



EMERALD

RESOURCES NL

ABN 72 009 795 046



Annual Report 2021



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CORPORATE DIRECTORY

Non-Executive Chairman

Simon Lee AO

Managing Director

Morgan Hart

Executive Director

Michael Evans

Non-Executive Directors

Ross Stanley

Mark Clements

Company Secretary

Mark Clements

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Share Registry

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Telephone: 1300 288 664

Auditors

HLB Mann Judd (WA Partnership)

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PERTH WA 6000

Bankers

National Australia Bank

50 St Georges Terrace

PERTH WA 6000

Macquarie Bank Limited

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Solicitors

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Securities Exchange Listing

Australian Securities Exchange

(Home Exchange: Perth, Western Australia)

Code: EMR

Website Address

www.emeraldresources.com.au

CHAIRMAN'S LETTER

Dear Fellow Shareholders

In my last letter to you I very much looked forward to reporting back to you on the success of our vision to delivering upon our strategy to become the first modern large-scale Cambodian gold producer. It gives me great pride to report that this transformational goal has been achieved.

In a year in which the COVID-19 pandemic has brought with it restrictions in Australia and Cambodia I can share the absolute pride and sense of achievement with our unwavering staff, trusted contractors and suppliers in Australia and Cambodia who have battled unprecedented challenges to remain categorically focused on meeting our target of commissioning and first gold production from the Okvau Gold Mine on time and on budget.

This could not have been achieved without our experienced executive and management team led by Managing Director Morgan Hart and Executive Director, Michael Evans.

This also could not be achieved without the support and collaborative efforts from the Government of Cambodia and its people. We thank the Cambodian Prime Minister, Samdech Akkak Moha Sena Pedey Techo Hun Sen, the Ministry of Mines & Energy and its Minister, His Excellency Suy Sem, Secretary of State, His Excellency Meng Saktheara and the broader MME teams who have given continuous support and assistance with the development of this Okvau Gold Mine. We thank them for their transparent and collaborative efforts conducted in a professional manner to fully license the project for development. The tireless efforts of all stakeholders over many years from exploration through development have contributed ultimately to the Company becoming a gold producer today.

There are also a number of other Ministries and Departments we wish to thank for their assistance from when we first invested in Cambodia to where we are now. These include Academy General His Excellency Dr Aun Pornmoniroth, Deputy Prime Minister, Minister of Ministry of Economy & Finance and His Excellency Dr Say Samal, Minister of the Ministry of Environment and His Excellency Keo Rottanak. Minister attached to the Prime Minister, Managing Director of Electricite du Cambodia. Their support and assistance throughout the life of the project has been a major factor and crucial to its successful development.

This success is a reflection of our dedicated employees, locals and internationals who have demonstrated great effort and hard work during the year.

We thank our trusted and respected strategic partner, the Sprott Group who backed the strong development credentials of the Emerald team which, combined with Sprott's financial strength, ensured the Okvau Gold Mine was a possibility.

We thank our advisors, Euroz Hartleys and the globally recognized institutional shareholders who demonstrated their faith in the Okvau Gold Mine and the potential for Emerald and our local subsidiary, Renaissance Minerals (Cambodia) Limited becoming the first modern large-scale Cambodian gold producer.

We have great pride in celebrating our success with MACA Mining's local company, OPMS (Cambodia) and Outotec who we have worked closely with on previous development projects and who have once again shown that having such experienced operators work alongside our team gave us great confidence in the Okvau Gold Mine.

Our success creates value for our shareholders but also benefits the people of Cambodia who have become part of our family.

At Emerald, our focus is on sustainable development and to demonstrate the Company's commitment to the environment and local communities which may be affected by our operations we have supported several community and environmental based initiatives including tree planting programs and funds for water wells to improve access to water for remote villages.

These contributions to the health and wellness of local communities will evolve as we continue to develop our friendships and partnerships with the local community and stakeholders.

Emerald recognises the importance of its people in building a strong and successful organisation, particularly in developing a new operation. To achieve this, we have focused on developing the right culture across the organisation, which is strongly based on a Board, executive team and key staff who demonstrate the right attributes, qualities and share a strong belief of the benefits of our engagement and development in Cambodia for our employees and the Cambodian people in general.

We pride ourselves on placing the highest priority on the health and wellbeing of our people, contractors and stakeholders. Our team in Cambodia and Australia have implemented suitable protocols to minimise the potential transmission of COVID-19 and strict adherence to Government directives. I am pleased to report that the Company has created a workplace that is free from serious injuries while advancing construction activities and we will continue to prioritise this going forward.

CHAIRMAN'S LETTER

I also congratulate our experienced management team for their ongoing effort to critically examine opportunities to expand our regional footprint in Cambodia.

We are excited about the potential for substantial increases in resources and reserves at and around Okvau and we have similar hopes for discovering further economic resources in the Company's large exploration licences in the wider region. Our goal is to become a multi-asset gold producer and we continue to assess viable global gold projects to accompany the Okvau Gold Mine.

On behalf of the Board, I cannot overstate the pride the Board has in the efforts of everyone that has contributed to the success of the Company to date and the manner in which our employees, consultants and contractors have conducted themselves as representatives of Emerald and Renaissance Minerals (Cambodia) to the people of Cambodia.

I look forward to reporting back to you this time next year on the success of our vision to deliver a highly profitable gold mine for the benefit of our shareholders, staff, contractors and people of Cambodia.

Yours faithfully



Simon Lee AO
Chairman

DIRECTORS' REPORT

The Directors of Emerald Resources NL ('Emerald' or 'the Company') submit herewith the consolidated financial statements of the Company and its controlled entities ('consolidated entity' or 'Group') for the year ended 30 June 2021 in order to comply with the provisions of the Corporations Act 2001.

Directors

The following persons were Directors of Emerald during the whole of the financial year and up to the date of this report, unless otherwise stated:

Simon Lee AO	Non-Executive Chairman
Morgan Hart	Managing Director
Michael Evans	Executive Director
Ross Stanley	Non-Executive Director
Mark Clements	Non-Executive Director

Principal Activities

The principal activity of the consolidated entity during the financial year was the development of the Company's 100% owned Okvau Gold Mine and mineral exploration and evaluation activities at its exploration assets, primarily in Cambodia. Given the successful licencing and financing of the Okvau Gold Mine during the year, the focus of the consolidated entity's principal activities during the financial year changed to development activities at the Okvau Gold Mine.

Operating Results

The loss attributable to owners of the Company after providing for income tax amounted to \$16,700,000 (2020: \$11,471,000).

Dividends Paid or Recommended

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

Financial Position

The consolidated entity has \$23 million in cash and cash equivalents as at 30 June 2021 (2020: \$136 million) which includes the full draw down of the US\$60 million Sprott facility. During the current year the Company completed construction of the Okvau Gold Mine with first gold poured in June 2021 and announced practical completion in July 2021.

Business Strategies & Prospects for the Forthcoming Year

Having completed construction of the Okvau Gold Mine late in the 2021 financial year, Emerald remains focused on ramping up to full production in the first quarter of 2022 and then seeking to expand on the current near mine resources and reserves with a sustained exploration programme funded from operational cash flows. Emerald will also continue to actively explore for gold mineralisation within its current portfolio of projects in Cambodia with the object of identifying additional commercial resources. Emerald may also continue to identify new opportunities within Cambodia and throughout the rest of the world for further potential acquisitions to become a multi-asset gold producer.

The impact of the Coronavirus ("Covid-19") pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is continuing to evolve and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. The Company continues to prioritise the health and wellbeing of staff, contractors and stakeholders by maintaining stringent protocols to limit the impact of the COVID-19 pandemic on site. Travel between Australia and Cambodia continues to be restricted but is being managed through longer rosters and regional sourcing and the dedication of key employees on site at the Okvau Gold Mine. The Company recently achieved a significant milestone with the assistance of the Cambodian Ministry of Health by successfully commencing the full site-wide vaccinating of all Okvau mine site staff and contractors (in excess of 300 first doses administered). The second (full) vaccine dose for all workers is scheduled for completion during the September 2021 quarter.

Material business risks that may impact the results of future operations include tenure risks, environmental risks, ore reserve and mineral resources estimates, production estimates and metallurgical recovery, sovereign risks, debt funding risks, future commodity prices, exchange rate risks, development risks, reliance on key personnel, operating risks, sustaining capital costs, operating costs, occupational health and safety, political and regulatory risks.

DIRECTORS' REPORT

Review of Operations

Significant Changes in the State of Affairs

The following significant changes in the state of affairs of the consolidated entity occurred during the financial year:

- On 28 January 2021 the Company announced that it had been successful in its application for the Memot exploration licence which is 107km² of a highly prospective gold exploration licence located 95km to the south east of the 1.14Moz Okvau Gold Mine.
- On 8 June 2021 the Company announced that it had successfully commissioned the crushing circuit, delivered first ore to the mill and commenced wet commissioning of the Okvau Gold Mine processing plant.
- On 26 June 2021 the Company announced its maiden gold pour after successfully commissioning the processing plant and gold room on oxide ore.

Cambodian Gold Projects

Background

Emerald's main focus is the exploration and development of its Cambodian Gold Projects which comprise of a combination of 100% owned granted licences, applications and earn-in & joint venture agreements covering a combined area of 1,239km². The 100% owned Okvau Gold Mine is the Company's most advanced project which commenced production in June 2021. The Okvau Gold Mine is located approximately 275km north-east of Cambodia's capital city of Phnom Penh in the province of Mondulkiri (refer Figures 1 and 2). The town of Kratie is located on the Mekong River approximately 90km to the west and the capital of Mondulkiri, Saen Monourom is located approximately 60km to the south-east.

Figure 1 | Cambodian Gold Project | Location

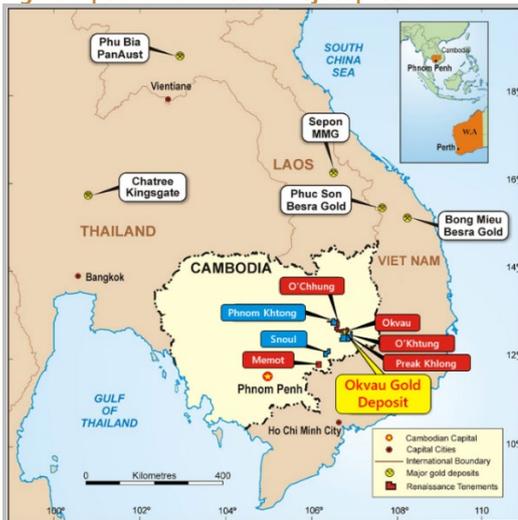
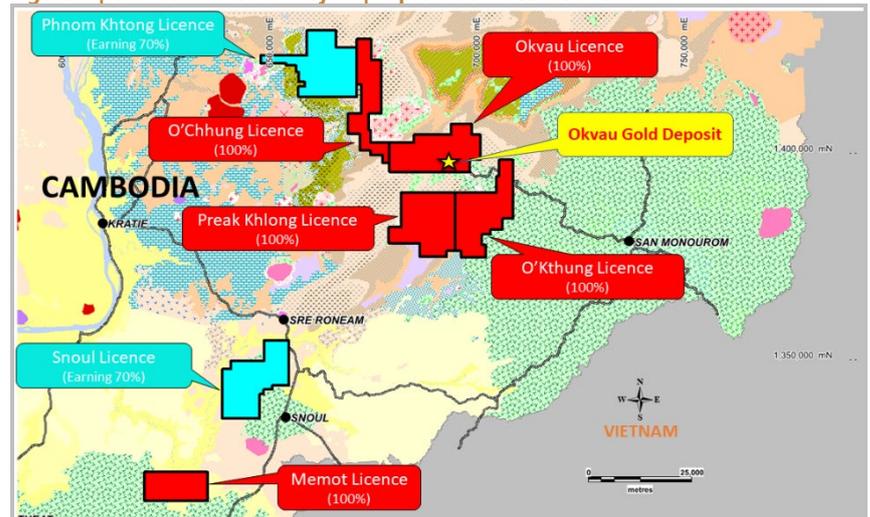


Figure 2 | Cambodian Gold Project | Exploration Licence Areas



Okvau Gold Mine Construction and Commissioning

During the year, Emerald's focus was on advancing the construction of the Okvau Gold Mine with a forecast of first production in the June 2021 quarter. Commissioning activities commenced in May 2021 with successful commissioning of the crushing circuit, delivering first ore to the mill and commencing wet commissioning of the processing plant on oxide ore in early June 2021. On 26 June 2021 Emerald announced its maiden gold pour after successfully commissioning the processing plant and gold room.

Subsequent to year end, 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, a total of approximately US\$23 million of gold doré has been produced to the date of this report with seven shipments of gold delivered to the refinery and outturns received.

The Company maintains its guidance that the production at the Okvau Gold Mine is forecast to be 100,000oz to 110,000oz on an annualised basis at an AISC of US\$754/oz in line with the Company's Definitive Feasibility Study releases on 1 May 2017 and subsequently updated on 26 November 2019.

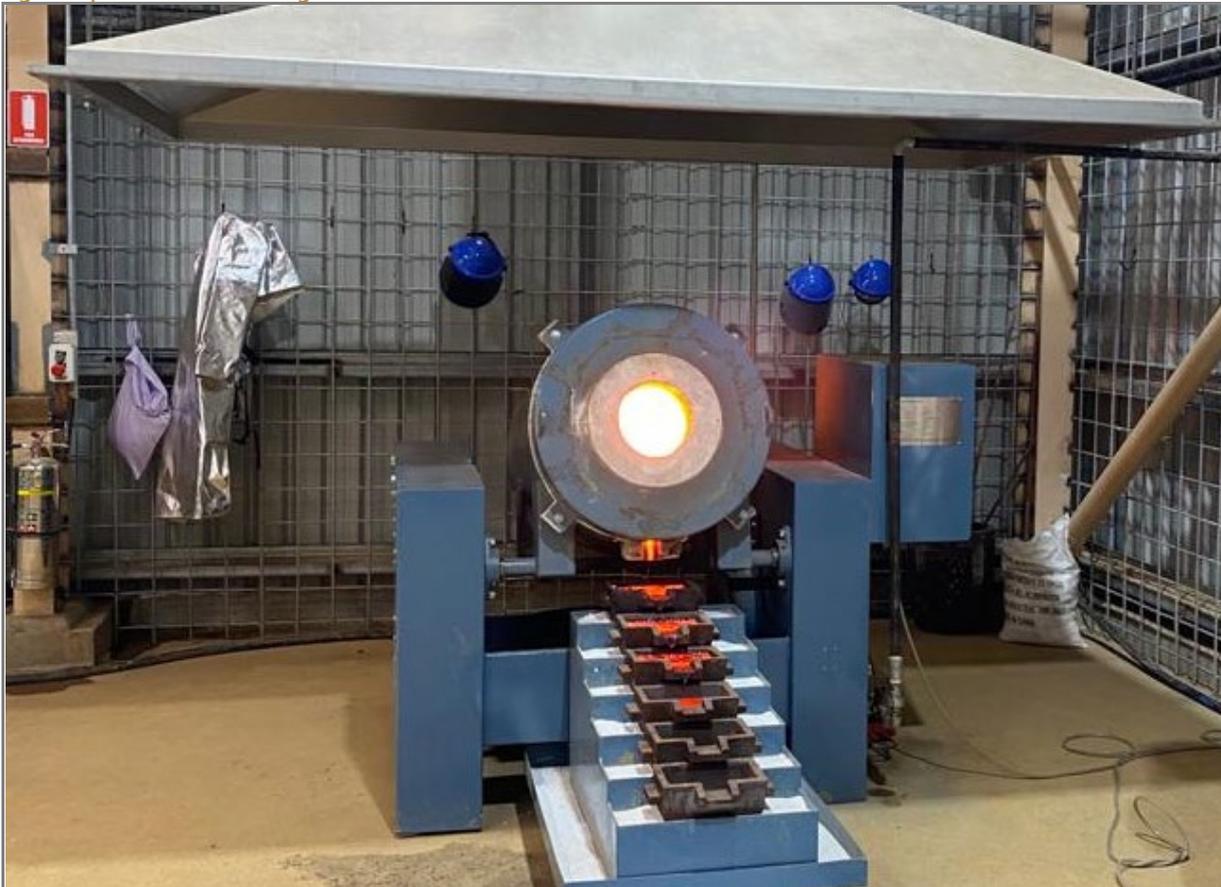
DIRECTORS' REPORT

Review of Operations (continued)

Figure 3 | First Gold Doré Bars Poured at the Okvau Gold Mine



Figure 4 | Gold Furnace During Maiden Gold Pour



DIRECTORS' REPORT

Review of Operations (continued)

Figure 5 | Ribbon cutting ceremony for the opening of the Okvau Gold Mine



Figure 6 | Process Plant and Crushing Circuit - complete and commissioned



DIRECTORS' REPORT

Review of Operations (continued)

Figure 7 | Crushed ore conveyed to the stockpile



DIRECTORS' REPORT

Review of Operations (continued)

Figure 8 | First Ore to the Mill



Figure 9 | Electrical Sub-Station – commissioned and operational



DIRECTORS' REPORT

Review of Operations (continued)

Figure 10 | SAG Mill – commissioned and operating



Figure 11 | Final mill liner segment installation

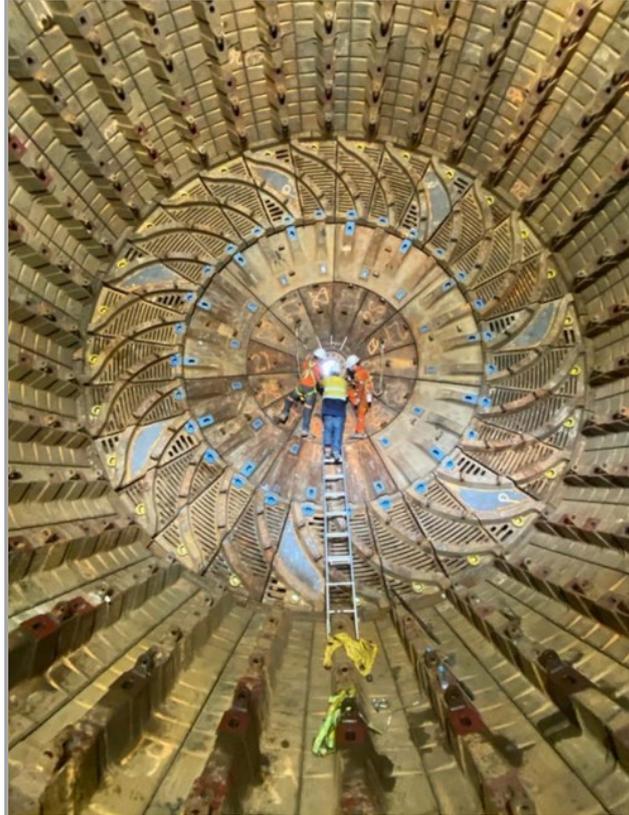


Figure 12 | SAG Mill – commissioned and operating



– 8 Megawatt Outotec SAG Mill “Big Eddie” named by installation engineer P Nilsson in honour of his father

DIRECTORS' REPORT

Review of Operations (continued)

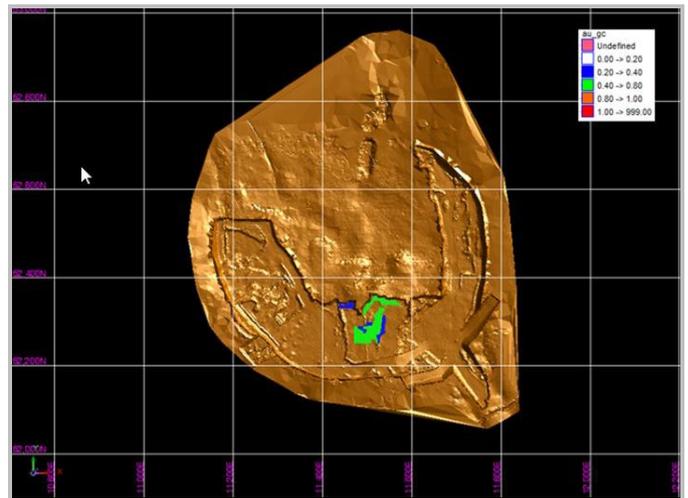
Okvau Gold Mining Activity

Mining activity for the financial year was focused on driving down Stage 1 in the highest-grade zones, in conjunction to establishing the Stage 1 primary ramp. A small portion of mining occurred inside Stages 2 & 3, to improve accessibility for these later cut backs. Oxide top loading occurred during the period to strip oxide ore & waste cover over the Stage 1, 2 and 3 pit shells in order to expose fresh rock for grade control. Stage 1 of the Tailings Storage Facility ("TSF") wall was completed during the year with all aspects of the wall meeting stated compliance levels during construction milestones. Stage 2 of the TSF west wall commenced ahead of schedule and will be completed over the coming period to the 152mRL. Phase 1 of the decant ring and decant access road was completed during the year. Stage 1a of the ROM expansion commenced to allow additional ROM fingers to be created to provide optimal blending capabilities, the expansion will continue into the following quarters as quality waste rock becomes available for construction activities. Total surveyed movement for the year was 1,896,769 BCM of ore and waste against a scheduled 1,760,048 BCM with 475,704 BCMs blasted.

Figure 13 | The first ore load of Okvau. Block ID ST1_160_003G (Screenshot of APS shows the floor control on grade)



Figure 14 | The GC Block and Surveyed DTM showing the Mining Location (Local Grid)



Okvau Gold Mine Mineral Resources and Reserves Estimates

Table 1 | 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	17.68	2.01	1,141

The DFS delivered a maiden Ore Reserve (Probable) estimate of 14.26Mt @ 1.98g/t Au for 907,000 ounces gold (refer Table 2).

Table 2 | 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

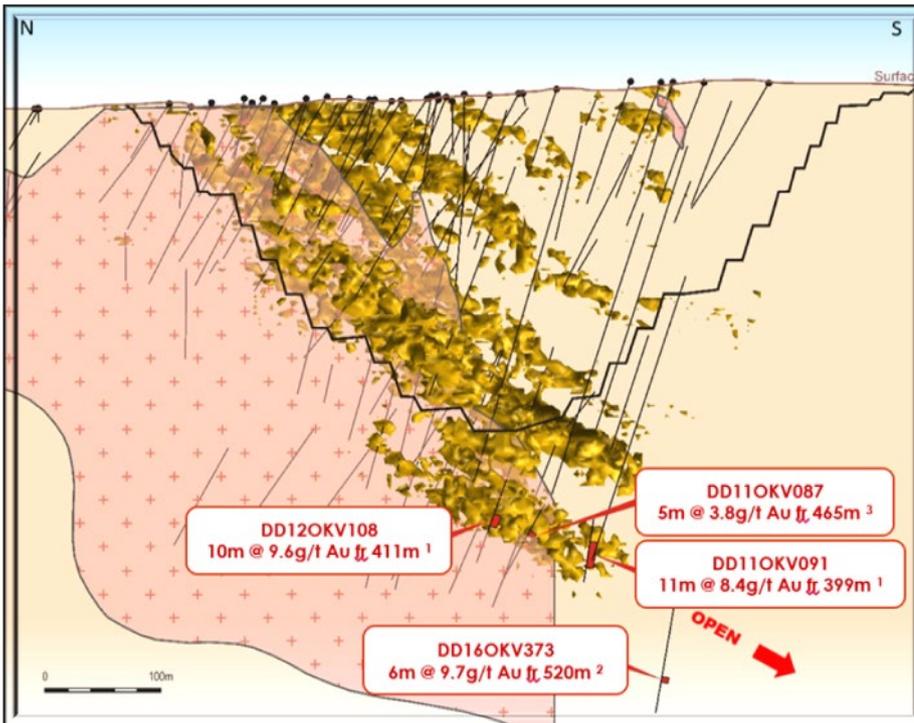
DIRECTORS' REPORT

Review of Operations (continued)

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 15).

Figure 15 | 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 16):

- 17m @ 5.7g/t gold from 399m (DD11OKV091)
- 10m @ 9.6g/t gold from 411m (DD12OKV108)
- 3m @ 14.2g/t gold from 432m (DD11OKV091)
- 6m @ 9.7g/t gold from 520m (DD16OKV373)

(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 (DD11OKV078) (outside current pit).

