



ABN 72 009 795 046

Half-Year Report

31 December 2020

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Simon Lee AO

Managing Director

Morgan Hart

Executive Director

Michael Evans

Non-Executive Directors

Mark Clements

Ross Stanley

Company Secretary

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Emerald Resources NL for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia
12 March 2021



L Di Giallonardo
Partner

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DIRECTORS' REPORT

Your directors present their report on the consolidated entity (or 'Group') consisting of Emerald Resources NL ('Emerald' or the 'Company') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

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

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

Review of Operations

Cambodian Gold Project

Background

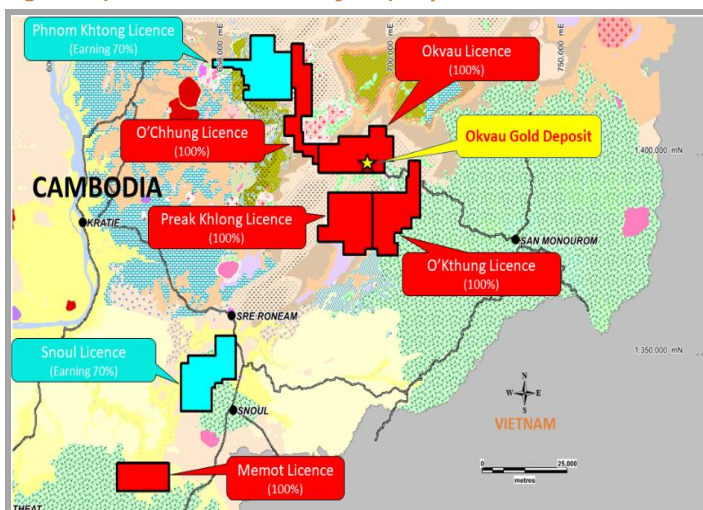
Emerald's main focus is the exploration and development of its Cambodian Gold Projects which comprise of a combination of 100% owned granted licences and joint venture agreements covering a combined area of 1,239 km². The 100% owned Okvau Gold Project ('Okvau Gold Project') is the Company's most advanced project which is located approximately 275 kilometres north-east of Cambodia's capital city of Phnom Penh in the province of Mondul Kiri (refer Figures 1 and 2). The town of Kratie is located on the Mekong River approximately 90 kilometres to the west and the capital of Mondul Kiri, Saen Monourom is located approximately 60 kilometres to the south-east. In May 2017, Emerald completed a Definitive Feasibility Study ('DFS') on the development of the Okvau Gold Project which demonstrated a robust project producing approximately 106,000 ounces of gold per annum on average over 7+ years from a single open pit.

In July 2018 the Company was granted the Industrial Mining Licence covering 11.5km² which allows for the development of the Okvau Gold Project ('Mining Licence'). The Mining Licence has an initial 15-year period with the right to two renewals of up to 10-years for each renewal in accordance with Cambodian laws. The grant of the Mining Licence followed approval of the Okvau Gold Project by the Office of Council Ministers for both the rezoning of the project area to 'Sustainable Use' within the Phnom Prich Wildlife Sanctuary ('PPWS') and the granting of the Mining Licence. The rezoning of the Mining Licence area to 'Sustainable Use' lawfully permits commercial development under Cambodian law and follows the successful negotiation and approval by the Minister of Environment ('MoE') of the environmental contract (the 'Environmental Contract') and environmental licence ('Environmental Licence') in December 2017.

Figure 1 | Cambodian Gold Project | Location



Figure 2 | Cambodian Gold Project | Exploration Licence Areas



Review of Operations (continued)

In December 2019 the Mineral Investment Agreement ('MIA') for the development of the Okvau Gold Project was finalised which provides certainty and stability of the fiscal regime for the development and operations. Following confirmation of the key fiscal incentives of the MIA, the key assumptions and inputs of the DFS were reviewed and an updated DFS was released in December 2019 which resulted in a significant improvement in the NPV and IRR of the Project. Following the execution of the MIA, Emerald finalised the financing package to develop the project.

