

Emerita Resources Corp.

EMO-TSX.V: \$3.13

Rating: Speculative Buy

Target: \$5.00

Emerita Resource Corp. (EMO-TSX.V)

Stock Data	
Previous Close (C\$)	\$3.13
52-Week High-Low	\$4.14 / \$0.16
Avg. Daily Volume (3M)	1,232,649
Basic SO (MM)	178
Fully Diluted SO (MM)	232
Market Cap. (C\$ MM)	\$556
Cash (C\$ MM)	\$27
ITM Options & Warrants (C\$ MM)	\$34
Debt (C\$ MM)	\$0
Enterprise Value (C\$ MM)	\$529

Company Information

Projects	IBW (100%) / Aznalcollar (ongoing legal dispute)
Project Location	Iberian Pyrite Belt, Spain

Clarus Estimates

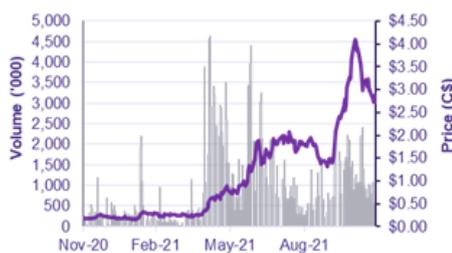
Implied return to target price	60%
Clarus Est. Resources (MM lbs ZnEq)	16,005
EV/lb Valuation (C\$/lb ZnEq)	\$0.04
Combined LOM Production (MM lbs ZnEq/year)	576
LOM Cash Costs (co-product), US\$/lb ZnEq	\$0.56
P/NAV	0.31x

Management

CEO	David Gower
President	Joaquin Merino-Marquez

Shareholders (source: Refinitiv Eikon)

Eric Sprott	11.2%
Palos Management Inc.	0.3%
Management & Insiders	6.6%



Company

Emerita currently owns 100% of the IBW project on the Spanish side of the Iberian Pyrite Belt (IPB). The project has been drilled extensively (~25,000 m) by credible operators such as Phelps Dodge and Rio Tinto in 1970s and 1980s. This resulted in a 34.8 Mt historic resource with a high grade subset of 12 Mt at 12.9% ZnEq. Emerita will be focusing on validating and growing this high grade portion at IBW while also exploring for new targets on the property. The Company is also in the process of acquiring the past-producing Aznalcollar project that is also located in Spain and in the IPB. Aznalcollar public tender is currently the subject of an ongoing legal dispute in the Spanish courts. We believe a final resolution is in sight and court proceedings to date are pointing to the potential for a favourable outcome for EMO.

Site Visit Reveals a Giant in the Making

November 30, 2021

We return highly encouraged from our site visit to Emerita's assets in the Iberian Pyrite Belt (IPB) of Spain that demonstrated excellent infrastructure, a skilled team at the helms to unlock value and a stupendous amount of resource growth potential that could be many multiples of what we are currently modelling in our valuation for the Company. Overall, the site visit has not only strengthened our view that Emerita's assets will become mines within the current commodity bull cycle but also demonstrated that the next year's drill program could prove our 'Base Case' modelling assumptions on the resource front to be very conservative. We see potential for our target price graduating towards our conceptual 'Bullish Case' scenario of C\$13.25/share over the next 12 - 18 months, contingent on a successful drill program on IBW, Nuevo Tintillo (currently carrying zero value in our model) and a successful resolution of Aznalcollar (currently carried at only 50% in our model) that management expects in the next 1 - 3 months. We are maintaining our **SPECULATIVE BUY** rating and our target price of **\$5.00** per share.

IN THE MIDDLE OF MINES & GREAT INFRASTRUCTURE: The entire IPB is dotted with past & currently producing mines with power lines straddling throughout the area. There is excellent access to all the three properties (IBW, Nuevo Tintillo and Aznalcollar) through highways, paved roads and all-season gravel roads on the projects. Located within just a couple hours from the major city of Seville by road. Topography at the projects is extremely favourable with great access and easy to explore with several outcrops and gossans, and with the ability to drill all-year-round.

LA INFANTA GROWING SWIFTLY: There are 3 rigs currently turning at La Infanta, testing a +300 m step-out to the west and a ~200 m step-out to the east (assays pending). If successful, this will expand the strike length to +1 km (vs 600 m modelled & historic). Recent TEM surveys indicated depth potential to at least 400 m (vs ~250 m modelled and ~120 m tested historically). Overall, we see La Infanta resource growing towards ~7-8Mt or 3x our current estimate of 2.5Mt, implying an incremental in-situ value of C\$500MM or C\$1.75/share in our model from this deposit alone.

ROMANERA, EL CURA & REGIONAL MASSIVE POTENTIAL: Recent TEM surveys at Romanera (historic 34 Mt at 7% ZnEq, incl. 20 m at 13.4% ZnEq from ~350 m depth) indicate doubling of the strike length to ~1 km (vs ~450 m modelled & historic) while the El Cura deposit, with an academic estimate of 1 Mt at 4.2% CuEq, is currently not accounted for in our valuation. Mapping suggests the same mineralizing structures from La Infanta pass through El Cura (over ~3.3 km west of La Infanta) and structures from Romanera continue into the southern part of the Ontario property. Through the public bidding process (at minimal cost), management has expanded IBW claims to ~109.9 km² (from ~15.5 km²).

