

26 June 2019

Fast Facts

ASX Code: EMR
Capital Structure
Shares on issue: 3,042 million
Market Cap: ~A\$119 million
Cash: A\$21.8 million (31 Mar 2019)
Listed Investments: A\$0.1 million (31 Mar 19)

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
- 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 (Refer Table 1)
- DFS completed and demonstrates high grade, low cost, compelling development economics:
 - 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
 - LOM average annual production of 106,000ozs pa
 - AISC US\$731/oz over LOM
 - Using US\$1.250/oz Au gold price:
 - NPV_(5%) US\$223M pre-tax and US\$160M post-tax
 - IRR 48% pa pre-tax and 40% post-tax
 - Payback ~2.2 years pre-tax and 2.5 years post-tax
- Highly credentialed gold project development team
- Significant resource growth potential

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US\$60M Okvau Project Development Facility and US\$100M Acquisition and Development Facility

HIGHLIGHTS

- **US\$60M investment committee approved Term Sheet (“Okvau Facility”) signed with Sprott Private Resource Lending II L.P. (“Sprott”) for development of the Okvau Gold Project**
- **The Okvau Facility is a significant milestone on the path to achieving Emerald’s strategy of first gold production at the Okvau Gold Project in 2020**
- **Access to US\$100M Acquisition and Development Facility creates an opportunity to deliver a pipeline of assets to utilize Emerald’s experienced development team**

Emerald Resources NL (ASX: EMR) (“Emerald”) is pleased to announce that it has entered into an investment committee (‘IC’) approved term sheet with Sprott to provide a US\$60 million facility to be utilized towards the financing of the Okvau Gold Project.

Following a comprehensive technical due diligence period including completion of an independent expert report and in-country site visits, the arrangement of the Okvau Facility represents a significant milestone on the path to development of, and ultimately production from the Okvau Gold Project. Sprott has also offered access to an additional facility of up to US\$100 million (“Acquisition and Development Facility”) to fund future project development and acquisition opportunities identified by Emerald and agreed with Sprott. Emerald is excited to work with Sprott with the aim of creating a multi asset gold producing company.

Managing Director Morgan Hart commented *“The team at Emerald have worked diligently to get the best debt terms for shareholders in a challenging market culminating in the signing of the term sheet for the Okvau Facility. The offer by Sprott to finance Emerald in the development of the Okvau Gold Project follows a thorough technical due diligence process which demonstrates the robust nature of the Project and supports the Company’s strategy of becoming the first modern large-scale Cambodian gold producer.”*

Mr Hart added *“We are also delighted with the conditional US\$100 million Acquisition and Development Facility which may be utilized to create a pipeline of new projects for Emerald following the Okvau construction phase. Emerald and its experienced development team is excited to work with Sprott over the long term to create a multi asset gold producing company.”*

Greg Caione, Managing Partner of Sprott Commented:

“As one of the largest investors dedicated to the natural resource sector, Sprott is excited to partner with Emerald’s experienced and accomplished management team. Our financing of Emerald is consistent with our strategy to provide innovative and flexible capital to maximize the value of exceptional projects and support world-class management teams. We are also pleased to be investing in the Kingdom of Cambodia in a social and environmental manner that is consistent with industry and IFC guidelines and protocols. With a supportive government, our expectation is that the Okvau Project paves the way for future investment, jobs, training and education for the people of Cambodia.”

ABOUT SPROTT:

Sprott is an alternative asset manager and global leader in mining and real asset investments. Through its subsidiaries in Canada, the US and Asia, Sprott is dedicated to providing investors with best in-class investment strategies that include Exchange Listed Products, Alternative Asset Management and Private Resource Investments. The Corporation also operates Merchant Banking and Brokerage business in both Canada and the US. Sprott is based in Toronto with offices in New York, Carlsbad, and Vancouver and the shares of its parent company, Sprott Inc., are listed on the Toronto Stock Exchange under the symbol (TSX:SII). For more information, please visit www.sprott.com.

