

EMERITA RESOURCES CORP.
Management's Discussion and Analysis
For the nine months ended June 30, 2023 and 2022
(in Canadian dollars, unless otherwise noted)

Date: August 22, 2023

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 nine months ended June 30, 2023 and 2022. The MD&A should be read in conjunction with the audited consolidated financial statements as at and for the years ended September 30, 2022 and 2021. All amounts included in the MD&A are expressed in Canadian dollars, unless otherwise specified.

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as published by the International Accounting Standards Board. Please refer to Note 3 of the annual audited consolidated financial statements as at and for the years ended September 30, 2022 and 2021 for disclosure of the Company's significant accounting policies.

Additional information about the Company may be found on SEDAR at www.sedarplus.ca.

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 unaudited condensed interim consolidated financial statements for the nine months ended June 30, 2023 and 2022, and the Company's Board of Directors approved these documents prior to their release.

Overview and Strategy

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

The Company currently has four exploration properties in Spain, which are described in detail below under the sections entitled, "Mineral Exploration Properties – Spain". Presently the primary focus of the Company's activities is on its projects in the Iberian Pyrite Belt in southern Spain.

Summary of Properties and Projects

Mineral Exploration Properties – Spain

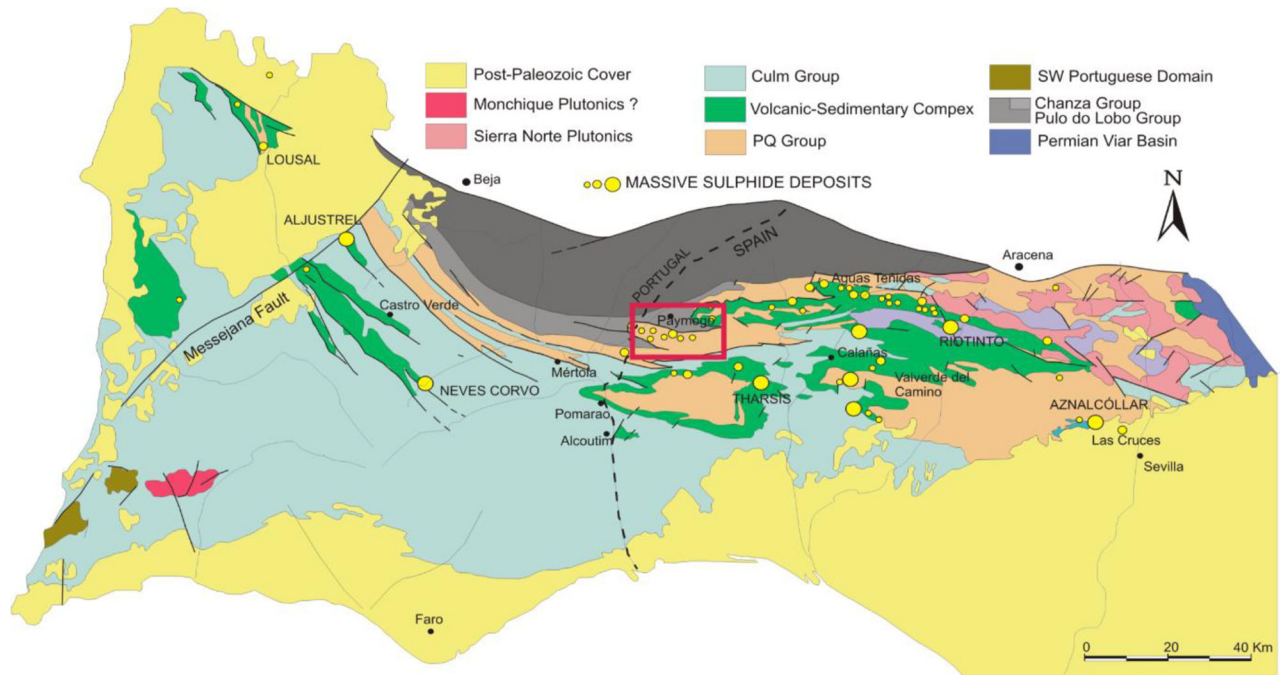
The Company has interests in four exploration properties; (i) Iberia Belt West Project ("**IBW**"), which comprises three polymetallic deposits from east to west: La Infanta, El Cura, and La Romanera located in Huelva Province in southwestern Spain. (ii) Nuevo Tintillo located in Seville Province adjacent to the past producing Aznalcollar Mine property and presently producing Rio Tinto Mine; (iii) Sierra Alta, located in the Asturias region in northwestern Spain and (iv) Plaza Norte, located in Cantabria, Northern Spain. Each of the properties are comprised of exploration permits that were issued by the Andalusian, Asturian and Cantabrian authorities, respectively.

Iberia Belt West -Description

On September 1, 2020, Emerita was officially notified through a resolution that it was the winning bidder of the IBW mineral rights in Huelva. The tender resolution has been issued by the Provincial Secretary of the Regional Ministry of Industry in Huelva. The resolution declares that Emerita España is the winning bidder of the tender. Emerita España is registered on the Junta de Andalusia official website as the owner of the mineral rights to the IBW Project.

The exploration permit was granted on July 12, 2021 and expires on September 12, 2023. The Company submitted its application to extend the exploration permit on July 7, 2023 and is awaiting approval. The Company expects the renewal to be granted (i) given the scope of exploration work performed at the IBW project to date and (ii) as the Company has satisfied all of the requirements for an extension approval.

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



The La Infanta mineralized zone has been drilled from surface where it outcrops to a depth of approximately 400 metres. Numerous high-grade intercepts occur within the zone, and it remains open for expansion at shallow depths. La Infanta is located approximately 8km to the east of La Romanera deposit.

The Company has completed the compilation of a comprehensive digital database from the historical work, which was well preserved in hard copy. For La Romanera and La Infanta deposits at the IBW Project, there were 51 and 48 historical drill holes available, respectively, including survey data and assays. Subsequently the Company has completed extensive drill campaigns at the La Romanera and La Infanta deposits. The Company's first drill hole at the IBW project was drilled at the La Infanta deposit in July

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2021. A few months later, after the AAU (Environmental Authorization) was obtained, drilling commenced at La Romanera. The peak of drilling occurred in Q4-2022 with 15 rigs from 6 different drilling companies operating at La Romanera (14 rigs) and La Infanta (1 rig).