Since finalising the financing package and commencing development activities at the Okvau Gold Project in the prior year, the Company has made significant progress with the development activities with highlights including the following:

- Delivery of CIL and Detox tanks with erection now materially complete along with commencement of assembly of top of tank steel;
- Flotation and thickener packages were delivered to site enabling commencement of installation works of the packages;
- Onsite activities progressed in line with the project schedule which includes continuation of plant site concrete works with the SAG Mill base poured late in the period and the forming of mill pedestals commencing;
- Crushing and conveying equipment packages arrived onsite following offsite work shop trial assembly of selected structures and test runs of crushers;
- MACA mining fleet has been progressively mobilised to site during the period with site works commenced including tailings storage facility (TSF) clearing and excavation of the keyway and sediment dam construction;
- In-pit mining commenced on the last day of the period following the arrival and assembly of an additional five 100 tonne dump trucks (total 12) and a second 125 tonne excavator; and
- Grid power 230kVA transmission line is complete to the Okvau Gold Project substation location. The construction of the 230/11kV transmission substation is near completion with availability of grid power expected in Q1 2021.

Development activities remain on budget and in line with the development timeframe with gold production on schedule for the June 2021 quarter.

Okvau Gold Project | Definitive Feasibility Study

Following the approval of the MIA by the Cambodian Council of Ministers and subsequent execution by the Minister of Mines & Energy and the Minister of Economy & Finance, Emerald reviewed key assumptions and inputs of its DFS and the financial incentives of the MIA. Based on a gold price assumption of US\$1,450/oz, and updating the key assumptions and inputs, the NPV (5%) of the Okvau Gold Project significantly improved to US\$337M pre-tax and US\$238M post-tax with an outstanding Internal Rate of Return (IRR) of 69% pa pre-tax and 57% post-tax. The payback of the total capital funding requirement is now expected to be 17 months pre-tax and 20 months post-tax, from first gold pour.

The significant improvement in the NPV and IRR is the result of an ongoing effort by Emerald to critically examine and pursue improvements in all aspects of the 1.14Moz at 2.0g/t Au Okvau Gold Project economics. The comparison to the NPV announced as part of the DFS is outlined at Table 3. Of note, the uplift is primarily based upon a gold price of US\$1,450/oz and concessions negotiated within the MIA.

The DFS initially completed in May 2017 and subsequently updated in November 2019, is for the development of a 2.0Mtpa operation at the Okvau Gold Project and was completed to +/-15% level of accuracy (refer Table 3). The completion of the initial DFS fulfilled a milestone set by Emerald since becoming involved in the project in March 2016. The DFS confirms an initial operating LOM of over 7 years, producing approximately 106,000 ounces of gold per annum on average, with ore processed through a plant utilising a single stage crushing circuit and SAG mill, sulphide flotation, regrind mill followed by conventional cyanide leaching.

The estimated operating costs at a gold price assumption of US\$1,450/oz highlight a financially robust project with an average LOM AISC of US\$754/oz. The estimated development costs are US\$91M with a further US\$7M in mining contractor establishment costs and pre-production mining costs. The development costs include a US\$4.4M allowance for spare parts and first fills.

Review of Operations (continued)

An updated independent JORC Indicated and Inferred Mineral Resource estimate for the Okvau Deposit of 17.7Mt grading 2.01g/t gold containing 1.141Moz (at 0.70g/t gold cut-off) was updated by independent resource consultant EGRM Consulting Pty Ltd as part of the DFS (refer Table 1).

Table 1 | Okvau Mineral Resource Estimate

Okvau June 2020 Mineral Resource Estimate									
Indicated Resources				Inferred Resources			Total Resources		
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)
0.70	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

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

The mineralised vein system of the Okvau Deposit has a current strike extent of 500 metres across a width of 400 metres.

