
EMERALD RESOURCES NL

ACN 009 795 046

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 11:00 am (WST)
DATE: Friday, 13 March 2020
PLACE: 1304 Hay Street
WEST PERTH WA 6005

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00pm (WST) on Wednesday, 11 March 2020.

BUSINESS OF THE MEETING

AGENDA

1. **RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES UNDER TRANCHE 1 OF PLACEMENT – LISTING RULE 7.1**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 457,267,879 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2. **RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES UNDER TRANCHE 1 OF PLACEMENT – LISTING RULE 7.1A**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 278,507,121 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3. RESOLUTION 3 – APPROVAL TO ISSUE SHARES UNDER TRANCHE 2 OF PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 1,139,225,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

4. RESOLUTION 4 – CONSOLIDATION OF CAPITAL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of all Essential Resolutions, pursuant to section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that:

- (a) every ten (10) Shares be consolidated into one (1) Share; and
- (b) every ten (10) Options be consolidated into one (1) Option,

and where the Consolidation results in a fraction of a Security being held, the Company be authorised to round that fraction up to the nearest whole Security (as the case may be).”

5. RESOLUTION 5 – APPROVAL TO ISSUE SHARES TO SPROTT IN CONSIDERATION FOR SERVICES PROVIDED

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 4,089,624 Shares (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

6. RESOLUTION 6 – APPROVAL TO ISSUE SHARES TO SPROTT IN CONSIDERATION FOR CASH SUBSCRIPTION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to US\$3,500,000 worth of Shares at an issue price of \$0.4 per Share, less costs (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Dated: 7 February 2020

By order of the Board

**Mark Clements
Company Secretary**

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9286 6300.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND TO PLACEMENT

1.1 General

On 24 January 2020, the Company announced that it had received binding commitments to raise \$75 million via the issue of 1,875,000,000 Shares to sophisticated, professional and other exempt investors pursuant to section 708 of the Corporations Act at an issue price of \$0.04 per Share (**Placement**).

Funds raised under the Placement will allow for the continuation of development activities whilst the Company finalises the US\$60 million loan facility with Sprott Private Resources Lending II (Collector) LP (**Sprott**) (as announced on 26 June 2019), which will result in the Company being fully funded for the development of the Okvau Project.

The Placement is comprised of two tranches as follows:

- (a) the first tranche was completed on 3 February 2020 and comprised the issue of 735,775,000 Shares raising \$29,431,000 (**Tranche 1**); and
- (b) the second tranche is subject to the receipt of Shareholder approval (Resolution 3 of this Notice) and will comprise the issue of up to 1,139,225,000 Shares to raise up to \$45,569,000 (**Tranche 2**).

The primary purpose of the funds raised under the Placement is to satisfy the equity funding component of the Okvau Project. The remaining funds raised under the Placement will go towards the regional exploration program on Emerald's 1,442km² Cambodian exploration footprint and ongoing capital work requirements (including costs of the Placement). Further details of the use of funds from the Placement are set out below in Section 1.2.

The Company has engaged Sprott and Euroz Securities Limited (**Euroz**) to act as lead managers (**Joint Lead Managers**) to the Placement.

1.2 Use of Funds

The Company intends to use the funds raised from the Placement (together with existing cash reserves) as set out in the table below.

	(A\$m) ¹	(%)
Existing cash reserves ³	10.7	12.5%
Tranche 1 Placement	29.4	34.3%
Tranche 2 Placement	45.6	53.2%
Total	85.7²	100.0%
Construction and development of the Okvau Project	74.9	87.4%
Regional exploration and other projects	1.4	1.6%
Working capital	1.5	1.8%
Costs associated with Placement	3.6	4.2%
Corporate office	4.3	5.0%
Total	85.7	100%

Notes:

1. Total amounts may be subject to rounding.
2. Assumes Shareholders approve Resolution 3 and the Company raises \$45,569,000 under the Tranche 2 Placement.
3. Based on unaudited internal accounts as at 31 December 2019.