WELL POSITIONED FOR A LARGE 2022 DRILL PROGRAM: Two more rigs are expected to arrive in the next 4 - 6 weeks. Management expects the drill permitting approval for the remaining IBW by mid-December and to commence drilling at Romanera in mid-January 2022. Overall, we expect a drill program of ~50,000 - 60,000 m next year with continued fleet expansion to 8 rigs drilling at La Infanta, Romanera, El Cura and potentially regional targets. With a cash balance of ~C\$25 MM & warrants being exercised, EMO is well-funded for the 2022 drill program.

AZNALCOLLAR UPDATE: Our visit to the Aznalcollar project, indicated that Grupo Mexico is not actively involved at the project as there were no personnel from any other company(s) or any sign of an ongoing exploration/drill program. Our main takeaway from our discussion with Emerita's Spanish counsel during our visit was that the validity of Emerita's bid for the Aznalcollar public tender is not under adjudication in the current civil or criminal case. The counsel expects the administrative court to announce its decision in the next 1 – 3 months, ahead of a verdict in the criminal case. As a reminder, this is a critical re-rating milestone that will result in our revised target price of \$6.90/share based on 0% ownership risk on Aznalcollar (currently 50%).

SIGNIFICANT OPTIONALITY FROM NUEVO TINTILLO: Nuevo Tintillo is located within ~10 km from the giant producing Riotinto mine (Atalaya Mining; 258 Mt at 0.4% Cu in M&I) and a few kilometers north of Aznalcollar. Regional mapping indicates that the same thrust fault controlling the mineralization at Riotinto outcrops at Nuevo Tintillo that controls ~25 km of this structure, highlighting the significant prospectivity of the property. The property is dotted with historic small-scale mines and we visited the Santa Flora mine in the west where we saw a number of mineralized sample rocks on surface. The property is fully permitted with no environmental concerns (same as La Infanta) and management expects to drill here sometime in the first half of 2022.

RECOMMENDATION: Emerita offers a rare combination of significantly de-risked, world-class polymetallic projects and excellent infrastructure. Its assets are located in the Spanish side of the Iberian Pyrite Belt (IPB), which is one of the largest VMS mining camps globally with numerous majors currently operating in the region. We expect the extremely high-grade (~14% ZnEq) resource growth potential at the 100% owned IBW project to drive significant value creation and M&A appeal. We believe the big prize for EMO will be the awarding of the world-class, past-producing Aznalcollar mine that is presently the subject of an ongoing criminal legal dispute. As a past-producing mine, Aznalcollar is significantly de-risked and can be swiftly advanced to production in the next five years in a high-grade (~12.6% ZnEq) underground mining scenario. We expect the two assets to produce at a combined rate of 550 – 600MM lbs ZnEq/year at the lowest quartile costs, generating +US\$300 MM/year in FCF.

Under our estimates (Clarus 'Base Case'), EMO is trading at C\$0.04/lb ZnEq and 0.31x P/NAV, a discount to the Select Peer Group average of C\$0.06/lb and 0.49x, respectively. We see parallels with Adriatic Metals (ATD-ASX; NR) that is advancing its brownfield Vares project, a past producing mine in Bosnia, towards development and is trading at a premium valuation of C\$0.18/lb ZnEq and 0.60x P/NAV and expect similarly high valuation multiples to be afforded to EMO as it de-risks its assets. We maintain our **SPECULATIVE BUY** rating and our target price of **\$5.00** per share that is based on a 0.6x combined NPV5% for 100% of IBW and 50% of Aznalcollar.

Milestones

1. Aznalcollar resolution – Q1/22 (Clarus expectation);
2. Drill results from drill program at La Infanta – ongoing;
3. Environmental approval (AAU) for drilling at Romanera & El Cura – Q4/21;
4. Commencement of drilling at Romanera (~10,000 m) – Q1/22;
5. IBW Resource Update - H1/22.

Site Visit Notes

IBW PROJECT

Figure 1: Favourable Topography At IBW; La Infanta South (Red Flag) & North (Yellow Flag) Blocks Identified



