

## Emerita Resources Corp.

EMO-TSX.V: \$0.79

Rating: Speculative Buy

Target: \$4.00 (was \$5.00)

### Emerita Resource Corp. (EMO-TSX.V)

#### Stock Data

Previous Close (C\$)	\$0.79
52-Week High-Low	\$3.84 / \$0.56
Avg. Daily Volume (3M)	598,691
Basic SO (MM)	204
Fully Diluted SO (MM)	18.7 MM / 7.7 MM
Market Cap. (C\$ MM)	\$161
Cash (C\$ MM)	\$15
ITM Options & Warrants (C\$ MM)	\$2
Debt (C\$ MM)	\$0
Enterprise Value (C\$ MM)	\$146

#### Company Information

Projects	IBW (100%) / Aznalcollar (ongoing legal dispute)
Project Location	Iberian Pyrite Belt, Spain

#### Clarus Estimates

Implied return to target price	406%
Clarus Est. Resources (MM lbs ZnEq)	11,026
EV/lb Valuation (C\$/lb ZnEq)	\$0.01
Combined LOM Production (MM lbs ZnEq/year)	576
LOM Cash Costs (co-product), US\$/lb ZnEq	\$0.56
P/NAV	0.12x

#### Management

CEO	David Gower
President	Joaquin Merino-Marquez

#### Shareholders (source: Refinitiv Eikon)

Eric Sprott	11.2%
Merk Investments	1.4%
Management & Insiders	6.6%



### Company

Emerita currently owns 100% of the IBW project on the Spanish side of the Iberian Pyrite Belt (IPB). The project has been drilled extensively (~25,000 m) by credible operators such as Phelps Dodge and Rio Tinto in 1970s and 1980s. This resulted in a 34.8 Mt historic resource with a high grade subset of 12 Mt at 12.9% ZnEq. Emerita will be focusing on validating and growing this high grade portion at IBW while also exploring for new targets on the property. The Company is also in the process of acquiring the past-producing Aznalcollar project that is also located in Spain and in the IPB. Aznalcollar public tender is currently the subject of an ongoing legal dispute in the Spanish courts. We believe a final resolution is in sight and court proceedings to date are pointing to the potential for a favourable outcome for EMO.

## Site Visit: Significant IBW News Flow Should Drive Strong Re-rating

December 7, 2022

We attended Emerita Resources site visit last week and came away believing that its **IBW project is set to deliver great news flow and likely surprise investors to the upside.** We have also revisited our valuation model and assumptions post the announcement of the court date for the ongoing Aznalcollar dispute set in March 2025 and are revising our target price to \$4.00 per share (prior \$5.00/share) under our Base Case model.

**+60 Holes Still to be Released Prior to Maiden Resource in Q2/23:** The heart of the historic high grade (~5Mt) at Romanera has yet to be drilled (pads permitted, drilling started) with potentially multiple wide massive sulphide hits expected over coming months. In the near-term, we see potential for high impact from deep drilling at Infanta (~400 m depth) and Romanera confirmation and expansion holes. 13 rigs turning at Romanera, 1 at Infanta; >30 holes in the lab & >30 additional holes expected to be drilled prior to resource update.

**20Mt @ 10-12% ZnEq Maiden Resource Potential:** This will put Romanera in the league of current advanced stage projects with ~2x the size of Adriatic's (A\$900 MM market cap) Rupice deposit that is expected to start production in mid-2023 as well as Foran's (C\$660 MM market cap) McIlvenna Main zone that is at the FS stage and awaiting permits. In comparison, EMO is trading at a ~C\$160 MM market cap only. Cut-off date for the resource is currently expected in Feb. but could be delayed depending upon drill results. We are modelling ~18 Mt at 12% ZnEq at Romanera and 2.4Mt at +20% ZnEq at Infanta.

