



(formerly Emerita Gold Corp.)

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**Condensed Interim Consolidated Financial Statements**

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**For the three months ended December 31, 2013**

(Expressed in Canadian Dollars)

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

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

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

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**Emerita Resources Corp. (formerly Emerita Gold Corp.)**  
**Condensed Interim Consolidated Statements of Financial Position**  
**(Unaudited)**

Expressed in Canadian Dollars

	Note	December 31, 2013	September 30, 2013
		\$	\$
<b>ASSETS</b>			
Current			
Cash		1,199,046	1,712,915
Amounts receivable		91,371	85,661
Prepaid expenses and advances		7,350	10,158
<b>Total current assets</b>		<b>1,297,767</b>	<b>1,808,734</b>
Long-term			
Reclamation deposit		23,119	23,119
Property, plant and equipment		44,943	-
Exploration and evaluation properties	3	893,016	737,181
<b>Total assets</b>		<b>2,258,845</b>	<b>2,569,034</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	8, 9	171,331	165,289
<b>Total liabilities</b>		<b>171,331</b>	<b>165,289</b>
<b>SHARHDOLDERS' EQUITY</b>			
Common shares	4	4,317,035	4,317,035
Warrant reserve	5	16,000	19,904
Option reserve	5	315,043	314,069
Deficit		(2,560,564)	(2,247,263)
<b>Total shareholder's equity</b>		<b>2,087,514</b>	<b>2,403,745</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,258,845</b>	<b>2,569,034</b>
Nature of operations and going concern	1		
Commitments and contingencies	10		
Subsequent event	11		

Approved on behalf of the Board:

Signed: "Colin Watt", Director

Signed: "David Gower", Director

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

**Emerita Resources Corp. (formerly Emerita Gold Corp.)**  
**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**  
**(Unaudited)**

*Expressed in Canadian Dollars*

	Note	December 31, 2013	December 31, 2012
		\$	\$
<b>Expenses</b>			
Project evaluation expenses		111,612	-
Consulting and management fees		161,481	10,000
Professional fees		9,125	26,040
Shareholders communications and filing fees		26,828	200
Travel expenses		43,183	18,606
Office expenses		41,727	-
Share-based payments	5	974	-
<b>Loss for the period before other items</b>		<b>(394,930)</b>	<b>(54,846)</b>
<b>Other items</b>			
Interest income		4,367	-
Foreign exchange gain (loss)		73,358	(2,389)
<b>Loss and comprehensive loss for the period</b>		<b>(317,205)</b>	<b>(57,235)</b>
<b>Basic and diluted loss earnings per share</b>		<b>(0.01)</b>	<b>(0.00)</b>
<b>Weighted average number of common shares outstanding</b>			
Basic		35,812,079	12,553,450

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

**Emerita Resources Corp. (formerly Emerita Gold Corp.)**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**(Unaudited)**

*Expressed in Canadian Dollars*

	Note	December 31, 2013	December 31, 2012
		\$	\$
<b>CASH (USED IN) PROVIDED BY:</b>			
<b>OPERATING ACTIVITIES:</b>			
(Loss) for the period		(317,205)	(57,235)
Items not involving cash:			
Share-based payments	5	974	-
Working capital adjustments:			
Changes in amounts receivable		(5,710)	(2,108)
Changes in prepaid expenses and advances		(1,182)	(543)
Changes in accounts payable and accrued liabilities		7,838	46,800
<b>Net cash used in operating activities</b>		<b>(315,285)</b>	<b>(13,086)</b>
<b>INVESTING ACTIVITIES:</b>			
Exploration and evaluation properties, net of working capital and PP&E reclassification		(195,626)	-
Proeprty, plant and equipmnt, net additions		(2,958)	-
Increase in reclamation deposit		-	(7,264)
<b>Net cash used in investing activities</b>		<b>(198,584)</b>	<b>(7,264)</b>
<b>CHANGE IN CASH, during the period</b>		<b>(513,869)</b>	<b>(20,350)</b>
<b>CASH, beginning of period</b>		<b>1,712,915</b>	<b>22,563</b>
<b>CASH, end of period</b>		<b>1,199,046</b>	<b>2,213</b>
<b>SUPPLEMENTAL INFORMATION</b>			
Change in non-cash working capital relating to			
Financing activities		27,854	-
Change in non-cash working capital for exploration and evaluation properties		2,193	52,285
Non cash property, plant and equipment		(47,674)	-
Amortization included in exploration and evaluation properties		5,690	-

