

ASX Announcement

3 February 2016

## EMERALD TO EARN INTO OKVAU GOLD DEPOSIT

- **Joint Venture with Renaissance Minerals Limited (ASX:RNS) to earn up to 51% of the Cambodian Gold Project, including the 1.131Moz Okvau Gold Project**
- **Emerald is to sole manage and fund a Definitive Feasibility Study for the development of the Okvau Gold Deposit**
- **Emerald and Renaissance to jointly manage a two year US\$3M exploration program**
- **Emerald holds 10% equity stake in Renaissance following \$1.74M placement**

The Board of Emerald Resources NL (**EMR** or **Company**) is pleased to advise that it has entered into a legally binding Memorandum of Agreement (MoA) with Renaissance Minerals Limited (ASX:RNS) whereby Emerald may earn up to a 51% interest in Renaissance's Cambodian Gold Project by sole funding a Definitive Feasibility Study (DFS) for the development of Okvau Gold Deposit to a bankable level, an Environmental & Social Impact Assessment (ESIA) and a 2 year exploration program of US\$3 million.

Emerald has also subscribed for 57.4 million shares in Renaissance as part of an equity placement of 114.8 million shares at 3 cents per share to raise \$3.4 million (Placement). The remaining 57.4 million shares has been placed to institutional and sophisticated investors. Upon completion of the Placement, Emerald will hold a 10% interest in Renaissance and will be entitled to appoint a Non-Executive Director to the Board.

Emerald Managing Director, Mr Morgan Hart said "We have evaluated a number of strategic global resource opportunities and the Okvau Gold Deposit and the surrounding area have demonstrated excellent potential for our team to add significant value".

"We will focus on the development economics of the Okvau Gold Deposit by optimisation of capital and operating costs through process design and mining efficiencies as we have been able to deliver on gold projects in the past."

Mr Hart added "The work completed by Renaissance to advance the project to its current status has been of an excellent standard, allowing Emerald to concentrate on updating the existing pre-feasibility study (PFS) in the short to medium term prior to completing the DFS. The updated PFS is expected to give Emerald and Renaissance shareholders a clearer picture of the likely development path and timeline for the Okvau Gold Project development."

Emerald and Renaissance have agreed the standard of DFS that Emerald is required to complete. This is based on a comprehensive criteria and to a level of accuracy that will be acceptable to bona-fide project financiers. Under the terms of the MoA, Emerald is to be sole manager of the DFS while Renaissance and Emerald will jointly manage the exploration program.

Mr Hart said "We look forward to the potential of numerous high priority exploration prospects based upon anomalous geochemistry, geology and geophysics located within close proximity to the Okvau Deposit which remain untested with drilling."

### Okvau Gold Deposit

The Okvau Gold Project and adjoining O'Chhung licences which also form part of the MoA cover approximately 400km<sup>2</sup> of project area and are located within the core of a prospective Intrusive Related Gold province in the eastern plains of Cambodia. The Project is located in the Mondulkiri Province of Cambodia approximately 265 kilometres north-east of the capital Phnom Penh (Figure 1).

