



Management's Discussion and Analysis

For the three and six months ended June 30, 2018

Introduction

The following Management's Discussion and Analysis ("MD&A") of financial results and related data of Copper One Inc. ("Copper One" or the "Company") is intended to complement and supplement the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2018 and 2017 (the "Financial Statements") and should be read in conjunction with the Financial Statements as well as the audited annual consolidated financial statements of the Company for the year ended December 31, 2017. The Company's Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Except as otherwise disclosed, all dollar figures in this report are stated in Canadian dollars. Additional information relevant to the Company can be found on the SEDAR website at www.sedar.com.

The commentary is current to August 20, 2018 unless otherwise indicated. References to the 1st, 2nd, 3rd and 4th quarters of 2018 or Q1-2018, Q2-2018, Q3-2018 and Q4-2018, and the 1st, 2nd, 3rd and 4th quarters of 2017 or Q1-2017, Q2-2017, Q3-2017 and Q4-2017 mean the three months ended March 31, June 30, September 30 and December 31, 2018 and 2017 respectively. The reader should be aware that historical results are not necessarily indicative of future performance. The Company is a reporting issuer in the Provinces of Alberta, British Columbia and Ontario. The Company's common shares commenced trading on the TSX Venture Exchange ("TSXV") on November 16, 2009 under the symbol "CUO.V" and prior to that, traded on the Canadian National Stock Exchange.

Blake Hylands., P. Geo., is a "Qualified Person" as such term is defined under National Instrument 43-101 guidelines, and has reviewed and approved the scientific and technical information in this MD&A.

Cautionary Note Regarding Forward Looking Statements

Except for statements of historical fact relating to Copper One, certain information contained herein constitutes forward-looking information under Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to the Company's proposed acquisitions and strategy, development potential and timetable of the Company's 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 statements 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 statements are 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 activities 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 exploration costs and other factors that are set out herein. Forward-looking statements are 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 statements, including but not limited to risks related to: unexpected events and delays during exploration and development; First Nations risks; litigation risks; 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 statements, 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 statements. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

Description of Business

Copper One is a Canadian company listed on the TSX and is currently evaluating potential opportunities. The Company recently acquired an option to purchase a 100% interest in the Las Morras gold project in the Extremadura region of Spain.

Company Outlook and Recent Developments

On November 15, 2017, the Company entered in to a settlement agreement with the Québec Government which facilitated an end to Copper One's participation in the Rivière Doré project. Pursuant to the settlement agreement, the Company agreed to the assignment of all of the mining claims comprising the Rivière Doré project to SOQUEM and the Quebec Government agreed to pay \$8 million in cash to the Company. The transaction closed December 21, 2017. See the Exploration and Evaluation section for details.

The Company plans to focus its efforts to evaluating potential opportunities and the evaluation of its recently acquired option to purchase a 100% interest in the Las Morras gold project. See Highlights section below for details.

Selected Quarterly Financial Information

For the three months ended	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
(Expressed in Canadian dollars\$)				
Net (loss) income	\$ (108,774)	\$ (155,009)	\$ 4,069,140	(261,824)
(Loss) income per share				
- basic and diluted	(0.00)	(0.00)	0.12	(0.01)
Total assets	5,013,929	5,190,944	5,297,905	1,391,274

For the three months ended	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
(Expressed in Canadian dollars\$)				
Net (loss) income	(309,678)	(329,730)	(664,643)	74,971
(Loss) income per share				
- basic and diluted	(0.01)	(0.01)	(0.02)	0.00
Total assets	1,564,828	1,954,775	2,221,232	2,492,813

Liquidity and Capital Resources

The Company does not have any operating assets that generate revenues. The Company recorded a net loss of \$263,783 for the six months ended June 30, 2018 (June 30, 2017 – \$639,408). Operating activities provided net cash of \$83,560 (June 30, 2017 – use of cash of \$676,667).

The Company has a need for financing for evaluating potential opportunities and for exploration and development. The Company has no revenues and its continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation.

Working Capital

As at June 30, 2018, the Company had a working capital (see Non-GAAP measures) of \$4,893,602 (December 31, 2017 – \$5,226,052).