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

**Emerita Gold Corp. (formerly Emerita Gold Corp.)**  
**Consolidated Statements of Changes in Shareholders' Equity**

*Expressed in Canadian Dollars*

Note	Number of shares #	Common Shares \$	Warrant Reserve \$	Option Reserve \$	Deficit \$	Total equity \$
<b>Balance, September 30, 2012</b>	<b>12,553,450</b>	<b>355,346</b>	<b>-</b>	<b>-</b>	<b>(214,204)</b>	<b>141,142</b>
Loss and comprehensive loss for the period	-	-	-	-	(57,235)	(57,235)
<b>Balance, December 31, 2012</b>	<b>12,553,450</b>	<b>355,346</b>	<b>-</b>	<b>-</b>	<b>(271,439)</b>	<b>83,907</b>
<b>Balance, September 30, 2013</b>	<b>35,812,079</b>	<b>4,317,035</b>	<b>19,904</b>	<b>314,069</b>	<b>(2,247,263)</b>	<b>2,403,745</b>
Warrants expired unexercised	-	-	(3,904)	-	3,904	-
Share-based payments	-	-	-	974	-	974
Loss and comprehensive loss for the period	-	-	-	-	(317,205)	(317,205)
<b>Balance, December 31, 2013</b>	<b>35,812,079</b>	<b>4,317,035</b>	<b>16,000</b>	<b>315,043</b>	<b>(2,560,564)</b>	<b>2,087,514</b>

The accompanying notes are an integral part of these financial statements

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# **Emerita Resources Corp. (formerly Emerita Gold Corp.)**

## **Notes to Condensed Interim Consolidated Financial Statements**

**December 31, 2013**

**(Unaudited)**

*Expressed in Canadian Dollars*

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### **1. NATURE OF OPERATION AND GOING CONCERN**

Emerita Resources Corp. (formerly Emerita Gold Corp., and Fuller Capital Corp.) (the “Company”, or “Emerita”) was incorporated on October 30, 2009 as 0865140 BC LTD. pursuant to the Business Corporations Act of British Columbia. On January 8, 2013, the Company completed its Qualifying Transaction and ceased to be a Capital Pool Company. The Company changed its name to Emerita Gold Corp. and commenced trading as a Tier 2 Mining Issuer on the TSX Venture Exchange on January 11, 2013 under a new trading symbol “EMO”. The Company has wholly owned Subsidiaries, 7854811 Canada Inc. (inactive), 2244182 Ontario Inc., amalgamated with Emerita (“2244182”) which owns Emerita Gold Espana (formerly Lorica Gold, Sociedad Limitada) (“Emerita Espana”), a company incorporated on May 30, 2012 in Spain. The Company is currently engaged in the acquisition, exploration and development of mineral properties, with its primary focus on the Las Morras Property located in Spain. The head office and principal address of the Company is 65 Queen Street West, Suite 800, Toronto, Ontario, M5H 2M5.

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

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation properties is dependent upon the establishment of a sufficient quantity of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition of these assets. Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims and non-compliance with regulatory and environmental requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

These condensed interim consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material. Due to continuing operating losses, the Company’s ability to continue as a going concern is dependent on its ability to obtain additional sources of financing. There is no assurance that these funds will be available on terms acceptable to the Company or at all.

### **2. BASIS OF PREPARATION**

#### ***Statement of compliance***

These condensed interim consolidated financial statements are unaudited and prepared on a condensed basis in accordance with the International Accounting Standards (“IAS”) 34, *Interim Financial Reporting* using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

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**Emerita Resources Corp. (formerly Emerita Gold Corp.)****Notes to Condensed Interim Consolidated Financial Statements****December 31, 2013****(Unaudited)***Expressed in Canadian Dollars*

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Basis of presentation***

These condensed interim consolidated financial statements have been prepared in accordance with the accounting policies described in Note 2 of the Annual Consolidated Financial Statements as at and for the year ended September 30, 2013. Accordingly, these condensed interim consolidated statements for the periods ended December 31, 2013 should be read together with the Annual Consolidated Financial Statements as at and for the year-ended September 30, 2013.

