IBERIAN Minerals

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2016

Introduction and Background

The Management's Discussion & Analysis is a discussion and assessment of the results to date and future prospects of Iberian Minerals Ltd. and its subsidiaries ("Iberian" or the "Company"). The information provided herein should be read in conjunction with the Company's audited condensed interim consolidated financial statements for the fiscal year ended December 31, 2016 and audited financial statements for the year ended December 31, 2016 and related notes attached thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures in this report are stated in Canadian dollars. The effective date of this report is May 1, 2017

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. See "Forward-Looking Information and Statements" herein.

Iberian Minerals is listed on the TSX Venture Exchange under the symbol "IML" and on the OTCQB Exchange under the symbol "SLDRF". The Company is engaged in the exploration, acquisition and development of mineral properties and technologies.

In late 2015, the Company implemented a strategy to pursue and investigate a new paradigm being created in the mining sector to complement its Spanish mineral assets and current business model.

In December 2015, the Company acquired Mineworx Technologies Inc., who has developed the HM X-tract, a unique, patent-pending, portable, heavy mineral extraction process and an innovative new business model for the gold and precious metals mining sector. Mineworx operates as a 100% wholly owned subsidiary of Iberian Minerals.

The Mineworx unique business model is to seek out advanced-stage mineral deposits on which to employ its portable processing technologies, and to partner with the existing owners and operators to advance these deposits to profitable production in a timely and cost effective manner. The model offers operators accelerated production timelines, lower cut off grades, reduced infrastructure, shorter permitting periods, improved market valuations, lower operating costs, lower environmental impact and lower economic risks.

The unique, integrated water clarification and filtration technologies allow operators to recycle most of the process water used at a typical mine site. This conserves water, minimizes environmental discharge and significantly reduces or eliminates the necessity for tailings ponds.

Overall Performance

In 2016, the company moved forward on the development of the Mineworx commercial model. Two streams were pursued to accomplish this goal, the deployment of the first HMX-tract machine on a site and the design and construction of the second-generation unit that includes the HMX-mill process. The first unit is only capable of operating on alluvial deposit sites while the second-generation will be capable of operating on both alluvial and hard rock sites.

In the first quarter of 2016 due diligence was completed on the preliminary site that had been identified as a location for the first HMX-tract unit to be located on. Through this testing, it was determined that the yields of precious metals were lower than the initial samples had indicated and could not justify the deployment of a unit to that site.

A secondary site was identified, Vulture Peak, and an operating agreement was entered for this location. The due diligence testing confirmed that the site should provide a positive economic return. The site had the additional benefit that it could also support the second-generation HMX-tract unit when completed. In the second quarter the company began to mobilize the preliminary HMX-tract unit to the site to commence production. As the company was ready to commence commercial production it was informed that the prime lender to the site owner had placed the operation in foreclosure. At this point the company suspended its operations on site until a definitive path forward could be determined.

The foreclosure auction was held September 29th in Phoenix, AZ with the prime lender obtaining ownership of the property. The company attempted to negotiate a Conditional Offer to Purchase the property, but the prime lender agreed to sell the property to a third party. That transaction was finalized in the first quarter of 2017. The third party has reached out to the company regarding interest in resuming its operations on site.

In January 2016, the company opened a fabrication facility in Coquitlam, BC. The 7,050 sq ft building allowed for the development of the patent pending HMX-mill unit. The HM X-Mill is a transformation in grinding technologies and is based on Mineworx's proprietary, high velocity, horizontal rotary milling design. It is designed for the fine grinding of ores and regrinding of concentrates and tailings. It is designed to produce a consistent particle size with 100% of the ground material passing 100 mesh (150 µm).

The HM X-Mill significantly reduces the operational footprint, energy consumption, operational costs and capital costs of fine grinding. The HM X-Mill is designed to be energy efficient and portable allowing for low cost operation in remote installations with minimal infrastructure required.

While most grinding in the mineral industry is achieved using devices containing a steel grinding medium. The use of steel grinding media can cause issues in the subsequent gravity and flotation processes. The HM X-Mill uses no grinding media which reduces operational costs and avoids contamination-related performance issues.

The HM X-Mill utilizes a dry grinding environment whereby the ground product is air separated by cyclones and specialized screening medium prior to discharge into a proprietary automated slurry system. This provides a consistent particle/grain size and programmable slurry density for downstream processes.