**Significant Exploration Upside at IBW & Nuevo Tintillo:** We note that both Romanera and Infanta remain wide open for expansion, indicating the upcoming resource will only be a snapshot in time with potential for continued resource growth. Recent discoveries include a new alteration zone identified between El Cura & Infanta (drilling H2/23); 20 km structural feature west of Romanera with several historic shafts (drilling H2/23). El Cura also has potential to host a high grade copper deposit (drilling Q1/23). Nuevo Tintillo top prospects include historic 6% Cu mine, Minera Nazaret, and an old OP, Santa Flora (drilling Q1/23).

**Path to Production at IBW:** With a resource update in Q2/23 and metallurgical testing results in H2/23, management plans to swiftly advance IBW with a PFS expected by year-end 2023. Environmental baseline studies were initiated in April 2022 (1 year requirement) and the company plans to submit the application for an exploitation permit in Q2/23 with approval estimated in 2024 (~12 months).

**Attractive Valuation Based on IBW Alone:** Even our most conservative scenario case based on the historic resource (~12 Mt) at IBW only (no expansion considered) supports a valuation of C\$1.50/sh. Clarus Base Case Valuation without Aznalcollar (IBW Only with expansions ~21 Mt) is \$3/sh, indicating potential for ~3x returns from current levels (refer Figure 1).

Figure 1: EMO Valuation Scenarios

	Ownership Assumption/Resource Assumption		NPV5%, C\$ MM			NPV5%	EMO Valuation
	IBW 100% Owned	Aznalcollar Legal Dispute	IBW 100% Owned	Aznalcollar Legal Dispute	Companywide	C\$/share	C\$/share
Clarus 'Base Case' Target Price	100%; 18 Mt Romanera; 2.4 Mt Infanta	50%; 34 Mt	\$758	\$526	\$1,284	\$4.22	<b>\$4.00</b>
Aznalcollar Awarded To EMO	100%; 18 Mt Romanera; 2.4 Mt Infanta	100%; 34 Mt	\$758	\$1,051	\$1,810	\$5.95	<b>\$5.75</b>
Aznalcollar Not Awarded To EMO	100%; 18 Mt Romanera; 2.4 Mt Infanta	0%	\$836	\$0	\$836	\$3.26	<b>\$3.00</b>
Most Conservative: IBW Historic Resource Only	100%; 11 Mt Romanera; 0.8 Mt Infanta	0%	\$390	\$0	\$390	\$1.52	<b>\$1.50</b>

Source: Clarus Securities Inc.

**Aznalcollar Optionality has a Defined Timeline:** Sentencing trial set to start in March 2025. We expect significant option value (~\$2.75 - \$3.00/sh) to start showing in the share price as the trial date approaches. Company is also considering options to bring forward the timing for the trial.

**Valuation Updated, Moving Target Price to \$4.00:** We continue to drive our target price based on our Base Case assumption of 100% value for IBW and 50% ownership risk weighted value for Aznalcollar. We have revised our model assumptions for Aznalcollar based on the sentencing date set by the courts in 2025 and have pushed our estimate for production out by 2 years to 2028 (prior 2026). We have also increased our capex assumptions by 25% to reflect the impact of inflation at both Aznalcollar and IBW (C\$500 MM for Aznalcollar for 4500 tpd operation; C\$375 MM for IBW for 3500 tpd operation). We are also lowering our target setting multiple on asset NAV to 0.5x (prior 0.6x) as, under our revised model, more of the value is derived from the relatively early stage IBW project (vs Aznalcollar that is significantly de-risked as a past producer). These changes result in our revised corporate NAV of C\$1.3 Bn or C\$4.28/share (vs C\$1.4 Bn or C\$5.38/share), driving our new target price of \$4.00 per share (prior \$5.00/share).

