

**EMERITA RESOURCES CORP.
NOTICE OF ANNUAL AND SPECIAL MEETING OF COMMON
SHAREHOLDERS**

You are invited to the 2019 annual and special meeting (the “**Meeting**”) of the common shareholders of Emerita Resources Corp. (the “**Corporation**”).

When: Wednesday, July 31, 2019 at 11:00 a.m. (Toronto time)

Where: 65 Queen Street West, 8th Floor, Toronto, Ontario, M5H 2M5

The purpose of the Meeting is as follows:

1. **Financial Statements.** Receive and consider:
 - a. the audited financial statements as at and for the fiscal year ended September 30, 2018, together with the report of the auditor thereon; and
 - b. the unaudited condensed interim financial statements for the three and six months ended March 31, 2019.
2. **Auditor Appointment.** Appoint UHY McGovern Hurley LLP as auditors of the Corporation and authorize the directors to fix their remuneration.
3. **Stock Option Plan.** To consider and re-approve the Corporation’s rolling stock option plan.
4. **Elect Directors.** Consider and elect the directors for the ensuing year.
5. **Other Business.** Consider other business as may properly come before the Meeting or any postponement(s) or adjournment(s) thereof.

This notice is accompanied by a form of proxy, a management information circular (the “**Circular**”), the audited financial statements of the Corporation as at and for the fiscal year ended September 30, 2018 and related management’s discussion and analysis, and the unaudited condensed interim financial statements for the three and six months ended March 31, 2019 and related management’s discussion and analysis.

You may vote your common shares by proxy if you are unable to attend the Meeting. Please review the enclosed Circular and date, sign and return the enclosed form of proxy to the Corporation’s transfer agent by 11:00 a.m. (Toronto time) on July 29, 2019.

The directors of the Corporation have fixed the close of business on June 21, 2019 as the record date, being the date for the determination of the registered holders entitled to notice and to vote at the Meeting and any adjournments(s) thereof.

DATED at Toronto, Ontario as of the 2nd day of July, 2019

BY ORDER OF THE BOARD OF DIRECTORS

(signed) “David Gower”

Chief Executive Officer

2019 MANAGEMENT INFORMATION CIRCULAR EMERITA RESOURCES CORP.

ABOUT THE SHAREHOLDER MEETING

July 2, 2019

Solicitation of Proxies

You have received this management information circular (the “**Circular**”) because you owned common shares (“**Common Shares**”) of Emerita Resources Corp. (“**Emerita**” or the “**Corporation**”) as of June 21, 2019. You are therefore entitled to vote at the 2019 annual and special meeting of common shareholders of Emerita (the “**Meeting**”) to be held at 11:00 a.m. (Toronto time) on Wednesday, July 31, 2019, and any postponement(s) or adjournment(s) thereof.

The board of directors of the Corporation (the “**Board**”) has set the record date for the Meeting at June 21, 2019 (the “**Record Date**”).

Management is soliciting your proxy for the Meeting. The Board has fixed 11:00 a.m. (Toronto time) on July 29, 2019, or 48 hours (excluding Saturdays, Sundays or holidays) before any postponements or adjournment(s) of the Meeting, as the time by which proxies to be acted upon at the Meeting shall be deposited with the Corporation’s transfer agent. It is expected that the solicitation will be primarily by mail but proxies may also be solicited through other means by employees, consultants and agents of the Corporation. The cost of solicitation by management will be borne by the Corporation.

These materials are being sent to both registered and non-registered owners of the Common Shares. The Corporation or its agent has obtained information regarding non-registered owners in accordance with the applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

The Corporation shall make a list of all persons who are registered holders of Common Shares (the “**Shareholders**”) on the Record Date and the number of Common Shares registered in the name of each person on that date. Each Shareholder is entitled to one vote on each matter to be acted on at the Meeting for each Common Share registered in his or her name as it appears on the list.

Unless otherwise stated, the information contained in this Circular is as of the date hereof. All dollar amount references in this Circular, unless otherwise indicated, are expressed in Canadian dollars.

Voting

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are officers and/or directors of the Corporation. **You may appoint some other person or entity to represent you at the Meeting** by inserting such person’s name in the blank space provided in that form of proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy at the office of the transfer agent of the Corporation indicated on the enclosed envelope not later than the times set out above.

In addition to revocation in any other manner permitted by law, a Shareholder may revoke a proxy given pursuant to this solicitation by depositing an instrument in writing (including another proxy bearing a later date) executed by the Shareholder or by an attorney authorized in writing at 65 Queen Street West, Suite 815, Toronto, Ontario, M5H 2M5 at any time up to and including the last business day preceding the day of the Meeting.

Voting of Proxies

Registered Shareholders

You can vote in person or vote by proxy. Voting by proxy is the easiest way to vote because you can appoint anyone to be your proxyholder to attend the Meeting and vote your Common Shares according to your instructions. This person does not need to be a Shareholder. The executive officers or directors of the Corporation named in the proxy form can act as your proxyholder and vote your Common Shares according to your instructions.

If you appoint the Emerita proxyholders and do not indicate your voting instructions, they will vote your shares:

- for the appointment of the auditors;
- for the re-approval of the Stock Option Plan (as defined below); and
- for the appointment of the nominated directors.

If you want to appoint someone else as your proxyholder, print that person's name in the blank space provided in the proxy form (or complete another proxy form) and send the form to the Corporation's transfer agent. Make sure this person is aware that you appointed them as your proxyholder and that they must attend the Meeting to vote on your behalf and according to your instructions. If you do not indicate your voting instructions, your proxyholder can vote as he or she sees fit.

At the time of printing this Circular, management is not aware of any amendments, variations or other matters to come before the Meeting. If other matters are properly brought before the Meeting, your proxyholder can vote as he or she sees fit.

The transfer agent must receive the completed proxy form by 11:00 a.m. (Toronto time) on July 29, 2019, or 48 hours (excluding Saturdays, Sundays or holidays) before any postponement(s) or adjournment(s) of the Meeting.

Non-Registered Shareholders

Non-Registered Shareholders are those holders who beneficially own Common Shares of the Corporation registered in the name of an intermediary (the "**Non-Registered Shareholders**") with whom the Non-Registered Shareholder deals in respect of the Common Shares, such as, banks, trust companies, securities dealers (all, an "**Intermediary**") or in the name of a clearing agency such as CDS&Co. Securities laws require the Corporation to send the Meeting materials to the Intermediaries and clearing agencies so they can distribute them to our Non-Registered Shareholders. These materials include the notice of the Meeting, the Circular, a proxy or voting instruction form, a consent form to receive supplemental mailings, a copy of the Corporation's 2018 annual report if the Non-Registered Shareholder requested a copy and documents by electronic delivery.

Intermediaries and clearing agencies must forward the Meeting materials to Non-Registered Shareholders unless the Non-Registered Shareholder has waived the right to receive them. If you are a Non-Registered Shareholder and have not waived the right to receive the materials, your package includes either a voting instruction form (not signed by your intermediary), or a proxy form (signed by your Intermediary).

Either form instructs your Intermediary (the registered Shareholder) to vote your Common Shares according to your instructions. Be sure to send back your completed form as soon as possible to ensure your Intermediary carries out your voting instructions.

Voting Securities and Principal Holders

The authorized capital of the Corporation consists of an unlimited number of Common Shares. As of the Record Date, the Corporation has 49,169,165 Common Shares issued and outstanding. To the knowledge of the directors and officers of the Corporation, as at the Record Date, there are no shareholders who beneficially own, directly or indirectly, or exercise control or direction over, voting securities carrying more than 10% of the voting rights attached to the voting securities of the Corporation.

BUSINESS OF THE MEETING

Other than in respect of the election of directors and re-approval of the Stock Option Plan and as otherwise disclosed herein, no informed person (as such term is defined under applicable securities laws) of the Corporation or Nominee (and each of their associates or affiliates) has had any direct or indirect material interest in any transaction involving the Corporation since October 1, 2018 or in any proposed transaction which has materially affected or would materially affect the Corporation or its subsidiaries.

Financial Statements

The (i) financial statements for the financial year ended September 30, 2018, together with the auditor's report thereon, and (ii) the unaudited condensed interim consolidated financial statements for the three and six months ended March 31, 2019, will be presented to Shareholders for review at the Meeting and were mailed to Shareholders with the Notice of Meeting and this Circular. No vote by the Shareholders is required with respect to this matter.

Appointment of Auditors

Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the appointment of UHY McGovern Hurley LLP (formerly known as McGovern, Hurley, Cunningham LLP) as auditors of the Corporation until the close of the next annual meeting of Shareholders and to authorize the directors to fix their remuneration. UHY McGovern Hurley LLP have been the auditors of the Corporation since January 8, 2013.

The following table sets out the audit and audit-related fees billed by the Corporation's auditors for the years ended September 30, 2017 and 2018.

Service	2017	2018
Audit Fees	\$25,000	\$32,060
Audit-Related Fees	Nil	Nil
Tax Fees	\$4,000	\$4,000
Other Fees	Nil	\$7,650
Total:	\$29,000	\$43,710

For additional information about the Corporation's auditors and the Audit Committee (as defined below), please refer to the section "Audit Committee".

Stock Option Plan

The Corporation's stock option plan (the "**Stock Option Plan**") is designed to advance the interests of the Corporation by encouraging employees, officers and consultants to have equity participation in the Corporation through the acquisition of Common Shares. Accordingly, the Corporation has adopted the Stock Option Plan, which was re-approved by the shareholders of the Corporation at its last annual and special meeting of Shareholders held on October 25, 2018. A copy of the Stock Option Plan is attached at Schedule "A" hereto. The following is a summary of the terms of the proposed Plan, which is qualified in its entirety by the provisions of the Stock Option Plan.

The Stock Option Plan is a “rolling” stock option plan under the policies of the TSX Venture Exchange as under the Stock Option Plan the Corporation is authorized to grant stock options of up to 10% of its issued and outstanding Common Shares at the time of the stock option grant, from time to time, with or without vesting provisions. As of the Record Date, there is an aggregate of 1,050,000 stock options outstanding under the Corporation’s existing stock option plan, which represents approximately 2.14% of the total issued and outstanding Common Shares.

Directors, officers, employees and certain consultants are eligible to receive stock options under the Stock Option Plan. Upon the termination of an optionholder’s engagement with the Corporation, the stock options held by such optionholder will be cancelled 90 days following such optionholder’s termination from the Corporation. Stock options granted under the Stock Option Plan are not assignable.

The terms and conditions of each option granted under the Stock Option Plan will be determined by the Board upon the recommendation of the Compensation Committee (as defined below). Stock options will be priced in the context of the market and in compliance with applicable securities laws and TSX Venture Exchange guidelines. Vesting terms will be determined at the discretion of the Board on the recommendation of the Compensation Committee. The Board shall also determine the term of stock options granted under the Stock Option Plan, provided that no stock option shall be outstanding for a period greater than five years.

The Board believes that except for certain material changes to the Stock Option Plan it is important that the Board has the flexibility to make changes to the Stock Option Plan without shareholder approval, include appropriate adjustments to outstanding options in the event of certain corporate transactions, the addition of provisions requiring forfeiture of options in certain circumstances, specifying practices with respect to applicable tax withholdings and changes to enhance clarity or correct ambiguous provisions.

The Stock Option Plan does not provide for the transformation of stock options granted under the Stock Option Plan into stock appreciation right involving the issuance of securities from the treasury of the Corporation.

The Corporation will not provide financial assistance to any optionholder to facilitate the exercise of options under the Stock Option Plan.

The Corporation is required to obtain the approval of its Shareholders of any stock option plan that is a “rolling” plan yearly at the Corporation’s annual meeting of Shareholders. Accordingly, at the Meeting, Shareholders will be asked to approve the following ordinary resolution approving the Stock Option Plan:

“BE IT RESOLVED THAT:

1. the Stock Option Plan of Emerita Resources Corp. (the “Corporation”), as described in the management information circular of the Corporation dated July 2, 2019, is hereby approved; and
2. any director or officer of the Corporation is hereby authorized to execute (whether under the corporate seal of the Corporation or otherwise) and deliver all such documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to the true intent of these resolutions.”

The Board recommends that the Shareholders vote in favour of the re-approval of the Corporation’s Stock Option Plan. PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE RE-APPROVAL OF THE STOCK OPTION PLAN UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THE COMMON SHARES ARE TO BE VOTED AGAINST SUCH ORDINARY RESOLUTION.

Election of Directors

The Board currently consists of seven directors. The Corporation has nominated seven persons (the “**Nominees**”) for election as directors of the Corporation, who will hold office until the next annual meeting of the Corporation or until his or her successor is elected or appointed. At the Meeting, Shareholders will be asked to elect these Nominees as directors of the Corporation. **The persons named in the enclosed form of proxy intend to vote for the election of the Nominees. Management does not contemplate that any of the Nominees will be unable to serve as a director.**

As the Corporation has adopted a Majority Voting Policy, the process for voting for election of each director will be by individual voting and not by slate. The Shareholders can vote for or withhold from voting on the election of each director on an individual basis. See “About the Board” for more information on our Majority Voting Policy.

Director Profiles

Each of the five nominated directors is profiled below, including his or her background and experience, committee memberships, share ownership and other public company directorships. All of the director nominees were elected as directors by the Shareholders at the last annual meeting.

DAVID GOWER
ONTARIO, CANADA

DIRECTOR SINCE JANUARY 8, 2013

Mr. Gower has over 25 years of experience in exploration with Falconbridge Limited where he was a member of the senior operating team responsible for mining projects. Mr. Gower has led exploration teams responsible for brownfield discoveries at Raglan and Sudbury, Matagami, Falcondo (Dominican Republic), and greenfield discoveries at Araguaia in Brazil, Kabanga in Tanzania and significant increases in known resources at Kabanga in Tanzania and El Pilar in Mexico. He is presently the President of Brazil Potash Corp., which has discovered the largest and highest grade potash deposit found to date in Brazil.

Shareholdings: 1,246,200 Common Shares

Other Public Company Boards: Aguia Resources Limited
Alamos Gold Inc.

Committee Memberships: Audit Committee

MARILIA BENTO
ONTARIO, CANADA

DIRECTOR SINCE OCTOBER 31, 2012

Ms. Bento has over 20 years of experience in the financial industry and Canadian capital markets with diverse investment industry experience. Some of Ms. Bento’s previous positions include Vice President of Corporate Development for the South American Resource Group at Forbes & Manhattan, a merchant bank focused on building resource companies and Managing Director and Head of Equity Capital Markets Canada at Macquarie Capital Markets Canada Ltd. (formerly Orion Securities Inc.). Ms. Bento was on the board of directors of Orion Securities Inc. and has been a board member of several junior mining companies.

Shareholdings: 124,000 Common Shares

Other Public Company Boards: None

Committee Memberships: Audit Committee and Compensation Committee

JOAQUIN MERINO
SEVILLE, SPAIN

DIRECTOR SINCE JANUARY 8, 2013

Mr. Merino, the President and Chief Executive Officer of the Corporation, is a professional geologist with 19 years of experience in the mining industry. He was previously Vice President, Exploration for Primero Mining Corp. and before that Vice President Exploration for Apogee Minerals Ltd. From 2003 to 2006, Mr. Merino was the exploration manager for Placer Dome at Porgera Mine and prior to that chief mine geologist at Hecla Mining's La Camorra mine. Mr. Merino has extensive international experience in South America, Europe and Asia-Pacific regions. Mr. Merino holds a Masters Degree in Sciences from Queens University (Ontario), and a Bachelors Degree in Geology from the University of Seville (Spain). Mr. Merino is a member of the Association of Professional Geoscientists of Ontario.

Shareholdings: 260,000 Common Shares

Other Public Company Boards: None

Committee Memberships: None

CATHERINE STRETCH
ONTARIO, CANADA

DIRECTOR SINCE DECEMBER 9, 2013

Ms. Stretch has been Chief Executive Officer of DT Plantations Limited, a 40,000 hectare palm oil plantation under development in southern Philippines since mid-2012. Previously, Ms. Stretch was a partner and the Chief Operating Officer of a Canadian investment firm which had \$1 billion in assets under management and focused on managing resource oriented investment funds. In this role, Ms. Stretch helped research, develop and structure early stage investments and investment vehicles in Canada and overseas working with legal teams, securities regulators and local partners as well as overseeing day-to-day operations and financial reporting requirements of the company. She has a Bachelors of Economics from the University of Western Ontario and a Masters of Business Administration in International Business from the Schulich School of Business at York University.

Shareholdings: 165,882 Common Shares

Other Public Company Boards: Aguia Resources Limited
AnalytixInsight Inc.
EarthRenew Inc.
UEX Corporation

Committee Memberships: Audit Committee and Compensation Committee

LAWRENCE GUY
ONTARIO, CANADA

DIRECTOR SINCE OCTOBER 25, 2018

Mr. Guy is Chief Executive Officer of North 52nd Asset Management Inc. Previously, Mr. Guy was a Portfolio Manager with Aston Hill Financial Inc. Prior to Aston Hill, Mr. Guy was Chief Financial Officer and Director of Navina Asset Management Inc., a company he co-founded that was subsequently acquired by Aston Hill Financial Inc. Mr. Guy has also held senior offices at Fairway Capital Management Corp., and First Trust Portfolios Canada Inc. Mr. Guy holds a Bachelor of Arts (Economics) degree from the University of Western Ontario and is a Chartered Financial Analyst.

Shareholdings: None

Other Public Company Boards: None

Committee Memberships: None

Other Information about the Director Nominees

No proposed director of the Corporation (a) is, or within ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including the Corporation) that, (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; (b) no proposed director of the Corporation (i) is, or within ten years prior to the date hereof has been, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; and (c) no proposed director has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

CORPORATE GOVERNANCE

The Corporation and the Board recognize the importance of corporate governance in effectively managing the Corporation, protecting employees and shareholders, and enhancing shareholder value.

The Board fulfills its mandate directly at regularly scheduled meetings or as required. The directors are kept informed regarding the Corporation's operations at regular meetings and through reports and discussions with management on matters within their particular areas of expertise. Frequency of meetings may be increased and the nature of the agenda items may be changed depending upon the state of the Corporation's affairs and in light of opportunities or risks that the Corporation faces.

The Corporation believes that its corporate governance practices are in compliance with applicable Canadian requirements for TSX Venture Exchange listed issuers. The Corporation is committed to monitoring governance developments to ensure its practices remain current and appropriate.

Ethical Business Conduct

The Board is apprised of the activities of the Corporation and ensures that it conducts such activities in an ethical manner. The Board had not adopted a written code of business conduct and ethics,

however, the Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to consultants, officers and directors to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary actions for violations of ethical business conduct. In particular, the Board ensure that directors exercise independent judgement in considering transactions and certain activities of the Corporation by holding in camera sessions of independent directors, when applicable, and by having each director declare his or her interest in a particular transaction and abstaining from voting on such matters, where applicable.

ABOUT THE BOARD

Independence of the Board

The Board is currently comprised of five members; their independence is as follows:

Director	Independent	Not Independent	Reason for Non-Independence
David Gower		√	CEO and Director of the Corporation
Marilia Bento	√		
Joaquin Merino		√	President and Director of the Corporation
Catherine Stretch	√		
Lawrence Guy	√		

To facilitate the functioning of the Board independently of management, the following structures and processes are in place:

- a majority of the directors are not management of the Corporation;
- under the by-laws of the Corporation, any two directors may call a meeting of the Board; and
- the Board practice is to hold in-camera meetings with the independent directors at the end of each Board or committee of the Board meeting to the extent required.

Nomination of Directors

The Board is solely responsible for identifying new candidates for nomination to the Board. The process by which candidates are identified is through recommendations presented to the Board, which establishes and discusses qualifications based on corporate law and regulatory requirements as well as education and experience related to the business of the Corporation.

Compensation

The Compensation Committee is responsible for recommending to the Board the compensation of the directors and senior officers of the Corporation. The process for determining executive compensation is relatively informal, in view of the size and stage of the Corporation and its operations. The Corporation does not maintain specific performance goals or use benchmarks in determining the compensation of executive officers. Upon the recommendation of the Compensation Committee, the Board of Directors may at its discretion award either a cash bonus or stock options for high achievement or for accomplishments that the Board of Directors deem as worthy of recognition.

The Compensation Committee considers and discusses proposals received from its members and the Chief Executive Officer of the Corporation regarding the compensation of management and the directors. Please refer to the section "Compensation Committee".

Board Assessments

The Board and its individual directors are assessed on an informal basis continually as to their effectiveness and contribution. The Chairman of the Board encourages discussion amongst the

Board as to evaluation of the effectiveness of the Board as a whole and of each individual director. All directors are free to make suggestions for improvement of the practice of the Board at any time and are encouraged to do so.

Majority Voting Policy

The Corporation has adopted a Majority Voting Policy to provide a meaningful way for the Corporation's shareholders to hold individual directors accountable and to require the Corporation to closely examine directors that do not have the support of a majority of Shareholders. The policy provides that forms of proxy for the election of directors will permit a Shareholder to vote in favour of, or to withhold from voting, separately for each director nominee and that where a director nominee has more votes withheld than are voted in favour of him or her, the nominee will be considered not to have received the support of the Shareholders, even though duly elected as a matter of corporate law. Pursuant to the policy, such a nominee will forthwith submit his or her resignation to the Board, such resignation to be effective on acceptance by the Board. The Board will then establish an advisory committee (the "**Committee**") to which it shall refer the resignation for consideration. In such circumstances, the Committee will make a recommendation to the Board as to the director's suitability to continue to serve as a director after reviewing, among other things, the results of the voting for the nominee and the Board will consider such recommendation. This policy does not apply where an election involves a proxy battle (i.e., where proxy material is circulated in support of one or more nominees who are not part of the director nominees supported by the Board).

Orientation and Continuing Education

The Board will be responsible for ensuring that new directors are provided with an orientation and education program, which will include written information about the duties and obligations of directors, the business and operations of the Corporation, documents from recent Board meetings, and opportunities for meetings and discussion with senior management and other directors. Directors are expected to attend all meetings of the Board and are also expected to prepare thoroughly in advance of each meeting in order to actively participate in the deliberations and decisions.

The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for this process. The Board notes that it has benefited from the experience and knowledge of individual members of the Board in respect of the evolving governance regime and principles. The Board ensures that all directors are apprised of changes in the Corporation's operations and business.

AUDIT COMMITTEE

The purposes of the Audit Committee are to assist the Board's oversight of: the integrity of the Corporation's financial statements; the Corporation's compliance with legal and regulatory requirements; the qualifications and independence of the Corporation's independent auditors; and the performance of the independent auditors and the Corporation's internal audit function. Please see Schedule "B" for the Audit Committee Charter.

The Corporation's audit committee (the "**Audit Committee**") is currently comprised of three directors: Catherine Stretch (Chair), David Gower and Marilia Bento. Each of the members of the Audit Committee is considered financially literate. Mesdames Stretch and Bento are considered independent. Please refer to "Director Profiles", commencing on page 5, for the relevant education and experience of each of the members of the Audit Committee.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year has there been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on either (a) an exemption in section 2.4 of National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators (the "**Instrument**"); or (b) an exemption from the Instrument, in whole or in part, granted under Part 8 (*Exemptions*) of the Instrument. As the Corporation is listed on the TSX Venture Exchange, it is relying on the exemption provided in section 6.1 of the Instrument in respect of part 5 (Reporting Obligations) of the Instrument.

External Auditor

The Audit Committee pre-approves all non-audit services to be provided to the Corporation or its subsidiary entities by the issuer's external auditors.

Please see page 3 for the fees paid to external auditors in 2017 and 2018.

COMPENSATION COMMITTEE

The Corporation's compensation committee (the "**Compensation Committee**") is comprised of two directors: Catherine Stretch and Marilia Bento. Each of the members of the Compensation Committee is independent. The Compensation Committee is established by the Board to assist the Board in fulfilling its responsibilities relating to human resources and compensation issues.