Cash Flows

Cash Flows for the three months ended June 30, 2018 and 2017

(Expressed in Canadian dollar \$)	For the three months ended	
	June 30,	
	2018	2017
Cash provided by (used in) operating activities	\$ 187,039	\$ (349,714)
Change in cash and cash equivalents	\$ 187,039	\$ (349,714)

Cash of \$187,039 was provided by operating activities during the three months ended June 30, 2018 compared to \$349,714 used by operating activities during the three months ended June 30, 2017. Cash provided during the three months ended June 30, 2018 was mainly the result of changes in non-cash working capital items.

Cash Flows for the six months ended June 30, 2018 and 2017

(Expressed in Canadian dollar \$)	For the six months ended	
	June 30,	
	2018	2017
Cash provided by (used in) operating activities	\$ 83,560	\$ (676,667)
Cash (used in) investing activities	(75,000)	-
Change in cash and cash equivalents	\$ 8,560	\$ (676,667)

Cash of \$83,560 was provided by operating activities during the six months ended June 30, 2018 compared to \$676,667 used by operating activities during the six months ended June 30, 2017. Cash used in investing activities of \$75,000 during the six months ended June 30, 2018 was for an option payment on the Las Morras project.

Results of Operations

For the three months ended June 30, 2018 and 2017

	For the three months ended June 30,	
Operating expenses	2018	2017
Management and consulting fees	\$ 112,743	\$ 78,254
General office and administration expenses	24,806	19,010
Shareholder communications and filing fees	19,073	19,391
Travel and promotion	5,753	-
Accounting and legal	7,741	1,359
Exploration and evaluation expenses	14,694	169,858
Amortization	-	612
Foreign exchange gain	(71,242)	-
Total operating expenses	113,568	288,484
(Loss) before other income (expenses)	(113,568)	(288,484)
Other income (expenses)		
Unrealized gain on held for trading marketable securities	-	(22,500)
Interest income	4,794	1,306
Net (loss) and comprehensive (loss) for the period	\$ (108,774)	\$ (309,678)

The Company recorded a net loss and comprehensive loss of \$108,774 during the three months ended June 30, 2018 compared to \$309,678 during the same period in the prior year. Expenses in the current period were offset by a foreign exchange gain as a result of revaluation of working capital items held in US dollars. There was no such gain in the three months ended June 30, 2017. In addition, expenditures on exploration and evaluation were higher in the prior year, in particular legal fees associated with the negotiations regarding the Riviere Dore project discussed in the Exploration and Evaluation section herein.

Exploration and evaluation expenses:

	Three months ended June 30,	
	2018	2017
Consulting	\$ -	\$ 75,057
Legal	14,694	94,560
Field office and supplies	-	241
Total	\$ 14,694	\$ 169,858

For the six months ended June 30, 2018 and 2017

	For the six months ended June 30,	
	2018	2017
Operating expenses		
Management and consulting fees	\$ 231,502	\$ 228,204
General office and administration expenses	45,606	42,261
Shareholder communications and filing fees	51,126	31,664
Travel and promotion	38,013	-
Accounting and legal	12,481	1,680
Exploration and evaluation expenses	48,895	337,276
Amortization	-	1,225
Foreign exchange loss	(161,985)	-
Total operating expenses	265,638	642,310
Loss before other income (expenses)	(265,638)	(642,310)
Other income (expenses)		
Loss on disposition of property and equipment	(6,333)	-
Interest income	8,188	2,902
Net (loss) and comprehensive (loss) for the period	\$ (263,783)	\$ (639,408)

The Company recorded a net loss and comprehensive loss of \$263,783 during the six months ended June 30, 2018 compared to \$639,408 during the same period in the prior year. Expenses in the current period were offset by a foreign exchange gain as a result of revaluation of working capital items held in US dollars. There was no such gain in the six months ended June 30, 2017. In addition, expenditures on exploration and evaluation were higher in the prior year, in particular legal fees associated with the negotiations regarding the Riviere Dore project discussed in the Exploration and Evaluation section herein.

