



Okvau Gold Project, Cambodia

Emerald to Become +100,000ozpa Gold Producer

Capital Raising Presentation | October 2018



Presentation Disclaimer



Forward Looking Statement

This announcement contains certain forward-looking statements. These forward-looking statements are not historical facts but rather are based on the Company's current expectations, estimates and projections about the industry in which Emerald Resources operates, and beliefs and assumptions regarding the Company's future performance. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "potential" and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to known or unknown risks, uncertainties and other factors, some of which are beyond the control of the Company, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, which reflect the view of Emerald Resources only as of the date of this announcement. The forward-looking statements made in this release relate only to events as of the date on which the statements are made. Emerald Resources will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this announcement except as required by law or by any appropriate regulatory authority.

This announcement has been prepared in compliance with the current JORC Code 2012 Edition and the ASX listing Rules. All material assumptions on which the forecast financial information is based have been included in this announcement.

The Company believes that it has a reasonable basis for making the forward-looking statements in this announcement, including with respect to any production targets and financial estimates, based on the information contained in this announcement. All material assumptions underpinning the production target or the forecast financial information continue to apply and have not materially changed.

100% of the production target referred to in the 1 May 2017 announcement is based on Probable Ore Reserves.

Emerald has a highly experienced management team, undoubtedly one of the best credentialed gold development teams in Australia with a proven history of developing projects successfully, quickly and cost effectively. They are a team of highly competent mining engineers and geologists who have overseen the successful development of gold projects in developing countries such as the Bonikro Gold Project in Cote d'Ivoire for Equigold NL and more recently, Regis Resources Ltd.

The Company believes it has a reasonable basis to expect to be able to fund and develop the Okvau Gold Project for the reason set out above and in this announcement. However, there is no certainty that the Company can raise funding when required.

Competent Persons Statements

The information in this report that relates to Exploration and Grade Control Results is based on information compiled by Mr Keith King, who is an employee to the Company and who is a Member of The Australasian Institute of Mining & Metallurgy. Mr Keith King has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Keith King has reviewed the contents of this release and consents to the inclusion in this announcement of all technical statements based on his information in the form and context in which it appears.

The information in this report that relates to the Mineral Resources for the Okvau Gold Deposit was prepared by EGRM Consulting Pty Ltd, Mr Brett Gossage, who is a consultant to the Company, who is a Member of the Australasian Institute of Mining & Metallurgy (AIG), and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Gossage has reviewed the contents of this news release and consents to the inclusion in this announcement of all technical statements based on his information in the form and context in which it appears.

Information in this announcement that relates to Ore Reserves for the Okvau Gold Deposit is based on, and fairly represents, information and supporting documentation prepared by Mr Glenn Williamson, an independent specialist mining consultant. Mr Williamson is a Fellow of the Australasian Institute of Mining & Metallurgy. Mr Williamson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person (or "CP") as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Williamson has reviewed the contents of this news release and consents to the inclusion in this announcement of all technical statements based on his information in the form and context in which it appears.

Equity Raising to progress development of the Okvau Project

Equity Financing

- Two tranche placement to raise A\$27 million (**Placement**)¹:
 - Tranche 1 - unconditional placement to sophisticated and professional investors for approximately A\$14.8 million of New Shares;
 - Tranche 2 – conditional placement to Directors of Emerald to subscribe for approximately A\$12.2 million of New Shares, subject only to shareholder approval.
- Security Purchase Plan (**SPP**) to raise A\$3 million (the Placement and SPP together, the **Offer**).
- Funds raised under the Offer to be used to:
 - Progress the development of Emerald's 100% owned Okvau Gold Project in Cambodia (**Okvau Project**);
 - Regional exploration program on Emerald's 1,442km² Cambodian exploration footprint;
 - Repayment of unsecured loans; and
 - Ongoing working capital requirements.

Debt Funding

- Technical and legal due diligence well advanced;
- Assessing financing structures and providers that will provide optimal terms and flexibility.

Project Update

- Fully permitted for development;
- Targeting construction commencement late 2018.

¹ Emerald reserves the right to take oversubscriptions above the Placement amount of A\$27 million.

Placement and SPP overview

Offer Details	<ul style="list-style-type: none"> ▪ A capital raising of approximately A\$27 million (before costs) via a two tranche placement of approximately 900.0 million new ordinary shares (Placement or Offer); ▪ Tranche 1 placement of approximately 493.3 million shares (New Shares) under the Company's 25% Placement capacity, pursuant to ASX Listing Rules 7.1 and 7.1A; ▪ Tranche 2 conditional placement of approximately 406.7 million New Shares (\$12.2 million to Directors of Emerald), which is subject to shareholder approval to be sought at a general meeting (General Meeting), to be held on or around 14 December 2018.
Offer Price	<ul style="list-style-type: none"> ▪ The Offer price of \$0.03 per New Share (Offer Price), represents an approximate: <ul style="list-style-type: none"> ▪ 11.8% discount to the last traded price on 29 October 2018 (of \$0.034); ▪ 11.2% discount to the 5 day VWAP of \$0.034; ▪ 9.4% discount to the 10 day VWAP of \$0.033; and ▪ 11.2% discount to the 30 day VWAP of \$0.034.
SPP	<ul style="list-style-type: none"> ▪ SPP to provide eligible Australian and New Zealand shareholders the opportunity to subscribe for shares up to the value of A\$15,000 (subject to scale back in the event of over-subscription) at the same Offer Price of \$0.03; ▪ SPP Record Date of 29 October 2018; ▪ SPP is not underwritten and to raise total proceeds of A\$3 million; ▪ An SPP offer booklet will be mailed to eligible shareholders on or around 12 November 2018.
Ranking	<ul style="list-style-type: none"> ▪ New Shares will rank pari passu with existing fully paid ordinary Emerald shares.

Sources and Uses of Funds

Sources ⁽¹⁾	A\$m
Placement proceeds	27.0
SPP ⁽³⁾	3.0
Cash on hand 30 Sept 2018 ⁽⁴⁾	1.3
Total Sources	31.3

Uses ⁽¹⁾	A\$m
Construction and development of the Okvau Gold Project:	
Procurement capital (long lead items)	12.8
Access Road	3.7
Relocation and resettlement	1.0
Preliminary engineering	1.5
Pre-construction site works	0.8
Construction site works	1.5
Environmental bonds	3.0
Regional exploration and other projects	2.0
Working capital	0.5
Sub-total	26.8
Costs of the Offer	0.8
Project Financing Due Diligence Costs	0.5
Corporate:	
Corporate office	1.2
Repayment on unsecured loans	2.0
Total Uses	31.3

- 1) Total amounts may be subject to rounding.
- 2) Gross proceeds from A\$27 million Placement (excluding raising costs).
- 3) Assumes full take-up of A\$3 million SPP.
- 4) Unaudited internal accounts as at 30 September 2018.

Indicative Equity Raising Timetable



Two Tranche Placement	Time/Date ⁽¹⁾
ASX Trading Halt	Tuesday 30 th October 2018
Settlement of Tranche 1 Placement shares	Friday 9 th November 2018
Notice of Meeting material despatched to shareholders	Monday 12 th November 2018
General Meeting to approve Tranche 2 of the Placement and Director Participation	Friday 14 th December 2018
Settlement of Tranche 2 Placement shares	Tuesday 18 th December 2018

SPP Events	Time/Date ⁽¹⁾
Record Date	Monday 29 th October 2018
Opening date of SPP	Monday 19 th November 2018
Closing date of SPP	Friday 30 th November 2018
Allotment date of SPP shares	Friday 7 th December 2018

¹ The above timetable is indicative only and subject to change. Emerald reserves the right to amend any and all of these events, dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws, including securities laws. The commencement of quotation of New Shares is subject to confirmation from ASX.

