

August 4, 2022

## Results from Romanera and Infanta - Romanera Clearly the Focus Going Forward

### ACTION: Romanera Getting all the Attention

On August 4, 2022, Emerita Resources Corp. (EMO) announced drill results from both Infanta and Romanera. At Romanera, two holes were reported that returned assay results that appear to be in line with historical results, except the precious metal values appear better than one would have expected based on historical data. At Infanta, 15 drill results were reported. The results were mixed with some narrow, high-grade hits and a small number of wider high-grade intercepts. Overall, we think that Romanera is developing well for its stage of exploration - Infanta, on the other hand, seems to be losing momentum and we see that focus moving away from that project.

### DETAILS: Romanera Exploration Moving Forward Well, Infanta Running Out of Steam

At Romanera, two holes were drilled (LR005 and LR007). LR005 intercepted mineralization between two previous holes (LR002 and LR003). The hole cut both the upper and lower lens (7.0m grading 0.2% copper, 3.9% lead, 4.4% zinc, 2.44 g/t gold, 143.1 g/t silver and 16.9m grading 0.4% copper, 1.0% lead, 2.2% zinc, 2.90 g/t gold, 145.2 g/t silver, respectively). The historical resource for Romanera is 34Mt grading 0.42% copper, 1.1% lead, 2.3% zinc, 0.8 g/t gold, and 44 g/t silver. The upper lens appears to be higher grade for most metals whereas the lower lens is more in line with the historical resource for the base metals, but the precious metals are significantly better.

Hole LR007 was drilled as a 100m step out to the east of any previous drilling and demonstrates the apparent continuity of the deposit in that direction. Massive sulphide mineralization was cut at a vertical depth of 400m. Only the lower lens was intercepted by LR007 with 7.0m grading 0.8% copper, 0.7% lead, 2.9% zinc, 0.15 g/t gold, 14.7 g/t silver. While we think it is positive that the deposit seems to have a strike extent better than previously known, the grades intercepted in LR007 do not appear to be economic for an underground mine - but there remains much drilling to do to determine the characteristics of the deposit to the east where there is no historical information.

The drill results from Infanta's 15 holes were quite mixed. Many of the intercepts were narrow as only 5 intercepts were greater than 5m, but that is in line with previous results. The weighted average copper equivalent (CuEq) grade (weighted by drill intercept) was 4.0% for the results released today compared to 6.0% for previous results. The most significant intercepts were IN052 which intercepted 6.2m at 11.3% CuEq and IN054 which intercepted 3.2m grading 12.4% copper equivalent (both driven by high zinc grades). Without the above two high grade intercepts, the weighted average was 2.0% CuEq which, in our view, is marginal for narrow, underground material.

