Date: May 2, 2022

This Management's Discussion and Analysis ("**MD&A**") provides a discussion and analysis of the financial condition and results of the operations of Wester Metallica Corp. (individually or collectively with its subsidiaries, as applicable, "**Western Metallica**" or the "**Company**"), to enable a reader to assess material changes in the financial condition and results of operations as at and for the year ended December 31, 2021. The MD&A should be read in conjunction with the audited consolidated financial statements for the year ending December 31, 2021. All amounts included in the MD&A are expressed in Canadian dollars, unless otherwise specified.

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as published by the International Accounting Standards Board. Please refer to Note 3 of the annual audited consolidated financial statements as at and for the year ended December 31, 2021 for disclosure of the Company's significant accounting policies.

The scientific and technical contents of this MD&A have been reviewed and approved by Alvaro Merino, (P.Geo), Qualified Person under National Instrument 43-101 ("**NI 43-101**").

The Board of Directors of the Company has reviewed this MD&A and the consolidated financial statements for the year ended December 31, 2021, and the Company's Board of Directors approved these documents prior to their release.

Overview and Strategy

Western Metallica is a Canadian exploration and development company engaged in the acquisition, exploration, and development of mineral properties with a primary focus on exploring in Spain. Exploration is conducted through the Company's wholly owned subsidiary, Western Metallica S.L.

Summary of Properties and Projects

Mineral Exploration Properties

The Company holds certain property interests for gold exploration in the Principality of Asturias in Spain and for polymetallic exploration in the Autonomous Community of Andalucia in Spain.

a) Penedela Property

During 2019, the Company entered into an option agreement with Asminarq SL ("Asminarq"), to earn up to 100% of the rights to the Penedela Property. Asminarq is the company that currently owns the mining rights. The property is located in the west of Asturias, Spain, in the council area of Ibias, and was granted by the Asturian Mines (Minas de Asturias) Authority to cover the exploration for gold, silver, lead and zinc. In order for the Company to earn a 45% interest in the property, the Company is to pay EURO 40,000, issue 1,184,000 shares of the Company, and incur EURO 500,000 in qualifying expenditures by August 31, 2022. In order for the Company to earn the remaining 55% interest in the property, the Company is to pay EURO 40,000, issue 814,000 shares and incur EURO 500,000 in qualifying expenditures by August 31, 2023.

On February 14, 2022, Western Metallica entered into a purchase agreement (the "Purchase Agreement") with Asminarq, superseding the above-mentioned agreement whereby Western Metallica will acquire 100% of Asminarq pursuant to the following terms:

- Payment from Western Metallica to Asminarq in the amount of €100,000 (approximately $144,000) upon signature of the Purchase Agreement (paid in March 2022);

- The issuance of 2,000,000 post-share split Western Metallica common shares to Asminarq owners (1,271,242 pre-share split Western Metallica common shares issued on April 13, 2022);
- If Western Metallica completes a NI43-101 complaint resource that identifies 1 million ounces of gold in a defined target area, Western Metallica will pay Asminarq €500,000, plus an additional €0.05 per additional ounce, over and above the one million ounces of gold, up to two million ounces of gold; and
- Asminarq will retain a 2% NSR (Net Smelter Return), of which 1% (half) of the NSR may be purchased by Western Metallica for €400,000.

b) Berta Property

On September 16, 2019 the Berta Property prospecting license was requested from the Directorate general of Mining with the licensing fees being paid on September 19, 2019. The Company is waiting for the prospecting license to be submitted for public consultation which is expected to lead to the granting of the prospecting license. The property is located in the west of Asturias, Spain, in the council area of Ibias. No exploration expenditures have been incurred to date on the Berta property.

c) Sierra Alta Property

On April 20, 2020, the Company signed a binding letter agreement with Emerita Resources Corp. ("Emerita"), pursuant to which Western may earn a 55% interest in the Sierra Alta Property (the "Sierra Transaction"). A director and officer of Emerita is also a director and officer of the Company.

To earn a 55% interest, Western Metallica must:

1. Pay $50,000 in cash to the Company (paid during 2020);
2. Issue 500,000 shares of Western Metallica to the Company upon the renewal of the license for the Sierra Alta project;
3. Spend $500,000 on mineral exploration of the project within 24 months of the signing of the definitive agreement, and;
4. Enter into a binding joint venture agreement with the Company.

The Sierra Alta Property is in the Asturias region in northwestern Spain. Emerita applied for the permit on November 18, 2013 and received notice that the property had been granted on July 8, 2015. The concession was valid for a three-year term and was renewable for equal and successive periods of three years. An application for the permit to be extended was submitted and an extension was granted whereby the permit expires on October 19, 2022 and is renewable for a subsequent three year period.

d) Valledor Property

The Valledor Property is located in the west of Asturias, Spain, in the municipality of Allende. On September 30, 2019 the prospecting license was applied by the Company and was admitted. \the public consultation process was completed in 2020 and the Company is currently waiting for the final approval of the prospecting license. No exploration expenditures have been incurred to date on the Valledor property.

e) Nueva Celti Property

(in Canadian dollars, unless otherwise noted)

The Nueva Celti Property is located in the autonomous community of Andalucia, Spain. On January 30, 2019 the application for the Nueva Celti prospecting license was registered with the Seville Mining office in the municipality of Penaflor. The Company is waiting for the final approval and issuance of the license. No exploration expenditures have been incurred to date on the Nueva Celti property.

