent upon completing definitive agreements prior to acquisition of the initial JV project. The definitive agreements will be based on the terms of the binding letter agreement. The JV will participate in public tenders in Spain to solicit the granting of mining rights on advanced or brownfield projects in historical mining districts in northern Spain, which represent one of the major undeveloped resources for base metals in Europe. The Company also has an option to acquire a 100% interest in the Falcon Litio MG Project in Brazil, which is described below under the section entitled, "Option Agreement- Brazil".

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 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.

On February 23, 2015, the panel evaluating the bids for the Aznalcóllar Project on behalf of the Junta of Andalusia recommended that the tender be granted to the Company's competitor 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.

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

In November 2015, the Court of Seville issued a resolution to the recent investigation regarding the public tender process to award the mining rights to the Aznalcóllar Project. The judge of the Seville court essentially ruled that although there was not sufficient evidence to prove beyond a doubt the existence of a criminal act, the evidence clearly demonstrated the existence of numerous administrative irregularities that must be resolved by the administrative courts of Seville to ensure that the Aznalcóllar Project is awarded to the rightful bidder as per well-established public tender legislation.

Further to this ruling, Emerita is continuing the legal process in the administrative court against the Aznalcóllar granting resolution as recommended by the Judge. The Company is confident that appealing the Court of Seville's ruling while at the same time filing a claim in the administrative courts is the most effective way to ensure that its rights to a fair and legal process in the granting of the Aznalcóllar Project are ultimately adhered to. The timing of the legal process cannot be determined at this time and whether or not this process will result in the Company ultimately winning the rights to Aznalcóllar Project remains uncertain.

Mineral Exploration Properties – Spain

The Company has interests in two gold exploration properties. The two properties are Las Morras located in the Extremadura region, Spain, and Sierra Alta, located in the Asturias region in northwestern Spain. Each of the properties is comprised of exploration permits that were issued by the Extremadura regulatory authorities and the Asturian regulatory authorities, respectively.

Las Morras Property – Description

The original permit for Las Morras Property is comprised of 230 claims, totaling approximately 7,000 hectares. The permit for Las Morras was granted in 2012 and expired on April 17, 2015 but was renewable for an additional three year term. The Company applied for an additional two year term and received approval of the renewal for a period of two years on August 20, 2015. This property is located in the eastern part of the Badajoz province of Spain. In 2013, the Company applied for five additional permits around the Las Morras Project area in the Extremadura Region. Between November 2014 and January 2015, the Company received the notice from the Extremadura Region authorities that these five additional permits had been granted. The additional permits covered areas of Matillas, La Machuela, El Alandre, Matajarda and Garbayuela. As a result of difficult financing conditions, the Company decided to cancel these additional permits on March 12, 2015.

Las Morras Property – Exploration

The Company carried out a geochemical exploration campaign in November and December 2014, consisting of 731 meters of trenching and a total of 95 samples.

The goal of this program was to attempt to better understand the relationship between phases of quartz veining and gold, and to test geophysical anomalies. Quartz veining of at least two phases can be seen in

these trenches. An early phase of veining trending in a W-E direction, along foliation, could be the first phase of veining. It presents many boudins and is well foliated (augened). The other main trend, that is likely younger, but maybe not the youngest phase of quartz veining is trending to a NE-SW direction (070). These veins can be quite large, but remain weakly deformed compared to the early W-E phase.
Both of these phases have well foliated conjugate sets of minor veinlets. There appears to also be a very late set of fracture filling veins that trend in all directions, crossing lithologies with knife edge contacts. These major sets of veins were opened by trenching over a 20m width and 34m long, in a large zone of carbonate alteration with Fe, so intense to make rocks soft as soap. All phases and sets were sampled. The results showed weak gold anomalies that correlated very well with moderate arsenic anomalies.

Las Morras Property – Outlook

Conditional on financing, the Company expects to do a moderate exploration program on its 100% owned Las Morras property. As a result of the previous geochemical and geophysical exploration campaigns, two areas have been prioritized in the Las Morras property, the Central zone, which contains two target areas, and the Northwestern zone, which contains one target area.

Peña Encina Property – Description and Outlook

The Peña Encina Property is comprised of one exploration permit that expired on April 18, 2015. The Company did not apply for a renewal of this property and for this reason has written down the full value of the property as at March 31, 2015.