OVERSIGHT AND DESCRIPTION OF DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

Compensation of Directors

The Board, at the recommendation of the Compensation Committee, determines the compensation payable to the directors of the Corporation and reviews such compensation periodically throughout the year. For their role as directors of the Corporation, each director of the Corporation who is not a Named Executive Officer (as defined herein) may, from time to time, be awarded stock options under the provisions of the Stock Option Plan. There are no other arrangements under which the directors of the Corporation who are not Named Executive Officers were compensated by the Corporation or its subsidiaries during the most recently completed financial year end for their services in their capacity as directors of the Corporation.

Compensation of Named Executive Officers

For the financial year ended September 30, 2018, the objectives of the Corporation's compensation strategy was to ensure that compensation for its Named Executive Officers, as defined below ("**NEOs**") is sufficiently attractive to recruit, retain and motivate high performing individuals to assist Emerita in achieving its goals.

The process for determining executive compensation is relatively informal, in view of the size and stage of the Corporation and its operations. Executive officers are involved in the process and make recommendations to the Compensation Committee, which considers and recommends to the Board

for approval the discretionary components (e.g. cash bonuses) of the annual compensation of senior management (other than the Chief Executive Officer). Except as otherwise described below, the Corporation does not maintain specific performance goals or use benchmarks in determining the compensation of executive officers. Upon the recommendation of the Compensation Committee, the Board may at its discretion award either a cash bonus or stock options for high achievement or for accomplishments that the Board deem as worthy of recognition.

Compensation for the NEOs is composed primarily of three components: base fees, performance bonuses and stock based compensation. In establishing the levels of base fees, performance bonuses and the award of stock options, the Compensation Committee takes into consideration a variety of factors, including the financial and operating performance of the Corporation, and each NEO's individual performance and contribution towards meeting corporate objectives, responsibilities and length of service.

Salary

Amounts paid to executive officers as base salary, including merit salary increases, are determined in accordance with an individual's performance and salaries in the marketplace for comparable positions. However, certain of the NEOs provide their services in similar capacities to other reporting issuers, in addition to Emerita. There is no mandatory framework that determines which of these factors may be more or less important and the emphasis placed on any of these factors may vary among the executive officers. The determination of base salaries relies principally on negotiations between the respective NEO and the Corporation and is therefore heavily discretionary.

Bonus

Emerita's cash bonus awards are designed to reward an executive for the direct contribution which he or she can make to the Corporation. NEOs are entitled to receive discretionary bonuses from time to time as determined or approved by the Board, upon the recommendation of the Compensation Committee, or the Chief Executive Officer, as applicable. The Corporation does not currently prescribe a set of formal objective measures to determine discretionary bonus entitlements. Rather the Corporation uses informal goals which may include an assessment of an individual's current and expected future performance, level of responsibilities and the importance of his/her position and contribution to the Corporation. Precise goals or milestones are not pre-set by the Board.

Indebtedness of Directors and Officers

As at the date of this Circular, and during the financial year ended September 30, 2018, no director or executive officer of the Corporation or Nominee (as defined herein) (and each of their associates and/or affiliates) was indebted, including under any securities purchase or other program, to (i) the Corporation or its subsidiaries, or (ii) any other entity which is, or was at any time during the financial year ended September 30, 2018 the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or its subsidiaries.

Directors' and Officers' Insurance and Indemnification

The Corporation maintains insurance for the benefit of its directors and officers against liability in their respective capacities as directors and officers. The Corporation has purchased in respect of directors and officers an aggregate of \$5,000,000 in coverage. The approximate amount of premiums paid by the Corporation during the financial year ended September 30, 2018 in respect of such insurance was \$12,000.

The Corporation has not, as yet, adopted a policy restricting its Named Executive Officers or directors from purchasing instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designated to hedge or offset

a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officers or directors.

In light of the Corporation's size, the Board does not deem it necessary to consider at this time the implications of the risks associated with its compensation policies and practices.

Summary Compensation Table

The following table summarizes the compensation paid during the two most recently completed financial years in respect of the individuals who were carrying out the role of the Chief Executive Officer ("CEO") of the Corporation and Chief Financial Officer ("CFO") of the Corporation (collectively, the "Named Executive Officers") and each of the directors of the Corporation. The CEO and CFO are the only Named Executive Officers of the Corporation as the Corporation does not employ any other individuals whose total compensation is greater than \$150,000.

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES

Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Joaquin Merino, President and Director and Former CEO ⁽¹⁾	2018	271,845	Nil	Nil	Nil	Nil	271,845
	2017	262,080	Nil	Nil	Nil	Nil	262,080
Greg Duras, Chief Financial Officer ⁽¹⁾	2018	60,000	Nil	Nil	Nil	Nil	60,000
	2017	60,000	Nil	Nil	Nil	Nil	60,000
David Gower, CEO & Director ^{(1),(2)}	2018	90,000	Nil	Nil	Nil	Nil	90,000
	2017	90,000	Nil	Nil	Nil	Nil	90,000
Marilia Bento, Director	2018	30,000	Nil	Nil	Nil	Nil	30,000
	2017	30,000	Nil	Nil	Nil	Nil	30,000
David Patterson, Former Director ⁽³⁾	2018	30,000	Nil	Nil	Nil	Nil	30,000
	2017	30,000	Nil	Nil	Nil	Nil	30,000
Catherine Stretch, Director	2018	30,000	Nil	Nil	Nil	Nil	30,000
	2017	30,000	Nil	Nil	Nil	Nil	30,000
Colin Watt, Former Director ⁽³⁾	2018	30,000	Nil	Nil	Nil	Nil	30,000
	2017	30,000	Nil	Nil	Nil	Nil	30,000
Lawrence Guy, Director	2018	N/A	N/A	N/A	N/A	N/A	N/A
	2017	N/A	N/A	N/A	N/A	N/A	N/A
Michael Timmins, Former CEO and Director ^{(2) (3)}	2018	55,000	Nil	Nil	Nil	Nil	55,000
	2017	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Compensation has been paid as consulting fees under the independent contractor agreement with the Named Executive Officer as described under the heading "Executive Compensation – Termination of Employment, Change in Responsibilities and Employment Contracts" of this Circular.
- (2) David Gower was appointed as Chief Executive Officer of the Corporation on August 1, 2018 following the resignation of Michael Timmins as Chief Executive Officer.
- (3) Messrs. Patterson and Watt resigned from the board of directors effective December 13, 2018. Mr. Timmins resigned from the board of directors on October 3, 2018.

Stock Options and Other Compensation Securities

The following table sets out all compensation securities granted or issued to each NEO and director by the Corporation for services provided or to be provided, directly or indirectly, to the Company in the most recently completed financial year.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Joaquin Merino, President and Director and Former CEO ⁽¹⁾	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Greg Duras, Chief Financial Officer ⁽²⁾	N/A	Nil	N/A	N/A	N/A	N/A	N/A
David Gower, CEO & Director ⁽³⁾	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Marilia Bento, Director ⁽⁴⁾	N/A	Nil	N/A	N/A	N/A	N/A	N/A
David Patterson, Former Director ⁽⁶⁾	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Catherine Stretch, Director ⁽⁵⁾	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Colin Watt, Former Director ⁽⁶⁾	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Lawrence Guy, Director ⁽⁷⁾	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Michael Timmins, Former CEO and Director ⁽⁸⁾	N/A	Nil	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Mr. Merino holds 140,000 stock options with an exercise price of \$0.50 and expiring on August 29, 2021.
- (2) Mr. Duras holds 40,000 stock options with an exercise price of \$0.50 and expiring on August 29, 2021.
- (3) Mr. Gower holds 140,000 stock options with an exercise price of \$0.50 and expiring on August 29, 2021.
- (4) Ms. Bento holds 50,000 stock options with an exercise price of \$0.50 and expiring on August 29, 2021.
- (5) Ms. Stretch holds 50,000 stock options with an exercise price of \$0.50 and expiring on August 29, 2021.
- (6) Messrs. Patterson and Watt resigned as members of the Board of Directors effective December 13, 2018.
- (7) Mr. Guy holds 50,000 stock options with an exercise price of \$0.50 and expiring on August 29, 2021.
- (8) Mr. Timmins resigned as a member of the Board of Directors effective October 3, 2018.

Exercise of Stock Options

No NEO or director of the Corporation exercised stock options or compensation securities in the most recently completed financial year.

Stock Option Plans and Other Incentive Plans

Options are granted pursuant to the Corporation's Stock Option Plan and in accordance with the rules of the TSX Venture Exchange. The Stock Option Plan is administered by the Board, upon the recommendations of the Compensation Committee. See above under the section "Business of the Meeting – Stock Option Plan."

The table below sets out the outstanding options under the Stock Option Plan, being the Corporation's only compensation plan under which Common Shares are authorized for issuance, as of September 30, 2018.

	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available under equity compensation plans (excluding securities reflected in column (a)) as of September 30, 2018
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by security holders	1,050,000	\$0.50	3,866,916
Equity compensation plans not approved by security holders	Nil	Nil	Nil
TOTAL	1,050,000	\$0.50	3,866,916

Employment, Consulting and Management Agreements

The following describes the respective consulting and employment agreements entered into by the Corporation and its NEOs as of the date hereof.

Name	Monthly Fees	Severance on Termination	Severance on Change of Control ⁽¹⁾
Joaquin Merino, President	\$17,500	6 months' fees	24 months base fees plus aggregate cash bonuses paid in the 24 months prior to the Change of Control.
Greg Duras, Chief Financial Officer	\$5,000	6 months' fees	24 months base fees plus aggregate cash bonuses paid in the 24 months prior to the Change of Control.
David Gower, CEO	\$7,500	6 months fees	24 months base fees plus aggregate cash bonuses paid in the 24 months prior to the Change of Control.

Notes:

(1) Severance upon a change of control becomes payable in the event of a Change of Control of the Corporation and within one year following the date of the Change of Control the Corporation either terminates the executive officer's appointment or alters the executive officer's position and/or responsibilities in a materially adverse manner.

For the purpose of the agreements set forth above, "Change of Control" is defined as (a) the acquisition by any person (person being defined as an individual, a corporation, a partnership, an unincorporated association or organization, a trust, a government or department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual and an associate or affiliate of any thereof as such terms are defined in the *Business Corporations Act* (British Columbia) of: (1) shares or rights or options to acquire shares of the Corporation or securities which are convertible into shares of the Corporation or any combination thereof such that after the completion of such acquisition such person would be entitled to exercise 30% or more of the votes entitled to be cast at a meeting of the shareholders of the Corporation; (2) shares or rights or options to acquire shares of any material subsidiary of the Corporation or securities which are convertible into shares of the material subsidiary or any combination thereof such that after the completion of such acquisition such person would be entitled to exercise 30% or more of the votes entitled to be cast at a meeting of the shareholders of the material subsidiary; or (3) more than 50% of the material assets of the Corporation, including the acquisition of more than 50% of the material assets of any material subsidiary of the Corporation, or (b) as a result of or in connection with: (1) a contested election of directors; or (2) a consolidation, merger, amalgamation, arrangement or other reorganization of acquisitions involving the Corporation or its affiliates and another corporation or other entity, the nominees named in the most recent management information circular of the Corporation for election to the Board shall not constitute a majority of the Board.

Summary of Termination Payments

The estimated incremental payments, payables and benefits that might be paid to the officers pursuant to the above noted agreements in the event of termination without cause or after a Change of Control (assuming such termination or Change of Control is effective as of the Record Date) are detailed below:

Named Executive Officer	Termination not for Cause (\$)	Termination on a Change of Control Approved (\$)
Joaquin Merino		
Salary and Quantified Benefits	USD105,000	USD420,000
Bonus	N/A	N/A
Total	USD105,000	USD420,000
Greg Duras		
Salary and Quantified Benefits	30,000	120,000
Bonus	N/A	N/A
Total	30,000	120,000
David Gower		
Salary and Quantified Benefits	45,000	180,000
Bonus	N/A	N/A
Total	45,000	180,000

Interest of Informed Persons in Material Transactions

No person who has been a director or executive officer of the Corporation, nor any proposed nominee for director of the Corporation, nor any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding Common Shares, nor any associate or affiliate of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the beginning of the Corporation's last completed financial year or proposed transaction which has materially affected or would materially affect the Corporation or its subsidiaries.

ADDITIONAL INFORMATION AND CONTACT INFORMATION

Additional information relating to the Corporation may be found under the profile of the Corporation on SEDAR at www.sedar.com. Additional financial information is provided in the Corporation's audited financial statements and related management's discussion and analysis for the financial year ended September 30, 2018, which can be found under the profile of the Corporation on SEDAR. Shareholders may also request these documents from Damian Lopez, the Corporate Secretary of the Corporation by email at dlopez@fmresources.ca or by telephone at (416) 861-2269.

Board of Directors Approval

The contents of this Circular and the sending thereof to the Shareholders have been approved by the Board.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "David Gower"

Chief Executive Officer

Toronto, Ontario
July 2, 2019

**SCHEDULE “A”
EMERITA RESOURCES CORP.
STOCK OPTION PLAN**

1. STATEMENT OF PURPOSE

1.1 **Principal Purposes** – The principal purposes of the Plan are to provide the Company with the advantages of the incentive inherent in share ownership on the part of employees, officers, directors and consultants responsible for the continued success of the Company; to create in such individuals a proprietary interest in, and a greater concern for, the welfare and success of the Company; to encourage such individuals to remain with the Company; and to attract new employees, officers, directors and consultants to the Company.

1.2 **Benefit to Shareholders** – The Plan is expected to benefit shareholders by enabling the Company to attract and retain skilled and motivated personnel by offering such personnel an opportunity to share in any increase in value of the Shares resulting from their efforts.

2. INTERPRETATION

2.1 **Defined Terms** – For the purposes of this Plan, the following terms shall have the following meanings:

- (a) **“Act”** means the *Securities Act* (Ontario), as amended from time to time;
- (b) **“Associate”** shall have the meaning ascribed to such term in the Act;
- (c) **“Board”** means the Board of Directors of the Company;
- (d) **“Change in Control”** means:
 - (i) a takeover bid (as defined in the Act), which is successful in acquiring Shares,
 - (ii) the change of control of the Board resulting from the election by the members of the Company of less than a majority of the persons nominated for election by management of the Company,
 - (iii) the sale of all or substantially all the assets of the Company,
 - (iv) the sale, exchange or other disposition of a majority of the outstanding Shares in a single transaction or series of related transactions,
 - (v) the dissolution of the Company’s business or the liquidation of its assets,
 - (vi) a merger, amalgamation or arrangement of the Company in a transaction or series of transactions in which the Company’s shareholders receive less than 51% of the outstanding shares of the new or continuing corporation, or
 - (vii) the acquisition, directly or indirectly, through one transaction or a series of transactions, by any Person, of an aggregate of more than 50% of the outstanding Shares;
- (e) **“Committee”** means a committee of the Board appointed in accordance with this Plan, or if no such committee is appointed, the Board itself;

- (f) **“Company”** means Emerita Resources Corp., a company incorporated under the laws of the Province of British Columbia;
- (g) **“Consultant”** means an individual, other than an Employee, senior officer or director of the Company or a Subsidiary Company, or a Consultant Company, who;
 - (i) provides ongoing consulting, technical, management or other services to the Company or a Subsidiary Company, other than services provided in relation to a distribution of the Company’s securities,
 - (ii) provides the services under a written contract between the Company or a Subsidiary Company and the individual or Consultant Company,
 - (iii) in the reasonable opinion of the Company spends or will spend a significant amount of time and attention on the affairs and business of the Company or a Subsidiary Company, and
 - (iv) has a relationship with the Company or a Subsidiary Company that enables the individual or Consultant Company to be knowledgeable about the business and affairs of the Company;
- (h) **“Consultant Company”** means, for an individual Consultant, a company of which the individual is an employee or shareholder, or a partnership of which the individual is an employee or partner;
- (i) **“Date of Grant”** means the date specified in the Option Agreement as the date on which the Option is effectively granted;
- (j) **“Disability”** means any disability with respect to an Optionee which the Board, in its sole and unfettered discretion, considers likely to prevent permanently the Optionee from:
 - (i) being employed or engaged by the Company, a Subsidiary Company or another employer, in a position the same as or similar to that in which he was last employed or engaged by the Company or a Subsidiary Company; or
 - (ii) acting as a director or officer of the Company or a Subsidiary Company;
- (k) **“Disinterested Shareholder Approval”** means an ordinary resolution approved by a majority of the votes cast by members of the Company at a shareholders’ meeting, excluding votes attaching to Shares beneficially owned by Insiders to whom Options may be granted and Associates of those persons;
- (l) **“Effective Date”** means the effective date of this Plan, which is the later of the day of its approval by the shareholders of the Company and the day of its acceptance for filing by the Exchange if such acceptance for filing is required under the rules or policies of the Exchange;
- (m) **“Eligible Person”** means:
 - (i) an Employee, senior officer or director of the Company or any Subsidiary Company,
 - (ii) a Consultant,
 - (iii) an individual providing Investor Relations Activities for the Company;

- (iv) a company, all of the voting securities of which are beneficially owned by one or more of the persons referred to in (i), (ii) or (iii) above
- (n) **“Employee”** means:
 - (i) an individual who is considered an employee under the *Income Tax Act* (Canada) (i.e. for whom income tax, employment insurance and CPP deductions must be made at source),
 - (ii) an individual who works full-time for the Company or a Subsidiary Company providing services normally provided by an employee and who is subject to the same control and direction by the Company or a Subsidiary Company over the details and methods of work as an employee of the Company or a Subsidiary Company, but for whom income tax deductions are not made at source,
 - (iii) an individual who works for the Company or a Subsidiary Company, on a continuing and regular basis for a minimum amount of time per week, providing services normally provided by an employee and who is subject to the same control and direction by the Company or a Subsidiary Company over the details and methods of work as an employee of the Company or a Subsidiary Company, but for whom income tax deductions are not made at source;
- (o) **“Exchange”** means the stock exchange or over the counter market on which the Shares are listed;
- (p) **“Exchange Act”** means the United States *Securities Exchange Act* of 1934, as amended;
- (q) **“Fair Market Value”** means, where the Shares are listed for trading on an Exchange, the last closing price of the Shares before the Date of Grant on the Exchange which is the principal trading market for the Shares, as may be determined for such purpose by the Committee, provided that, so long as the Shares are listed only on the TSXVE, the “Fair Market Value” shall not be lower than the last closing price of the Shares before the Date of Grant less the maximum discount permitted under the policies of the TSXVE;
- (r) **“Guardian”** means the guardian, if any, appointed for an Optionee;
- (s) **“Insider”** shall have the meaning ascribed to such term in the Act;
- (t) **“Investor Relations Activities”** means any activities or oral or written communications, by or on behalf of the Company or a shareholder of the Company that promote or reasonably could be expected to promote the purchase or sale of securities of the Company, but does not include:
 - (i) the dissemination of information provided, or records prepared, in the ordinary course of business of the Company
 - (A) to promote the sale of products or services of the Company, or
 - (B) to raise public awareness of the Company,that cannot reasonably be considered to promote the purchase or sale of securities of the Company,

- (ii) activities or communications necessary to comply with the requirements of
 - (A) applicable securities laws,
 - (B) the rules and policies of the TSXVE, if the Shares are listed only on the TSXVE, or the by-laws, rules or other regulatory instruments of any other self-regulatory body or exchange having jurisdiction over the Company,
- (iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if
 - (A) the communication is only through the newspaper, magazine or publication and
 - (B) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer, or
- (iv) activities or communications that may be otherwise specified by the TSXVE, if the Shares are listed only on the TSXVE;
- (u) “**Option**” means an option to purchase unissued Shares granted pursuant to the terms of this Plan;
- (v) “**Option Agreement**” means a written agreement between the Company and an Optionee specifying the terms of the Option being granted to the Optionee under the Plan;
- (w) “**Option Price**” means the exercise price per Share specified in an Option Agreement, adjusted from time to time in accordance with the provisions of Sections 6.3 and 10;
- (x) “**Optionee**” means an Eligible Person to whom an Option has been granted;
- (y) “**Person**” means a natural person, company, government or political subdivision or agency of a government; and where two or more Persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such syndicate or group shall be deemed to be a Person;
- (z) “**Plan**” means this Stock Option Plan of the Company;
- (aa) “**Qualified Successor**” means a person who is entitled to ownership of an Option upon the death of an Optionee, pursuant to a will or the applicable laws of descent and distribution upon death;
- (bb) “**Shares**” means the common shares in the capital of the Company as constituted on the Date of Grant, adjusted from time to time in accordance with the provisions of Section 10;
- (cc) “**Subsidiary Company**” shall mean a company which is a subsidiary of the Company;

- (dd) “**Term**” means the period of time during which an Option may be exercised; and
- (ee) “**TSXVE**” means the TSX Venture Exchange.

3. **ADMINISTRATION**

3.1 **Board or Committee** – The Plan shall be administered by the Board or by a Committee appointed in accordance with Section 3.2.

3.2 **Appointment of Committee** – The Board may at any time appoint a Committee, consisting of not less than three of its members, to administer the Plan on behalf of the Board in accordance with such terms and conditions as the Board may prescribe, consistent with this Plan. Once appointed, the Committee shall continue to serve until otherwise directed by the Board. From time to time, the Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and appoint new members in their place, fill vacancies however caused, or remove all members of the Committee and thereafter directly administer the Plan. In the absence of the appointment of a Committee by the Board, the Board shall administer the Plan.

3.3 **Quorum and Voting** – A majority of the members of the Committee shall constitute a quorum, and, subject to the limitations in this Section 3, all actions of the Committee shall require the affirmative vote of members who constitute a majority of such quorum. No member of the Committee who is a director to whom an Option may be granted may participate in the decision to grant such Option (but any such member may be counted in determining the existence of a quorum at any meeting of the Committee in which action is to be taken with respect to the granting of an Option to him).

3.4 **Powers of Board and Committee** – The Board shall from time to time authorize and approve the grant by the Company of Options under this Plan, and any Committee appointed under Section 3.2 shall have the authority to review the following matters in relation to the Plan and to make recommendations thereon to the Board;

- (a) administration of the Plan in accordance with its terms,
- (b) determination of all questions arising in connection with the administration, interpretation and application of the Plan, including all questions relating to the value of the Shares,
- (c) correction of any defect, supply of any information or reconciliation of any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan,
- (d) prescription, amendment and rescission of the rules and regulations relating to the administration of the Plan;
- (e) determination of the duration and purpose of leaves of absence from employment which may be granted to Optionees without constituting a termination of employment for purposes of the Plan,
- (f) with respect to the granting of Options:
 - (i) determination of the employees, officers, directors or consultants to whom Options will be granted, based on the eligibility criteria set out in this Plan,
 - (ii) determination of the terms and provisions of the Option Agreement which shall be entered into with each Optionee (which need not be identical with

the terms of any other Option Agreement) and which shall not be inconsistent with the terms of this Plan,

- (iii) amendment of the terms and provisions of an Option Agreement, provided the Board obtains:
 - (A) the consent of the Optionee, and
 - (B) if required, the approval of any stock exchange on which the Shares are listed,
- (iv) determination of when Options will be granted,
- (v) determination of the number of Shares subject to each Option,
- (vi) determination of the vesting schedule, if any, for the exercise of each Option, and
- (g) other determinations necessary or advisable for administration of the Plan.

3.5 **Obtain Approvals** – The Board will seek to obtain any regulatory, Exchange or shareholder approvals which may be required pursuant to applicable securities laws or Exchange rules.

3.6 **Administration by Committee** – The Committee shall have all powers necessary or appropriate to accomplish its duties under this Plan. In addition, the Committee's administration of the Plan shall in all respects be consistent with the Exchange policies and rules.

4. **ELIGIBILITY**

4.1 **Eligibility for Options** – Options may be granted to any Eligible Person.

4.2 **Insider Eligibility for Options** – Notwithstanding Section 4.1, if the Shares are listed only on the TSXVE, grants of Options to Insiders shall be subject to the policies of the TSXVE.