In 2016, the company began development of the HMX-leach formula, an environmentally-friendly, non-cyanide based leach formula for the extraction of precious metals from ores, concentrates, tailings and electronic waste (e-Waste). The technical team has been developing and testing the unique HM X-leach formula on several different ores, concentrates and tailings. The company engaged the services of Met-Solve Laboratories, a well-respected and independent mineral and hydrometallurgical testing laboratory to oversee the development and testing of the formula. The company filed for a patent for the formula in July 2016.

The board of the company determined that best way to maximize value for the HMX-leach formula was to spin it out into its own public company. This decision was announced in December 2016. Enviroleach Technologies Inc., a new corporation was formed to continue the research and development of the X-Leach technologies. This spin-out included the transfer of all HMX-Leach related assets including all intellectual property rights to the eco-friendly HMX-Leach, non-cyanide based leach formula to EnviroLeach. In return the company received notes payable of $1,600,000, 28,000,000 shares of Enviroleach, and the right for Mineworx to utilize the formula in its operations. 26,000,000 of the shares were then distributed to the company shareholders by way of a return of capital dividend with the deemed value of $0.25 per Enviroleach share.

The transaction was completed on March 21, 2017 as a plan of arrangement that was approved by the company shareholders at a special meeting on March 14, 2017 and the Court of Queen's Bench on March 15, 2017. The shares of Enviroleach began trading on the Canadian Securities Exchange on March 30, 2017.

The company spent the better part of 2016 performing a strategic review of the assets held in Spain to determine the optimal development path for each property. This review determined that the option on the Caurio property should be terminated and that an additional work program be commenced in 2017 on the Cehegin property.

Additional information related to the Company is available for view on SEDAR at www.sedar.com

Exploration and Evaluation Assets

Management has worked diligently to identify mineral resource properties that indicated potential for commercial ore bodies. Exploration programs and technical studies aimed at determining the existence, grade, and economic feasibility of mineral deposits are being carried out. Mining activities are generally required to comply with varying levels of regulatory and environmental requirements that vary by jurisdiction. Sufficient capital has now been raised to carry out the programs. The accompanying discussions below address the status of each project and management's current beliefs with respect to each project.

The Cehegín Iron Ore Concessions, Spain

Iberian Minerals wholly-owned subsidiary, Solid Mines Espana, S.A.U. ("SME"), holds all of the rights and interests associated with the Cehegin 62 iron ore concessions in south-eastern Spain. In total the Cehegin iron ore property represents 62 exploitation concessions representing a surface area of 1,030 hectares. The Company has applied for an expansion of the local area creating a continuous area of 6,900 hectares.

In September 2015, Iberian Minerals regained a 100% interest in Cehegin Iron Ore Holdings, S.L. ("CIOH") the spanish holding company formed under the terms of the Joint Venture Agreement ("the JVA") with Glencore International AG ("Glencore"). By mutual agreement, Iberian Minerals 100% wholly owned Spanish subsidiary Solid Mines Espana ("SME") has acquired Glencore's 20% interest in CIOH for nominal consideration and now maintains 100% ownership in the Cehegin Iron Ore Project located in the Province of Murcia, south-eastern Spain.

In connection with the acquisition of Glencore's 20% interest in CIOH, each of the parties has agreed to terminate all agreements related to the JVA, with the exception of Glencore's exclusive off-take agreement, which will remain in effect.

SME will be required to pay an additional amount of up to EUR2,700,000 once a mining permit is submitted and granted for all 62 concessions, an improvement over the previously announced cost of EUR3,000,000. If SME proceeds with the new magnetite mining project, this additional payment would be made within four months from the decision notice date on which the permits or licenses are issued. This additional amount will be reduced to EUR1,800,000 if SME proceeds with the project, but does not obtain all mining permits for the total 62 concessions in its initial submission. No net royalties will be due on any proceeds from commercialization of the project.

The magnetite concessions are located in the province of Murcia, region of Cehegín, in the triangle formed by the towns of Calasparra, Cehegín and Mula in south eastern Spain. The concessions were formally owned by the Spanish ironworks company, Altos Hornos de Vizcaya, which was the largest industrial company in Spain for much of the twentieth century. In 1975, all 62 concessions were grouped together in one single subsidiary of Altos Hornos de Vizcaya called Agrupacion Minera, SA who exploited one of the open pit mines – Mina Maria, for its own needs until 1985.

