EMERITA
RESOURCES CORP.

Condensed Interim Consolidated Financial Statements

For the three and six months ended March 31, 2021 and 2020

(Expressed in Canadian Dollars)

(Unaudited)

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 condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the interim consolidated 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 Chartered Professional Accountants of Canada (CPA Canada) for a review of interim financial statements by an entity's auditor.

.

Emerita Resources Corp.

Condensed Interim Consolidated Statements of Financial Position

Expressed in Canadian Dollars- Unaudited

As at:	Note	**March 31, 2021 $**	September 30, 2020 $
ASSETS			
Current			
Cash		**6,256,341**	778,065
Amounts receivable		**194,312**	80,966
Prepaid expenses		**150,110**	220,117
Total current assets		**6,600,763**	1,079,148
Long-term			
Reclamation deposit		**18,227**	17,976
Equipment		**6,769**	7,877
Total assets		**6,625,759**	1,105,001
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8.9	**618,652**	1,230,809
Loans payable		**-**	339,013
Total liabilities		**618,652**	1,569,822
SHAREHOLDERS' EQUITY/(DEFICIENCY)			
Common shares	5	**20,173,004**	15,416,180
Warrant reserve	6	**3,547,067**	659,987
Option reserve	6	**1,679,874**	621,445
Deficit		**(19,392,838)**	(17,162,433)
Total shareholders' equity/(deficiency)		**6,007,107**	(464,821)
Total liabilities and shareholders' equity/(deficiency)		**6,625,759**	1,105,001

Nature of operations and going concern	1
Commitments and contingencies	11
Subsequent events	12

Approved on behalf of the Board of Directors on May 27, 2021:

Signed: *"Catherine Stretch"*, Director

Signed: *"David Gower"*, Director

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

Emerita Resources Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

Expressed in Canadian Dollars- Unaudited

		Three months ended March 31,		Six months ended March 31,	
		2021	2020	**2021**	2020
	Note	**$**	$	**$**	$
Expenses					
Project evaluation expenses	4	**91,487**	2,206	**270,015**	52,117
Consulting and management fees	9	**305,179**	103,088	**662,212**	289,582
Professional fees		**3,720**	47,300	**44,306**	73,835
Shareholder communication and filing fees		**31,485**	7,139	**55,353**	13,719
Promotion		**64,874**	10,953	**84,107**	23,126
Office expenses		**22,180**	24,708	**40,768**	47,679
Share-based compensation	6,9	**1,067,348**	-	**1,067,348**	329,995
(Loss) for the period before other items		**(1,586,273)**	(195,394)	**(2,224,109)**	(830,053)
Other items					
Loss on investment in associate	3	**-**	(66,965)	**-**	(76,665)
Interest income		**2,484**	6	**2,907**	6
Interest expense	7	**-**	(26,974)	**(987)**	(39,866)
Foreign exchange gain/(loss)		**15,519**	95,235	**(8,216)**	57,189
		(1,568,270)	(194,092)	**(2,230,405)**	(889,389)
Basic and diluted (loss) per share		**$ (0.01)**	$ (0.00)	**$ (0.02)**	$ (0.02)
Weighted average number of common shares outstanding					
Basic and Diluted		**111,752,148**	50,614,165	**111,752,148**	50,614,165

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

Emerita Resources Corp.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
Expressed in Canadian Dollars- Unaudited

	Note	Number of shares	Common Shares	Warrant Reserve	Option Reserve	Deficit	Shareholders' equity/(deficiency)
		#	$	$	$	$	$
Balance, September 30, 2020		**85,047,396**	**15,416,180**	**659,987**	**621,445**	**(17,162,433)**	**(464,821)**
Common shares issued, net of issue costs	5	50,600,648	7,457,525	-	-	-	7,457,525
Warrants issued	6	-	(2,915,539)	2,915,539	-	-	-
Warrants exercised	6	1,126,900	195,919	(28,459)	-	-	167,460
Options exercised	6	100,000.00	18,919	-	(8,919)	-	10,000
Share-based compensation	6	-	-	-	1,067,348	-	1,067,348
Loss and comprehensive loss for the period		-	-	-	-	(2,230,405)	(2,230,405)
Balance, March 31, 2021		**136,874,944**	**20,173,004**	**3,547,067**	**1,679,874**	**(19,392,838)**	**6,007,107**
Balance, September 30, 2019		**50,614,165**	**13,695,088**	**1,059,905**	**343,100**	**(16,953,340)**	**(1,855,247)**
Warrants expired unexercised	6	-	-	(951,105)	-	951,105	-
Share-based compensation	6	-	-	-	329,995	-	329,995
Loss and comprehensive loss for the period		-	-	-	-	(889,389)	(889,389)
Balance, March 31, 2020		**50,614,165**	**13,695,088**	**108,800**	**673,095**	**(16,891,624)**	**(2,414,641)**

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

Emerita Resources Corp.

