

Ticker: EMR AU
Market cap: A\$2.85bn

3Q24 net cash: A\$213.5m
Price: A\$4.33/sh

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

REC. (unc): BUY

TARGET(-\$0.10): A\$5.50/sh

RISK RATING (unc): HIGH

Today's Dec 2024 quarterly was very strong, as anticipated given 31.9koz production (above 25-30koz quarterly guidance) and A\$243m cash and bullion were previously disclosed. Operations were strong with strong plant availability (96%) and recovery (85.4% for the quarter, 86.6% in Nov-Dec) driving the production beat while AISC was in line at US\$855/oz (guidance US\$810-880/oz). Looking ahead at the updated Okvau R&R (guided for the coming week) we expect a longer mine life (~2-3 years of open pit additions) with the LOM strip ratio increasing to reflect a deeper pit, offset by LOM recovery improvements (we model 84% but could see closer to 85-87% reflecting recent plant improvements). We think Emerald is in a very strong financial position with just US\$6.5m remaining on the Sprott debt facility and one quarter (4.35koz) remaining on the gold price linked payments and US\$151m of cash on balance sheet going into the Dingo Range and Memot mine builds (we model first mine build start in late 1H25, the second in 2H25 for total combined US\$200m capex). We think they can fund growth from cash flow and the existing balance sheet without needing additional debt, beyond a revolving credit facility to manage treasury.

Model changes: We update our model for the quarterly: Given the information previously announced including throughput, recovery, production and cash, the key change is additional colour on the stockpiles (540kt at 1.28g/t Au of regular ore and 3.2Mt at 0.71g/t of low grade), this results in an adjustment (we previously modelled 3.4Mt at 1.7g/t) to the end of our modelled mine life, resulting in SCPe US\$941mNPV5%-2300 at Okvau (prev US\$991)

We maintain our BUY rating and adjust our price target to A\$5.50/sh (prev A\$5.60/sh) based on 1.0x NAV5%-2300/oz. Emerald has been a top performer (+15% this week) and with good reason: with Okvau generating excellent cash flow (US\$26m this quarter), we think Emerald can self-fund growth with two mine builds coming at Dingo Range and Memot that increase production to SCPe 400kozpa run rate by end of 2026.

Strong DQ24 sees cash and bullion +A\$62m to A\$243m, updated Okvau R&R imminent

Production: Emerald announced the quarterly activities report for December 2024. Record production of 31.9koz (+14% QoQ) US\$855/oz AISC (-14% QoQ) exceeded gold guidance (25 to 30koz) and within AISC guidance. Mining progressed as scheduled advancing stage 2, 3, 4, and 7 which provided sulphide ore feed allowing Emerald to preferentially mill the highest-grade ore zone while maintaining a 540kt @ 1.28g/t stockpile, and a further 3.18Mt @ 0.71g/t Au stockpile. Plant production was 586kt (-1% QoQ) @ 1.98 g/t (+9% QoQ) recovery 85.4% (+5% QoQ) and availability 96%. Processing improvement including process flow optimization (~+5.4% recovery) and throughput improvements (~+17% above nameplate capacity 586kt vs 500kt) led to step change in output.