The 62 separate concessions, which were mined for iron ore during the 20th century, offer excellent infrastructure, including hydro, water and a railway, approximately 12 km away, connecting at the rail station in the municipality of Calasparra, to the deep-sea port of Cartagena, 100 km away.

Production can commence on the existing permitted concessions upon the Company updating the viability and environmental studies to the satisfaction of the local mining and environmental authorities and upon suitable financing being available.

The Company's Spanish Geological team has analysed the 38,000 meters of historical drilling on the Cehegin Iron Ore concessions. 100% of the drill holes on three of the 62 concessions have been digitized allowing for the completion of 3D modelling. The Company's analysis confirms a vast expansion of the ore bodies which are open in all directions including depth.

The Cehegín iron ore concession has a good infrastructure and access by rail to the deep-sea Port of Cartagena, 104 Km away from the property. The concession is located in the south-eastern area of the mineral rich Iberian Peninsula; this region has a long history of iron ore production that was once the dominant supplier to all of Europe. The Company was able to obtain all of the detailed historical mining and exploration data, compiled by the previous operational owner, Altos Hornos de Vizcaya. This valuable data will result in significant savings in exploration costs and advance the timeline to production.

The Company completed a high-resolution aeromagnetic survey during the spring of 2015. The main objectives of the airborne survey were to confirm and define the extent of several additional targets that have been identified through the data compilation program. The survey provided excellent resolution of near-surface magnetic sources, representing a major improvement over prior regional aeromagnetic data. In particular, many of the stronger, better defined, discrete magnetic anomalies correspond to known iron ore (Fe) mines and prospects, such as the important Soledad and Colossus prospects. Most magnetic sources are judged to be quite shallow, or at least have a very shallow, sub-cropping portion. Some of these anomalies are inferred to have a significant gently dipping down-dip or down-plunge extension. A number of anomalies are inferred to lie at a moderate depth (25-100m).

The Company has received a technical report (NI 43-101) for the Cehegín property, prepared by Stanley C. Bartlett M.Sc., PGeo of Micon International Co Limited, in the United Kingdom, dated April 28, 2014, which has been filed on SEDAR at www.sedar.com on May 20, 2014.

The Company will continue its policy of continuous contact with local and regional authorities of all levels to ensure an alliance of mutual benefit. Politically, there is a strong commitment for the economic development of this region.

The Caurio Gold-Copper-Silver Concessions, Spain

On October 2015, Iberian Minerals successfully re-negotiated the payment terms for an option to purchase nine gold-copper-silver Caurio concessions owned by Carolines del Narcea, S.L. (the "Optionor").

Under the terms of the original option agreement, which was announced on July 29, 2015, SME had the right to option a 95% interest in the property during a three-year term ending June 30, 2018 by paying the Optionor € 50,000 every eight months. After completing its due diligence, SME could exercise the option agreement and proceed to purchase a 95% interest in the concessions for a total price of €7M**,** less payments made.

Under the terms of the new option agreement, SME has the right to option a 95% interest in the property during a three-year term ending June 30, 2018 by paying the Optionor 50% of the original € 50,000 for a total of €25,000 for the next eight months, effective November 1, 2015 to June 30, 2016 and thereafter payment will be €25,000 every six (6) months until the expiry of the option agreement. The terms of the new option agreement will see the exercise price of for the property reduced by 50% of the original amount of €7M to of €3.5M, less amounts paid.

All the re-negotiated payments in the new option agreement will be adjusted upwards if the price of gold, determined by the London Bullion Market Association exceeds US$1,350 per ounce and is based on the following gold price multiplier index:

London Gold Quote (US$/oz)	Multiplier
Up to $1,350	0
Between $1,351 and $1,475	1.25
Between $1,476 and $1,600	1.50
Between $1,601 and $1,725	1.75
Over $1,725	2.00

The gold price referenced will be the be the first price of gold determined by the London Bullion Market Association on the first day of the month before the beginning of every period, specifically, this will be the price of gold on June 1, 2016, December 1, 2016, June 1, 2017 and December 1, 2017, regardless of price fluctuations during the months following on each of the specific dates.

