EMERITA

Condensed Interim Consolidated Financial Statements

For the three months ended December 31, 2023 and 2022

(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.

Consolidated Interim Consolidated Statements of Financial Position

Expressed in Canadian Dollars- Unaudited

As at:	Note	**December 31, 2023 $**	September 30, 2023 $
ASSETS			
Current			
Cash and cash equivalents	3	**5,085,666**	9,759,722
Amounts receivable	4	**2,913,454**	2,463,886
Marketable securities	5	**27,532**	43,265
Prepaid expenses		**268,950**	306,136
Total current assets		**8,295,602**	12,573,009
Long-term			
Reclamation deposits	8	**332,383**	325,065
Equipment	6	**309,812**	366,950
Total assets		**8,937,797**	13,265,024
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	12.13	**453,678**	1,576,780
Total liabilities		**453,678**	1,576,780
SHAREHOLDERS' EQUITY			
Common shares	9	**57,268,197**	57,268,197
Warrant reserve	10	**6,567,628**	6,567,628
Option reserve	10	**23,405,090**	23,860,718
Deficit		**(78,756,796)**	(76,008,299)
Total shareholders' equity		**8,484,119**	11,688,244
Total liabilities and shareholders' equity		**8,937,797**	13,265,024

Nature of operations and going concern	1
Commitments and contingencies	15
Subsequent events	16

Approved on behalf of the Board of Directors on February 28, 2024:

Signed: *"Catherine Stretch"*, Director

Signed: *"David Gower"*, Director

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

Expressed in Canadian Dollars- Unaudited

	Note	Three months ended December 31, 2023 $	2022 $
Expenses			
Project evaluation expenses	8	**2,301,488**	4,070,797
Consulting and management fees	13	**538,321**	384,361
Professional fees		**86,194**	22,500
Shareholder communication and filing fees		**35,598**	62,991
Promotion expenses		**166,221**	124,825
Travel expenses		**66,724**	63,817
Office expenses		**33,712**	31,907
(Loss) for the period before other items		**(3,228,258)**	(4,761,198)
Other items			
Interest income		**9,338**	41,779
(Loss) on disposal of property, plant and equipment	6	**(13,105)**	-
Unrealized (loss) on marketable securities	5	**(15,733)**	(19,666)
Foreign exchange gain		**43,633**	124,344
(Loss) and comprehensive (loss) for the period		**(3,204,125)**	(4,614,741)
(Loss) per share			
Basic and diluted		**$ (0.01)**	$ (0.02)
Weighted average number of common shares outstanding			
Basic and diluted		**234,820,968**	205,259,570

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
		#	$	$	$	$	$
Balance, September 30, 2023		**234,820,968**	**57,268,197**	**6,567,628**	**23,860,718**	**(76,008,299)**	**11,688,244**
Options expired unexercised	10	-	-	-	(455,628)	455,628	-
Loss and comprehensive loss for the period		-	-	-	-	(3,204,125)	(3,204,125)
Balance, December 31, 2023		**234,820,968**	**57,268,197**	**6,567,628**	**23,405,090**	**(78,756,796)**	**8,484,119**
Balance, September 30, 2022		**181,709,537**	**40,425,848**	**6,836,167**	**13,307,624**	**(34,356,091)**	**26,213,548**
Warrants exercised	10	12,038,683	5,171,901	(1,323,313)	-	-	3,848,588
Options exercised	10	650,000	122,972	-	(57,972)	-	65,000
Loss and comprehensive loss for the period		-	-	-	-	(2,123,210)	(2,123,210)
Balance, December 31, 2022		**194,398,220**	**45,720,721**	**5,512,854**	**13,249,652**	**(36,479,301)**	**28,003,926**

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	Three months ended December 31, 2023 $	2022 $
Cash (used in)/provided by:			
Operating activities			
(Loss) for the period		**(3,204,125)**	(4,614,741)
Items not involving cash:			
Unrealized loss on marketable securities	5	**15,733**	19,666
Loss on disposal of property, plant and equipment	6	**13,105**	-
Amortization	6	**10,658**	7,863
Working capital adjustments:		**(1,535,484)**	(2,315,276)
Net cash (used in) operating activities		**(4,700,113)**	(6,902,488)
Investing activities			
Disposal of equipment	6	**33,375**	-
Net cash provided by investing activities		**33,375**	-
Financing activities			
Warrants exercised	10	**-**	610,491
Net cash provided by financing activities		**-**	610,491
Effect of foreign exchange on cash and cash equivalents		**(7,318)**	(26,043)
Change in cash and cash equivalents, during the period	3	**(4,674,056)**	(6,318,040)
Cash and cash equivalents, beginning of period	3	**9,759,722**	20,109,507
Cash and cash equivalents, end of period		**5,085,666**	13,791,467