4.3 **No Violation of Securities Laws** – No Option shall be granted to any Optionee unless the Committee has determined that the grant of such Option and the exercise thereof by the Optionee will not violate the securities law of the jurisdiction in which the Optionee resides.

5. **SHARES SUBJECT TO THE PLAN**

5.1 **Number of Shares** – The maximum number of Shares issuable from time to time under the Plan, and all other equity compensation plans of the Company, is that number of Shares as is equal to 10% of the number of issued Shares at the Date of Grant of an Option. The maximum number of Shares issuable under the Plan shall be adjusted, where necessary, to take account of the events referred to in Section 10.

5.2 **Expiry of Option** – If an Option expires or terminates for any reason without having been exercised in full, the unpurchased Shares subject thereto shall again be available for the purposes of the Plan.

5.3 **Reservation of Shares** – The Company will at all times reserve for issuance and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

6. OPTION TERMS

6.1 **Option Agreement** – Each Option granted to an Optionee shall be confirmed by the execution and delivery of an Option Agreement and the Board shall specify the following terms in each such Option Agreement:

- (a) the number of Shares subject to option pursuant to such Option, subject to the following limitations if the Shares are listed only on the TSXV:
 - (i) the number of Shares reserved for issuance under Options granted to Insiders under the Plan, and any other equity compensation plan of the Company, shall not exceed 10% of the issued Shares,
 - (ii) the grant to Insiders, within a 12 month period, of Options under the Plan, and any other equity compensation plan of the Company, shall not exceed 10% of the issued Shares,
 - (iii) the issuance of Shares on exercise of Options to any one Optionee under the Plan and any other equity compensation plan of the Company, shall not exceed 5% of the issued Shares in any 12-month period,
 - (iv) the number of options granted to any one Optionee under the Plan, and any other equity compensation plan of the Company, shall not exceed 5% of the issued Shares in any 12-month period,
 - (v) the number of Options granted to any one Consultant under the Plan, and any other equity compensation plan of the Company, shall not exceed 2% of the issued Shares in any 12-month period,
 - (vi) the aggregate number of Options granted to persons employed to provide Investor Relations Activities shall not exceed 2% of the issued Shares in any 12-month period;
- (b) the Date of Grant;
- (c) the Term, provided that, if the Shares are listed only on the TSXVE, the length of the Term shall in no event be greater than five years following the Date of Grant, except, if the Company is designated as “Tier 1” listed company by the TSXVE, then the Term shall be no greater than ten years following the Date of Grant, for all Optionees;
- (d) the Option Price, provided that the Option Price shall not be less than the Fair Market Value of the Shares on the Date of Grant;
- (e) subject to Section 6.2 below, any vesting schedule upon which the exercise of an Option is contingent;
- (f) if the Optionee is an Employee, Consultant or an individual providing Investor Relations Activities for the Company, a representation by the Company and the Optionee that the Optionee is a bona fide Employee, Consultant or an individual providing Investor Relations Activities for the Company, as the case may be, of the Company or a Subsidiary Company; and
- (g) such other terms and conditions as the Board deems advisable and are consistent with the purposes of this Plan.

6.2 **Vesting Schedule** – The Board, as applicable, shall have complete discretion to set the terms of any vesting schedule of each Option granted, including, without limitation, discretion to:

- (a) permit partial vesting in stated percentage amounts based on the Term of such Option; and
- (b) permit full vesting after a stated period of time has passed from the Date of Grant.

6.3 **Amendments to Options** – Amendments to the terms of previously granted Options are subject to regulatory approval, if required. If required by the Exchange, Disinterested Shareholder Approval shall be required for any reduction in the Option Price of a previously granted Option if the Optionee is an Insider of the Company at the time of the proposed reduction in the Option Price.

6.4 **Uniformity** – Except as expressly provided herein, nothing contained in this Plan shall require that the terms and conditions of Options granted under the Plan be uniform.

7. **EXERCISE OF OPTION**

7.1 **Method of Exercise** – Subject to any limitations or conditions imposed upon an Optionee pursuant to the Option Agreement or Section 6 hereof, an Optionee may exercise an Option by giving written notice thereof, specifying the number of Shares in respect of which the Option is exercised, to the Company at its principal place of business at any time after the Date of Grant until 4:00 p.m. (Toronto time) on the last day of the Term, such notice to be accompanied by full payment of the aggregate Option Price to the extent the Option is so exercised and an indication as to suitable arrangements made with the Corporation, in accordance with Section 15.7, for the receipt by the Corporation of an amount sufficient to satisfy any withholding tax requirements under applicable tax legislation in respect of the exercise of an Option (the "**Withholding Obligations**"). Such amounts shall be in lawful money (Canadian funds) by cash, cheque, bank draft or wire transfer. Payment by cheque made payable to the Company in the amount of the aggregate Option Price shall constitute payment of such Option Price unless the cheque is not honoured upon presentation, in which case the Option shall not have been validly exercised. Such payment shall be in lawful money (Canadian funds) by cash, cheque, bank draft or wire transfer. Payment by cheque made payable to the Company in the amount of the aggregate Option Price shall constitute payment of such Option Price unless the cheque is not honoured upon presentation, in which case the Option shall not have been validly exercised.

7.2 **Issuance of Certificates** – Not later than the third business day after exercise of an Option in accordance with Section 7.1, the Company shall issue and deliver to the Optionee a certificate or certificates evidencing the Shares with respect to which the Option has been exercised. Until the issuance of such certificate or certificates, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Shares, notwithstanding the exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the certificate is issued, except as provided by Section 10 hereof.

7.3 **Compliance with U.S. Securities Laws** – As a condition to the exercise of an Option, the Board may require the Optionee to represent and warrant in writing at the time of such exercise that the Shares are being purchased only for investment and without any then-present intention to sell or distribute such Shares. At the option of the Board, a stop-transfer order against such Shares may be placed on the stock books and records of the Company and a legend, indicating that the stock may not be pledged, sold or otherwise transferred unless an opinion of counsel is provided stating that such transfer is not in violation of any applicable law or regulation, may be stamped on the certificates representing such Shares in order to assure an exemption from registration. The Board may also require such other documentation as may from time to time be necessary to comply with United States' federal and state securities laws. The Company has no obligation to undertake registration of Options or the Shares issuable upon the exercise of the Options.

8. TRANSFERABILITY OF OPTIONS

8.1 **Non-Transferable/Legending** – Except as permitted by applicable securities laws and the policies of the Exchange, and as provided otherwise in this Section 8, Options are non-assignable and non-transferable. If the Shares are listed only on the TSXVE, then, in addition to any resale restrictions under applicable securities laws, if the Company is, at the Date of Grant of an Option, designated as a “Tier 2” listed company by the TSXVE or, if the Company is not so designated but the Option Price is based on a discount from the last closing price of the Shares on the TSXVE, the Option Agreement and the certificates representing the Shares issued on the exercise of such Option shall bear the TSXVE legend with a four-month hold period commencing on the Date of Grant.

8.2 **Death of Optionee** – Subject to Section 8.3, if the employment of an Optionee as an Employee of, or the services of a Consultant providing services to, the Company or any Subsidiary Company, or the employment of an Optionee as an individual providing Investor Relations Activities, or the position of the Optionee as a director or senior officer of the Company or any Subsidiary Company, terminates as a result of such Optionee’s death, any Options held by such Optionee shall pass to the Qualified Successor of the Optionee and shall be exercisable by such Qualified Successor until the earlier of a period of not more than one year following the date of such death and the expiry of the Term of the Option.

8.3 **Disability of Optionee** – If the employment of an Optionee as an Employee of, or the services of a Consultant providing services to, the Company or any Subsidiary Company, or the employment of an Optionee as an individual providing Investor Relations Activities for the Company, or the position of the Optionee as a director or senior officer of the Company or any Subsidiary Company, is terminated by reason of such Optionee’s Disability, any Options held by such Optionee that could have been exercised immediately prior to such termination of employment or service shall be exercisable by such Optionee, or by his Guardian, for a period of not more than one year following the date of such following the termination of employment or service of such Optionee. If such Optionee dies within that period of not more than one year, any Option held by such Optionee that could have been exercised immediately prior to his or her death shall pass to the Qualified Successor of such Optionee, and shall be exercisable by the Qualified Successor until the earlier of a period of not more than one year following the death of such Optionee and the expiry of the Term of the Option.

8.4 **Vesting** – Options held by a Qualified Successor or exercisable by a Guardian shall, during the period prior to their termination, continue to vest in accordance with any vesting schedule to which such Options are subject.

8.5 **Deemed Non-Interruption of Employment** – Employment shall be deemed to continue intact during any military or sick leave or other bona fide leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the Optionee’s right to reemployment with the Company or any Subsidiary Company is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the Optionee’s reemployment is not so guaranteed, then the Optionee’s employment shall be deemed to have terminated on the ninety-first day of such leave.

9. TERMINATION OF OPTIONS

9.1 **Termination of Options** – To the extent not earlier exercised or terminated in accordance with Section 8, an Option shall terminate at the earliest of the following dates:

- (a) the termination date specified for such Option in the Option Agreement;
- (b) where the Optionee’s position as an Employee, a Consultant, a director or a senior officer of the Company or any Subsidiary Company, or an individual providing

Investor Relations Activities for the Company, is terminated for cause, the date of such termination for cause;

- (c) where the Optionee's position as an Employee, a Consultant, a director or a senior officer of the Company or any Subsidiary Company or an individual providing Investor Relations Activities for the Company terminates for a reason other than the Optionee's Disability or death or for cause, not more than 90 days after such date of termination or, if the Shares are listed only on the TSXVE and if the Company is designated as a "Tier 2" listed company by the TSXVE, then in the case of a person employed to provide Investor Relations Activities, not more than 30 days after such person ceases to be employed to provide Investor Relations Activities; PROVIDED that if an Optionee's position changes from one of the said categories to another category, such change shall not constitute termination or cessation for the purpose of this Subsection 9.1(c); and
- (d) the date of any sale, transfer, assignment or hypothecation, or any attempted sale, transfer, assignment or hypothecation, of such Option in violation of Section 8.1.

9.2 **Lapsed Options** – If Options are surrendered, terminate or expire without being exercised in whole or in part, new Options may be granted covering the Shares not purchased under such lapsed Options. If an Option has been surrendered in connection with the regranting of a new Option to the same Optionee on different terms than the original Option granted to such Optionee, then, if required, the new Option is subject to approval of the Exchange.

9.3 **Exclusion From Severance Allowance, Retirement Allowance or Termination Settlement** – If the Optionee retires, resigns or is terminated from employment or engagement with the Company or any Subsidiary Company, the loss or limitation, if any, pursuant to the Option Agreement with respect to the right to purchase Option Shares which were not vested at that time or which, if vested, were cancelled, shall not give rise to any right to damages and shall not be included in the calculation of nor form any part of any severance allowance, retiring allowance or termination settlement of any kind whatsoever in respect of such Optionee.

10. **ADJUSTMENTS TO OPTIONS**

10.1 **Alteration in Capital Structure** – If there is any change in the Shares through or by means of a declaration of stock dividends of the Shares or consolidations, subdivisions or reclassifications of the Shares, or otherwise, the number of Shares available under the Plan, the Shares subject to any Option and the Option Price therefor shall be adjusted proportionately by the Board and, if required, approved by the Exchange, and such adjustment shall be effective and binding for all purposes of the Plan.

10.2 **Effect of Amalgamation, Merger or Arrangement** – If the Company amalgamates, merges or enters into a plan of arrangement with or into another corporation, any Shares receivable on the exercise of an Option shall be converted into the securities, property or cash which the Optionee would have received upon such amalgamation, merger or arrangement if the Optionee had exercised the Option immediately prior to the record date applicable to such amalgamation, merger or arrangement, and the exercise price shall be adjusted proportionately by the Board and such adjustment shall be binding for all purposes of the Plan.

10.3 **Acceleration on Change in Control** – Upon a Change in Control, all Options shall become immediately exercisable, notwithstanding any contingent vesting provisions to which such Options may have otherwise been subject.

10.4 **Acceleration of Date of Exercise** – Subject to the approval of the Exchange, if required, the Board shall have the right to accelerate the date of vesting of any portion of any Option which remains unvested.

10.5 **Determinations to be Binding** – If any questions arise at any time with respect to the Option Price or exercise price or number of Option Shares or other property deliverable upon exercise of an Option following an event referred to in this Section 10, such questions shall be conclusively determined by the Board, whose decisions shall be final and binding.

10.6 **Effect of a Take-Over** – If a *bona fide* offer (the “Offer”) for Shares is made to an Optionee or to shareholders generally or to a class of shareholders which includes the Optionee, which Offer constitutes a take-over bid within the meaning of the Act, the Company shall, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon any Option held by an Optionee may be exercised in whole or in part, notwithstanding any contingent vesting provisions to which such Options may have otherwise been subject, by the Optionee so as to permit the Optionee to tender the Shares received upon such exercise (the “Optioned Shares”) to the Offer. If:

- (a) the Offer is not completed within the time specified therein; or
- (b) all of the Optioned Shares tendered by the Optionee pursuant to the Offer are not taken up and paid for by the offeror pursuant thereto;

the Optioned Shares or, in the case of clause (b) above, the Optioned Shares that are not taken up and paid for, may be returned by the Optionee to the Company and reinstated as authorized but unissued Shares and with respect to such returned Optioned Shares, the Option shall be reinstated as if it had not been exercised. If any Optioned Shares are returned to the Company under this Section, the Company shall refund to the Optionee any Option Price paid for such Optioned Shares.

11. **APPROVAL, TERMINATION AND AMENDMENT OF PLAN**

11.1 **Shareholder Approval** – This Plan, if the Shares are listed only on the TSXVE, is subject to shareholder approval on a yearly basis at the Company’s next ensuing annual general meeting.

11.2 **Power of Board to Terminate or Amend Plan** – Subject to the approval of the Exchange, if required, the Board may terminate, suspend or discontinue the Plan at any time or amend or revise the terms of the Plan; provided, however, that, except as provided in Section 10, the Board may not do any of the following without obtaining, within 12 months either before or after the Board’s adoption of a resolution authorizing such action, approval by the Company’s shareholders at a meeting duly held in accordance with the applicable corporate laws:

- (a) increase the maximum number of Shares which may be issued under the Plan;
- (b) materially modify the requirements as to eligibility for participation in the Plan; or
- (c) materially increase the benefits accruing to participants under the Plan;

however, the Board may amend the terms of the Plan to comply with the requirements of any applicable regulatory authority, or as a result of changes in the policies of the Exchange relating to director, officer and employee stock options, without obtaining the approval of the Company’s shareholders.

11.3 **No Grant During Suspension of Plan** – No Option may be granted during any suspension, or after termination, of the Plan. Amendment, suspension or termination of the Plan shall not, without the consent of the Optionee, alter or impair any rights or obligations under any Option previously granted.

12. **CONDITIONS PRECEDENT TO ISSUANCE OF SHARES**

12.1 **Compliance with Laws** – Shares shall not be issued with respect to an Option unless the exercise of such Option and the issuance and delivery of such shares shall comply with all relevant

provisions of law, including, without limitation, any applicable United States' state securities laws, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations thereunder and the requirements of any Exchange or automated interdealer quotation system of a registered national securities association upon which such Shares may then be listed or quoted, and such issuance shall be further subject to the approval of counsel for the Company with respect to such compliance, including the availability of an exemption from registration for the issuance and sale of such Shares. The inability of the Company to obtain from any regulatory body the authority deemed by the Company to be necessary for the lawful issuance and sale of any Shares under this Plan, or the unavailability of an exemption from registration for the issuance and sale of any Shares under this Plan, shall relieve the Company of any liability with respect to the non-issuance or sale of such Shares other than with respect to a refund of any Option Price paid.

13. **USE OF PROCEEDS**

13.1 **Use of Proceeds** – Proceeds from the sale of Shares pursuant to the Options granted and exercised under the Plan shall constitute general funds of the Company and shall be used for general corporate purposes, or as the Board otherwise determines.

14. **NOTICES**

14.1 **Notices** – All notices, requests, demands and other communications required or permitted to be given under this Plan and the Options granted under this Plan shall be in writing and shall be either delivered personally to the party to whom notice is to be given, in which case notice shall be deemed to have been duly given on the date of such personal delivery; telecopied, in which case notice shall be deemed to have been duly given on the date the telecopy is sent; or mailed to the party to whom notice is to be given, by first class mail, registered or certified, return receipt requested, postage prepaid, and addressed to the party at his or its most recent known address, in which case such notice shall be deemed to have been duly given on the tenth postal delivery day following the date of such mailing.

15. **MISCELLANEOUS PROVISIONS**

15.1 **No Obligations to Exercise** – Optionees shall be under no obligation to exercise Options granted under this Plan.

15.2 **No Obligation to Retain Optionee** – Nothing contained in this Plan shall obligate the Company or any Subsidiary Company to retain an Optionee as an employee, officer, director or consultant for any period, nor shall this Plan interfere in any way with the right of the Company or any Subsidiary Company to reduce such Optionee's compensation.

15.3 **Binding Agreement** – The provisions of this Plan and of each Option Agreement with an Optionee shall be binding upon such Optionee and the Qualified Successor or Guardian of such Optionee.

15.4 **Use of Terms** – Where the context so requires, references herein to the singular shall include the plural, and vice versa, and references to a particular gender shall include either or both genders.

15.5 **Headings** – The headings used in this Plan are for convenience of reference only and shall not in any way affect or be used in interpreting any of the provisions of this Plan.

15.6 **No Representation or Warranty** – The Company makes no representation or warranty as to the future value of any Shares issued in accordance with the provisions of this Plan.

15.7 **Income Taxes** – Upon the exercise of an Option by an Optionee, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy any Withholding Obligations relating thereto under applicable tax legislation. Unless otherwise

prohibited by the Board or by applicable law, satisfaction of the amount of the Withholding Obligations (the "**Withholding Amount**") may be accomplished by any of the following methods or by a combination of such methods as determined by the Company in its sole discretion:

- (a) the tendering by the Optionee of cash payment to the Company in an amount less than or equal to the Withholding Amount; or
- (b) the withholding by the Company from the Shares otherwise due to the Optionee such number of Shares as it determines are required to be sold by the Company, as trustee, to satisfy the Withholding Amount (net of selling costs). By executing and delivering the Option Agreement, the Optionee shall be deemed to have consented to such sale and have granted to the Company an irrevocable power of attorney to effect the sale of such Shares and to have acknowledged and agreed that the Company does not accept responsibility for the price obtained on the sale of such Shares; or
- (c) the withholding by the Company from any cash payment otherwise due by the Company to the Optionee, including salaries, directors fees, consulting fees and any other forms of remuneration, such amount of cash as is required to pay and satisfy the Withholding Amount;

provided, however, in all cases, that the sum of any cash so paid or withheld and the fair market value of any Shares so withheld is sufficient to satisfy the Withholding Amount.

The provisions of the Option Agreement shall provide that the Optionee (or their beneficiaries) shall be responsible for all taxes with respect to any Options granted under the Option Plan and an acknowledgement that neither the Board nor the Company shall make any representations or warranties of any nature or kind whatsoever to any person regarding the tax treatment of Options or payments on account of the Withholding Amount made under the Option Plan and none of the Board, the Company, nor any of its employees or representatives shall have any liability to an Optionee (or its beneficiaries) with respect thereto.

15.8 **Compliance with Applicable Law** – If any provision of the Plan or any Option Agreement contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange or over the counter market having authority over the Company or the Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

15.9 **Conflict** – In the event of any conflict between the provisions of this Plan and an Option Agreement, the provisions of this Plan shall govern.

15.10 **Governing Law** – This Plan and each Option Agreement issued pursuant to this Plan shall be governed by the laws of the Province of Ontario.

15.11 **Time of Essence** – Time is of the essence of this Plan and of each Option Agreement. No extension of time will be deemed to be, or to operate as, a waiver of the essentiality of time.

15.12 **Entire Agreement** – This Plan and the Option Agreement sets out the entire agreement between the Company and the Optionees relative to the subject matter hereof and supersedes all prior agreements, undertakings and understandings, whether oral or written.

16. **EFFECTIVE DATE OF PLAN**

16.1 **Effective Date of Plan** – This Plan shall be effective on the later of the day of its approval by the shareholders of the Company given by way of ordinary resolution and the day of its acceptance for filing by the Exchange.

SCHEDULE "B"

Audit Committee Charter

The following Audit Committee Charter was adopted by the Audit Committee of the Board of Directors and the Board of Directors of **EMERITA RESOURCES CORP.** (the "**Company**"):

Mandate

The primary function of the audit committee (the "**Committee**") is to assist the Company's Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements;
- review and appraise the performance of the Company's external auditors; and
- provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

Composition

The Committee shall be comprised of a minimum of three directors as determined by the Board of Directors. If the Company ceases to be a "venture issuer" (as that term is defined in National Instrument 52-110 ("**NI 52-110**")), then all of the members of the Committee shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

If the Company ceases to be a "venture issuer" (as that term is defined in NI 52-110), then all members of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company's Audit Committee Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

Meetings

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

1. Documents/Reports Review

- (a) review and update this Audit Committee Charter annually; and
- (b) review the Company's financial statements, MD&A and any annual and interim earnings press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

2. External Auditors

- (a) review annually, the performance of the external auditors who shall be ultimately accountable to the Company's Board of Directors and the Committee as representatives of the shareholders of the Company;
- (b) obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1;
- (c) review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors;
- (d) take, or recommend that the Company's full Board of Directors take appropriate action to oversee the independence of the external auditors, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (e) recommend to the Company's Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval;
- (f) recommend to the Company's Board of Directors the compensation to be paid to the external auditors;
- (g) at each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements;
- (h) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company;
- (i) review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements; and
- (j) review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
 - (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided,

- (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services, and
- (iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

3. Financial Reporting Processes

- (a) in consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external;
- (b) consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting;
- (c) consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management;
- (d) review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments;
- (e) following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;
- (f) review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements;
- (g) review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented;
- (h) review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters;
- (i) review the certification process;
- (j) establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
- (k) establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

4. Other

- (a) review any related-party transactions;
- (b) engage independent counsel and other advisors as it determines necessary to carry out its duties; and

- (c) to set and pay compensation for any independent counsel and other advisors employed by the Committee.



Consolidated Financial Statements

For the years ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Emerita Resources Corp.

We have audited the accompanying consolidated financial statements of Emerita Resources Corp. and its subsidiaries, which comprise the consolidated statements of financial position as at September 30, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Emerita Resources Corp. and its subsidiaries as at September 30, 2018 and 2017, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that Emerita Resources Corp. has a need for equity financing and had continuing losses during the year ended September 30, 2018. These conditions along with other matters set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the ability of Emerita Resources Corp. to continue as a going concern.

UHY McGovern Hurley LLP



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
January 28, 2019

Emerita Resources Corp.
Consolidated Statements of Financial Position
Expressed in Canadian Dollars

As at:	Note	September 30, 2018 \$	September 30, 2017 \$
ASSETS			
Current			
Cash		31,325	518,719
Amounts receivable		169,935	109,003
Prepaid expenses		18,059	28,912
Total current assets		219,319	656,634
Long-term			
Reclamation deposit		17,273	16,952
Equipment	3	16,941	13,585
Investment in and advances to associate	4	243,024	-
Exploration and evaluation properties	5	397,494	477,494
Total assets		894,051	1,164,665
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9,10	2,049,613	2,116,818
Total liabilities		2,049,613	2,116,818
SHAREHOLDERS' EQUITY			
Common shares	6	11,775,614	8,523,762
Warrant reserve	7	951,105	227,950
Option reserve	7	348,000	354,000
Deficit		(14,230,281)	(10,057,865)
Total shareholders' equity/(deficiency)		(1,155,562)	(952,153)
Total liabilities and shareholders' equity/(deficiency)		894,051	1,164,665
Nature of operations and going concern	1		
Commitments and contingencies	13		
Subsequent events	14		

Approved on behalf of the Board of Directors on January 28, 2019:

Signed: "Catherine Stretch", Director

Signed: "David Gower", Director

The accompanying notes are an integral part of these consolidated financial statements.