Excellent Infrastructure

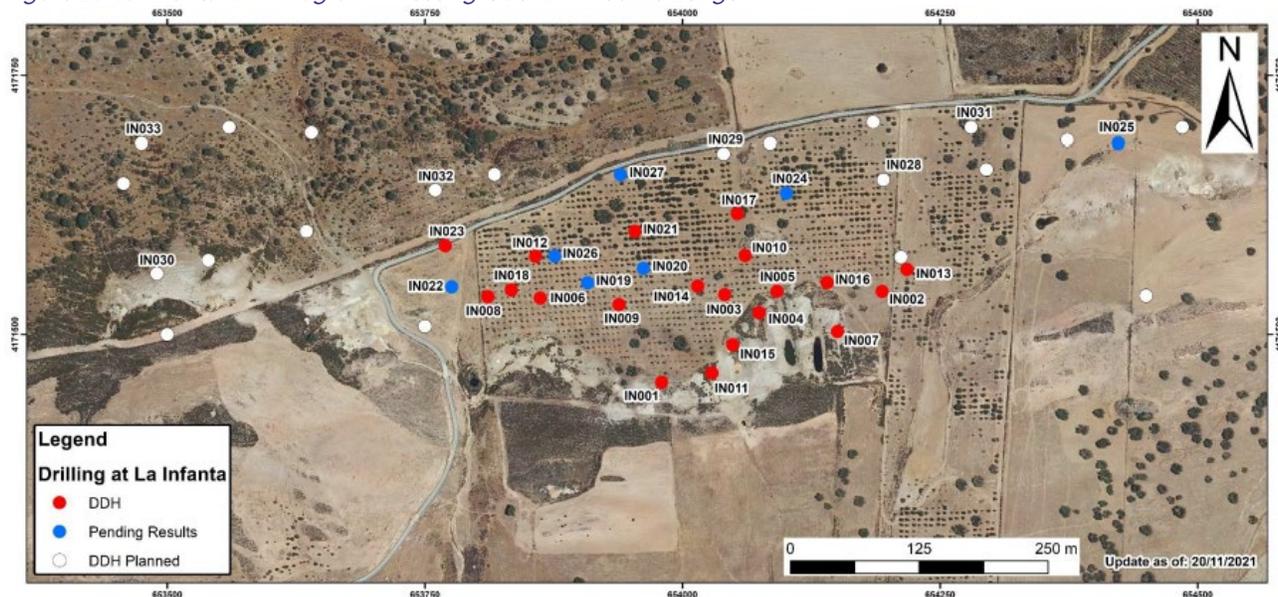
- Located 142 km west of Seville (capital of Andalusia, population ~700,000), 61 km NW of Huelva city and 20 km from the border with Portugal.
- Excellent access through highways, paved roads and all-season gravel road on the project. We drove to the project from our hotel in Seville to the project via the A-49 freeway and then via the A-495 Regional Road from the Huelva city, in total about ~2 hours. This is rather unique when compared to many other premier projects that we have visited that typically require helicopters to reach the site.
- There are several massive-sulphide deposits/mines, historic and currently in operation, around the project. These include Tharsis and RioTinto mines both within ~50 km from IBW as well as Las Herrerías Mine (historic) that is located close to the town of Puebla de Guzman.
- Very favourable topography: We drove and walked over the project. The topography is favourable (elevation ~200 m) with gently rolling hills or extensive flat areas, facilitating exploration and drilling with relative ease.
- On our way to the property, we drove past the wind and solar power farms and a substation that was within a few kilometers from the project that will allow a low capex connection to grid power.
- Water for drilling is available for purchase from the surrounding landowners.
- We visited the core shack facility that was large and very well organized. In addition, there was another empty and equally large facility that could support a significant expansion of the drill program as Romanera and El Cura drilling commences in the near-term (~mid-January 2022).
- The commercial port at Huelva city is located ~75 – 80 km from IBW and has facilities for blending and shipping of mineral concentrates, like what we believe will be produced at both IBW and Aznalcollar.

- Drilling costs are averaging ~C\$130 - \$150/m (on average, incl. rushed assays) which we believe are very reasonable as compared to several other major copper districts globally with costs typically averaging >C\$200/m. We further note that the current turnaround on rushed assays is 7 - 10 days and ~4 weeks for normal (non-rushed) assays, significantly better than the typical >5 - 10 weeks in much of the rest of the major mining jurisdictions. The assays are sent to ALS Laboratory in Seville for sample preparation and moved to other locations (Ireland) within Europe for assaying.
- Overall, there is excellent infrastructure on site with ready access to power from the adjacent towns and favourable climate that allows for year-round exploration.
- The IBW original land package has been expanded by 710% from 15.3 km² to currently 109.9 Km², including the Ontario claim where the same massive/semi-massive sulphide hosting structures from Romanera pass through the southern part of the claim.

Exploration Update

1. La Infanta

Figure 2: La Infanta Drill Program – Testing Over 1 km Strike Length



- **Drill tested over +1 km strike length:** There are now 3 rigs on-site (previously 2). One at the western portion of the deposit drilling Hole #30 (~325 m step-out to the west), another one at central portion drilling Hole #29 (targeting down-dip extension at the North Block) and the third rig is in the eastern portion drilling Hole #31. Of note, assays are pending on recently completed Hole #25, which is the easternmost hole to date and a ~200 m step-out to the east.
- **Geophysics highlights expansion potential:** The TEM survey at La Infanta indicates that one of the strongest conductors extend at least 300 m west of the historic resource and positive results from the above-mentioned step-out holes will be a strong validation of management's exploration/drill targeting strategy, as well as the team's understanding of the geological