Emerald a Short History

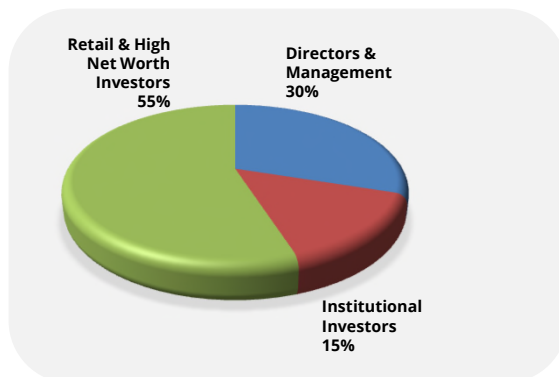


- **20th August 2014**
 - *Current board appointed to Emerald Oil and Gas:-*
 - *Change of business and Change of name to Emerald Resources.*
- **14th November 2016**
 - *Completed Merger with Renaissance Minerals.*
- **1st May 2017**
 - *Okvau Definitive Feasibility announced and;*
 - *Maiden Ore Reserve of 14.3Mt @ 2.0g/t Au for 907,000oz.*
- **13th July 2017**
 - *Emerald announced significant expansion of its ground holdings in Cambodia (400km²- 1400km²).*
- **13th November 2017**
 - *Okvau Project received Environmental Approval for development.*
- **10th July 2018**
 - *Emerald Announces Grant of Okvau Project Mining Lease:-*
 - *Project fully licenced for development.*
- **In progress**
 - *Financing;*
 - *Development;*

Reference is made to the Company's ASX release dated 1 May 2017 titled Okvau DFS Delivers Ore Reserve of 907,000oz. All material assumptions underpinning the production target or the forecast financial information continue to apply and have not materially changed

Capital Structure

ASX Code	EMR
Share Price	3.4 cents ¹
Shares on Issue (pre-Offer)	2,111M
Shares on Issue (post-Offer)	3,111M
Options on Issue	63M ²
Market Cap (undiluted)	A\$72M
Cash & Listed Investments	A\$1.6M³
Debt	\$2.0M³



¹ Share Price as at 29 October 2018.

² Options comprise management and employee options ranging between 0.025 cents and 0.057 cents.

³ As per 30 September 2018 Quarterly Cashflow Report.

Board & Management

Simon Lee AO, Non-Executive Chairman

- Previously Chairman: Equigold NL, Samantha Gold NL, and Great Victoria Gold NL
- Previously Board Member of the Australian Trade Commission and Patron of the Western Australian Chinese Chamber of Commerce

Morgan Hart, Managing Director

- Previously Executive Director (Operations) of Regis Resources Ltd
- Previously Executive Director of Equigold NL

Mick Evans, Executive Director

- Previously Chief Development Officer with Regis Resources Ltd (managed the construction of gold plants at the Moolart Well, Garden Well and Rosemont)
- Previously with Equigold NL (instrumental in the construction of the Bonikro gold plant in Cote D'Ivoire)

Ross Stanley, Non-Executive Director

- Extensive experience both in Australian and African mining enterprises
- Founder and majority shareholder of Stanley Mining Services
- Previously Non-Executive Director of Equigold NL

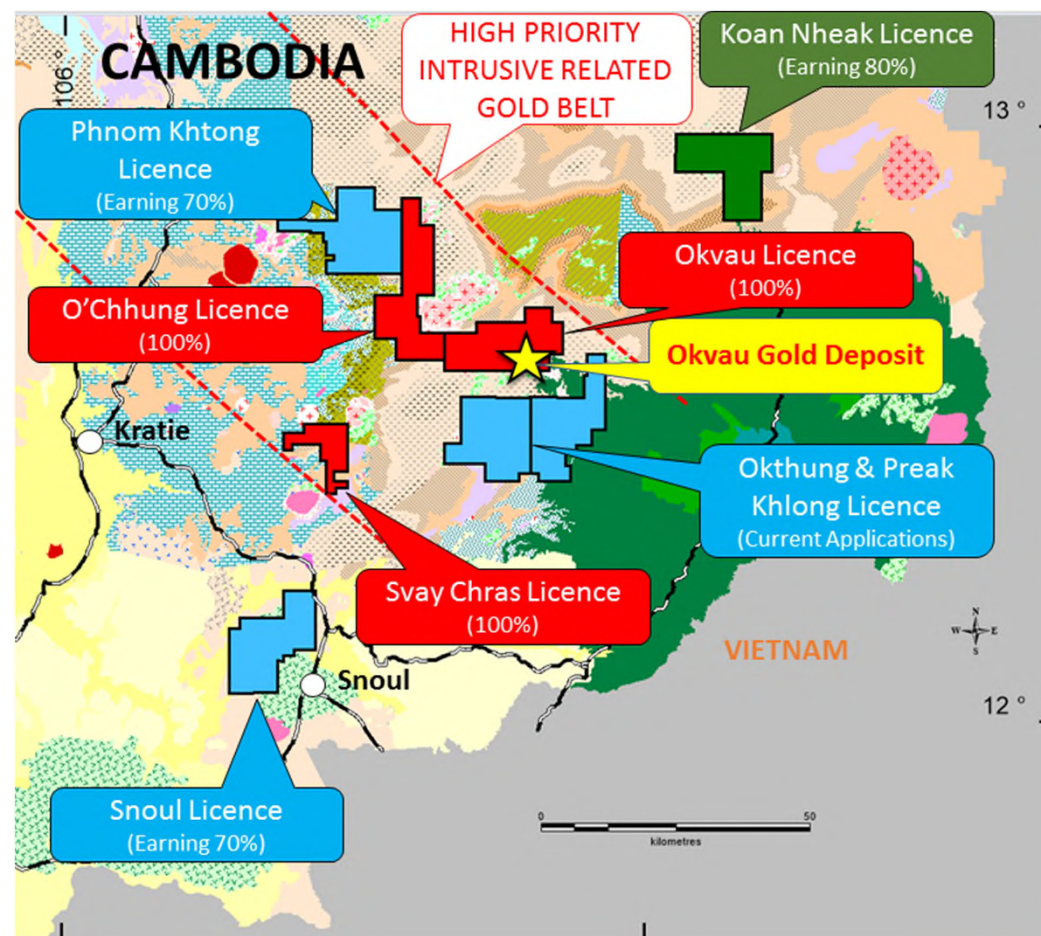
Ross Williams, Non-Executive Director

- Founding shareholder and Director of MACA Limited (mining & civil contractor)
- 16yrs banking experience having held executive positions with a major Australian Bank

Cambodia Overview & Project Location

First mover advantage in frontier terrain

- ✓ Attractive fiscal regime:
 - 100% ownership;
 - No Government equity participation;
 - 30% corporate tax rate for mining;
 - 3.0% Government Gold royalty (net)³;
 - Import duty exemptions.
- ✓ 1,442 km² of underexplored terrain prospective for large scale gold systems;
- ✓ Project sparsely populated | no competing agriculture land use;
- ✓ Access to grid power @ US 11.8 cents/kWh;
- ✓ Access to water from adjacent river;



¹ Joint Venture for Phnom Khtong and Snoul Projects ratified by Cambodia Ministry of Mines and Energy (MME) earning up to 70% (current 0%)

² Earn-In for Koan Nheak ratified by MME and EMR earning up to 80% (current 0%)

³ Current Government Gold royalty rate of 3.0% (net). Under the Company's current direct agreement, the governments Gold royalty rate is between 2.5% (gross) and 3.0% (net)

Okvau Project Summary | Robust and Compelling Economics

Economically robust project

- JORC Ore Reserve of 14.3Mt @ 2.0g/t Au for 907,000oz;
- 2.0Mtpa plant to produce 106,000oz pa;
- AISC of US\$731/oz over LOM;
- NPV_(5%) of US\$223M at US\$1,250/ounce being 2.3x Capital Costs of US\$98M;
- IRR of 48% at US\$1,250/ounce (pre tax);
- Payback of 2-2.5 years;

Development Timetable¹

- Targeting construction commencement late 2018;
- First gold production first quarter 2020;

Financing

- Financing well advanced, targeting conventional debt/equity mix funding.

Project DFS Economics (100% Ownership)

Development Capital Costs ¹	US\$91M
Mining Contractor Capital & Pre-Production Mining	US\$7M
	US\$98M
LOM C1 Cash Costs ²	US\$650/oz
LOM AISC ³	US\$731/oz
Operating Cash Flow (pre-tax)	US\$419M (A\$558M ⁴)
Project Cash Flow After Capital (pre-tax)	US\$298M (A\$397M ⁴)
NPV (5%) (pre-tax)	US\$223M (A\$298M ⁴)
NPV (5%) (post-tax)	US\$160M (A\$213M ⁴)
Payback (pre-tax)	26 months
Payback (post-tax)	30 months
IRR (pre-tax)	48% pa
IRR (post-tax)	40% pa

¹ Includes US\$4.4M of capital spares and first fills.