Exploration and evaluation expenses:

	Six months ended June 30,	
	2018	2017
Consulting	\$ -	\$ 85,506
Legal	48,895	242,665
Travel & accomodation	-	3,301
Field office and supplies	-	3,807
Truck rental	-	1,997
Total	\$ 48,895	\$ 337,276

Exploration and Evaluation

Rivière Doré

On November 30, 2011, the Company signed an agreement with Cartier Resources Inc. ("Cartier") to acquire 100% of the Rivière Doré Copper Nickel property ("Rivière Doré") located southeast of the town of Val D'Or, Quebec. This agreement superseded the agreement signed with Cartier in January 2011. In consideration for a 100% interest in Rivière Doré, the Company paid \$150,000 in cash, issued 2,000,000 common shares of the Company, with an estimated fair value of \$550,000, and granted a royalty of 1% of the net smelter return in connection with ore extracted from the Rivière Doré property. The Company also committed to a 2% royalty payment of the net smelter return on 36 of its 1,052 existing claims on the property. This transaction closed on December 15, 2011.

The Company also agreed to pay to Cartier an amount equal to 2% of the net present value shown in a bankable feasibility study on Rivière Doré, payable in cash in three equal installments over the 18-month period from the commencement of commercial production on the Rivière Doré property.

The Rivière Doré property had been under suspension since July 4, 2011 as a result of discussions between the Company, government officials and the Algonquin Community of Barrière Lake in relation to the property.

On June 29, 2016, the Company received a written notification from MERN that effective June 28, 2016 all claims under suspension on the Company's Rivière Doré project had been lifted. The notice also stated that the Company has a right of access to the land under the claims, and has the right to conduct any and all exploration work deemed appropriate. The claims had also been extended by an additional two years.

On November 14, 2016, the Company announced its first drilling program to be conducted on the Rivière Doré property, located 150 kilometres southeast of the prolific mining district of Val d'Or, Quebec. The Company designed an initial 2,000 metre drilling program. The Company submitted its applications for the requisite permits to the appropriate Government of Quebec ministries on October 10, 2016.

On January 27, 2017, the MERN issued a press release announcing its intention to suspend all the Rivière Doré claims of Copper One in the Lac Barrière area near Val-d'Or, Quebec. MERN's proposed suspension of the Company's claims appeared to be a response to a press conference held by members of the Algonquins of Barrière Lake who denounced the *Mining Act* (Quebec) as illegal and unconstitutional.

On February 9, 2017, the Company received a decision from MERN suspending all of Copper One's mining claims related to its Rivière Doré project. MERN based their suspension decision on section 63 of the *Mining Act* (Quebec).

On February 21, 2017, the Company filed an appeal with the Court of Québec against the decision of the MERN issued on February 8, 2017 to suspend all of Copper One's mining claims related to its Rivière Doré project. Copper One strongly disagreed with MERN's decision to suspend its claims.

On November 15, 2017, the Company entered in to a settlement agreement with the Québec Government which facilitated an end to Copper One's participation in the Rivière Doré project.

On December 21, 2017, the Company completed the assignment of all of the mining claims comprising the Rivière Doré project to SOQUEM and as consideration the Quebec Government paid \$8 million in cash to the Company.

Las Morras

On November 14, 2017, the Company acquired an option to purchase a 100% interest in the Las Morras gold project (the "Project"), located in the Extremadura region of Spain, from Emerita Resources Corp. ("Emerita") pursuant to a binding letter agreement dated November 10, 2017 (the "Agreement") between Copper One and Emerita.

Pursuant to the Agreement, Emerita has granted the Company an option (the "Option") to acquire a 100% interest in the Project. As consideration for the Option, the Company paid \$25,000 in cash on November 17, 2017 and paid an additional \$75,000 in cash on January 10, 2018. In order to exercise the Option and acquire a 100% interest in the Project, the Company is required to:

- pay \$100,000 in cash to Emerita on or before the date that is 24 months after the execution of the Agreement;
- spend \$500,000 on exploration activities on the Project on or before the date that is 24 months after the execution of the Agreement;
- pay \$250,000 in cash to Emerita on or before the date that is 36 months after the execution of the Agreement;
- spend \$1,500,000 on exploration activities on the Project on or before the date that is 48 months after the execution of the Agreement; and
- grant to Emerita a 2% net smelter returns royalty on the Project.