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 (*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 Resources 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 OTCQB Venture Market in the United States under the trading symbol "EMOTF". The Company owns the following subsidiary:

- A 100% interest in Emerita Resources Espana SL ("Emerita Espana"), a company incorporated on May 30, 2012 in Spain.

The Company is currently engaged in the acquisition, exploration and development of mineral properties. The head office and principal address of the Company is 36 Lombard Street, Floor 4, Toronto, Ontario, M5C 2X3.

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 interests.

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 property interests may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

As at December 31, 2023, the Company has working capital of $7,841,924 (September 30, 2023: $10,996,229), and an accumulated deficit of $78,756,796 (September 30, 2023: $76,008,299). 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. At December 31, 2023, the Company has sufficient working capital to support the Company's commitments for the next twelve months.

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 condensed interim consolidated financial statements. Such adjustments could be material.

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, 2023.

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, except for financial instruments carried at fair value. Furthermore, these condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary. All values are rounded to the nearest dollar.

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiary. All material intercompany transactions and balances between subsidiaries have been eliminated on consolidation. The Company holds a 38.82% (2023 – 38.82%) interest in Cantabrica del Zinc ("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 7.

Approval of the consolidated financial statements

These condensed interim consolidated financial statements of the Company for the three months ended December 31, 2023 and 2022 were reviewed, approved and authorized for issue by the Board of Directors of the Company on February 28, 2024.

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.

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

Fair value of financial instruments

Marketable securities are measured at fair value. The estimated fair value of financial instruments, by their very nature, are subject to measurement uncertainty. The Company estimates fair value using valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

2. BASIS OF PRESENTATION (continued)

Critical judgements and estimation uncertainties (continued)

Estimation of decommissioning and restoration costs and the timing of expenditure

The cost estimates are updated annually during the life of a mine to reflect known developments (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals. Decommissioning, restoration, and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration, or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

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 15.

Joint Arrangement

The Company has a joint arrangement with the Aldesa Group. The Company has joint control over this arrangement as under the contractual arrangement 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 net assets of the limited company under the arrangement. Therefore, this arrangement has been classified as a joint venture and has been recorded as an investment in associate. See Note 7.

Expressed in Canadian Dollars- Unaudited

3. CASH AND CASH EQUIVALENTS

	December 31, 2023 ($)	September 30, 2023 ($)
Cash	1,085,666	2,259,722
Guaranteed investment certificate ("GIC"), bearing interest at 4.95% per annum, redeemable anytime and maturing June 28, 2024	4,000,000	7,500,000
Cash and cash equivalents	**5,085,666**	**9,759,722**

4. AMOUNTS RECEIVABLE

	December 31, 2023 $	September 30, 2023 $
Sales taxes receivable- Spain	2,636,686	2,094,382
Sales taxes receivable- Canada	229,717	260,484
Other receivables	47,051	109,020
	2,913,454	**2,463,886**

5. MARKETABLE SECURITIES

The Company's marketable securities consist of 786,632 common shares (September 30, 2023: 786,632 common shares) of Western Metallica Resource Corp. ("Western") (TSXV: WMS.V). The carrying value is calculated based on the estimated fair value determined using the quoted market price of $0.035 per share at December 31, 2023 (September 30, 2023: $0.055 per share). The cost of the common shares was $74,730, and the shares are classified in Level 1 of the fair value hierarchy. An unrealized loss of $15,733 was recorded in the Company's statements of loss for the three months ended December 31, 2023 (three months ended December 31, 2022: $19,666). See Notes 7 and 12.