## Romanera – A Mine in the Making:

- The known historic resource at Romanera, without accounting for the higher Au grade and the expansion potential, is comparable to some of the top polymetallic development opportunities.
- In Figure 2 below, we highlight that Romanera's historic resource is comparable in size to Adriatic's (ADT-TSX; M.Cap. ~C\$790 MM) Rupice deposit, which is currently under construction with first production expected in 2023, as well as to the Main Zone at Foran's (FOM-TSX.V; M.Cap. ~C\$650 MM) McIlvenna deposit, which recently secured a C\$200 MM investment from Teacher's and C\$100 MM from Fairfax.
- We further note that Romanera comparable in size and grade to Rupice and McIlvenna's Main Zone even without accounting for the expected uptick from higher precious metals grade and the expansion of the resource footprint.
- While we are currently modelling only 18 Mt at ~12.5% ZnEq (based on ~500 m strike and ~550 m depth), we see potential for the eventual prize of +30 Mt of high grade underground resource at Romanera if the strike and depth continue to prove out with drilling.
- EMO continues to accelerate the drill program by increasing the rigs from 10 to 14: 13 rigs at Romanera and 1 rig infilling Infanta. This will support the targeted 70,000 m program at Romanera for 2022 with an updated resource in Q2/2023.

Figure 2: IBW project comparison with advanced development/under construction projects

EMO Project Comps		Adriatic Metals		Foran Mining		Emerita Resources	
Company		Adriatic Metals		Foran Mining		Emerita Resources	
Ticker		ADT-ASX		FOM-TSX.V		EMO-TSX.V	
Deposit (s)		Rupice		Mclivenna Main Zone	Mclivenna ALL	IBW HG	IBW ALL
<b>Tonnage</b>	<b>Mt (global)</b>	<b>12.0</b>	<b>12.4</b>	<b>44.1</b>	<b>12.0</b>	<b>34.8</b>	
<b>ZnEq Grade</b>	<b>%</b>	<b>9.76%</b>	<b>8.97%</b>	<b>5.62%</b>	<b>9.33%</b>	<b>5.29%</b>	
ZnEq	MM lbs	2,580	2,452	5,466	2,468	4,055	
In-situ Value	C\$ MM	\$3,380	\$3,212	\$7,160	\$3,233	\$5,312	
<b>Market Cap.</b>	<b>C\$ MM</b>	<b>\$789</b>	<b>\$649</b>		<b>\$157</b>		
<b>M. Cap. : In-situ</b>	<b>%</b>	<b>23%</b>	<b>20%</b>	<b>9%</b>	<b>5%</b>	<b>3%</b>	
<b>Grades</b>							
Zn	%	4.10%	6.21%	2.21%	5.98%	2.54%	
Pb	%	2.60%	0.42%	0.14%	2.77%	1.23%	
Cu	%	0.50%	0.96%	1.17%	0.49%	0.45%	
Au	g/t	1.40	0.50	0.39	0.93	0.78	
Ag	g/t	149.0	27.1	14.2	69.6	46.4	

Notes:

- **Historic resources for EMO.** The resources have been approximated by Clarus based on the following metal prices (for comparison purposes only).
  - Metal prices used (US\$): \$3.40/lb Cu; \$1.31/lb Zn; \$0.82/lb Pb; \$1,650/oz Au & \$19/oz Ag.
- The historic resource grade for IBW is ~12% ZnEq on a 100% recoveries/payabilities basis.
- Conversion to ZnEq accounts for metallurgical recoveries/payabilities: Conversion factor for IBW (~77%) for metal equivalents is based on the average for Rupice (~67%) and Mclivenna (~87%).
- Rupice resource also includes barium sulphate (25% BaSO<sub>4</sub>) and antimony (0.2% Sb).
- In-situ Values are based on the metal price assumptions noted above & USD/CAD 1.37.

Source: Company Reports; Clarus Securities Inc.