The initial NI 43-101 mineral resource estimate for both deposits was completed in May 2023. It is based on 144 holes for La Romanera and 86 holes for La Infanta.

Drilling by the Company continued into 2023. Through June 2023, there are approximately 156 drill holes at La Romanera and 93 drill holes at La Infanta. Another 9 holes were drilled at IBW to test other targets. To date, both deposits are open for expansion at depth and along strike. A total of approximately 84,600 meters have been drilled at IBW.

The Company has outlined the mineralized zone related to the La Infanta deposit for at least 1,200 meters along strike and has confirmed the extent of the high-grade zone identified by previous drilling. Drilling continues on the La Infanta deposit with one drill. The Company is engaged in a diamond drill program focused primarily on the La Romanera deposit, which is the largest deposit on the Project based on historical work.

The company has outlined the mineralization comprising La Romanera deposit for 650 meters along strike and to a depth of 600 meters and continues to expand the deposit at depth. The deepest drill hole drilled to date at La Romanera is 750 meters below surface and is 150 meters below the deepest drill hole included in the NI 43-101 mineral resource estimate.

On July 29, 2023, the initial planned drill program for El Cura, consisting of 2,800 meters in 10 diamond drill holes commenced. The deposit is located approximately midway between La Romanera and La Infanta deposits, and as such mineralization in this location is well situated to impact a potential future development.

On March 9, 2023, the Company announced that the Ministry of Industrial Policy and Energy of Huelva, Andalusia has granted the exploration permit for the Infanta Sur Property. This permit adds an additional 848.0 hectares to IBW and expires on March 9, 2026, resulting in a total area of 2,393.6 hectares (see table below). Infanta Sur is located south of the current La Infanta area in IBW. The new exploration permit allows the Company to begin exploration immediately in the newly permitted area. The area granted is permitted for exploration activity and does not require further environmental department or municipal approvals for work to proceed. The Company is currently planning geophysical and geological work to be done in the area. The Infanta Sur exploration permit is granted for an initial period of three years and can be renewed for subsequent additional periods.

In addition, the Company has submitted applications to the authorities in Huelva province to secure an additional 307 claims in the area of the IBW Project, comprising an additional 9,287.6 hectares. The applications are in process as of the date of this MD&A.

On May 23, 2023, the Company announced the maiden independent NI 43-101 compliant resource estimate based on drill results from the 2022-23 resource delineation drilling program at the La Romanera and La Infanta deposits, part of Emerita's wholly owned IBW project. Mineral Resource estimation was completed by Wardell Armstrong International Limited ("WAI") using drillhole databases and geological models developed by the Emerita geology team and subsequently verified and refined in collaboration with WAI. WAI has considerable experience working with deposits in the Iberian Belt and has completed similar studies for producing operations in the region. IBW hosts three previously identified massive sulphide deposits: La Infanta, La Romanera and El Cura.

Over the past 12 months, the Company has completed the Environmental Baseline Studies at the IBW project. The objectives of the studies are to gain an understanding of the current natural environment of the site, and support further mine development decisions and management plans. The Company engaged the services of specialist Spanish companies with broad experience in Baseline Studies.

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On July 6, 2023, The Technical Report titled "NI 43-101 Technical Report on the La Romanera and La Infanta Polymetallic Deposits, Spain" dated July 5, 2023, was filed on the SEDAR website at www.sedarplus.ca and on the Company website at www.emeritaresources.com.

Resource Estimate Criteria

In calculating the resource estimate, WAI used a cut off grade of 3% Zinc equivalent ("ZnEq"). In order to calculate the ZnEq grade, the QP consulted with metallurgists within the WAI team to establish appropriate recoveries to use for the estimate based on prior experience in the Iberian Belt and similar deposits. It is important to note that the recovery factors used in the estimate are not based on metallurgical test data as this work is not yet completed. The metal recoveries are based on representative results from other deposits in the belt. La Romanera is a unique deposit within the Iberian pyrite belt in that a significant portion of the deposit has highly elevated gold values relative to other deposits in the region. As such, there is not a good metallurgical analogy for the recovery of gold from higher grade gold mineralization in the region. The high gold grades are not ubiquitous throughout the deposit such that the overall gold grade reported represents a weighted average of higher grade and lower grade mineralization. For the ZnEq calculation, the gold recovery factor used was 20%. An important opportunity and challenge for the Company will be to work with its metallurgical consultants to improve the gold recoveries from the gold enriched portions of the deposit. Such an improvement could positively add to the ZnEq grade and tonnage at La Romanera.

Three composite samples representing different mineral domains have been selected for metallurgical testing and are being shipped to the the laboratory. The testing will be carried out by WAI, with results expected in Q4-2023.

Table 1: Resource Table

The following table summarizes the maiden Mineral Resource Estimate for the IBW Project:

Deposit	Class	Tonnes Mt	Average Grade						Metal Content					
			Zn %	Pb %	Cu %	Ag g/t	Au g/t	ZnEq %	Zn kt	Pb kt	Cu kt	Ag koz	Au koz	ZnEq kt
La Romanera	Indicated	13.00	2.98	1.45	0.42	74.1	1.48	7.08	387	188	54	30,979	617	920
	Inferred	3.14	4.85	1.96	0.45	71.3	1.16	9.16	153	62	14	7,205	117	288
La Infanta	Indicated	1.07	7.10	4.24	1.03	88.5	0.32	14.32	76	45	11	3,051	11	154
	Inferred	1.56	4.41	2.49	0.74	74.7	0.38	9.55	69	39	12	3,758	19	149
IBW Project	Indicated	14.07	3.29	1.66	0.46	75.2	1.39	7.63	463	233	65	34,030	629	1,074
	Inferred	4.71	4.70	2.14	0.54	72.4	0.90	9.29	222	101	26	10,963	137	438

Notes:

- Mineral Resources are classified according to definitions outlined in CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines (CIM, 2014);
- The effective date of the Mineral Resource Estimate for La Romanera is May 4, 2023 and the effective date of the Mineral Resource Estimate for La Infanta is April 30, 2023;
- Mineral Resources are reported at a cut-off grade of 3.0% zinc equivalent (ZnEq) where;
 - $ZnEq = [(Zn\ grade * Zn\ recovery * Zn\ price) + (Pb\ grade * Pb\ recovery * Pb\ price) + (Cu\ grade * Cu\ recovery * Cu\ price) + (Ag\ grade * Ag\ recovery * Ag\ price) + (Au\ grade * Au\ recovery * Au\ price)] / (Zn\ recovery * Zn\ price)$;
 - Long term price assumptions are US\$3000/t Zn, US\$2300/t Pb, US\$9500/t Cu, US\$25/oz Ag and US\$1800/oz Au;
 - Metallurgical recovery assumptions are 100% Zn, 80% Pb, 80% Cu, 80% Ag and 20% Au. 100% Zn recovery ensures ZnEq grade > Zn grade for all blocks;
- At La Infanta, blocks less than 3.0% ZnEq when diluted over a 3m minimum mining width were excluded from the Mineral Resource. Thickness at La Romanera typically exceeds 3m;

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5. Only primary sulphide mineralisation is included in the Mineral Resources;
6. Metal grade and content represents contained metal in the ground and have not been adjusted for metallurgical recovery or mining dilution;
7. Mineral Resources are not Reserves until they have demonstrated economic viability based on a pre-feasibility study or feasibility study;
8. Numbers may not add due to rounding.
9. The Qualified Person for the La Romanera and La Infanta Mineral Resource Estimates is Dr. Phil Newall, BSc (ARSM), PhD (ACSM), CEng, FIMMM of WAI, a Qualified Person as defined by NI 43-101.

Resource Estimation Details and Methodology

Mineral Resource estimation was completed by WAI using drillhole databases and geological models developed by the Emerita geology team and subsequently verified and refined in collaboration with WAI. Software utilised included MX Deposit® (database & QAQC), Leapfrog Geo® (geological model), Snowden Supervisor® (statistical & geostatistical analysis) and Leapfrog Edge® (estimation).

The resource estimation methodology involved the following process:

- Database verification;
- Construction of wireframe models for massive sulphide lenses and weathering profile;
- Definition of resource domains;
- Data conditioning via compositing and top-cuts;
- Variography;
- Block modelling;
- Grade and density interpolation;
- Model validation and Resource classification; and
- Assessment of reasonable prospects for eventual economic extraction (RPEEE).

La Romanera and La Infanta are classified as volcanic-hosted massive sulphide ("VHMS") deposits and occur as tabular strata-bound lenses of polymetallic (Zn, Pb, Cu, Ag, Au) massive sulphides. Drilling has so far defined five sulphide lenses used as estimation domains in Resource modelling: The Upper and Lower Lens at La Romanera and the North, South and South 1 Lenses at La Infanta. Input drillhole data was restricted to surface diamond drilling completed by Emerita from 2022 to 2023.

Drill hole samples were flagged by domain, composited to regular lengths and top cuts applied to isolated outlier values. Variography was conducted on the composite data for each variable within each estimation domain.

Grades were estimated into block models sub-celled to the estimation domain boundaries. Grade and density estimation were conducted using ordinary kriging (OK) for most domains. Inverse Distance Squared (IDW2) was carried out in the La Infanta South 1 domain, where the number of composites was insufficient for effective variogram modelling. Hard boundaries were applied to constrain the interpolation. The estimates were run in a three-pass plan, using progressively larger search neighbourhoods. Distance based top cuts were applied in higher estimation passes to limit grade extrapolation.

Estimated grades were validated globally, locally, and visually prior to classification. No material issues with the grade interpolation were identified. Classification has been limited to contiguous regions where nominal drill spacing is 50m or less for Indicated Resources and 100m or less for Inferred Resources.

Mining, processing and long-term price assumptions were used to evaluate the proportion of the block models that could reasonably be expected to be economically mined. A 3.0% ZnEq cut-off was selected in line with extraction via conventional underground mining methods. Thinner zones of mineralisation are

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present at La Infanta and reporting was further restricted to exclude blocks below 3.0% ZnEq when diluted over a 3m minimum mining width. The ZnEq calculation includes metallurgical recovery assumptions for each metal. Initial metallurgical test work is commencing, and WAI has used recoveries within the range of other Iberian Pyrite Belt deposits and informed by review of petrographic studies. WAI cautions that changes in metallurgical recovery and/or payability assumptions could significantly impact the MRE.

The Mineral Resource Estimate was supervised and reported by Dr. Phil Newall, BSc (ARSM), PhD (ACSM), CEng, FIMMM, in accordance with definitions outlined in CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines (CIM, 2014). Dr. Newall is a Qualified Person as defined by NI 43-101 and undertook site inspections in October 2022 and March 2023. Please refer to the technical report titled "NI 43-101 Technical Report on the La Romanera and La Infanta Polymetallic Deposits, Spain" dated July 5, 2023 which can be found under the Company's profile at www.sedarplus.ca and on the Company website at www.emeritaresources.com.

La Romanera Mineralization

The 2023 Resource Estimate includes two lenses, showing a style of mineralization typical of VHMS deposits:

- Upper Lens. Massive to semi-massive sulphide mineralization.
- Lower Lens. Underlies the Upper Lens and consists of massive to semi-massive sulphide mineralization.

No stockwork-style mineralization is recognized in the deposit.

The Upper Lens massive sulphide is a continuous mineralized horizon which varies approximately from 2.0 to 32.0m in true thickness and averages 10.0m overall, with a strike length of 700m approximately.

The Lower Lens massive sulphide is a continuous mineralized horizon which varies approximately from 2.0 to 30.0m in true thickness and averages 13.0m overall, with a strike length of 720m.

The Upper Lens massive sulphide and the underlying Lower Lens are locally both separated and in contact with one another throughout the Deposit. The Deposit dips at approximately 70 degrees from surface for a down-dip length of approximately 675m (Upper Lens) and 720m (Lower Lens).

The Upper Lens occurs approximately 2.0 to 30.0 m in the hanging wall above the Lower Lens.