The above table is a statement of current intentions as of the date of this Notice. As with any budget, intervening events and new circumstances which may arise during construction and development phases have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

2. RESOLUTIONS 1 AND 2 – RATIFICATION OF PRIOR ISSUE OF SHARES UNDER TRANCHE 1 OF PLACEMENT

2.1 General

The Company is seeking Shareholder approval to ratify the issue of 735,775,000 Shares that were issued on 3 February 2020 to sophisticated and professional investors (**Tranche 1 Investors**) pursuant to Tranche 1 of the Placement comprising:

- (a) 457,267,879 Shares issued pursuant to the Company's capacity under ASX Listing Rule 7.1 (the subject of Resolution 1); and
- (b) 278,507,121 Shares issued pursuant to the Company's capacity under ASX Listing Rule 7.1A, which was approved by Shareholders at the annual general meeting held on 26 November 2019.

Resolutions 1 and 2 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of Shares under Tranche 1 of the Placement.

2.2 Listing Rules 7.1 and 7.1A

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.1A provides that in addition to issues permitted without prior shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period for which the approval is valid a number of quoted equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in ASX Listing Rule 7.1.

Where an eligible entity obtains shareholder approval to increase its placement capacity under Listing Rule 7.1A then any ordinary securities issued under that additional placement capacity:

- (a) will not be counted in variable "A" in the formula in Listing Rule 7.1A; and
- (b) are counted in variable "E",

until their issue has been ratified under Listing Rule 7.4 (and provided that the previous issue did not breach Listing Rule 7.1A) or 12 months has passed since their issue.

As the issue of Shares, the subject of Resolutions 1 and 2, has not yet been approved by Shareholders, it effectively uses up part of the Company's 15% placement capacity under Listing Rule 7.1 and 10% placement capacity under Listing Rule 7.1A (as applicable), reducing the Company's capacity to issue

further equity securities without Shareholder approval over the 12 month period following the date of issue of those Shares.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Shares, the subject of Resolutions 1 and 2.

2.3 Technical information required by Listing Rule 14.1A

If Resolutions 1 and 2 are not passed, the Shares will be included in calculating the Company's 15% placement capacity under Listing Rule 7.1 and its 10% placement capacity under Listing Rule 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Shares.

If Resolutions 1 and 2 are passed, the base figure (i.e. variable "A") in which the Company's 15% and 10% annual placement capacities are calculated will be a higher number which in turn will allow a proportionately higher number of securities to be issued without prior Shareholder approval.

2.4 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolutions 1 and 2:

- (a) the Shares were issued to professional, sophisticated and other exempt investors pursuant to section 708 of the Corporations Act who are clients of Sprott and Euroz. The recipients were identified through a bookbuild process, which involved Sprott and Euroz seeking expressions of interest to participate in the capital raising from non-related parties of the Company. None of the recipients are related parties of the Company;
- (b) 735,775,000 Shares were issued on the following basis:
 - (i) Resolution 1 – 457,267,879 Shares pursuant to ASX Listing Rule 7.1; and
 - (ii) Resolution 2 – 278,507,121 Shares pursuant to ASX Listing Rule 7.1A;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued on 3 February 2020;
- (e) the issue price was \$0.04 per Share; and
- (f) the purpose of the issue was to raise \$29,431,000, which will be applied as set out by the use of funds table above in Section 1.2.

3. RESOLUTION 3 – APPROVAL TO ISSUE SHARES UNDER TRANCHE 2 OF PLACEMENT

3.1 General

The Company is seeking Shareholder approval for the issue of up to 1,139,225,000 Shares pursuant to Tranche 2 of the Placement.

A summary of ASX Listing Rule 7.1 is set out in Section 2.2 above.

The proposed issue of the Shares does not fall within any of the specified exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

3.2 Technical information required by Listing Rule 14.1A

Resolution 3 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of Shares, the subject of Resolution 3.

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Shares under Tranche 2 of the Placement. In addition, the issue of such Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of the Shares under Tranche 2 of the Placement.

3.3 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 3:

- (a) the Shares will be issued to professional, sophisticated and other exempt investors who are clients of Spratt and Euroz. The recipients were identified through a bookbuild process, which involved Spratt and Euroz seeking expressions of interest to participate in the Placement from non-related parties of the Company. None of the participants are related parties of the Company;
- (b) the maximum number of Shares to be issued is 1,139,225,000;
- (c) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (e) the issue price will be \$0.04 per Share;
- (f) the purpose of the issue is to raise \$45,569,000, which will be applied as set out by the use of funds table above in Section 1.3.

4. RESOLUTION 4 – CONSOLIDATION OF CAPITAL

4.1 Background

The Directors are seeking Shareholder approval to consolidate the number of Shares on issue on a 10 for 1 basis (Consolidation). If Resolution 4 is passed, the number of Shares on issue (including the Shares issued pursuant to Resolutions 1-3) will be reduced from 4,940,952,533 to 494,095,253 (subject to rounding).