Emerita Resources Corp.**Consolidated Statements of Loss and Comprehensive Loss***Expressed in Canadian Dollars*

		Year ended	
		September 30,	
		2018	2017
	Note	\$	\$
Expenses			
Project evaluation expenses	4	635,920	474,866
Consulting and management fees		1,035,572	947,479
Professional fees		65,296	112,242
Shareholder communication and filing fees		50,830	40,147
Promotion		88,975	12,994
Travel expenses		110,935	26,670
Office expenses		87,922	85,799
Share-based compensation		-	57,500
Loss for the year before other items		(2,075,450)	(1,757,697)
Other items			
Exploration and evaluation property writeoff	5	(2,272,408)	(756,847)
Interest income		3,464	423
Foreign exchange loss		(59,260)	(8,852)
Loss and comprehensive loss for the year		(4,403,654)	(2,522,973)
Basic and diluted loss per share		\$ (0.03)	\$ (0.03)
Weighted average number of common shares outstanding			
Basic and Diluted		131,513,895	90,218,656

The accompanying notes are an integral part of these consolidated financial statements.

Emerita Resources Corp.

Consolidated Statements of Changes in Shareholders' Equity

Expressed in Canadian Dollars

	Number of shares	Common Shares	Warrant Reserve	Option Reserve	Deficit	Shareholders' equity/(deficiency)
	#	\$	\$	\$	\$	\$
Balance, September 30, 2017	97,069,829	8,523,762	227,950	354,000	(10,057,865)	(952,153)
Common shares issued, net of issue costs	44,926,000	4,190,245	-	-	-	4,190,245
Warrants issued	-	(951,105)	951,105	-	-	-
Warrants exercised	100,000	15,000	(5,000)	-	-	10,000
Warrants expired unexercised	-	-	(225,238)	-	225,238	-
Warrant revaluation (Note 7)	-	(2,288)	2,288	-	-	-
Options expired unexercised	-	-	-	(6,000)	6,000	-
Loss and comprehensive loss for the year	-	-	-	-	(4,403,654)	(4,403,654)
Balance, September 30, 2018	142,095,829	11,775,614	951,105	348,000	(14,230,281)	(1,155,562)
Balance, September 30, 2016	83,597,829	6,950,482	425,336	328,000	(7,547,698)	156,120
Common shares issued, net of issue costs	500,000	60,000	-	-	-	60,000
Warrants exercised	12,522,000	1,436,780	(184,580)	-	-	1,252,200
Options exercised	450,000	76,500	-	(31,500)	-	45,000
Warrants expired	-	-	(12,806)	-	12,806	-
Option reserve	-	-	-	57,500	-	57,500
Loss and comprehensive loss for the year	-	-	-	-	(2,522,973)	(2,522,973)
Balance, September 30, 2017	97,069,829	8,523,762	227,950	354,000	(10,057,865)	(952,153)

The accompanying notes are an integral part of these consolidated financial statements.

Emerita Resources Corp.
Consolidated Statements of Cash Flows
Expressed in Canadian Dollars

		Year ended September 30,	
	Note	2018 \$	2017 \$
Cash (used in)/provided by:			
Operating activities			
(Loss) for the year		(4,403,654)	(2,522,973)
Items not involving cash:			
Exploration and evaluation property writeoff	5	2,272,408	756,847
Share-based compensation	7	-	57,500
Amortization		3,811	4,464
Working capital adjustments:			
Change in amounts receivable		(60,932)	5,947
Change in prepaid expenses		10,853	24,171
Change in accounts payable and accrued liabilities		(67,205)	634,607
Net cash (used in) operating activities		(2,244,719)	(1,039,437)
Investing activities			
Property, plant and equipment	3	(7,167)	-
Investment in associate	4	(243,024)	-
Exploration and evaluation properties, net of change in working capital		(2,072,729)	(45,817)
Net cash (used in) investing activities		(2,322,920)	(45,817)
Financing activities			
Proceeds from issuance of common shares	6	4,342,600	-
Cost of issue	6	(272,355)	-
Options exercised	7	-	45,000
Warrants exercised	7	10,000	1,252,200
Net cash provided by financing activities		4,080,245	1,297,200
Change in cash, during the year		(487,394)	211,946
Cash, beginning of year		518,719	306,773
Cash, end of year		31,325	518,719

SUPPLEMENTAL INFORMATION

Change in non-cash working capital for exploration and evaluation properties		(321)	-
Issuance of common shares for property (Note 5)		120,000	60,000
Issuance of broker warrants in private placement (Note 7)		139,880	-

The accompanying notes are an integral part of these consolidated financial statements

Emerita Resources Corp.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017

Expressed in Canadian Dollars

1. NATURE OF OPERATIONS AND GOING CONCERN

Emerita Resources Corp. (the “Company”, or “Emerita”) was incorporated on October 30, 2009 as 0865140 BC Ltd. pursuant to the *Business Corporations Act of British Columbia*. On January 8, 2013, the Company completed its Qualifying Transaction and ceased to be a Capital Pool Company. The Company changed its name to Emerita Gold Corp. and commenced trading as a Tier 2 Mining Issuer on the TSX Venture Exchange (“TSXV”) on January 11, 2013 under the new trading symbol “EMO”. The Company owns the following subsidiaries:

- A 100% interest in Emerita Resources Espana SL (“Emerita Espana”), a company incorporated on May 30, 2012 in Spain.
- A 99% interest in Emerita do Brazil Mineracao Ltda. (“Emerita Brazil”), a company incorporated on December 9, 2017 in Brazil.
- A 75% interest in Zinco das Gerais, a company incorporated on August 15, 2017 in Brazil.

The Company is currently engaged in the acquisition, exploration and development of mineral properties. The head office and principal address of the Company is 65 Queen Street West, Suite 800, Toronto, Ontario, M5H 2M5.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that the current exploration programs will result in profitable operations.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation properties is dependent upon the establishment of a sufficient quantity of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition of these assets.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims and non-compliance with regulatory and environmental requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

The Company has a need for equity financing for working capital and exploration and development of its properties. Because of continuing operating losses, the Company’s continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation. Material uncertainties as mentioned above cast significant doubt upon the Company’s ability to continue as a going concern.

These consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material.

Emerita Resources Corp.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017

Expressed in Canadian Dollars

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and include interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The policies set out were consistently applied to all the periods presented unless otherwise noted below.

Basis of presentation

These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information, and have been prepared using the historical cost basis. Furthermore, these consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries. All values are rounded to the nearest dollar.

These consolidated financial statements include the accounts of the Company and its subsidiaries. All material intercompany transactions and balances between subsidiaries have been eliminated on consolidation. The Company holds a 50% interest in Cantabrica del Zinc ("Cantabrica"), along with its joint venture partner, the Aldesa Group. Cantabrica is reported as a joint venture in these consolidated financial statements. Refer to Note 4.

Approval of the consolidated financial statements

These consolidated financial statements of the Company for the year ended September 30, 2018 were reviewed, approved and authorized for issue by the Board of Directors of the Company on January 28, 2019.

Critical judgements and estimation uncertainties

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Emerita Resources Corp.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017

Expressed in Canadian Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical judgements and estimation uncertainties (continued)

Capitalization of exploration and evaluation costs

Management has determined that exploration and evaluation costs incurred have future economic benefits and are economically recoverable. In making this judgement, management has assessed various sources of information including, but not limited to, the geologic and metallurgic information, operating management expertise and existing permits. See Note 5 for details of the Company's capitalized exploration and evaluation costs.

Impairment of exploration and evaluation properties

While assessing whether any indications of impairment exist for exploration and evaluation properties, consideration is given to both external and internal sources of information. Changes in the market and the economic and legal environment in which the Company operates that are not within its control affect the recoverable amount of exploration and evaluation properties. Internal sources of information considered by the Company include the manner in which exploration and evaluation properties are being used or are expected to be used and indications of expected economic performance of the properties. Estimates include but are not limited to estimates of the discounted future cash flows expected to be derived from the Company's properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation properties.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based share awards is determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Contingencies

Refer to Note 13.

Emerita Resources Corp.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017

Expressed in Canadian Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Joint arrangement

The Company has a joint arrangement with the Aldesa Group (see Note 4). The Company has joint control over this arrangement as under the contractual agreement with the Aldesa Group, unanimous consent is required from all parties to the agreements for certain key strategic, operating, investing and financing policies. The Company's joint arrangement is structured as a corporation (JV Company) and provides the Company and the Aldesa Group (parties to the agreements) with rights to the net assets of the limited company under the arrangements. Therefore, this arrangement has been classified as a joint venture and has been recorded as an investment in associate. See Note 4. Judgement is required to determine the type of joint arrangement that exists. This judgement involves considering its rights and obligations arising from the arrangement. An entity assesses its rights and obligations by considering the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

Title to the Plaza Norte Project

Refer to Note 4.

Subsidiaries

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Generally, the Company has a shareholding of more than one half of the voting rights in its subsidiaries. The effects of potential voting rights that are currently exercisable are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date control is transferred to the Company, and are de-consolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

Joint Venture

The Company has a joint arrangement with the Aldesa Group and has joint control over this arrangement under a contractual agreement. Unanimous consent is required from both parties to the agreement for establishing certain key strategic, operating, investing and financing policies. The Company's joint arrangement is structured as a corporation (Cantabrica del Zinco S.L.) and provides the parties with rights to the net assets of the limited company under the arrangement. Therefore, this arrangement has been classified as a joint venture and has been recorded as an investment in associate using the equity method. Refer to Note 4.

The Company applies IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures, depending on the contractual rights and obligations of each investor. The Company has assessed the nature of its joint arrangement and determined it to be a joint venture. Joint ventures are accounted for using the equity method of accounting. Under this method, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Company's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint venture. Unrealized gains on transactions between the Company and its joint ventures are eliminated to the extent of the Company's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the accounting policies adopted by the Company.

Emerita Resources Corp.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017

Expressed in Canadian Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equipment

Equipment is stated at cost, less accumulated amortization and accumulated impairment losses. Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Amortization is provided on a straight-line basis over the estimated useful lives of the equipment using the following number of years:

Office equipment	4 - 10 years
Office furniture	5 - 10 years
Software	3 - 5 years

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Any changes to the carrying amount of the asset, including impairment losses, are recognized in loss.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income/loss. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive loss and recognized in loss.

Emerita Resources Corp.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017

Expressed in Canadian Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment because of one or more events that have occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Company's financial assets are comprised of cash, and amounts receivable, which are classified as loans and receivables.

Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, directly attributable transaction costs. The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was assumed. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in loss.

Other financial liabilities - After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in loss when the liabilities are derecognized, as well as through the effective interest rate amortization process. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method. The amortization of the effective interest is included in other items in loss.

The Company's financial liabilities are comprised of accounts payable and accrued liabilities, and are classified as other financial liabilities.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in loss.

Emerita Resources Corp.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017

Expressed in Canadian Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Exploration and evaluation properties

Expenditures on exploration and evaluation activities, including costs incurred to acquire and secure exploration property licenses, are capitalized to exploration and evaluation properties.

Project evaluation expenses included in net loss relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

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

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

Costs recovered in excess of the carrying amount are recognized in loss.

Development assets

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures related to development and construction are capitalized as construction-in-progress and classified as a component of property, plant and equipment. Costs associated with the commissioning of new assets incurred in the period before they are operating in the way intended by management are capitalized. Development expenditure is net of the proceeds of the sale of metals from ore extracted during the development phase. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

Common shares

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares, warrants and share options are recognized as a deduction from equity, net of any tax effects.

Emerita Resources Corp.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017

Expressed in Canadian Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency translation

The presentation and functional currency of the Company and its subsidiaries 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 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.

Income taxes

Any income tax on profit or loss for the period presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income/loss, in which case the income tax is recognized in equity or other comprehensive income/loss.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously. Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, on a non-discounted basis using tax rates at the end of the reporting period applicable to the period of expected realization. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share-based transactions are set out in the equity reserves note (Note 7).

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded vesting basis over the period during which the employee becomes unconditionally entitled to equity instruments, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For those options and warrants that expire after vesting, the recorded value is transferred to deficit.

Emerita Resources Corp.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017

Expressed in Canadian Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share calculation assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. All the Company's outstanding stock options and warrants were anti-dilutive for the years ended September 30, 2018 and 2017.

Impairment of non-financial assets

The carrying values of capitalized exploration and evaluation properties and equipment are assessed for impairment when indicators of such impairment exist. If any indication of impairment exists an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use.

Impairment is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the individual assets of the Company are grouped together into cash generating units ("CGUs") for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or other groups of assets. This generally results in the Company evaluating its non-financial assets on a geographical basis.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to loss to reduce the carrying amount to its recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation/amortization, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in loss.

Rehabilitation provisions

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in operations as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in loss.

Emerita Resources Corp.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017

Expressed in Canadian Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Rehabilitation provisions (Continued)

The Company does not currently have any such significant legal or constructive obligations and therefore, no rehabilitation provision has been recorded as at September 30, 2018 or 2017.

Future accounting changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by IASB or IFRIC that are mandatory for accounting periods beginning on or after October 1, 2018. Updates that are not applicable or are not consequential to the Company have been excluded thereof. The following have not yet been adopted and are being evaluated to determine their impact on the consolidated financial statements.

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

IFRS 2 – Share-based Payment (“IFRS 2”) was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018.

IFRS 3 – Business Combinations (“IFRS 3”) was amended in October 2018 to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive and the inputs and process must together significantly contribute to operating outputs. In addition it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

IFRS 3 – Business Combinations (“IFRS 3”) and IFRS 11 – Joint Arrangements (“IFRS 11”) were amended in December 2017. IFRS 3 was amended to clarify that when a party to a joint arrangement obtains control of a business that is a joint operation, it re-measures previously held interests in that business. IFRS 11 was amended to clarify that when a party that participates in, but does not have joint control of, a joint operation obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.

Emerita Resources Corp.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017

Expressed in Canadian Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future accounting changes (Continued)

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB as a complete standard in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The amendments for IAS 28 are effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted.

IAS 12- Income Taxes (“IAS 12”) was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument’s holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.

IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration (“IFRIC 22”) was issued in December 2016 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognised in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018.

Emerita Resources Corp.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

New accounting policies

During 2018, the Company also adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IAS 7. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

3. EQUIPMENT

	Office Equipment	Office Furniture	Software	Vehicle	Total
Cost as at September 30, 2016	16,737	18,253	1,881	13,762	\$ 50,633
Disposals, 2017	-	-	-	(13,762)	\$ (13,762)
Additions, 2017	3,966	-	-	-	\$ 3,966
Cost as at September 30, 2017	20,703	18,253	1,881	-	40,837
Additions, 2018	6,009	1,158	-	-	7,167
Cost as at September 30, 2018	26,712	19,411	1,881	-	48,004
Accumulated amortization as at September 30, 2016	14,568	6,422	1,798	7,156	\$ 29,944
Disposals, 2017	-	-	-	(7,156)	\$ (7,156)
Charge for the year, 2017	2,557	1,824	83	-	\$ 4,464
Accumulated amortization as at September 30, 2017	17,125	8,246	1,881	-	27,252
Charge for the year, 2018	1,928	1,883	-	-	3,811
Accumulated amortization as at September 30, 2018	19,053	10,129	1,881	-	31,063
Net book value as at September 30, 2017	\$ 3,578	\$ 10,007	\$ -	\$ -	\$ 13,585
Net book value as at September 30, 2018	\$ 7,659	\$ 9,282	\$ -	\$ -	\$ 16,941

4. INVESTMENT IN AND ADVANCES TO ASSOCIATE

On October 26, 2017, the Company, along with its Spanish joint venture partner the Aldesa Group ("Aldesa"), were awarded exploration concessions for 3,600 hectares in the Santillana Syncline (the "Plaza Norte Project"). The Plaza Norte Project is in the Reocin Basin in Cantabria, Spain. In December of 2018, the rights to the Plaza Norte Project were extended for an additional term of 13 months. The Company and Aldesa each own a 50% interest in Cantabrica del Zinco S.L. ("Cantabrica"), a corporation registered in Spain, and will be equally represented on the board of directors. Emerita is the operator of the Plaza Norte Project. The Company recognizes its jointly controlled interest in the joint venture relationship with Aldesa as an investment. Effective October 26, 2017, the Company accounts for this investment using the equity method and it is recognized as an Investment in and advances to associate on the Statement of Financial Position, as at September 30, 2018:

There is a dispute relating to the granting of the rights to the Plaza Norte Project to the Company. The outcome of this dispute cannot be determined at this time and therefore there is uncertainty regarding the Company's title to this project.

Changes in the investment in and advances to associate for the year ended September 30, 2018 were as follows:

	\$
Balance, September 30, 2017	-
50% investment in associate	243,024
Balance, September 30, 2018	243,024

Emerita Resources Corp.

Notes to the Consolidated Financial Statements

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4. INVESTMENT IN AND ADVANCES TO ASSOCIATE (Continued)

The fiscal year end for Cantabrica is September 30, 2018, which is consistent with the year end of the Company. The following is a summary of the financial information for Cantabrica as at September 30, 2018:

Cash and cash equivalents	\$	56,644
Current assets		156,789
Mineral property expenditures		526,326
Property, plant and equipment		16,039
Current liabilities	\$	(178,879)
Long-term liabilities		(90,871)

Cantabrica did not have any revenues or expenses during the period from its incorporation to September 30, 2018.

5. EXPLORATION AND EVALUATION PROPERTIES

	Salobro Project \$	Las Morras Property \$	Falcon Litio Project \$	Total \$
Balance, September 30, 2017	-	339,994	137,500	477,494
Cost incurred during the year:				
Purchase option (a,b,d)	100,000	(100,000)	20,000	20,000
Land management fees, taxes and permits	374,108	-	-	374,108
Labour, contract geologists, prospectors	641,248	-	-	641,248
Field expenses	57,922	-	-	57,922
Drilling & geophysics	662,963	-	-	662,963
Travel, meals and accommodations	84,475	-	-	84,475
Legal fees	295,886	-	-	295,886
Project overhead costs	55,806	-	-	55,806
Property writeoff (d)	(2,272,408)	-	-	(2,272,408)
Balance, September 30, 2018	-	239,994	157,500	397,494

	Las Morras Property \$	Falcon Litio Project \$	Total \$
Balance, September 30, 2016	1,048,384	77,500	1,125,884
Cost incurred during the year:			
Common shares issued (a)	-	60,000	60,000
Land management fees, taxes and permits	24,223	-	24,223
Technical reports	2,207	-	2,207
Legal fees	348	-	348
Overhead - Project office Sevilla	21,679	-	21,679
Writedown of Las Morras property (b)	(756,847)	-	(756,847)
Balance, September 30, 2017	339,994	137,500	477,494

Emerita Resources Corp.

Notes to the Consolidated Financial Statements

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5. EXPLORATION AND EVALUATION PROPERTIES (continued)

As at September 30, 2018, the Company has valid permits for two gold exploration properties, one lithium property, and one zinc exploration property held through the Company's joint arrangement with the Aldesa Group. Each of the gold properties is comprised of exploration permits that were issued by the Extremadura regulatory authorities and the Asturias regulatory authorities in Spain, respectively. The zinc property is comprised of exploration permits that were issued by the Cantabrian regulatory authorities in Spain. The lithium property is comprised of exploration permits that were issued by the Minas Gerais regulatory authorities in Brazil.

a) Falcon Lítio Property

- In June 2016, the Company entered into a binding letter agreement (the "Falcon Agreement") with Falcon Metais Ltda. ("Falcon") pursuant to which Falcon granted to Emerita an option (the "Option") to acquire a 100% interest in the Falcon Lítio MG Project (the "Lítio Project"). The Lítio Project is located in Minas Gerais State, Brazil, and is comprised of one exploration permit and five applications for exploration permits.
- In order to acquire the Option, Emerita issued 500,000 common shares to Falcon in June 2016, at a price per share of \$0.155 based on the quoted market value of the shares on the date of issuance. An additional 500,000 common shares were issued on August 28, 2017 at a price per share of \$0.12 based on the quoted market value of the shares on the date of issuance. On September 12, 2018, the Company exercised its option and acquired a 100% interest in the Falcon Project by issuing a third tranche of 500,000 common shares to Falcon at a price per share of \$0.04, based on the quoted market value of the shares on the date of issuance. All issuances of common shares of Emerita are subject to a statutory hold period and to approval by the TSXV. Falcon will retain a transferable 2% net smelter royalty on all commercial sales from the Lítio Project.
- In addition, if a "mineral resource", as defined in National Instrument 43-101 ("NI 43-101"), of at least 20 million tonnes with a grade of at least 1.3% LiO₂ is delineated at the Project, Emerita shall either, (i) pay \$5 million in cash to Falcon or, by its sole discretion, (ii) issue \$5 million worth (to be determined on a reasonable volume weighted average price basis) of common shares to Falcon (the "Resource Consideration").
- The Resource Consideration shall only be paid by Emerita if (i) the mineral resource is verified by a "qualified person", as such term is defined in NI 43-101, who is independent of Emerita and Falcon, and (ii) at least 50% of the mineral resource is categorized as an "indicated mineral resource" or "measured mineral resource", as defined in NI 43-101.

b) Las Morras Property

- The original exploration permit for Las Morras Property is comprised of 230 claims, totaling approximately 7,000 hectares. The original exploration permit for Las Morras was granted in 2012 with an expiry date of April 17, 2015 subject to a right of renewal for an additional three-year term. The Company applied for an additional three-year term and received approval of the renewal for a period of two years on August 20, 2015. A subsequent renewal for an additional period of two years was granted on January 20, 2017. The Company has filed a request for an additional extension with government authorities. There is no guarantee that the renewal will be approved. This property is in the eastern part of the Badajoz Province of Spain.

Emerita Resources Corp.

Notes to the Consolidated Financial Statements

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5. EXPLORATION AND EVALUATION PROPERTIES (continued)

b) Las Morras Property (Continued)

- On November 14, 2017 the Company entered into a binding letter agreement with Copper One Inc. (“Copper One”) pursuant to which the Company has granted an option (“the Option”) to acquire a 100% interest in the Las Morras Project. As consideration for the Option, Copper One paid \$25,000 in cash to the Company on November 17, 2017 and paid an additional \$75,000 in cash to the Company on January 9, 2018.
- In order to exercise the Option and acquire a 100% interest in the Project, Copper One shall:
 - pay \$100,000 in cash to the Company on or before November 14, 2019;
 - spend \$500,000 on exploration activities on the Project on or before November 14, 2019;
 - pay \$250,000 in cash to the Company on or before November 14, 2020;
 - spend \$1,500,000 on exploration activities on the Project on or before November 14, 2021; and
 - grant to the Company a 2% net smelter return royalty on the Project.
- As a result of the agreement, the Company has written down the value of the property as at September 30, 2017 to the present value of the consideration expected to be received by the Company if the Option is completed, using an estimated discount rate of 15%.

c) Sierra Alta Property

- The Sierra Alta Property is comprised of one exploration permit which consists of 90 mining claims comprising approximately 2,700 hectares in the Asturias region in northwestern Spain. The Company applied for the permit on November 18, 2013 and received notice that the property had been granted on July 8, 2015 through the publication of the granting in the regional gazette. From that date, the concession is valid for a three year term and is renewable for equal and successive periods of three years. The permit was renewed in July 2017 and will expire on July 21, 2020.

d) Salobro Zinc Property

- The project is comprised of two mining applications covering 1,209.75 hectares in the Municipality of Porteirinha, Minas Gerais State, Brazil. On July 14, 2017, the Company entered a definitive agreement with Vale S.A. (“Vale”) and IMS Engenharia Mineral Ltda. (“IMS”) to acquire the project. On October 5, 2017, the Company received conditional approval from the TSX-V to complete the acquisition.
- Pursuant to the definitive agreement, Emerita agreed to pay USD\$6.5 million in cash to Vale. The cash payments were to be made by Emerita over seven years on the following schedule:
 - US\$350,000 within 30 days from the date that the request for assignment of the mining rights is filed by IMS or Emerita with Brazil’s national mining agency and subsequent to Vale withdrawing its pending claims against IMS. \$449,260 was paid by the Company in 2018.
 - US\$1,650,000 on or before July 14, 2018;
 - US\$1,500,000 on or before July 14, 2020; and
 - US\$3,000,000 on or before July 14, 2024.
- The rights to the Salobro Project were subject to litigation between Vale and IMS. In connection with this Transaction, Vale withdrew its claims pending against IMS in the Civil Court of Belo Horizonte in respect of the amounts Vale claims was owing to it in relation to IMS’s previous acquisition of the Salobro Project. The Company paid Vale’s legal fees and court costs in connection with withdrawing such claims (approximately CAD\$315,000 in total).

