



Rockstone Research

October 4, 2019

Report #3

Zinc-Lead-Silver in Spain



The Aznalcóllar open-pit near Seville in southern Spain ([source](#)).

Favourable Ruling for Emerita Resources on the Aznalcóllar Zinc-Lead-Silver Project in Spain

Good news for Emerita Resources Corp. as the company today announced a favourable ruling on the Aznalcóllar Zinc-Lead-Silver Project appeal. This is making headlines in the news at the national level in Spain and Emerita is now in a good position to get awarded this major zinc mining asset.

Aznalcóllar is a past producing zinc-lead-silver mine that operated in the 1990s for only about 18 months and was closed due to a combination of low metal prices and a severe tailings failure. The government subsequently rehabilitated the site and, due to the demands of the community for employment, initiated a public tender to re-develop the mine – the tender was unanimously supported by all political parties.

In late 2014, Emerita participated in the tender process, which was run in 2 stages; the first was a financial qualifying round after which Emerita and a Minorbis were the only companies qualified for the

second round, which required a detailed technical plan for the development of the project. Emerita completed a full mine plan, environmental management plan, water management plan (which the Federal Water Authorities endorsed), and public hearings in the community. Minorbis had a significantly inferior proposal.

In 2015, the tender was awarded and there was complete shock when, by a very slim margin, Minorbis' bid was chosen as the winner. Upon examining the details, Emerita challenged the decision and filed charges of corruption against the panel. As per Spanish law, if there is a commission of a crime in a public tender process, the award must be negated and the tender goes to the next qualified bidder. In this case, Emerita is the only other qualified bidder and with today's announced ruling in favour of Emerita, the company is expected to be on the verge of being officially awarded the project.

Company Details

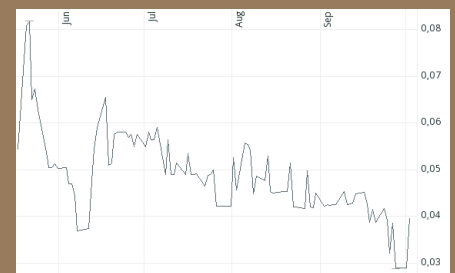


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▲Chart Canada (TSX.V)

Canadian Symbol (TSX.V): EMO
Current Price: \$0.07 CAD (10/03/2019)
Market Capitalization: \$4 Million CAD



▲Chart Germany (Frankfurt)

German Symbol / WKN: LLJA / A2PKVQ
Current Price: €0.0395 EUR (10/02/2019)
Market Capitalization: €2 Million EUR



According to the latest media coverage in Spain, making headlines in the news at national level, the re-opening of the Aznalcóllar Mine in southern Spain could be in the offing and Emerita should get awarded the project, whereas the President of [SEPI](#), a Spanish state holding company controlled by the Ministry of the Treasury, has resigned:

“Judge Alaya reopens the case of the Aznalcóllar mine and cites Pedro Sánchez as being under investigation”

www.eldiario.es/andalucia/Aznalcollar_0_948055491.html
(See English translation [here](#))

“The Hearing reopens the criminal case against the award to Minorbis of the Aznalcóllar mine”

www.sevilla.abc.es/economia/sevi-audiencia-reabre-causa-penal-contradjudicacion-grupo-mexico-mina-aznalcollar-201910011220_noticia.html
(See English translation [here](#))

“Alaya reopens the award of Aznalcóllar to investigate the president of SEPI”

www.diariodesevilla.es/juzgado-de-guardia/actualidad/mina-Grupo-Mexico_0_1396660474.html
(See English translation [here](#))

“The Government will dismiss the president of SEPI this Friday after his accusation for the sale of a mine”

www.elpais.com/politica/2019/10/01/actualidad/1569928295_155144.html
(See English translation [here](#))

“Sepi president resigns over Aznalcóllar case”

www.elmundo.es/andalucia/2019/10/01/5d93196421efa00d3b8b45f2.html
(See English translation [here](#))

Videos

www.rtve.es/alacarta/videos/noticias-andalucia/noticias-andalucia-2-1-10-19/5399776/

www.publico.es/politica/dimite-presidente-sepi-reapertura-causa-aznalcollar.html

www.larazon.es/economia/dimite-el-presidente-de-la-sepi-por-la-causa-de-la-mina-de-aznalcollar-LF25139651



About Aznalcóllar & Los Frailes

- There exist 2 discontinued open-pit mines on the property: Aznalcóllar (see picture below; [source](#)) and Los Frailes.
- Los Frailes was operated by the Swedish mining giant Boliden in the late 1990s for approximately 18 months until it had a [tailings failure](#) (see picture on top right; [source](#)) at a time of low zinc prices, which resulted in closure of the operation.
- Boliden ultimately left Spain and the Government took over and rehabilitated the site.