Sierra Alta Property – Description

The Sierra Alta property is comprised of one exploration permit which consists of 90 mining claims comprising 2,500 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 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 will expire in August 2018. This Project is in a comparable geological environment to the El Valle-Boinas and Carles gold mines which operates 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 Company's property boundary.

Sierra Alta Property – Exploration

In July 2016, the Company commenced exploration on the Sierra Alta Project. The initial exploration program consists of detailed geological mapping, bedrock sampling and trenching, where required. The program is 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 Company's 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. The current exploration campaign is focused on the Northern anomaly where there is a high concentration of ancient mining excavations.

Sierra Alta Property – Outlook

Pending the results of the current exploration program, the Company will perform an expanded exploration program in the coming quarters.

Option Agreement – Brazil

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

The Project is located in Minas Gerais State, Brazil, and is comprised of one exploration permit and five applications for exploration permits. The applications for exploration permits have been submitted to the Brazilian Mining Agency by Falcon and will be transferred to Emerita when the exploration permits are granted.

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

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

In order to acquire the Option, Emerita issued 500,000 common shares to Falcon, at a price per share of $0.155. In order to keep the Option in good standing prior to its expiry, Emerita is required to issue an additional 500,000 common shares to Falcon on or before June 13, 2017. In order to exercise the Option and acquire the Project, Emerita must issue a third tranche of 500,000 common shares to Falcon on or before the Option Expiry Date. All issuances of common shares of Emerita are subject to a statutory hold period and to approval by the Exchange.

If Emerita exercises the Option and acquires the Project, Falcon will retain a transferable 2% net smelter royalty on all commercial sales from the 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 CAD$5 million in cash to Falcon or, in its sole discretion, (ii) issue CAD$5 million worth (to be determined on a reasonable volume weighted average price basis) of common shares to Falcon (the "Resource Consideration").

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

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

Liquidity and Capital Resources

As at June 30, 2016, the Company had a working capital deficit of $674,469 (September 30, 2015 – working capital deficit of $979,541), which included a cash balance of $519,743 (September 30, 2015 - $50,477), amounts receivable of $112,372 (September 30, 2015 - $102,012), and prepaid expenses of $7,616 (September 30, 2015 - $5,599), offset by accounts payable and accrued liabilities of $1,314,200 (September 30, 2015 - $1,137,629).

On April 27, 2015, the Company completed a non-brokered private placement financing by issuing 11,000,000 common shares at a price of $0.05 per common share for gross proceeds of $550,000. Each unit is comprised of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at an exercise price of $0.10 for a period of 24 months following April 27, 2015. During the three months ended June 30, 2016, 680,000 of these warrants were exercised.

On December 24, 2015, the Company completed a non-brokered private placement financing comprising of 4,250,000 units at a purchase price of $0.05 per unit for gross proceeds of $212,500. The primary use of proceeds was to pay overdue current liabilities and further reduce the Company's working capital deficit. Each unit is comprised of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at an exercise price of $0.10 for a period of 24 months following December 24, 2015.

On May 24, 2016, the Company completed a non-brokered private placement financing comprising of 19,080,000 units at a purchase price of $0.05 per unit for gross proceeds of $954,000. These proceeds will be used to improve the Company's working capital position. Each unit is comprised of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at an exercise price of $0.10 for a period of 24 months following May 24, 2016.

Results of Operations

During the three and nine months ended June 30, 2016, the Company recorded a loss of $382,153 and $795,274, or $0.01 and $0.01 per share, respectively, compared with a loss of $255,413 and $2,066,012, or $0.00 and $0.03 per share, during the comparable three and nine months ended June 30, 2015.

Expenses incurred during the three and nine months ended June 30, 2016 included $165,316 and $351,751 in consulting and management fees; $31,700 and $49,074 in shareholders communications and filing fees; $9,731 and $27,874 in travel expense, largely related to travel to the Company's properties in Spain; $4,796 and $11,329 in office expenses for office administration services; $4,112 and $17,311 in professional fees; and $15,000 and $21,000 in share-based compensation expense. During the three and nine months ended June 30, 2016, project evaluation expenses of $157,286 and $485,083 were incurred relating to the evaluation of possible mineral properties within Spain. These project evaluation expenses primarily included fees for numerous professionals who were involved in the preparation of the Aznalcóllar tender document submitted to the Government of Andalucia.