6. EQUIPMENT

	Equipment	Furniture	Software	Vehicles	Total
Cost as at September 30, 2022	$ 30,269	$ 115,042	$ 39,128	$ 188,956	$ 373,395
Additions, 2023	35,123	-	48,310	-	83,433
Cost as at September 30, 2023	$ 65,392	$ 115,042	$ 87,438	$ 188,956	$ 456,828
Disposals, 2023	-	-	-	(82,632)	(82,632)
Cost as at December 31, 2023	**$ 65,392**	**$ 115,042**	**$ 87,438**	**$ 106,324**	**$ 374,196**
Accumulated amortization as at September 30, 2022	$ 20,546	$ 18,426	$ 1,881	$ 15,813	$ 56,666
Charge for the year, 2023	(118)	27,518	-	5,812	33,212
Accumulated amortization as at September 30, 2023	$ 20,428	$ 45,944	$ 1,881	$ 21,625	$ 89,878
Disposals, 2023	-	(14,527)	-	(21,625)	$ (36,152)
Charge for the period	(93)	10,751	-	-	10,658
Accumulated amortization as at December 31, 2023	**$ 20,335**	**$ 42,168**	**$ 1,881**	**$ -**	**$ 64,384**
Net book value as at September 30, 2023	$ 44,964	$ 69,098	$ 85,557	$ 167,331	$ 366,950
Net book value as at December 31, 2023	$ 45,057	$ 72,874	$ 85,557	$ 106,324	$ 309,812

Expressed in Canadian Dollars- Unaudited

6. EQUIPMENT (continued)

As at December 31, 2023, the carrying value of equipment is comprised of $nil in Canada (September 30, 2023: nil) and $309,812 in Spain (September 30, 2023: $366,950).

7. INVESTMENT IN AND ADVANCES TO ASSOCIATE

On October 26, 2017, the Company, along with its Spanish joint venture partner the Aldesa Group ("Aldesa"), were awarded exploration concessions in the Santanilla Syncline (the "Plaza Norte Project"). The Plaza Norte Project is in the Reocin Basin in Cantabria, Spain. In January 2022, the Company determined that the Plaza Norte Project did not have the technical merit to continue to be of strategic interest to the Company and the joint venture partners agreed to dissolve the joint venture after the project is sold or relinquished.

As at December 31, 2023, the Company owned a 38.82% interest (September 30, 2023: 38.82%) in Cantabrica, a corporation registered in Spain, which is in the process of being disposed of at December 31, 2023. The carrying investment is $nil for the three months ended December 31, 2023 and 2022.

8. EXPLORATION AND EVALUATION EXPENDITURES

	For the three months ended December 31, 2023	2022
Land management fees, taxes and permits	$ 3,208	$ 5,072
Labour	397,002	528,329
Drilling and geophysics	738,279	2,813,940
Travel, meals and accomodations	21,515	-
Professional fees (permitting, legal, third-party consulting)	593,503	101,189
Field supplies	131,757	113,567
Project overhead costs	416,224	508,700
Three months ended December 31, 2023	**$ 2,301,488**	**$ 4,070,797**

As at December 31, 2023, the Company has valid permits for three polymetallic properties and one gold exploration property in Spain. The gold property was issued by the Asturias regulatory authorities in Spain. The polymetallic properties were issued by the Andalusian regulatory authorities in Spain. The Company also currently has a 38.82% interest in a joint venture with the Aldesa Group which has a property interest in Cantabria.

As at December 31, 2023, the Company has paid reclamation deposits totalling $332,383, detailed as follows:

Project	December 31, 2023 Deposits paid ($)	September 30, 2023 Deposits paid ($)
Iberia Belt West	180,924	176,940
Nuevo Tintillo	64,434	63,016
Sierra Alta	52,654	51,494
Infanta Sur	17,551	17,165
Other	16,820	16,450
	332,383	**325,065**

8. EXPLORATION AND EVALUATION EXPENDITURES (continued)

a) Iberia Belt West Property

The Iberia Belt West Project ("IBW Project") consists of one exploration permit in southwestern Spain. The IBW Project encompasses three polymetallic deposits. From east to west: La Infanta, El Cura, and La Romanera.

- 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 Espana is the winning bidder of the tender. Emerita Espana is registered on the Junta de Andalusia official website as the owner of the mining rights to the IBW Project. On July 12, 2021, the Company received the final granted resolution. The initial rights were for a period of 26 months expiring September 12, 2023, and Emerita has the right to apply to have this period extended for a further 36 months. Emerita submitted a renewal extension on July 7, 2023 that is pending and expects to receive approval of the extension in the coming months, as the Company has met or exceeded all the requirements for a permit extension.