As of November 28, 2017, Iberian's wholly owned subsidiary, Solid Mines España, S.A.U. ("SME"), elected to terminate its option to acquire 95% interest of the Caurio gold-copper-silver concessions in Spain due to findings to date. The Company chose not to advance the next option installment payment and has no further continuing obligations with respect to the option agreement.

The Aroche Wollastonite Project, Spain

Under the terms of the three-year option agreement, ending November 6, 2018, Iberian Minerals will be responsible to pay all exploration, G&A plus capital expenditures and governmental fees on Aroche.

The Company will make a onetime cash payment of €100,000 to the Optionor once the exploitation permit for Aroche has been obtained. Iberian Minerals has the right to terminate the agreement at its discretion at any time with no penalties. The Optionor will maintain a 10% interest in Aroche. The option agreement allows for an extension of the three-year term in the event of unintentional causes of delay relating to Iberian completing its due diligence, investigation of mineral extensions, confirmation of historical estimates and exploitation permitting of the wollastonite.

Aroche was previously investigated by the National Mining Investigations Company Adaro, S.A. ("ENADIMSA") between 1983 – 1988, which included mechanical drillings, trenching, blasting and mineralogical studies determining the existence of an important marble quarry and wollastonite. At the time wollastonite was not a target mineral.

An Exploitation Permit for the marble resource was granted for Aroche on January 23, 1991 for a period of thirty (30) years that can be extended ninety (90) years until 2081. Marble was exploited on the property by the Optionor from 1991 to 2003. Recognizing the importance of the wollastonite deposit during this period, the Optionor designed and planned a conceptual concentration system and mineralogical plant for the processing of the wollastonite which included crushing, grinding, flotation, dense media and High Intensity Magnetic Separation ("HIMS").

The current Aroche Marble Exploitation Permit could be authorized to include wollastonite, as a result of the previous extensive investigation on the property which has an estimated cost of over €3 Million in relative value today. The Company's Spanish technical team is currently evaluating the historical data on Aroche and will release additional information on the potential of the project in the near future.

Selected Annual Financial Information

	December 31, 2016	**December 31, 2015**	**December 31, 2014**
Revenues from continuing operations	$ -	$ -	$ -
Loss and comprehensive loss	(6,808,495)	(338,576)	(2,426,889)
Loss per share - basic and diluted	(0.03)	(0.00)	(0.02)
Exploration and evaluation assets	801,779	980,020	5,490,204
Total assets	8,288,001	13,851,690	5,644,370
Total liabilities	320,322	767,532	1,086,476
Total cash dividend paid	-	-	-
Working capital (deficiency)	915,805	3,821,598	(997,121)

Summary of Quarterly Results

The following financial data is selected information for the Company for the eight most recently completed financial quarters:

	Dec 31, 2016	Sept 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sept 30, 2015	Jun 30, 2015	Mar 31, 2015
Total revenue	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil
Income (loss) for the period	(4,256,113)	(1,076,183)	(718,025)	(758,174)	(593,166)	(53,093)	(895,037)	1,202,720
Income (loss) per share (basic & diluted)	(0.02)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	0.01

Fluctuations in the Company's expenditures reflect the variations in the timing of exploration activities and general corporate operations, and the timing of share-based payments and write-down of certain exploration and evaluation assets.

Results of Operations

This review of the results of operations should be read in conjunction with the condensed interim consolidated financial statements for the year ended December 31, 2016:

Financial results

The Company had no operating revenue for the years ended December 31, 2016 and 2015. For the year ended December 31, 2016, the Company incurred a net loss of $6,808,495 ($0.03 loss per share) compared to a net loss of $338,576 ($nil loss per share) for the year ended December 31, 2015.

General and Administration

The total spent on general and administration costs in 2016 was $2,667,933 (2015 - $2,393,976) an 11.4% increase.

These increased costs are a result of the work to bring the technology acquired in the Mineworx transaction into commercial production. The start-up of the Mineworx operation and mobilization on the Vulture Peak site created increased costs in travel $292,760 (2015 - $96,222), project costs $512,513 (2015 - $210,225), and employee costs $857,595 (2015 - $377,177).