Sprott's financing of the Okvau project will combine the strong development credo of the Emerald team with the financial strength of the respected Sprott group.

Okvau Facility

Sprott has received investment committee approval to provide the US\$60 million project development facility for the purpose of developing the Okvau Gold Project.

Key terms of the Okvau Facility are as follows:

- Facility amount – US\$60 million, with availability in installments subject to release conditions customary for a facility of this nature;
- Term – 5 years from the closing date;
- Interest – 6.50% per annum plus the greater of (i) US Dollar 3 month LIBOR, and (ii) 2.50% per annum, payable monthly, with 75% of the interest capitalized during construction;
- Hedging – No mandatory hedging required;
- Gold Price Participation Agreement – Commencing on or about first forecast gold production, a gold price participation payment on 1,449 ounces per month to a total of 62,307 ounces. Payment is calculated based on the differential between the average LBMA Gold Price for the month subject to a minimum gold price of US\$1,127 per ounce, and a gold reference price of US\$1,100 per ounce;
- Structuring/Arrangement Fee – Commensurate with fees usually associated with facilities of this nature (circa 1.6%);
- Early repayment – no voluntary prepayment before the 3rd anniversary of the closing date, thereafter Emerald may voluntary prepay the whole Okvau Facility outstanding;
- Security – Sprott to have first ranking security over all undertakings, properties and assets of Emerald including the Okvau Gold Project, to be released upon full repayment of all obligations; and
- Amortization – the Okvau Facility will be fully amortized from the 21st month following closing through to maturity.

The Okvau Facility remains subject to satisfaction of customary conditions, including:

- Completion of legal due diligence to the satisfaction of Sprott;
- Execution of all material construction, supply and operating contracts;
- Receipt of all permits, leases and licenses required for the Okvau Gold Project;
- Receipt of all necessary shareholder and regulatory approvals;
- Finalisation of the Mineral Investment Agreement; and
- Completion of formal documentation and perfection of security.

Acquisition and Development Facility

In addition to the Okvau Facility, Emerald has granted Sprott the exclusive right to fund future acquisition or development project opportunities by way of a US\$100 million Acquisition and Development Facility.

Access to the Acquisition and Development Facility is subject to, among other things, full due diligence by Sprott, its internal approval process having regard to the nature of the project opportunity, as well as negotiation and settlement of definitive documentation and implementation of security, which will include other customary and specific conditions precedent required by Sprott. The fees associated with arrangement of the Acquisition and Development Facility are expected to be commensurate with facilities of this nature (circa 1.0%). Further details will be provided once project specific terms have been agreed.

Detailed information on all aspects of Emerald's projects can be found on the Company's website;
www.emeraldresources.com.au.

For further information please contact;
Emerald Resources NL
Morgan Hart
Managing Director

Table 1 | Okvau Mineral Resource Estimate

Okvau Mineral Resource Estimate									
Cut-off (Au g/t)	Indicated Resource			Inferred Resource			Total Resource		
	Tonnage (Mt)	Grade (g/t Au)	Contained Au (Koz)	Tonnage (Mt)	Grade (g/t Au)	Contained Au (Koz)	Tonnage (Mt)	Grade (g/t Au)	Contained Au (Koz)
0.70	15.11	2.08	1,008	2.57	1.61	133	17.68	2.01	1,141

Table 2 | Okvau Ore Reserve Estimate

Okvau Ore Reserve Estimate			
	Tonnage (Mt)	Grade (g/t Au)	Contained Au (Koz)
Probable Ore Reserve	14.26Mt	1.98g/t Au	907koz

Forward Looking Statement

This announcement 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 announcement has been prepared in compliance with the current JORC Code 2012 Edition and the ASX listing Rules. All material assumptions on which the forecast financial information is based have been included in this announcement.

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 the Company's ASX release dated 1 May 2017 titled Okvau DFS Delivers Ore Reserve of 907,000oz. 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 the 1 May 2017 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 announcement. 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 Grade Control 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 the 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 Member 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.