



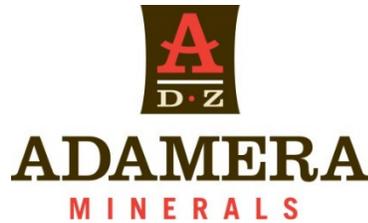
# ADAMERA

MINERALS

**Management Discussion and Analysis  
For the Year Ended December 31, 2018**

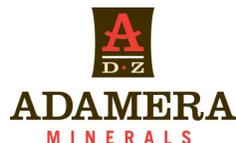
**Dated: April 18, 2019**

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## **1. Introduction**

The management's discussion and analysis ("MD&A" or "Report") of Adamera Minerals Corp. (the "Company" or "Adamera") has been prepared by management in accordance with the requirements under National Instrument 51-102 on April 18, 2019 ("the Report Date"), and provides comparative analysis of the Company's financial results for the period. The following information should be read in conjunction with the Company's audited financial statement for the years ended December 31, 2018 and 2017 together with the notes thereto (collectively, the "Financial Statements"). Unless otherwise indicated, all dollar amounts in this document are in Canadian dollars.

The Financial Statements, together with this MD&A, are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as potential future performance, and are not necessarily indicative of the results that may be expected in future periods. The information in the MD&A may contain forward looking statements, and the Company cautions investors that any forward looking statements by the Company are not guarantees of future performance, as they are subject to significant risks and uncertainties that may cause projected results or events to differ materially from actual results or events.

Additional information about the Company, including the audited consolidated financial statements, and the notes thereto, for the year ended December 31, 2018, prepared in accordance with IFRS, can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

## **2. Overview**

### **2(a) Description of Business**

Adamera Minerals Corp. ("the Company") is an exploration stage company engaged in the acquisition and exploration of precious metals. The principal properties are located in Washington State, USA. The Company also holds properties in northern Canada throughout Nunavut ("NU") and the Northwest Territories ("NWT"). The Company acquires properties directly by staking, through option agreements with prospectors or other exploration companies, and through reconnaissance programs. The Company trades on the TSX Venture Exchange ("Exchange") under the symbol "ADZ" and is a reporting issuer in British Columbia and Alberta. The Company also trades on the OTC Marketplace in the United States under the symbol "DDNFF".

### **2(b) Qualified Person**

Martin St. Pierre, P. Geo is the Company's qualified person, reviewing the exploration projects described throughout the MD&A and is responsible for the design and conduct of the exploration programs and the verification and quality assurance of analytical results.

### **2(c) Overall Performance and Outlook**

During the period ended December 31, 2018 and to the date of this report, the Company has continued to seek out and review projects that exhibit potential to host large mineral deposits containing commodities with strong prospects to increase value.

It is a challenging time for the mining industry and the entire junior resource investment community. The Company is working hard to meet the challenges which face our industry. The Company has chosen at this time to acquire and work on properties that do not require substantial funds to explore and develop. The Company has adopted a low-cost exploration approach which has enabled the Company to expand and advance its properties through detailed geological, geochemical, geophysical and drilling activities.



All of the Company's active projects are in established mining districts, current or historic, and are within hauling distance of an operating, under-utilized mill. The Company has focused on developing drill targets with high-grade gold potential. As a result, all projects are drill-ready with existing proof of concept. The Company is now positioned for discovery, with plans to drill test high-grade targets on all four projects.

Given the current difficult market conditions, the Company continues to preserve cash by keeping general and administrative expenses to a minimum.

### **3. Mineral Properties**

The Company has properties in Washington State, USA. The Company also holds properties in northern Canada throughout Nunavut ("NU") and the Northwest Territories ("NWT"). The following is a brief description of the Mineral Properties owned by the Company.

#### **3(a) Washington State, USA**

##### *i. Cooke Mountain Project*

The Cooke Mountain Project encompasses several new land positions and the expanded Oversight and Lambert Creek properties. Approximately 1 million ounces of gold have been mined from high-grade deposits in the area (Overlook, Lamefoot, Key East, Key West and Belcher mines). The Oversight and Lambert Creek properties host past production and are strategically located near the operating Kettle River Gold Mill.

The Company is exploring for high-grade gold deposits within hauling distance of the operating Kettle River Mill in northeastern Washington State. The Company's strategy is to fast-track the discovery to production process by exploring close to an existing mill in need of ore. The Company is exploring several projects and is the dominant exploration company in the area.

In January 2018, US Forest Service approved a Plan of Operation allowing the Company to drill test a number of high priority targets on the Cooke Mountain Project. The targets include SE-01 which is located approximately 4 kilometres from the Kettle River gold mill in Washington State.

On February 14, 2018, the Company announced that the first drill hole on the SE-01 VTEM target intersected a thick zone with both semi-massive and disseminated sulfides over a 120 metre core length. Mineralization consists of variable amounts of sulfides, magnetite and silica alteration from 60 to 180 metres depth downhole. The hole was drilled at a dip of -55 degrees, approximately perpendicular to the strike of the VTEM anomaly.

On February 22, 2018, the Company announced the second drill hole on the SE-01 VTEM target intersected a zone of sulfides and magnetite mineralization. The two SE-01 drill holes were collared from the same pad and at the same azimuth. Hole HLK18-01 was drilled at -55 degrees and HLK 18-02 at -43 degrees to intersect the target up dip. Based on the orientation of the two holes the mineralized zone is estimated to dip west at approximately 60 degrees. The modelled VTEM data suggested a dip of 68 degrees to the west. HLK 18-02 intersected a zone from 55.7 metres to 161 metres downhole that is similar to the zone intersected in HLK 18-01. Core logging reports the presence of silica alteration and sulfide-magnetite mineralization.

On March 13, 2018, the Company announced the gold results for these first and second drill holes on the SE-01 VTEM target. Drill hole HLK18-01 returned elevated gold values up to 0.3 g/t in zones with sulfide mineralization. Drill hole HLK18-02 provided gold zones assaying up to 1.0 g/t gold. Both holes intersected +100 metre zones with sulfides, magnetite and silica alteration suggesting a large mineralizing system. A third hole, HLK18-03 was drilled 100 metres to the south and intersected a visually similar

zone. Assays was pending. The drill was then testing an entirely different VTEM conductor next to the Key West gold mine.

On April 10, 2018, the Company announced zones with gold were intersected at the Key West target located 1 kilometre north of the Overlook gold mine in Washington State. The first drill hole, hole KWN18-01, which is located 300 metres north of the past producing Key West mine intersected an upper and lower gold bearing zone. The upper zone from 33.2 metres to 37.6 metres yielded 2.32 g/t gold over 4.4 metres, including 2.34 metres at 3.8 g/t gold.

The lower zone from 122.1 metres to 139.0 metres yielded 0.6 g/t gold over 17 metres, including higher grade intervals of 2.8 g/t gold over 1.8 metres and 4.5 g/t gold over 1.0 metres.

The second hole, KWC18-01, was collared approximately 30 metres from the north end of the Key West pit. The hole intersected 3.8 g/t gold over 1.2 metres at a down hole depth of 8 metres. In addition, elevated gold values of 0.9 and 0.7 g/t gold were intersected at depths of 48 metres to 52 metres and 84 metres to 88 metres respectively.

The Company planned a 10 to 15 holes follow up drill program to further test the Key West and Overlook areas. The higher-grade gold zones appear to be dominated more by magnetite than sulfides, suggesting that relying primarily on the intensity of a VTEM conductor may be less effective than drilling the more highly magnetic zones within the target.

Drill hole KWN18-01 was drilled at an angle of -85 degrees to the west and KWC18-01 was drilled at -50 to the west. The true widths of the drill intercepts are not known.

On May 15, 2018, the Company provided exploration updates. As a result of the 2017-2018 programs Adamera had better defined two multi-kilometre gold trends, referred to as Overlook and Lamefoot.

The Company discovered four high-grade gold occurrences along the four-kilometre Overlook Trend. The former Overlook, Key West, Key East and Belcher mines are within the trend. Of the four gold occurrences three were discovered by drilling and one by prospecting. Numerous additional targets remain to be tested.