Emerita Resources Corp.

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5. EXPLORATION AND EVALUATION PROPERTIES (continued)

d) Salobro Zinc Property (Continued)

- A Brazilian subsidiary was incorporated to hold the Salobro Project in trust for Vale until the consideration was fully paid by Emerita.
- As consideration for IMS transferring the rights to the Salobro Project to the Brazilian subsidiary, the Company issued 1,000,000 of its common shares to IMS on March 15, 2018.
- Upon completion of the initial diamond drill program and analysis of the assays results, the Company terminated its option agreement on October 3, 2018 after attempts to renegotiate the payment terms with Vale were unsuccessful. As a result of the termination of the option agreement, the Company has written down the value of the property as at September 30, 2018 in accordance with the Company's accounting policies.

6. COMMON SHARES

Authorized

At September 30, 2018 and 2017, the authorized share capital consisted of an unlimited number of common shares without par value.

Common Shares Issued

	Number of shares	
	outstanding	Amount
Balance, September 30, 2016	83,597,829	\$ 6,950,482
Mineral Property Option Acquisition (iv)	500,000	60,000
Warrant exercise	12,522,000	1,252,200
Option exercise	450,000	45,000
Revaluation of broker warrants	-	3,433
Valuation allocation of exercise of warrants	-	181,147
Valuation allocation of exercise of options	-	31,500
Balance, September 30, 2017	97,069,829	\$ 8,523,762
Mineral Property Option Acquisition (iii,iv)	1,500,000	120,000
Private placement, net of issuance costs (i)	43,426,000	4,070,245
Warrant valuation (i,ii)	-	(953,393)
Warrant exercise	100,000	10,000
Valuation allocation of exercise of warrants	-	5,000
Balance, September 30, 2018	142,095,829	\$ 11,775,614

- (i) On December 20, 2017, the Company completed a private placement financing by issuing 43,426,000 units at a price of \$0.10 per unit for gross proceeds of \$4,342,600. Each "unit" is comprised of one common share and one half of one common share purchase warrant. Each warrant is exercisable at a price of \$0.20 per full warrant until December 20, 2019. The fair value of the 21,713,000 warrants issued was estimated at \$811,225 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 135%; risk-free interest rate of 1.63% and an expected life of 2 years. In addition, 2,097,095 finder units were granted. Each finder unit is exercisable at a price of \$0.10 per unit until December 20, 2019. The fair value of the finder units was estimated at \$139,880 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 135%; risk-free interest rate of 1.63% and an expected life of 2 years.

Emerita Resources Corp.

Notes to the Consolidated Financial Statements For the years ended September 30, 2018 and 2017 Expressed in Canadian Dollars

6. COMMON SHARES (continued)

Common Shares Issued (Continued)

- (ii) On May 16, 2018, the Company received approval from the TSXV to extend to August 20, 2018 the expiry date of 16,450,000 purchase warrants that were previously set to expire on May 20, 2018. The adjustment to the fair value of the warrants issued was estimated at \$2,288 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 97%; risk-free interest rate of 1.93% and an expected life of 0.28 years.
- (iii) On March 15, 2018, the Company completed the acquisition of the Salobro zinc project. Pursuant to the terms of the transaction, the Company issued 1,000,000 common shares to IMS Engenharia Mineral Ltda. ("IMS"), at a price per share of \$0.10 based on the quoted market price of the shares on the date of issuance.
- (iv) On June 13, 2016, the Company entered into a binding letter agreement with Falcon Metais Ltda., granting the Company an option to acquire a 100% interest in the Falcon Lito MG Project on or before June 13, 2018. In order to acquire the option, the Company issued 500,000 common shares at a price per share of \$0.155 based on the quoted market price of the shares on the date of issuance. An additional 500,000 common shares were issued on August 28, 2017 at a price per share of \$0.12 based on the quoted market price of the shares on the date of issuance. A final 500,000 common shares were issued on September 12, 2018 at a price per share of \$0.04 based on the quoted market price of the shares on the date of issuance (Note 5).

7. EQUITY RESERVES

Warrants

The changes in warrants issued during the years ended September 30, 2018 and 2017 are as follows:

	Number of warrants	Weighted average exercise price	Value of warrants
Balance, September 30, 2016	34,057,400	\$ 0.10	\$ 425,336
Exercised, January 2017	(1,393,400)	0.10	(20,693)
Exercised, February 2017	(2,270,000)	0.10	(28,318)
Exercised, March 2017	(1,430,000)	0.10	(21,243)
Exercised, April 2017	(7,000,000)	0.10	(109,326)
Expired, April 2017	(820,000)	0.10	(12,806)
Exercised, June 2017	(100,000)	0.10	(1,000)
Exercised, August 2017	(400,000)	0.10	(4,000)
Balance, September 30, 2017	20,644,000	\$ 0.10	\$ 227,950
Exercised, November 2017	(100,000)	0.10	(5,000)
Granted, December 2017	23,810,095	0.20	951,105
Expired, December 2017	(3,900,000)	0.10	(48,750)
Expired, May 2018	(194,000)	0.10	(9,700)
Extension, May 2018	-	0.10	2,288
Expired, August 2018	(16,450,000)	0.10	(166,788)
Balance, September 30, 2018	23,810,095	\$ 0.20	\$ 951,105

- (i) 2,097,095 warrants can be exercised into one common share and one half of one common share purchase warrant.

Emerita Resources Corp.

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7. EQUITY RESERVES (Continued)

Warrants (Continued)

The following summarizes the warrants outstanding as of September 30, 2018:

Number outstanding #	Number exercisable #	Grant date	Expiry date	Exercise price \$	Estimated grant date fair value \$	Volatility	Risk-free interest rate	Expected life (Yrs) #	Expected dividend yield
21,713,000	21,713,000	20-Dec-17	20-Dec-19	\$0.20	811,225	135%	1.63%	2.00	0%
2,097,095	2,097,095	20-Dec-17	20-Dec-19	\$0.20	139,880	135%	1.63%	2.00	0%
23,810,095	23,810,095				951,105				

The weighted-average remaining contractual life of the warrants as of September 30, 2018 is 1.22 years (2017 – 0.56 years).

Share-based payments

The changes in stock options issued during the years ended September 30, 2018 and 2017 are as follows:

	Number of options	Weighted average exercise price	Estimated grant date fair value
Balance, September 30, 2016	5,000,000	\$ 0.10	\$ 328,000
Granted, October 24, 2016	1,650,000	0.10	82,500
Exercised, February 6, 2017	(200,000)	0.10	(14,000)
Exercised, August 16, 2017	(250,000)	0.10	(17,500)
Cancelled, September 30, 2017	(500,000)	0.10	(25,000)
Balance, September 30, 2017	5,700,000	\$ 0.10	\$ 354,000
Expired, November 25, 2017	(200,000)	0.10	(4,000)
Expired, March 1, 2018	(200,000)	0.05	(2,000)
Balance, September 30, 2018	5,300,000	\$ 0.10	\$ 348,000

Options outstanding as of September 30, 2018 are as follows:

Number outstanding #	Number exercisable #	Grant date	Expiry date	Exercise price \$	Estimated grant date fair value \$	Volatility	Risk-free interest rate	Expected life (Yrs) #	Expected dividend yield
4,000,000	4,000,000	29-Aug-16	29-Aug-21	\$0.10	280,000	128%	0.72%	5.00	0%
150,000	150,000	08-Sep-16	08-Sep-21	\$0.10	10,500	128%	0.68%	5.00	0%
1,150,000	1,150,000	24-Oct-16	24-Oct-21	\$0.10	57,500	111%	0.53%	5.00	0%
5,300,000	5,300,000				348,000				

The weighted average remaining contractual life of the options as at September 30, 2018 is 2.95 years (2017 – 3.69 years).

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8. CAPITAL MANAGEMENT

The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of mineral properties. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers its capital to consist of common shares, warrants and options.

The properties in which the Company currently has an interest are in the exploration and evaluation stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and evaluation and pay for administrative costs, the Company must raise additional amounts.

The Company may continue to assess new properties and may seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management during the years ended September 30, 2018 and 2017.

The Company and its subsidiaries are not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required to maintain operations and cover general and administrative expenses for a period of 6 months. As at September 30, 2018, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

9. 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, amounts receivable, 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 September 30, 2018 and 2017, the Company had no instruments to classify in the fair value hierarchy.

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

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9. FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk

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

a. Trade credit risk

The Company is not exposed to significant trade credit risk.

b. Cash

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

(b) Currency risk

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

As at September 30, 2018 and 2017, the Company had the following financial instruments and denominated in foreign currency (expressed in Canadian dollars):

September 30, 2018

	Euro	US dollars	Brazilian reals
Cash	\$ 17,516	\$ 7,224	\$ 1,505
Accounts payable and accrued liabilities	(303,808)	(459,372)	(413,370)
	\$ (286,292)	\$ (452,148)	\$ (411,865)

September 30, 2017

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

A 10% strengthening (weakening) of the Canadian dollar against the Euro would decrease (increase) net loss by approximately \$29,000 (2017 - \$34,000).

A 10% strengthening (weakening) of the Canadian dollar against the US dollar would decrease (increase) net loss by approximately \$45,000 (2017 - \$47,000).

A 10% strengthening (weakening) of the Canadian dollar against the Brazilian real would decrease (increase) net loss by approximately \$41,000 (2017 - \$nil).

9. FINANCIAL INSTRUMENTS (Continued)

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At September 30, 2018, the Company had a cash balance of \$31,325 (September 30, 2017 - \$518,719) to settle current liabilities of \$2,049,613 (September 30, 2017 - \$2,116,818). The Company's trade payables have contractual maturities of less than 30 days and are subject to normal trade terms.

(d) Commodity / Equity price risk

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

10. RELATED PARTY TRANSACTIONS

The Company shares office space with other companies who may have common officers or directors. The costs associated with this space are administered by an unrelated company.

As at September 30, 2018, an amount of \$920,873, included in accounts payable, were owed to directors and officers of the Company (September 30, 2017 - \$972,436). The amounts outstanding on fees are unsecured, non-interest bearing, with no fixed terms of repayment.

Compensation of key management personnel of the Company

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. During the years ended September 30, 2018 and 2017, the remuneration of directors and other key management personnel are as follows:

	Year ended September 30,	
	2018	2017
Management fees	\$ 728,148	\$ 683,304

In connection with the December 20, 2017 placement (see Note 6(i)), officers and directors of the Company subscribed for 4,250,000 units of the Company for total proceeds of \$425,000.

Emerita Resources Corp.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017

Expressed in Canadian Dollars

11. SEGMENT INFORMATION

The Company conducts its business as a single operating segment, being mineral exploration and evaluation in Spain and Brazil. The following tables summarize the total assets and liabilities by geographic segment as at September 30, 2018 and 2017:

September 30, 2018	Spain	Canada	Brazil	Total
Cash	\$ 17,516	\$ 12,304	\$ 1,505	\$ 31,325
Other current assets	83,892	104,037	65	187,994
Reclamation deposit	17,273	-	-	17,273
Property, plant and equipment	11,572	-	5,369	16,941
Investment in and advances to associate	243,024	-	-	243,024
Exploration and evaluation properties	239,994	-	157,500	397,494
Total Assets	\$ 613,271	\$ 116,341	\$ 164,439	\$ 894,051

Accounts payable and accrued liabilities	\$ 303,808	\$ 1,332,435	\$ 413,370	\$ 2,049,613
Total liabilities	\$ 303,808	\$ 1,332,435	\$ 413,370	\$ 2,049,613

September 30, 2017	Spain	Canada	Brazil	Total
Cash	\$ 47,914	\$ 470,805	\$ -	\$ 518,719
Other current assets	101,494	36,421	-	137,915
Reclamation deposit	16,952	-	-	16,952
Property, plant and equipment	13,585	-	-	13,585
Exploration and evaluation properties	477,494	-	-	477,494
Total Assets	\$ 657,439	\$ 507,226	\$ -	\$ 1,164,665

Accounts payable and accrued liabilities	\$ 390,345	\$ 1,726,473	\$ -	\$ 2,116,818
Total liabilities	\$ 390,345	\$ 1,726,473	\$ -	\$ 2,116,818

The following tables summarize the loss by geographic segment for the years ended September 30, 2018 and 2017:

September 30, 2018	Spain	Canada	Brazil	Total
Other income	\$ -	\$ (3,464)	\$ -	\$ (3,464)
Project evaluation expenses	536,895	(77,187)	176,212	635,920
General and administrative expenses	-	1,439,530	-	1,439,530
Exploration and evaluation property writeoff	-	-	2,272,408	2,272,408
Foreign exchange (gain)/loss	-	59,260	-	59,260
Loss	\$ 536,895	\$ 1,418,139	\$ 2,448,620	\$ 4,403,654

September 30, 2017	Spain	Canada	Brazil	Total
Other income	\$ -	\$ (423)	\$ -	\$ (423)
Project evaluation expenses	474,866	-	-	474,866
General and administrative expenses	-	1,282,831	-	1,282,831
Exploration and evaluation property writeoff	712,683	44,164	-	756,847
Foreign exchange (gain)/loss	-	8,852	-	8,852
Loss	\$ 1,187,549	\$ 1,335,424	\$ -	\$ 2,522,973

Emerita Resources Corp.
Notes to the Consolidated Financial Statements
For the years ended September 30, 2018 and 2017
Expressed in Canadian Dollars

12. INCOME TAXES

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2017 – 26.5%) were as follows:

Provision for income taxes

	2018 \$	2017 \$
(Loss) before income taxes	(4,403,654)	(2,522,973)
Expected income tax recovery based on statutory rate	(1,167,000)	(669,000)
Adjustment to expected income tax benefit:		
Share-based payments	-	15,000
Expenses not deductible for tax purposes	4,000	1,000
Difference in tax rates	(181,000)	(16,000)
Difference in foreign exchange rates	(105,000)	(26,000)
Change in benefit of tax assets not recognized	1,449,000	695,000
Deferred income tax provision (recovery)	-	-

Deferred income taxes

Deferred income tax assets have been recognized in respect of the following items:

	2018 \$	2017 \$
Exploration and evaluation properties	(75,000)	(106,000)
Non-capital loss carry-forwards	75,000	106,000
Net tax assets (liabilities)	-	-

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2018 \$	2017 \$
Non-capital loss carry-forwards	12,257,000	9,207,000
Share issue costs	217,000	15,000
Other temporary differences	141,000	141,000
Total	12,615,000	9,363,000

Non-capital losses of \$5,870,000 in Canada expire between 2029 and 2038. Non-capital losses of €2,980,000 (\$4,472,000) in Spain expire between 2030 and 2036. Non-capital losses of R\$8,190,000 (\$2,640,000) in Brazil carry forward indefinitely. The potential future benefit of these losses has not been recognized in the consolidated financial statements because it is not probable that future taxable profit will be available against which the Company can use the benefits.

Emerita Resources Corp.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2018 and 2017

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13. COMMITMENTS AND CONTINGENCIES

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

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$324,000 (2017 - \$324,000) and additional contingent payments of up to approximately \$1,234,000 (2017 - \$1,235,000) upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

The Company's joint venture agreement with the Aldesa Group requires the Company to invest an additional €1,250,000 in the development of the Plaza Norte project should the project advance to later phases. It is not currently known whether the Plaza Norte project will advance to a stage where this investment is required, therefore the expenditure has not been reflected in these consolidated financial statements.

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

The Company has been named as a defendant in a claim made by a group of companies regarding the payment of outstanding amounts owing to the group of companies relating to certain advertising services. The plaintiff is seeking payment in the amount of € 208,457 (\$307,307). Although the ultimate outcome of this action cannot be ascertained at this time and the results of legal proceedings cannot be predicted with certainty, management believes this claim to be without merit.

14. SUBSEQUENT EVENTS

On December 19, 2018, the shareholders of the Company approved a special resolution to consolidate the Company's outstanding common shares on the basis of one (1) post-consolidation common share for each five (5) pre-consolidation common shares and granted the Board of Directors of the Company the authority to implement the consolidation at any time during the 12 month period following the approval date. The share consolidation has not yet been implemented and the Company will advise shareholders in the near future when the consolidation will be effected.

Subsequent to September 30, 2018, the Company entered into an agreement to obtain a loan in the amount of \$250,000. The loan will bear interest at 18%, have a term of 2 years and will be secured against the assets of the Company.

EMERITA RESOURCES CORP.
Management's Discussion and Analysis
For the year ended September 30, 2018
(in Canadian dollars, unless otherwise noted)

Date: January 28, 2019

This Management's Discussion and Analysis ("**MD&A**") provides a discussion and analysis of the financial condition and results of the operations of Emerita Resources Corp. (individually or collectively with its subsidiaries, as applicable, "**Emerita**" or the "**Company**"), to enable a reader to assess material changes in the financial condition and results of operations as at and for the years ended September 30, 2018 and 2017. The MD&A should be read in conjunction with the audited consolidated financial statements as at and for the years ended September 30, 2018 and 2017. All amounts included in the MD&A are expressed in Canadian dollars, unless otherwise specified.

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as published by the International Accounting Standards Board. Please refer to Note 2 of the annual audited consolidated financial statements as at and for the years ended September 30, 2018 and 2017 for disclosure of the Company's significant accounting policies.

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

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

The audit committee of the Company has reviewed this MD&A and the consolidated financial statements for the year ended September 30, 2018, and the Company's Board of Directors approved these documents prior to their release.

Overview and Strategy

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

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

Fourth Quarter Highlights

The Company, through its joint venture arrangement, completed the acquisition of the Plaza Norte project, a high-grade zinc project with significant geological potential and historical technical information. The project is based in a well-known mining region in northern Spain, with target areas already identified based on historical drilling. The transaction closed and exploration concessions were granted subsequent to the fiscal year end.

On September 12, 2018, the Company exercised its option and acquired a 100% interest in the Falcon Lito MG Project in Minas Gerais State, Brazil, adjacent to Brazil's only current lithium producer.

The Company's projects are described in detail in the "Summary of Properties and Projects" section below.

Summary of Properties and Projects

Mineral Exploration Properties – Spain

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

Plaza Norte Property – Description

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

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

The Plaza Norte Project is in the Cantabria Region, northern Spain, in the Reocin mining district. The Cantabria region is characterized by first world infrastructure including an industrial port and an excellent rail and road network. The Reocin mine is a past producing zinc mine and among the richest zinc mines in the world.

The Company has acquired the historical database for the Plaza Norte Project which included more than 300 drill holes (approximately 73,000 meters of drilling) with numerous high-grade intercepts. For most of these holes, the core is also preserved in government core storage facilities. After analyzing the data, the Company selected an area that is believed to encompass the best geological potential for additional zinc deposits in the basin and where diamond drill holes with high grade intercepts are located.

Plaza Norte Property – Outlook

CDZ has received all permits required to initiate the exploration program. Upon completion of the environmental and social licenses, the government ratified the resolution granting the exploration permit to the CDZ. CDZ has initiated negotiations with local land owners to access selected target areas for drilling and expects to commence the first drilling campaign in the first quarter of 2019.

Las Morras Property – Description

The original exploration permit for the Las Morras property comprised 230 claims, totaling approximately 7,000 hectares. The permit for Las Morras was granted on 2012 and expired on April 17, 2015 but was renewable for an additional three-year term. The Company applied for an additional two-year term and received approval of the renewal for a period of two years on August 20, 2015. A subsequent renewal for an additional period of 2 years was granted on January 20, 2017. The Company has filed a request for an additional extension with government authorities. There is no guarantee that the renewal will be approved. This property is located in the eastern part of the Badajoz province of Spain.

Las Morras Property – Outlook

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

In order to exercise the Option, Copper One shall:

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

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

Sierra Alta Property – Description

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

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

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

Sierra Alta Property – Exploration

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

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

On November 3, 2017, a formal work plan was submitted by the Company to regional mining authorities. The Company has received approval of the work plan, with an expiry date of July 21, 2020.

Aznalcóllar Tender

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

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

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

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

The 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. The Company's representatives in Spain are scheduled to meet with officials of the incoming government in the first quarter of 2019 to discuss the project, and the Company remains committed the acquisition and development of the project for the benefit of all stakeholders. As part the initial public tender process, the Company completed comprehensive engineering and environmental studies and as such is the group best positioned to advance the project efficiently and with the highest environmental, health and safety standards.

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

Paymogo Tender

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

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

The Upper Court has directed the panel to reassess the bids excluding the criteria that were not previously publicly disclosed. Using the legal criteria, the Company believes that it should be awarded the tender. The timing for reconvening the panel is not known by the Company nor how the panel will approach the reassessment. The Company will provide an update in due course with respect to any new developments.

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

Mineral Exploration Properties – Brazil

Falcon Project – Description

In June 2016, the Company entered into a binding letter agreement (the “Falcon Agreement”) with Falcon Metais Ltda. (“Falcon”) pursuant to which Falcon granted to Emerita an option (the “Option”) to acquire a 100% interest in the Falcon Lítio MG Project (the “Falcon Project”) on or before June 13, 2018 (the “Option Expiry Date”). The Falcon Project is adjacent to Brazil’s only lithium mining operation owned by Companhia Brasileira de Lítio (“CBL”) and the northwestern property boundary of the Falcon Project is just 500 meters from the CBL mine. The Falcon Project is comprised of one exploration permit and five applications for exploration permits. The applications for exploration permits have been submitted to the Brazilian Mining Agency by Falcon and will be transferred to Emerita when the exploration permits are granted.

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

To acquire the Option, Emerita issued 500,000 common shares to Falcon in June 2016, at a price per share of \$0.155. An additional 500,000 common shares were issued on August 28, 2017 at a price per share of \$0.12 based on the estimated market value of the shares on the date of issuance. The Company issued the third and final tranche of 500,000 common shares to Falcon on September 12, 2018 at a price per share of \$0.04, based on the quoted market value of the shares on the date of issuance. Falcon will retain a transferable 2% net smelter royalty on all commercial sales from the Lítio Project.

In addition, if a “mineral resource”, as defined in NI 43-101, of at least 20 million tonnes with a grade of at least 1.3% LiO₂ is delineated at the Falcon Project, Emerita shall either, (i) pay CAD\$5 million in cash to Falcon or, by its sole discretion, (ii) issue CAD\$5 million worth (to be determined on a reasonable volume weighted average price basis) of common shares to Falcon (the “Resource Consideration”).

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

Falcon Project – Outlook

The Falcon Project provides an opportunity for the Company to add value at a low cost. The Company is currently considering expressions of interest by third parties to be involved with developing the project. Further updates will be provided as they become available.

Salobro Zinc Project

The Company has terminated its option agreement, as amended, with Vale S.A. (“Vale”) to acquire the Salobro zinc project (“Salobro”) in Minas Gerais State, Brazil. In order to maintain the option in good standing, the Company would have been required to pay Vale US\$1.65 million (approximately CAD\$2.13 million) on or before September 30, 2018. The Company unsuccessfully attempted to renegotiate the payment terms with Vale.

The Company determined that raising the capital needed to make this payment would be excessively dilutive to shareholders, and the results of the recently completed diamond drill program were not as promising as originally expected. Therefore, the Company has elected to pursue alternative projects in order to generate value for shareholders.