- Most of the deposit remains in the ground due to the short time it was operating.

- Boliden's mine plan included a low-grade but large open-pit, the historical estimate was **71 million tonnes grading 3.8% zinc, 2.18% lead, 0.34% copper and 60 ppm silver** (see picture on top; [source](#)).

- Reports by the operation's mine department and a review of the diamond drilling data for the mine indicate the existence of a higher grade portion of the resource that was historically estimated by the previous operator to contain **20 million tonnes grading 6.66% zinc, 3.87% lead, 0.29% copper and 84 ppm silver**.

- Emerita proposes to first mine the higher grade portion of the deposit with underground methods (benefits: no huge waste rock piles, tailings go back underground as paste fill, lower capital, smaller mill, etc.).



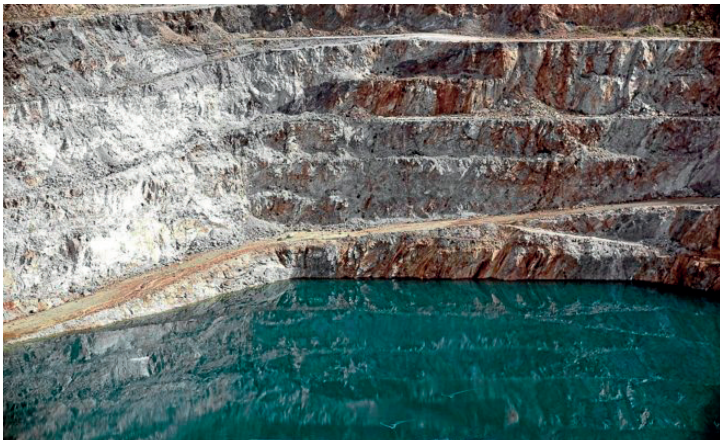


Above: The Aznalcóllar open-pit ([source](#)).



Above: Looking at the Los Frailes open-pit ([source](#)).

Below: The abandoned Aznalcóllar open-pit ([source](#)).



Above: The Los Frailes open-pit ([source](#)).

Below: Mining at Aznalcóllar prior to tailings failure ([source](#)).





According to today's news from Emerita announcing ["favourable ruling on the Aznalcóllar Project appeal, Spain"](#):

TORONTO, Oct. 04, 2019 (GLOBE NEWSWIRE) -- **Emerita Resources Corp.** (TSX-V: EMO) (the "Company" or "Emerita") is pleased to announce that five judges of the Appellate Court of Seville (the "Appellate Court") have unanimously ruled in favour of Emerita's appeal of the lower court's decision to dismiss a criminal case against the Andalusian government panel (the "Panel") responsible for awarding the Aznalcóllar project (the "Project") and the former Director of Mines of the Government of Andalucía (collectively, the "Accused").

The Project was the subject of a multistage public tender process that the Appellate Court has concluded, based on a lengthy and detailed police investigation, was wrongfully awarded to Minorbis-Grupo Mexico ("Minorbis-GM"). According to Spanish Counsel, laws relating to public tenders in Spain stipulate that if there is commission of a crime in the awarding of a public tender the bid shall be disqualified and the tender will be awarded to the next qualified bidder. In the case of the Project, Emerita is the only qualified bidder.

Among other points raised in the lengthy ruling by the Appellate Court were the following:

- Minorbis-GM was patently in breach of the requirements of the first phase of the tender, for various reasons, such that their bid should have been disqualified and not allowed to proceed to the next phase. The Panel committed an illegal act in allowing the incomplete bid to proceed to subsequent steps in the process.
- Refers to facts as 'patent illegality' and 'gross and crude illegality', in that Minorbis was nothing more than an instrument for delivering the Project to a third party for financial consideration, in a manner contrary to the law and that members of the Panel were aware

of this maneuver from the beginning.

