

31 July 2018

Fast Facts

ASX Code: EMR
Shares on issue: 2,111 million
Market Cap: ~\$76 million
Cash: A\$1.2 million (30 Jun 2018)
Listed Investments: A\$0.3 million (30 Jun 2018)

Board & Management

Simon Lee AO, Non-Exec Chairman
Morgan Hart, Managing Director
Justin Tremain, Non-Exec Director
Ross Stanley, Non-Exec Director
Ross Williams, Non-Exec Director
Mick Evans, Chief Operating Officer
Mark Clements, Co. 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 Appendix One)
- DFS completed and demonstrates high grade, low cost, compelling development economics:
 - Ore Reserve of 14.3Mt & 2.0g/t Au for 0.9Mozs (refer Appendix One) 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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Quarterly Report for the period ended 30 June 2018

Highlights

Cambodian Activities

Okvau Gold Project

- Significant milestone achieved with the granting of the Okvau Mining Licence covering 11.5km². The Mining Licence has an initial 15-year period with the right to two renewals of up to 10-years for each renewal
- Recommencement of the 8,500 metre grade control drilling program following the grant of the Mining Licence. The second phase of drilling follows the reconciliation of the initial 4,672 metres drilled which supports the DFS Ore Reserve Model, with potentially higher gold grade
- Strong endorsement received from the Cambodian Government culminating in the granting of the Mining Licence paves the way for Emerald to advance the Okvau Gold Project to development

Exploration, Joint Venture Agreement and other tenure

- Completion of the exploration Environmental Impact Assessment (EIA) on the 100% owned Svay Chras Project allows for the commencement of an initial regional soil sampling program within 74.3km² licence area
- Initial regional soil sampling programs undertaken over several prospects within the Memot and Kratie North Projects (earning up to 70%)
- Follow up infill soil sampling program undertaken within the Koan Nheak Project (earning up to 80%)
- Exploration EIA's completed for the O'Khtong and Preak Khlong exploration license application areas

Corporate

- The Company secured ongoing working capital funding whilst the development financing for the Okvau Gold Project is completed. Entities associated with three of the Directors have provided unsecured loan facilities totaling A\$3 million. This loan facility remains undrawn
- Emerald continues pursuing alternative financing structures and providers on more favourable terms and flexibility than under the previous project financing mandate

Cambodian Gold Project

Background

The Cambodian Gold Projects comprise of a combination of 100% owned granted licences, applications and earn-in joint venture agreements covering a combined area of 1,442km² located approximately 275 kilometres north-east of Cambodia's capital city of Phnom Penh in the province of Mondulkiri (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 Mondulkiri, Saen Monorom is located approximately 60 kilometres to the south-east.

Topography of the project area is relatively flat with low relief of 80 metres to 200 metres above sea level. There are isolated scattered hills rising to around 400 metres. The area is sparsely populated with some limited historical small-scale mining activity. All-weather gravel haulage roads in the area provides good access to within 25 kilometres of the Okvau exploration camp site. The current access over the remaining 25 kilometres is sufficient for exploration activities but a new all-weather road is planned as part of project development.

The Okvau Deposit and other gold occurrences within the exploration licences 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).