Resolution 4 seeks Shareholder approval for the Company to undertake a 10:1 capital consolidation (**Consolidation**).

If Resolution 4 is passed, and assuming completion of the Placement, the number of:

- (a) Shares on issue will be reduced from 4,940,952,533 to 494,095,253 (subject to rounding); and
- (b) Options on issue will be reduced from 48,415,000 to 4,841,500 (subject to rounding).

The purpose of the Consolidation is to implement a more appropriate capital structure for the Company going forward.

4.2 Legal Requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

4.3 Fractional entitlements

Not all Security holders will hold that number of Shares or Options (as the case may be) which can be evenly divided by 10. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Share or Options (as applicable).

4.4 Taxation consequences

It is not considered that any taxation implications will exist for Security holders arising from the Consolidation. However, Security Holders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, nor its advisers, accept any responsibility for the individual taxation implications arising from the Consolidation.

4.5 New holding statements

From the date of the Consolidation, all holding statements for Securities will cease to have any effect, except as evidence of entitlement to a certain number of Shares on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Securities to be issued to holders of those Securities.

It is the responsibility of each Security holder to check the number of Securities held prior to disposal or exercise (as the case may be).

4.6 Effect on capital structure

The effect which the Consolidation will have on the Company's capital structure is set out in the table below:

Capital Structure	Shares	Unlisted Options ¹
Shares on issue as at the date of this Notice	3,801,727,533	48,415,000
Shares to be issued under Tranche 2 of the Placement (Resolution 3)	1,139,225,000	-
Sub-total	4,940,952,533	48,415,000
Post 10:1 Consolidation of Shares (Resolution 4)²	494,095,253²	4,841,500

Notes:

1. The exercise price and expiry date of these Options are set out in the table below.
2. This figure does not include the Shares the subject of Resolutions 5 and 6. The issue of those Shares are subject to certain conditions being met and will occur post completion of the Consolidation.

Options – Pre Consolidation

Terms	Number
Exercisable at \$0.0323 and expiring 30 September 2020	15,577,500
Exercisable at \$0.052 and expiring 6 January 2022	2,500,000
Exercisable at \$0.051 and expiring 21 January 2022	465,000
Exercisable at \$0.057 and expiring 9 March 2022	3,372,500
Exercisable at \$0.049 and expiring 6 July 2022	2,500,000
Exercisable at \$0.0434 and expiring 5 June 2023	15,000,000
Exercisable at \$0.039 and expiring 30 January 2024	6,000,000
Exercisable at \$0.047 and expiring 21 June 2024	3,000,000
Total	48,415,000

Options – Post Consolidation

Terms	Number
Exercisable at \$0.323 and expiring 30 September 2020	1,557,750
Exercisable at \$0.52 and expiring 6 January 2022	250,000
Exercisable at \$0.51 and expiring 21 January 2022	46,500
Exercisable at \$0.57 and expiring 9 March 2022	337,250
Exercisable at \$0.49 and expiring 6 July 2022	250,000
Exercisable at \$0.434 and expiring 5 June 2023	1,500,000
Exercisable at \$0.39 and expiring 30 January 2024	600,000
Exercisable at \$0.47 and expiring 21 June 2024	300,000
Total	4,841,500

4.7 Indicative timetable

If Resolution 4 is passed, the reduction of capital will take effect in accordance with the following timetable (as set out in Appendix 7A (paragraph 8) of the ASX Listing Rules) and subject to compliance with all regulatory requirements:

Action	Date
Company announces Consolidation	24 January 2020
Entity sends out Notice of Meeting	12 February 2020
Date of Meeting	13 March 2020
Effective date of the Consolidation	23 March 2020
Last day for trading in pre-Consolidation securities	24 March 2020
If agreed by ASX, trading in post-Consolidation securities commences on a deferred settlement basis	25 March 2020
Record date	26 March 2020
First day for Company to update its register and to send holding statements to Security holders reflecting the change in the number of securities they hold and to notify ASX that this has occurred	27 March 2020

Action	Date
Last day for Company to update its register and to send holding statements to Security holders reflecting the change in the number of securities they hold and to notify ASX that this has occurred	2 April 2020

5. RESOLUTIONS 5 AND 6 – APPROVAL TO ISSUE SHARES TO SPROTT

5.1 Background and material terms of the Terms Sheet

On 26 June 2019, the Company announced that it had entered into a term sheet with Sprott (**Term Sheet**) to provide a US\$60 million facility to be utilised towards the financing of the Okvau Project (**Okvau Facility**).