Expenses incurred during the three and nine months ended June 30, 2015 included $92,592 and $362,697 in consulting and management fees; $6,004 and $45,718 in shareholders communications and filing fees; $12,114 and $59,211 in travel expense, largely related to travel to the Company's properties in Spain; $20,132 and $61,819 in office expenses for office administration services; $12,500 and $35,886 in professional fees related to the preparation and audit of the Company's financial statements; and project evaluation expenses of $98,814 and $1,452,805 relating to the evaluation of mineral properties in Spain.

Cash flows

Nine months ended June 30, 2016

During the nine months ended June 30, 2016, the Company used cash of $627,944 on operating activities. Cash used in operating activities consisted primarily of new project evaluation expenses incurred on the Company's properties in Spain, and corporate general and administrative expenses.

During the nine months ended June 30, 2016, investing activities used $169,841 which related to office equipment and general overhead for exploration and evaluation expenditures on the Company's properties in Spain, including new project evaluation.

During the nine months ended June 30, 2016, financing activities generated $1,264,187, consisting primarily of the net proceeds from two separate private placements which closed on December 24, 2015 and May 20, 2016 respectively.

Nine months ended June 30, 2015

During the nine months ended June 30, 2015, the Company used cash of $1,232,110 on operating activities. Cash used in operating activities consisted mainly of new project evaluation expenses incurred on the Company's properties in Spain, and corporate general and administrative expenses.

During the nine months ended June 30, 2015, investing activities used $116,472 which related to office equipment and general overhead for exploration and evaluation expenditures on the Company's properties in Spain.

During the nine months ended June 30, 2015, financing activities generated $444,870 from the net proceeds from the private placement which closed on April 24, 2015.

Off-Balance Sheet Items

As at June 30, 2016, the Company did not have any off-balance sheet items.

(in Canadian dollars, unless otherwise noted)

Select Quarterly Information

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

Period	Revenue (1)	Operating costs	Loss	Loss per share	Total assets
	$	$	$	$	$
Q3- June 2016	-	387,941	(382,153)	(0.01)	1,848,105
Q2- March 2016	-	400,244	(395,564)	(0.01)	1,251,012
Q1- December 2015	-	175,237	(17,157)	(0.00)	1,489,367
Q4- September 2015	-	202,450	(207,692)	(0.00)	1,196,621
Q3- June 2015	-	242,156	(255,413)	(0.00)	1,225,957
Q2- March 2015	-	747,782	(750,548)	(0.02)	979,263
Q1- December 2014	-	1,058,198	(1,060,051)	(0.02)	1,640,243
Q4- September 2014	-	487,450	(584,808)	(0.01)	2,238,699

Explanatory Notes:

1) The Company has no sales revenues.

Outstanding Share Data

As at June 30, 2016, the Company had 83,597,829 common shares, 33,650,000 warrants and 960,000 stock options outstanding. 3,000,000 stock options expired on January 10, 2016. 680,000 warrants were exercised in the third quarter of 2016.

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 June 30, 2016, the Company had no instruments to classify in the fair value hierarchy.

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

(a) *Credit risk*

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by those counterparties, less any amounts owed to the counterparty by the Company where a legal right of set-off exists and 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 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 June 30, 2016 and September 30, 2015, the Company had the following financial instruments and denominated in foreign currency (expressed in Canadian dollars):

June 30, 2016

	Euro	US dollars
Cash	$ 68,727	$ 188
Accounts payable and accrued liabilities	(409,161)	(88,266)
	$ (340,434)	$ (88,078)

September 30, 2015

	Euro	US dollars
Cash	$ 38,391	$ 5,352
Accounts payable and accrued liabilities	(465,855)	(124,898)
	$ (427,464)	$ (119,546)

A 1% strengthening (weakening) of the Canadian dollar against the Euro and US dollars would decrease (increase) net loss by approximately $3,500 and $900 (September 30, 2015 - $4,000 and $1,200) respectively.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At June 30, 2016, the Company had a cash balance of $519,743 (September 30, 2015 - $50,477) to settle current liabilities of $1,314,200 (September 30, 2015 - $1,137,629).

