



2021 SECOND QUARTER REPORT

**Management's Discussion and Analysis
and
Condensed Interim Consolidated Financial Statements**

**For the Six Months Ended June 30, 2021
(UNAUDITED)**

**HACIENDO
QUE EL FUTURO
COBRE VIDA**



This management's discussion and analysis ("MD&A") of the results of operations and financial condition for Josemaria Resources Inc. ("the Company", "Josemaria Resources") has been prepared as of August 12, 2021 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2021 and the related notes therein (the "2021 Financial Statements"); the Company's annual audited consolidated financial statements for the year ended December 31, 2020 and the related notes therein ("2020 Financial Statements"); and the MD&A for the year ended December 31, 2020 ("2020 MD&A"). The 2020 Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and the 2021 Financial Statements are prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Report. This MD&A focuses on significant factors that have affected the Company and its subsidiaries and such factors that may affect its future performance. All dollar amounts expressed throughout this report are in Canadian dollars, unless otherwise indicated.

This MD&A contains forward-looking statements that are subject to risk factors as set out in the "Cautionary Note Regarding Forward Looking Information and Statements" on Page 17. Additional information about the Company and its business activities is described on the Company's annual information form (the "2020 AIF"). The 2020 AIF is available on SEDAR at www.sedar.com and on the Company's website at <https://www.josemariaresources.com>.

CORE BUSINESS

Josemaria Resources is a Canadian natural resources company focused on advancing the development of its wholly-owned Josemaria copper-gold-silver project located in San Juan Province, Argentina (the "Josemaria Project"). The Company is a reporting issuer in all provinces and territories of Canada and its corporate head office is in Vancouver, B.C. The Company trades under the ticker symbol of "JOSE" on the TSX and on the NASDAQ Stockholm Stock Exchange ("OMX"), and under the ticker symbol of "JOSMF" on the OTCQB Venture Market.

The Company is committed to responsible and sustainable mining development in the jurisdictions within which it works and operates, and to create meaningful value for its shareholders and stakeholders, alike. All aspects of the Company's operations and engagements are founded on a core set of environmental, social and governance commitments.

2021 HIGHLIGHTS

- On February 23, 2021, the Company announced the completion and presentation of the Environmental Social Impact Assessment ("ESIA") to Governor Sergio Uñac at a ceremony held in San Juan Province, Argentina.
- On March 18, 2021, the Company announced additions to the senior leadership team that will be responsible for ultimately constructing the Company's 100%-owned Josemaria Copper-Gold Project in San Juan, Argentina, including leading the design, engineering, construction and start-up of the Josemaria Project.
- On April 19, 2021, the Company successfully closed a private placement of 58,708,900 common shares of the Company at a price (the "Offering Price") of \$0.69 per common share for gross proceeds of \$40.5 million. Concurrently, the Company also closed a public offering (the "Offering") pursuant to which a syndicate of underwriters purchased, on a bought deal basis, 14,500,000 common shares at the Offering Price for gross proceeds of \$10.0 million, plus an over-allotment option at the Offering Price of an additional 2,175,000 common shares for gross



proceeds of \$1.5 million, for total combined gross proceeds of \$52.0 million. The Company incurred related share issuance costs of \$1.4 million for net proceeds of \$50.6 million.

JOSEMARIA PROJECT FEASIBILITY STUDY

On October 19, 2020, the Company announced the results of the Feasibility Study 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") for its 100% owned copper-gold-silver Josemaria Project located in San Juan, Argentina.

The Technical Report summarizing the results of the Feasibility Study, titled "*NI 43-101 Technical Report, Feasibility Study for the Josemaria Copper-Gold Project, San Juan Province, Argentina*" and dated effective September 28, 2020, was prepared under NI 43-101 Standards for Disclosure for Mineral Projects and filed on November 5, 2020. The Technical Report is available under the Company's profile on SEDAR (www.sedar.com).

OUTLOOK

The Company continues to advance the Josemaria Project following completion of the Feasibility Study in the fourth quarter of 2020 and submission of the Environmental and Social Impact Assessment ("ESIA") in February 2021. Active engagement continues with federal and San Juan provincial authorities in Argentina, including discussions aimed at finalizing and securing commercial and fiscal terms applicable to the project and ESIA approval. The Company continues to progress the Josemaria Project as the Company believes current commodity prices support the view of a tightening copper market, where there are a limited number of readily developable projects.



SUMMARY OF QUARTERLY RESULTS

Financial Data for 8 Quarters								
<i>(In thousands \$ except for per share amounts)⁽ⁱ⁾</i>								
Three Months Ended	Jun-21 <i>(2nd qtr)</i>	Mar-21 <i>(1st qtr)</i>	Dec-20 <i>(4th qtr)</i>	Sep-20 <i>(3rd qtr)</i>	Jun-20 <i>(2nd qtr)</i>	Mar-20 <i>(1st qtr)</i>	Dec-19 <i>(4th qtr)</i>	Sept-19 <i>(3rd qtr)</i>
Exploration and project investigation	6,324	5,223	3,588	2,544	4,447	19,355	10,510	3,926
Unrealized foreign exchange (gain) / loss	(250)	(357)	(1,489)	(1,240)	(1,811)	2,968	(413)	165
Foreign exchange and trading gains realized on equity investments	(866)	(831)	(1,500)	(657)	(2,296)	(2,037)	-	-
(Gain) / loss on net monetary position	57	60	71	8	195	114	(88)	365
Net (income)/loss	7,121	7,950	3,266	2,693	2,318	22,959	11,097	(23,522)
Total basic and diluted (income)/loss per share ⁽ⁱ⁾	0.02	0.03	0.01	0.01	0.01	0.09	0.04	(0.09)

(i) As a result of rounding the sum of the quarterly amounts may differ from the year to date

Changes in net losses and cash flow used in operating activities for the quarter are primarily affected by the level of exploration and project investigation activity during that period. Camp activities, including drilling, are generally not carried out during the winter season in South America and as such, exploration and project investigation expenditures and cash flow used in operations are typically lower during the second and third quarter of each year compared to other quarters. The amount of cash resources available and timing of financing also affect the extent of exploration and project investigation programs and the costs incurred in a given period.

QUARTERLY RESULTS

The Company's net loss for the three and six months ended June 30, 2021 was \$7.1 million and \$15.1 million, respectively, compared to \$2.3 million and \$25.3 million, respectively, for the same periods in 2020. The decrease in net loss mainly reflects the Company not having conducted a comprehensive field program in 2020/2021 as it did in the prior comparative period. During Q4 2019 and Q1 2020, the Company conducted a field program which included reserve definition drilling and advanced ongoing environmental studies in support of the Feasibility Study for the Josemaria Project, which was published in October 2020. These work programs resulted in exploration and project investigation expenses of \$23.8 million during the six months ended June 30, 2020, as compared to \$11.5 million incurred during the six months ended June 30, 2021. During the six months ended June 30, 2021, the Company's primary exploration and project investigation expenses consisted of engineering optimization, expenditures associated with supporting the ongoing ESIA approval process in Argentina, commercial and fiscal studies and negotiations, environmental baseline studies, roadwork and related studies, and community relations.



General and administrative (“G&A”) costs for the three and six months ended June 30, 2021 totaled \$1.4 million and \$4.5 million, respectively, compared to \$0.9 million and \$2.9 million, respectively, over the same periods in 2020. The increase was mainly the result of higher salaries and benefits due to voluntary salary reductions for the senior management group not being in place during the 2021 period and higher discretionary management bonuses, and higher share-based compensation expenses due to a larger number of options having been granted. Share-based compensation is a non-cash charge reflecting the expense associated with the vesting of outstanding stock options during the period.

From time to time, as part of the capital funding process from the Canadian parent to the Argentinian subsidiary, the Company will purchase equity instruments via a third-party investment broker. The equity instruments are transferred from the parent to the subsidiary and held for a pre-determined period, typically five business days, and then sold. The Company conducts such transactions on an intra-period basis and does not hold the equity instruments at period end. During the six months ended June 30, 2021, the Company realized a trading loss of \$0.4 million (2020 – \$1.0 million) and a foreign exchange gain of \$2.1 million (2020 – \$5.3 million) as a result of holding the equity instruments for a net realized gain of \$1.7 million (2020 – \$4.3 million). The decrease in net gain is the result of the Company having conducted fewer such transactions during Q1 2021 than in the comparative period as a result of lower in-country activity in Argentina.

During the six months ended June 30, 2021, the Company recognized a net monetary loss of \$0.1 million (2020 – \$0.3 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 loss of \$0.1 million resulting from the impact of hyper-inflation which consists of adjustments recognized on the continuing inflation of opening non-monetary balances during the six months ended June 30, 2021 (2020 – gain of \$1.7 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 Note 3 to the condensed interim consolidated financial statements.