Follow up work, including additional drill permitting had been underway since June 2018. Target areas on the Overlook Trend labelled A, B and C are summarized and are shown on the accompanying Figure 1 diagram below. These are areas where the Company has confirmed high-grade mineralization with an initial drill hole or prospecting and now require more focused delineative exploration.

**A. Deep Overlook** – Deep Overlook refers to the high-grade gold intercept of 9.6 g/t gold over 10.8 metres intersected below workings of the Overlook Mine. The intercept was at a depth of 209 metres (see news release dated October 24, 2017). The Company was generating a 3D model to establish how best to test the extent of this horizon. Final hole selection and any additional drill permitting should be completed in time for a July drilling start.

**B. Overlook Mine High-Grade Veins** – Historic drill holes within the southern portion of the Overlook mine intersected shallow veins carrying significant mineralization, including a drill hole with 5 g/t gold over 45 metres. This style of mineralization is important as it reportedly contributed to half of the gold produced at the mine.

The Company drilled two holes, OS17-01 and OS17-03 approximately 300 metres from the Overlook Mine. Both holes intersected similar shallow zones of high-grade gold mineralization associated with quartz and sulfide veining. Intervals of significance include 6.5 g/t gold over 3 metres (including 10.3 g/t gold over 1.2 m), 9.3 g/t gold over 1.1 metres and 15 g/t over 0.3 metres (see news release dated

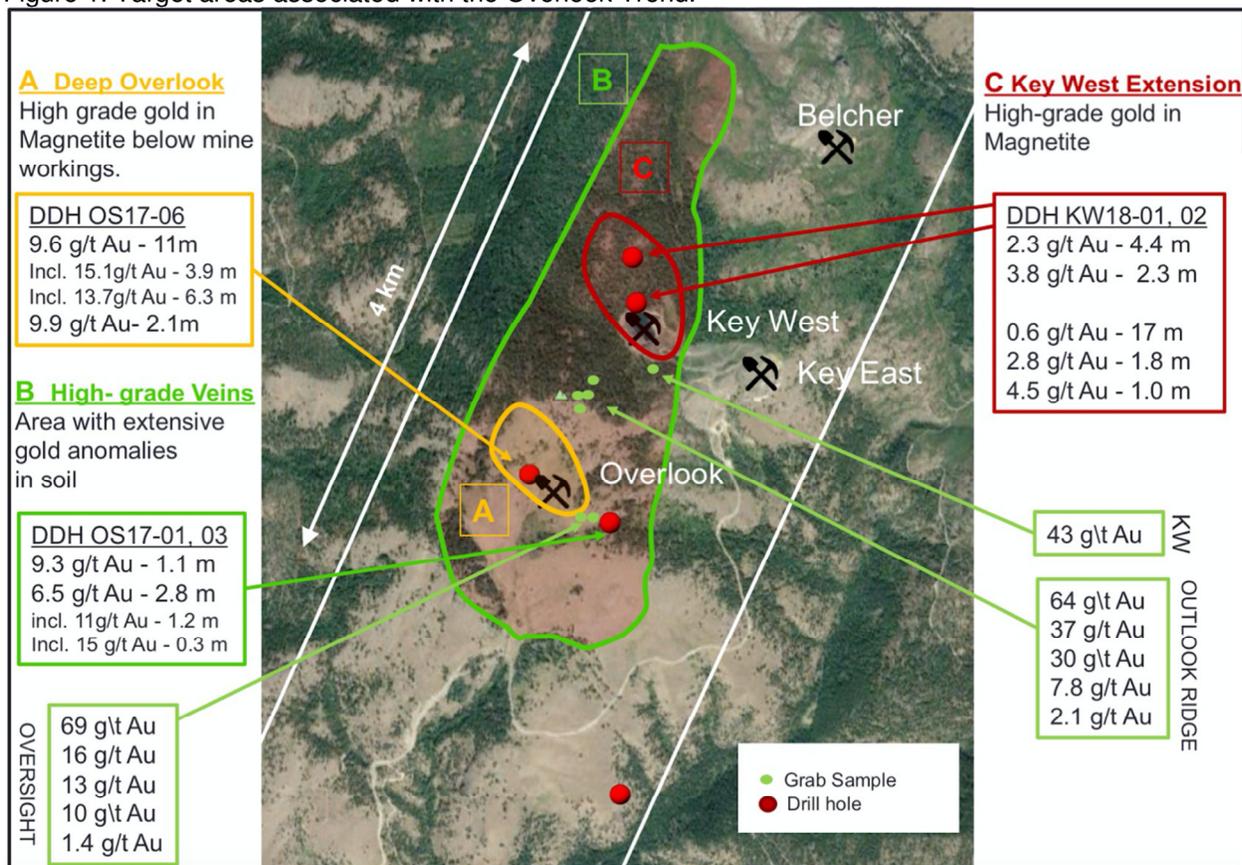
September 7, 2017). As the veins are not magnetic or conductive, a test IP survey was recently completed over the two drill holes. An IP anomaly exists in response to the veins and further drilling is warranted.

**Prospecting for Overlook Style Veining** – Anomalous gold in soils directly above the shallow vein occurrences suggests Overlook style veining is the source of such surface gold. Adamera has identified large areas devoid of magnetic or EM responses with unexplained anomalous gold in soils near the Overlook and Key West Mines. Considering our understanding now, these areas may have significant unrecognized potential for Overlook style veining and IP surveying may be the prospecting tool required to locate them. Surveying using this geophysical approach had started in June 2018.

Outlook Ridge is an occurrence of high-grade veins that was discovered by surface prospecting. Grab samples from several locations on a 1 km transect yielded gold values ranging from 1 to 69 g/t (see news release dated November 28, 2017). The planned IP survey in June 2018 covered this area.

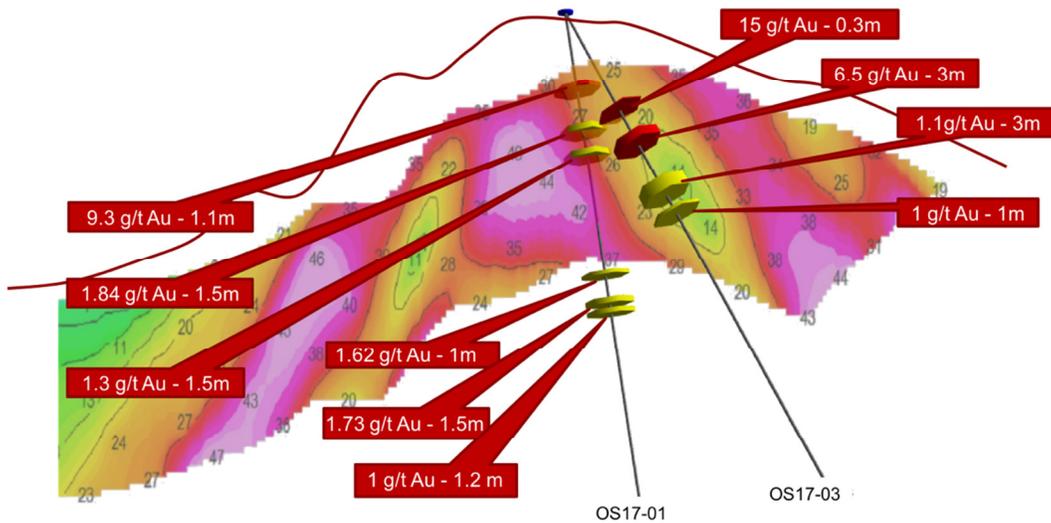
**C. Key West Mine Extension** – VTEM conductors extending 450 metres north of the Key West Mine were tested by two Adamera drill holes. Multiple zones of significantly anomalous gold were intersected and include 2.3 g/t gold over 4.4 metres. The highest gold values are associated with magnetite-rich material in the drill core. Several zones of high magnetics within the VTEM anomaly were untested and drilling started in June.

Figure 1. Target areas associated with the Overlook Trend.