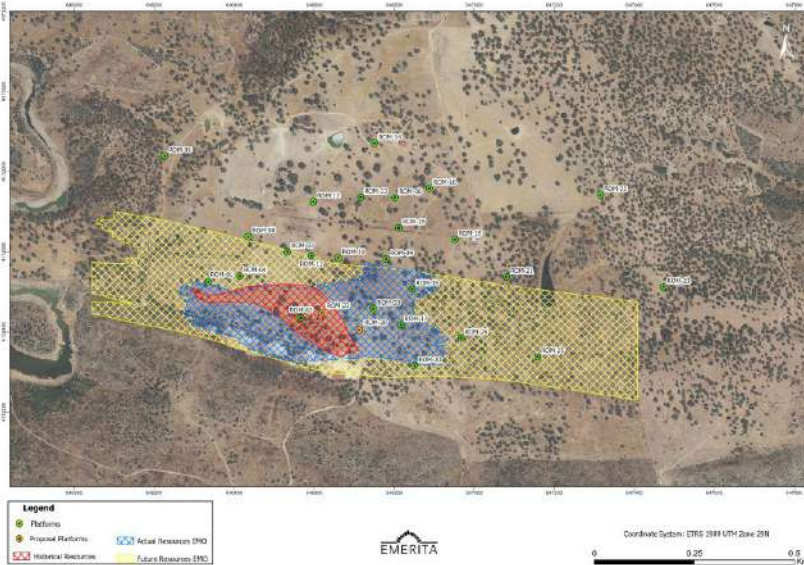
## Site Visit Notes

### IBW Could Get Really Big:

**Mineralized area is growing:** Figure 3 below says a lot about the potential at Romanera. The red represents the surface footprint of the historic OP resource, the blue is the current mineralized area (based on drilling to date) and the yellow is the potential footprint (based on geophysics, mapping & historic workings). Not all the mineralized area will make it into an UG resource but with the current "blue" mineralized area being ~2x the historic area **the chances of adding significant tonnage at Romanera seems high.**

**Expect high grade, wide intervals from confirmation drilling at Romanera:** Drills are now targeting a very important area of the deposit that hosts some of the thickest and highest grade sections based on the historical drilling and much of this area was not assayed for gold. This area is relatively shallow with thick high grade intercepts that represented approximately 5 million tonnes in the historical resource estimate by Rio Tinto. Management plans to target specific areas that need additional infill drilling to ensure a high level of confidence in the mineral resource estimate to be produced by the Company expected in Q2/23.

Figure 3: Romanera Exploration Upside

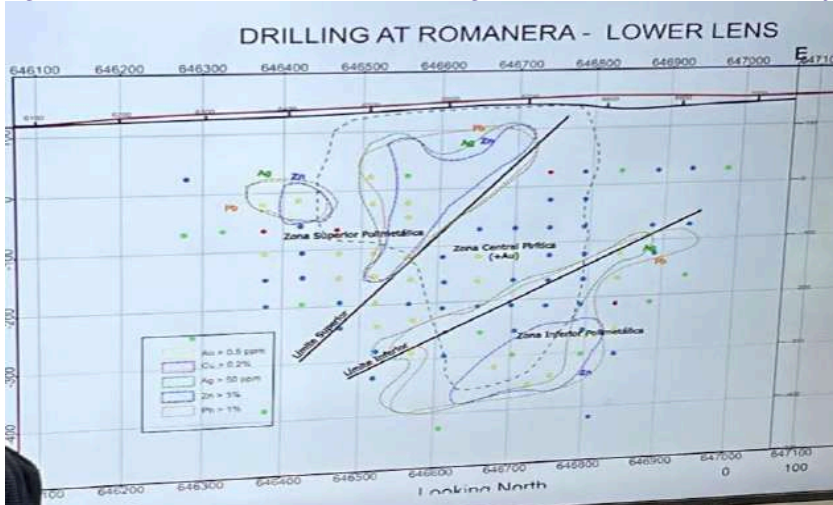


Source: EMO Site Visit – Clarus Securities Inc.

**Specific Gravity is > 4:** Romanera is a VMS deposit that typically have an SG of >4 which allows tonnes to build quickly. A typical gold mine has an SG of ~2.7 so the same volume of rock in a VMS deposit contains ~50% more tonnage. We suspect the tonnage at Romanera could be significantly larger than the historic 11.2 Mt under the high grade subset at Romanera for several reasons:

- The footprint looks like it could be +2x the historic;
- A higher-grade gold zone is emerging that was originally not modelled (see wedge in image below). This, coupled with more consistent assaying of both upper and lower lenses, should result in a **meaningful tonnage growth from within the original footprint;**
- There is significant depth extension potential that will be tested with two deep holes in Q1/23 (~1,000 m) coupled with downhole geophysics.

