

Ticker: EMR AU
Market cap: A\$2.91bn

4Q24 net cash: A\$213.5m
Price: A\$4.43/sh

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

REC. (unc): BUY

TARGET(-\$0.20): A\$5.30/sh

RISK RATING (unc): HIGH

Today's Okvau MRE update is a positive update, adding ~150koz or 1 year of reserves (SCPe 270koz or 1.75 years net of depletion) and 100koz to resources (SCPe 155koz net of depletion), converting some of the high-grade ounces from UG resources to open pit reserves by taking the pit deeper, while maintaining 310koz at 5.5g/t of underground resources that we expect to convert over the next year with SCPe first UG production in H1 calendar 2026. The overall LOM parameter changes include slightly higher strip ratio (6.8x vs prior 5.8x, although this reduces to 5.0x including stockpiles and subtracting capitalized stripping) due to addition of a second ramp (provides additional access flexibility/security vs just one ramp), bringing the LOM pit deeper, and adjusting LOM recovery to 86% (from prior 84%) in line with recovery improvements achieved last quarter (86.6% by the end of the Dec 2024 quarter). Okvau remains a highly cash generative asset - ~110-125kozpa at US\$900-1000/oz AISC from the open pit, and we see potential for this to lift to SCPe 130-140kozpa at similar AISC with the addition of the underground, which we model next year.

Model changes: We update our model for the updated reserves: Key changes are we lift LOM recovery to 86% from 84%. We adjust our modelled open pit LOM grade to 1.7g/t (prev 1.98g/t) and adjust our UG assumptions to 360ktpa (~1,000tpd) at 5.5g/t Au from previous 500ktpa at 5.0g/t. We forecast steady state (OP + UG) annual production of 135kozpa at US\$934/oz AISC (prev 151kozpa at US\$836/oz).

We maintain our BUY rating and adjust our price target to A\$5.30/sh (prev A\$5.50/sh) based on 1.0x NAV5%-2300/oz. We think Emerald achieved their key objectives with today's R&R update, showing that Okvau remains a long-life asset with 700koz of OP + stockpile reserves, provided visibility on the underground, and showed that Okvau remains capable of funding their upcoming growth plants at Dingo Range and Memot. We expect permitting at Dingo and relocation at Memot, plus continued drilling at both assets to be the key focus ahead of our modelled mid-year build start at Dingo and H2 build start at Memot. Big picture, Emerald has a self-funded growth path to SCPe 350-400kozpa with a proven team and still trades at just 0.8x SCPe NAV5%-2300/oz – that leaves lots of upside to Aussie peers, and to valuation at current US\$2,900/oz spot gold price.

Okvau updated R&R adds 1.75 years of reserves, we expect Okvau UG in 2026 (310koz at 5.5g/t)

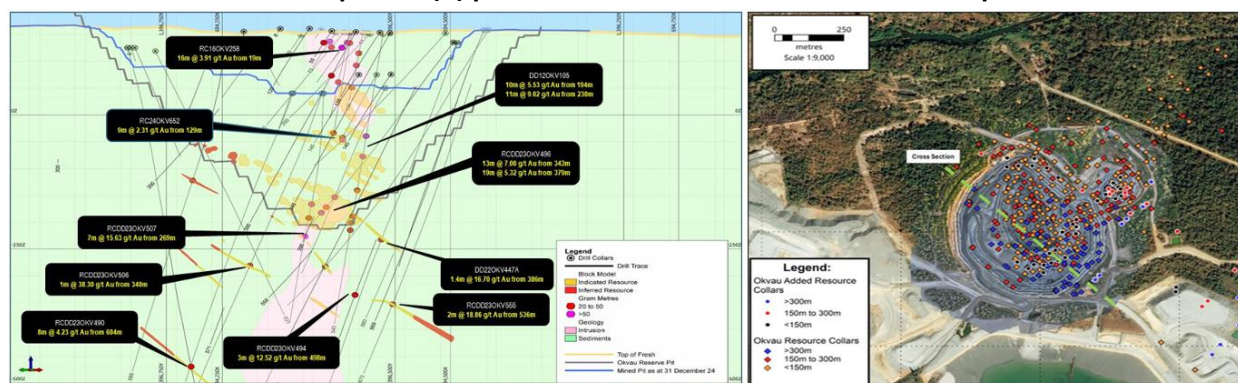
Emerald announced updated reserves and resources at Okvau February 2025. Total resources were up 4% to 1.0Moz at 1.9g/t from previous 965koz at 2.4g/t while reserves increased to 700koz at 1.5g/t from previous 548koz at 1.7g/t.

