2021 THIRD QUARTER REPORT

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

For the Nine Months Ended September 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 November 15, 2021 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 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" or "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.

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. The Company is planning to execute a 65,000-metre drilling program, commencing in Q4 2021, aimed primarily at providing development/infill geo-metallurgical data and acquiring additional site geotechnical information for key Project infrastructure and detailed mine planning. The Company has also commenced Basic Engineering, which is expected to be completed in the first half of 2022, the procurement process of long-lead equipment and the preparation of early works activities focused on providing engineering, planning and financial details. Active engagement also 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.

2021 HIGHLIGHTS

- The Company continues to advance toward sanctioning construction of the Josemaria Project. Highlights during 2021 include:
  - Project Engineering has made significant advancements to de-risk and optimize the process flowsheet with improvements in the crushing/conveying, grinding and flotation circuits and tailings facilities. An area of significant progress is the grinding circuit, where the size of the SAG mills has been reduced from 42 to 40 feet in diameter, achieved through the implementation of a 2-stage pebble crushing circuit while maintaining the 150 kilo-tonnes per day design throughput. The Project has commenced Basic Engineering with the goal of completion during the first half of 2022;
  - The Company is actively preparing to execute a 65,000-metre drill program aimed primarily at providing development/infill geo-metallurgical data and acquiring additional site geotechnical information for key Project infrastructure and detailed mine planning. Life of mine hydrogeology and aquifer modelling will be updated with additional water well and piezometer drilling. It is anticipated that up to 8 rigs will be active at the peak of the drilling program. Management has a high degree of confidence that drilling will lead to an expansion of Indicated resources, and potentially reserves, as Inferred material is better defined and reclassified. At the Project site, camp expansion activities are ahead of schedule, and drilling is expected to commence in Q4 2021. Regional exploration program plans are being finalized to test targets outside the current resource but adjacent to the Project;
  - Following the submission of the ESIA in February 2021, the Company continues to engage with the San Juan authorities in their evaluation process;
  - Offsite infrastructure including access road, electrical power, and logistics studies are ongoing, aimed at finalizing plans for integration into the design of the Project during Basic Engineering; and
  - The Company has continued to aggressively recruit the team that will ultimately be responsible for constructing and commissioning the Project, including Mr. Phil Brumit who has been appointed to the role of Executive Vice President Projects and Operation and Mr. Reece Fuller who has been appointed to the role of Senior Vice President Projects. Mr. Brumit and Mr. Fuller both have decades of international mining, engineering, construction and senior leadership experience.
- During the third quarter 2021, the Company announced the securing of two credit facilities, evidenced by debentures, totaling US$20.0 million (collectively the "2021 Facilities"), one with Lorito Holdings S.à.r.l. ("Lorito") for US$10.0 million (the "Lorito 2021 Facility") and one with Zebra Holdings and Investments S.à.r.l. ("Zebra") for US$10.0 million (the "Zebra 2021 Facility"), each of which has a term of 18 months ending March 7, 2023. The Company concurrently announced the extension of the maturity dates of all previously announced debentures to March 7, 2023.
- During the second quarter 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 for the Josemaria Project 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. plus input from a variety of independent consultants and qualified persons, and in accordance with the disclosure standards of National Instrument 43-101 ("NI 43-101").

The 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).

SUMMARY OF QUARTERLY RESULTS

Financial Data for 8 Quarters *(In thousands $ except for per share amounts)[i]*								
Three Months Ended	**Sep-21** *(3rd qtr)*	**Jun-21** *(2nd qtr)*	**Mar-21** *(1st qtr)*	**Dec-20** *(4th qtr)*	**Sep-20** *(3rd qtr)*	**Jun-20** *(2nd qtr)*	**Mar-20** *(1st qtr)*	**Dec-19** *(4th qtr)*
Exploration and project investigation	15,781	6,324	5,223	3,588	2,544	4,447	19,355	10,510
Additions to Equipment and Other Fixed Assets	14,268	5	3	5	121	-	4	4
Unrealized foreign exchange (gain) / loss	233	(250)	(357)	(1,489)	(1,240)	(1,811)	2,968	(413)
Foreign exchange and trading gains realized on equity investments	(8,053)	(866)	(831)	(1,500)	(657)	(2,296)	(2,037)	-
(Gain) / loss on net monetary position	282	57	60	71	8	195	114	(88)
Net (income)/loss	10,374	7,121	7,950	3,266	2,693	2,318	22,959	11,097
Total basic and diluted (income)/loss per share[i]	0.03	0.02	0.03	0.01	0.01	0.01	0.09	0.04