Project evaluation expenses are detailed in the following table:

	For the years ended December 31,	
	2021	2020
Land management fees, taxes and permits	$ -	$ 12,930
Labour	10,715	187,638
Drilling and geophysics	-	214,656
Technical reports	22,008	-
Travel, meals and accomodations	-	45,885
Professional fees	20,849	54,720
Project overhead costs	24,925	67,370
Total project evaluation expenses	**$ 78,497**	**$ 583,199**

For the year ended December 31, 2021, all project evaluation expenses were incurred on the Penedela property. For the year ended December 31, 2020, all project evaluation expenses were incurred on the Penedela property, except for $50,000 paid to Emerita Resources Corp with regards to the Sierra Alta option agreement.

Liquidity and Capital Resources

As at December 31, 2021, the Company had a working capital deficit of $124,400, which included a cash balance of $659,280, a restricted cash balance of $6,767,939, amounts receivable of $52,155, prepaid expenses of $46,021, and prepaid finance expenses of $742,560 offset by accounts payable and accrued liabilities of $374,265 and other liabilities of $8,000,100.

Western Metallica and Orcus Resources Ltd. ("Orcus") entered into an amalgamation agreement (the "Amalgamation Agreement") dated December 23, 2021 (the "Transaction"). The Transaction constitutes Orcus's Qualifying Transaction under the Capital Pool Companies policy (the "CPC Policy") of the TSX Venture Exchange (the "Exchange"). Following the completion of the Transaction, Orcus will continue on the business of Western Metallica under the name "Western Metallica Resources Corp." (the "Resulting Issuer"). For financial reporting purposes, the Transaction will be presented as a reverse acquisition of Orcus by Western Metallica.

The transaction closed subsequent to year end on April 13, 2022.

The gross proceeds from the sale of the Subscription Receipts, less the Agents' commission and expenses and an initial advance to Western Metallica of $750,000 paid at the closing of the Offering are being held in escrow by Endeavor Trust Corporation ("Endeavor") in accordance with a subscription receipt agreement dated November 23, 2021 among Western Metallica, Endeavor and Clarus Securities Inc. and will be released to the Company upon satisfaction and/or waiver of certain escrow release conditions (the "Escrow Release Conditions"), including completion of all conditions precedent to the Transaction. On April 13, 2022, the escrow conditions were satisfied, and the funds held in escrow were released to the Company.

(in Canadian dollars, unless otherwise noted)

Upon satisfaction of the Escrow Release Conditions, each Subscription Receipt was exchanged for one common share of Western Metallica Resources Corp. (a "WMR Share") and one-half-of-one share purchase warrant of Western Metallica Resources Corp. (a "WMR Warrant"). Each whole WMR Warrant entitles the holder to acquire one WMR Share at a price of $0.45 for a period of 2 years.

A total of 1,213,870 broker warrants, each exercisable to acquire one common share at a price of $0.30 for a period of 24 months, were issued in connection with the Offering. The fair value of the broker warrants issued was estimated at $182,000 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 135% based on volatilities of comparable companies; risk- free interest rate of 1%, share price of $0.24 based on the price of the subscription receipt, and an expected life of 2 years.

As at December 31, 2021, the Company has presented restricted cash of $6,767,939, representing proceeds from the Offering held in escrow, $8,000,100 presented as subscription receipts within liabilities, and prepaid finance expense of $742,560 ($560,560 paid in cash and $182,000 for the value of the broker warrants issued).

Results of Operations

During the year ended December 31, 2021, the Company recorded a loss of $210,480, or $0.02 per share as compared to a loss of $583,500, or $0.06 per share for the year ended December 31, 2020.

Expenses incurred during the year ended December 31, 2021 included $78,497 in project evaluation expenses and $135,830 in office and general expenses. This was compared to $583,199 in project evaluation expenses and $9,721 in office and general expenses for the comparative year ended December 31, 2020.

Exploration and evaluation expenses were incurred solely on the Penedela property. Project evaluation expenses were significantly lower for the December 31, 2021 period as compared to the December 31, 2020 period as the Company did not conduct a drilling program during that period.

Summary of yearly results (Canadian $):

	2021 $	2020 $	2019 $
Total revenues	-	-	-
Net loss and comprehensive loss	(210,480)	(583,500)	(193,577)
Net loss per share, basic and diluted	(0.02)	(0.06)	(0.03)
Total assets	8,281,483	85,387	707,430

Cash flows

Year ended December 31, 2021

During the year ended December 31, 2021, the Company used cash of $24,495 in operating activities (2020 - $657,295) due primarily to changes in working capital balances.

