

August 22, 2022

More Promising Drill Results from Romanera

Three More Good Holes from Romanera

On August 22, 2022, Emerita Resources Corp. (EMO) reported the results of three drill holes from its Romanera deposit which is part of the Iberia Belt West project in western Spain. Two holes were drilled in the central part of the deposit (LR008 and LR010) and LR011 was drilled on the western extent of the deposit. It is still relatively early days for the drilling of Romanera and we believe the results have been positive and should support the historical resource or perhaps a resource that surpasses the historical one.

Previous Metals Providing a Big Lift to the In Situ Value

LR008 appears to be the best hole having cut both the upper and lower lens with wide intervals (19.4m and 18.8m) and grades (14.5% zinc equivalent (ZnEq) and 7.6% ZnEq) that are above the historical resource grade (0.42% copper, 1.1% lead, 2.3% zinc, 0.8 g/t gold, and 44 g/t silver which equates to 6% ZnEq). Two shorter 4m intercepts in the same holes returned very high grades of 29.5% ZnEq and 14.4% ZnEq.

LR010 also cut the lower and upper lenses twice and returned assay results that were lower grade than LR008, but remain near or above the historical resource grades.

LO011 also intercepted the upper and lower lenses with all four intercepts grading higher than the historical resource. Widths were also quite good with the upper lens intercepts of 13.8m and 2.7m and the lower lens intercepts of 11.4m and 1.9m. Fortunately, the two narrow intercepts were quite high grade (25.6% ZnEq and 17.4% ZnEq, respectively, with gold and silver being the most significant contributors to the zinc equivalent grade).

The precious metals results are one of the major contributors to the higher grades when compared to the historical resource. The weighted average gold and silver grades from the current results are 2.05 g/t and 103 g/t, respectively, which are both approximately 2.5 times the historic precious metals grades.

Recent Drilling May Indicate a Higher Grade Resource

It is too early to make any major conclusions regarding the exploration at Romanera. However, in our view, the drill results to date have been very encouraging and we think that unless the deposit changes significantly with future drilling, the future resource will be better than the historic one (at least for grade, we think it is too early to make a comment on tonnage).

We reiterate our SPECULATIVE BUY and \$4.00 target price.

KEY INFORMATION

Price	C\$0.94
Price Target	C\$4.00
Rating	SPECULATIVE BUY
Market Cap (\$M)	C\$192.41

