

Ticker: EMR AU
Market cap: A\$2.23bn

3Q24 net cash: A\$141.9m
Price: A\$3.40/sh

Project: Okvau / Memot / Bullseye
Country: Cambodia / W Australia

REC. (unc): BUY

TARGET (-0.05): A\$4.45/sh

RISK RATING (unc): HIGH

Today's 1Moz at 1.13g/t Dingo Range MRE is a good starting point towards what we expect to be a targeted ~1Moz at @1.5-2.0g/t reserve next year, noting that drilling started later than planned this year due to delays closing the M&A on the transaction. Notably, lifting the cut-off to 0.7g/t results in 820koz at 1.46g/t which we think is more indicative of the targeted reserve. Moreover, a significant portion of the drilling is well above the 1.1g/t MRE grade with potential to lift grade on infill and closer drill spacing, plus to cut-back the reserve to focus on higher grade material. Specifically we expect more ounces at Freeman's, additions laterally along the main Boundary-Bungarra trend (e.g. between Neptune and Stirling), and at depth. We expect Emerald to drill aggressively to deliver an updated MRE next year to inform the FS and enable FID and construction start. Between Dingo Range and Memot, we expect Emerald to target two mine build starts offset by 1-2 quarters, which lifts the production profile to 350-400kozpa by mid 2026.

Model changes: We maintain our previously modelled mine plan for Dingo Range: 1Moz at 1.7g/t reserve mined at 5x strip ratio at 3.0Mtpa (ore) for 140-150kozpa steady state at US\$871/oz AISC with US\$120m preproduction capex. We move the build start one quarter to 2Q25 and first gold/commission to 1Q26 which results in A\$919m NPV5% at US\$2000/oz (prev A\$941m on unchanged mine plan assumptions but one quarter earlier build start).

We maintain our BUY rating and adjust our price target to A\$4.45/sh (prev A\$4.50/sh) based on 1.0x NAV5%-2000/oz. We expect an updated Okvau reserve update in the coming weeks targeting open pit mine life extension with visibility on the UG. Next year should be catalyst rich with targeted FIDs on Dingo and Memot (and we expect the Okvau UG as well) to delineate a path to SCPe 350-400kozpa in 2026. Emerald is a high conviction top pick as a team that has proven they can build and execute, with significant management shareholding, and trading at 0.8x SCPe NAV5%-2000/oz with Australian producer peers trading at 1.2x Factset consensus (and we suspect at higher LT gold price estimates).

Maiden 1.01Moz at 1.13g/t Dingo Range MRE; expect MRE update, FID and build start in 2025

Emerald announced an initial MRE at Dingo Range (WA) of **28.0Mt at 1.13g/t Au** for 1.01Moz Au of which 58% of ounces are in M&I. The MRE includes 1,580 drill holes for 212,411m of drilling including 8,628m of DD; 171,704m of RC; and 30,722 of RC with DD tails and 1,357m of aircore. Drill spacing is 25x25m to 25x50m with some closer spaced 10x10m grids to increase confidence of the grade continuity.

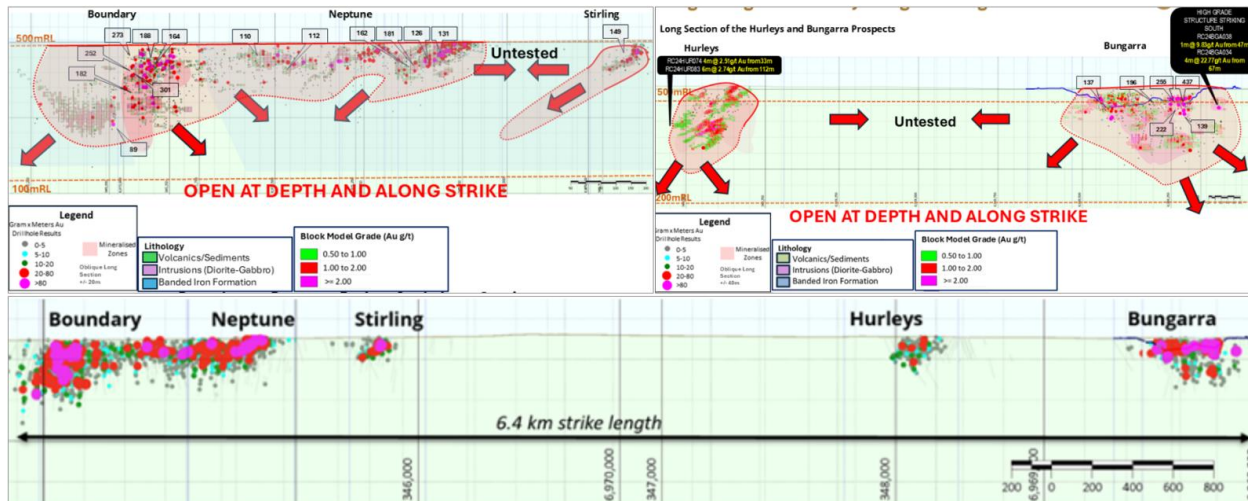
Table 1. Maiden Dingo Range JORC MRE and modelling assumptions