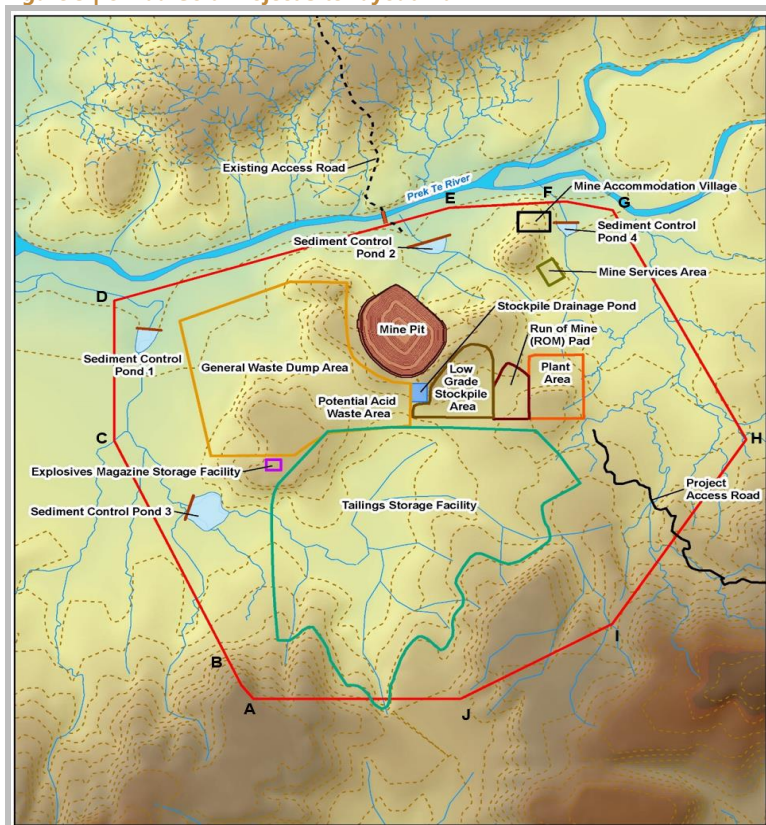
The Okvau Deposit remains open. There is significant potential to define additional ounces from both shallow extensions along strike to the north-east and at depth. The current resource estimate is underpinned by 217 drill holes for 42,257 metres, of which 112 holes or 31,447 metres is diamond core drilling with the remainder being reverse circulation drilling. Infill drilling completed by Emerald reduced the drill spacing on the top 120 metres of the deposit to 25 metres by 25 metres which was incorporated into the updated resource estimate.

The Okvau Deposit will be mined by conventional open pit mining methods from a single pit at a relatively constant mining rate. Mining will be undertaken by drilling and blasting ore and waste with load and haul using a mining contractor. Key operating and financial outcomes of the DFS were revised and announced to market on 26 November 2019, prepared in accordance with the requirements of the JORC Code (2012 Edition), are presented in Table 3.

The proposed plant has a throughput of 2Mtpa utilising a single stage crushing circuit and SAG milling circuit, sulphide flotation, regrind mill followed by conventional cyanide leaching. The Project has an initial operating mine life of 7.2 years. The DFS is based entirely on Probable Reserves. Inferred Resources which total approximately 7,000 ounces within the final pit design, have not been included in the DFS. The site layout is shown in Figure 3.

Key operating and financial outcomes of the DFS, prepared in accordance with the requirements of the JORC Code (2012 Edition), are presented in Table 3.

Figure 3 | Okvau Gold Project Site Layout Plan



Review of Operations (continued)

