

**Ticker:** EMR AU  
**Market cap:** A\$2.18bn

**3Q24 net cash:** A\$141.2m  
**Price:** A\$3.31/sh

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

REC. (unc): BUY

TARGET (+0.10): A\$4.55/sh

RISK RATING (unc): HIGH

Today's December 2024 quarter was very strong driven by a significant recovery improvement to 85.4% (vs ~80% to date and 81% last quarter), driven by feeding the flotation underflow to the leaching circuit. Recoveries were up to 86.6% in November/December which indicates that Okvau could sustain production above the current 25-30koz/quarter guidance level, even before incorporating the underground. We expect further guidance in the upcoming reserve update which is guided to incorporate the sustained improvements to the mine plan such as higher recoveries (we model 84% but could see as high as 87% based on November-December's performance. Speculating on potential changes based on DQ25's numbers, we think recovery could increase to 85-87% on a sustained basis (we think on the upper end more likely), the pit likely comes deeper (moderate increase to LOM strip ratio), and we expect more drilling to convert the UG resource to reserves.

Model changes: We update our model for Q3 but maintain our long-term estimates for now, notably 84% recovery, as the updated R&R including operating metric guidance is due out shortly. We model 2.3Mt at 1.98g/t Au and 84% recovery for 125koz in calendar 2025, and 2.1Mt at 2.7g/t Au (includes 0.5Mt at 5g/t from the UG) and 84% recovery for 153koz in 2026. Note in line with prior years, we expect lower cash tax in December and an increase in the March quarter on payment timing.

**We maintain our BUY rating and lift our price target to A\$4.55/sh (prev A\$4.45/sh) based on 1.0x NAV5%-2000/oz.** The next major catalyst is the updated Okvau reserve guided before the end of January, with the Dingo Range and Memot projects both advancing quickly towards build start this year. With shares now trading at 0.73x SCPe NAV, we think this is a very attractive level to buy back into Emerald, which remains a high conviction top pick for us with a proven team that can build and operate mines, strong cash flow (A\$62m increase in DQ24), and growth to SCPe 350-400kozpa by the end of 2026.

### DQ24 production hits 31.9koz, above 25-30koz/qtr guidance, lift PT to A\$4.55/sh

Emerald announced December 2024 (fiscal Q2) quarterly production of 31,888oz Au (31,489oz poured) and sales of 31,490oz at US\$2,669/oz, beating guidance of 25-30koz. AISC is guided to be within US\$810-880/oz guidance. Cash and bullion increased to A\$243m (US\$151m) from A\$181m (US\$125m) at the end of the September quarter. Emerald noted sustained improvements including SAG mill liner configuration and high availability (96%) that resulted in 586kt processed (588kt in Sept 2025 quarter) or 17% above nameplate, and process flow optimisation that resulted in 85.4% recovery including 86.6% in November and December vs ~80% project to date (81% in Sept 2025 quarter). An updated resource and reserve report is guided before the end of January, incorporating sustained operating improvements.

### 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

- 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\$3.31/sh, A\$2175m	Group P/NAV today: 0.73x	Country: Cambodia / WA
Author: J Chan	Rec/PT: BUY, A\$4.55sh	1xNAV5% FF FD: A\$4.56/sh	Asset: Okvau / Dingo Range

Commodity price	CY23A	CY24E	CY25E	CY26E	CY27E
Gold price	1,947	2,435	2,483	2,066	2,000
Group-level SOTP valuation					
	Dec 24				
	A\$m	US\$m	O/ship	NAVx	A\$/sh*

NPV Okvau 4Q24	1247	823	100%	1.00x	1.86
NPV Dingo Range 4Q24	935	617	100%	1.00x	1.39
NPV Memot 4Q24	689	454	100%	1.00x	1.02
NPV central & finance costs	(130.7)	(86)	-	1.00x	(0.19)
Net cash (incl. bullion) 3Q24	213.9	141.2	-	1.00x	0.32
Cash from options	33.9	22.4	-	1.00x	0.05
Exp'n (0.5Moz@US\$100/oz)	75.8	50	-	1.00x	0.11
1xNAV5% US\$2000/oz	3064	2,022			4.56

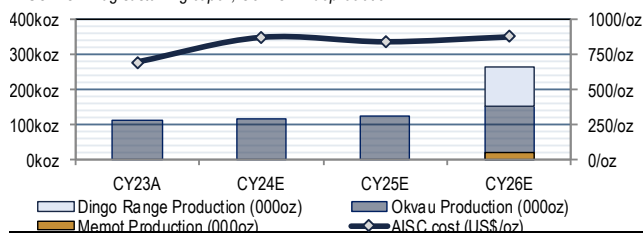
Asset value: 1xNAV (US\$m, geared)*					
Group NAV (US\$m)	\$1800oz	\$1900oz	\$2000oz	\$2100oz	\$2200oz
9% discount	1,497	1,639	1,780	1,922	2,063
7% discount	1,592	1,743	1,894	2,046	2,197
5% discount	1,698	1,860	2,022	2,184	2,346
Group NAV (A\$/sh)	\$1800oz	\$1900oz	\$2000oz	\$2100oz	\$2200oz
9% discount	3.38	3.69	4.01	4.33	4.65
7% discount	3.59	3.93	4.27	4.61	4.95
5% discount	3.83	4.19	4.56	4.92	5.29

