

Josemaria Reports Third Quarter 2020 Results

VANCOUVER, BC, Nov. 13, 2020 /CNW/ - **Josemaria Resources Inc.** (TSX: JOSE) (OMX: JOSE) (OTCQB: JOSMF) ("Josemaria Resources" or the "Company") is pleased to announce its results for three months ended September 30, 2020. [View PDF](#)

Adam Lundin, Josemaria Resources' Chief Executive Officer, comments: "*With the recent announcement of the positive results of our Feasibility Study on the Josemaria Project and the completion of a net \$29.9 million equity financing during the quarter, we are excited to continue towards the development of the Josemaria Copper-Gold Project. We are now focused on bridging-phase engineering activities, progression of the Environmental and Social Impact Assessment for planned submission to the relevant authorities in early 2021 and finalizing commercial and fiscal terms with the San Juan and Federal authorities in Argentina.*"

HIGHLIGHTS

- On October 19, 2020, the Company announced the results of an independent feasibility study (the "Feasibility Study") of its 100% owned copper-gold Josemaria Project located in San Juan Province, Argentina (the "Josemaria Project"). The Feasibility Study was prepared by a team of engineering and consulting service providers led by Fluor Canada Ltd. with key sections prepared by SRK Consulting (Canada) Inc., and Knight Piésold Ltd. with input from a variety of independent consultants and qualified persons, and in accordance with the disclosure standards of National Instrument 43-101 ("NI 43-101"). The Feasibility Study demonstrates a robust, rapid pay-back, low risk project, with an open pit operation feeding a conventional process plant at 152,000 tonnes per day over a 19 year mine life, yielding average annual metal production of 136,000 tonnes of copper ("Cu"), 231,000 ounces of gold ("Au") and 1,164,000 ounces of silver ("Ag"). The economic analysis contained in the Feasibility Study highlights a USD\$1.53 after-tax Net Present Value (8% discount rate) and 15.4% after-tax Internal Rate of Return at assumed metal prices of USD\$3.00 per pound Cu, USD\$1,500 per ounce Au and USD\$ 18 per ounce Ag. The Technical Report summarizing the results of the Feasibility Study is available under the Company's website and profile on SEDAR.
- On August 18, 2020, the Company closed a private placement and concurrent public offering of 46,652,986 common shares of the Company at a price of \$0.67 per common share for gross proceeds of \$31.3 million, less issuance costs of \$1.4 million, for net proceeds of \$29.9 million.

FINANCIAL RESULTS

<i>(in thousands, except per share amounts)</i>	Three months ended		Nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Exploration and project evaluation expenses	2,544	3,926	26,346	25,031
General and administration ("G&A")	1,116	1,293	4,061	4,195
Foreign exchange and trading (gains) losses realized on equity investments	(657)	(16)	(4,989)	(79)
Gain on spin-out transaction	-	(30,847)	-	(30,847)
Net (income)/loss	2,693	(23,228)	27,971	(147)
Basic and diluted loss per share	0.01	(0.09)	0.11	(0.00)

The Company's net loss for the three and nine months ended September 30, 2020 was \$2.7 million and \$28.0

million, respectively, compared to net income of \$23.5 million and \$0.1 million, respectively, for the same periods in 2019. When excluding the one-time gain on spin-off transaction of \$30.8 million and reclassification of accumulated exchange differences upon spin-off of \$1.4 million, the net loss for the three and nine months ended September 30, 2019, is \$6.0 million and \$29.3 million, respectively. When excluding the one-time items, the decrease in the net loss for the three months ended September 30, 2020 is primarily related to the winding down of certain exploration and project investigation activities as the Company worked towards completing the Feasibility Study. Exploration and project investigation expenditures for the three months ended September 30, 2020, all of which relate to the Josemaria Project, decreased to \$2.5 million as compared to \$3.9 million incurred in the comparative period (which includes \$3.8 million incurred on the Josemaria Project). The Company's primary exploration and project investigation expenditures during the three months ended September 30, 2020 consist of costs related to the completion of the Feasibility Study.

Overall G&A costs for the three months ended September 30, 2020 totaled \$1.1 million compared to \$1.3 million over the same period in 2019. Costs remain largely comparable period to period, but the 2020 period included increases in salaries and benefits and travel costs, offset by decreases in professional fees, share-based compensation and promotional expenditures. Share-based compensation is a non-cash charge reflecting the expense associated with the vesting of outstanding stock options during the period.

