



ABN 72 009 795 046

# Interim Report

31 December 2021

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## Non-Executive Chairman

Simon Lee AO

## Managing Director

Morgan Hart

## Executive Director

Michael Evans

## Non-Executive Directors

Ross Stanley

Billie Jean Slott

Mark Clements

## Company Secretary

Mark Clements

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PERTH WA 6000

## Bankers

National Australia Bank

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Macquarie Bank Limited

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PERTH WA 6000

## Solicitors

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Norton Rose Fulbright

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## Securities Exchange Listing

Australian Securities Exchange

(Home Exchange: Perth, Western Australia)

Code: EMR

## Website Address

[www.emeraldresources.com.au](http://www.emeraldresources.com.au)

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Emerald Resources NL for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia  
16 March 2022



**L Di Giallonardo**  
Partner

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

Your directors present their report on the consolidated entity (or 'Group') consisting of Emerald Resources NL ('Emerald' or the 'Company') and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

## Directors

The following persons were directors of Emerald during the half-year and up to the date of this interim report unless otherwise stated:

Simon Lee AO	Non-Executive Chairman
Morgan Hart	Managing Director
Michael Evans	Executive Director
Mark Clements	Non-Executive Director
Billie Jean Slott	Non-Executive Director (appointed 5 October 2021)
Ross Stanley	Non-Executive Director

## Review of Operations

### Operating Result

During the half-year the Company recorded a profit after tax of \$11.876m (31 December 2020: loss of \$(8.083m)). This included a fair value loss on the embedded derivative of \$(7.040m) (31 December 2020: gain of \$3.724m) finance costs of \$8.263m (31 December 2020: \$0.074m) and a net foreign exchange gain of \$2.046m (31 December 2020: loss of \$(7.662m)). The Group's net asset position improved from \$105m at 30 June 2021 to \$141m as at 31 December 2021.

### Okvau production statistics summary

A summary of production statistics for Okvau since full commercial production was achieved in September 2021 is contained in the following table.

**Table 1 | Okvau Production Statistics**

		4 months to 31 December 2021
<i>OP mining</i>		
Total movement	BCM '000	1,963
Strip ratio	w:o	3.86
Ore mined	kt	1,465
Mined grade	g/t	1.54
Contained gold	oz	72,719
<i>Processing</i>		
Ore milled	kt	750
Head grade	g/t	2.07
Recovery	%	73.4
Gold produced	oz	36,626
Gold poured	oz	33,326
Gold sold	oz	29,000

## Cambodian Gold Projects

### Overview

Emerald is a developer and explorer of gold projects. In particular, Emerald has been focused on the development and commissioning of its most advanced project, the Okvau Gold Mine in Cambodia which saw first production in June 2021 and a steady state of production in September 2021. Since production commenced in June 2021, Emerald has now poured over 60,000 ounces of gold from its operations.

Emerald also hold a number of other projects in Cambodia which are made up of a combination of granted mining licences (100% owned by Emerald), and interests in joint venture agreements. Together, Emerald's interest in its Cambodian Projects covers a combined area of 1,239km<sup>2</sup>.

### Okvau Gold Mine

The Okvau Gold Mine is the most advanced of Emerald's projects. The Okvau Gold Mine is located approximately 275km north-east of Cambodia's capital city of Phnom Penh in the province of Mondulhiri (refer Figures 1 and 2). The town of Kratie is located on the Mekong River approximately 90km to the west and the capital of Mondulhiri, Saen Monourom is located approximately 60km to the south-east.

Review of Operations (continued)

The consolidated entity successfully completed the development of Emerald's 100% owned Okvau Gold Mine in the June 2021 financial year. This culminated in its maiden gold pour after successfully commissioning the processing plant and gold room as announced on 26 June 2021. During the current period, commissioning activities continued on the sulphide float regrind circuit which was successfully completed in July 2021. This marked the practical completion of the Okvau Gold Mine commissioning process and commencement of normal run of mine operations.

Following the successful commissioning of the processing plant and commencement of production, Emerald has now poured over 2,000kgs of gold bullion from its operations with a total of approximately US\$111 million of gold doré to the date of this report.

Figure 1 | Cambodian Gold Project | Location

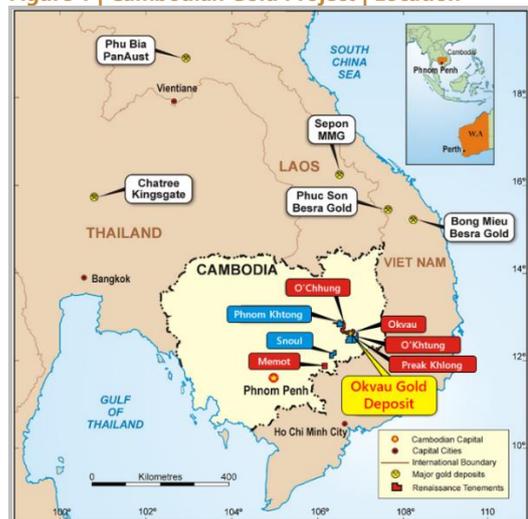
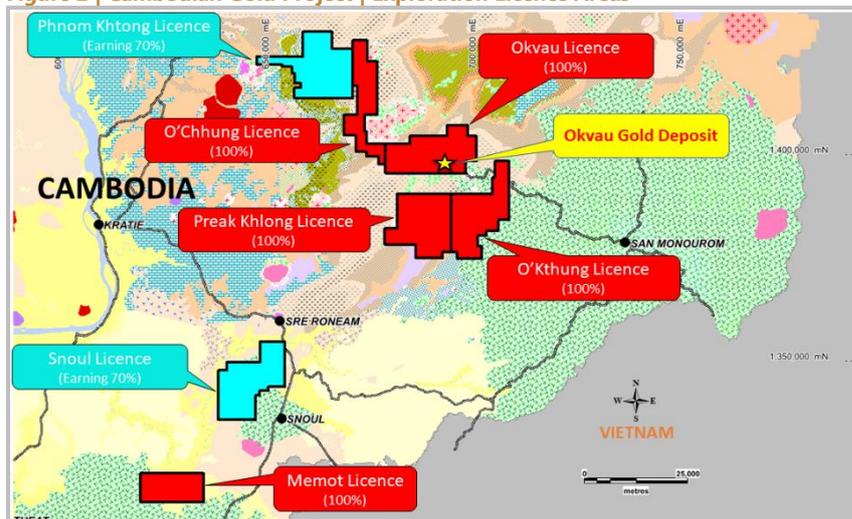


Figure 2 | Cambodian Gold Project | Exploration Licence Areas



Okvau Gold Mine

Operating Overview

Following commissioning activities and achieving a steady state of production in September 2021, the Okvau Gold Mine achieved guidance producing 26,395 ounces for the December 2021 quarter. All-In Sustaining Costs ('AISC') for this period was also within guidance at \$740 per ounce. With the positive reconciliation and additional throughput as highlighted below, the operation is expected to achieve an annualised AISC per ounce of US\$720 to US\$780/oz for the remainder of the financial year.

Okvau Gold Mining Activity

Mining operations during the period continued advancing the Stage 1 Pit design, targeting fresh sulphide ore. Lesser mining of waste from Stage 2 and Stage 3 allowed for the required ancillary infrastructure to be constructed during the dry season at Okvau. Mining continues to remain marginally ahead of schedule and in line with milling requirements.

Actual fresh sulphide ore mined to date of **1,687kt @ 1.66g/t for 90,158oz** (lower cut 0.5g/t), reconciles positively against reserve **(+21%)** against 1,169kt @ 1.97g/t for 74,569oz (lower cut 0.625g/t).

The positive reconciliation has continued to allow the Company the flexibility of preferentially milling the highest-grade ore zones whilst still building a substantial **+1g/t** stockpile **(+556kt)**. Total surveyed movement for the quarter was 2,904,208 BCM of ore and waste against a scheduled 2,700,000 BCM with 2,419,450 BCMs blasted.

Review of Operations (continued)

Figure 3 | Okvau Gold Mine Open Pit



Processing

Since achieving practical completion and reaching a steady state of production in September 2021, the process plant has run consistently above nameplate of 2.0Mtpa and is now achieving a throughput rate +10% above DFS target. A summary of throughput and mill availability since reaching a steady state of production is as follows:

Table 2 | Okvau Processing Statistics

	Sep 2021	Oct 2021	Nov 2021	Dec 2021
Ore milled annualised (DFS: 2.0Mtpa)	2,199,000t	2,242,000t	2,204,000t	2,327,000t
Milling rate (DFS: 250tph)	266tph	266tph	264tph	273tph
Availability (DFS: 91.3%o)	94.2%	96.2%	95.3%	97.3%

Sulphide ore gold recoveries were compromised during the second half of the period, in particular milling during October and November achieved lower than budgeted gold recoveries attributed to elevated organic carbon in circuit emanating from the early reclamation of processing water from the tailings dam and grind size compromises related to transportation delays on critical spares and wear parts for the processing plants fine grind HIG mill. In both cases, organic carbon and critical spares supply issues were resolved late in November with strong December production (continuing subsequent to period end).

The strong December production and recoveries enabling the Company to meet production and cash cost forecasts for the December 2021 quarter. The organic carbon issue has been resolved in the process plant with modifications to the carbon regeneration and operating parameters, changes to the specification of HIG mill liners and advanced supply of inventory which has resolved the compromised fine grind circuit performance in December 2021.

Gold Production

Gold production since commissioning on oxide ore in June 2021 (inclusive of gold in circuit) is 49,406 ounces to the end of the period. This includes production for the December 2021 quarter of 26,395 ounces, which compares well and confirms the suitability of all plant for +100,000 ounce per annum gold production. Gold poured during the period totalled 41,173 ounces.

During the period, shipments totalling 35,923 ounces of gold have been received by the refinery with outturns received. Nineteen of the twenty shipments have been sold during the period at an average price of US\$1,786 per ounce. A further 6,117 ounces of gold doré has been poured ahead of refinery outturn.

**Review of Operations (continued)**

**Operating Physicals**

A summary of operating physicals since reaching a steady state of production is as follows:

**Table 3 | Okvau Operating Physicals**

	Sep 2021	Oct 2021	Nov 2021	Dec 2021
Ore mined ('000 BCM)	137	113	115	124
Waste mined ('000 BCM)	267	412	390	405
Stripping ratio (waste:ore)	1.96	3.65	3.41	3.28
Ore mined ('000 t)	376	322	399	434
Ore milled ('000 t)	181	190	181	197
Head grade (g/t)	2.16	1.97	1.64	2.48
Recovery (%)	81.7%	66.4%	60.1%	80.4%
Gold production (oz)	10,231	8,009	5,736	12,650

**Operational Outlook**

Gold production guidance at the Okvau Gold Mine remains in line with the DFS of 100,000oz to 110,000oz on an annualised basis. Production guidance for the remainder of FY2022 remains in line with DFS forecasts at 25-30,000/oz per quarter and cash costs of US\$720 – US\$780/oz.

**Okvau Gold Mine Mineral Resources and Reserves Estimates**

**Table 4 | Okvau Mineral Resource Estimate – March 2021**

Okvau March 2021 Mineral Resource Estimate										
Cut-off (Au g/t)	Indicated Resources			Inferred Resources			Total Resources			
	Tonnage (Mt)	Grade (g/t Au)	Contained Au (Koz)	Tonnage (Mt)	Grade (g/t Au)	Contained Au (Koz)	Tonnage (Mt)	Grade (g/t Au)	Contained Au (Koz)	
0.70	15.11	2.08	1,008	2.57	1.61	133	<b>17.68</b>	<b>2.01</b>	<b>1,141</b>	

The DFS delivered a maiden Ore Reserve (Probable) estimate of 14.26Mt @ 1.98g/t Au for 907,000 ounces gold (refer Table 5).

