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**Condensed Interim Consolidated Financial Statements**

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**For the three and nine months ended June 30, 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	June 30, 2021 \$	September 30, 2020 \$
<b>ASSETS</b>			
Current			
Cash		8,236,066	778,065
Amounts receivable		191,629	80,966
Prepaid expenses		74,166	220,117
<b>Total current assets</b>		<b>8,501,861</b>	1,079,148
Long-term			
Reclamation deposit		18,153	17,976
Equipment		6,313	7,877
<b>Total assets</b>		<b>8,526,327</b>	1,105,001
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	8.9	728,061	1,230,809
Loans payable		-	339,013
<b>Total liabilities</b>		<b>728,061</b>	1,569,822
<b>SHAREHOLDERS' EQUITY</b>			
Common shares	5	24,213,929	15,416,180
Warrant reserve	6	2,397,426	659,987
Option reserve	6	1,802,285	621,445
Deficit		(20,615,374)	(17,162,433)
<b>Total shareholders' equity/(deficiency)</b>		<b>7,798,266</b>	(464,821)
<b>Total liabilities and shareholders' equity</b>		<b>8,526,327</b>	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 August 26, 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

	Note	Three months ended June 30,		Nine months ended June 30,	
		2021 \$	2020 \$	2021 \$	2020 \$
<b>Expenses</b>					
Project evaluation expenses	4	671,096	22,875	941,111	74,992
Consulting and management fees	9	280,854	266,697	943,066	556,279
Professional fees		16,641	13,600	60,947	87,435
Shareholder communication and filing fees		43,080	5,415	98,433	19,134
Promotion		58,034	6,867	142,141	29,993
Office expenses		24,597	25,597	65,365	73,276
Share-based compensation	6,9	292,493	24,450	1,359,841	354,445
<b>(Loss) for the period before other items</b>		<b>(1,386,795)</b>	<b>(365,501)</b>	<b>(3,610,904)</b>	<b>(1,195,554)</b>
<b>Other items</b>					
Loss on investment in associate	3	-	18,664	-	(58,001)
Interest income		4,125	-	7,032	6
Interest expense		-	(3,693)	(987)	(43,559)
Foreign exchange gain/(loss)		157,762	407	149,546	57,596
		<b>(1,224,908)</b>	<b>(350,123)</b>	<b>(3,455,313)</b>	<b>(1,239,512)</b>
<b>Basic and diluted (loss) per share</b>					
		<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.03)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding</b>					
Basic and Diluted		<b>122,652,304</b>	<b>50,614,165</b>	<b>122,652,304</b>	<b>50,614,165</b>

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 \$	Shares to be issued \$	Warrant Reserve \$	Option Reserve \$	Deficit	Shareholders' equity/(deficiency) \$
<b>Balance, September 30, 2020</b>		<b>85,047,396</b>	<b>15,416,180</b>	<b>-</b>	<b>659,987</b>	<b>621,445</b>	<b>(17,162,433)</b>	<b>(464,821)</b>
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	17,469,630	3,863,762	-	(1,175,728)	-	-	2,688,034
Warrants expired unexercised	6	-	-	-	(2,372)	-	2,372	-
Options exercised	6	1,250,000	392,001	-	-	(179,001)	-	213,000
Share-based compensation	6	-	-	-	-	1,359,841	-	1,359,841
Loss and comprehensive loss for the period		-	-	-	-	-	(3,455,313)	(3,455,313)
<b>Balance, June 30, 2021</b>		<b>154,367,674</b>	<b>24,213,929</b>	<b>-</b>	<b>2,397,426</b>	<b>1,802,285</b>	<b>(20,615,374)</b>	<b>7,798,266</b>
<b>Balance, September 30, 2019</b>		<b>50,614,165</b>	<b>13,695,088</b>	<b>-</b>	<b>1,059,905</b>	<b>343,100</b>	<b>(16,953,340)</b>	<b>(1,855,247)</b>
Warrants expired unexercised	6	-	-	-	(951,105)	-	951,105	-
Shares to be issued	6	-	-	129,000	-	-	-	129,000
Options expired unexercised	6	-	-	-	-	(76,100)	76,100	-
Option reserve	6	-	-	-	-	354,445	-	354,445
Loss and comprehensive loss for the period		-	-	-	-	-	(1,239,512)	(1,239,512)
<b>Balance, June 30, 2020</b>		<b>50,614,165</b>	<b>13,695,088</b>	<b>129,000</b>	<b>108,800</b>	<b>621,445</b>	<b>(17,165,647)</b>	<b>(2,611,314)</b>