² C1 Cash Costs include site based mining, processing and admin operating costs plus transport and refining costs.

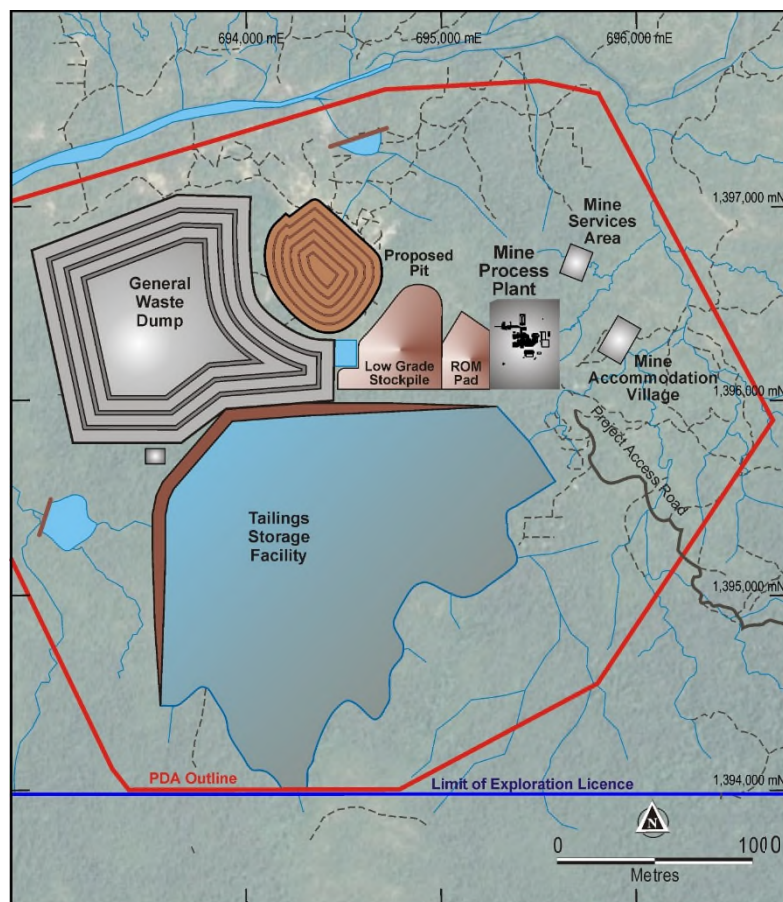
³ Includes C1 Cash Costs plus royalties, sustaining capital costs and rehabilitation & closure costs.

⁴ Exchange rate of US\$0.75.

¹ Timetable subject to completion of financing for the development of the Okvau Gold Project

Reference is made to the Company's ASX release dated 1 May 2017 titled Okvau DFS Delivers Ore Reserve of 907,000oz. All material assumptions underpinning the production target or the forecast financial information continue to apply and have not materially changed

Low All-in Sustaining Costs | High Margin



Gold Price US\$1,250/oz

- 26 month pay back(pre tax);
- Project NPV & IRR:
 - Pre-tax US\$223M (A\$298M) & 48%;
 - Post-tax US\$160M (A\$213M) & 40%.

Operating Cost Summary

	Life of Mine
On-Site Mining	US\$333/oz
On-Site Processing	US\$265/oz
On-Site G&A	US\$48/oz
Transport and Refining	US\$5/oz
C1 costs	US\$650/oz
Royalties ¹	US\$50/oz
Sustaining Capital & Closure Costs	US\$31/oz
AISC	US\$731/oz

¹ Includes Government royalty of 2.5% gross and OZ Minerals royalty of 1.5%

Capital Cost Summary

Treatment Plant	US\$45.2M
Infrastructure (Road, Power, TSF, Camp, Plant Mobile Equipment & Process Plant Infrastructure)	US\$26.6M
Earthworks and Construction Overheads	US\$4.7M
EPCM and Commissioning	US\$7.4M
Owners Costs, Spares, First Fills & Household Resettlement	US\$7.0M
Estimated Capital Costs	US\$90.9M
Mining Contractor Establishment & Mobilisation	US\$2.2M
Pre-Production Mining Costs	US\$4.9M
Total Capital Requirement	US\$98.0M

Metallurgy & Processing

Extensive test work completed

Conventional Flotation & Leaching

Coarse primary grind ($>106\mu\text{m}$) and sulphide flotation

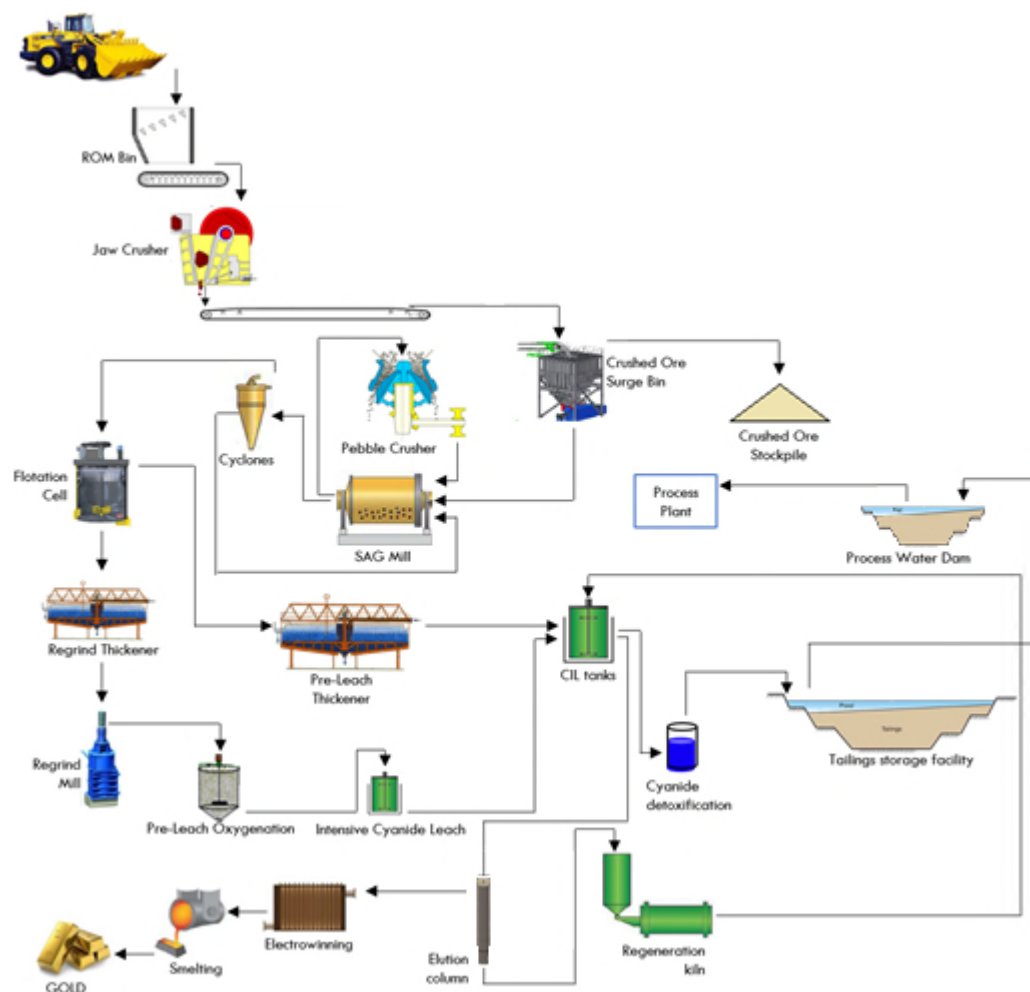
Low mass pull (8%), high grade concentrate

Fine regrind of concentrate only (no oxidation)

Leaching (flotation tails and concentrate) & Elution

Gold recoveries of 84%

- Single stage crushing with SAG mill;
- Flotation and regrind account for only ~12% of total power consumption;
- Moderate cyanide consumption (1.23kg/t of ore);
- Mean BWI of 17.5kWh/t.