Emerita will hold the Project in trust for the Company until the Option is exercised and the Project is assigned and transferred to the Company. If the Option is not exercised, Emerita will retain the Project. During the option period, the Company will be the operator of the Project. The underlying permit is valid until January 16, 2019. The Company expects to extend the term through applications.

This transaction is at arm's length and the Company has not paid any finder's fees in connection with this transaction.

Financial Commitments and Contractual Obligations

Management commitments

The Company is party to certain management contracts. These contracts contain clauses requiring additional payments of up to approximately \$3,067,000 be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements. Additional minimum management contract commitments remaining under these contracts approximate \$346,000 due within one year.

Environmental

The Company's exploration and evaluation 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 conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Legal Proceedings

The Company is from time to time named in various legal proceedings. The Company has not estimated or accrued any amounts related to such proceedings as they are believed to be without merit.

Transactions with Related Parties

During the three and six months ended June 30, 2018 and 2017, the Company entered into the following transactions in the ordinary course of business with related parties from accounting perspective that are not subsidiaries of the Company.

	Purchase of goods and services			
	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Forbes & Manhattan, Inc.	\$ 30,000	\$ 30,000	\$ 60,000	\$ 60,000
QMX Gold Corporation	-	57	-	2,731

Mr. Stan Bharti is the Executive Chairman of Forbes. The Company is part of the Forbes Group of Companies and continues to receive the benefits of such membership, including access to mining professionals, advice from Mr. Bharti, and strategic advice from the Forbes Board of Advisors. An administration fee of \$10,000 per month is charged by Forbes pursuant to a consulting agreement.

The Company shared its office space with QMX Gold Corporation ("QMX") located in Val-d'Or. During the six months ended June 30, 2018, \$nil was charged by QMX to the Company for rent and consulting expenses (Q2 - 2017 - \$2,731). Deborah Battiston, an officer of the Company, is an officer of QMX.

Compensation of Key Management, Directors and Officers

The remuneration of directors and other members of key management personnel during the three and six months ended June 30, 2018 and 2017 were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Short-term benefits	\$ 54,750	\$ 54,750	\$ 109,500	\$ 109,500

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 directors (executive and non-executive) of the Company.

All of the above transactions have been in the normal course of operations and have been recorded at their exchange amount, which are actual amounts spent by the transacting parties.

Off Balance Sheet Arrangements

To the best of management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the company.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The carrying values of these financial instruments approximate their fair values due to the short maturity of those instruments.

Outstanding Share Data

As at the date hereof, there were 34,190,109 common shares of the Company outstanding and 1,941,800 stock options outstanding with a weighted average exercise price of \$0.25 per option.

Non-GAAP Measures

The MD&A contains the term working capital. The Company believes that, in addition to conventional measures prepared in accordance with GAAP, we and certain investors use this information to evaluate the Company's performance and ability to generate cash, profits and meet financial commitments. These Non-GAAP measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. These non-GAAP measures do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers.

Working Capital

Current assets		June 30, 2018	December 31, 2017
Cash and cash equivalents	\$	4,847,343	\$ 4,838,783
Receivables		56,029	403,050
Prepaid expenses and deposits		10,557	24,739
Total current assets		4,913,929	5,266,572
Current liabilities			
Accounts payable and accrued liabilities	\$	20,327	\$ 40,520
Total liabilities		20,327	40,520
Working capital (current assets less current liabilities)	\$	4,893,602	\$ 5,226,052

Net cash (used in) provided by operating activities

(Expressed in Canadian dollars \$)	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Cash (used in) operating activities before change in working capital items	\$ (108,774)	\$ (286,566)	\$ (257,450)	\$ (638,183)
Cash provided by (used in) change in working capital items	295,813	(63,148)	341,010	(38,484)
Net cash provided by (used in) operating activities	\$ 187,039	\$ (349,714)	\$ 83,560	\$ (676,667)

New and future accounting pronouncements

On January 1, 2018, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included amendments to IFRS 2, IFRS 9 and IFRIC 22. These new standards and changes did not have any material impact on the Company's consolidated financial statements. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening accumulated deficit balance on January 1, 2018 and did not result in any change in the carrying values of the Company's financial assets or liabilities.

