

Emerita Resources Corp.

EMO-TSX.V: \$1.44 (Mid-market)

Rating: Speculative Buy

Target: \$3.15

Emerita Resource Corp. (EMO-TSX.V)

Stock Data

Previous Close (C\$)	\$1.44
52-Week High-Low	\$2 / \$0.375
Avg. Daily Volume (3M)	742,302
Basic SO (MM)	248
Fully Diluted SO (MM)	18.7 MM / 7.7 MM
Market Cap. (C\$ MM, Basic S/O)	\$357
Cash (C\$ MM)	\$8
Debt (C\$ MM)	\$9
Enterprise Value (C\$ MM, Basic S/O)	\$358

Company Information

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

Clarus Estimates

Implied return to target price	133%
Resources (MM lbs ZnEq)	8,250
EV/lb Valuation (C\$/lb ZnEq)	\$0.04
Combined LOM Production (MM lbs ZnEq/year)	577
LOM Cash Costs (co-product), US\$/lb ZnEq	\$0.66
P/NAV	0.22x

Management

CEO	David Gower
President	Joaquin Merino-Marquez

Shareholders (source: Refinitiv Eikon)

Institutional	10.0%
Management & Insiders	5.4%



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's drilling has confirmed this and increased the IBW resource to 25.8 Mt at 9.8% ZnEq (in-situ). IBW remains open both along strike and depth with potential for continued expansion. The Company could also end up owning 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 with a resolution expected in 2025.

IBW Resource Grows by 37%, Remains Open for Continued Expansion

March 17, 2025

Global resource at IBW came in at 25.77 Mt at 8.51% ZnEq (adj. for recoveries), representing 37% resource growth and 40% higher than our mine model assumption.

While this indicates potential upside to our valuation, we also note that we have modelled higher grades than the resource. We think our tonnage and grade modelling assumption is reasonable as we expect our modelled lower tonnes to be a higher grade subset of the updated resource (i.e. higher cut-off grade). However, we note that this update did not contain a sensitivity analysis based on cut-off grades which will be part of the NI 43-101 report to be filed within 45 day period. On an in-situ basis (100% met. recovery), the grade is 9.8% ZnEq (vs 8.51% ZnEq adj. for recoveries).

Majority of the increase was driven by Romanera that added >5 Mt while also increased the grade to 7.85% ZnEq (prior 7.49% ZnEq).

We were only expecting ~2Mt in resource growth and are pleasantly surprised by the significant resource growth of 33%. The primary driver for the resource growth was the step out drilling at depth (+150 - 200 m vertical extension below prior resource boundary) while the improved recovery assumptions (particularly Au) helped improve the grade as well as contributed to increased tonnage. Total gold inventory at Romanera has increased to 856k oz at 1.24 g/t (prior 734k oz at 1.4 g/t). We further note that mgmt. thinks there is further upside on gold recoveries and assuming 80% gold-recoveries would conceptually increase the grade to 8.34% ZnEq for Romanera vs the current 7.85% ZnEq. Slightly higher commodity price assumptions, particularly gold price, also contributed to the resource growth. Importantly, the recovery assumptions are based on the actual metallurgical testing carried out.

Maiden El Cura resource a function of drill density, expect continued resource growth.

We were expected ~2 Mt at El Cura however the resource came in at 1.3 Mt. Based on our discussion with management, the drill density was not sufficient to pull the entire mineralized footprint that we based our ~2 Mt estimate on. As future infill drilling improves the drill spacing, it should add more tonnage to the resource model. El Cura is a high grade copper-rich deposit (3.16% CuEq), incl. strong gold credit (1.44 g/t). We see potential for continued resource growth particularly at El Cura (at depth and along strike) and Romanera (at depth). We think continued drilling success can more than 3x the resource at El Cura towards ~4 Mt.

Catalysts:

- Environmental certificate for IBW – Q1/Q2 (major de-risking catalyst on the permitting front)
- Drilling at El Cura & Romanera – Q2 with 3 – 4 rigs turning
- Exploitation License (allowing commencement of mine construction) – early-2026
- Aznalcollar trial – started March 3, 2025
- IBW PEA – late Q3/early Q4.