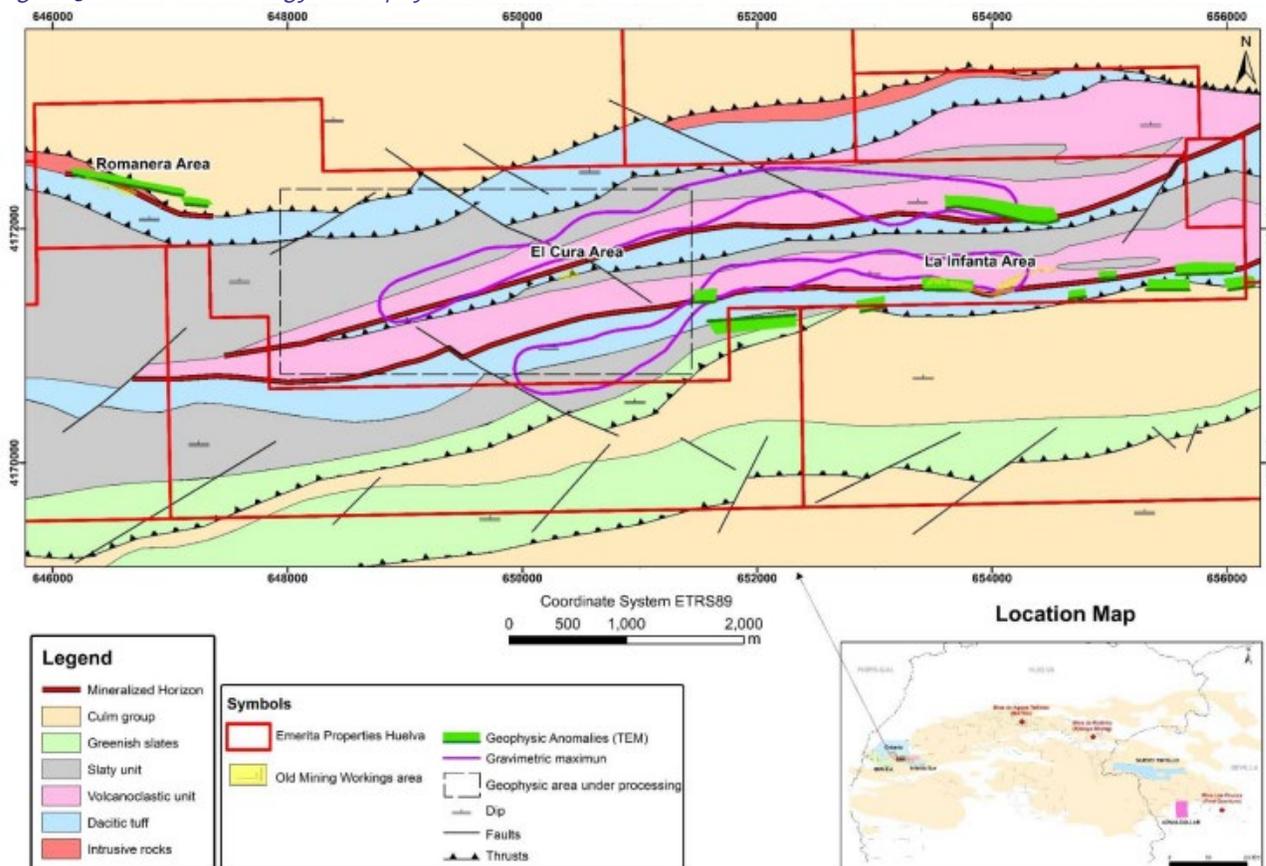
model, in our opinion. Mineralization also continues 400 m east where a small historical mining excavation is located and we expect holes #25 and #31 to confirm the strike extension potential to the east.

- **Very high grade potential:** The historic exploration program at La Infanta included ~5,000m of diamond drilling in 49 holes (1970s & 80s, incl. Phelps Dodge), resulting in a historic resource of 0.8 Mt at 26.5% ZnEq (with 1.77% Cu and 148 g/t Ag). While the mineralization at La Infanta is narrower (avg. 3 – 6m) as compared to Romanera, we believe the significant high grade nature makes this deposit equally compelling. Some of the significant historic as well as recent infill and step-out holes from Emerita's maiden drill program included:
 - Historic: 5.3 m at ~52% ZnEq from 86.5 m; 3.6 m at 47.5% ZnEq from 109.1 m; 6.1 m at 40.3% ZnEq from 84 m.
 - Infill drilling under EMO: 11.1 m at 58.6% ZnEq; 5 m at 62.1% ZnEq; 4.5 m at 39.8% ZnEq.
 - Step-out drilling under EMO: 5.1 m at 20.7% ZnEq; 2.1 m at 30.2% ZnEq included within 11.3 m at 10.2% ZnEq.
- **La Infanta Resource Growing Swiftly:** The ongoing drilling, if successful, will almost double the strike length from ~600 m for the historic resource, implying a 1.5 – 2.0 Mt resource (vs 0.8 Mt historic resource at a high grade of 26.5% ZnEq). We further note that the recent TEM surveys indicated depth potential to at least 400 m (vs historic drill tested depth of ~120 m), suggesting potential for a near tripling of depth extent. Overall, continued drilling success along strike and at depth over the coming months could drive the resource potential at La Infanta towards ~7 – 8 Mt as compared to our current estimate of only 2.5 Mt or a three-fold increase. On an in-situ basis, the additional resource growth beyond our current estimate will add an incremental value of ~C\$500 MM or ~C\$1.75/share (FD basis), assuming historic grade and C\$0.08/lb in-situ valuation (in line with the takeout valuation for MATSA by Sandfire).
- **Accelerating drill program:** At the current rate, we expect management to achieve 2,500 – 3,000 m per month from the three rigs. We expect two more rigs to arrive: the fourth rig around Christmas and the fifth at the beginning of 2022, driving the total rig count to 5. This should increase the drilling rate to 4,000 – 5,000 m per month. Initially, all five rigs will be turning at La Infanta and once the remaining IBW land package is drill permitted, two rigs are planned to be moved to Romanera (mid-January). Management plans to add three more rigs in short order post commencement of drilling at Romanera, driving the total rig count to 8 rigs at IBW that will allow simultaneous drilling of the multiple targets/deposits on the property, including La Infanta, Romanera, El Cura and regional targets such as the northern coincident gravity & TEM anomaly.
- **Mineralization hosting structures extend over several kilometers:** The mineralized horizon containing the massive/semi-massive sulphides at La Infanta occurs in the contact between the volcanoclastic unit in the hangingwall and the silicic alteration (dacitic tuffs) in the footwall. Geologic mapping based on the silicic alteration and the purple hematite & manganese alteration, which is a regional marker in the Iberian Pyrite Belt, indicates that the mineralization-hosting contact is continuous up to ~4 km from eastern extent of La Infanta to El Cura (gossans along the same trend at El Cura). The favourable contact likely remains open further west of El Cura and further geological mapping over the coming weeks could confirm this. We note that Emerita's drill program could potentially confirm the continuity of the

mineralized contact over 1 km at La Infanta, drill results dependent. Also, the favourable horizon (contact) at Romanera which is visible as strongly oxidized outcrops (gossans) continues west into the southern part of the Company's Ontario property.