(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, however Q2 and Q3 2021 were impacted by ongoing engineering and related studies on the Project. During the third quarter of 2021, the Company incurred significant additions of fixed assets related to the expansion of its camp facilities at the Josemaria Project. The facilities will house field and administrative teams during the field season planned to commence in Q4 2021. 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 nine months ended September 30, 2021 was $10.4 million and $25.4 million, respectively, compared to $2.7 million and $28.0 million, respectively, for the same periods in 2020. The increase in net loss for the three months ended September 30, 2021 as compared to the same period in 2020 mainly reflects the Company having conducted an increased level of engineering, environmental and other key studies focused on furthering the Josemaria Project towards development. The net loss for the nine months ended September 30, 2021 is slightly lower than the net loss for the same period in 2020 as the Company had conducted a field program during Q4 2019 into Q1 2020 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.

Exploration and project investigation expenses of $15.8 million and $27.3 million were incurred during the three and nine months ended September 30, 2021, as compared to $2.5 million and $26.3 million incurred during the comparative periods, respectively, in 2020. During the nine months ended September 30, 2021, the Company's primary exploration and project investigation expenses consisted of engineering and optimization studies, 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 nine months ended September 30, 2021 totaled $1.8 million and $6.2 million, respectively, compared to $1.1 million and $4.1 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 comparative 2021 period and higher discretionary management bonuses, and higher share-based compensation expenses due to a larger number of options having been granted as recruitment of personnel has increased. Share-based compensation is a non-cash charge reflecting the expense associated with the vesting of outstanding stock options during the period.

During the three and nine months ended September 30, 2021, the Company added $14.3 million of fixed assets related to the planned field season commencing in Q4 2021 (no such additions in the prior comparative periods). The fixed assets consist of modular buildings that will house the field and administrative teams carrying out field activities and the drill program.

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. For the three months ended September 30, 2021, the Company realized a trading loss, including transaction fees, of $1,441,065 (2020 – $679,619) and a foreign exchange gain of $9,511,348 (2020 – $1,265,499) as a result of holding the equity instruments for a net realized gain of $8,070,283 (2020 – $585,880). For the three months ended

September 30, 2021, the Company also incurred an unrealized loss on available for sale equity investments of $17,307 (2020 – gain of $70,859). During the nine months ended September 30, 2021, the Company realized a trading loss, including transaction fees, of $1.8 million (2020 – $1.6 million) and a foreign exchange gain of $11.6 million (2020 – $6.6 million) as a result of holding the equity instruments for a net realized gain of $9.8 million (2020 – $4.9 million). The increase in net gain is the result of the Company having conducted an increased quantum of such transactions during Q3 2021 than in the comparative period as a result of funding increased in-country activity in Argentina.

During the nine months ended September 30, 2021, the Company recognized a net monetary loss of $0.4 million (2020 – $0.3 million) in relation to the application of hyper-inflationary accounting for the Company's Argentinian subsidiary, which began July 1, 2018. In other comprehensive loss, the Company recognized a gain of $2.5 million resulting from the impact of hyper-inflation which consists of adjustments recognized on the continuing inflation of opening non-monetary balances during the nine months ended September 30, 2021 (2020 – $1.8 million) and the ongoing translation of the Company's Argentinian 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 and 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"), 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$3.5 million, and on September 8, 2021, as disclosed above, the Company secured two credit facilities totaling US$ 20.0 million, one with Lorito for US$ 10.0 million and one with Zebra for US$ 10.0 million. Lorito reports its security holdings in the Company as a joint actor with Zebra, and collectively they held more than 39% of the Company's issued and outstanding common shares as at September 30, 2021. Information related to the facilities as at and for the nine months ended September 30, 2021 is as follows:

		Lorito Facility		2020 Facilities		2021 Facilities
Original date of issue		October 25, 2019		May 25, 2020		September 7, 2021
Maturity date[(1)]		March 7, 2023		March 7, 2023		March 7, 2023
Shares issuable per $50,000 drawn		800		920		450
As at September 30, 2021:						
Maximum amount available under the facilities	$	US 20.0 million	$	US 7.0 million	$	US 20.0 million
Amount drawn on the facility	$	US 3.6 million	$	US 4.0 million	$	nil
For the nine months ended September 30, 2021:						
Shares issued pursuant to the facility		1,745,356		605,420		50,000
Finance charge incurred in relation to shares issued	$	1,117,028	$	423,794	$	53,000

(1) On September 8, 2021, the Company announced the extension of the maturity dates of the Lorito Facility and 2020 Facilities to March 7, 2023. No interest is payable during the term of the debenture facilities, however, any amount of the facilities remaining unpaid and outstanding on or after March 7, 2023 shall bear interest at a rate of 5.0% per annum until repaid in full.