During the three months ended September 30, 2020, the Company recognized a net monetary loss of \$0.08 million (2019 – \$0.4 million) in relation to the application of hyper-inflationary accounting for the Company's Argentine subsidiary, which began July 1, 2018. In other comprehensive loss, the Company recognized a gain of \$0.1 million resulting from the impact of hyper-inflation accounting which consists of adjustments recognized on the continuing inflation of opening non-monetary balances during the three months ended September 30, 2020 (2019 – loss of \$1.6 million), and the ongoing translation of the Company's Argentine subsidiary into the Canadian dollar presentation currency following July 1, 2018, as mentioned above. A detailed discussion regarding the application of hyper-inflationary accounting has been provided in the notes to the condensed interim consolidated financial statements.

SELECTED FINANCIAL INFORMATION

<i>(in thousands)</i>	September 30, 2020	December 31, 2019
Cash	\$ 14,765	\$ 4,043
Working capital deficit	(18,357)	(20,872)
Mineral properties	10,475	10,608
Total assets	28,827	18,732
Total liabilities	38,271	35,087

The Company does not currently generate income from operations. As at September 30, 2020, the Company's working capital deficit is \$18.4 million, and while the net \$29.9 million financing from August 2020 provides sufficient capital for the Company to fund operations for the near term, the Company will need further funding to support the advancement of the Josemaria Project towards development and to meet general corporate and working capital requirements. Historically, capital requirements have been funded through equity financing, joint ventures, disposition of mineral properties and investments, and through the use of credit facilities with related parties. While management is confident that additional sources of funding will be secured to fund planned expenditures, factors that could affect the availability of financing include the progress and results of ongoing project evaluation activities at the Company's Josemaria Project, the state of international debt and equity markets, investor perceptions and expectations of the global copper, gold, and/or silver markets, and the ongoing COVID-19 pandemic. If necessary, the Company may explore opportunities to revise the due dates of its liabilities, and/or settle its liabilities through the issuance of common shares and other equity instruments. Based on the amount of funding raised, the Company's planned

initiatives and other work programs may be postponed, or otherwise revised, as necessary.

QUALIFIED PERSONS AND TECHNICAL REPORT

The technical information in this press release has been reviewed and approved by Mr. Bob Carmichael, P. Eng. (BC), the Company's Vice President of Exploration, and Mr. Dustin Smiley, P. Eng. (BC), the Company's Engineering Manager. Both Mr. Carmichael and Mr. Smiley are Qualified Persons under National Instrument 43-101 Standards of Disclosure for Mineral Projects.

The Technical Report summarizing the results of the Feasibility Study included in this press release was prepared in accordance with the disclosure standards of NI 43-101 and was filed under the Company's website and profile on SEDAR on November 5, 2020. The Technical Report, titled "NI 43-101 Technical Report, Feasibility Study for the Josemaria Copper-Gold Project, San Juan Province, Argentina" is dated effective September 28, 2020. The authors of the Technical Report are as follows:

Bob McCarthy, P.Eng. <i>SRK Consulting (Canada) Inc.</i>	Neil Winkelmann, FAusIMM <i>SRK Consulting (Canada) Inc.</i>	Andy Thomas, P.ENG. <i>SRK Consulting (Canada) Inc.</i>
Cameron Scott, P.Eng. <i>SRK Consulting (Canada) Inc.</i>	Marcel Bittel, P.Eng. <i>Fluor Canada Ltd.</i>	Brian Johnston, P.Eng. <i>Fluor Canada Ltd.</i>
Duane Ruane, P.Eng. <i>Knight Piésold Ltd.</i>	James Gray, P.Geo. <i>Advantage Geoservices Ltd.</i>	Fionnuala Devine, P.Geo. <i>Merlin Geosciences Inc.</i>
Jeffrey Austin, P.Eng. <i>International Metallurgical and Environmental Inc.</i>		

ABOUT JOSEMARIA RESOURCES

Josemaria Resources Inc. is a Canadian natural resources company focused on advancing the development of its wholly-owned Josemaría copper-gold project in San Juan Province, Argentina. The Company is a reporting issuer in the Provinces of British Columbia, Alberta, Ontario and Quebec and its corporate head office is in Vancouver, BC. The Company's shares are listed on the TSX and on Nasdaq Stockholm under the ticker symbol of "JOSE" and on the OTCQB Venture Market under the ticker symbol of "JOSMF".