Reference is made to the Company's ASX release, dated 1 May 2017 titled "Okvau DFS Delivers Ore Reserve of 907,000oz". All material statements and assumptions continue to apply and have not materially changed

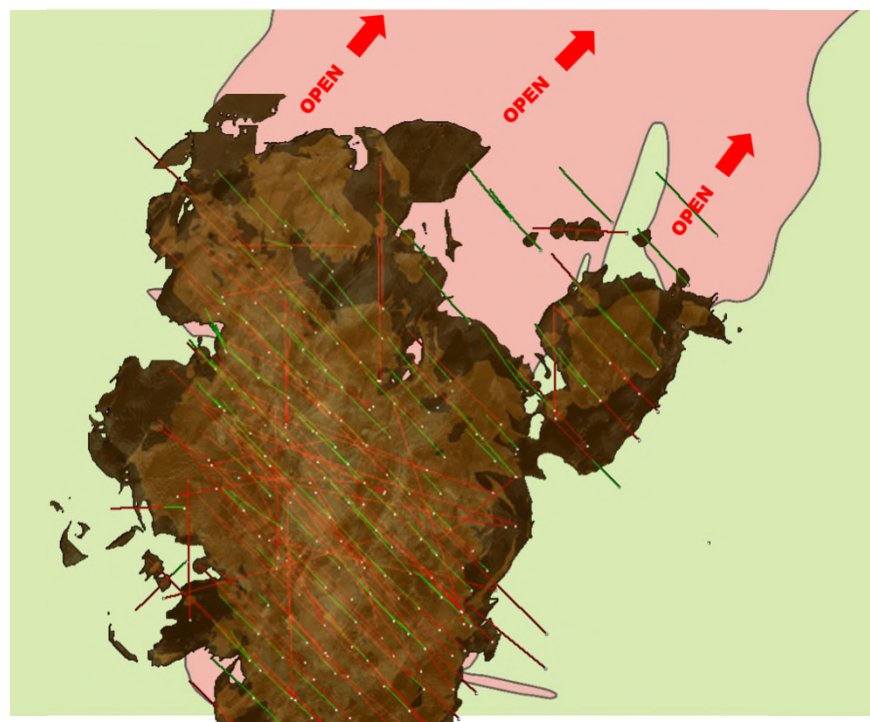
Okvau JORC Reserve

2.0g/t Au for 907,000 ounces gold

- 650 metres of strike by 600 metres width of the mineralised vein system
- Drill spacing of 25m x 25m in the top 120m
- Select intersections include:
 - 36m @ 4.57g/t Au from 95m (DD16MET005)²;
 - 18m @ 4.53g/t Au from 83m (DD16OKV299)²;
 - 17m @ 4.72g/t Au from 45m (RC16OKV336)²;
 - 31m @ 3.11g/t Au from 81m (RC16OKV275)²;
 - 16m @ 3.90g/t Au from 19m (RC16OKV258)²;
 - 58m @ 3.0g/t Au from 47m (DD11OKV073)³;
 - 33m @ 9.73g/t Au from 101m (DD06OKV004)³;
 - 31m @ 4.63g/t Au from 153m (DD08OKV013)³;
 - 23m @ 6.94g/t Au from 102m (DD11OKV063)³;
 - 22m @ 5.58g/t Au from 117m (DD11OKV064)³;
 - 20m @ 9.86g/t Au from 175m (DD11OKV084)³.
- 'OPEN' to the north, north-east and to the south at depth.

April 2017 JORC Resource (0.7g/t gold cut-off) ¹			
Resource Classification	Tonnage (Mt)	Grade Au (g/t)	Gold (Koz)
Indicated	15.11	2.08	1,008
Inferred	2.57	1.61	133
Total	17.68Mt	2.01g/t	1,141

April 2017 JORC Ore Reserve (0.625g/t gold cut-off) ¹			
Reserve Classification	Tonnage (Mt)	Grade Au (g/t)	Gold (Koz)
Probable Ore Reserve	14.26	1.98g/t	907,000



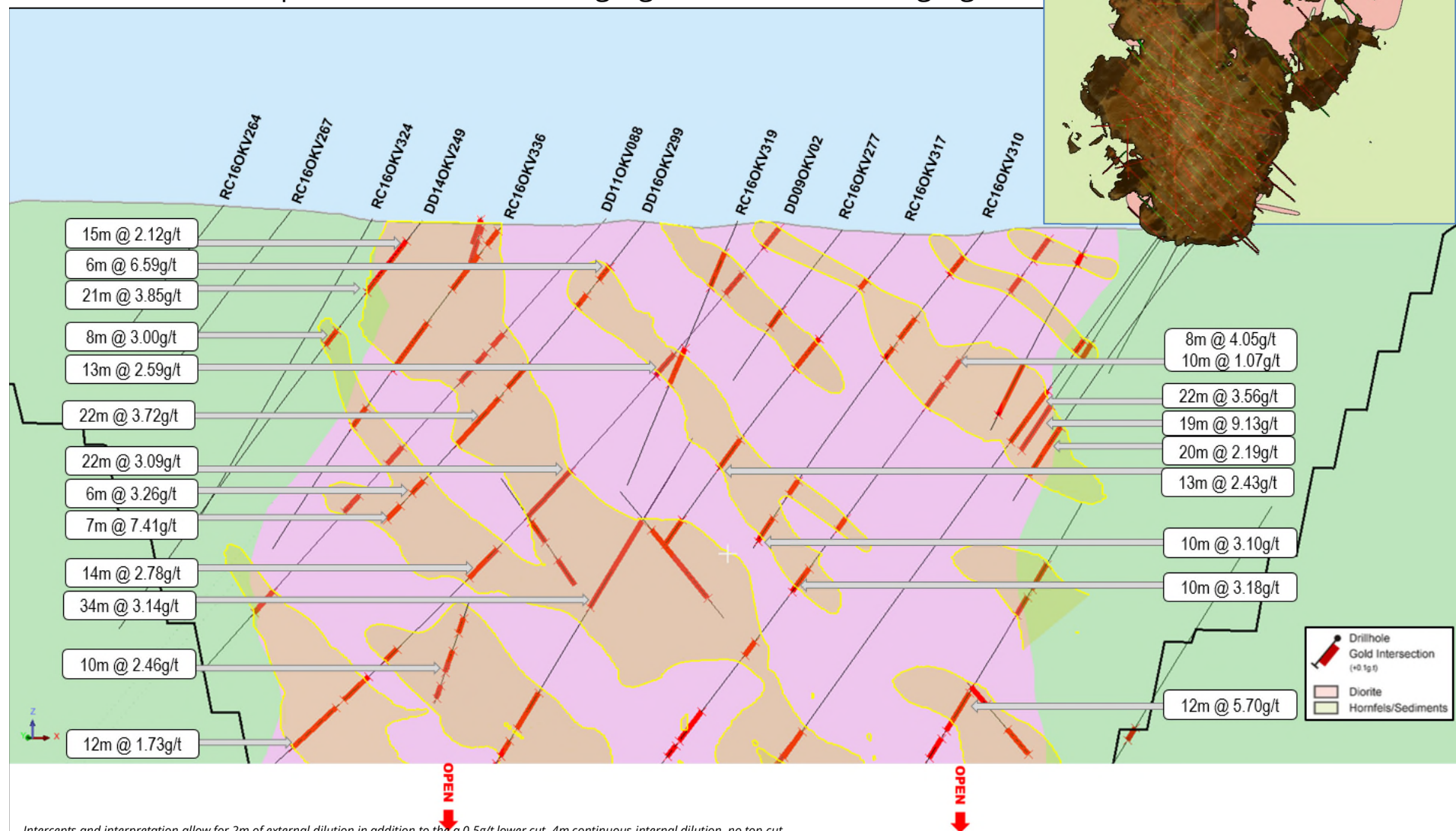
¹ Reference is made to the Company's ASX releases dated 1 May 2017 titled Okvau DFS Delivers Ore Reserve of 907,000oz.