Table 3 | Revised DFS Economics¹

Ore Reserve	14.3Mt @ 2.0g/t gold for 907koz contained		
LOM Strip Ratio (waste t : ore t)	5.8:1		
Throughput	2.0Mtpa		
Life of Mine	7.2 years		
Processing Recovery	84%		
Recovered Ounces	762koz		
Average Annual Production	106koz		
Pre-production Capital Costs ²	US\$98M		
Sustaining Capital Costs ³	US\$23M		
Gold Price	US\$1,250/oz	US\$1,450/oz	US\$1,600/oz
Gross Revenue	US\$952M	US\$1,104M	US\$1,219M
LOM Net Revenue (net of royalties ⁴ and refining)	US\$906M	US\$1,051M	US\$1,160M
Operating Cash Flow pre-tax	US\$408M	US\$554M	US\$663M
Project Cash Flow pre-tax	US\$290M	US\$435M	US\$544M
NPV _(5%) pre-tax	US\$217M	US\$337M	US\$426M
NPV _(5%) post-tax ⁵	US\$155M	US\$238M	US\$296M
Payback pre-tax	2.2 years	1.4 years	1.2 years
Payback post-tax	2.4 years	1.7 years	1.3 years
IRR pre-tax	48%	69% pa	85%
IRR post-tax ⁵	40%	57% pa	70%
LOM C1 Cash Costs ⁶	US\$658/oz	US\$658/oz	US\$658/oz
LOM All-In Sustaining Costs ('AISC') ⁷	US\$745/oz	US\$754/oz	US\$761/oz

¹ All economics are 100% attributable to Emerald.

² Includes US\$4.4m of capital spares and first fills and US\$7.0m of mining capital and pre-production mining costs

³ Includes US\$14.4m of rehabilitation and closure costs.

⁴ Royalties include Government royalty of 3.0% gross and a third-party royalty of 1.5% gross (capped to A\$22.5m).

⁵ Taxation is based on the Mineral Investment Agreement and includes tax incentives for the first 5 years.

⁶ C1 Cash Costs include site-based mining, processing and admin operating costs plus transport and refining costs.

⁷ Includes C1 Cash Costs plus royalties, sustaining capital, contributions to environmental & community funds and rehabilitation & closure costs.

Ore Reserve of 907,000oz. All material assumptions underpinning the production target or the forecast financial information continue to apply and have not materially changed.

Okvau Gold Project | Project Implementation

Emerald is managing the construction and development of the Okvau Gold Project with its own internal construction team. Key senior members of this team have been actively involved in the DFS and have many years' experience working together on the development of other successful gold projects within Australia and overseas. Certain works have been outsourced to independent consultants and contractors as required.

Cambodia is well located for the cost-effective procurement of key equipment and materials. An important objective is to maximise the extent of procurement from within Cambodia.

Okvau Gold Project | Development Activities

Offsite supply and fabrication

Offsite fabrication packages have progressed in line with the project schedule and are now materially complete. These packages include:

- 🔧 Outotec Mineral Processing Package including the SAG Mill and Regrind Mill;
- 🔧 Structural steel and platework packages including CIL tank platework and top of tank steel;
- 🔧 Crushing and conveying equipment including primary jaw and pebble crusher;
- 🔧 Flotation and thickener packages; and
- 🔧 Other advancements include transformers, elution column, cyclone distributor, slurry pump (packages), tailings detox circuit and gold room refining package.

Transportation of the above packages to site continued in line with the project schedule. To date 92% of transportation (on a container basis) has arrived in country or at site.

The mineral processing equipment being supplied by Outotec, including the SAG Mill, HIG Mill, Flotation Circuit and Thickeners have been manufactured with the Flotation Circuit and Thickeners already delivered to site. Final components of the SAG Mill and the HIG Mill are in country and currently in transit to site. The Mineral Processing Equipment installation and commissioning continues to be materially on schedule.

DIRECTORS' REPORT

Review of Operations (continued)

Figure 4 | Mill Heads

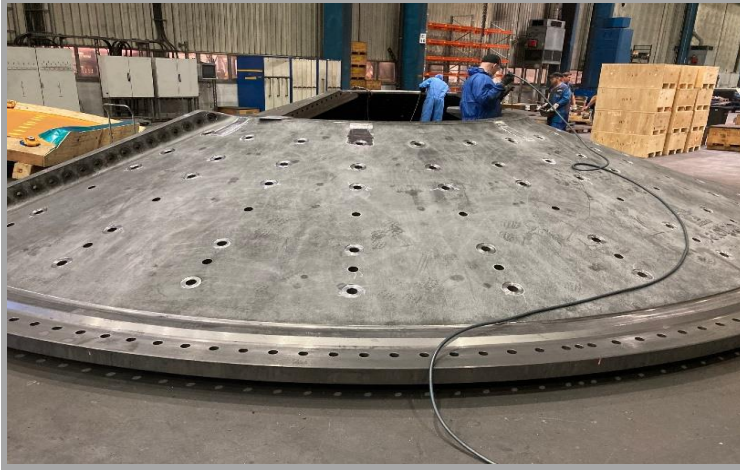


Figure 5 | Mill Girth Gear



Figure 6 | SAG Mill Motor



Figure 7 | SAG Mill Gear Box



Figure 8 | Mill Shell



Figure 9 | Mill Shells in Transport



Review of Operations (continued)