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

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

These condensed interim consolidated financial statements include the accounts of the Company, 7854811 Canada Inc., and Emerita Espana. All material intercompany transactions and balances between subsidiaries have been eliminated on consolidation.

***Approval of the condensed interim consolidated financial statements***

These condensed interim consolidated financial statements of the Company for the three months ended December 31, 2013 were reviewed, approved and authorized for issue by the Board of Directors of the Company on February 28, 2014.

**3. EXPLORATION AND EVALUATION PROPERTIES**

	Las Morras Property \$	Peña Encina Property \$	Los Vieros Property \$	Total \$
<b>Balance, September 30, 2013</b>	<b>710,140</b>	<b>24,384</b>	<b>2,657</b>	<b>737,181</b>
Cost incurred during the period:	-	-	-	
Land management fees, taxes and permits	16,607	2,123	-	18,730
Labour, contract geologists, prospectors	42,107	8,024	-	50,131
Field expenses	392	4	-	396
Sample analysis	2,287	-	-	2,287
Travel, meals and accommodations	6,081	762	-	6,843
Vehicle and fuel	3,632	272	-	3,904
Overhead - Project office Sevilla	17,449	75,133	1,675	94,257
Adjustment from prior period	(59,532)	37,612	1,207	(20,713)
<b>Balance, December 31, 2013</b>	<b>739,163</b>	<b>148,314</b>	<b>5,539</b>	<b>893,016</b>

**Emerita Resources Corp. (formerly Emerita Gold Corp.)**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**December 31, 2013**  
**(Unaudited)**  
*Expressed in Canadian Dollars*

**3. EXPLORATION AND EVALUATION PROPERTIES (Continued)**

	Las Morras Property \$	Peña Encina Property \$	Los Vieros Property \$	Total \$
<b>Balance, September 30, 2012</b>	<b>184,407</b>	-	-	<b>184,407</b>
Cost incurred during the year:				
Land management fees, taxes and permits	37,107	-	-	37,107
Labour, contract geologists, prospectors	83,098	-	-	83,098
Field expenses	81,004	1,370	66	82,440
Sample analysis	33,679	-	-	33,679
Mapping and surveying	11,593	-	-	11,593
Technical reports	5,332	12,175	-	17,507
Travel, meals and accommodations	42,114	1,141	1,348	44,603
Trenching	26,095	-	-	26,095
Vehicle and fuel	24,173	-	184	24,357
Legal	12,636	-	-	12,636
Overhead - Project office Sevilla	168,902	9,698	1,059	179,659
<b>Balance, September 30, 2013</b>	<b>710,140</b>	<b>24,384</b>	<b>2,657</b>	<b>737,181</b>

The Company has interests in three gold exploration properties (being Las Morras, Peña Encina and Los Vieros) located in the Extremadura region, Spain. Each of the properties is comprised of exploration permits that were issued by the Extremadura regulatory authorities.

- The original permit Las Morras Property is comprised of six original exploration permits. The permit in Las Morras will expire on April 17, 2015 but is renewable for an additional three year term. This Property is located in the eastern part of the Badajoz Province. On February 19, 2014, the Company received notice from the Extremadura Regional authorities that five additional permits in the Las Morras Project area in the Extremadura Region have been granted. Once final notice is published in the regional and national gazette, the Company will have three years in which to work the claims in the areas prior to applying for renewal. The additional permits cover areas of Matillas, La Macheula, El alandre, Matajarda and Garbayuels,
- The Peña Encina Property is comprised of one exploration permit that will expire on April 18, 2015 but is renewable for an additional three year term. This Property is located in La Codesera District in Spain.
- The Los Vieros Property is comprised of three exploration permits that will expire on September 25, 2015, November 14, 2015 and November 15, 2015 respectively but are renewable for an additional three year term. This Property is located in the western part of the Caceres Province.

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**Emerita Resources Corp. (formerly Emerita Gold Corp.)****Notes to Condensed Interim Consolidated Financial Statements****December 31, 2013****(Unaudited)***Expressed in Canadian Dollars*

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**4. COMMON SHARES****Authorized**

At December 31, 2013, the authorized share capital consisted of an unlimited number of common shares without par value.