² Reference is made to ASX releases dated 2 December 2016 and 18 October 2016.

³ Historical drilling result herein applied 0.5g/t Au lower cut, 4m continuous internal dilution, no top cut applied.

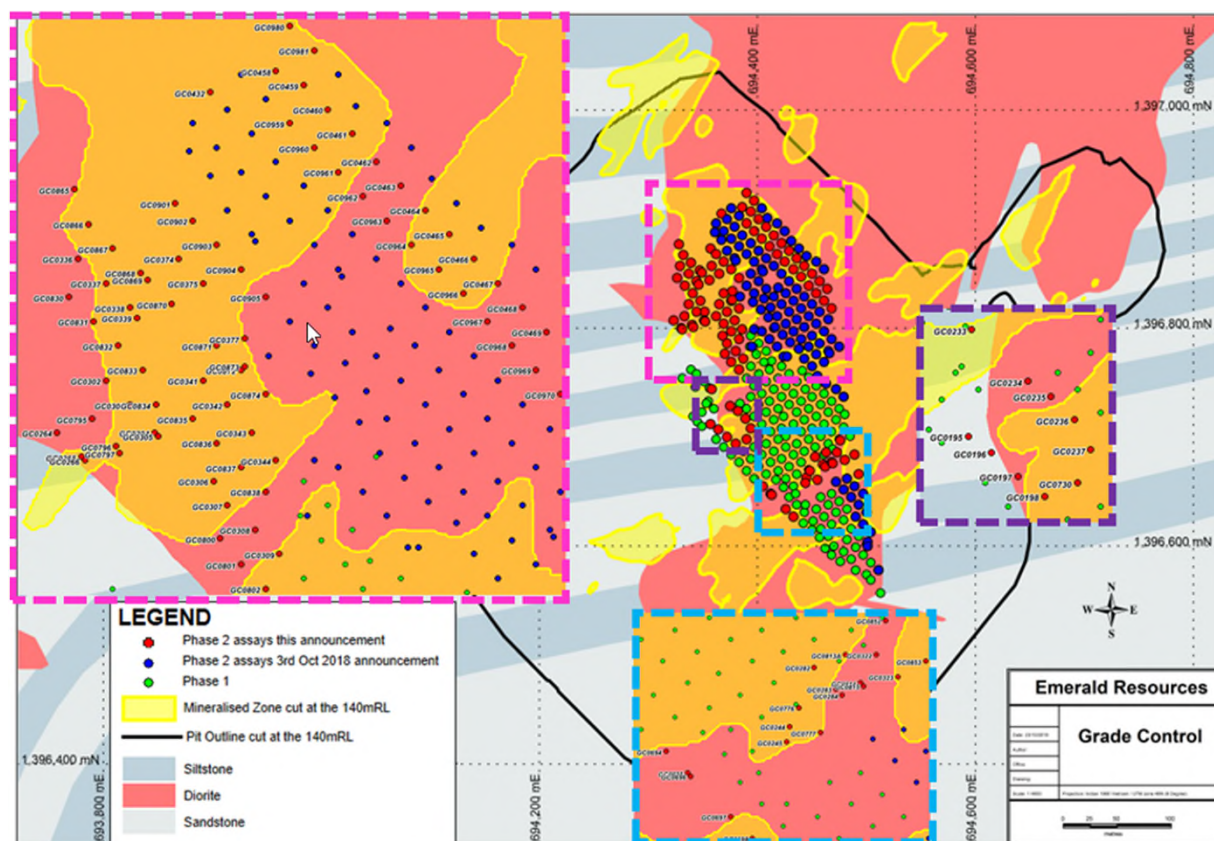
Okvau Cross Section

- Stacked, sheeted sulphidic shear zones dipping to the south-east
- Possible grade and volume upside along diorite/sediment contacts
- Contact intercepts include: 19m @ 9.13g/t gold and 22m @ 3.56g/t gold



Okvau Grade Control Simulation

- Infill Grade Control simulation drilling program completed consisting of 368 holes for 10,100m;
- Holes drilled (infill to resource drilling) on a 10m x 10m infill pattern to an average vertical depth of 25m;
- Results received to date confirm continuity, grade and tonnage estimate of resource model;
- Assays received for the program with best results of:-
 - 10m @ 13.92g/t gold from 13m (GC0930);
 - 20m @ 6.84g/t gold from 5m to eoh (GC0872);
 - 11m @ 11.70g/t gold from 19m to EOH (GC0732);
 - 4m @ 22.93g/t gold from 18m (GC0688);
 - 3m @ 26.36g/t gold from 19m (GC0239);
 - 2m @ 39.35g/t gold from 13m (GC0877);
 - 16m @ 4.30g/t gold from 8m to eoh (GC0871);
 - 5m @ 13.65g/t gold from 20m (GC0344).
 - 18m @ 3.68g/t gold from 12m (GC0240).
 - 6m @ 10.35g/t gold from 12m (GC0199);
 - 8m @ 7.59g/t gold from 16m (GC0200);
 - 3m @ 20.14g/t gold from 18m (GC0307);
 - 12m @ 4.78g/t gold from 6m (GC0305);
 - 6m @ 9.32g/t gold from 23m to eoh (GC0698);
 - 5m @ 10.48g/t gold from 14m (GC0277).

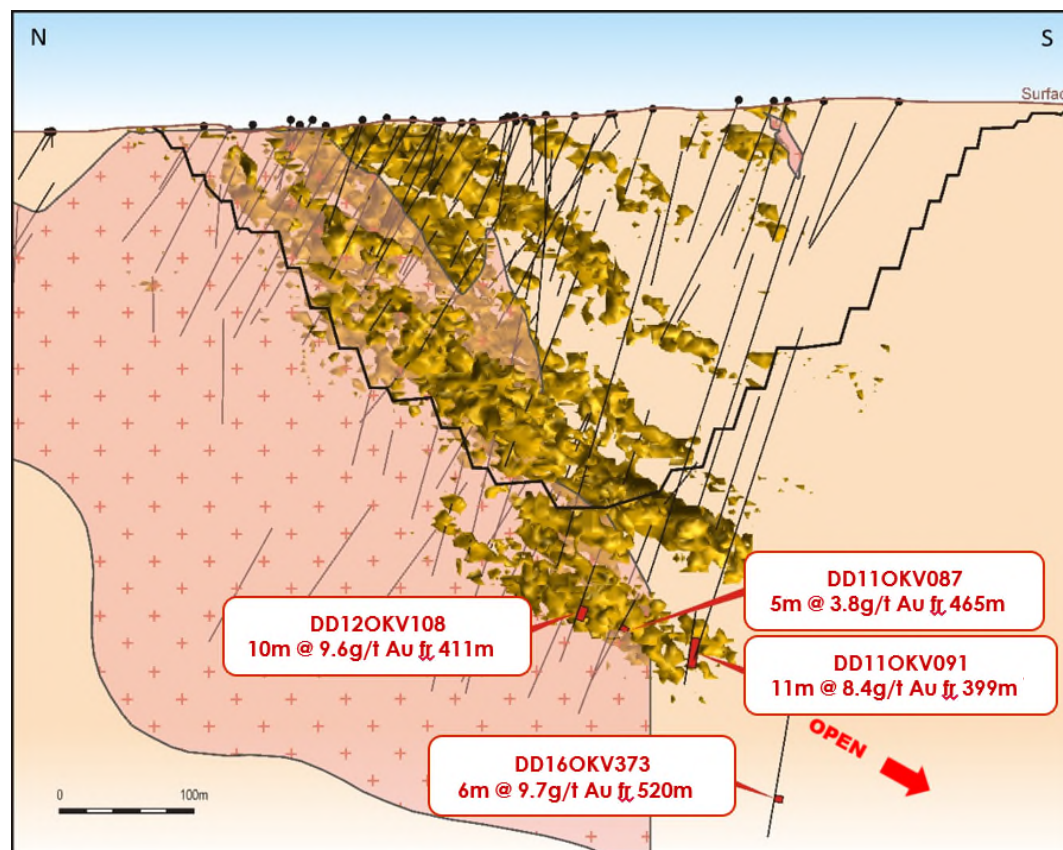
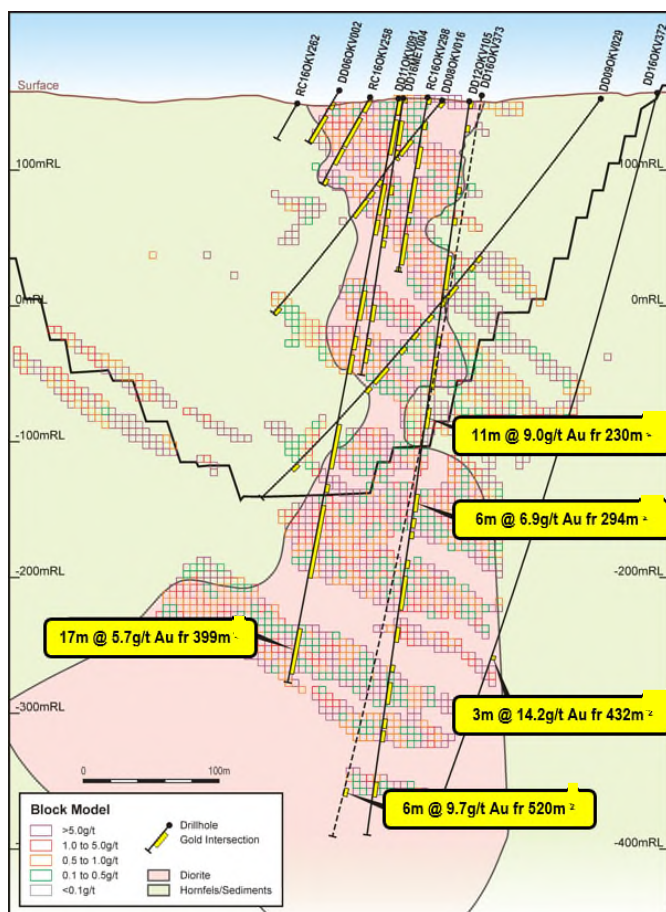
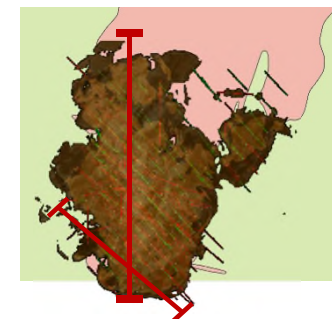