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*

		Nine months ended June 30,	
	Note	2021 \$	2020 \$
<b>Cash (used in)/provided by:</b>			
<b>Operating activities</b>			
(Loss) for the year		(3,455,313)	(1,239,512)
Items not involving cash:			
Loss on investment in associate	3	-	58,001
Share-based compensation	6	1,359,841	354,445
Interest expense		987	43,218
Amortization		1,226	908
Working capital adjustments:		(467,460)	686,406
<b>Net cash (used in) operating activities</b>		<b>(2,560,719)</b>	<b>(96,534)</b>
<b>Investing activities</b>			
Investment in associate	3	-	(58,001)
Exploration and evaluation properties, net of change in working capital		161	(327)
<b>Net cash (used in) investing activities</b>		<b>161</b>	<b>(58,328)</b>
<b>Financing activities</b>			
Proceeds from issuance of common shares and warrants	5	8,175,000	-
Cost of issue	5	(717,475)	-
Proceeds from loans		-	150,000
Loan repayment	7	(340,000)	-
Shares to be issued	5	-	129,000
Options exercised	6	213,000	-
Warrants exercised	6	2,688,034	-
<b>Net cash provided by financing activities</b>		<b>10,018,559</b>	<b>279,000</b>
<b>Change in cash, during the period</b>		<b>7,458,001</b>	<b>124,138</b>
<b>Cash, beginning of period</b>		<b>778,065</b>	<b>69,783</b>
<b>Cash, end of period</b>		<b>8,236,066</b>	<b>193,921</b>

**SUPPLEMENTAL INFORMATION**

Broker warrants issued	6	\$	535,407	\$	-
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The accompanying notes are an integral part of these condensed interim consolidated financial statements.

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# **Emerita Resources Corp.**

## **Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended June 30, 2021 and 2020**

*Expressed in Canadian Dollars- Unaudited*

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### **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”. As at June 30, 2021, the Company owned 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 198 Davenport Road, Toronto, Ontario, M5R 1J2.

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 June 30, 2021, the Company has working capital of \$7,773,800 (September 30, 2020- working capital deficiency of \$490,674), and an accumulated deficit of \$20,615,374 (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.

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# **Emerita Resources Corp.**

## **Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended June 30, 2021 and 2020**

*Expressed in Canadian Dollars- Unaudited*

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### **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 nine months ended June 30, 2021 and 2020 were reviewed, approved, and authorized for issue by the Board of Directors of the Company on August 26, 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.



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## **Emerita Resources Corp.**

### **Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended June 30, 2021 and 2020**

*Expressed in Canadian Dollars- Unaudited*

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## **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.

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# Emerita Resources Corp.

## Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended June 30, 2021 and 2020

Expressed in Canadian Dollars- Unaudited

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### 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 nine months ended June 30, 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 nine months ended June 30, 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 nine months ended June 30,	
	2021	2020
Land management fees, taxes and permits	\$ 53,176	\$ 76
Labour	134,460	-
Travel, meals and accomodations	14,887	-
Legal fees	253,713	(1,110)
Project overhead costs	484,875	76,026
Total project evaluation expenses	\$ 941,111	\$ 74,992

As at June 30, 2021, the Company has valid permits for three 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 was 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 España is the winning bidder of the tender. Emerita España is registered on the Junta de Andalucía 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.

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## **Emerita Resources Corp.**

### **Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended June 30, 2021 and 2020**

*Expressed in Canadian Dollars- Unaudited*

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#### **4. EXPLORATION AND EVALUATION PROPERTIES (continued)**

##### **b) Nuevo Tintillo Property**

- The Nuevo Tintillo project is also hosted in the Iberian Pyrite Belt. It is located in the eastern part of the belt, in Seville Province, between the world-class deposits of Aznacollar, in the southeast, and Rio Tinto in the northwest. The project is easily accessible by road from Seville for approximately 40km.
- The Company applied for the group of concessions of El Tintillo on September 12, 2014. The definitive admission of the application was announced on June 8, 2021, which constituted the awarding of the concessions to the Company. The awarding has been published in the BOJA, Regional Gazette of Andalusia Region, and in the BOE, the National Spanish Gazette, most recently on August 17, 2021. Emerita España is registered on the Junta de Andalusia official website as the owner of the mineral rights to the Nuevo Tintillo Project.

