

Emmerson Resources

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Emmerson Resources' MD Rob Bills in Q&A with Proactive Investors



Emmerson Resources ([ASX:ERM](#)) and partner Evolution Mining ([ASX:EVN](#)) will now earn income from a non-core asset, after entering a tribute mining agreement with narrow vein mining specialists Edna Beryl Mining Company (EBMC).

This agreement monetises non-core assets and in the midst of challenging capital markets will generate risk free income to supplement Emmerson's exploration and development initiative of a new generation of gold-copper deposits in partnership with Evolution.

With a conceptual exploration target of 5,000 to 10,000 tonnes at a likely grade of 20 to 30g/t gold, there is significant potential for Emmerson to earn a risk-free royalty income stream from a non-core asset.

Mining could begin by year end with all equipment on site.

Rob Bills, managing director of [Emmerson Resources](#), speaks exclusively with Proactive Investors Australia.

PROACTIVE INVESTORS: Welcome Rob.

Rob, the Tribute Agreement that [Emmerson Resources](#) announced will generate a royalty income stream from non-core asset Edna Beryl mine as part of Emmerson's Tennant Creek tenement package. What is the strategy with this initiative?

Rob Bills: If successful, the Tribute Agreement will provide additional cash with no downside risk.

All the risk resides with EBMC in terms of permitting, financing, mining, production etc.

EBMC remains independent of Emmerson and does not distract from our core strategy of discovering a new generation of Au-Cu deposits in Tennant Creek – on which we continue to make excellent progress with our funding partner Evolution.

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Is there any cash outlay or risk to Emmerson, and what will the range of royalty payments to Emmerson?

Rob Bills: Royalty payments to Emmerson in the range of 12% to 17% will be from gold dore produced from a previously defined resource (non JORC compliant) at the Edna Beryl mine which reportedly produced 2,700 tonnes of ore at an exceptional grade of 53g/t gold.

Emmerson will receive 100% of the royalty during the initial 3 year period while Evolution is earning its 65% interest in the Tennant Creek tenements. Evolution does not gain any equity until it spends \$15 million over 3 years.

When could EBMC begin mining and how long would it take for royalties to be received by Emmerson?

Rob Bills: Mining will commence as soon as EBMC receive all the necessary approvals which are expected in the next few months.

It is anticipated that mining will commence ahead of the Northern Territory wet season in December.

Are there any other “small mines” royalty agreements possible to monetise in the near term from other areas of Emmerson’s extensive 2500 square kilometre ground position?

Rob Bills: If this venture proves successful then there are certainly a number of other opportunities to monetise non-core assets within our extensive tenement holding.

The Tennant Creek mineral field hosts a number of small historic high grade gold mines which would be ideal for these types of arrangements.

The tribute agreement and the \$6.1M cash and liquids position, as well as the \$15M funded exploration program with Evolution sets Emmerson up for a busy 2015/16. Yet Emmerson has a market cap of circa \$10M. What is the market missing?

Rob Bills: Without a doubt this is a difficult market environment with reduced investor interest in mineral exploration at levels I haven't seen for a long time.

However, significant new discoveries still capture the markets attention and we are in the unique position of owning the majority of one of Australia's premier copper and gold provinces with a strong balance sheet and a quality partner.

I hope the market will recognise that these attributes significantly increase the odds of Emmerson becoming the next exploration success story.

With the targeting of large copper/gold deposits in partnership with Evolution, separate to the non-core asset monetisation, what are the key milestones ahead for Emmerson in the field this year?

Rob Bills: We have a very active exploration program currently underway – with an approved and aggressive 28,000 metres drilling to be undertaken this quarter.

In addition we have just completed drilling the deepest drill hole in the history of the Tennant Creek Mineral Field – announced in two separate ASX releases that indicate visually promising results.

Thus our milestones include receiving the assay results from this hole (drill hole GODD032) and the drill testing of a number of exciting projects that range from new regional greenfields to near mine/brownfields targets.

We are also working on a number of other new exploration initiatives that we believe will add significant value for Emmerson shareholders.

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Finally, what are the key reasons an investor should consider adding [Emmerson Resources](#) to their portfolio?

Rob Bills: One of the key differentiators for Emmerson shareholders is that are undertaking a very aggressive, fully funded exploration program in one of Australia's highest grade gold provinces.

We have employed some of the best exploration geologists and management that have been working together since inception of the company - so great credibility and stability.

In addition we have cash plus liquids of ~\$6 million which puts us in an enviable position relative to most other junior companies.

PROACTIVE INVESTORS: Thank-you Rob.

Please refer to Emmerson's ASX release of 11 August 2015 for further information on the tribute agreement, the Edna Beryl Exploration Target and the Competent Person.

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