- On September 8, 2023, the Company submitted a separate application for an Exploitation License that, when granted, has a 30-year term and can be extended for two subsequent 30-year periods. The Company has submitted all the required supporting documentation to support the application. During the time that the application is being reviewed, the Company's rights under its current exploration permit are extended.

b) Nuevo Tintillo

- The Nuevo Tintillo Project consists of one exploration permit in Seville province, in the Western part of the Iberian Pyrite Belt.

- The initial research permit was granted on September 12, 2014, and the expiry date of the permit was extended pending approval from the environmental authorities. On June 20, 2022, the Company received a final resolution, extending the exploration permit until June 20, 2025.

c) La Infanta Sur

- The La Infanta Sur Project consists of one exploration permit in Seville province, in the western part of the Iberian Pyrite Belt. The permit was granted on March 9, 2023 and is valid for a period of 3 years, expiring March 9, 2026.

d) Sierra Alta Property

- The Sierra Alta Property is comprised of one exploration permit which consists of certain 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 a one-year extension was granted on October 19, 2022. On October 19, 2022, an additional 2-year extension was granted.

- On April 20, 2020, the Company signed a binding letter agreement with Western, pursuant to which Western may earn a 55% interest in the Sierra Alta project (the "Sierra Transaction"). The Company entered into an amending agreement with Western in June 2022. A director and officer of Western is also a director and officer of the Company. Refer to Note 13.

Expressed in Canadian Dollars- Unaudited

8. EXPLORATION AND EVALUATION EXPENDITURES (continued)

d) Sierra Alta Property (continued)

- To earn its 55% interest, Western shall:
  1. Pay $50,000 in cash to the Company (paid);
  2. Issue 786,632 shares of Western to the Company (completed on September 27, 2022- see Note 5);
  3. Spend $500,000 on mineral exploration of the project within 24 months of the signing of the definitive agreement (completed);
  4. Enter into a binding joint venture agreement with the Company (not yet completed).

e) Plaza Norte Property

Emerita currently has a 38.82% interest in a joint venture with Aldesa. The renewal of the exploration permit (Plaza Norte project) is being adjudicated in the High Administrative Court of Cantabria. Therefore, the resolution is pending. The joint venture partners have agreed to dissolve the joint venture after the project is sold or relinquished. Aldesa is currently leading a process to try and sell the project.

9. COMMON SHARES

Authorized

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

Common Shares Issued

	Number of shares outstanding	Amount ($)
Balance, September 30, 2022	**204,042,332**	**48,725,152**
Private placements (i,ii)	27,500,000	11,000,000
Valuation of warrants (i,ii)	-	(2,519,329)
Cost of issue (i,ii)	-	(803,582)
Warrant exercises (iii)	3,278,636	610,490
Valuation allocation of exercise of warrants	-	255,466
Balance, September 30 and December 31, 2023	**234,820,968**	**57,268,197**

(i) On June 13, 2023, the Company completed a private placement financing by issuing 20,000,000 units at a price of $0.40 per unit for gross proceeds of $8,000,000. 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 $0.60 for a period of 36 months. The grant date fair value of the warrants issued was estimated at $1,829,341 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of $0.31; expected volatility of 115.6%; risk-free interest rate of 4.17% and expected life of 3 years.

Expressed in Canadian Dollars- Unaudited

9. COMMON SHARES (continued)

Common Shares Issued (continued)

In connection with the offering, the Company paid $560,000 in finders fees and issued 1,400,000 non-transferrable finder warrants. Each finder warrant is exercisable into one common share of the Company at a price of $0.40 per warrant until June 13, 2026. The grant date fair value of the finder warrants issued was estimated at $285,784 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of $0.40; expected volatility of 115.6%; risk-free interest rate of 4.17% and expected life of 3 years. The Company also incurred a total of $201,758 in legal and other fees in connection with the offering.

(ii) On June 16, 2023, the Company completed a private placement financing by issuing 7,500,000 units at a price of $0.40 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 $0.60 for a period of 36 months. The grant date fair value of the warrants issued was estimated at $683,898 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of $0.31; expected volatility of 115.2%; risk-free interest rate of 4.14% and expected life of 3 years. Directors and officers subscribed for 2,650,000 units, generating gross proceeds of $1,060,000. In connection with the offering, the Company paid $24,600 in finders fees and $17,225 in other fees in connection with the offering.