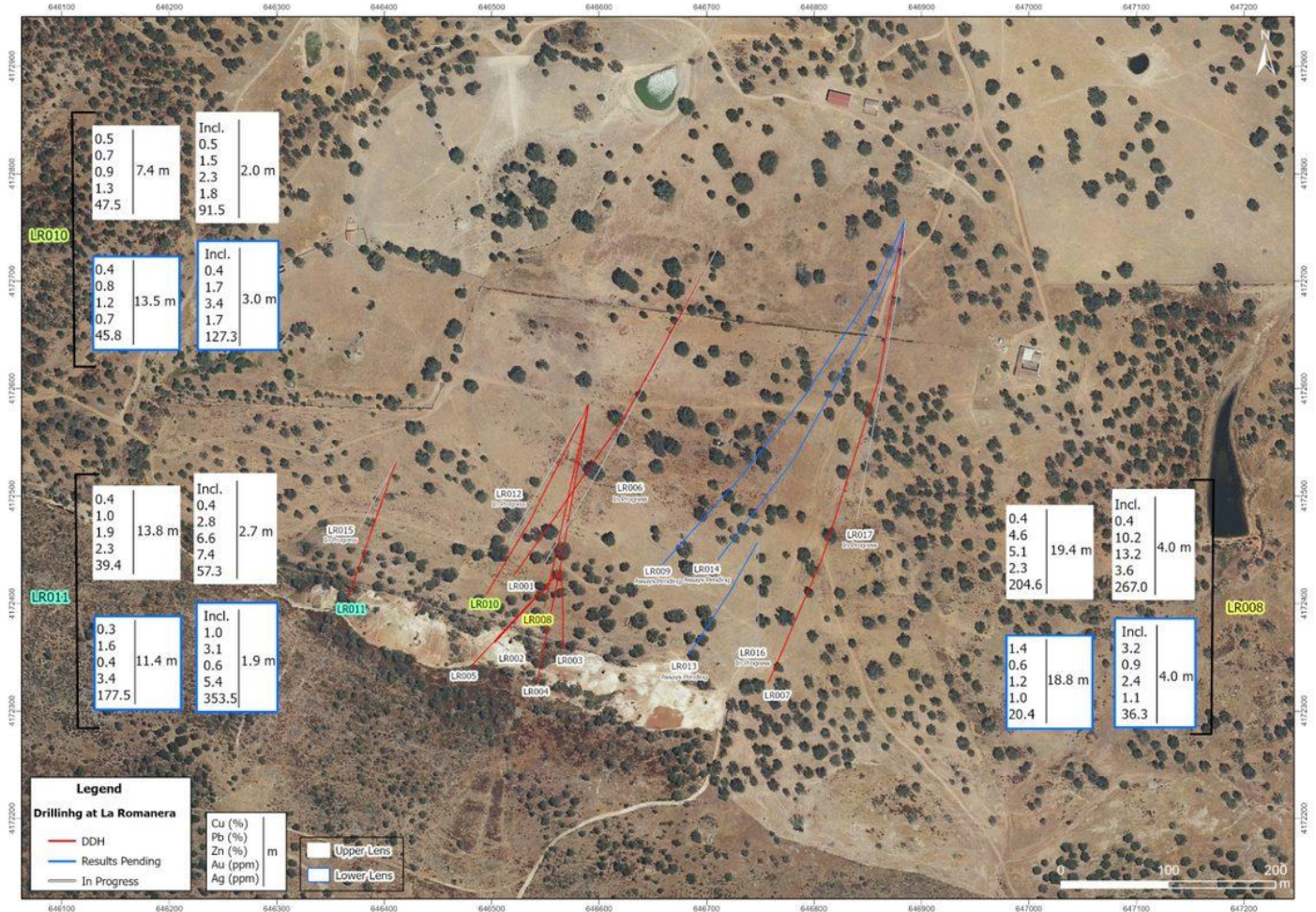
MARKET DATA

EMO-TSXV	C\$0.94
Average Daily Volume	0.61
52 Week Range	C\$4.14 - C\$0.84
Enterprise Value (\$M)	C\$165.6
Cash (\$M)	C\$26.89
Shares Out. (MM)	202.8
Debt (\$M)	C\$0.00
Cash balance as of March 31, 2022	

ANALYST INFORMATION

Adam Schatzker
(416) 860-7681
aschatzker@researchcapital.com

Figure 1 - Romanera Drill Results



Source: Company filings

Company Description:

Emerita is a Canadian company focused on polymetallic exploration in the Iberian Pyrite Belt in Spain. The company has three projects, Infanta, El Cura and Romanera, and hopes to acquire the Aznalcóllar project through tender process that has proven to be very long and complex.

Risks:

EMO is exposed to a variety of business risks including, but not limited to, unexpected development or operating issues, permitting factors, and commodity and currency fluctuations. External financing requirements are also key risks, owing to the Company's lack of operating cash flow.

EXPLORATION RISKS | Exploration comes with the risks inherent with exploration activities. Exploration can provide significant upside for investors, but it can also disappoint.

TENDER PROCESS RISKS | EMO is awaiting the outcome of a tender process for the Aznalcóllar project. There is a risk that the company will not be successful.

COMMODITY RISKS | Like all exploration companies, EMO is subject to fluctuations in commodity prices, specifically zinc (and other metals). If the price of these commodities drops materially, future equity raises may come with higher than anticipated dilution and the development of the project may become more challenging as financing would be more difficult to arrange.

CURRENCY RISKS | EMO's functional currency is the Canadian dollar, while metals are priced in US Dollars and its exploration occurs in Spain. Changes in the exchange rates between these currencies may have a positive or negative impact on EMO.

FINANCIAL RISKS | We believe EMO is sufficiently financed to complete its 2022 exploration program with a cushion remaining at the end of the year. If the company is to maintain an aggressive exploration program and/or it wins the Aznalcóllar tender process, it will likely have to raise additional funds.

POLITICAL, SOCIAL AND ENVIRONMENTAL RISKS | EMO operates in Spain, a country with a well-developed mining culture and legislation. However, environmental concerns are taken very seriously and EMO will have to work diligently to maintain itself as a good corporate citizen.

Important Disclosures

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I, Adam Schatzker, certify the views expressed in this report were formed by my review of relevant company data and industry investigation, and accurately reflect my opinion about the investment merits of the securities mentioned in the report. I also certify that my compensation is not related to specific recommendations or views expressed in this report. Research Capital Corporation publishes research and investment recommendations for the use of its clients. Information regarding our categories of recommendations, quarterly summaries of the percentage of our recommendations which fall into each category and our policies regarding the release of our research reports is available at www.researchcapital.com or may be requested by contacting the analyst. Each analyst of Research Capital Corporation whose name appears in this report hereby certifies that (i) the recommendations and opinions expressed in this research report accurately reflect the analyst's personal views and (ii) no part of the research analyst's compensation was or will be directly or indirectly related to the specific conclusions or recommendations expressed in this research report.

Adam Schatzker has visited Emerita Resources Corp. in the past 18 months.

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