Accounting pronouncements not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on January 1, 2019 or later. Updates that are not applicable or are not consequential to the Company have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the consolidated financial statements.

IFRS 16 - Leases ("IFRS 16") replaces IAS 17 - Leases. The new model requires the recognition of almost all lease contracts on a lessee's statement of financial position as a lease liability reflecting future lease payments and a 'right-of-use asset' with exceptions for certain short-term leases and leases of low-value assets. In addition, the lease payments are required to be presented on the statement of cash flow within operating and financing activities for the interest and principal portions, respectively. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15, Revenue from Contracts with Customers, is also applied. The Company is currently evaluating the impact of the adoption of this standard.

IFRIC 23 – Uncertainty over Income Tax Treatments ("IFRIC 23") was issued in June 2017 and is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments under IAS 12. IFRIC 23 requires an entity to consider whether it is probable that the relevant authority will accept each tax treatment or group of tax treatments that it used or plans to use in its income tax filings. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted.

Critical Judgments and Estimation Uncertainties

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reported period. Such estimates and assumptions affect the carrying value of assets, impact decisions as to when exploration and development costs should be capitalized or expensed, and affect estimates for provisions for reclamation costs. Other significant estimates made by the Company include factors affecting valuations of stock-based compensation and the valuation of income tax accounts. The Company regularly reviews its estimates and assumptions, however, actual results could differ from these estimates and these differences could be material. See Note 2 of the Company's Consolidated Financial Statements for years ended December 31, 2017 and 2016 for details.

Risks and Uncertainties

The Company is engaged in the exploration and development of mineral properties. These activities involve a high degree of risk which, even with a combination of experience, knowledge and careful evaluation, may not be overcome. Consequently, no assurance can be given that commercial quantities of minerals will be successfully found or produced.

Liquidity Concerns and Future Financings

The Company will require significant capital and operating expenditures in connection with the development of its properties. There can be no assurance that the Company will be successful in obtaining required financing as needed. Volatile markets may make it difficult or impossible for the Company to obtain debt financing or equity financing on favorable terms, if at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone or slow down its development plans, forfeit rights in some or all of its properties or reduce or terminate some or all of its activities.

While the Company's financial statements have been prepared on the basis of a going concern which contemplates the realization of assets and satisfaction of liabilities in the normal course of operations, there are conditions and events that may cast doubt about the validity of that assumption.

Litigation

The Company is subject to litigation risks. All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company is or may become subject could have a material effect on its financial position, results of operations or the Company's mining and project development operations.

On February 21, 2017, the Company filed an appeal with the Court of Québec against the decision of the MERN to suspend all of the Company's mining claims related to its Rivière Doré project. The Company strongly disagreed with MERN's decision to suspend its claims.

On February 6, 2017, the Company commenced mandamus proceedings in the Superior Court of Quebec to force the issuance by the MFFP of a forest management permit to allow for drilling on 11 locations on the Rivière Doré project. Copper One sought to compel the MFFP to issue the forest management permit because it believed that MERN influenced the MFFP in order to delay or prevent the issuance of such permit.

On November 15, 2017, the Company entered into a settlement agreement with the Quebec Government which facilitated an end to the Company's participation in the Rivière Doré project. The transaction closed on December 15, 2017. The Algonquins of Barrière Lake have denounced the *Mining Act* (Quebec) as illegal and unconstitutional and the Company understands that the Algonquins of Barrière Lake may continue to challenge any activity and transactions related to the Rivière Doré project.

First Nations

First Nations in the Province of Quebec are increasingly making lands and rights claims in respect of existing and prospective resource projects on lands asserted to be First Nation traditional or treaty lands. In addition, consultation issues relating to First Nation interests and rights may impact the Company's ability to pursue exploration, development and mining at its projects and could result in costs and delays or materially restrict the Company's activities. Mining licenses and their renewals may be affected by land and resource rights negotiated as part of any settlement agreements entered into by governments with First Nations.