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

DIRECTORS' REPORT

Review of Operations (continued)

Figure 16 | Okvau Feeder Zone

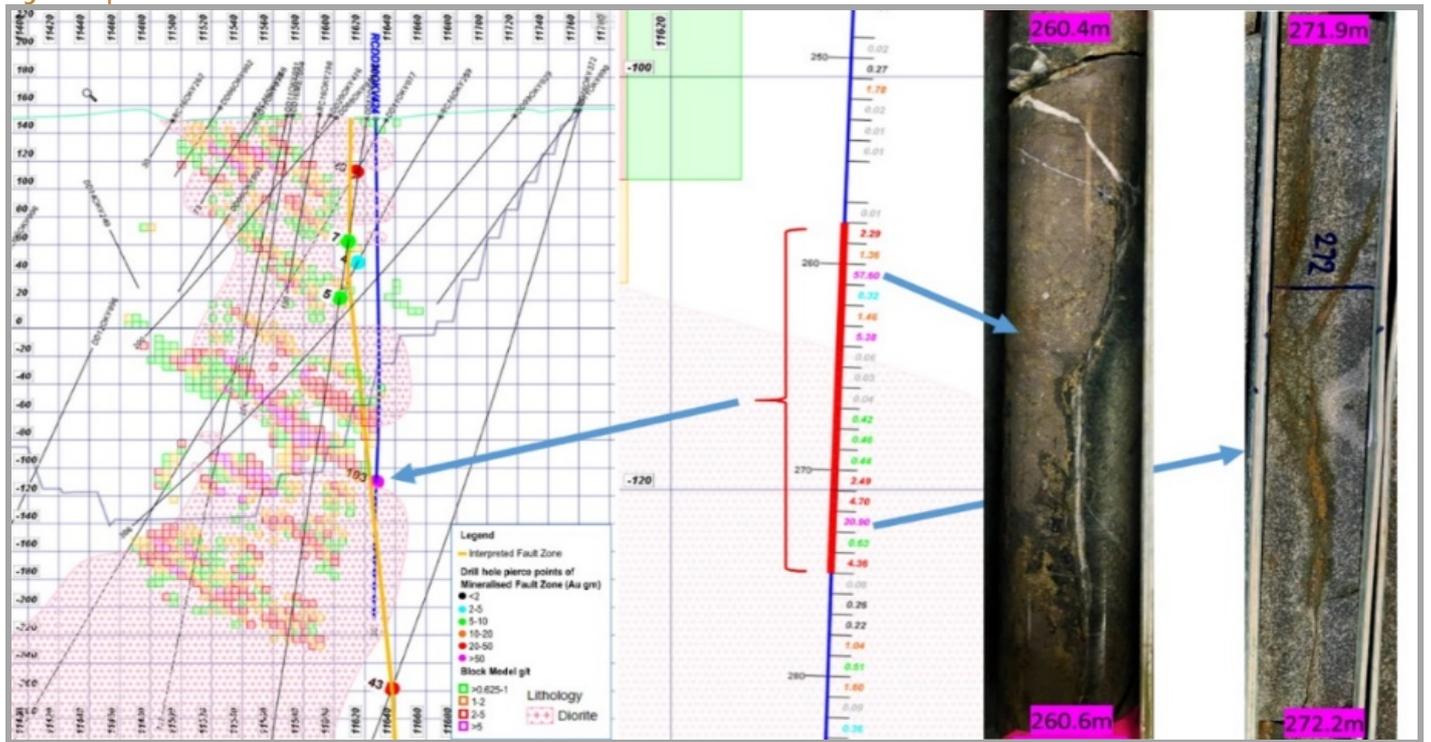
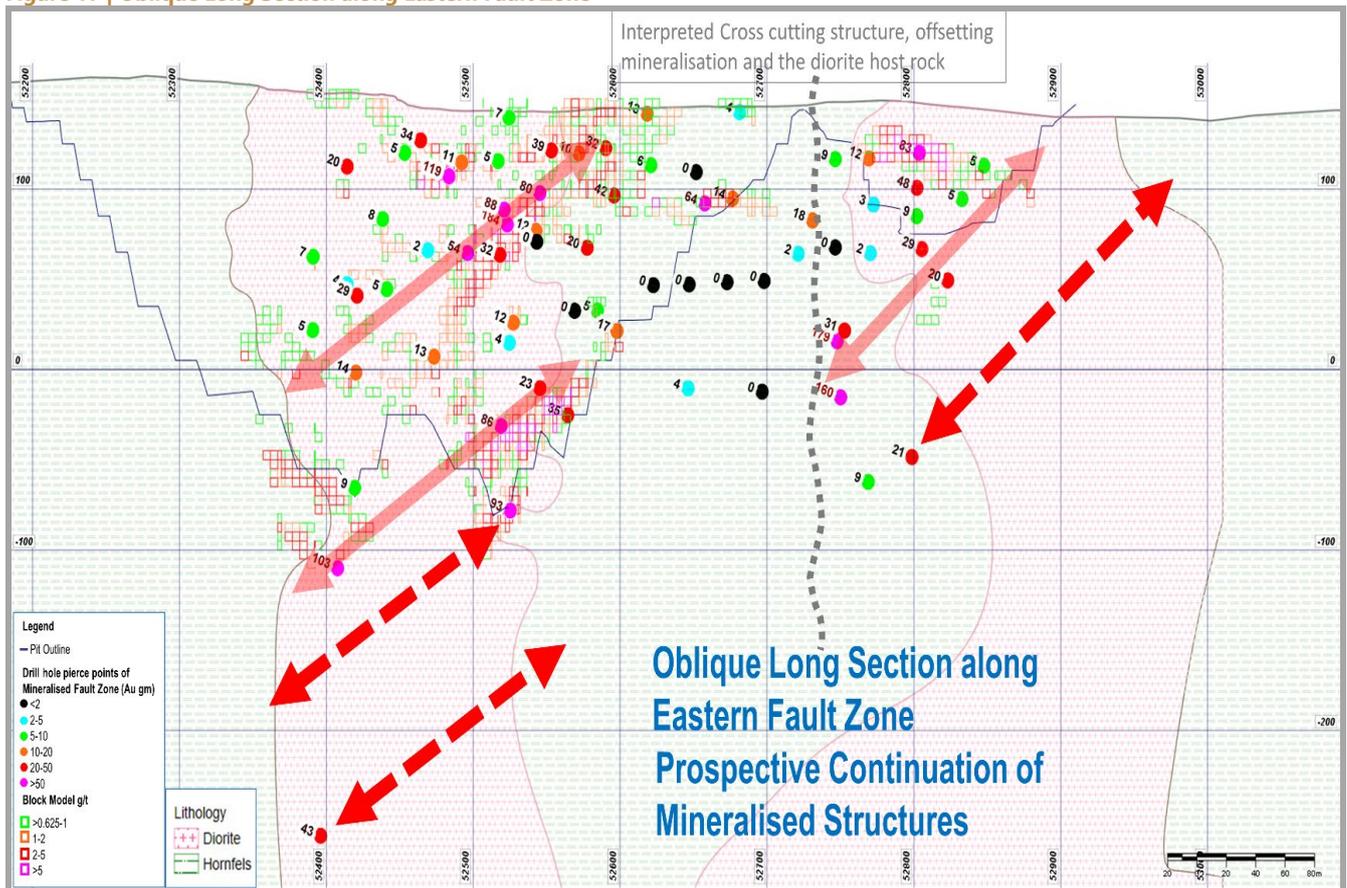


Figure 17 | Oblique Long Section along Eastern Fault Zone



(refer to the Company's ASX Announcements dated 4 April 2019, 2 July 2019 and 31 July 2019)

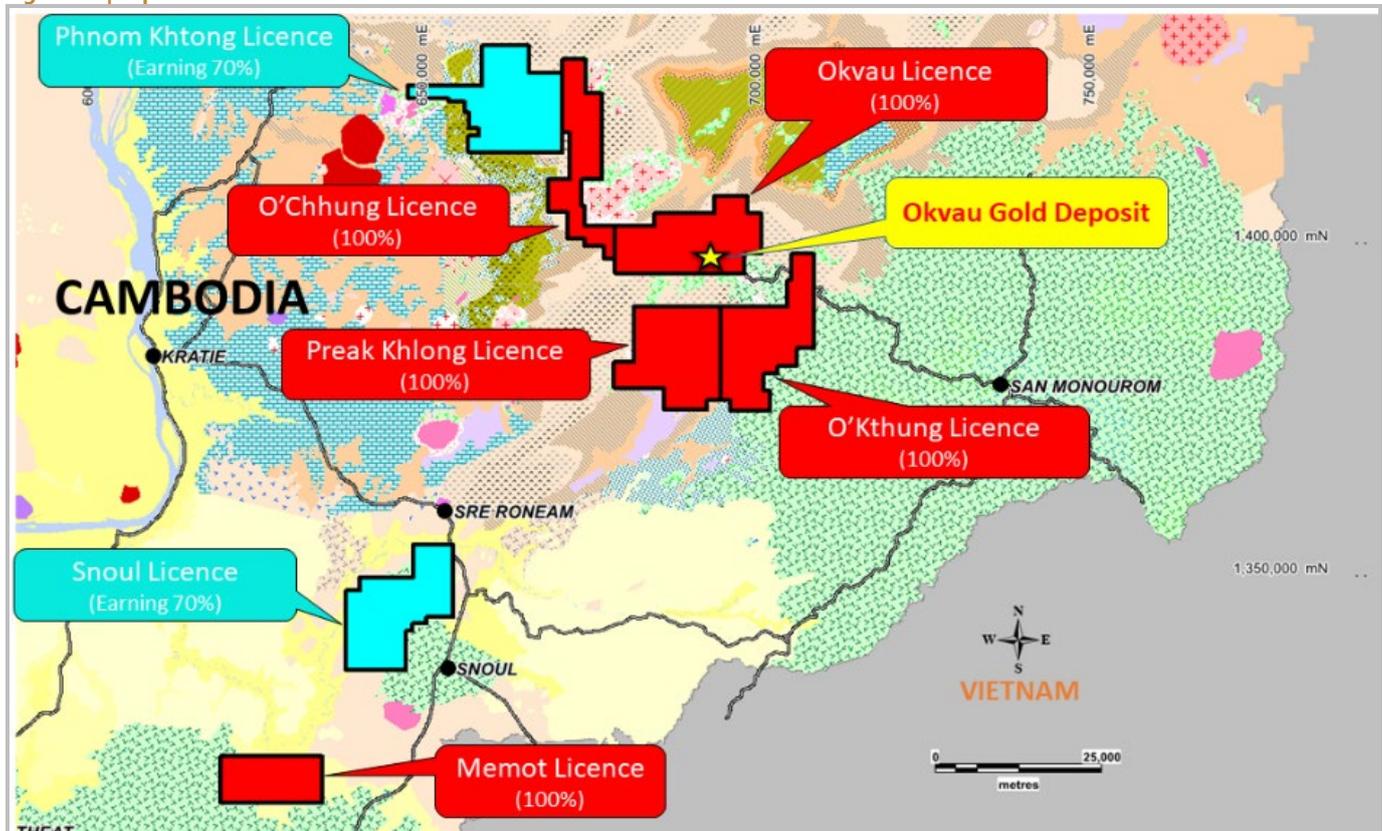
DIRECTORS' REPORT

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 km².

Figure 18 | Exploration Licence Areas



Memot Project (100%)

Work completed during the quarter on the 100% owned Memot project located 95km southwest of the Okvau Gold Mine included the completion and submission of an independently commissioned environmental impact assessment. The Company has recently received approval from the Cambodian Ministry of Environment and all relevant approvals to allow formal exploration activities to commence.

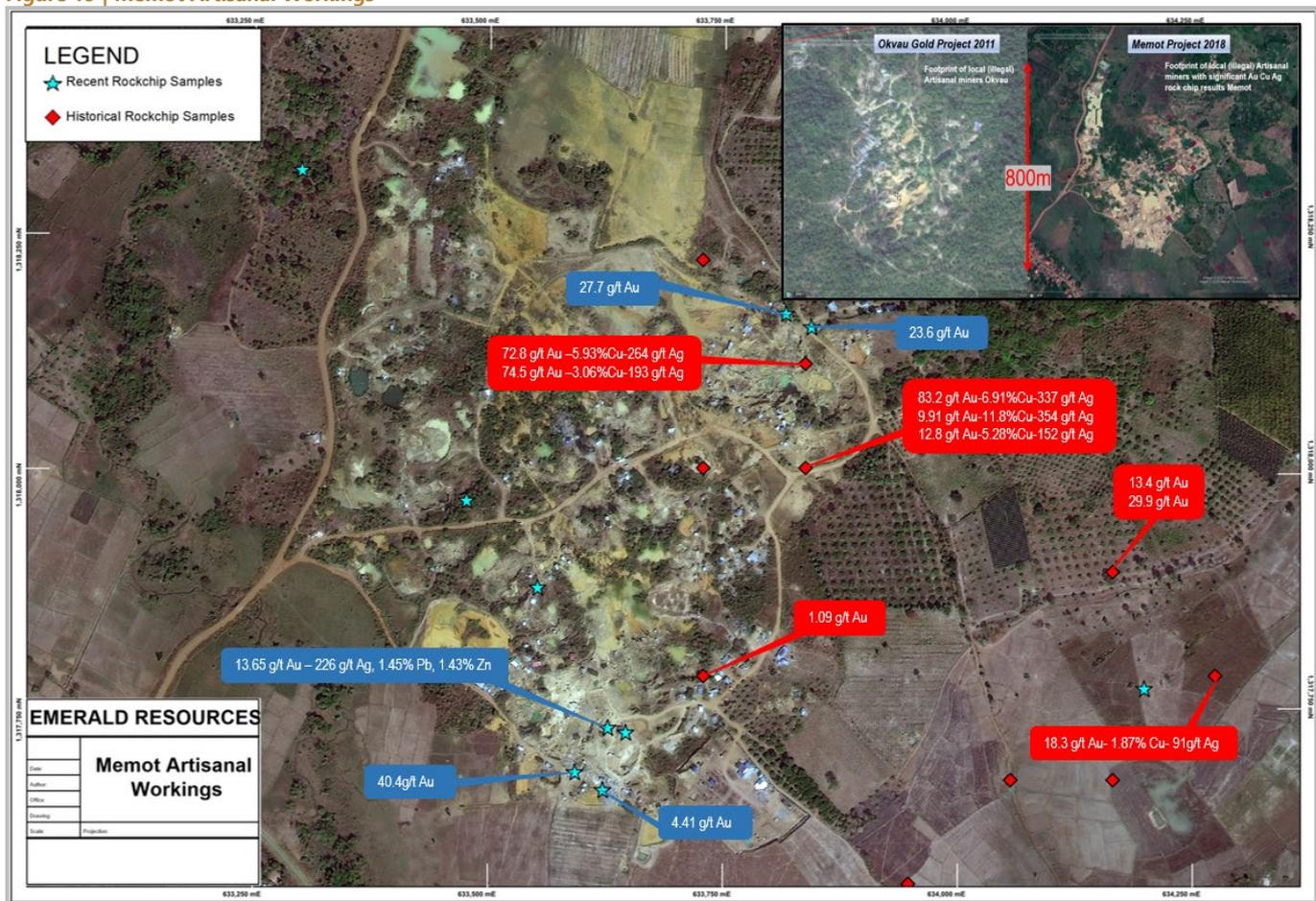
Identified historical work includes mapping and 23 rock chip samples (verified) from around the shafts and the artisanal workings. These results include 8 values greater than 9g/t with peak values of 72.8g/t, 74.5g/t and 83.2g/t Au coincident with high values of the same associated elements observed at the Okvau Gold Project (As, Te, Sb and Bi). In addition to the peak gold values, 3 rock chips samples also returned significant Ag (>190 g/t) and Cu (>3 %) values (refer to the Company's ASX Announcement dated 28 January 2021). Notably the highest grade (historical) rock chip samples were collected from the stockpiles created from spoils from underground mining.

As announced in April 2021, Emerald technical staff collected preliminary rock chip grab samples from recently mined stockpiled material and outcrops from the surrounding area. 5 of the 12 samples returned assays greater than 4g/t with the peak values of 40.4, 27.3, 23.6 and 13.65 g/t Au (including 226g/t Ag, 1.45% Pb and 1.43% Zn) (refer to the Company's ASX Announcement dated 30 April 2021).

DIRECTORS' REPORT

Review of Operations (continued)

Figure 19 | Memot Artisanal Workings



Okvau Gold Project (100%)

As previously announced, (refer to the Company's ASX Announcement dated 30 April 2021) Emerald has updated the Okvau Gold Project's magnetic susceptibility Inversion Model and completed a 3DIP geophysical survey targeting the potential high-grade feeder zone for the Okvau mineralisation (refer to the Company's ASX Announcement dated 4 April 2019 and 2 July 2019, 28 January 2021). Whilst the modelling is currently being processed, initial results have indicated targets with IP chargeability signatures typically associated with massive sulphides and magnetic destructive alteration associated with mineralisation outside the current 1.14 Moz resource. The results from these studies will assist with a better understanding of the significance of the interpreted high-grade feeder zone to target deeper zones of mineralisation at Okvau.

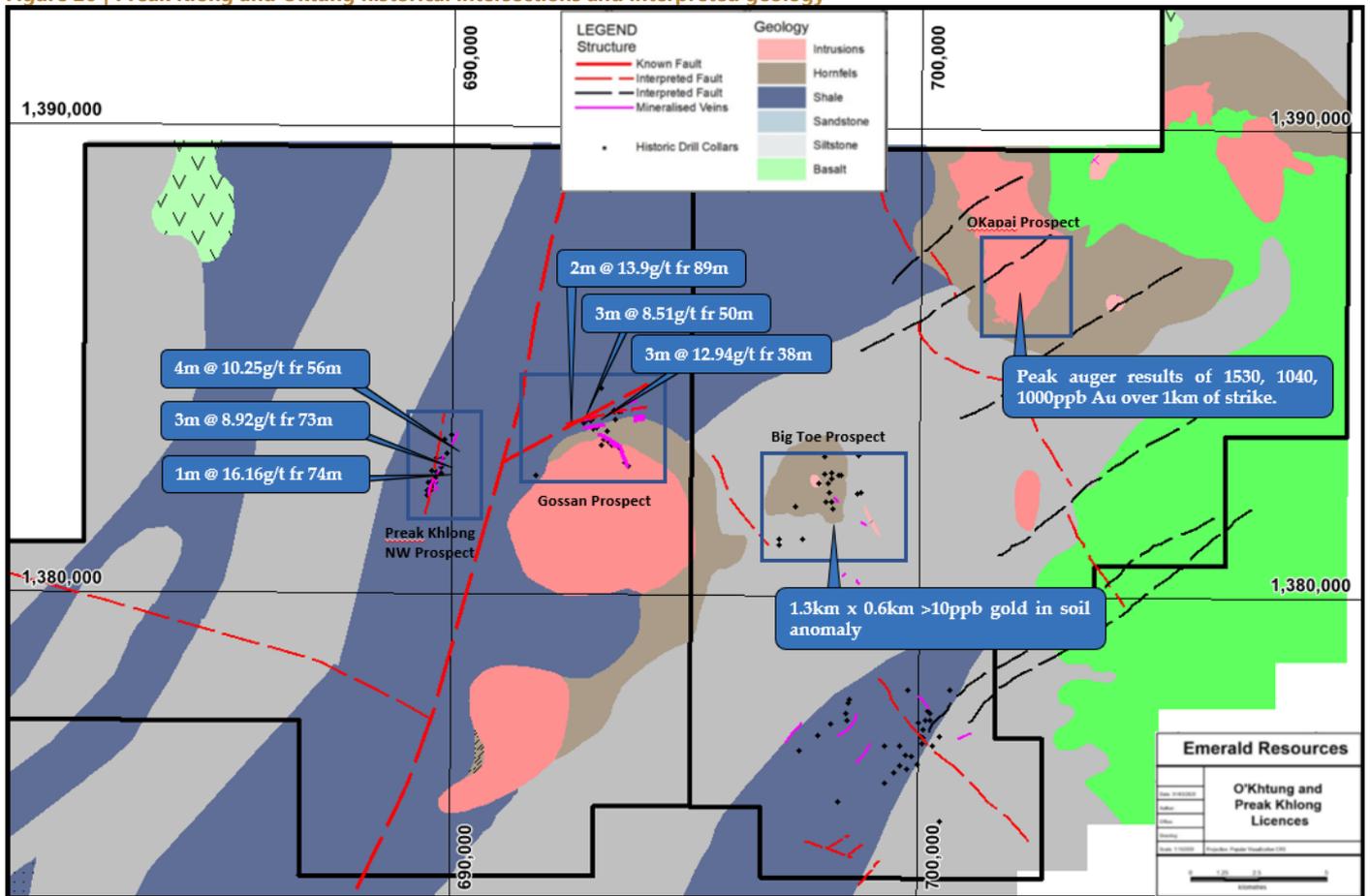
Preak Klong and Oktung Projects (100%)

Both gradient array and dipole-dipole geophysical surveys have been completed on the Preak Klong NW and Gossan prospects (refer to the Company's ASX Announcement dated 1 April 2020 and 30 April 2021), the data is currently being modelled with results to be released when available. Both the Okapai and Big Toe prospects (refer to the Company's ASX Announcement dated 1 April 2020 and 30 April 2021) have gradient array programmes underway and are expected to be completed by the end of the current quarter. Any significant targets will be followed up with dipole-dipole surveys to assist with developing drill targets for testing later in 2021 once the dry season commences and access improves.

DIRECTORS' REPORT

Review of Operations (continued)

Figure 20 | Preak Klong and Oktung historical intersections and interpreted geology



Other Exploration

The Company continues to look to expand on its prospective tenure in Cambodia by seeking to make further applications for tenure when identified and advancing discussions with third parties. The Company continues to assess additional prospective gold development opportunities both in Australia and internationally with the aim to create a multi asset gold producing company.

DIRECTORS' REPORT

Review of Operations (continued)

Corporate

Funding and Debt facility

Emerald's consolidated cash at 30 June 2021 was approximately A\$23 million.

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 year.

Key terms of the Facility are as follows:

- Facility amount – US\$60 million, with availability in instalments subject to release conditions customary for a facility of this nature;
- Term – 5 years from the closing date;
- 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 on or about first forecast gold production, 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;
- Structuring/Arrangement Fee – Commensurate with fees usually associated with facilities of this nature (circa 1.6%);
- Early repayment – no voluntary prepayment before the 3rd anniversary of the closing date, 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
- Amortisation – the Facility will be fully amortised from the 21st month following closing through to maturity.

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.

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.

DIRECTORS' REPORT

Matters Subsequent to the End of the Financial Year

The following material events have occurred subsequent to balance date:

- As announced to the ASX on 30 July 2021, practical completion was achieved on the construction and commissioning of its Okvau Gold Mine. The successful commissioning of the sulphide float regrind circuit and commencement of hard rock sulphide ore feed marks the commencement of run of mine ore processing and normal operations.
- As announced to the ASX on 11 August 2021, 2,875,000 unlisted \$1.09 options expiring 29 July 2026 have been issued to key employees involved in the development and operations of the Okvau Gold Mine, subject to various vesting conditions under the Company's Incentive Plan. A further 500,000 options have been agreed to be issued to Executive Director, Mr Mick Evans, subject to shareholder approval at the Company's Annual General Meeting.
- On 21 September 2021, the Company released an ASX announcement stating that the Okvau Gold Mine had ramped up to full production.

There are no further material events subsequent to balance date.

Likely Developments and Expected Results of Operations

The Company is focused upon the operations of the Okvau Gold Mine in Cambodia and on exploration within its current portfolio of projects and will also continue to assess other viable gold project opportunities which may offer value enhancing opportunities for shareholders.

Material business risks that may impact the results of future operations include tenure risks, environmental risks, ore reserve and mineral resources estimates, production estimates and metallurgical recovery, sovereign risks, debt funding risks, future commodity prices, exchange rate risks, development risks, reliance on key personnel, operating risks, capital costs, operating costs, occupational health and safety, political and regulatory risks.

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in the Annual Report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental Regulation

The Company is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all appropriate regulations when carrying out any exploration or development work throughout the World. Further details of the Company's focus on operating in a safe, responsible and sustainable manner are included in the Sustainability Report in this Annual Report.