The manufacture of the crushing and conveying equipment was also completed during the period. Workshop trial assembly of selected structures and test runs of crushers were also successfully undertaken. All components were either delivered to site as at the end of December 2020 or have now subsequently been delivered in accordance with the project development timeline.

Figure 10 | Primary Jaw Crusher



Figure 11 | Trial Assembly of Primary Jaw Crusher

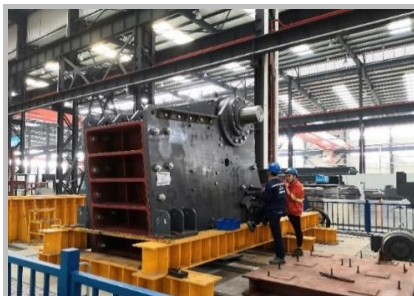


Figure 12 | Apron Feeder for Primary Crusher



Figure 13 | Trial Assembly of Mill Feed Conveyor

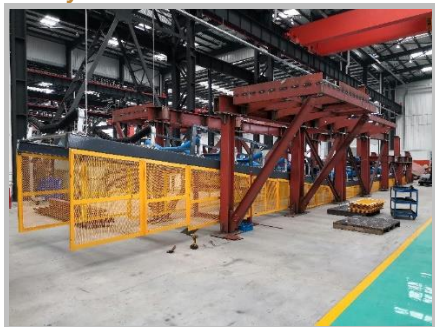


Figure 14 | Pebble Crusher



Figure 15 | Apron Feeder



Figure 16 | Primary Crusher Installed



Review of Operations (continued)

Site Activities – Process Plant

Works onsite during the half-year include:

- near completion of plant site bulk and detail earthworks;
- flotation area installation works for flotation cells and thickeners advanced in line with the development schedule;
- top of tank steel assembly has progressed as planned;
- erection of CIL and detox tanks commenced and nearing completion subsequent to period end;
- concrete works including:
 - completed backfilling and sealing of CIL and Detox tank ring beams;
 - completed CIL thickener area foundations;
 - completed warehouse and workshop buildings;
 - pouring of SAG mill base;
 - commencement of flotation foundations;
 - commencement of mill pedestals;
 - crushing area major foundations;
 - column footings for CIL area;
 - regrind mill thickener foundation; and
 - floor slabs for administration infrastructure as planned.

Figure 17 | Processing Site



Figure 18 | CIL Tanks



Figure 19 | Crushing Circuit



Review of Operations (continued)

Site Activities – Tailings Storage Facility (TSF)

MACA Mining pre-production mining fleet were mobilised to site and have commenced pre-production activities which includes TSF clearing and excavation of the TSF keyway ahead of geology mapping, testing and keyway clay backfilling.

The progress at the TSF is in line with the project development timeline.

Figure 20 | Tailings Dam Footprint Cleared, Topsoil stockpiled and Keyway cut



Figure 21 | Tailings Dam - Keyway Excavation works



Figure 22 | Progress of Excavation works



Site Activities - Other

Construction of sediment ponds, haul and site access roads and project footprint clearing have progressed during the period. The work was initiated with local earthmoving contractors and has been accelerated with the recent mobilisation and commissioning of the first MACA Mining earthmoving equipment arriving at site.

Figure 23 | Process Plant Sediment Pond



Figure 24 | Haul and Site Access Road Construction



Figure 25 | Contractor Yard Clearing (MACA Commissioned Equipment)



Review of Operations (continued)

Grid Power

Civil works on the 230/11KV transmission substation pad were completed during the prior period, allowing access for the contractor to advance construction of the substation main control building and the associated transformer, isolator and bus bar structural steel work.