**Common Shares Issued**

	Number of shares	Amount
<b>Balance, September 30, 2012</b>	12,553,450	\$ 355,346
Private placement, net of issuance costs	17,647,500	2,982,799
Shares issued for RTO transaction	5,111,129	868,890
Shares issued from options exercised	500,000	50,000
Fair value allocation from options exercised	-	60,000
<b>Balance, September 30 and December 31, 2013</b>	<b>35,812,079</b>	<b>\$ 4,317,035</b>

**Escrow Shares**

The Company had 2,000,000 common shares that were issued and held in escrow immediately prior to completing the Qualifying Transaction, of which, 10% were released pro-rata to the shareholders upon the issuance of notice of final acceptance of the Qualifying Transaction by the TSX Venture Exchange, 15% were released on July 8, 2013. The remainder of these escrow shares will be released in five equal tranches of 15% every six months thereafter for a period of 36 months. As of December 31, 2013, 1,500,000 common shares remained in escrow.

In connection with the Qualifying Transaction, 10,764,706 shares were deposited into escrow at closing (the "Value Escrow Shares"), of which 10% of the Value Escrow Shares were released upon the date of issuance of the Final Exchange Bulletin, 15% were released on July 8, 2013 and an additional 15% of the Value Escrow Shares are to be released every 6 months thereafter, until all Value Escrow Shares have been released (36 months following the date of issuance of the Final Exchange Bulletin). As of December 31, 2013, 8,073,529 shares remained in escrow.

These escrowed shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities.

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**Emerita Resources Corp. (formerly Emerita Gold Corp.)****Notes to Condensed Interim Consolidated Financial Statements****December 31, 2013****(Unaudited)***Expressed in Canadian Dollars*

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**5. EQUITY RESERVES****Warrants**

The changes in warrants issued during the periods ended September 30, 2013 and December 31, 2013 are as follows:

	Number of warrants	Weighted average exercise price	Value of warrants
Balance, September 30, 2012	-	\$ -	\$ -
Granted	278,073	0.20	19,904
Balance, September 30, 2013	278,073	\$ 0.20	\$ 19,904
Expired unexercised	(78,073)	0.20	(3,904)
Balance, December 31, 2013	200,000	\$ 0.20	\$ 16,000

The following summarizes the warrants outstanding as of December 31, 2013.

Number outstanding #	Number exercisable #	Grant date	Expiry date	Exercise price \$	Grant date fair value \$	Expected volatility	Risk-free interest rate	Expected life (Yrs) #	Expected dividend yield
200,000	200,000	10-Jan-13	10-Jan-15	\$0.20	16,000	100%	1.17%	2.00	0%
200,000	200,000				16,000				

The weighted average remaining contractual life of the warrants as of December 31, 2013 is 1.03 years.

**Share-based payments**

The changes in stock options issued during the periods ended September 30, 2013 and December 31, 2013 are as follows:

	Number of options	Weighted average exercise price	Value of options
Balance, September 30, 2012	-	\$ -	\$ -
Options granted pursuant to RTO	500,000	0.10	60,000
Granted and vested	3,560,000	0.18	315,043
Exercised	(500,000)	(0.10)	(60,000)
Balance, September 30 and December 31, 2013	3,560,000	\$ 0.18	\$ 315,043

Upon the completion of the Qualifying Transaction, the Company granted an aggregate of 3,000,000 incentive stock options to directors, officers and consultants of the Company. Each of these options is exercisable into one share for a period of three years at a price of \$0.20 per Share. These options vest immediately. The fair value of the options were estimated to be \$300,000 using the Black-Scholes option pricing model with estimated expected volatility of 100%; risk-free interest rate of 1.24%; expected life of 3 years; and expected dividend yield of 0%.

**Emerita Resources Corp. (formerly Emerita Gold Corp.)**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**December 31, 2013**  
**(Unaudited)**  
*Expressed in Canadian Dollars*

**5. EQUITY RESERVES (Continued)**

On August 28, 2013, the Company granted an aggregate of 560,000 incentive stock options to directors and consultants of the Company. Each of these options is exercisable into one share for a period of three years at a price of \$0.10 per Share. These options vest immediately with the exception of 100,000, which vest in 4 equal amounts on a quarterly basis over 12 months with a fair value of \$15,043 using the Black-Scholes option pricing model with estimated expected volatility of 100%; risk-free interest rate of 1.32%; expected life of 3 years; and expected dividend yield of 0%.