Condensed Interim Consolidated Statements of Cash Flows

Expressed in Canadian Dollars- Unaudited

	Note	Six months ended March 31, 2021 $	2020 $
Cash (used in)/provided by:			
Operating activities			
(Loss) for the year		**(2,230,405)**	(889,389)
Items not involving cash:			
Share-based compensation	6	**1,067,348**	329,995
Interest expense	7	**987**	29,526
Amortization		**886**	908
Working capital adjustments:		**(655,496)**	420,711
Net cash (used in) operating activities		**(1,816,680)**	(108,249)
Investing activities			
Exploration and evaluation properties, net of change in working capital		**(29)**	(327)
Net cash (used in) investing activities		**(29)**	(327)
Financing activities			
Proceeds from issuance of common shares and warrants	5	**8,175,000**	-
Cost of issue	5	**(717,475)**	-
Proceeds from loans		**-**	110,000
Loan repayment	7	**(340,000)**	-
Options exercised	6	**10,000**	-
Warrants exercised	6	**167,460**	-
Net cash provided by financing activities		**7,294,985**	110,000
Change in cash, during the period		**5,478,276**	1,424
Cash, beginning of period		**778,065**	69,783
Cash, end of period		**6,256,341**	71,207
SUPPLEMENTAL INFORMATION			
Broker warrants issued	6	**$ 535,407**	$ -

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Emerita Resources 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 (“TSXV") on January 11, 2013 under the new trading symbol “EMO”. The Company also trades on the OTC Pink Market in the United States under the symbol “EMOTF”. The Company owns the following subsidiaries:

- A 100% interest in Emerita Resources Espana SL (“Emerita Espana”), a company incorporated on May 30, 2012 in Spain.
- A 99% interest in Emerita do Brazil Mineracao Ltda. (“Emerita Brazil”), a company incorporated on December 9, 2017 in Brazil.

The Company is currently engaged in the acquisition, exploration and development of mineral properties. The head office and principal address of the Company is 65 Queen Street West, Suite 900, 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 exploration and evaluation expenditures 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, social licensing requirements, 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.

As at March 31, 2021, the Company had working capital of $5,982,111 (September 30, 2020- working capital deficiency of $490,674), and an accumulated deficit of $19,392,838 (September 30, 2020- $17,162,433). The Company has a need for equity financing for working capital and exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation.

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.

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

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.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements are in compliance with IAS 34, *Interim Financial Reporting*. Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These condensed interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended September 30, 2020.

Basis of presentation

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 its subsidiaries. All values are rounded to the nearest dollar.

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. All material intercompany transactions and balances between subsidiaries have been eliminated on consolidation. The Company holds a 50% interest in Cantabrica del Zinco S.L. ("Cantabrica"), along with its joint venture partner the Aldesa Group. Cantabrica is reported as a joint venture in these condensed interim consolidated financial statements. Refer to Note 3.

Approval of the consolidated financial statements

These condensed interim consolidated financial statements of the Company for three and six months ended March 31, 2021 and 2020 were reviewed, approved, and authorized for issue by the Board of Directors of the Company on May 27, 2021.

Critical judgements and estimation uncertainties

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical judgements and estimation uncertainties (continued)

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based share awards is determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Contingencies

Refer to Notes 1 and 11.

Joint arrangement

The Company has a joint arrangement with the Aldesa Group. The Company has joint control over this arrangement as under the contractual agreement with the Aldesa Group, unanimous consent is required from all parties to the agreements for certain key strategic, operating, investing and financing policies. The Company's joint arrangement is structured as a corporation (JV Company) and provides the Company and the Aldesa Group (parties to the agreements) with rights to the net assets of the limited company under the arrangements. Therefore, this arrangement has been classified as a joint venture and has been recorded as an investment in associate. See Note 3.