Table 1. Updated Reserves and Resources at February 2025 vs prior (March 2024)

RESERVES							RESOURCES							10-Feb-25						31 March 2024						
Okvau March 2025	Tonnes (Mt)	Grade (g/t Au)	Ounces (000oz)	Δ Mt	Δ g/t	Δ Oz	Okvau March 2025	Tonnes (Mt)	Grade (g/t Au)	Ounces (000oz)	Δ Mt	Δ g/t	Δ Oz		Tonnes (Mt)	Grade (g/t Au)	Ounces (000oz)	Tonnes (Mt)	Grade (g/t Au)	Ounces (000oz)		Tonnes (Mt)	Grade (g/t Au)	Ounces (000oz)		
Proven	3.70	0.80	100	5%	-5%	5%	Measured	3.70	0.80	100	5%	-5%	5%		14.40	1.51	700	10.29	1.66	548		14.40	1.51	700		
Probable	10.70	1.70	600	58%	-18%	32%	Indicated	11.30	2.00	710	44%	-22%	9%		14.50	1.50	700	10.4	1.66	555		14.50	1.50	700		
Total	14.40	1.51	700	40%	-9%	28%	Total M&I	15.00	1.68	810	32%	-18%	9%		Total OP resources	14.50	1.50	700	10.4	1.66	555		Total UG resources	1.70	5.50	310
Change net of depletion	6.00	1.41	272				Inferred	1.20	5.00	190	2%	-14%	-14%		Total resources	16.20	1.94	1,010	12.53	2.40	965					
Source: Emerald Resources, SCP							Change net of depletion							Source: Emerald Resources												
							7.80																			
							0.6																			
							155																			

The update incorporates 99,314m of DD and RC holes, adding ounces below the US\$2,200/oz pit shell. The UG resources includes 120 koz @ 6.1 g/t of indicated and 190koz @ 5.2 g/t of inferred, both at a 3g/t cut-off and diluted for underground mining. The resource estimate covers ~650m of strike, ~500m width of mineralized vein systems, and extends to a maximum depth of 650m below surface.

Figure 1. (A) cross section showing the mined pit (blue), reserve pit (gray) and mineralized shears below the pit and (B) plan view of the collars used in the MRE update



Source: Emerald Resources

Cut-off grade was lowered slightly for resources and reserves to 0.5g/t from prior 0.625g/t (Emerald noted current break-even grade is 0.40g/t) while the resource constraining price decreased to US\$2,200/oz for resources within the US\$2,200/oz pit shell. Drill spacing is 25m centres for the top 120m of the deposit, 25-50m along section at depths deeper than 120m, and wider spacing at depths below 450m.

Table 2. Resource and Reserve modelling assumptions

MRE / Reserve Modelling Assumptions		
Okvau	March 2024 (old)	Feb 2025 (new)
Cut-off	0.625-3g/t OP-UG resources, 0.625g/t reserves	0.5 -3g/t OP-UG resources, 0.5 g/t reserves
Method	MIK&OK, incl. 5m internal + 2m external dilution	MIK&OK, incl. 5m internal + 2m external dilution (no change)
Composit / top-cut	2m comp. / 25-40g/t top cut open pit, 66g/t top cut for UG	2m comp. / 25-40g/t top cut open pit, 66g/t top cut for UG
Block size (m)	20x25x10 parent for OP, 5x5x5 parent for UG	20x25x10 parent for OP, 5x5x5 parent for UG
Search ellipse (m)	50x50x50 ellipse, max 40m for open pit, 63m for UG	50x50x50 ellipse, max 40m for open pit, 63m for UG
Drill holes / spacing	123DD + 226RC + 41 RC collars with DD tails (83,144m); 25m >120m, 25-50m < 120m	127DD + 290RC + 64 RC collars with DD tails (99,314m); 25m >120m, 25-50m < 120m
Constraining costs	Based on current costs - values not explicitly stated	Based on current costs - values not explicitly stated
Constraining price	US\$1250/oz reserves, US\$2,500/oz resources within US\$1,450/oz pit shell	US\$2,200/oz reserves, US\$2,200/oz resources within US\$2,200/oz pit shell
Process method	2Mtpa CIL, 84% recovery	2Mtpa CIL, 86% recovery
Whittle pit shell	52° pit angle, 100% mine rec., 0% dil, strip ratio 6.8:1 - 5.0:1 with stockpiles	52° pit angle, 100% mine rec., 0% dil, strip ratio not specified

Source: Emerald Resources, SCP, FH=fresh hornfels, FD=fresh diorite, OH=oxide hornfels, OX=oxide diorite

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

- 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\$4.43/sh, A\$2911r	Group P/NAV today: 0.84x	Country: Cambodia / WA
Author: J Chan	Rec/PT: BUY, A\$5.30sh	1xNAV5% FF FD: A\$5.30/sh	Asset: Okvau / Dingo Rang

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	1289	864	100%	1.00x	1.92
NPV Dingo Range CY 1Q25	1190	797	100%	1.00x	1.77
NPV Memot CY 1Q25	894	599	100%	1.00x	1.33
NPV central & finance costs	(130.5)	(87)	-	1.00x	(0.19)
Net cash (incl. bullion) CY 4Q2	213.5	143.1	-	1.00x	0.32
Cash from options	36.7	24.6	-	1.00x	0.05
Expl'n (0.5Moz@US\$100/oz)	74.6	50	-	1.00x	0.11
1xNAV5% US\$2300/oz	3567	2,390			5.30