Dingo Range Dec '24 MRE @ 0.45g/t DR and 0.6g/t stockpiles cut-off	Tonnes (Mt)	Grade (g/t Au)	Ounces (000oz)	Parameter	Maiden Dingo Range Modelling Assumptions Dec '24 MRE
Measured OP stockpiles	0.20	0.90	6	Cut-off	0.45g/t deposit resources, 0.6g/t stockpiles; 0.2g/t cut-off for wireframes
Indicated DR	15.30	1.13	566	Method	Boundary/Neptune OK and MIK; Stirling, Hurley's and Bungarra OK; Freeman's Find - ID2
Total M&I OP stockpiles + DR	15.50	1.14	566	Composit / top-cut	3m comp for all except 1m for Freeman's; Top cuts: Boundary 5g/t, Bungarra 35g/t, Stirling 8g/t, Hurley's 7g/t, Freeman's 30g/t
Inferred DR	12.40	1.12	450	Block size (m)	Boundary/Neptune MIK: 20x25x10; Boundary/Neptune OK: 5x12.5x5; Stirling/Hurley's: 5x5x5; Bungarra: 10x10x5; Freeman's: 5x5x2.5
Total OP stockpiles	0.20	0.90	6.00	Search ellipse (m)	Boundary/Neptune MIK: 50-100x15m; Boundary/Neptune OK: 500x150; Stirling/Hurley's/Bungarra OK: 100x30; Freeman's: 340x140x45
Total Dingo DR	27.70	1.13	1,010	Drill holes / spacing	1,580 holes (212,411m) incl 52DD (8,628m); 1,385 RC (171,704m); 108 RC w/DD tails (30,722m); 35 aircore (1,357m); spacing 25x25m to 25x50m with some 10x10m
Grand Total	28.00	1.13	1,010	Constraining costs	No information provided; SMU dimensions 5mE x 125m N x 5m RL; dilution not applied
				Constraining price	No information provided
				Process method	Indicative crush, SAG Mill, CIL at 150um grind size for >90% recovery; initial bottle roll results indicated 92%
				Whittle pit shell	No information provided

Source: Emerald Resources, SCPe

Mineralization has been defined over 6.4km of strike from Boundary to Bungarra with resources defined at Boundary, Neptune, Stirling, Hurleys and Bungarra from NW to SE, to a vertical depth of 200-250m, and at Freeman's Find (5km SW of Bungarra). The resources are constrained by drilling and remain open at depth and along strike at a significant portion of the prospects. Intersections outside the resource calculation (Nov 2024 cut-off for the MRE) included 2.0m @ 5.0g/t, 6.0m @ 3.9g/t and 2.0m @ 15.1g/t at Freeman's; 19.0m @ 2.6g/t, 5.7m @ 4.5g/t and 22.0m @ 1.0g/t at Neptune; and 4.0m @ 2.5g/t, 6.0m @ 2.7g/t and 1.0m @ 21.0g/t at Hurley's.