Judgment is required to determine the type of joint arrangement that exists. This judgment involves considering its rights and obligations arising from the arrangement. An entity assesses its rights and obligations by considering the structure and legal form of the arrangement, the terms agreed to by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

Expressed in Canadian Dollars- Unaudited

3. INVESTMENT IN ASSOCIATE

On October 26, 2017, the Company, along with its Spanish joint venture partner the Aldesa Group ("Aldesa"), were awarded exploration concessions in the Santillana Syncline (the "Plaza Norte Project"). The Plaza Norte Project is in the Reocin Basin in Cantabria, Spain. The rights to the Plaza Norte Project were renewed by the Ministry of Mines in Cantabria in December 2020. All activities are suspended in this area due to the COVID-19 pandemic.

The Company and Aldesa each own a 50% interest in Cantabrica, a corporation registered in Spain, and will be equally represented on the board of directors. Emerita is the operator of the Plaza Norte Project. The Company recognizes its 50% jointly controlled interest in the joint venture relationship with Aldesa as an investment in associate. The Company accounts for this investment in associate using the equity method.

The 50% share of the loss from the investment in associate's operations attributable to the Company for the six months ended March 31, 2021 was $nil (year ended September 30, 2020: $171,150). As the losses exceed the amount of the Company's interest in the investment in associate, the losses have not been reflected in the Company's consolidated statement of loss and comprehensive loss for the six months ended March 31, 2021 and year ended September 30, 2020. The cumulative share of losses from the investment in associate's operations attributable to the Company that has not been recognized on the Company's consolidated statement of loss and comprehensive loss is $288,308. (September 30, 2020 - $288,308).

4. EXPLORATION AND EVALUATION EXPENDITURES

	For the six months ended March 31,	
	2021	**2020**
Land management fees, taxes and permits	$ 13,355	$ 97
Labour	86,382	-
Travel, meals and accomodations	9,226	-
Legal fees	122,106	(1,116)
Project overhead costs	38,946	53,136
Total project evaluation expenses	**$ 270,015**	**$ 52,117**

As at March 31, 2021, the Company has valid permits for two zinc and gold exploration properties in Spain, one zinc exploration property in Spain held through the Company's joint arrangement with the Aldesa Group, and one lithium property in Brazil. The gold properties are comprised of exploration permits that were issued by the Asturias regulatory authorities in Spain. The zinc property is comprised of exploration permits that were issued by the Cantabrian and Andalusian regulatory authorities in Spain, respectively.

a) Iberia Belt West Property (formerly called the Paymogo Project)

- The Iberia Belt West Project ("IBW Project") consists of one exploration permit and 51 mineral claims in southwestern Spain.

- On September 1, 2020, Emerita was officially notified through a resolution that it is the winning bidder of the IBW Project mining rights in Huelva. The Tender resolution has been issued by the Provincial Secretary of the Regional Ministry of Industry in Huelva. The resolution declares that Emerita Espana is the winning bidder of the tender. Emerita Espana is registered on the Junda de Andalusia official website as the owner of the mineral rights to the IBW Project. The initial rights are for a period of 26 months and the Company has the right to apply to have this period extended for a further 36 months.

4. EXPLORATION AND EVALUATION PROPERTIES (continued)

b) Falcon Litio Property

- In June 2016, the Company entered into a binding letter agreement (the "Falcon Agreement") with Falcon Metais Ltda. ("Falcon") pursuant to which Emerita acquired a 100% interest in the Falcon Litio MG Project (the "Litio Project"). The Litio Project is located in Minas Gerais State, Brazil, and is comprised of five exploration permits and one application for exploration permits.

- Falcon retains a transferable 2% net smelter royalty on all commercial sales from the Litio Project.

- In addition, if a "mineral resource", as defined in National Instrument 43-101 ("NI 43-101"), of at least 20 million tonnes with a grade of at least 1.3% LiO_2 is delineated at the project, Emerita shall either, (i) pay $5 million in cash to Falcon or, by its sole discretion, (ii) issue $5 million worth (to be determined on a reasonable volume weighted average price basis) of common shares to Falcon (the "Resource Consideration").