**Table 5 | Okvau Ore Reserve Estimate - March 2021**

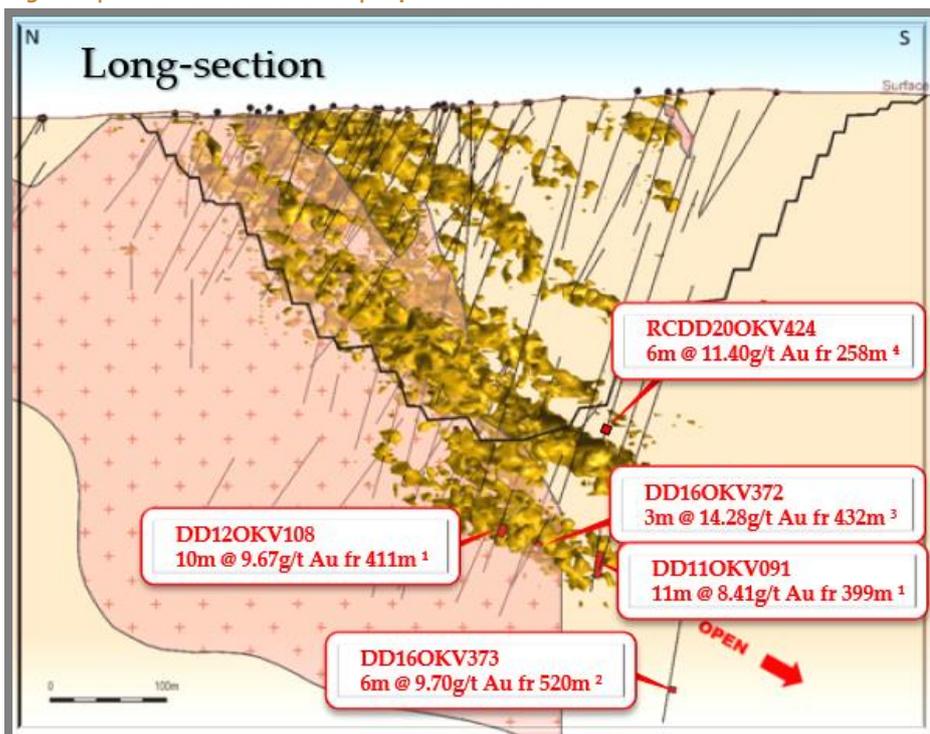
Okvau March 2021 Ore Reserve Estimate			
	Tonnage (Mt)	Grade (g/t Au)	Contained Au (Koz)
Probable Ore Reserve	14.26Mt	1.98g/t Au	907koz

**Okvau Gold Project | Resource Growth**

The DFS for the Okvau Gold Project only considered an open pit mining operation. The Okvau Deposit remains 'open' at depth with high grade shoots providing longer term underground potential. High grade resources have been defined immediately below the floor of the final pit design (refer Figure 4).

Review of Operations (continued)

Figure 4 | Okvau Resource Growth | Depth Extensions



Some of the highest grade intersections sit beneath the open pit floor. Deep diamond core holes have been drilled to test for strike and down dip continuity of high grade gold zones intersected with previous deeper drilling. Results included (refer Figure 4):

- 11m @ 8.4g/t gold from 399m (DD11OKV091)
- 10m @ 9.6g/t gold from 411m (DD12OKV108)
- 3m @ 14.2g/t gold from 432m (DD16OKV372)
- 6m @ 9.7g/t gold from 520m (DD16OKV373)
- 6m @ 11.4g/t gold from 258m (RCDD20OKV424)

(refer to the Company's ASX Announcement dated 1 May 2017 and Renaissance Minerals Limited ASX Announcement dated 19 September 2012)

Further drilling around the Okvau Deposit and exploration targets within close proximity to the Okvau Deposit offer an opportunity to expand the existing resource inventory and add to the current production target, both in terms of annual production and mine life.

The Okvau Deposit remains open to the north and north-east where anomalous gold-in-soils and geophysics indicate the potential for additional mineralisation.

Emerald has undertaken a drilling program to test the extensions with an aim to grow the resource delineated by the DFS. Drilling results received from the near mine drill holes have indicated the potential discovery of an eastern feeder zone to the flat lying intrusive related gold mineralisation of the Okvau gold reserve. Both drill holes RC19OKV390 (15m @ 11.92g/t from 143m) and RC19OKV397 (8m @ 19.98g/t from 172m) returned high grade intersections.

The geometry of the intersection (hosted in sheared hornfels) has highlighted a potential structural corridor that has been partially drilled within excess of 40 intersections now interpreted as falling within a sub vertical (east dipping) linear brecciated fault zone.

Results included:

- 15m @ 11.92g/t gold from 143m (RC19OKV390) (outside current pit);
- 8m @ 19.98g/t gold from 172m (RC19OKV397) (outside current pit);
- 9m @ 13.23g/t gold from 47m (DD11OKV073) (inside current pit);
- 16.9m @ 10.87g/t gold from 78m (DD16MET003) (inside current pit); and
- 13m @ 7.16g/t gold from 271m (DD110KV078) (outside current pit).

(refer to the Company's ASX Announcements dated 4 April and 2 July 2019)

**Review of Operations (continued)**

**Environment and Social Values**

During the period the Company continued to focus on a net positive impact on near-mine environmental and social values. Emerald is aiming to set the benchmark for an environmentally & socially responsible, sustainable and transparent mining industry in Cambodia. Development of a climate strategy, including carbon neutrality targets and pathways, and investigation of carbon offset program options, is underway.

The Company continues to target strict compliance with corporate governance, international guidelines (IFC PS's) and local law by engaging and collaborating with all stakeholders in the Okvau Gold Project area. The Company has committed to Environmental, Social and Endowment funds, in accordance with its environmental obligations. These funds and other programmes implemented by the Company seek to achieve a net-gain in both biodiversity and social values.

The Environmental Management System for the Okvau Gold Project, including an Environmental Compliance Register of all ESIA and management plan actions, is implemented and maintained. An extensive monitoring program reflective of the operations phase is now underway.

Students at two schools located nearest to the mine enjoyed learning about the environment whilst preparing seeds at their nursery for the first time. Six schools are now participating in the nursery programs, earning money for school supplies. Two water bores were installed in the local community the period. An opening ceremony was held at a local school, attended by students, local authorities and village elders. PPWS Ranger patrols in the Biodiversity Offset sites continued throughout the period, helping to protect the sites from wildlife poaching, land clearing and logging. Rangers were further supported with various supplies to enable them to safely conduct overnight patrols.

**Figure 5 | Top Left: Students preparing seeds, Top Right: Rangers accepting supplies.**



**Figure 6 | Water bore opening ceremony.**

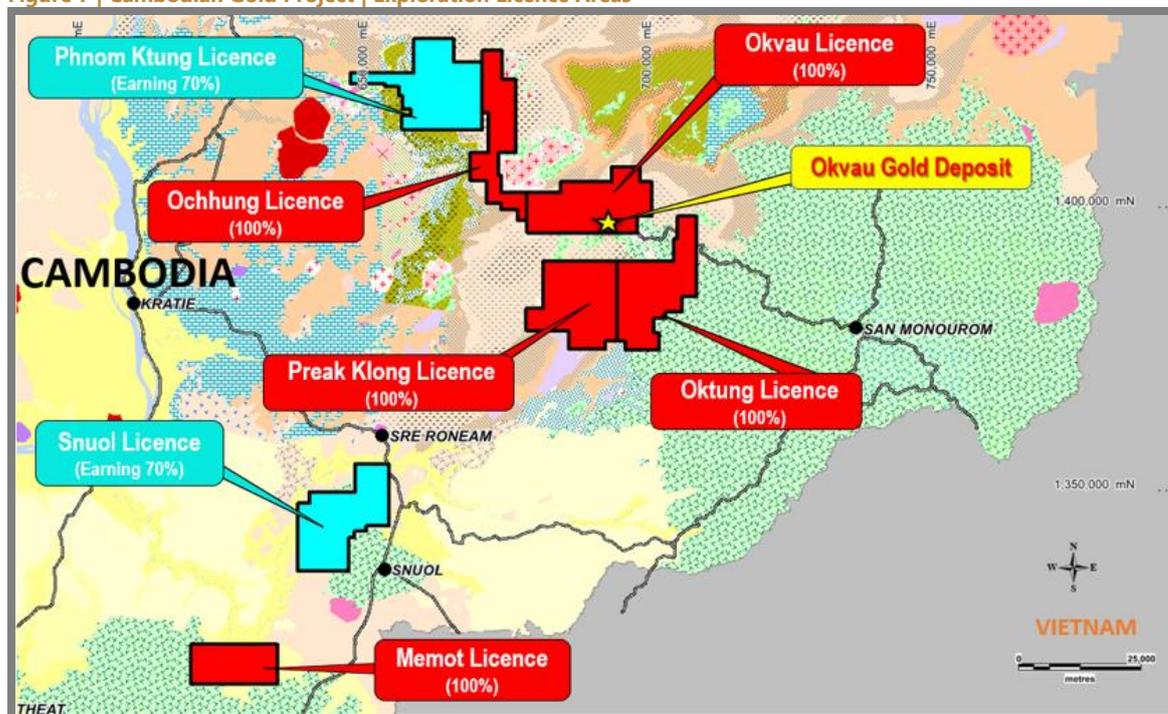


Review of Operations (continued)

Regional Exploration

Emerald's exploration tenements, which comprise of a combination of 100% owned granted licences and joint venture agreements now cover a combined area of 1,239 km<sup>2</sup>.

Figure 7 | Cambodian Gold Project | Exploration Licence Areas



Memot Project (100%)

In September 2021, the Company received formal approval from the Cambodian Ministry of Environment to commence exploration activities on the 100% owned Memot Project located 95km southwest of the Okvau Gold Mine. Upon receiving approval, the Company completed a preliminary survey of the existing underground workings followed by both a Gradient Array and Dipole-Dipole IP geophysical survey over the immediate area of the workings. Results of these surveys indicated strong chargeability anomalies that are regularly associated with massive and disseminated sulphide alteration.

The results of the surveys assisted in planning the reverse circulation and diamond drilling campaign broad spaced 2,500m diamond core drill program. This program commenced during the period and is also targeting regional stratigraphy and structural continuity associated with historical drilling results and local artisanal workings.

At the end of January 2022, 13 diamond holes had been drilled (2,194m drilled) of which the gold results from the first ten holes have been returned (1,498 samples). The Company is awaiting multi-element assay results. Mineralised sub-horizontal quartz veins sets have been identified in all holes drilled to date at less than ~50m vertical depth including 1m @ 37.20 g/t Au from 33m (DD21MMT005), 1m @ 31.70g/t from 49m (DD21MMT010), 1m @ 25.40 g/t Au from 30m (DD21MMT006), and 1m @ 11.10 g/t Au from 28m (DD21MMT002). The mineralisation is associated with quartz veining and sulphides including arsenopyrite, chalcopyrite, pyrrhotite, pyrite and sphalerite (refer to Figure 9).

The recent drill results confirmed the reported mineralisation in the historical diamond drilling completed by previous tenement holders. Historic reported results include 3.54m @ 10.3g/t Au from 0m (ZK8-1), 0.3m @ 96g/t Au from 12.7m (ML7), 4m @ 5.98g/t Au from 7m (ML8), 0.3m @ 76.5g/t Au from 10.7m (ML6) and 3.8m @ 5.46g/t Au from 0m (ZK12-7). This historic drilling indicates the mineralisation continues towards the NE for at least ~500m beyond the current drill program (refer to Figure 9).