##### **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.

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# Emerita Resources Corp.

## Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended June 30, 2021 and 2020

Expressed in Canadian Dollars- Unaudited

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### 5. COMMON SHARES (continued)

#### Common Shares Issued

	Number of shares	
	outstanding	Amount
<b>Balance, September 30, 2019</b>	<b>50,614,165</b>	<b>\$ 13,695,088</b>
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
<b>Balance, September 30, 2020</b>	<b>85,047,396</b>	<b>15,416,180</b>
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)	17,469,630	2,688,034
Valuation allocation of exercise of warrants	-	1,175,728
Option exercise (iv)	1,250,000	213,000
Valuation allocation of exercise of options	-	179,001
<b>Balance, June 30, 2021</b>	<b>154,367,674</b>	<b>24,213,929</b>

- (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.

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## Emerita Resources Corp.

### Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended June 30, 2021 and 2020

*Expressed in Canadian Dollars- Unaudited*

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#### 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 nine months ended June 30, 2021, 3,240,859 of the Company's finder warrants were exercised at a weighted-average price of \$0.15 per common share, and 14,228,771 of the Company's warrants were exercised at a price of \$0.16 per common share, generating gross proceeds of \$2,688,034.
- (iv) During the nine months ended June 30, 2021, 1,250,000 of the Company's options were exercised at a weighted-average exercise price of \$0.17 per share, generating gross proceeds of \$213,000.
- (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.

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## Emerita Resources Corp.

### Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended June 30, 2021 and 2020

Expressed in Canadian Dollars- Unaudited

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#### 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 nine months ended June 30, 2021 are as follows:

	Number of warrants	Weighted average exercise price	Value of warrants
<b>Balance, September 30, 2019</b>	<b>6,205,919</b>	<b>\$ 0.17</b>	<b>\$ 1,059,905</b>
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)
<b>Balance, September 30, 2020</b>	<b>19,647,001</b>	<b>\$ 0.15</b>	<b>\$ 659,987</b>
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)
Exercised, April 2021	(177,066)	0.10	(13,410)
Exercised, May 2021	(12,071,394)	0.15	(858,932)
Expired, May 2021	(31,320)	0.10	(2,372)
Exercised, June 2021	(4,094,270)	0.16	(274,927)
<b>Balance, June 30, 2021</b>	<b>31,221,697</b>	<b>\$ 0.19</b>	<b>\$ 2,397,426</b>

# Emerita Resources Corp.

## Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended June 30, 2021 and 2020

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### 6. EQUITY RESERVES (continued)

#### Warrants (continued)

During the nine months ended June 30, 2021, 31,320 of the Company's warrants expired unexercised and \$2,372 was transferred to deficit (nine months ended June 30, 2020: 4,762,019 warrants expired and \$951,105 transferred to deficit).

The following summarizes the warrants outstanding as at June 30, 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
8,075,000	8,075,000	10-Jul-20	10-Jul-22	\$0.15	164,730	153%	0.27%	2.00	0%
949,840	949,840	10-Jul-20	10-Jul-22	\$0.15	19,377	153%	0.27%	2.00	0%
2,516,952	2,516,952	13-Aug-20	13-Aug-22	\$0.15	183,392	163%	0.31%	2.00	0%
110,604	110,604	13-Aug-20	13-Aug-22	\$0.15	8,059	163%	0.31%	2.00	0%
10,732,842	10,732,842	11-Dec-20	11-Dec-22	\$0.16	886,368	193%	0.25%	2.00	0%
1,404,642	1,404,642	11-Dec-20	11-Dec-22	\$0.16	205,661	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%
613,636	613,636	23-Feb-21	23-Feb-23	\$0.30	76,048	182%	0.25%	2.00	0%
<b>31,221,697</b>	<b>31,221,697</b>				<b>2,397,426</b>				

The weighted-average remaining contractual life of the warrants as of June 30, 2021 is 0.95 years (June 30, 2020 – 0.91 years).