Figure 1 | Cambodian Gold Project | Location

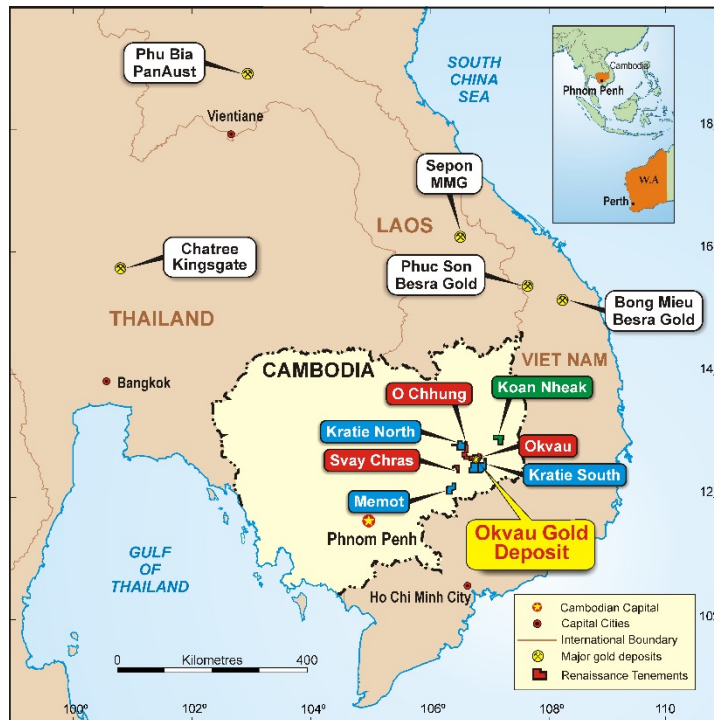
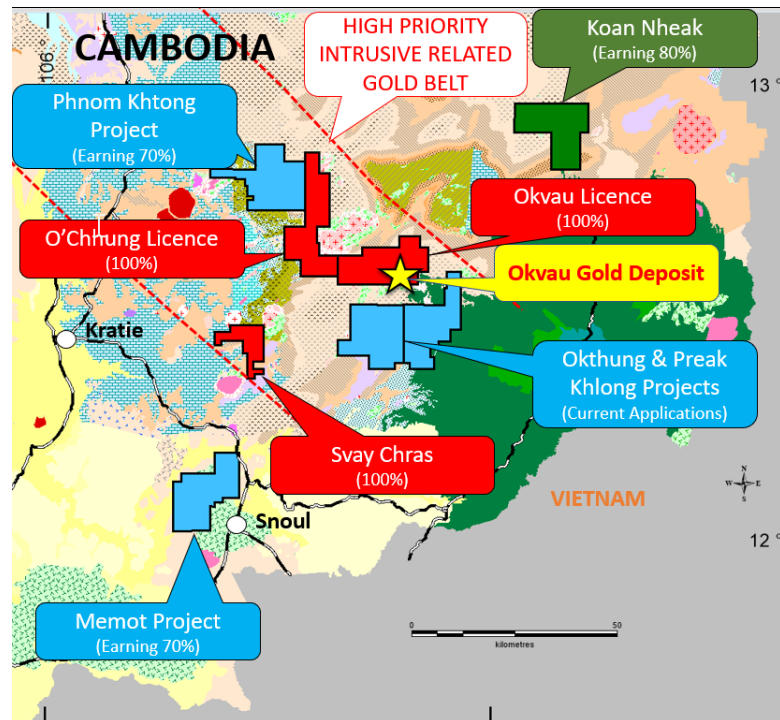


Figure 2 | Cambodian Gold Project | Exploration Licence Areas



Okvau Gold Project | Definitive Feasibility Study

In May 2017, Emerald completed a Definitive Feasibility Study ('DFS') on the development of a 2.0Mtpa operation at the 100% owned Okvau Gold Project ('Project'). The DFS confirms the robust nature of the Project with an initial operating LOM of over 7 years, producing approximately 106,000 ounces of gold per annum on average from a single open pit, with ore processed through a plant utilising a single stage crushing circuit and SAG mill, sulphide flotation, regrind mill followed by conventional cyanide leaching (refer ASX Announcement 1 May 2017).

The estimated operating costs highlight a financially robust Project with an average LOM AISC of US\$731/oz. The estimated Project development costs are US\$91M with a further US\$7M in mining contractor establishment costs and pre-production mining costs.

At a gold price of US\$1,250/oz, the Project generates a NPV_(5%) of US\$223M pre-tax and US\$160M post-tax with an Internal Rate of Return (IRR) of 48% pa pre-tax and 40% post-tax. The payback of the total capital funding requirement is expected to be 26 months pre-tax and 30 months post-tax, from first gold pour.