As of the date of this MD&A, US$11.4 million remains undrawn on the Lorito Facility, US$3.0 million remains undrawn on the 2020 Facilities and US$ 20.0 million remains undrawn on the 2021 Facilities for a total of US$ 34.4 million available to the Company via the debenture facilities.

LIQUIDITY AND CAPITAL RESOURCES

(In thousands $)		September 30, 2021		December 31, 2020
Cash	$	11,022	$	6,741
Trade payables and accrued liabilities		(12,428)		(2,709)
Working capital deficit		(85)		(24,748)

During the nine months ended September 30, 2021, the Company used $18.0 million (2020 – $26.6 million) in operating activities. The decrease from the prior period is the result of the Company having incurred fewer exploration and investigation expenditures during the period, plus an increase in net changes in working capital. During the nine months ended September 30, 2021, the Company had net $31.7 financing inflows (2020 – $37.7 million), which consists of net proceeds of $50.6 million received on the private placement and bought deal (2020 – $29.9 million) and $0.4 million received on the exercise of stock options (2020 – $nil), less net repayments on the Company's outstanding debentures of $19.3 million (2020 – net funds received of $7.8 million). During the nine months ended September 30, 2021, the Company used $9.2 million to acquire fixed assets (2020 – $4,493) which consists entirely of camp assets related to the field season planned to commence in Q4 2021. As at September 30, 2021, the Company had a trade payables and accrued liabilities balance of $12.4 million, as compared to $2.7 million at December 31, 2020. This change reflects a general increase in amounts incurred in relation to exploration and project investigation expenses, as well as an amount payable of $5.0 million incurred in relation to the acquisition of fixed assets.

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 September 30, 2021, the Company has incurred the following variances:

(In millions $)	Expected Use of Proceeds	Actual Use of Proceeds Through September 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	19.9	4.8
- Owner's Project Execution Team	3.2	3.6	0.4
- Local Access Road Engineering and Studies	2.4	1.0	(1.4)
- Environmental, Social and Permitting	1.7	1.3	(0.4)
Total Josemaria Project	22.4		3.4
Corporate, public company overheads and working capital purposes	5.7	2.3	(3.4)
Total	$ 48.6	$ 48.6	$ -

Upon receipt of the funds from the Offerings, the Company immediately repaid $20.5 million ($US 16.4 million) on the Lorito 2019 Facility as detailed in the 2021 Prospectus. Activities incurred related to the Josemaria Project are mostly in line with expectations although funds were shifted from corporate and public company overheads in order to fund the expansion of camp facilities for the upcoming field season.

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 negative impacts to date, the Company cannot determine any future impact that COVID-19 may have on its operations, financial position or cash flows.

RELATED PARTY TRANSACTIONS

a) Related party services and balances

NGEx Minerals Ltd. ("NGEx Minerals") was incorporated on February 21, 2019 under the laws of CBCA as a wholly-owned subsidiary of the Company prior to the Company's 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 (the "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 September 30,		Nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
Income from Josemaria Services provided:				
Filo Mining	$ 2,023	$ 59,647	$ 99,434	$ 260,572
NGEx Minerals	188	29,837	40,840	123,434
Total	$ 2,211	$ 89,484	$ 140,274	$ 384,006
Costs of Related Party Services received:				
Filo Mining	$ 35,222	$ (179,657)	$ 225,766	$ (771,548)
NGEx Minerals	10,611	(35,688)	40,785	(123,975)
Total	$ 45,833	$ (215,345)	$ 266,551	$ (895,523)

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:

	September 30, 2021	December 31, 2020
Due from Filo Mining	$ 6,007	$ -
Due from NGEx Minerals	6,007	-
	$ 12,014	$ -

	September 30, 2021	December 31, 2020
Due to Filo Mining	$ 238	$ -
Due to NGEx Minerals	25	-
	$ 263	$ -

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 September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Salaries and other payments	$ 637,618	$ 234,584	$ 2,097,518	$ 885,667
Employee benefits	10,161	7,162	25,450	19,103
Director fees	57,500	34,333	172,500	34,333
Share-based compensation	357,169	191,238	1,199,126	848,454
	$ 1,062,448	$ 467,317	$ 3,494,594	$ 1,787,557

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 cost 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 other assets, trade payables and accrued liabilities, debentures, and other liabilities. 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.