The material terms of the Okvau Facility are as follows:

- (a) **Facility amount** – US\$60 million, with availability in instalments subject to release conditions customary for a facility of this nature;
- (b) **Term** – 5 years from the closing date;
- (c) **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. 75% of the interest payable up to and including the 15th month following the closing date, shall be capitalized and added to the loan balance monthly;
- (d) **Hedging** – No mandatory hedging required;
- (e) **Gold Price Participation Agreement** – Commencing on or about first forecast gold production, a monthly gold price participation payment shall be payable by the Company, where such monthly payment is equal to:

Monthly Gold Ounce Amount x Gold Price Differential

Where:

- (i) **Monthly Gold Ounces** = 1,449
- (ii) **Gold Price Differential** = the maximum of (a) Gold Floor Price and (b) Average Gold Price, less the Gold Reference Price

Where:

- (A) **Gold Floor Price** = US\$1,127/oz
- (B) **Average Gold Price** = the arithmetic average of the "LBMA Gold Price PM" for every day of each prior calendar month on which the LBMA fixes a closing spot price for an ounce of gold in US dollars.
- (C) **Gold Reference Price** = US\$1,100/oz

Payments shall end after 43 payments have been made on 62,307 total ounces (**Total Gold Ounces**).

Where the whole Okvau Facility is mandatorily or voluntarily prepaid, the Company shall make a payment to Sprott equal to the Total Gold Ounces then remaining multiplied by the Gold Price Differential where

the Average Gold Price will be subject to a minimum gold price of US\$1,350/oz. Failure to make payment when due will incur a daily 3% annualized penalty rate, and constitute an event of default after 15 calendar days.

- (f) **Structuring/Arrangement Fee** – 1.6% of the principal amount of the Facility) (**Structuring Fee**);
- (g) **Early repayment** – no voluntary prepayment before the 3rd anniversary of the closing date, thereafter the Company may voluntary prepay the whole Okvau Facility outstanding;
- (h) **Security** – Sprott to have first ranking security over all undertakings, properties and assets of the Company including the Okvau Project, to be released upon full repayment of all obligations; and
- (i) **Amortisation** – the Okvau Facility (including accrued interest) will be fully amortised from the 21st month following closing through to maturity.

The Okvau Facility remains subject to the satisfaction of customary conditions.

In addition to the Okvau Facility, under the Term Sheet, the Company has granted Sprott the exclusive right to fund future acquisition or development project opportunities by way of an additional US\$100 million facility (**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.

Please refer to the Company’s announcements on 26 June 2019 for further details.

5.2 Resolutions 5 and 6

Pursuant to the Term Sheet, the Company has agreed to issue Sprott (or its nominee):

- (a) **Resolution 5** – subject to the Okvau Facility becoming unconditional and available for drawdown (in full), 4,089,624 Shares in consideration for providing the lead arranger services with respect to the Acquisition and Development Facility; and
- (b) **Resolution 6** – subject to the Okvau Facility becoming unconditional and available for drawdown (in full), up to US\$3,500,000 worth of Shares, at an issue price of \$0.40 per Share (deemed \$0.382 per Share following subscription costs). The final number of Shares to be issued will depend on the USD:AUD exchange rate as at the date of the subscription. The following table sets out the maximum number of post-consolidation Shares to be issued at various exchange rates:

USD 1: 0.60 AUD	USD 1: 0.65 AUD	USD 1: 0.70 AUD	USD 1: 0.75 AUD
14,583,333	13,461,538	12,500,000	11,666,666

As at the date of this Notice of Meeting, the USD:AUD exchange rate was 0.67, as published by the Reserve Bank of Australia.

Pursuant to Resolutions 5 and 6, the Company is seeking Shareholder approval for the issue of these Shares.

5.3 Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in Section 2.2 above.

The proposed issue of Shares, the subject of Resolutions 5 and 6, does not fit within any of the specified exceptions to Listing Rule 7.1.

If Resolutions 1 to 3 are passed, the issue will not exceed the 15% limit in Listing Rule 7.1 and could therefore be made without breaching that rule. However, the Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder approval pursuant to Listing Rule 7.1 so that it does not use up any of its 15% placement capacity under Listing Rule 7.1.