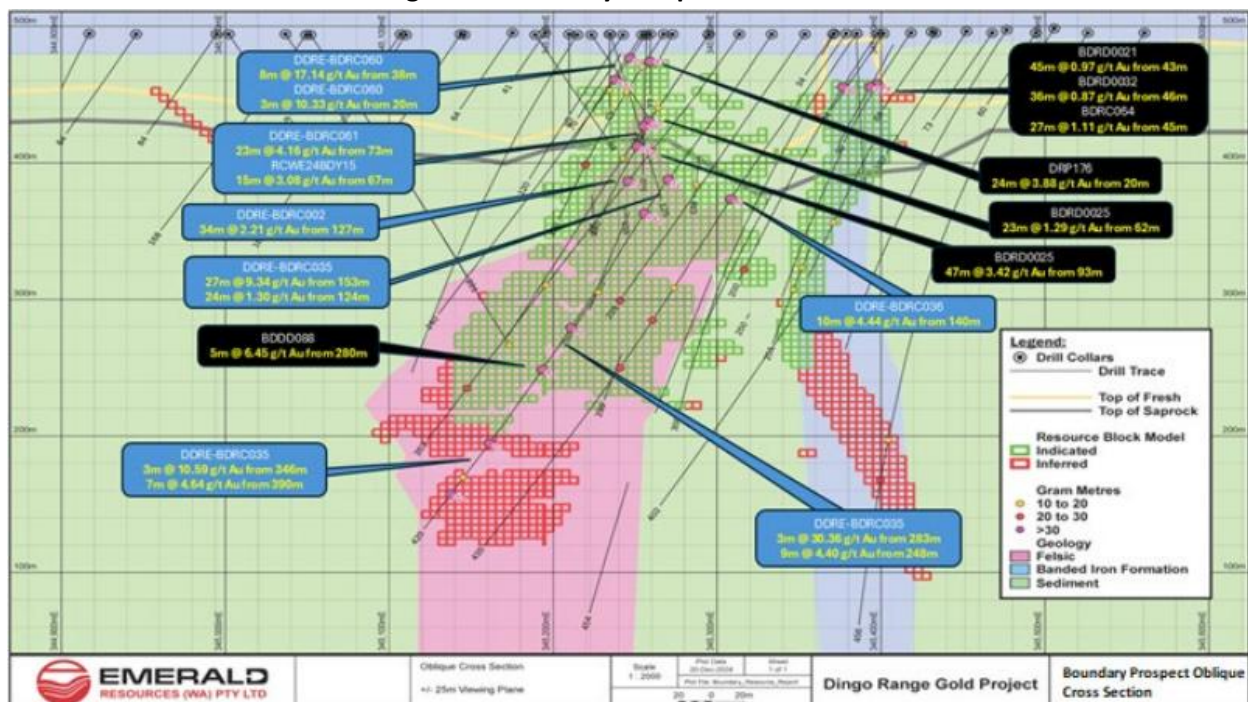
Figure 1: Boundary-Bungarra long sections



