



# Okvau Gold Project, Cambodia

## Emerald to Become +100,000ozpa Gold Producer



ASX  
ASX:EMR

### Capital Raising Presentation

### January 2020



**Not for Release to US wire services or distribution in the United States**

# Presentation Disclaimer



## Forward Looking Statement

This presentation 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 NL ("Emerald" or the Company") 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 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 presentation 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 presentation. 100% of the production target referred to in the 1 May 2017 announcement is based on Probable Ore Reserves.

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.

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 presentation. However, there is no certainty that the Company can raise funding when required.

## Estimates of Resources and Reserves

The ASX Listing Rules require that the reporting of ore reserves and mineral resources in Australia comply with the Joint Ore Reserves Committee's Australasian Code for Reporting of Mineral Resources and Ore Reserves ("JORC Code"). Investors outside Australia should note that while ore reserve and mineral resource estimates of Emerald in this presentation comply with the JORC Code (such JORC Code-compliant ore reserves and mineral resources being "Ore Reserves" and "Mineral Resources" respectively), they may not comply with the relevant guidelines in other countries and, in particular, do not comply with (i) National Instrument 43-101 (Standards of Disclosure for Mineral Projects) of the Canadian Securities Administrators (the "Canadian NI 43-101 Standards"); or (ii) Industry Guide 7, which governs disclosures of reserves in registration statements filed with the US Securities and Exchange Commission (the "SEC"). Information contained in this presentation describing mineral deposits may not be comparable to similar information made public by companies subject to the reporting and disclosure requirements of Canadian or US securities laws. In particular, Industry Guide 7 does not recognise classifications other than proven and probable reserves and, as a result, the SEC generally does not permit mining companies to disclose their mineral resources in SEC filings. You should not assume that quantities reported as "resources" will be converted to reserves under the JORC Code or any other reporting regime or that Emerald will be able to legally and economically extract them.

## 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.

## Equity Raising to complete funding of the Okvau Project

### *Equity Financing*

- Two tranche placement to raise A\$75 million (**Placement**):
  - Tranche 1 - unconditional placement to sophisticated and professional investors for approximately A\$30.5 million of New Shares;
  - Tranche 2 – conditional placement to sophisticated and professional investors for approximately A\$44.5 million of New Shares, subject only to shareholder approval.
- Funds raised under the Placement to be used to:
  - Provide the equity funding component to complete the financing of Emerald’s 100% owned Okvau Gold Project in Cambodia (**Okvau Project**);
  - Regional exploration program on Emerald’s 1,442km<sup>2</sup> Cambodian exploration footprint; and
  - Ongoing working capital requirements.

### *Debt Funding*

- US\$60 million Okvau Project Facility with Sprott announced on 26 June 2019 (see slide 9 for more details)

### *Project Update*

- Okvau Final Investment Decision anticipated shortly.
- Approved and fully executed Mineral Investment Agreement (MIA).

## Placement Overview

<h3>Offer Details</h3>	<ul style="list-style-type: none"> <li>▪ A capital raising of A\$75 million (before costs) via a two tranche placement of 1,875 million new ordinary shares (<b>New Shares</b>) (the <b>Placement</b>);</li> <li>▪ Tranche 1 – unconditional placement of 762.1 million New Shares under the Company’s 25% Placement capacity, pursuant to ASX Listing Rules 7.1 and 7.1A;</li> <li>▪ Tranche 2 conditional placement of 1,112.9 million New Shares, which is subject to shareholder approval to be sought at a general meeting (<b>General Meeting</b>), to be held on or around 13 March 2020.</li> </ul>
<h3>Offer Price</h3>	<ul style="list-style-type: none"> <li>▪ Placement price of \$0.04 per New Share (<b>Placement Price</b>), represents:             <ul style="list-style-type: none"> <li>▪ 9.1% discount to the last traded price on 20 January 2020 (of \$0.044);</li> <li>▪ 8.7% discount to the 5-day VWAP of (of \$0.0438); and</li> <li>▪ 6.2% discount to the 10-day VWAP (of \$0.0428).</li> </ul> </li> </ul>
<h3>Use of Proceeds</h3>	<ul style="list-style-type: none"> <li>▪ Equity funding to complete financing of Emerald’s 100% owned Okvau Project;</li> <li>▪ Regional exploration program on Emerald’s 1,442km<sup>2</sup> Cambodian exploration footprint; and</li> <li>▪ Ongoing working capital requirements.</li> </ul>
<h3>Ranking</h3>	<ul style="list-style-type: none"> <li>▪ New Shares will rank pari passu with existing fully paid ordinary shares in Emerald.</li> </ul>
<h3>Placement Syndicate</h3>	<ul style="list-style-type: none"> <li>▪ Euroz Securities Limited is the Lead Manager and Bookrunner to the Placement.</li> <li>▪ Sprott Capital Partners LP is Co-Lead Manager to the Placement.</li> </ul>

## Fully Funded via Placement and Project Debt Facility

Sources <sup>(1)</sup>	A\$m	Uses <sup>(1)</sup>	A\$m
Placement proceeds <sup>(2)</sup>	75.0	Construction and development of the Okvau Gold Project:	
Project Debt Facility	85.6	Pre-production capital	10.1
		Construction of camp and processing plant	114.1
		Environmental payments/bonds	3.1
		Regional exploration and other projects	1.4
		Working capital	1.6
		<b>Sub-total</b>	<b>130.3</b>
		Financing and placement costs	10.3
		Reserve accounts and overruns	22.8
		Costs of the offer	3.6
		Corporate office	4.3
Cash on hand 31 December 2019 <sup>(3)</sup>	10.7		
<b>Total Sources</b>	<b>171.3</b>	<b>Total Uses</b>	<b>171.3</b>

1. Total amounts may be subject to rounding.

2. Gross proceeds from A\$75 million Placement (excluding raising costs).

3. Unaudited internal accounts as at 31 December 2019.

4. Assumed USD:AUD conversion rate of 0.70

# Indicative Equity Raising Timetable

Milestone	Time/Date <sup>(1)</sup>
ASX Trading Halt	20 January 2020
Trading Halt lifted and Return to Trade	24 January 2020
Settlement of New Shares issued under Tranche 1 of the Placement	31 January 2020
Allotment and Trading of New Shares issued under Tranche 1 of the Placement	3 February 2020
Notice of Meeting material despatched to shareholders	12 February 2020
General Meeting to approve Tranche 2 of the Placement	13 March 2020
Settlement of New Shares issued under Tranche 2 of the Placement	18 March 2020
Allotment and Trading of New Shares issued under Tranche 2 of the Placement	19 March 2020

*1 The above timetable is indicative only and subject to change. Emerald reserves the right to amend any and all of these events, dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws, including securities laws. The commencement of quotation of New Shares is subject to confirmation from ASX.*

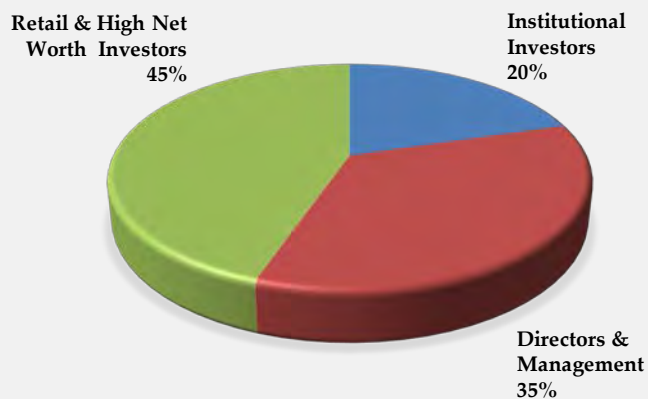
- ❑ **November 2016** - Merger with Renaissance Minerals Limited;
- ❑ **May 2017** - Okvau Definitive Feasibility announced; and
  - Maiden Ore Reserve of 14.3Mt @ 2.0g/t Au for 907,000oz.
- ❑ **July 2017** - Expansion of its ground holdings in Cambodia (400km<sup>2</sup> - 1,400km<sup>2</sup>);
- ❑ **November 2017** - Okvau Project received Environmental Approval for development;
- ❑ **July 2018** - Mining Licence Granted for Okvau Gold Project;
- ❑ **November 2018** - BOD underpin A\$12.2 million of a successful A\$28 million share placement;
- ❑ **January 2019** - Commenced construction activities;
- ❑ **July 2019** - Signed Debt Term Sheet for US\$60 million and US\$100 million Acquisition and Development Facility and:-
  - Discovery of a high grade feeder zone to Okvau, including:-
    - 8m @ 19.98g/t Au;
    - 15m @ 11.92g/t Au.
- ❑ **December 2019/January 2020** – Approval and fully executed Mineral Investment Agreement (MIA).

*Refer to Company's ASX release dated 2 July 2019 for full results.*

## Capital Structure

ASX Code	EMR
Share Price	4.4 cents <sup>1</sup>
Shares on Issue (current)	3.05B
Options on Issue	66M <sup>2</sup>
Market Cap (undiluted)	A\$134M

### Shareholder Structure



<sup>1</sup> Share Price as at 20 January 2020.

<sup>2</sup> Options comprise management and employee options ranging between 0.025 cents and 0.057 cents.

## Board & Management

### Simon Lee AO, Non-Executive Chairman

- Previously Chairman: Equigold NL, Samantha Gold NL, and Great Victoria Gold NL;
- Previously Board Member of the Australian Trade Commission and Patron of the Western Australian Chinese Chamber of Commerce.

### Morgan Hart, Managing Director

- Previously Executive Director (Operations) of Regis Resources Ltd;
- Previously Executive Director of Equigold NL.

### Mick Evans, Executive Director

- Previously Chief Development Officer with Regis Resources Ltd (managed the construction of gold plants at the Moolart Well, Garden Well and Rosemont);
- Previously with Equigold NL (instrumental in the construction of the Bonikro gold plant in Cote D'Ivoire).

### Ross Stanley, Non-Executive Director

- Extensive experience both in Australian and African mining enterprises;
- Founder and majority shareholder of Stanley Mining Services;
- Previously Non-Executive Director of Equigold NL.

### Ross Williams, Non-Executive Director

- Founding shareholder and Director of MACA Limited (mining & civil contractor);
- 16 years banking experience having held executive positions with a major Australian Bank.

