

mine**life**

WEEKLY RESOURCE REPORT by Gavin Wendt



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Emmerson Resources (ERM) – Hold around \$0.23

Explorer with an excellent technical pedigree that’s pursuing aggressive exploration work on its Tennant Creek project acreage. Excitement is building on the back of ongoing bonanza gold and copper hits.

Corporate Details

Status: Grassroots Explorer
 Size: Small Cap
 Commodity Exposure: Gold
 Share Price: \$0.23
 12-month Range: \$0.082 - \$0.305
 Shares: 261m, Options: 26m
 Top 20: 67%
 Net Cash: \$13m
 Market Value: \$60m



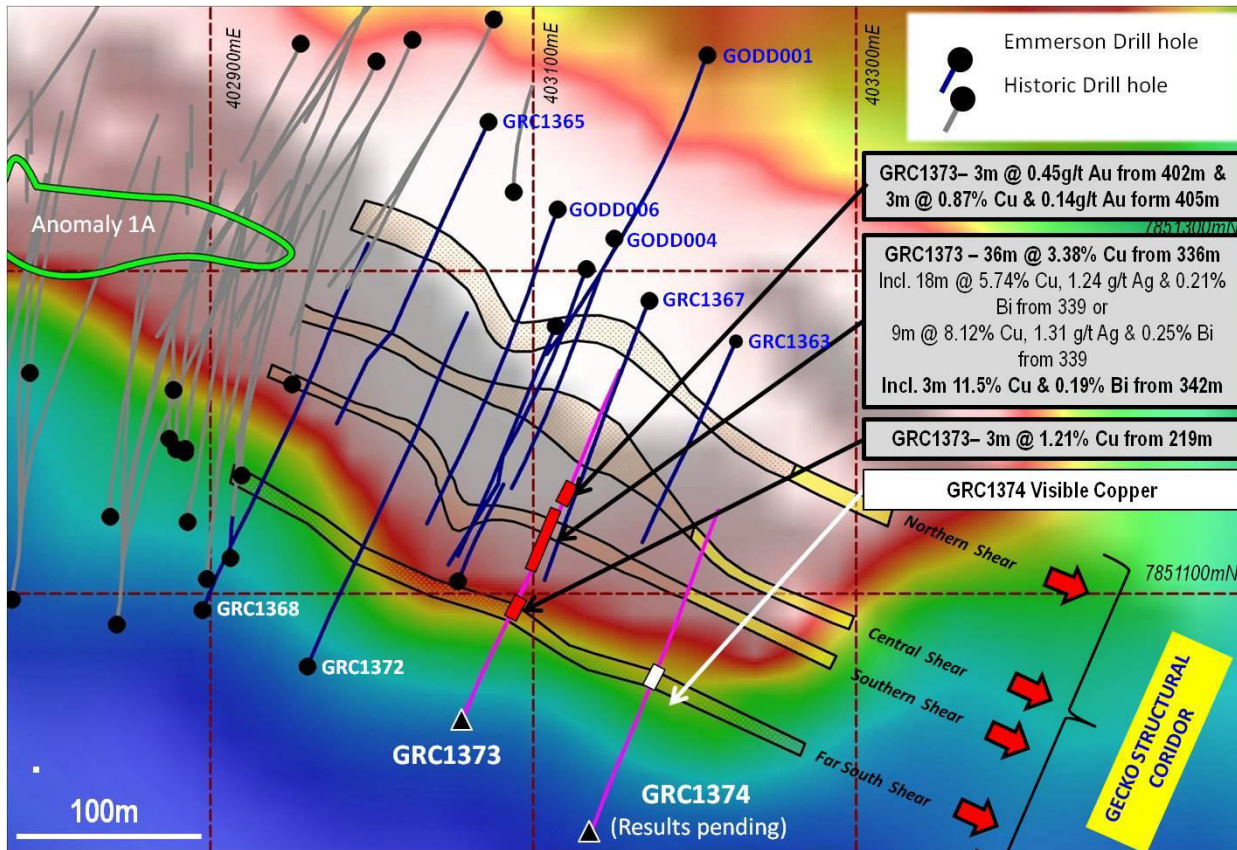
| | Rating (✓out of 5) |
|----------------------------------|--------------------|
| Management Quality | ✓✓✓✓✓ |
| Financial Security | ✓✓✓✓✓ |
| Project Quality | ✓✓✓✓✓ |
| Exploration / Resource Potential | ✓✓✓✓✓ |
| Project Risk | ✓✓✓✓✓ |