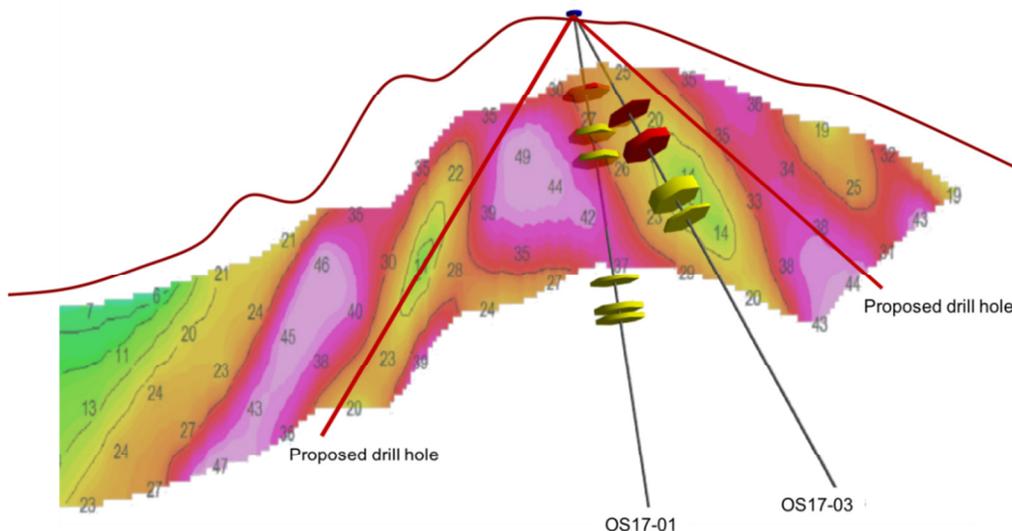
On May 29, 2018, the Company reported that on its Lamefoot Trend, it identified two high priority areas on the trend that contain a number of compelling drill targets: the Lamefoot South and Goodfoot properties. The targets are based on a multi-discipline database compiled over the past several months.

On June 7, 2018, the Company announced that initial results of an induced polarization (“IP”) survey on the Overlook Trend. The IP survey has delineated an area of anomalous chargeability on seven consecutive 100 metre spaced lines. The data is interpreted as representing two sub-vertical targets estimated to be 25 to 50 metres wide. Adamera drill holes OS17-01 and OS17-03 tested the area between the sub-vertical targets. To effectively drill test the new geophysical targets, follow-up drill holes would be oriented westerly rather than southeasterly. (See figures below)



While testing a deeper VTEM target, drill holes intercept shallow silica veins with high-grade gold. Subsequent IP survey identifies three adjacent anomalies (pink) to be drill tested.

Adamera plans to drill 2 anomalies found in new IP survey



A second IP anomaly is developing in the northern part of the area being surveyed. The northern-most survey line is near historic drill sites that reportedly intersected zones with quartz-sulfide stockwork veining that assayed up to 5 g/t gold over 45 metres. Surveying is continuing.

On June 26, 2018, the Company announced the development of a well defined induced polarization (IP) anomaly immediately under the Outlook Ridge prospect on the Cooke Mountain Project.

The “classic” IP anomaly is defined by moderate chargeability and moderate to low resistivity, which corroborates the presence of a zone with sulfide-bearing quartz veins and silica alteration. The zone is interpreted to be subvertical and approximately 15 metres wide near surface. Increasing chargeability with depth may suggest an increased sulfide content and/or a widening. The IP data indicates the target extends to the south for over 300 metres.

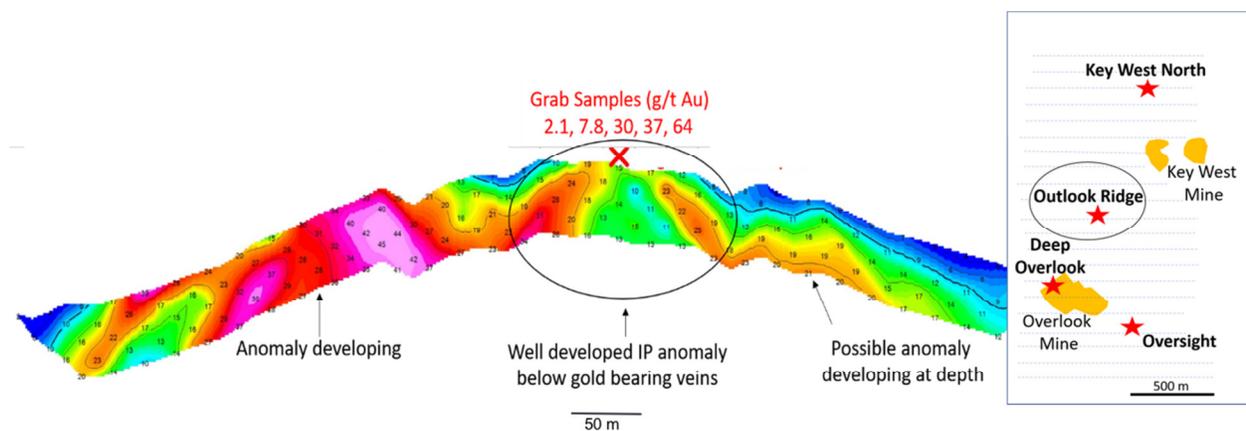


Figure shows IP pseudo-section over Outlook Ridge. The classic anomaly highlighted within the circle is coincident with high-grade gold samples at Outlook Ridge. Initial grab samples assayed 2.1 g/t Au, 7.8 g/t Au, 30 g/t Au, 37 g/t Au and 64 g/t Au. Insert map shows location of Outlook Ridge in relation to local mines shown in orange and other Adamera high-grade gold discoveries shown as red stars.

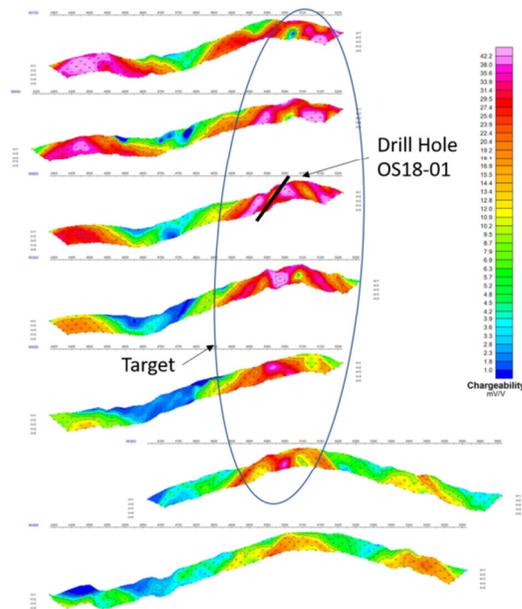
On July 10, 2018, the Company announced the mobilization of a core drill to the Cooke Mountain project near the historic high-grade Overlook Mine.

On July 19, 2018, the Company announced that the first drill hole, OS 18-01 tested an induced polarization (IP) target immediately west of the previously drilled high-grade gold assays from drill holes OS17-01 and OS17-03. The target had not yet been reached; however, preliminary observation of drill core shows a notable increase in sulfide content as the drill approaches the IP anomaly (See photo of core below). The target identified by the IP is estimated to be 25 metres wide.



This drilling is part of a program designed to test existing permitted targets as well as high priority developing targets as permits are granted on the Overlook and Lamefoot trends.

The two IP anomalies flanking the east and west side of the high-grade gold intercepts in previously drilled holes OS17-01 and OS17-03 extend for 600 metres in a north-south direction.



IP surveying was underway on the property and several new high interest IP anomalies had been identified. Targets were being better defined with 50 metre infill line spacing and larger station separation for deeper penetrating data. Recent surveying showed stronger IP chargeability amplitudes 50 metres south of the current drill hole. New targets would be permitted for drilling as they develop.

On August 7, 2018, the Company announced that it completed its first drill hole OS18-01 where it intersected 40 meters of predominantly clastic rocks with variable amounts of disseminated to veined sulphides and silica alteration. This mineralization resembles that within adjacent drill holes OS17-01 and OS17-03 that yielded high-grade gold.

IP surveying continued at Oversight and was progressing towards the Key West mine area to refine targets where Adamera had intersected encouraging gold values during its winter drill program (see news release dated April 10, 2018). The US Forest Service had granted Adamera an extension for continued drilling near Key West.

On September 26, 2018, the Company announced that diamond drill hole OS18-02 intersected 19.4 g/t gold over 1.07 metres on the Overlook project. The extent of the high-grade gold mineralization was not yet known as the drill hole terminated in the zone. Drill planning to determine the extent of the mineralization was underway. Results for Oversight drill holes OS18-01 and OS18-02 are reported in Table 1 below.