### Mark Clements, Company Secretary

- 20 years experience in corporate finance, capital raisings, accounting & administration, ASX Compliance and regulatory requirements;
- Fellow of the Institute of Chartered Accountants and a member of both the Australian Institute of Company Directors and Governance Institute of Australia.

### Bernie Cleary, Operations Manager

- 25 years experience in the construction and resource industries;
- Previously General Manager with Evolution Mining Limited of the Mount Rawdon gold mine;
- Previously General Manager with Regis Resources Limited of the Rosemont and Garden Well gold mines.



## US\$60M Okvau Project Facility

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:-

- ❑ Key terms of the Okvau Facility:-
  - Facility amount – US\$60 million;
  - Term – 5 years;
  - Interest – 6.50% per annum, plus libor;
  - Gold Price Participation Agreement –1,449 ounces per month to a total of 62,307 ounces. US\$1,100 per ounce (Sprott receive the differential between US\$1,100 and the spot price on date of delivery);
  - Structuring/Arrangement Fee (circa 1.6%).
- ❑ The Okvau Facility remains subject to satisfaction of customary conditions.

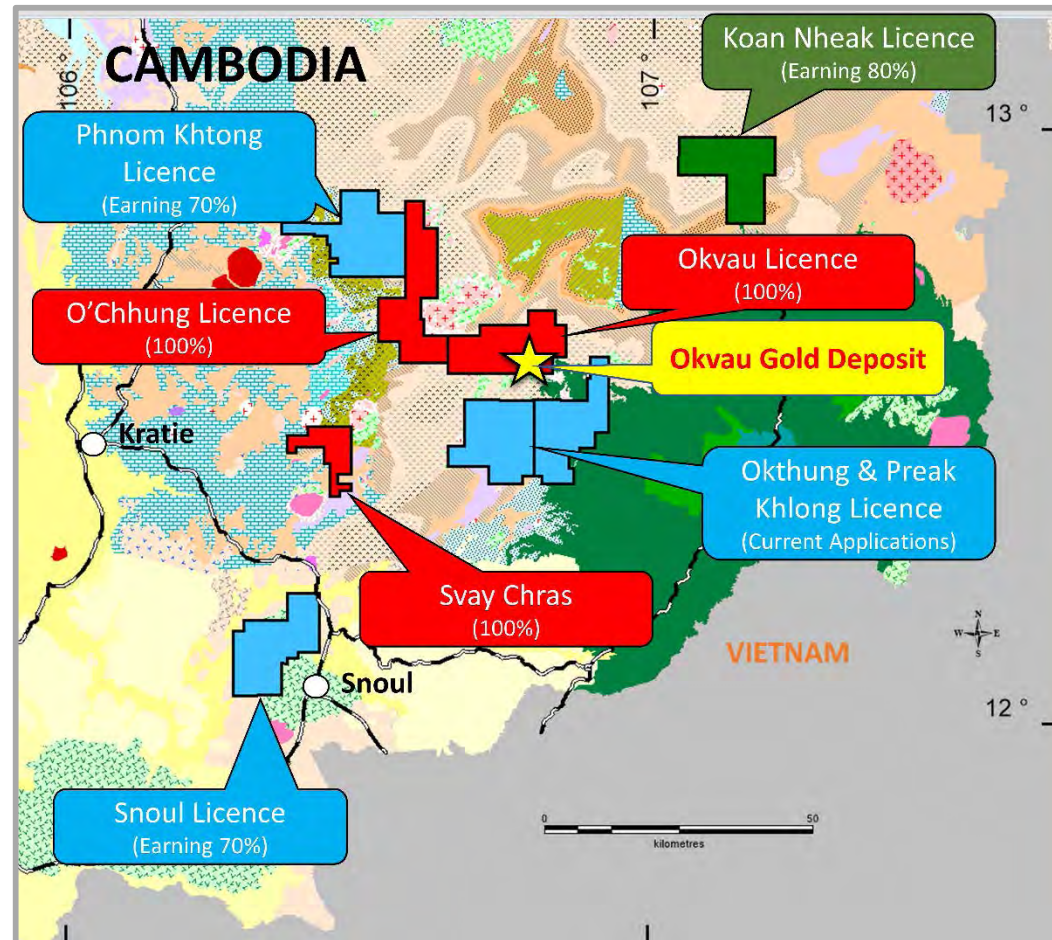
## US\$100M Acquisition and Development Facility

- ❑ Creates an opportunity to deliver a pipeline of assets to utilise Emerald’s experienced development team:-
- ❑ Key terms of the Acquisition and Development Facility:-
  - Facility amount – US\$100 million;
  - Full due diligence by Sprott of proposed investment;
  - Completion of Sprott internal approval process;
  - Interest to be agreed pending review of investment;
  - Fees commensurate with facilities of this nature (circa 1.0%).

# Cambodia Overview & Project Location

## First mover advantage in frontier terrain

- ✓ Attractive fiscal regime:
  - ✓ 100% ownership;
  - ✓ 30% corporate tax rate for mining;
    - ✓ 25% for Emerald first 5 years.
  - ✓ 3.0% Government Gold royalty (net)<sup>3</sup>;
  - ✓ Full Import duty exemptions for first 3 years.
- ✓ 1,442km<sup>2</sup> of underexplored terrain prospective for large scale gold systems;
- ✓ Project sparsely populated | no competing agriculture land use;
- ✓ Access to grid power @ US 11.4 cents/kWh;
- ✓ Access to water from adjacent river.



<sup>1</sup> Joint Venture for Phnom Khtong and Snoul Projects ratified by Cambodia Ministry of Mines and Energy (MME) earning up to 70% (current 0%).

<sup>2</sup> Earn-In for Koan Nheak ratified by MME and EMR earning up to 80% (current 0%).

<sup>3</sup> Current Government Gold royalty rate of 3.0% (net). Under the Company's current Mineral Investment Agreement, the governments Gold royalty rate is 3.0% (net).

## Attractive Mining Jurisdiction

- ❑ Pro-development government, focused on economic growth and in supporting an early stage mining industry in order to diversify revenue from its cornerstone textile industry;
- ❑ Continues to enjoy strong economic growth, averaging 7.7% from 1995 to 2018;
- ❑ Attracts a high level of foreign direct investment, at US\$3.2 billion in 2018 or 12.6% of GDP compared to South East Asia average of 1.4%, Sub Saharan Africa of 1.5% and Australia of 4.1%;
- ❑ Political risk insurance is available for projects in Cambodia – at sub 1.0%;
- ❑ First mover advantage:-
  - Underexplored and prospective for large systems;
  - Sparsely populated;
  - Emerald has been given preferred mining company status due to its performance in-country to date.
- ❑ Attractive fiscal regime:-
  - Direct foreign ownership – Emerald owns 100% of the Okvau project – 100%;
  - No Government equity participation;
  - Mineral Investment Agreement governs specific fiscal terms (see next slide).
- ❑ All contracts priced and transacted in US\$ and with no in-country banking requirements.

## Mineral Investment Agreement (“MIA”) Highlights

- ❑ Fully executed MIA by Minister of Mines & Energy and Minister of Economy & Finance;
- ❑ MIA provides clarity and stability for the Okvau Gold Project development and operations;
- ❑ The first of its kind for a large scale modern mine in Cambodia; and
- ❑ Approval of the MIA demonstrates the Cambodian government’s strong support for the development of the Okvau Gold Project.

## Financial Benefits and Obligations

- ❑ 100% ownership of the Project;
- ❑ Fiscal incentives as follows:-
  - i. Income tax rate of 25% per annum for 5 years from the date of the MIA thereafter the income tax rate to be applied at 30% per annum according to the Law on Taxation;
  - ii. Withholding tax rate of 0% of payment of dividends paid to foreign Affiliates for 5 years from the date of the MIA, thereafter the withholding tax will be applied at the rate according to applicable laws at the time (currently 14%); and
  - iii. Exemption from all import tax and duties on importation of equipment, machinery, and mine facilities used exclusively for the Okvau Gold Project before 31 December 2022. Thereafter any import tax and duties will be applied according to applicable laws and regulations, subject to the standstill/stability provisions as outlined below.
- ❑ A royalty rate of 3% on gross sales.

## Change of Law Provisions and International Arbitration

- ❑ Standstill/Stability clause - protects the project from the introduction of any new Laws and/or regulations of Cambodia which materially increase the financial burden of Emerald; and
- ❑ Offshore arbitration provisions - whereby any disputes unable to be resolved by a Joint Review Committee in Cambodia will take place at the Singapore International Arbitration Centre.

## Economical Robust Project

- ❑ JORC Ore Reserve of 14.3Mt @ 2.0g/t Au for 907,000oz (strip ratio 5.8:1);
- ❑ 2.0Mtpa plant to produce 106,000oz pa (84% net recovery);
- ❑ AISC of US\$754/oz over LOM;
- ❑ NPV(5%) of US\$337M at US\$1,450/ounce being 3.4x Capital Costs of US\$98M;
- ❑ IRR of 69% at US\$1,450/ounce (pre tax);
- ❑ Payback of 20 months (post-tax).

## Development Timetable<sup>1</sup>

- ❑ Early aspects of development including access, resettlement and power complete or nearing completion;
- ❑ Mineral Investment Agreement completed;
- ❑ First gold production expected 2<sup>nd</sup> Quarter 2021.

## Financing

- ❑ Okvau Facility signed with Sprott;
- ❑ Progressing towards final financing.

## Project DFS Economics of US\$1,450/oz Gold (100% Ownership)

Development Capital Costs <sup>1</sup>	US\$91M
Mining Contractor Capital & Pre-Production Mining	US\$7M
	<b>US\$98M</b>
LOM C1 Cash Costs <sup>2</sup>	US\$658/oz
LOM AISC <sup>3</sup>	US\$754/oz
Operating Cash Flow (pre-tax)	US\$554M (A\$803M <sup>4</sup> )
Project Cash Flow After Capital (pre-tax)	US\$435M (A\$630M <sup>4</sup> )
NPV (5%) (pre-tax)	US\$337M (A\$488M <sup>4</sup> )
NPV (5%) (post-tax)	US\$238M (A\$345M <sup>4</sup> )
Payback (pre-tax)	17 months
Payback (post-tax)	20 months
IRR (pre-tax)	69% pa
IRR (post-tax)	57% pa

<sup>1</sup> Includes US\$4.4M of capital spares and first fills.