- The Resource Consideration shall only be paid by Emerita if (i) the mineral resource is verified by a "qualified person", as such term is defined in NI 43-101, who is independent of Emerita and Falcon, and (ii) at least 50% of the mineral resource is categorized as an "indicated mineral resource" or "measured mineral resource", as defined in NI 43-101.

c) Sierra Alta Property

- The Sierra Alta Property is comprised of one exploration permit which consists of 90 mining claims in the Asturias region in northwestern Spain. The Company 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. Permit renewals were submitted in 2020, and the renewal is still pending.

- On April 20, 2020, the Company signed a binding letter agreement with Western Metallica Corp. ("Western"), a private company, pursuant to which Western may earn a 55% interest in the Sierra Alta project (the "Sierra Transaction"). A director and officer of Western is also a director and officer of the Company. Refer to Note 9.

- To earn its 55% interest, Western shall:
  1. Pay $50,000 in cash to the Company (paid);
  2. Issue 500,000 shares of Western 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.

5. COMMON SHARES

Authorized

The authorized share capital consists of an unlimited number of common shares without par value.

Expressed in Canadian Dollars- Unaudited

5. COMMON SHARES (continued)

Common Shares Issued

	Number of shares outstanding		Amount
Balance, September 30, 2019	**50,614,165**	**$**	**13,695,088**
Private placements, net of issuance costs (v,vi)	34,142,847		2,243,240
Warrant valuation	-		(535,625)
Broker warrant valuation	-		(37,554)
Broker warrant exercise (vii)	290,384		29,039
Valuation allocation of exercise of warrants	-		21,992
Balance, September 30, 2020	**85,047,396**		**15,416,180**
Private placements, net of issuance costs (i,ii)	50,600,648		7,457,525
Warrant valuation	-		(2,380,132)
Broker warrant valuation	-		(535,407)
Warrant exercises (iii)	1,126,900		167,460
Valuation allocation of exercise of warrants	-		28,459
Option exercise (iv)	100,000		10,000
Valuation allocation of exercise of options	-		8,919
Balance, March 31, 2021	**136,874,944**		**20,173,004**

(i) On February 23, 2021, the Company completed a private placement financing by issuing 13,636,363 units at a price of $0.22 per unit for gross proceeds of $3,000,000. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of $0.30 for a period of 24 months. The grant date fair value of the warrants issued was estimated at $853,791 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of $0.28; expected volatility of 182.1%; risk-free interest rate of 0.25% and expected life of 2 years.

In connection with the offering, the Company paid $180,000 in finders' fees and issued 818,181 non-transferrable finder warrants. Each finder warrant is exercisable into one common share of the Company at a price of $0.30 per warrant until February 23, 2023. The grant date fair value of the finder warrants issued was estimated at $102,436 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of $0.28; expected volatility of 182.1%; risk-free interest rate of 0.25% and expected life of 2 years.

(ii) On December 11, 2020, the Company completed a private placement financing by issuing 36,964,285 units at a price of $0.14 per unit for gross proceeds of $5,175,000. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of $0.16 for a period of 24 months, subject to an acceleration provision whereby in the event that at any time after the expiry of the statutory hold period, the common shares trade at $0.25 or higher on the TSX Venture Exchange for a period of 20 consecutive days, the Company shall have the right to accelerate the expiry date of the warrants to the date that is 30 days after the date the Company issues a news release announcing that it has elected to exercise the acceleration right. The grant date fair value of the warrants issued was estimated at $1,526,341 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of $0.175; expected volatility of 193.5%; risk-free interest rate of 0.25% and expected life of 2 years.

5. COMMON SHARES (continued)

Common Shares Issued (continued)

In connection with the offering, the Company paid $414,000 in finders' fees and issued 2,957,142 non-transferable finder warrants. Each finder warrant is exercisable into one common share of the Company at a price of $0.16 per warrant until December 11, 2022. The grant date fair value of the finder warrants issued was estimated at $432,971 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of $0.175; expected volatility of 193.5%; risk-free interest rate of 0.25% and an expected life of 2 years.

(iii) During the six months ended March 31, 2021, 55,500 of the Company's finder warrants were exercised at a weighted-average price of $0.12 per common share, and 1,071,400 of the Company's warrants were exercised at a price of $0.15 per common share, generating gross proceeds of $167,460.

(iv) During the six months ended March 31, 2021, 100,000 of the Company's options were exercised at a price of $0.10 per share, generating gross proceeds of $10,000.