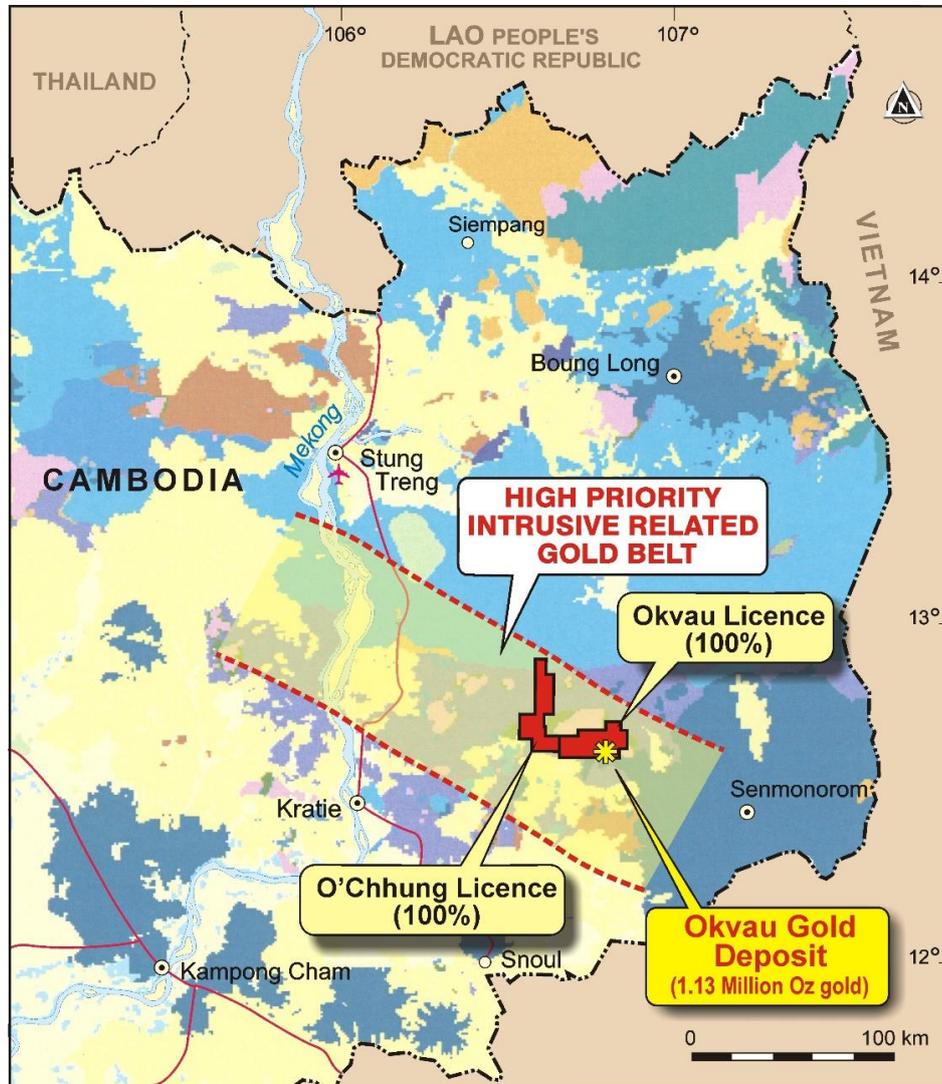


Figure 1: Location of Okvau and O'Chhung licences

An independent JORC Indicated and Inferred Resource estimate of 15.8Mt at 2.2g/t for 1.131Moz of gold was completed for the Okvau Deposit in July 2015 (as announced by Renaissance on 27 July 2015)(Appendix 1). Importantly, approximately 85% the resource estimate is in the Indicated category. The resource estimate comprises 13.2Mt at 2.3g/t gold for 0.96Moz of gold in the Indicated resource category plus 2.7Mt at 2.0g/t gold for 0.17Moz of gold in the Inferred resource category (Appendix 1).

Renaissance completed a Pre-Feasibility Study (Study) in July 2015 for the development of a 1.5Mtpa operation based only on the Okvau Deposit via an open pit mining operation. The Study was completed to +/-20% level of accuracy and there has been no material change.

The Study demonstrates the potential for a robust, low cost development with an initial Life of Mine of 8 years, producing on average 91,500 ounces of gold per annum via conventional open pit mining methods from a single pit to be mined in three stages. A summary of these results based on the ASX market release dated 27 July 2015 by Renaissance is set out in Appendix 2.

### Joint Venture Terms

The material terms of the Joint Venture are as follows;

- Emerald's interest in the Joint Venture will be progressive, based on a combination of exploration expenditure and DFS completion as shown below:

Cumulative Exploration Spend (non DFS costs)	DFS Status	Time	Emerald Interest
US\$0.5 million	N/A	9 months	5%
US\$2.5 million	N/A	24 months	30%
US\$3.0 million	Completed	24 months	51%

- Completion of a DFS is to include the completion of an ESIA;
- Emerald will be the manager of the DFS. Renaissance and Emerald will be joint managers of the exploration program until such time that Emerald has earned its 51% interest. All Joint Venture decisions regarding development commitments and expenditure will be subject to a 75% voting approval;
- Emerald may only withdraw from the Joint Venture after 6 months and spending a minimum of US\$0.5 million. If Emerald elects to withdraw prior to completing a DFS, it will be required to relinquish any interest that it may have earned. If at the time of withdrawing from the Joint Venture Emerald has earned a 30% interest and has not completed the DFS, Renaissance can opt to dilute Emerald to a 10% interest by spending US\$2 million. If either party dilutes to a 10% interest the other party may elect to convert that party's interest to a 2% royalty;
- Provision for further opportunities secured by either party in Cambodia will form part of the Joint Venture;
- Customary mutual pre-emptive rights, expenditure and dilution formulas will apply.

