Date: February 28, 2018

This Management's Discussion and Analysis ("**MD&A**") provides a discussion and analysis of the financial condition and results of the operations of Emerita Resources Corp. (individually or collectively with its subsidiaries, as applicable, "**Emerita**" or the "**Company**"), to enable a reader to assess material changes in the financial condition and results of operations as at and for the three months ended December 31, 2017 and 2016. The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements as at and for the three months ended December 31, 2017 and 2016. All amounts included in the MD&A are expressed in Canadian dollars, unless otherwise specified.

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

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

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

The audit committee of the Company has reviewed this MD&A and the condensed interim consolidated financial statements for the three months ended December 31, 2017, and the Company's Board of Directors approved these documents prior to their release.

Overview and Strategy

Emerita is a publicly-traded Canadian exploration and development company listed on the TSX Venture Exchange ("**TSXV**"). The Company is engaged in the acquisition, exploration and development of mineral properties with a primary focus on exploring in Spain and Brazil. Exploration in Spain is conducted through the Company's wholly-owned Spanish subsidiary, Emerita Resources Espana SL ("**Emerita Espana**"), and its 50% owned joint arrangement, Cantabrica del Zinc. Exploration in Brazil is conducted through the Company's 99% owned Brazilian subsidiary, Emerita do Brazil Ltda. ("**Emerita Brazil**").

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

The Company also has an option to acquire a 100% interest in the Falcon Litio MG Project in Brazil, which is described below under the section entitled, "Option Agreement- Brazil".

First Quarter Highlights

The Company is closing the acquisition of the Salobro zinc deposit in Minas Gerais State, Brazil, and expects the completion of the acquisition to occur by March 31, 2018. The Company has commenced its exploration program on an accelerated timeframe in order to reach a development and construction decision. Details can be found in the Company's press release dated February 15, 2018.

Along with its joint venture partner, The Aldesa Group of Companies ("**Aldesa**"), the Company was awarded the Plaza Norte zinc project in Cantabria, northern Spain, adjacent to the famous Reocin mine.

Mr. Michael Timmins, formerly Vice President, Corporate Development for Agnico Eagle, was appointed as CEO of the Company, an important step in strengthening the Company's shareholder outreach and capital markets performance.

The Company completed an over-subscribed private placement financing of $4.2 million in December 2017.

Summary of Properties and Projects

Mineral Exploration Properties – Spain

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

Plaza Norte Property – Description

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

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

The Plaza Norte Project is in the Cantabria Region, northern Spain, in the 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. The exploration tender launched by the government of Cantabria encompassed a total of 460 claims comprising 13,800 hectares, of which 120 claims were strategically selected by the JV Co based on a detailed review of the historical data.

Plaza Norte Property – Exploration

In support of its drill program, the Company has acquired the historical database for the Plaza Norte Project which includes more than 300 drill holes (approximately 73,000 metres of diamond drilling) with numerous high grade intercepts. Initial drilling will be designed to establish a resource within target areas where mineralization is already indicated by wide spaced drilling.

Plaza Norte Property – Outlook

The Company's Spanish technical team has commenced the permitting process to support a 5,000 meter diamond drill program on priority targets that already have high grade intercepts with the objective of establishing a NI 43-101 resource. Drilling is expected to commence in May 2018.

Las Morras Property – Description

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

Las Morras Property – Outlook

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

In order to exercise the Option, Copper One shall:

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

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

Sierra Alta Property – Description

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

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

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

Sierra Alta Property – Exploration

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

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

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

Aznalcóllar Tender

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

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

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

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

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

Paymogo Tender

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

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

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

The Upper Court has directed the panel to reassess the bids excluding the criteria that were not previously publicly disclosed. Using the legal criteria, the Company believes that it should be awarded the tender. Neither the timing for reconvening the panel nor how the panel will approach the reassessment is known by the Company. The Company will provide an update in due course with respect to any new developments.

Mineral Exploration Properties – Brazil

Salobro Zinc Project

On July 14, 2017, the Company entered a definitive agreement (the "**Definitive Agreement**") with Vale S.A. ("**Vale**") and IMS Engenharia Mineral Ltda. ("**IMS**") to acquire the Salobro zinc project ("the **Salobro Project**"). On January 22, 2018, the Company received confirmation from the TSX-V that the Company has satisfied the conditions of conditional approval to complete the acquisition of the Salobro Project. The Company has commenced the closing process and expects to complete the acquisition by the end of March 2018.

In connection with a binding letter of intent ("**LOI**"), the Company created a Brazilian subsidiary, Zinco das Gerais, to formally hold and operate its Brazilian projects, including the Salobro Project. The Company will initially own 75% of Zinco das Gerais with an exclusive right to acquire the remaining 25% interest from IMS at its sole option.

The Company has a strong technical team in place in Brazil that has compiled the historical drill data, has completed a deposit model, and has developed the preliminary engineering and conceptual mining plan that will be used to maximize the effectiveness up the upcoming diamond drill program. The Company has commenced its exploration program and has decided to accelerate the project in order to reach a development and construction decision. Permitting for the initial 3,500 meter drill program in is progress and drilling is expected to commence in March 2018. More details are provided in the Company's press release dated February 15, 2018.