(v) On July 10, 2020, the Company completed the first tranche of a private placement financing by issuing 27,000,000 units at a price of $0.05 per unit for gross proceeds of $1,350,000. Each unit is comprised on one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of $0.15 for a period of 24 months, subject to an acceleration provision whereby in the event that at any time after the expiry of the statutory hold period, the common shares trade at $0.25 or higher on the TSX Venture Exchange for a period of 20 consecutive days, the Company shall have the right to accelerate the expiry date of the warrants to the date that is 30 days after the date the Company issues a news release announcing that it has elected to exercise the acceleration right. The grant date fair value of the warrants issued was estimated at $275,402 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of $0.04; expected volatility of 153.2%; risk-free interest rate of 0.27% and expected life of 2 years.

In connection with the offering, the Company paid $70,160 in finders' fees and issued 1,259,000 non-transferable finder warrants. Each finder warrant is exercisable into one common share of the Company at a price of $0.15 per warrant until July 10, 2022. The grant date fair value of the finder warrants issued was estimated at $25,688 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of $0.04; expected volatility of 153.2%; risk-free interest rate of 0.27% and an expected life of 2 years.

Directors and officers of the Company subscribed for 4,620,000 units in the first tranche of the offering, for gross proceeds of $231,000.

(vi) On August 13, 2020, the Company completed the second and final tranche of a private placement financing by issuing 7,142,847 units at a price of $0.14 per unit for gross proceeds of $1,000,000. Each unit is comprised on one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of $0.15 for a period of 24 months, subject to an acceleration provision whereby in the event that at any time after the expiry of the statutory hold period, the common shares trade at $0.25 or higher on the TSX Venture Exchange for a period of 20 consecutive days, the Company shall have the right to accelerate the expiry date of the warrants to the date that is 30 days after the date the Company issues a news release announcing that it has elected to exercise the acceleration right.

Expressed in Canadian Dollars- Unaudited

5. COMMON SHARES (continued)

Common Shares Issued (continued)

The grant date fair value of the warrants issued was estimated at $260,223 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of $0.10; expected volatility of 163%; risk-free interest rate of 0.31% and an expected life of 2 years.

In connection with the offering, the Company paid $22,800 in finders' fees and issued 162,862 non-transferable finder warrants. Each finder warrant is exercisable into one common share of the Company at a price of $0.15 per warrant until August 13, 2022. The grant date fair value of the finder warrants issued was estimated at $11,866 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of $0.10; expected volatility of 163%; risk-free interest rate of 0.31% and an expected life of 2 years.

Directors and officers of the Company subscribed for 2,117,120 units in the second tranche of the offering, for gross proceeds of $296,397.

(vii) During the year ended September 30, 2020, 290,384 of the Company's finder warrants were exercised at a price of $0.10 per common share, generating gross proceeds of $29,039.

6. EQUITY RESERVES

Warrants

The changes in warrants issued during the year ended September 30, 2020 and six months ended March 31, 2021 are as follows:

	Number of warrants	Weighted average exercise price	Value of warrants
Balance, September 30, 2019	**6,205,919**	**$ 0.17**	**$ 1,059,905**
Expired, December 2019	(4,762,019)	0.20	(951,105)
Granted, July 2020	14,759,200	0.15	301,090
Granted, August 2020	3,734,285	0.15	272,090
Exercised, August 2020	(168,560)	0.10	(12,766)
Exercised, September 2020	(121,824)	0.10	(9,226)
Balance, September 30, 2020	**19,647,001**	**$ 0.15**	**$ 659,987**
Exercised, October 2020	(9,900)	0.10	(750)
Granted, December 2020	21,439,284	0.16	1,959,312
Exercised, January 2021	(24,000)	0.15	(490)
Granted, February 2021	7,636,362	0.30	956,227
Exercised, February 2021	(1,021,600)	0.15	(22,017)
Exercised, March 2021	(71,400)	0.15	(5,202)
Balance, March 31, 2021	**47,595,747**	**$ 0.18**	**$ 3,547,067**

Expressed in Canadian Dollars- Unaudited

6. EQUITY RESERVES (continued)

Warrants (continued)

The following summarizes the warrants outstanding as at March 31, 2021:

Number outstanding #	Number exercisable #	Grant date	Expiry date	Exercise price $	Estimated grant date fair value $	Volatility	Risk-free interest rate	Expected life (Yrs) #	Expected dividend yield
1,019,266	1,019,266	23-May-19	23-May-21	$0.10	77,195	171%	1.58%	2.00	0%
102,750	102,750	12-Jul-19	12-Jul-21	$0.10	7,246	169%	1.58%	2.00	0%
12,500,000	12,500,000	10-Jul-20	10-Jul-22	$0.15	255,002	153%	0.27%	2.00	0%
1,235,200	1,235,200	10-Jul-20	10-Jul-22	$0.15	25,198	153%	0.27%	2.00	0%
3,500,023	3,500,023	13-Aug-20	13-Aug-22	$0.15	255,021	163%	0.31%	2.00	0%
162,862	162,862	13-Aug-20	13-Aug-22	$0.15	11,866	163%	0.31%	2.00	0%
18,482,142	18,482,142	11-Dec-20	11-Dec-22	$0.16	1,526,341	193%	0.25%	2.00	0%
2,957,142	2,957,142	11-Dec-20	11-Dec-22	$0.16	432,971	193%	0.25%	2.00	0%
6,818,181	6,818,181	23-Feb-21	23-Feb-23	$0.30	853,791	182%	0.25%	2.00	0%
818,181	818,181	23-Feb-21	23-Feb-23	$0.30	102,436	182%	0.25%	2.00	0%
47,595,747	**47,595,747**				**3,547,067**				

The weighted-average remaining contractual life of the warrants as of March 31, 2021 is 1.24 years (March 31, 2020 – 1.16 years).

Share-based payments

The changes in stock options issued during the year ended September 30, 2020 and six months ended March 31, 2021 are as follows:

	Number of options	Weighted average exercise price	Estimated grant date fair value
Balance, September 30, 2019	**1,030,000**	**$ 0.50**	**$ 343,100**
Granted, November 2019	3,700,000	0.10	329,995
Granted, May 2020	500,000	0.05	24,450
Expired, June 2020	(210,000)	0.35	(76,100)
Balance, September 30, 2020	**5,020,000**	**$ 0.16**	**$ 621,445**
Granted, February 2021	5,450,000	0.18	928,220
Exercised, February 2021	(100,000)	0.10	(8,919)
Granted, March 2021	525,000	0.28	139,128
Balance, March 31, 2021	**10,895,000**	**$ 0.18**	**$ 1,679,874**

On February 5, 2021, the Company granted a total of 5,400,000 stock options to a directors, management, and consultants of the Company pursuant to its stock option plan. The options vested immediately and may be exercised at a price of $0.18 per option for a period of 5 years from the date of grant. The fair value of the stock options was estimated at $928,220 using the Black-Scholes pricing model, with the following weighted average assumptions: expected dividend yield 0%, expected annual volatility 172%, risk-free interest rate 0.48% and expected average life 5 years.

Expressed in Canadian Dollars- Unaudited

6. EQUITY RESERVES (continued)

Share-based payments (continued)

On March 1, 2021, the Company granted 500,000 stock options to a consultant of the Company pursuant to its stock option plan. The options vested immediately and may be exercised at a price of $0.28 per option for a period of 5 years from the date of grant. The fair value of the stock options was estimated at $132,728 using the Black-Scholes pricing model, with the following weighted average assumptions: expected dividend yield 0%, expected annual volatility 173%, risk-free interest rate 0.81% and expected average life 5 years.

On March 3, 2021, the Company granted 25,000 stock options to a consultant of the Company pursuant to its stock option plan. The options vested immediately and may be exercised at a price of $0.27 per option for a period of 5 years from the date of grant. The fair value of the stock options was estimated at $6,400 using the Black-Scholes pricing model, with the following weighted average assumptions: expected dividend yield 0%, expected annual volatility 173%, risk-free interest rate 0.83% and expected average life 5 years.

During the six months ended March 31, 2021, 100,000 of the Company's options were exercised, generating proceeds of $10,000.

On November 7, 2019, the Company granted a total of 3,700,000 stock options to directors, management and consultants of the Company pursuant to its stock option plan. The options vested immediately and may be exercised at a price of $0.10 per option for a period of 5 years from the date of grant. The fair value of the stock options was estimated using the Black-Scholes pricing model, with the following weighted average assumptions: expected dividend yield 0%, expected annual volatility 167%, risk-free interest rate 1.544% and expected average life 5 years.