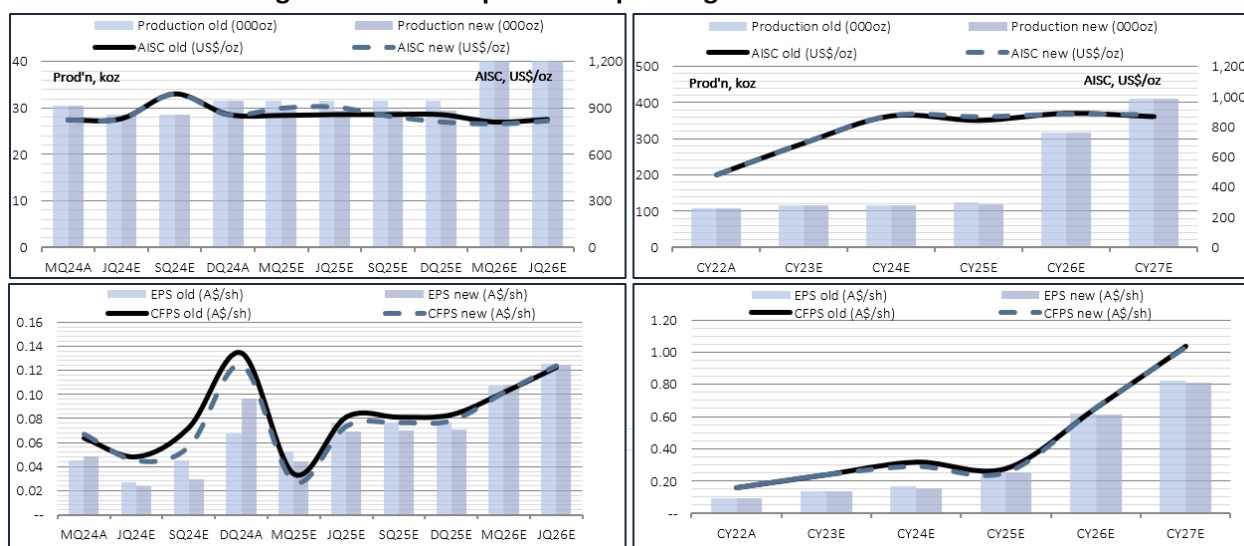
Table 1. December Quarter (2Q25) vs prior quarter and SCPe

Operations	1Q25A	2Q25E	2Q25A	QoQ	vs SCPe	Financials	1Q25A	2Q25E	2Q25A	QoQ	vs SCPe
Pit ore mined (000t)	524	586	646	23%	10%	Gold sold (000oz)	28.5	31.5	31.5	10%	-
Pit strip (x)	7.3	5.8	6.8	-6%	17%	Sales price (US\$/oz)	2,496	2,669	2,669	7%	0%
Ore milled (000t)	589	586	586	-1%	0%	SCPe revenue (US\$m)	71.0	84.0	84.0	18%	-
Head grade (g/t)	1.82	1.98	1.98	9%	0%	SCPe cash flow ops. (A\$m)	45.4	88.3	89.3	97%	1%
Recovery (%)	81%	85%	85%	5%	0%	Change in net cash (A\$m)	50.7	66.2	67.0	32%	1%
Group production (koz)*	28,046	31,888	31,888	14%	0%	Net cash at end (A\$m)	146.5 ^	212.7 ^	213.5 ^	46%	0%
Gold sold (000oz)	28.5	31.5	31.5	10%	0%	Source: SCP estimates, Emerald Resources; ^post-reported production ^includes cash, bullion, debt & lease liabilities					
Sales price (US\$/oz)	2,496	2,669	2,669	7%	0%						
SCPe mining cost (US\$/t)	3.03	3.03	2.75	-9%	-9%						
SCPe proc. cost (US\$/t)	14.77	14.70	15.19	3%	3%						
SCPe G&A cost (US\$/t)	3.23	3.21	2.90	-10%	-10%						
Group AISC (US\$/oz)	991	857	855	-14%	0%						

Source: SCP estimates, Emerald Resources; ^pre-reported production

Financials: 31.5koz were sold at an average price of US\$2,669/oz. Revenue was US\$84 (A\$130) with A\$38.6m of operating costs, A\$1.4m in stockpile movements, A\$13.4m of exploration, A\$2.4m of capex. Bullion increased by A\$2.1 and negative A\$21.2m of financing cash flows, plus A\$17.4m FX movements resulted in A\$242.9 cash and bullion at the end of the quarter, a A\$62.1m increase. US\$6.5m of Sprott debt principal was repaid (US\$6.5m at quarter end) with a further 4.35koz paid into the gold facility for a received price of US\$1,100/oz (4.35koz remaining). Emerald also completed its divestment of the tenements located in Southern Cross, WA to Golden Horse which IPO'd on the ASX and delisted from the TSX-V. Emerald is Golden Horse's largest shareholder at 20.5% of holdings.