#### Share-based payments

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

	Number of options	Weighted average exercise price	Estimated grant date fair value
<b>Balance, September 30, 2019</b>	<b>1,030,000</b>	<b>\$ 0.50</b>	<b>\$ 343,100</b>
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)
<b>Balance, September 30, 2020</b>	<b>5,020,000</b>	<b>\$ 0.16</b>	<b>\$ 621,445</b>
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
Granted, April 2021	300,000	0.25	63,870
Exercised, May 2021	(800,000)	0.14	(92,504)
Granted, June 2021	200,000	1.10	228,623
Exercised, June 2021	(350,000)	0.27	(77,578)
<b>Balance, June 30, 2021</b>	<b>10,245,000</b>	<b>\$ 0.20</b>	<b>\$ 1,802,285</b>

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## **Emerita Resources Corp.**

### **Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended June 30, 2021 and 2020**

*Expressed in Canadian Dollars- Unaudited*

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#### **6. EQUITY RESERVES (continued)**

##### **Share-based payments (continued)**

On February 5, 2021, the Company granted a total of 5,400,000 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 \$0.18 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.

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.

On April 14, 2021, the Company granted 300,000 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 \$0.25 per option for a period of 5 years from the date of grant. The fair value of the stock options was estimated at \$63,870 using the Black-Scholes pricing model, with the following weighted average assumptions: expected dividend yield 0%, expected annual volatility 174%, risk-free interest rate 0.95% and expected average life 5 years.

On June 25, 2021, the Company granted 200,000 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 \$1.10 per option for a period of 5 years from the date of grant. The fair value of the stock options was estimated at \$228,623 using the Black-Scholes pricing model, with the following weighted average assumptions: expected dividend yield 0%, expected annual volatility 171%, risk-free interest rate 1.00% and expected average life 5 years.

During the nine months ended June 30, 2021, 1,250,000 of the Company's options were exercised, generating proceeds of \$213,000 (none months ended June 30, 2020: no options exercised).

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.



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## Emerita Resources Corp.

### Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended June 30, 2021 and 2020

Expressed in Canadian Dollars- Unaudited

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#### 6. EQUITY RESERVES (continued)

##### Share-based payments (continued)

Options outstanding as at June 30, 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
470,000	470,000	29-Aug-16	29-Aug-21	\$0.50	164,500	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%
2,950,000	2,950,000	07-Nov-19	07-Nov-24	\$0.10	263,104	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%
5,100,000	5,100,000	05-Feb-21	05-Feb-26	\$0.18	868,610	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%
300,000	300,000	14-Apr-21	14-Apr-26	\$0.25	63,870	174%	0.95%	5.00	0%
200,000	200,000	25-Jun-21	25-Jun-26	\$1.10	228,623	171%	1.00%	5.00	0%
<b>10,245,000</b>	<b>10,245,000</b>				<b>1,802,285</b>				

The weighted average remaining contractual life of the options as at June 30, 2021 is 3.94 years (June 30, 2020 – 3.90 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 nine months ended June 30, 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.

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# Emerita Resources Corp.

## Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended June 30, 2021 and 2020

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### 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 June 30, 2021 and 2020, the Company had no instruments to classify in the fair value hierarchy.

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

(a) *Credit risk*

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

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

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# Emerita Resources Corp.

## Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended June 30, 2021 and 2020

Expressed in Canadian Dollars- Unaudited

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### 8. FINANCIAL INSTRUMENTS (continued)

<b>June 30, 2021</b>					
	<b>Euro</b>		<b>US dollars</b>		<b>Brazilian reals</b>
Cash	\$	82,804	\$	5,812	\$ 1,031
Accounts payable and accrued liabilities		(185,207)		(12,102)	-
	\$	(102,403)	\$	(6,290)	\$ 1,031

  

<b>September 30, 2020</b>					
	<b>Euro</b>		<b>US dollars</b>		<b>Brazilian reals</b>
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 \$10,000 (September 30, 2020 – \$400).

A 10% strengthening (weakening) of the Canadian dollar against the US dollar would decrease (increase) net loss by approximately \$600 (September 30, 2020 - \$nil).

A 10% strengthening (weakening) of the Canadian dollar against the Brazilian real would decrease (increase) net loss by approximately \$(100) (September 30, 2020 - \$12,000).

*(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 June 30, 2021, the Company had a cash balance of \$8,236,066 (September 30, 2020 - \$778,065) to settle current liabilities of \$728,061 (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.

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# Emerita Resources Corp.

## Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended June 30, 2021 and 2020

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### 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 June 30, 2021, an amount of \$48,652, 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 nine months ended June 30, 2021 and 2020, the remuneration of directors and other key management personnel are as follows:

	Three months ended June 30,		Nine months ended June 30,	
	2021	2020	2021	2020
Management fees	\$ 167,809	\$ 197,526	\$ 545,808	\$ 371,716
Share-based compensation	-	-	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.

### 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 June 30, 2021 and September 30, 2020:

# Emerita Resources Corp.

## Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended June 30, 2021 and 2020

Expressed in Canadian Dollars- Unaudited

### 10. SEGMENT INFORMATION (continued)

June 30, 2021	Spain	Canada	Brazil	Total
Cash	\$ 82,804	\$ 8,152,231	\$ 1,031	\$ 8,236,066
Other current assets	162,898	102,871	26	265,795
Reclamation deposit	18,153	-	-	18,153
Equipment	3,286	-	3,027	6,313
<b>Total Assets</b>	<b>\$ 267,141</b>	<b>\$ 8,255,102</b>	<b>\$ 4,084</b>	<b>\$ 8,526,327</b>
Accounts payable and accrued liabilities	\$ 185,207	\$ 542,854	\$ -	\$ 728,061
<b>Total liabilities</b>	<b>\$ 185,207</b>	<b>\$ 542,854</b>	<b>\$ -</b>	<b>\$ 728,061</b>

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
<b>Total Assets</b>	<b>\$ 151,206</b>	<b>\$ 949,653</b>	<b>\$ 4,142</b>	<b>\$ 1,105,001</b>
Accounts payable and accrued liabilities	\$ 70,003	\$ 1,039,326	\$ 121,480	\$ 1,230,809
Loans payable	-	339,013	-	339,013
<b>Total liabilities</b>	<b>\$ 70,003</b>	<b>\$ 1,378,339</b>	<b>\$ 121,480</b>	<b>\$ 1,569,822</b>

The following tables summarize the loss by geographic segment for the nine months ended June 30, 2021 and 2020:

June 30, 2021	Spain	Canada	Brazil	Total
Other income	\$ -	\$ (7,032)	\$ -	\$ (7,032)
Project evaluation expenses	941,020	-	91	941,111
General and administrative expenses	-	2,670,780	-	2,670,780
Foreign exchange loss	-	(149,546)	-	(149,546)
<b>Loss</b>	<b>\$ 941,020</b>	<b>\$ 2,514,202</b>	<b>\$ 91</b>	<b>\$ 3,455,313</b>

June 30, 2020	Spain	Canada	Brazil	Total
Other income	\$ -	\$ (6)	\$ -	\$ (6)
Project evaluation expenses	67,127	7,680	186	74,992
General and administrative expenses	-	1,164,121	-	1,164,121
Losses on investment in associate	-	58,001	-	58,001
Foreign exchange loss	-	(57,596)	-	(57,596)
<b>Loss</b>	<b>\$ 67,127</b>	<b>\$ 1,172,200</b>	<b>\$ 186</b>	<b>\$ 1,239,512</b>

### 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.

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## **Emerita Resources Corp.**

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

**For the three and nine months ended June 30, 2021 and 2020**

*Expressed in Canadian Dollars- Unaudited*

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#### **11. COMMITMENTS AND CONTINGENCIES (continued)**

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 July 15, 2021, the Company completed a private placement financing of 18,182,500 units of the Company ("Units") at a price of \$1.10 per Unit for aggregate gross proceeds of \$20,000,750. Each Unit is comprised of one common share of the Company, and one-half of one common share purchase warrant that will entitle the holder to acquire one common share at a price of \$1.50 per share for a period of 2 years from the closing date of the offering. The Company intends to use the net proceeds from the offering for exploration activities in Spain and for working capital and general corporate purposes.

In connection with the offering, cash finders' fees of \$1,200,045 were paid, and the Company issued 1,090,950 non-transferable broker warrants, entitling the holder to purchase one common share of the Company at an exercise price of \$1.10 per share of the period of 2 years from the closing date of the offering.

On July 29, 2021, the Company granted 7,200,000 stock options to directors, officers, and consultants of the Company pursuant to its stock option plan. The options may be exercised at a price of \$1.86 per option for a period of five years from the date of grant.

Subsequent to June 30, 2021, 7,630,078 of the Company's warrants and 870,000 of the Company's options were exercised, generating additional proceeds of \$1,527,460.