Figure 1: 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 %	Attri. ZnEq MM lbs	EV/lb ZnEq (C\$/lb)	P/NAV	
Adriatic Metals PLC	ADT-ASX	4.46	336	\$1,361	\$1,439	Bosnia	13.2%	6,159	\$0.23	0.70x	
Ascendant Resources Inc	ASND-TSX	0.06	187	\$11	\$36	Portugal	5.2%	2,430	\$0.01	NA	
Foran Mining Corp	FOM-TSX	4.13	393	\$1,624	\$1,255	Sask.	6.5%	6,286	\$0.20	0.95x	
Fireweed Metals Corp	FWZ-TSX.V	1.75	182	\$318	\$289	Yukon	9.4%	10,450	\$0.028	0.59x	
Group Eleven Resources Corp	ZNG-TSX.V	0.19	226	\$43	\$41	Ireland	9.7%	1,531	\$0.03	NA	
Kutcho Copper Corp	KC-TSX.V	0.13	168	\$22	\$22	BC	7.4%	5,212	\$0.00	NA	
Osisko Metals Inc	OM-TSX.V	0.52	305	\$159	\$156	NWT	6.4%	7,153	\$0.02	0.21x	
Pan Global Resources	PGZ-TSX.V	0.14	304	\$43	\$35	Spain	NA	NA	NA	NA	
Solitario Resources Corp	SLR-TSX	0.95	82	\$78	\$69	Peru	11.1%	1,273	\$0.05	NA	
Tinka Resources Ltd	TK-TSX.V	0.06	409	\$25	\$21	Peru	6.4%	8,015	\$0.00	NA	
Wolfden Resources Corp	WLF-TSX.V	0.07	165	\$11	\$11	Maine, US	19.8%	1,956	\$0.005	NA	
ZincX Resources Corp	ZNX-TSX.V	0.09	188	\$17	\$17	BC	9.6%	6,400	\$0.003	NA	
Group Average					\$309	\$283		8.8%	5,170	\$0.05	0.61x
* Select Peer Group Average					\$586	\$535		8.6%	6,496	\$0.10	0.61x
Emerita Resources Corp. (IBW Only)	EMO-TSX.V	1.44	252	\$363	\$362	Spain	9.8%	4,834	\$0.07	0.58x	
Emerita Resources Corp. (w/ Aznalcollar 100%)	EMO-TSX.V	1.44	252	\$363	\$364	Spain	9.7%	8,250	\$0.04	0.22x	

Source: LSEG Workspace, Clarus Securities Inc.

Figure 2: IBW Resource Assumptions

Romanera Recovery Assumption				Commodity Price Assumption			
	Prior	New	Variance		Prior	New	Variance
Zn	90.4%	NA	NA	Zn	\$3,200	\$3,000	6.7%
Pb	52.2%	80%	-34.8%	Pb	\$2,300	\$2,300	0.0%
Cu	84.0%	80%	5.0%	Cu	\$9,500	\$9,500	0.0%
Ag	80.1%	80%	0.1%	Ag	\$25.00	\$25.00	0.0%
Au	64.1%	20%	220.5%	Au	\$2,200	\$1,800	22.2%

Source: Company Reports

Figure 3: IBW Resource

Romanera - LATEST								VARIANCE							
	Ore		Grade					ZnEq %	Ore		Grade				
	Mt	Zn%	Pb%	Cu%	Ag g/t	Au g/t	Mt		Zn%	Pb%	Cu%	Ag g/t	Au g/t	ZnEq %	
Indicated	17.34	2.64%	1.25%	0.43%	65.0	1.34	7.89%	33%	-11%	-13%	3%	-12%	-9%	11%	
Inferred	4.13	3.08%	1.27%	0.61%	49.6	0.82	7.69%	32%	-36%	-35%	36%	-30%	-29%	-16%	
Global	21.47	2.73%	1.26%	0.46%	62.01	1.24	7.85%	33%	-18%	-19%	9%	-16%	-12%	5%	
Clarus Mine Model	14.10	3.34%	1.55%	0.42%	73.57	1.41	8.99%								

Infanta - LATEST								VARIANCE							
	Ore		Grade					ZnEq %	Ore		Grade				
	Mt	Zn%	Pb%	Cu%	Ag g/t	Au g/t	Mt		Zn%	Pb%	Cu%	Ag g/t	Au g/t	ZnEq %	
Indicated	1.09	7.38%	4.39%	1.08%	94.6	0.35	16.61%	2%	4%	4%	4%	7%	8%	16%	
Inferred	1.91	4.08%	2.23%	0.66%	74.0	0.38	10.22%	22%	-7%	-10%	-11%	-1%	0%	7%	
Global	3.00	5.28%	3.01%	0.81%	81.44	0.37	12.54%	14%	-4%	-6%	-6%	1%	3%	9%	
Clarus Mine Model	2.30	5.50%	3.20%	0.86%	80.31	0.36	12.97%								

El Cura - MAIDEN							
	Ore		Grade				
	Mt	Zn%	Pb%	Cu%	Ag g/t	Au g/t	ZnEq %
Indicated	0.53	1.58%	0.69%	1.45%	42.9	1.41	9.57%
Inferred	0.76	2.08%	0.91%	1.51%	48.0	1.46	10.47%
Global	1.30	1.88%	0.82%	1.49%	45.90	1.44	10.10%
Clarus Mine Model	1.75	1.45%	0.74%	1.51%	45.54	1.56	9.94%

IBW - LATEST								VARIANCE vs Prior Resource							
	Ore		Grade					ZnEq %	Ore		Grade				
	Mt	Zn%	Pb%	Cu%	Ag g/t	Au g/t	Mt		Zn%	Pb%	Cu%	Ag g/t	Au g/t	ZnEq %	
Indicated	18.96	2.9%	1.4%	0.5%	66.0	1.3	8.44%	35%	-12%	-14%	7%	-12%	-7%	11%	
Inferred	6.80	3.3%	1.5%	0.7%	56.3	0.8	8.72%	45%	-31%	-30%	33%	-22%	-14%	-6%	
Global	25.77	2.98%	1.4%	0.6%	63.5	1.15	8.51%	37%	-18%	-19%	15%	-15%	-9%	6%	
Clarus Mine Model	18.17	3.43%	1.68%	0.58%	71.73	1.29	9.59%								

Source: Company Reports

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 ~19 Mt at ~14% 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.

Clarus Securities Equity Research Disclosures

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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