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THE LONG PULL: Event-Driven Mining Play (EMO.V)

Emerita Resources (EMO) is one of the most interesting special situations in mining/commodities.

The math, logic, and probabilities all point to 200%+ upside from the current stock price **over the next few months**, with the company's existing IBW deposit protecting our downside.

Why you should care: EMO trades for ~\$1.84/share today and will be a \$5-6 stock by the summer.

It meets David Bastian's ["Perfect Special Situations"](#) Criteria:

- **Simple**
- **Stable**
- **Self-Help**

Let's use David's framework to see why we love this situation.

Simple: Why Does This Opportunity Exist?

EMO is at the end of an 11-year legal battle over the awarded tender for the Spanish Aznalcollar mine.

Aznalcollar is a massive, highly valuable asset. It's a Tier-1 deposit with full government support, access to infrastructure, roads, water, and power with four known deposits for a total of 200Mt of ore.

The project has two main deposits – the **Los Frailes Mine** and **Aznalcollar Copper-Silver Mine** – with a combined in-situ value of \$25B (see below).

Aznacollar Project			
Commodity	Contained Metal	Commodity Price	\$ Value
Copper	297,500.00	\$9,000.00	\$2,677,500,000
Zinc	3,625,000.00	\$2,742.00	\$9,939,750,000
Lead	2,035,000.00	\$1,980.00	\$4,029,300,000
Silver	169.00	31	\$5,239,000,000
Gold	1.38	2900	\$4,002,000,000
		Total In-Situ	\$25,887,550,000

The company believes that Minorbis, a competing mining “company,” was wrongfully awarded the tender (you’ll see why I put “company” in quotes soon).

And they were right. An investigation revealed tons of fraud, foul play, and other illegal dealings.

Not to mention the most damning piece of evidence: **they awarded the tender to a company that didn’t exist as of the date of the tender award.**

Okay, so let’s back up.

Three companies competed for this tender: **EMO, Nyrstar, and Minorbis.**

EMO and Nyrstar (which failed the tender process in Round 2) are real companies with real histories before this tender process. Minorbis, on the other hand, had no history. It was incorporated a month before the tender, with \$3,000 of initial capital and **zero mining experience.**

Having no mining experience is an issue if you want to win a \$25B mining project tender.

So, Minorbis did something clever. They partnered with Grupo Mexico, one of the largest mining companies globally.

Except they forgot to tell Grupo Mexico about it? The court had no documentation of the JV, and nobody at Grupo Mexico could confirm it.

Minorbis listed Grupo as their co-bidder anyway. Again, this is a good idea if you incorporated only a month before the tender, have no official mining history, and have only \$3,000 to your name.

However, **Grupo Mexico failed to meet the legal requirements necessary to advance to the second phase of the tender process.**

Minorbis’s bid should’ve ended there. Instead, it went like this (from the court filings):

1. Call for the tender took place on January 13, 2014
2. Presentation of the offer by Minorbis-Grupo Mexico took place on April 16, 2014
3. Resolution to move on to the second phase took place on July 14, 2014
4. Decision to award the tender took place on February 25, 2015
5. Minera Los Frailes (read: Minorbis) accepted tender on May 11, 2015

That’s the first major foul play incident. Then there’s the Points System Manipulation.

Point Shaving: Something I Thought Was Just In Sports Betting?

Here's how a tender award process generally works:

1. A governing body sets the criteria for how they grade proposals.
2. That criteria involves a numerical sliding scale (1-5).
3. A proposal gets more points if it meets the criteria and fewer if it doesn't.
4. The body tallies all the points and awards the tender to the highest number.

At least that's how it *should* work.

Instead, the Aznalcollar tender looked like this:

1. A governing body sets the criteria for how they'll grade proposals.
2. Change their requirements from a sliding scale to a pass/fail (0 or 5).
3. Add a few more categories that directly favor Minorbis's bid.
4. Disregard the massive mining history and investment commitments from competing proposals.
5. Award the tender to Minorbis?

Minorbis won with 75.9 points versus EMO's 73.6 points. Yet compare the data from the two proposals:

➤ **Commitments (social, environmental, infrastructural)**

- Minorbis: \$27M
- EMO: \$375M
- Difference: EMO 13.8x higher

➤ **Project Investment**

- Minorbis: \$304.6M
- EMO: \$641.5M
- Difference: EMO 2.1x higher

➤ **Mining History**

- Minorbis: Lol, what history?
- EMO: Decades

Math makes corruption evident.