- In addition, the Appellate Court indicates there is ample evidence of not only the crime of prevarication, but that of influence peddling, fraud, bribery and embezzlement. The last of which is important because it states that Emerita's bid was the most beneficial offer in terms of higher return with respect to taxes, social fees and benefits, and improvements for the community and that the Panel choosing the worst offer would be an illegitimate use of public resources which is a criminal offence.

David Gower P.Geo., CEO of Emerita, states: "We are highly satisfied with the detailed ruling presented by the Appellate Court and agree in full with the findings. It is unfortunate that the Project has been delayed as a result of the illegal actions of those implicated during the public tender. It is also important to acknowledge that these crimes occurred under the previous political regime and we look forward to working with the present administration to develop this important resource, with the utmost care for the local environment and for the safety of the community and the workers employed on the Project. The ruling in its entirety is lengthy and detailed and the Company continues to consult with counsel and will consult with government officials to fully understand the process going forward and will report further as information becomes available."

Joaquin Merino P.Geo., President of Emerita notes: "Emerita remains fully committed to responsibly developing the Project and working closely with all of the stakeholders. Our approach to the public tender was very serious and included approximately \$1,000,000 spent on technical studies to articulate the most effective and responsible way to develop the Project into a modern and safe operation. The detailed submission which amounted to almost 10,000 pages puts Emerita in an excellent position to advance the Project efficiently as a significant amount of work and planning has

already been completed by the Company. We look forward to working with the government and community in the development of the Project."

The Appellate Court has ordered that the lower court reconsider and investigate the claims against the Accused as well as ordered the lower court to investigate certain representatives of Minorbis-GM, the party that was ultimately awarded the Project. This is the second time that the Appellate Court has ordered the lower court to reopen its investigation. The Appellate Court reiterated its findings from its original decision, namely that there is strong evidence of gross negligence and misconduct by the Accused and that it is necessary to continue investigating whether criminal acts were committed by the Accused, but also added that Minorbis-GM failed to comply with the requirements of the first stage of the tender process and should never have been eligible to participate in the second stage of the tender. Further, the Appellate Court has ordered the lower court to investigate whether the Accused committed fraud, bribery, influence peddling, abuse of power and embezzlement.

Emerita was the only qualified bidder in the Aznalcóllar tender process and under Spanish law should be awarded the Project. Emerita remains committed to working with the community of Aznalcóllar to develop the Project in an environmentally responsible manner to benefit all stakeholders.

About the Aznalcollar Project

Emerita was one of only two companies to qualify for the final round of bidding for the Project. The Government of Andalusia and the Province of Seville announced the public tender for the past producing property (Concurso público para la adjudicación de la explotación de la reserva de Aznalcóllar en la provincia de Sevilla) in 2014 (see news release dated May 22, 2014). On December 16, 2014, Emerita submitted a detailed technical proposal, which was the final requirement for the public tender process.



The Aznalcóllar Project is a past producing property within the famous Iberian Pyrite Belt that hosted the Aznalcóllar and Los Frailes open pit zinc-lead-silver mines (see Figure 1).

Historical Estimates

The focus of the Project is re-development of the Los Frailes deposit which was developed in the mid 1990s. The historical estimate as calculated by the previous operator of the mine was estimated to be 71 million tonnes grading 3.86% zinc, 2.18% lead, 0.34% copper and 60 ppm silver (see Figure 2).

Reports by the operation's mine department and a review of the diamond drilling data for the mine indicate the existence of a higher-grade portion of the historical estimate that was estimated by the previous operator to contain 20 million tonnes grading 6.66% zinc, 3.87% lead, 0.29% copper and 84 ppm silver. The Aznalcóllar and Los Frailes deposits are open for further expansion by drilling at depth, as historical drilling was primarily constrained to depths accessible by open pit mining. A qualified person as