La Infanta Mineralization

The 2023 Resource Estimate includes three blocks, showing a style of mineralization mainly typical of VHMS deposits:

- North Block. Disseminated to massive sulphide mineralization.
- South Block. Underlies the North Block and consists of disseminated to massive sulphide mineralization.
- South Block 1. Underlies the South Block and consists of disseminated to massive sulphide mineralization.

No stockwork-style mineralization is recognized in the deposit.

The North Block massive sulphide is a continuous mineralized horizon which varies approximately from 1.0 to 10.0m in true thickness and averages 3.0 m overall, with a strike length of 1900m.

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The South Block massive sulphide is a continuous mineralized horizon which varies approximately from 1.0 to 9.0 m in true thickness and averages 3.0 m overall, with a strike length of 1090 m approximately.

The South Block1 massive sulphide is a continuous mineralized horizon which varies approximately from 1.0 m to 7.0 m in true thickness and averages 2.6m overall, with a strike length of 325 m approximately.

The North Block massive sulphide and the underlying South Block are generally separated throughout the Deposit by about 30.0 m.

The South Block massive sulphide and the underlying South Block 1 are generally separated throughout the Deposit by about 15.0m. The Deposit dips at approximately 70 degrees from surface for a down-dip length of approximately 425 m (North Block), 190m (South Block) and 150m (South Block 1).

The South Block sits approximately 15.0m in the hanging wall above the South Block 1 in a structurally controlled system. The North Block sits approximately 30.0m in the hanging wall above the South Block in a structurally controlled system.

IBW Project Mineral Resources are reported at a cut-off grade of 3.0% ZnEq in Table 1. The table below shows the sensitivity of estimated grade and tonnage to the selection of cut-off grade. Sensitivity analysis across a range of cut-off grades is only intended to provide additional context and should not be considered as Mineral Resources.

Table 2: Resource Sensitivity to Cut-off Table

<i>Cut-off Grade</i>	<i>Indicated</i>			<i>Inferred</i>		
	ZnEq %	Tonnes Mt	ZnEq % ZnEq Metal kt	Tonnes Mt	ZnEq %	ZnEq Metal kt
0.5	15.88	7.03	1116	4.84	9.11	441
1.0	15.82	7.05	1116	4.84	9.11	441
1.5	15.70	7.10	1114	4.84	9.11	441
2.0	15.43	7.19	1109	4.83	9.12	441
2.5	15.01	7.33	1100	4.81	9.16	440
3.0	14.07	7.63	1074	4.71	9.29	438
3.5	13.19	7.92	1045	4.57	9.47	433
4.0	12.04	8.32	1002	4.36	9.75	425
4.5	10.74	8.81	947	4.17	10.00	417
5.0	9.79	9.21	902	4.03	10.18	410
5.5	8.71	9.70	845	3.86	10.41	401
6.0	7.85	10.13	795	3.68	10.63	391

IBW Project - Outlook

- Continue to expand La Romanera Deposit at IBW. The Company presently has six diamond drills operating on the Project.
- Complete the initial drilling on El Cura deposit which is situated approximately midway between La Infanta and La Romanera on the IBW property. This program has commenced.
- Complete metallurgical studies on La Romanera and La Infanta. This program has commenced, and the Company has contracted metallurgical support from SRK and selected Wardell Armstrong LLP of the UK, who are highly experienced with Iberian Pyrite Belt deposits, to conduct the laboratory testing for the metallurgy.
- Complete initial conceptual mine planning to a level appropriate to support site selection for future infrastructure as well as conversion of Exploration Licenses to Exploitation Licenses at IBW. Grupo IPH, a Spanish mining engineering firm based in Huelva that contracts for mines in the region, is being contracted to complete this work.

Nuevo Tintillo Property – Description

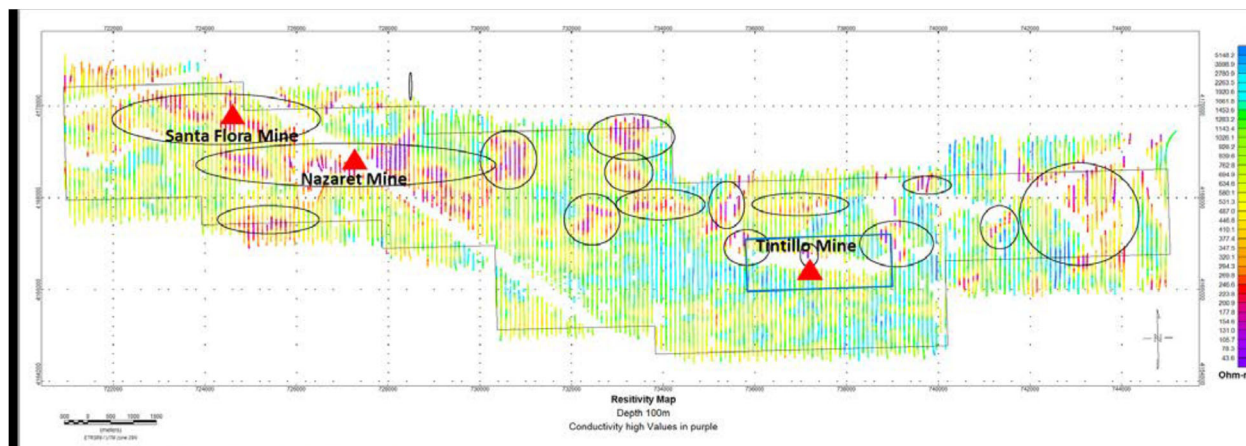
The Company applied for the group of concessions of Nuevo Tintillo on September 12, 2014. The definitive admission of the application was announced on June 8, 2021, which constituted the awarding of the concessions to the Company. The awarding was published in the BOJA, Regional Gazette of Andalusia Region, and in the BOE, the National Spanish Gazette, most recently on August 17, 2021. Emerita España is registered on the Junta de Andalusia official website as the owner of the mineral rights to the Nuevo Tintillo Project. On June 20, 2022, the Company received a final resolution, extending the exploration permit until June 20, 2025.