<sup>2</sup> C1 Cash Costs include site based mining, processing and admin operating costs plus transport and refining costs.

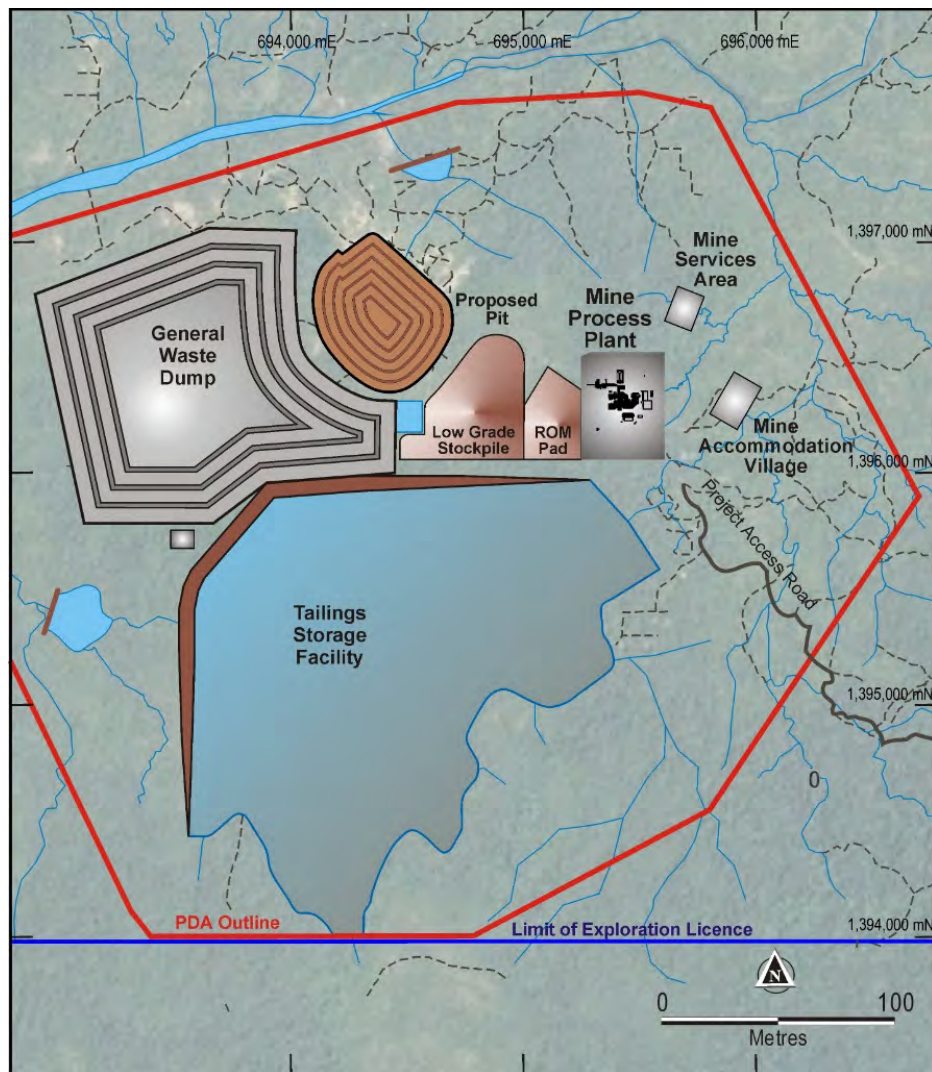
<sup>3</sup> Includes C1 Cash Costs plus royalties, sustaining capital costs and rehabilitation & closure costs.

<sup>4</sup> Exchange rate of US\$0.69.

<sup>1</sup> Timetable subject to completion of financing for the development of the Okvau Gold Project.

Reference is made to the Company's ASX release dated 1 May 2017 titled Okvau DFS Delivers Ore Reserve of 907,000oz and ASX announcement dated 26 November 2019. All material assumptions underpinning the production target or the forecast financial information continue to apply and have not materially changed.

## Mine Site Layout



## Operating Cost Summary

	Life of Mine
On-Site Mining	US\$344/oz
On-Site Processing	US\$261/oz
On-Site G&A	US\$48/oz
Transport and Refining	US\$5/oz
<b>C1 costs</b>	<b>US\$658/oz</b>
Royalties <sup>1</sup>	US\$65/oz
Sustaining Capital & Closure Costs	US\$31/oz
<b>AISC</b>	<b>US\$754/oz</b>

<sup>1</sup> Includes Government royalty of 3.0% gross and OZ Minerals royalty of 1.5%.

## Capital Cost Summary

Treatment Plant	US\$45.2M
Infrastructure (Road, Power, TSF, Camp, Plant Mobile Equipment & Process Plant Infrastructure)	US\$26.6M
Earthworks and Construction Overheads	US\$4.7M
EPCM and Commissioning	US\$7.4M
Owners Costs, Spares, First Fills & Household Resettlement	US\$7.0M
<b>Estimated Capital Costs</b>	<b>US\$90.9M</b>
Mining Contractor Establishment & Mobilisation	US\$2.2M
Pre-Production Mining Costs	US\$4.9M
<b>Total Capital Requirement</b>	<b>US\$98.0M</b>

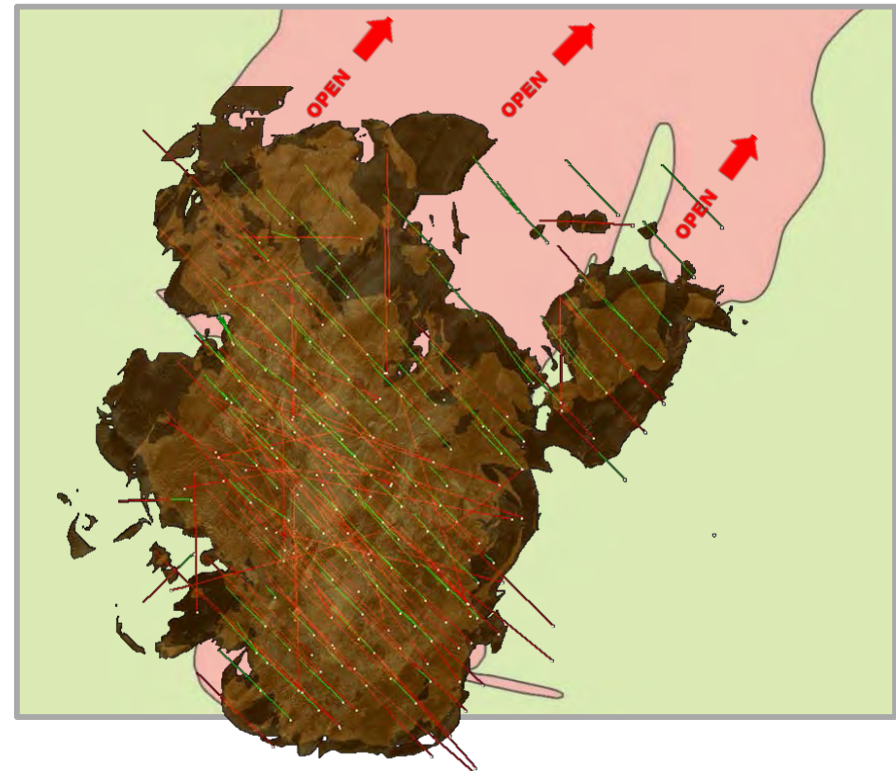
Reference is made to the Company's ASX release dated 1 May 2017 titled Okoau DFS Delivers Ore Reserve of 907,000oz and ASX release dated 26 November 2019. All material assumptions underpinning the production target or the forecast financial information continue to apply and have not materially changed.

# Okvau JORC Reserve | 2.0g/t Au for 907,000 ounces gold

- ❑ 650 metres of strike by 600 metres width of the mineralised vein system;
- ❑ Drill spacing of 25m x 25m in the top 120m;
- ❑ Select intersections include:-
  - 36m @ 4.57g/t Au from 95m (DD16MET005)<sup>2</sup>;
  - 58m @ 3.0g/t Au from 47m (DD11OKV073)<sup>3</sup>;
  - 33m @ 9.73g/t Au from 101m (DD06OKV004)<sup>3</sup>;
  - 31m @ 4.63g/t Au from 153m (DD08OKV013)<sup>3</sup>;
  - 23m @ 6.94g/t Au from 102m (DD11OKV063)<sup>3</sup>;
  - 22m @ 5.58g/t Au from 117m (DD11OKV064)<sup>3</sup>;
  - 20m @ 9.86g/t Au from 175m (DD11OKV084)<sup>3</sup>;
  - 8m @ 19.98g/t Au from 172m (RC19OKV397)<sup>4</sup>⊗;
  - 15m @ 11.92g/t from 143m (RC19OKV390)<sup>4</sup>⊗.
- ⊗ +100gm intersections
- ❑ 'OPEN' to the north, north-east and to the south at depth;
- ❑ Resource expected to increase with further extensional drilling.