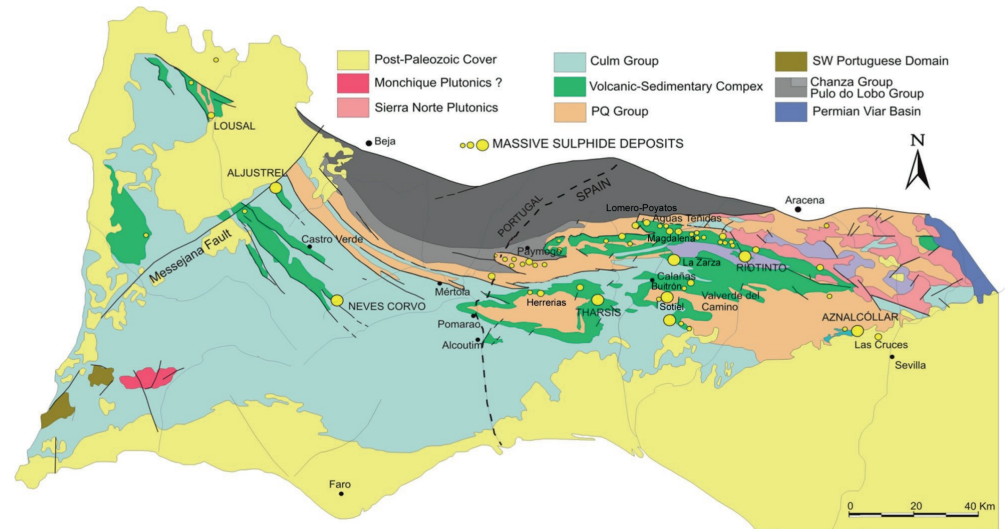
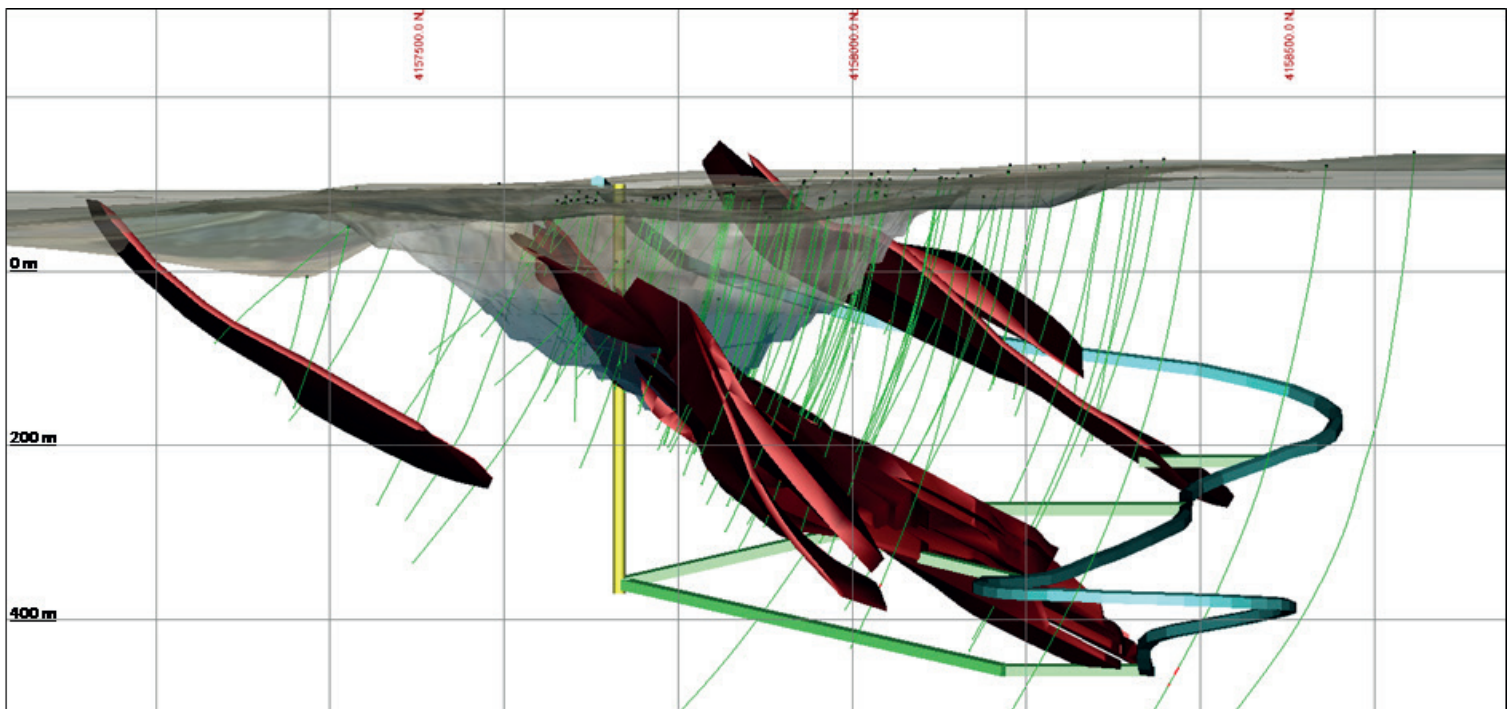