The Nuevo Tintillo project, located in Seville province, covers approximately 25km of important stratigraphy in the western part of the Iberian Pyrite Belt. The project is easily accessible by road and is approximately 40km from Seville. The Rio Tinto mine occurs along strike to the northwest, as does the Aguas Tendias mine. The Aznacollar Project and the Cobre Las Cruces Mine of First Quantum occur to the southeast of the Nuevo Tintillo property. There are seven known mineral occurrences and small past producers within the Nuevo Tintillo project area, and the area has not been explored systematically in decades.

In July 2022, the Company completed high-resolution airborne geophysical surveys, constituting the first mineral exploration activity in the area since the late 1980's.

In total, 15 target areas characterized by strong conductors have been prioritized within the Nuevo Tintillo property. On the west side of the project, the strongest conductors are coincident with the location of the past-producing Santa Flora and Nazaret mines areas. The mineralization is characterised by strong conductors, in the order of 50-80 ohm-m, and a dip to the North, very similar to what has been observed in the Tintillo deposit on the east side of the survey area.

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On the west side, the extensive, strong conductors occur in the area of the small, past producing Santa Flora and Nazaret mines. These mines date to the early part of the last century before any modern exploration technology existed, yet this underexplored area is within sight of the giant Rio Tinto deposit further west. Further details of the airborne survey can be found in the Company's press release dated July 20, 2022.

On February 16, 2023, the Company submitted applications to expand the highly prospective Nuevo Tintillo property package in the Andalusia Region of Spain. The applications have been accepted by local authorities and posted to the government web site. Recent field mapping and sampling programs by Emerita geologists have confirmed Emerita's interpretation of the Nuevo Tintillo regional geologic environment and its stratigraphic similarity to adjacent properties hosting large base metal deposits. The additional land package under application is on trend with many of the recently identified target areas on the existing Nuevo Tintillo property and more than doubles the size of Emerita's mineral rights in the eastern part of the Iberian Pyrite Belt. When the land application process is finalized, Emerita's Nuevo Tintillo holdings will be approximately 14,500 hectares, which is an increase from the current 6,875 hectares. Nuevo Tintillo has seen little modern exploration despite its location in one of the oldest known mining districts on earth. Evidence of small-scale artisanal workings exist throughout the Nuevo Tintillo property but there is no record of modern exploration.

Nuevo Tintillo Property – Outlook

The Company continues with detailed geological mapping and has completed detailed ground gravity surveys where appropriate to increase the regional gravimetry data to search for anomalies of denser bodies, in order to prioritize potential conductors. Massive sulphide deposits are conductive and dense, and the two physical properties together with a favourable geology will highlight priority areas for further exploration. The spatial analysis of TEM anomalies, gravimetric anomalies, detailed mapping and geochemical sampling when appropriate will serve to identify prospective areas. The Company will select drilling targets based on this interpretation. The Company plans to carry out a drill campaign in Q4-2023. The company is currently negotiating land access with landowners. There are no environmental restrictions in the target areas and therefore drilling can be permitted by the Mining Department.

Sierra Alta Property – Description

The Sierra Alta property is comprised of one exploration permit which consists of 87 mining claims comprising approximately 2,700 hectares in the "Navelgas Gold Belt" in the Asturias region of northwestern Spain. Sierra Alta project presents potential for shear-hosted Au epithermal mineralization along a 9-kilometer corridor, where a documented ancient roman mining working occurred, and some modern exploration was carried out by Rio Narcea Gold Mines Corp in the 1990's. The Company applied for the

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permit on November 18, 2013 and received notice that the permit for the property had been awarded on June 26, 2015. The concessions were formally granted which allowed for exploration work on July 26, 2017 for a three-years.

On December 10, 2021, the first extension of the Exploration Permit was granted to the company "Emerita Resources España SLU" until October 19, 2022.

On October 19, 2022, the second extension of the Exploration Permit was granted to the company "Emerita Resources España SLU" until October 19, 2023.

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

To earn its 55% interest, Western shall:

1. Pay \$50,000 in cash to the Company (paid).
2. Issue 786,632 shares of Western to the Company (issued);
3. Spend \$500,000 on mineral exploration of the project prior to December 31, 2022 (completed), and;
4. Enter into a binding joint venture agreement with the Company (in process).

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

Sierra Alta Property – Exploration

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.

Plaza Norte Property – Description

The Company participated in the tender process through a joint venture company, Cantabrica del Zinc, S.L. ("CDZ"), of which the Company owned a 50% interest at the time of the tender. The remaining ownership interest is majority held by the Aldesa Group of Companies ("Aldesa"). Aldesa is a specialized infrastructure construction group with over 40 years experience in the construction industry in Spain and internationally.

On October 26, 2017, CDZ was awarded exploration concessions for 120 claims comprising approximately 3,600 hectares in the Santillana Syncline (the "Plaza Norte Project"), through the public tender organized by the government of Cantabria. The concessions were formally granted which allowed for exploration work on December 21, 2018, for a thirteen-month period. Prior to the expiry of the concessions, CDZ applied for an extension which was not granted before the relevant permits expired on January 21, 2020. CDZ launched an appeal against the decision to not grant the extension, which is still in process.

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The Company has reviewed the data from the drilling conducted by CDZ and evaluated the remaining potential. The targets are deep, between 550-750 meters, and the drillhole mineralized intercepts are sub-economic at those depths. No exploration work has been done on the project since March 2020. Emerita currently has a 38.83% interest in CDZ through its joint venture with Aldesa. The renewal of Salia's exploration permit (Plaza Norte project) is being adjudicated in the High Administrative Court of Cantabria. Therefore, the resolution is pending. The joint venture partners have agreed to dissolve the joint venture and the project is expected to be sold or relinquished. Aldesa is currently leading a process to try and sell the project.

The Plaza Norte Project is no longer material to the Company.