JORC Resource (0.7g/t gold cut-off) <sup>1</sup>			
Resource Classification	Tonnage (Mt)	Grade Au (g/t)	Gold (Koz)
Indicated	15.11	2.08	1,008
Inferred	2.57	1.61	133
<b>Total</b>	<b>17.68Mt</b>	<b>2.01g/t</b>	<b>1,141</b>

JORC Ore Reserve (0.625g/t gold cut-off) <sup>1</sup>			
Reserve Classification	Tonnage (Mt)	Grade Au (g/t)	Gold (Koz)
Probable Ore Reserve	14.26	1.98g/t	907,000

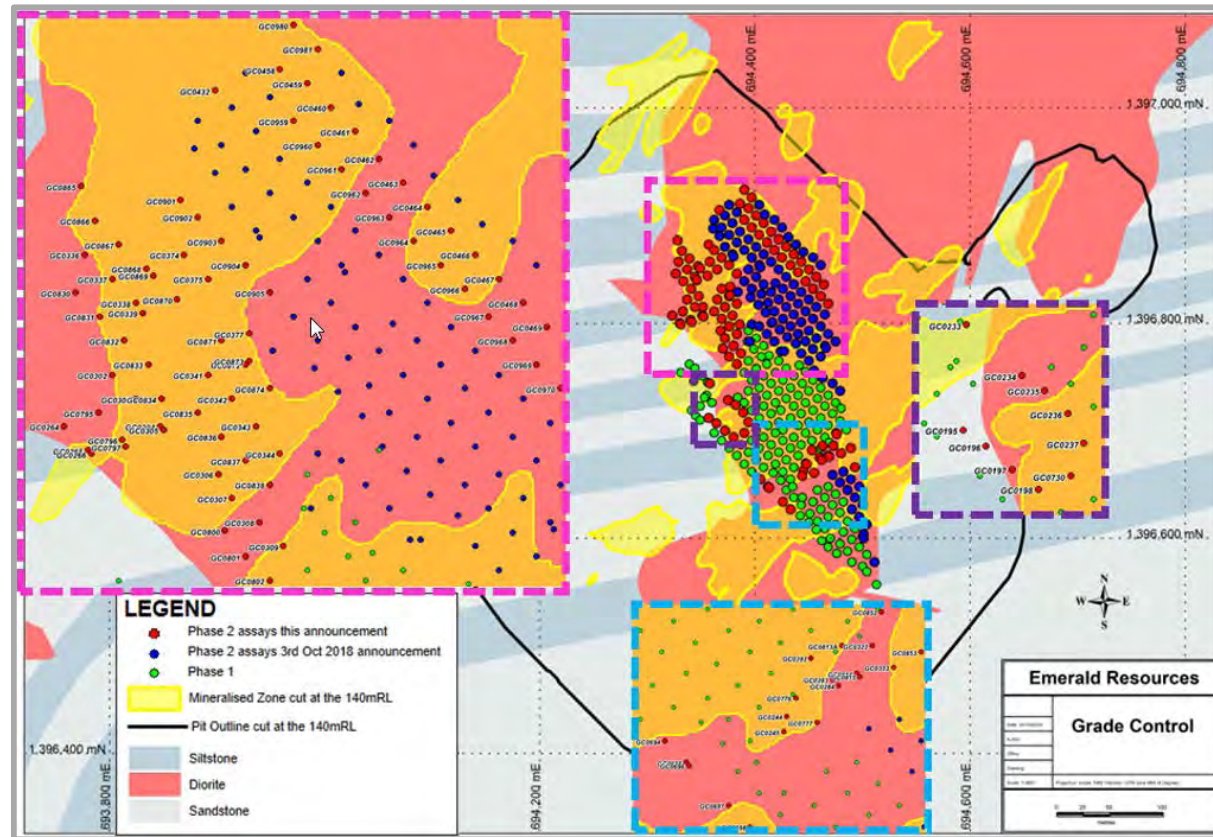


<sup>1</sup> Reference is made to the Company's ASX releases dated 1 May 2017 titled Okvau DFS Delivers Ore Reserve of 907,000oz.  
<sup>2</sup> Reference is made to ASX release dated 18 October 2016.  
<sup>3</sup> Historical drilling result herein applied 0.5g/t Au lower cut, 4m continuous internal dilution, no top cut applied.  
<sup>4</sup> Reference is made to ASX release dated 2 July 2019.

# Okvau Grade Control Simulation

- ❑ Infill Grade Control simulation drilling programme 368 holes for 10,100m;
- ❑ 10m x 10m infill pattern to an average vertical depth of 25m;
- ❑ Results confirm continuity, grade and tonnage estimate of resource model;
- ❑ Best results of:-

- 4m @ 22.93g/t gold from 18m (GC0688)<sup>1</sup>;
  - 3m @ 26.36g/t gold from 19m (GC0239)<sup>2</sup>;
  - 2m @ 39.35g/t gold from 13m (GC0877)<sup>3</sup>;
  - 16m @ 4.30g/t gold from 8m to eoh (GC0871)<sup>4</sup>;
  - 5m @ 13.65g/t gold from 20m (GC0344)<sup>4</sup>.
  - 18m @ 3.68g/t gold from 12m (GC0240)<sup>2</sup>.
  - 6m @ 10.35g/t gold from 12m (GC0199)<sup>1</sup>;
  - 8m @ 7.59g/t gold from 16m (GC0200)<sup>1</sup>;
  - 3m @ 20.14g/t gold from 18m (GC0307)<sup>4</sup>;
  - 12m @ 4.78g/t gold from 6m (GC0305)<sup>4</sup>;
  - 6m @ 9.32g/t gold from 23m to eoh (GC0698)<sup>4</sup>;
  - 5m @ 10.48g/t gold from 14m (GC0277)<sup>2</sup>;
  - **10m @ 13.92g/t gold from 13m (GC0930)<sup>3</sup>⊗;**
  - **20m @ 6.84g/t gold from 5m to eoh (GC0872)<sup>4</sup>⊗;**
  - **11m @ 11.70g/t gold from 19m to eoh (GC0732)<sup>2</sup>⊗.**
- ⊗ +100gm intersections



## Key Finding

- **22% additional ounces when compared to reserve for the area tested.**

<sup>1</sup> Reference is made to the Company's ASX release dated 27 December 2017.

<sup>2</sup> Reference is made to the Company's ASX release dated 10 January 2018.

<sup>3</sup> Reference is made to the Company's ASX release dated 3 October 2018.

<sup>4</sup> Reference is made to the Company's ASX release dated 24 October 2018.

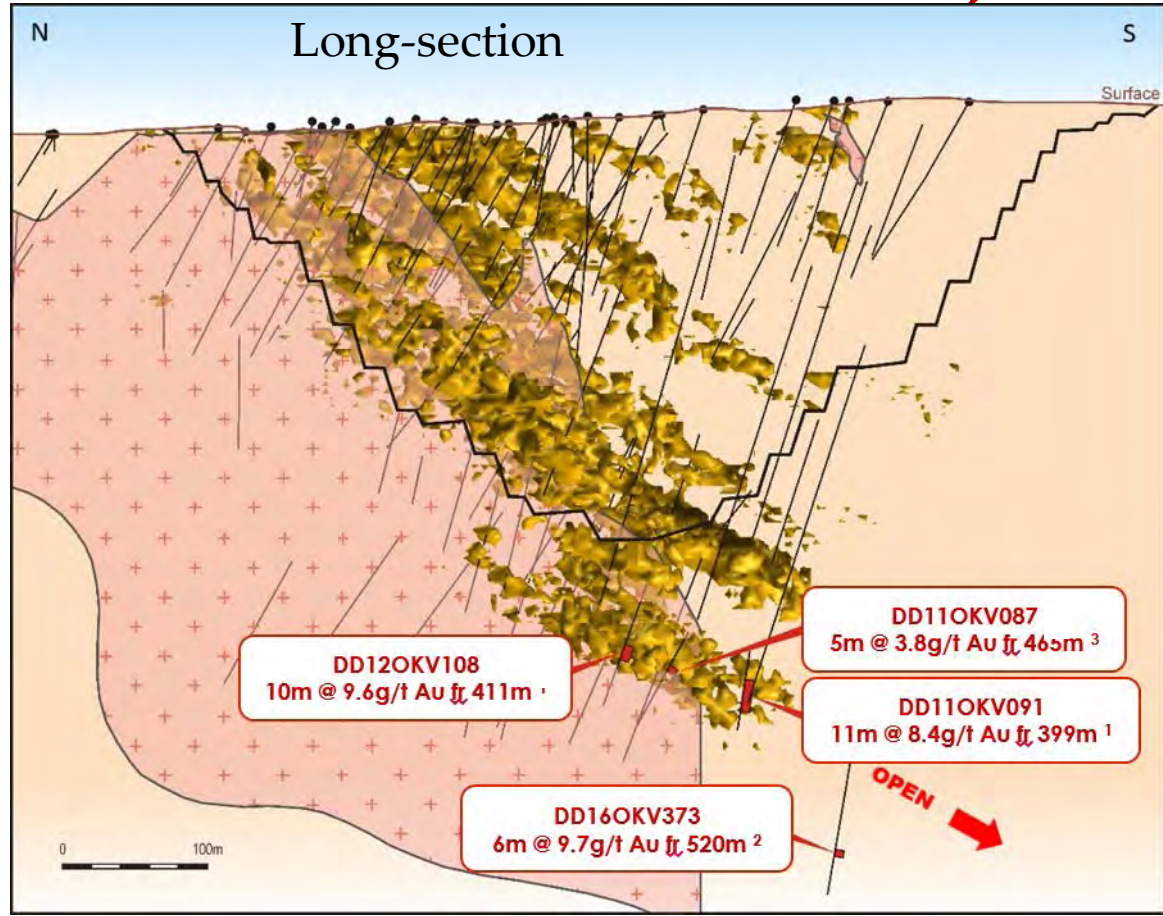
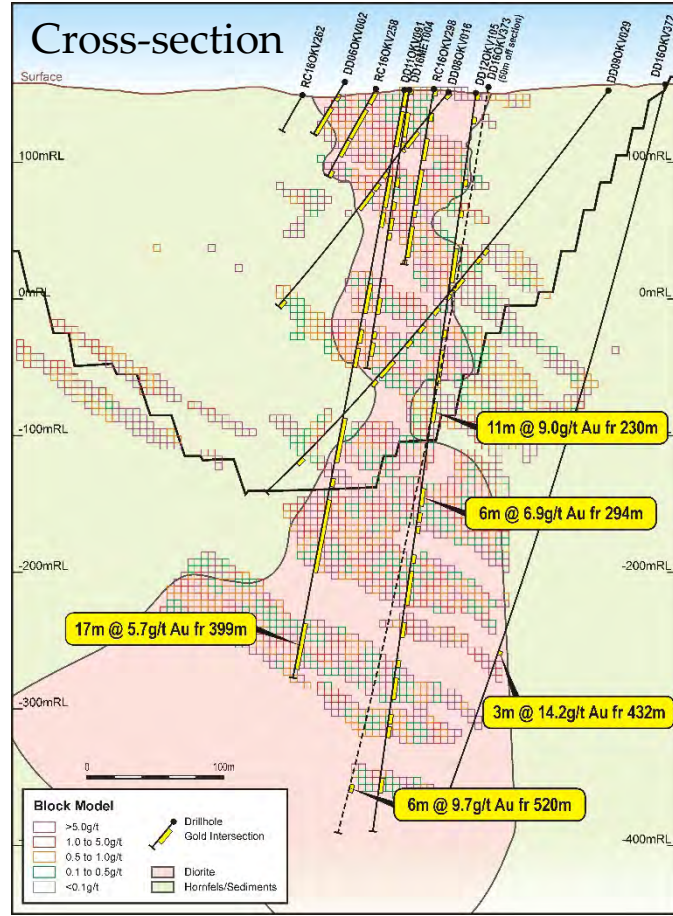
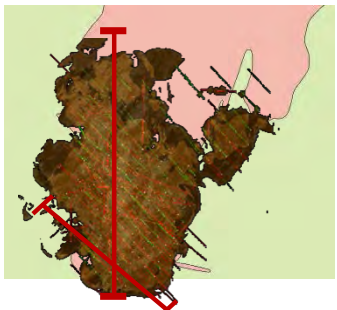


# Okvau Resource Growth | Southern Depth extensions



Some of the highest grade intersections sit beneath open pit floor including:-

- 17m @ 4.5g/t from 320m (DD11OKV091);
- 10m @ 9.6g/t from 411m (DD12OKV108);
- 11m @ 8.4g/t from 399m (DD11OKV091);
- 6m @ 9.7g/t from 520m (DD16OKV373).