DEBENTURES

The Company has secured financing through Zebra Holdings and Investments S.à.r.l. (“Zebra”) and Lorito Holdings and Investments S.à.r.l. (“Lorito”), both related parties of the Company, as evidenced by debentures. On October 25, 2019 the Company secured a US\$20.0 million credit facility with Lorito (the “Lorito Facility”) and on May 25, 2020, the Company secured two credit facilities totaling US\$7.0 million (collectively the “2020 Facilities”), one with Lorito for US\$3.5 million and one with Zebra for US\$3.5 million. Lorito reports its security holdings in the Company as a joint actor with Zebra, and they collectively held more than 39% of the Company's issued and outstanding common shares as at June 30, 2021. Information related to the facilities as at and for the six months ended June 30, 2021 is as follows:



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021

	Lorito Facility		2020 Facilities	
Original date of issue	October 25, 2019		May 25, 2020	
Maturity date	November 25, 2021		November 25, 2021	
Shares issuable per \$50,000 drawn	800		920	
As at June 30, 2021:				
Maximum amount available under the facility	\$	US 20.0 million	\$	US 7.0 million
Amount drawn on the facility	\$	US 3.6 million	\$	US 4.0 million
For the six months ended June 30, 2021:				
Shares issued pursuant to the facility	1,570,879		384,620	
Finance charge incurred in relation to shares issued	\$	967,208	\$	325,570

On April 21, 2021, the Company repaid US\$16.4 million of the outstanding US\$20.0 million balance on the Lorito Facility. On April 22, 2021, the Company announced an extension of the maturity date of the Lorito Facility from April 25, 2021 to November 25, 2021. As of the date of this MD&A, US\$16.4 million remains undrawn on the Lorito Facility and US\$3.0 million remains undrawn on the 2020 Facilities.

LIQUIDITY AND CAPITAL RESOURCES

(In thousands \$)	June 30, 2021		December 31, 2020	
Cash	\$	25,577	\$	6,741
Working capital surplus (deficit)		13,561		(24,748)

During the six months ended June 30, 2021, the Company used \$12.4 million (2020 – \$22.9 million) in operating activities. The decrease from the prior period is the result of the Company not having conducted a comprehensive field program during the 2020/2021 season as compared to the comparative period when one was completed. During the six months ended June 30, 2021, the Company had net \$31.5 financing inflows (2020 – \$20.4 million), which consists of net proceeds of \$50.6 million received on the private placement and bought deal (2020 – \$nil) and \$0.1 million received on the exercise of stock options (2020 – \$nil), less net repayments on the Company's outstanding debentures of \$19.3 million (2020 – funds received of \$20.4 million). During the six months ended June 30, 2021, the Company used \$8,410 to acquire fixed assets (2020 – \$4,493).

The Company does not currently generate income from operations. The Company anticipates that it will need further funding in order to advance the Josemaria Project. Historically, capital requirements have been funded through equity financing, joint ventures, disposition of mineral properties and investments, and 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 exploration and project investigation activities at the 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 novel coronavirus ("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.

APRIL 2021 EQUITY FINANCING USE OF PROCEEDS

As previously noted, on April 19, 2021, the Company closed a private placement and bought deal (together, the "2021 Offerings") for net proceeds of \$50.6 million. As detailed in the table below comparing the estimated use of proceeds from the 2021 Offerings, as disclosed in the accompanying prospectus to the Offerings (the "2021 Prospectus"), to the actual amounts incurred through June 30, 2021, the Company has incurred the following variances:

(In millions \$)	Expected Use of Proceeds	Actual Use of Proceeds Through June 30, 2021	Variances
Repayment of amounts owed under the Lorito Facility	\$ 20.5	\$ 20.5	-
Josemaria Project			
- Project Engineering, Construction Execution Planning and Commercial Studies	15.1	3.7	(11.4)
- Owner's Project Execution Team	3.2	1.5	(1.7)
- Local Access Road Engineering and Studies	2.4	0.6	(1.8)
- Environmental, Social and Permitting	1.7	0.5	(1.2)
Total Josemaria Project	22.4	6.3	(16.1)
Corporate, public company overheads and working capital purposes	5.7	1.1	(4.6)
Total	\$ 48.6	\$ 27.9	\$(20.7)

Upon receipt of the funds from the Offerings, the Company immediately repaid \$20.5 million (\$US 16.4 million) on the Lorito 2020 Facility as detailed in the 2021 Prospectus. All activities being incurred related to the Josemaria Project are in line with expectations and no material variances are expected at this time, however it is possible that some cost provisions will be re-allocated between sub-categories. Corporate and public company overheads are also being incurred in line with expectations and no material variances are expected.

In the Company's Q1-21 MD&A, discussion was included regarding the use of proceeds from the private placement and bought deal offerings which closed in August 2020. The funds from the August 2020 offerings have been exhausted as disclosed in the Q1-21 MD&A.

COVID-19

From Q1 2020 through to the date of this MD&A, the Company has been affected by the novel coronavirus COVID-19 pandemic. The COVID-19 pandemic resulted in the implementation by governments of non-routine measures such as quarantines, travel restrictions and business closures, and



while many of these restrictions are now being gradually lifted, measures enacted within Argentina remain strict. These measures at first negatively impacted the global economy and led to volatile market conditions and commodity prices, however indications of economic recovery have endured and the Company, which has strictly followed recommended safety protocols in its operating jurisdictions, has been able to carry on its business activities without significant negative impacts. Despite no significant impacts to date, the Company cannot determine the ultimate impact that COVID-19 may have on its future operations, financial position or cash flows.

RELATED PARTY TRANSACTIONS

a) Related party services and balances

NGEx Minerals Ltd. was incorporated on February 21, 2019 under the laws of CBCA as a wholly-owned subsidiary of the Company prior to the spin out of NGEx Minerals which was completed on July 17, 2019. The Company has formalized cost sharing arrangements with NGEx Minerals and Filo Mining Corp. ("Filo Mining"; collectively "Related Parties"), whereby the Related Parties provide executive management and personnel services to the Company ("Related Party Services"), while the Company provides financial management and administrative services to Filo Mining and NGEx Minerals ("Josemaria Services"). These transactions are in the normal course of operations.

On June 30, 2019, the Company finalized an arrangement with Filo Mining to extend the minimum period of use of the Company's Batidero Camp facility through April 1, 2021, in exchange for cash consideration of \$382,670. On April 27, 2021, Filo Mining provided formal notice of renewal to the Company for the period through April 1, 2022 with no additional consideration paid.

Other than those related party transactions identified elsewhere in the 2021 Financial Statements, the related party transactions are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Income from Josemaria Services provided:				
Filo Mining	\$ 55,346	\$ 71,740	\$ 97,411	\$ 200,925
NGEx Minerals	18,868	51,438	40,652	93,597
Total	\$ 74,214	\$ 123,178	\$ 138,063	\$ 294,522
Costs of Related Party Services received:				
Filo Mining	\$ (90,152)	\$ (271,442)	\$ (190,544)	\$ (591,890)
NGEx Minerals	(15,642)	(47,183)	(30,174)	(88,287)
Total	\$ (105,794)	\$ (318,625)	\$ (220,718)	\$ (680,177)



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021

The amounts due from/to Related Parties by the Company, and the components of the consolidated statement of financial position in which they are included, are as follows:

		June 30, 2021		December 31, 2020
Due from Filo Mining	\$	17,081	\$	-
Due from NGEx Minerals		2,339		-
	\$	19,420	\$	-

		June 30, 2021		December 31, 2020
Due to Filo Mining	\$	(26,705)	\$	-
Due to NGEx Minerals		(15,888)		-
	\$	(42,593)	\$	-

b) Key management compensation

Key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company and consist of the Board of Directors and members of the executive management team. Total compensation expense for key management personnel inclusive of the costs of the Related Party Services received from its Related Parties, and the composition thereof, is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Salaries and other payments	\$ 283,950	\$ 174,833	\$ 1,459,900	\$ 651,083
Employee benefits	7,644	7,665	15,289	11,941
Director fees	59,200	-	115,000	-
Share-based compensation	235,835	211,417	841,957	657,216
	\$ 586,629	\$ 393,915	\$ 2,432,146	\$ 1,320,240

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenditures on the financial statements. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Actual results could differ from those estimates and such differences could be material. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. Please refer to the Critical Accounting Estimates section in Note 5 of the 2020 Financial Statements or the 2020 MD&A for a detailed description of the Company's critical accounting estimates.