This is information that the Corporation is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, on November 13, 2020 at 17:00 Eastern Time.

On behalf of the board

Adam Lundin
President and CEO

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS


This press release includes certain "forward-looking information" and "forward-looking statements" (collectively "forward-looking statements") within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein, including, without limitation, the future price of copper, gold and silver; the results of the Feasibility Study and expected timelines; the timing and amount of estimated future production; net present values and internal rates of return at the Josemaria Project; recovery rates; payback periods; costs of production; capital expenditures; costs and timing of the development of the Josemaria Project; mine life; the potential future development of the Josemaria Project and the future operating or financial performance of the Company; the impact of COVID-19 on the Company's operations, hyper-inflationary accounting, the effect of government regulations (or changes thereto) with respect to restrictions on production, export controls and duties, income taxes, royalties, expropriation of property, repatriation of profits, environmental legislation, land use, water use, mine safety, approval processes and the receipt of necessary permits are forward-looking statements. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible", and similar expressions, or statements that events, conditions, or results "will", "may", "could", or "should" occur or be achieved. These forward-looking statements may also include statements regarding perceived merit of properties; exploration plans and budgets; mineral reserves and resource estimates; work programs; capital expenditures; timelines; strategic plans; market prices for precious and base metals; or other statements that are not statements of fact. In addition, statements relating to "mineral resources" and "mineral reserves" are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions that the mineral resources and mineral reserves described can be profitably produced in the future.

Forward-looking statements involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations include the Company's ability to finance the development of its mineral properties; commodity price fluctuations; assumptions and discount rates being appropriately applied to the Feasibility Study, uncertainty as to whether there will ever be production at the Company's Josemaria Project and any other future mineral exploration and development properties; risks related to the Company's ability to commence production and generate revenues or obtain adequate financing for its planned exploration and development activities; risks related to lack of infrastructure including but not limited to the risk whether or not the Josemaria Project will receive the requisite permits and, if it does, whether the Company will build the Josemaria Project; risks related to inclement weather which may delay or hinder activities at the Company's mineral properties; risks related to the Company's dependence on third parties for the development of its projects; uncertainties relating to the assumptions underlying resource and reserve estimates; mining and development risks, including risks related to infrastructure, accidents, equipment breakdowns, labor disputes, bad weather, non-compliance with environmental and permit requirements or other unanticipated difficulties with or interruptions in development, construction or production; the geology, grade and continuity of the Company's mineral deposits; the uncertainties involving success of exploration, development and mining activities; permitting timelines; risks pertaining to the outbreak of the global pandemics, including COVID-19; government regulation of mining operations; environmental risks; unanticipated reclamation expenses; prices for energy inputs, labour, materials, supplies and services; uncertainties involved in the interpretation of drilling results and geological tests and the estimation of mineral reserves and mineral resources; the need for cooperation of government agencies and indigenous groups in the development and operation of properties including the Josemaria Project; unanticipated variation in geological structures, metal grades or recovery rates; fluctuations in currency exchange rates; unexpected cost increases in estimated capital and operating costs; the need to obtain permits and government approvals; uncertainty related to title to the Company's mineral properties, anticipated use of proceeds from financings including the financing completed on August 18, 2020, the ability of the Company to satisfy the

conditions of the terms and conditions of the debentures issued pursuant to the 2018, 2019, 2020 and Lorito Facilities, including repayment thereof upon their respective maturity dates and the issuance of Common Shares thereunder and the timing and success in obtaining requisite regulatory (including TSX) approvals and other risks and uncertainties disclosed in the Company's periodic filings with Canadian securities regulators and in other Company reports and documents filed with applicable securities regulatory authorities from time to time, including the Company's Annual Information Form available under the Company's profile at www.sedar.com. In addition, these statements involve assumptions made with regard to the Company's ability to develop the Josemaria Project and to achieve the results outlined in the Feasibility Study; the ability to raise the capital required to fund construction and development of the Josemaria Project; and the results and impact of future exploration at the Josemaria Project. The Company's forward-looking statements reflect the beliefs, opinions, and projections on the date the statements are made. The Company assumes no obligation to update the forward-looking statements or beliefs, opinions, projections, or other factors, should they change, except as required by law.

SOURCE Josemaria Resources Inc.

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Additional assets available online:  [Documents \(1\)](#)

<https://josemaria.mediaroom.com/2020-11-13-Josemaria-Reports-Third-Quarter-2020-Results>