<u>Credit risk</u>

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 September 30, 2021 are as follows:

	Total	Less than 1 year	1 to 5 years	More than 5 years
Trade payables and accrued liabilities	$ 12,428,439	$ 12,428,439	$ -	$ -
Debentures	9,673,172	-	9,673,172	-
Other liabilities	71,393	42,509	28,884	-
Total	$ 22,173,004	$ 12,470,948	$ 9,702,056	$ -

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 September 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 $0.9 million and $0.3 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 September 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 380,790,874 common shares outstanding and 17,581,000 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, procedures and internal controls over financial reporting during the nine months ended September 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 pertains 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;
- a failure to develop or manage a project in accordance with expectations or to properly manage the transition to an operating mine; and
- risks related to COVID-19 and the potential for other emerging global pandemics.

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 metal commodity prices. 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 Argentinian 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 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 Argentinian government placed varying degrees of currency controls on the ability of companies and its citizens to obtain foreign currencies. Past actions indicate that the Argentinian 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 year ended December 31, 2021 is expected to be published on or about February 25, 2022.

OFF BALANCE SHEET AGREEMENTS

During the first nine months of 2021 and for 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 is 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 and expectations with respect to the results of these 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)

	Note		September 30, 2021		December 31, 2020
ASSETS					
Current assets:					
Cash and cash equivalents		$	11,022,468	$	6,740,884
Investments			156,706		179,259
Receivables and other assets			1,206,548		371,132
			12,385,722		7,291,275
Receivables and other assets			319,956		210,238
Equipment and other fixed assets	*5*		17,106,510		2,179,114
Mineral properties	*6*		11,721,157		10,064,661
TOTAL ASSETS		$	41,533,345	$	19,745,288
LIABILITIES					
Current liabilities:					
Trade payables and accrued liabilities		$	12,428,439	$	2,708,950
Debentures	*11*		-		29,258,617
Other liabilities	*7*		42,509		72,167
			12,470,948		32,039,734
Non-current liabilities					
Other liabilities	*7*		28,884		61,526
Debentures	*11*		9,673,172		-
TOTAL LIABILITIES			22,173,004		32,101,260
EQUITY					
Share capital	*8*		311,035,843		257,934,980
Contributed surplus			15,092,262		13,489,755
Deficit			(307,252,012)		(281,807,438)
Accumulated other comprehensive loss (“AOCI”)			484,248		(1,973,269)
TOTAL EQUITY			19,360,341		(12,355,972)
TOTAL LIABILITIES AND EQUITY		$	41,533,345	$	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)

	Note	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Expenses					
Exploration and project investigation	*10*	$ 15,781,160	$ 2,544,352	$ 27,327,753	$ 26,346,131
General and Administration (“G&A”):					
Salaries and benefits		717,280	470,535	3,006,172	1,826,352
Share-based compensation	*9*	509,831	208,563	1,689,916	924,965
Management fees		169,518	93,371	386,519	307,096
Professional fees		58,804	42,573	127,448	172,756
Travel		14,734	194,905	94,280	217,688
Promotion and public relations		108,113	14,939	456,734	317,616
Regulatory, transfer agent and administration		173,253	91,134	471,209	294,748
Operating loss		17,532,693	3,660,372	33,560,031	30,407,352
Other items					
Financing costs	*11*	400,654	998,055	1,693,432	2,567,693
Interest income		(25,563)	(16,755)	(70,003)	(28,975)
Unrealized foreign exchange (gain)/loss		233,280	(1,240,320)	(373,265)	(83,715)
Accretion of share consideration receivable		-	(32,699)	-	(97,384)
Foreign exchange and trading gains realized on equity investments	*4*	(8,052,976)	(656,739)	(9,750,158)	(4,989,509)
Other expense (income)		3,799	(26,347)	(13,581)	(121,578)
Loss on net monetary position	*3*	281,804	7,747	398,118	316,890
Net Loss		10,373,691	2,693,314	25,444,574	27,970,774
Other Comprehensive (income) loss					
Items that may be reclassified subsequently to net loss:					
Foreign currency translation adjustment		(39)	35,897	8	361,176
Impact of hyperinflation	*3*	(1,754,605)	(124,564)	(2,457,525)	(1,812,818)
Comprehensive loss		$ 8,619,047	$ 2,604,647	$ 22,987,057	$ 26,519,132
Basic and diluted loss per common share		$ 0.03	$ 0.01	$ 0.07	$ 0.11
Weighted average common shares outstanding		379,609,744	274,977,686	348,718,920	259,286,672