Liquidity and Capital Resources

As at September 30, 2018, the Company had working capital deficit of \$1,830,294 (September 30, 2017 – working capital deficit of \$1,460,184), which included a cash balance of \$31,325 (September 30, 2017 - \$518,719), amounts receivable of \$169,935 (September 30, 2017 - \$109,003), and prepaid expenses and advances of \$18,059 (September 30, 2017 - \$28,912), offset by accounts payable and accrued liabilities of \$2,049,613 (September 30, 2017 - \$2,116,818).

On December 20, 2017, the Company completed a private placement financing by issuing 43,426,000 units at a price of \$0.10 per unit for gross proceeds of \$4,342,600. Each unit is comprised of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable at a price of \$0.20 per warrant until December 20, 2019. The proceeds were used for the first purchase price payment for Salobro pursuant to the option agreement and to commence the exploration programs of both the Salobro zinc project and the Plaza Norte zinc project in Spain, for future acquisitions of mineral properties, and for general corporate purposes. In addition, 1,064,798 broker warrants were issued, exercisable at a price of \$0.20 per full broker warrant into one common share of the Company until December 20, 2019.

On January 4, 2019, the Company entered into a loan agreement with Pathfinder Asset Management Limited for a maximum principal amount of \$250,000, of which \$125,000 has been funded to date. The loan bears interest at 18% per annum, has a term of two years and is secured, pursuant to a general security agreement, against the Company's assets. The Company plans to use the loan proceeds to fund ongoing exploration and development of the Plaza Norte Project and for general working capital purposes. In connection with the loan, the Company paid \$7,500 as a finder fee to an arms-length party.

Results of Operations

During the year ended September 30, 2018, the Company recorded a loss of \$4,403,654, or \$0.03 per share, compared with a loss of \$2,522,973, or \$0.03 per share, during the year ended September 30, 2017.

Expenses incurred during the year ended September 30, 2018 included \$1,035,572 in consulting and management fees; \$50,830 in shareholder communications and filing fees; \$88,975 in promotional expenses; \$110,935 in travel expenses; \$87,922 in office expenses for office administration services; and \$65,296 in professional fees related to legal expenses and the preparation and audit of the Company's financial statements. During the year ended September 30, 2018, project evaluation expenses of \$635,920 were incurred relating to the evaluation of possible mineral properties within Spain and Brazil. These project

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evaluation expenses primarily include fees for numerous professionals who were involved in the preparation of the Plaza Norte tender documents submitted to the Government of Cantabria, and for exploration expenses related to the Salobro project. The expenses also include overhead costs in Seville as well as other legal and consulting expenses. In September 2018, the Company incurred an impairment charge of \$2,011,676, related to the Salobro property as per the mineral property schedule in Note 5 of the consolidated financial statements.

Expenses incurred during the year ended September 30, 2017 included \$947,479 in consulting and management fees; \$40,147 in shareholder communications and filing fees; \$12,994 in promotional expenses; \$26,670 in travel expenses; \$85,799 in office expenses for office administration services; \$112,242 in professional fees related to the preparation and audit of the Company's financial statements; and \$57,500 in share-based compensation expenses. In addition, project evaluation expenses of \$474,866 were incurred, relating to the evaluation of mineral properties in Spain and Brazil.

Cash flows

Year ended September 30, 2018

During the year ended September 30, 2018, the Company used cash of \$2,244,719 on operating activities. Cash used in operating activities consisted primarily of new project evaluation expenses incurred on the Company's properties in Spain and Brazil, and corporate general and administrative expenses.

During the year ended September 30, 2018, investing activities used \$2,322,920 which related to office equipment and general overhead for exploration and evaluation expenditures on the Company's properties in Spain and Brazil, including new project evaluation.

During the year ended September 30, 2018, financing activities generated \$4,080,245, consisting of the proceeds of a private placement on December 20, 2017 and the exercise of 100,000 of the Company's outstanding warrants.

Year ended September 30, 2017

During the year ended September 30, 2017, the Company used cash of \$1,039,437 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 year ended September 30, 2017, investing activities used \$45,817 which related to office equipment and general overhead for exploration and evaluation expenditures on the Company's properties in Spain, including new project evaluation.

During the year ended September 30, 2017, financing activities generated \$1,297,200, consisting of the proceeds from the exercise of the 450,000 of the Company's outstanding options and 12,522,000 of the Company's outstanding warrants.

Off-Balance Sheet Items

As at September 30, 2018, the Company did not have any off-balance sheet items.

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(in Canadian dollars, unless otherwise noted)

Select Annual Information

Select annual financial information for the years ended September 30, 2018, 2017 and 2016 is presented in the table below:

	2018	2017	2016
	\$	\$	\$
Revenues	\$ -	\$ -	\$ -
Loss and comprehensive loss	(4,403,654)	(2,522,973)	(1,520,994)
Loss per share, basic and diluted	(0.03)	(0.03)	(0.02)
Total assets	894,051	1,164,665	1,638,331
Working capital ('000s)	(1,830)	(1,460)	(1,007)

Select Quarterly Information

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

Period	Revenue (1)	Operating			Total assets
		costs	Loss	Loss per share	
	\$	\$	\$	\$	\$
Q4- September 2018	-	688,960	(3,048,035)	(0.02)	894,051
Q3- June 2018	-	474,385	(480,747)	(0.00)	3,413,807
Q2- March 2018	-	433,910	(428,080)	(0.00)	3,793,092
Q1- December 2017	-	478,195	(446,792)	(0.01)	4,327,116
Q4- September 2017	-	544,344	1,083,920	(0.02)	1,164,665
Q3- June 2017	-	423,701	(436,579)	(0.00)	2,180,500
Q2- March 2017	-	256,595	(258,918)	(0.00)	1,735,564
Q1- December 2016	-	398,023	(388,423)	(0.01)	1,426,004
Q4- September 2016	-	560,597	(725,720)	(0.01)	1,638,331

Explanatory Notes:

- 1) The Company has no sales revenues.

Financial Instruments

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

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

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

The Company's financial instruments include cash, and accounts payable and accrued liabilities. The carrying values of these financial instruments reported in the statement of financial position approximate their respective fair values due to the relatively short-term nature of these instruments.

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As at September 30, 2018 and 2017, the Company had no instruments to classify in the fair value hierarchy.

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

(a) *Credit risk*

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

a. Trade credit risk

The Company is not exposed to significant trade credit risk.

b. Cash

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

(b) *Currency risk*

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

As at September 30, 2018 and 2017, the Company had the following financial instruments and denominated in foreign currency (expressed in Canadian dollars):

September 30, 2018				
		Euro	US dollars	Brazilian reals
Cash	\$	17,516	\$ 7,224	\$ 1,505
Accounts payable and accrued liabilities		(303,808)	(459,372)	(413,370)
	\$	(286,292)	\$ (452,148)	\$ (411,865)

September 30, 2017				
		Euro	US dollars	Brazilian reals
Cash	\$	47,914	\$ 1,093	\$ -
Accounts payable and accrued liabilities		(390,345)	(468,906)	-
	\$	(342,431)	\$ (467,813)	\$ -

A 10% strengthening (weakening) of the Canadian dollar against the Euro, US dollar, and Brazilian real would decrease (increase) net loss by approximately \$29,000, \$45,000, and \$41,000 (September 30, 2017 - \$34,000, \$47,000, and \$nil) respectively.

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(c) *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At September 30, 2018, the Company had a cash balance of \$31,325 (September 30, 2017 - \$518,719) to settle current liabilities of \$2,049,613 (September 30, 2017 - \$2,116,818). The Company's trade payables have contractual maturities of less than 30 days and are subject to normal trade terms.

(d) *Commodity / Equity price risk*

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

Critical Accounting Policies

The Company's significant accounting policies are described in Note 2 to the audited consolidated financial statements for the year ended September 30, 2018. 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"), United States Dollars ("US\$") and Brazilian reais ("BRL"). At September 30, 2018, one Canadian dollar was worth US\$0.7725 (September 30, 2017 - US\$0.8013); EUR 0.6658 (September 30, 2017 - EUR 0.6783); and BRL 3.1056 (September 30, 2017 - BRL 2.5374). During the year ended September 30, 2018, the average value of one Canadian dollar was US\$0.7791 (September 30, 2017 - US\$0.7612); EUR 0.6545 (September 30, 2017 - EUR 0.6898); and BRL 2.7203 (September 30, 2017 - BRL 2.4432).

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Exploration and evaluation properties

	Salobro Project \$	Las Morras Property \$	Falcon Litio Project \$	Total \$
Balance, September 30, 2017	-	339,994	137,500	477,494
Cost incurred during the year:				
Purchase option	100,000	(100,000)	20,000	20,000
Land management fees, taxes and permits	374,108	-	-	374,108
Labour, contract geologists, prospectors	641,248	-	-	641,248
Field expenses	57,922	-	-	57,922
Drilling & geophysics	662,963	-	-	662,963
Travel, meals and accommodations	84,475	-	-	84,475
Legal fees	295,886	-	-	295,886
Project overhead costs	55,806	-	-	55,806
Property writeoff	(2,272,408)	-	-	(2,272,408)
Balance, September 30, 2018	-	239,994	157,500	397,494

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

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

Management reviews the carrying value of capitalized exploration and evaluation costs at least annually. The review is based on the Company's intentions for the development of the undeveloped property. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable or management determines that impairment is required, all irrecoverable costs associated with the project net of any impairment provisions are written off to operations. As a result of the termination of the Salobro option agreement, the Company has written down the value of the property as at September 30, 2018 in accordance with the Company's accounting policies.

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

Costs recovered in excess of the carrying amount are recognized in operations. At September 30, 2018, the Company had exploration and evaluation properties on the statement of financial position of \$397,494 (September 30, 2017 - \$477,494).

Commitments and Contingencies

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

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$324,000 (2017 - \$324,000) and additional contingent payments of up to approximately

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\$1,234,000 (2017 - \$1,235,000) upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

The Company's joint venture agreement with Aldesa requires the Company to invest an additional €1,250,000 in the development of the Plaza Norte project should the project advance to later phases. It is not currently known whether the Plaza Norte project will advance to a stage where this investment is required, therefore the expenditure has not been reflected in these consolidated financial statements.

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

The Company has been named as a defendant in a claim made by a group of companies regarding the payment of outstanding amounts owing to the group of companies relating to certain advertising services. The plaintiff is seeking payment in the amount of € 208,457 (\$307,307). Although the ultimate outcome of this action cannot be ascertained at this time and the results of legal proceedings cannot be predicted with certainty, management believes this claim to be without merit.

Transactions with Related Parties

The Company shares office space with other companies who may have common officers or directors. The costs associated with this space are administered by an unrelated company.

As at September 30, 2018, an amount of \$920,873, included in accounts payable, were owed to directors and officers of the Company (September 30, 2017 - \$972,436). The amounts outstanding on fees are unsecured, non-interest bearing, with no fixed terms of repayment.

Compensation of key management personnel of the Company

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. During the years ended September 30, 2018 and 2017, the remuneration of directors and other key management personnel are as follows:

	Year ended September 30,	
	2018	2017
Management fees	\$ 728,148	\$ 683,304

In connection with the December 20, 2017 placement (see Note 6(i) of the audited consolidated financial statements), officers and directors of the Company subscribed for 4,250,000 units of the Company for total proceeds of \$425,000.

Risk Factors

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

speculative. An investment in the Company will be subject to certain material risks and investors should not invest in securities of the Company unless they can afford to lose their entire investment. The following is a description of certain risks and uncertainties that may affect the Company.

Substantial Capital Requirements and Liquidity

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

Financing Risks and Dilution to Shareholders

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

Limited Operating History

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

No Mineral Resources or Mineral Reserves

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

The Company's properties are in the exploration stage only and, to date, no mineral resources or mineral reserves have been identified. Development of the Company's properties will follow only if favourable exploration results are obtained. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. There is no

assurance that any mineral resources or mineral reserves will be identified or developed. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors.

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

Fluctuating Mineral Prices

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

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

Regulatory, Permit and License Requirements

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

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

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

Title to Properties

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

Competition

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

Reliance on Management and Dependence on Key Personnel

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

Environmental Risks

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

Local Resident Concerns

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

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers may become subject

to conflicts of interest. The *Business Corporations Act* (British Columbia) ("BCBCA") provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to a Company, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Foreign Operations

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

Uninsurable Risks

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

Litigation

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

Subsequent Events

On January 10, 2019, the Company announced that it has the necessary permits required to commence drilling on its jointly-owned Plaza Norte zinc project located in Cantabria, Spain. The Company has selected target areas for drilling and expects to commence the first drilling campaign in the first quarter of 2019.

On December 19, 2018, the shareholders of the Company approved a special resolution to consolidate the Company's outstanding common shares on the basis of one (1) post-consolidation common share for each five (5) pre-consolidation common shares and granted the Board of Directors of the Company the authority to implement the consolidation at any time during the 12 month period following the approval date. The share consolidation has not yet been implemented and the Company will advise shareholders in the near future when the consolidation will be effected.

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Subsequent to September 30, 2018, the Company entered into an agreement to obtain a loan in the amount of \$250,000. The loan will bear interest at 18%, have a term of 2 years and will be secured against the assets of the Company.

Outstanding Share Data

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

- 1) 142,095,829 common shares outstanding;
- 2) 23,810,095 warrants outstanding expiring on December 20, 2019. If all the warrants were exercised, 23,810,095 shares would be issued for gross proceeds of \$4,552,310.
- 3) 5,300,000 stock options outstanding with expiry dates ranging between August 29, 2021 and October 24, 2021. If all the options are exercised, 5,300,000 shares would be issued for gross proceeds of \$530,000.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

This MD&A contains forward-looking information under Canadian securities legislation. Forward-looking information includes, but is not limited to, dispositions and strategy, development potential and timetable of the Company's exploration properties; the Company's ability to raise required funds; future mineral prices; mineralization projections; conclusions of economic evaluation; the timing and amount of estimated future exploration and development; costs of development; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the opinions and estimates of management as of the date such statements are made. Estimates regarding the anticipated timing, amount and cost of exploration are based on previous industry experience and regional political and economic stability. Capital and operating cost estimates are based on extensive research of the Company, recent estimates of costs and other factors that are set out herein. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during exploration and development; acquisition risks; regulatory risks; revocation of government approvals; timing and availability of external financing on acceptable terms; actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of minerals; accidents, labour disputes and other risks of the mining industry. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update its forward-looking information, except in accordance with applicable securities laws.



Condensed Interim Consolidated Financial Statements

For the three and six months ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements, in accordance with standards established by the Chartered Professional Accountants of Canada (CPA Canada) for a review of interim financial statements by an entity's auditor.

Emerita Resources Corp.

Condensed Interim Consolidated Statements of Financial Position

Expressed in Canadian Dollars- Unaudited

As at:	Note	March 31, 2019 \$	September 30, 2018 \$
ASSETS			
Current			
Cash		36,789	31,325
Amounts receivable		183,255	169,935
Prepaid expenses		19,728	18,059
Total current assets		239,772	219,139
Long-term			
Reclamation deposit		17,252	17,273
Equipment		15,062	16,941
Investment in associate	3	242,732	243,024
Exploration and evaluation properties	4	397,494	397,494
Total assets		912,312	894,051
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8,9	1,461,410	2,049,613
Loans payable	7	216,089	-
Current liabilities		1,677,499	2,049,613
Long-term loans payable		260,142	-
Total liabilities		1,937,641	2,049,613
SHAREHOLDERS' EQUITY			
Common shares	5	11,775,614	11,775,614
Warrant reserve	6	951,105	951,105
Option reserve	6	348,000	348,000
Deficit		(14,100,048)	(14,230,281)
Total shareholders' equity/(deficiency)		(1,025,329)	(1,155,562)
Total liabilities and shareholders' equity/(deficiency)		912,312	894,051
Nature of operations and going concern	1		
Commitments and contingencies	11		
Subsequent events	12		

Approved on behalf of the Board of Directors on May 30, 2019:

Signed: "Catherine Stretch", Director

Signed: "David Gower", Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Emerita Resources Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

Expressed in Canadian Dollars- Unaudited

	Note	Three months ended March 31,		Six months ended March 31,	
		2019 \$	2018 \$	2019 \$	2018 \$
Expenses					
Project evaluation expenses		(17,028)	(69,179)	141,512	6,726
Consulting and management fees		310,639	372,254	444,623	684,703
Professional fees		4,000	11,060	4,400	20,302
Shareholder communication and filing fees		17,068	(13,221)	34,674	20,929
Promotion		(3,784)	59,160	6,324	59,160
Travel expenses		-	51,214	-	85,819
Office expenses		28,985	22,622	44,465	34,466
Loss for the period before other items		(339,880)	(433,910)	(675,998)	(912,105)
Other items					
Gain on settlement of liabilities	9	-	-	890,153	-
Interest income		67	1,858	67	2,014
Interest expense		(22,757)	-	(25,786)	-
Foreign exchange gain/(loss)		(965)	3,972	(58,203)	35,219
Comprehensive gain/(loss) for the period		(363,535)	(428,080)	130,233	(874,872)
Basic and diluted gain/(loss) per share					
		\$ (0.00)	\$ (0.00)	\$ 0.00	\$ (0.01)
Weighted average number of common shares outstanding					
Basic and Diluted		142,095,829	121,239,203	142,095,829	121,239,203

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Emerita Resources Corp.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

Expressed in Canadian Dollars- Unaudited

	Number of shares #	Common Shares \$	Warrant Reserve \$	Option Reserve \$	Deficit	Shareholders' equity/(deficiency) \$
Balance, September 30, 2018	97,069,829	11,775,614	951,105	348,000	(14,230,281)	(1,155,562)
Gain and comprehensive gain for the period	-	-	-	-	130,233	130,233
Balance, March 31, 2019	97,069,829	11,775,614	951,105	348,000	(14,100,048)	(1,025,329)
Balance, September 30, 2017	97,069,829	8,523,762	227,950	354,000	(10,057,865)	(952,153)
Common shares issued, net of issue costs	44,426,000	4,166,735	-	-	-	4,166,735
Warrants	-	(1,211,476)	1,211,476	-	-	-
Warrants exercised	100,000	11,000	(1,000)	-	-	10,000
Warrants expired unexercised	-	-	(48,750)	-	48,750	-
Options expired unexercised	-	-	-	(6,000)	6,000	-
Loss and comprehensive loss for the period	-	-	-	-	(874,872)	(874,872)
Balance, March 31, 2018	141,595,829	11,490,021	1,389,676	348,000	(10,877,987)	2,349,710

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Emerita Resources Corp.

Condensed Interim Consolidated Statements of Cash Flows

Expressed in Canadian Dollars- Unaudited

	Six months ended	
	March 31,	
	2019	2018
	\$	\$
Cash (used in)/provided by:		
Operating activities		
Gain/(Loss) for the period	130,233	(874,872)
Items not involving cash:		
Interest expense	10,142	-
Amortization	1,487	5,455
Unrealized loss/(gain) on foreign exchange	705	-
Working capital adjustments:		
Change in amounts receivable	(13,320)	(366,422)
Change in prepaid expenses	(1,669)	(29,419)
Change in accounts payable and accrued liabilities	(372,114)	(673,436)
Net cash (used in) operating activities	(244,536)	(1,938,694)
Investing activities		
Property, plant and equipment	-	(4,982)
Investment in associate	-	(256,401)
Exploration and evaluation properties, net of change in working capital	-	(1,001,295)
Net cash (used in) investing activities	-	(1,262,678)
Financing activities		
Proceeds from issuance of common shares	-	4,342,600
Cost of issue	-	(275,865)
Proceeds from long-term loan	250,000	-
Warrants exercised	-	10,000
Net cash provided by financing activities	250,000	4,076,735
Change in cash, during the period	5,464	875,363
Cash, beginning of period	31,325	518,719
Cash, end of period	36,789	1,394,082

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Emerita Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended March 31, 2019 and 2018

Expressed in Canadian Dollars- Unaudited

1. NATURE OF OPERATIONS AND GOING CONCERN

Emerita Resources Corp. (the “Company”, or “Emerita”) was incorporated on October 30, 2009 as 0865140 BC Ltd. pursuant to the *Business Corporations Act of British Columbia*. On January 8, 2013, the Company completed its Qualifying Transaction and ceased to be a Capital Pool Company. The Company changed its name to Emerita Gold Corp. and commenced trading as a Tier 2 Mining Issuer on the TSX Venture Exchange (“TSXV”) on January 11, 2013 under the new trading symbol “EMO”. The Company owns the following subsidiaries:

- A 100% interest in Emerita Resources Espana SL (“Emerita Espana”), a company incorporated on May 30, 2012 in Spain.
- A 99% interest in Emerita do Brazil Mineracao Ltda. (“Emerita Brazil”), a company incorporated on December 9, 2017 in Brazil.
- A 75% interest in Zinco das Gerais, a company incorporated on August 15, 2017 in Brazil.

The Company is currently engaged in the acquisition, exploration and development of mineral properties. The head office and principal address of the Company is 65 Queen Street West, Suite 800, Toronto, Ontario, M5H 2M5.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that the current exploration programs will result in profitable operations.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation properties is dependent upon the establishment of a sufficient quantity of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition of these assets.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims and non-compliance with regulatory and environmental requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

The Company has a need for equity financing for working capital and exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation. Material uncertainties as mentioned above cast significant doubt upon the Company’s ability to continue as a going concern.

These condensed interim consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material.

Emerita Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended March 31, 2019 and 2018

Expressed in Canadian Dollars- Unaudited

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed interim consolidated financial statements are in compliance with IAS 34, *Interim Financial Reporting*. Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These condensed interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended September 30, 2018.

Basis of presentation and consolidation

These condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information, and have been prepared using the historical cost basis. Furthermore, these condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries. All values are rounded to the nearest dollar.

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. All material intercompany transactions and balances between subsidiaries have been eliminated on consolidation. The Company holds a 50% interest in Cantabrica del Zinco S.L. ("Cantabrica"), along with its joint venture partner the Aldesa Group. Refer to Note 3.

Approval of the consolidated financial statements

These condensed interim consolidated financial statements of the Company for three and six months ended March 31, 2019 and 2018 were reviewed, approved and authorized for issue by the Board of Directors of the Company on May 30, 2019.

Critical judgements and estimation uncertainties

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Emerita Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended March 31, 2019 and 2018

Expressed in Canadian Dollars- Unaudited

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical judgements and estimation uncertainties (continued)

Capitalization of exploration and evaluation costs

Management has determined that exploration and evaluation costs incurred have future economic benefits and are economically recoverable. In making this judgement, management has assessed various sources of information including, but not limited to, the geologic and metallurgic information, operating management expertise and existing permits. See Note 4 for details of the Company's capitalized exploration and evaluation costs.

Impairment of exploration and evaluation properties

While assessing whether any indications of impairment exist for exploration and evaluation properties, consideration is given to both external and internal sources of information. Changes in the market and the economic and legal environment in which the Company operates that are not within its control affect the recoverable amount of exploration and evaluation properties. Internal sources of information considered by the Company include the manner in which exploration and evaluation properties are being used or are expected to be used and indications of expected economic performance of the properties. Estimates include but are not limited to estimates of the discounted future cash flows expected to be derived from the Company's properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation properties.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based share awards is determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Contingencies

Refer to Note 11.

Emerita Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended March 31, 2019 and 2018

Expressed in Canadian Dollars- Unaudited

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical judgements and estimation uncertainties (continued)

Joint arrangement

The Company has a joint arrangement with the Aldesa Group (see Note 3). The Company has joint control over this arrangement as under the contractual agreement with the Aldesa Group, unanimous consent is required from all parties to the agreements for certain key strategic, operating, investing and financing policies. The Company's joint arrangement is structured as a corporation and provides the Company and the Aldesa Group (parties to the agreements) with rights to the net assets of the limited company under the arrangements. Therefore, this arrangement has been classified as a joint venture and has been recorded as an investment in associate.