2. El Cura, Romanera & Regional Potential

Figure 3: IBW Area Geology & Geophysical Anomalies



Source: Company Reports

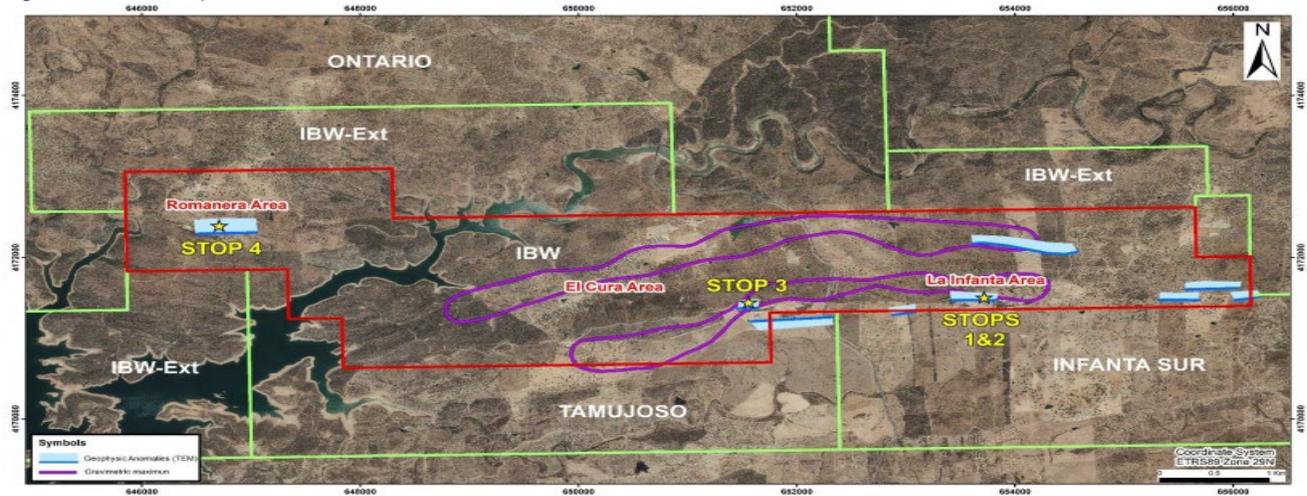
- Permitting update:** People from Ministry of Mines and the Mayor of Paymogo were also present for the site visit, a strong signal of support for the project, in our opinion. A detailed assessment and review at Romanera, El Cura (both protected areas) and the remaining IBW project (excl. La Infanta) by the Environmental Authority is in the completion stage and management expects approval from the department by mid-December. As we understand, post the environmental approval there will be a 30-day public consultation window. Overall, we believe EMO will be able to commence drilling at Romanera by mid-January 2022.
- Romanera is expected to be permitted for 50 drill pads, allowing the team to drill test at least ~700 m of its strike length while El Cura is expected to be permitted for 40 drill pads that will allow testing of ~500 m of its strike length. Management expects to apply for permitting amendments to test further strike extensions that we expect will be relatively faster compared to permitting the maiden program.
- Well positioned for a large drill program in 2022:** We expect at least 4 holes to be drilled from each pad, and assuming a depth of ~100 - 300 m on average implies at least 30,000 -

40,000 m of drilling at Romanera and El Cura next year in addition to another ~20,000 m of drilling at La Infanta for a total drill program of ~50,000 – 60,000 m (~C\$10 MM budget – Clarus estimate). With a cash balance of ~C\$25 MM and warrants being exercised (~C\$2 MM worth warrants exercised by Eric Sprott in November), the Company's expected exploration program at IBW is fully-funded.

- **El Cura potential:** It is located ~3.3 km west of the historic La Infanta resource. The gravity anomaly coincidental with these contact structures suggests strong potential for mineralization. Currently Emerita does not have any technical data on the El Cura deposit. There are historic workings at El Cura that are estimated to be from the ancient roman times. Phelps Dodge owned and explored the deposit in 1975 & 1985. There is an estimate of 1 Mt resource at ~4.2% CuEq at El Cura in academic publications and as previously mentioned the same mineralization-hosting contact extends from Infanta onto El Cura suggesting that mineralization at El Cura may be similar to La Infanta (more copper rich than Romanera).
- **Romanera likely to be significantly bigger than historic high subset resource:**
 - It is ~4 km west of El Cura and has seen 20,000 m of historic drilling (incl. by Rio Tinto), resulting in a large historic resource of 34 Mt at ~7% ZnEq and containing a sizeable high grade subset of 11.2 Mt at 11.9% ZnEq in the 1990s.
 - Potential at depth: The historic resource was defined over a ~400 m strike length, tested down to ~350 m depth. As a reminder, some of the deeper intercepts (~300 – 350 m depth) from historic drilling at Romanera included 20 m at 13.4% ZnEq; and 24 m at 10.5% ZnEq, suggesting mineralization remains open at depth. We expect similarly exciting, wide & high grade intercepts from EMO's drill program at Romanera over the coming months. We estimate that every 100m vertical extension could add 2 – 4 Mt to the resource, indicating potential for a 15 – 20 Mt resource with just a 200 m vertical extension at Romanera, without including any upside from along-strike extension potential.
 - TEM anomaly doubled along strike: Management has recommenced TEM survey post the hunting season that ended mid-November and already the TEM anomaly at Romanera has been doubled to ~1 km along strike towards east (previously ~500 m and historic strike length of ~400 m). This suggests significant expansion potential along strike as well.
 - We also saw several gossans on the property aligned with the contact between the volcanics and sediments. The gossans are leached-off of base metals and are precious metals rich, with some samples as high grade as ~7 g/t Au at Romanera.
- **Regional Potential:**
 - Parallel untested trend to the north: There is a coincident gravity and TEM anomaly that runs parallel to the La Infanta – El Cura trend and has never been tested with strongest TEM conductors occurring just ~1 km north of La Infanta. We expect management to test this anomaly next year as the drill count increases towards the planned 8 rigs.
 - In addition, management has significantly expanded the land package to ~109.9 km² (from ~15.5 km²) in different phases of the granting process, including the Ontario