These increased costs were partially offset by reductions in professional fees $87,913 (2015 - $335,636), investor relations $86,287 (2015 - $135,285), and listing fees $26,994 (2015 - $31,156) due to decreased activity in Spain and 2015 included costs associated with the attempt to list on the AIM market.

Share-based payments of $234,466 was for 3,945,000 options issued and 787,500 options that vested during 2016. The $654,350 in 2015 related to the 10,362,500 exercisable options issued.

Other items

$915,905 in amortization was charged during the year ending December 31, 2016 (2015 - $nil) related to the equipment and technology acquired in the Mineworx transaction.

Foreign exchange was a loss of $160,884 for the year ended December 31, 2016 compared to a foreign exchange gain of $119,973 for 2015. The exchange rate changes are due to fluctuations in the Euro and US dollar in 2016, while only the Euro in 2015.

A loss of $281,024 was recognized related to the termination of the option agreement for the Caurio project, compare to a gain of $1,911,779 in 2015 related to the sale of the Alberta-1 property.

The company recognized an impairment to the technology intangible asset of $2,805,869 in 2016 ($nil – 2015). As part of the regular review of the technology intangible asset fair market value. Utilizing projected discounted cash flows it was determined that the carrying value of the technology asset should be discounted. The projected cash flows still show a positive contribution from the technology but the operational start-up delays and lack of a committed site currently have reduced the present value when compared to the projections completed the previous year.

Fourth Quarter – Results of Operations

For the three months ended December 31, 2016, the company recorded a net loss of $4,256,113 ($0.02 loss per share) compared to a net loss of $593,166 ($nil loss per share) for the three months ended December 31, 2015. The loss is comprised primarily of the impairment to the technology intangible asset $2,805,869 (2015 - $nil), the loss on termination of the Caurio option $281,024 (2015 – gain of $317,796), and amortization $467,024 (2105 - $nil). A reduction in general and administrative expenses to $678,484 (2015 - $761,302) offset the other one time charges.

Exploration and Evaluation Assets

For the year ended December 31, 2016, the Cehegin total expenditures were $52,759 (2014 - $330,780), comprised of geological fees and expenses of $33,405, mining rights and taxes of $10,243, and field costs of $9,111.

The Sierra de Caurío project's total expenditures were $50,025 (2014 - $231,000), comprised of geological fees and expenses of $1,270, mining rights and taxes of $42,038, and field costs of $6,717. Based on assessments done during the year it was determined that the option agreement for the Caurio project should be terminated. Upon the termination of the option agreement the company wrote down the carrying value of the property to zero (0) and recorded a loss of $281,025 as a result.

Equipment

For the year ended December 31, 2016, the expenditures on equipment was $1,094,470 (2015 - $2,505,115). The expenditures of $902,711 was related to the work in progress of the second-generation HM X-tract machine that includes the HM X-Mill component. $169,239 was for equipment required to operate on the Vulture Peak Gold site, and remaining was for the opening of offices and facilities. The amount in 2015 related to the equipment acquired in the Mineworx transaction.

Intangible Assets

$634,449 (2015 – nil) was spent on the development of the HM X-leach formula, these costs relate to the third-party testing, intellectual property payments, and wages and overhead for the internal laboratory. In December 2016, an agreement was entered into with Enviroleach Technologies Inc. to spinout the HM X-leach intellectual property in return for notes payable of $1,600,000 and 28,000,000 shares of Enviroleach. The transaction was approved in March of 2017.

The technology intangible asset acquired as part of the Mineworx transaction was reviewed for potential impairment. The review determined that based on the projected cash flows the carrying value should be reduced by $2,805,869. The write down was recorded as a loss in the financial statements (2015 - $nil).

Liquidity and Capital Resources

At December 31, 2015, the Company's cash position was $1,039,267 (December 31, 2015 - $4,166,361) and the working capital was $915,805 as compared to working capital of $3,863,420 at December 31, 2015. In 2016, the company used $3,127,094 in cash (2015 – gained $4,113,537).

Net cash used in operating activities for the year ended December 31, 2015 was $2,531,956 (2015 - $1,819,753) which relates primarily to general and administrative expenses.

Net cash used in investing activities for the year ended December 31, 2015 was $1,847,342 (2014 – gain of $5,966,142), which relates to the spending on exploration, equipment, and development of the HM X-leach formula. In 2015, the gain was due to proceeds from the sale of the Alberta-1 exploration asset.