The following summarizes the share-based payments arrangement outstanding as of December 31, 2013.

Number outstanding #	Number exercisable #	Grant date	Expiry date	Exercise price \$	Grant date fair value \$	Expected volatility	Risk-free interest rate	Expected life (Yrs) #	Expected dividend yield
3,000,000	3,000,000	10-Jan-13	10-Jan-16	\$0.20	300,000	100%	1.24%	3.00	0%
560,000	485,000	28-Aug-13	28-Aug-16	\$0.10	15,043	100%	1.32%	3.00	0%
3,560,000	3,485,000				315,043				

The weighted average remaining contractual life of the options as of December 31, 2013 is 2.12 years.

**6. CAPITAL MANAGEMENT**

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

The properties in which the Company currently has an interest are in the exploration and evaluation stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and evaluation and pay for administrative costs, the Company must raise additional amounts. The Company may continue to assess new properties and may seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management during the three months ended December 31, 2013.

The Company and its subsidiaries are not currently subject to externally imposed capital requirements.

## **7. 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, reclamation deposit 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, 2013, the Company had no instruments to classify in the fair value hierarchy.

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

(a) *Credit risk*

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

a. *Trade credit risk*

The Company is not exposed to significant trade credit risk.

b. *Cash*

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

(b) *Currency risk*

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

**Emerita Resources Corp. (formerly Emerita Gold Corp.)**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**December 31, 2013**  
**(Unaudited)**  
*Expressed in Canadian Dollars*

**7. FINANCIAL INSTRUMENTS (Continued)**

As at September 30 and December 31 2013, the Company had the following financial instruments and denominated in foreign currency:

<b>December 31, 2013</b>				
	<b>Euro</b>	<b>US dollars</b>	<b>British Pound</b>	
Cash	\$ 104,345	\$ 894	\$	-
Amounts receivable	57,212	-		-
Accounts payable and accrued liabilities	(59,988)	(18,613)		-
	<b>\$ 101,569</b>	<b>\$ (17,719)</b>	<b>\$</b>	<b>-</b>

  

<b>September 30, 2013</b>				
	<b>Euro</b>	<b>US dollars</b>	<b>British Pound</b>	
Cash	\$ 41,442	\$ 6,407	\$	-
Amounts receivable	50,070	-		-
Accounts payable and accrued liabilities	(73,455)	(18,030)		(11,181)
	<b>\$ 18,057</b>	<b>\$ (11,623)</b>	<b>\$</b>	<b>(11,181)</b>

A 1% strengthening (weakening) of the Canadian dollar against the Euro, US dollars and British Pound would decrease (increase) net loss by approximately \$102, \$18 and \$Nil (September 30, 2013 - \$180, 116 and \$112) respectively.

(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. As at December 31, 2013, the Company had a cash balance of \$1,199,046 (September 30, 2013 - \$1,712,915) to settle current liabilities of \$171,331 (September 30, 2013 - \$165,289).

(d) *Commodity / Equity price risk*

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

**Emerita Resources Corp. (formerly Emerita Gold Corp.)**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**December 31, 2013**  
**(Unaudited)**  
*Expressed in Canadian Dollars*

**8. RELATED PARTY TRANSACTIONS**

During the three months ended September 30, 2013 and 2012, the Company did not have any transaction in the ordinary course of business with related parties.

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

As at December 31, 2013, amounts of \$26,641 included in accounts payable and accrued liabilities were owed to directors and officers of the Company (September 30, 2013 - \$36,565). The amounts outstanding on fees are unsecured, non-interest bearing, with no fixed terms of repayment.

*Compensation of key management personnel of the Company*

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. During the three months ended December 31, 2013 and 2012, the remuneration of directors and other members of key management personnel are as follows:

	Three months ended December 31,	
	2013	2012
Short-term benefits	\$ 123,325	\$ 62,285
	<b>\$ 123,325</b>	<b>\$ 62,285</b>

In connection with the November 2012 private placement, the officers and directors of the Company subscribed for 605,294 subscription receipts for total proceeds of \$102,900.