(iii) During the year ended September 30, 2023, 2,665,000 of the Company's warrants were exercised at a weighted-average price of $0.16 per common share, and 613,636 of the Company's finder warrants were exercised at a weighted-average price of $0.30 per common share, generating gross proceeds of $610,490.

10. EQUITY RESERVES

Warrants

The changes in warrants issued during the year ended September 30, 2023 and three months ended December 31, 2023 are as follows:

	Number of warrants	Weighted average exercise price	Value of warrants
Balance, September 30, 2022	**12,081,736**	**$ 1.11**	**$ 4,837,453**
Exercised, November 2022	(1,435,000)	0.16	(102,799)
Exercised, December 2022	(1,843,636)	0.21	(152,667)
Granted, June 2023	15,150,000	0.58	2,519,329
Expired, July 2023	(955,950)	1.10	(533,688)
Balance, September 30 and December 31, 2023	**22,997,150**	**$ 0.89**	**$ 6,567,628**

Expressed in Canadian Dollars- Unaudited

10. EQUITY RESERVES (continued)

Warrants (continued)

The following summarizes the warrants outstanding as of December 31, 2023:

Number outstanding #	Number exercisable #	Grant date	Expiry date	Share price $	Exercise price $	Estimated grant date fair value $	Volatility	Risk-free interest rate	Expected life (Yrs) #	Expected dividend yield
7,847,150	7,847,150	15-Jul-21	15-Jan-24	$0.84	$1.50	4,048,299	147%	0.44%	2.00	0%
10,000,000	10,000,000	13-Jun-23	13-Jun-26	$0.31	$0.60	1,593,112	116%	4.17%	3.00	0%
1,400,000	1,400,000	13-Jun-23	13-Jun-26	$0.31	$0.40	285,784	116%	4.17%	3.00	0%
3,750,000	3,750,000	16-Jun-23	16-Jun-26	$0.31	$0.60	640,433	115%	4.14%	3.00	0%
22,997,150	**22,997,150**					**6,567,628**				

The weighted-average remaining contractual life of the warrants as of December 31, 2023 is 1.63 years (September 30, 2023: 1.88 years).

On May 15, 2023, the Company received approval from the TSXV to extend to January 15, 2024 the expiry date of 7,847,150 common share purchase warrants that were previously set to expire on July 15, 2023. Each warrant is exercisable for one common share of the Company for an exercise price of $1.50.

See Note 16.

Share-based payments

The changes in stock options issued during the year ended September 30, 2023 and three months ended December 31, 2023 are as follows:

	Number of options	Weighted average exercise price	Estimated grant date fair value
Balance, September 30, 2022	**18,845,000**	**$ 1.33**	**$ 22,271,610**
Granted, January 2023	350,000	0.78	241,682
Expired, July 2023	(25,000)	0.27	(6,400)
Granted, August 2023	3,975,000	0.40	1,353,826
Balance, September 30, 2023	**23,145,000**	**$ 1.17**	**$ 23,860,718**
Expired, November 2023	(20,000)	2.75	(48,386)
Expired, December 2023	(200,000)	2.31	(407,242)
Balance, December 31, 2023	**22,925,000**	**$ 1.15**	**$ 23,405,090**

During the three months ended December 31, 2023, 225,000 stock options expired and $455,628 was transferred to deficit.

On January 16, 2023, the Company granted a total of 350,000 stock options to an officer of the Company pursuant to its stock option plan. The options vested immediately and may be exercised at a price of $0.78 per option for a period of 5 years from the date of grant. The fair value of the stock options was estimated at $241,682 using the Black-Scholes pricing model, with the following weighted average assumptions: expected dividend yield 0%, stock price $0.79, expected annual volatility 133%, risk-free interest rate 2.95% and expected average life 5 years.

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10. EQUITY RESERVES (continued)

Share-based payments (continued)

On August 8, 2023, the Company granted a total of 3,975,000 stock options to directors, officers, and consultants of the Company pursuant to its stock option plan. The options vested immediately and may be exercised at a price of $0.40 per option for a period of 5 years from the date of grant. The fair value of the stock options was estimated at $1,353,826 using the Black-Scholes pricing model, with the following weighted average assumptions: expected dividend yield 0%, stock price $0.39, expected annual volatility 133%, risk-free interest rate 3.83% and expected average life 5 years. Directors and officers were granted 2,700,000 options, with a fair value of $919,580.