Figure 4: Metal Zonation at Romanera – Higher Grade Gold Zone Previously Not Modelled



Source: EMO Site Visit – Clarus Securities Inc.



## La Infanta, El Cura and Others:

Recent deep drilling at La Infanta indicates this deposit could have a lot more to show. Assays are pending for the deepest hole to date, from ~400 m depth. Visually, it looks like the high grade nature of Infanta continues to depth where the deposit may also be thickening (at least in the drilled area). Many deposits in the belt go to +1,000 m in vertical extent so there is lots of room for all the IBW deposits to expand to depth. We currently estimate La Infanta will grow to 2.0 – 4.0 Mt in the upcoming resource. An economic hit at 400 m depth would indicate the **potential for Infanta's resource to perhaps double or more.**

At El Cura, a new geophysical survey is just being completed which will help target drilling in January. Historical notes indicated El Cura had strong copper showings/drill results, but Emerita does not have access to the historic results. This target could add a copper rich deposit and adding additional tonnage at IBW.

The regional potential at IBW is also very real. Recently, **a new alteration zone was identified between El Cura and Infanta.** As well, several old shafts along a 20 km corridor running from Romanera towards the Portuguese border have been identified by EMOs structural geologist. This land has been staked and expected to be granted in 2023.

## Targeting a 4,000 – 6,000 tpd Operation (vs current Clarus assumption 3,500 tpd):

While early, but to put this into context, a 5,000 tpd operation would be ~2x Adriatic's planned throughput and almost 20% larger than Foran's (reminder that historic high grade at Romanera is very similar to that at Adriatic and Foran's higher-grade Main zone – Figure 2). A maiden resource of ~20Mt would support a 10+ mine life. Adriatic's NPV 8% of ~C\$1.6 Bn and Foran's NPV 7% of C\$1.1 Bn provide some insight into what economics might look like when the PFS comes out in 2023. We have conservatively modelled throughput of 3,500 tpd at IBW and will revisit our assumption as the project advances towards the PFS. The company plans to apply for an exploitation license post the submission of base line environmental studies in Q2/23. This exploitation license is the critical path item on the way to construction, and management believes it could be awarded in 2024, **setting the stage for construction to begin in late 2024/ early 2025.** Water permits are expected in H1/23.

## Nuevo Tintillo & Aznalcollar Optionality:

Nuevo Tintillo (NT) sits between the Riotinto Mine and Aznalcollar (see image below). Multiple historic mines exist on the property including the high grade (6% Cu) Minera Nazaret. **Drilling is likely to begin in Q1/23 around the historic Santa Flora mine and Minera Nazaret.** A discovery at NT could add nicely to the share price due to the potential value it could have to neighboring projects.

Figure 5: Nuevo Tintillo Exploration Potential



Source: EMO Site Visit – Clarus Securities Inc.

Talk around Aznalcollar should now cool down as the court date is over 2 years away. We believe this is actually a positive as it will allow the market to focus on the very material news flow expected to come from IBW and Neuvo Tintillo in 2023. We are sure that management will be working behind the scenes to get an earlier resolution, but we don't expect to hear updates on this front. If the current timeline persists, we expect material option value (~\$2.75 - \$3.00/sh) to start creeping into the share price as the trial date nears (Q4/24?).

## Conclusion

**News flow will be accelerating,** and many mile markers will be passed in 2023 on the way to demonstrating **IBW has what it takes to be a mine.** Exploration activities and drill results should continue to keep investors interested. The last time Emerita's share price was around this level the company was just granted drill permits for Romanera and El Cura and the Courts had yet to approve the "Oral Trial Opening Order". Now the Courts have set a date, albeit +2 years away, **Emerita has 14 rigs turning, El Cura and Neuvo Tintillo exploration is about to commence, and several regional targets have been identified.** The company is a few months away from a maiden resource and other major milestones. We think that a disconnect due to the Aznalcollar trial timing, management's messaging around the proceedings and tax loss selling is creating a buying opportunity. This is further confirmed by our EMO valuation scenario analysis which demonstrates that even in the most conservative case there is potential for 100% returns from current level.