Refer to the Company's ASX Announcements dated 27 December 2017, 10 January 2018, 3 October 2018 and 24 October 2018

Okvau Resource Growth

Depth extensions

- Some of the highest grade intersections sit beneath open pit floor including:
 - 17m @ 4.5g/t from 320m (DD11OKV091);
 - 10m @ 9.6g/t from 411m (DD12OKV108);
 - 11m @ 8.4g/t from 399m (DD11OKV091);
 - 6m @ 9.7g/t from 520m (DD16OKV373).

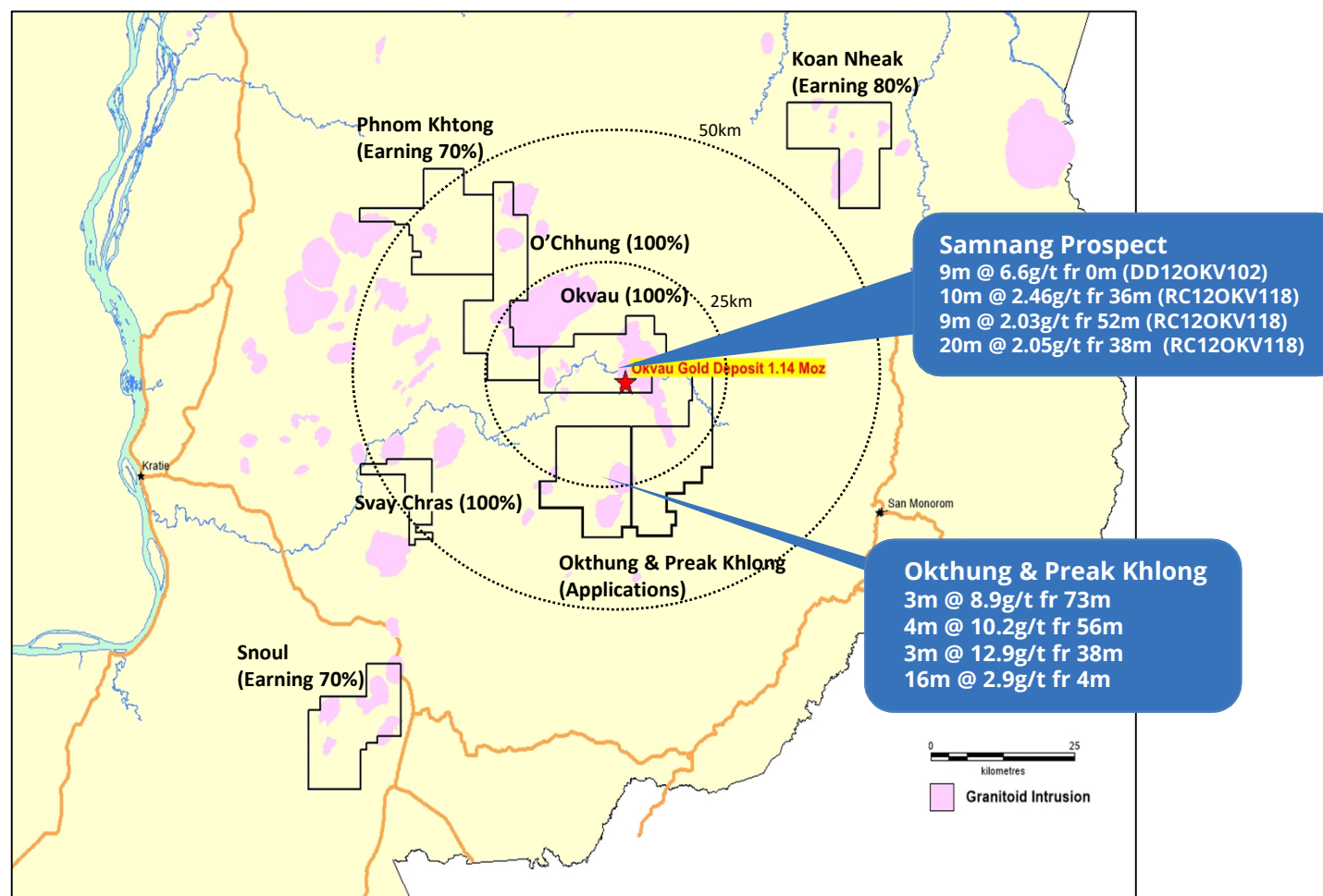


Refer to the Company's ASX releases dated 1 May 2017 and Renaissance Minerals Limited ASX release dated 19 September 2012