Judgment is required to determine the type of joint arrangement that exists. This judgment involves considering its rights and obligations arising from the arrangement. An entity assesses its rights and obligations by considering the structure and legal form of the arrangement, the terms agreed to by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

3. INVESTMENT IN ASSOCIATE

On October 26, 2017, the Company, along with its Spanish joint venture partner the Aldesa Group ("Aldesa"), were awarded exploration concessions for 3,600 hectares in the Santillana Syncline (the "Plaza Norte Project"). The Plaza Norte Project is in the Reocin Basin in Cantabria, Spain. In December of 2018, the rights to the Plaza Norte Project were extended for an additional term of 13 months. The Company and Aldesa each own a 50% interest in Cantabrica del Zinco S.L. ("Cantabrica"), a corporation registered in Spain, and will be equally represented on the board of directors. Emerita is the operator of the Plaza Norte Project. The Company recognizes its jointly controlled interest in the joint venture relationship with Aldesa as an investment. Effective October 26, 2017, the Company accounts for this investment using the equity method and it is recognized as an Investment in and advances to associate on the Statement of Financial Position.

On March 18, 2019, along with Aldesa, the Company announced the commencement of the first diamond drilling campaign at the Plaza Notre Project. Based on a review of historical data, the Company has highlighted 4 key areas as high priorities for the exploration program.

Changes in the investment in and advances to associate for the year ended September 30, 2018 and six months ended March 31, 2019 were as follows:

		\$
Balance, September 30, 2017		-
50% investment in associate		242,732
Balance, September 30, 2018 and March 31, 2019		242,732
<hr/>		
Cash and cash equivalents	\$	85,028
Current assets		380,197
Mineral property expenditures		753,201
Property, plant and equipment		14,499
<hr/>		
Current liabilities	\$	(395,727)
Long-term liabilities		(351,734)

Cantabrica did not have any revenues or expenses during the period from its incorporation to March 31, 2019.

Emerita Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended March 31, 2019 and 2018

Expressed in Canadian Dollars- Unaudited

4. EXPLORATION AND EVALUATION PROPERTIES

	Salobro Project \$	Las Morras Property \$	Falcon Litio Project \$	Total \$
Balance, September 30, 2017	-	339,994	137,500	477,494
Cost incurred during the year:				-
Purchase option (a,b,d)	100,000	(100,000)	20,000	20,000
Land management fees, taxes and permits	374,108	-	-	374,108
Labour, contract geologists, prospectors	641,248	-	-	641,248
Field expenses	57,922	-	-	57,922
Drilling & geophysics	662,963	-	-	662,963
Technical reports	-	-	-	-
Travel, meals and accommodations	84,475	-	-	84,475
Legal fees	295,886	-	-	295,886
Project overhead costs	55,806	-	-	55,806
Property writeoff (d)	(2,272,408)	-	-	(2,272,408)
Balance, September 30 and March 31, 2019	-	239,994	157,500	397,494

As at March 31, 2019, the Company has valid permits for two gold exploration properties, one lithium property, and one zinc exploration property held through the Company's joint arrangement with the Aldesa Group. Each of the gold properties is comprised of exploration permits that were issued by the Extramadura regulatory authorities and the Asturian regulatory authorities in Spain, respectively. The zinc property is comprised of exploration permits that were issued by the Cantabrian regulatory authorities in Spain. The lithium property is comprised of exploration permits that were issued by the Minas Gerais regulatory authorities in Brazil.

a) Falcon Litio Property

- In June 2016, the Company entered into a binding letter agreement (the "Falcon Agreement") with Falcon Metais Ltda. ("Falcon") pursuant to which Falcon granted to Emerita an option (the "Option") to acquire a 100% interest in the Falcon Litio MG Project (the "Litio Project"). The Litio Project is located in Minas Gerais State, Brazil, and is comprised of five exploration permits and one application for an exploration permit.
- In order to acquire the Option, Emerita issued 500,000 common shares to Falcon in June 2016, at a price per share of \$0.155 based on the quoted market value of the shares on the date of issuance. An additional 500,000 common shares were issued on August 28, 2017 at a price per share of \$0.12 based on the quoted market value of the shares on the date of issuance. On September 12, 2018, the Company exercised its option and acquired a 100% interest in the Falcon Project by issuing a third tranche of 500,000 common shares to Falcon at a price per share of \$0.04, based on the quoted market value of the shares on the date of issuance. All issuances of common shares of Emerita are subject to a statutory hold period and to approval by the TSXV. Falcon will retain a transferable 2% net smelter royalty on all commercial sales from the Litio Project.
- In addition, if a "mineral resource", as defined in National Instrument 43-101 ("NI 43-101"), of at least 20 million tonnes with a grade of at least 1.3% LiO₂ is delineated at the Project, Emerita shall either, (i) pay \$5 million in cash to Falcon or, by its sole discretion, (ii) issue \$5 million worth (to be determined on a reasonable volume weighted average price basis) of common shares to Falcon (the "Resource Consideration").

Emerita Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended March 31, 2019 and 2018

Expressed in Canadian Dollars- Unaudited

4. EXPLORATION AND EVALUATION PROPERTIES (continued)

a) Falcon Lito Property (Continued)

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

b) Las Morras Property

- The original exploration permit for Las Morras Property is comprised of 230 claims, totaling approximately 7,000 hectares. The original exploration permit for Las Morras was granted in 2012 with an expiry date of April 17, 2015 subject to a right of renewal for an additional three-year term. The Company applied for an additional three-year term and received approval of the renewal for a period of two years on August 20, 2015. A subsequent renewal for an additional period of two years was granted on January 20, 2017. The Company has filed a request for an additional extension with government authorities and expects that approval is imminent. This property is in the eastern part of the Extremadura Province of Spain.
- On November 14, 2017 the Company entered into a binding letter agreement with Copper One Inc. (“Copper One”) pursuant to which the Company has granted an option (“the Option”) to acquire a 100% interest in the Las Morras Project. As consideration for the Option, Copper One paid \$25,000 in cash to the Company on November 17, 2017 and paid an additional \$75,000 in cash to the Company on January 9, 2018.
- In order to exercise the Option and acquire a 100% interest in the Project, Copper One shall:
 - pay \$100,000 in cash to the Company on or before November 14, 2019.
 - spend \$500,000 on exploration activities on the Project on or before November 14, 2019;
 - pay \$250,000 in cash to the Company on or before November 14, 2020;
 - spend \$1,500,000 on exploration activities on the Project on or before November 14, 2021; and
 - grant to the Company a 2% net smelter return royalty on the Project.
- As a result of the agreement, the Company has written down the value of the property as at September 30, 2017 to the present value of the consideration expected to be received by the Company if the Option is completed, using an estimated discount rate of 15%.

c) Sierra Alta Property

- The Sierra Alta Property is comprised of one exploration permit which consists of 90 mining claims comprising approximately 2,700 hectares in the Asturias region in northwestern Spain. The Company applied for the permit on November 18, 2013 and received notice that the property had been granted on July 8, 2015 through the publication of the granting in the regional gazette. From that date, the concession is valid for a three-year term and is renewable for equal and successive periods of three years. The permit was renewed in July 2017 and will expire on July 21, 2020.

Emerita Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended March 31, 2019 and 2018

Expressed in Canadian Dollars- Unaudited

4. EXPLORATION AND EVALUATION PROPERTIES (continued)

d) Salobro Zinc Property

- The project is comprised of two mining applications covering 1,209.75 hectares in the Municipality of Porteirinha, Minas Gerais State, Brazil. On July 14, 2017, the Company entered a definitive agreement with Vale S.A. (“Vale”) and IMS Engenharia Mineral Ltda. (“IMS”) to acquire the project. On October 5, 2017, the Company received conditional approval from the TSX-V to complete the acquisition.
- Pursuant to the definitive agreement, Emerita agreed to pay USD\$6.5 million in cash to Vale. The cash payments were to be made by Emerita over seven years on the following schedule:
 - US\$350,000 within 30 days from the date that the request for assignment of the mining rights is filed by IMS or Emerita with Brazil’s national mining agency and subsequent to Vale withdrawing its pending claims against IMS. \$449,260 was paid by the Company in 2018.
 - US\$1,650,000 on or before July 14, 2018;
 - US\$1,500,000 on or before July 14, 2020; and
 - US\$3,000,000 on or before July 14, 2024.
- The rights to the Salobro Project were subject to litigation between Vale and IMS. In connection with this Transaction, Vale withdrew its claims pending against IMS in the Civil Court of Belo Horizonte in respect of the amounts Vale claims was owing to it in relation to IMS’s previous acquisition of the Salobro Project. The Company paid Vale’s legal fees and court costs in connection with withdrawing such claims (approximately CAD\$315,000 in total).
- A Brazilian subsidiary was incorporated to hold the Salobro Project in trust for Vale until the consideration was fully paid by Emerita.
- As consideration for IMS transferring the rights to the Salobro Project to the Brazilian subsidiary, the Company issued 1,000,000 of its common shares to IMS on March 15, 2018.
- Upon completion of the initial diamond drill program and analysis of the assays results, the Company terminated its option agreement on October 3, 2018 after attempts to renegotiate the payment terms with Vale were unsuccessful. As a result of the termination of the option agreement, the Company has written down the value of the property as at September 30, 2018 in accordance with the Company’s accounting policies.

5. COMMON SHARES

Authorized

At March 31, 2019 and 2018, the authorized share capital consisted of an unlimited number of common shares without par value.

On December 19, 2018, the shareholders of the Company approved a special resolution to consolidate the Company’s outstanding common shares on the basis of one (1) post-consolidation common share for each five (5) pre-consolidation common shares and granted the Board of Directors of the Company the authority to implement the consolidation at any time during the 12 month period following the approval date. The share consolidation was implemented subsequent to the quarter end. See Note 12.

Emerita Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended March 31, 2019 and 2018

Expressed in Canadian Dollars- Unaudited

5. COMMON SHARES (continued)

Common Shares Issued

	Number of shares	
	outstanding	Amount
Balance, September 30, 2017	97,069,829	\$ 8,523,762
Mineral Property Option Acquisition (iii,iv)	1,500,000	120,000
Private placement, net of issuance costs (i)	43,426,000	4,070,245
Warrant valuation (i,ii)	-	(953,393)
Warrant exercise	100,000	10,000
Valuation allocation of exercise of warrants	-	5,000
Balance, September 30, 2018 and March 31, 2019	142,095,829	\$ 11,775,614

- (i) On December 20, 2017, the Company completed a private placement financing by issuing 43,426,000 units at a price of \$0.10 per unit for gross proceeds of \$4,342,600. Each "unit" is comprised of one common share and one half of one common share purchase warrant. Each warrant is exercisable at a price of \$0.20 per full warrant until December 20, 2019. The fair value of the 21,713,000 warrants issued was estimated at \$811,225 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 135%; risk-free interest rate of 1.63% and an expected life of 2 years. In addition, 2,097,095 finder units were granted. Each finder unit is exercisable at a price of \$0.20 per unit until December 20, 2019. The fair value of the finder units was estimated at \$139,880 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 135%; risk-free interest rate of 1.63% and an expected life of 2 years.
- (ii) On May 16, 2018, the Company received approval from the TSXV to extend to August 20, 2018 the expiry date of 16,450,000 purchase warrants that were previously set to expire on May 20, 2018. The adjustment to the fair value of the warrants issued was estimated at \$2,288 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 97%; risk-free interest rate of 1.93% and an expected life of 0.28 years.
- (iii) On March 15, 2018, the Company completed the acquisition of the Salobro zinc project. Pursuant to the terms of the transaction, the Company issued 1,000,000 common shares to IMS Engenharia Mineral Ltda. ("IMS"), at a price per share of \$0.10 based on the quoted market price of the shares on the date of issuance.
- (iv) On June 13, 2016, the Company entered into a binding letter agreement with Falcon Metais Ltda., granting the Company an option to acquire a 100% interest in the Falcon Lito MG Project on or before June 13, 2018. In order to acquire the option, the Company issued 500,000 common shares at a price per share of \$0.155 based on the quoted market price of the shares on the date of issuance. An additional 500,000 common shares were issued on August 28, 2017 at a price per share of \$0.12 based on the quoted market price of the shares on the date of issuance. A final 500,000 common shares were issued on September 12, 2018 at a price per share of \$0.04 based on the quoted market price of the shares on the date of issuance (Note 4).
- (v) On February 19, 2019, the Company announced a private placement for a minimum of 10,000,000 and a maximum of 20,000,000 post-consolidation common shares of the Company, subject to all regulatory approvals, at a price per share of \$0.10 (on a post-consolidation basis) for total gross proceeds of a minimum of \$1,000,000 to a maximum of \$2,000,000 (the "Offering")

Emerita Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended March 31, 2019 and 2018

Expressed in Canadian Dollars- Unaudited

5. COMMON SHARES (continued)

Common Shares Issued (continued)

The proceeds of the Offering are expected to be used to finance exploration activities at the Company's Plaza Norte Project, repayment of the Company's existing debt, and for general corporate purposes. If the gross proceeds of the Offering exceed \$1,000,000, the Company expects the relative percentage of the proceeds spent on exploration to increase and the relative percentage of the process spent on debt repayment and general corporate purposes to decrease.

6. EQUITY RESERVES

Warrants

The changes in warrants issued during the year ended September 30, 2018 and six months ended March 31, 2019 are as follows:

	Number of warrants	Weighted average exercise price	Value of warrants
Balance, September 30, 2017	20,644,000	\$ 0.10	\$ 227,950
Exercised, November 2017	(100,000)	0.10	(5,000)
Granted, December 2017	23,810,095	0.20	951,105
Expired, December 2017	(3,900,000)	0.10	(48,750)
Expired, May 2018	(194,000)	0.10	(9,700)
Extension, May 2018	-	0.10	2,288
Expired, August 2018	(16,450,000)	0.10	(166,788)
Balance, September 30, 2018 and March 31, 2019	23,810,095	\$ 0.20	\$ 951,105

The following summarizes the warrants outstanding as at March 31, 2019:

Number outstanding #	Number exercisable #	Grant date	Expiry date	Exercise price \$	Estimated grant date fair value \$	Volatility	Risk-free interest rate	Expected life (Yrs) #	Expected dividend yield
21,713,000	21,713,000	20-Dec-17	20-Dec-19	\$0.20	811,225	135%	1.63%	2.00	0%
2,097,095	2,097,095	20-Dec-17	20-Dec-19	\$0.20	139,880	135%	1.63%	2.00	0%
23,810,095	23,810,095				951,105				

The weighted-average remaining contractual life of the warrants as of March 31, 2019 is 0.72 years (2018 – 1.07 years).

Share-based payments

The changes in stock options issued during the year ended September 30, 2018 and six months ended March 31, 2019 are as follows:

	Number of options	Weighted average exercise price	Estimated grant date fair value
Balance, September 30, 2017	5,700,000	\$ 0.10	\$ 354,000
Expired, November 25, 2017	(200,000)	0.10	(4,000)
Expired, March 1, 2018	(200,000)	0.05	(2,000)
Balance, September 30, 2018 and March 31, 2019	5,300,000	\$ 0.10	\$ 348,000

Emerita Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended March 31, 2019 and 2018

Expressed in Canadian Dollars- Unaudited

6. EQUITY RESERVES (Continued)

Share-based payments (Continued)

Options outstanding as at March 31, 2019 are as follows:

Number outstanding #	Number exercisable #	Grant date	Expiry date	Exercise price \$	Estimated grant date fair value \$	Volatility	Risk-free interest rate	Expected life (Yrs) #	Expected dividend yield
4,000,000	4,000,000	29-Aug-16	29-Aug-21	\$0.10	280,000	128%	0.72%	5.00	0%
150,000	150,000	08-Sep-16	08-Sep-21	\$0.10	10,500	128%	0.68%	5.00	0%
1,150,000	1,150,000	24-Oct-16	24-Oct-21	\$0.10	57,500	111%	0.53%	5.00	0%
5,300,000	5,300,000				348,000				

The weighted average remaining contractual life of the options as at March 31, 2019 is 2.45 years (2018 – 3.45 years).

7. CAPITAL MANAGEMENT

The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of mineral properties. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers its capital to consist of common shares, warrants and options.

The properties in which the Company currently has an interest are in the exploration and evaluation stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and evaluation and pay for administrative costs, the Company must raise additional amounts.

The Company may continue to assess new properties and may seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management during the six months ended March 31, 2019 and 2018.

The Company and its subsidiaries are not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required to maintain operations and cover general and administrative expenses for a period of 6 months.

On December 5, 2018, the Company entered into loan agreements with a total principal amount of \$329,630. In the six months ended March 31, 2019, the Company incurred interest expense of \$25,786 in relation to these agreements. The agreements have maturity dates ranging from June 5, 2019 to December 5, 2021.

Emerita Resources Corp.

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8. 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, loans payable 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 March 31, 2019 and 2018, the Company had no instruments to classify in the fair value hierarchy.

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

(a) *Credit risk*

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

a. *Trade credit risk*

The Company is not exposed to significant trade credit risk.

b. *Cash*

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

(b) *Currency risk*

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's foreign currency risk arises primarily with respect to the Euro and Brazilian reals from its property interests in Spain and Brazil, 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.

Emerita Resources Corp.

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8. FINANCIAL INSTRUMENTS (Continued)

(b) Currency risk (continued)

As at September 30, 2018 and March 31, 2019, the Company had the following financial instruments and denominated in foreign currency (expressed in Canadian dollars):

March 31, 2019			
	Euro	US dollars	Brazilian reals
Cash	\$ 21,585	\$ 773	\$ 519
Loans payable	-	(100,000)	-
Accounts payable and accrued liabilities	(184,768)	(103,000)	(210,613)
	\$ (163,183)	\$ (202,227)	\$ (210,094)

September 30, 2018			
	Euro	US dollars	Brazilian reals
Cash	\$ 17,516	\$ 7,224	\$ 1,505
Accounts payable and accrued liabilities	(303,808)	(459,372)	(413,370)
	\$ (286,292)	\$ (452,148)	\$ (411,865)

A 10% strengthening (weakening) of the Canadian dollar against the Euro would decrease (increase) net loss by approximately \$16,000 (September 30, 2018 - \$29,000).

A 10% strengthening (weakening) of the Canadian dollar against the US dollar would decrease (increase) net loss by approximately \$20,000 (September 30, 2018 - \$45,000).

A 10% strengthening (weakening) of the Canadian dollar against the Brazilian real would decrease (increase) net loss by approximately \$21,000 (September 30, 2018 - \$41,000).

(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 March 31, 2019, the Company had a cash balance of \$36,789 (September 30, 2018 - \$31,325) to settle current liabilities of \$1,677,499 (September 30, 2018 - \$2,049,613). 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, zinc, and lithium, 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.

Emerita Resources Corp.

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9. RELATED PARTY TRANSACTIONS

The Company shares office space with other companies who may have common officers or directors. The costs associated with this space are administered by an unrelated company.

As at March 31, 2019, an amount of \$498,188, included in accounts payable, were owed to directors and officers of the Company (September 30, 2018 - \$920,873). The amounts outstanding on fees are unsecured, non-interest bearing, with no fixed terms of repayment. During the first fiscal quarter, certain directors and officers agreed to waive a portion (\$680,873) of their outstanding fees.

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 six months ended March 31, 2019 and 2018, the remuneration of directors and other key management personnel are as follows:

	Six months ended March 31,	
	2019	2018
Management fees	\$ 245,312	\$ 268,555

10. SEGMENT INFORMATION

The Company conducts its business as a single operating segment, being mineral exploration and evaluation in Spain and Brazil. The following tables summarize the total assets and liabilities by geographic segment as at March 31, 2019 and September 30, 2018:

March 31, 2019	Spain	Canada	Brazil	Total
Cash	\$ 21,585	\$ 14,685	\$ 519	\$ 36,789
Other current assets	165,411	37,503	69	202,983
Reclamation deposit	17,252	-	-	17,252
Property, plant and equipment	10,041	-	5,021	15,062
Investment in and advances to associate	242,732	-	-	242,732
Exploration and evaluation properties	239,994	-	157,500	397,494
Total Assets	\$ 697,015	\$ 52,188	\$ 163,109	\$ 912,312

Accounts payable and accrued liabilities	\$ 184,768	\$ 1,066,029	\$ 210,613	\$ 1,461,410
Short-term loans payable	-	216,089	-	216,089
Long-term loans payable	-	260,142	-	260,142
Total liabilities	\$ 184,768	\$ 1,542,260	\$ 210,613	\$ 1,937,641

September 30, 2018	Spain	Canada	Brazil	Total
Cash	\$ 17,516	\$ 12,304	\$ 1,505	\$ 31,325
Other current assets	83,892	104,037	65	187,994
Reclamation deposit	17,273	-	-	17,273
Property, plant and equipment	11,572	-	5,369	16,941
Investment in and advances to associate	243,024	-	-	243,024
Exploration and evaluation properties	239,994	-	157,500	397,494
Total Assets	\$ 613,271	\$ 116,341	\$ 164,439	\$ 894,051

Accounts payable and accrued liabilities	\$ 303,808	\$ 1,332,435	\$ 413,370	\$ 2,049,613
Total liabilities	\$ 303,808	\$ 1,332,435	\$ 413,370	\$ 2,049,613

Emerita Resources Corp.

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10. SEGMENT INFORMATION (Continued)

The following tables summarize the loss by geographic segment for the six months ended March 31, 2019 and 2018:

March 31, 2019	Spain	Canada	Brazil	Total
Other income	\$ (209,377)	\$ (680,843)	\$ -	\$ (890,220)
Project evaluation expenses	263,705	(188,796)	66,603	141,512
General and administrative expenses	-	560,272	-	560,272
Exploration and evaluation property writeoff	-	-	-	-
Foreign exchange (gain)/loss	-	58,203	-	58,203
(Gain)/Loss	\$ 54,328	\$ (251,164)	\$ 66,603	\$ (130,233)

March 31, 2018	Spain	Canada	Brazil	Total
Other income	\$ -	\$ (2,014)	\$ -	\$ (2,014)
Project evaluation expenses	6,726	-	-	6,726
General and administrative expenses	-	905,379	-	905,379
Foreign exchange (gain)/loss	-	(35,219)	-	(35,219)
(Gain)/Loss	\$ 6,726	\$ 868,146	\$ -	\$ 874,872

11. 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. At March 31, 2019, these contracts contain minimum commitments of approximately \$328,000 (2018 - \$324,000) and additional contingent payments of up to approximately \$1,251,000 (2018 - \$1,235,000) upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

The Company's joint venture agreement with the Aldesa Group requires the Company to invest an additional €1,250,000 in the development of the Plaza Norte project should the project advance to later phases. It is not currently known whether the Plaza Norte project will advance to a stage where this investment is required, therefore the expenditure has not been reflected in these consolidated financial statements.

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

The Company has been named as a defendant in a claim made by a group of companies regarding the payment of outstanding amounts owing to the group of companies relating to certain advertising services. The plaintiff is seeking payment in the amount of € 208,457 (approximately \$315,000). Although the ultimate outcome of this action cannot be ascertained at this time and the results of legal proceedings cannot be predicted with certainty, management believes this claim to be without merit.

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12. SUBSEQUENT EVENTS

On May 16, 2019, the Company received final approval of its proposed share consolidation from the TSX-V. Effective at the opening of trading on May 17, 2019, the common shares of the Company will trade on a consolidated basis of one new common share for every 5 existing common shares. Prior to the consolidation, Emerita had 142,095,829 common shares outstanding and, following the consolidation will have approximately 28,419,165 common shares outstanding. The consolidation will not materially affect any shareholder's percentage of ownership in the Company. See Note 6.

On May 23, 2019, the Company closed the first tranche of its brokered private placement previously announced on February 19, 2019. The Company issued 20,750,000 common shares at a price of \$0.10 per share for aggregate proceeds of \$2,075,000. The proceeds of the offering are expected to be used to finance exploration activities at the Company's Plaza Norte Project in Spain, repayment of the Company's existing debt and for general corporate purposes.