Here's what the judges said about the tender ruling (emphasis added):

“That the same score was given to any economic result that was not negative, without distinguishing in each case the best offer in each of the sections, despite there being a numerical difference of many millions of euros given that the

Emerita project represented an investment of 641.5M euros and the Minorbis-Grupo Mexico project 304.6M, leading in the opinion of this court to conclusions that could not respond to legality as well as to arithmetic and common sense, and that allegedly determined that Minorbis won the tender.”

The courts charged sixteen individuals for influence peddling, administration prevarication, fraud against administration, and embezzlement through disloyal management.

All had the chance to appeal. Here’s the interesting part (from [TripleS Investing](#)):

*“While it acknowledged some minor procedural issues, **the court ultimately found that the key decisions had been correctly handled**, and the appeals were dismissed.”*

The oral trial starts next month (March 2025), and the court has reserved up to 40 sessions for days in March, April, May, June, and July 2025.

According to *TripleS Investing*, the defendants face 348 years in prison combined.

Simple: What Needs To Happen To Make Money

Here’s how we make money.

Spanish tender law requires that a wrongfully awarded tender **go to the next most qualified bidder**.

Why is that significant? **EMO is the only remaining bidder**.

And how does the court determine a wrongful tender? **If just one defendant is convicted**.

Let’s do some probability math.

Suppose there’s a 75% chance that each defendant is found not guilty or pleads guilty. What is the probability that *all 16 defendants* are found not guilty?

1.0026%.

Remember, the courts only need one conviction to determine a wrongful tender.

So you’re saying there’s a chance?

If we're right, EMO will win the \$25B in-situ value project tender. That's four deposits (two past-producing mines), full government support, access to valuable infrastructure, roads, water, and future exploration at depth.

At 5% in-situ value, **the Anzalcollar project is worth ~\$5.51/share, 200% more than today's price.**

Stable: What Happens If We're Wrong?

If somehow all 16 defendants are found not guilty, what's left?

EMO owns the Iberian Belt West (IBW) deposit, which includes three polymetallic deposits: La Romanera, La Infanta, and El Cura.

The IBW deposit contains 210Kt of copper, 840Kt of zinc, 420Kt of lead, 47Moz of silver, and 1Moz of gold for an in-situ value of \$9.38B.

A 5% in-situ value gets us \$2/share, or barely higher than the current share price.

In other words, we're getting the Anzalcollar project and estimated successful tender award for free.

Iberian Belt West			
Commodity	Contained Metal	Commodity Price	\$ Value
Copper	210,000.00	\$9,000.00	\$1,890,000,000
Zinc	840,000.00	\$2,742.00	\$2,303,280,000
Lead	420,000.00	\$1,980.00	\$831,600,000
Silver	47.00	31	\$1,457,000,000
Gold	1.00	2900	\$2,900,000,000
		Total In-Situ	\$9,381,880,000
		5% of In-Situ	\$469,094,000
		Per-Share @ 5%	\$2.00
		Current Share Price	\$1.85

Self-Help: Not Management's First Rodeo

EMO has already experienced this illegal tender process to obtain the IBW deposit. It knows how these court cases work, and its management knows what to do.

In 2014, the company lost the IBW tender to Trafigura/Matsa. EMO said the tender was illegal and that *they* should have won it.

The courts upheld EMO's allegations in 2017, and the Supreme Court of Spain confirmed them in 2019. By September 1, 2020, EMO had won the tender.

Conclusion: A Highly Asymmetric Bet Backed by Math & Logic

EMO is a unique situation supported by math, logic, and a history of courts ruling in favor of EMO.

The reward is \$25B in Tier-1, high-grade ore fully supported by governments with access to roads, infrastructure, water, and production.

We have downside protection in the IBW deposit and its \$9.38B in-situ valuation.

The market will eventually care if/when EMO wins the tender and receives \$25B in value, allowing it to start producing from two mines for decades.

EMO is a \$5-6 stock by the summer.

We're buying a 3% notional position with no stop-loss.