**9. SEGMENT INFORMATION**

The Company conducts its business as a single operating segment, being mineral exploration and evaluation in Spain. At December 31, 2013 and September 30, 2013, all exploration and evaluation assets were located in Spain. The following tables summarize the total assets and liabilities by geographic segment as at December 31, 2013 and September 30, 2013:

<b>December 31, 2013</b>	<b>Spain</b>		<b>Canada</b>		<b>Total</b>
Cash	\$ 104,345	\$ 1,094,701	\$	\$ 1,199,046	
Other current assets	62,869	35,852		98,721	
Reclamation deposit	23,119	-		23,119	
Property, plant and equipment	44,943			44,943	
Exploration and evaluation properties	893,016	-		893,016	
<b>Total Assets</b>	<b>\$ 1,128,292</b>	<b>\$ 1,130,553</b>	<b>\$</b>	<b>\$ 2,258,845</b>	
Accounts payable and accrued liabilities	\$ 64,681	\$ 106,650	\$	\$ 171,331	
<b>Total liabilities</b>	<b>\$ 64,681</b>	<b>\$ 106,650</b>	<b>\$</b>	<b>\$ 171,331</b>	

**Emerita Resources Corp. (formerly Emerita Gold Corp.)**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**December 31, 2013**  
**(Unaudited)**  
*Expressed in Canadian Dollars*

**9. SEGMENT INFORMATION (Continued)**

<b>September 30, 2013</b>	<b>Spain</b>	<b>Canada</b>	<b>Total</b>
Cash	\$ 48,682	\$ 1,664,233	\$ 1,712,915
Other current assets	55,541	40,278	95,819
Reclamation deposit	23,119	-	23,119
Exploration and evaluation properties	737,181	-	737,181
<b>Total Assets</b>	<b>\$ 864,523</b>	<b>\$ 1,704,511</b>	<b>\$ 2,569,034</b>
Accounts payable and accrued liabilities	\$ 73,455	\$ 91,834	\$ 165,289
<b>Total liabilities</b>	<b>\$ 73,455</b>	<b>\$ 91,834</b>	<b>\$ 165,289</b>

The following tables summarize the loss by geographic segment for the three months ended December 31, 2013 and 2012:

<b>December 31, 2013</b>	<b>Spain</b>	<b>Canada</b>	<b>Total</b>
Interest income	\$ -	\$ (4,367)	\$ (4,367)
Project evaluation expenses	111,612	-	111,612
General and administrative expenses	-	283,318	283,318
Foreign exchange gain	(42,843)	(30,515)	(73,358)
<b>Loss</b>	<b>\$ 68,769</b>	<b>\$ 248,436</b>	<b>\$ 317,205</b>

<b>December 31, 2012</b>	<b>Spain</b>	<b>Canada</b>	<b>Total</b>
General and administrative expenses	-	54,846	54,846
Foreign exchange loss	2,389	-	2,389
<b>Loss</b>	<b>\$ 2,389</b>	<b>\$ 54,846</b>	<b>\$ 57,235</b>

**10. COMMITMENTS AND CONTINGENCIES**

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

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$300,000 (2012 - \$nil) and additional contingent payments of up to approximately \$1,110,000 (2012 - \$nil) upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

The Company is party to a shared costs services agreement, which expires on January 31, 2015. The maximum amount owed on early termination as of December 31, 2013 is \$45,000.

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**11. SUBSEQUENT EVENT**

On February 19, 2014, the Company received notice from the Extremadura Regional authorities that tenements it had applied for in the Las Morras Project area in the Extremadura Region have been granted and final publication in the regional and national gazette is expected in the next few weeks. Once notice appears in the gazette the Company will have three years in which to work the claims, prior to applying for renewal. This block of Exploration Licenses (Permiso de Investigacion P.I) represents a six fold increase in the land holding for Emerita from 6,816 hectares to 44,846 hectares (Table 1).

<b>Tenement Name</b>	<b>Area (Hectares)</b>	
Las Morras	6,816	Granted 17/04/2012
Las Matillas	8,464	New Permit
La Manchuela	8,036	New Permit
El Alandre	8,719	New Permit
Matajarda	8,748	New Permit
Garbayuela	4,063	New Permit
<b>TOTAL</b>	<b>44,846</b>	

**Table 1 Las Morras Tenement Summary**