Drill hole OS18-02 was drilled at  $-50^\circ$  towards the east, terminating at the maximum depth capacity of the equipment. It was designed to test a 600 metre long, 70 metre wide north-south trending IP anomaly with coincident anomalous gold in soil and rock geochemistry (see Figure 2). The hole traversed 50 metres of

the western side of the IP anomaly. The remaining 20 metres of the anomaly would be tested by drilling beyond the maximum depth of hole OS18-02.

The 19.4 g/t gold intercept was from 78.2 to 79.3 metres down hole. The gold occurs in fine grained, silicified clastic rocks with an estimated 5% disseminated sulfides. A zone of intense alteration was intersected immediately before the mineralized zone (see photo below). Other intersections of interest in this hole are shown below in Table 1. The dip, strike and extent of the mineralized zone is not yet known.



Photograph of core at end of hole OS18-02 shows strong alteration immediately before mineralized zone with 19.4 g/t gold.

Drill hole OS18-01 on Oversight was drilled at  $-50^\circ$  towards the west, to test a second IP anomaly (located west of OS18-02). At this location the IP anomaly is approximately 80m wide. The hole intersected several gold bearing zones, including, at 21.65 to 24.38 metres down hole, a 2.7 metre zone with 2 g/t Au (including 3.8 g/t Au over 0.7 metres). As drill hole OS18-01 only tested the eastern 20 metres of the IP target, additional drilling was planned.

Core samples from a third drill hole, OS18-03 shown in Figure 2 have been submitted to the laboratory for analysis. The hole also tests the western side of the IP anomaly tested by OS18-02.

Figure 2.

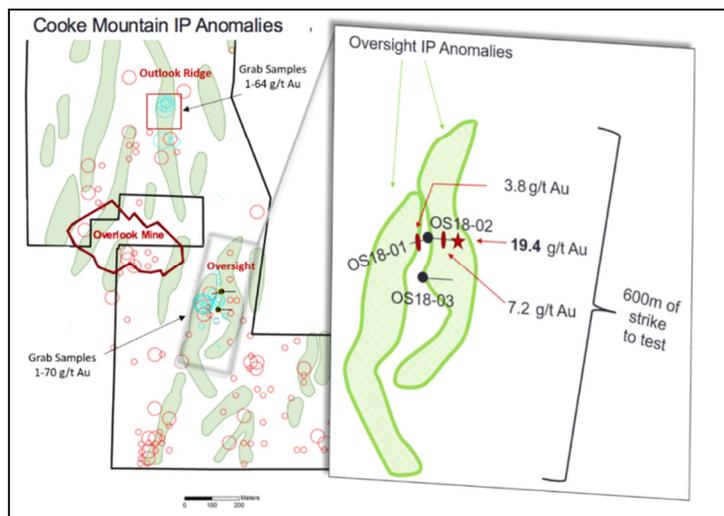


Table 1. Gold Assays for drill holes OS18-01 and OS18-02

Hole	From (m)	To (m)	Interval (m)	g/t gold
OS18-01	12.36	13.04	0.68	1.2
OS18-01	21.65	24.38	2.73	2.0
incl.	21.65	22.3	0.65	3.8
OS18-01	30.94	31.52	0.58	1.8
OS18-01	44.43	45.51	1.08	1.46
OS-18-02	35.34	35.84	0.5	1.44
OS-18-02	56.97	67.47	10.5	0.7
incl.	56.97	58.52	1.55	1.12
incl.	62.3	62.78	0.48	2.22
incl.	65.16	65.47	0.31	1.53
incl.	67.1	67.47	0.37	7.3
<b>OS-18-02</b>	<b>78.18</b>	<b>79.25</b>	<b>1.07</b>	<b>19.4</b>

On October 25, 2018, the Company announced that drill hole OS18-03 on the Cooke Mountain project intersected two gold bearing zones. The hole was drilled 50 metres south of OS18-02 along the same north-south trending induced polarization (IP) anomaly.

The upper intercept assayed 1.6 g/t gold over 0.45 metres at a depth of 12.2 metres. The lower intercept was 1.1 g/t gold over 2.35 metres at a downhole depth of 29.75 metres, including two narrow intervals with 3.0 g/t gold (see table 2 below). The hole did not intersect the high grade mineralization seen at the bottom of drill hole OS18-02 to the north (19.4 g/t gold over 1.07 metres - see news release dated September 26, 2017).

The high-grade intercept in OS18-02 would be redrilled as soon as the current drill hole at Lamefoot South was finished. The Lamefoot South hole was positioned on a separate target area pending assay results from the OS18-02 and OS18-03. The rationale for redrilling the hole is twofold: firstly, to determine the full width of the high grade zone and secondly, to better define the structural controls to that mineralization.

The Company continues to support the application of IP to define broad target zones for drilling. Drill hole OS18-03 intersected a significant semi-massive sulphide-magnetite zone that unfortunately was low in gold. Similar mineralization is however gold-bearing elsewhere at Oversight-Overlook.

Table 2. Gold Assays for drill holes OS18-03

Drill hole	From	To	Interval (m)	g/t Au
OS18-03	12.22	12.67	0.45	1.6
OS18-03	29.75	32.10	2.35	1.1
Incl.	29.75	30.14	0.39	3.0
Incl.	31.77	32.10	0.33	3.2

On October 31, 2018, the Company announced that the first drill hole, LFS18-01, on the Lamefoot South Property had been completed. The drill hole was sited 280 metres south of the Lamefoot Gold Mine. Assays were pending. Drill hole LFS18-01 encountered zones with intense silica alteration and

disseminated sulfides at various intervals through the hole (see photo below). The hole was targeted on coincident induced polarization (IP), gold in soil and magnetic anomalies.

Photo 1



Photo 2



*Photos of brecciated silica zone encountered from approximately 3 to 12 metres hole depth. Photo 2 is a close-up view.*

The Goodfoot and Lamefoot drill targets are supported by IP, ground magnetics, soil geochemistry and geological mapping. The targets are located on the Lamefoot trend within a stratigraphic / structural zone approximately on strike with Kinross' past producing Lamefoot Mine. The Lamefoot South target is approximately 250 metres from the Lamefoot Mine and the Goodfoot target is approximately 2 kilometres from the Lamefoot Mine.

On November 15, 2018, the Company announced drilling has resumed on the Oversight property. Drill hole OS18-02 tested a coincident induced polarization (IP) and gold in soil anomaly. It intersected several gold zones including the high-grade interval at the bottom of the hole. The current drill hole, OS18-02B is designed to determine the extent of the high-grade zone. A second hole is planned to test this target to the northeast.

### **Technical Target Information**

Drill hole OS18-02 is the northern most drill hole in a cluster of holes that tested a strong magnetic high anomaly southeast of the Overlook Mine. Results from the drill holes in the cluster indicate an increase in gold grades and the frequency of gold bearing intercepts in a northward direction. Drill hole OS18-02 intercepted the best gold values just beyond the margin of the magnetic high that is in sharp contact with a magnetic low. The magnetic low appears to be the response of the flat lying felsic intrusive that caps the area.

3D modelling and numeric interpolation of grade data from approximately 94 drill holes on or near the Overlook Mine predicts a priority area of significant size immediately northeast of drill hole OS18-02,

which is also located east-southeast of and on strike with the Overlook Mine mineralization. This area, which is capped by an intrusive rock unit appears untested by previous drilling.

On December 4, 2018, the Company announced the completion of the drill hole OS18-02B. That hole terminated at 79.3 metres depth. Hole OS18-02B twinned hole OS18-02 and was drilled to a total depth of 138.87 metres. The new drill hole OS18-02B intersected multiple zones of sulfides and/or sulphide rich magnetite close to the predicted depth of 78.76 down to 108.5 metres. A 4 metre zone of massive to semi-massive sulfides was intersected from 117.56 to 121.52 metres. The gold content of the mineralized zones is unknown.

On January 15, 2019, the Company reported laboratory results for drill hole OS18-02B at the Oversight Project. The hole is a redrill of drill hole OS18-02. OS18-02B results are shown in the table below.