DIRECTORS' REPORT

Information on Directors and Company Secretary

Simon Lee AO

Non-Executive Chairman

Appointed Experience	20 August 2014 Mr Lee has had extensive management experience with a diverse range of business enterprises in a career that has based him in Asia, England, Canada and Australia. Mr Lee has held a number of positions, which included Board Member of the Australian Trade Commission (AUSTRADE) and President of the Western Australian Chinese Chamber of Commerce Inc. In 1993, he received the Advance Australia Award for his contribution to commerce and industry and in 1994, he was bestowed an Officer of the Order of Australia. Mr Lee has a successful track record in the resources industry which has included building gold mining companies, Great Victoria Gold NL, Samantha Gold NL and Equigold NL.
Interest in securities	Fully paid ordinary shares 24,733,333 ^A ^A SHL Pty Ltd is the holder of 24,733,333 fully paid ordinary shares. Mr Simon Lee is not a director, shareholder or involved in the management of SHL Pty Ltd. Mr Lee's children, Ms Cheryl Lee and Mr Ryan Lee are directors of SHL Pty Ltd and therefore SHL Pty Ltd is considered a related party of Mr Simon Lee under the Corporations Act and AASB 124.
Other directorships in the last 3 years	MOD Resources Limited –January 1997 to October 2019

Morgan Hart

Managing Director

Appointed Experience	30 July 2014 Mr Hart is a geologist and highly experienced mining executive with over 30 years' experience in the Australian and international gold mining industries. Mr Hart has been Executive Director and Chief Operating Officer at both Regis Resources Ltd and Equigold NL. Both companies were highly successful in taking gold resources through to successful operational mines.
Interest in securities	Fully paid ordinary shares 39,383,333
Other directorships in the last 3 years	nil

Michael Evans

Executive Director

Appointed Experience	3 October 2018 Mr Evans has over 20 years' experience in various mining and processing industries throughout Australia and Africa. Mr Evans spent 7 years with Regis Resources Ltd, firstly as Projects Manager and subsequently as Chief Development Officer, where he was responsible for the construction of the processing plants at the Moolart Well, Garden Well and Rosemont gold mines. Prior to that, Mr Evans spent 10 years with Equigold NL where he was instrumental in the construction of the Bonikro processing plant in Cote D'Ivoire.
Interest in securities	Fully paid ordinary shares 1,991,677 \$0.434 options expiring 5 June 2023 500,000 \$0.670 options expiring 30 July 2025 1,000,000
Other directorships in the last 3 years	nil

DIRECTORS' REPORT

Information on Directors and Company Secretary (continued)

Ross Stanley	Non-Executive Director	
Appointed	20 August 2014	
Experience	Mr Stanley is a well-respected mining executive with extensive experience both in Australian and African mining enterprises. Mr Stanley was formerly the majority shareholder and Managing Director of ASX listed Stanley Mining Services prior to its merger with Layne Christensen in 1997. Stanley Mining Services was the dominant drill services provider in Ghana in the 1990's. Mr Stanley also served as non-executive director of Equigold NL.	
Interest in securities	Fully paid ordinary shares	35,599,695
Other directorships in the last 3 years	Lucapa Diamond Company Limited - 26 July 2018 to current	
Mark Clements	Non-Executive Director & Company Secretary	
Appointed	12 June 2020	
Experience	Mr Clements has an extensive range of experience in capital management, finance, financial reporting, corporate strategy and governance across a range of industries. He was appointed Company Secretary in 2014 and is a Fellow of Chartered Accountants Australia and New Zealand, Fellow of the Governance Institute of Australia and a Member of the Australian Institute of Company Directors. He is company secretary for a number of diversified ASX listed companies and is non-executive director of Alterra Limited and MSM Corporation International Limited. He was previously Executive Chairman of MOD Resources Limited.	
Interest in securities	Fully paid ordinary shares	555,115
Other directorships in the last 3 years	Alterra Limited – February 2021 to current MSM Corporation International Limited – January 2016 to current MOD Resources Limited – March 2006 to October 2019	

DIRECTORS' REPORT

Audited Remuneration Report

Remuneration structure, policy and strategy

Emerald recognises that success cannot be achieved without having a Company built on strong fundamentals, driven by a group of high achieving employees who are committed to the corporate vision and, most importantly, supported by a continuous social licence to operate.

During the year, as Emerald continued its journey towards a resource producer, the Board has sought to ensure that the remuneration structure, policy and strategy for the executive team and employees are aligned with shareholder expectations and reflect the Company's strategy.

As Emerald looks to the future, we aim to continue to grow and mature towards becoming a multi-project resource producer and employer of choice. To attract and retain competent people for the right roles, the Board has sought to ensure that the remuneration strategy for the executive team and broader staff base is progressive and consistent with the Company objectives and motivates them to grow the Company's long-term shareholder value. The Company's remuneration principles are set to align with business needs and market practice and implement a clear and consistent remuneration approach for the Company that could grow as development activities increase.

How to Measure the Success of the Philosophy:

The Company measures the success of its remuneration philosophy on;

- (a) The willingness of potential employees to join the Company to be part of a successful project, to be well rewarded and, importantly, to be part of a culture representing an employer of choice;
- (b) Zero or low staff turnover.

The Company has entered an important phase and we believe that the remuneration framework is appropriate and fit-for-purpose based on the Company's development and growth profile and to drive and deliver the outcomes desired by all shareholders.

During the financial year, the Company remained resilient throughout the COVID-19 crisis. Construction activities were completed on budget and the first gold pour was achieved on schedule despite the logistical challenges created by the global pandemic, which is a testament to the skill and experience of the team on site. There were no employees that had to be retrenched as a result of the global pandemic. To the contrary, employee and contractor numbers swelled during the year, as the Company targeted commissioning of the Okvau Gold Mine by June 2021.

The Company continues to prioritise the health and wellbeing of staff, contractors and stakeholders by maintaining stringent protocols to limit the impact of the COVID-19 pandemic on site. Travel between Australia and Cambodia continues to be restricted but is being managed through longer rosters and regional sourcing and the dedication of key employees on site at the Okvau Gold Mine. The Company recently achieved a significant milestone with the assistance of the Cambodian Ministry of Health by successfully commencing the full site-wide vaccinating of all Okvau mine site staff and contractors (in excess of 300 first doses administered). The second (full) vaccine dose for all workers is scheduled for completion during the September 2021 quarter.

Details regarding the remuneration framework for the executive directors, non-executive directors, key management personnel ('KMP') and staff are outlined in this report.

Remuneration Outcomes:

Details of the remuneration outcomes for the year ended 30 June 2021 are summarised below:

Executive fixed remuneration

- Fixed remuneration remains unchanged in 2021 for the Managing Director and Executive Director ('the Executive').
- For other KMP; the Chief Financial Officer's fixed remuneration remained unchanged.

Executive incentives

- Short-term incentives ('STI'): There were no short-term performance measures set for the Executive in 2021 and no cash bonuses paid on the basis the Board is of the opinion that the variable long-term remuneration provided to the Executive was sufficient given the Company's exploration and development stage during the majority of the financial year, to align the interest of key management and staff with shareholders. Further, the Board resolved that it was prudent to ensure the Okvau Gold Mine was commissioned and in production prior to the issue of any cash STI's, which are planned for FY22 against relevant performance targets.

DIRECTORS' REPORT

Audited Remuneration Report (continued)

- Long-term incentives ('LTI'):

There were no options issued to directors or other KMP's during the year other than to the Chief Financial Officer, Mr Brett Dunnachie and to the Executive Director, Mr Michael Evans, who has been critical to the success of the construction and commissioning of the Okvau Gold Mine. Mr Evans' options were issued following shareholder approval at the Company's annual general meeting held 25 November 2020. Details of these options were included in the Notice of Annual General Meeting announced 6 October 2020. The resolution received more than 99% of 'Yes' votes.

Non-executive director remuneration

- No changes were considered necessary to non-executive directors' fees during the financial year, based on the Company's size and stage of growth.

Remuneration in 2021

The directors are pleased to present this remuneration report which sets out remuneration information for Emerald Resources NL's non-executive directors, executive directors and other key management personnel ('KMP') for the year ended 30 June 2021.

During the current year, the Board continued to carefully consider and adjust the Company's remuneration framework to ensure it remains appropriate and is consistent with the Company's strategy of commencing the development of, and ultimately the production from the Company's Okvau Gold Mine.

The following sections are included within this report:

- A. Directors and other key management personnel disclosed in this report;
- B. Remuneration governance;
- C. Performance evaluation;
- D. Use of remuneration consultants;
- E. Executive remuneration policy and framework;
- F. Relationship between remuneration and Emerald Resources NL's performance;
- G. Non-executive director remuneration policy;
- H. Voting and feedback on the Company's 2020 Remuneration Report;
- I. Details of remuneration;
- J. Details of share-based compensation;
- K. Service agreements;
- L. Equity instruments held by directors and key management personnel;
- M. Loans to key management personnel;
- N. Other transactions with key management personnel.

A. Directors and other key management personnel disclosed in this report

This report details the nature and amount of remuneration for all KMP of Emerald Resources NL and its subsidiaries. The information provided within this remuneration report has been audited as required by section 308(C) of the *Corporations Act 2001*. The individuals included in this report are:

Non-Executive Directors

Mr S Lee AO	Non-Executive Chairman
Mr R Stanley	Non-Executive Director
Mr M Clements	Non-Executive Director

Executive Directors

Mr M Hart	Managing Director
Mr M Evans	Executive Director

Other Key Management Personnel

Mr B Dunnachie	Chief Financial Officer
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DIRECTORS' REPORT

Audited Remuneration Report (continued)

B. Remuneration governance

The Group has established a Remuneration Committee which consists of solely non-executive directors and includes the following:

Mr R Stanley	Remuneration Committee Chairman
Mr S Lee AO	Remuneration Committee Member
Mr M Clements	Remuneration Committee Member

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees. The Remuneration Committee is responsible for reviewing and recommending the remuneration arrangements for the executive directors, non-executive directors and KMP each year in accordance with the Company's remuneration policy approved by the Board. This includes an annual remuneration review and performance appraisal for the executive directors and other KMP, including their base salary, short-term and long-term incentives, bonuses, superannuation, termination payments and service contracts.

Further information relating to the Remuneration Committee can be found within the Corporate Governance Report on the Company's website, refer to http://www.emeraldresources.com.au/corporate_governance.

The Remuneration Committee met twice during the year to consider, and approve where required, the FY21 annual remuneration review and performance appraisal for the Executive Directors and other KMP, including their base salary, short-term and long-term incentives, bonuses, superannuation, termination payments and service contracts.

The Remuneration Committee also met to advance the FY22 fixed remuneration, STI and LTI framework in conjunction with independent remuneration consultants, The Reward Practice and references to other meaningful industry remuneration survey data, as the Company progressed toward its strategic objective of becoming a resource producer.

C. Performance evaluation

A further role of the Remuneration Committee is to assist the Board with the review of its performance and the performance of the individual directors including the Managing Director, the committees of the Board, the Company and management on a regular basis. This is an important element of the Board's monitoring role, especially with regard to the long-term growth of the Company and of shareholder value.

The Board is required to annually assess their performance as a whole and the chairperson of the Board is responsible for meeting with individual directors to discuss their individual performance and contribution to the Board. As part of the performance evaluation process, all directors are expected, where applicable, to highlight areas for improvement and provide a description as to how this can be achieved. At least annually the Board must review the performance of Committees reporting to it to ensure that the Committees are achieving outcomes.

The Managing Director is responsible for assessing the performance of the key executives within the organisation. This is to be performed annually with the outcomes and recommendations reported to the Remuneration Committee. The Remuneration Committee are then responsible for reviewing the recommended compensation arrangement, making adjustments if necessary and preparing a recommendation to the Board of the compensation arrangements for each individual.

The Managing Director's performance is assessed by the Remuneration Committee, the Committee recommends a compensation arrangement for the Managing Director in line with the Committee Charter. Each manager is responsible for assessing the performance of their direct reports. With respect to performance-based remuneration and the issue of shares under the Incentive Option Plan, the options will be forfeited if, prior to completion of the vesting period, the employee commits any fraud, dishonest or grossly negligent act.

In the event that a director, key executive or employee is not performing to an acceptable level, a performance evaluation can be conducted on an as needs basis.

Annual performance reviews were undertaken for FY21.

D. Use of remuneration consultants

To ensure the Remuneration Committee is fully informed when making remuneration decisions, it seeks external remuneration advice where required. Remuneration consultants are engaged by, and report directly to, the Committee. In selecting remuneration consultants, the Committee considers potential conflicts of interest and requires independence from the Company's key management personnel and the Executive as part of their terms of engagement.

DIRECTORS' REPORT

Audited Remuneration Report (continued)

Consistent with the prior year, given the Company's stage of growth, the Remuneration Committee decided not to increase the total fixed remuneration of the Executive and KMP. However, in FY21 the Remuneration Committee engaged independent remuneration consultants, The Reward Practice, to undertake an external review, including independent benchmarking of remuneration for the Executive, KMP and key staff as the Company moved toward its key strategic objective which was the development of, and ultimately the production from, the Company's Okvau Gold Project in Cambodia targeting safety, environment, sustainability and community.

In 2H21, The Reward Practice provided the Company with the following;

- (a) Executive Remuneration Benchmarking Report;
- (b) Executive Short-Term Incentive (STI) and Long-Term Incentive (LTI) Review.

Their findings, in conjunction with references to other meaningful industry remuneration survey data such as the Aon and Governance Institute of Australia's Board & Executive Remuneration Report 2021 – Summary Report, July 2021 ('AGIA Report') and subscription to AON Human Capital's Mining Infrastructure Engineering Remuneration Report have enabled the Remuneration Committee to maintain awareness of its peers when considering the Company's FY22 remuneration framework.

Whilst the AGIA Report combines data from the ASX 300 and Emerald is currently outside the ASX 300 Index, when compared to the remuneration surveyed for those ASX listed companies either ranked 251-300 or with revenue less than \$100m in the metals and mining industry, the annual remuneration of the Company's Chairman (\$48,000) and non-executive directors (\$36,000) is well below the 25th percentile. On a similar basis the Managing Director's (\$323,026) and the Executive Director's (\$323,026) annual remuneration, comprising salary and superannuation, are also well below the 25th percentile in FY21.

E. Executive remuneration policy and framework

Remuneration Policy

The remuneration policy of the Group has been designed to appropriately align the other KMP incentives with the goals and achievements of the Group. The Board recognises the importance of retaining highly skilled, qualified and motivated people to ensure the Group's performance and success. Accordingly, remuneration needed to be competitive whilst taking into account the Group's activities and stage of development of the Okvau Gold Project in FY21 and now as an emerging resource producer. The Board believes shareholder transparency of remuneration is extremely important.

The Board endeavours to ensure that the mix of executive compensation between fixed, variable, long-term, short-term and cash versus equity is appropriate. To date, given the Company's stage of growth, the remuneration mix has reflected the preservation of cash expenditure by providing a greater proportion of compensation in the form of equity instruments. This allows cash resources to be directed towards exploration and the Okvau Gold Project development and construction to drive shareholder value.

During 2H21, the Remuneration Committee, in conjunction with independent remuneration consultants, The Reward Practice and references to other meaningful industry remuneration survey data, advanced the FY22 fixed remuneration, STI and LTI framework as the Company progressed toward its strategic objective of becoming a resource producer.

The remuneration policy provides a mix of fixed and variable "at risk" remuneration and a blend of short and long-term incentives. The remuneration for the Executive, KMP and staff has three components:

- Fixed remuneration (TFR), inclusive of superannuation and allowances;
- Short-term incentives (STI's), a performance-based cash bonus; and
- Long-term incentives (LTI's) which includes participation in the Company's shareholder approved Incentive Option Plan.

Total Fixed Remuneration (TFR)

TFR of the Executive and KMP is approved by the Remuneration Committee in consultation with the Managing Director and Executive Director each year and is based on market relativity and individual performance. Market relativity is benchmarked against a defined "remuneration peer group" of listed comparable companies to ensure that fixed remuneration is fair and competitive with the market in which the Company operates.

DIRECTORS' REPORT

Audited Remuneration Report (continued)

The Company aims to reward the Executive and KMP with a level and mix (proportion of fixed, short-term incentives and long-term incentives) of remuneration appropriate to the Company's stage of growth, their position, responsibilities and performance within the Company and that which is aligned with targeted market comparators.

An internal remuneration review of the Executive was undertaken by the Remuneration Committee during the year. The remuneration paid to the Executive and KMP is considered modest and comparably low in the context of industry peers. During 2H21, the Remuneration Committee, in conjunction with independent remuneration consultants, The Reward Practice and references to other meaningful industry survey data, assessed the Company's peers to provide a basis for FY22 fixed remuneration to be fair and competitive with the market in which the Company operates.

The Managing Director and the Executive Director performed a remuneration review of KMP and staff. The remuneration levels for KMP and staff were considered fair and competitive with the market in which the Company operates for FY21. The Remuneration Committee has determined that it is appropriate to benchmark the remuneration of the Company's Executive and KMP at the 50th percentile for FY22 following the recent commissioning and commencement of production at the Okvau Gold Mine.

The Executive, KMP and key staff hold meaningful shareholdings in the Company. Of note, the Managing Director has acquired 39,383,333 shares since his appointment in 2014 and is a substantial shareholder in the Company. None of these shares have been granted as a result of participation in the Company's equity-based incentive plan.

Further details of the shareholdings and fixed remuneration of the Executive Director and KMP are noted in Sections I and J of the Remuneration Report.

Variable Remuneration – short-term incentives (STI)

The Company operates an annual STI program that is available to the Executive, KMP and staff through the award of a cash bonus subject to the attainment of clearly defined Company and business unit measures such as definition and growth of existing resources, progression of development activities and the Company's key strategic non-financial objectives such as achieving the highest standards of safety, environmental, social and stakeholder relations and interests. The Board believes that the criteria of eligibility for short-term incentives appropriately aligns shareholder wealth and executive remuneration as the completion of key performance targets have the potential to increase share price growth. The performance criteria consist of a number of key performance indicators ('KPIs') covering financial and non-financial, corporate and business unit measures of performance which are focussed on key performance drivers for the business. Actual STI payments awarded to each Executive, KMP and staff depend on the extent to which performance criteria set at the beginning of the financial year are met. On an annual basis, after consideration of performance against KPIs, the Remuneration Committee and Board, in line with their responsibilities, determine the amount, if any, of the short-term incentive to be paid to each executive director, seeking recommendations from the Managing Director and the Executive Director as appropriate.

No short-term incentives were paid during the 2021 financial year as the Board is of the opinion that the variable long-term remuneration provided to the Executive, KMP and key staff is sufficient for the current stage of operations to align the interest of management with shareholders. Further, the Board believed it prudent to ensure the Okvau Gold Mine was successfully commissioned and into production prior to the issue of any cash STI's.

During 2H21, the Remuneration Committee, in conjunction with independent remuneration consultants, The Reward Practice and references to other meaningful industry remuneration survey data, has advanced the framework a more comprehensive short-term incentive plan for the Executive, KMP and key staff for FY22 based upon financial and non-financial metrics on threshold, target and stretch milestones that are tied to the Company's key business drivers as it becomes a producer.

Variable Remuneration – long-term incentives (LTI)

LTI awards to the Executive, KMP and key staff are made under the shareholder approved Incentive Option Plan and are delivered in the form of premium priced share options to align recipients' long-term interests with shareholders as there exists a direct correlation between shareholder wealth and remuneration outcomes. On a regular basis, the Managing Director and the Executive Director recommend to the Remuneration Committee an appropriate level of remuneration incentive for each executive, KMP and key staff, relative to their involvement in the management of the consolidated entity. If satisfied the Remuneration Committee and Board then approves the recommendation and a tranche of premium priced share options is offered to recipients. In the case a quantum of option awards is proposed for the Executive, the equivalent terms are offered, with the additional requirement of shareholder approval and the Executive excuses himself from the decision making and approval process. The Managing Director has not historically participated in the Incentive Option Plan.

DIRECTORS' REPORT

Audited Remuneration Report (continued)

During 2H21, the Remuneration Committee, in conjunction with independent remuneration consultants, The Reward Practice, has considered the Company's long-term incentive plan and considered it appropriate for the Company given its remuneration philosophy.

The Remuneration Committee, in conjunction with The Reward Practice and references to other meaningful industry remuneration survey data, has also determined an appropriate long-term incentive apportionment for the Executive and KMP for FY22 based upon a remuneration mix referencing external independent remuneration peer analysis.

The exercise price of the options is determined on the basis of a 120% premium to the volume weighted average price (VWAP) in the preceding 30 days prior to the date of grant. The granted LTI options vest after 24 months (50%) and 36 months (50%) subject to continued employment hurdles and expire five years from the time of the original option grant. Whilst 50% of the options have a vesting period less than the minimum three-year vesting period suggested by some corporate governance guidelines, the Remuneration Committee and Board considers the vesting hurdles appropriate and reasonable for the Company's stage of growth and is consistent with the Company's timeframe of becoming an established resource producer and employer of choice in accordance with the Company's remuneration philosophy.

The quantum of options on issue under the Company's shareholder approved Incentive Option Plan is 2.9% of the total issued capital of the Company (will not exceed 5% of the issued capital of the Company at the time of grant).

The premium priced options granted require significant share price growth for the LTI awards to result in tangible benefits to the Executive, KMP and key staff. The post-consolidation exercise prices for the tranches of options granted in FY21 were between \$0.67 and \$1.02 (representing a 20% premium to the share price at the time of grant) (30 June 2020: \$0.51 and \$0.53). In 2021, 1,223,250 LTI awards from prior years vested (30 June 2020: 1,191,875) and no LTI awards were exercised (30 June 2020: 1,750,000).

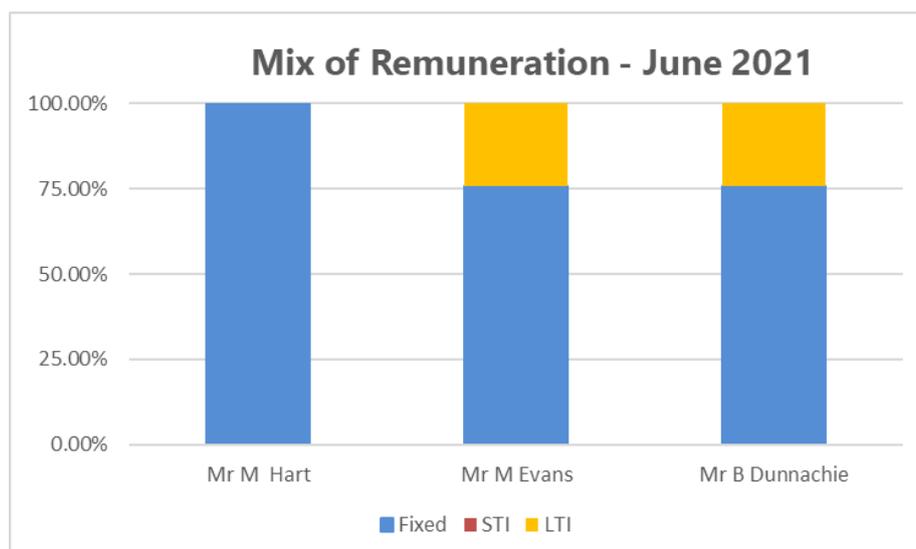
There are no re-testing provisions under the long-term incentive structure and there are no adjustments to exercise prices, vesting conditions or term of the premium priced options once granted. Equity awards do not automatically vest in the event of a change of control or termination. On the resignation of the Executive, KMP or staff, the options that have been issued as remuneration lapse within 1 to 3 months unless exercised.

The Executive and KMP are encouraged by the Board to hold shares in the Group to provide an incentive for participants to partake in the future growth of the Group and to participate in the Group's profits and dividends that may be realised in future years.

Further details of the Executive and KMP interests in options and shares are noted in Section J of the Remuneration Report.

Remuneration Mix

The following table sets out the mix of remuneration for the Executive and KMP between fixed, short-term incentives and long-term incentives for the 2021 financial year.



DIRECTORS' REPORT

Audited Remuneration Report (continued)

F. Relationship between remuneration and Emerald Resources NL's performance

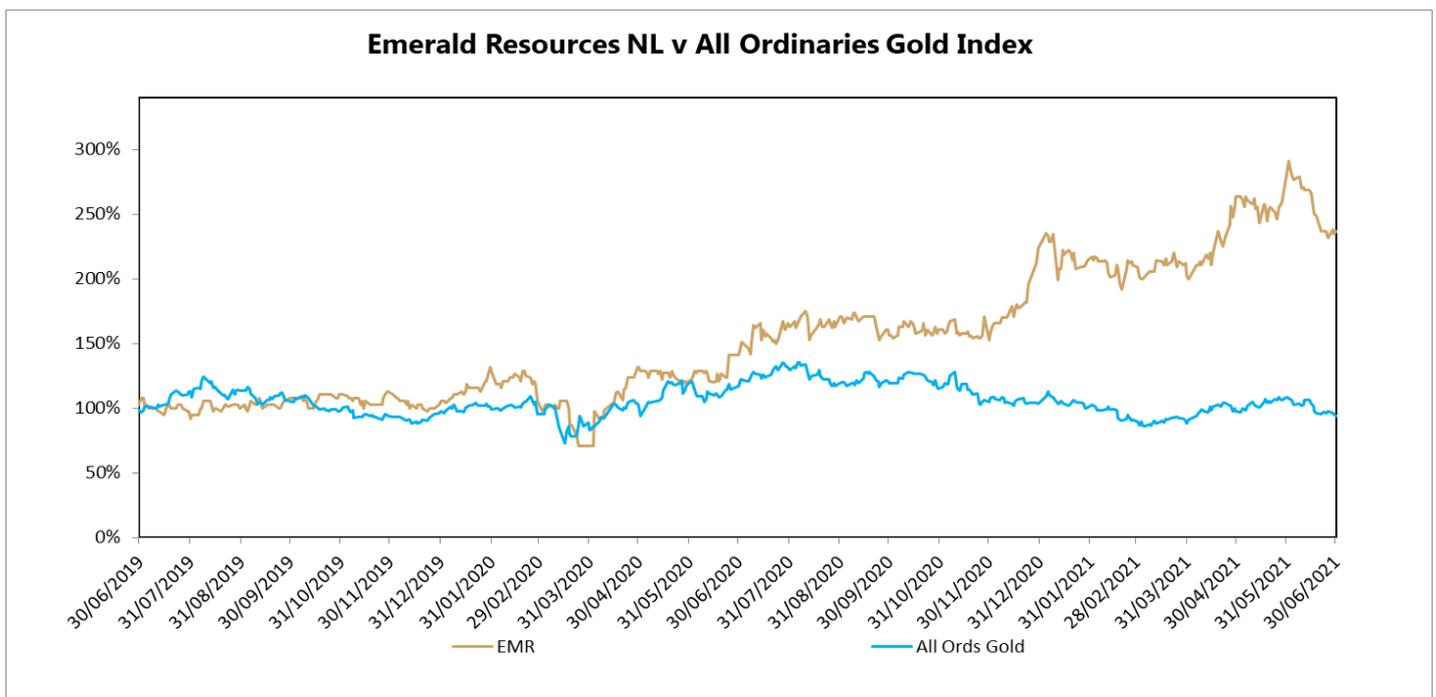
Company Performance, Shareholder Wealth & Executive Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and the Executive, KMP and key staff. This has been achieved by the consideration of short-term incentives and the issue of long-term incentive premium priced options. This structure rewards the Executive, KMP and key staff for both short-term and long-term shareholder wealth development.