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)

	Note	Nine months ended September 30, 2021	2020
Cash flows used in operating activities			
Net loss for the period		$ (25,444,574)	$ (27,970,774)
Items not involving cash and cash equivalents:			
(Gain)/loss on net monetary position and unrealized foreign exchange differences	3	(64,107)	1,801,558
Depreciation	5	81,928	89,344
Share-based compensation	9	1,791,038	1,056,715
Financing costs	11	1,639,932	2,567,693
Accretion of share consideration receivable		-	(97,384)
Other income		(83,584)	(150,553)
Unrealized fair value loss/(gain) on equity investments		22,553	(71,729)
Net changes in working capital items:			
Receivables and other		(875,131)	745,430
Trade payables and other liabilities		4,907,079	(4,607,083)
		(18,024,866)	(26,636,783)
Cash flows from financing activities			
Funds received from debentures	11	1,263,700	22,480,236
Repayment of debentures	11	(20,534,853)	(14,711,310)
Share issuance from option exercises	9	379,184	-
Repayment of lease liabilities	7	(39,597)	(29,892)
Private placement and bought deal, gross proceeds	8	52,014,891	31,257,501
Private placement and bought deal, issuance costs	8	(1,373,834)	(1,312,993)
		31,709,491	37,683,542
Cash flows used in investing activities			
Acquisition of fixed assets	5	(9,249,781)	(4,493)
		(9,249,781)	(4,493)
Effect of exchange rate change on cash and cash equivalents		(153,260)	(320,624)
Increase in cash and cash equivalents during the period		4,281,584	10,721,642
Cash and cash equivalents, beginning of period		6,740,884	4,043,451
Cash and cash equivalents, end of period		$ 11,022,468	$ 14,765,093

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)
Private placement and bought deal, gross proceeds (Note 8)	46,652,986	31,257,501	-	-	-	31,257,501
Private placement and bought deal, issuance costs (Note 8)	-	(1,312,993)	-	-	-	(1,312,993)
Debenture financing consideration (Note 11)	3,612,532	2,428,007	-	-	-	2,428,007
Share-based compensation (Note 9)	-	-	1,056,715	-	-	1,056,715
Foreign currency translation adjustment	-	-	-	(361,176)	-	(361,176)
Impact of hyperinflation (Note 3)	-	-	-	1,812,818	-	1,812,818
Net loss for the period	-	-	-	-	(27,970,774)	(27,970,774)
September 30, 2020	300,601,709	$ 256,991,744	$ 13,298,034	$ (1,193,405)	$ (278,541,049)	$ (9,444,676)
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)	560,334	567,715	(188,531)	-	-	379,184
Debenture financing consideration (Note 11)	2,400,776	1,892,091	-	-	-	1,892,091
Share-based compensation (Note 9)	-	-	1,791,038	-	-	1,791,038
Foreign currency translation adjustment	-	-	-	(8)	-	(8)
Impact of hyperinflation (Note 3)	-	-	-	2,457,525	-	2,457,525
Net loss for the period	-	-	-	-	(25,444,574)	(25,444,574)
September 30, 2021	380,187,819	$ 311,035,843	$ 15,092,262	$ 484,248	$ (307,252,012)	$ 19,360,341

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 negative impacts to date, the Company cannot determine any future impact that COVID-19 may have on its 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 September 30, 2021. As at September 30, 2021, the Company has a working capital deficit of $0.1 million, and while the net $50.6 million financing completed in April 2021 (Note 8) and the two additional Debentures issued in September 2021 (Note 11) 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. Depending 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, as issued by the International Accounting Standards Board, 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 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 November 15, 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 Argentinian operating subsidiaries (the "Argentinian Subsidiaries") use the Argentinian Peso as its functional currency. The financial statements are based on the historical cost approach in IAS 29.

