Emmerson Resources raising up to $4.5 million to accelerate NSW gold exploration

Emmerson Resources Ltd (ASX: ERM) has secured commitments to raise up to $3.5 million in an oversubscribed placement to institutional and sophisticated investors with a Share Purchase Plan (SPP) also planned to raise up to a further $1 million.

Proceeds from the capital raising will be used to accelerate exploration of the company’s gold and copper-gold prospects in NSW as well as to support its emerging gold royalty business.

New US-based investor

Consistent with the company's objective of diversifying its shareholder base, Canada’s new resource-focused merchant bank Palisades Goldcorp Ltd has subscribed for $2 million of the placement to become a new strategic investor providing visibility to the important North American market.

Under the placement, Emmerson will issue about 35 million fully paid ordinary shares at an issue price of 10 cents each.

"Strong position" to advance projects

Managing director Rob Bills said: “This new funding places Emmerson in a strong position to advance our NSW projects to the next phase while momentum builds in our emerging gold royalty business at Tennant Creek.

“We welcome Palisades Goldcorp and other new investors to the register and thank existing shareholders for their continued support.

“The strongly supported placement reflects investor appetite for Emmerson's strategy and high-quality gold and copper-gold portfolio.”

For each share issued to participants under the placement, investors will also be issued one attaching unlisted option with an exercise price of 16 cents each, exercisable on or before July 8.

Share Purchase Plan

Additionally, a share purchase plan (SPP) will be undertaken through which existing holders of Emmerson fully paid ordinary shares will have the opportunity to acquire new shares and options under the same terms as the placement to raise up to a further $1 million.

The placement and SPP price are at a 4.8% discount to the last closing price of Emmerson shares of 10.5 cents per share on June 29.

Attracting gold-focused shareholders

Bills continued: “The introduction of major new shareholder Palisades Goldcorp Ltd will further our strategy of attracting...
quality gold-focused shareholders and assist with marketing of our emerging gold royalty business to North America where the inherent value of royalty companies is better recognised.”

Around 35 million new shares and 20 million options will be issued in line with the company's existing placement capacity under ASX Listing Rule 7.1.

Up to 10 million new shares and 10 million options will be issued under the SPP and options issued under the SPP will require shareholder approval at an EGM to be held in August 2020.
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