In FY21 the Company was in an exploration and development phase and did not have an income-producing mine. As such, measuring performance requires a pragmatic approach. The most meaningful measure of internal performance is against goals which have a project exploration and development focus as well as in relation to safety, environment, sustainability and community. The most appropriate measure for external performance is the change in the share price.

The chart below shows the volatility in the Company share price since June 2019. In December 2019, the Company announced the approval by the Cambodian Council of Ministers for the Okvau Mineral Investment Agreement and in early 2020, finalised the financing package. Since that time the Company's share price has outperformed that of the ASX All Ordinaries Gold Index.

In 2019 the Company commenced construction activities and the Mineral Investment Agreement was executed. In early 2020 a substantial equity raising underpinned the financing for the Okvau Gold Mine and the project funding through Sprott was finalised. In 2021, the Company completed the construction of the Okvau Gold Mine and announced commissioning in late 2021. Whilst the share price and market capitalisation of the Company has significantly improved over the last 12 months, despite the worldwide COVID-19 pandemic, the fixed remuneration of the Executive, KMP and key staff has remained unchanged and no STI bonuses have been paid, instead the Company has used LTI's delivered in the form of premium priced share options to align recipients' long-term interests with shareholders as there exists a direct correlation between shareholder wealth and remuneration outcomes.



		2021	2020	2019	2018	2017
Revenue	\$'000s	21	121	249	90	253
Loss after income tax	\$'000s	(16,700)	(11,471)	(8,860)	(11,424)	(8,474)
Share price at 30 June	\$	0.90	0.54 ⁽ⁱ⁾	0.04	0.03	0.04
Basic loss per share	cents per share	3.24	0.45	0.34	0.50	0.50
Dividends	\$	Nil	Nil	Nil	Nil	Nil

(i) Shareholders approved the consolidation of capital on a 10:1 basis at the general meeting held 13 March 2020.

DIRECTORS' REPORT

Audited Remuneration Report (continued)

G. Non-executive director remuneration policy

The Board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. In accordance with ASX Corporate Governance Recommendations and to safeguard the interests of shareholders, fees for non-executive directors are not linked to the performance of the Group to maintain independence and impartiality. Non-executive directors are not incentivised by short-term or long-term incentives. The Company does not pay retirement allowances to non-executive directors and they do not receive separate remuneration for serving on a committee.

The Board's policy is that non-executive directors should receive adequate remuneration to attract and retain competent people with appropriate skills and diverse backgrounds to make informed, well-reasoned judgements without influence.

In determining competitive remuneration rates, the Board review local and international trends among comparative companies and industry generally.

During 2H21, the Remuneration Committee, in conjunction with independent remuneration consultants, The Reward Practice and references to other meaningful industry remuneration survey data, compared non-executive remuneration to companies with similar market capitalisations and projected revenue in the exploration and resource development business group to confirm that non-executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices. The Remuneration Committee has determined that it is appropriate to benchmark the remuneration of the Company's non-executive directors at the 50th percentile for FY22 following the recent commissioning and commencement of production at the Okvau Gold Mine. The Company will seek an increase to the non-executive director aggregate remuneration at the Company's annual general meeting which has not been reviewed for 10 years (since it was approved by shareholders on 11 November 2011) based on the future growth of the Company and the planned increase in numbers of independent directors.

Non-executive director fees for the year ending June 2021 were as follows:

Position	Fee ^A
Non-executive Chairman	\$48,000
Non-executive Directors	\$36,000

^A Including superannuation where applicable

Non-executive directors may also be entitled to a termination benefit of up to 6 months of base fees, dependent upon the circumstances in which the engagement is terminated.

Further to ongoing reviews, the maximum aggregate amount of fees that can be paid to non-executive directors is set within the Company's constitution and can only be increased by approval of shareholders at a general meeting. The maximum aggregate amount is currently set at \$300,000 per annum. The total non-executive director remuneration paid during the financial year was well below this maximum aggregated amount.

Non-executive directors are encouraged by the Board to hold shares in the Group to partake in the future growth of the Group and, to participate in the Group's profits and dividends that may be realised in future years. The non-executive directors hold meaningful shareholdings in the Company.

H. Voting and feedback on the Company's 2020 Remuneration Report

At the 2020 Annual General Meeting more than 99% of the votes received supported the remuneration report for the 2020 financial year and the issue of the long-term incentive to Executive Director, Mr Michael Evans, given his critical role in the construction and commissioning of the Okvau Gold Mine.

Following feedback from proxy shareholder groups on the Company's remuneration practices in the prior financial year, the Remuneration Committee has reviewed the remuneration framework and the following provides further information on remuneration matters raised:

- (i) Remuneration structure - The Company's executive remuneration structure and remuneration arrangements are contained in the Remuneration Structure, Policy and Strategy section of the Directors' Report;

DIRECTORS' REPORT

Audited Remuneration Report (continued)

- (ii) TFR - Fixed remuneration is considered modest when taking into account the Managing Director and the Executive Director's years of relevant experience, responsibilities in creating a substantial mining entity and recognition in the change in business and remuneration framework from a cash constrained explorer to a more mature and progressive resources company. The recently published AGIA Report which combines data from the ASX 300 indicates the Managing Director's (\$323,026) and the Executive Director's (\$323,026) annual remuneration are also well below the 25th percentile compared to industry and revenue peers. During 2H21, the Remuneration Committee, in conjunction with independent remuneration consultants, The Reward Practice and with reference to external remuneration analysis, compared Executive, KMP and key staff remuneration to companies with similar market capitalisations and projected revenue in the exploration and resource development business group and determined that it is appropriate to benchmark fixed remuneration at the 50th percentile for FY22 following the recent commissioning and commencement of production at the Okvau Gold Mine;
- (iii) Formal LTI incentive framework - The Company operates a formal LTI plan under the Incentive Option Plan approved by over 99% of shareholders at the Company's annual general meeting held 25 November 2020. In FY21, LTI's in the form of premium-priced options were issued to KMP and staff as an appropriate link to remuneration with share price performance. The options are subject to two and three year vesting hurdles and expire five years from the date of issue to encourage employment retention and incentivise share price performance which the Company believes is in the best interest of shareholders. The quantum of options awarded was determined with consideration of the remuneration mix for KMP and staff, as recommended by the Managing Director and the Executive Director and approved by the Remuneration Committee and Board. The Remuneration Committee, in conjunction with independent remuneration consultants, The Reward Practice and with reference to external remuneration analysis, has considered the Company's long-term incentive plan and considered it appropriate for the Company given its remuneration philosophy;
- (iv) Formal STI incentive framework - The short-term incentives operate through a formal annual performance-based assessment considering the achievement of key performance measures linked to the Company's business objectives. No short-term incentives were paid during the 2021 financial year as the Board is of the opinion that the variable long-term remuneration provided to the Executive, KMP and key staff is sufficient for the Company's phase of growth to align the interest of management with shareholders. Further, the Board believed that it is prudent to ensure the Okvau Gold Mine is successfully commissioned and in production prior to the issue of any cash STI's. The proposed FY22 framework for STI's in the form of cash, are to be measured against the Company's critical performance pillars of Sustainability and Safety. If these critical performance pillars are met throughout the year, an assessment will be undertaken on the agreed KPI's for the remaining strategic pillars of the business including Production, Costs and Exploration to determine the quantum of an STI which may represent approximately 20% of the Executive, KMP and key staff's total remuneration.

The Company's critical performance pillars for FY22 are described below;

Sustainability/Safety

- (a) Demonstrate commitment to a safe working environment for employees and contractors
- (b) Demonstrate commitment to long-term sustainable value creation

The Company's strategic pillars are described below;

Production

- (a) Production at or above targeted number of ounces per quarter

Costs

- (b) Production costs at or below targeted AISC per quarter

Exploration

- (c) Replacement of annual probable ore reserves

The Company has remained resilient throughout the COVID-19 crisis. The Company has effectively managed the pandemic to date such that there have been no disruptions to operations. This has been possible due to the Cambodian Government's significant confidence in the exceptional protocols in place at the Okvau Gold Mine to minimise the potential transmission of COVID-19 and strict adherence to Government directives. The Board will continue to monitor the situation and apply careful consideration to the impact of the COVID-19 crisis on the proposed STI framework for FY22.

DIRECTORS' REPORT

Audited Remuneration Report (continued)

I. Details of remuneration

The remuneration of directors and other key management personnel of Emerald Resources NL and the Group for the year ended 30 June 2021 is set out in the table below:

2021	Short-Term Employee Benefits			Post-Employment	Long-Term Benefits	Securities	Total
	Cash Salary & Fees	Incentives	Other	Super-annuation	Annual and long service leave	Options	
	\$	\$	\$	\$	\$	\$	
<i>Non-executive directors</i>							
Mr S Lee AO	48,000	-	-	-	-	-	48,000
Mr R Stanley	32,877	-	-	3,123	-	-	36,000
Mr M Clements	36,000	-	-	-	-	-	36,000
<i>Executive directors</i>							
Mr M Hart	301,331	-	-	21,695	34,401	-	357,427
Mr M Evans	301,331	-	-	21,695	35,544	115,876	474,446
<i>Other key management personnel</i>							
Mr B Dunnachie	220,000	-	-	20,900	10,761	81,271	332,932
Total Remuneration	939,539	-	-	67,413	80,706	197,147	1,284,805

2020	Short-Term Employee Benefits			Post-Employment	Long-Term Benefits	Securities	Total
	Cash Salary & Fees	Incentives	Other	Super-annuation	Annual and long service leave	Options	
	\$	\$	\$	\$	\$	\$	
<i>Non-executive directors</i>							
Mr S Lee AO	48,000	-	-	-	-	-	48,000
Mr R Stanley	32,877	-	-	3,123	-	-	36,000
Mr M Clements ⁽ⁱ⁾	1,874	-	-	-	-	-	1,874
Mr R Williams ⁽ⁱ⁾	33,000	-	-	-	-	-	33,000
<i>Executive directors</i>							
Mr M Hart	295,000	-	-	28,025	39,117	-	362,142
Mr M Evans	295,000	-	-	28,025	24,182	37,474	384,681
<i>Other key management personnel</i>							
Mr B Dunnachie	220,000	-	-	20,900	8,869	24,343	274,112
Total Remuneration	925,751	-	-	80,073	72,168	61,817	1,139,809

(i) Mr Clements was appointed on 12 June 2020 and Mr Williams resigned on 12 June 2020.

None of the remuneration above is considered to be performance based.

DIRECTORS' REPORT

Audited Remuneration Report (continued)

J. Details of share-based compensation

Issue of Options

The terms and conditions of each grant of options affecting remuneration in the current or future reporting periods are as follows:

Grant Date	Expiry Date	Exercise Price	Fair Value Per Option	Price of Shares on Grant Date	Estimated Volatility	Risk Free Interest Rate	Dividend Yield	% Vested
25 Nov 20	30 Jul 25	\$0.670	\$0.35	\$0.58	80%	3.00%	0.00%	0%
31 Jul 20	30 Jul 25	\$0.670	\$0.38	\$0.62	80%	4.10%	0.00%	0%
1 Jun 18	5 Jun 23	\$0.434	\$0.19	\$0.38	80%	2.47%	0.00%	100%
1 Mar 18	21 Jan 22	\$0.510	\$0.17	\$0.40	80%	2.35%	0.00%	100%
8 Mar 17	9 Mar 22	\$0.570	\$0.21	\$0.44	80%	2.35%	0.00%	100%

Options granted carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share. The table shows the percentages of the options granted that vested during the year. Further information is set out in note 19 to the financial statements.

Options are issued to the Executive, key management personnel and key staff as part of the LTI portion of their remuneration. The options are issued to increase goal congruence between executives and shareholders.

Options were issued to Mr Evans and Mr Dunnachie during the current year. The expense included in current year remuneration report includes the current year grant and the expense for options issued in prior years, as the option valuation is expensed over the vesting period of the options. Details are as follows:

	Granted	Options Forming Part of Remuneration	Total Remuneration Represented by Options	Exercised	⁽ⁱ⁾ Effect of share consolidation	Lapsed
	No.	\$	%	No.	No.	No.
30 June 2021						
<i>Other key management personnel</i>						
Mr M Evans	1,000,000	115,876	24%	-	n/a	-
Mr B Dunnachie	500,000	81,271	24%	(116,250)	n/a	-
30 June 2020						
<i>Other key management personnel</i>						
Mr M Evans	-	37,474	10%	(10,000,000)	(4,500,000)	-
Mr B Dunnachie	-	24,343	9%	-	(4,500,000)	-

(i) Shareholders approved the consolidation of capital on a 10:1 basis at the general meetings held 13 March 2020.

The assessed fair value at grant date of options granted is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected share price volatility, the expected dividend yield and the risk-free rate for the term of the option, as set out in note 19 to the financial statements.

K. Service agreements

On appointment to the Board all non-executive directors enter into a service agreement in the form of a letter of appointment. The letter sets out the Company's policies and terms including compensation relevant to the director. Refer to Section F of this Remuneration Report for current fees for non-executive directors.

Remuneration and other key terms of employment for the Managing Director, the Executive Director and other KMPs are formalised in Executive Service Agreements. Termination benefits are within the limits set by the Corporations Act 2001. Major provisions of the agreements relating to remuneration for the year ended 30 June 2021 are set out below:

Name	Position	Term of agreement	Base salary (incl superannuation)	Termination benefit
Mr M Hart	Managing Director	No fixed term	\$323,026	1 to 12 months ^A
Mr M Evans	Executive Director	No fixed term	\$323,026	1 to 12 months ^A
Mr B Dunnachie	Chief Financial Officer	No fixed term	\$240,900	1 month

A Termination benefits range from 1 to 12 months and are dependent upon the circumstances in which the agreement is terminated.

DIRECTORS' REPORT

Audited Remuneration Report (continued)

L. Equity instruments held by directors and key management personnel

The tables below show the number of:

- (i) options over ordinary shares in the Company that were held during the financial year by directors and other KMP of the Group, including their family members and entities related to them; and
- (ii) shares held in the Company that were held during the financial year by Directors and KMP of the Group, including their family members and entities related to them.

Option holdings

2021	Balance at start of the year	Granted as remuneration	Exercised	Net change other	Balance at end of the year	Vested and exercisable
<i>Non-executive directors</i>						
Mr S Lee AO	-	-	-	-	-	-
Mr R Stanley	-	-	-	-	-	-
Mr M Clements	-	-	-	-	-	-
<i>Executive directors</i>						
Mr M Hart	-	-	-	-	-	-
Mr M Evans	500,000	1,000,000	-	-	1,500,000	500,000
<i>Other key management personnel</i>						
Mr B Dunnachie	500,000	500,000	(116,250)	-	883,750	383,750

2020	Balance at start of the year	Granted as remuneration	Exercised	⁽ⁱⁱ⁾ Effect of share consolidation	Balance at end of the year	Vested and exercisable
<i>Non-executive directors</i>						
Mr S Lee AO	-	-	-	-	-	-
Mr R Stanley	-	-	-	-	-	-
Mr M Clements ⁽ⁱ⁾	-	-	-	-	-	-
Mr R Williams ⁽ⁱ⁾	-	-	-	-	-	-
<i>Executive directors</i>						
Mr M Hart	-	-	-	-	-	-
Mr M Evans	15,000,000	-	(10,000,000)	(4,500,000)	500,000	250,000
<i>Other key management personnel</i>						
Mr B Dunnachie	5,000,000	-	-	(4,500,000)	500,000	351,750

(i) Mr Clements was appointed to the Board on 12 June 2020 and Mr Williams resigned on 12 June 2020.

(ii) Shareholders approved the consolidation of capital on a 10:1 basis at the general meeting held 13 March 2020.

DIRECTORS' REPORT

Audited Remuneration Report (continued)

Share holdings

2021	Balance at start of the year	Received on exercise of options	Purchases of shares	Disposal of shares	Other changes, appointments, resignations	Balance at end of the year
<i>Non-executive directors</i>						
Mr S Lee AO ⁽ⁱ⁾	24,733,333	-	-	-	-	24,733,333
Mr R Stanley	35,599,695	-	-	-	-	35,599,695
Mr M Clements	555,115	-	-	-	-	555,115
<i>Executive directors</i>						
Mr M Hart	39,383,333	-	-	-	-	39,383,333
Mr M Evans	1,991,677	-	-	-	-	1,991,677
<i>Other key management personnel</i>						
Mr B Dunnachie	-	116,250	-	-	-	116,250

(i) SHL Pty Ltd is the holder of all fully paid ordinary shares held. Mr Lee is not a director, shareholder or involved in the management of SHL Pty Ltd. Mr Lee's children are directors of SHL Pty Ltd and therefore SHL Pty Ltd is considered a related party of Mr Lee under the Corporations Act and AASB 124.

2020	Balance at start of the year	Received on exercise of options	⁽ⁱⁱⁱ⁾ Effect of share consolidation	Disposal of shares	Other changes, appointments, resignations	Balance at end of the year
<i>Non-executive directors</i>						
Mr S Lee AO ⁽ⁱ⁾	247,333,333	-	(222,600,000)	-	-	24,733,333
Mr R Stanley	355,996,946	-	(320,397,251)	-	-	35,599,695
Mr M Clements ⁽ⁱⁱ⁾	-	-	-	-	555,115	555,115
Mr R Williams ⁽ⁱⁱ⁾	25,500,000	-	(22,950,000)	-	(2,550,000)	-
<i>Executive directors</i>						
Mr M Hart	393,833,333	-	(354,450,000)	-	-	39,383,333
Mr M Evans	12,416,767	10,000,000	(17,925,090)	(2,500,000)	-	1,991,677
<i>Other key management personnel</i>						
Mr B Dunnachie	-	-	-	-	-	-

(i) SHL Pty Ltd is the holder of all fully paid ordinary shares held. Mr Lee is not a director, shareholder or involved in the management of SHL Pty Ltd. Mr Lee's children are directors of SHL Pty Ltd and therefore SHL Pty Ltd is considered a related party of Mr Lee under the Corporations Act and AASB 124.

(ii) Mr Clements was appointed on 12 June 2020 and Mr Williams resigned on 12 June 2020.

(iii) Shareholders approved the consolidation of capital on a 10:1 basis at the general meeting held 13 March 2020.

There were no shares granted during the year as compensation.

M. Loans to Key Management Personnel

There were no loans made to directors and other key management personnel of the Group, including their family members.

DIRECTORS' REPORT

Audited Remuneration Report (continued)

N. Other transactions with key management personnel

The following transactions occurred with related parties:

	Consolidated	
	2021 \$'000s	2020 \$'000s
<i>Payments to director related entities:</i>		
Payments made to Castilo Pty Ltd for office space rental ⁽ⁱ⁾	197	118
Payments made to Balion Pty Ltd for company secretarial and director fees ⁽ⁱⁱ⁾	60	5

- (i) Castilo Pty Ltd, an entity associated with director Mr Stanley, which provides office space for the Company on normal commercial terms, other than for the period to March 2020 where the Company has only paid variable outgoings. From April 2020 onwards the Company has paid rent on normal commercial terms.
- (ii) Balion Pty Ltd is an entity associated with director Mr Clements, which provides company secretarial and director services to the Company, on normal commercial terms (Mr Clements was appointed as a non-executive director on 12 June 2020)

End of remuneration report.

DIRECTORS' REPORT

Shares under option

Unissued ordinary shares of Emerald under option at the date of this report are as follows:

Expiry date	Exercise price	Number under option
6 January 2022	\$0.520	250,000
21 January 2022	\$0.510	46,500
9 March 2022	\$0.570	337,250
6 July 2022	\$0.490	250,000
5 June 2023	\$0.434	1,500,000
30 January 2024	\$0.390	600,000
21 June 2024	\$0.470	300,000
12 March 2025	\$0.510	600,000
19 May 2025	\$0.530	750,000
30 July 2025	\$0.670	5,200,000
8 October 2025	\$0.770	650,000
4 January 2026	\$0.820	600,000
23 February 2026	\$0.950	550,000
22 March 2026	\$0.940	350,000
3 May 2026	\$1.020	150,000
29 July 2026	\$1.090	2,875,000

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings. The Company was not a party to any such proceedings during the year.

Meetings of directors

The number of Directors' meetings held during the financial year that each Director who held office during the financial year was eligible to attend and the number of meetings attended by each Director were:

Director	Directors' Meetings		Audit & Risk Committee		Remuneration Committee	
	No. Eligible to Attend	Meetings Attended	No. Eligible to Attend	Meetings Attended	No. Eligible to Attend	Meetings Attended
Mr S Lee AO	6	6	2	2	3	3
Mr M Hart	6	6	n/a	n/a	n/a	n/a
Mr M Evans	6	6	n/a	n/a	n/a	n/a
Mr R Stanley	6	6	2	2	3	3
Mr M Clements	6	6	2	2	3	3

Insurance of officers

During the financial year, Emerald paid a premium to insure the directors and secretary of the Company and its controlled entities. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

Auditor's Independence Declaration & non-audit services

The lead auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 60 of the Directors' Report. No fees were paid or payable to the auditors for non-audit services performed during the year ended 30 June 2021.

DIRECTORS' REPORT

Rounding

The amounts contained in this 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.

Signed in accordance with a resolution of the Board of Directors.



Morgan Hart
Managing Director
Perth, 24 September 2021

SUSTAINABILITY REPORT

Emerald is a company which strives to operate in a safe, responsible and sustainable manner to generate value for shareholders whilst working collaboratively with our local stakeholders to create positive and enduring social and environmental outcomes.

The Company aims to follow the values and principles that include:

- Deliver a net positive impact on near-mine social values by engaging and collaborating with all stakeholders in the Okvau Gold Project area
- Ensure safety is always the first priority
- Maintain highest environmental standards for all exploration and operational activities
- Employment to be sourced from within Cambodia where possible
- Provide training programs for all employees to support them in their work
- Specialist advisors from overseas to provide technical support and help upskill local workers
- Support sustainable local businesses in Mondulhiri province whenever possible and look to support the creation of new local business opportunities
- Build and maintain relationships based on transparency and open communication with local government and the communities in which we operate
- Zero tolerance for any activities that may lead to illegal or corrupt outcomes

People and Culture

Emerald recognises the importance of its people in building a strong and successful organisation, particularly in developing a new operation.

To achieve this, Emerald has focussed on developing the right culture across the organisation, which is strongly based on a Board, executive team and key staff who demonstrate the right attributes, qualities and share a strong belief of the benefits of our engagement and development in Cambodia for our employees and the Cambodian people in general.

High performance and open communication are strong aspects of our culture and we have been instilling this in our teams in Perth and Cambodia with regular discussions to ensure our team know what is expected of them, both operationally and behaviourally, and are recognised for their good work.

These standards guide the recruitment strategy to ensure a strong focus on sourcing talent from across Cambodia for all levels of its workforce. This strategy targets skilled mining talent and local labour for as many internal and contract positions as possible. Emerald expects that as the Company continues to grow, its commitment to local employment and procurement will also continue to grow.

Safety

The health and safety of contractors and employees is Emerald's highest priority and the Company is striving to ensure that it creates a workplace that is free from serious injuries. As the Company continues to evolve and become a commissioned mining operation, the health and safety practices and procedures will also evolve, and through the development of a culture that proactively identifies and mitigates risk, holding a mindset of continuous safety improvement, Emerald aims to create a safe working environment for everyone.