Regional Potential | New Joint Ventures



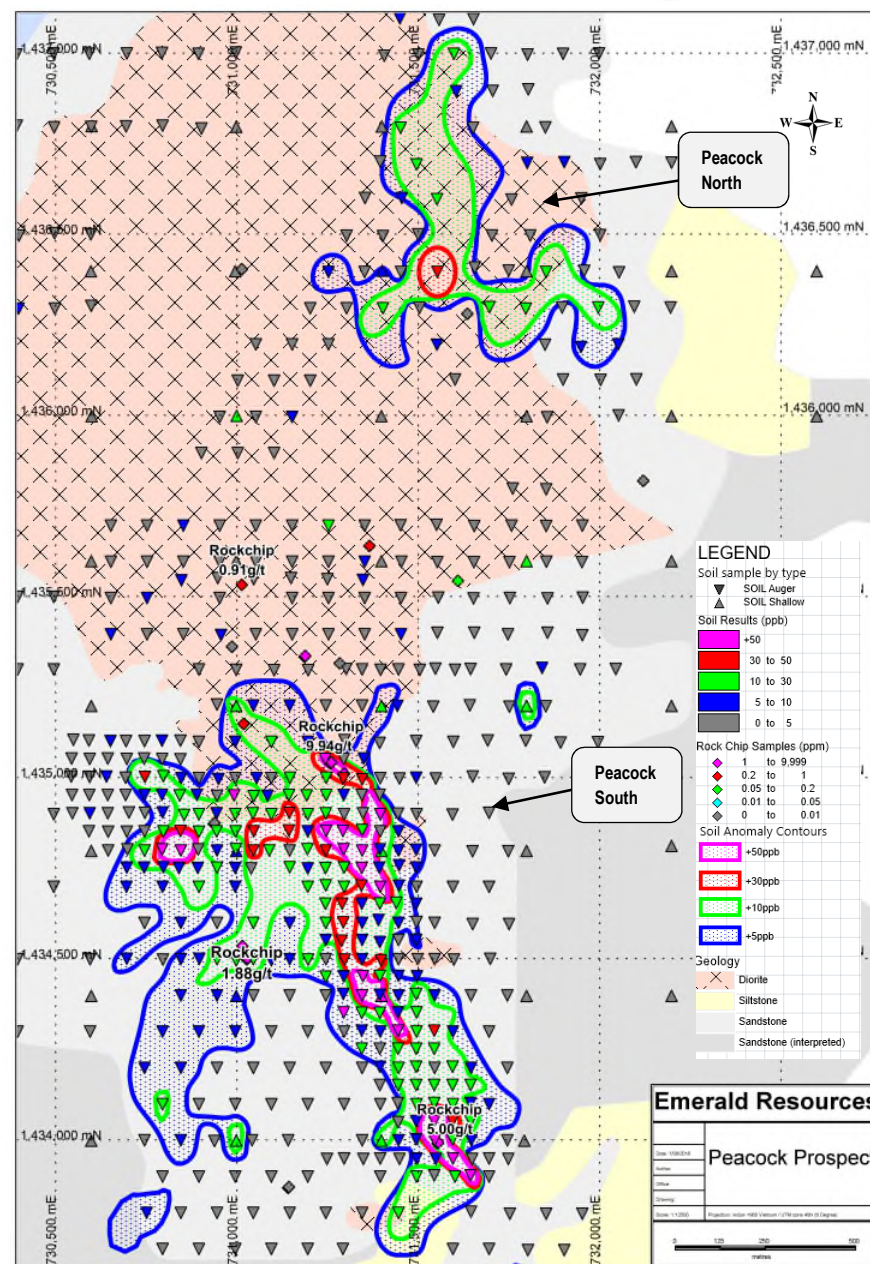
- Dominant land position of 1,442km² covering a north-west trending zone of granitoid intrusions;
- Multiple Gold occurrences with direct associations with intrusions with pathfinder multi-elements (bismuth, arsenic, tellurium);
- Small percentage of total licenced area tested by modern exploration.



Refer to the Company's ASX Announcement dated 13 July 2017 and Renaissance Minerals Limited dated 1 May 2017, 4 February 2013 and 17 August 2012

Angkor JV Koan Nheak Project

- Two gold in soil anomalies discoveries;
- Northern anomaly 0.7km x 0.3km (at >10ppb Au);
- Southern anomaly 1.4km x 0.4km (at >10ppb Au);
- Peak value EMR rock chip 9.94 g/t Au;
- Geological setting similar to Okvau on the southern extremity of a Diorite intrusion;
- Emerald earning 80%;
- Anomaly scheduled for reconnaissance drill testing in the upcoming months.

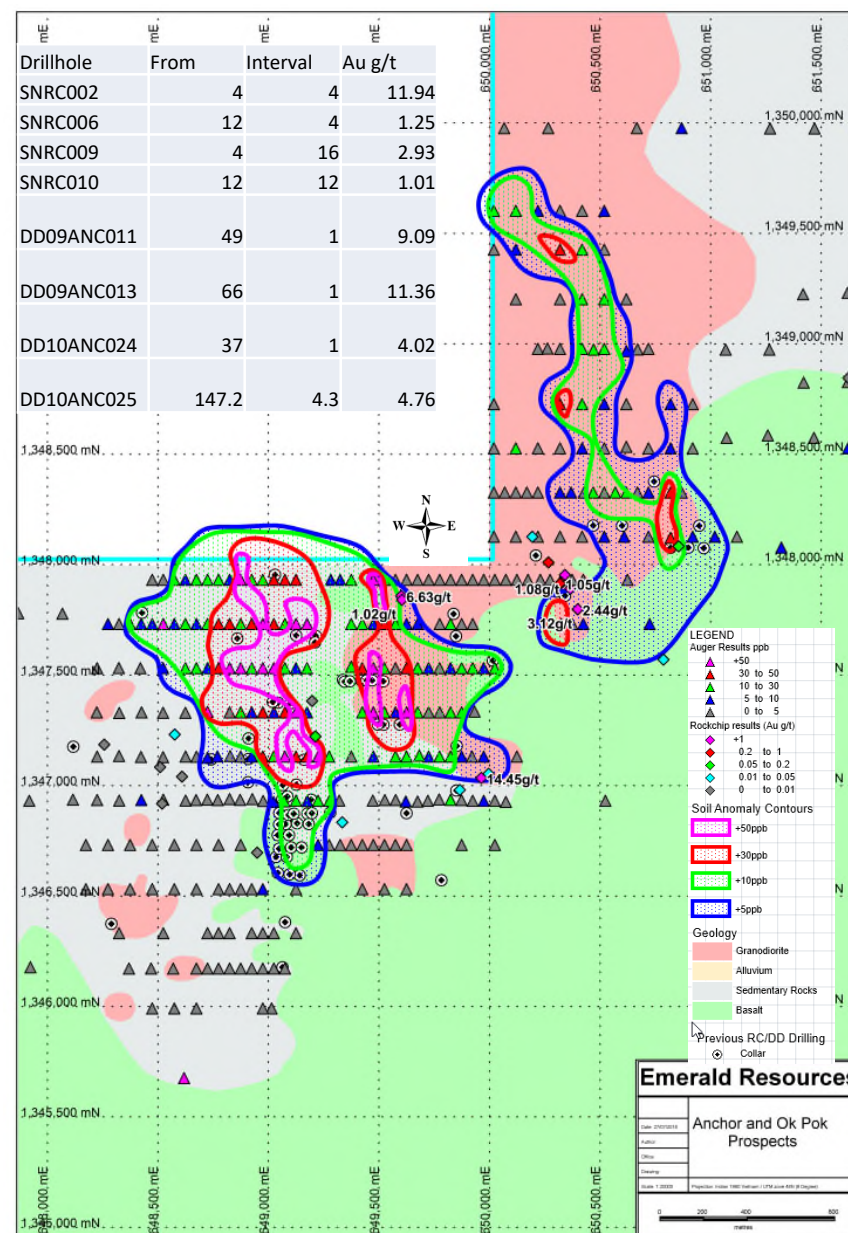


Refer to the Company's ASX releases dated 27 December 2017 and 3 August 2018

Mekong Minerals Snoul Prospect

- EMR Auger soil results redefines existing MM shallow soil results;
- 3km, x 1.5km gold in soil anomaly (at >10ppb Au);
- Peak value EMR auger sampling 22.6ppm Au;
- Peak value EMR rock chip 14.45 g/t Au;
- Geological setting similar to Okvau on the southern extremity of a Diorite intrusion;
- Emerald earning 70%;
- Anomaly scheduled for reconnaissance drill testing in the upcoming months.