The main 230kV transformer was transported to site and construction of the substation is expected to be completed in March 2021, to coincide with the execution of a power supply agreement with the EDC.

Figure 26 | Substation Aerial Overview



Figure 27 | Installation of Transformer



Site Activities – Okvau Accommodation Village

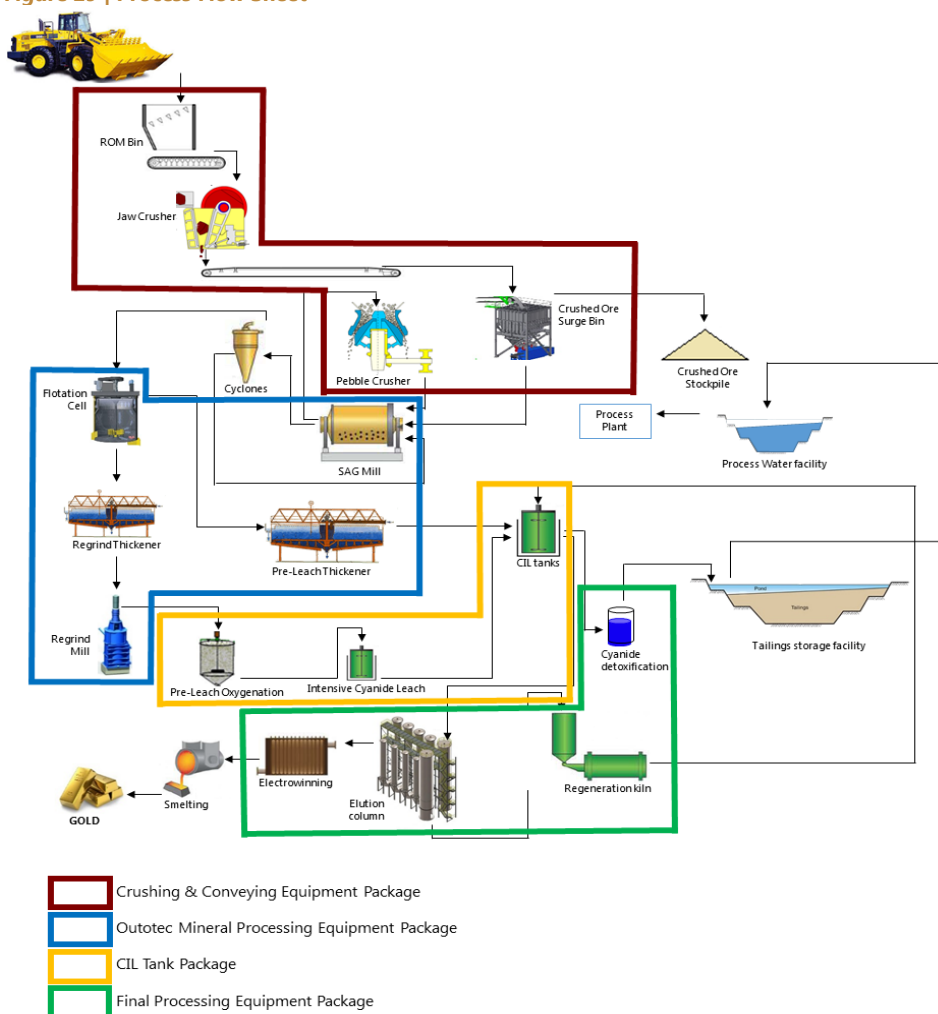
Construction of the Okvau Gold Project Village is materially complete including accommodation units, fully catered mess facilities, industrial kitchen facilities and concrete walkways.

Figure 28 | Okvau Accommodation Village Overview



Review of Operations (continued)

Figure 29 | Process Flow Sheet



Okvau Gold Project | Mining Contract

The MACA mining fleet has been progressively mobilised to site during the half-year allowing for construction activities to advance. Significantly, commercial in-pit load and haul activities commenced on the last day of December following the arrival and assembly of an additional five 100 tonne dump trucks (total 12) and a second 125 tonne excavator.