For the nine months ended September 30, 2021, the Company recognized a gain of $2,457,525 (2020 – $1,812,818) 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 September 30, 2021, the Company recognized a net monetary loss within the Argentinian Subsidiaries of $398,118 for the nine months ended September 30, 2021 (2020 – $316,890), to adjust transactions for the period into a measuring unit current as of September 30, 2021. The level of the IPC at September 30, 2021 was 528.5, which represents an increase of 37.0% 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 three months ended September 30, 2021, the Company realized a trading loss, including transaction fees, of $1,441,065 (2020 – $679,619) and a foreign exchange gain of $9,511,348 (2020 – $1,265,499) as a result of holding the equity instruments for a net realized gain of $8,070,283 (2020 – $585,880). For the three months ended September 30, 2021, the Company also incurred an unrealized loss on available for sale equity investments of $17,307 (2020 – gain of $70,859). For the nine months ended September 30, 2021, the Company realized a trading loss, including transaction fees, of $1,812,224 (2020 – $1,640,426) and a foreign exchange gain of $11,584,935 (2020 – $6,558,206) as a result of holding the equity instruments for a net realized gain of $9,772,711 (2020 – $4,917,780). For the nine months ended September 30, 2021, the Company also incurred an unrealized loss on available for sale equity investments of $22,553 (2020 – gain of $71,729).

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

5. EQUIPMENT AND OTHER FIXED ASSETS

	Equipment and buildings	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	14,275,682	-	-	-	14,275,682
Hyperinflation adjustment (Note 3)	733,642	-	-	-	733,642
Depreciation	(39,467)	(12,200)	(30,261)	-	(81,928)
September 30, 2021	$ 17,034,625	$ -	$ 63,885	$ 8,000	$ 17,106,510

During the nine months ended September 30, 2021, the Company added $14,267,712 (2020 – $nil) of fixed assets related to the field season planned to commence in Q4 2021. The assets consist of modular-style buildings and related equipment designed to house field and administrative teams on-site during the upcoming program and for future Project activities. As at September 30, 2021, $5,025,901 related to the acquisition remains in trade payables and accrued liabilities.

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)	1,656,496
September 30, 2021	$ 11,721,157

a) The Josemaria Project

<u>Acquisition of mineral property interests from JOGMEC</u>

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.

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.

(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		-		(39,597)		(39,597)
Hyperinflation adjustment		(9,122)		-		(9,122)
Recognition to income, net of expense		(26,293)		12,712		(13,581)
September 30, 2021	$	-	$	71,393	$	71,393

		September 30, 2021		December 31, 2020
Current	$	42,509	$	72,167
Non-current		28,884		61,526
Total other liabilities	$	71,393	$	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 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.

(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 nine months ended September 30, 2021, the Company granted a total of 9,305,000 (2020 – 3,997,000) share options to officers, employees, directors and other eligible participants at a weighted average exercise price of $0.79 per share (2020 – $0.67 per share). Share options have an expiry date of five years. During the nine months ended September 30, 2021, of the 9,305,000 options granted, 1,475,000 options were granted that vest in thirds upon each of the first three anniversaries of the date of grant, and 675,000 options were granted that vest in halves, one half six months after the date of grant, and one half upon the completion of certain milestones. The remaining options typically vest in thirds: one-third immediately upon grant, and the remaining thirds on the first and second anniversary of the date of grant.

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:

	Nine months ended September 30, 2021	2020
Weighted-average assumptions:		
Risk-free interest rate *(%)*	0.4	1.4
Expected life *(years)*	4.7	4.2
Expected volatility *(%)*	49.6	49.0
Expected dividend	Nil	Nil
Results:		
Weighted average fair value of options granted *(per option)*	$ 0.33	$ 0.27

Based on the weighted average valuation of $0.33 per option granted, the Company will recognize $3,093,412 in total expense over the vesting period related to the 9,305,000 options granted during the nine months ended September 30, 2021.

The total share-based compensation expenses for the nine months ended September 30, 2021 totaling $1,791,038 (2020 – $1,056,715) were presented in the statement of comprehensive loss as follows:

	Three months ended September 30, 2021	2020	Nine months ended September 30, 2021	2020
General and administration	$ 509,831	$ 208,563	$ 1,689,916	$ 924,965
Exploration and project investigation	26,144	25,634	101,122	131,750
	$ 535,975	$ 234,197	$ 1,791,038	$ 1,056,715

(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	9,305,000	0.79
Expired / forfeited	(1,730,000)	(0.89)
Exercised	(560,334)	(0.68)
September 30, 2021	17,876,666	$ 0.74

During the nine months ended September 30, 2021, the weighted average closing price of the Company's shares on the dates that share options were exercised was $1.00.