Review of Operations (continued)

Figure 8 | Memot Artisanal Workings

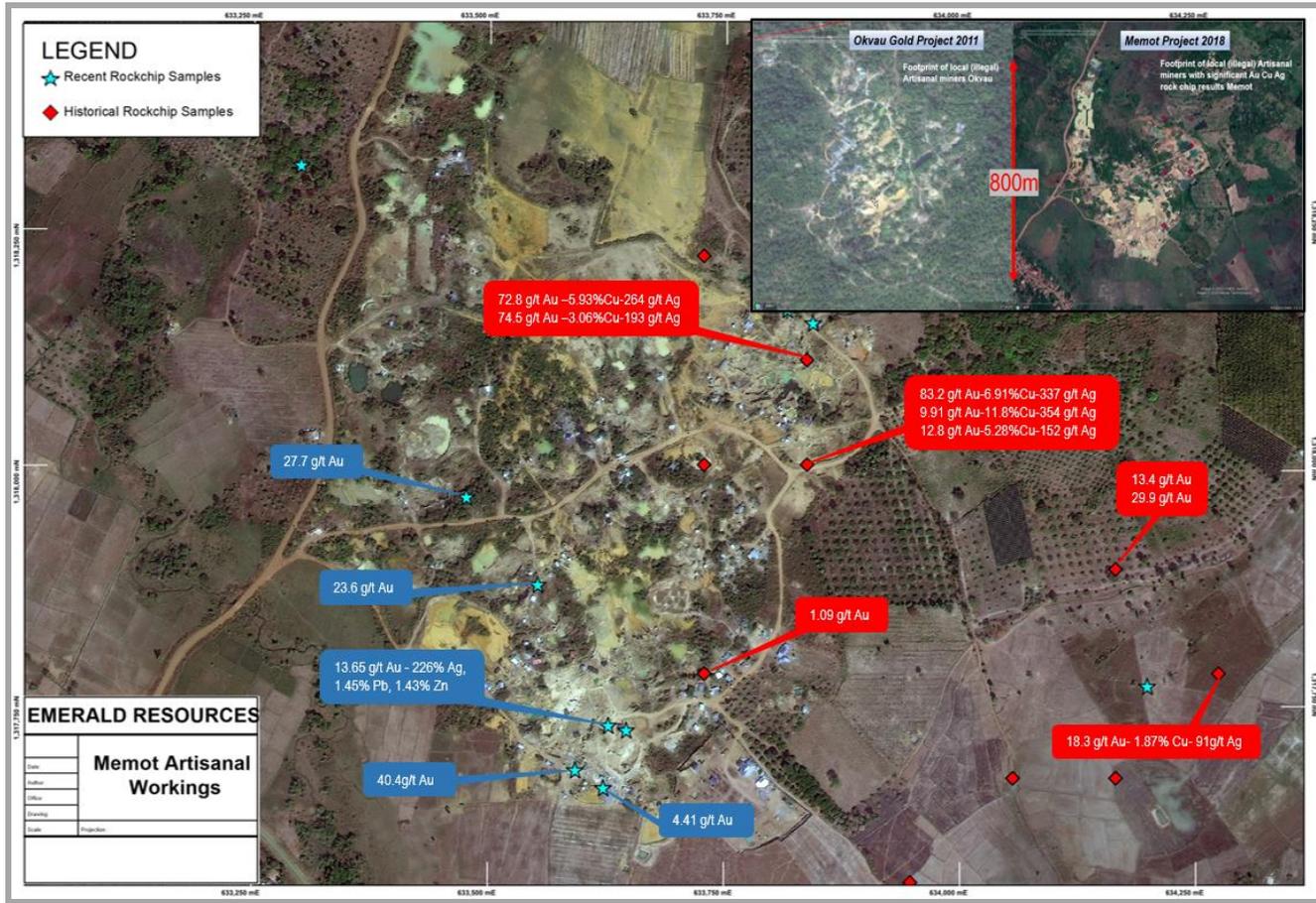
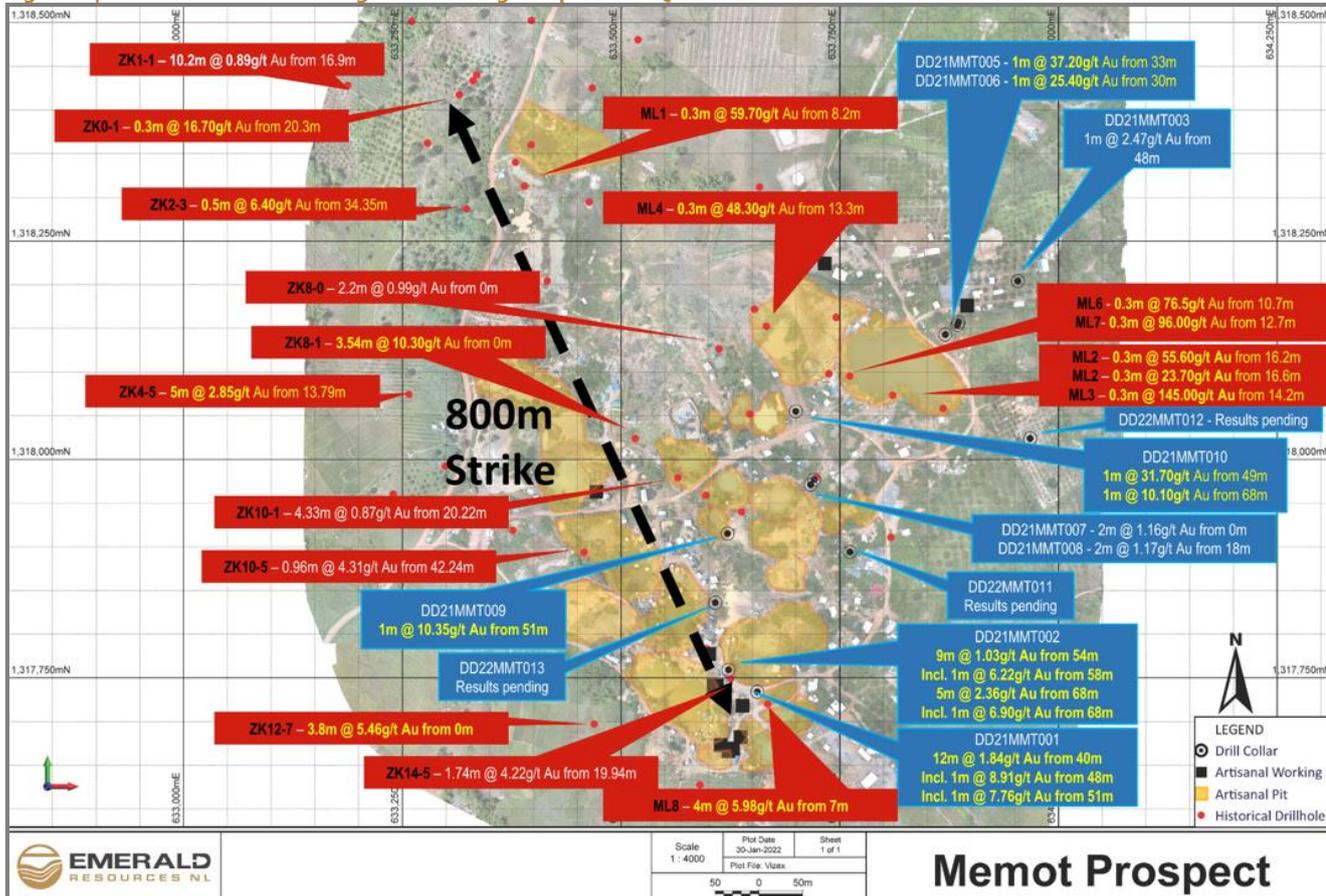


Figure 9 | Memot Artisanal Workings with Drilling completed in Q4 with the historic drill collars.



Review of Operations (continued)

Figure 10 | Mineralised veins in Memot Diamond Core



As the processing of the structural data from the core logging continues, additional drill targets at depth are being identified. Drilling will continue to investigate extensions of the known mineralisation.

Geochemistry sampling programs and geophysical surveys have been planned to start next quarter to identify possible regional scale extensions of the mineralisation at Memot, which has been largely untested by modern exploration techniques.

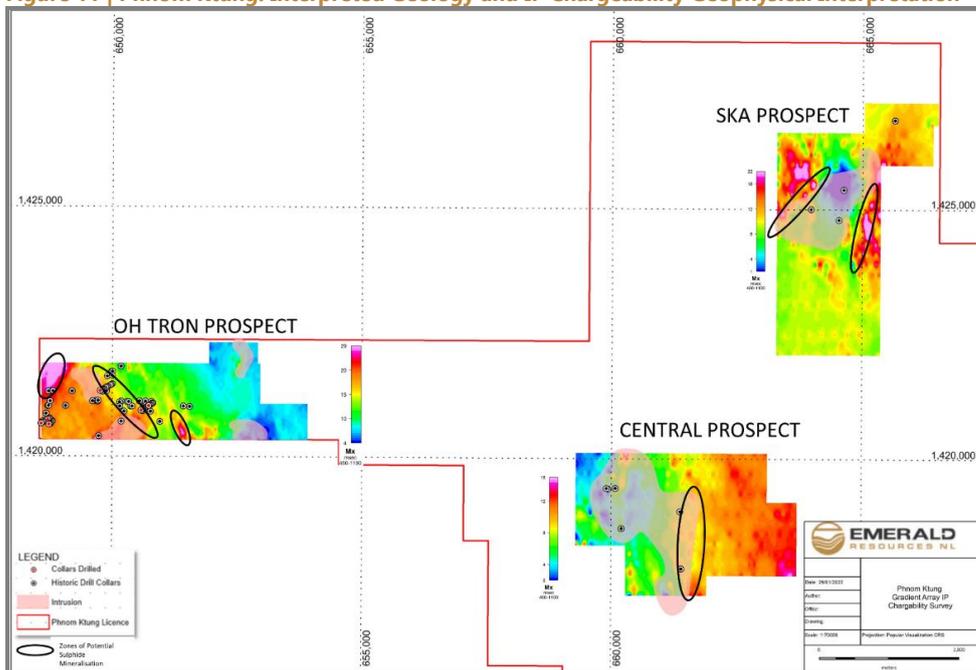
The confirmation of multiple high grade, narrow vein gold mineralisation with structural continuity of circa 800m open at depth and along strike are considered highly prospective by the Company and warrant significant further investigation.

Phnom Ktung (100%)

During the period the IP Gradient Array geophysical survey on Ska (57km survey lines) and Central (55km survey lines) and Oh Tron (82km survey lines) prospects were completed, processed and the results returned.

The results of the surveys show all three prospects have moderate to high chargeability signatures (see figure) often associated with zones of potential sulphide mineralisation and are coincident with the interpreted boundaries of intrusions. This is geologically similar to many of the high-grade mineralised structures within the 1.1Moz Okvau gold deposit. As at the date of this report, +2,000 shallow soils sampling programme targeting the geophysical anomalies has commenced on the Ska and Central prospects to assist with the targeting of a reconnaissance drill programme once results have been received.