FINANCIAL INSTRUMENTS

The Company classifies its financial instruments at amortized costs or fair value through profit and loss. The Company's financial instruments consist of cash and cash equivalents, receivables and other assets, investments, trade payables and accrued liabilities, debentures, and other liabilities. The carrying values of certain financial instruments maturing in the short-term approximate their fair values. These financial instruments include cash and cash equivalents, receivables and others, trade payables and accrued liabilities, and debentures which are classified as amortized cost. The fair value of investments is determined directly by reference to quoted market prices in active markets. The Company's financial instruments are exposed to certain financial risks, including credit, liquidity and market risks.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. Credit risks associated with cash and cash equivalents is minimal as the Company deposits the majority of its cash with a large Canadian financial institution that has been accorded a strong investment grade rating by a primary rating agency. Credit risks associated with receivables and other assets are minimal as the Company manages these amounts so as not to have material balances outstanding for long periods of time. Credit risks associated with investments are minimal as the Company does not hold its investments for long periods of time.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities, which is managed through the management of its capital structure. The Company closely monitors and reviews its costs incurred and actual cash flows against the approved budget on a monthly basis to ensure the Company's access to funds is adequate to support the Company's operations on an ongoing basis. The maturities of the Company's financial liabilities as at June 30, 2021 are as follows:

	Total	Less than 1 year	1 to 5 years	More than 5 years
Trade payables and accrued liabilities	\$ 3,037,239	\$ 3,037,239	\$ -	\$ -
Debentures	9,456,362	9,456,362	-	-
Other liabilities	80,792	40,496	40,296	-
Total	\$ 12,574,393	\$ 12,534,097	\$ 40,296	\$ -

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices comprise two types of risk: currency risk and price risk. Financial instruments affected by market risk include cash and cash equivalents, receivables and other assets, investments, trades payable and accrued liabilities, debentures, and other liabilities.

Currency risk

Currency risk is the risk that the value of financial assets and liabilities may change due to changes in the value of two different currencies. The Company is exposed to currency risks as its parent is headquartered in Canada and its day-to-day transactions take place in Canadian dollars, while its foreign operations are conducted in Argentina, and the Company also holds significant debentures denominated



in the United States dollar. While the Company has not used any hedging strategies to manage its exposure to currency fluctuations, management strives to minimize currency risk by sending its cash to its foreign operation only as required.

Based on the Company's net exposures at June 30, 2021, a 10% depreciation or appreciation in the Argentina peso or United States dollar relative to the Canadian dollar would have resulted in an approximate \$0.7 million and \$0.1 million, respectively, increase or decrease in the Company's net loss.

The impact of the Company's exposure to currency risk is apparent in five sections of the Company's unaudited condensed interim consolidated statements of comprehensive loss:

Statement of Loss

- Unrealized foreign exchange (gain) / loss – where changes in United States dollar-denominated monetary items are translated prior to realization;
- Foreign exchange and trading gains realized on equity investments – contains a component of foreign-exchange impacts realized on equity instruments when traded;
- (Gain) / loss on net monetary position – where hyperinflationary changes recorded with respect to the Company's net-monetary position in Argentina are recognized;

Statement of Comprehensive (Income) Loss

- Foreign currency translation adjustment – where changes in Argentina peso-denominated monetary items are translated prior to realization; and
- Impact of hyperinflation – where changes recorded with respect to the impact of the hyperinflationary environment of Argentina on non-monetary items are recognized.

Price risk

Price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices. From time to time, as part of the funding process to its subsidiary, the Company holds equity instruments for periods of three to five business days with the intention of trading. During these holding periods, the Company is exposed to changes in share prices which result in gains or losses being recognized in profit and loss. The Company does not hold significant numbers of equity instruments at period end and therefore had no significant exposure to price risk as at June 30, 2021.

RECENT ACCOUNTING PRONOUNCEMENTS

Certain new standards, interpretations, amendments and improvements to existing standards have been issued by the International Accounting Standards Board. The following has not yet been adopted by the Company and is being evaluated to determine its impact:

IAS 16, Property, plant and equipment ("IAS 16")

Amendments to IAS 16 prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. The amendments to IAS 16 are effective for annual reporting periods beginning on or after January 1, 2022, with early adoption permitted.



OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company had 379,610,726 common shares outstanding and 16,378,000 share options outstanding under its stock-based incentive plans.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation. They include controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure.

Internal controls over financial reporting

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with IFRS. The Company's internal controls over financial reporting include policies and procedures that: pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IFRS; that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

Any system, no matter how well conceived or operated, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable, not absolute, assurance with respect to financial statement preparation and presentation and will not prevent all, or detect all, misstatements and frauds. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Management has used the Internal Control – Integrated Framework (2013 Framework) issued by the



Committee of Sponsoring Organizations for the Treadway Commission (COSO) in order to assess the effectiveness of the Company's internal control over financial reporting.

There have not been any material changes in the Company's disclosure controls and procedures and the internal control over financial reporting that occurred during the six months ended June 30, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

RISKS AND UNCERTAINTIES

There are a number of risk factors that could negatively affect the Company's business and the value of its common shares. The material risk factors and uncertainties should be taken into account in assessing the Company's activities and are described under the heading "Risks Factors", and elsewhere, in the Company's 2020 AIF and in other disclosure documents which are available under the Company's profile at <http://www.sedar.com>. The risk factors and uncertainties described in the 2020 AIF and in other disclosure documents pertain to outlook and conditions currently known to Josemaria Resources that could have a material impact on the financial condition of the Company. Other factors may arise that are not currently foreseen by management of Josemaria Resources that may present additional risks in the future. Current and prospective security holders of Josemaria Resources should carefully consider these risk factors. Some of the risks that may impact the Company and the financial and operational items discussed in this MD&A include, but are not limited to:

Development and Operational Risk

Mining development projects and mining operations generally involve a high degree of risk which could adversely impact the Company's success and financial performance. Development projects typically require significant expenditures before production is possible. Actual capital or operating costs may be materially different from estimated capital or operating costs. Development projects can also experience unexpected delays and problems during construction and development, during mine start-up or during production. The construction and development of a mining project is also subject to many other risks, including, without limitation, risks relating to:

- ability to obtain project financing on commercially reasonable terms, or at all;
- ability to obtain regulatory approvals or permits on a timely basis or at all and, if obtained, ability to comply with any conditions imposed by such regulatory approvals or permits and maintain such approvals and permits;
- cost overruns due to, among other things, delays, changes to inputs or changes to engineering;
- delays in construction and development of required infrastructure and variations from estimated or forecasted construction schedule;
- technical complications, including adverse geotechnical conditions and other impediments to construction and development;
- accuracy of reserve and resource estimates;
- accuracy of engineering and changes in scope;
- accuracy of estimated metallurgical recoveries;
- accuracy of the estimated capital required to build and operate the project;



- adverse regulatory developments, including the imposition of new regulations;
- fluctuation in prevailing prices for copper, gold and silver, which may affect the profitability of the project;
- community action or other disruptive activities by stakeholders;
- adequacy and availability of a skilled workforce;
- difficulties in procuring or a failure to procure required supplies and resources to develop, construct and operate a mine;
- availability, supply and cost of power;
- weather or severe climate impacts;
- litigation;
- dependence on third parties for services and utilities;
- the interpretation of geological data obtained from drill holes and other sampling techniques;
- fluctuations in inflation and currency exchange rates;
- government regulations, including regulations relating to prices, taxes, royalties, foreign exchange conversion, and
- a failure to develop or manage a project in accordance with expectations or to properly manage the transition to an operating mine.

The Company's operations are also subject to all of the hazards and risks normally encountered in the exploration and development of copper, gold, and silver projects and properties, including unusual and unexpected geologic formations, seismic activity, rock slides, ground instabilities or failures, mechanical failures, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of facilities, damage to life or property, environmental damage and possible legal liability. In addition, the Company is concentrated in the copper/gold/silver mining industry, and as such, its success will be sensitive to the overall condition of the copper/gold/silver mining industry.

Most of the above factors are beyond the control of the Company. The exact effect of these factors cannot be accurately predicted, but any one of these factors or a combination thereof may have an adverse effect on the Company's business.

Mineral Reserves and Mineral Resources Estimates

The Company's reported Mineral Reserves and Mineral Resources are estimates. No assurance can be given that the estimated Mineral Reserves and Mineral Resources are accurate or that the indicated level of copper, gold, silver or any other mineral will be recovered or produced. Actual mineralization or formations may be different from those predicted. It may take many years from the initial phase of drilling before production is possible and during that time the economic feasibility of exploiting a discovery may change. Market price fluctuations of copper, gold and silver and certain other metals, as well as increased production and capital costs or reduced recovery rates, may render the Company's Mineral Reserves uneconomic to develop. Moreover, short-term operating factors relating to the Mineral Reserves, such as the need for the orderly development of orebodies, the processing of new or different ore grades, the technical complexity of ore bodies, unusual or unexpected geological formations, ore dilution or varying metallurgical and other ore characteristics may cause Mineral Reserves to be reduced. Estimated Mineral Reserves may have to be recalculated based on fluctuations in the price of metals, or changes in other



assumptions on which they are based. Any of these factors may require the Company to reduce its Mineral Reserves and Mineral Resources, which could have a negative impact on the Company's business.

Failure to obtain or maintain necessary permits or government approvals or changes to applicable legislation could also cause the Company to reduce its Mineral Reserves. In addition, changes to mine plans could cause the Company to reduce its Mineral Reserves. There is also no assurance that the Company will achieve indicated levels of copper, gold or silver recovery or obtain the prices assumed in determining such Mineral Reserves.