Figure 1: Iberian Pyrite Belt. Aznalcóllar Location Map.

defined in National Instrument 43-101 has not done sufficient work on behalf of Emerita to classify the historical estimate reported above as current mineral resources or mineral reserves and Emerita is not treating the historical estimate as current mineral resources or mineral reserves. A summary of the historical resource estimate is available from the Government of Andalucía in a report prepared by the prior operator of the Aznalcóllar Project entitled "Proyecto de Explotación Yacimiento Los Frailes,

Memoria Andaluza de Piritas, Boliden-Apirsa, Octubre 1994" (Los Frailes Development project Report, Boliden-Apirsa, October 1994) along with subsequent resource estimate updates, the latest being from 2000. The Los Frailes operation was only in production for approximately 1.5 years when a tailings dam failure along with low metal prices caused the former operator to shut down the Project. The Government subsequently completed reclamation and took ownership of the site.



Aver. Ore Thickness = 18m

Figure 2: Deposit locations at the Aznalcóllar Project. The Los Frailes deposit is the mineralized zone in the center of the model and comprises the historical resources referred to herein.



Emerita would be prepared to commence work immediately upon receiving appropriate permits to carry out drilling on the property and complete an NI 43-101 mineral resource estimate required for the completion of a feasibility study in support of development of a mining operation at the site.

The Company developed the technical proposal based on a database collected from a number of sources including data provided by the Government of Andalucía comprising drill hole information, environmental data, and geotechnical and metallurgical data. Emerita understands the importance of community support for the project and had presented its proposal to the local community of Aznalcóllar, local and national union representatives, the Andalusia business community and local and national government agencies, among other institutions during the public tender process.

According to Joaquin Merino, P.Geo, Emerita's President: "Emerita's team has a great deal of experience with deposits similar to the Aznalcóllar deposits, including successful mine developments in the Matagami and Bathurst mining camps in Canada. We have a strong technical team that put together an excellent proposal incorporating the most innovative technology and processes available to the industry globally. The Company paid close attention to the technical aspects but more importantly also the social and environmental aspects of the project. Emerita's team is confident that Aznalcóllar can be developed in a responsible manner that benefits all stakeholders."

No current mineral resources have been estimated on the property. In addition, it should be noted that mineral resources that are not mineral reserves do not have demonstrated economic viability.

Qualified Person

The scientific and technical information in this news release has been reviewed

and approved by Mr. Joaquin Merino, P.Geo, President of the Company and a Qualified Person as defined by National Instrument 43-101 of the Canadian Securities Administrators.

About Emerita Resources Corp.

Emerita is a natural resource company engaged in the acquisition, exploration and development of mineral properties in Europe, with a primary focus on exploring in Spain. The Company's corporate office and technical team are based in Sevilla, Spain with an administrative office in Toronto, Canada.

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Stephan Bogner studied Economics, with specialization in Finance & Asset Management, Production & Operations, and Entrepreneurship & International Law, at the International School of Management



(Dortmund, Germany), the European Business School (London, UK) and the University of Queensland (Brisbane, Australia). Under [Prof. Dr. Hans J. Bocker](#), Stephan completed his diploma thesis ("Gold In A Macroeconomic Context With Special Consideration Of The Price Formation Process") in 2002. A year later, he marketed and translated into German Ferdinand Lips' bestseller "Gold Wars". After working in Dubai's commodity markets for 5 years, he now lives in Switzerland and is also the CEO of [Elementum International AG](#) specialized in duty-free storage of gold and silver bullion in a high-security vaulting facility within the St. Gotthard Mountain in central Switzerland.

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