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

A qualified person, as defined in NI 43-101, has not done sufficient work on behalf of Emerita to classify the historical estimate as a current mineral resource and Emerita is not treating the historical estimate as a current mineral resource or mineral reserve. The resource estimate is a historical estimate and should not be relied upon. A summary of the historical resource estimate can be found on the Company's website in a report entitled "Mineralizações De Zinco E Chumbo Do Depósito Salobro, Porteirinha (Mg) (2006)". According to the report, the Salobro Project deposit is estimated to contain 8.3 million tonnes grading 7.12% zinc plus lead. The database used to establish the mineral resource estimate includes 40 diamond drill holes (13,884.94 meters of drilling). All borehole collar and down hole surveys, as well as a topographic survey with contour lines spaced at five meters, were provided to Emerita from the previous operators of the Salobro Project. Historical technical reports that included specific gravity and other technical commentary have also been provided to Emerita. All assays were completed at Vale's laboratory and there is no reference to external and independent duplicate assay samples in the database. The deposit remains open for further expansion. The initial work program will focus on a combination of completing work on the existing drill core to produce an NI 43-101 compliant resource as well as step out drilling to expand the resource. The results of the initial work program are expected to provide the necessary data for completing the initial economic evaluation of the Salobro Project deposit. The Company has engaged an independent technical consultant to complete a NI 43-101 technical report, which is expected to be completed by the end of March 2018.

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

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

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

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

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

Falcon Project – Brazil

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

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

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

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

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

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

Liquidity and Capital Resources

As at December 31, 2017, the Company had working capital surplus of $2,118,447 (September 30, 2017 – working capital deficit of $1,460,184), which included a cash balance of $3,436,700 (September 30, 2017 - $518,719), amounts receivable of $253,684 (September 30, 2017 - $109,003), and prepaid expenses and advances of $77,089 (September 30, 2017 - $28,912), offset by accounts payable and accrued liabilities of $1,649,326 (September 30, 2017 - $2,116,818).

On December 20, 2017, the Company completed a private placement financing by issuing 43,426,000 units at a price of $0.10 per unit for gross proceeds of $4,342,600. Each unit is comprised of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable at a price of $0.20 per warrant until December 20, 2019. The proceeds were used towards closing the acquisition of the Salobro zinc project in Brazil, to commence the exploration programs of both the Salobro zinc project and the Plaza Norte zinc project in Spain, and will be used for future acquisitions of mineral properties and for general corporate purposes. In addition, 2,097,095 broker options were issued, exercisable at a price of $0.10 per broker option into one common share of the Company, until December 20, 2019.

Results of Operations

During the three months ended December 31, 2017, the Company recorded a loss of $446,792, or $0.00 per share, compared with a loss of $388,423, or $0.00 per share, during the comparable three months ended December 31, 2016.

Expenses incurred during the three months ended December 31, 2017 included $312,449 in consulting and management fees; $9,607 in shareholder communications and filing fees; $24,543 in promotional expenses; $34,605 in travel expense; $11,844 in office expenses for office administration services; and $9,242 in professional fees related to legal expenses and the preparation and audit of the Company's financial statements. During the three months ended December 31, 2017, project evaluation expenses of $75,905 were incurred relating to the evaluation of possible mineral properties within Spain.

Expenses incurred during the three months ended December 31, 2016 included $210,479 in consulting and management fees; $8,097 in shareholders communications and filing fees; $47,013 in office expenses for office administration services; $7,548 in professional fees related to the preparation and audit of the Company's financial statements; and $35,319 in share-based compensation expenses. In addition, project evaluation expenses of $89,567 were incurred, relating to the evaluation of mineral properties in Spain.

Cash flows

Three months ended December 31, 2017

During the three months ended December 31, 2017, the Company used cash of $1,103,154 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 three months ended December 31, 2017, investing activities used $55,600, which related to the Company's investment in its joint arrangement as well as the sale of exploration and evaluation properties.

During the three months ended December 31, 2017, financing activities generated $4,076,735 consisting of the proceeds from the Company's private placement financing, and the exercise of 100,000 of the Company's outstanding warrants.

Three months ended December 31, 2016

During the three months ended December 31, 2016, the Company used cash of $157,897 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 three months ended December 31, 2016, investing activities provided $632 which related to the disposal of property, plant and equipment, offset by office equipment and general overhead for exploration and evaluation expenditures on the Company's properties in Spain.

During the three months ended December 31, 2016, there was no cash provided by financing activities.

Off-Balance Sheet Items

As at December 31, 2017, the Company did not have any off-balance sheet items.