For the year ended 30 June 2021, the Company recorded a Lost Time Injury Frequency Rate ("LTIFR") of 0.74 per million hours worked ("LTI"s) with one LTI recorded for the year (30 June 2020: Zero). These statistics include both contractors and employees.

Environment

Emerald recognises that mining has an unavoidable impact on the environment, however through best practice management and strong environmental stewardship, that impact can be minimised and long-term legacy issues mitigated. Emerald operates in a responsible manner, targeting strict compliance with corporate governance, international guidelines (in particular IFC Performance Standards) and local laws. Where residual impacts remain, these will be offset by implementing the Biodiversity Offset Management Plan for the project in the surrounding Phnom Prich Wildlife Sanctuary (PPWS).

SUSTAINABILITY REPORT

Funding Obligations

The Environmental and Social Impact Assessment for the Okvau Gold Project was finalised in July 2017 (ESIA) and approved by the Ministry of Environment (MoE) in November 2017. The Company has since transferred the first US\$1.1m (of a staged US\$5.5 million bonding package) for the environmental bond and has made contributions to the Environmental, Social and Endowment funds in accordance with its environmental obligations. Additionally, the first two payments of USD\$50,000 into the Mineral Fund for Community Development have been made, of which a company representative is a committee member for its distribution. These funds and other programs implemented by the Company seek to achieve a net-gain in both biodiversity and social values.

Energy Use and Emissions

IFC Performance Standard 3 states that for projects that are currently or expected to produce more than 25,000 tonnes of CO₂- equivalent annually that the project will quantify Scope 1 and Scope 2 GHG emissions. The GHG estimations for the Okvau Gold Project were calculated according to the energy content and emission factors of diesel fuel usage methodology reported by the Australian National Greenhouse Accounts August 2016 and IPCC Guidelines 2006.

During the reporting period emissions were >25,000 tCO₂e IFC reporting trigger. The main source of Scope 1 GHG emission sources were from loss of vegetation for project components. Scope 2 (indirect) emissions were generated from electricity being drawn from the grid.

Greenhouse Gas Emissions	Unit	2020/2021	2019/2020
Direct (Scope 1) emissions	tCO ₂ e	72,631 (forest loss) + 14,831 = 87,462	13,310 (forest loss) + 634 = 13,944
Indirect (Scope 2) emissions	tCO ₂ e	574	n/a
Energy Consumption	GJ	216,638	9,009

Water

Water for project start-up dust suppression, raw water and potable water is abstracted from the Prek Te River (approximately 176,000m³). Monitoring of river flow, levels and chemistry ensures that compliance limits of 160L-s downstream minimal flow, or no more than 30% of total flow is abstracted during operations to ensure protection of the downstream environment.

Clean water diversions and sediment dams are established and inspected weekly throughout the wet-season or after heavy rainfall.

Waste

Okvau Gold Project has a site-based landfill located within the footprint of the future waste rock dump. Waste is deposited daily and regularly covered to prevent attracting pests or wildlife. A bioremediation area is located nearby but no oily soils have required to be remediated as yet. Waste hydrocarbons are reused via Chip Mong Insee's Eco-Cycle for Sustainable Industrial Waste Management through Co-Processing – a fully permitted and licenced power generation facility conforming to local and international standards. Aluminium cans, plastic water bottles and batteries are collected separately for recycling, and kitchen wastes are composted for use in camp gardens.

Environmental Monitoring

Monitoring of ambient surface and groundwater conditions commenced in 2016 and air, noise and vibration in April 2018 to further inform the baseline prior to commencement of construction. Key water samples are analysed at ALS Global in Australia, a NATA accredited laboratory, with in-country and site-based laboratories utilised for samples requiring rapid response. Significant investment has been made with the purchase of mobile particulate, gas, noise and vibration monitors that are also used at exploration sites.

- The project regularly monitors:
- ✓ Air quality, noise & vibration
 - ✓ Surface and ground waters
 - ✓ GHG emissions
 - ✓ In-migration & security
 - ✓ Wildlife
 - ✓ Blasting
 - ✓ Landforms
 - ✓ Rehabilitation & offset sites
 - ✓ Meteorological conditions
 - ✓ Compliance with ESIA, IFC

SUSTAINABILITY REPORT

Camera traps and anecdotal observations, together with offset patrol records, are used to monitor wildlife.

Figure 21 | Camera traps



Figure 22 | Camera traps



The Okvau Gold Mine site and exploration areas are subject to continual environmental assessment.

Rehabilitation

Emerald progressively rehabilitates both its mining and exploration projects. All non-active exploration drilling sites have been rehabilitated with bags and rubbish removed, spoils buried, collars cut and plugged and topsoil spread back over the disturbed area.

Figure 23 | Areas near the mining pit that are under rehabilitation



To date, approximately 413 ha has been cleared for the TSF, pit, waste rock dump, plant, ROM, contractors' yard, sediment dams, water diversions, substation, roads, transmission line, security fencing and camp. Few small areas have become available for rehabilitation. 322 of the locally endangered *Azelia xylocarpa*, or "Beng" tree species have been planted within the project development area. To support the school nursery project and ongoing tree planting program, a site-based nursery has also been established

SUSTAINABILITY REPORT

Biodiversity offsets

The Biodiversity Offset Management Plan was finalised in April 2020 and is now being implemented within the PPWS. Key offset activities across three offset sites include:

- Offsetting vegetation losses through enhancing protection of habitat and species;
- Targeted Green Peafowl conservation work;
- Beng tree planting program; and
- Supporting conservation actions: financial support for the PPWS.

A fully funded and equipped Ranger Hut on the Access Road is well-established as an important offset activity to help strengthen law enforcement in the area, including the protection of offset sites and prevention of in-migration via increased patrols. In August 2020, 1,324 “Beng” tree species, were planted in two biodiversity offset sites, concentrating alongside the access road. To date, 2,324 trees have been planted in offset sites, 322 trees at Okvau and over 900 trees have been planted around schools, community and government sites and roadsides. A key target for the biodiversity offset sites is to achieve a 10 times net gain in *Azelia xylocarpa* trees and a 5% net gain in quality hectares.

Figure 24 | Ranger assisted by WWF officer planting Beng trees in offset sites



Figure 26 | Ranger huts have been equipped with solar power



Figure 25 | Regular meetings are held with the PPWS Director and Ranger team to review the effectiveness of patrolling activities in the biodiversity offset sites.



Community

Emerald regularly consults with a range of stakeholders regarding the project. Key stakeholders included affected communities in Chong Plas Commune, local government agencies, PPWS Authority, relevant local NGO's, affected households and peoples and relevant ministries.

SUSTAINABILITY REPORT

Emerald Supported Community and Environmental Initiatives

Project	Focus Area	Highlights
Covid-19 supplies	Health: Donation of protection equipment to nearby police for Covid-19 checkpoints.	Contribution to health and wellness of local communities.
Road Safety	Safety: Installation of signage to improve road safety through nearby villages.	Improving community safety.
School Nursery Program	Education: Educating students about the environment, to grow Beng trees for offset and rehabilitation activities and to provide an avenue for students to earn much-needed funding for school resources.	Increased environmental awareness and the importance of conservation.
Lion Water Sanitation Initiative	Health & Wellness: Supporting the Lion Water Sanitation Initiative in Obenlieu Commune, installing latrines and water filters in homes.	Contribution to health and wellness of local communities.
Beng trees planted	Conservation: Beng trees planted in the communities and the the Phnom Prich Wildlife Sanctuary.	Increased environmental awareness and the importance of conservation.
Tree planting ceremonies	Education/Conservation: Several planting ceremonies to celebrate tree donations and to raise environmental awareness among community members and school children.	Increased environmental awareness and the importance of conservation.
Water Wells	Health & Wellness: Donation of 30+ water wells to improve access to water in remote villages.	Contribution to health and wellness of local communities.
Cambodian Red Cross	Health: Annual donations to the Cambodian Red Cross.	Supporting internationally recognised welfare organisation assisting local communities.
Medical Post	Health: Medical post was built for the people in Sre Chhouk Commune to improve access to health care.	Contribution to health and wellness of local communities.
Funding and support	Education: Sponsorship of various public events such as Biodiversity Day, Labor Day, and Water Festival Funding and support for capacity building in the mining industry.	Increasing awareness of community issues and supporting local business opportunities.

SUSTAINABILITY REPORT

Figure 27 | Installing road safety signage



Figure 28 | Supplies provided to local police in fight against Covid-19



Figure 29 | Annual donation to Red Cross



SUSTAINABILITY REPORT

Figure 30 | Students potting seeds for their school nursery



Resettlement

62 Affected Households (AH's) were compensated in December 2018 with all families moving out of the project development area mid-February 2019. An independent review of resettlement implementation completed by Young Consultants in August 2019 found that the process was undertaken in line with IFC Performance Standard 5. In April 2020 a Post-Compensation Evaluation on Socio-Economic Status of Affected Households (AH's) was completed by Cambodian consultancy A&E Solutions. This preceded the final contractual payments made to 44 of the 62 eligible AH's (those that relocated outside of the protected area) completed at the end of June 2020. Employment opportunities have since been offered to interested AH's with few taking up the offer.

Figure 31 | Resin tree owner signing receipt of payment



A second scheduled compensation payment was successfully paid to Resin Tree owners during the reporting period. As owners are also eligible for preferential employment and training opportunities, expression of interest for upcoming roles were discussed. Short-term roles outside of the wet season was desired by owners (due to rice harvesting). The third and final compensation payment is due by 30 November 2021.

SUSTAINABILITY REPORT

Human Rights

Emerald is committed to respecting the human rights of all stakeholders and seeks to prevent or mitigate any negative impacts of our activities, maximise our positive impacts and to ensure that our operations do not contribute to conflict.

Emerald is committed to;

- Seeking to use its influence to prevent Human Rights abuses occurring in the vicinity of its operations, and engage in dialogue with stakeholders to promote Human Rights;
- Recognising and respecting the cultural values, traditions and beliefs of the communities where it operates, including Indigenous Peoples;
- Working to ensure respect of Human Rights by personnel, both private and public, providing security to Emerald's operations;
- Striving to ensure a direct, honest and open relationship with employees that is built on mutual trust, and respect for the dignity and worth of each individual;
- Not engaging in or condoning forced, compulsory or child labour, and work to ensure that these are not present in Emerald's workforce or supply chain;
- Promoting continuous improvement in relation to human rights matters;
- Conducting human rights training for key stakeholders;
- Communicating our expectation to all Emerald's stakeholders (including directors, employees, contractors, non-managed sites, joint ventures and suppliers).

Reporting

The Environmental Management System for the Okvau Gold Project is developed and implemented. An Environmental Compliance Register of all ESIA and management plan commitments, monitoring and mitigation actions are being continually reviewed and maintained.

Emerald provides quarterly Environmental and Social Monitoring Reports for the Okvau Gold Project and exploration projects to the Ministry of Environment and Ministry of Mines and Energy on a quarterly basis. An annual report is also prepared for the Ministry of Environment.

CORPORATE GOVERNANCE STATEMENT

In fulfilling its obligations and responsibilities to its various stakeholders, the Board of Emerald Resources NL is a strong advocate of corporate governance. The Board has adopted corporate governance policies and practices consistent with the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations" (Recommendations) where considered appropriate for a company of Emerald's size and complexity.

Emerald has implemented the ASX Corporate Governance Council's Fourth Edition Corporate Principles (4th Edition) and Recommendations. Accordingly, this Corporate Governance Statement has been prepared on the basis of disclosure under the 4th Edition of these principles. Details of the Company's compliance with these principles are summarised in the Appendix 4G announced to ASX in conjunction with the Annual Report. This statement describes how Emerald has addressed the Council's guidelines and eight corporate governance principles and where the Company's corporate governance practices depart from a recommendation, the Company discloses the reason for adoption of its own practices on an "if not, why not" basis.

Given the size and stage of development of the Company and the cost of strict compliance with all the recommendations, the Board has adopted a range of modified procedures and practices which it considers appropriate to enable it to meet the principles of good corporate governance. The information in this statement is current as at 30 June 2021.

Background

Emerald has a highly experienced Board and 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 Regis Resources Ltd, in a corporately responsible manner.

Emerald recognises the importance of its people in building a strong and successful organisation, particularly in developing a new operation. To achieve this, Emerald has focussed on developing the right culture across the organisation, which is strongly based on a Board, executive team and key staff who demonstrate the right attributes, qualities and share a strong belief of the benefits of our engagement and development in Cambodia for our employees and the Cambodian people in general.

High performance and open communication are strong aspects of our culture and we have been instilling this in our teams in Perth and Cambodia with regular discussions to ensure our team know what is expected of them, both operationally and behaviourally, and are recognised for their good work.

Emerald's purpose is to create long-term stakeholder and shareholder value through the sustainable discovery, acquisition and development of natural resources, primarily in the gold mining field. The Board is targeting the highest standards of corporate governance to continue their track record of delivering this value.

In FY21 the Company remained resilient throughout the COVID-19 crisis. Construction activities were completed on budget and the first gold pour achieved on schedule despite the logistical challenges brought on by the global pandemic which is a testament to the skill and experience of the team the Company has assembled on site. There were no employees that had to be retrenched as a result of the global pandemic. To the contrary, employee and contractor numbers swelled during FY21 as the Company targeted commissioning of the Okvau Gold Mine by June 2021.

The Company continues to prioritise the health and wellbeing of staff, contractors and stakeholders by maintaining stringent protocols to limit the impact of the COVID-19 pandemic on site. Travel between Australia and Cambodia continues to be restricted but is being managed through longer rosters and regional sourcing and the dedication of key employees on site at the Okvau Gold Mine. The Company recently achieved a significant milestone with the assistance of the Cambodian Ministry of Health by successfully commencing the full site-wide vaccinating of all Okvau Gold Mine site staff (in excess of 300 first doses administered). The second (full) vaccine dose for all workers is scheduled for completion in the September 2021 quarter.

The following governance-related documents can be found on the Company's website at www.emeraldresources.com.au under the section marked "Corporate Governance".

CORPORATE GOVERNANCE STATEMENT

Charters, Policies and Procedures

- Board Charter
- Audit Committee Charter
- Remuneration Committee Charter
- Anti-Corruption and Bribery Policy
- Code of Conduct
- Diversity Policy
- Human Rights Policy
- Policy and Procedure for Selection and (Re)Appointment of Directors
- Policy on Assessing the Independence of Directors
- Performance Evaluation Policy
- Procedure for the Selection, Appointment and Rotation of External Auditor
- Policy on Continuous Disclosure
- Risk Management Policy
- Securities Trading Policy
- Shareholder Communication Policy
- Whistleblower Policy

1. Principle 1 | Lay solid foundations for management and oversight

The main function of the Board is to lead and oversee the management and strategic direction of the Company. The Board regularly measures the performance of management in implementation of the strategy through regular Board meetings.

Emerald has adopted a formal board charter delineating the roles, responsibilities, practices and expectations of the Board collectively, the individual directors and management.

The Board of Emerald ensures that each member understands its roles and responsibilities and ensures regular meetings to retain full and effective control of the Company.

1.1 Role of the Board

The Board responsibilities are as follows:

Setting the strategic aims of Emerald and overseeing management's performance within that framework;

Making sure that the necessary resources (financial and human) are available to the Company and management to meet its objectives;

Overseeing and measuring management's performance of the Company's strategic plan;

Selecting and appointing a Managing Director (or equivalent) with the appropriate skills to help the Company in the pursuit of its objectives;

Controlling and approving financial reporting, capital structures and material contracts;

Ensuring that a sound system of risk management and internal controls is in place;

Setting the Company's values and standards;

Undertaking a formal and rigorous review of the Corporate Governance policies to ensure adherence to the ASX Corporate Governance Council principles;

Ensuring that the Company's obligations to shareholders are understood and met;

Ensuring the health, safety and well-being of employees in conjunction with management, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to assure the well-being of all employees;

Ensuring an adequate system is in place for the proper delegation of duties for the effective day to day running of the Company without the Board losing sight of the direction that the Company is taking;

Establishing a diversity policy and setting objectives for achieving diversity.

1.2 Delegation to Management

Other than matters specifically reserved for the Board, responsibility for the operation and administration of the Company has been delegated to the Managing Director. This responsibility is subject to an approved delegation of authority which is reviewed regularly and at least annually.

Internal control processes are designed to allow management to operate within the parameters approved by the Board and the Managing Director cannot commit the Company to additional activities or obligations in excess of these delegated authorities without specific approval of the Board.

CORPORATE GOVERNANCE STATEMENT

1.3 Election of Directors

The Board is responsible for overseeing the selection process of new directors and will undertake appropriate checks before appointing a new director or putting forward a candidate for election as a director.

All relevant information is to be provided in the Notice of Meeting seeking the election or re-election of a director including:

- biographical details including qualifications and experience;
- other directorships and material interests;
- term of office;
- statement by the board on independence of the director;
- statement by the board as to whether it supports the election or re-election; and
- any other material information.

1.4 Terms of Appointment

1.4.1 Non-Executive Directors

To facilitate a clear understanding of roles and responsibilities all non-executive directors have signed letter of appointment. This letter of appointment letter includes acknowledgement of:

- director responsibilities under the Corporations Act, Listing Rules, the Company's Constitution and other applicable laws;
- corporate governance processes and Company policies;
- board and board committee meeting obligations;
- conflicts and confidentiality procedures;
- securities trading and required disclosures;
- access to independent advice and employees;
- confidentiality obligations;
- directors' fees;
- expenses reimbursement;
- directors and officer's insurance arrangements;
- other directorships and time commitments; and
- board performance review.

1.4.2 Managing Director and Executive Director

The Managing Director and Executive Director have signed executive services agreements. For further information in relation to the terms of these agreements, refer to the Remuneration Report included in the Annual Report for the year ended 30 June 2021.

1.5 Role of Company Secretary

The Company Secretary is accountable to the Board for:

- advising the Board and committees on corporate governance matters;
- the completion and distribution of board and committee papers;
- completion of board and committee minutes; and
- the facilitation of director induction processes and ongoing professional development of directors.

The Company Secretary is Mr Mark Clements (appointed 20 August 2014). Mr Clements has an extensive range of experience in capital management, finance, financial reporting, corporate strategy and governance across a range of industries. He is a Fellow of the Institute of Chartered Accountants in Australia, Fellow of the Governance Institute of Australia and a Member of the Australian Institute of Company Directors. He is company secretary for a number of diversified ASX listed companies and is non-executive director of Alterra Limited and MSM Corporation International Limited. He was previously Executive Chairman of MOD Resources Limited.

Mr Clements' extensive corporate experience has strengthened the independence on the Board and he has been appointed as Chair of the Audit Committee and serves as a member of the Company's Remuneration Committee.

All directors have access to the Company Secretary who has a direct reporting line to the Chairman.

CORPORATE GOVERNANCE STATEMENT

1.6 Diversity

The Board values diversity in all aspects of its business and is committed to creating a working environment that recognises and utilizes the contribution of its employees. The purpose of this policy is to provide diversity and equality relating to all employment matters. The Company's policy is to recruit and manage on the basis of ability and qualification for the position and performance, irrespective of gender, age, marital status, sexuality, nationality, race/cultural background, religious or political opinions, family responsibilities or disability. The Company opposes all forms of unlawful and unfair discrimination.

The Board acknowledges the absence of female participation on the Board of Directors. However, the Board of the Company's wholly owned subsidiary in Cambodia includes a female director and the Company is represented by females in managerial roles in finance and administration and environment.

The Board has determined that the composition of the current Board represents the best mix of Directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of management.

The Board acknowledges the recent ACSI policy proposal calling for listed companies to set a timeframe for achieving gender balanced boards. However, due to the size of the Company and stage of growth, the Board does not deem it practical to limit the Company to specific targets for gender diversity as it operates in a very competitive labour market where positions are sometimes difficult to fill. However, every candidate suitably qualified for a position has an equal opportunity of appointment regardless of gender, age, ethnicity or cultural background.

The Company has not set or disclosed a measurable objective for achieving at least 30% of directors of each gender on the Board. However, in principle, the Company is committed to;

- a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
- improved employment and career development opportunities for women;
- a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
- awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect of diversity.

Diversity Table

	Total workforce	Senior Management	Board
Full time males	83	12	2
Full time females	37	3	-
Part time males	17	3	3
Part time females	1	1	-
	138	19	5
% of females	27.5%	21.1%	0.0%

The following senior positions within the Company are currently held by female employees;

- Director – Renaissance Minerals (Cambodia) Limited
- Financial Controller
- Finance and Administration Manager
- Environment Manager

During the previous reporting period several female candidates were considered as part of the Board competencies analysis for the independent non-executive director position following Mr Ross Williams' resignation, effective 12 June 2020. These candidates were not selected due to their unavailability due to existing commitments, conflicts of interest or concerns in relation to over-boarding.

The Board is aware that many studies suggest that greater gender diversity at Board and management level creates a positive force for driving corporate performance as qualified and committed directors with different backgrounds, experiences and knowledge will likely enhance corporate performance. In that regard, the Board remains focussed on resolving the gender imbalance on the Board by continuing to identify a pipeline of suitably qualified candidates with careful consideration of those who strengthen the Board skills matrix.

CORPORATE GOVERNANCE STATEMENT

1.7 Performance Review

1.7.1 Board and Board Committees

A performance review of the Board, individual Directors (including the Managing Director), committees of the Board, the company and management is conducted annually, and the performance of individual directors is undertaken regularly. The Board has the discretion for these reviews to be conducted either independently or on a self-assessment basis.

The review focuses on:

- strategic alignment and engagement;
- board composition and structure;
- processes and practices;
- culture and dynamics;
- relationship with management; and
- personal effectiveness.

A formal review of the Board's performance and effectiveness in respect of the year ended 30 June 2021 was conducted in accordance with the Performance Evaluation Policy.

1.7.2 Managing Director and Senior Executives

Performance evaluation of the Managing Director and Executive Director, senior executives and employees is undertaken annually through a performance appraisal process which involves reviewing and assessment of performance against agreed corporate and individual key performance indicators and deliverables.

A formal review of the Managing Director, Executive Director and senior executive's performance and effectiveness was conducted in the year ended 30 June 2021.

For further information in relation to the respective remuneration of the Managing Director, Executive Director and KMP, refer to the Remuneration Report included in the Directors' Report for the current financial year.

1.8 Retirement and Rotation of Directors

Retirement and rotation of directors are governed by the Corporations Act 2001 and the Constitution of the Company. Each year, one third of directors must retire and may offer themselves for re-election. Any casual vacancy filled will be subject to shareholder vote at the next Annual General Meeting of the Company. It is intended that Executive Director, Mr Micheal Evans will stand for re-election by rotation (last re-elected in November 2018) at the Company's Annual General Meeting.

The remaining directors who have previously offered themselves for re-election, excluding the Managing Director, are independent non-executive Chairman, Mr Simon Lee (last re-elected in November 2020), non-executive director, Mr Ross Stanley (last re-elected in November 2019) and non-executive director, Mr Mark Clements (last re-elected in November 2020).

The Board has a succession plan in place to ensure there is an appropriate blend of skills and experience to effectively govern the Company's growth phase as it transitions to a resource producer.

The Board succession plan aims to increase the level of gender diversity on the Board. The Company continues to support the Australian Institute of Company Director's Board diversity initiatives and will continue to evolve its Board in alignment with the Company's needs and diversity best practice.

1.9 Independent Professional Advice

Each director of the Company or a controlled entity has the right to seek independent professional advice at the expense of the Company or the controlled entity. However prior approval of the Chairman is required which will not be unreasonably withheld.

1.10 Access to employees

Directors have the right of access to any employee. Any employee shall report any breach of corporate governance principles or Company policies to the Managing Director who shall remedy the breach. If the breach is not rectified to the satisfaction of the employee, they shall have the right to report any breach to an independent director without further reference to senior executives of the Company.

CORPORATE GOVERNANCE STATEMENT

1.11 Directors' and officers' liability insurance

Directors' and officers' liability insurance is maintained by the Company for the directors and senior executives at the Company's expense.

1.12 Board meetings

The frequency of board meetings and the extent of reporting from management at board meetings are as follows:

- a minimum of four scheduled meetings are to be held per year;
- other meetings will be held as required;
- meetings can be held where practicable by electronic means;
- information provided to the Board includes all material information related to the operations of the Company including exploration, development and production operations, budgets, forecasts, cash flows, funding requirements, investment and divestment proposals, business development activities, investor relations,
- financial accounts, taxation, external audits, internal controls, risk assessments, people and health, safety and environmental reports and statistics;
- once established, the Chairman of the appropriate board committee will report to the next subsequent board meeting the outcomes of that meeting and the minutes of those committee meetings are also tabled.

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Company during the financial year are set out in the Directors' Report for the current financial year.