### IMPACT: Romanera Drilling Seems to be Confirming and Exceeding Historical Estimates

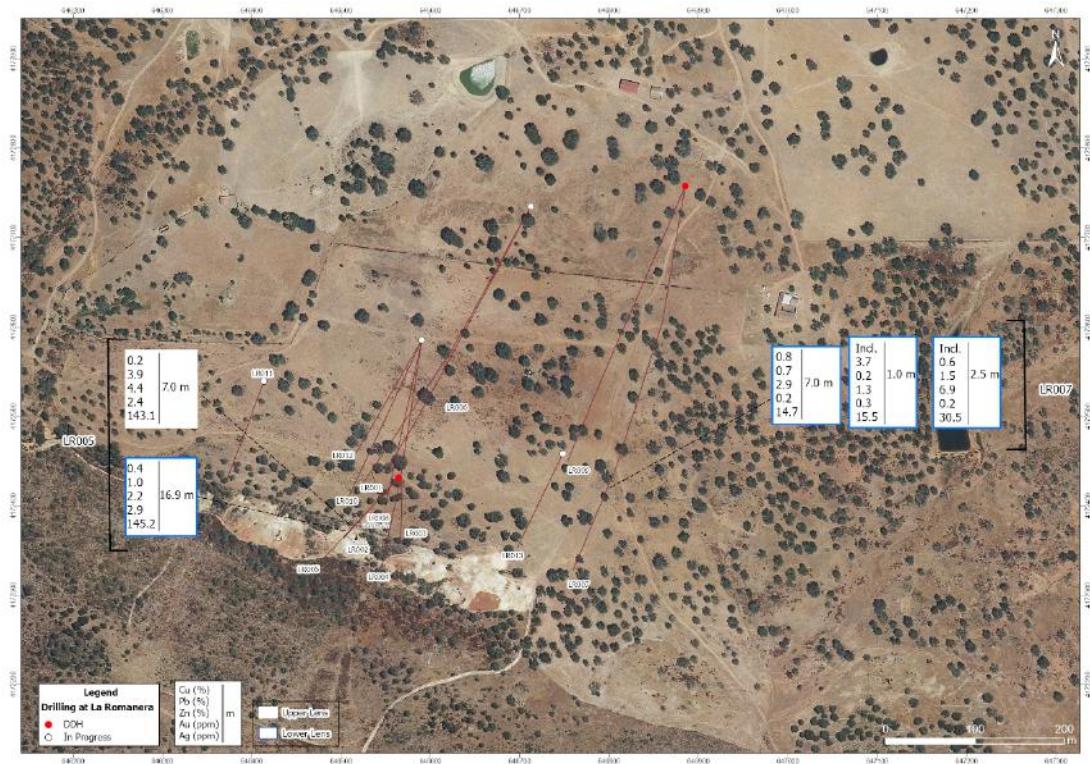
As previously noted, the focus of EMO has shifted to Romanera where we expect the company will be seeking to confirm the historical resource while looking to expand the footprint and size of the deposit. Drilling at Infanta seems to have lost its momentum as measured by drill results that may drive an economic deposit. We expect to see a significant slowdown of activity in the future at Infanta. We reiterate our SPECULATIVE BUY rating and \$4.00/sh target price.

KEY INFORMATION	
Price	C\$1.18
Price Target	C\$4.00
Rating	SPECULATIVE BUY
Market Cap (\$M)	C\$239.32

MARKET DATA	
EMO-TSXV	C\$1.18
Average Daily Volume	0.65
52 Week Range	C\$4.14 - C\$0.84
Enterprise Value (\$M)	C\$212.54
Cash (\$M)	C\$26.89
Shares Out. (MM)	202.8
Debt (\$M)	C\$0.00
Cash balance as of March 31, 2022	

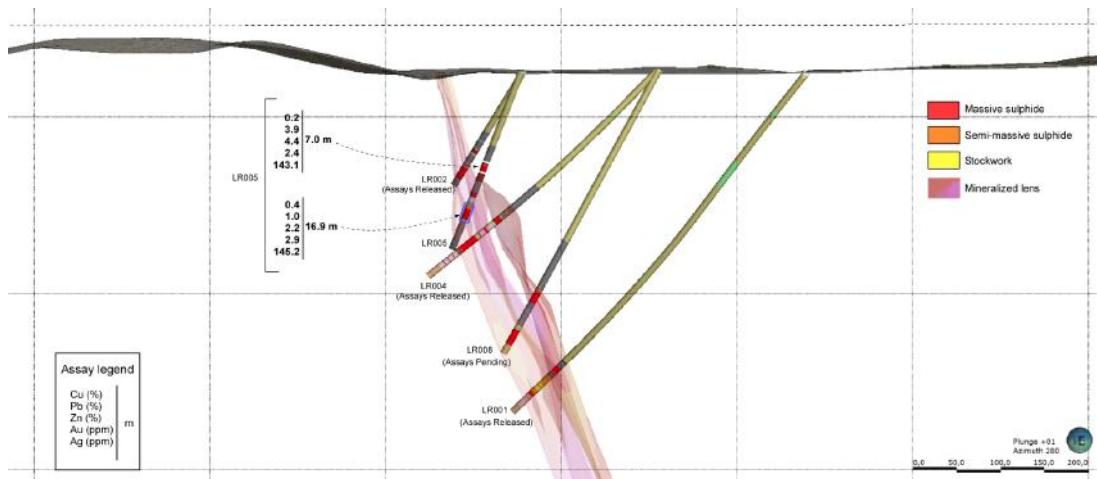
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**Figure 1 - Plan View of Romanera and Drill Hole Locations & Results**