Select Annual Information

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

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

(in Canadian dollars, unless otherwise noted)

Select Quarterly Information

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

Period	Revenue (1)	Operating costs	Loss	Loss per share	Total assets
	$	$	$	$	$
Q1- December 2017	-	478,195	(446,792)	(0.00)	4,327,116
Q4- September 2017	-	544,344	(1,439,053)	(0.02)	1,164,665
Q3- June 2017	-	423,701	(436,579)	(0.00)	2,180,500
Q2- March 2017	-	256,595	(258,918)	(0.00)	1,735,564
Q1- December 2016	-	398,023	(388,423)	(0.01)	1,426,004
Q4- September 2016	-	560,597	(725,720)	(0.01)	1,638,331
Q3- June 2016	-	387,941	(382,153)	(0.00)	1,848,105
Q2- March 2016	-	400,244	(395,964)	(0.01)	1,251,012

Explanatory Notes:

1) The Company has no sales revenues.

Financial Instruments

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

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

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

The Company's financial instruments include cash, and accounts payable and accrued liabilities. The carrying values of these financial instruments reported in the statement of financial position approximate their respective fair values due to the relatively short-term nature of these instruments.
As at December 31, 2017, the Company had no instruments to classify in the fair value hierarchy.

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

(a) *Credit risk*

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by those counterparties, less any amounts owed to the counterparty by the Company where a legal right of set-off exists and 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 December 31 and September 30, 2017, the Company had the following financial instruments and denominated in foreign currency (expressed in Canadian dollars):

December 31, 2017

		Euro		US dollars
Cash	$	17,706	$	7,369
Accounts payable and accrued liabilities		(408,725)		(445,401)
	$	(391,019)	$	(438,032)

September 30, 2017

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

A 10% strengthening (weakening) of the Canadian dollar against the Euro and US dollar would decrease (increase) net loss by approximately $39,000 and $44,000 (September 30, 2017 - $34,000 and $47,000) respectively.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At December 31, 2017, the Company had a cash balance of $3,436,700 (September 30, 2017 - $518,719) to settle current liabilities of $1,649,326 (September 30, 2017 - $2,116,818). The Company's trade payables have contractual maturities of less than 30 days and are subject to normal trade terms.

(d) Commodity / Equity price risk

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

(in Canadian dollars, unless otherwise noted)

Critical Accounting Policies

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

- Foreign currencies
- Exploration and evaluation properties

Foreign currencies

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

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

The Company makes expenditures and incurs costs in Euros ("EUR") and United States Dollars ("US$"). At December 31, 2017, one Canadian dollar was worth US$0.7971 (September 30, 2017– US$0.8013) and EUR 0.6644 (September 30, 2017 – EUR 0.6783). During the three months ended December 31, 2017, the average value of one Canadian dollar was US$0.7865 (September 30, 2017 – US$0.7612) and EUR 0.6677 (September 30, 2017 – EUR 0.6898).

Exploration and evaluation properties

	Las Morras Property	Falcon Litio Project	Total
	$	$	$
Balance, September 30, 2017	**339,994**	**137,500**	**477,494**
Cost incurred during the period:			-
Purchase option (a)	(25,000)	-	**(25,000)**
Balance, December 31, 2017	**314,994**	**137,500**	**452,494**

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

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

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

(in Canadian dollars, unless otherwise noted)

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 December 31, 2017, the Company had exploration and evaluation properties on the statement of financial position of $452,494 (September 30, 2017 - $477,494).

Commitments and Contingencies

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

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately $324,000 (2016 - $300,000) and additional contingent payments of up to approximately $1,235,000 (2016 - $1,164,000) upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

The Company is subject to various claims, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable and the amounts are estimable. Although the outcome of such matters cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material adverse effect on the Company's financial condition, operations or liquidity.

The Company has been named as a defendant in a claim made by a group of companies regarding the payment of outstanding amounts owing to the group of companies relating to certain advertising services. The plaintiff is seeking payment in the amount of € 208,457 (approximately $314,000). Although the ultimate outcome of this action cannot be ascertained at this time and the results of legal proceedings cannot be predicted with certainty, management believes this claim to be without merit.

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 December 31, 2017, an amount of $813,401, included in accounts payable, were owed to directors and officers of the Company (September 30, 2017 - $972,436). 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 three months ended December 31, 2017 and 2016, the remuneration of directors and other members of key management personnel are as follows:

	Three months ended December 31,	
	2017	2016
Short-term benefits	$ 122,813	$ 122,992

Risk Factors

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

Substantial Capital Requirements and Liquidity

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

Financing Risks and Dilution to Shareholders

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

Limited Operating History

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

No Mineral Resources or Mineral Reserves

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

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

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

Fluctuating Mineral Prices

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

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

Regulatory, Permit and License Requirements

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

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

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

Title to Properties

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

Competition

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

Reliance on Management and Dependence on Key Personnel

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

Environmental Risks

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

Local Resident Concerns

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

Conflicts of Interest

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

Foreign Operations

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

Uninsurable Risks

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

Litigation

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

Outstanding Share Data

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

1) 140,595,829 common shares outstanding;
2) 40,454,095 warrants outstanding with expiry dates ranging between May 20, 2018 and December 20, 2019. If all the warrants were exercised, 40,454,095 shares would be issued for gross proceeds of $6,216,710.
3) 5,500,000 stock options outstanding with expiry dates ranging between March 1, 2018 and October 24, 2021. If all the options are exercised, 5,500,000 shares would be issued for gross proceeds of $540,000.

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.