2. Principle 2 | Structure the Board to be effective and add value

2.1 Composition of the Board

The Board members as at the date of this report are:

Name	Position	Length of service	Independent
Mr Simon Lee AO	Non-executive Chairman	7.2 years	Yes
Mr Morgan Hart	Managing director	7.2 years	No
Mr Michael Evans	Executive director	3.0 years	No
Mr Ross Stanley	Non-executive director	7.2 years	No
Mr Mark Clements	Non-executive director and company secretary	1.3 years	Yes

The ASX guidance requires a majority of the Board to be independent directors. The ASX guidance on factors relevant to an assessment of independence includes interest, positions, associations or relationships which might interfere with, or reasonably seen to interfere with, a director's capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of the entity and its security holders generally.

In accordance with this guidance, two of the five directors are considered independent, being Mr Simon Lee AO (Independent Chairman – appointed 20 August 2014) and Mr Mark Clements (non-executive director - appointed 12 June 2020). Mr Simon Lee AO is considered independent as he is not a director, shareholder or involved in the management of SHL Pty Ltd which is a substantial holder associated with Realee Pty Ltd. The Board is of the opinion that this relationship does not materially influence or could reasonably be perceived to materially influence his capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the entity and its security holders generally. Mr Clements is a director of Balion Pty Ltd which provides company secretarial services to the Company on commercial arms-length basis. He also provides company secretarial services to a number of other ASX listed companies via services agreements with Balion Pty Ltd. The Board is of the opinion that this relationship does not materially influence or could reasonably be perceived to materially influence his capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the entity and its security holders generally. Mr Ross Stanley (appointed 20 August 2014) is not considered to be independent due to his substantial shareholding in the Company. Mr Morgan Hart (appointed as a Director on 30 July 2014 and Managing Director on 20 August 2014) and Mr Michael Evans (appointed as Executive Director on 3 October 2018) do not meet the criteria for an independent director due to their executive roles.

The composition of the Board has been structured so as to provide Emerald with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent shareholders and fulfill the business objectives of the Company.

CORPORATE GOVERNANCE STATEMENT

The Board acknowledges that it is not comprised by a majority of independent directors. However, the Chairman is independent and the Board comprises directors who each have extensive technical, financial and commercial expertise. As the Company transitions from an explorer to producer, the Board will set about identifying and assessing suitable independent non-executive director candidates to complement the existing competencies of the Board to drive performance, create shareholder value and lead ethically by example.

The names of the directors of the Company and their qualifications are set out in the section headed "Information on Directors" in the current financial year's Directors' Report.

2.2 Board Competencies

The Board have agreed upon a number of competencies that can be applied to the Company's industry and current stage of growth and next phase of development. The Board periodically assesses individual competencies via a Board Skills Matrix to highlight the importance of various Board competencies and current capabilities of the Board and ensure those skill sets are complemented by additional industry expertise in the sector pursued as to consider future competencies that may be required for a potential future board composition.

The Board Skills Matrix is an important driver to formalise the Director nomination processes. It was applied during the previous reporting period as several candidates were considered for the independent non-executive director position following Mr Ross Williams' resignation on 12 June 2020.

The skills assessment of the current Board is judged below:

Board Skills Matrix

Skill	Number of directors holding this skill
Resource industry experience	5
Mineral industry experience	5
Strategy	5
Mergers and acquisitions	4
Finance	4
Risk management	5
International relations	4
Capital management/project financing	5
Sustainable development	5
Previous board experience	4
Governance	5
Policy	5
Executive leadership	5
Remuneration	4

The competencies that the current Board members have formulated their analysis are based upon the criteria judged as important by the Board given the Company's current stage of growth, in conjunction with independent industry guidance as follows:

Skill	Criteria
Resource industry experience	Experience in the resources industry, including broad knowledge of exploration, operations, project development, markets, shipping and competition.
Mineral industry experience	Specific experience in the gold industry, including an in-depth knowledge of exploration, operations, project development, markets, shipping, competitors and relevant technology.
Strategy	Identifying and critically assessing the strategic opportunities and threats to the organisation and developing and implementing successful strategies in context to an organisation's policies and business objectives.
Mergers and acquisitions	Experience managing, directing or advising on mergers, acquisitions, divestments and portfolio optimisations.
Finance	Senior executive or other experience in financial accounting and reporting, internal financial and risk controls, corporate finance and restructuring corporate transactions.

CORPORATE GOVERNANCE STATEMENT

Skill	Criteria
Risk management	Experience working with and applying broad risk management frameworks in various countries, regulatory or business environments, identifying key risks to an organisation, monitoring risks and compliance and knowledge of legal and regulatory requirements.
International relations	Senior management or equivalent experience (particularly transactional) working in politically, culturally and regulatory diverse business environments.
Capital management/ project financing	Experience with projects involving contractual negotiations, significant capital outlays, procuring project investment and securing partners with long investment horizons.
Sustainable development	Senior management or equivalent experience in economic, social and environmental sustainability and workplace health and safety practices.
Previous board experience	Serving on boards of varying size and composition in varying industries and for a range of organisations. Awareness of global practices, benchmarking, some international experience.
Governance	Implementing the high standards of governance in a major organisation that is subject to rigorous governance standards and assessing the effectiveness of senior management.
Policy	Identifying key issues for an organisation and developing appropriate policy parameters within which the organisation should operate.
Executive leadership	Experience in corporate structuring, overseeing strategic human capital planning, evaluating the performance of senior management, industrial relations, organisational change management and sustainable success in business at senior level.
Remuneration	Experience in remuneration strategy, remuneration governance frameworks, Corporations Act and employment law, performance and incentive schemes.

2.3 Nomination of other Board Members

Membership of the Board of Directors is reviewed on an on-going basis by the Chairperson of the Board to determine if additional core strengths are required to be added to the Board in light of the nature of the Company's businesses and its objectives.

As the Company transitioned to become a producer, the Board has focussed on a measured process to ensure it maintains a strong, well-credentialed Board to oversee the Company's next growth phase at the Okvau Gold Project and other prospective global gold projects that are value accretive for shareholders.

As with the appointment of the independent non-executive director during the prior reporting period, the Board Skills Matrix forms an integral basis in the identification and assessment of suitable candidates based on readily available information on respective backgrounds, current Board positions and visible competencies. The Board currently performs the role of a Nomination Committee given the Company's size and stage of growth. However, this will be reviewed to ensure there is a continued emphasis on board membership which aligns with the Company's corporate culture and addresses independence and diversity.

2.4 Director induction and ongoing professional development

The Company has a formal induction program for directors detailing policies, corporate governance and various other corporate requirements of being a director of an ASX Listed company. Due to the size and nature of the Company, directors are expected to already possess a level of both industry and commercial expertise before being considered for a directorship.

Directors are provided with the opportunity to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively, access employees of the business and access to any information they require about the business including access to regular news articles and publications where considered relevant.

CORPORATE GOVERNANCE STATEMENT

3. Principle 3 | Instil a culture of acting lawfully, ethically and responsibly

Directors, officers, employees and consultants to the Company are required to observe high standards of behaviour and business ethics in conducting business on behalf of the Company and they are required to maintain a reputation of integrity on the part of both the Company and themselves. The Company does not contract with or otherwise engage any person or party where it considers integrity may be compromised.

Emerald recognises the importance of its people in building a strong and successful organisation, particularly in developing a new operation.

To achieve this, Emerald has focussed on developing the right culture across the organisation, which is strongly based on a Board, Executive team and key staff who demonstrate the right attributes, qualities and share a strong belief of the benefits of our engagement and development in Cambodia for our employees and the Cambodian people in general.

3.1 Code of Conduct

The Company's Code of Conduct Policy has been endorsed by the Board and applies to all Directors and Employees. The Code may be viewed at the Company's website, and it covers the following:

- the pursuit of the highest standards of ethical conduct in the interests of shareholders and other stakeholders;
- usefulness of financial information by maintaining appropriate accounting policies, practices and disclosure;
- employment practices such as employment opportunity, the level and structure of remuneration and conflict resolution;
- responsibilities to the community;
- compliance with all legislation affecting the operations and activities of the consolidated entity, both in Australia and overseas;
- conflicts of interest;
- corporate opportunities such as preventing directors and key executives from taking advantage of property, information or position for personal gain;
- confidentiality of corporate information;
- protection and proper use of the Company's assets;
- compliance with laws; and
- reporting of unethical behaviours.

3.2 Whistleblower Policy

In line with the Code of Conduct, the Company has a Whistleblower Policy which has been endorsed by the Board and ensures that persons who make a report in good faith can do so without fear of intimidation, disadvantage or reprisal. The Whistleblower Policy assists to create a culture within the Company that encourages our people to speak up and raise concerns regarding breaches of internal rules or policy, or conduct that is illegal, unacceptable or undesirable, or concealment of such conduct relating to the Company, its branches, directors, officers, and employees. It encourages the reporting of behaviour that may result in financial or non-financial loss, or reputational damage to the Company and plays a key role in detecting reportable conduct and maintaining good corporate governance.

3.3 Anti-Bribery and Corruption Policy

The Company's Anti-Bribery and Corruption Policy has been endorsed by the Board and applies to Directors, officers, employees and consultants to the Company requiring all business to be conducted in an honest and ethical manner and in accordance with all applicable laws, rules and regulations in all jurisdictions in which Emerald operates.

Emerald recognises the importance of ethical conduct and protecting human rights and the Company's impact on the environment. The Company is committed to adhering to internationally recognised and accepted standards and responsible business conduct such as the UN Guiding Principles on Business and Human Rights, the UN Sustainable Development Goals, the International Finance Corporation ("IFC") Performance Standards and OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.

3.4 Conflicts of Interest

Directors are required to disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the director or the interests of any other party in so far as it affects the activities of the Company and to act in accordance with the Corporations Act if conflict cannot be removed or if it persists. That involves taking no part in the decision-making process or discussions where that conflict does arise.

CORPORATE GOVERNANCE STATEMENT

3.5 Trading in Company Securities

Directors are required to make disclosure of any share trading. The Company policy in relation to share trading is that officers are prohibited to trade whilst in possession of unpublished price sensitive information concerning the Company or within a period of the release of results i.e. the blackout period. That is information which a reasonable person would expect to have a material effect on the price or value of the Company's shares. An officer must receive authority to acquire or sell shares with the directors or the Company Secretary prior to doing so to ensure that there is no price sensitive information of which that officer might not be aware. The undertaking of any trading in shares must be notified to the ASX.

4. Principle 4 | Safeguard the integrity of corporate reports

Emerald has a financial reporting process which includes quarterly, half year and full-year reports which are signed off by the Board before they are released to the market.

The Board receives a declaration from the Managing Director and Chief Financial Officer in relation to these corporate reports on the propriety of compliance on internal controls and reporting systems and ensures that they are working efficiently and effectively in all material respects.

High performance and open communication are strong aspects of our culture and we have been instilling this in our teams in Perth and Cambodia with regular discussions to ensure our team know what is expected of them, both operationally and behaviourally, and are recognised for their good work.

4.1 Audit Committee

The Board has a separate Audit and Risk Committee to manage the financial oversight as well as advise on the modification and maintenance of the Company's financial reporting, internal control structure, external audit functions, and appropriate ethical standards for the management of the Company.

The responsibilities of the Committee are set out in a formal Charter approved by the Board. The Charter sets out the purpose, membership, responsibilities, authority and reporting requirements of the Committee.

The Audit and Risk Committee consists of three members, the majority of which are considered independent, including independent non-executive director, Mr Mark Clements (Chair), independent non-executive director, Mr Simon Lee AO and non-executive director, Mr Ross Stanley.

Mr Clements is a Fellow of the Institute of Chartered Accountants in Australia and has significant experience in relation to managing external audit processes, liaising with and assessing the performance of external auditors, liaising with management on financial matters and understanding the regulatory framework governing financial reporting, compliance and disclosure. He previously worked for an international accounting firm. All members of the Committee have an extensive range of experience in capital management, finance, financial reporting, corporate strategy and governance across a range of industries.

In discharging its oversight role, the Audit and Risk Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.

There were two Audit and Risk Committee meetings held during the year ended 30 June 2021 which were attended by all members of the Committee.

4.2 Selection, Appointment and Rotation of External Auditor

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Audit and Risk Committee is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period.

The Audit Committee may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit and Risk Committee.

The Company's external auditor attends each Annual General meeting and is available to answer questions from shareholders relevant to the conduct of the external audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company and the independence of the auditor.

CORPORATE GOVERNANCE STATEMENT

5. Principle 5 | Make timely and balanced disclosure

Emerald has adopted a formal policy dealing with its disclosure responsibilities. The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

The policy also addresses the Company's obligations to prevent the creation of a false market in its securities. Emerald ensures that all information necessary for investors to make an informed decision is available on its website.

The Managing Director has ultimate authority and responsibility for approving market disclosure which, in practice, is exercised in consultation with the Board and Company Secretary.

In addition, the Board will also consider whether there are any matters requiring continuous disclosure in respect of each and every item of business that it considers.

6. Principle 6 | Respect the rights of security holders

The Board's fundamental responsibility to shareholders is to work towards meeting the Company's objectives so as to add value for them. The Board maintains an investor relation program which will inform shareholders of all major developments affecting the Company by:

- preparing half yearly and yearly financial reports;
- preparing quarterly cash flow reports and reports as to activities;
- making announcement in accordance with the listing rules and the continuous disclosure obligations;
- posting all of the above on the Company's website;
- annually, and more regularly if required, holding a general meeting of shareholders and forwarding to them the annual report, if requested, together with notice of meeting and proxy form; and
- voluntarily releasing other information which it believes is in the interest of shareholders.

The Annual General Meeting enables shareholders to discuss the annual report and participate in the meetings either by attendance or by written communication. The Notice of Meeting is published and available on the Company website so all shareholders can be fully informed. The Company provides all shareholders with a proxy form so that are able to vote on all resolutions at the Annual General Meeting. Shareholders are able to discuss any matter with the directors and/or the auditor of the Company who is also invited to attend the Annual General Meeting.

Shareholders have the option to receive all Company and share registry communications electronically and may also communicate with the Company by emailing the Company via its website. All shareholders can request copies of ASX releases, all of which are published and available on the Company's website immediately after they are released to ASX.

The Company regularly reviews its stakeholder communication policy and endeavours to maintain a program appropriate for a company of its size and stage of growth.

7. Principle 7 | Recognise and Manage Risk

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director and Executive Director, who are responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director and Executive Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

CORPORATE GOVERNANCE STATEMENT

The Board does not have a separate Risk Management Committee as the Board monitors and reviews the integrity of financial reporting and the Company's internal financial control systems. Management assess the effectiveness of the internal financial control on an annual basis and table concerns and recommendations at Board meetings were required.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- Establishment of financial control procedures and authority limits for management;
- Approval of an annual budget;
- Adoption of a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- Adoption of a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices;
- Maintenance and review of a risk register to identify the Company's material business risks and risk management strategies for these risks. The risk register is reviewed regularly and updated as required. Management reports to the Board on material business risks at each Board meeting.

The Board has required management to design, implement and maintain risk management and internal control systems to manage the material business risks of the Company. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received a report from management as to the effectiveness of the Company's management of its material business risks for the reporting period.

The Managing Director and Chief Financial Officer (or equivalent) provide a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risks.

The Board monitors the adequacy of its risk management framework annually to ensure that it continues to be sound and deals adequately with contemporary and emerging risks and that Emerald is operating with due regard to the risk appetite set by the Board and discloses that reviews have taken place at the end of each reporting period. All members of the Board have an extensive range of experience in mining, human resource and capital management, finance, financial reporting, corporate strategy and governance across a range of industries to apply to the risk evaluation process.

7.1 Internal Audit

The Company does not have an internal audit function as the Board believes the business is neither the size nor complexity that requires such a function. The Board is currently responsible for monitoring the effectiveness of internal controls, risk management procedures and governance. Non-executive director, Mr Clements is a Fellow of the Chartered Accountants Australia and New Zealand and previously worked in an international accounting firm and all members of the Board have an extensive range of experience in capital management, finance, financial reporting, corporate strategy and governance across a range of industries.

7.2 Sustainability Risks

The Company has a detailed risk matrix which it regularly reviews, it highlights critical risk factors the Company faces at any particular time. The principal risks highlighted are what would typically be expected for an exploration company transitioning into the development phase along a path to production and includes:

- Reliance on key executives;
- Inability to access new exploration capital;
- Volatility in gold prices and applicable exchange rates (mainly USD);
- Delays in equipment fabrication or mobilisation to site;
- Failing to appropriately manage local stakeholder relations;
- Unsuccessful exploration results;
- Legislature changes in jurisdictions in which the Company operates.

As the Company expands its activities either within the Okvau Gold Project or with the addition of new projects, it is expected that the sustainability risks will change accordingly. The Board reviews the overall sustainability of both the gold industry and more specifically, the Company, in its normal course of business. All members of the Board have an extensive range of experience in mining, human resource and capital management, finance, financial reporting, corporate strategy and governance across a range of industries to apply to the risk evaluation process.

CORPORATE GOVERNANCE STATEMENT

Details of the Company's sustainability activities are set out in the "Sustainability Report" in the Annual Report.

7.3 Environmental and Social Risks

The Company strives to operate in accordance with the highest standards of environmental practice and comply in all material respects with applicable environmental laws and regulations. Such regulations typically cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations.

The Environmental Management System for the Okvau Gold Project is well developed and has been substantially implemented throughout the construction phase of the Project. An Environmental Compliance Register of all ESIA and management plan commitments, monitoring and mitigation actions are being continually reviewed and maintained.

The Company has adopted a Human Rights Policy which applies to all Directors, officers, employees and consultants that work with the Company. The policy seeks to ensure that the Company operates in an ethical and transparent manner in all business dealings and that the Company has a mechanism for staff to alert management should any issues or incidents occur.

The Board monitors the adequacy of its environmental and social risk management to ensure that it continues to be sound and deals adequately with contemporary and emerging risks. All members of the Board have an extensive range of experience in mining, human resource and capital management, finance, financial reporting, corporate strategy and governance across a range of industries to apply to the risk evaluation process.

Details of the Company's environmental activities and commitment to human rights are set out in the "Sustainability Report" within the Annual Report.

8. Principle 8 | Remunerate fairly and responsibly

The Company has a Remuneration Committee to monitor and review the remuneration policy of the Company. The Remuneration Committee consists of three members, the majority of which are considered independent. Mr Ross Stanley (Chair), Mr Simon Lee AO and Mr Mark Clements. The Remuneration Committee engaged independent remuneration consultants, The Reward Practice, to undertake an external review, including independent benchmarking of remuneration for the Executive, KMP and key staff as the Company moved toward its key strategic objective, which was the development of, and ultimately the production from, the Company's Okvau Gold Project in Cambodia targeting safety, environment, sustainability and community.

Details of the external remuneration review are contained in the Remuneration Report included in the Directors' Report for the current financial year.

The responsibilities of the Committee are set out in a formal Charter approved by the Board. The Charter sets out the purpose, membership, responsibilities, authority and reporting requirements of the Committee.

Details of the remuneration policy are contained in the Remuneration Report included in the Directors' Report for the current financial year.

In relation to the remuneration of non-executive directors, the Company's policy is to pay at market rates for comparable companies for time, commitment and responsibilities. In accordance with ASX Corporate Governance Recommendations and to safeguard the interests of shareholders, fees for non-executive directors are not linked to the performance of the Company to maintain independence and impartiality. Non-executive directors are not incentivised by short term or long-term incentives. The Company does not pay retirement allowances to non-executive directors and non-executive directors do not receive separate remuneration for serving on a committee.

The maximum aggregate amount of fees (including superannuation payments) that can be paid to non-executive directors is subject to approval by the shareholders at general meeting. Non-Executive directors may be entitled to a termination benefit of up to 6 months of base fees dependent upon circumstances when the engagement is terminated.

There were three Remuneration Committee meetings held during the year ended 30 June 2021 which were attended by all members of the committee.

CORPORATE GOVERNANCE STATEMENT

With regard to the remuneration of executives, pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Executives are offered a competitive level of base pay at market rates (for comparable companies) and are reviewed annually to ensure market competitiveness. Short term performance incentives may include a cash bonus payable upon achievement of agreed upon key performance indicators on financial and non-financial metrics relating to the key drivers of the Company. Long term performance incentives may include premium priced options granted to senior executives and key staff in accordance with an agreed upon remuneration mix following a recommendation from the Managing Director and Executive Director and approval of the Remuneration Committee and Board. The grant of options is designed to recognise and reward efforts as well as to provide additional incentive and are subject to vesting conditions and employment retention.

The Company is entering an important phase and the Board believes that the remuneration framework is appropriate and fit-for-purpose based on the Company's development and growth profile and to drive and deliver the outcomes desired by all shareholders.

The Company's key strategic objective at the start of FY21 was the development of and, ultimately, the production from the Company's Okvau Gold Project in Cambodia targeting safety, environment, sustainability and community. This was achieved following commissioning of the Okvau Gold Mine in June 2021. Given the Company's size and exploration and development stage for the majority of FY21, the Remuneration Committee has focussed upon utilising the Company's Incentive Option Plan approved by shareholders on 25 November 2020 to provide long-term incentives for the key management personnel and senior management in FY21 to drive alignment of the Company's key objective to remuneration outcomes, rather than short-term cash incentives, which will be tied to performance against relevant targets in FY22.

The Company has remained resilient throughout the COVID-19 crisis. The Company has effectively managed the pandemic to date such that there has been no disruptions to operations. This has been possible due to the Cambodian Government's significant confidence in the exceptional protocols in place at the Okvau Gold Mine to minimise the potential transmission of COVID-19 and strict adherence to Government directives. The Board will continue to monitor the situation and apply careful consideration to the impact of the COVID-19 crisis on the proposed STI framework for FY22.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Emerald Resources NL for the year ended 30 June 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 audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
24 September 2021



L Di Giallonardo
Partner

hlb.com.au

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FINANCIAL STATEMENTS

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These financial statements are the consolidated financial statements of the consolidated entity consisting of Emerald Resources NL and its subsidiaries. The financial statements are presented in Australian dollars.

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 consolidated entity's operations and its principal activities is included in the review of operations and activities on pages 6 to 18 in the Directors' Report, both of which are not part of these financial statements.

The financial statements were authorised for issue by the directors on 24 September 2021. The Company has the power to amend and reissue the financial statements.