Aznalcóllar Tender

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

The Aznalcóllar Project is a past producing property within the Iberian Pyrite Belt that hosted the Aznalcóllar and Los Frailes open pit zinc-lead-silver mines. The focus of the project is the re-development of the Los Frailes deposit which was developed in the mid-1990s. The historical open pit mineral resource as calculated by the previous operator of the mine was estimated to be 71 million tonnes grading 3.86% zinc, 2.18% lead, 0.34% copper and 60 ppm silver. Reports by the operation's mine department and a review of the diamond drilling data for the mine indicate the existence of a higher-grade portion of the resource that was estimated by the previous mine operator to contain 20 million tonnes grading 6.66% zinc, 3.87% lead, 0.20% copper and 84 ppm silver.

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

Given the strength of its proposal, the Company initiated an appeal to the tender process on February 27, 2015 and was accepted by a Seville court judge on March 2, 2015.

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

On November 25, 2022, the Company announced that the Third Section of the Provincial Court of Seville has set March 3, 2025 as the date for the criminal trial on the alleged crimes committed during the process of awarding the Aznalcóllar tender. The trial is an oral hearing that is expected to be completed on July 15, 2025. While it was a surprise to the Company that the court date was set so far in the future, the Company is consulting with its Spanish legal counsel to explore whether anything can be done to accelerate the process.

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The Court has reserved up to 40 sessions including days in March, April, May, June and July 2025. The oral trial has been scheduled at 10:00 AM (local Seville time) on the following days:

- 1) March 3 and 4, 2025 (pre-trial matters) and March 31, 2025.
- 2) On April 1, 2, 7, 8, 9, 21, 22 and 23, 2025.
- 3) On May 12, 13, 14, 19, 20, 21, 26, 27 and 28, 2025.
- 4) On June 2, 3, 4, 9, 10, 11, 16, 17, 18, 23, 24, 25 and 30, 2025.
- 5) On July 1, 2, 7, 8, 9, 14 and 15, 2025.

The 16 defendants face sentences totaling up to 348 years in prison for the alleged rigging of the Aznalcóllar mining tender, including accusations of influence peddling, fraud, embezzlement and bribery.

Liquidity and Capital Resources

As at June 30, 2023, the Company had working capital of \$15,271,023 (September 30, 2022 – \$20,138,706), which included a cash and equivalents balance of \$14,287,624 (September 30, 2022 - \$20,109,507), amounts receivable of \$1,814,401 (September 30, 2022 - \$1,562,650), marketable securities of \$55,064 (September 30, 2022 - \$74,730) and prepaid expenses and advances of \$303,648 (September 30, 2022 - \$232,198), offset by accounts payable and accrued liabilities of \$1,189,714 (September 30, 2022 - \$1,840,379).

On June 13, 2023, the Company completed a private placement financing by issuing 20,000,000 units at a price of \$0.40 per unit for gross proceeds of \$8,000,000. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of \$0.60 for a period of 36 months. In connection with the offering, the Company paid \$560,000 in finders fees and issued 1,400,000 non-transferrable finder warrants. Each finder warrant is exercisable into one common share of the Company at a price of \$0.40 per warrant until June 13, 2026.

On June 16, 2023, the Company completed a private placement financing by issuing 7,500,000 units at a price of \$0.40 per unit for gross proceeds of \$3,000,000. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of \$0.60 for a period of 36 months.

The Company plans to use the net proceeds of the offerings to continue the exploration and development work on its Spanish base metals properties as well as general corporate working capital purposes.

During the nine months ended June 30, 2023, 3,278,636 of the Company's warrants were exercised, generating aggregate net proceeds of \$610,491. (Nine months ended June 30, 2022 – 16,000,429 warrants and 1,200,000 stock options generating \$5,101,275).

On May 15, 2023, the TSXV approved an extension of certain of the Company's common share purchase warrants that were previously set to expire on July 15, 2023. 7,847,150 warrants were extended and now expire on January 15, 2024. Each warrant is exercisable for one common share of the Company for an exercise price of \$1.50.

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Results of Operations

Three months ended June 30, 2023 and 2022

During the three months ended June 30, 2023, the Company recorded a loss of \$5,363,725, or \$0.03 per share, compared with a loss of \$3,003,255, or \$0.02 per share, during the three months ended June 30, 2022. The Company saw a significant increase in exploration activity over the comparative period related to its IBW Project, as well as increased professional fees and shareholder communication and promotion expenses.

Expenses incurred during the three months ended June 30, 2023, included \$424,689 in consulting and management fees; \$262,440 in shareholder communications, filing fees, and promotional expenses; \$89,156 in travel expenses related to the Company's exploration properties; \$33,183 in office expenses for office administration services; \$351,277 in professional fees related to legal expenses and the preparation and audit of the Company's financial statements. During the three months ended June 30, 2023, project evaluation expenses of \$4,190,905 were incurred relating to the evaluation of mineral properties in Spain, which was a significant increase over the corresponding period of the prior year due to the drilling program at the Company's IBW property.

Expenses incurred during the three months ended June 30, 2022, included \$354,651 in consulting and management fees; \$74,607 in shareholders communications, filing fees, and promotional expenses; \$5,161 in travel expenses related to the Company's exploration properties; \$31,000 in office expenses for office administration services; and \$20,000 in professional fees related to the preparation and audit of the Company's financial statements. In addition, project evaluation expenses of \$2,236,113 were incurred, relating to the evaluation of mineral properties in Spain.

Nine months ended June 30, 2023 and 2022

During the nine months ended June 30, 2023, the Company recorded a loss of \$15,879,275, or \$0.08 per share, compared with a loss of \$15,392,367, or \$0.08 per share, during the nine months ended June 30, 2022. The Company saw a significant increase in exploration and corporate activity over the comparative period related to its IBW Project, offset by \$8,878,782 in share-based compensation in the nine months ended June 30, 2022.

Expenses incurred during the nine months ended June 30, 2023, included \$1,525,247 in consulting and management fees; \$606,107 in shareholder communications, filing fees, and promotional expenses; \$221,152 in travel expenses related to the Company's exploration properties; \$102,531 in office expenses for office administration services; \$241,682 in share-based compensation expenses; and \$483,802 in professional fees related to legal expenses and the preparation and audit of the Company's financial statements. During the nine months ended June 30, 2023, project evaluation expenses of \$12,880,930 were incurred relating to the evaluation of mineral properties in Spain, which was a significant increase over the corresponding period of the prior year due to the drilling program at the Company's IBW property.