### Joint Venture Conditions Precedent

The MoA is a binding agreement outlining the commercial terms of the Joint Venture and is subject to the following conditions precedent:

- Execution of a Farm-in and Joint Venture Agreement on customary terms
- Emerald shareholder approval for the proposed change in the nature and scale of Emerald's operations
- ASX granting Emerald conditional approval for the securities in Emerald to be re-instated to trading on the ASX following re-compliance with Chapters 1 and 2 of the ASX Listing Rules
- Renaissance shareholder approval for the Joint Venture
- Renaissance and Emerald obtaining necessary approvals and consents from the Cambodian Government

**Change of Activities**

The proposed transaction with Renaissance will constitute a change in the nature and scale of activities from oil and gas in the United States to gold exploration and development in Cambodia.

In this circumstance, Emerald will be required pursuant to Listing Rule 11.1.2 to obtain approvals from shareholders at a general meeting expected to be held in March 2016. A Notice of Meeting and Explanatory Statement containing further information is expected to be dispatched to shareholders this month. Emerald will also be required, pursuant to Listing Rule 11.1.3 to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

Emerald's shares will be suspended from trade on the date of the general meeting and (subject to shareholder approval being obtained) will remain suspended until Emerald has recomplied with Chapters 1 and 2 of the ASX Listing Rules and the transaction with Renaissance has been completed. The Company anticipates completing the transaction and being reinstated in April 2016.

As part of the recompliance process, Emerald will issue a prospectus for a nominal capital raising and only to satisfy the requirements of Chapters 1 and 2 as the Company does not presently require any additional capital. On this basis, there will be no material change to Emerald's current capital structure. It is also not intended that the current board of Emerald will change.

As at 31 December 2015, Emerald had \$17.4 million in cash and liquid ASX investments. The Company does not anticipate that its cash position will materially change prior to reinstatement.

For further information, please contact;

**MORGAN HART**  
**Managing Director**

## Appendix 1 -Okvau Mineral Resource Estimate - July 2015

July 2015 JORC Resource (0.6g/t gold cut-off)			
	Tonnage (Mt)	Grade (g/t Au)	Gold (Koz)
Indicated	13.2	2.3	962
Inferred	2.7	2.0	169
<b>Total</b>	<b>15.8Mt</b>	<b>2.2g/t</b>	<b>1,131</b>

Appendix 2 – Okvau Pre-Feasibility Study Results – refer to ASX release dated 27 July 2015<sup>1</sup>

In Pit Mineral Resource	11.6Mt @ 2.2g/t gold for 829,000 ounces contained		
LOM Strip Ratio (waste:ore)	7.7:1		
Throughput	1.5Mtpa		
Life of Mine	8 years		
Processing Recovery	85%		
Average Annual Production Target	91,500 ounces		
Pre-production Capital Costs <sup>2</sup>	US\$120M		
<b>Gold Price</b>	<b>US\$1,100/oz</b>	<b>US\$1,250/oz</b>	<b>US\$1,400/oz</b>
<b>LOM Net Revenue (net of royalties<sup>3</sup> &amp; refining)</b>	US\$756M	US\$860M	US\$964M
<b>Operating Cash Flow Before Capital Expenditure</b>	US\$272M	US\$376M	US\$479M
<b>Project Cash Flow After Capital Expenditure</b>	US\$142M	US\$245M	US\$349M
<b>NPV<sup>4</sup> (5%)</b>	US\$90M	US\$174M	US\$257M
<b>Payback</b>	3.2 years	2.6 years	1.9 years
<b>IRR pre-tax</b>	21% pa	35% pa	47% pa
<b>IRR post-tax (excluding any incentives)</b>	19% pa	29% pa	38% pa
<b>LOM C1 Cash Costs<sup>5</sup></b>	US\$684/oz	US\$684/oz	US\$684/oz
<b>LOM All-In Sustaining Costs ('AISC')<sup>6</sup></b>	US\$731/oz	US\$735/oz	US\$738/oz

<sup>1</sup>Renaissance has 100% ownership with no third party or Government equity interests and therefore economics are 100% attributable to Renaissance Under the proposed terms of the Joint Venture with Emerald, the ownership interest of Renaissance is subject to change.

<sup>2</sup>Capital Costs include working capital and 10% contingency

<sup>3</sup>Government royalty fixed at 2.5% of gross revenue

<sup>4</sup>After royalties but before corporate tax

<sup>5</sup>C1 Cash Costs include all mining, processing and general & administration costs

<sup>6</sup>AISC include C1 Cash Costs plus royalties, refining costs, sustaining capital and closure costs

**Competent Persons Statement**

The information in this report that relates to the Mineral Resources for the Okvau Gold Deposit was prepared by International Resource Solutions Pty Ltd (Brian Wolfe), who is a consultant to Renaissance Minerals Limited, who is a Member of the Australian Institute of Geoscientists (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 Wolfe consents to the inclusion of the matters based on his information in the form and context in which it appears.