Through the use of the internet, the Company has ensured that its corporate reporting is timely, complete, and available globally at minimum cost to the Company. All press releases, financial statements and other information are available on our website: www.emeraldresources.com.au.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Note	Consolidated	
		2021 \$'000s	2020 \$'000s
Revenue from continuing operations	3	21	121
Other income	4	71	51
Fair value gain on financial assets		-	119
Administrative expenses	5(a)	(923)	(753)
Employee benefits expense	5(b)	(1,420)	(1,117)
Share-based payment expense	19(a)	(1,177)	(1,505)
Depreciation expense	5(c)	(69)	(58)
Finance costs	5(d)	(74)	(580)
Fair value loss on financial assets		(41)	-
Fair value loss on financial liabilities	16	(1,592)	-
Exploration and feasibility expenditure expensed		(3,333)	(5,556)
Development expenditure		(1,798)	-
Net loss on foreign exchange		(6,365)	(2,189)
Other expenditure		-	(4)
(Loss) before income tax		(16,700)	(11,471)
Income tax benefit/(expense)	7	-	-
(Loss) for the year		(16,700)	(11,471)
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
- Exchange differences on translation of foreign operations		7	(1,067)
Total other comprehensive (loss) for the year		7	(1,067)
Total comprehensive (loss) attributable to members of the parent		(16,693)	(12,538)
<i>Earnings per share</i>			
Basic (loss) per share (cents per share)	21	(3.24)	(3.09)
Diluted (loss) per share (cents per share)	21	n/a	n/a

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	Consolidated	
		2021 \$'000s	2020 \$'000s
Current assets			
Cash and cash equivalents	8	22,761	136,175
Trade and other receivables	9	7,016	2,335
Inventory		1,510	-
Financial assets at fair value through profit or loss	10	204	192
Other current assets		144	146
Total current assets		31,635	138,848
Non-current assets			
Property, plant and equipment	11	1,521	170
Right-of-use assets	12	33,514	-
Mine properties	13	183,440	71,594
Total non-current assets		218,475	71,764
Total assets		250,110	210,612
Current liabilities			
Trade and other payables	14	17,878	5,557
Interest-bearing liabilities	15	27,869	-
Financial liabilities	16	8,924	-
Total current liabilities		54,671	5,557
Non-current liabilities			
Interest-bearing liabilities	15	65,500	49,868
Financial liabilities	16	24,540	34,602
Provisions		331	264
Total non-current liabilities		90,371	84,734
Total liabilities		145,042	90,291
Net assets		105,068	120,321
Equity			
Share capital	17	195,352	195,089
Reserves	18(c)	1,472	288
Accumulated losses		(91,756)	(75,056)
Total equity		105,068	120,321

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

Consolidated	Issued Capital	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Balance at 1 July 2019	115,648	2,544	(4)	(65,007)	53,181
Net loss for the year	-	-	-	(11,471)	(11,471)
Exchange differences on translation of foreign operations	-	-	(1,067)	-	(1,067)
Total comprehensive loss for the year	-	-	(1,067)	(11,471)	(12,538)
Transactions with owners in their capacity as owners:					
Contributions of equity	83,098	-	-	-	83,098
Transaction costs of issuing capital	(3,657)	-	-	-	(3,657)
Share-based payment transactions	-	237	-	-	237
Expiry of options	-	(1,422)	-	1,422	-
	79,441	(1,185)	-	1,422	79,678
Balance at 30 June 2020	195,089	1,359	(1,071)	(75,056)	120,321
Balance at 1 July 2020	195,089	1,359	(1,071)	(75,056)	120,321
Net loss for the year	-	-	-	(16,700)	(16,700)
Exchange differences on translation of foreign operations	-	-	7	-	7
Total comprehensive loss for the year	-	-	7	(16,700)	(16,693)
Transactions with owners in their capacity as owners:					
Contributions of equity	290	-	-	-	290
Transaction costs of issuing capital	(27)	-	-	-	(27)
Share-based payment transactions	-	1,177	-	-	1,177
	263	1,177	-	-	1,440
Balance at 30 June 2021	195,352	2,536	(1,064)	(91,756)	105,068

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	Note	Consolidated	
		2021 \$'000s	2020 \$'000s
Cash flows from operating activities			
Payments to suppliers and employees		(2,682)	(2,647)
Payments for development		(984)	-
Interest received		21	149
Payments for exploration and evaluation		(2,816)	(5,761)
Other income		71	51
Net cash (used in) operating activities	22	(6,390)	(8,208)
Cash flows from investing activities			
Payments for development		(92,500)	(29,948)
Proceeds from sale of investments		135	-
Purchase of property, plant and equipment		(30)	(113)
Payments for investments		(92)	-
Payments for interest and other costs of finance		(3,133)	(413)
Net cash (used in) investing activities		(95,620)	(30,474)
Cash flows from financing activities			
Proceeds from issue of shares		290	81,733
Share issue transaction costs		(8)	(3,657)
Proceeds from borrowings		-	92,851
Transaction costs related to loans and borrowings		-	(6,312)
Net cash provided by financing activities		282	164,615
Net increase/(decrease) in cash and cash equivalents		(101,728)	125,933
Cash and cash equivalents at the start of the year		136,175	17,521
Effect of exchange rates on cash holdings in foreign currencies		(11,686)	(7,279)
Cash and cash equivalents at the end of the year	8	22,761	136,175

Amounts relating to payments to suppliers and employees as set out above are inclusive of goods and services tax.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the financial years presented, unless otherwise stated. These financial statements cover Emerald Resources NL as a consolidated entity consisting of Emerald Resources NL and its subsidiaries ('the consolidated entity' or 'the Group').

a. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements and the Corporations Act 2001.

(i) Compliance with IFRS

The consolidated financial statements of Emerald Resources NL ('Group') also comply with Australian Equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes as presented comply with International Financial Reporting Standards ('IFRS').

For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention, except for the revaluation of financial assets at fair value through profit or loss and derivative liabilities.

b. Going concern

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

As disclosed in the financial statements, the consolidated entity incurred a loss of \$16,700,000 for the year ended 30 June 2021. As at that date, the consolidated entity had net current liabilities of \$23,036,000. 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 Spratt Private Resource Lending II (Collector) LP ("Spratt") as shown in note 15 of these financial statements

- The Okvau Gold Mine announced its maiden gold pour in June 2021 with practical completion announced in July 2021. 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
- Upon completion of commissioning activities and ramp up to full production, the Group has forecast to achieve 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.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

1. Summary of significant accounting policies (continued)

c. Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Emerald Resources NL as at 30 June 2021 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations of the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies of the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of comprehensive income, statement of changes in equity and statement of financial position.

(ii) Joint venture entities

A joint venture entity is an entity in which the Group holds a long-term interest, and which is jointly controlled by the consolidated entity and one or more other venturers. Decisions regarding the financial and operating policies essential to the activities, economic performance and financial position of that venture require the consent of each of the venturers that together jointly control the entity.

(iii) Jointly controlled assets

The Group has certain contractual arrangements with other participants to engage in joint activities where all significant matters of operating and financial policy are determined by the participants such that the operation itself has no significant independence to pursue its own commercial strategy. These contractual arrangements do not create a joint venture entity due to the fact that the policies are those of the participants, not a separate entity carrying on a trade or a business of its own. The financial statements of the Group include its share of the assets, liabilities and cash flows in such joint venture operations, measured in accordance with the terms of each arrangement, which is usually pro-rata to the Group's interest in the joint venture operations.

d. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

e. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the business activities as follows:

Interest income

Interest income is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Gold income

The Group primarily generates revenue from the sale of gold bullion. This sales revenue is recognised when ownership of the metal is transferred to the buyer. This typically occurs when physical bullion, from a contracted sale, is transferred from the Group's metal account to the metal account of the buyer.

Where the Group received provisional payments from buyers in advance of transfer of ownership, the Group classifies the provisional payment as deferred revenue liability until ownership is transferred and associated revenue is recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

1. Summary of significant accounting policies (continued)

f. Income tax

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

g. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the assets.

The right-of-use assets are also subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

1. Summary of significant accounting policies (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an assets are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

h. Impairment of assets

At each reporting date the Group assesses whether there is any indication that an asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

i. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Cash and cash equivalents also includes restricted cash as set out in note 8 of the financial report.

j. Trade receivables, other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument.

In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

j. Inventories

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.

k. Exploration and evaluation expenditure

The exploration and evaluation expenditure accounting policy is to expense expenditure as incurred except for the capitalisation of acquisition costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

1. Summary of significant accounting policies (continued)

i. Mine properties

(i) Mines under development

"Mines under development" comprises of expenditure transferred from 'exploration and evaluation expenditure' once the work completed to date supports the future development of the property and such development receives appropriate approvals. After transfer of the exploration and evaluation expenditure, all subsequent expenditure incurred in construction, drilling costs, removal of overburden to gain access to the ore and installation or completion of infrastructure facilities is capitalised in mines under development, net of proceeds from the sale of ore extracted during the development phase. Accumulated expenditure is carried separately for each area of interest in which economically recoverable reserves and resources have been identified.

Once commercial production rates have been established, all aggregated expenditure is transferred to non-current assets as either mine development (a separate category within Mine properties) or an appropriate class of property, plant and equipment.

(ii) Mine development

"Mine development" represents expenditure transferred from 'mines under development' previously accumulated and carried forward in relation to areas of interest in which mining has now commenced. When further development expenditure is incurred in respect of an area of interest after commencement of commercial production, such expenditure is carried forward as part of the cost of the mine property only when future economic benefits are reasonably assured, otherwise the expenditure is classified as part of the cost of production and expensed as incurred. Such capitalised development expenditure is added to the total carrying value of mine development being amortised.

Mine development costs are amortised on a units-of-production basis over the life of mine to which they relate. In applying the units of production method, amortisation is calculated using the expected total contained ounces as determined by the life of mine plan specific to that mine property. For development expenditure undertaken during production, the amortisation rate is based on the ratio of total development expenditure (incurred and anticipated) over the expected total contained ounces as estimated by the relevant life of mine plan to achieve a consistent amortisation rate per ounce. The rate per ounce is typically updated upon a revised life of mine.

m. Investments and other financial assets

(i) Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(ii) Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

1. Summary of significant accounting policies (continued)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

(iii) Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss.

The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss.

Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. This category includes unlisted equity securities that were previously classified as 'available-for-sale' under AASB 139. Any gains or losses recognised in other comprehensive income (OCI) are not recycled upon derecognition of the asset.

Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI.

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is to "hold to collect" the associated cash flows and sell financial assets; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

(iv) Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

1. Summary of significant accounting policies (continued)

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.
- '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

n. Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are initially recorded at fair value and then subsequently at amortised cost.

o. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

p. Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on the nature of the derivative.

Derivatives are classified as current or non-current depending on the expected period of realisation.

q. Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

r. Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave liability and all other short-term employee benefit obligations are presented in payables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

1. Summary of significant accounting policies (continued)

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as present value of expected future wage payments to be made. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting regardless of when the actual settlement is expected to occur.

(iii) Share-based payments

The Company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of shares of Emerald Resources NL ('market conditions').

s. Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

t. Earnings per share

(i) Basic earnings/loss per share

Basic earnings/loss per share is calculated by dividing the profit/loss attributable to equity holders of the Company excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings/loss per share

Diluted earnings/loss per share adjusts the figures used in the determination of basic earnings/loss per share to take into account the after-tax effect of interest and other financing costs associated with the dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

u. Value added tax ('VAT')

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Australian goods and services tax ('GST') is a type of VAT.

v. Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

1. Summary of significant accounting policies (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

w. Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Emerald Resources NL's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale financial assets are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for the statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of comprehensive income, as part of the gain or loss on sale where applicable. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

1. Summary of significant accounting policies (continued)

x. New accounting standards and interpretations

In the year ended 30 June 2021, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the reporting period beginning on or after 1 July 2020. As a result of this review, the directors have determined that there is no material impact of the Standard and Interpretations issued on the Company and, therefore, no changes necessary to its accounting policies.

Other standards not yet applicable

The directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the year ended 30 June 2021. As a result of this review, the directors have determined that there is no material impact of the Standard and Interpretations in issue not yet adopted to the Company and, therefore, no change is necessary to its accounting policies.

No other new standards, amendments to standards or interpretations are expected to affect the Company's financial statements.

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and judgements may differ from the related actual results and may have a significant effect on the carrying amount of assets and liabilities within the next financial year and on the amounts recognised in the financial statements. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a. Mine properties under development

Mine properties under development is expenditure incurred prior to the commencement of production from each area of interest. Expenditure is carried forward to the extent to which the carrying amount is determined to be recoverable however ultimately recoupment of expenditure carried forward is dependent upon successful development and exploitation of the areas of interest, or alternatively, by their sale.

b. Taxation

Balances disclosed in the financial statements related to taxation, are based on best estimates of directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income tax legislation and the Directors' understanding thereto.

c. Derivative financial instrument

The Group measures the fair value of the derivative financial instrument based on the forward gold price over the term of the repayments, discounted to present value. The instrument is re-assessed at each reporting date.

d. Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 19.

e. Accounting for leases

- Assessing contracts to determine whether they contain a lease and if so, whether they also contain non-lease components.
- Estimating the useful lives and depreciation rates of right-of-use assets.
- Setting the discount rate of the lease contracts, which is used in the calculation of lease liabilities.

f. Value added tax receivable

Estimating the amount recoverable and timing of recovery of VAT receivable from the Cambodian government.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

		Consolidated	
		2021 \$'000s	2020 \$'000s
3.	Revenue from continuing operations		
	Interest received	21	121
	Total revenue from continuing operations	21	121
4.	Other income		
	ATO Cashflow boost	50	50
	OSRWA COVID-19 grant	18	-
	Other	3	1
	Total other income	71	51
5.	Expenses		
(a)	Administrative expenses		
	Administrative costs	274	252
	Consultancy expenses	229	158
	Occupancy expenses	109	123
	Compliance and regulatory expenses	150	119
	Insurance expenses	161	101
	Total administrative expenses	923	753
(b)	Employee benefits expense		
	Salaries and wages expense	1,136	860
	Defined contribution superannuation expense	88	71
	Other employee benefit expenses	196	186
	Total employee benefits expense	1,420	1,117
(c)	Depreciation expense		
	Furniture and fittings	19	8
	Plant and equipment	26	22
	Motor vehicles	21	28
	Leasehold improvements	3	-
	Total depreciation	69	58
(d)	Finance costs		
	Interest and finance charges paid or payable	1	29
	Borrowing costs	73	551
	Total finance costs	74	580

		Consolidated	
		2021 \$	2020 \$
6.	Auditor's remuneration		
	Auditing or reviewing the financial statements	48,920	33,310
	Non-assurance services	-	-
	Total auditor remuneration	48,920	33,310

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

		Consolidated	
		2021	2020
		\$'000s	\$'000s
7.	Income tax benefit/(expense)		
(a)	Income tax expense		
	Current tax	-	-
	Deferred tax	-	-
	Total income tax benefit	-	-
	Deferred income tax expense included in income tax expense comprises:		
	- (Increase) Decrease in deferred tax assets (note 7(c))	1	2,116
	- Increase (Decrease) in deferred tax liabilities (note 7(d))	(1)	(2,116)
		-	-
(b)	Numerical reconciliation of income tax expense to prima facie tax payable		
	Loss from continuing operations before income tax expense	(16,701)	(11,471)
	Tax benefit at the tax rate of 30%	(5,010)	(3,441)
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	Share-based payments	353	451
	Other non-deductible amounts	1,743	1,353
	Accounting income not included as assessable income	(15)	(36)
	Unrecognised tax losses	2,985	1,673
	Deductible equity raising costs	(53)	-
	Income tax benefit	-	-
(c)	Deferred tax asset		
	Employee benefits	-	179
	Interest-bearing liabilities	-	662
	Other accruals	-	37
	Tax losses	1	-
		1	878
	Deferred tax assets recognised/(not recognised)	-	1,238
	Set-off deferred tax liabilities (note 7(d))	(1)	(2,116)
	Net deferred tax assets	-	-
(d)	Deferred tax liabilities		
	Mine properties	-	1,440
	Interest-bearing liabilities	-	675
	Other	1	1
		1	2,116
	Set-off deferred tax assets (note 7(c))	(1)	(2,116)
	Net deferred tax liabilities	-	-
(e)	Unused tax losses		
	Tax losses for which no deferred tax asset has been recognised	18,477	16,769
	Potential tax benefit at 30%	5,542	5,031
	Capital losses for which no deferred tax asset has been recognised	39,827	39,835
	Potential tax benefit at 30%	11,948	11,950
(f)	Unrecognised temporary differences		
	Unrecognised potential deferred tax asset relating to capital raising costs	-	-
	Unrecognised potential deferred tax asset relating exploration costs	13,871	14,612

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

		Consolidated	
		2021 \$'000s	2020 \$'000s
8.	Cash and cash equivalents		
(a)	Total cash and cash equivalents		
	Cash at bank and on hand	21,691	66,908
	Restricted cash	-	69,197
	Deposits at call	1,070	70
	Total cash and cash equivalents	22,761	136,175
(b)	Cash at bank and on hand		
	Cash on hand is non-interest bearing.		
	Cash at bank bears interest rates between 0.00% and 0.06% (2020: 0.00% and 0.15%).		
(c)	Restricted cash		
	Restricted cash were debt proceeds received from Sprott, which were held in a controlled debt proceeds account. Funds were transferred into the transactional cash account of Renaissance Minerals (Cambodia) Limited as required, after achieving certain draw down requirements.		
(d)	Deposits at call		
	Deposits at call are bearing an interest rate of 0.30% (2020: 0.95%).		
9.	Trade and other receivables		
(a)	Current		
	VAT receivable	4,880	1,009
	Gold bullion awaiting settlement	1,266	-
	Prepayments	752	1,017
	Other receivables	118	309
	Total current trade and other receivables	7,016	2,335
(b)	Past due and impaired receivables		
	As at 30 June 2021, there were no receivables that were past due or impaired (2020: nil).		
(c)	Effective interest rates and credit risk		
	Information concerning effective interest rates and credit risk of both current and non-current trade and other receivables is set out in note 20.		
10.	Financial assets at fair value through profit or loss		
(a)	Current		
	Financial assets at fair value through profit or loss (Level 1)	204	192
	Total current financial assets	204	192

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Furniture & Fittings	Plant & Equipment	Motor Vehicles	Leasehold Improvements	Mill Liners	Capital Work in Progress	Total
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
11. Property, plant and equipment							
<i>Year ended 30 June 2020</i>							
Opening net book amount	17	29	69	-	-	-	115
Additions	11	56	-	48	-	-	115
Disposals/write-offs	(2)	(2)	-	-	-	-	(4)
Depreciation charge	(8)	(22)	(28)	-	-	-	(58)
Effect of exchange rates	-	-	2	-	-	-	2
Closing net book amount	18	61	43	48	-	-	170
<i>At 30 June 2020</i>							
Cost or fair value	92	269	279	48	-	-	688
Accumulated depreciation	(74)	(208)	(236)	-	-	-	(518)
Net book amount	18	61	43	48	-	-	170
<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)	-	-	-	-	-
Disposals/write-offs	-	-	-	-	-	-	-
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

		Consolidated	
		2021 \$'000s	2020 \$'000s
12.	Right-of-use assets		
	Opening balance	-	-
	Additions	35,773	-
	Depreciation capitalised to mine properties (refer note 13)	(2,617)	-
	Effect of exchange rates	358	-
	Total right-of-use assets	33,514	-
13.	Mine properties		
(a)	Mine properties under development		
	Opening balance	71,594	36,416
	Construction expenditure	72,555	31,684
	Pre-production expenditure	21,115	-
	Finance costs	17,147	3,057
	Depreciation on right-of-use assets (refer note 12)	2,617	-
	Interest on right-of-use assets	1,395	-
	Other costs	494	1,709
	Effect of exchange rates	(3,477)	(1,272)
	Total mine properties under development	183,440	71,594
(b)	Total mine properties		
	Mine properties under development	183,440	71,594
	Total mine properties	183,440	71,594
14.	Trade and other payables		
	Current		
	Trade payables	10,728	3,884
	Accruals	5,894	1,299
	Other payables	1,256	374
	Total current trade & other payables	17,878	5,557
	No trade or other payables are considered past due.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

		Consolidated	
		2021	2020
		\$'000s	\$'000s
15.	Interest-bearing liabilities		
(a)	Secured loan – Sprott		
	Opening balance	49,868	-
	Cash from financing activities	-	92,851
	Offset by: capitalised borrowing cost	-	(6,133)
	Amortisation of capitalised borrowing costs	7,968	-
	Borrowing costs related to embedded derivative	-	588
	Capitalised interest	5,762	2,459
	Effect of exchange rates	(4,604)	(3,148)
	Re-classified as derivative liability (note 16)	-	(36,749)
	Total secured loan liability	58,994	49,868
	Current liability	22,685	-
	Non-current liability	36,309	49,868
	Total secured loan liability	58,994	49,868
	<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. 75% of the monthly interest has been capitalised and forms part of the principal amount at 30 June 2021. No additional drawings are available.</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)	Finance lease liabilities on right-of-use assets		
	Current liability	5,184	-
	Non-current liability	29,191	-
	Total finance lease liabilities	34,375	-
(c)	Total interest-bearing liabilities		
	Current liability	27,869	-
	Non-current liability	65,500	49,868
	Total interest-bearing liabilities	93,369	49,868
16.	Financial liabilities		
	Non-current		
	Opening balance	34,602	-
	Derivative liability recognised at inception (note 15)	-	36,749
	Revaluation of derivative liability	1,592	-
	Effect of exchange rates	(2,730)	(2,147)
	Total finance liabilities	33,464	34,602
	Current liability	8,924	-
	Non-current liability	24,540	34,602
	Total finance liabilities	33,464	34,602
	<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, with the first payment due in September 2021).</p>		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

		Consolidated			
		2021	2020	2021	2020
		No. of shares	No. of shares	\$'000s	\$'000s
17.	Share Capital				
(a)	Issued capital				
	Ordinary shares (fully paid)	515,397,207	514,498,207	195,352	195,089
	Total contributed equity	515,397,207	514,498,207	195,352	195,089
(b)	Ordinary Shares				
	Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held. At shareholders meetings each ordinary share is entitled to one vote in proportion to the paid-up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.				
(c)	Options				
	Information relating to options including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 19.				
		Date	Shares No.	Issue Price \$/share	Total \$'000s
(d)	Movements in issued capital				
	Opening Balance 1 July 2019		3,042,252,533		115,648
	Option exercise	3 Jul 2019	3,000,000	\$0.032	97
	Option exercise	5 Aug 2019	3,200,000	\$0.032	103
	Option exercise	20 Jan 2020	17,500,000	\$0.025	437
	Share purchase plan	31 Jan 2020	735,775,000	\$0.040	29,431
	Option exercise	26 Feb 2020	5,812,500	\$0.032	188
	Placement funds	25 Mar 2020	1,139,225,000	\$0.040	45,569
	Consolidation of capital ⁽ⁱ⁾	27 Mar 2020	(4,452,087,980)	n/a	-
	Issued in lieu of payment	31 Mar 2020	4,089,624	\$0.310	1,268
	Placement funds	29 Apr 2020	15,654,030	\$0.382	5,980
	Option exercise	26 May 2020	77,500	\$0.323	25
	Less: Transaction costs				(3,657)
	Closing balance at 30 June 2020		514,498,207		195,089
	Opening Balance 1 July 2020		514,498,207		195,089
	Option exercise	14 Jul 2020	193,750	\$0.323	63
	Option exercise	3 Aug 2020	77,500	\$0.323	25
	Option exercise	14 Sep 2020	387,500	\$0.323	125
	Option exercise	30 Sep 2020	240,250	\$0.323	77
	Less: Transaction costs				(27)
	Closing balance at 30 June 2021		515,397,207		195,352

(i) Shareholders approved the consolidation of capital on a 10:1 basis at the general meeting held 13 March 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

		Consolidated	
		2021	2020
		\$'000s	\$'000s
18.	Reserves		
(a)	Option reserve		
	Opening balance	1,359	2,544
	Options issued – share based payment expense	1,177	237
	Expiry of options	-	(1,422)
	Closing balance	2,536	1,359
<p>The option reserve records items recognised on valuation of director, employee and contractor share options, as well as options issued as consideration for acquisitions. Information relating to options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 19.</p>			
(b)	Foreign currency translation reserve		
	Opening balance	(1,071)	(4)
	Exchange differences arising on translation of foreign operations	7	(1,067)
	Closing balance	(1,064)	(1,071)
<p>Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve. The reserve is recognised in the profit or loss when the net investment is disposed of.</p>			
(c)	Total Reserves		
	Option reserve	2,536	1,359
	Foreign currency translation reserve	(1,064)	(1,071)
	Total reserves	1,472	288

19. Share-based payments

(a) Recognised share-based payments expense

Options issued to directors, management, employees and consultants	1,177	237
Lead arranger fees paid in shares	-	1,268
Total share-based payments expense	1,177	1,505

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

(b) Summary of options granted

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

	2021		2020	
	No.	WAEP	No.	WAEP
Balance at the start of the year	5,532,750	\$0.425	72,115,000	\$0.036
Granted during the year	7,500,000	\$0.686	6,750,000	\$0.104
Exercised during the year	(899,000)	\$0.323	(29,590,000)	\$0.028
Consolidated during the year	-	-	(43,742,250)	\$0.044
Balance at the end of the year	12,133,750	\$0.605	5,532,750	\$0.425
Exercisable at the end of the year	2,833,750	\$0.461	2,384,500	\$0.424

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

19. Share-based payments (continued)

		2021	2020
Other information			
Weighted average remaining contractual life	Years	3.50	2.90
Range of exercise prices	\$	\$0.39 - \$1.02	\$0.32 - \$0.53
Weighted average fair value of options granted during the year	\$	\$0.411	\$0.051

Option pricing model

The fair value of the share-based options granted under the Incentive Option Plan is estimated as at the date of grant, using a Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model (on a post-consolidation basis):

	Expiry dates					
	30 Jul 2025	8 Oct 2025	4 Jan 2026	23 Feb 2026	22 Mar 2026	3 May 2026
Number	5,200,000	650,000	600,000	550,000	350,000	150,000
Expected share price volatility	% 80.00	80.00	80.00	80.00	80.00	80.00
Risk-free interest rate	% 0.41	0.30	0.34	0.60	0.72	0.69
Exercise price	\$ \$0.67	\$0.77	\$0.82	\$0.95	\$0.94	\$1.02
Life of the option	Yrs 5.0	5.0	5.0	5.0	5.0	5.0
Weighted average underlying share	\$ \$0.62	\$0.62	\$0.89	\$0.82	\$0.81	\$1.00
Fair value per option at grant date	\$ \$0.37	\$0.37	\$0.58	\$0.49	\$0.49	\$0.63

All options were issued as part of the incentive component of the recipient's remuneration packages and are all subject to vesting conditions as follows

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

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future tender, which may not eventuate. The life of the options is based on historical exercise patterns, which may not eventuate in the future. Total share-based payment transactions recognised during the year were as set out above.