\*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	855.8	755.5	651.8	542.0	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)	(95.0)	(71.5)	(64.5)	(57.2)	(49.5)
Net cash (incl. bullion) 3Q24	90.9	117.5	139.1	467.1	799.7
Cash from options (US\$m)	22.4	22.4	22.4	22.4	22.4
Exp'n (0.5Moz US\$100/oz)	50	50	50	50	50
NAV (US\$m)	1,977	2,066	2,152	2,233	2,301
1xNAV5% /sh FF FD (A\$/sh)	446	466	485	503	519

Production	CY23A	CY24E	CY25E	CY26E	CY27E
Okvau Production (000oz)	115	117	125	153	153
Okvau AISC (US\$/oz)	693	874	841	768	726
Dingo Range Production (000oz)	-	-	-	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	117	125	318	411
AISC cost (US\$/oz)	693	874	841	877	855
C3 cost (US\$/oz)	154	265	306	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	965koz	2.40g/t	Okvau P&P	548koz	1.7g/t
Dingo Range M&I	1,010koz	1.13g/t	-	-	-
Memot M&I	1,030koz	1.65g/t	-	-	-

Share data					
Basic shares (m)	657.0		FD with options (m)	672	

Ratio analysis	CY22A	CY23A	CY24E	CY25E	CY26E
Avg shares out (m)	529	529	529	529	529
EPS (A\$/sh)	0.12	0.15	0.22	0.34	0.58
CFPS (A\$/sh)	0.17	0.26	0.38	(0.11)	0.37
EV (A\$m)	22	(55)	(198)	(119)	(316)
FCF yield (%)	5.1%	7.8%	11.5%	-	11.3%
PER (x)	28.6x	22.1x	14.7x	9.8x	5.7x
P/CF (x)	19.6x	12.9x	8.7x	-	8.9x
EV/EBITDA (x)	0.2x	(0.2)	(0.7)	(0.4)	(0.6)

Income statement	CY22A	CY23A	CY24E	CY25E	CY26E
Revenue (A\$m)	276.8	342.5	429.2	461.6	983.2
COGS incl royalty (A\$m)	(155.2)	(121.8)	(156.6)	(175.9)	(418.7)
D&A (A\$m)	7.5	(38.3)	(22.1)	(13.0)	(111.1)
Gross profit (A\$m)	129.1	182.4	250.5	272.7	453.4
Finance cost (A\$m)	(23.9)	(13.4)	(30.7)	(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)	(54.7)	(61.5)	(125.9)
Net income (A\$m)	61.2	79.3	118.9	178.7	309.7
EBITDA (A\$m)	121.6	220.7	272.6	285.8	564.5

Cash flow statement	CY22A	CY23A	CY24E	CY25E	CY26E
Revenue (A\$m)	276.1	339.0	426.2	461.6	983.2
Payments (A\$m)	(169.7)	(188.5)	(217.9)	(268.3)	(559.4)
Chaning in WC (A\$m)	(0.4)	-	18.1	(14.1)	(79.2)
Others (A\$m)	(11.8)	(4.9)	(21.7)	0.0	-
Cash flow ops (A\$m)	94.2	145.6	204.7	179.2	344.6
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	158.4	(68.5)	197.3

Balance sheet	CY22A	CY23A	CY24E	CY25E	CY26E
Cash (A\$m)	51.9	115.5	219.6	130.2	327.6
Acc rec. + inv. (A\$m)	58.0	57.5	55.4	51.2	160.4
PPE (A\$m)	85.1	74.5	67.7	652.8	689.0
Oth + mine-build (A\$m)	262.0	349.2	439.0	100.8	100.8
Total assets (A\$m)	457.0	596.7	781.7	935.0	1,277.8
Debt (A\$m)	56.3	42.9	3.6	(6.3)	(6.3)
Accnts payable (A\$m)	27.3	24.8	39.1	36.8	66.9
Total liabilities (A\$m)	83.5	67.8	42.7	30.6	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	169.3	348.0	657.7

Liabilities + equity (A\$)	457.0	596.7	781.7	935.0	1,277.8
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**NEUTRAL:** The stock's total returns are expected to be in line with the overall market

**SELL:** The stocks total returns are expected to be materially lower than the overall market

**TENDER:** The analyst recommends tendering shares to a formal tender offering

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Summary of Recommendations as of January 2025	
BUY:	44
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	1
NOT RATED:	0
TOTAL	45

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