(d) Commodity / Equity price risk

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

Critical Accounting Policies

The Company's significant accounting policies are described in Note 2 to the audited consolidated financial statements for the year ended September 30, 2015. 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
- Income tax accounts

<u>Foreign currencies</u>

The presentation and functional currency of the Company 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 June 30 2016, one Canadian dollar was worth US$0.7742 (September 30, 2015– US$0.7493) and EUR 0.6967 (September 30, 2015 – EUR 0.6689). During the nine months ended June 30, 2016, the average value of one Canadian dollar was US$0.7505 (June 30, 2015 – US$0.8319) and EUR 0.6769 (June 30, 2015 – EUR 0.7185).

(in Canadian dollars, unless otherwise noted)

Exploration and evaluation properties

	Las Morras Property $	Sierra Alta Property $	Falcon Litio Project $	Total $
Balance, September 30, 2015	**991,834**	**-**	**-**	**991,834**
Cost incurred during the period:				**-**
Option to purchase	-	-	77,500	**77,500**
Land management fees, taxes and permits	4,507	-	-	**4,507**
Labour, contract geologists, prospectors	-	-	-	**-**
Field expenses	1,180	-	-	**1,180**
Sample analysis	-	-	-	**-**
Technical reports	-	5,433	-	**5,433**
Travel, meals and accommodations	3,128	-	-	**3,128**
Vehicle and fuel	-	-	-	**-**
Overhead - Project office Sevilla	85,390	-	-	**85,390**
Balance, June 30, 2016	**1,086,039**	**5,433**	**77,500**	**1,168,972**

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

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

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

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

Costs recovered in excess of the carrying amount are recognized in operations. At June 30, 2016, the Company had exploration and evaluation properties on the statement of financial position of $1,168,972 (September 30, 2015 - $991,834).

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 $300,000 (2015 - $300,000) and additional contingent payments of up to approximately $1,140,000 (2015 - $1,120,000) 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.

(in Canadian dollars, unless otherwise noted)

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 June 30, 2016, an amount of $422,468, included in accounts payable, were owed to directors and officers of the Company (September 30, 2015 - $297,163). The amounts outstanding on fees are unsecured, non-interest bearing, with no fixed terms of repayment.

Compensation of key management personnel of the Company

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. During the nine months ended June 30, 2016 and 2015, the remuneration of directors and other members of key management personnel are as follows:

	Nine months ended June 30	
	2016	2015
Short-term benefits	$ 111,232	$ 163,199

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 factors investors should carefully consider when making an investment decision concerning the Company 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 actually occur, the financial condition, liquidity and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected. An investment in the Company is speculative. An investment in the Company will be subject to certain material risks and investors should not invest in securities of the Company unless they can afford to lose their entire investment. The following is a description of certain risks and uncertainties that may affect the Company.

Substantial Capital Requirements and Liquidity

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

Financing Risks and Dilution to Shareholders

The Company has limited financial resources, no operations and no revenues. Even if the Company's exploration program on one or more of its 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 properties and the Company has no history of business or mining operations, revenue generation or production history. The Company has yet to generate a profit from their activities. The Company will be subject to all of 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 Company's 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 as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for facilities and the conduct of exploration and development operations on its properties will be obtainable on reasonable terms, or that such laws and regulations will not have an adverse effect on any exploration or development project which the Company might undertake.

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

With respect to the Aznalcóllar 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 process. 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 Aznalcóllar 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 has advised that one of the exploration permits with respect to the Los Vieros Property, which is comprised of four exploration permits that cover an area of 23,175 hectares, has been granted to a third party and will not be granted to the Company. This permit was comprised of 8,820 hectares of the Los Vieros Property.The Company cannot give an assurance that title to some or all of the Company's interest in its properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company does not have the interest it understands it has in its properties could cause the Company to lose any rights to explore, develop and mine any minerals on such properties without compensation for its prior expenditures relating thereto.

Competition

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

Reliance on Management and Dependence on Key Personnel

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

Environmental Risks

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

Local Resident Concerns

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

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers may become subject to conflicts of interest. The *Business Corporations Act* (British Columbia) ("BCBCA") provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to an 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.

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.

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.

August 25, 2016.