Source: Emerald Resources

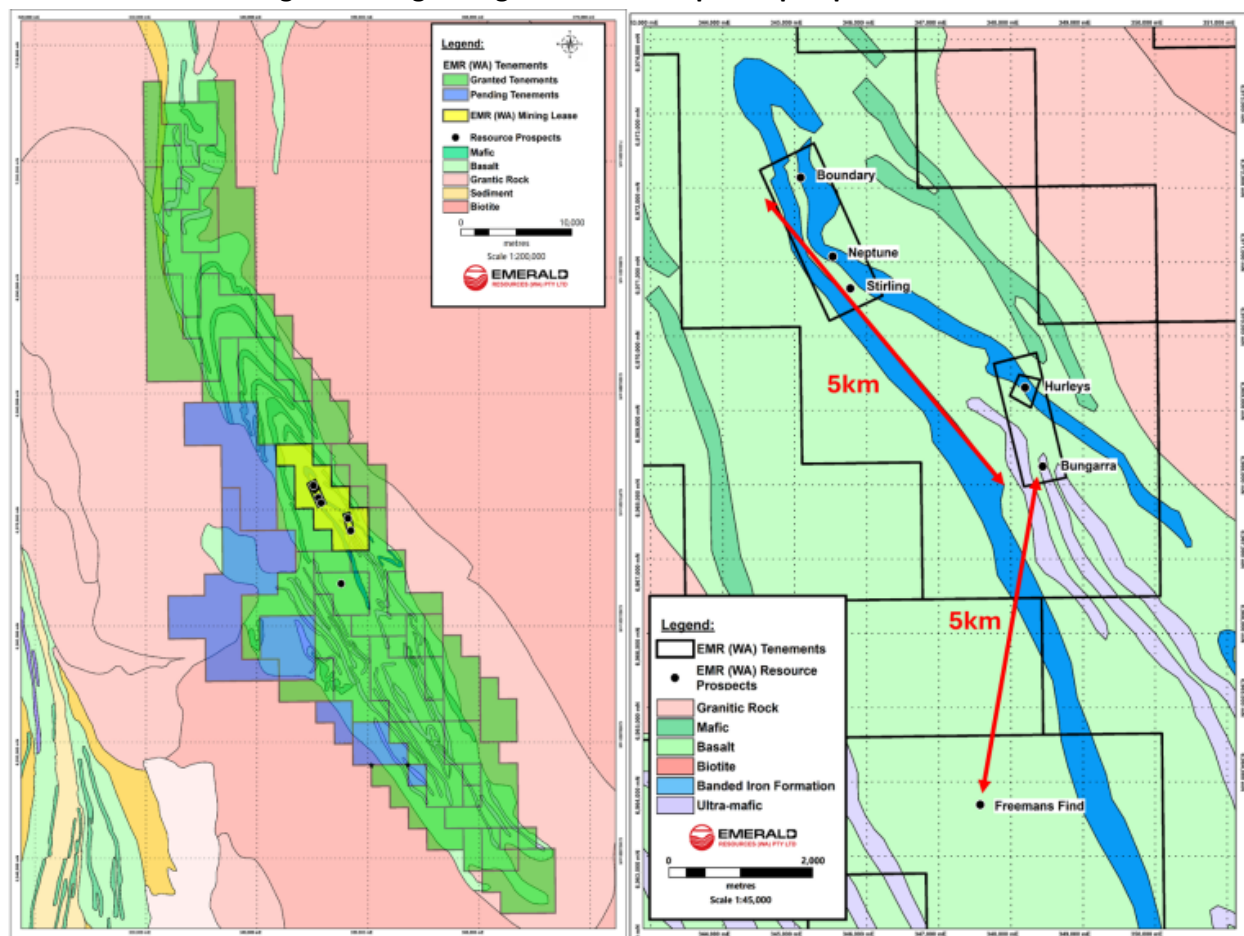
An aggressive exploration program is planned for 2025 including resource development on Boundary-Bungarra, infill and extensional RC at Freeman's Find, Great Northern, and Bajawarn; and regional exploration work. Feasibility studies continue targeting FID in early 2025 and development commencement in 2025. Metallurgical testwork indicate gold is free milling with extractions above 90% at a 150µm grind size, with gravity recoveries up to 80%, and management indicated a potential single stage crush, SAG mill and CIL flowsheet.

Figure 2: Boundary oblique cross section



Source: Emerald Resources

Figure 3: Dingo Range tenement map with prospect locations



Source: Emerald Resources

Why we like Emerald

1. Management has built seven mines on time and on budget at Equigold, Regis and Emerald
2. Management aligned with holders as A\$19m equity invested
3. Pathway to SCPe 350-400kozpa with Dingo Range and Memot mine builds in 2025
4. Likely reserve extensions in Cambodia, and regional potential with first-mover belt control

Catalysts

- 4Q24/1Q25: Updated Okvau reserves
- Mid 2025: Updated Dingo Range and Memot MREs
- 2025: Dingo Range and Memot FID and build start