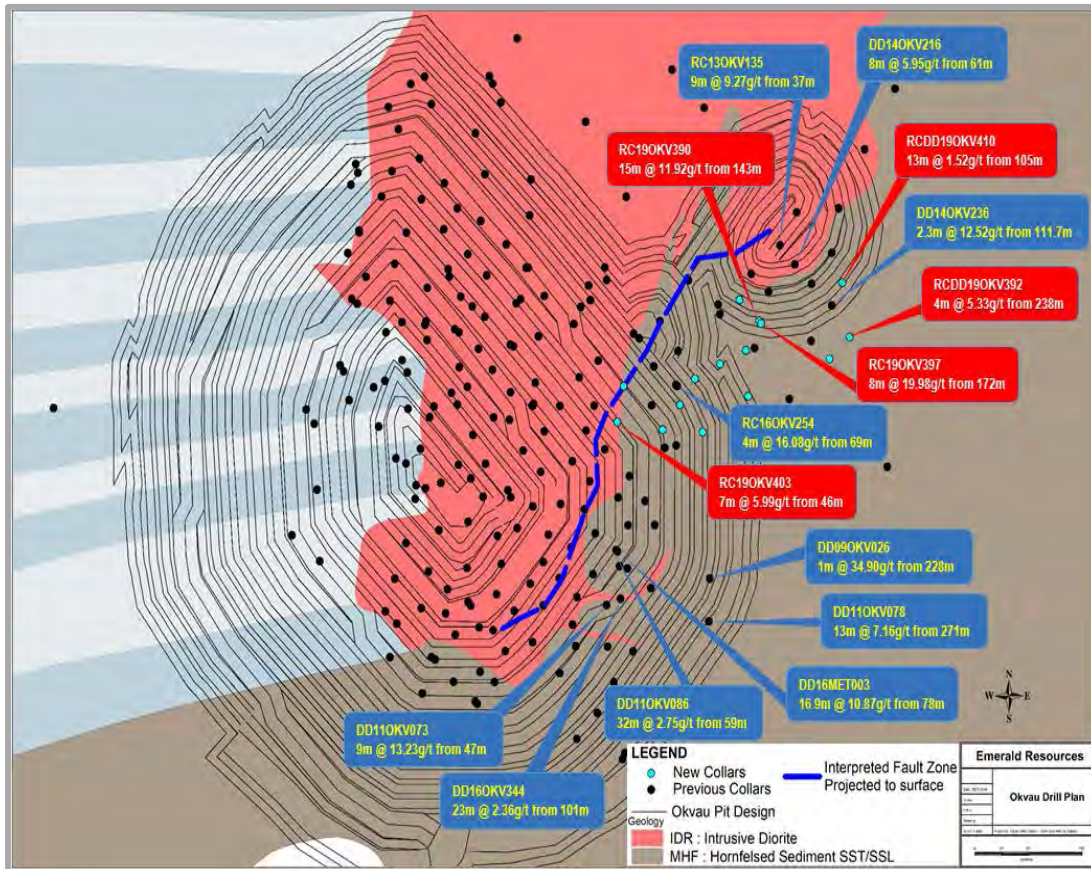


Refer to the Company's ASX releases dated 1 May 2017 and Renaissance Minerals Limited ASX release dated 19 September 2012.

# Okvau Potential Structural Feeder Zone

## Selected Okvau feeder zone intersections:-

- **15m @ 11.92g/t from 143m (RC19OKV390)<sup>2,3</sup>⊗;**
- **8m @ 19.98g/t from 172m (RC19OKV397)<sup>2,3</sup>⊗;**
- **16.9m @ 10.87g/t from 78m (DD16MET003)<sup>1</sup>⊗;**
- **9m @ 13.23g/t from 47m (DD11OKV073)<sup>1</sup>⊗.**
- 32m @ 2.75g/t from 59m (DD11OKV086)<sup>1</sup>;
- 7m @ 12.30g/t from 236m (DD11OKV085)<sup>1</sup>;
- 13m @ 7.16g/t from 271m (DD11OKV078)<sup>1</sup>;
- 1m @ 34.90g/t from 228m (DD09OKV026)<sup>1</sup>;
- 4m @ 16.08g/t from 69m (RC16OKV254)<sup>1</sup>;
- 9m @ 9.27g/t from 37m (RC13OKV135)<sup>1</sup>;
- 8m @ 5.95g/t from 61m (DD14OKV216)<sup>1</sup>;
- 2.3m @ 12.52g/t from 111.7m (DD14OKV236)<sup>1</sup>;
- 23m @ 2.36g/t from 101m (DD16OKV344)<sup>1</sup>;
- ⊗ **+100gm intersections.**



*DH Plan with Surface Expression of Eastern Fault Zone*



*Arsenopyrite vein in diamond core*

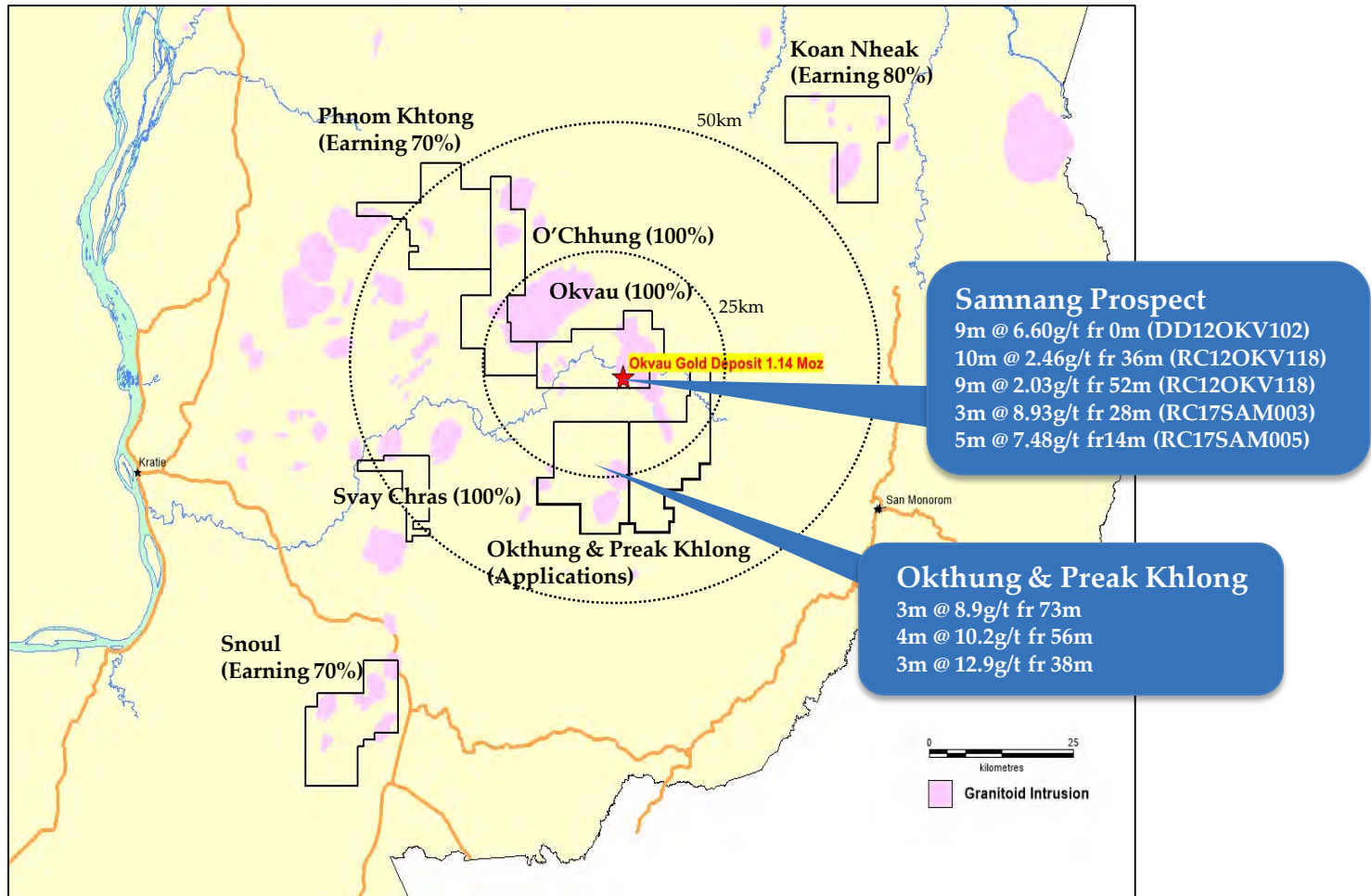
<sup>1</sup> Reference is made to the Company's ASX release dated 4 April 2019.

<sup>2</sup> Reference is made to the Company's ASX release dated 2 July 2019.

<sup>3</sup> Reference is made to the Company's ASX Quarterly release dated 31 July 2019.