20. Financial Instruments, Risk Management Objectives and Policies

The consolidated entity's principal financial instruments comprise cash and cash equivalents. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Group. The consolidated entity also has other financial instruments such as trade and other receivables and trade and other payables which arise directly from its operations. For the year under review, it has been the consolidated entity's policy not to trade in financial instruments.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

20. Financial Instruments, Risk Management Objectives and Policies (continued)

Consolidated 2021	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest	Non- interest Bearing	Total
	%	\$'000s	\$'000s	\$'000s	\$'000s
<i>Financial assets</i>					
Cash and cash equivalents	0.01	16,144	1,070	5,547	22,761
Trade and other receivables	0.00	-	-	7,016	7,016
Financial assets at fair value through profit or loss ⁽ⁱ⁾	0.00	-	-	204	204
Other current assets	0.00	-	-	144	144
		16,144	1,070	12,911	30,125
<i>Financial liabilities</i>					
Trade and other payables	0.00	-	-	17,878	17,878
Interest-bearing liabilities	9.00	58,994	34,375	-	93,369
Other financial liabilities	0.00	-	-	33,464	33,464
		58,994	34,375	51,342	144,711

(i) These financial assets are equity investments and are all classed as held for trading. The market value of equity investments represent the fair value based on either quoted prices on active markets (ASX) or using other valuation techniques, as at the reporting date without any deduction for transaction costs. These investments are classified as Level 1 financial instruments.

Consolidated 2020	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest	Non- interest Bearing	Total
	%	\$'000s	\$'000s	\$'000s	\$'000s
<i>Financial assets</i>					
Cash and cash equivalents	0.01	99,660	70	36,445	136,175
Trade and other receivables	0.00	-	-	2,335	2,335
Financial assets at fair value through profit or loss ⁽ⁱ⁾	0.00	-	-	192	192
Other current assets	0.00	-	-	146	146
		99,660	70	39,118	138,848
<i>Financial liabilities</i>					
Trade and other payables	0.00	-	-	5,557	5,557
Interest-bearing liabilities	9.00	49,868	-	-	49,868
Other financial liabilities	0.00	34,602	-	-	34,602
		84,470	-	5,557	90,027

(i) These financial assets are equity investments and are all classed as held for trading. The market value of all equity investments represents the fair value based on quoted prices on active markets (ASX) as at the reporting date without any deduction for transaction costs. These investments are classified as Level 1 financial instruments.

The maturity date for all cash, trade and other receivable and trade and other payable financial instruments included in the above tables is one year or less from balance date.

Group sensitivity analysis

The Group's main interest rate risk arises from cash and cash equivalents with variable and fixed interest rates, as well as the LIBOR component of the Sprott secured debt facility (note 15). At 30 June 2021 the Group's exposure to interest rate risk is not considered material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

20. Financial Instruments, Risk Management Objectives and Policies (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk.

(c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, the Group aims at ensuring flexibility in its liquidity profile by managing its cash requirements and will have the ability to seek additional funding via credit facility or undertake capital raisings. Funds in excess of short-term operational cash requirements are generally only invested in short-term bank bills.

Consolidated 2021	Carrying amount	Contractual cashflows	Less than 6 months	6 to 12 months	1 to 5 years	Total
	\$'000s	\$'000s		\$'000s	\$'000s	\$'000s
Trade and other payables	17,878	17,878	17,878	-	-	17,878
Interest-bearing liabilities	93,369	141,341	10,175	20,577	110,589	141,341
Derivative liability	33,464	40,431	4,032	4,892	31,507	40,431
Total	144,711	199,650	32,085	25,469	142,096	199,650

Consolidated 2020	Carrying amount	Contractual cashflows	Less than 6 months	6 to 12 months	1 to 5 years	Total
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Trade and other payables	5,557	5,557	5,557	-	-	5,557
Interest-bearing liabilities	49,868	131,728	1,032	1,051	129,645	131,728
Derivative liability	34,602	42,380	-	-	42,380	42,380
Total	90,027	179,665	6,589	1,051	172,025	179,665

(d) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk primarily arising from costs denominated in USD, and loans and borrowings denominated in USD.

The Group also has transactional currency exposures. Such exposure arises from purchases by an operating entity in currencies other than the functional currency.

The Group does not have a policy to enter into forward contracts or other hedge derivatives.

At 30 June 2021, the Group had the following exposure to USD foreign currency expressed in AUD equivalents:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

20. Financial Instruments, Risk Management Objectives and Policies (continued)

(d) Foreign currency risk (continued)

	Consolidated	
	2021 \$'000s	2020 \$'000s
Financial assets		
Cash and cash equivalents	20,601	127,566
Trade and other receivables	6,267	1,153
Other current assets	144	146
	<u>27,012</u>	<u>128,865</u>
Financial liabilities		
Trade and other payables	16,788	4,599
Interest-bearing liabilities	95,143	52,117
Other financial liabilities	33,464	34,602
	<u>145,395</u>	<u>91,318</u>

A 10 per cent strengthening or weakening of the AUD against the following currencies at 30 June 2021 would have increased(decreased) net assets by the amounts shown in the below table. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for the year ended 30 June 2020.

	+10%		-10%	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
USD	5,695	6,533	(6,961)	(7,985)

(e) Price risk

The Group is exposed to commodity price risk on its future gold production. This risk is estimated by management using forecasts of the quantity and cost of future gold production. While the Group's price risk could be partially managed using a range of different types of hedging instruments, the Group did not have any open hedge instruments at 30 June 2021 (2020: nil).

(f) Fair value measurements

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: the fair value is calculated using quoted prices in active markets for identical assets or liabilities.
- Level 2: the fair value is estimated using inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). The Group's derivative liabilities are classified as Level 2, as they were valued using valuation techniques that employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates, and spot and forward rate curves of the underlying commodity.
- Level 3: the fair value is estimated using inputs for the asset or liability that are not based on observable market data. The group does not have any financial assets or liabilities in this category.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

		Consolidated	
		2021	2020
		\$'000s	\$'000s
21.	Earnings per share		
(a)	Earnings/(loss)		
	Loss used in the calculation of basic earnings/loss per share	(16,700)	(11,471)
(b)	Weighted average number of ordinary shares ('WANOS')		
	WANOS used in the calculation of basic loss per share ('000s):	515,233	370,865 ⁽ⁱ⁾
	(i) This balance has been adjusted to take into account the impact of the share consolidation that occurred on 27 March 2020 following shareholder approval at a meeting held on 13 March 2020..		
22.	Cash flow information		
	Reconciliation of cash flows from operating activities with loss from ordinary activities after tax:		
	(Loss) from ordinary activities after income tax	(16,700)	(11,471)
	Depreciation	69	58
	Share-based payments	1,177	1,505
	Fair value loss/(gain) on financial assets	41	(119)
	Fair value loss on financial liabilities	1,592	-
	Loss on disposal of fixed assets	-	4
	Finance costs	-	554
	Non-cash investment	(95)	-
	Net exchange differences	6,365	2,189
	Other items	(353)	60
	<i>Changes in assets and liabilities:</i>		
	- Decrease/(increase) in operating receivables and prepayments	1,344	(975)
	- Increase/(decrease) in operating trade and other payables	103	(78)
	- Increase in provisions	67	65
	Net cash (outflows) from operating activities	(6,390)	(8,208)
23.	Commitments		
(a)	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 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. These amounts relate to US\$4,400,000 as a remaining bond for rehabilitation commitments over a four year period (beginning in December 2021) and a further annual contribution of US\$368,889 for an eight year period with funds applied to Environmental and Social initiatives.		
	Within one year	2,506	1,493
	Between one and five years	6,560	8,832
	Longer than five years	1,619	2,342
	Total exploration and mining license commitments	10,685	12,667
(b)	Okvau Gold Mine capital expenditure commitments		
	The outstanding capital commitments relating to the Okvau Gold Mine at 30 June are:		
	Within one year	1,331	29,350
	Total capital commitments	1,331	29,350

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

24. Segment information

(a) Description of segments

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, Australia and the corporate/head office function in Australia.

(b) Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments for the year ended 30 June 2021 is as follows:

Consolidated 2021	Mine Development \$'000s	Exploration \$'000s	Other \$'000s	Total \$'000s
Total segment revenue	-	-	21	21
Interest revenue	-	-	21	21
Depreciation and amortisation expense	-	(20)	(49)	(69)
Total segment (loss) before income tax	(3,442)	(3,353)	(9,905)	(16,700)
Total segment assets	245,891	173	4,046	250,110
Total segment liabilities	(143,947)	(190)	(905)	(145,042)
Capital expenditure for the year	113,228	-	-	113,228

Consolidated 2020	Mine Development \$'000s	Exploration \$'000s	Other \$'000s	Total \$'000s
Total segment revenue	-	-	121	121
Interest revenue	-	-	121	121
Depreciation and amortisation expense	-	(38)	(20)	(58)
Total segment (loss) before income tax	-	(5,556)	(5,915)	(11,471)
Total segment assets	166,593	197	43,822	210,612
Total segment liabilities	(89,178)	-	(1,113)	(90,291)
Capital expenditure for the year	35,235	-	59	35,294

(c) Measurement of segment information

All information presented in part (b) above is measured in a manner consistent with that in the financial statements.

(d) Segment revenue

No inter-segment sales occurred during the current financial year. The entity is domiciled in Australia. No revenue was derived from external customers in countries other than the country of domicile. Revenues of \$21,000 (2020: \$121,000) were derived from one Australian and one Cambodian financial institution during the year. These revenues are attributable to the corporate segment.

(e) Reconciliation of segment information

Total segment revenue, total segment profit/(loss) before income tax, total segment assets and total segment liabilities, as presented in part (b) above, equal total entity revenue, total entity profit/(loss) before income tax, total entity assets and total entity liabilities respectively, as reported within the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

25. Events occurring after the balance date

The following material events have occurred subsequent to balance date:

- As announced to the ASX on 30 July 2021, practical completion was achieved on the construction and commissioning of its Okvau Gold Mine. The successful commissioning of the sulphide float regrind circuit and commencement of hard rock sulphide ore feed marks the commencement of run of mine ore processing and normal operations.
- As announced to the ASX on 11 August 2021, 2,875,000 unlisted \$1.09 options expiring 29 July 2026 have been issued to key employees involved in the development and operations of the Okvau Gold Mine, subject to various vesting conditions under the Company's Incentive Plan. A further 500,000 options have been agreed to be issued to Executive Director, Mr Mick Evans, subject to shareholder approval at the Company's Annual General Meeting.
- On 21 September 2021, the Company released an ASX announcement stating that the Okvau Gold Mine had ramped up to full production.

There are no further material events subsequent to balance date.

26. Related party transactions

(a) Parent entity

The ultimate parent entity within the Group is Emerald Resources NL.

(b) Subsidiaries

Interests in subsidiaries are set out in note 28.

	Consolidated	
	2021	2020
	\$	\$
(c) Key management personnel compensation		
Short-term employee benefits	939,539	925,751
Post-employment benefits	67,413	80,073
Long term benefits	80,706	72,168
Share-based payments	197,147	61,817
Total key management personnel compensation	1,284,805	1,139,809
Detailed remuneration disclosures are provided within the audited remuneration report which can be found on pages 22 to 35 of the directors' report.		
(d) Transactions with director related parties		
The following transactions occurred with related parties:		
<i>Payments to director related entities:</i>		
Payments to Castilo Pty Ltd for office space rental ⁽ⁱ⁾	197,011	117,753
Payments made to Balion Pty Ltd for company secretarial and director fees ⁽ⁱⁱ⁾	60,000	4,998

(i) Castilo Pty Ltd, an entity associated with director Mr Stanley, which provides office space for the Company on normal commercial terms, other than for the period to March 2020 where the Company has only paid variable outgoings. From April 2020 onwards the Company has paid rent on normal commercial terms.

(ii) Balion Pty Ltd is an entity associated with director, Mr Clements which provides company secretarial and director services to the Company on normal commercial terms. Mr Clements was appointed as a non-executive director on 12 June 2020.

(e) Terms and conditions of related party transactions

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

27. Contingent liabilities

The Group has a contingent liability relating to a 1.5% gross smelter royalty capped at \$22.5 million payable to a subsidiary of OZ Minerals Limited on production from the Cambodian Gold Projects. Royalty payments to the subsidiary of OZ Minerals Limited are secured by a General Security Deed under which Renaissance Cambodia Pty Ltd provided an all assets security.

There are no further material contingent liabilities outstanding at the end of the year.

28. Subsidiaries

The Group's principal subsidiaries at 30 June 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of shares	Equity Holding ⁽ⁱ⁾	
			2021 %	2020 %
Renaissance Minerals Limited	Australia	Ordinary	100	100
Renaissance Cambodia Pty Ltd	Australia	Ordinary	100	100
Renaissance Minerals (Cambodia) Limited	Cambodia	Ordinary	100	100
Renaissance WA Pty Ltd	Australia	Ordinary	100	100
Emerald Gas USA Holdings Inc	USA	Ordinary	100	100

29. Parent entity information

	Company	
	2021 \$'000s	2020 \$'000s
(a) Assets		
Current assets	5,044	56,816
Non-current assets	101,191	64,362
Total assets	106,235	121,178
(b) Liabilities		
Current liabilities	1,089	813
Non-current liabilities	78	44
Total liabilities	1,167	857
(c) Equity		
Issued capital	275,715	275,452
Reserves	4,661	3,485
Accumulated losses	(175,308)	(158,616)
Total equity	105,068	120,321
(d) Total comprehensive (loss) for the year		
(Loss) for the year	(16,692)	(18,561)
Other comprehensive income for the year	-	-
Total comprehensive (loss) for the year	(16,692)	(18,561)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

30. Interests in Joint Venture and Earn-In Agreements

Mekong Minerals Ltd Joint Venture (Emerald Earning 70% Interest)

The Company has a Joint Venture Agreement with Santana Minerals Ltd (formerly Mekong Minerals Ltd) ('Mekong Minerals') to earn up to a 70% interest in the Snuol and Phnom Ktung Projects which consist of two exploration licences covering 411km². Under a pre-existing agreement between Mekong Minerals and Southern Gold Ltd ('Southern Gold'), Southern Gold holds a 15% interest in the Mekong Projects which is free carried to completion of a Definitive Feasibility Study. Southern Gold also holds a 2% gross royalty capped to US\$11 million and 1% gross royalty thereafter across all the Mekong Projects.

Key terms of the Joint Venture are:

- Southern Gold's existing 15% interest will be maintained;
- Emerald has the right to withdraw any of the exploration licences from the Earn-in & Joint Venture at any time;
- Emerald is to sole fund US\$0.5 million of exploration expenditure on each of the exploration licences within the initial 2 years to earn an effective interest of 20%;
- Emerald is then to sole fund a further US\$1.0 million of exploration expenditure on each of the exploration licences over the following 2 years, to increase its effective interest to 51%;
- Upon Emerald earning an effective 51% interest, Mekong Minerals may elect to either contribute to maintain its interest of 34% (Southern Gold remains free carried for 15%) or not contribute and be free carried to completion of a DFS for a 15% interest;
- If Mekong Minerals has not elected to contribute, Emerald will earn an effective interest of 70% upon completion of a DFS; and
- Emerald will be the Manager of the Snuol and Phnom Ktung Projects.

DIRECTOR'S DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 61 to 92 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date;
- (b) the audited remuneration disclosures set out on pages 22 to 35 of the Directors' report comply with section 300A of the *Corporations Act 2001*;
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (d) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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



Morgan Hart
Managing Director

Perth, Western Australia
24 September 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Emerald Resources NL

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Emerald Resources NL ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter
How our audit addressed the key audit matter

Carrying amount of mine properties

 Refer to Note 13

As at 30 June 2021, the carrying value of the Group's mine properties was \$183.4 million. This is a material asset of the Group.

This balance relates to one mine property, being the Okvau Project, which is currently under development. As such, there is a risk that costs are incorrectly capitalised to the development asset.

Furthermore, in accordance with AASB 136 *Impairment of Assets*, development assets are required to be reviewed to determine if there are any impairment indicators that would require the asset to be tested for impairment. As such, there is a risk that the development expenditure is not recoverable.

Our procedures included but were not limited to the following:

- We reviewed management's assessment as to whether there existed any impairment indicators at balance date;
 - We conducted our own assessment as to whether there were any indicators of impairment at balance date;
 - In relation to the capitalisation of expenditure during the year as mine properties, we performed detailed testing, including verifying the authorisation, accuracy and completeness of the recording and classification of capitalised expenditure; and
 - We examined the disclosures made in the financial report.
-

Accounting and valuation of the secured debt facility and the derivative liability

 Refer to Notes 15 and 16

The Group has obtained secured debt financing totalling US\$60 million. It was determined that the debt facility contained an embedded derivative liability.

The Group was required to consider the accounting treatment of the debt facility and embedded derivative liability under relevant accounting standards.

We considered this to be a key audit matter as it involved the most communication with management, it is important to the users' understanding of the financial statements as a whole and involves a degree of complexity.

Our procedures included but were not limited to the following:

- We considered the terms and conditions of the debt facility agreement;
 - We reviewed the determination of the treatment of the derivative liability features;
 - We reviewed the accounting treatment adopted by management with regards to the derivative liability;
 - We reviewed the independent valuation obtained by management of the derivative liability and the associated inputs for reasonableness;
 - We ensured the embedded derivative was correctly recognised at inception and at balance date in relation to its various components; and
 - We assessed the adequacy of the disclosures within the financial statements.
-

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Emerald Resources NL for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
24 September 2021



L Di Giallonardo
Partner

ADDITIONAL SHAREHOLDER INFORMATION

Shareholding

The distribution of members and their holdings of equity securities in the holding company as at 20 September 2021 were as follows:

Class of Equity Securities	
Number Held as at 20 September 2021	Fully Paid Ordinary Shares
1 - 1,000	413
1,001 - 5,000	1,055
5,001 - 10,000	594
10,001 - 100,000	1,260
100,001 and above	287
	3,609

Holders of less than a marketable parcel: 267.

Substantial Shareholders

The names of those shareholders that have lodged substantial shareholders with ASX as at 20 September 2021:

Shareholder	Number
Morgan Cain Hart & Simore Pty Ltd	39,383,333
Tazga Two Pty Ltd	35,599,696
Realee Pty Ltd (Group)	27,575,861
Ellerston Capital Limited	26,026,595

Voting Rights - Ordinary Shares

In accordance with the holding company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

Options

The number of options on issue as at 20 September 2021:

	Exercise price	Expiry date	Number of options	Number of holders
Unlisted options	\$0.520	6 January 2022	250,000	1
Unlisted options	\$0.510	21 January 2022	46,500	1
Unlisted options	\$0.570	9 March 2022	337,250	2
Unlisted options	\$0.490	6 July 2022	250,000	1
Unlisted options	\$0.434	5 June 2023	1,500,000	3
Unlisted options	\$0.390	30 January 2024	600,000	4
Unlisted options	\$0.470	21 June 2024	300,000	1
Unlisted options	\$0.510	12 March 2025	600,000	2
Unlisted options	\$0.530	19 May 2025	750,000	3
Unlisted options	\$0.670	30 July 2025	5,200,000	15
Unlisted options	\$0.770	8 October 2025	650,000	3
Unlisted options	\$0.820	4 January 2026	600,000	2
Unlisted options	\$0.950	23 February 2026	550,000	3
Unlisted options	\$0.940	22 March 2026	350,000	1
Unlisted options	\$1.020	3 May 2026	150,000	1
Unlisted options	\$1.090	29 July 2026	2,875,000	20

ADDITIONAL SHAREHOLDER INFORMATION

On-Market Buy Back

There was no on-market buy back.

Twenty Largest Shareholders

The names of the twenty largest ordinary fully paid shareholders as at 20 September 2021 are as follows:

Shareholder	Number	% Held of Issued Ordinary Capital
JP Morgan Nominees Australia Pty Ltd	64,777,850	12.57%
HSBC Custody Nominees (Australia) Limited	61,976,947	12.03%
Citicorp Nominees Pty Limited	37,640,351	7.30%
Mr Morgan Cain Hart	37,398,549	7.26%
Tazga Group	35,599,696	6.91%
SHL Pty Ltd < S H Lee Family A/C>	24,733,334	4.80%
BNP Paribas Nominees Pty Ltd <DRP>	24,660,876	4.78%
HSBC Custody Nominees (Australia) Limited - GSCO ECA	18,750,000	3.64%
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	12,940,352	2.51%
Zero Nominees Pty Ltd	12,920,000	2.51%
Universal Investment Gesellschaft MBH <Earth Gold Fund UI>	6,250,000	1.21%
Mrs Beryl Jean Dingle-McLennan & Mr Ian Jeffrey McLennan	5,086,095	0.99%
Curious Capital Group Pty Ltd <Curious Capital A/C>	5,000,000	0.97%
El-Raghy Kriewaldt Pty Ltd	4,000,000	0.78%
Mr Kee Khoo Seah	3,801,793	0.74%
CS Third Nominees Pty Limited <HSBC Cust Nom Au Ltd A/C>	3,718,783	0.72%
BPM Capital Limited	3,000,000	0.58%
UBS Nominees Pty Ltd	2,929,444	0.57%
Realee Pty Ltd <RealeeA/C>	2,764,111	0.54%
FMR Investments Pty Limited	2,757,066	0.53%
	370,705,247	71.93%

ANNUAL MINERAL RESOURCE & ORE RESERVE STATEMENT

Okvau Mineral Resource Estimate

Okvau March 2021 Mineral Resource Estimate									
Indicated Resource				Inferred Resource			Total Resource		
Cut-off (Au g/t)	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)
0.50	19.58	1.74	1,093	3.47	1.35	151	23.05	1.68	1,244
0.70	15.11	2.08	1,008	2.57	1.61	133	17.68	2.01	1,141
1.00	11.01	2.54	898	1.67	2.04	109	12.68	2.47	1,007

Okvau June 2020 Mineral Resource Estimate									
Indicated Resource				Inferred Resource			Total Resource		
Cut-off (Au g/t)	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)
0.50	19.58	1.74	1,093	3.47	1.35	151	23.05	1.68	1,244
0.70	15.11	2.08	1,008	2.57	1.61	133	17.68	2.01	1,141
1.00	11.01	2.54	898	1.67	2.04	109	12.68	2.47	1,007

Review of Material Changes

There are no material changes in the Mineral Resource estimate from the prior year. Although mining of ore occurred between March 2021 and the Company's financial year balance date, there are no material changes during this period.

Okvau Ore Reserve Estimate

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 June 2020 Ore Reserve Estimate			
	Tonnage (Mt)	Grade (g/t Au)	Contained Au (Koz)
Probable Ore Reserve	14.26Mt	1.98g/t Au	907koz

Review of Material Changes

There are no material changes in the Ore Reserve estimate from the prior year. Although mining of ore occurred between March 2021 and the Company's financial year balance date, there are no material changes during this period.

Governance and Internal Controls

Emerald ensures that the Mineral Resource estimates are subject to appropriate levels of governance and internal controls. The Company periodically reviews the governance framework in line with the expansion and development of the business.

The Mineral Resource estimates are prepared by independent external consultants who are highly competent and qualified professionals. The Competent Person named by the Company is a Member of the Australian Institute of Mining & Metallurgy (AIG) and has sufficient experience to qualify as Competent Person as defined in the JORC Code. Internal and external reviews are carried out on the quality of the database and geological models prior to estimation.

The Ore Reserve estimates are prepared by an independent external consultant who is highly competent and qualified professionals. The Competent Person named by the Company is a Fellow of the Australasian Institute of Mining & Metallurgy and has sufficient experience to qualify as Competent Person as defined in the JORC Code.

ANNUAL MINERAL RESOURCE & ORE RESERVE STATEMENT

Forward Looking Statements and Footnotes

This document 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 document has been prepared in compliance with the current JORC Code 2012 Edition and the ASX listing Rules.

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. Reference is made to ASX Announcement dated 1 May 2017 and 26 November 2019. All material assumptions underpinning the production target or the forecast financial information continue to apply and have not materially changed.

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

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

Competent Persons Statement

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

The information in this report that relates to 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.

SCHEDULE OF MINERAL TENEMENTS

As at the date of this report

Project	Location	Tenement	Licence type	Interest
Okvau Project	Cambodia	Okvau	Exploration Licence	100%
Okvau Project	Cambodia	Okvau	Industrial Mining Licence	100%
Ochhung Project	Cambodia	Ochhung	Exploration Licence	100%
Memot Project	Cambodia	Memot	Exploration Licence	100%
Preak Klong Project	Cambodia	Preak Klong	Exploration Licence	100%
Oktung Project	Cambodia	Oktung	Exploration Licence	100%
Phnom Ktung Project	Cambodia	Phnom Ktung	Exploration Licence	0% ^A
Snuol Project	Cambodia	Snuol	Exploration Licence	0% ^A

Notes

- A: Emerald Resources NL is earning up to a 70% interest from Santana Minerals Limited.
- B: The Company has a 5% overriding royalty interest in all gas production from various oil and gas interests located in Magoffin County, Kentucky. There was no product recovered and sold from the Leases and the royalty received for the financial year was nil.