On May 27, 2020, the Company granted a total of 500,000 stock options to a consultant of the Company pursuant to its stock option plan. The options vested immediately and may be exercised at a price of $0.05 per option for a period of 5 years from the date of grant. The fair value of the stock options was estimated using the Black-Scholes pricing model, with the following weighted average assumptions: expected dividend yield 0%, expected annual volatility 140%, risk-free interest rate 0.40% and expected average life 5 years.

During the year ended September 30, 2020, 210,000 options expired and $76,100 was transferred to deficit.

Options outstanding as at March 31, 2021 are as follows:

Number outstanding #	Number exercisable #	Grant date	Expiry date	Exercise price $	Estimated grant date fair value $	Volatility	Risk-free interest rate	Expected life (Yrs) #	Expected dividend yield
620,000	620,000	29-Aug-16	29-Aug-21	$0.50	217,000	128%	0.72%	5.00	0%
200,000	200,000	24-Oct-16	24-Oct-21	$0.50	50,000	111%	0.53%	5.00	0%
3,600,000	3,600,000	07-Nov-19	07-Nov-24	$0.10	321,076	167%	1.54%	5.00	0%
500,000	500,000	27-May-20	27-May-25	$0.05	24,450	140%	0.40%	5.00	0%
5,450,000	5,450,000	05-Feb-21	05-Feb-26	$0.18	928,220	172%	0.48%	5.00	0%
500,000	500,000	01-Mar-21	01-Mar-26	$0.28	132,728	173%	0.81%	5.00	0%
25,000	25,000	03-Mar-21	03-Mar-26	$0.27	6,400	173%	0.83%	5.00	0%
10,895,000	**10,895,000**				**1,679,874**				

The weighted average remaining contractual life of the options as at March 31, 2021 is 4.08 years (March 31, 2020 – 3.92 years).

7. CAPITAL MANAGEMENT

The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of mineral 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 Company considers its capital to consist of common shares, warrants and options.

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 six months ended March 31, 2021 and 2020.

The Company and its subsidiaries are not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required to maintain operations and cover general and administrative expenses for a period of 6 months.

On December 7, 2018, the Company entered into a loan agreement with an unrelated party for a total principal amount of $250,000. The loan was secured, and interest accrued at 18% per annum. The loan was due and payable on December 5, 2020, settled either in cash or shares at the lender's option. On December 16, 2020, the loan was repaid in full. The total amount paid by the Company, including principal and accrued interest, was $340,000.

8. 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, amounts receivable, 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 March 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:

8. FINANCIAL INSTRUMENTS (continued)

(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 and Brazilian reals from its property interests in Spain and Brazil, 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.

As at March 31, 2021 and September 30, 2020, the Company had the following financial instruments and denominated in foreign currency (expressed in Canadian dollars):

March 31, 2021

	Euro	US dollars	Brazilian reals
Cash	$ 87,047	$ 1,059	$ 920
Accounts payable and accrued liabilities	(36,771)	(12,100)	(38,490)
	$ 50,276	$ (11,041)	$ (37,570)

September 30, 2020

	Euro	US dollars	Brazilian reals
Cash	$ 65,489	$ 100	$ 984
Accounts payable and accrued liabilities	(70,003)	(137)	(121,480)
	$ (4,514)	$ (37)	$ (120,496)

A 10% strengthening (weakening) of the Canadian dollar against the Euro would decrease (increase) net loss by approximately $(5,000) (September 30, 2020 – $400).

A 10% strengthening (weakening) of the Canadian dollar against the US dollar would decrease (increase) net loss by approximately $1,000 (September 30, 2020 - $nil).

A 10% strengthening (weakening) of the Canadian dollar against the Brazilian real would decrease (increase) net loss by approximately $4,000 (September 30, 2020 - $12,000).

Expressed in Canadian Dollars- Unaudited

8. FINANCIAL INSTRUMENTS (continued)

(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 March 31, 2021, the Company had a cash balance of $6,256,341 (September 30, 2020 - $778,065) to settle current liabilities of $618,652 (September 30, 2020 - $1,569,822). 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.

9. RELATED PARTY TRANSACTIONS

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 March 31, 2021, an amount of $15,216, included in accounts payable and accrued liabilities, were owed to directors and officers of the Company (September 30, 2020 - $438,231). The amounts outstanding on fees are unsecured, non-interest bearing, with no fixed terms of repayment.