Figure 11 | Phnom Ktung: Interpreted Geology and IP Chargeability Geophysical Interpretation



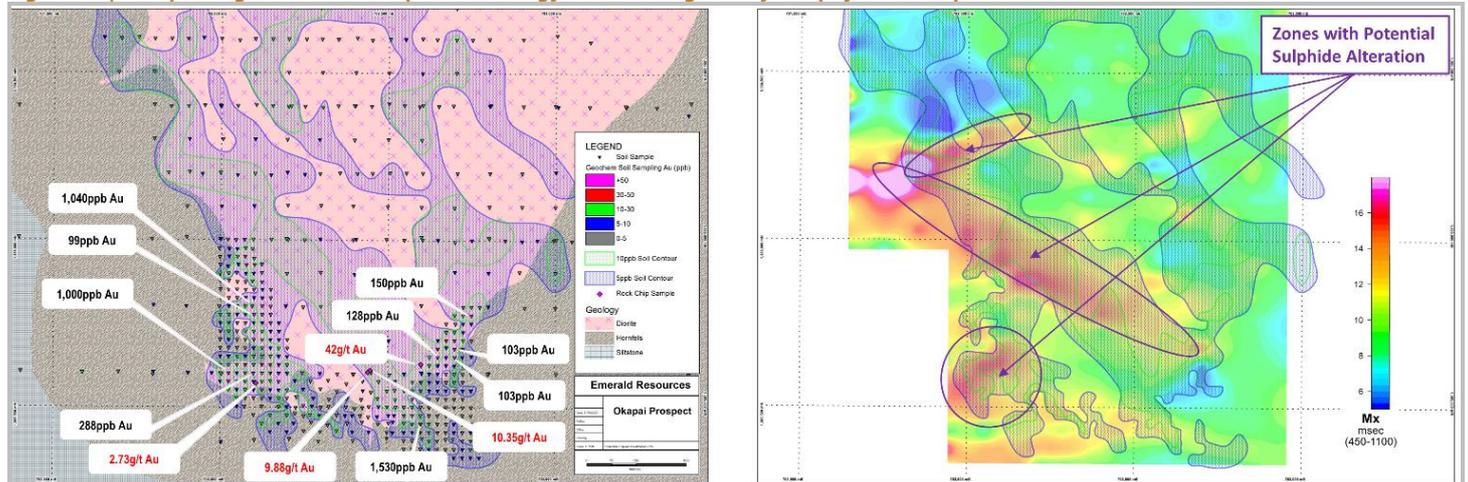
**Review of Operations (continued)**

**Oktung (100%)**

During the period both O’Kapai and Big Toe prospects had gradient array geophysical surveys completed on 50m space lines. The interpreted results have identified significant zones of high chargeability responses, which are often associated with zone of potential sulphide mineralisation.

Significant results have been returned from 641 collected auger samples such as 1530, 1040 and 1000 Au ppb and rock chip values of 42, 10.35 and 9.88g/t Au (refer ASX announcement dated 28 January 2021) (refer to Figure 12). Additional geochemical auger sampling has been planned along with dipole-dipole geophysical surveys to identify drill targets.

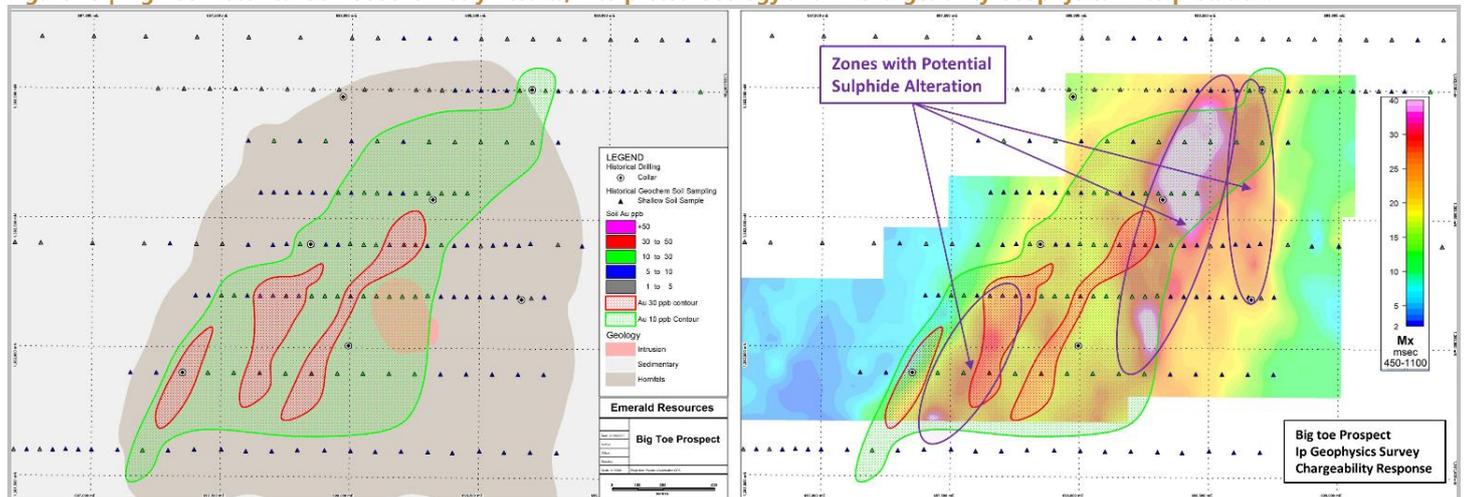
**Figure 12 | O’Kapai Auger Results, Interpreted Geology and IP Chargeability Geophysical Interpretation.**



The Big Toe prospect has existing historical drilling and shallow soil geochemistry which have failed to properly test the significant IP chargeability responses (refer to Figure 13). Both geophysical and geochemical test work has been planned with drill testing to follow.

Both prospects are located within 15km of the Okvau Gold Mine.

**Figure 13 | Big Toe Historical Soil Geochemistry Results, Interpreted Geology and IP Chargeability Geophysical Interpretation.**



**Preak Klong (100%)**

During the period a Dipole-Dipole Geophysical survey was completed on the Preak Klong NW prospect. The data was processed and modelled with a significant drill target identified. The interpreted IP chargeability anomaly indicates a potential zone of massive and disseminated sulphide alteration which is located beneath artisanal workings (refer to Figure 14) and previously announced historical drill intersections (4m @ 10.25g/t Au from 56m and 3m @ 8.92g/t Au from 73m (refer to Figure 14). Drilling is to continue in the current dry season to adequately test the anomaly.

Review of Operations (continued)

Figure 14 | Preak Klong NW Prospect Dipole-Dipole IP Chargeability Geophysics over Historical Intersections and Artisanal Mine Workings

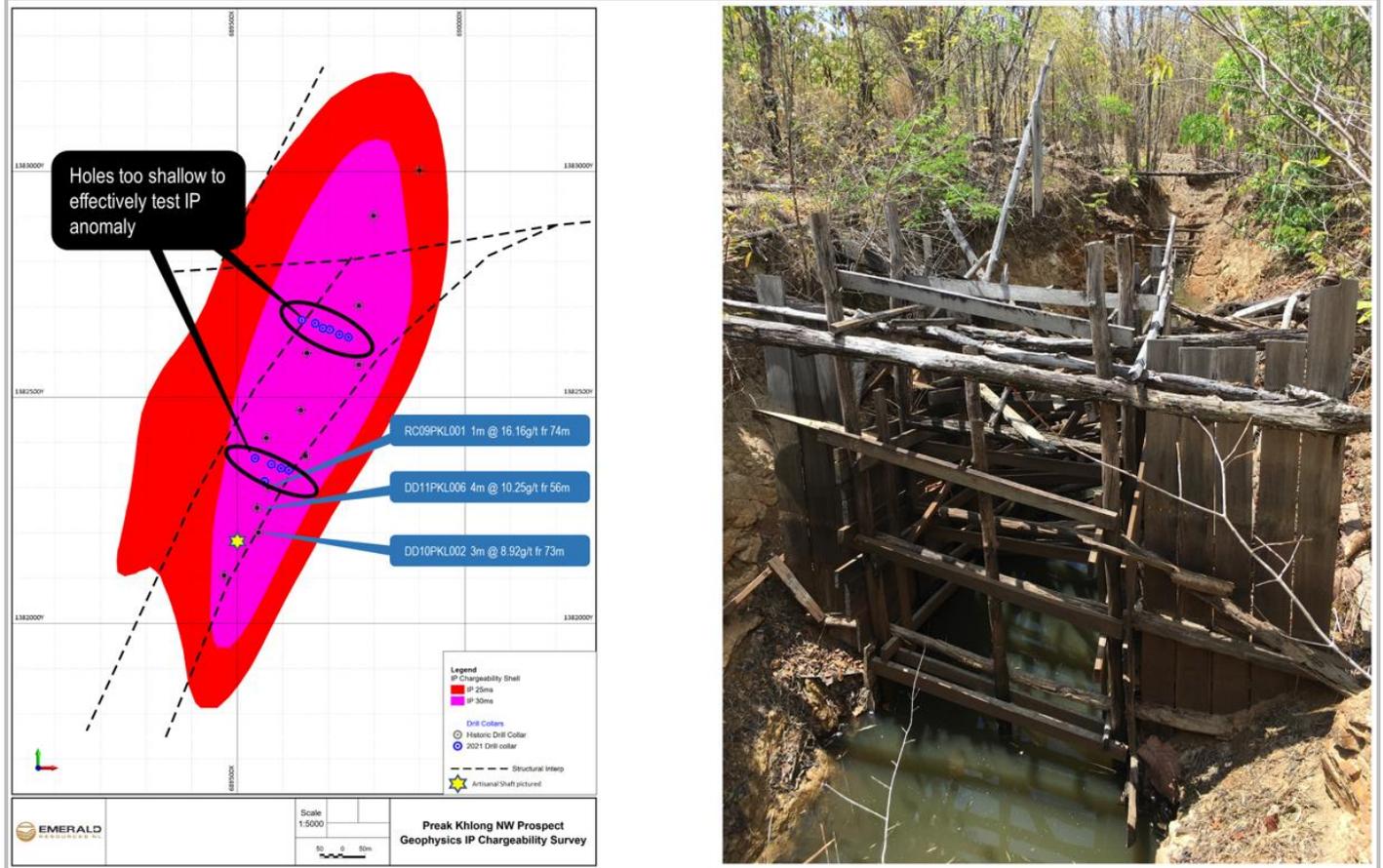
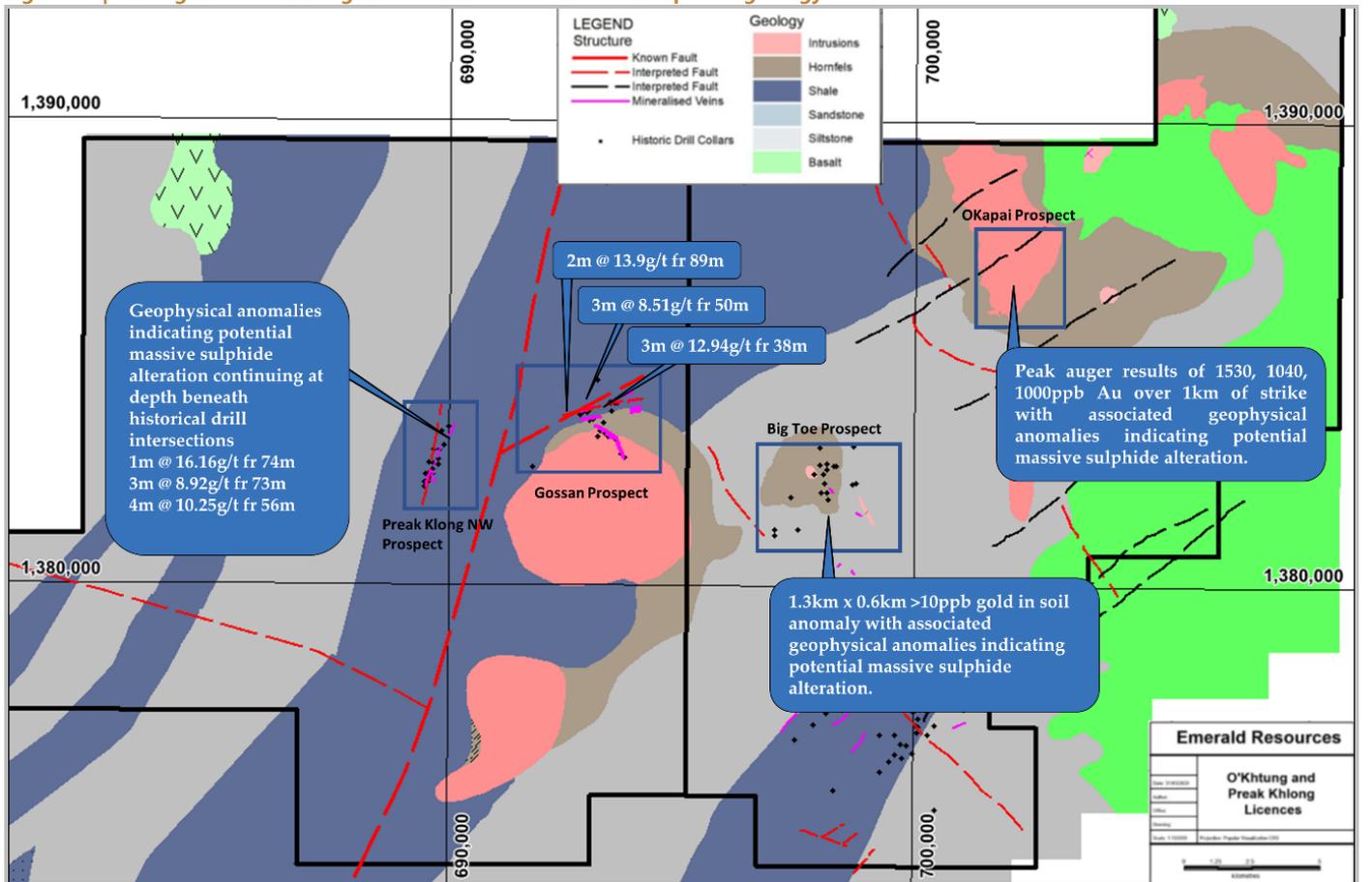