We introduced Emmerson Resources into our Portfolio @ \$0.13 during December 2010 based on our long-standing belief in the high-grade gold-copper potential of the company’s vast Tennant Creek acreage in the Northern Territory. Our patience and belief has been well rewarded, as Rob Bills’ exploration team has delivered on exactly what it’s wanted to achieve. Emmerson has begun to ‘crack the code’ with respect to geological interpretation of its Tennant Creek acreage.

We remain as confident as ever of Emmerson’s high-grade gold-copper potential, particularly in terms of the company’s production ambitions. Given the company’s ownership of the old Warrego treatment plant, it seems likely that Emmerson can smoothly and cheaply transition to gold production status over the next 12 – 18 months. In the meantime the company continues to release further strong gold-copper results from its ongoing exploration drilling program at its Gecko Project at Tennant Creek.

One of the biggest attractions from our perspective has been technological. Emmerson appears to have a technique that clearly identifies new gold-copper targets that have a strong chance of being mineralised. In the Tennant Creek context this means the identification of mineralisation-bearing host ironstones. The company’s HeliTEM surveys have also highlighted extensions to the prospective mine corridors, extending the mineralized trends well outside those defined by magnetic surveying alone. The upside is enormous.

The company recently announced that it has intersected further high-grade copper at its 100%-owned Goanna project at Tennant Creek. This RC drill hole was designed to test the down-dip continuation of gold-copper mineralisation intersected previously in GRC1367. Unfortunately the hole was terminated due to limitations of the drill rig and therefore did not test the main Central Shear zone.



Unfortunately the hole was terminated due to limitations of the drill rig and therefore did not test the main Central Shear zone. The hole did however extend the shallow portion of the Far South Shear zone by 170m to the east with assays of 3m @ 1.21% copper. The drill hole then entered the Southern Shear Zone and multiple zones of chlorite-hematite-quartz alteration that contained sulphides over some 72m. **Assays from this zone generated spectacular results of 36 metres @ 3.38% Cu and 0.13% Bi from 336 metres down-hole.**

The hole has provided encouragement that the emerging Goanna and Monitor discoveries (in addition to the updated resource calculation at Gecko) will form the basis for a high-grade resource that will underwrite recommencement of production from the Warrego mill. The mineralisation at both Goanna and Monitor remains open in all directions and will be the subject of an aggressive drilling campaign commencing during February. In addition to continued copper discoveries, the first phase of this campaign will focus on testing for further bonanza gold beneath the copper mineralisation.

Emmerson has already demonstrated high-grade gold beneath copper at both Monitor and Goanna, and given that bismuth is a pathfinder element to the gold and that this latest copper intersection contained continuous elevated bismuth grades, the company is optimistic of further gold discoveries in the vicinity.

The gold and copper mineralisation that occurs at both Monitor and Goanna is hosted within chalcopyrite-quartz- pyrite vein arrays, bounded by the sub-vertical Gecko shear zone. This new style of mineralisation is associated with sulphides, which providing they are in sufficient volumes can be detected by a combination of HeliTEM and IP geophysics. The key here is that this is not your classic Tennant Creek ‘ironstone’ style of mineralisation – as a result it has been largely overlooked by previous explorers.

In summary, Emmerson has effectively confirmed similar styles of mineralisation at both Monitor and Goanna, which lie ~2.5km apart. The very high bismuth grades are hugely significant as historically in the Tennant Creek area they have closely correlated with strong nearby gold mineralisation nearby. The high-grade intersections from both Monitor and Goanna demonstrate with reasonable confidence that the 8km long Gecko Structural corridor is likely to host multiple, high-grade gold-copper deposits.

The likelihood of additional discoveries along strike must be considered extremely high, as the Gecko corridor stretches for 8km and remains largely unexplored for this style of mineralisation.

Emmerson recently achieved what I consider to be a very significant milestone, with the announcement of an Indicated and Inferred JORC-compliant resource estimate of 50,800 tonnes of copper and 70,000 ounces of gold within its Gecko and Orlando copper-gold deposits. I believe it’s an important start as the company looks to establish a mineable resource position that can justify a stand-alone development.