Refer to the Company's ASX release dated 3 August 2018



- 1. Equity raising of \$27 million plus \$3 million Security Purchase Plan for a total raise of \$30 million to fund development of Okvau.**
- 2. Experienced, well credentialed Board and senior management, well equipped to develop Okvau and other gold projects.**
- 3. Okvau Project Mining Lease granted and project fully permitted for development.**
- 4. Emerald developing a single pit, 2.0g/t, 907,000 ounce gold reserve at US\$731/ounce (AISC).**
- 5. Resource open with strong potential to expand and convert additional reserves.**
- 6. Okvau project has an IRR of 48%(pre tax).**
- 7. Cambodia, new frontier for mineral exploration, supportive government and attractive fiscal regime.**
- 8. Emerald holds a significant land holding in Cambodia with high prospectivity.**
- 9. Emerald well positioned to seek further opportunities and build a “Mining and Development House”, utilizing the skilled in-house development team.**

Reference is made to the Company's ASX release dated 1 May 2017 titled Okvau DFS Delivers Ore Reserve of 907,000oz. All material assumptions underpinning the production target or the forecast financial information continue to apply and have not materially changed

Appendix – Key Risks

1. Company Specific Risks

Tenure risk

The ability of the Company to carry out successful exploration and mining activities will depend on the ability to maintain or obtain tenure to mining titles. On 10 July 2018 the Company announced the grant of an Industrial Mining Licence (**Mining Licence**). The Mining Licence has an initial 15-year period with the right of two renewals of up to 10-years for each renewal in accordance with Cambodian laws. The maintenance or issue of any such titles must be in accordance with the laws of the Cambodia and in particular, the relevant mining legislation. Conditions imposed by such legislation must also be complied with. No guarantee can be given that tenures will be maintained or granted, or if they are maintained or granted, that the Company will be in a position to comply with all conditions that are imposed. The Company is in the process of negotiating a mineral investment agreement (**MIA**) with the Royal Government of Cambodia to provide all stakeholders with long term certainty regarding the operation at the Company's Okvau Gold Project and fiscal regime. The Company expects that the negotiation process will be completed in early 2019. However, the Company confirms that the MIA is not required for the development and operation at the Okvau Gold Project.

Environmental risks

The operations and proposed activities of the Company in respect of the Okvau Gold Project are subject to applicable Cambodian laws and regulations concerning the environment. As with most projects, the activities of the Company are expected to have some impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with applicable environmental laws. The Company has agreed the terms and conditions of environmental approval (the **Environmental Contract**) with the Cambodian Ministry of Environment (**MOE**) providing environmental approval for 100% of the Okvau Gold Project. The terms of the Environmental Contract are in accordance with the Company's Environmental and Social Impact Assessment (**ESIA**) and include commitments by the Company to make various annual contributions to environmental and social funds established for the benefit of local communities and ongoing environmental management. In addition, the Company is required to provide surety to the MOE for rehabilitation of the Okvau Gold Project upon closure. This surety will be provided progressively over 5 years and was provided for in the Company's ESIA.

Ore Reserve and Mineral Resource Estimates

Ore Reserve and Mineral Resource estimates are expressions of judgement based on knowledge, experience and industry practice. The reported estimates, which were valid when originally estimated, may alter significantly when new information or techniques become available. As the Company obtains new information through additional drilling and analysis, Ore Reserves and Mineral Resource estimates are likely to change. This may result in changes to the Company's proposed exploration, development and production programs which in turn, may positively or negatively affect the Company's operations and financial position. In addition, by their very nature, Ore Reserve and Mineral Resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate.

Production Estimates and Metallurgical Recovery

The Company's actual production may vary materially from targets and projections of future production for a variety of reasons, including, adverse operating conditions (such as unexpected geological conditions, fire, weather, accidents), compliance with governmental requirements, labour and safety issues, delays in installing or repairing plant and equipment, inability to complete, or lack of success of, capital development and exploration drilling. Problems may also arise due to interruptions to essential services (such as power, water, fuel, equipment or transport capacity) or technical support which results in a failure to achieve expected target dates for production. The failure of the Company to achieve its production estimates could have a material and adverse effect on any or all of its future cash flows, results of operations and financial condition.

Sovereign risk

The Company's key projects are located in Cambodia. Changes in Cambodian laws and regulations may have a significant effect on the Company's exploration operations, especially changes to environmental, mining, grant or renewal of concessions, royalties and taxation. Cambodia has a modern and transparent mining code and the government is supportive of foreign investment particularly in mining and exploration to help realise the value of its potential mineral value. However, potential risk to the Company's activities may occur if there are changes to the political, legal and fiscal systems which might affect the ownership and operation of the Company's interests in Cambodia. This may also include changes in exchange control regulation, expropriation of mining rights, changes in government and in legislative and regulatory regimes.

Appendix – Key Risks



1. Company Specific Risks - continued

Funding risk

The Company's ability to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities and to meet any unanticipated liabilities or expenses which the Company may incur may depend in part on its ability to raise additional funds. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of operations or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

Debt funding risk

The Company has entered into financial commitments pursuant to which [financiers] have agreed to provide debt financing for the development of the Company's Okvau Gold Project, subject to the satisfaction of certain conditions precedent usual for debt financing of this nature. If the Company is unable to satisfy these conditions precedent, the funding may not be made available to it. Further, in the event that the Company breaches a covenant of the debt financing, the outstanding balance may become immediately due and payable.

Gold price volatility

Changes in the market price of gold, which in the past have fluctuated widely, will affect the profitability of the Company's operations and its financial condition. The Company's revenues, profitability and viability depend on the market price of gold produced from the Company's mines. The market price of gold is set in the world market and is affected by numerous industry factors beyond the Company's control. A decline in the market price of gold below the Company's production costs for any sustained period would have a material adverse impact on the profit, cash flow and results of operations of the Company's projects and anticipated future operations. Such a decline also could have a material adverse impact on the ability of the Company to finance the exploration and development of its existing and future mineral projects, including the Okvau Gold Project.

Exchange rate risks

International prices of various commodities are denominated in United States dollars and therefore much of the Company's revenue will be reported in United States dollars, whereas the expenditure and indebtedness of the Company will be taken into account in United States dollars or Cambodian Riels, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar, the Australian dollar and the Cambodian Riel as determined in international markets.

Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

Uncertainty of development of projects and exploration

Development activities and exploration are highly speculative, involve many risks and may be unsuccessful. Emerald's ability to sustain or increase its proposed forecast levels of production is dependent on the success of development of projects. As a result of the uncertainties involved in these activities, the development of projects may not occur on time, on budget, or at all, which would adversely affect Emerald's results of operation and its financial condition.

Production estimates

Actual future production may vary materially from targets and projections of future production for a variety of reasons. There is greater risk that actual production will vary from estimates of production made for properties under exploration or not yet in production or from operations that are to be expanded.

Appendix – Key Risks

1. Company Specific Risks - continued

Operating risks

In common with other enterprises in the minerals and mining industry, Emerald's mineral exploration, development and related mining activities, including the delivery of supplies and consumables and the transportation of products are subject to conditions beyond Emerald's control that can reduce production and sales and/or increase costs. These conditions include, but are not limited to: changes in legislative requirements; market conditions; government policies; exchange rates; abnormal or severe weather or climatic conditions; natural disasters; unexpected maintenance or technical problems; key equipment failures; industrial disruption; and variations in geological conditions. An inability to secure ongoing supply of such goods and services at prices assumed within production targets could potentially impact the results of Emerald's operations, and in a worst case scenario, results in the shutdown of an operation.

Occupational health and safety

Emerald manages certain risks associated with the occupational health and safety of its employees. Emerald takes out insurance to cover these risks within certain parameters, however, it is possible for injuries and/or incidents to occur which may result in expenses in excess of the amount insured or provided for with a resultant impact on Heron's earnings.

Capital and operating costs

Emerald's capital and operating costs estimates are based on the best available information at the time. Any significant unforeseen increases in the capital and operating costs associated with the development and construction of the Okvau Gold Project would impact Emerald's future cash flow and profitability. Any increase in costs or production delays could have a marked adverse effect on the business, results or operations, financial condition and prospects and result in the shutdown of an operation.

Potential acquisitions

As part of its business strategy, Emerald may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

Appendix – Key Risks



2. General Risk

Economic conditions

Adverse changes in economic conditions, such as interest rates, exchange rates, inflation, government policy, international economic conditions and employment rates amongst others are outside Emerald's control and have the potential to have an adverse impact on Emerald and its operations.

Insurance Risks

The Company intends to insure its operations in accordance with usual industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Litigation risk

Litigation risks relating to the Company include contractual claims, employee claims, regulatory disputes, joint venture claims and disputes and the costs associated with such claims and disputes. There is a risk that material or costly disputes could arise which may have a material adverse effect on the financial performance and position of the Company.

Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Regulatory risks

The Company's exploration and development activities are subject to extensive laws and regulations. The Company requires permits from regulatory authorities to authorise the Company's operations. Obtaining necessary permits can be a time-consuming process and there is a risk that Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the tenements.

Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally. To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares.

Appendix – International Offer Restrictions



International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

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Appendix – International Offer Restrictions



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