	From (m)	To (m)	Gold (g/t)	Interval (m)
OS18-02B	27	28.8	1.2	1.8
OS18-02B	32.6	33.4	1.3	0.8
OS18-02B	35.3	50	0.2	14.7
OS18-02B	62.7	67.3	1.0	4.6
OS18-02B	82.7	102.1	0.25	19.4
OS18-02B	117.6	120.6	2.0	3.0
Incl.	117.6	118.0	4.2	0.44

Table 1. Zones with anomalous gold in drill hole OS18-02B

Magnetite intersected in drill hole OS18-02B contains 4.5 times more gold on average than the magnetite zone in OS17-03 and OS17-01 to the south. At the Overlook Mine, a general increase in gold content of the magnetite typically occurs immediately adjacent to and often contributes to the high-grade zones. Arsenopyrite, which frequently correlates with high-grade gold on the property, locally forms up to 15% of the rock in OS18-02B. The presence of arsenopyrite is not noted in drill holes to the south.

Results for drill hole LFS18-01 on the Lamefoot South prospect were also received. No significant gold bearing zones were intersected. A hole to drill the target from the opposite side is tentatively planned.

On February 14, 2019, the Company announced drill hole OS18-04 intersected significant gold values on the Oversight property. The hole confirms the presence of an emerging zone extending northward from previously intersected high-grade mineralization. Drill hole OS18-04 intersected a 10.57 metre zone with 2.5 g/t gold including 2 intervals with 10.2 g/t and 11.2 g/t gold (see Table 1 below). The intersection is approximately 20 metres north of the 19.4 g/t gold intersection encountered at the bottom of drill hole OS18-02.

These new results suggest increasing gold values and thickness northward. The gold mineralization in hole OS18-04 is in clastic sedimentary rocks. A significant amount of gold was mined from clastic sedimentary rocks at the Overlook Mine which is located approximately 250 metres to the west. This new gold trend falls within north-northeast trending induced polarization (IP) anomalies.

Table 1.

Hole	From (m)	To (m)	Interval (m)	Au (g/t)
OS18-04	73.44	84.01	10.57	2.53
Incl.	80.2	84.01	3.81	5.34
Incl.	80.5	81.2	0.7	11.2
Incl.	82.32	83.24	0.92	10.2

*True widths of the drill intercepts are not yet known.*

The presence of high-grade gold in drill hole OS18-02 and the subsequent absence of significant gold in Hole OS18-02B is difficult to explain without additional drilling in the area. Three-dimensional computer modeling of the drill data continues to define an interpreted grade shell that is open to the north. It also indicates that the rocks appear to be dipping to the north.

In summary, OS18-04 which returned the most consistent gold mineralization related to this target is the most northerly drill hole in the area. Also, OS18-04 was drilled to the northeast. Other nearby drill holes which were drilled with azimuths directed more to the north or south have also returned better gold results in the past than E-W azimuths. Therefore, to further test this target, future drilling will be conducted with southern azimuths from drill sites located to the north since the rock are dipping to the north.

In addition to the gold zone described above, other zones with anomalous to elevated gold were encountered in the drill hole. Two 5-metre-long zones with 0.4 g/t gold were intersected at 12.74 m and 25.11m. At 93.9m, a 2-metre zone with 1.5 g/t was intersected and at 117.8 metres a 1 metre zone with 1.6 g/t gold was intersected.

On February 26, 2019, the Company provided a video showing an interpreted mineralized zone on the Oversight project in Washington State. The interpretation is based on three-dimensional modelling of Adamera's latest drill results and historic drilling associated with the Overlook Mine which is located 250 metres to the west.

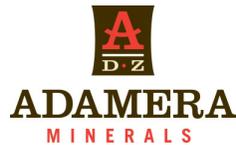
Adamera's recent drilling has identified a new mineralized horizon at Oversight that occurs along trend with the Overlook Mine and within similar rocks. The mineralization is associated with silica veining in clastic sediments that are capped by late intrusive sills and underlain by a magnetite and sulfide unit. The Oversight mineralization which is approximately 200 metres higher in elevation than the Overlook Mine, dips similarly to the north. This shallow Oversight mineralization orientation dipping north allows for low-cost drill assessment by drilling from north to south.

On March 27, 2019, the Company has completed an intensive exploration program on the Lamefoot South property. As a result, numerous high-grade gold targets have been defined for drilling. Adamera is now shifting from target generation to target drilling and is currently devising a substantial drill program that will definitively test the targets on this property.

The Lamefoot South targets exhibit geophysical, geochemical and geological characteristics consistent with mineralization associated with the past producing Lamefoot Gold Mine which is located 300 metres to the north. The Lamefoot Gold Mine was the largest and highest grade mine in the Cooke Mountain District. The ore from this mine occurred as magnetite sulfide rich mineralization at the Limestone-clastic contact and as silica-sulfide veins in the clastic rocks near limestone. The silica-sulfide veined ore was reportedly the dominant form of mineralization in the mine.

Magnetic anomalies coincident with gold in soil represent magnetite-sulfide target mineralization and the induced polarization (IP) anomalies with gold represent veined target mineralization in the clastic rocks. The exploration data defines significant sized targets, one of which covers an area greater than 400 x 200 metres.

As of December 31, 2018, the Company had spent a total of \$3,737,626 on the Cooke Mountain project.



ii. Empire Creek Project

The Empire Creek property is located on the western margin of the Republic Graben 6km south of the K2 Mine which produced over 1 million ounces of gold and 15 kilometers north of the Republic gold district.

Previous work on the Empire Creek property returned numerous encouraging results. The majority of past drill holes were vertical to test for horizontal mineralization. Angled drill holes by the Company demonstrate strong possibility for vertical mineralization oriented east-west. Subsequent to drilling, the Company has identified a 1 kilometer long gold soil anomaly to support that orientation. Other similar soil anomalies have been identified on the property all of which need to be tested.

The Company has a lease and advance royalty agreement to earn into 100% interest in the property. Pursuant to the terms of the agreement, the following annual lease payments are required:

- i) US\$1,000 on signing (paid) and 10,000 common shares (issued)
- ii) US\$1,000 (paid) and 10,000 common shares in the first year (issued)
- iii) 20,000 common shares on or before December 1, 2015 (issued)
- iv) 20,000 common shares on or before December 1, 2016 (issued)
- v) 50,000 common shares (issued) or US\$15,000 cash, at the Company's discretion, on or before December 1, 2017
- vi) 50,000 common shares (issued) or US\$20,000 cash, at the Company's discretion, on or before December 1, 2018
- vii) 100,000 common shares or US\$20,000 cash, at the Company's discretion, on or before December 1, 2019 and each subsequent year until termination of the agreement

The property is subject to a 2% net smelter returns royalty ("NSR"), of which the Company has the option to purchase one-half of the NSR (1%) for US\$1,000,000 and the second half may be purchased for an additional payment of US\$1,000,000.

As of December 31, 2018, the Company had spent a total of \$732,122 on the Empire Creek project.

iii. Flag Hill Project

The Flag Hill property is located on Bureau of Land Management ("BLM") land within the largest gold producing area in Washington State, the Republic Gold District. This property is located 10 kilometers from the Kettle River Mill.

The Company acquired 100% interest in the property by staking and completed property wide mapping, sampling and geophysical surveying. The Company is currently reviewing the Flag Hill data and has filed a notice of intent for drilling at Flag Hill with the BLM.

As of December 31, 2018, the Company had spent a total of \$144,512 on the Flag Hill project.

iv. Other

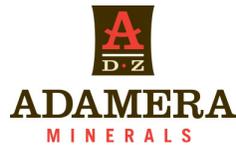
The Company also acquired 100% interest in Talisman property by staking.

### 3(b) Canada

During fiscal 2014, the Company entered into an agreement to sell data related to certain diamond properties for \$50,000 on signing (received) and \$50,000 (received) upon claims getting registered, and 1,000,000 common shares on registration of claims within an area of interest. The Company will retain a 2% gross overriding royalty on diamonds mined in the area of interest.

As a result of previously ceasing activities on the uranium, diamond and gold properties, the Company is required to dispose of fuel and related camp supplies. As of December 31, 2018, the Company has recorded a provision for disposal costs of \$155,912. In 2017, the Nunavut government has notified the Company that a fuel drum had leaked. The Company submitted a plan for clean-up and the clean-up will commence as soon as access to the property is possible.

