

ASX Announcement & Media Release

24 January 2020

Fast Facts

ASX Code: EMR
Shares on issue: 3,048 million
Market Cap: ~\$134 million
Cash: A\$10.7 million (31 December 2019)
Listed Investments: \$0.05 million
(31 December 2019)

Board & Management

Simon Lee AO, Non-Executive Chairman
Morgan Hart, Managing Director
Mick Evans, Executive Director
Ross Stanley, Non-Executive Director
Ross Williams, Non-Executive Director
Mark Clements, Company Secretary
Brett Dunnachie, Chief Financial Officer

Company Highlights

- First mover in an emerging gold province in Cambodia;
- Mineral Investment Agreement and Industrial Mining Licence granted over the Okvau Gold Project (100% owned) allowing for the development of the Okvau Deposit;
- Okvau Deposit: Indicated and Inferred Mineral Resource Estimate of 1.14Moz at 2.0g/t Au;
- DFS completed and demonstrates high grade, low cost, compelling development economics:
 - o Ore Reserve of 14.3Mt @ 2.0g/t Au for 0.9Mozs in a single open pit with waste:ore ratio of 5.8:1;
 - o LOM average annual production of 106,000ozs pa;
 - o AISC US\$754/oz over LOM;
 - o Using US\$1.450/oz Au gold price:
 - NPV_(5%) US\$337M pre-tax and US\$238M post-tax;
 - IRR 69% pa pre-tax and 57% post-tax;
 - Payback ~1.4 years pre-tax and 1.7 years post-tax.
- Highly credentialed gold project development team;
- Significant resource growth potential.

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Successful A\$75 million Share Placement for the Okvau Gold Project

Highlights

- **Successful share placement of A\$75 million to be completed in two tranches;**
- **Development activities to advance at the Okvau Gold Project;**
- **Strong support from existing and new global institutional shareholders.**

Emerald Resources NL (ASX: EMR) ("Emerald") is pleased to announce a successful placement to raise A\$75 million as announced on 20 January 2020 ("Placement") as follows:-

- **Tranche 1** – unconditional placement of 762.1 million New Shares to raise approximately \$30.484 million under the Company's 25% Placement capacity, pursuant to ASX Listing Rules 7.1 and 7.1A;
- **Tranche 2** – conditional placement of 1,112.9 million New Shares to raise approximately \$44.516 million, which is subject to shareholder approval to be sought at a general meeting to be held on or around 13 March 2020.

The New Shares to be issued under the Placement will rank *pari passu* with existing Emerald shares.

The Placement provides funding to be used towards:-

- Advancing development activities at the Okvau Project;
- Regional exploration programme on Emerald's 1,442km² Cambodian exploration footprint; and
- Ongoing working capital requirements and costs of the Placement.

Funds raised under the Placement will allow for the continuation of development activities whilst the Company finalises the Sprott US\$60 million Project finance facility (refer ASX announcement 26 June 2019) which is expected to combine the strong development credentials of the Emerald team with the financial strength of the respected Sprott group and results in the Company being fully funded for the development of the Okvau Gold Project.

Managing Director, Morgan Hart commented *"We are delighted with the response from investors to this milestone moment for the Company. We have strengthened our register with globally recognised institutional shareholders with demand to participate in the placement well in excess of the shares available. The support demonstrates the robust nature of the Okvau Gold Project and the support for the Company's strategy of becoming the first modern large-scale Cambodian gold producer."*

The Placement was conducted at a fixed price of A\$0.04 per New Share, representing an 9.1% discount to the closing price of A\$0.044 per share on 20 January 2020, an 8.7% discount to the 5 day VWAP of A\$0.0438 per share and an 6.2% discount to the 10 day VWAP of A\$0.0428 per share up to 20 January 2020.

Further details can be found in the investor presentation lodged with ASX on 20 January 2020.

Settlement of Tranche 1 Placement shares is expected to occur on 31 January 2020 with 457.3 million fully paid ordinary shares to be issued pursuant to ASX Listing Rule 7.1 and 304.8 million fully paid ordinary shares pursuant to ASX Listing Rule 7.1A. Settlement of a further 1,112.9 million Tranche 2 Placement shares is expected to occur on 18 March 2020.

Euroz Securities Limited acted as the Lead Manager and Bookrunner to the Placement and Sprott Capital Partners LP acted as Co-Lead Manager.

Share Consolidation

The Company also proposes to seek shareholder approval at the upcoming general meeting for a consolidation of the issued capital of the Company through the conversion of every ten (10) existing shares into one (1) share (Consolidation).

The Board considers that the Consolidation will result in a more appropriate and effective capital structure for the Company and a share price that is more attractive to a wider range of investors, particularly overseas and institutional investors.