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

	Outstanding Options		Exercisable Options	
Exercise price	Number of options outstanding	Weighted average remaining contractual life (years)	Number of options exercisable	Weighted average remaining contractual life (years)
$ 0.96	1,475,000	4.9	-	4.9
$ 0.80	419,000	4.9	139,667	4.9
$ 0.85	575,000	4.7	-	4.7
$ 0.75	6,629,000	4.4	2,209,667	4.4
$ 0.73	75,000	3.7	50,000	3.7
$ 0.67	3,683,666	3.4	2,455,777	3.4
$ 0.61	2,505,000	3.1	1,670,000	3.1
$1.01	925,000	2.9	616,667	2.9
$ 0.65	1,590,000	2.4	1,590,000	2.4
	17,876,666	3.8	8,731,778	3.4

(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 September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Land holding costs	$ 46,314	$ 3,562	$ 50,983	$ 41,102
Drilling, fuel, camp costs and field supplies	309,401	96,871	331,401	7,391,972
Roadwork, travel and transport	671,198	2,755	1,296,777	1,456,397
Engineering studies, consultants, geochemistry and geophysics	6,918,306	1,204,927	14,356,683	8,871,113
Environmental and community relations	774,163	239,559	2,000,985	2,033,069
VAT, other taxes and fees	919,822	460,773	1,819,419	4,468,895
VAT related to fixed assets	2,983,861	-	2,983,861	-
Office and general, salaries, and overhead	2,872,309	497,598	3,950,137	1,422,729
Share-based compensation	26,144	25,634	101,122	131,750
Inflation adjustment (Note 3)	259,642	12,673	436,385	529,104
Total Expenditures	$ 15,781,160	$ 2,544,352	$ 27,327,753	$ 26,346,131

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	(29,546)
Effect of changes in foreign exchange	(284,746)
September 30, 2021	$ 9,673,172

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

The total debenture balance outstanding, excluding deferred financing fees, as at September 30, 2021 is comprised as follows:

	Lorito Facility (Note a)	2020 Facilities (Note b)	2021 Facilities (Note c)	Total
Current	$ -	$ -	$ -	$ -
Non-current	4,631,301	5,096,400	-	9,727,701
Total	$ 4,631,301	$ 5,096,400	$ -	$ 9,727,701

a) Lorito Facility

On October 25, 2019 the Company secured a US$20.0 million credit facility with Lorito as evidenced by a debenture (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$50,000 in principal outstanding, prorated accordingly for the number of days outstanding. On September 8, 2021, the Company announced an extension of the maturity date of the Lorito Facility from November 25, 2021 to March 7, 2023. No interest is payable during the term of the Lorito Facility, however, any amount remaining unpaid and outstanding on or After March 7, 2023 shall bear interest at a rate of 5.0% per annum until repaid in full. As at September 30, 2021, the Lorito Facility had an outstanding balance of US$ 3.6 million.

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"). Pursuant to the terms of the 2020 Facilities, Lorito and Zebra each received 16,500 common shares of the Company as consideration upon execution of the 2020 Facilities and is entitled to receive 920 common shares each month, for every US$50,000 in principal outstanding, prorated accordingly for the number of days outstanding. On September 8, 2021, the Company announced an extension to the maturity date of the 2020 Facilities from November 25, 2021 to March 7, 2023. No interest is payable during the term of the 2020 Facilities, however, any amount of the 2020 Facilities remaining unpaid and outstanding on or after March 7, 2023 shall bear interest at a rate of 5.0% per annum until repaid in full. As at September 30, 2021, the 2020 Facilities had an outstanding balance of US$ 4.0 million.

c) 2021 Facilities

On September 8, 2021, the Company secured two credit facilities, evidenced by debentures, totaling US$20.0 million (collectively the "2021 Facilities"), one with Lorito for US$10.0 million (the "Lorito 2021 Facility") and one with Zebra for US$10.0 million (the "Zebra 2021 Facility"), each of which has a term of 18 months ending March 7, 2023. Pursuant to the terms of the 2021 Facilities, Lorito and Zebra each received 25,000 common shares of the Company as consideration upon execution of the 2021 Facilities and is entitled to receive 450 common shares each month, for every US$50,000 in principal outstanding, prorated accordingly for the number of days outstanding. No interest is payable during the term of the 2021 Facilities, however, any amount of the Lorito 2021 Facility or the Zebra 2021 Facility remaining unpaid and outstanding on or after March 7, 2023 shall bear interest at a rate of 5.0% per annum until repaid in full. As at September 30, 2021, the 2021 Facilities had a $nil outstanding balance.