Figure 30 | Okvau Gold Project - Commencement of Mining



Review of Operations (continued)

Figure 31 | Progress of Mining Pit



Figure 32 | Aerial View of Pit and associated Haul Roads

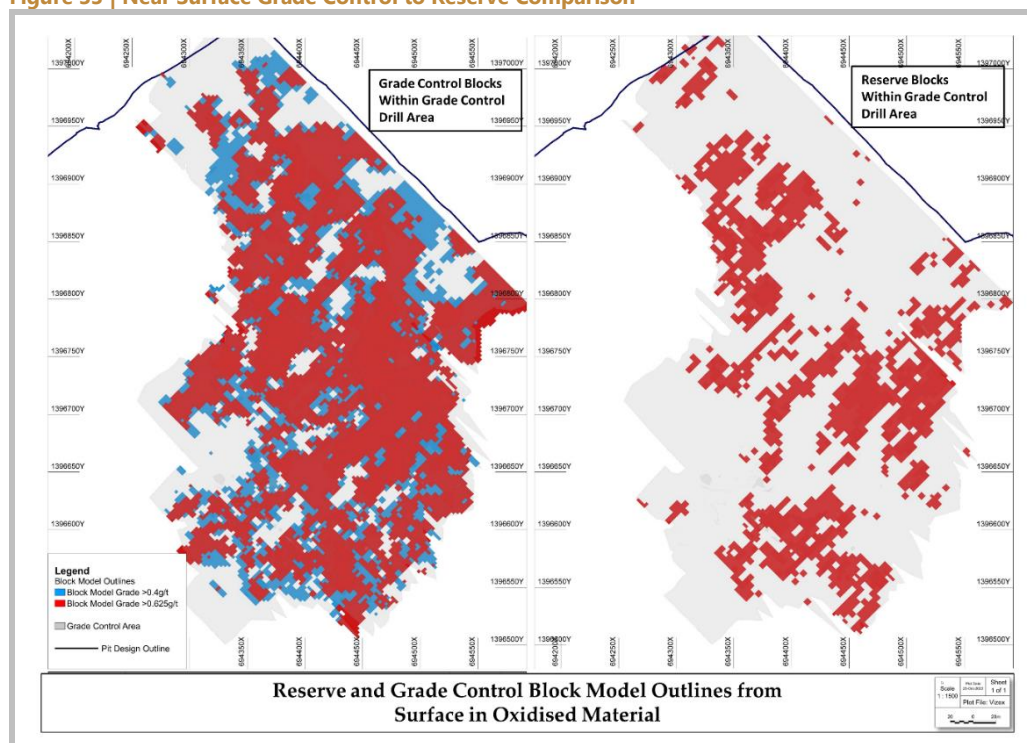


Okvau Gold Project | Grade Control

The Company continued to progress a circa 20,500m (5,361m during the half-year) grade control programme of the near and at surface oxide mineralisation at Okvau. The programme continued to expand the mineralised ore zone, well past the expected reserve blocks for the same area tested. Figure 33 illustrates the pictorial comparison of grade control defined mineralisation compared to reserve.

Review of Operations (continued)

Figure 33 | Near Surface Grade Control to Reserve Comparison



The discovery of additional mineralisation outside the current reserve blocks in the near surface oxide material has likely been caused by a combination of natural processes, such as supergene enrichment and the flattening of mineralised structures during the oxidation processes and the relocation of surface material by historical, artisanal mining activities. The work highlights the conservative treatment of the near surface ore reserve estimate.

Okvau Gold Project | Environmental and Social

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. A comprehensive monitoring programme is fully implemented as part of Okvau's extensive Environmental and Social Management and Monitoring Plan.

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. Emerald is committed to targeting strict compliance with corporate governance, international guidelines and Cambodian Law. The Company has transferred the first tranche of a staged third party bond for the environmental bond and contributed significant funds to the Environmental, Social and Endowment funds in accordance with its environmental obligations.