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability and there is no assurance that they will ever be mined or processed profitably. Due to the uncertainty which may attach to Mineral Resources, there is no assurance that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves; and no assurance that all or any part of an Inferred Mineral Resources exists or is economically or legally mineable.

Metal Price Risk

The Company's property and investments have exposure to predominantly copper, gold, and silver. Commodity prices fluctuate widely and are affected by numerous factors beyond the Company's control, such as the sale or purchase of metals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major metals-producing and metals-consuming countries throughout the world. The prices of these metals greatly affect the value of the Company, the price of the Common Shares of the Company and the potential value of its properties and investments. This, in turn, can greatly affect its ability to obtain financing, explore and develop its properties, acquire new properties, form joint ventures, enter into option agreements and the structure of any such endeavor.

Tax, Royalties and Other Charges

The Company runs its business in different countries and strives to run its business in as tax efficient a manner as possible. The Company is potentially subject to taxes (including income taxes and mineral taxes), various fees and royalties imposed by various levels of government across the jurisdictions in which it operates. The laws imposing these taxes, fees and royalties and the manner in which they are administered may in the future be changed or interpreted in a manner that materially and adversely affects the Company's business, financial position and results of operations.

Environmental and Socio-Political Risks

The Company seeks to operate within environmental protection standards that meet or exceed existing requirements in the countries in which the Company conducts activities. The Company also aims to conduct its activities in accordance with high corporate social responsibility principles. Present or future laws and regulations, however, may affect the Company's operations. Future environmental costs may increase due to changing requirements or costs associated with exploration and the developing, operating and closing of mines. The Company is subject to environmental regulation in the various jurisdictions in which it operates. Failure to comply with these laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may also be required to compensate



those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Furthermore, environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

Programs may also be delayed or prohibited in some areas due to technical factors, new legislative constraints, social opposition or local government capacity or willingness to issue permits to develop and explore in a timely manner.

In parts of Argentina, there is environmental opposition to both mineral exploration and mining. Accordingly, there may be a certain degree of anti-mining sentiment that could potentially affect the risk of successfully developing the Company's Josemaria Project.

The Argentine Congress has passed legislation designed to protect the country's glaciers. This law would restrict development on and around glaciers. The detailed regulations that will govern implementation of the law have not yet been written. Although not anticipated, this legislation could affect the Company's ability to develop parts of the Josemaria Project

Infrastructure

Development and exploration activities depend on adequate infrastructure. Reliable roads, bridges, power and water supplies are important determinants that affect the ability to operate and the costs of operations. The Company's ability to obtain adequate infrastructure, including a secure supply of power and water, at a reasonable cost depends on many factors, including: global and regional supply and demand; political and economic conditions; localized logistical challenges; delivery; and relevant regulatory regimes. Unusual or infrequent weather phenomena, sabotage or government, and other interference in the maintenance or provision of such infrastructure could adversely affect the activities and profitability of the Company.

Establishing such infrastructure will require significant resources, identification of adequate sources of raw materials and supplies and necessary cooperation from national and regional governments, none of which can be assured. There is no guarantee that the Company will secure adequate infrastructure, including power, water and access rights going forward or on reasonable terms.

Foreign Operations Risk

The Company conducts exploration and development activities in foreign countries, including Argentina, which exposes the Company to risks that may not otherwise be experienced if all operations were located in Canada. The risks include but are not limited to: civil unrest or war, terrorism, illegal mining, changing political conditions, fluctuations in currency exchange rates, expropriation or nationalization without adequate compensation, changes to royalty and tax regimes, high rates of inflation, labour unrest and difficulty in understanding and complying with the regulatory and legal framework respecting ownership, and maintenance of mineral properties. Changes in mining or investment policies or shifts in political attitudes may also adversely affect Company's existing assets and operations. Real and perceived political risk may also affect the Company's ability to finance exploration and development programs and to attract joint venture or option partners and future mine development opportunities.

Numerous countries have introduced changes to mining regimes that reflect increased government control or participation in the mining sector including, but not limited to, changes of law affecting foreign ownership, mandatory government participation, taxation and royalties, exploration licensing, export duties, and repatriation of income or return of capital. There can be no assurance that industries that are deemed of national or strategic importance in countries in which the Company has assets, including



mineral exploration and development assets, will not be nationalized. There is a risk that further government limitations, restrictions or requirements, not presently foreseen, will be implemented. Changes in policy that alter laws regulating the mining industry could have a material adverse effect on the Company. There can be no assurance that the Company's assets in these countries will not be subject to nationalization, requisition or confiscation, whether legitimate or not, by an authority or body.

The Josemaria Project is located in San Juan Province, Argentina. There are risks relating to an uncertain or unpredictable political and economic environment in Argentina, especially as there is social opposition to mining operations in certain parts of the country. During an economic crisis in 2001 to 2003 and again in 2014, Argentina defaulted on foreign debt repayments and on the repayment on a number of official loans to multinational organizations. In addition, the government has renegotiated or defaulted on contractual arrangements. Consistent with government policies imposed by its previous predecessors, the current Argentinean government placed varying degrees of currency controls on the ability of companies and its citizens to obtain foreign currencies. Past actions indicate that the Argentinean government may from time to time alter or impose additional requirements or policies that may adversely affect the Company's activities in Argentina or in its ability to attract joint venture partners or obtain financing for its projects in the future.

In addition, in the event of a dispute arising from foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. The Company also may be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. It is not possible for the Company to accurately predict such developments or changes in laws or policy or to what extent any such developments or changes may have a material adverse effect on the Company.

QUALIFIED PERSONS

The technical information in this MD&A 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.

FINANCIAL INFORMATION

The report for the nine months ended September 30, 2021 is expected to be published on or about November 10, 2021.

OFF BALANCE SHEET AGREEMENTS

During the first six months of 2021 and the fiscal 2020 year, there were no material off-balance sheet transactions which have not been recorded in the Company's financial statements. The Company has not entered into any specialized financial arrangements to minimize its currency risk.

PROPOSED TRANSACTIONS

As at the date of this MD&A, there are no proposed asset or business acquisitions or dispositions currently under offer.



CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION AND STATEMENTS

Certain statements made and information contained in this document constitutes “forward-looking information” and “forward-looking statements” within the meaning of applicable securities legislation (collectively, “forward-looking information”) concerning the business, operations, prospects, financial performance and condition of Josemaria Resources. The forward-looking information contained in this document is based on information available to the Company as of the date of this document, and accordingly are subject to change after such date.

All statements, other than statements of historical fact, may be forward-looking statements. Generally, any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, prospects, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as “expects”, “is expected”, “anticipates”, “believes”, “plans”, “projects”, “estimates”, “budgets”, “scheduled”, “forecasts”, “assumes”, “intends”, “strategy”, “goals”, “objectives”, “potential”, “possible” or variations thereof or stating that certain actions, events, conditions or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements.

Forward-looking information and forward-looking statements include, but are not limited to, information or statements with respect to results and developments in the Company’s operations in future periods, planned exploration and development activities, the adequacy of the Company’s financial resources, ability to raise capital, and other events or conditions that may occur in the future. These forward-looking statements may include statements regarding perceived merit of properties, exploration and development results and budgets, Mineral Resource and Mineral Reserve estimates, work programs, capital expenditures, operating costs, cash flow estimates, production estimates (including, without limitation, timing and amount of production) and similar statements relating to the economic viability of a project, timelines, strategic plans, including the Company’s plans and expectations relating to the Josemaria Project, market prices for precious and base metals, future metal prices, government regulation, currency exchange and interest rates, statements with respect to the economic and scoping-level parameters of the Josemaria Project, the cost and timing of any development of the Josemaria Project, the proposed mine plan and mining methods, dilution and mining recoveries, processing method and rates and production rates, projected metallurgical recovery rates, estimates of the mineralization that will be encountered if the Josemaria Project is developed, infrastructure requirements, capital, operating and sustaining cost estimates, the projected life of mine and other expected attributes of the Josemaria Project, including the net present value, internal rate of return, the Josemaria Project proposed site layout, the timing of the environmental assessment process, changes to the Josemaria Project configuration that may be requested as a result of stakeholder or government input in connection with the environmental assessment process, government regulations and permitting timelines, estimates of reclamation obligations; requirements for additional capital; environmental risks; and general business and economic conditions, or other statements that are not statements of fact. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Forward-looking information and statements are made based upon certain assumptions and other important factors that, if untrue, could cause the actual results, performance or achievements of Josemaria to be materially different from future results, performance or achievements expressed or



implied by such statements. Such statements and information are based on numerous assumptions regarding, among other things, favourable equity markets, global financial condition, present and future business strategies and the environment in which Josemaria will operate in the future, including the price of commodities, anticipated costs, ability to achieve goals (including, without limitation, timing and amount of production), timing and availability of additional required financing on favourable terms, decision to implement (including the business strategy, timing and structure thereof), the ability to obtain or maintain permits, mineability and marketability, exchange and interest rate assumptions, including, without limitation, being approximately consistent with the assumptions in the Josemaria Feasibility Study, the availability of certain consumables and services and the prices for power and other key supplies and infrastructure, including, without limitation, being approximately consistent with assumptions in the Josemaria Feasibility Study, labour and materials costs, including, without limitation, assumptions underlying Mineral Reserve and Mineral Resource estimates, assumptions made in the Feasibility Study estimates, including, but not limited to, geological interpretation, grades, metal price assumptions, metallurgical and mining recovery rates, geotechnical and hydrogeological assumptions, capital and operating cost estimates, and general marketing, political, business and economic conditions, as applicable, results of exploration activities, ability to develop infrastructure, assumptions made in the interpretation of drill results, geology, grade and continuity of mineral deposits, expectations regarding access and demand for equipment, skilled labour and services needed for exploration and development of mineral properties, and that activities will not be adversely disrupted or impeded by exploration, development, operating, regulatory, political, community, economic and/or environmental risks.