Nature of Mining, Mineral Exploration and Development Projects

Mining operations generally involve a high degree of risk. The Company's operations are subject to the hazards and risks normally encountered in mineral exploration, development and production, including environmental hazards, explosions, unusual or unexpected geological formations or pressures and periodic interruptions in both production and transportation due to inclement or hazardous weather conditions. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability.

The Company's property interests may be located in remote, undeveloped areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost, cannot be assured. These are integral requirements for exploration, development and production facilities on mineral properties. Power may need to be generated on site.

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of mineral resources or mineral reserves. There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore.

Exploration and development projects have no operating history upon which to base estimates of future cash operating costs. For development projects, reserve and resource estimates and estimates of cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies, which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, ground conditions, the configuration of the ore body, expected recovery rates of minerals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, actual production, cash operating costs and economic returns could differ significantly from those estimated. Indeed, there have been a number of mining operations that have ceased or been suspended or delayed because operations costs are greater than projected. Current market conditions are forcing many mining operations to increase capital and operating cost estimates. It is not unusual for new mining operations to experience problems during the start-up phase, and delays in the commencement of production often can occur.

No Revenues

To date, the Company has recorded no revenues from operations and the Company has not commenced commercial production or development on any property. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years in relation to the engagement of consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Company's properties. The Company expects to continue to incur losses for the foreseeable future. The development of the Company's properties will require the commitment of substantial resources to conduct time-consuming exploration. There can be no assurance that the Company will generate any revenues or achieve profitability.

Mineral Resource and Mineral Reserve Estimates May be Inaccurate

There are numerous uncertainties inherent in estimating mineral resources and mineral reserves, including many factors beyond the control of the Company. Such estimates are a subjective process, and the accuracy of any mineral resource or mineral reserve estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. These amounts are estimates only and the actual level of mineral recovery from such deposits may be different. Differences between management's assumptions, including economic assumptions such as metal prices and market conditions, could have a material adverse effect on the Company's financial position and results of operations.

Licenses and Permits, Laws and Regulations

The Company's exploration and development activities, including mine, mill, road, rail and other transportation facilities, require permits and approvals from various government authorities, and are subject to extensive federal, provincial, state and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities. There can be no guarantee that the Company will be able to maintain or obtain all necessary licenses, permits and approvals that may be required to explore and develop its properties, commence construction or operation of mining facilities.

Mineral Commodity Prices

The economics of mineral exploration are affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, the Company may determine that it is impractical to continue a mineral exploration operation. Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals that may be found on the Company's properties.

Environmental

The Company's activities are subject to extensive federal, provincial, state and local laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are also increasingly stringent. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Further, any failure by the Company to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations.

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.

Title to Properties

The acquisition of title to resource properties is a very detailed and time-consuming process. The Company holds its interest in certain of its properties through mining claims. Title to, and the area of, the mining claims may be disputed. There is no guarantee that such title will not be challenged or impaired. There may be challenges to the title of the properties in which the Company may have an interest, which, if successful, could result in the loss or reduction of the Company's interest in the properties.

Uninsured Risks

The Company maintains insurance to cover normal business risks. In the course of exploration and development of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including explosions, rock bursts, cave-ins, fire and earthquakes may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could result in significant liabilities to the Company and increase projected costs.

Foreign Operations

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

Competition

The Company competes with many other mining companies that have substantially greater resources than the Company. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.

Dependence on Outside Parties

The Company has relied upon consultants, engineers and others, and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

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

Share Price Fluctuations

The market price of securities of many companies, particularly exploration stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur.

Conflicts of Interest

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting such participation.

Current Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Subsequent event

On August 6 and August 17, 2018, 17,934,788 and 1,765,500 warrants, respectively, expired, unexercised. The warrants had a weighted average exercise price of \$0.20.

Additional Information

Additional information about the Company is available for viewing on SEDAR at www.sedar.com.