Figure 15 | Oktung and Preak Klong historical intersections and interpreted geology



### Review of Operations (continued)

#### Project Generation

The Company is continuously seeking to identify and review prospective opportunities and additional mineral exploration projects to satisfy the Company's objectives and offer value enhancing opportunities to its shareholders.

#### Corporate

##### Recommended Takeover Offer for Bullseye Mining Limited

On 7 December 2021 the Company announced the signing of a Takeover Bid Implementation Agreement ('Implementation Agreement') with Bullseye Mining Limited ('Bullseye'), an Australian unlisted public company. Under the Implementation Agreement, it is proposed that Emerald will acquire all of the issued shares of Bullseye in a share-based transaction by way of a Bullseye Board recommended off-market takeover offer ('Offer').

Under the Offer, Bullseye shareholders will receive 1 new Emerald share for every 3.43 Bullseye shares held. The Offer values Bullseye at approximately \$117 million or A\$0.30 per based on Emerald's 30 calendar day VWAP of \$1.03 as at 26 November 2021.

The Offer is unanimously recommended by the Directors of Bullseye, who have accepted the Offer in respect of all shares they control.

Emerald's strategy is to become a multi-gold project producing company. The transaction with Bullseye (assuming completion) creates an expanded gold exploration, development and production company, with a diversified portfolio of highly prospective gold project areas and provides an attractive investment proposition for existing and new shareholders.

Key benefits of the transaction include:

- the creation of an enlarged gold exploration, development and production company with an established, attractive and complementary portfolio of gold assets at various stages of project maturity;
- enhanced strategic, commercial, technical and financial strength to optimise exploration funding, including an increased level of liquidity and exposure to a larger global investor base giving greater funding flexibility;
- a portfolio of highly prospective tenure in excess of 2,500km<sup>2</sup> across the combined group;
- the ability to optimise exploration and development activity across the combined group's highly prospective gold portfolio, with potential synergies associated with future project development and infrastructure requirements; and
- Emerald will seek to develop Bullseye's highly prospective tenure to create an Australian gold producing asset which will allow the payment of franked dividends.

The Offer is to be implemented by way of an off-market takeover offer under the Australian Corporations Act.

Following a successful implementation of the Offer, Bullseye is expected to become a wholly-owned subsidiary of Emerald, with current Emerald and Bullseye shareholders holding approximately 80% and 20% respectively of the enlarged Emerald capital structure.

Contemporaneously with and as part of the bid, Emerald acquired 19.45% (currently 17.0%) of the current Bullseye shares on issue from existing Bullseye shareholders on the same terms as under the Offer. In addition to the 17.0% of Bullseye shares directly held by Emerald, Bullseye shareholders representing an additional 32.4% have accepted the Offer taking Emerald's relevant interest in Bullseye to 49.4%, at the date of this report, however as noted below, these acceptances will not be processed until the determination of Panel proceedings.

On 6 January 2022, the Company announced that the Offer was unconditional.

On 6 January 2022 and 28 February 2022, Hongkong Xinhe International Investment Company Limited has made two applications to the Takeovers Panel in respect of Emerald's recommended and unconditional takeover offer for Bullseye. As announced 8 March 2022, Emerald has provided an undertaking to the Panel that it will not, without the Panel's consent, take steps, or allow any steps to be taken, to process acceptances of, or issue any Emerald shares to, accepting Bullseye shareholders pursuant to the Bid, or otherwise accept an offer to nominate directors to the board of Bullseye, until the determination of Panel proceedings.

#### About Bullseye

Bullseye was incorporated as a public unlisted company in Western Australia in 2006. Bullseye is a gold exploration and production company with a significant portfolio of gold assets in Western Australia. Bullseye owns three Western Australian gold projects, totalling in excess of 1,200km<sup>2</sup> of highly prospective gold tenure.

Bullseye's most advanced project, the North Laverton Gold Project, which covers in excess of 800km<sup>2</sup> of tenure and captures the entire Dingo Range greenstone belt, is located in Western Australia within one of the world's richest and most established gold regions. In excess of 100 million ounces of gold has been produced or discovered in the areas surrounding the project.

Review of Operations (continued)

Figure 16 | Bullseye Project Locations and Licence Areas

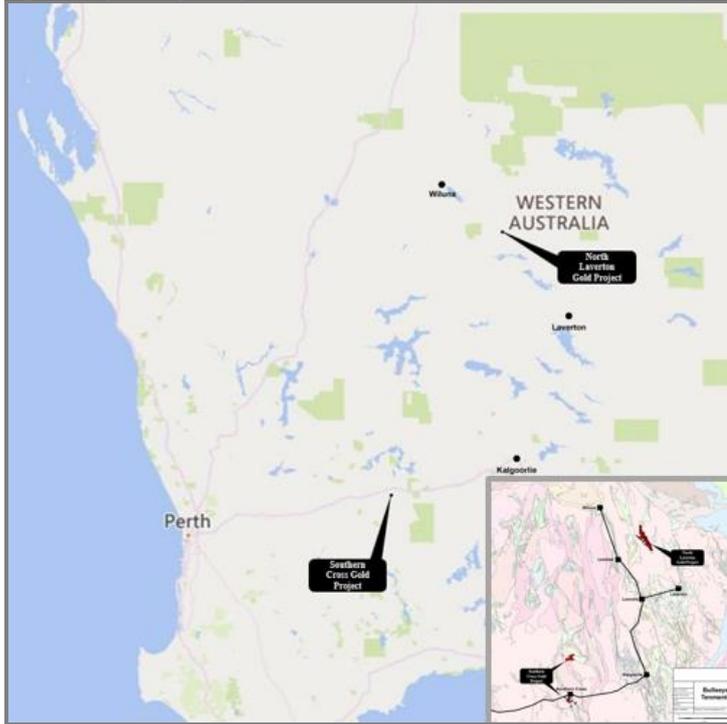
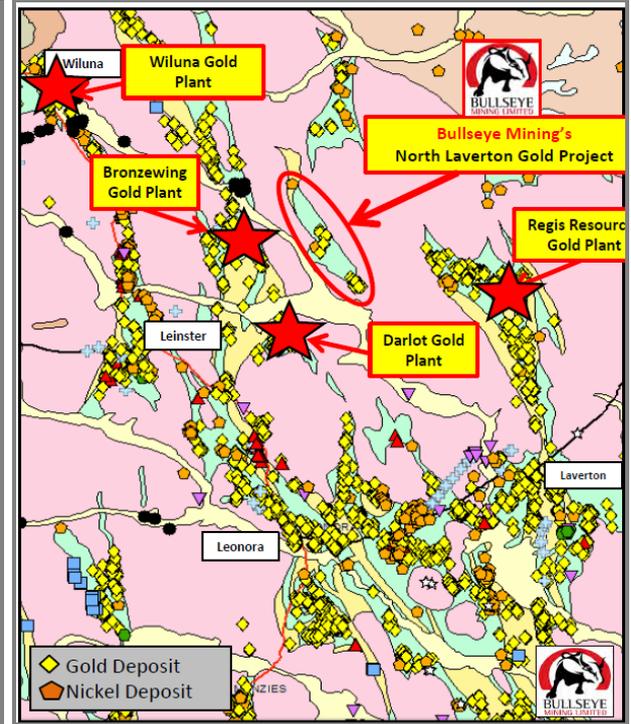


Figure 17 | North Laverton Gold Project Location



In addition to the North Laverton Gold Project, Bullseye has a further two gold projects. These are the Southern Cross Gold Project and the Aurora Gold Project, which cover over 400km<sup>2</sup> of tenure.

*North Laverton Gold Project*

The North Laverton Gold Project consists of 32 exploration licences (including 4 applications) and 4 mining licences controlling the entire Dingo Range greenstone belt which covers in excess of 800km<sup>2</sup> of tenure (refer Figure 17 and Figure 19).

In 2015 a JORC compliant resource was calculated based on limited shallow (average to approx. 120m) drilling. Significant additional drilling has subsequently been undertaken by Bullseye consisting of 242 collars for 35,000m, which is intended to form the basis of an updated resource estimate in 2022. Emerald has further expectation for significant growth to resources with a planned drilling program in 2022.

Figure 18 | Boundary-Bungarra Prospect

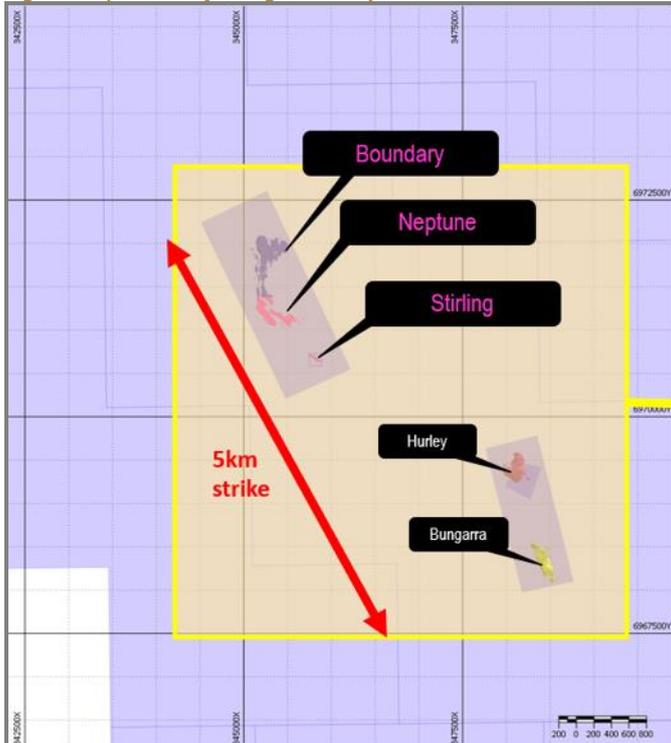
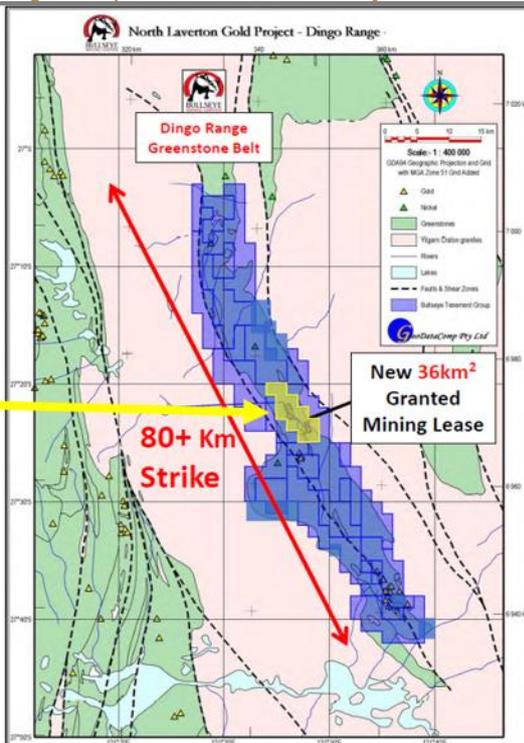