Figure 6: EMO Comps

Zn-Polymetallic Explorers / Developers											
Company	Ticker	Price Per Share (Local)	S/O (MM)	Mkt. Cap. (C\$MM)	EV (C\$MM)	Project Location	Grade ZnEq %	Zn % of ZnEq Resource	Attri. ZnEq MM lbs	EV/lb ZnEq (C\$/lb)	P/NAV
Adriatic Metals PLC	ADT-ASX	3.21	273	\$800	\$715	Bosnia	13.2%	31%	3,486	\$0.21	0.58x
Arizona Metals Corp (1)	AMC-TSX	3.96	115	\$456	\$393	Arizona, US	14.4%	21%	8,042	\$0.05	0.28x
Ascendant Resources Inc	ASND-TSX	0.18	130	\$23	\$23	Portugal	5.2%	30%	2,430	\$0.01	0.44x
Foran Mining Corp	FOM-TSX.V	2.87	228	\$656	\$620	Sask.	7.2%	37%	5,419	\$0.11	0.85x
Fireweed Metals Corp	FWZ-TSX.V	0.94	92	\$86	\$77	Yukon	9.4%	64%	10,450	\$0.007	0.63x
Group Eleven Resources Corp	ZNG-TSX.V	0.08	158	\$12	\$10	Ireland	9.7%	84%	1,531	\$0.01	NA
Kutcho Copper Corp	KC-TSX.V	0.25	126	\$31	\$29	BC	7.4%	29%	5,212	\$0.01	NA
Norzinc Ltd	NZC-TSX	0.03	757	\$23	\$22	NWT	20.8%	50%	7,222	\$0.00	0.14x
Osisko Metals Inc	OM-TSX.V	0.21	202	\$41	\$38	NWT	6.4%	75%	7,153	\$0.01	0.16x
Pan Global Resources	PGZ-TSX.V	0.42	212	\$89	\$75	Spain	NA	NA	NA	NA	NA
Solitario Zinc Corp	SLR-TSX	0.84	65	\$54	\$46	Peru	11.1%	88%	1,273	\$0.04	NA
Tinka Resources Ltd	TK-TSX.V	0.16	391	\$61	\$50	Peru	6.4%	92%	8,015	\$0.01	NA
Wolfden Resources Corp	WLF-TSX.V	0.21	154	\$32	\$30	Maine, US	19.8%	48%	1,956	\$0.02	0.49x
ZincX Resources Corp	ZNX-TSX.V	0.08	178	\$14	\$14	BC	9.6%	83%	6,400	\$0.002	NA
Group Average				\$170	\$153		10.6%	56%	5,276	\$0.04	0.45x
<b>* Select Peer Group Average</b>				<b>\$307</b>	<b>\$277</b>		<b>9.7%</b>	<b>55%</b>	<b>6,163</b>	<b>\$0.07</b>	<b>0.49x</b>
Emerita Resources Corp. (Historic Resource; <b>IBW only</b> )	EMO-TSX.V	0.79	204	\$161	\$146	Spain	12.7%	50%	3,415	\$0.04	0.31x
Emerita Resources Corp. ( <b>IBW Only</b> )	EMO-TSX.V	0.79	204	\$161	\$146	Spain	13.9%	46%	6,293	\$0.02	0.17x
Emerita Resources Corp. (Clarus 'Base Case' Resource)	EMO-TSX.V	0.79	204	\$161	\$146	Spain	12.7%	50%	11,026	\$0.01	0.12x

\* Select Peer Group is based on comparable Zn contribution to global resource, favourable location & permitting environment

(1) We cover AMC-TSX.V with a SPECULATIVE BUY rating and a target price of \$10.00 per share

Source: Refinitiv Eikon, Clarus Securities Inc.

**Price Target Calculator:** Our 12-month target price is based on a 0.5x combined NPV5% of IBW and 50% of Aznalcollar. We also account for in-situ valuation for ~17 Mt at ~16% ZnEq valued at C\$0.07/lb ZnEq at IBW & Aznalcollar (50%) to account for the estimated resource that is not included in our mine model. In addition, we account for corporate adjustments, including our long-term debt assumption and ITM options and warrants.