Expenses incurred during the nine months ended June 30, 2022, included \$1,059,633 in consulting and management fees; \$320,908 in shareholders communications, filing fees, and promotional expenses; \$70,291 in travel expenses related to the Company's exploration properties; \$121,472 in office expenses for office administration services; \$8,878,782 in share-based compensation expenses; and \$92,829 in professional fees related to legal expenses and the preparation and audit of the Company's financial statements. In addition, project evaluation expenses of \$4,719,868 were incurred, relating to the evaluation of mineral properties in Spain.

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Cash flows

Three months ended June 30, 2023

During the three months ended June 30, 2023, the Company used cash of \$3,961,712 on operating activities. Cash used in operating activities consisted primarily of project evaluation expenses incurred on the Company's properties in Spain, and corporate general and administrative expenses.

During the three months ended June 30, 2023, the Company used cash of \$11,673 on investing activities, related to reclamation deposits paid in connection with the Company's exploration properties.

During the three months ended June 30, 2023, the Company generated \$10,196,417 in cash from the net proceeds of two private placement financings completed in June 2023.

Three months ended June 30, 2022

During the three months ended June 30, 2022, the Company used cash of \$3,514,790 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 June 30, 2022, the Company used cash of \$31,614 on investing activities, related to reclamation deposits paid in connection with the Company's exploration properties and investments in property, plant and equipment.

During the three months ended June 30, 2022, financing activities generated \$294,245, consisting of proceeds from the exercise of 1,788,300 warrants and 250,000 stock options.

Nine months ended June 30, 2023

During the nine months ended June 30, 2023, the Company used cash of \$16,576,421 on operating activities. Cash used in operating activities consisted primarily of project evaluation expenses incurred on the Company's properties in Spain, and corporate general and administrative expenses.

During the nine months ended June 30, 2023, the Company used cash of \$52,370 on investing activities, related to reclamation deposits paid in connection with the Company's exploration properties and investments in property, plant and equipment.

During the nine months ended June 30, 2023, the Company generated \$10,806,908 in cash from the net proceeds of two private placement financings completed in June 2023 and the exercise of 3,278,636 on the Company's outstanding warrants.

Nine months ended June 30, 2022

During the nine months ended June 30, 2022, the Company used cash of \$8,169,525 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, offset by \$8,878,782 in share-based compensation.

During the nine months ended June 30, 2022, the Company used cash of \$370,087 on investing activities, related to reclamation deposits paid in connection with the Company's exploration properties and investments in property, plant and equipment.

During the nine months ended June 30, 2022, financing activities generated \$5,395,520 consisting of proceeds from the exercise of 16,000,429 warrants and 1,200,000 stock options.

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Select Annual Information

Select annual financial information for the years ended September 30, 2022, 2021 and 2020 is presented in the table below:

	2022	2021	2020
	\$	\$	\$
Revenues	\$ -	\$ -	\$ -
Loss and comprehensive loss	(20,705,766)	(17,231,030)	(1,236,298)
Loss per share, basic	(0.11)	(0.13)	(0.02)
Total assets	22,620,023	27,418,795	1,105,001
Working capital ('000s)	20,139	26,113	(491)

Select Quarterly Information

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

Period	Revenue (1)	Operating costs	Gain/(loss)	Gain/(loss) per share	Total assets
	\$	\$	\$	\$	\$
Q3- June 2023	-	5,351,650	(5,363,725)	(0.03)	17,138,673
Q2- March 2023	-	5,948,603	(5,900,809)	(0.03)	12,441,442
Q1- December 2022	-	4,761,198	(4,614,741)	(0.02)	17,411,452
Q4- September 2022	-	5,712,669	(5,313,399)	(0.03)	22,620,023
Q3- June 2022	-	2,721,532	(3,003,255)	(0.02)	25,646,247
Q2- March 2022	-	10,467,003	(10,265,902)	(0.05)	28,544,775
Q1- December 2021	-	2,075,248	(2,123,210)	(0.01)	28,805,215
Q4-September 2021	-	13,749,202	(13,775,717)	(0.10)	27,418,795

Explanatory Notes:

- 1) The Company has no sales revenues.

Financial Instruments

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

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

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

The Company's financial instruments include cash and cash equivalents, amounts receivable, marketable securities, 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, 2023, the Company's financial instruments that are carried at fair value, being cash equivalents and marketable securities, are classified as Level 2 and Level 1, respectively, within the fair value hierarchy.

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

(a) *Credit risk*

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

i. *Trade credit risk*

As at June 30, 2023, the Company has recorded \$1,814,401 in sales tax receivable from the Canadian and Spanish tax authorities (September 30, 2022: \$1,341,724). Any potential reassessment subsequent to the financial statement reporting date could have a material effect on the Company's financial condition and results of operations.

ii. *Cash and cash equivalents*

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

(b) *Currency risk*

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

As at June 30, 2023 and September 30, 2022, the Company had the following financial instruments denominated in foreign currency (expressed in Canadian dollars):

June 30, 2023			
		Euro	US dollars
Cash	\$	1,537,211	\$ 828
Accounts payable and accrued liabilities		(516,010)	(31,487)
	\$	1,021,201	\$ (30,659)

September 30, 2022			
		Euro	US dollars
Cash	\$	2,924,145	\$ 6,660
Accounts payable and accrued liabilities		(1,639,132)	(16,011)
	\$	1,285,013	\$ (9,351)

A 10% strengthening (weakening) of the Canadian dollar against the Euro would decrease (increase) net loss by approximately \$102,100 (September 30, 2022 – \$128,500).

A 10% strengthening (weakening) of the Canadian dollar against the US dollar would decrease (increase) net loss by approximately \$(3,000) (September 30, 2022 - \$(900)).

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(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At June 30, 2023, the Company had a cash and cash equivalents balance of \$14,287,624 (September 30, 2022 - \$20,109,507) to settle current liabilities of \$1,189,714 (September 30, 2022 - \$1,840,379). The Company's trade payables have contractual maturities of less than 30 days and are subject to normal trade terms.

d) Commodity / Equity price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as they relate to gold, 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.

e) Price risk of marketable securities

The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices.