Figure 19 | North Laverton Gold Project Tenure



**Review of Operations (continued)**

*JORC 2012 Mineral Resource Estimate*

The defined Indicated and Inferred JORC compliant mineral resource of 3,414,000 tonnes at 2.51 g/t for 276,000 ounces of gold ('Maiden Resource') is at its Boundary, Stirling and Bungarra deposits, located within the North Laverton Gold Project.<sup>2</sup>

The Maiden Resource has been calculated using a lower cut of 0.6g/t, is to a depth of approximately 120 metres and comprises the following components:

**Table 6 | Boundary-Bungarra Mineral Resource Estimate**

Prospect	Indicated Resources			Inferred Resources			Total Resources		
	Tonnage (Mt)	Grade (g/t Au)	Contained Au (Koz)	Tonnage (Mt)	Grade (g/t Au)	Contained Au (Koz)	Tonnage (Mt)	Grade (g/t Au)	Contained Au (Koz)
Boundary	2.540	2.39	195.0	0.241	2.13	17.0	2,781	2.34	212.0
Stirling	0.047	2.49	3.7	0.041	1.99	2.6	0.088	2.25	6.4
Bungarra	0.449	3.34	48.7	0.096	2.87	8.9	0.545	2.26	57.6
<b>Total</b>	<b>3.036</b>	<b>2.53</b>	<b>247.4</b>	<b>0.378</b>	<b>2.30</b>	<b>28.5</b>	<b>3.414</b>	<b>2.51</b>	<b>276.0</b>

<sup>2</sup> As reported by Bullseye on its website and ASX announcement on 30 April 2018.

*Regional Exploration Potential*

In addition to the Maiden Resource, the North Laverton Gold Project which covers over 800km<sup>2</sup> and captures the underexplored Dingo Range greenstone belt, has the potential to host multiple standalone deposits or satellite deposits to supply additional ore.

**Project Finance**

Funding and Debt facility

The Company has signed a Credit Agreement with Sprott Private Resource Lending II (Collector), LP ('Sprott') for a US\$60 million Project finance facility ('Facility') for the development of the Okvau Gold Mine. The facility combines the strong development credentials of the Emerald team with the financial strength of the respected Sprott group. The Facility was fully drawn down during the prior year.

Key terms of the Facility are as follows:

- Facility amount – US\$60 million plus capitalised interest;
- Term – 5 years from until March 2025;
- Interest – 6.50% per annum plus the greater of (i) US Dollar 3 month LIBOR, and (ii) 2.50% per annum, payable monthly, with 75% of the interest capitalised during construction;
- Hedging – No mandatory hedging required;
- Gold Price Participation Agreement – Commencing in September 2021, a gold price participation payment on 1,449 ounces per month to a total of 62,307 ounces. Payment is calculated based on the differential between the average LBMA Gold Price for the month subject to a minimum gold price of US\$1,127 per ounce, and a gold reference price of US\$1,100 per ounce;
- Early repayment – no voluntary prepayment before the March 2023, thereafter Emerald may voluntary prepay the whole Facility outstanding;
- Security – Sprott to have first ranking security over all undertakings, properties and assets of Emerald including the Okvau Gold Project, to be released upon full repayment of all obligations; and

Acquisition and Development Facility

In addition to the Facility, Emerald has granted Sprott the exclusive right to fund future acquisition or development project opportunities by way of a US\$100 million Acquisition and Development Facility.

Access to the Acquisition and Development Facility is subject to, among other things, full due diligence by Sprott, its internal approval process having regard to the nature of the project opportunity, as well as negotiation and settlement of definitive documentation and implementation of security, which will include other customary and specific conditions precedent required by Sprott. The fees associated with arrangement of the Acquisition and Development Facility are expected to be commensurate with facilities of this nature (circa 1.0%). Further details will be provided once project specific terms have been agreed.

Emerald will continue to assess global mineral development opportunities which complement the Company's primary focus of enhancing the resource potential of the Okvau Gold Project and continuing to progress its development.

### Events occurring subsequent to the reporting period

As announced on 7 December 2021, Emerald lodged a takeover offer of Bullseye Mining Limited ('Bullseye'). Under the offer, Bullseye shareholders will receive 1 new Emerald share for every 3.43 Bullseye shares held ('Offer'). Emerald completed a pre-bid acquisition of 19.45% (currently 17.0%) of the current Bullseye shares that were on issue from existing Bullseye shareholders on the same terms as under the offer. On 6 January 2022, the Company announced that the Offer was unconditional.

On 6 January 2022 and 28 February 2022, Hongkong Xinhe International Investment Company Limited has made two applications to the Takeovers Panel in respect of Emerald's recommended and unconditional takeover offer for Bullseye. As announced 8 March 2022, Emerald has provided an undertaking to the Panel that it will not, without the Panel's consent, take steps, or allow any steps to be taken, to process acceptances of, or issue any Emerald shares to, accepting Bullseye shareholders pursuant to the Bid, or otherwise accept an offer to nominate directors to the board of Bullseye, until the determination of Panel proceedings.

Currently, in addition to the 17.0% of Bullseye shares directly held by Emerald, Bullseye shareholders representing an additional 32.4% have accepted the Offer taking Emerald's relevant interest in Bullseye to 49.4%.

There have been no other significant events subsequent to balance date.

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

### Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the company under ASIC Corporations Instrument 2016/191. The Company is an entity to which the legislative instrument applies.

This report is made in accordance with a resolution of directors made pursuant to section 306(3) of the *Corporation Act 2001*.



**Morgan Hart**  
**Managing Director**

Perth, Western Australia, 16 March 2022

### 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 presentation. 100% of the production target referred to in the 1 May 2017 and 26 November 2019 announcements is based on Probable Ore Reserves.

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.

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.

### Competent Persons Statements

The information in this report that relates to Exploration, Drilling and Grade Control Results of the Company's projects 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 Member 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.

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Emerald Resources NL during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

This interim financial report covers the consolidated entity consisting of Emerald Resources NL and its subsidiaries.

The interim financial report is presented in the Australian currency.

Emerald Resources NL is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Emerald Resources NL  
 Ground Floor  
 1110 Hay Street  
 West Perth WA 6005

A description of the nature of the Group's operations is included in the directors' report on pages 5 - 20, which is not part of this interim financial report.

The interim financial report was authorised for issue by the directors on 16 March 2022. The company has the power to amend and reissue the interim financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the company. All press releases, financial reports and other information are available on our website: [www.emeraldresources.com.au](http://www.emeraldresources.com.au).

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME



For the half-year ended 31 December 2021

	Note	Consolidated	
		31 December 2021 \$'000s	31 December 2020 \$'000s
Revenue from continuing operations	3	63,555	84
Fair value (loss)/gain on embedded derivative	14	(7,040)	3,724
Cost of sales	4	(31,168)	-
Administrative expenses		(1,468)	(422)
Employee benefits expense		(1,475)	(516)
Share-based payment expenses	18	(1,019)	(457)
Depreciation expense		(21)	(30)
Finance costs	5	(8,263)	(74)
Fair value loss on financial assets		(3)	(25)
Exploration and evaluation expenditure		(1,270)	(1,569)
Development expenditure		(440)	(1,136)
Net gain/(loss) on foreign exchange		2,046	(7,662)
Profit/(loss) before income tax		13,434	(8,083)
Income tax benefit/(expense)		(1,558)	-
Profit/(loss) for the period		11,876	(8,083)
<b>Other comprehensive income:</b>			
Items that may be reclassified to profit or loss			
- Exchange differences on translation of foreign operations	17	(261)	(459)
Total other comprehensive (loss) for the period		(261)	(459)
Total comprehensive profit/(loss) attributable to members of the parent		11,615	(8,542)
<i>Earnings per share</i>			
Basic and diluted gain/(loss) per share – (cents per share)		2.43	(1.57)

*The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.*

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION



As at 31 December 2021

	Note	Consolidated	
		31 December 2021 \$'000s	30 June 2021 \$'000s
<b>Current assets</b>			
Cash and cash equivalents	6	17,853	22,761
Trade and other receivables	7	10,440	7,016
Inventory	8	25,854	1,510
Financial assets at fair value through profit or loss		201	204
Other current assets		149	144
<b>Total current assets</b>		<b>54,497</b>	<b>31,635</b>
<b>Non-current assets</b>			
Inventory	8	10,591	-
Property, plant and equipment	9	88,728	1,521
Investments	10	23,670	-
Right-of-use assets	11	36,988	33,514
Mine properties	12	112,153	183,440
<b>Total non-current assets</b>		<b>272,130</b>	<b>218,475</b>
<b>Total assets</b>		<b>326,627</b>	<b>250,110</b>
<b>Current liabilities</b>			
Trade and other payables		24,304	17,878
Interest-bearing liabilities	13	33,378	27,869
Financial liabilities	14	14,035	8,924
Provisions	15	890	-
<b>Total current liabilities</b>		<b>72,607</b>	<b>54,671</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	13	68,054	65,500
Financial liabilities	14	22,283	24,540
Provisions	15	22,327	331
<b>Total non-current liabilities</b>		<b>112,664</b>	<b>90,371</b>
<b>Total liabilities</b>		<b>185,271</b>	<b>145,042</b>
<b>Net assets</b>		<b>141,356</b>	<b>105,068</b>
<b>Equity</b>			
Share capital	16	219,006	195,352
Reserves	17	2,230	1,472
Accumulated losses		(79,880)	(91,756)
<b>Total equity</b>		<b>141,356</b>	<b>105,068</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



For the half-year ended 31 December 2021

Consolidated	Issued Capital	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Balance at 1 July 2020	195,089	1,359	(1,071)	(75,056)	120,321
Net loss for the period	-	-	-	(8,083)	(8,083)
Exchange differences on translation of foreign operations	-	-	(459)	-	(459)
Total comprehensive loss for the period	-	-	(459)	(8,083)	(8,542)
<b>Transactions with owners in their capacity as owners:</b>					
Contributions of equity	290	-	-	-	290
Transaction costs of issuing capital	(27)	-	-	-	(27)
Share-based payment transactions	-	457	-	-	457
	263	457	-	-	720
<b>Balance at 31 December 2020</b>	<b>195,352</b>	<b>1,816</b>	<b>(1,530)</b>	<b>(83,139)</b>	<b>112,499</b>
Balance at 1 July 2021	195,352	2,536	(1,064)	(91,756)	105,068
Net profit for the period	-	-	-	11,876	11,876
Exchange differences on translation of foreign operations	-	-	(261)	-	(261)
Total comprehensive profit for the period	-	-	(261)	11,876	11,615
<b>Transactions with owners recorded directly in equity:</b>					
Contributions of equity	23,656	-	-	-	23,656
Transaction costs of issuing capital	(2)	-	-	-	(2)
Share based payment transactions	-	1,019	-	-	1,019
	23,654	1,019	-	-	24,673
<b>Balance at 31 December 2021</b>	<b>219,006</b>	<b>3,555</b>	<b>(1,325)</b>	<b>(79,880)</b>	<b>141,356</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CASH FLOWS