The Okvau Gold Deposit has an independent JORC Indicated and Inferred Mineral Resource estimate of 17.7Mt grading 2.01g/t gold containing 1.141Moz (at 0.70g/t gold cut-off) (refer Table 1).

Table 1 | Okvau Mineral Resource Estimate - June 2017

Okvau June 2017 Mineral Resource Estimate									
Indicated Resource				Inferred Resource			Total Resource		
Cut-off (Au g/t)	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

The Project has a JORC Ore Reserve (Probable) estimate of 14.26Mt @ 1.98g/t Au for 907,000 ounces gold (refer Table 2).

Table 2 | Okvau Ore Reserve Estimate - June 2017

Okvau June 2017 Ore Reserve Estimate		
	Tonnage (Mt)	Grade (g/t Au)
Probable Ore Reserve	14.26Mt	1.98g/t Au

The Okvau Deposit remains open. There is significant potential to define additional ounces from both shallow extensions along strike to the north-east and at depth.

Key operating and financial outcomes of the DFS, prepared in accordance with the requirements of the JORC Code (2012 Edition), are presented in Table 3.

Table 3 | DFS Economics¹

Ore Reserve	14.3Mt @ 2.0g/t gold for 907koz contained		
LOM Strip Ratio (waste t : ore t)	5.8:1		
Throughput	2.0Mtpa		
Life of Mine	7.2 years		
Processing Recovery	84%		
Recovered Ounces	762koz		
Average Annual Production	106koz		
Pre-production Capital Costs ²	US\$98M		
Sustaining Capital Costs ³	US\$23M		
Gold Price	US\$1,100/oz	US\$1,250/oz	US\$1,400/oz
Gross Revenue	US\$838M	US\$952M	US\$1,066M
LOM Net Revenue (net of royalties ⁴ and refining)	US\$801M	US\$911M	US\$1,020M
Operating Cash Flow pre-tax	US\$309M	US\$419M	US\$528M
Project Cash Flow pre-tax	US\$188M	US\$298M	US\$407M
NPV _(5%) pre-tax	US\$133M	US\$223M	US\$313M
NPV _(5%) post-tax ⁵	US\$95M	US\$160M	US\$224M
Payback pre-tax	3.0 years	2.2 years	1.6 years
Payback post-tax	3.3 years	2.5 years	1.8 years
IRR pre-tax	32%	48% pa	63%
IRR post-tax ⁵	27%	40% pa	54%
LOM C1 Cash Costs ⁶	US\$650/oz	US\$650/oz	US\$650/oz
LOM All-In Sustaining Costs ('AISC') ⁷	US\$725/oz	US\$731/oz	US\$737/oz

¹ All economics are 100% attributable to Emerald

² Includes US\$4.4M of capital spares and first fills and US\$7.0M of mining capital and pre-production mining costs

³ Includes US\$14.4M of rehabilitation and closure costs

⁴ Royalties include Government royalty of 2.5% gross and a third-party royalty of 1.5% gross (capped to A\$22.5M)

⁵ Taxation is based on current and draft Cambodian tax law and does not allow for any incentives or tax relief

⁶ C1 Cash Costs include site based mining, processing and admin operating costs plus transport and refining costs

⁷ Includes C1 Cash Costs plus royalties, sustaining capital costs, contributions to environmental & community funds and rehabilitation & closure costs

Activities during the Quarter

Okvau Gold Project | Development Activities

Development Permitting

The focus for Emerald during the Quarter was obtaining the granting of the Okvau Mining Licence to allow for development of the Okvau Gold Project. Subsequent to Quarter end, Emerald achieved this significant milestone with the granting of the Okvau Mining Licence by the Cambodian Ministry of Mines & Energy covering 11.5km². 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 follows 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 of the environmental contract (the 'Environmental Contract') and environmental licence ('Environmental Licence') in December 2017. Both the Environmental Contract and Environmental Licence have been approved by the Minister of Environment ('MoE'). The terms of the Environmental Contract are in accordance with Emerald's Environmental and Social Impact Assessment ('ESIA'). These terms include commitments by Emerald to make various annual contributions to Environmental and Social Funds established for the benefit of local communities and ongoing environmental management. These amounts were included in Emerald's DFS released in May 2017. In addition, Emerald is required to provide surety to the MoE for rehabilitation of the Okvau Gold Project upon closure. This surety will be provided progressively over 5 years and was also provided for in Emerald's ESIA.