5.4 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, Spratt is dedicated to providing investors with best in-class investment strategies that include exchange listed products, alternative asset management and private resource investments. Spratt also operates merchant banking and brokerage business in both Canada and the US.

Spratt is based in Toronto with offices in New York, Carlsbad, and Vancouver and the shares of its parent company, Spratt Inc., are listed on the Toronto Stock Exchange under the symbol (TSX:SII). For more information, please visit www.spratt.com.

Spratt's financing of the Okvau Project will combine the strong development credentials of the Company's team with the financial strength of the respected Spratt group.

5.5 Technical information required by Listing Rule 14.1A

Resolutions 5 and 6 seek Shareholder approval for the purposes of Listing Rule 7.1 for the issue of Shares, the subject of Resolutions 5 and 6.

If Resolutions 5 and 6 are passed, the Company will be able to proceed with the issue of Shares to Spratt (or its nominee), as mandated by the Term Sheet (subject to the satisfaction of applicable conditions precedent). In addition, the issue of such Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolutions 5 and 6 are not passed, the Company will still be able to proceed with the issue of Shares to Spratt (or its nominee), provided it has sufficient capacity to do so under ASX Listing Rules 7.1 and/or 7.1A. If it did not have such capacity, the Company would not be able to issue the relevant Shares which may constitute a breach of the Terms Sheet by the Company.

5.6 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 5 and 6:

- (a) the Shares will be issued to Sprott (or a Related Body Corporate of Sprott), who is not a related party of the Company.
- (b) the number of Shares to be issued is:
 - (i) 4,089,624 Shares pursuant to Resolution 5; and
 - (ii) up to US\$3.5 million worth of Shares, at an issue price of \$0.40 per Share (deemed \$0.382 per Share following subscription costs) pursuant to Resolution 6. The final number of Shares to be issued will depend on the USD:AUD exchange rate as at the date of the subscription;
- (c) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Shares the subject of:
 - (i) Resolution 5, will occur on on the same date; and
 - (ii) Resolution 6, will occur on the same date.
- (e) the issue price of the Shares issued pursuant to:
 - (i) Resolution 5 is nil, as the Shares are being issued in consideration for providing the lead arranger services with respect to the Acquisition and Development Facility, as detailed in Section 5.2; and
 - (ii) Resolution 6, is \$0.4 (deemed \$0.382 per Share following subscription costs);
- (f) the purpose of the issue of Shares, the subject of:
 - (i) Resolution 5, is consideration for the provision of services provided to the Company, as detailed in Section 5.2;
 - (ii) Resolution 6, is to raise up to US\$3.5 million in working capital as a contingency to protect against any adverse currency movements in relation to the minimum equity requirement under the Okvau Facility. These funds will augment the funds raised from the Placement and will be applied towards continued development activities at the Okvau Project, regional exploration on the Company's Cambodian tenements and ongoing working capital; and
- (g) a summary of the material terms of the Term Sheet are set out in Section 5.1.

GLOSSARY

\$ means Australian dollars.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means Emerald Resources NL (ACN 009 795 046).

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Euroz means Euroz Securities Limited (ACN 089 314 983).

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Listing Rules means the Listing Rules of ASX.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Okvau Project means the 100% company owned Okvau Gold Project located in Mondulkiri, Cambodia.

Option means an option to acquire a Share.

Placement has the meaning given in Section 1.1.

Proxy Form means the proxy form accompanying the Notice.

Related Body Corporate has the meaning given in the Corporations Act.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Security means a Share and/or and Option (as applicable).

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Sprott means Sprott Private Resources Lending II (Collector) LP.

Terms Sheet has the meaning given in Section 5.2

WST means Western Standard Time as observed in Perth, Western Australia.

If you are attending the meeting in person, please bring this with you for Securityholder registration.

[EntityRegistrationDetailsLine1Envelope]
[EntityRegistrationDetailsLine2Envelope]
[EntityRegistrationDetailsLine3Envelope]
[EntityRegistrationDetailsLine4Envelope]
[EntityRegistrationDetailsLine5Envelope]
[EntityRegistrationDetailsLine6Envelope]

[HolderNumber]

Holder Number:
[HolderNumber]

Vote by Proxy: EMR

Your proxy voting instruction must be received by **11.00am (WST) on Wednesday, 11 March 2020**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.