For the half-year ended 31 December 2021

	Note	Consolidated	
		31 December 2021 \$'000s	31 December 2020 \$'000s
<b>Cash flows from operating activities</b>			
Receipts from customers		63,544	-
Payments to suppliers and employees		(29,775)	(960)
Interest received		5	15
Payments for exploration and evaluation		(1,565)	(1,095)
Payments for development expenses		(256)	(833)
Payments for interest and other costs of finance		-	69
Income tax paid		(662)	-
Net cash provided by/(used in) operating activities		31,291	(2,804)
<b>Cash flows from investing activities</b>			
Proceeds from sale of investments		-	135
Payments for investments		(56)	(92)
Gold sales revenue during pre-production		19,932	-
Payments for development		(40,480)	(43,923)
Payments for interest and other costs of finance		(1,688)	-
Purchase of property, plant and equipment		(1,824)	(14)
Payment for costs of finance		-	(1,529)
Net cash (used in) investing activities		(24,116)	(45,423)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		154	290
Share issue transaction costs		-	(8)
Repayment of borrowings		(2,273)	-
Interest paid on borrowings		(8,198)	-
Payments for lease liabilities		(1,162)	-
Transaction costs related to loans and borrowings		(1,402)	-
Net cash (used in)/provided by financing activities		(12,881)	282
Net (decrease) in cash and cash equivalents		(5,706)	(47,945)
Cash and cash equivalents at the start of the period	6	22,761	136,175
Effect of exchange rates on cash holding in foreign currencies		798	(11,452)
Cash and cash equivalents at the end of the period	6	17,853	76,778

Amounts shown above relating to payments to suppliers and employees are inclusive of goods and services tax.

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

## 1. Statement of significant accounting policies

### (a) Basis of preparation of interim report

This general purpose interim financial report for the interim reporting period ended 31 December 2021 has been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including AASB 134 *Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 *Interim Financial Reporting*.

The interim financial statements do not include full disclosures of the type normally included in the full financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. It is recommended the interim financial statements be read in conjunction with the full financial report for the year ended 30 June 2021 and any public announcements made by Emerald Resources NL and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

The interim financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments. Cost is based on the fair value of the consideration given in exchange for assets.

The company is a for-profit entity domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim financial statements, the half-year has been treated as a discrete reporting period.

### (b) New and revised accounting requirements applicable to the current half-year reporting

The accounting policies and methods of computation adopted in the preparation of the interim financial statements are consistent with those followed in preparation of the Group's annual consolidated financial statements for the year ended 30 June 2021 and the corresponding half-year. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

In the period ended 31 December 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

*Standards and Interpretations on issue not yet effective to 31 December 2021*

Several other amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim financial statements of the Group.

### (c) Statement of compliance

The interim financial statements were authorised for issue on 16 March 2022.

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

### (d) Significant accounting judgments and key estimates

The preparation of interim financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2021, apart from the below:

#### *Valuation of rehab provision*

- 🕒 Estimating the future cash flows to settle mine restoration obligations.
- 🕒 Setting the discount rate used in the calculation of the rehabilitation provision

#### *Date of commencement of commercial production*

- 🕒 Setting the pre-determined levels of operating capacity intended by management for deciding when development of the Okvau gold project was completed and production started. This date is known as the 'date of commencement of commercial production' and is used for establishing when project costs of an operating nature are no longer capitalised to mine properties under development and when depreciation and amortisation of the associated assets commences.

**1. Statement of significant accounting policies (continued)**

**(e) Going concern**

The interim financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

As at 31 December 2021, the consolidated entity had net current liabilities of \$18,110,000. There would be inherent uncertainties regarding the Group’s ability to continue as a going concern if the Group did not achieve its forecasted production quantities. Despite this, the Directors believe that the going concern basis of preparation of the financial report remains appropriate, after consideration of the following mitigating factors, which will assist the Group to meet its working capital requirements, as well as extinguish its current debt with Sprott Private Resource Lending II (Collector) LP (“Sprott”) as shown in note 13 of these financial statements:

- Since commissioning of the Okvau gold mine, the Group made a profit of \$11,876,000 for the half-year to 31 December 2021 (loss of \$16,700,000 for the FY21 year)
- The Definitive Feasibility Studies show the Okvau Gold Mine, at a gold price of US\$1,600 per ounce, has an after-tax payback period of 1.3 years, a post-tax IRR of 70% and a post-tax NPV of \$US\$296m; and
- The Group achieved positive operating cashflows of \$31,291,000 for the half-year to 31 December 2021. The Group has forecast positive cash flows from its operations which will generate sufficient cash inflows to meet the repayment of trade debts and all current finance liabilities.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

**(f) Inventories**

Ore stockpiles, gold in circuit and bullion on hand inventories are valued at the lower of weighted average cost and net realisable value. Costs include direct production costs and an appropriate allocation of attributable overheads. Depreciation and amortisation attributable to production of inventory are also included in the cost of inventory.

Consumable stores are valued at the lower of cost and net realisable value. The cost of consumable stores is measured on an average cost basis.

**2. Dividends**

No dividends have been paid or recommended during the current or prior interim reporting period or subsequent to reporting date.

	31 December 2021 \$'000s	31 December 2020 \$'000s
<b>3. Revenue from continuing operations</b>		
Gold sales	63,536	-
Other sales	8	-
Government grants – Covid-19	-	67
Interest received	5	15
Other income	6	2
Total revenue from continuing operations	63,555	84
<b>4. Cost of sales</b>		
Production expenses	37,873	-
Royalties and other selling costs	2,996	-
Depreciation and amortisation	12,564	-
Changes in inventory	(22,265)	-
Total cost of sales	31,168	-
<b>5. Finance costs</b>		
Interest on Sprott secured loan	2,718	-
Interest on right-of-use assets	1,212	-
Borrowing costs	4,333	74
Total finance costs	8,263	74

	Half-year ended	Year ended
	31 December 2021 \$'000s	30 June 2021 \$'000s
<b>6. Cash and cash equivalents</b>		
Cash at bank and on hand	17,783	21,691
Deposits	70	1,070
Total cash and cash equivalents	17,853	22,761
Cash at bank bears interest rates between 0.00% and 0.06% (30 June 2021: 0.00% and 0.06%).		
<b>7. Trade and other receivables</b>		
VAT receivable	8,968	4,880
Gold bullion awaiting settlement	-	1,266
Prepayments	1,063	752
Other receivables	409	118
Total trade and other receivables	10,440	7,016
<b>8. Inventory</b>		
Ore stockpiles	20,382	-
Gold in circuit	6,328	-
Gold on hand	6,612	-
Inventory consumables	3,123	1,510
Total inventory	36,445	1,510
Current inventory	25,854	1,510
Non-current inventory	10,591	-
Total inventory	36,445	1,510

## NOTES TO THE FINANCIAL STATEMENTS



	Furniture & Fittings	Plant & Equipment	Motor Vehicles	Leasehold Improvements	Buildings & Infrastructure	Tailings Dam	Mill Liners	Capital Work in Progress	Total
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
<b>9. Property, plant and equipment</b>									
<i>Year ended 30 June 2021</i>									
Opening net book amount	18	61	43	48	-	-	-	-	170
Additions	28	-	-	-	-	-	1,354	3	1,385
Transfer between classes	2	(2)	-	-	-	-	-	-	-
Depreciation charge	(19)	(26)	(21)	(3)	-	-	-	-	(69)
Effect of exchange rates	-	-	(4)	-	-	-	39	-	35
Closing net book amount	29	33	18	45	-	-	1,393	3	1,521
<i>At 30 June 2021</i>									
Cost or fair value	209	167	254	48	-	-	1,393	3	2,074
Accumulated depreciation	(180)	(134)	(236)	(3)	-	-	-	-	(553)
Net book amount	29	33	18	45	-	-	1,393	3	1,521
<i>6 months to 31 December 2021</i>									
Opening net book amount	29	33	18	45	-	-	1,393	3	1,521
Additions	-	-	-	-	-	-	516	751	1,267
Transfer from mine properties	807	66,346	194	-	21,813	3,325	-	-	92,485
Transfer between classes	7	-	-	-	-	-	-	(7)	-
Depreciation charge	(51)	(2,746)	(22)	(1)	(2,053)	(185)	(1,632)	-	(6,690)
Effect of exchange rates	1	188	1	-	(88)	2	40	1	145
Closing net book amount	793	63,821	191	44	19,672	3,142	317	748	88,728
<i>At 31 December 2021</i>									
Cost or fair value	1,027	66,662	458	48	21,813	3,325	1,964	748	96,045
Accumulated depreciation	(234)	(2,841)	(267)	(4)	(2,141)	(183)	(1,647)	-	(7,317)
Net book amount	793	63,821	191	44	19,672	3,142	317	748	88,728

	31 December 2021 \$'000s	30 June 2021 \$'000s
<b>10. Investment in Bullseye Mining</b>		
Opening balance	-	-
Issue of share capital	23,502	-
Fees in relation to acquisition	168	-
Total Investment in Bullseye Mining	23,670	-

On 7 December 2021 Emerald lodged a takeover offer of Bullseye Mining Limited ('Bullseye'). Under the offer, Bullseye shareholders will receive 1 new Emerald share for every 3.43 Bullseye shares held. Emerald completed a pre-bid acquisition of 19.45% (currently 17.0%) of the current Bullseye shares that were on issue from existing Bullseye shareholders on the same terms as under the offer. Emerald issued 22,067,700 new shares for the pre-bid acquisition. On 6 January 2022, the Company announced that the Offer was unconditional.

On 6 January 2022 and 28 February 2022, Hongkong Xinhe International Investment Company Limited has made two applications to the Takeovers Panel in respect of Emerald's recommended and unconditional takeover offer for Bullseye. As announced 8 March 2022, Emerald has provided an undertaking to the Panel that it will not, without the Panel's consent, take steps, or allow any steps to be taken, to process acceptances of, or issue any Emerald shares to, accepting Bullseye shareholders pursuant to the Bid, or otherwise accept an offer to nominate directors to the board of Bullseye, until the determination of Panel proceedings.

Currently, in addition to the 17.0% of Bullseye shares directly held by Emerald, Bullseye shareholders representing an additional 32.4% have accepted the Offer taking Emerald's relevant interest in Bullseye to 49.4%.

The investment in Bullseye is accounted for at fair value through profit or loss with the fair value at balance date determined by the Company to equate materially to its costs.