Research

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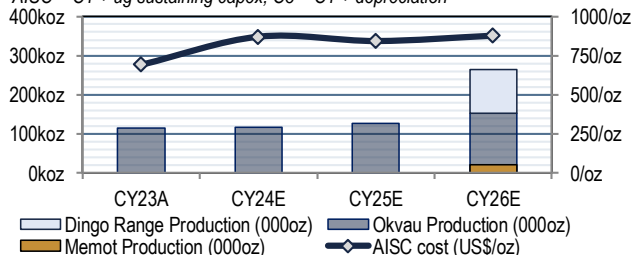
Ticker: EMR AU	Price / mkt cap: A\$3.40/sh, A\$2234m	Group P/NAV today: 0.76x	Country: Cambodia / WA
Author: J Chan	Rec/PT: BUY, A\$4.45sh	1xNAV5% FF FD: A\$4.45/sh	Asset: Okvau / Dingo Range

Commodity price	CY23A	CY24E	CY25E	CY26E	CY27E
Gold price	1,947	2,393	2,483	2,066	2,000
Group-level SOTP valuation Dec 24					
	A\$m	US\$m	O/ship	NAVx	A\$/sh*
NPV Okvau 4Q24	1286	849	100%	1.00x	1.91
NPV Dingo Range 4Q24	919	607	100%	1.00x	1.37
NPV Memot 4Q24	677	446	100%	1.00x	1.01
NPV central & finance costs	(142.7)	(94)	-	1.00x	(0.21)
Net cash (incl. bullion) 3Q24	141.9	93.6	-	1.00x	0.21
Cash from options	33.9	22.4	-	1.00x	0.05
Expl'n (0.5Moz@US\$100/oz)	75.8	50	-	1.00x	0.11
1xNAV5% US\$2000/oz	2990	1,973			4.45
Asset value: 1xNAV (US\$m, geared)*					
Group NAV (US\$m)	\$1800oz	\$1900oz	\$2000oz	\$2100oz	\$2200oz
9% discount	1,443	1,582	1,720	1,859	1,997
7% discount	1,542	1,691	1,839	1,988	2,137
5% discount	1,653	1,813	1,973	2,133	2,293
Group NAV (A\$/sh)	\$1800oz	\$1900oz	\$2000oz	\$2100oz	\$2200oz
9% discount	3.25	3.57	3.88	4.19	4.50
7% discount	3.48	3.81	4.15	4.48	4.82
5% discount	3.73	4.09	4.45	4.81	5.17

*Company NAV net finance costs and SG&A

Group NAV5% over time	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28
NPV Okvau 4Q24	848.5	755.9	652.0	542.2	428.6
NPV Dingo Range 4Q24	606.6	694.0	762.0	668.8	570.8
NPV Memot	446.5	498.6	590.9	539.5	479.1
Cent. costs (US\$m)	(94.2)	(71.5)	(64.5)	(57.2)	(49.5)
Net cash (incl. bullion) 3Q24	90.9	110.5	132.4	460.4	793.1
Cash from options (US\$m)	22.4	22.4	22.4	22.4	22.4
Expl'n (0.5Moz US\$100/oz)	50	50	50	50	50
NAV (US\$m)	1,971	2,060	2,145	2,226	2,295
1xNAV5%/sh FF FD (Ac/sh)	444	464	484	502	517
Production	CY23A	CY24E	CY25E	CY26E	CY27E
Okvau Production (000oz)	115	116	126	153	153
Okvau AISC (US\$/oz)	693	871	843	768	724
Dingo Range Production (000c)	-	-	-	112	148
Dingo Range AISC (US\$/oz)	-	-	-	872	871
Memot Production (000oz)	-	-	-	53	111
Memot AISC (US\$/oz)	-	-	-	1,204	1,012
Group production (000oz)	115	116	126	318	411
AISC cost (US\$/oz)	693	871	843	877	854
C3 cost (US\$/oz)	155	266	305	288	293

AISC = C1 + ug sustaining capex, C3 = C1 + depreciation



Source: SCP estimates

Resource	Au (koz)	Au (g/t)	Reserve	Au (koz)	Au (g/t)
Okvau M&I&I	965koz	2.40g/t	Okvau P&F	548koz	1.7g/t
Dingo Range M&I&I	1,010koz	1.13g/t	-	-	-
Memot M&I&I	1,030koz	1.65g/t	-	-	-