	Cooke			
	Mountain	Empire Creek	Other	Total
<b>Costs</b>				
Balance, December 31, 2016	\$ 736,585	\$ 713,542	\$ 211,569	\$ 1,661,696
Acquisition cost	68,171	4,750	-	72,921
Airborne	2,419	-	-	2,419
Assays	157,832	-	-	157,832
Camp costs	49,705	-	-	49,705
Drilling	554,812	-	-	554,812
Geochemistry	22,186	-	-	22,186
Geology	691,649	-	-	691,649
Geophysics	180,577	-	-	180,577
Holding costs	68,410	4,552	7,472	80,434
Surface rights	18,404	-	-	18,404
Balance, December 31, 2017	2,550,750	722,844	219,041	3,492,635
Acquisition cost	6,556	4,500	-	11,056
Assays	120,418	-	-	120,418
Camp costs	26,398	-	-	26,398
Depreciation	10,738	-	-	10,738
Drilling	299,438	-	-	299,438
Geology	577,945	-	-	577,945
Geophysics	77,780	-	-	77,780
Holding costs	55,960	4,778	7,746	68,484
Surface rights	11,643	-	-	11,643
Balance, December 31, 2018	\$ 3,737,626	\$ 732,122	\$ 226,787	\$ 4,696,535



#### **4. Risks and Uncertainties**

Resource exploration is a speculative business and involves a high degree of risk. There is a significant probability that the expenditures made by the Company in exploring its properties will not result in discoveries of commercial quantities of minerals. A high level of ongoing expenditures is required to locate and estimate ore reserves, which are the basis for further development of a property. Capital expenditures to attain commercial production stage are also very substantial. The following sets out the principal risks faced by the Company.

##### **(a) Exploration**

The Company is seeking mineral deposits on exploration projects where there are not yet established commercial quantities. There can be no assurance that economic concentrations of minerals will be determined to exist on the Company's property holdings within existing investors' investment horizons or at all. The failure to establish such economic concentrations could have a material adverse outcome on the Company and its securities. The Company's planned programs and budgets for exploration work are subject to revision at any time to take into account results to date. The revision, reduction or curtailment of exploration programs and budgets could have a material adverse outcome on the Company and its securities.

##### **(b) Market**

The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change; both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

##### **(c) Commodity Price**

The Company's exploration projects are primarily related to exploration for gold and other precious metals in Washington State, USA. While these minerals have recently been the subject of significant price increases from levels prevalent earlier in the decade, there can be no assurance that such price levels will continue, or that investors' evaluations, perceptions, beliefs and sentiments will continue to favour these target commodities. An adverse change in these commodities' prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on the Company and its securities.

##### **(d) Title**

Although the Company has exercised the usual due diligence with respect to title to properties in which it has interests, there is no guarantee that title to the properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or land claims, and title may be affected by undetected defects.

##### **(e) Financing**

Exploration and development of mineral deposits is an expensive process, and frequently the greater the level of interim stage success the more expensive it can become. The Company has no producing properties and generates no operating revenues; therefore, for the foreseeable future, it will be dependent upon selling equity in the capital markets to provide financing for its continuing substantial exploration budgets. While the Company has been successful in obtaining financing from the capital markets for its projects in recent years, there can be no assurance that the capital markets will remain favourable in the future, and/or that the Company will be able to raise the financing needed to continue its exploration programs on favourable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on the Company and its securities.

(f) Share Price Volatility and Price Fluctuations

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly junior mineral exploration companies like the Company, has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that these price fluctuations and volatility will not continue to occur.

(g) Foreign currency risks

The Company uses the Canadian dollar as its measurement and reporting currency, and therefore fluctuations in exchange rates between the Canadian dollar and US dollar may affect the results of operations and financial position of the Company. The Company does not currently have any foreign currency or commercial risk hedges in place.

The Company raises the majority of its equity financings in Canadian dollars while its operations are in US dollars. Fluctuations in the exchange rates between the Canadian dollar and US dollar may impact the Company's financial condition.

(h) Key Personnel

The Company's exploration efforts are dependent to a large degree on the skills and experience of certain of its key personnel. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, this could have a material adverse outcome on the Company and its securities.

(i) Competition

Significant and increasing competition exists for the limited number of mineral property acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive mineral properties on terms it considers acceptable.

(j) Realization of Assets

Exploration and evaluation assets comprise a substantial portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values.

(k) Environmental and Other Regulatory Requirements

The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various governmental authorities and such operations are and will be subject to laws and regulations. There can be no assurance that approvals and permits required to commence production on its properties will be obtained on a timely basis, or at all. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the properties in which the Company has interests and there can be no assurance that the Company will be able to obtain or maintain all necessary permits.

(l) History of Net Losses; Accumulated Deficit; Lack of Revenue from Operations

The Company has incurred net losses to date. The Company has not yet had any revenue from the exploration activities on its properties. Even if the Company commences development of certain of its

properties, the Company may continue to incur losses. There is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

(m) Uninsurable

The Company and its subsidiary may become subject to liability for pollution, fire, explosion and other risks against which it cannot insure or against which it may elect not to insure. Such events could result in substantial damage to property and personal injury. The payment of any such liabilities may have a material, adverse effect on the Company's financial position.

(n) Legal Proceedings

As at the date of the Report, there were no legal proceedings against or by the Company.

(o) Critical Accounting Estimates

The most significant accounting estimates for the Company relates to the carrying value of its mineral property exploration and evaluation assets. All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, a provision is made for the impairment in value.

Management's estimates of exploration, operating, capital and reclamation costs are subject to certain risks and uncertainties which may affect the recoverability of mineral property costs. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its properties.

Another significant accounting estimate relates to accounting for share-based payments and derivative instruments. The Company uses the Black-Scholes Option Pricing Model to estimate the fair value of share-based payments and warrants. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted/vested during the period

(p) Financial Instruments and other Instruments

The Company's financial assets consist of cash and deposits for reclamation, receivables, accounts payable and accrued liabilities. No amounts are invested other than in chartered bank term deposits. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from the financial instruments. The carrying value of these financial instruments approximates their fair value due to their short-term maturity or capacity of prompt liquidation.

## **5. Impairment of Long-lived Assets**

The Company completed an impairment analysis as at December 31, 2018, which considered the indicators of impairment in accordance with IAS 36, "Impairment of Assets". Management concluded that no further impairment charges were required other than those already taken because:

- there have been no significant changes in the legal factors or climate that affects the value of the properties;
- all property rights remain in good standing;
- there have been no significant changes in the projections for the properties;
- exploration results are generally positive; and
- the Company intends to continue its exploration and development plans on its properties.

## 6. Material Financial and Operations Information

### 6(a) Selected Annual Financial Information

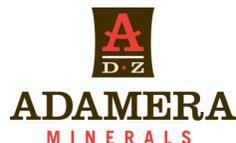
The following selected annual financial information has been derived from the last three audited financial statements of the Company, which have been prepared in accordance with IFRS. All dollar amounts are expressed in Canadian dollars.

	<i>Year Ended December 31, 2018</i>	<i>Year Ended December 31, 2017</i>	<i>Year Ended December 31, 2016</i>
General and administrative expenses	\$ 1,078,637	\$ 1,683,962	\$ 638,545
Write-off of exploration and evaluation assets / Impairment allowance	-	-	-
Loss for the year	682,304	1,315,513	638,545
Basic and diluted loss per share	0.01	0.01	0.01
Total assets	5,103,436	4,771,033	2,291,960
Total long-term financial liabilities	N/A	N/A	N/A
Cash dividend declared – per share	N/A	N/A	N/A

### 6(b) Summary of Quarterly Results

The following is a summary of the Company's financial results for the last eight quarters:

	Mar 31 2017 Q1	Jun 30 2017 Q2	Sep 30 2017 Q3	Dec 31 2017 Q4	Mar 31 2018 Q1	Jun 30 2018 Q2	Sep 30 2018 Q3	Dec 31 2018 Q4
Mineral property costs deferred, net	104,905	605,841	781,974	338,219	542,023	199,893	324,365	137,619
G&A (incl. share-based payments)	315,072	859,055	211,753	298,082	224,091	201,823	189,266	463,457
Share-based payments expense	117,385	487,640	-	-	-	-	-	231,839
Adj G&A (less share-based payments)	197,687	371,415	211,753	298,082	224,091	201,823	189,266	231,618
Other income	(94,888)	(90,086)	(91,008)	(92,467)	(92,467)	(92,325)	(96,317)	(115,224)
Net loss	220,184	768,969	120,745	205,615	131,624	109,498	92,949	348,233
Loss per share - basic	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00
Weighted average common shares outstanding - basic	87,745,580	107,470,073	117,560,008	118,061,475	125,179,984	125,733,595	133,070,551	137,423,232



## 6(c) Review of Operations and Financial Results

### For the three months ended December 31, 2018 compared with the three months ended December 31, 2017:

The Company recorded a net loss for the three months ended December 31, 2018 of \$348,233 (loss per share - \$0.00) compared to a loss of \$205,615 (loss per share - \$0.00) for the three months ended December 31, 2017.