permit where the same favourable contact structures extending from IBW pass through its southern portion. We believe these additional land packages have significantly enhanced the optionality of the IBW project with numerous prospective drill targets to chase.

Figure 4: IBW Properties



Source: Clarus Securities Inc. Site Visit

AZNALCOLLAR & NUEVO TINTILLO

Figure 5: Aznalcollar Project



Source: Clarus Securities Inc. Site Visit

- We visited the Aznalcollar project and were impressed by the access (via highways and paved roads), infrastructure and the scale of the project (historic open pit mines). The property is located ~36 km from Seville and is just 10 km from First Quantum's Las Cruces mine and also ~50 km from the Riotinto mine that was recently permitted for a sulphide expansion and underground mining (June 2021).
- We did not see any personnel from Grupo Mexico or any other company other than Emerita while we were at the project. Neither did we see any signboard suggesting ownership by a particular company. We also did not come across any exploration/drill program being carried out. This, in our opinion, suggests that Grupo is not actively involved at the project,

as opposed to some Spanish media articles suggesting otherwise. On a side note, we did see some ancient Roman ruins such as aqueducts that were utilized for mining at the time.

- **Update on Aznalcollar with Emerita's Spanish counsel:** Some important takeaway from our discussion with the counsel were:
 - The validity of Emerita's bid for the Aznalcollar public tender is not under adjudication in the current civil and criminal court case. This implies that, as per the Spanish law, if Minorbis-Grupo Mexico's bid is disqualified then the tender will be granted to the next qualified bidder, which is Emerita in this case.
 - The Company's Spanish Counsel, Ramón Escudero, believes that the administrative court may announce its decision at any time within the next couple of months, and in advance of a verdict in the criminal case.
 - In case the administrative court announces a resolution in favour of Emerita then the Regional government (Junta), which in the first place resolved in favor to Grupo México, can appeal that decision. The Appeals court will review only very specific points highlighted as grounds for appeal by the Junta, rather than reviewing the whole case again.
 - The evidence discovered in the criminal investigation is also in front of the Administrative Court. Much of the evidence is related to administrative irregularities in the tender process that should allow the Administrative Court to base its decision on, ahead of the verdict from the criminal court case.

Figure 6: Nuevo Tintillo Satellite Image



Source: Company Reports

- **Nuevo Tintillo provides significant optionality:**
 - Before heading to Nuevo Tintillo we visited the massive Riotinto mine (Atalaya Mining) open-pit that is producing at a throughput rate of 15 Mtpa and has a M&I resource of 258 Mt at 0.40% Cu.
 - Regional mapping indicates that the same thrust fault controlling the mineralization at Riotinto outcrops at Nuevo Tintillo as well, highlighting the significant prospectivity of the property.
 - Nuevo Tintillo is located between Las Cruces and Riotinto mines and is north of the Aznalcollar project.
 - There are a number of historic small-scale mines located along the thrust fault. Nuevo Tintillo covers ~25 km strike of this thrust fault. We visited the Santa Flora mine located in the western part of the property (closer to the Riotinto mine). We found a number of mineralized sample rocks with malachite, chalcocite, chalcopyrite, galena and sphalerite.
 - The property is fully permitted for drilling with no environmental concerns (same as La Infanta). Management is currently in discussions with the landowners to seek access, etc.
 - We expect a groundwork exploration program to start in Q1/22, including mapping, sampling and geophysics with drilling some time possibly in 2022.

Figure 7: Nuevo Tintillo (Left) Topography; Santa Flora Historic Mine Working at Nuevo Tintillo West (Right)