Critical Accounting Policies

The Company's significant accounting policies are described in Note 3 to the audited consolidated financial statements for the year ended September 30, 2022. 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 June 30, 2023, one Canadian dollar was worth US\$0.7553 (September 30, 2022– US\$0.7296); and EUR 0.6923 (September 30, 2022 – EUR 0.7472). During the nine months ended June 30, 2023, the average value of one Canadian dollar was US\$0.7402 (June 30, 2022 – US\$0.7889); and EUR 0.6977 (June 30, 2022 – EUR 0.7106).

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Project evaluation expenses

	For the nine months ended	
	June 30,	
	2023	2022
Land management fees, taxes and permits	\$ 195,218	\$ 186,266
Labour	1,811,033	1,245,029
Drilling and geophysics	8,283,992	2,406,308
Travel, meals and accomodations	-	31,597
Legal fees	462,861	557,916
Project overhead costs	2,127,826	292,752
Total project evaluation expenses	\$ 12,880,930	\$ 4,719,868

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 \$710,000 (September 30, 2022 - \$530,000) and additional contingent payments of up to approximately \$2,500,000 (September 30, 2022 - \$1,890,000) subject to a triggering event occurring. As a triggering event has not taken place, the contingent payments have not been reflected in the consolidated financial statements.

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

Transactions with Related Parties

As at June 30, 2023, an amount of \$75,253, included in accounts payable and accrued liabilities, was owed to directors and officers of the Company (September 30, 2022 - \$14,432). The amounts outstanding on fees are unsecured, non-interest bearing, with no fixed terms of repayment. The amounts owing were paid in full subsequent to June 30, 2023.

As at June 30, 2023, an amount of \$nil, included in amounts receivable, was owed to the Company by a director and officer of the Company (September 30, 2022: \$134,864).

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

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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 and nine months ended June 30, 2023 and 2022, the remuneration of directors and other key management personnel are as follows:

	Three months ended June 30,		Nine months ended June 30,	
	2023	2022	2023	2022
Management fees	\$ 301,403	\$ 253,874	\$ 1,102,103	\$ 760,521
Share-based compensation	-	-	241,682	7,741,717
Total	\$ 301,403	\$ 253,874	\$ 1,343,785	\$ 8,502,238

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.

Exploration and Mining Risks

The Company is engaged in mineral exploration and development activities. Mineral exploration and development involves a high degree of risk and few properties, which are explored and ultimately developed into producing mines. The long-term profitability of the Company's operations will be in part directly related to the cost and success of the Company's exploration programs, which may be affected by a number of factors beyond the Company's control. Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral resources, any of which could result in work stoppages, damage to property, and possible environmental damage. Hazards such as unusual or unexpected formations and other conditions such as formation pressures, fire, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable machinery, equipment or labour are involved in mineral exploration, development and operation. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the Company's financial position. The Company relies upon consultants and others for exploration and development expertise. Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, 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. The economics of developing mineral properties is affected by many factors including the cost of operations, variations in the

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grade of ore mined, fluctuations in metal markets, allowable production, importing and exporting of minerals and environmental protection.

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.

Stage of Development

The Company is in the business of exploring for mineral exploration, with the ultimate goal of producing mineral resources from, its properties. None of the Company's properties have commenced commercial production and it has no history of earnings or cash flow from its operations. As a result of the foregoing, there can be no assurance that the Company will be able to develop any of its properties profitably or that its activities will generate positive cash flow. The Company's operating expenses and capital expenditures may increase in subsequent years in relation to the engagement of consultants and personnel, and the purchase of equipment associated with advancing exploration, development and commercial production of the Company's properties. The Company expects to continue to incur losses for the foreseeable future. There can be no assurance that the Company will generate any revenues or achieve profitability. A prospective investor in the Company must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of management in all aspects of the development and implementation of the Company's business activities.

No 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.

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The Company's properties are in the exploration stage only and, to date, no mineral resources or mineral reserves have been identified other than the maiden resource estimate at the Company's IBW project. 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 additional 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.

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 tender appeal process, there can be no certainty with respect to further developments of the appeal or the results of any recourse initiated by the applicable governmental entities in Spain with respect to the tender processes. In addition, there can be no certainty with respect to the

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timing regarding any potential resolution of the tender review process, the ability of the Company to be successful with its appeal or the potential for the Company to be awarded the project.

Title to Properties

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

Competition

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

Reliance on Management and Dependence on Key Personnel

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

Environmental Risks

The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the exploration, development and mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international 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* (Ontario) ("OBCA") 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 OBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the OBCA.

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.

Current Global Financial Conditions

Financial markets have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Government debt and deficits are at an all-time high. Access to financing has been negatively impacted by liquidity crises and the state of government finances throughout the world. If these increased levels of volatility and market turmoil continue, the Company may not be able to secure appropriate debt or equity financing, and any of which could affect the trading price of the Company's securities in an adverse manner.

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

Legal proceedings may arise from time to time in the course of the Company's business. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. The process of defending such claims could take away from management time and effort and the resolution of

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any particular legal proceeding, to which the Company or one or more of its subsidiaries may become subject could have a material effect on the Company's financial position and results of operations.

Foreign Mining Tax Regimes

Mining tax regimes in foreign jurisdictions are subject to differing interpretations and are subject to constant change. The Company's interpretation of taxation law as applied to its transactions and activities may not coincide with that of the tax authorities. As a result, transactions may be challenged by tax authorities and the Company's operations may be assessed, which could result in significant additional taxes, penalties and interest. In addition, future changes to mining tax regimes in foreign jurisdictions could result in significant additional taxes payable by the Company, which would have a negative impact on the financial results of the Company.

Outstanding Share Data

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

- 1) 234,820,968 common shares outstanding;
- 2) 22,997,150 warrants outstanding, with expiry dates ranging from January 15, 2024 to June 16, 2026. If all of the warrants were exercised, 22,997,150 shares would be issued for gross proceeds of \$20,580,725.
- 3) 19,195,000 stock options outstanding with expiry dates ranging between November 7, 2024 and January 16, 2028. If all of the options are exercised, 19,195,000 shares would be issued for gross proceeds of \$25,396,250.

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.