Excluding the non-cash depreciation of \$465 (2017 - \$587) and share-based payment of \$231,839 (2017 - \$nil), the expenses decreased to \$231,153 (2017 - \$297,495). The change in the expenses was mainly due to the decreases in: (a) accounting and audit fees of \$39,921 (2017 - \$50,548); (b) marketing of \$12,675 (2017 - \$43,750); (c) property expense of \$nil (2017 - \$65,970); while being offset by increases in: (d) rent of \$113,596 (2017 - \$90,276); and (e) wages and benefits of \$56,737 (2017 - \$42,244). The Company has been conserving cash for its exploration program in its Cooke Mountain property.

### For the year ended December 31, 2018 compared with the year ended December 31, 2017:

The Company recorded a net loss for the year ended December 31, 2018 of \$682,304 (loss per share - \$0.01) compared to a loss of \$1,315,513 (loss per share - \$0.01) for the year ended December 31, 2017.

Excluding the non-cash depreciation of \$1,860 (2017 - \$2,346) and share-based compensation of \$231,839 (2017 - \$605,025), the expenses decreased to \$844,938 (2017 - \$1,076,591). The change in the expenses was mainly due to changes in: (a) consulting fees of \$6,000 (2017 - \$46,605); (b) marketing of \$63,051 (2017 - \$107,613); (c) office and miscellaneous, net of recoveries of \$27,614 (2017 - \$77,937); (d) property expense of \$nil (2017 - \$65,970); and (e) wages and benefits of \$212,152 (2017 - \$259,361). The Company has been conserving cash for its exploration program in its Cooke Mountain property.

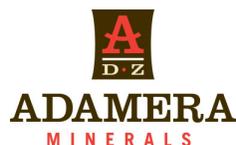
The Company has been monitoring its use of cash and has been actively seeking ways to reduce its operating expenses.

## 6(d) Liquidity and Capital Resources

As at December 31, 2018, the Company had a deficit working capital of \$154,279 (December 31, 2017 - working capital of \$628,294). As at December 31, 2018, cash totaled \$138,748, a decrease of \$842,176 from \$980,924 as at December 31, 2017. The decrease is due to: (a) the expenditures on mineral properties of \$1,171,929; (b) operating activities of \$524,941; (c) purchase of equipment of \$849; and (d) increase in deposits of \$10,593; while being offset by (e) net proceeds from the financing activities of \$866,136 from the private placements in 2018 and the exercises of warrants.

On July 11, 2018, the Company completed a non-brokered private placement for the issuance of 8,333,333 units at \$0.06 per unit for a total of \$500,000. Each unit consisted of one common share and one half share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.12 until July 11, 2021. If however the closing price of the Company's shares are \$0.20 or greater for a period of 10 consecutive trading days, the warrant holder will have 30 days to exercise their warrants; otherwise the warrants expire on the 31st day.

On November 19, 2018, the Company completed a non-brokered private placement for the issuance of 7,315,000 units at \$0.05 per unit for a total of \$365,750. Each unit consisted of one common share and one half share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.10 until November 19, 2019. If however the closing price of the



Company's shares are \$0.20 or greater for a period of 10 consecutive trading days, the warrant holder will have 30 days to exercise their warrants; otherwise the warrants expire on the 31st day.

On November 30, 2018, the Company issued 50,000 common shares valued at \$4,500 pursuant to the lease and advance royalty agreement on the Empire Creek property.

On March 25, 2019, the Company announced a non-brokered private placement of up to four million units at a price of \$0.05 per unit for aggregate gross proceeds of up to \$200,000. Each unit will consist of one common share and one non-transferable warrant, with each warrant entitling the holder to purchase one common share at a price of \$0.05 for a period of two years following the closing date. If however the closing price of the Company's shares are \$0.12 or greater for a period of 10 consecutive trading days, the warrant holder will have 30 days to exercise their warrants; otherwise the warrants expire on the 31st day.

Management estimates that the current cash position, and future cash flows from warrants and options, financings and receivables the Company may achieve, may be sufficient for the Company to carry out its anticipated exploration and operating plans through fiscal 2019.

There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives.

#### 6(e) Disclosure of Outstanding Share Data

##### Common Shares

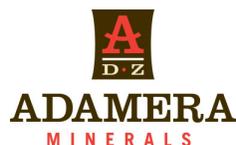
Authorized: unlimited number of common shares without par value and an unlimited number of preferred shares issuable in series.

	Issued and Outstanding	
	December 31, 2018	April 18, 2019
Common shares	141,431,928	141,431,928

Stock option transactions and the number of stock options for the year ended December 31, 2018 are summarized as follows:

Expiry date	Exercise price	December 31, 2017	Granted	Exercised	Expired / Cancelled	December 31, 2018
June 2, 2019	\$ 0.200	800,000	-	-	(50,000)	750,000
March 31, 2022	\$ 0.145	850,000	-	-	(50,000)	800,000
June 2, 2022	\$ 0.200	2,000,000	-	-	-	2,000,000
July 16, 2023	\$ 0.055	1,325,000	-	-	-	1,325,000
September 23, 2026	(a) \$ 0.080	2,875,000	-	-	(200,000)	2,675,000
December 3, 2020	\$ 0.100	-	320,000	-	-	320,000
December 3, 2023	\$ 0.100	-	2,555,000	-	-	2,555,000
Options outstanding		7,850,000	2,875,000	-	(300,000)	10,425,000
Options exercisable		7,850,000	2,875,000	-	(300,000)	10,425,000
Weighted average exercise price		\$ 0.126	\$ 0.100	\$ -	\$ 0.111	\$ 0.119

(a) 400,000 of these options subsequently expired on January 16, 2019.



The continuity of warrants for the year ended December 31, 2018 is as follows:

Expiry date	Exercise price	December 31, 2017	Issued	Exercised	Expired	December 31, 2018
February 28, 2019	(a) \$ 0.20	7,343,000	-	-	(243,000)	7,100,000
January 20, 2021	\$ 0.05	2,600,000	-	-	-	2,600,000
May 16, 2021	\$ 0.05	7,225,000	-	(825,000)	-	6,400,000
July 11, 2021	(b) \$ 0.12	-	4,392,747	-	-	4,392,747
November 19, 2019	(b) \$ 0.10	-	7,438,750	-	-	7,438,750
Outstanding		17,168,000	11,831,497	(825,000)	(243,000)	27,931,497
Weighted average exercise price		\$ 0.11	\$ 0.12	\$ 0.05	\$ 0.20	\$ 0.11

- (a) These warrants have a forced exercise price. If the closing price of the Company's shares are \$0.30 or greater for a period of 10 consecutive trading day, the warrant holder will have 30 days to exercise their warrants; otherwise the warrants expire on the 31st day. On December 7, 2018, the expiry date of these warrants (excluding 243,000 warrants granted to the finders) was extended to February 28, 2019. On February 22, 2019, the expiry date of these warrants was further extended to August 28, 2019 and the exercise price was repriced at \$0.10.
- (b) These warrants have a forced exercise price. If the closing price of the Company's shares are \$0.20 or greater for a period of 10 consecutive trading days, the warrant holder will have 30 days to exercise their warrants; otherwise the warrants expire on the 31<sup>st</sup> day.