Figure 2. New and prior SCP operating and financial estimates



Source: Emerald Resources, SCPe

Growth: Okvau resource and reserve update and life of mine guidance guided for release next week. Furthermore, as previously reported Emerald announced its maiden Dingo Range Gold Project (Australia) MRE 28.0Mt @ 1.13g/t Au for 1.01 Moz (0.45g/t cutoff) with high grade resources of 17.5Mt @ 1.46g/t AU for 820Koz (0.7g/t cutoff). A DFS is progressing with work to date supporting the view that Dingo has the potential to be Emerald's first standalone mine and processing operation in Australia with anticipated development starting in 2025. Emerald completed its planned 50km stage 2 extensional and infill drill program at Memot Project (Cambodia), resulting in an MRE of 19.5Mt @ 1.65 g/t Au with 1,030kOz (0.7 g/t cutoff). Feasibility Studies to support development of the project also progressed during the quarter with development planned to commence in 2025. Memot can potentially be Emerald's second standalone mine and processing operation in Cambodia.

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\$4.33/sh, A\$2845m	Group P/NAV today: 0.79x	Country: Cambodia / WA
Author: J Chan	Rec/PT: BUY, A\$5.50sh	1xNAV5% FF FD: A\$5.48/sh	Asset: Okvau / Dingo Range

Commodity price	CY23A	CY24E	CY25E	CY26E	CY27E
Gold price	1,947	2,435	2,548	2,368	2,300
Group-level SOTP valuation Mar 25					
	A\$m	US\$m	O/ship	NAVx	A\$/sh*

NPV Okvau 1Q25	1405	941	100%	1.00x	2.09
NPV Dingo Range CY 1Q25	1190	797	100%	1.00x	1.77
NPV Memot CY 1Q25	898	602	100%	1.00x	1.33
NPV central & finance costs	(130.5)	(87)	-	1.00x	(0.19)
Net cash (incl. bullion) CY 4Q24	213.5	143.1	-	1.00x	0.32
Cash from options	36.7	24.6	-	1.00x	0.05
Exp'n (0.5Moz@US\$100/oz)	74.6	50	-	1.00x	0.11
1xNAV5% US\$2300/oz	3687	2,470			5.48

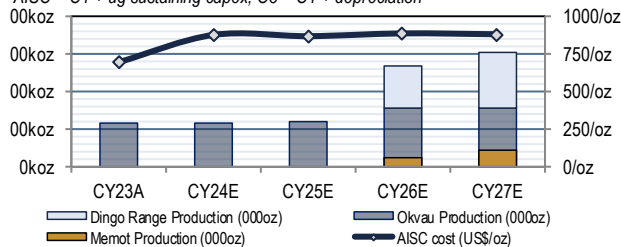
Asset value: 1xNAV (US\$m, geared)*					
Group NAV (US\$m)	\$2000oz	\$2300oz	\$2500oz	\$2700oz	\$2900oz
9% discount	1,863	2,236	2,485	2,733	2,982
7% discount	1,978	2,380	2,647	2,915	3,183
5% discount	2,107	2,540	2,829	3,118	3,407
Group NAV (A\$/sh)	\$2000oz	\$2300oz	\$2500oz	\$2700oz	\$2900oz
9% discount	4.01	4.83	5.37	5.92	6.47
7% discount	4.25	5.14	5.72	6.31	6.90
5% discount	4.53	5.48	6.11	6.75	7.38

*Company NAV net finance costs and SG&A

Group NAV5% over time	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29
NPV Okvau 1Q25	941.1	865.3	726.2	585.6	446.0
NPV Dingo Range CY 1Q25	797.0	930.2	918.9	801.0	677.3
NPV Memot	601.6	683.8	739.4	663.9	585.2
Cent costs (US\$m)	(87.4)	(70.8)	(63.7)	(56.1)	(48.2)
Net cash (incl. bullion) CY 4Q24	143.1	73.2	264.8	685.6	1,098.4
Cash from options (US\$m)	24.6	24.6	24.6	24.6	24.6
Exp'n (0.5Moz US\$100/oz)	50	50	50	50	50
NAV (US\$m)	2,470	2,556	2,660	2,755	2,833
1xNAV5%/sh FF FD (A\$/sh)	548	567	590	611	629

Production	CY23A	CY24E	CY25E	CY26E	CY27E
Okvau Production (000oz)	115	117	118	153	153
Okvau AISC (US\$/oz)	693	873	865	761	759
Dingo Range Production (000oz)	-	-	-	112	148
Dingo Range AISC (US\$/oz)	-	-	-	892	890
Memot Production (000oz)	-	-	-	53	111
Memot AISC (US\$/oz)	-	-	-	1,219	1,026
Group production (000oz)	115	117	118	318	411
AISC cost (US\$/oz)	693	873	865	883	878
C3 cost (US\$/oz)	149	270	312	302	295