Asset value: 1xNAV (US\$m, geared)*

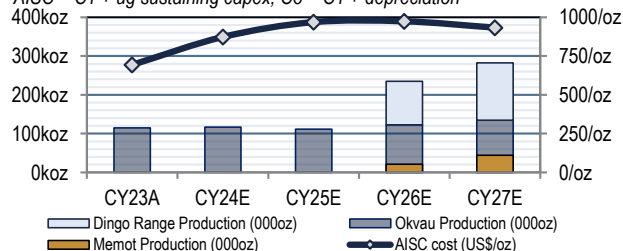
Group NAV (US\$m)	\$2000oz	\$2300oz	\$2500oz	\$2700oz	\$2900oz
9% discount	1,723	2,093	2,340	2,586	2,832
7% discount	1,835	2,233	2,499	2,764	3,030
5% discount	1,960	2,390	2,677	2,964	3,251
Group NAV (A\$/sh)	\$2000oz	\$2300oz	\$2500oz	\$2700oz	\$2900oz
9% discount	3.82	4.64	5.19	5.74	6.28
7% discount	4.07	4.95	5.54	6.13	6.72
5% discount	4.35	5.30	5.94	6.58	7.21

*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	863.9	782.5	701.7	595.7	477.8
NPV Dingo Range CY 1Q25	797.0	930.2	918.9	801.0	677.3
NPV Memot	598.8	680.8	736.3	660.7	581.8
Cent. costs (US\$m)	(87.4)	(70.8)	(63.7)	(56.1)	(48.2)
Net cash (incl. bullion) CY 4Q2	143.1	76.8	209.9	597.2	990.2
Cash from options (US\$m)	24.6	24.6	24.6	24.6	24.6
Expl'n (0.5Moz US\$100/oz)	50	50	50	50	50
NAV (US\$m)	2,390	2,474	2,578	2,673	2,753
1xNAV5%/sh FF FD (Ac/sh)	530	549	572	593	611

Production	CY23A	CY24E	CY25E	CY26E	CY27E
Okvau Production (000oz)	115	117	112	123	135
Okvau AISC (US\$/oz)	693	873	969	944	904
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	112	287	393
AIAC cost (US\$/oz)	693	873	969	974	933
C3 cost (US\$/oz)	155	263	286	263	262

AIAC = 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	1,000koz	1.92g/t	Okvau 2P	700koz	1.51g/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	0.27	0.63	0.92
CFPS (A\$/sh)	0.26	0.34	(0.11)	0.37	1.09
EV (A\$m)	(49)	(190)	(97)	(296)	(441)
FCF yield (%)	5.8%	7.7%	-	8.5%	24.6%
PER (x)	29.6x	18.6x	16.3x	7.0x	4.8x
P/CF (x)	17.2x	13.1x	-	11.8x	4.1x
EV/EBITDA (x)	(0.2)	(0.7)	(0.4)	(0.5)	(0.5)

Income statement	CY23A	CY24E	CY25E	CY26E	CY27E
Revenue (A\$m)	342.5	425.7	413.8	1,009.1	1,348.5
COGS incl royalty (A\$m)	(121.8)	(156.8)	(175.5)	(422.2)	(538.8)
D&A (A\$m)	(38.3)	(21.5)	(11.4)	(101.3)	(134.2)
Gross profit (A\$m)	182.4	247.5	226.9	485.6	675.5
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)	(50.1)	(131.5)	(172.5)
Net income (A\$m)	79.3	126.1	144.5	336.3	485.2
EBITDA (A\$m)	220.7	269.0	238.3	586.9	809.7

Cash flow statement	CY23A	CY24E	CY25E	CY26E	CY27E
Revenue (A\$m)	339.0	422.7	413.8	1,009.1	1,348.5
Payments (A\$m)	(188.5)	(217.9)	(256.2)	(568.5)	(726.1)
Chaning in WC (A\$m)	-	11.6	(14.1)	(88.1)	0.8
Others (A\$m)	(4.9)	(29.7)	-	(0.0)	(0.0)
Cash flow ops (A\$m)	145.6	186.7	143.6	352.5	623.2
PP&E (A\$m)	(9.3)	(6.9)	(204.2)	(153.8)	(45.1)
Cash flow inv. (A\$m)	(9.3)	(6.9)	(204.2)	(153.8)	(45.1)
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	(70.4)	198.7	578.1

Balance sheet	CY23A	CY24E	CY25E	CY26E	CY27E
Cash (A\$m)	115.5	217.4	114.6	313.3	458.4
Acc rec. + inv. (A\$m)	57.5	56.3	50.7	171.3	170.5
PPE (A\$m)	74.5	71.2	635.2	687.7	665.5
Oth + mine-build (A\$m)	349.2	445.2	107.9	107.9	107.9
Total assets (A\$m)	596.7	790.1	908.3	1,280.3	1,402.3
Debt (A\$m)	42.9	3.9	(5.8)	(5.8)	(5.8)
Accts payable (A\$m)	24.8	40.7	36.9	69.5	69.5
Total liabilities (A\$m)	67.8	44.5	31.1	63.7	63.7
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	321.0	657.3	778.6
Liabilities + equity (A\$m)	596.7	790.1	908.3	1,280.3	1,402.3

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NOT RATED:	0
TOTAL	44

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