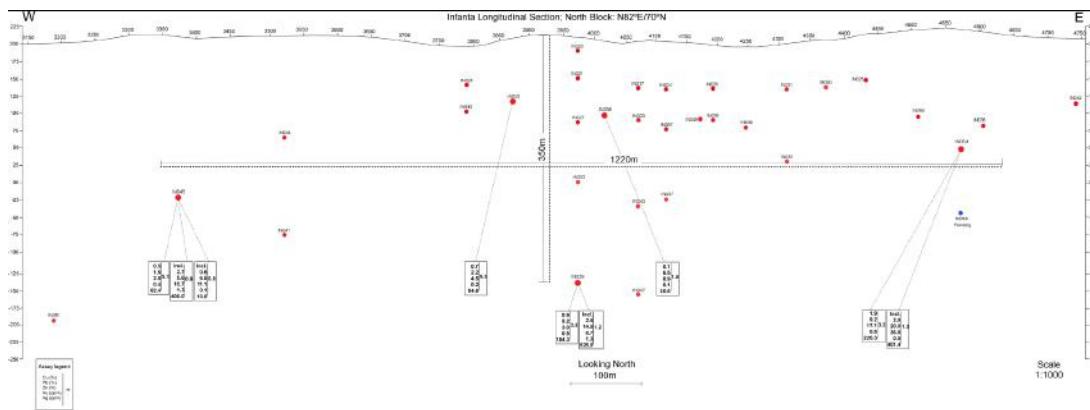
Source: Company filings

**Figure 2 - Section View of Romanera**



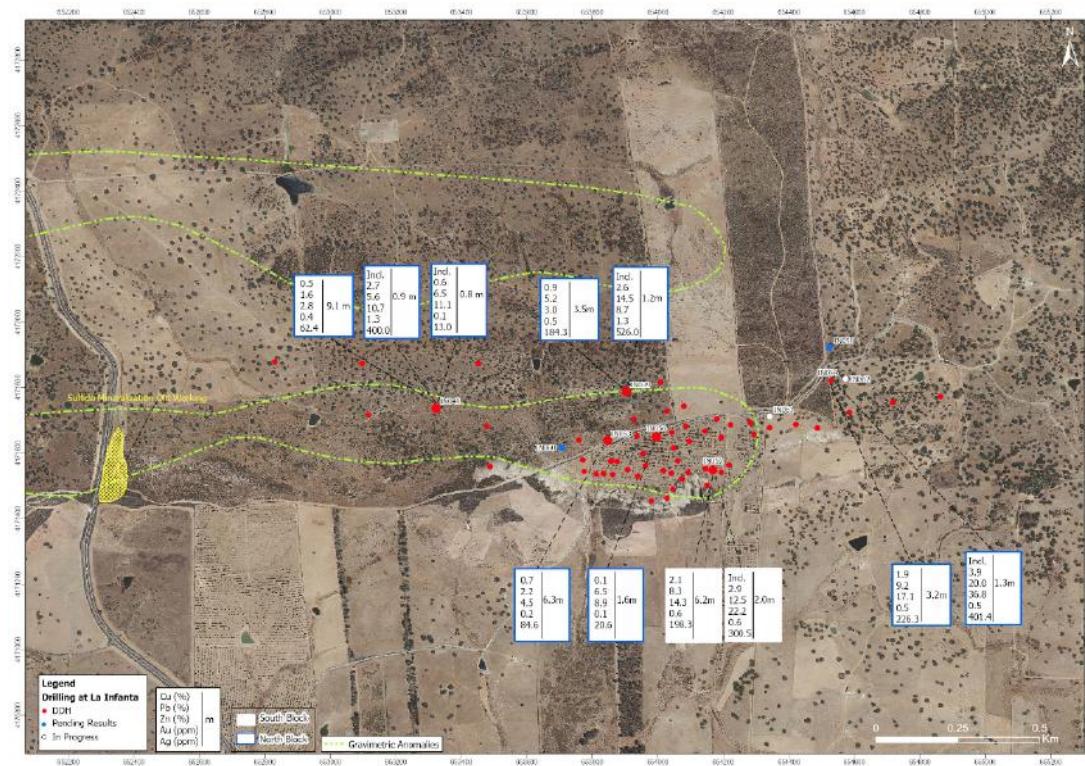
Source: Company filings

**Figure 3 - Infanta - Long Section of North Block**



Source: Company filings

**Figure 4 - Infanta Plan View Showing Drill Results and Hole Locations**



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**

### **Analyst Certification**

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](http://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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