Forward-looking statements are subject to known and unknown risks, uncertainties and other important factors that may cause the actual results, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information and statements, which include, but are not limited to, the risks and uncertainties more fully described in the Company's most recent AIF, periodic filings with Canadian securities regulators and in other Company reports and documents filed with applicable securities regulatory authorities from time to time, which are available under the Company's profile at www.sedar.com.

Cautionary note to U.S. readers regarding presentation of Mineral Reserve and Resource estimates

The Company's Mineral Reserve and Mineral Resource estimations have been prepared in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") – Definition Standards adopted by CIM Council on May 10, 2014 (the "CIM Definition Standards") that are incorporated by reference in National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). Accordingly, information contained in this document regarding descriptions of the Company's mineral deposits may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

Josemaria Resources Inc.
Condensed Interim Consolidated Statements of Financial Position (Unaudited)
(All amounts expressed in Canadian Dollars, unless otherwise indicated)

	<i>Note</i>	June 30, 2021	December 31, 2020
ASSETS			
Current assets:			
Cash and cash equivalents		\$ 25,576,558	\$ 6,740,884
Investments		174,013	179,259
Receivables and other assets		344,703	371,132
		26,095,274	7,291,275
Receivables and other assets		205,236	210,238
Equipment and other fixed assets	<i>5</i>	2,232,964	2,179,114
Mineral properties	<i>6</i>	10,789,657	10,064,661
TOTAL ASSETS		\$ 39,323,131	\$ 19,745,288
LIABILITIES			
Current liabilities:			
Trade payables and accrued liabilities		\$ 3,037,239	\$ 2,708,950
Debentures	<i>11</i>	9,456,362	29,258,617
Other liabilities	<i>7</i>	40,496	72,167
		12,534,097	32,039,734
Non-current liabilities			
Other liabilities	<i>7</i>	40,296	61,526
TOTAL LIABILITIES		12,574,393	32,101,260
EQUITY			
Share capital	<i>8</i>	310,210,320	257,934,980
Contributed surplus		14,687,135	13,489,755
Deficit		(296,878,321)	(281,807,438)
Accumulated other comprehensive loss ("AOCI")		(1,270,396)	(1,973,269)
TOTAL EQUITY		26,748,738	(12,355,972)
TOTAL LIABILITIES AND EQUITY		\$ 39,323,131	\$ 19,745,288

Nature of operations and liquidity risk (Note 1)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ON BEHALF OF THE BOARD:

/s/Ashley Heppenstall
Director

/s/Adam I. Lundin
Director

Josemaria Resources Inc.
Condensed Interim Consolidated Statements of Comprehensive Loss (Unaudited)
(All amounts expressed in Canadian Dollars, unless otherwise indicated)

	<i>Note</i>	Three months ended June 30,		Six months ended June 30,	
		2021	2020	2021	2020
Expenses					
Exploration and project investigation	10	\$ 6,323,752	\$ 4,447,031	\$ 11,546,593	\$ 23,801,779
General and Administration ("G&A"):					
Salaries and benefits		644,739	361,328	2,288,892	1,355,817
Share-based compensation	9	356,373	237,650	1,180,085	716,402
Management fees		92,190	106,537	217,001	213,725
Professional fees		39,147	66,752	68,644	130,183
Travel		79,546	-	79,546	22,783
Promotion and public relations		61,347	23,970	348,621	302,677
Regulatory, transfer agent and administration		134,330	82,838	297,956	203,614
Operating loss		7,731,424	5,326,106	16,027,338	26,746,980
Other items					
Financing costs	11	484,507	976,568	1,292,778	1,569,638
Interest income		(40,430)	(2,107)	(44,440)	(12,220)
Unrealized foreign exchange (gain)/loss		(249,598)	(1,811,254)	(606,545)	1,156,605
Accretion of share consideration receivable		-	(32,342)	-	(64,685)
Foreign exchange and trading gains realized on equity investments	4	(865,834)	(2,295,742)	(1,697,182)	(4,332,770)
Other expense (income)		4,244	(37,475)	(17,380)	(95,231)
Loss on net monetary position	3	56,585	195,087	116,314	309,143
Net Loss		7,120,898	2,318,841	15,070,883	25,277,460
Other Comprehensive (income) loss					
Items that may be reclassified subsequently to net loss:					
Foreign currency translation adjustment		31	435,852	47	325,279
Impact of hyperinflation	3	(708,876)	(2,767)	(702,920)	(1,688,254)
Comprehensive loss		\$ 6,412,053	\$ 2,751,926	\$ 14,368,010	\$ 23,914,485
Basic and diluted loss per common share		\$ 0.02	\$ 0.01	\$ 0.05	\$ 0.10
Weighted average common shares outstanding		363,164,704	251,906,132	333,017,508	251,354,951

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Josemaria Resources Inc.
Condensed Interim Consolidated Statements of Cash Flows (Unaudited)
(All amounts expressed in Canadian Dollars, unless otherwise indicated)

	<i>Note</i>	Six months ended June 30,	
		2021	2020
Cash flows used in operating activities			
Net loss for the period		\$ (15,070,883)	\$ (25,277,460)
Items not involving cash and cash equivalents:			
(Gain)/loss on net monetary position and unrealized foreign exchange differences	<i>3</i>	(491,062)	2,755,536
Depreciation	<i>5</i>	55,714	49,326
Share-based compensation	<i>9</i>	1,255,063	822,518
Financing costs	<i>11</i>	1,292,778	1,569,638
Accretion of share consideration receivable		-	(64,685)
Other income		(61,820)	(107,451)
Unrealized fair value loss on equity investments		5,246	(870)
Net changes in working capital items:			
Receivables and other		75,871	440,588
Trade payables and other liabilities		513,315	(3,112,679)
		(12,425,778)	(22,925,539)
Cash flows from financing activities			
Funds received from debentures	<i>11</i>	1,263,700	20,442,336
Repayment of debentures	<i>11</i>	(20,534,853)	-
Share issuance from option exercises	<i>9</i>	108,250	-
Repayment of lease liabilities	<i>7</i>	(26,398)	(7,894)
Private placement and bought deal, gross proceeds	<i>8</i>	52,014,891	-
Private placement and bought deal, issuance costs	<i>8</i>	(1,373,834)	-
		31,451,756	20,434,442
Cash flows used in investing activities			
Acquisition of fixed assets	<i>5</i>	(8,410)	(4,493)
		(8,410)	(4,493)
Effect of exchange rate change on cash and cash equivalents		(181,894)	(268,585)
(Decrease) Increase in cash and cash equivalents during the period		18,835,674	(2,764,175)
Cash and cash equivalents, beginning of period		6,740,884	4,043,451
Cash and cash equivalents, end of period		\$ 25,576,558	\$ 1,279,276

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Josemaria Resources Inc.
Condensed Interim Consolidated Statements of Changes in Equity (Unaudited)
(All amounts expressed in Canadian Dollars, unless otherwise indicated)

	Number of shares issued and outstanding	Share capital	Contributed surplus	Accumulated other comprehensive loss	Accumulated Deficit	Total
December 31, 2019	250,336,191	\$ 224,619,229	\$ 12,241,319	\$ (2,645,047)	\$ (250,570,275)	\$ (16,354,774)
Debt financing consideration (Note 11)	2,121,464	1,448,857	-	-	-	1,448,857
Share-based compensation (Note 9)	-	-	822,518	-	-	822,518
Foreign currency translation adjustment	-	-	-	(325,279)	-	(325,279)
Impact of hyperinflation (Note 3)	-	-	-	1,688,254	-	1,688,254
Net loss for the period	-	-	-	-	(25,277,460)	(25,277,460)
June 30, 2020	252,457,655	\$ 226,068,086	\$ 13,063,837	\$ (1,282,072)	\$ (275,847,735)	\$ (37,997,884)
December 31, 2020	301,842,809	\$ 257,934,980	\$ 13,489,755	\$ (1,973,269)	\$ (281,807,438)	\$ (12,355,972)
Private placement and bought deal, gross proceeds (Note 8)	75,383,900	52,014,891	-	-	-	52,014,891
Private placement and bought deal, issuance costs (Note 8)	-	(1,373,834)	-	-	-	(1,373,834)
Exercise of options (Note 9)	165,000	165,933	(57,683)	-	-	108,250
Debt financing consideration (Note 11)	1,955,499	1,468,350	-	-	-	1,468,350
Share-based compensation (Note 9)	-	-	1,255,063	-	-	1,255,063
Foreign currency translation adjustment	-	-	-	(47)	-	(47)
Impact of hyperinflation (Note 3)	-	-	-	(702,920)	-	(702,920)
Net loss for the period	-	-	-	-	(15,070,883)	(15,070,883)
June 30, 2021	379,347,208	\$ 310,210,320	\$ 14,687,135	\$ (1,270,396)	\$ (296,878,321)	\$ 26,748,738

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS AND LIQUIDITY RISK

Josemaria Resources Inc. and its subsidiaries (collectively referred to as the “Company”) are principally engaged in the acquisition, exploration and development of mineral properties located in Argentina.