**Key Risks to Target Price:** Please refer to the risks disclosed in the initiating report dated July 23, 2021.

## Emerita Resources Corporation (EMO-TSX.V), SPECULATIVE BUY, Target: C\$4.00

Rating	SPECULATIVE BUY	Target Price	\$4.00	Basic Shares O/S	204.0
12-Month Return	406%	Previous Close	\$0.79	Market Cap., C\$ MM	\$161
				EV, C\$ MM	\$146

CAD MM except per share data, unless otherwise noted

CAPITAL STRUCTURE	Strike Price \$/share	Shares (MM)
<b>Basic Shares Outstanding</b>		<b>204</b>
ITM Warrants Outstanding	\$0.18	5
ITM Options Outstanding	\$0.15	8
Assumed Equity Funding		88
<b>FD Shares</b>		<b>304</b>

### NET ASSET VALUE (C\$)

	Discount rate	C\$ MM	Onwership Risk	C\$ MM	C\$/share
<b>Asset NAV</b>					
Aznalcollar (100.0%), Spain	5.0%	\$1,051	50.0%	\$526	\$1.73
IBW (100.0%), Spain	5.0%	\$758	0.0%	\$758	\$2.50
<b>Asset NAV Sub-Total</b>				<b>\$1,284</b>	<b>\$4.22</b>
Multiple to Development Assets			0.50x	\$642	\$2.11

### In-Situ Valuation (Inventory not incl. in mine model)

	ZnEq				
Aznalcollar	3,645MM lbs @ C\$0.07 /lb	50.0%	\$128	\$0.42	
IBW	2,336MM lbs @ C\$0.07 /lb	0.0%	\$163	\$0.54	
<b>In-situ Valuation Sub-total</b>			<b>\$291</b>	<b>\$0.96</b>	

### Corporate Adjustments

Cash	\$15	\$0.05
Value of ITM Instruments	\$2	\$0.01
Long-term Debt	-\$525	-\$1.73
Estimated Equity Capital Additions	\$875	\$2.88
<b>Corporate Adjustments Sub-total</b>	<b>\$367</b>	<b>\$1.21</b>
<b>Total Corporate NAV</b>	<b>C\$/share</b>	<b>\$1,300</b>

<b>Target Price</b>	<b>C\$/share</b>	<b>\$4.00</b>
P/NAV		0.12x

### PRODUCTION ESTIMATES, MM lbs ZnEq

Fiscal Year		2025E	2026E	2027E	2028E	2029E
Aznalcollar	MM lbs	-	-	-	313	313
IBW	MM lbs	-	-	-	-	263
<b>Zinc Equivalent Production</b>	<b>MM lbs ZnEq</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>313</b>	<b>576</b>

### COST ESTIMATES (US\$/oz)

Fiscal Year		2025E	2026E	2027E	2028E	2029E
Total Cash Costs (C1), net of by-prod.	US\$/lb Zn	-	\$0.00	\$0.00	(\$0.09)	(\$0.13)
<b>Total Cash Costs (C1), co-prod.</b>	<b>US\$/lb ZnEq</b>	<b>-</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.54</b>	<b>\$0.56</b>
Sustaining Capex	US\$/lb Zn	-	\$0.00	\$0.00	\$0.12	\$0.12
AISC (net of by-products)	US\$/lb Zn	-	\$0.00	\$0.00	\$0.03	(\$0.01)
<b>AISC (co-product)</b>	<b>US\$/lb ZnEq</b>	<b>-</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.61</b>	<b>\$0.62</b>

### FINANCIAL SUMMARY

Fiscal Year	2025E	2026E	2027E	2028E	2029E
Copper Price (US\$/lb)	\$3.75	\$3.75	\$3.75	\$3.75	\$3.75
Zinc Price (US\$/lb)	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
Gold Price (US\$/oz)	\$1,725	\$1,725	\$1,725	\$1,725	\$1,725
Silver Price (US\$/oz)	\$23	\$23	\$23	\$23	\$23

