

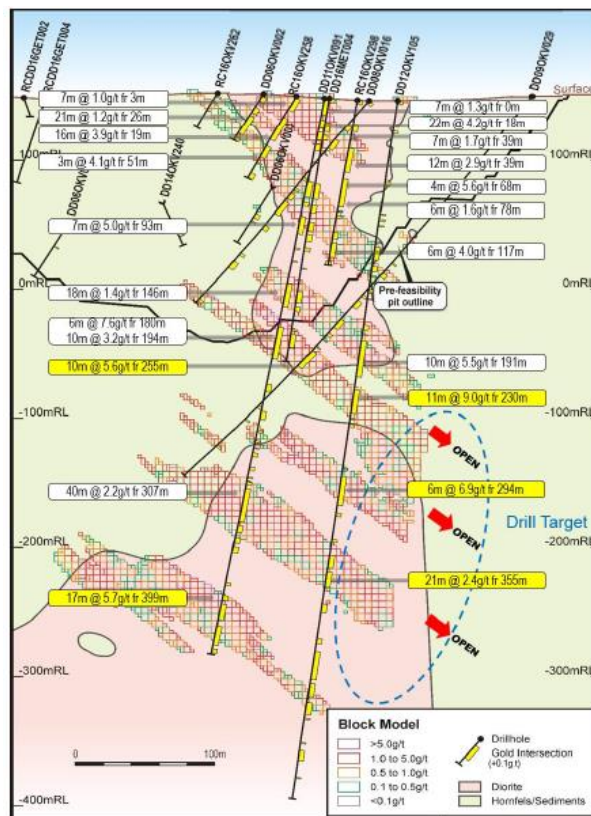
## Emerald Resources NL (\$0.043) Speculative Buy

Analyst	Date	Price Target
Andrew Clayton	2/12/16	\$0.08/sh

### Drill results and Project update

#### Key Points

- Infill drilling (25m x 25m) for the top 120m of the Okvau resource confirms previous mineralisation and geological interpretation. Better results include 34m @ 2.27 g/t Au from 14m, 24m @ 3.06 g/t Au from 93m and 17m @ 4.72 g/t Au from 45m.
- This should allow for a portion of the current Indicated and Inferred resource to be upgrade to Measured status and ultimately proven reserves. The area drilled represents the initial ~ 3yrs mill feed for the project.
- A further ~ 34 hole, 4,100m of step out drilling has commenced to test the incremental strike and down dip extensions outside the current resource. Results for the first 8 holes include 4m @ 16 g/t from 69m, 6m @ 2.9 g/t Au from 33m and 3m @ 3.9 g/t Au from 80m. Diamond drilling to test for depth extensions is slated to commence next week.



- The original PFS assumed an overall pit wall angle of 45 degrees. Additional geotechnical work has shown the pit angles maybe steepened to +50 degrees which would potentially allow for both a deeper pit and lower strip ratio.
- The final draft EISA has been completed and is currently being translated for submission to the Ministry of Environment. The DFS remains on track for completion in early CY'17.

#### Investment Case

We value EMR at \$208m or \$0.075/sh and remain confident that significant cost savings can be delivered. Our valuation assumes a capital cost of US\$100m (vs PFS of US\$120m). We continue to rate the exploration potential highly and after a successful infill drilling program, EMR can now focus on step out drilling at Okvau and RC drilling at the O'Rman geochemical anomaly. We maintain our Speculative Buy and Price Target of 8 cps.

#### Emerald Resources NL

Share Price	0.043	A\$/sh
Price Target	0.08	A\$/sh
Valuation	0.075	A\$/sh
Shares on issue	2106	m(dil)
Market Capitalisation	88	A\$m

Enterprise Value	70	A\$/m
Debt	Nil	A\$/m
Cash	18	A\$/m
Largest Shareholder	Dir & Mgt	29%

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