# Regional Potential

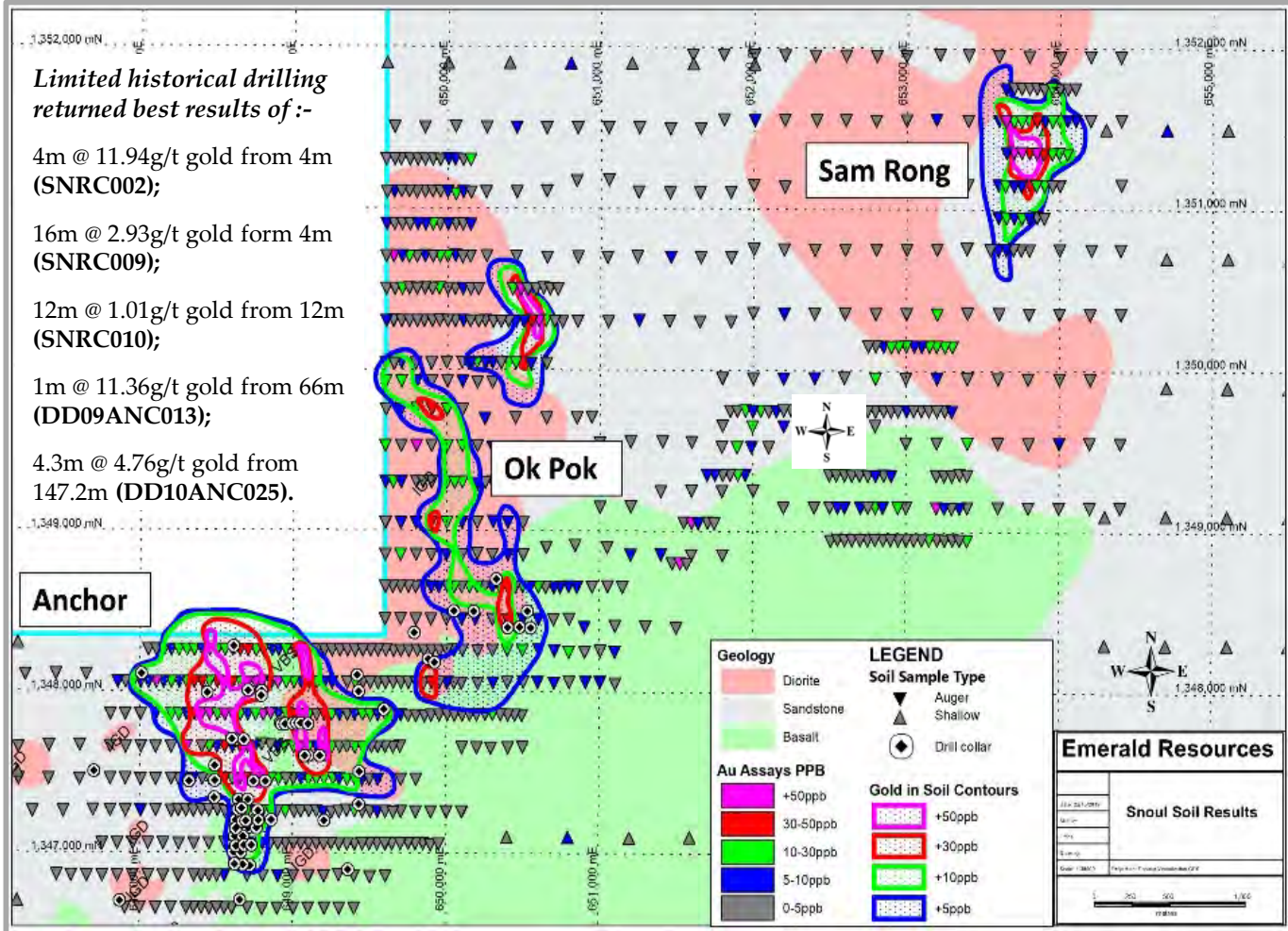
- ❑ Dominant land position of ~1,400km<sup>2</sup> covering a north-west trending zone of granitoid intrusions;
- ❑ Multiple Gold occurrences with direct associations with intrusions with pathfinder multi-elements (bismuth, arsenic, tellurium).



Refer to the Company's ASX Announcement dated 13 July 2017 and Renaissance Minerals Limited dated 1 May 2017, 4 February 2013 and 17 August 2012.

# Mekong Minerals Snoul Project

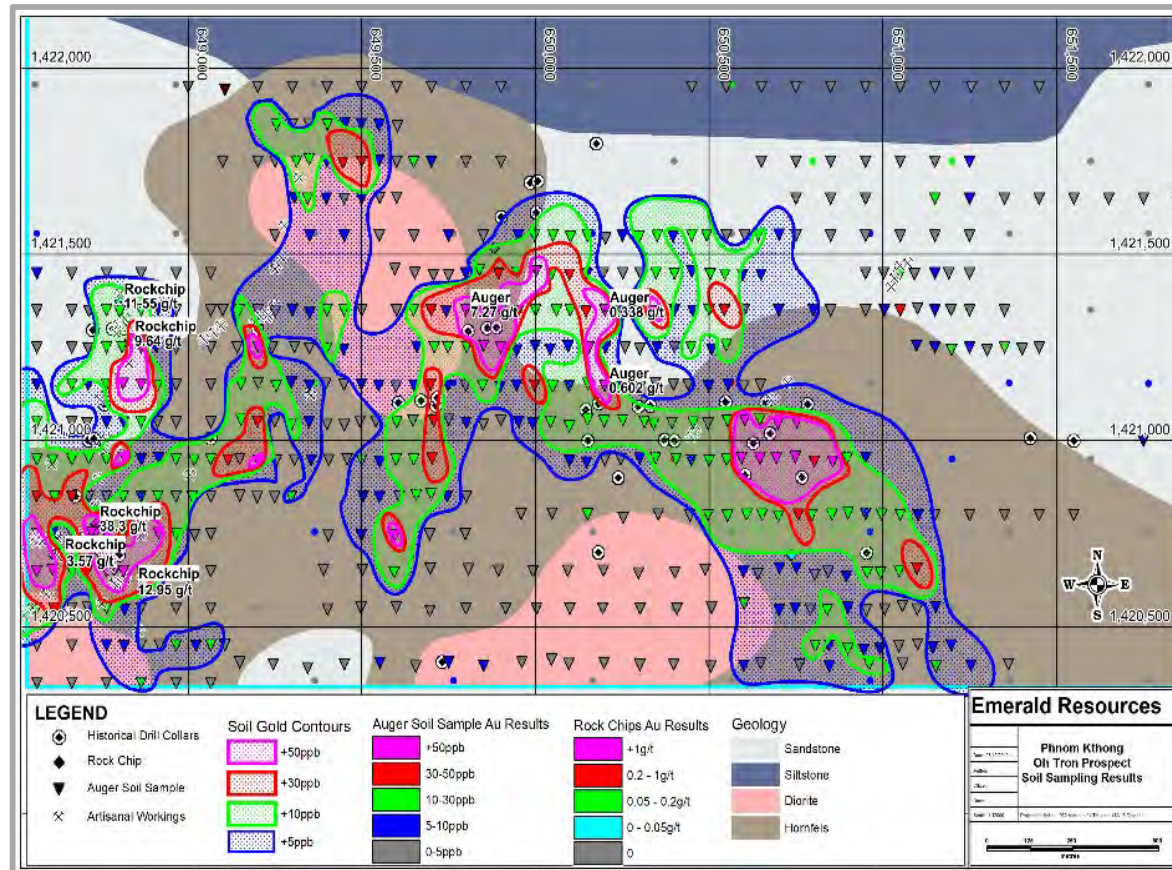
- ❑ 3km, x 1.5km gold in soil anomaly (at >10ppb Au);
- ❑ Peak value auger sampling 22.3ppm Au;
- ❑ Peak value rock chip 14.45g/t Au;
- ❑ Geological setting similar to Okvau on the southern extremity of a Diorite intrusion;
- ❑ Emerald earning 70%;
- ❑ Anomaly scheduled for reconnaissance drill testing in the upcoming months.



Refer to the Company's ASX releases dated 13 July 2017, 3 August 2018 and 31 October 2019.