The effect of the Consolidation, if approved, on the capital structure of the Company will be summarised in the Notice of General Meeting to be dispatched to shareholders shortly.

This announcement effectively lifts the voluntary suspension that the Company requested on 23 January 2020. The Company is not aware of any reason why the ASX would not allow trading to recommence immediately.

This ASX release was authorised on behalf of the Emerald Board by: Morgan Hart Managing Director.

For further information please contact
Emerald Resources NL

Morgan Hart
Managing Director

Cambodian Gold Project

Summary

Emerald's main focus is the exploration and development of its Cambodian Gold Projects which comprise of a combination of 100% owned granted licences, applications and earn-in & joint venture agreements covering a combined area of 1,442 km². The 100% owned Okvau Gold Project ('Okvau Gold Project') is the Company's most advanced project which is located approximately 275 kilometres north-east of Cambodia's capital city of Phnom Penh in the province of Mondul Kiri (refer Figures 1 and 2). The town of Kratie is located on the Mekong River approximately 90 kilometres to the west and the capital of Mondul Kiri, Saen Monourom is located approximately 60 kilometres to the south-east. In May 2017, Emerald completed a Definitive Feasibility Study ('DFS') on the development of the Okvau Gold Project which demonstrated a robust project producing approximately 106,000 ounces of gold per annum on average over 7 years from a single open pit.

In July 2018, the Company was granted the Industrial Mining Licence covering 11.5 km² which allows for the development of the Okvau Gold Project. The Mining Licence has an initial 15-year period with the right to two renewals of up to 10-years for each renewal in accordance with Cambodian laws. The grant of the Mining Licence followed approval of the Okvau Gold Project by the Office of Council Ministers for both the rezoning of the project area to 'Sustainable Use' within the Phnom Prich Wildlife Sanctuary ('PPWS') and the granting of the Mining Licence. The rezoning of the Mining Licence area to 'Sustainable Use' lawfully permits commercial development under Cambodian law and follows the successful negotiation and approval by the Minister of Environment ('MoE') of the environmental contract (the 'Environmental Contract') and environmental licence ('Environmental Licence') in December 2017.

The Company has successfully completed the resettlement of 62 local families and site works to remove abandoned structures away from the Okvau Mining Licence area. Emerald has completed the installation of a security fence around the Project Development Area ("PDA") to ensure the safety of personnel, visitors and wildlife. Construction of a 35 tonne bridge across the Prek Te River has now been completed with substantial completion of upgrades to the existing 50km of dirt roads and current finalisation of the construction of 14km of new road to site which will allow for all year continuous access to the Okvau site.

Topography of the tenure area is relatively flat with low relief of 80 metres to 200 metres above sea level. The Okvau Deposit and other gold occurrences within the tenure are directly associated with diorite and granodiorite intrusions and are best classed as Intrusive Related Gold mineralisation. Exploration to date has demonstrated the potential for large scale gold deposits with the geology and geochemistry analogous to other world class Intrusive Related Gold districts, in particular the Tintina Gold Belt in Alaska (Donlin Creek 38Moz, Pogo 6Moz, Fort Knox 10Moz, Livengood 20Moz).

In December 2019 the Mineral Investment Agreement ('MIA') was signed which provides certainty and stability of the fiscal regime for the development and operations of the Okvau Gold Project. Following confirmation of the key fiscal incentives of the MIA, the key assumptions and inputs of the DFS were reviewed resulting in a significant improvement in the NPV and IRR of the Project.