Financing activities for the year ended December 31, 2016 provided $1,252,204 (2015 – used $32,830) was primarily the result of issuance of shares on private placement of $1,250,000 (2015 - $600,000), net of share issuance costs of $24,500 (2014 - $6,755) and the exercise of warrants for $232,050, offset by debt repayment of $205,346 (2015 – payment of $636,075).

The Company is in an exploration phase and is not generating revenue as yet, it is expected that the working capital balance will follow a cycle of reduction and replenishment. Management currently follows a policy of raising only sufficient capital to carry out its near-term plans. This policy is meant to minimize dilution of shareholders' positions by raising capital when the stock price is at higher levels.

Effective October 31, 2014, the Company began trading on the U.S. OTCQB venture marketplace, which is the premier marketplace for entrepreneurial and development-stage companies for U.S. investors. This will provide U.S. based shareholders with a readily accessible platform to buy or sell Iberian Minerals Shares. The Company will also undertake an investor awareness program throughout the U.S. to compliment this listing.

Transactions with Related Parties

The Company entered into the following transactions with related parties:

The Company made total payments of $12,500 for consulting services unrelated to their role on the board to companies controlled by board members.

These transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Related party balances

The amounts due to officers of the Company are as follows:

	December 31, 2016	December 31, 2015
Included in accounts payables, accrued liabilities, and loans[(i)]	$ 12,862	$ 59,823
	$ 12,862	$ 59,823

[(i)] These amounts are for advances expenses and consulting fees. They are unsecured, non-interest bearing and have no fixed terms of repayment.

The company was due $121,153 from Enviroleach Technologies Inc. for expenses paid for on its behalf. Enviroleach was a related party as they shared a common management team.

Changes in Accounting Policies Including Initial Adoption

Future Accounting Pronouncements

A number of new standards, amendments to standards and interpretations, described in the notes to the condensed interim consolidated financial statements, are not yet effective as of the date of this report, and were not applied in preparing the condensed interim consolidated financial statements. The Company is currently assessing the impact that these standards will have on the condensed interim consolidated financial statements.

Financial Risk Management

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

At December 31, 2016, the carrying values of cash, receivables and accounts payable and accrued liabilities approximate their fair values due to their short terms to maturity.

Financial risks

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of chequing account at reputable financial institution, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to $100,000 in Canada. Financial instruments included in receivables consist of amounts due from government agencies. The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institution and for receivables by standard credit checks. At December 31, 2015, the Company's exposure to credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis.

As at December 31, 2016, the Company had a cash balance of $1,039,267 (2015 - $4,166,361) to settle current liabilities of $320,322 (2015 - $767,532). The Company has sufficient working capital to meet its operating and planned exploration program requirements for the current and next fiscal year.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements and loans from related and other parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest and foreign exchange risk

The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. At December 31, 2016, the Company was not exposed to significant interest rate risk.

The Company has significant operating expenditures which are denominated in Euro ("EUR"). The Company's exposure to exchange rate fluctuations arises mainly on foreign currencies against the Canadian dollar functional currency of the relevant business entities. The Company is principally engaged in the acquisition, exploration and development of mineral properties in Spain and Peru.

Financial assets

The Canadian dollar equivalent of the amounts denominated in foreign currencies as at December 31, 2016 and December 31, 2015 are as follows:

December 31, 2016		**USD**		**EUR**
Cash	$	1,049	$	538,526
Receivables / prepaid expenses	$	347	$	41,008
Total		1,396		579,534

December 31, 2015		**USD**		**EUR**
Cash	$	100,386	$	3,838,670
Receivables / prepaid expenses	$	34,659	$	353,298
Total		135,045		4,191,968

Financial liabilities

The exposure of the Company's financial liabilities to currency risk are as follows:

December 31, 2016		**USD**		**EUR**
Accounts payable and accrued liabilities	$	17,146	$	84,594
Loans Payable	$	-	$	-
Total		17,146		84,594

December 31, 2015		**USD**		**EUR**
Accounts payable and accrued liabilities	$	112,762	$	53,678
Loans payable	$	13,864	$	-
Total		126,626		53,678

Sensitivity analysis

The Company is exposed to foreign currency risk on fluctuations related to cash, and accounts payable and accrued liabilities that are denominated in Euro. As at December 31, 2016, net financial assets totalling $494,940 were held in Euro.