The Company is governed by the Canada Business Corporations Act (“CBCA”) and its registered office is located at Suite 2000, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, Canada. The Company trades under the ticker symbol of “JOSE” on the TSX and on the NASDAQ Stockholm Stock Exchange (“OMX”) and “JOSMF” on the OTCQB Venture Market.

From Q1 2020 through to the date of these financial statements, the Company has been affected by the novel coronavirus (“COVID-19”) pandemic. The COVID-19 pandemic resulted in the implementation by governments of non-routine measures such as quarantines, travel restrictions and business closures, and while many of these restrictions are now being gradually lifted, measures enacted within Argentina remain strict. These measures at first negatively impacted the global economy and led to volatile market conditions and commodity prices, however indications of economic recovery have endured and the Company, which has strictly followed recommended safety protocols in its operating jurisdictions, has been able to carry on its business activities without significant negative impacts. Despite no significant impacts to date, the Company cannot determine the ultimate impact that COVID-19 may have on its future operations, financial position or cash flows.

The condensed interim financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its existing obligations and commitments and fund ongoing operations in the normal course of business for at least twelve months from June 30, 2021. As at June 30, 2021, the Company has positive working capital of \$13.6 million, and while the net \$50.6 million financing completed in April 2021 (note 8) will provide 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 within the next twelve months.

Historically, capital requirements have been funded through equity financing, joint ventures, disposition of mineral properties and investments, and the use of credit facilities with related parties (Note 11). 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 exploration and project investigation 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.

2. BASIS OF PRESENTATION

The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting.

The condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the fiscal year ended December 31, 2020. The accounting policies

Josemaria Resources Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2021

(All amounts expressed in Canadian Dollars, unless otherwise indicated)

and judgements applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2020.

The condensed interim consolidated financial statements were approved by the Board of Directors of the Company on August 12, 2021.

3. ACCOUNTING FOR HYPERINFLATION

Argentina was designated a hyper-inflationary economy as of July 1, 2018 for accounting purposes. Accordingly, IAS 29, *Financial Reporting in Hyper-Inflationary Economies*, has been applied to these condensed interim consolidated financial statements as the Company's Argentine operating subsidiaries (the "Argentine Subsidiaries") use the Argentine Peso as its functional currency. The financial statements are based on the historical cost approach in IAS 29.

For the six months ended June 30, 2021, the Company recognized a gain of \$702,920 (2020 – \$1,688,254) in relation to the impact of hyperinflation within other comprehensive (income)/loss during the period.

As a result of the change in the Argentina Consumer Price Index ("Indice de Precios al Consumidor" or "IPC") from January 1, 2021 to June 30, 2021, the Company recognized a net monetary loss within the Argentine Subsidiaries of \$116,314 for the six months ended June 30, 2021 (2020 – \$309,143), to adjust transactions for the period into a measuring unit current as of June 30, 2021. The level of the IPC at June 30, 2021 was 483.6, which represents an increase of 25.3% over the IPC of 385.9 at December 31, 2020.

4. ACCOUNTING FOR EQUITY INVESTMENTS

From time to time, as part of the capital funding process from the Canadian parent to the Argentinian subsidiary, the Company will purchase equity instruments via a third-party investment broker. The equity instruments are transferred from the parent to the subsidiary and held for a pre-determined period, typically five business days, and then sold. The Company will only purchase equity instruments of highly reputable companies with high trading volumes and low volatilities. The Company conducts such transactions on an intra-period basis and does not hold the equity instruments at period end. The equity instruments are designated as held-for-trading, and as such all changes in the fair value of the underlying equity instruments are recognized through profit and loss.

Upon receipt of the transferred equity instruments by the local investment broker, the Company realizes an immediate foreign exchange impact. This foreign exchange impact is incurred directly as a result of holding equity instruments with the intention of trading, and as such the foreign exchange impact is also recognized through profit and loss.

For the six months ended June 30, 2021, the Company realized a trading loss of \$371,159 (2020 – \$960,807) and a foreign exchange gain of \$2,073,587 (2020 – \$5,292,707) as a result of holding the equity instruments for a net realized gain of \$1,702,428 (2020 – \$4,331,900). For the six months ended June 30, 2021, the Company also incurred an unrealized loss on available for sale equity investments of \$5,246 (2020 – gain of \$870).

Josemaria Resources Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2021
(All amounts expressed in Canadian Dollars, unless otherwise indicated)

5. EQUIPMENT AND OTHER FIXED ASSETS

	Equipment	Leasehold improvement	Leased Assets	Other assets	Total
December 31, 2019	\$ 2,173,294	\$ 30,500	\$ 6,605	\$ 8,000	\$ 2,218,399
Additions	9,226	-	121,045	-	130,271
Hyperinflation adjustment (Note 3)	(49,765)	-	(116)	-	(49,881)
Depreciation	(67,987)	(18,300)	(33,388)	-	(119,675)
December 31, 2020	\$ 2,064,768	\$ 12,200	\$ 94,146	\$ 8,000	\$ 2,179,114
Additions	8,410	-	-	-	8,410
Hyperinflation adjustment (Note 3)	101,154	-	-	-	101,154
Depreciation	(26,390)	(9,150)	(20,174)	-	(55,714)
June 30, 2021	\$ 2,147,942	\$ 3,050	\$ 73,972	\$ 8,000	\$ 2,232,964

6. MINERAL PROPERTIES

	Josemaria Project (Note a)
December 31, 2019	\$ 10,608,482
Hyperinflation adjustment (Note 3)	(543,821)
December 31, 2020	\$ 10,064,661
Hyperinflation adjustment (Note 3)	724,996
June 30, 2021	\$ 10,789,657

a) The Josemaria Project

Acquisition of mineral property interests from JOGMEC

The Company holds a 100% interest in the Josemaria project in San Juan Province, Argentina following its acquisition of all remaining interests in the project from Japan Oil, Gas and Metals National Corporation ("JOGMEC") on November 13, 2017 for total cash consideration of US\$21 million. US\$3 million was paid on November 2017, with the remainder of the cash consideration to be paid upon completion of the following milestones:

- US\$5 million payable upon a development and construction decision being made; and
- US\$13 million upon commencement of commercial production from the property.

In accordance with its accounting policy, the future contingent consideration to be paid upon completion of the applicable milestones will be recorded and added to the mineral property when incurred. JOGMEC retains an option to purchase up to 40% of the material produced from the mine at a price not to exceed the prevailing market price at the time the notice of exercise is given.

Josemaria Resources Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2021

(All amounts expressed in Canadian Dollars, unless otherwise indicated)

Acquisition of mining concessions from Filo Mining Corp. ("Filo Mining")

On February 21, 2018, the Company completed the acquisition of a 100% interest in certain mining concessions (the "Primary Properties") with an option to acquire a 100% interest in additional mining concessions (the "Additional Properties") located in San Juan Province, Argentina from Filo Mining, a related party, to expand its Josemaria project in exchange for the following consideration:

- Providing Filo Mining with the right to use its Batidero Camp facility in Argentina for a minimum period of two years, which was amended on June 30, 2019 (see below);
- a 3% net smelter return ("NSR") royalty on a portion of the mining concessions on properties auxiliary to the Josemaria project, 2% of which can be re-purchased by the Company at any time for \$2,000,000; and
- Cash consideration of \$64,000 which was paid upon execution of the agreement with Filo Mining.

The mining concessions acquired from Filo Mining, including all transaction costs, have been capitalized as mineral properties. The costs of the mineral properties acquired were measured based on the fair value of the consideration given up. On June 30, 2019, the Company finalized an arrangement with Filo Mining to extend the minimum period of use of the Company's Batidero Camp facility through April 1, 2021, in exchange for cash consideration of \$382,670. On April 27, 2021, Filo Mining provided formal notice of renewal to the Company for the period through April 1, 2022 with no additional consideration paid.