The independent JORC-compliant resource statement has estimated Indicated and Inferred Mineral Resources for both Gecko and Orlando of 2,460,000 tonnes of ore grading 2.1% copper (or 5 g/t gold equivalent) resulting in 50,800 tonnes of copper metal or 390,000 ounces of gold equivalent.

| Classification | Tonnes ('000) | Gold grade (g/t) | Copper grade (%) | Gold equivalent grade (g/t) | Gold ounces ('000) | Copper metal (t) | Gold equivalent ounces('000) |
|--|---------------|------------------|------------------|-----------------------------|--------------------|------------------|------------------------------|
| Gecko - Anomaly 3, L25 and K44 Lower (reported above a 1% copper cut-off) | | | | | | | |
| Indicated | 1,400 | - | 2.5 | 5.2 | - | 35,600 | 230 |
| Inferred | 80 | - | 1.6 | 3.2 | - | 1,300 | 10 |
| Sub-total Gecko | 1,480 | - | 2.5 | 5.1 | - | 36,900 | 240 |
| Orlando - Lenses 2 and 7 (reported above a 1.0 g/t gold equivalent cut-off) | | | | | | | |
| Indicated | 680 | 2.1 | 1.3 | 4.7 | 50 | 8,800 | 100 |
| Inferred | 300 | 1.6 | 1.7 | 5.1 | 20 | 5,100 | 50 |
| Sub-total Orlando | 980 | 2 | 1.4 | 4.8 | 70 | 13,900 | 150 |
| TOTAL | 2,460 | 2* | 2.1 | 5.0 | 70* | 50,800 | 390 |

* Grade of gold ore at and quantity of gold metal reported for Orlando only

The significance of these initial JORC resource estimates is that they provide a sound platform from which to contemplate development. Bearing in mind the existing development and infrastructure at Gecko and

Orlando, in addition to the company's 100% ownership of the Warrego treatment plant, Emmerson is well placed to begin analyzing production scenarios. There will be further significant resource additions as drilling continues.

The Tennant Creek Mineral Field has produced more than 5.5 million ounces of gold and 470,000 tonnes of copper during its history. Along with the Warrego mill, Emmerson has consolidated 95% of the mineral field, where just 8% of the historical drilling has penetrated below 150 metres depth.

We've previously discussed the essential tools that have assisted Emmerson with respect to its target selection at Tennant Creek - namely the use of highly sophisticated pre-drilling exploration technology. This has involved the first-ever application in Australia of the world's most powerful, helicopter-borne (HeliTEM) geophysical survey system. **This has been fully-funded via the company's \$28 million exploration farm-in and joint venture with ASX-listed Ivanhoe Australia, where ~\$12 million remains to be spent.**

The second leg of the company's revised exploration strategy comprises 'brownfields' work, targeting extensions to existing gold mineralisation, as well as smaller Tier-2 targets (too small to be of interest to Ivanhoe). Many of these targets already have economic intercepts, so the technical risk is already reduced, with drilling focused on down-plunge/strike extensions.

The company appears to have a technique that clearly identifies new targets that appear to have a good chance of being mineralised. Effectively, this means the identification of mineralisation-bearing host ironstones. The HeliTEM survey itself has highlighted extensions to the prospective mine corridors at both Gecko and Orlando, potentially extending the mineralising trends well outside those defined by the magnetic surveys. The upside is enormous.

Emmerson has so far only assessed one of the five HeliTEM blocks that collectively comprise just a small portion of the company's 3,300 sq km tenement package. Not surprisingly the company will now be aggressively investigating the other four blocks in anticipation of drilling some of the more obvious 'greenfields' targets during the current field season. Once this investigation work has been completed, Ivanhoe will decide which of the greenfields targets it will fund during the next drilling round.

Emmerson boasts a partner, Ivanhoe Australia, with very deep pockets that loves to chase big exploration targets. Despite its recent share price gains Emmerson still remains a quite modestly-valued, highly prospective exploration play. Importantly, there is likely to be a steady flow of more bonanza-grade gold-copper results, which makes Emmerson one of the most attractive exploration plays available to investors.

Accordingly, we currently maintain a Hold recommendation on Emmerson Resources.

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