During the year ended December 31, 2021, the Company used cash of $6,774,415 (2020 - $nil) in investing activities due primarily to an increase in restricted cash.

During the year ended December 31, 2021, the Company had cash provided by financing activities in the amount of $7,439,540 (2020 - $nil) consisting of gross proceeds from the November 2021 subscription receipt financing of $8,000,100 less cash costs to issue shares of $560,560.

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, restricted cash, amounts receivable, other liabilities, 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 December 31, 2021 and 2020, 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.

Trade credit risk
The Company is not exposed to significant trade credit risk.

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 from its property interests in Spain. 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 December 31, 2021 and 2020, the Company had the following financial instruments and denominated in foreign currency (expressed in Canadian dollars):

December 31, 2021		
Cash	$	6,704
Accounts payable and accrued liabilities		(321,275)
	$	(314,571)

December 31, 2020		
Cash	$	8,075
Accounts payable and accrued liabilities		(59,524)
	$	(51,449)

A 10% strengthening (weakening) of the Canadian dollar against the Euro would decrease (increase) net loss by approximately $31,457 (2020 - $5,145).

(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 December 31, 2021, the Company had a cash balance of $659,280 (2020 - $18,650) to settle current liabilities of $374,265 (2020 - $149,789), excluding other liabilities. Refer to Note 13 of the audited consolidated financial statements for the period ended December 31, 2021 regarding restricted cash and other liabilities. 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.

<u>Critical Accounting Policies</u>

The Company's significant accounting policies are described in Note 3 of the audited consolidated financial statements for the period ended December 31, 2021. 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.

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 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.

The Company is party to certain consulting contracts. These contracts contain minimum commitments of approximately $18,000. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

Transactions with Related Parties

As at December 31, 2021, accounts payable included an amount of $107,019 received as an advance from a shareholder, who is also a director and officer of the Company (2020 - $108,215). The amount outstanding is unsecured, non-interest bearing, with no fixed terms of repayment.

As at December 31, 2021, amounts receivable included an amount of $15,110 owing from a director of the Company (2020 - $12,486).

As at December 31, 2021, accounts payable included an amount of $126,876 owing to an entity with a common director and officer of the Company (2020 - $32,954). As at December 31, 2021, accounts receivable included an amount of $31,722 owing from the same entity (2020 - $nil).

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 December 31, 2021 and 2021, the remuneration of directors and other key management personnel was $nil.

Off-balance sheet arrangements

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

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.

Novel Coronavirus ("COVID-19")

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations. Despite the severity of the COVID-19 pandemic, there were no material impacts on the Company's operations and finances for the period ended December 31, 2021.

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 Company's 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.

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.

Foreign Operations

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

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.

Outstanding Share Data

As at the date of this MD&A, all the Company's securities were exchanged for similar securities from Western Metallica Resources Corp.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

This MD&A contains, or incorporates by reference, "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the future performance of Western Metallica Corp. ("Western Metallica" or the "Company"), Western Metalica's mineral properties, the future price of gold, zinc and other metals, the estimation of mineral resources and mineral reserves, results of exploration activities and studies, the realization of mineral resource estimates, exploration activities, costs and timing of the development of new deposits, the acquisition of additional mineral resources, the results of future exploration and drilling, costs and timing of future exploration of the mineral projects, requirements for additional capital, management's skill and knowledge with respect to the exploration and development of mining properties in Spain, government regulation of mining operations and exploration operations, timing and receipt of approvals and licenses under mineral legislation, the Company's local partners, and environmental risks and title disputes. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "believes", or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks associated with the Company's dependence on the mineral projects; general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; risks associated with dependence on key members of management; conclusions of economic evaluations and studies; currency fluctuations (particularly in respect of the Canadian dollar, the United States dollar and the rate at which each may be exchanged for the others); future prices of gold, copper, and other metals; uncertainty in the estimation of mineral resources; exploration and development risks; infrastructure risks; inflation risks; defects and adverse claims in the title to the projects; accidents, political instability, insurrection or war; labour and employment risks; changes in government regulations and policies, including laws governing development, production, taxes, royalty payments, labour standards and occupational health, safety, toxic substances, resource exploitation and other matters; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; insufficient insurance coverage; the risk that dividends may never be declared; and liquidity and financing risks related to the global economic crisis. Such forward-looking statements are based on a number of material factors and assumptions, including; that contracted parties provide goods and/or services on the agreed timeframes; that ongoing contractual negotiations will be successful and progress and/or be completed in a timely manner; that no unusual geological or technical problems occur; that plant and equipment work as anticipated and that there is no material adverse change in the price of gold. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated, or intended. A qualified person, as defined in National Instrument 43-101, has not done sufficient work on behalf of the Company to classify certain of the historical technical information included in this MD&A, including the historical estimates of the Company's projects as a current mineral resource and the Company is not treating the historical estimates as a current mineral resource or mineral reserve. This historical information should not be relied upon and the Company cannot guarantee the accuracy of the historical data. Forward-looking statements contained herein are made as of the date of this MD&A. There can be no assurance that the forward-looking 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 due to the inherent uncertainty therein.