During the Quarter, Emerald progressed the negotiation of a Mineral Investment Agreement ('MIA') with a number of Inter-Ministerial Committee meetings held. These meetings were attended by various Cambodian Ministries and bodies that are instrumental in the material components of the MIA, including the Ministry of Mines and Energy, Ministry of Economy and Finance and Council for the Development of Cambodia. The MIA is an agreement Emerald has requested and is allowed under the Cambodian Law on Mineral Resources to provide long term certainty regarding the operation of the Okvau Gold Project and the fiscal regime. The MIA is not required for the lawful development and operation of the Okvau Gold Project.

Project Financing

In order to provide ongoing funding whilst the Company finalises project development financing, entities associated with certain Directors have provided unsecured loan facilities totalling A\$3 million for an initial term of the lesser of completion of the Okvau Gold Project development financing and 12 months ('Facility'). The Facility will be unsecured with an interest rate of 6.5% pa plus RBA Cash Rate Target capitalising quarterly. No other fees will be payable on the Facility.

The Company had been working with a potential debt financier who had obtained investment committee approval to proceed with the Okvau Gold Project financing, but Emerald is now pursuing alternative financing structures and providers on more favourable terms and flexibility.

Development Work

In order to further de-risk the development of the Okvau Gold Project, Emerald had previously embarked on an 8,500m/323 hole shallow (~25m) grade control program drilled on 10m by 10m spacing. Before suspending the program whilst it progressed the Okvau Mining Licence, Emerald had completed the initial 152 holes with results supporting the DFS Ore Reserve, particularly in respect to gold grade. Given the recent granting of the Okvau Mining Licence, subsequent to the Quarter end, Emerald has recommenced the grade control program to drill the remaining 171 holes for an additional approximate 4,000m. **The cost of the program will represent an operating cost saving.**

Regional Exploration

Svay Chras Project (100%)

During the Quarter, Emerald completed the exploration EIA on its 100% owned Svay Chras Project covering 74.3km². The completion of this EIA allowed for Emerald to commence exploration on the project with an initial regional soils program completed during the Quarter. Results to be released when available.

Memot Project & Kratie North Project (earning up 70% in both)

The Memot and Kratie North Projects cover 411 km² of highly prospective tenure with historical drilling demonstrating significant gold discovery potential in close proximity to the Okvau Gold Project. During the Quarter, an initial regional soils program was undertaken over several prospects within the project areas. Results to be released when available.

Regional Exploration (continued)

Preak Khlong and O’Khtung Applications (100%)

Emerald has submitted exploration licence applications over the Preak Khlong and O’Khtung Projects covering 392km². During the Quarter, exploration EIA’s over these two projects were completed to allow for the progression of the application process.

Koan Nheak Project (earning up to 80%)

The Koan Nheak Project is a Joint Venture with Angkor Gold Corp (‘Angkor Gold’, TSX listed) whereby Emerald may earn up to an 80% interest. Emerald has previously undertaken initial reconnaissance field work within the Koan Nheak exploration licence focusing in and around the Peacock Prospect. No drilling has ever been undertaken within the exploration licence.

The geochemical soil sampling program defined a large gold-in-soils anomaly, supported by critical pathfinder elements, extending over 1,000 metres from north to south and up to 400 metres east to west.

From a total of 14 rock chip samples collected during the reconnaissance field works at the Peacock Prospect, up to 9.94g/t gold has been returned from a sample comprised of quartz comb veined diorite located at the southern intrusive contact and within the gold-in-soil anomaly footprint.