Based on the above net exposure as at December 31, 2016 and assuming all other variables remain constant, a 2% depreciation or appreciation of the Euro against the Canadian dollar would result in an increase or decrease of approximately $12,196 in the Company's loss and comprehensive loss.

b) 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, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Capital Commitments

The Company had no commitments for property and equipment expenditures for fiscal 2016. The Company expects that any property and equipment expenditures incurred, based on future needs, will be funded from working capital and/or from operating or capital leases.

Proposed Transactions

At the date of this MD&A, there are no disclosable transactions that the board of directors or senior management are aware of.

Critical Accounting Estimates

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and share-based payments and other equity-based payments, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

Outstanding Share Data

Authorized share capital

Unlimited number of common shares without par value.

Common shares

At December 31, 2016, there were 271,795,080 issued and fully paid common shares. (2015- 243,480,080).

At April 26, 2017, there were 276,775,080 issued and fully paid common shares as the Company issued shares for Warrant exercises of 2,950,000 shares and 2,030,000 share options were exercised.

Stock options

At December 31, 2016, there were 24,445,000 stock options outstanding and exercisable at weighted average price of $0.10.

At April 26, 2017, there were 20,895,000 stock options outstanding and exercisable at weighted average price of $0.10 (1,520,000 options expired and 2,030,000 were exercised in 2017).

Warrants

At December 31, 2016, there were 45,226,667 warrants outstanding and exercisable at weighted average exercise price of $0.145.

At April 26, 2017, there were 42,276,667 warrants outstanding and exercisable at weighted average price of $0.15 (2,950,000 Warrants were exercised in 2017).

Agent's warrants

At December 31, 2015, there were 0 (zero) Finder's Warrants outstanding.

At April 26, 2017, there were 0 (zero) Finder's Warrants outstanding.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Forward-Looking Information and Statements

This MD&A contains certain forward-looking statements and forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking information is often, but not always, identified by the use of words such as "could", "should", "can", "anticipate", "expect", "believe", "will", "may", "projected", "sustain", "continues", "strategy", "potential", "projects", "grow", "take advantage", "estimate", "well positioned" or similar words suggesting future outcomes. In particular, this MD&A contains forward-looking statements relating to: the future opportunities for the Company; the business strategy of the Company; and the competitive advantage of the Company.

In addition, forward looking statements regarding the Company are based on certain key expectations and assumptions of the Company concerning anticipated financial performance, business prospects, strategies, the sufficiency of budgeted capital expenditures in carrying out planned activities, the availability and cost of services, the ability to obtain financing on acceptable terms, the actual results of exploration projects being equivalent to or better than estimated results in technical reports or prior exploration results, and future costs and expenses being based on historical costs and expenses, adjusted for inflation, all of which are subject to change based on market conditions and potential timing delays. Although management of the Company consider these assumptions to be reasonable based on information currently available to them, these assumptions may prove to be incorrect.

By their very nature, forward looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward looking statements will not be achieved. Undue reliance should not be placed on forward looking statements, as a number of important factors could cause the actual results to differ materially from the Company's beliefs, plans, objectives and expectations, including, among other things: general economic and market factors, including business competition, changes in government regulations or in tax laws; the early stage development of the Company and its projects; general political and social uncertainties; commodity prices; the actual results of current exploration and development or operational activities; changes in project parameters as plans continue to be refined; accidents and other risks inherent in the mining industry; lack of insurance; delay or failure to receive board or regulatory approvals; changes in legislation, including environmental legislation, affecting the Company; timing and availability of external financing on acceptable terms; conclusions of economic evaluations; and lack of qualified, skilled labour or loss of key individuals. These factors should not be considered exhaustive. Many of these risk factors are beyond the Company's control and each contributes to the possibility that the forward-looking statements will not occur or that actual results, performance or achievements may differ materially from those expressed or implied by such statements. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these risks, uncertainties and factors are interdependent and management's future course of action depends upon the Company's assessment of all information available at that time.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this MD&A are made as of the date of this MD&A and the Company does not undertake and is not obligated to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.