Figure 1 | Cambodian Gold Project | Location

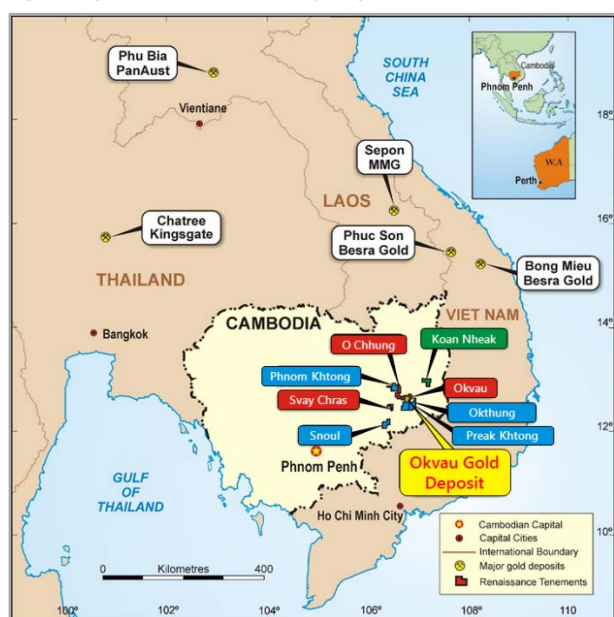
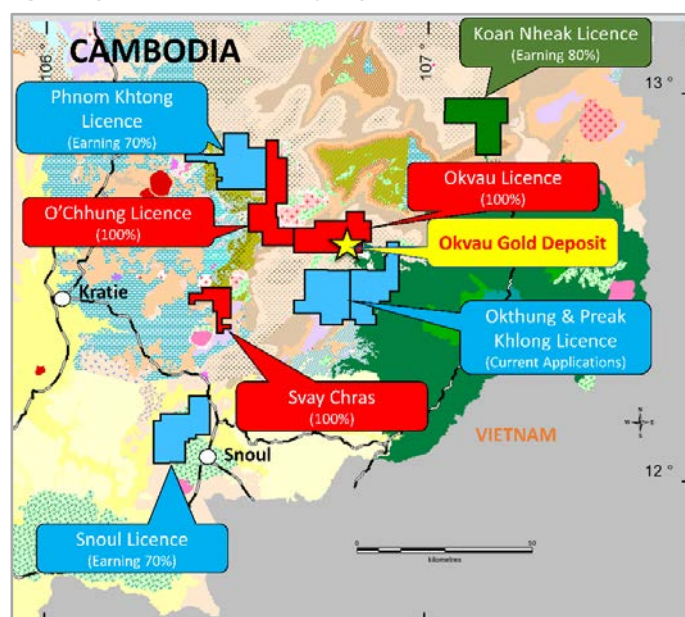


Figure 2 | Cambodian Gold Project | Exploration Licence Areas



Forward Looking Statement

This document contains certain forward looking statements. These forward-looking statements are not historical facts but rather are based on the Company's current expectations, estimates and projections about the industry in which Emerald Resources operates, and beliefs and assumptions regarding the Company's future performance. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "potential" and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to known or unknown risks, uncertainties and other factors, some of which are beyond the control of the Company, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, which reflect the view of Emerald Resources only as of the date of this announcement. The forward-looking statements made in this release relate only to events as of the date on which the statements are made. Emerald Resources will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this announcement except as required by law or by any appropriate regulatory authority.

This document has been prepared in compliance with the current JORC Code 2012 Edition and the ASX listing Rules.

The Company believes that it has a reasonable basis for making the forward-looking statements in this announcement, including with respect to any production targets and financial estimates, based on the information contained in this announcement. Reference is made to ASX Announcement dated 1 May 2017. All material assumptions underpinning the production target or the forecast financial information continue to apply and have not materially changed.

100% of the production target referred to in this announcement is based on Probable Ore Reserves.

Emerald has a highly experienced management team, undoubtedly one of the best credentialed gold development teams in Australia with a proven history of developing projects successfully, quickly and cost effectively. They are a team of highly competent mining engineers and geologists who have overseen the successful development of gold projects in developing countries such as the Bonikro Gold Project in Cote d'Ivoire for Equigold NL and more recently, Regis Resources Ltd.

The Company believes it has a reasonable basis to expect to be able to fund and develop the Okvau Gold Project for the reason set out above and in this document. However, there is no certainty that the Company can raise funding when required.

Competent Persons Statements

The information in this report that relates to Exploration and Drill Results is based on information compiled by Mr Keith King, who is an employee to the Company and who is a Member of The Australasian Institute of Mining & Metallurgy. Mr Keith King has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Keith King has reviewed the contents of this release and consents to the inclusion in this announcement of all technical statements based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources for the Okvau Gold Deposit was prepared by EGRM Consulting Pty Ltd, Mr Brett Gossage, who is a consultant to the Company, who is a Member of the Australasian Institute of Mining & Metallurgy (AIG), and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Gossage has reviewed the contents of this news release and consents to the inclusion in this announcement of all technical statements based on his information in the form and context in which it appears.

Information in this announcement that relates to Ore Reserves for the Okvau Gold Deposit is based on, and fairly represents, information and supporting documentation prepared by Mr Glenn Williamson, an independent specialist mining consultant. Mr Williamson is a Fellow of the Australasian Institute of Mining & Metallurgy. Mr Williamson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person (or 'CP') as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Williamson has reviewed the contents of this news release and consents to the inclusion in this announcement of all technical statements based on his information in the form and context in which it appears.

No New Information

To the extent that announcement contains references to prior exploration results and Mineral Resource estimates, which have been cross referenced to previous market announcements made by the Company, unless explicitly stated, no new information is contained. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.