The Company also announced the increase of the private placement offering to a maximum of 35,000,000 shares for gross proceeds of up to \$3,500,000. The Company intends to complete the second tranche of the offering on or before June 14, 2019. The offering is subject to the receipt of all necessary approvals, including the approval of the TSX-V. See Note 5.

EMERITA RESOURCES CORP.
Management's Discussion and Analysis
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Date: May 30, 2019

This Management's Discussion and Analysis ("**MD&A**") provides a discussion and analysis of the financial condition and results of the operations of Emerita Resources Corp. (individually or collectively with its subsidiaries, as applicable, "**Emerita**" or the "**Company**"), to enable a reader to assess material changes in the financial condition and results of operations as at and for the three and six months ended March 31, 2019 and 2018. The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements as at and for the three and six months ended March 31, 2019 and 2018. All amounts included in the MD&A are expressed in Canadian dollars, unless otherwise specified.

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as published by the International Accounting Standards Board. Please refer to Note 2 of the annual audited consolidated financial statements as at and for the years ended September 30, 2018 and 2017 for disclosure of the Company's significant accounting policies.

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

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

The audit committee of the Company has reviewed this MD&A and the condensed interim consolidated financial statements for the three and six months ended March 31, 2019 and 2018, and the Company's Board of Directors approved these documents prior to their release.

Overview and Strategy

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

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

Second Quarter Highlights

The Company, through its joint venture arrangement, commenced its first diamond drilling campaign at its flagship Plaza Norte project in the Cantabria region of northern Spain. Plaza Norte is a high-grade zinc project with significant geological potential and historical technical information. Target areas have been identified based on data from historical drilling.

On May 23, 2019, the Company closed the first tranche of its brokered private placement previously announced on February 19, 2019. The Company issued 20,750,000 common shares at a price of \$0.10 per share for aggregate proceeds of \$2,075,000. The proceeds of the offering are expected to be used to finance exploration activities at the Company's Plaza Norte Project in Spain, repayment of the Company's existing debt and for general corporate purposes.

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The Company also announced the increase of the private placement offering to a maximum of 35,000,000 shares for gross proceeds of up to \$3,500,000. The Company intends to complete the second tranche of the offering on or before June 14, 2019. The offering is subject to the receipt of all necessary approvals, including the approval of the TSX-V.

On December 19, 2018, the shareholders of the Company approved a special resolution to consolidate the Company's outstanding common shares on the basis of one (1) post-consolidation common share for each five (5) pre-consolidation common shares. The Board of Directors implemented the consolidation effective May 17, 2019.

Summary of Properties and Projects

Mineral Exploration Properties – Spain

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

Plaza Norte Property – Description

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

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

The Plaza Norte Project is in the Cantabria Region, northern Spain, in the Reocin mining district. The Cantabria region is characterized by first world infrastructure including an industrial port and an excellent rail and road network. The Reocin mine is a past producing zinc mine and among the richest zinc mines in the world.

Plaza Norte Property – Outlook

CDZ has received all permits and has initiated the exploration program. Diamond drilling equipment is presently being mobilized to the Project. The drilling program will be focused on high-grade Mississippi Valley type zinc, lead mineralization in the past producing Reocin mining camp. Initial drilling will be focused on establishing a mineral resource estimate that meets National Instrument 43-101 ("**NI 43-101**") standards by following up mineralized drill intercepts identified in previous drilling during exploration campaigns completed primarily in the 1980s and 1990s.

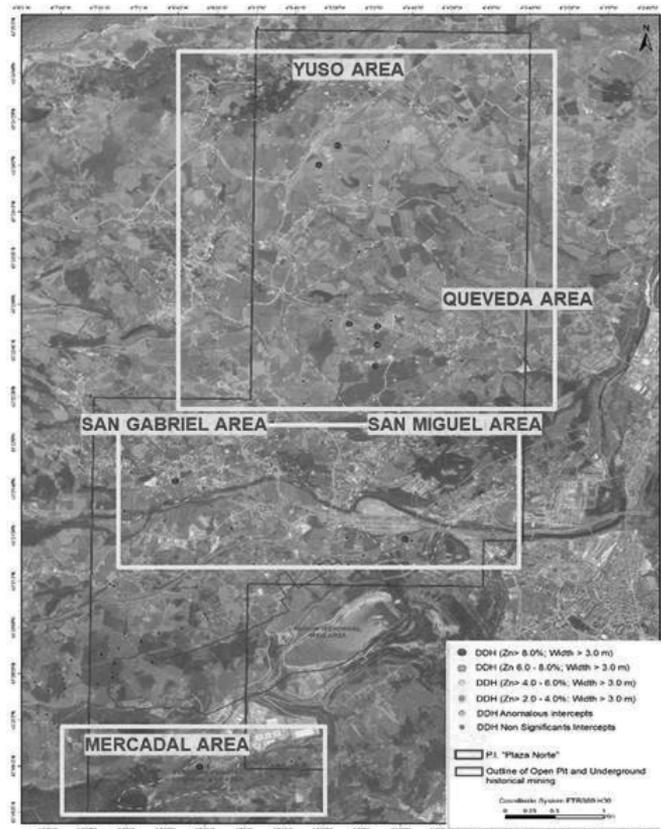
The Company has digitally compiled and analyzed the historical technical data consisting of drill core logs and assays from more than 300 diamond drill holes, geophysical data, historical production data, and internal exploration reports for the Project. Analysis of this data has resulted in 4 key areas being identified

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as high priorities for exploration. These areas are (from north to south): Yuso, Queveda, San Miguel and Mercadal. All of these targets have significant mineralized intercepts, and Mercadal was the site of a past producing mine.

The Phase I diamond drill program consists of 6,500 metres of planned drilling and will focus on the Queveda target area, where several high grade mineralized intercepts have been identified, including:

- S-532 from 557.8m; 18.95m grading 9.72% Zn
- S-537 from 560.0m; 3.22m grading 9.82% Zn
- S-539 from 588.9m; 6.10m grading 5.70% Zn
- S-544 from 557.3m; 5.30m grading 7.74% Zn



To date, two drill holes have been completed. Both drill holes have intersected significant intervals of sphalerite (zinc mineralization) at the target horizon. The distance between the two drill holes is approximately 300 metres. Samples have been submitted to the ALS Laboratory in Seville, Spain for preparation and analysis. Results and complete details will be reported when they are received by the Company.

Las Morras Property – Description

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

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additional extension with government authorities and expects the renewal to be approved imminently. This property is located in the eastern part of the Extremadura province of Spain.

Las Morras Property – Outlook

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

In order to exercise the Option, Copper One shall:

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

The Company will hold the project in trust for Copper One until the Option is exercised and the project is assigned and transferred. If Copper One does not exercise the Option, the Company will retain the project. During the option period, Copper One will have the right to designate the operator of the project. The Company has initiated a €100,000 exploration program, funded by Copper One in February 2019.

Sierra Alta Property – Description

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

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

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

Sierra Alta Property – Exploration

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

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

On November 3, 2017, a formal work plan was submitted by the Company to regional mining authorities. The Company has received approval of the work plan, with an expiry date of July 21, 2020.

Aznalcóllar Tender

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

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

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

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

The 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. The Company's representatives in Spain have met with officials of the incoming government in the first quarter of 2019 to discuss the project, and the Company remains committed to the acquisition and development of the project for the benefit of all stakeholders. As part of the initial public tender process, the Company completed comprehensive engineering and environmental studies and as such is the group best positioned to advance the project efficiently and with the highest environmental, health and safety standards.

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

Paymogo Tender

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

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

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The Upper Court has directed the panel to reassess the bids excluding the criteria that were not previously publicly disclosed. Using the legal criteria, the Company believes that it should be awarded the tender. The timing for reconvening the panel is not known by the Company nor how the panel will approach the reassessment. The Company will provide an update in due course with respect to any new developments. The Paymogo Project is in Southwestern Spain, close to the border with Portugal. Geologically the Paymogo Project is underlain by rocks of the Iberian Pyrite Belt, which is a prolific volcanogenic massive sulphide terrane with numerous current and past producers of base metals sulphides. The Paymogo Project hosts two deposits, called La Infanta and Romanera. Both deposits remain open at depth. La Infanta has some very high-grade intercepts and is only drilled to approximately 100 metres. Romanera is a larger sulphide deposit which is located approximately 7 kilometers to the west of La Infanta.

Mineral Exploration Properties – Brazil

Falcon Project – Description

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

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

To acquire the Option, Emerita issued 500,000 common shares to Falcon in June 2016, at a price per share of \$0.155. An additional 500,000 common shares were issued on August 28, 2017 at a price per share of \$0.12 based on the estimated market value of the shares on the date of issuance. The Company issued the third and final tranche of 500,000 common shares to Falcon on September 12, 2018 at a price per share of \$0.04, based on the quoted market value of the shares on the date of issuance. Falcon will retain a transferable 2% net smelter royalty on all commercial sales from the Litio Project.

In addition, if a “mineral resource”, as defined in NI 43-101, of at least 20 million tonnes with a grade of at least 1.3% LiO₂ is delineated at the Falcon Project, Emerita shall either, (i) pay CAD\$5 million in cash to Falcon or, by its sole discretion, (ii) issue CAD\$5 million worth (to be determined on a reasonable volume weighted average price basis) of common shares to Falcon (the “Resource Consideration”).

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

Falcon Project – Outlook

The Falcon Project provides an opportunity for the Company to add value at a low cost. The Company is currently considering expressions of interest by third parties to be involved with developing the project. Further updates will be provided as they become available.

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Liquidity and Capital Resources

As at March 31, 2019, the Company had working capital deficit of \$1,437,727 (September 30, 2018 – working capital deficit of \$1,830,474), which included a cash balance of \$36,789 (September 30, 2018 - \$31,325), amounts receivable of \$183,255 (September 30, 2018 - \$169,935), and prepaid expenses and advances of \$19,728 (September 30, 2018 - \$18,059), offset by accounts payable and accrued liabilities of \$1,677,499 (September 30, 2018 - \$2,049,613).

On December 19, 2018, the shareholders of the Company approved a special resolution to consolidate the Company's outstanding common shares on the basis of one (1) post-consolidation common share for each five (5) pre-consolidation common shares. The Board of Directors of the Company implemented the consolidation on May 17, 2019.

On January 4, 2019, the Company entered into a loan agreement with Pathfinder Asset Management Limited for a maximum principal amount of \$250,000, of which the full amount has been funded to date. The loan bears interest at 18% per annum, has a term of two years and is secured, pursuant to a general security agreement, against the Company's assets. The Company plans to use the loan proceeds to fund ongoing exploration and development of the Plaza Norte Project and for general working capital purposes. In connection with the loan, the Company paid \$7,500 as a finder fee to an arms-length party.

On February 19, 2019, the Company announced a brokered private placement financing of up to 20,000,000 post-consolidation common shares of the Company at a price per share of \$0.10 on a post-consolidation basis, for total gross proceeds of up to \$2,000,000. Subsequent to the quarter end, the private placement was expanded to a maximum of 35,000,000 shares for total gross proceeds of up to \$3,500,000, and the first tranche of 20,750,000 shares was closed.

The proceeds of the private placement are expected to be used to finance exploration activities at the Company's Plaza Norte Project in Spain, repayment of the Company's existing debt and for general corporate purposes. The second tranche of the private placement is expected to close on or about June 14, 2019 and is subject to all required regulatory approvals. Further details are available in the Company's press releases dated May 16, 2019 and May 23, 2019.

Results of Operations

During the three and six months ended March 31, 2019, the Company recorded a gain/(loss) of \$(363,535) and \$130,233, or \$(0.00) and \$0.00 per share respectively, compared with a (loss) of \$(428,080) and \$(874,872), or \$(0.00) and \$(0.01) per share respectively, during the comparable three and six months ended March 31, 2018.

Expenses incurred during the three and six months ended March 31, 2019 included \$310,639 and \$444,623 in consulting and management fees; \$13,284 and 40,998 in shareholder communications, filing fees, and promotional expenses; \$28,985 and \$44,465 in office expenses for office administration services; and \$4,000 and \$4,400 in professional fees related to legal expenses and the preparation and audit of the Company's financial statements. During the three and six months ended March 31, 2019, project evaluation expenses of \$(17,028) and \$141,512 were incurred relating to the evaluation of mineral properties within Spain and Brazil.

Expenses incurred during the three and six months ended March 31, 2018 included \$372,254 and \$684,703 in consulting and management fees; \$45,939 and \$80,089 in shareholders communications, filing fees, and promotional expenses; \$51,214 and \$85,819 in travel expense; \$22,622 and \$34,466 in office expenses for office administration services; and \$11,060 and \$20,302 in professional fees related to the preparation and audit of the Company's financial statements. During the three and six months ended March 31, 2018, project evaluation expenses of \$(69,179) and \$6,726 were incurred relating to the evaluation of mineral properties within Spain.

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Cash flows

Six months ended March 31, 2019

During the six months ended March 31, 2019, the Company used cash of \$244,536 on operating activities. Cash used in operating activities consisted primarily of new project evaluation expenses incurred on the Company's properties in Spain and Brazil, corporate general and administrative expenses, and a gain from the settlement of outstanding liabilities.

During the six months ended March 31, 2019, financing activities generated \$250,000, consisting of the proceeds from the Company's long-term loan payable.

Six months ended March 31, 2018

During the six months ended March 31, 2018, the Company used cash of \$1,938,694 on operating activities. Cash used in operating activities consisted mainly of new project evaluation expenses incurred on the Company's properties in Spain, and corporate general and administrative expenses.

During the six months ended March 31, 2018, investing activities used cash of \$1,262,678 which related to office equipment, investments in associate, and general overhead for exploration and evaluation expenditures on the Company's properties in Spain.

During the six months ended March 31, 2018, financing activities generated \$4,076,735 in cash, which consisted of proceeds from the Company's private placement financing, and the exercise of 100,000 of the Company's outstanding warrants.

Select Annual Information

Select annual financial information for the years ended September 30, 2018, 2017 and 2016 is presented in the table below:

	2018	2017	2016
	\$	\$	\$
Revenues	\$ -	\$ -	\$ -
Loss and comprehensive loss	(4,403,654)	(2,522,973)	(1,520,994)
Loss per share, basic and diluted	(0.03)	(0.03)	(0.02)
Total assets	894,051	1,164,665	1,196,621
Working capital ('000s)	(1,830)	(1,460)	(980)

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Select Quarterly Information

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

Period	Revenue (1)	Operating costs	Gain/(loss)	Loss per share	Total assets
	\$	\$	\$	\$	\$
Q2- March 2019	-	339,880	(363,535)	(0.00)	912,312
Q1- December 2018	-	336,118	493,768	0.00	898,215
Q4- September 2018	-	688,960	(3,048,035)	(0.02)	894,051
Q3- June 2018	-	474,385	(480,747)	(0.00)	3,413,807
Q2- March 2018	-	433,910	(428,080)	(0.00)	3,793,092
Q1- December 2017	-	478,195	(446,792)	(0.01)	4,327,116
Q4- September 2017	-	544,344	(1,439,053)	(0.02)	1,164,665
Q3- June 2017	-	423,701	(436,579)	(0.00)	2,180,500
Q2- March 2017	-	256,595	(258,918)	(0.00)	1,735,564

Explanatory Notes:

- 1) The Company has no sales revenues.

Financial Instruments

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

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

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

The Company's financial instruments include cash and accounts payable and accrued liabilities. The carrying values of these financial instruments reported in the statement of financial position approximate their respective fair values due to the relatively short-term nature of these instruments. As at March 31, 2019 and 2019, the Company had no instruments to classify in the fair value hierarchy.

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

(a) *Credit risk*

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

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a. *Trade credit risk*

The Company is not exposed to significant trade credit risk.

b. *Cash*

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

(b) *Currency risk*

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's foreign currency risk arises primarily with respect to the Euro and Brazilian reals from its property interests in Spain and Brazil, 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 March 31, 2019 and September 30, 2018, the Company had the following financial instruments and denominated in foreign currency (expressed in Canadian dollars):

March 31, 2019

	Euro	US dollars	Brazilian reals
Cash	\$ 21,585	\$ 773	\$ 519
Loans payable	-	(100,000)	-
Accounts payable and accrued liabilities	(184,768)	(103,000)	(210,613)
	\$ (163,183)	\$ (202,227)	\$ (210,094)

September 30, 2018

	Euro	US dollars	Brazilian reals
Cash	\$ 17,516	\$ 7,224	\$ 1,505
Accounts payable and accrued liabilities	(303,808)	(459,372)	(413,370)
	\$ (286,292)	\$ (452,148)	\$ (411,865)

A 10% strengthening (weakening) of the Canadian dollar against the Euro would decrease (increase) net loss by approximately \$16,000 (September 30, 2018 - \$29,000).

A 10% strengthening (weakening) of the Canadian dollar against the US dollar would decrease (increase) net loss by approximately \$20,000 (September 30, 2018 - \$45,000).

A 10% strengthening (weakening) of the Canadian dollar against the Brazilian real would decrease (increase) net loss by approximately \$21,000 (September 30, 2018 - \$41,000).

(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 March 31, 2019, the Company had a cash balance of \$36,789 (September 30, 2018 - \$31,325) to settle current liabilities of \$1,677,499 (September 30, 2018 - \$2,049,613). The Company's trade payables have contractual maturities of less than 30 days and are subject to normal trade terms.

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(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, zinc, and lithium, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Commodity price risk is remote as the Company is not a producing entity.

Critical Accounting Policies

The Company's significant accounting policies are described in Note 2 to the audited consolidated financial statements for the year ended September 30, 2018. 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"), United States Dollars ("US\$") and Brazilian reals ("BRL"). At March 31, 2019, one Canadian dollar was worth US\$0.7483 (September 30, 2018– US\$0.7725); EUR 0.6666 (September 30, 2018 – EUR 0.6658); and BRL 2.9155 (September 30, 2018 – BRL 3.1056). During the six months ended March 31, 2019, the average value of one Canadian dollar was US\$0.7545 (September 30, 2018 – US\$0.7791); EUR 0.6628 (September 30, 2018 – EUR 0.6545); and BRL 2.8571 (September 30, 2018 – BRL 2.7203).

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Exploration and evaluation properties

	Salobro Project \$	Las Morras Property \$	Falcon Litio Project \$	Total \$
Balance, September 30, 2017	-	339,994	137,500	477,494
Cost incurred during the year:				-
Purchase option (a,b,d)	100,000	(100,000)	20,000	20,000
Land management fees, taxes and permits	374,108	-	-	374,108
Labour, contract geologists, prospectors	641,248	-	-	641,248
Field expenses	57,922	-	-	57,922
Drilling & geophysics	662,963	-	-	662,963
Technical reports	-	-	-	-
Travel, meals and accommodations	84,475	-	-	84,475
Legal fees	295,886	-	-	295,886
Project overhead costs	55,806	-	-	55,806
Property writeoff (d)	(2,272,408)	-	-	(2,272,408)
Balance, September 30 and March 31, 2019	-	239,994	157,500	397,494

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

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

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

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

Costs recovered in excess of the carrying amount are recognized in operations. At March 31, 2019, the Company had exploration and evaluation properties on the statement of financial position of \$397,494 (September 30, 2018 - \$397,494).

Commitments and Contingencies

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

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$328,000 (2018 - \$324,000) and additional contingent payments of up to approximately \$1,251,000 (2018 - \$1,235,000) upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

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The Company's joint venture agreement with *inter alia* the Aldesa Group requires the Company to invest an additional €1,250,000 in the development of the Plaza Norte project should the project advance to later phases. It is not currently known whether the Plaza Norte project will advance to a stage where this investment is required, therefore the expenditure has not been reflected in these consolidated financial statements.

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

The Company has been named as a defendant in a claim made by a group of companies regarding the payment of outstanding amounts owing to the group of companies relating to certain advertising services. The plaintiff is seeking payment in the amount of € 208,457 (approximately \$315,000). Although the ultimate outcome of this action cannot be ascertained at this time and the results of legal proceedings cannot be predicted with certainty, management believes this claim to be without merit.

Transactions with Related Parties

The Company shares office space with other companies who may have common officers or directors. The costs associated with this space are administered by an unrelated company.

As at March 31, 2019, an amount of \$498,188, included in accounts payable, were owed to directors and officers of the Company (September 30, 2018 - \$920,873). The amounts outstanding on fees are unsecured, non-interest bearing, with no fixed terms of repayment. During the first fiscal quarter, certain directors and officers agreed to waive a portion (\$680,873) of their outstanding fees.

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 six months ended March 31, 2019 and 2018, the remuneration of directors and other key management personnel are as follows:

	Six months ended March 31,	
	2019	2018
Management fees	\$ 245,312	\$ 268,555

Risk Factors

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

Substantial Capital Requirements and Liquidity

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

Financing Risks and Dilution to Shareholders

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

Limited Operating History

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

No Mineral Resources or Mineral Reserves

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

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

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

Fluctuating Mineral Prices

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

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

Regulatory, Permit and License Requirements

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

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

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

Title to Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to some or all the Company's interest in its properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the

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Company does not have the interest it understands it has in its properties could cause the Company to lose any rights to explore, develop and mine any minerals on such properties without compensation for its prior expenditures relating thereto.

Competition

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

Reliance on Management and Dependence on Key Personnel

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

Environmental Risks

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

Local Resident Concerns

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

Conflicts of Interest

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

Foreign Operations

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

Uninsurable Risks

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

Litigation

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

Subsequent Events

On May 16, 2019, the Company received final approval of its proposed share consolidation from the TSX-V. Effective at the opening of trading on May 17, 2019, the common shares of the Company will trade on a consolidated basis of one new common share for every 5 existing common shares. Prior to the consolidation, Emerita had 142,095,829 common shares outstanding and, following the consolidation will have approximately 28,419,165 common shares outstanding. The consolidation will not materially affect any shareholder's percentage of ownership in the Company.

On May 23, 2019, the Company closed the first tranche of its brokered private placement previously announced on February 19, 2019. The Company issued 20,750,000 common shares at a price of \$0.10 per share for aggregate proceeds of \$2,075,000. The proceeds of the offering are expected to be used to finance exploration activities at the Company's Plaza Norte Project in Spain, repayment of the Company's existing debt and for general corporate purposes.

The Company also announced the increase of the private placement offering to a maximum of 35,000,000 shares for gross proceeds of up to \$3,500,000. The Company intends to complete the second tranche of the offering on or before June 14, 2019. The offering is subject to the receipt of all necessary approvals, including the approval of the TSX-V.

EMERITA RESOURCES CORP.
Management's Discussion and Analysis
For the three and six months ended March 31, 2019 and 2018
(in Canadian dollars, unless otherwise noted)

Outstanding Share Data

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

- 1) 49,169,165 common shares outstanding;
- 2) 6,099,569 warrants outstanding, with expiry dates ranging between December 20, 2019 and May 23, 2021. If all of the warrants were exercised, 6,099,569 shares would be issued for gross proceeds of \$4,686,065.
- 3) 1,050,000 stock options outstanding with expiry dates ranging between August 29, 2021 and October 24, 2021. If all of the options are exercised, 1,050,000 shares would be issued for gross proceeds of \$525,000.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

This MD&A contains forward-looking information under Canadian securities legislation. Forward-looking information includes, but is not limited to, dispositions and strategy, development potential and timetable of the Company's exploration properties; the Company's ability to raise required funds; future mineral prices; mineralization projections; conclusions of economic evaluation; the timing and amount of estimated future exploration and development; costs of development; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the opinions and estimates of management as of the date such statements are made. Estimates regarding the anticipated timing, amount and cost of exploration are based on previous industry experience and regional political and economic stability. Capital and operating cost estimates are based on extensive research of the Company, recent estimates of costs and other factors that are set out herein. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during exploration and development; acquisition risks; regulatory risks; revocation of government approvals; timing and availability of external financing on acceptable terms; actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of minerals; accidents, labour disputes and other risks of the mining industry. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update its forward-looking information, except in accordance with applicable securities laws.