Source: Clarus Securities Inc. Site Visit

Figure 8: EMO Comps

Zn-Polymetallic Explorers / Developers											
Company	Ticker	Price Per Share (Local)	S/O (MM)	Mkt. Cap. (C\$MM)	EV (C\$MM)	Project Location	Grade ZnEq %	Zn % of ZnEq Resource	Attri. ZnEq MM lbs	EV/lb ZnEq (C\$/lb)	P/NAV
Adriatic Metals PLC	ADT-ASX	2.66	264	\$639	\$623	Bosnia	13.2%	31%	3,486	\$0.18	0.60x
Arizona Metals Corp (1)	AMC-TSX.V	5.20	99	\$490	\$434	Arizona, US	14.4%	21%	8,042	\$0.05	0.37x
Ascendant Resources Inc	ASND-TSX	0.24	110	\$26	\$29	Portugal	5.2%	30%	2,430	\$0.01	0.45x
Foran Mining Corp	FOM-TSX.V	2.79	182	\$507	\$405	Sask.	7.2%	37%	5,419	\$0.07	0.99x
Fireweed Zinc Ltd	FWZ-TSX.V	0.69	68	\$47	\$43	Yukon	9.4%	64%	10,450	\$0.004	0.33x
Group Eleven Resources Corp	ZNG-TSX.V	0.11	137	\$15	\$14	Ireland	9.7%	84%	1,531	\$0.01	NA
Kutcho Copper Corp	KC-TSX.V	0.89	99	\$88	\$108	BC	7.4%	29%	5,212	\$0.02	0.41x
Norzinc Ltd	NZC-TSX	0.06	685	\$38	\$36	NWT	20.8%	50%	7,222	\$0.01	0.16x
Osisko Metals Inc	OM-TSX.V	0.42	191	\$80	\$75	NWT	6.4%	75%	7,153	\$0.01	0.21x
Pan Global Resources Inc	PGZ-TSX.V	0.70	194	\$136	\$119	Spain	NA	NA	NA	NA	NA
Solitario Zinc Corp	SLR-TSX	0.60	59	\$35	\$28	Peru	11.1%	88%	1,273	\$0.02	NA
Tinka Resources Ltd	TK-TSX.V	0.18	341	\$60	\$54	Peru	6.4%	92%	8,015	\$0.01	0.21x
Wolfden Resources Corp	WLF-TSX.V	0.20	153	\$30	\$25	Maine, US	19.8%	48%	1,956	\$0.01	0.38x
ZincX Resources Corp	ZNX-TSX.V	0.14	178	\$24	\$22	BC	9.6%	83%	6,400	\$0.003	NA
Group Average				\$158	\$144		10.6%	56%	5,276	\$0.03	0.41x
* Select Peer Group Average				\$275	\$247		9.7%	55%	6,163	\$0.06	0.49x
Emerita Resources Corp. (Clarus 'Base Case' Resource)	EMO-TSX.V	3.13	232	\$728	\$666	Spain	12.7%	50%	16,005	\$0.04	0.31x

* Select Peer Group is based on comparable Zn contribution to global resource, favourable location for development and favourable permitting environment

(1) We cover AMC-TSX.V with a SPECULATIVE BUY rating and a target price of \$10.00 per share

Note: EMO market cap and EV based on FD shares & value of ITM options & warrants

Source: Refinitiv Eikon, Clarus Securities Inc.

Price Target Calculator: Our 12-month target price is based on a 0.6x combined NPV5% of IBW and 50% of Aznalcollar. We also account for in-situ valuation for ~17 Mt at ~16% ZnEq valued at C\$0.07/lb ZnEq at IBW & Aznalcollar (50%) to account for the estimated resource that is not included in our mine model. In addition, we account for corporate adjustments, including our long-term debt assumption and ITM options and warrants.

Key Risks to Target Price: Please refer to the risks disclosed in the initiating report dated July 23, 2021.

Emerita Resources Corporation (EMO-TSX.V), SPECULATIVE BUY, Target: C\$5.00

Rating	SPECULATIVE BUY	Target Price	\$5.00	Basic Shares O/S	177.8
12-Month Return	60%	Previous Close	\$3.13	Market Cap., C\$ MM	\$556
				EV, C\$ MM	\$529

CAD MM except per share data, unless otherwise noted

CAPITAL STRUCTURE	Strike Price \$/share	Shares (MM)
Basic Shares Outstanding		178
ITM Warrants Outstanding	\$0.52	37
ITM Options Outstanding	\$0.86	17
Assumed Equity Funding		51
FD Shares		283

NET ASSET VALUE (C\$)

	Discount rate	C\$ MM	Ownership Risk	C\$ MM	C\$/share
Asset NAV					
Aznalcollar (100.0%), Spain	5.0%	\$1,372	50.0%	\$686	\$2.42
IBW (100.0%), Spain	5.0%	\$799	0.0%	\$799	\$2.82
Asset NAV Sub-Total				\$1,485	\$5.24
Multiple to Development Assets			0.60x	\$891	\$3.15

In-Situ Valuation (Inventory not incl. in mine model)

	ZnEq	Ownership Risk	C\$ MM	C\$/share
Aznalcollar	3,691MM lbs @ C\$0.07/lb	50.0%	\$129	\$0.46
IBW	2,383MM lbs @ C\$0.07/lb	0.0%	\$167	\$0.59
In-situ Valuation Sub-total			\$296	\$1.05

Corporate Adjustments

Cash	\$27	\$0.10
Value of ITM Instruments	\$34	\$0.12
Long-term Debt	-\$240	-\$0.85
Estimated Working Capital Additions	\$400	\$1.41
Corporate Adjustments Sub-total	\$221	\$0.78
Total Corporate NAV	C\$/share	\$1,408

Target Price	C\$/share	\$5.00
P/NAV		0.31x

PRODUCTION ESTIMATES, MM lbs ZnEq

Fiscal Year	2025E	2026E	2027E	2028E	2029E
Aznalcollar	MM lbs	313	313	313	313
IBW	MM lbs	-	-	-	263
Zinc Equivalent Production	MM lbs ZnEq	313	313	313	576

COST ESTIMATES (US\$/oz)