Josemaria Resources Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2021
(All amounts expressed in Canadian Dollars, unless otherwise indicated)

7. OTHER LIABILITIES

	Camp use provision	Lease liability	Total Other liabilities
December 31, 2019	\$ 295,573	\$ 7,586	\$ 303,159
Additions	-	121,045	121,045
Lease payments	-	(43,091)	(43,091)
Hyperinflation adjustment	(101,325)	-	(101,325)
Recognition to income, net of expense	(158,833)	12,738	(146,095)
December 31, 2020	\$ 35,415	\$ 98,278	\$ 133,693
Lease payments	-	(26,398)	(26,398)
Hyperinflation adjustment	(9,122)	-	(9,122)
Recognition to income, net of expense	(26,293)	8,912	(17,381)
June 30, 2021	\$ -	\$ 80,792	\$ 80,792
		June 30, 2021	December 31, 2020
Current	\$	40,496	\$ 72,167
Non-current		40,296	61,526
Total other liabilities	\$	80,792	\$ 133,693

8. SHARE CAPITAL

The Company has authorized an unlimited number of voting common shares without par value. All issued shares are fully paid.

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. Zebra Holdings and Investments S.à.r.l. ("Zebra") and Lorito Holdings and Investments S.à.r.l. ("Lorito"), both related parties of the Company, contributed a combined gross \$14.7 million as part of the private placement.

On April 19, 2021, the Company closed a private placement of 58,708,900 common shares of the Company at a price (the "Offering Price") of \$0.69 per common share for gross proceeds of \$40.5 million. Concurrently, the Company also closed a public offering pursuant to which a syndicate of underwriters purchased, on a bought deal basis, 14,500,000 common shares at the Offering Price for gross proceeds of \$10.0 million, plus an over-allotment option at the Offering Price of an additional 2,175,000 common shares for gross proceeds of \$1.5 million for total combined gross proceeds of \$52.0 million. The Company incurred related share issuance costs of \$1.4 million for net proceeds of \$50.6 million. As part of both offerings, Lorito contributed \$20.5 million and acquired 29,760,657 common shares.

Josemaria Resources Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2021
(All amounts expressed in Canadian Dollars, unless otherwise indicated)

9. SHARE OPTIONS

a) Share Option Plan

The Company has a rolling share option plan which reserves an aggregate of 10% of the issued and outstanding shares of the Company for issuance upon the exercise of options granted.

During the six months ended June 30, 2021, the Company granted a total of 7,411,000 (2020 – 3,997,000) share options to officers, employees, directors and other eligible participants at a weighted average exercise price of \$0.76 per share (2020 – \$0.67 per share). Share options have an expiry date of five years and typically vest in thirds: one-third immediately upon grant, and the remaining thirds on the first and second anniversary of the date of grant, respectively.

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model. The weighted average assumptions and resulting fair values for grants are as follows:

	Six months ended June 30,	
	2021	2020
Weighted-average assumptions:		
Risk-free interest rate (%)	0.4	1.4
Expected life (years)	4.7	4.2
Expected volatility (%)	49.8	49.0
Expected dividend	Nil	Nil
Results:		
Weighted average fair value of options granted (per option)	\$ 0.31	\$ 0.27

Based on the weighted average valuation of \$0.31 per option granted, the Company will recognize \$2,322,207 in total expense over the vesting period of the 7,411,000 options granted during the six months ended June 30, 2021.

The total share-based compensation expenses for the six months ended June 30, 2021 totaling \$1,255,063 (2020 – \$822,518) were presented in the statement of comprehensive loss as follows:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
General and administration	\$ 356,373	\$ 237,650	\$ 1,180,085	\$ 716,402
Exploration and project investigation	22,696	25,636	74,978	106,116
	\$ 379,069	\$ 263,286	\$ 1,255,063	\$ 822,518

Josemaria Resources Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2021
(All amounts expressed in Canadian Dollars, unless otherwise indicated)

b) Share Options Outstanding

The following is a summary of the movements in the number of share options outstanding and their related weighted average exercise prices:

	Number of share issuable pursuant to share options	Weighted average exercise price per share
December 31, 2019	9,925,000	\$ 0.76
Granted	3,997,000	0.67
Expired	(3,060,000)	(0.84)
December 31, 2020	10,862,000	\$ 0.70
Granted	7,411,000	0.76
Expired	(1,630,000)	(0.90)
Exercised	(165,000)	(0.66)
June 30, 2021	16,478,000	\$ 0.72

During the six months ended June 30, 2021, the weighted average closing price of the Company's shares on the dates that share options were exercised was \$0.75.

The following table summarizes information about the outstanding and exercisable share options at June 30, 2021:

Exercise price	Outstanding Options		Exercisable Options	
	Number of options outstanding	Weighted average remaining contractual life (years)	Number of options exercisable	Weighted average remaining contractual life (years)
\$ 0.85	675,000	5.0	-	5.0
\$ 0.75	6,736,000	4.7	2,245,333	4.7
\$ 0.73	75,000	3.9	50,000	3.9
\$ 0.67	3,847,000	3.7	2,564,667	3.7
\$ 0.61	2,505,000	3.4	1,670,000	3.4
\$1.01	925,000	3.1	616,667	3.1
\$ 0.65	1,715,000	2.7	1,715,000	2.7
	16,478,000	3.9	8,861,667	3.6

Josemaria Resources Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2021
(All amounts expressed in Canadian Dollars, unless otherwise indicated)

10. EXPLORATION AND PROJECT INVESTIGATION

The Company expensed the following exploration and project investigation costs related 100% to the Josemaria Project:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Land holding costs	\$ 1,663	\$ 30,227	\$ 4,669	\$ 37,540
Drilling, fuel, camp costs and field supplies	9,621	890,104	22,000	7,295,101
Roadwork, travel and transport	173,575	126,989	625,578	1,453,642
Engineering studies, consultants, geochemistry and geophysics	4,306,699	1,866,649	7,438,377	7,666,186
Environmental and community relations	540,501	455,701	1,226,822	1,793,510
VAT, other taxes and fees	435,286	598,320	899,597	4,008,122
Office and general, salaries, and overhead	757,331	407,909	1,077,828	925,131
Share-based compensation	22,696	25,636	74,978	106,116
Inflation adjustment (Note 3)	76,380	55,496	176,744	516,431
Total Expenditures	\$ 6,323,752	\$ 4,457,031	\$ 11,546,593	\$ 23,801,779

11. DEBENTURES

December 31, 2019	\$ 27,917,934
Funds drawn on debentures	22,480,236
Repayments on debentures	(19,730,170)
Other items	44,878
Effect of changes in foreign exchange	(1,454,261)
December 31, 2020	\$ 29,258,617
Funds drawn on debentures	1,263,700
Repayments on debentures	(20,534,853)
Other items	18,577
Effect of changes in foreign exchange	(549,679)
June 30, 2021	\$ 9,456,362

Josemaria Resources Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2021
(All amounts expressed in Canadian Dollars, unless otherwise indicated)

The total debenture balance outstanding as at June 30, 2021 is comprised as follows:

	Lorito Facility (Note a)	2020 Facilities (Note b)	Total
Current	\$ 4,505,168	\$ 4,951,194	\$ 9,456,362
Non-current	-	-	-
Total	\$ 4,505,168	\$ 4,951,194	\$ 9,456,362

a) Lorito Facility

On October 25, 2019 the Company secured a US\$20.0 million credit facility with Lorito as evidenced by a debenture to fund ongoing exploration at the Josemaria project and for general corporate purposes (the "Lorito Facility"). Pursuant to the terms of the Lorito Facility, Lorito received 80,000 common shares of the Company as consideration upon execution of the Lorito Facility and is entitled to receive 800 common shares each month, for every US\$50,000 in principal outstanding, prorated accordingly for the number of days outstanding. On April 21, 2021, the Company repaid \$US16.4 million of the outstanding US\$20.0 million balance on the Lorito Facility, leaving an outstanding balance of \$US3.6 million on the Lorito Facility as at June 30, 2021. On April 22, 2021, the Company announced an extension of the maturity date of the Lorito Facility from April 25, 2021 to November 25, 2021.

b) 2020 Facilities

On May 25, 2020, the Company secured two credit facilities, evidenced by debentures, totaling US\$7.0 million (collectively the "2020 Facilities"), one with Lorito for US\$3.5 million (the "Lorito 2020 Facility") and one with Zebra for US\$3.5 million (the "Zebra 2020 Facility"), each of which has a term of 18 months ending November 25, 2021. No interest is payable during the term of the 2020 Facilities, however, any amount of the Lorito 2020 Facility or the Zebra 2020 Facility remaining unpaid and outstanding on or after November 25, 2021 shall bear interest at a rate of 5.0% per annum until repaid in full. As at June 30, 2021, the 2020 Facilities had an outstanding balance of \$US4.0 million.