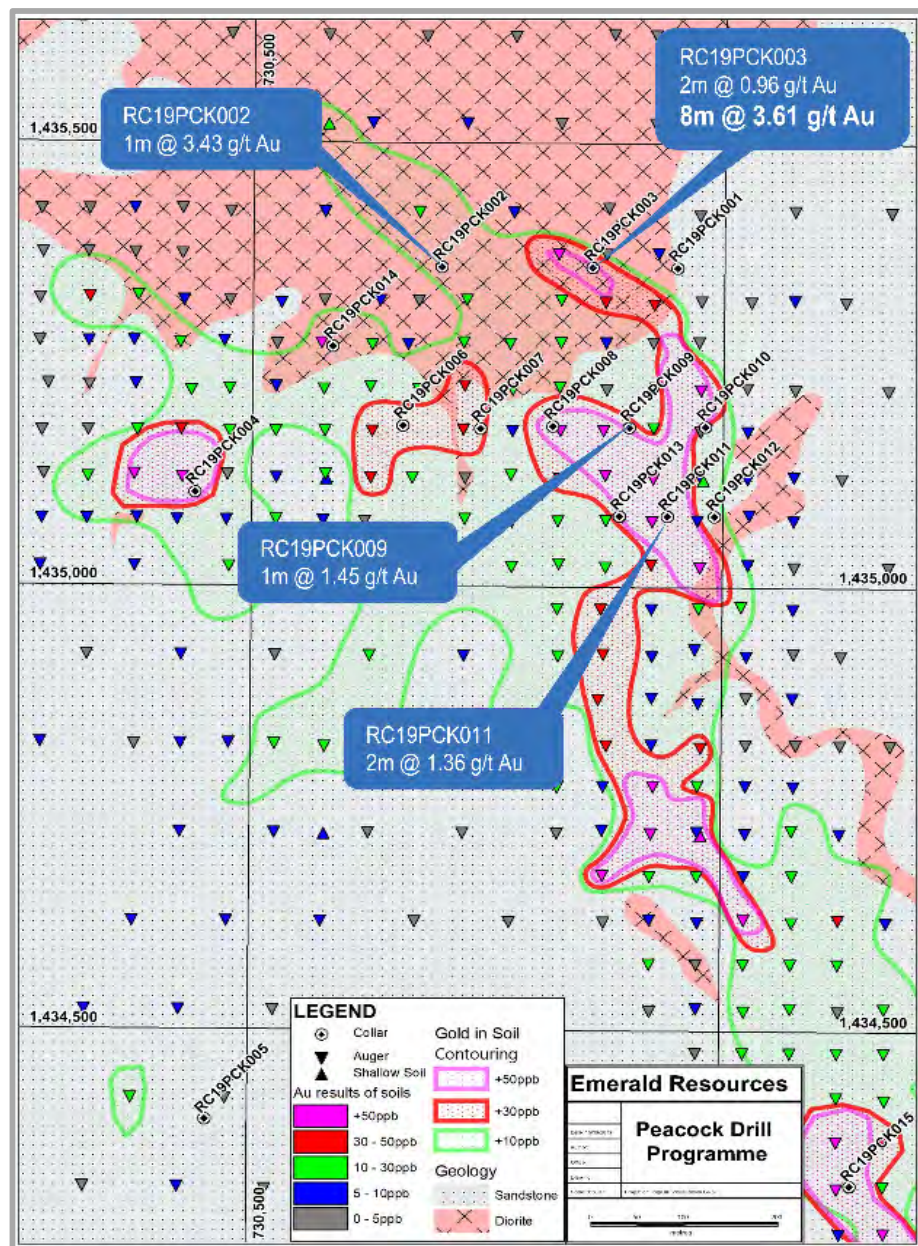
# Mekong Minerals Phnom Khtong Project

- ❑ Western anomaly 1.3km x 0.4km (at >30ppb Au); and
- ❑ Central anomaly 1km x 0.4km (at >10ppb Au);
- ❑ Peak value auger sampling 7.27 ppm Au;
- ❑ Peak value rock chip 38.3g/t Au;
- ❑ Geological setting similar to Okvau with mineralisation coincidental with Diorite intrusions;
- ❑ Emerald earning 70%;
- ❑ Anomaly scheduled for reconnaissance drill testing in the upcoming months.



# Angkor JV Koan Nheak Project

- ❑ Two gold in soil anomalies discoveries;
- ❑ Northern anomaly 0.7km x 0.3km (at >10ppb Au);
- ❑ Southern anomaly 1.4km x 0.4km (at >10ppb Au);
- ❑ Peak value EMR rock chip 9.94g/t Au;
- ❑ Geological setting similar to Okvau on the southern extremity of a Diorite intrusion;
- ❑ Emerald earning 80%;
- ❑ Reconnaissance drill testing undertaken. Best result (in diorite) of 8m @ 3.61g/t from 31m (RC19PCK03).





- ❑ *Okvau Access Road materially complete which includes substantial completion of upgrades to the existing 50km of dirt roads and current finalisation of the construction of 14km of new road through to site.*



- ❑ *35 tonne concrete Prek Te river bridge construction materially complete.*

# Okvau – Resettlement

- ❑ 62 local families successfully relocated from the project area;
- ❑ Process governed by a committee of relevant stakeholders, conducted in a manner consistent with the IFC guidelines and approved Resettlement Action Plan;
- ❑ Existing housing dismantled and removed;
- ❑ Provisions made for future training and employment of locals;
- ❑ External monitoring underway.





# Okvau – Grid Power, Fencing & Ranger Hut



❑ Tower Footings on Okvau PDA.



❑ Ranger Hut provided and built by Emerald.



❑ Okvau PDA Fencing Complete.



❑ Aerial View Powerline Towers & Corridor nearing completion, and will be available well ahead of site requirements.

# Okvau – Grade Control Drilling Commenced



- ❑ 5m x 5m RC grade control drilling commenced with UDR650 rig.

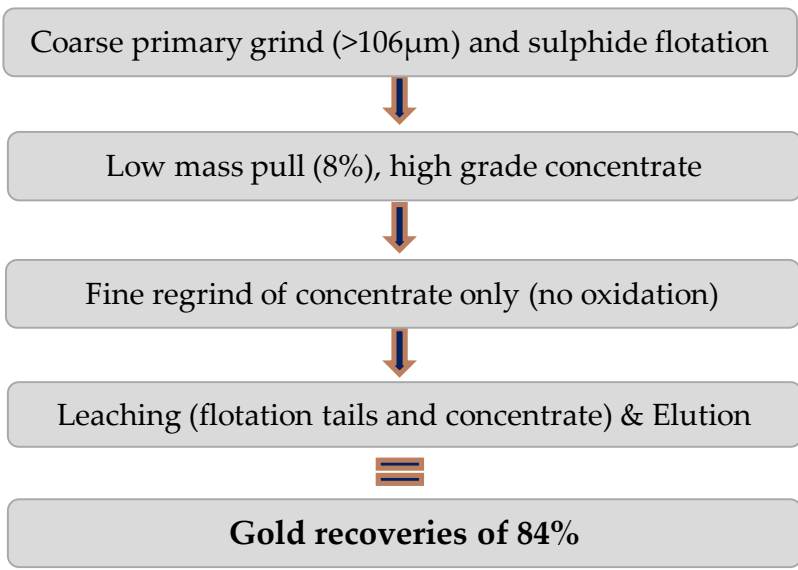


- ❑ Contract awarded for the provision of ongoing grade control drilling.

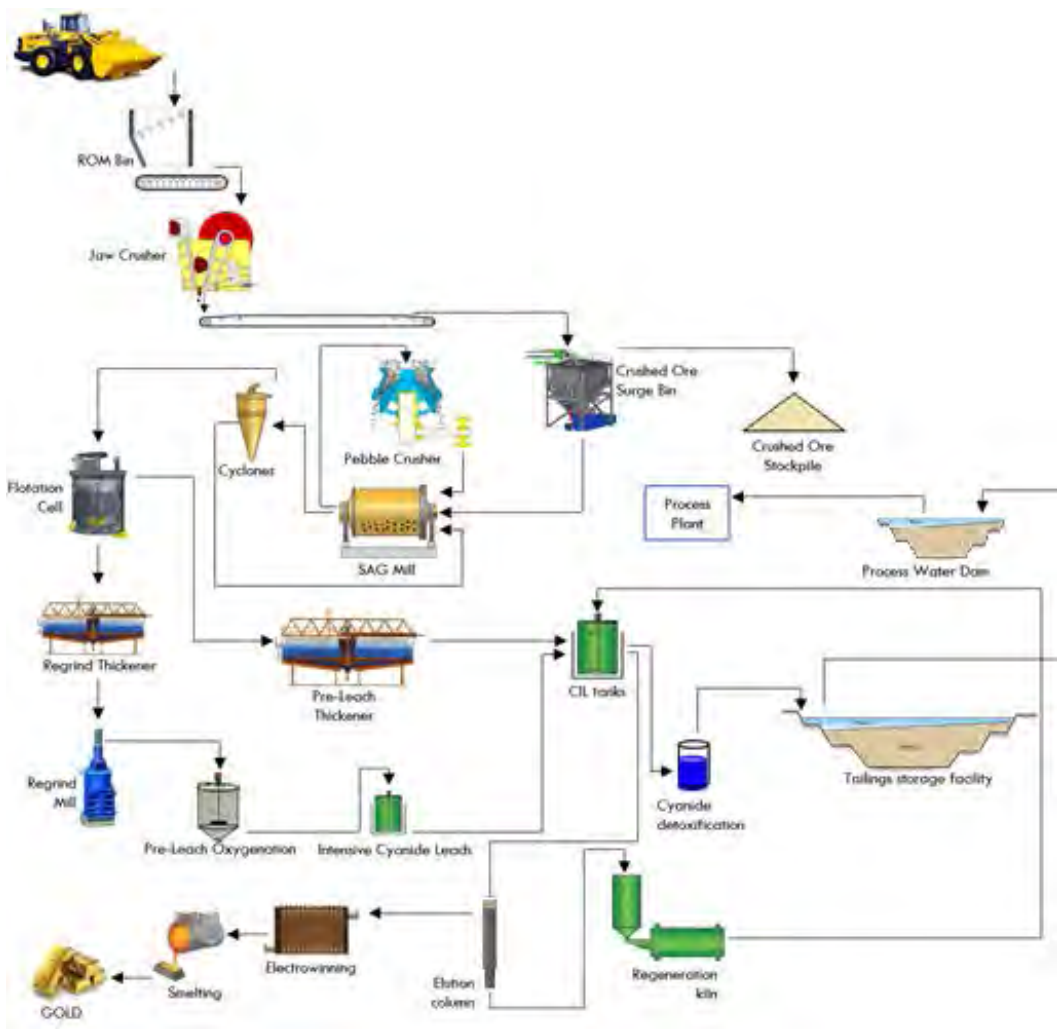
- ❑ Experienced, well credentialed Board and senior management, well equipped to develop Okvau and other gold projects;
- ❑ Emerald developing a single pit, 2.0g/t, 907,000 ounce gold reserve at US\$754/ounce (AISC);
- ❑ Resource open with strong potential to expand and convert additional reserves;
- ❑ Okvau project has an IRR of 69% (pre tax) at US\$1,450 gold price;
- ❑ Cambodia, new frontier for mineral exploration, supportive government and attractive fiscal regime;
- ❑ Emerald holds a significant land holding in Cambodia with high prospectivity;
- ❑ Project Development (early aspects), complete or nearing completion;
- ❑ Financing of the Okvau Project, nearing completion;
- ❑ Mineral Investment Agreement with The Royal Government of Cambodia, completed;
- ❑ Board has given approval for Okvau development, subject to completion of financing;
- ❑ Emerald well positioned to seek further opportunities and build a “Mining and Development House”, utilizing the skilled in-house development team.

# *Addendum to Presentation*

## Conventional Flotation & Leaching



- Single stage crushing with SAG mill;
- Flotation and regrind account for only ~12% of total power consumption;
- Moderate cyanide consumption (1.23kg/t of ore);
- Mean BWI of 17.5kWh/t.



Reference is made to the Company's ASX release dated 1 May 2017 titled Okvau DFS Delivers Ore Reserve of 907,000oz and ASX release dated 26 November 2019. All material assumptions underpinning the production target or the forecast financial information continue to apply and have not materially changed.

US\$1,450 Gold price assumption.