Share data

Basic shares (m)	657.0	FD with options (m)	672
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Ratio analysis	CY22A	CY23A	CY24E	CY25E	CY26E
Avg shares out (m)	529	529	529	529	529
EPS (A\$/sh)	0.12	0.15	0.20	0.34	0.58
CFPS (A\$/sh)	0.17	0.26	0.30	(0.05)	0.37
EV (A\$m)	22	(55)	(157)	(108)	(306)
FCF yield (%)	5.0%	7.6%	8.8%	-	11.0%
PER (x)	29.4x	22.7x	16.7x	10.0x	5.8x
P/CF (x)	20.2x	13.2x	11.4x	-	9.1x
EV/EBITDA (x)	0.2x	(0.2)	(0.6)	(0.4)	(0.5)

Income statement	CY22A	CY23A	CY24E	CY25E	CY26E
Revenue (A\$m)	276.8	342.5	412.0	464.0	983.2
COGS incl royalty (A\$m)	(155.2)	(121.8)	(155.3)	(177.1)	(418.7)
D&A (A\$m)	7.5	(38.3)	(22.1)	(13.1)	(111.1)
Gross profit (A\$m)	129.1	182.4	234.6	273.9	453.4
Finance cost (A\$m)	(23.9)	(13.4)	(29.5)	(14.8)	-
Exploration (A\$m)	(13.2)	(23.6)	(26.6)	-	-
Admin + other (A\$m)	(11.1)	(52.8)	(19.7)	(17.8)	(17.8)
Tax (A\$m)	(19.7)	(13.4)	(50.9)	(61.7)	(125.9)

Net income (A\$m)	61.2	79.3	107.8	179.6	309.7
EBITDA (A\$m)	121.6	220.7	256.7	287.0	564.5

Cash flow statement	CY22A	CY23A	CY24E	CY25E	CY26E
Revenue (A\$m)	276.1	339.0	408.9	464.0	983.2
Payments (A\$m)	(169.7)	(188.5)	(229.1)	(253.6)	(559.4)
Chaning in WC (A\$m)	(0.4)	-	4.1	(0.2)	(79.1)
Others (A\$m)	(11.8)	(4.9)	(21.7)	0.0	-
Cash flow ops (A\$m)	94.2	145.6	162.2	210.2	344.7
PP&E (A\$m)	(5.0)	(9.3)	(4.0)	(237.9)	(147.3)
Cash flow inv. (A\$m)	(5.0)	(9.3)	(4.0)	(237.9)	(147.3)
Shares / lease (A\$m)	(9.3)	(6.7)	(5.3)	-	-
Debt draw (repay) (A\$m)	(43.6)	(43.8)	(37.0)	(9.8)	-
Cash flow fin. (A\$m)	(52.9)	(50.4)	(42.3)	(9.8)	-
Net cash change (A\$m)	36.3	85.8	115.9	(37.5)	197.4

Balance sheet	CY22A	CY23A	CY24E	CY25E	CY26E
Cash (A\$m)	51.9	115.5	178.2	119.9	317.3
Acc rec. + inv. (A\$m)	58.0	57.5	52.9	51.5	160.4
PPE (A\$m)	85.1	74.5	67.7	652.8	689.0
Oth + mine-build (A\$m)	262.0	349.2	455.0	100.8	100.8
Total assets (A\$m)	457.0	596.7	753.8	925.0	1,267.5
Debt (A\$m)	56.3	42.9	3.6	(6.3)	(6.3)
Accnts payable (A\$m)	27.3	24.8	38.6	37.1	66.9
Total liabilities (A\$m)	83.5	67.8	42.2	30.8	60.7
S'holders equity (A\$m)	286.4	351.5	450.9	453.9	456.9
Retained earnings (A\$m)	12.3	3.4	11.2	11.2	11.2
Reserves (A\$m)	(20.8)	71.6	158.2	337.7	647.5
Liabilities + equity (A\$m)	457.0	596.7	753.8	925.0	1,267.5

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HOLD:	0
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TENDER:	1
NOT RATED:	0
TOTAL	52

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