Fiscal Year	2025E	2026E	2027E	2028E	2029E
Total Cash Costs (C1), net of by-prod.	US\$/lb Zn	(\$0.09)	(\$0.09)	(\$0.09)	(\$0.13)
Total Cash Costs (C1), co-prod.	US\$/lb ZnEq	-\$0.54	\$0.54	\$0.54	\$0.56
Sustaining Capex	US\$/lb Zn	-\$0.12	\$0.12	\$0.12	\$0.12
AISC (net of by-products)	US\$/lb Zn	-\$0.03	\$0.03	\$0.03	(\$0.01)
AISC (co-product)	US\$/lb ZnEq	-\$0.61	\$0.61	\$0.61	\$0.62

FINANCIAL SUMMARY

Fiscal Year	2025E	2026E	2027E	2028E	2029E
Copper Price (US\$/lb)	\$3.75	\$3.75	\$3.75	\$3.75	\$3.75
Zinc Price (US\$/lb)	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
Gold Price (US\$/oz)	\$1,725	\$1,725	\$1,725	\$1,725	\$1,725
Silver Price (US\$/oz)	\$23	\$23	\$23	\$23	\$23

EPS	\$0.00	\$0.55	\$0.55	\$0.59	\$1.11
P/EPS	nm	5.7x	5.6x	5.3x	2.8x
Target/EPS	nm	6.9x	6.8x	6.5x	3.4x

CFPS	\$0.00	\$1.06	\$0.95	\$0.88	\$1.88
P/CFPS	nm	3.0x	3.3x	3.6x	1.7x
Target/CFPS	nm	3.6x	4.0x	5.7x	2.7x

Income Statement

	MM				
Revenue	\$0	\$473	\$473	\$473	\$868
Operating Expenses	\$0	(\$198)	(\$198)	(\$198)	(\$373)
Depreciation	\$0	(\$50)	(\$50)	(\$50)	(\$97)
General & Adm.	\$0	\$0	\$0	\$0	(\$1)
Other	\$0	\$0	\$0	\$0	\$0
Exploration Exp.	\$0	\$0	\$0	\$0	(\$0)
Net Interest Expense	\$0	(\$32)	(\$29)	(\$18)	(\$7)

Taxes Expense

Taxes Expense	\$0	(\$67)	(\$68)	(\$72)	(\$136)
Other	\$0	\$0	\$0	\$0	\$0
Net Income	\$0	\$125	\$127	\$134	\$253

Cash Flow Statement

	MM				
Operating CF	\$0	\$242	\$217	\$200	\$431
Repayments	\$0	\$0	(\$109)	(\$109)	(\$119)
Share Issuance	\$0	\$0	\$0	\$0	\$0
Financing CF	\$0	\$0	(\$109)	(\$99)	(\$119)
Investing CF	(\$200)	(\$24)	(\$174)	(\$174)	(\$42)
Change in Cash	(\$200)	\$219	(\$66)	(\$73)	\$269
Free Cash Flow (bef div and fin.)	(\$200)	\$219	\$44	\$26	\$389
Free Cash Flow Yield	-38%	41%	8%	5%	73%

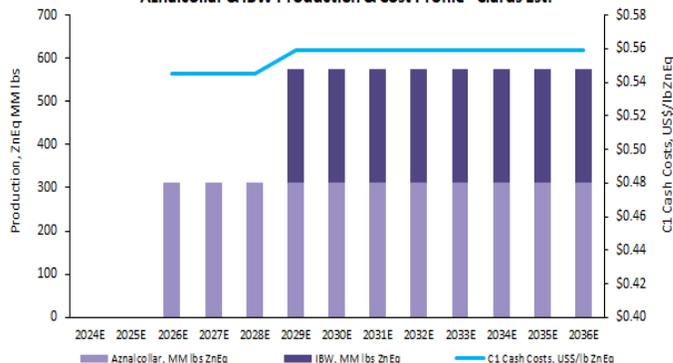
Balance Sheet

	MM				
Cash & Equivalents	\$9	\$228	\$162	\$89	\$358
Current Assets	\$9	\$228	\$162	\$89	\$358
Current Debt	\$0	\$27	\$109	\$119	\$82
Current Liabilities	\$0	\$109	\$109	\$119	\$0
Long-term Debt	\$266	\$268	\$191	\$72	\$0
Shareholder Equity	\$196	\$445	\$698	\$966	\$1,472

MODELLED MINEABLE INVENTORY

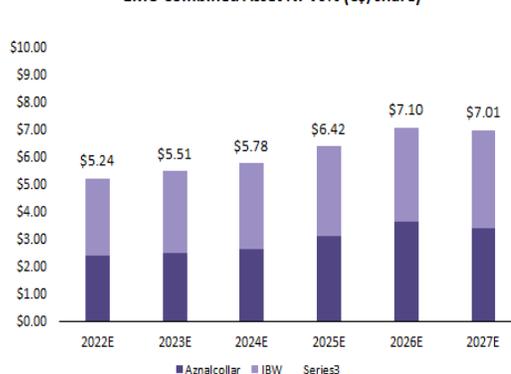
Zinc Equivalent	Mt	% ZnEq	MM lbs	Mine Life (yr)
Aznalcollar (100.0%), Spain	23	11.4%	5,821	15.0
IBW (100.0%), Spain	14	12.5%	3,957	12.0
EMO Companywide	38	11.8%	9,778	

Aznalcollar & IBW Production & Cost Profile - Clarus Est.



Source: Clarus Securities Inc.

EMO Combined Asset NPV5% (C\$/share)



Clarus Securities Equity Research Disclosures

The analyst has visited the Company's operations in Spain in November 2021. Partial payment or reimbursement was received from the issuer for the associated travel costs.

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