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

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 September 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 nine months ended September 30, 2021 the Company issued 2,400,776 shares to Lorito and Zebra (2020 – 3,612,532) as consideration for the funds drawn on the facilities, with an additional 131,759 common shares issuable, resulting in $1,693,432 in financing costs recognized during the nine months ended September 30, 2021 (2020 – $2,567,693).

12. RELATED PARTY TRANSACTIONS

a) Related party services and balances

The Company has formalized cost sharing arrangements with NGEx Minerals Ltd. ("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 September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Income from Josemaria Services provided:				
Filo Mining	$ 2,023	$ 59,647	$ 99,434	$ 260,572
NGEx Minerals	188	29,837	40,840	123,434
Total	$ 2,211	$ 89,484	$ 140,274	$ 384,006
Costs of Related Party Services received:				
Filo Mining	$ 35,222	$ (179,657)	$ 225,766	$ (771,548)
NGEx Minerals	10,611	(35,688)	40,785	(123,975)
Total	$ 45,833	$ (215,345)	$ 266,551	$ (895,523)

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

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:

		September 30, 2021		December 31, 2020
Due from Filo Mining	$	6,007	$	-
Due from NGEx Minerals		6,007		-
	$	12,014	$	-

		September 30, 2021		December 31, 2020
Due to Filo Mining	$	238	$	-
Due to NGEx Minerals		25		-
	$	263	$	-

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 September 30,				Nine months ended September 30,			
		2021		2020		2021		2020
Salaries and other payments	$	637,618	$	234,584	$	2,097,518	$	885,667
Employee benefits		10,161		7,162		25,450		19,103
Director fees		57,500		34,333		172,500		34,333
Share-based compensation		357,169		191,238		1,199,126		848,454
	$	1,062,448	$	467,317	$	3,494,594	$	1,787,557

13. FINANCIAL INSTRUMENTS

The Company classifies its financial instruments at amortized cost 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 other assets, trade payables and accrued liabilities, debentures, and other liabilities. 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.

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.

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

	Total	Less than 1 year	1 to 5 years	More than 5 years
Trade payables and accrued liabilities	$ 12,428,439	$ 12,428,439	$ -	$ -
Debentures	9,673,172	-	9,673,172	-
Other liabilities	71,393	42,509	28,884	-
Total	$ 22,173,004	$ 12,470,948	$ 9,702,056	$ -

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.

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

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 September 30, 2021.

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:

	September 30, 2021			
	Receivables and other assets	Equipment and other fixed assets	Mineral properties	Total
Josemaria	$ 319,956	$ 17,030,167	$ 11,721,157	$ 29,071,280
Corporate	-	76,343	-	76,343
Total	$ 319,956	$ 17,106,510	$ 11,721,157	$ 29,147,623

	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 nine months ended September 30, 2021			For the nine months ended September 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	$ 27,327,753	$ -	$ 27,327,753	$ 26,346,131	$ -	$ 26,346,131
Corporate	-	(1,883,179)	(1,883,179)	-	1,624,643	1,624,643
Total	$ 27,327,753	$ (1,883,179)	$ 25,444,574	$ 26,346,131	$ 1,624,643	$ 27,970,774

JOSEMARIA

CORPORATE DIRECTORY

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

Officers
Adam Lundin, President and CEO
Ian Gibbs, Chief Financial Officer
Jacinta Zaleski, VP Human Resources
Arndt Brettschneider, VP Corporate Development
Julie Kemp, Corporate Secretary
Phil Brumit, Executive VP Projects, Operations
Reece Fuller, Senior VP Projects
Bob Carmichael, Vice President Exploration

Registered and Records Office
885 West Georgia Street
Suite 2200
Vancouver, British Columbia
V6C 3E8 Canada

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

Auditors - PricewaterhouseCoopers LLP
Vancouver, British Columbia
Canada

Solicitors - Cassels Brock
Vancouver, British Columbia
Canada

Registrar and Transfer Agent
Computershare Trust Company of Canada
Vancouver, British Columbia
Canada
Phone: +1 604 661 9400

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

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