Zebra reports its security holdings in the Company as a joint actor with Lorito and they collectively hold more than 20% of the Company's issued and outstanding common shares as at June 30, 2021. No interest is payable in cash during the term and all securities issued in conjunction with these facilities are subject to a four-month hold period under applicable securities law. During the six months ended June 30, 2021 the Company issued 1,955,499 shares to Lorito and Zebra (2020 – 2,121,464) as consideration for the funds drawn on the facilities, with an additional 131,759 common shares issuable, resulting in \$1,292,778 in financing costs recognized during the six months ended June 30, 2021 (2020 – \$1,569,638).

Josemaria Resources Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2021

(All amounts expressed in Canadian Dollars, unless otherwise indicated)

12. RELATED PARTY TRANSACTIONS

a) Related party services and balances

NGEx Minerals Ltd. was incorporated on February 21, 2019 under the laws of CBCA as a wholly-owned subsidiary of the Company prior to the spin out of NGEx Minerals which was completed on July 17, 2019. The Company has formalized cost sharing arrangements with NGEx Minerals and Filo Mining Corp. ("Filo Mining"; collectively "Related Parties"), whereby the Related Parties provide executive management and personnel services to the Company ("Related Party Services"), while the Company provides financial management and administrative services to Filo Mining and NGEx Minerals ("Josemaria Services"). These transactions are in the normal course of operations.

Other than those related party transactions identified elsewhere in these condensed interim consolidated financial statements, the related party transactions are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Income from Josemaria Services provided:				
Filo Mining	\$ 55,346	\$ 71,740	\$ 97,411	\$ 200,925
NGEx Minerals	18,868	51,438	40,652	93,597
Total	\$ 74,214	\$ 123,178	\$ 138,063	\$ 294,522
Costs of Related Party Services received:				
Filo Mining	\$ (90,152)	\$ (271,442)	\$ (190,544)	\$ (591,890)
NGEx Minerals	(15,642)	(47,183)	(30,174)	(88,287)
Total	\$ (105,794)	\$ (318,625)	\$ (220,718)	\$ (680,177)

The amounts due from/to Related Parties by the Company, and the components of the consolidated statement of financial position in which they are included, are as follows:

	June 30, 2021	December 31, 2020
Due from Filo Mining	\$ 17,081	\$ -
Due from NGEx Minerals	2,339	-
	\$ 19,420	\$ -
Due to Filo Mining	\$ (26,705)	\$ -
Due to NGEx Minerals	(15,888)	-
	\$ (42,593)	\$ -

Josemaria Resources Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2021
(All amounts expressed in Canadian Dollars, unless otherwise indicated)

b) Key management compensation

Key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities and consist of the Board of Directors and members of the executive management team. Total compensation expense for key management personnel inclusive of costs of key management personnel services received from its Related Parties, and the composition thereof, is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Salaries and other payments	\$ 283,950	\$ 174,833	\$ 1,459,900	\$ 651,083
Employee benefits	7,644	7,665	15,289	11,941
Director fees	59,200	-	115,000	-
Share-based compensation	235,835	211,417	841,957	657,216
	\$ 586,629	\$ 393,915	\$ 2,432,146	\$ 1,320,240

13. FINANCIAL INSTRUMENTS

The Company classifies its financial instruments at amortized costs or fair value through profit and loss ("FVTPL"). The Company's financial instruments consist of cash and cash equivalents, receivables and other assets, investments, trades payable and accrued liabilities, debentures, and other liabilities. The carrying value of these financial instruments approximates their fair value due to the short-term nature of these instruments. The fair value of investments is determined directly by reference to quoted market prices in active markets.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, interest rate risk, and foreign exchange risk.

a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. Credit risks associated with cash and cash equivalents is minimal as the Company deposits the majority of its cash with a large Canadian financial institution that has been accorded a strong investment grade rating by a primary rating agency. Credit risks associated with receivables and other assets are minimal as the Company manages these amounts so as not to have material balances outstanding for long periods of time. Credit risks associated with investments are minimal as the Company does not hold its investments for long periods of time.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities, which is managed through the management of its capital structure. The Company closely monitors and reviews its costs incurred and actual cash flows against the approved budget on a monthly basis to ensure the Company's access to funds is adequate to support the Company's operations on an ongoing basis. See also Note 1.

Josemaria Resources Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2021
(All amounts expressed in Canadian Dollars, unless otherwise indicated)

The maturities of the Company's financial liabilities as at June 30, 2021 are as follows:

	Total	Less than 1 year	1 to 5 years	More than 5 years
Trade payables and accrued liabilities	\$ 3,037,239	\$ 3,037,239	\$ -	\$ -
Debentures	9,456,362	9,456,362	-	-
Other liabilities	80,792	40,496	40,296	-
Total	\$ 12,574,393	\$ 12,534,097	\$ 40,296	\$ -

c) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices comprise two types of risk: currency risk and price risk. Financial instruments affected by market risk include cash and cash equivalents, receivables and other assets, investments, trades payable and accrued liabilities, debentures, and other liabilities.

Currency risk

Currency risk is the risk that the value of financial assets and liabilities may change due to changes in the value of two different currencies. The Company is exposed to currency risks as its parent is headquartered in Canada and its day-to-day transactions take place in Canadian dollars, while its foreign operations are conducted in Argentina, and the Company also holds significant debentures denominated in the United States dollar. While the Company has not used any hedging strategies to manage its exposure to currency fluctuations, management strives to minimize currency risk by sending its cash to its foreign operation as required.

Price risk

Price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices. From time to time, as part of the funding process to its subsidiary, the Company holds equity instruments for periods of three to five business days with the intention of trading. During these holding periods, the Company is exposed to changes in share prices which result in gains or losses being recognized in profit and loss. The Company does not hold significant numbers of equity instruments at period end and therefore has no significant exposure to price risk as at June 30, 2021.

Josemaria Resources Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2021

(All amounts expressed in Canadian Dollars, unless otherwise indicated)

14. SEGMENTED INFORMATION

The Company is principally engaged in the acquisition, exploration and development of mineral properties in South America. The segments presented in Notes 6 and 10 reflect the way in which management reviews its business performance.

All of the Company's non-current assets and exploration and project investigation costs are located and incurred within Argentina, whereas materially all of the Company's cash and general and administrative costs are held and incurred by the Canadian parent. Following is a summary of non-current assets and net losses by segment:

June 30, 2021				
	Receivables and other assets	Equipment and other fixed assets	Mineral properties	Total
Josemaria	\$ 205,236	\$ 2,209,290	\$ 10,789,657	\$ 13,204,183
Corporate	-	23,674	-	23,674
Total	\$ 205,236	\$ 2,232,964	\$ 10,789,657	\$ 13,227,857

December 31, 2020				
	Receivables and other assets	Equipment and other fixed assets	Mineral properties	Total
Josemaria	\$ 210,238	\$ 2,149,791	\$ 10,064,661	\$ 12,424,690
Corporate	-	29,323	-	29,323
Total	\$ 210,238	\$ 2,179,114	\$ 10,064,661	\$ 12,454,013

	For the six months ended June 30, 2021			For the six months ended June 30, 2020		
	Exploration and Project Investigation	G&A and other items	Net loss for the period	Exploration and Project Investigation	G&A and other items	Net loss for the period
Josemaria	\$ 11,546,593	\$ -	\$ 11,546,593	\$ 23,801,779	\$ -	\$ 23,801,779
Corporate	-	3,524,290	3,524,290	-	1,475,681	1,475,681
Total	\$ 11,546,593	\$ 3,524,290	\$ 15,070,883	\$ 23,801,779	\$ 1,475,681	\$ 25,277,460



CORPORATE DIRECTORY

Company Head Office

Suite 2000 - 885 West Georgia Street
Vancouver, British Columbia V6C 3E8
Canada
Phone: +1 604 689 7842
Fax: +1 604 689 4250

Registered and Records Office

885 West Georgia Street
Suite 2200
Vancouver, British Columbia
Canada, V6C 3E8

Auditors - PricewaterhouseCoopers LLP

Vancouver, British Columbia
Canada

Registrar and Transfer Agent Computershare Trust Company of Canada

Vancouver, British Columbia
Canada
Phone: +1 604 661 9400

Company Info Canada

Amanda Strong
Investor Relations Manager
Email: info@josemariaresources.com
Phone: +1 604 689 7842

Officers

Adam Lundin, President and CEO
Ian Gibbs, Chief Financial Officer
Arndt Brettschneider, Vice President Projects
Bob Carmichael, Vice President Exploration
Julie Kemp, Corporate Secretary

Directors

Ashley Heppenstall, Chairman (non-executive)
Christine Batruch
Paul Conibear
Ron Hochstein
Adam Lundin
Wojtek Wodzicki

Solicitors - Cassels Brock

Vancouver, British Columbia
Canada

Share Listing

TSX: JOSE
Nasdaq Stockholm: JOSE
OTCQB: JOSMF
CUSIP number: 48086P100
ISIN number: CA48086P1009

Company Info Sweden

Robert Eriksson
Investor Relations Manager
Email: reriksson@rive6.ch
Phone: +46 (0)8 440 5450