On April 20, 2020, the Company signed a binding letter agreement with Western Metallica Corp. ("Western"), pursuant to which Western may earn a 55% interest in the Sierra Alta project. A director and officer of Western is also a director and officer of the Company. See Note 4.

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 six months ended March 31, 2021 and 2020, the remuneration of directors and other key management personnel are as follows:

	Three months ended March 31,		**Six months ended March 31,**	
	2021	**2020**	**2021**	**2020**
Management fees	$ 166,999	$ 52,500	$ 377,999	$ 174,190
Share-based compensation	664,231	-	664,231	321,076

In connection with the February 5, 2021 stock option grant (see Note 6), officers and directors of the Company were granted 3,900,000 stock options that vest immediately and expire 5 years from the date of grant.

In connection with the July 10, 2020 private placement (see Note 5(v)), officers and directors of the Company subscribed for 4,620,000 units of the Company for total proceeds of $231,000.

In connection with the August 13, 2020 private placement (see Note 5(vi)), officers and directors of the Company subscribed for 2,117,120 units of the Company for total proceeds of $296,397.

Expressed in Canadian Dollars- Unaudited

10. SEGMENT INFORMATION

The Company conducts its business as a single operating segment, being mineral exploration and evaluation in Spain and Brazil. The following tables summarize the total assets and liabilities by geographic segment as at March 31, 2021 and September 30, 2020:

March 31, 2021	Spain	Canada	Brazil	Total
Cash	$ 87,047	$ 6,168,374	$ 920	$ 6,256,341
Other current assets	141,909	202,490	23	344,422
Reclamation deposit	18,227	-	-	18,227
Equipment	3,742	-	3,027	6,769
Total Assets	**$ 250,925**	**$ 6,370,864**	**$ 3,970**	**$ 6,625,759**
Accounts payable and accrued liabilities	$ 36,771	$ 543,391	$ 38,490	$ 618,652
Total liabilities	**$ 36,771**	**$ 543,391**	**$ 38,490**	**$ 618,652**

September 30, 2020	Spain	Canada	Brazil	Total
Cash	$ 65,489	$ 711,592	$ 984	$ 778,065
Other current assets	62,997	238,061	25	301,083
Reclamation deposit	17,976	-	-	17,976
Equipment	4,744	-	3,133	7,877
Total Assets	**$ 151,206**	**$ 949,653**	**$ 4,142**	**$ 1,105,001**
Accounts payable and accrued liabilities	$ 70,003	$ 1,039,326	$ 121,480	$ 1,230,809
Loans payable	-	339,013	-	339,013
Total liabilities	**$ 70,003**	**$ 1,378,339**	**$ 121,480**	**$ 1,569,822**

The following tables summarize the loss by geographic segment for the three months ended December 31, 2020 and 2019:

March 31, 2021	Spain	Canada	Brazil	Total
Other income	$ -	$ (2,907)	$ -	$ (2,907)
Project evaluation expenses	269,923	-	92	270,015
General and administrative expenses	-	1,955,081	-	1,955,081
Foreign exchange loss	-	8,216	-	8,216
Loss	**$ 269,923**	**$ 1,960,390**	**$ 92**	**$ 2,230,405**

March 31, 2020	Spain	Canada	Brazil	Total
Other income	$ -	$ (6)	$ -	$ (6)
Project evaluation expenses	44,241	7,680	197	52,117
General and administrative expenses	-	817,802	-	817,802
Losses on investment in associate	-	76,665	-	76,665
Foreign exchange loss	-	(57,189)	-	(57,189)
Loss	**$ 44,241**	**$ 844,952**	**$ 197**	**$ 889,389**

11. 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 $368,000 (2020 - $313,000) and additional contingent payments of up to approximately $1,810,000 (2020 - $1,190,000). As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

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. Although the outcome of such matters cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material adverse effect on the Company's financial condition, operations or liquidity.

The Company's joint venture agreement with the Aldesa Group requires the Company to invest an additional €1,250,000 in the development of the Plaza Norte project should the project advance to later phases. It is not currently known whether the Plaza Norte project will advance to a stage where this investment is required, therefore the expenditure has not been reflected in these consolidated financial statements.

12. SUBSEQUENT EVENTS

On April 14, 2021, the Company granted 3,000,000 stock options to a consultant of the Company pursuant to its stock option plan. The options may be exercised at a price of $0.25 per option for a period of five years from the date of grant.