During the year ended September 30, 2023, 25,000 stock options expired and $6,400 was transferred to deficit.

Options outstanding as of December 31, 2023 are as follows:

Number outstanding #	Number exercisable #	Grant date	Expiry date	Share price $	Exercise price $	Estimated grant date fair value $	Volatility	Risk-free interest rate	Expected life (Yrs) #	Expected dividend yield
2,050,000	2,050,000	07-Nov-19	07-Nov-24	$0.10	$0.10	182,835	167%	1.54%	5.00	0%
500,000	500,000	27-May-20	27-May-25	$0.06	$0.05	24,450	140%	0.40%	5.00	0%
4,800,000	4,800,000	05-Feb-21	05-Feb-26	$0.18	$0.18	770,401	143%	0.48%	5.00	0%
300,000	300,000	14-Apr-21	14-Apr-26	$0.23	$0.25	63,870	174%	0.95%	5.00	0%
200,000	200,000	25-Jun-21	25-Jun-26	$1.20	$1.10	228,623	171%	1.00%	5.00	0%
7,100,000	7,100,000	29-Jul-21	29-Jul-26	$1.86	$1.86	11,737,312	142%	0.81%	5.00	0%
3,550,000	3,550,000	04-Feb-22	04-Feb-27	$2.75	$2.75	8,588,467	137%	1.71%	5.00	0%
100,000	100,000	14-Apr-22	14-Apr-27	$2.43	$2.43	213,624	136%	2.61%	5.00	0%
350,000	350,000	16-Jan-23	16-Jan-28	$0.79	$0.78	241,682	133%	2.95%	5.00	0%
3,975,000	3,975,000	08-Aug-23	08-Aug-28	$0.39	$0.40	1,353,826	133%	3.83%	5.00	0%
22,925,000	**22,925,000**					**23,405,090**				

The weighted average remaining contractual life of the options as at December 31, 2023 is 2.75 years (September 30, 2023: 3.01 years).

11. 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 three months ended December 31, 2023 and 2022.

11. CAPITAL MANAGEMENT (continued)

The Company and its subsidiary are not subject to any capital requirements imposed by a lending institution or regulatory body, other than those 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.

12. FINANCIAL INSTRUMENTS

Financial instruments recorded at fair value on the consolidated 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 and cash equivalents, amounts receivable, marketable securities, and accounts payable and accrued liabilities. The carrying values of these financial instruments reported in the statement of financial position approximate their respective fair values due to the relatively short-term nature of these instruments. As at December 31, 2023, the Company's financial instruments that are carried at fair value, being cash equivalents and marketable securities, are classified as Level 2 and Level 1, respectively, within 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.

i. *Trade credit risk*
As at December 31, 2023, the Company has recorded $2,866,403 in sales tax receivable from the Canadian and Spanish tax authorities (September 30, 2023: $2,354,866). Any potential reassessment subsequent to the financial statement reporting date could have a material effect on the Company's financial condition and results of operations.

ii. *Cash and cash equivalents*
In order to manage credit and liquidity risk, the Company's policy is to invest only in highly rated, investment grade instruments. Limits are also established based on the type of investment, the counterparty and the credit rating.

12. FINANCIAL INSTRUMENTS (continued)

(b) *Currency risk*

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

As at December 31 and September 30, 2023, the Company had the following financial instruments denominated in foreign currency (expressed in Canadian dollars):

December 31, 2023

	Euro	US dollars
Cash	$ 427,253	$ 6,440
Amounts receivable	2,636,686	-
Accounts payable and accrued liabilities	(175,515)	(25,634)
	$ 2,888,424	$ (19,194)

September 30, 2023

	Euro	US dollars
Cash	$ 1,135,197	$ 12,599
Amounts receivable	2,094,382	-
Accounts payable and accrued liabilities	(1,016,316)	(53,244)
	$ 2,213,263	$ (40,645)

A 10% strengthening (weakening) of the Canadian dollar against the Euro would decrease (increase) net loss by approximately $288,800 (September 30, 2023- $221,300).

A 10% strengthening (weakening) of the Canadian dollar against the US dollar would decrease (increase) net loss by approximately $(1,900) (September 30, 2022- $(4,000)).