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 2P	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)	673	

Ratio analysis	CY23A	CY24E	CY25E	CY26E	CY27E
Avg shares out (m)	530	530	530	530	530
EPS (A\$/sh)	0.15	0.24	0.32	0.76	1.00
CFPS (A\$/sh)	0.26	0.34	(0.12)	0.54	1.18
EV (A\$m)	(50)	(191)	(92)	(378)	(536)
FCF yield (%)	5.9%	7.8%	-	12.5%	27.4%
PER (x)	28.9x	18.2x	13.7x	5.7x	4.3x
P/C/F (x)	16.8x	12.8x	-	8.0x	3.7x
EV/EBITDA (x)	(0.2)	(0.7)	(0.3)	(0.5)	(0.6)

Income statement	CY23A	CY24E	CY25E	CY26E	CY27E
Revenue (A\$m)	342.5	425.7	437.5	1,116.9	1,411.7
COGS incl royalty (A\$m)	(121.8)	(156.8)	(167.0)	(419.9)	(529.1)
D&A (A\$m)	(38.3)	(21.5)	(13.0)	(114.0)	(141.5)
Gross profit (A\$m)	182.4	247.5	257.5	583.0	741.2
Finance cost (A\$m)	(13.4)	(30.5)	(14.6)	-	-
Exploration (A\$m)	(23.6)	(34.6)	-	-	-
Admin + other (A\$m)	(52.8)	(2.3)	(17.8)	(17.8)	(17.8)
Tax (A\$m)	(13.4)	(54.0)	(57.7)	(160.7)	(192.2)
Net income (A\$m)	79.3	126.1	167.4	404.5	531.2
EBITDA (A\$m)	220.7	269.0	270.5	697.0	882.7

Cash flow statement	CY23A	CY24E	CY25E	CY26E	CY27E
Revenue (A\$m)	339.0	422.7	437.5	1,116.9	1,411.7
Payments (A\$m)	(188.5)	(217.9)	(255.3)	(595.4)	(736.1)
Chaning in WC (A\$m)	-	11.6	(13.9)	(90.0)	0.8
Others (A\$m)	(4.9)	(29.7)	0.0	-	0.0
Cash flow ops (A\$m)	145.6	186.7	168.3	431.5	676.4
PP&E (A\$m)	(9.3)	(6.9)	(234.2)	(145.5)	(48.4)
Cash flow inv. (A\$m)	(9.3)	(6.9)	(234.2)	(145.5)	(48.4)
Shares / lease (A\$m)	(6.7)	(5.5)	-	-	-
Debt draw (repay) (A\$m)	(43.8)	(36.7)	(9.7)	-	-
Cash flow fin. (A\$m)	(50.4)	(42.2)	(9.7)	-	-

Net cash change (A\$m)	85.8	137.7	(75.6)	286.0	628.0
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Balance sheet	CY23A	CY24E	CY25E	CY26E	CY27E
Cash (A\$m)	115.5	217.4	109.3	395.3	552.9
Acc rec. + inv. (A\$m)	57.5	56.3	48.0	170.2	169.4
PPE (A\$m)	74.5	71.2	663.6	695.1	671.8
Oth + mine-build (A\$m)	349.2	445.2	107.9	107.9	107.9
Total assets (A\$m)	596.7	790.1	928.8	1,368.5	1,502.0

Debt (A\$m)	42.9	3.9	(5.8)	(5.8)	(5.8)
Accts payable (A\$m)	24.8	40.7	34.4	66.7	66.6
Total liabilities (A\$m)	67.8	44.5	28.6	60.8	60.8
S'holders equity (A\$m)	351.5	450.8	453.8	456.8	457.5
Retained earnings (A\$m)	3.4	11.2	11.2	11.2	11.2
Reserves (A\$m)	71.6	176.5	343.9	748.4	881.2
Liabilities + equity (A\$m)	596.7	790.1	928.8	1,368.5	1,502.0

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TENDER:	1
NOT RATED:	0
TOTAL	44

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