The remaining outstanding stock options and warrants, if all exercised, would increase the Company's cash by \$2,929,380. However, the strike prices of the options and warrants are greater than the current share price, and this may influence whether options, warrants and finder's warrants that expire in the near future will be exercised.

As at the date of this MD&A, there were 141,431,928 common shares issued and outstanding and 179,388,425 common shares outstanding on a diluted basis.

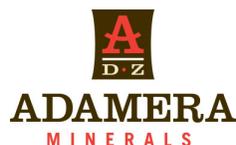
#### 6(f) Commitment

The Company leases an office under non-cancellable operating leases for a period of two years expiring on August 31, 2020. As at December 31, 2018 and 2017, the Company is required to make future minimum lease payments as follows:

	December 31, 2018	December 31, 2017
2018	\$ -	\$ 131,824
2019	235,400	-
2020	156,933	-
	\$ 392,333	\$ 131,824

#### 6(g) Off-Balance Sheet Arrangements

None.



## 6(h) Transactions with Related Parties

The Company entered into the following related party transactions during the year ended December 31, 2018:

	Services		As at December 31, 2018	As at December 31, 2017
<b>Prepaid Expenses:</b>				
Mark Kolebaba, Chief Executive Officer & director	prepaid expenses	\$	-	\$ 3,318
<b>Amounts due to:</b>				
Mark Kolebaba, Chief Executive Officer & director	salaries and expense reimbursements	\$	16,224	\$ 15,974
Mark T. Brown, Chief Financial Officer	expense reimbursements		-	85
Pacific Opportunity Capital Ltd. <sup>(b)</sup>	Management and accounting services		9,703	14,107
Commander Resources Ltd. <sup>(a)</sup>	Rent deposit		8,395	5,550
China Minerals Mining Corporation <sup>(a)</sup>	Rent deposit		-	39
	TOTAL:	\$	34,322	\$ 35,755
<b>Remuneration (key management personnel):</b>				
	Services		During the year ended December 31, 2018	During the year ended December 31, 2017
Mark Kolebaba, Chief Executive Officer & director	Wages and benefits	\$	94,040	\$ 204,899
Pacific Opportunity Capital Ltd. <sup>(b)</sup>	Accounting services		81,500	62,500
Pat Tanaka, former Chief Financial Officer	Accounting services		-	13,750
Sheryl Dhillon, former Corporate Secretary	Corporate secretarial services		-	3,750
Directors & officers	Share-based compensation		95,190	425,040
	TOTAL:	\$	270,730	\$ 709,939

(a) The company is related to the Company by virtue of Bernard Kahlert being a director in common.

(b) Mark T. Brown is the president of this private company.

## 6(i) Financial Instruments

On January 1, 2018, the Company adopted IFRS 9 - Financial Instruments ("IFRS 9") which replaced IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes significant changes to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted the standard using the modified retrospective approach. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities. The standard also had no impact on the carrying amounts of the Company's financial instruments at the transition date.

The following summarizes the significant changes in IFRS 9 compared to the current standard:

- IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9. The change did not impact the carrying amounts of any of the Company's financial assets on transition date.

The classification and measurement of financial assets and financial liabilities under IFRS 9 is as follows:

	IAS 39	IFRS 9
<b>Financial Assets</b>		
Cash	Amortized cost	Amortized cost
Receivables	Amortized cost	Amortized cost
Deposits	Amortized cost	Amortized cost
<b>Financial Liabilities</b>		
Accounts payable	Amortized cost	Amortized cost
Security deposits	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost

### Credit Risk

Credit risk is the risk of a financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations.

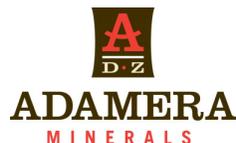
The Company's cash is primarily held in major Canadian financial institutions. The Company's receivables consist of cost recoveries and reimbursements. Management believes that the credit risk concentration with respect to financial instruments included in receivables is minimal.

### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet the financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets. As the Company does not have operating cash flow, the Company has relied primarily on equity financings to meet its capital requirements. The Company is exposed to liquidity risk.

### Interest Rate Risk

Interest rate risk is the risk of change in the borrowing rates of the Company. The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.



### Foreign Exchange Risk

The Company has operations in the USA and Canada; however its net monetary position in US dollars is minimal and therefore is not exposed to significant foreign exchange risk.

### Commodity Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of commodities for which it is exploring. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

## **6(j) Management of Capital Risk**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company defines its capital as shareholder's equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares periodic expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account. The Company is not subject to any externally imposed restrictions on its capital. There have been no changes to the Company's management of capital during the year ended December 31, 2018.

## **7. Events after the Reporting Period**

None other than disclosed already in other sections.

## **8. Policies and Controls**

### **8(a) Significant Accounting Judgments and Estimates**

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the consolidated statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of mineral properties, valuation of share-based payments, and restoration provision.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

i) Functional currency

The Company's reporting currency and the functional currency of all its operations is the Canadian dollar as this is the principal currency of the economic environment in which the Company operates. The functional currency determination was conducted through an analysis of consideration factors identified in IAS 21, The Effect of Changes in Foreign Exchange Rates.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

i) Economic recoverability and probability of future benefits of exploration and evaluation costs

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

ii) Valuation of share-based payments

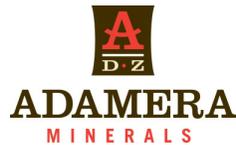
The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rates, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

iii) Restoration provision

The Company is subject to various government laws and regulations relating to ground and/or environmental disturbances caused by exploration at project locations. The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the year in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, supplies and equipment, dismantling operating facilities and restoration of affected areas, net of any estimated salvage value.

iv) Income taxes

In assessing the probability of realizing deferred tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.



## **8(b) Mineral Properties**

The Company is in the exploration stage with respect to its mineral properties. Once the legal right to explore a property has been obtained, costs directly related to exploration and evaluation expenditures are recognized and capitalized in addition to the acquisition costs, net of recoveries, on a property-by-property basis. These direct expenditures include such costs as materials used, surveying costs, drilling costs and payments made to contractors during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments and government assistance are recorded as property costs or recoveries when the payments are made or received.

Once economic viability and technical feasibility of a project is determined, capitalization costs are first tested for impairment and then transferred to property under development. All direct costs and incidental recoveries are thereafter capitalized.

If economically recoverable ore reserves are developed and commercial production is established capitalized costs of the related property will be reclassified as mining assets and will be amortized using the unit-of-production method. When a property is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of the project are deemed to be impaired. As a result, those exploration and evaluation costs, in excess of estimated recoveries, are written off to profit or loss.

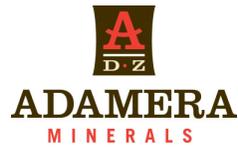
The Company assesses exploration and evaluation assets for impairment at each statement of financial position date or whenever facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. A cash-generating unit is the smallest identifiable group of E&E assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Although the Company has taken steps to verify title to the properties in which it has an interest in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee that title to the properties will not be challenged or impugned. Property title may be affected by undetected defects, be subject to unregistered prior agreements, transfers or land claims, or be non-compliant with regulatory requirements.

## **9. Internal Control Over Financial Reporting**

### **Changes in Internal Control over Financial Reporting ("ICFR")**

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.



### Disclosure Controls and Procedures

The Company's CEO and CFO are responsible for establishing and maintaining the Company's disclosure controls and procedures. Management, including the CEO and CFO, have evaluated the procedures of the Company and have concluded that they provide reasonable assurance that material information is gathered and reported to senior management in a manner appropriate to ensure that material information required to be disclosed in reports filed or submitted by the Company is recorded, processed, summarized and reported within the appropriate time periods.

While management believes that the Company's disclosure controls and procedures provide reasonable assurance, they do not expect that the controls and procedures can prevent all errors, mistakes, or fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

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**OFFICERS & DIRECTORS**

Mark Kolebaba  
*President, CEO & Director*

Yale Simpson  
*Director, Chairman*

Geir Liland  
*Director*

Bernard Kahlert  
*Director*

Mark T. Brown  
*Chief Financial Officer*

Winnie Wong  
*Corporate Secretary*

**LISTINGS**

TSX Venture Exchange: **ADZ**

**CAPITALIZATION**

(as of December 31, 2018)

Shares Authorized: Unlimited

Shares Issued: 141,431,928

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MINERALS