<b>11. Right-of-use assets</b>		
Opening balance	33,514	-
Additions	5,800	35,773
Depreciation	(3,574)	(2,617)
Effect of exchange rates	1,248	358
Total right-of-use assets	36,988	33,514

	Half-year ended 31 December 2021 \$'000s	Year ended 30 June 2021 \$'000s
<b>12. Mine properties</b>		
<b>Mine properties</b>		
Opening balance	183,440	71,594
Additions during the period	32,931	115,323
Transferred to property, plant and equipment	9 (92,485)	-
Transferred to inventory	(11,607)	-
Less amortisation	(5,066)	-
Effect of exchange rates	4,940	(3,477)
Total mine properties	112,153	183,440

	31 December 2021 \$'000s	30 June 2021 \$'000s
<b>13. Interest-bearing liabilities</b>		
<b>(a) Secured loan – Sprott</b>		
Opening balance	58,994	49,868
Amortisation of borrowing costs	4,066	7,968
Capitalised interest	-	5,762
Repayments	(2,488)	-
Effect of exchange rates	2,259	(4,604)
Total secured loan liability	62,831	58,994
Current liability	26,884	22,685
Non-current liability	35,947	36,309
Total secured loan liability	62,831	58,994
<p>The Group holds a debt facility with Sprott Private Resource Lending II (Collector) L.P. (“Sprott”) with a face value of US\$60.0 million, having a maturity repayment date of 31 March 2025, secured against the Group’s assets. The facility attracts an interest rate of 6.5% per annum plus the greater of LIBOR or 2.50% per annum with 75% of the monthly interest capitalised during development. Principal repayments commenced in December 2021 and the current outstanding balance is US\$63.4 million.</p> <p>The Group has entered into an “all-assets” general security deed to secure the Group’s obligations under the relevant documents encompassing the Sprott debt facility. The securities granted to Sprott are first ranking.</p>		
<b>(b) Finance lease liabilities on right-of-use assets</b>		
Current liability	6,494	5,184
Non-current liability	32,107	29,191
Total finance lease liability	38,601	34,375
<b>Total interest-bearing liabilities</b>		
Current liability	33,378	27,869
Non-current liability	68,054	65,500
Total interest-bearing liabilities	101,432	93,369
<b>14. Financial liabilities</b>		
Opening balance	33,464	34,602
Revaluation of derivative liability	7,040	1,592
Repayments	(5,265)	-
Effect of exchange rates	1,079	(2,730)
Total financial liabilities	36,318	33,464
Current liability	14,035	8,924
Non-current liability	22,283	24,540
Total financial liabilities	36,318	33,464
<p>As part of the Sprott debt facility, additional interest payments are payable based on the differential between the average USD LBMA PM gold price per ounce (of the prior month) and US\$1,100 per ounce (multiplied by 1,449oz per month for 43 months to a total of 62,307oz). Additional interest payments commenced in September 2021.</p>		

	Half-year ended 31 December 2021 \$'000s	Year ended 30 June 2021 \$'000s
<b>15. Provisions</b>		
Opening balance	331	264
Rehabilitation provision recorded	22,313	-
Employee provisions	(3)	85
Provision for taxation	902	-
Effect of exchange rates	(327)	(18)
Total financial liabilities	23,216	331
<b>Income tax provision</b>		
Current liability	890	-
Total income provisions	890	-
<b>Rehabilitation provision</b>		
Non-current liability	22,094	100
Total rehabilitation provisions	22,094	100
<b>Employee provision</b>		
Non-current liability	233	231
Total employee provisions	233	231

	Shares No.	Total \$'000s
<b>16. Share capital</b>		
<b>Movements – half-year to 31 December 2021</b>		
Opening balance at 1 July 2021	515,397,207	195,352
Exercise of options	296,500	154
Issued for Bullseye investment	22,067,700	23,502
Less: Transaction costs	-	(2)
Closing balance as at 31 December 2021	537,761,407	219,006
<b>Movements – year ended 30 June 2021</b>		
Opening balance at 1 July 2020	514,498,207	195,089
Exercise of options	899,000	290
Less: Transaction costs	-	(27)
Closing balance as at 30 June 2021	515,397,207	195,352

	Half-year ended 31 December 2021 \$'000	Year ended 30 June 2021 \$'000
<b>17. Reserves</b>		
<b>Option reserve</b>		
Opening balance	2,536	1,359
Options issued as remuneration during the period (Note 18)	1,019	1,177
Closing balance	3,555	2,536
<b>Foreign currency translation reserve</b>		
Opening balance	(1,064)	(1,071)
Exchange differences arising on translation of foreign operations	(261)	7
Closing balance	(1,325)	(1,064)
<b>Total reserves</b>		
Option reserve	3,555	2,536
Foreign currency translation reserve	(1,325)	(1,064)
Total reserves	2,230	1,472

	Half-year ended	Half-year ended
	31 December 2021 \$'000	31 December 2020 \$'000
<b>18. Share-based payment expense</b>		
Recognised share-based payments expense		
Options issued to directors, management and employees	1,019	457
Total share-based payments expense	1,019	457

The fair value of the options issued is recognised over the vesting period of the options.

On 29 July 2021, the board recommended the issue of 500,000 options to Mr Mick Evans (Executive Director) under the Group's Amended Incentive Option Plan subject to shareholder approval, which was obtained on 25 November 2021 at the Company's annual general meeting.

On 11 August 2021, the Company issued 2,875,000 options to key employees involved in the development and operations of the Okvau Gold Mine, subject to various vesting conditions.

All options are issued are subject to vesting conditions as follows:

- ☉ 50% of options issued vest 24 months from the date of appointment of the employee; and
- ☉ The remaining 50% of options issued vest 36 months from the date of appointment.

The fair value at grant date of options issued have been estimated using the Black-Scholes option pricing formula, taking into account the terms and conditions upon which the options were granted, as set out in the table below:

	11 Aug 2021	25 Nov 2021
Grant date	11 Aug 2021	25 Nov 2021
Share price at grant date	\$0.830	\$1.085
Exercise price	\$1.090	\$1.090
Expected dividends	0%	0%
Risk free rate	0.55%	1.48%
Expected volatility	80%	80%
Expected life	5.0yrs	4.7yrs
Fair value per option at grant date	\$0.54	\$0.68
Number granted	2,875,000	500,000

**Summary of options granted**

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options on issue during the period:

	Half-year ended		Year ended	
	31 December 2021		30 June 2021	
	No.	WAEP	No.	WAEP
Balance at start of period	12,133,750	\$0.605	5,532,750	\$0.425
Granted during the period	3,375,000	\$1.090	7,500,000	\$0.686
Exercised during the period	(296,500)	\$0.518	(899,000)	\$0.323
Forfeited during the period	-	-	-	-
Balance at end of period	15,212,250	\$0.715	12,133,750	\$0.605
Exercisable at end of period	2,662,250	\$0.455	2,833,750	\$0.461

### 19. Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions. For the purposes of segment reporting the chief operating decision maker has been determined as the board of directors. The board monitors the entity primarily from a geographical perspective, and has identified three operating segments, being exploration and development of mineral reserves (within Cambodia and Australia) and the corporate/head office function in Australia. The segment information provided to the board of directors for the reportable segments for the half-year ended 31 December 2021 is as follows:

Consolidated	Mine Development \$'000s	Exploration \$'000s	Other \$'000s	Total \$'000s
<b>Half-year ended 31 December 2021</b>				
Total segment income	63,544	-	11	63,555
Depreciation and amortisation expense	12,563	11	11	12,585
Total segment gain/(loss) before income tax	16,488	(1,280)	(1,774)	13,434
<b>Half-year ended 31 December 2020</b>				
Total segment income	3,728	-	80	3,808
Interest income	2	-	13	15
Depreciation and amortisation expense	(17)	-	(13)	(30)
Total segment gain/(loss) before income tax	1,028	(23)	(9,088)	(8,083)
<b>Total segment assets</b>				
31 December 2021	298,787	691	27,149	326,627
30 June 2021	245,891	173	4,046	250,110
<b>Total segment liabilities</b>				
31 December 2021	(182,917)	(459)	(1,188)	(184,564)
30 June 2021	(143,947)	(190)	(905)	(145,042)

	Half-year ended 31 December 2021 \$'000s	Year ended 30 June 2021 \$'000s
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### 20. Commitments and contingencies

#### Exploration and mining license commitments

In order to maintain rights to tenure of mineral tenements, the Group would have discretionary exploration expenditure requirements below up until expiry of leases or in accordance with the Joint Venture or Earn-In Agreements. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable per the maturities below. If the Group decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the balance sheet may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

The Group has additional commitments under its Environmental Contract with the Ministry of Environment. The amounts relate to US\$3,300,000 as a remaining bond for rehabilitation commitments over a three-year period and a further annual contribution of US\$368,889 for a further seven year period with funds applied to environmental and social initiatives.

Within one year	2,425	2,506
Between one and five years	10,840	6,560
Longer than five years	1,171	1,619
Total capital commitments	14,436	10,685

#### Okvau Gold Project Capital Expenditure Commitments

The outstanding capital commitments relating to the Okvau Gold Project are:

Within one year	464	1,331
Total capital commitments	464	1,331

There have been no other material changes to the commitments and contingencies disclosed in the most recent financial report.

## 21. Events occurring subsequent to reporting date

As announced on 7 December 2021, Emerald lodged a takeover offer of Bullseye Mining Limited ('Bullseye'). Under the offer, Bullseye shareholders will receive 1 new Emerald share for every 3.43 Bullseye shares held. Emerald completed a pre-bid acquisition of 19.45% (currently 17.0%) of the current Bullseye shares that were on issue from existing Bullseye shareholders on the same terms as under the offer. On 6 January 2022, the Company announced that the Offer was unconditional.

On 6 January 2022 and 28 February 2022, Hongkong Xinhe International Investment Company Limited has made two applications to the Takeovers Panel in respect of Emerald's recommended and unconditional takeover offer for Bullseye. As announced 8 March 2022, Emerald has provided an undertaking to the Panel that it will not, without the Panel's consent, take steps, or allow any steps to be taken, to process acceptances of, or issue any Emerald shares to, accepting Bullseye shareholders pursuant to the Bid, or otherwise accept an offer to nominate directors to the board of Bullseye, until the determination of Panel proceedings.

Currently, in addition to the 17.0% of Bullseye shares directly held by Emerald, Bullseye shareholders representing an additional 32.4% have accepted the Offer taking Emerald's relevant interest in Bullseye to 49.4%.

There have been no other significant events subsequent to balance date.

## 22. Financial instruments

### Fair value measurement

This note provides information about how the Group determines fair value of various financial assets and financial liabilities.

Carrying amounts of financial assets and financial liabilities at balance date approximate their fair value. For all fair value measurement and disclosures, the Group uses the following to categorise the method used:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Consolidated	31 December 2021			
	Level 1 \$'000s	Level 2 \$'000s	Level 3 \$'000s	Total \$'000s
<b>Recurring fair value measurements</b>				
<i>Financial assets at fair value through profit or loss</i>				
- Held-for-trading Australian listed shares	13	-	-	13
- Held-for-trading Australian unlisted shares	-	188	-	188
- Investment in Bullseye Mining Limited	-	23,670	-	23,670
	13	23,858	-	23,891
<i>Financial liabilities at fair value through profit or loss</i>				
- Embedded derivative	-	36,318	-	36,318

Consolidated	30 June 2021			
	Level 1 \$'000s	Level 2 \$'000s	Level 3 \$'000s	Total \$'000s
<b>Recurring fair value measurements</b>				
<i>Financial assets at fair value through profit or loss</i>				
- Held-for-trading Australian listed shares	16	-	-	16
- Held-for-trading Australian unlisted shares	-	188	-	188
	16	188	-	204
<i>Financial liabilities at fair value through profit or loss</i>				
- Embedded derivative	-	33,464	-	33,464

The Group has a number of trivial assets and liabilities which are not measured at fair value on a recurring basis which carrying amounts approximate their fair value.

## DIRECTOR'S DECLARATION



In the directors' opinion:

- (a) the financial statements and notes set out on pages 21 to 35 are in accordance with the *Corporations Act 2001*, including:
  - i. complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - ii. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Emerald Resources NL will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

A handwritten signature in blue ink, appearing to read "Morgan Hart".

**Morgan Hart**  
**Managing Director**

Perth, Western Australia, 16 March 2022

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Emerald Resources NL

### **Report on the Interim Financial Report**

#### *Conclusion*

We have reviewed the accompanying interim financial report of Emerald Resources NL (“the company”) which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors’ declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Emerald Resources NL does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group’s financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### *Basis for conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor’s responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### *Responsibility of the directors for the financial report*

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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*Auditor's responsibility for the review of the financial report*

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

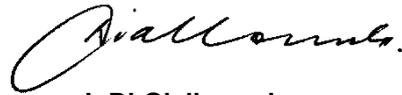
*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*HLB Mann Judd*

**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**16 March 2022**



**L Di Giallonardo**  
**Partner**