Operating Costs	LOM USD	USD/t (processed)	USD/oz (recovered)
Mining	262M	18.37	344
Processing & Maintenance	199M	13.93	261
General & Administration	37M	2.58	48
Refining	3M	0.25	5
<b>Sub Total</b>	<b>501M</b>	<b>35.13</b>	<b>658</b>
Sustaining Capital	9M	0.63	12
Rehabilitation & Closure	14M	0.98	19
Royalties	50M	3.48	65
<b>Sub Total</b>	<b>73M</b>	<b>5.09</b>	<b>96</b>
<b>Total Operating Costs</b>	<b>574M</b>	<b>40.22</b>	<b>754</b>

The Okvau project is to have a (net) positive impact on near-mine environmental and social values via:-

- ❑ Target strict compliance with corporate governance, international guidelines (IFC PS's) and Cambodian law;
- ❑ The introduction of “Environmental Bonding” concept to Cambodian Government;
- ❑ Annual payments over 9 years of significant Environmental, Social and Endowment funds;
- ❑ Additional commitment by EMR to establish and contribute to a fund for Community Development for the benefit of the community in the Project Area;
  - Seek the support of major suppliers and contractors to also contribute to the fund;
  - Fund governed by a committee of local senior stakeholders including a company representative, NGO and/or local community organisation;
  - Applications from local community will be assessed in accordance with community needs.
- ❑ Continued stakeholder engagement for the life of project; and
- ❑ Implementation of the Biodiversity Action Plan & Biodiversity Offset Management Plan.

## Recent Social Initiatives

- ❑ PPWS Partnership including commitment to provide 8 new Rangers and a hut to increase monitoring & enforcement capacity within Okvau area;
- ❑ School Nursery initiative as a way for students to raise funds for their school, to increase environmental awareness in young people and provide trees for future rehabilitation activities;
- ❑ An Industry Partner supporting the Lion Water Sanitation Initiative in Obenlieu Commune, installing latrines and water filters in homes;
- ❑ Financial support to various organizations and community events.

## 1. Company Specific Risks

### Tenure risk

The ability of the Company to carry out successful exploration and mining activities will depend on the ability to maintain or obtain tenure to mining titles. On 10 July 2018 the Company announced the grant of an Industrial Mining Licence (**Mining Licence**). The Mining Licence has an initial 15-year period with the right of two renewals of up to 10-years for each renewal in accordance with Cambodian laws. The maintenance or issue of any such titles must be in accordance with the laws of the Cambodia and in particular, the relevant mining legislation. Conditions imposed by such legislation must also be complied with. No guarantee can be given that tenures will be maintained or granted, or if they are maintained or granted, that the Company will be in a position to comply with all conditions that are imposed. The Company is in the process of negotiating a mineral investment agreement (**MIA**) with the Royal Government of Cambodia to provide all stakeholders with long term certainty regarding the operation at the Company's Okvau Gold Project and fiscal regime. The Company expects that the negotiation process will be completed in early 2019. However, the Company confirms that the MIA is not required for the development and operation at the Okvau Gold Project.

### Environmental risks

The operations and proposed activities of the Company in respect of the Okvau Gold Project are subject to applicable Cambodian laws and regulations concerning the environment. As with most projects, the activities of the Company are expected to have some impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with applicable environmental laws. The Company has agreed the terms and conditions of environmental approval (the **Environmental Contract**) with the Cambodian Ministry of Environment (MOE) providing environmental approval for 100% of the Okvau Gold Project. The terms of the Environmental Contract are in accordance with the Company's Environmental and Social Impact Assessment (**ESIA**) and include commitments by the Company to make various annual contributions to environmental and social funds established for the benefit of local communities and ongoing environmental management. In addition, the Company 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 provided for in the Company's ESIA.

### Ore Reserve and Mineral Resource Estimates

Ore Reserve and Mineral Resource estimates are expressions of judgement based on knowledge, experience and industry practice. The reported estimates, which were valid when originally estimated, may alter significantly when new information or techniques become available. As the Company obtains new information through additional drilling and analysis, Ore Reserves and Mineral Resource estimates are likely to change. This may result in changes to the Company's proposed exploration, development and production programs which in turn, may positively or negatively affect the Company's operations and financial position. In addition, by their very nature, Ore Reserve and Mineral Resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate.

### Production Estimates and Metallurgical Recovery

The Company's actual production may vary materially from targets and projections of future production for a variety of reasons, including, adverse operating conditions (such as unexpected geological conditions, fire, weather, accidents), compliance with governmental requirements, labour and safety issues, delays in installing or repairing plant and equipment, inability to complete, or lack of success of, capital development and exploration drilling. Problems may also arise due to interruptions to essential services (such as power, water, fuel, equipment or transport capacity) or technical support which results in a failure to achieve expected target dates for production. The failure of the Company to achieve its production estimates could have a material and adverse effect on any or all of its future cash flows, results of operations and financial condition.

### Sovereign risk

The Company's key projects are located in Cambodia. Changes in Cambodian laws and regulations may have a significant effect on the Company's exploration operations, especially changes to environmental, mining, grant or renewal of concessions, royalties and taxation. 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. However, potential risk to the Company's activities may occur if there are changes to the political, legal and fiscal systems which might affect the ownership and operation of the Company's interests in Cambodia. This may also include changes in exchange control regulation, expropriation of mining rights, changes in government and in legislative and regulatory regimes.



## 1. Company Specific Risks - continued

### **Funding risk**

The Company's ability to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities and to meet any unanticipated liabilities or expenses which the Company may incur may depend in part on its ability to raise additional funds. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of operations or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

### **Debt funding risk**

The Company has entered into financial commitments pursuant to which financiers have agreed to provide debt financing for the development of the Company's Okvau Gold Project, subject to the satisfaction of certain conditions precedent usual for debt financing of this nature. If the Company is unable to satisfy these conditions precedent, the funding may not be made available to it. Further, in the event that the Company breaches a covenant of the debt financing, the outstanding balance may become immediately due and payable.

### **Gold price volatility**

Changes in the market price of gold, which in the past have fluctuated widely, will affect the profitability of the Company's operations and its financial condition. The Company's revenues, profitability and viability depend on the market price of gold produced from the Company's mines. The market price of gold is set in the world market and is affected by numerous industry factors beyond the Company's control. A decline in the market price of gold below the Company's production costs for any sustained period would have a material adverse impact on the profit, cash flow and results of operations of the Company's projects and anticipated future operations. Such a decline also could have a material adverse impact on the ability of the Company to finance the exploration and development of its existing and future mineral projects, including the Okvau Gold Project.

### **Exchange rate risks**

International prices of various commodities are denominated in United States dollars and therefore much of the Company's revenue will be reported in United States dollars, whereas the expenditure and indebtedness of the Company will be taken into account in United States dollars or Cambodian Riels, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar, the Australian dollar and the Cambodian Riel as determined in international markets.

### **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

### **Uncertainty of development of projects and exploration**

Development activities and exploration are highly speculative, involve many risks and may be unsuccessful. Emerald's ability to sustain or increase its proposed forecast levels of production is dependent on the success of development of projects. As a result of the uncertainties involved in these activities, the development of projects may not occur on time, on budget, or at all, which would adversely affect Emerald's results of operation and its financial condition.

### **Production estimates**

Actual future production may vary materially from targets and projections of future production for a variety of reasons. There is greater risk that actual production will vary from estimates of production made for properties under exploration or not yet in production or from operations that are to be expanded.

## 1. Company Specific Risks - continued

### Operating risks

In common with other enterprises in the minerals and mining industry, Emerald's mineral exploration, development and related mining activities, including the delivery of supplies and consumables and the transportation of products are subject to conditions beyond Emerald's control that can reduce production and sales and/or increase costs. These conditions include, but are not limited to: changes in legislative requirements; market conditions; government policies; exchange rates; abnormal or severe weather or climatic conditions; natural disasters; unexpected maintenance or technical problems; key equipment failures; industrial disruption; and variations in geological conditions. An inability to secure ongoing supply of such goods and services at prices assumed within production targets could potentially impact the results of Emerald's operations, and in a worst case scenario, result in the shutdown of an operation.

### Occupational health and safety

Emerald manages certain risks associated with the occupational health and safety of its employees. Emerald takes out insurance to cover these risks within certain parameters, however, it is possible for injuries and/or incidents to occur which may result in expenses in excess of the amount insured or provided for with a resultant impact on Heron's earnings.

### Capital and operating costs

Emerald's capital and operating costs estimates are based on the best available information at the time. Any significant unforeseen increases in the capital and operating costs associated with the development and construction of the Okvau Gold Project would impact Emerald's future cash flow and profitability. Any increase in costs or production delays could have a marked adverse effect on the business, results or operations, financial condition and prospects and result in the shutdown of an operation.

### Potential acquisitions

As part of its business strategy, Emerald may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

## 2. General Risk

### **Economic conditions**

Adverse changes in economic conditions, such as interest rates, exchange rates, inflation, government policy, international economic conditions and employment rates amongst others are outside Emerald's control and have the potential to have an adverse impact on Emerald and its operations.

### **Insurance Risks**

The Company intends to insure its operations in accordance with usual industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

### **Litigation risk**

Litigation risks relating to the Company include contractual claims, employee claims, regulatory disputes, joint venture claims and disputes and the costs associated with such claims and disputes. There is a risk that material or costly disputes could arise which may have a material adverse effect on the financial performance and position of the Company.

### **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

### **Regulatory risks**

The Company's exploration and development activities are subject to extensive laws and regulations. The Company requires permits from regulatory authorities to authorise the Company's operations. Obtaining necessary permits can be a time-consuming process and there is a risk that Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the tenements.

### **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally. To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares.

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This presentation is not an offer, invitation, solicitation, advice or recommendation with respect to the subscription for, purchase or sale of, new ordinary shares ("New Shares") or any other security, and neither this presentation nor anything in it will form the basis of any contract or commitment. Nothing contained in this presentation constitutes investment, legal, tax or other advice. Prospective investors should conduct their own independent review, investigation and analysis of the Company and obtain any professional advice they require to evaluate the merits and risks of an investment in the Company before making any investment decision.

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# Appendix – International Offer Restrictions



**United Kingdom** Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

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No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

## **Canada (continued)** *Statutory rights of action for damages and rescission*

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

*Certain Canadian income tax considerations.* Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

*Language of documents in Canada.* Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

**United States** This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.