During the current Quarter, follow up soil sampling was undertaken around the Peacock Prospect and results to be released when available.

Corporate Activities

Emerald’s consolidated cash and listed investment position at 30 June 2018 was approximately A\$1.5 million, comprising A\$1.2 million in cash plus A\$0.3 million in listed investments. Expenditure during the Quarter mainly related to costs associated with further work for project licencing, due diligence costs for development financing and exploration programs undertaken to meet joint venture and earn-in commitments.

Subsequent to Quarter end, entities associated with certain Directors have provided unsecured loan facilities totalling A\$3 million for an initial term of the lesser of completion of the Okvau Gold Project development financing and 12 months (‘Facility’). The Facility will be unsecured with an interest rate of 8.0% pa (6.5% plus RBA Cash Rate Target) capitalising quarterly. No other fees will be payable on the Facility. The Facility remains undrawn.

The Company holds 2,361,528 shares and 1,180,764 options (20 cents) in Riversgold Limited (‘Riversgold’; ASX:RGL). At the current Riversgold share price of 14.0 cents, Emerald’s holding has a value of approximately A\$0.3 million. This share and option holding was the result of Emerald’s wholly owned subsidiary Renaissance Minerals Ltd vending the Quicksilver Gold Project in Alaska into an unlisted company which was subsequently vended into Riversgold for share and option consideration.

About Cambodia

Cambodia is a constitutional monarchy with a constitution providing for a multi-party democracy. The population of Cambodia is approximately 14 million.

Cambodia has a relatively open trading regime and joined the World Trade Organisation in 2004. The government’s adherence to the global market, freedom from exchange controls and unrestricted capital movement makes Cambodia one of the most business friendly countries in the region.

The Cambodian Government has implemented a strategy to create an appropriate investment environment to attract foreign companies, particularly in the mining industry. Cambodia has a modern and transparent mining code and the government is supportive of foreign investment particularly in mining and exploration to help realise the value of its potential mineral value.

Detailed information on all aspects of Emeralds’ 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

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. 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 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.

Appendix One | Tenements

Exploration tenements held at the end of June 2018 Quarter

Project	Location	Tenement	Interest at 30 June 2018
Okvau Gold Project ^A	Cambodia	Okvau	100% ^A
O'Chhung Gold Project ^A	Cambodia	O'Chhung	100% ^A
Svay Chras Gold Project	Cambodia	Svay Chras	100%

^A Emerald Resources NL has been granted exclusive rights to apply for exploration rights.

Mining and exploration tenements and licenses acquired and disposed during the June 2018 quarter

Project	Location	Tenement	Interest at beginning of quarter	Interest at end of quarter
<u>Tenements Disposed</u>				
Nil				
<u>Tenements Acquired</u>				
Nil				

Beneficial percentage interests in joint venture and earn-in agreements at the end of the June 2018 quarter

Project	Location	Tenement	Interest at end of quarter
Koan Nheak Gold Project	Cambodia	Koan Nheak	0% ^B
Kratie North Gold Project	Cambodia	Phnom Khtong	0% ^C
Memot Gold Project	Cambodia	Memot	0% ^C

^B Emerald Resources NL is earning up to an 80% interest from Angkor Gold Corp.

^C Emerald Resources NL is earning up to a 70% interest from Mekong Minerals.

Beneficial percentage interests in joint venture and earn-in agreements acquired or disposed of during the June 2018 quarter

Project	Location	Tenement	Interest at beginning of quarter	Interest at end of quarter
<u>Joint Venture Interests Disposed</u>				
Nil				
<u>Joint Venture Interests Acquired</u>				
Nil				

Interests in royalties

The Company has a 5% overriding royalty interest in all gas production from various oil and gas interests located in Magoffin County, Kentucky. During the Quarter, there was no product recovered and sold from the Leases and the royalty received for the period was Nil.