(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 December 31, 2023, the Company had a cash and cash equivalents balance of $5,085,666 (September 30, 2023 - $9,759,722) to settle current liabilities of $453,678 (September 30, 2023 - $1,576,780). 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, 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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12. FINANCIAL INSTRUMENTS (continued)

(e) Price risk of marketable securities

The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices.

13. RELATED PARTY TRANSACTIONS

As at December 31, 2023, an amount of $53,802, included in accounts payable and accrued liabilities, was owed to directors and officers of the Company (September 30, 2023: $48,927). The amounts outstanding on fees are unsecured, non-interest bearing, with no fixed terms of repayment. The amounts owing were paid in full subsequent to December 31, 2023.

As at December 31, 2023, an amount of $13,410, included in amounts receivable, was owed to the Company by a director of the Company (September 30, 2023: $13,410).

On April 20, 2020, the Company signed a binding letter agreement with Western, pursuant to which Western would 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 Notes 5 and 8.

Compensation of key management personnel of the Company

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. During the three months ended December 31, 2023 and 2022, the remuneration of directors and other key management personnel are as follows:

	Three months ended December 31,			
		2023		**2022**
Management fees	$	301,676	$	256,748

14. SEGMENT INFORMATION

The Company conducts its business as a single operating segment, being mineral exploration and evaluation in Spain. The following tables summarize the total assets and liabilities by geographic segment as at December 31 and September 30, 2023:

December 31, 2023		**Spain**		**Canada**		**Total**
Cash and cash equivalents	$	427,253	$	4,658,413	$	5,085,666
Other current assets		2,814,559		395,377		3,209,936
Reclamation deposits		332,383		-		332,383
Equipment		309,812		-		309,812
Total Assets	**$**	**3,884,007**	**$**	**5,053,790**	**$**	**8,937,797**
Accounts payable and accrued liabilities	$	175,515	$	278,163	$	453,678
Total liabilities	**$**	**175,515**	**$**	**278,163**	**$**	**453,678**

Expressed in Canadian Dollars- Unaudited

14. SEGMENT INFORMATION (continued)

September 30, 2023		Spain		Canada		Total
Cash	$	1,135,197	$	8,624,525	$	9,759,722
Other current assets		2,214,038		599,249		2,813,287
Reclamation deposit		325,065		-		325,065
Equipment		366,950		-		366,950
Total Assets	**$**	**4,041,250**	**$**	**9,223,774**	**$**	**13,265,024**
Accounts payable and accrued liabilities	$	1,016,316	$	560,464	$	1,576,780
Total liabilities	**$**	**1,016,316**	**$**	**560,464**	**$**	**1,576,780**

The following tables summarize the loss by geographic segment for the three months ended December 31, 2023 and 2022:

December 31, 2023		Spain		Canada		Total
Other income	$	-	$	(9,338)	$	(9,338)
Project evaluation expenses		2,301,488		-		2,301,488
General and administrative expenses		-		926,770		926,770
Unrealized loss on investments		-		15,733		15,733
Loss on sale of property, plant and equipment		13,105		-		13,105
Foreign exchange (gain)		-		(43,633)		(43,633)
Loss	**$**	**2,314,593**	**$**	**889,532**	**$**	**3,204,125**

December 31, 2022		Spain		Canada		Total
Other income	$	-	$	(41,779)	$	(41,779)
Project evaluation expenses		4,070,797		-		4,070,797
General and administrative expenses		-		690,401		690,401
Unrealized loss on investments		-		19,666		19,666
Foreign exchange (gain)		-		(124,344)		(124,344)
Loss	**$**	**4,070,797**	**$**	**543,944**	**$**	**4,614,741**

14. 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 $719,500 (September 30, 2023- $719,500) and additional contingent payments of up to approximately $2,500,000 (September 30, 2023- $2,500,000). As a triggering event has not taken place, the contingent payments have not been reflected in these condensed interim consolidated financial statements.

Certain officers of the Company will receive aggregate bonus payments totaling $400,000 upon the award of the Aznalcóllar Project in Spain and the completion of a subsequent financing. As a triggering event has not yet taken place, these contingent payments have not been reflected in these condensed interim consolidated financial statements.

14. 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.

15. SUBSEQUENT EVENTS

On January 15, 2024, 7,847,150 of the Company's outstanding warrants expired.