EPS	\$0.00	(\$0.15)	(\$0.17)	\$0.30	\$0.70
P/EPS	nm	nm	nm	2.6x	1.1x
Target/EPs	nm	nm	nm	10.0x	4.4x

CFPS	\$0.00	(\$0.23)	(\$0.26)	\$0.64	\$1.36
P/CFPS	nm	nm	nm	1.2x	0.6x
Target/CFPS	nm	nm	nm	6.2x	3.0x

### Income Statement

	MM				
Revenue	\$0	\$0	\$0	\$473	\$868
Operating Expenses	\$0	\$0	\$0	(\$198)	(\$373)
Depreciation	\$0	\$0	\$0	(\$50)	(\$97)
General & Adm.	\$0	\$0	\$0	\$0	(\$1)
Other	\$0	\$0	\$0	\$0	\$0
Exploration Exp.	\$0	\$0	\$0	\$0	(\$0)
Net Interest Expense	\$0	(\$68)	(\$77)	(\$88)	(\$84)

Taxes Expense	\$0	\$24	\$27	(\$48)	(\$109)
Other	\$0	\$0	\$0	\$0	\$0
<b>Net Income</b>	<b>\$0</b>	<b>(\$44)</b>	<b>(\$50)</b>	<b>\$89</b>	<b>\$203</b>

### Cash Flow Statement

	MM				
Operating CF	\$0	(\$68)	(\$77)	\$187	\$395
Repayments	\$0	\$0	\$0	\$0	(\$249)
Share Issuance	\$0	\$350	\$0	\$0	\$0
Financing CF	\$0	\$875	\$0	\$10	(\$249)
Investing CF	\$0	(\$250)	(\$438)	(\$211)	(\$42)
Change in Cash	\$0	\$557	(\$515)	(\$14)	\$104
Free Cash Flow (bef div and fin.)	\$0	(\$318)	(\$515)	(\$24)	\$353
Free Cash Flow Yield	0%	-218%	-352%	-17%	242%

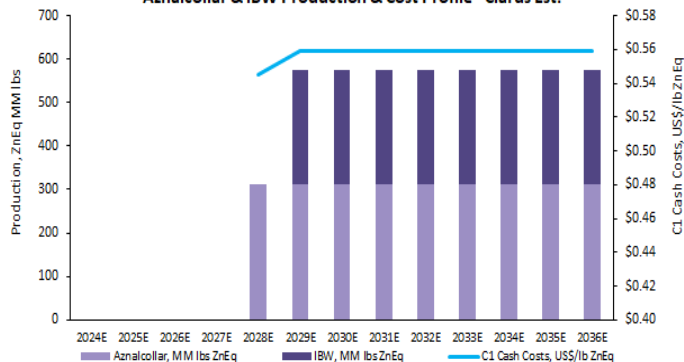
### Balance Sheet

	MM				
Cash & Equivalents	\$12	\$569	\$54	\$40	\$144
Current Assets	\$12	\$569	\$54	\$40	\$144
Current Debt	\$0	\$0	\$0	\$70	\$239
Current Liabilities	\$0	\$0	\$0	\$249	\$239
Long-term Debt	\$583	\$647	\$718	\$727	\$585
Shareholder Equity	\$39	\$300	\$199	\$377	\$783

### MODELLED MINEABLE INVENTORY

Zinc Equivalent	Mt	% ZnEq	MM lbs	Mine Life (yr)
Aznalcollar (100.0%), Spain	0	#DIV/0!	0	13.0
IBW (100.0%), Spain	14	12.5%	3,957	12.0
<b>EMO Companywide</b>	<b>14</b>	<b>12.5%</b>	<b>3,957</b>	

Aznalcollar & IBW Production & Cost Profile - Clarus Est.



EMO Combined Asset NPV5% (C\$/share)



Source: Clarus Securities Inc.



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The analyst has visited the Company's operations in Spain in November 2021. Partial payment or reimbursement was received from the issuer for the associated travel costs.

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