The Company has committed to the Environmental, Social and Endowment funds in December, in accordance with its environmental obligations. These funds and other programmes implemented by the Company seek to achieve a net-gain in both biodiversity and social values.

The Department of Environment (Director of Department of Environment, Director of Phnom Prich Wildlife Sanctuary, and two Officers) inspected Okvau in November 2020 to confirm environmental compliance. The visit was well received with the professionalism of the mine site, stringent COVID-19 management measures and with the progressive clearing techniques employed.

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.

Review of Operations (continued)

The Biodiversity Offset Management Plan is being implemented in offset sites within the Phnom Prich Wildlife Sanctuary (PPWS). To date, 2,324 locally endangered *Azadirachta xylocarpa*, or "Beng" trees have been planted in offset sites, 322 trees at Okvau rehabilitation sites and over 900 trees have been planted around schools, community and government sites and roadsides. A key target for the offset sites is to achieve a 10 times net gain in *Azadirachta xylocarpa* trees and a 5% net gain in quality hectares.

Beng trees are also planted inside the Okvau project development area, when available. A site-based nursery has been established where Beng trees are being grown for the above purposes.

The Company is continuing to support its School Nursery Project across four local schools. Schools spend earnings on educational tools, supplies, classroom upgrades and sporting equipment. The Company is investigating expanding the programme.

In support of the biodiversity offset programme, and to help protect the PPWS, a fully funded and equipped Ranger Hut has been constructed by the Company along the access road. Eight fully-funded rangers on rotation occupy the Hut and patrol nearby areas and offset sites full-time. The Company has established a close working partnership with the local wildlife rangers and will continue to support ranger's efforts to prevent forest crimes. During the period, the rangers have reported that no illegal activity was occurring in offset sites or along the Okvau access road. The Company provided fuel for motorbikes and a new solar power system for the ranger's huts to support these important efforts (refer Figure 36).

Figure 34 | Students helping to load Beng trees grown in their nursery

Figure 35 | Beng trees being growing in the site-based nursery



Figure 36 | Solar power system to improve Rangers Hut



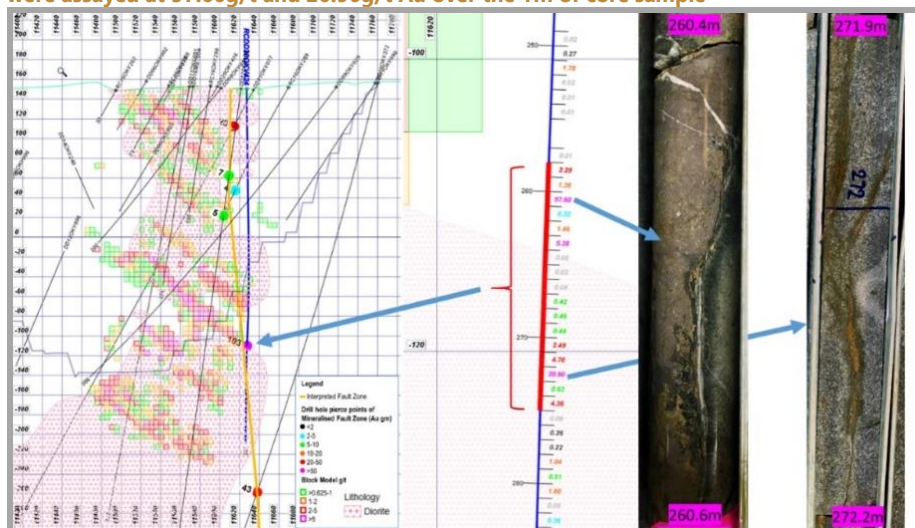
Review of Operations (continued)

Okvau Gold Project | Resource Growth

Emerald continued testing the potential high-grade feeder zone for the Okvau mineralisation (refer ASX announcements on 4 April 2019 and 2 July 2019) with a follow up 5 collar 1,267m drill programme (refer ASX announcement on 28 January 2021).

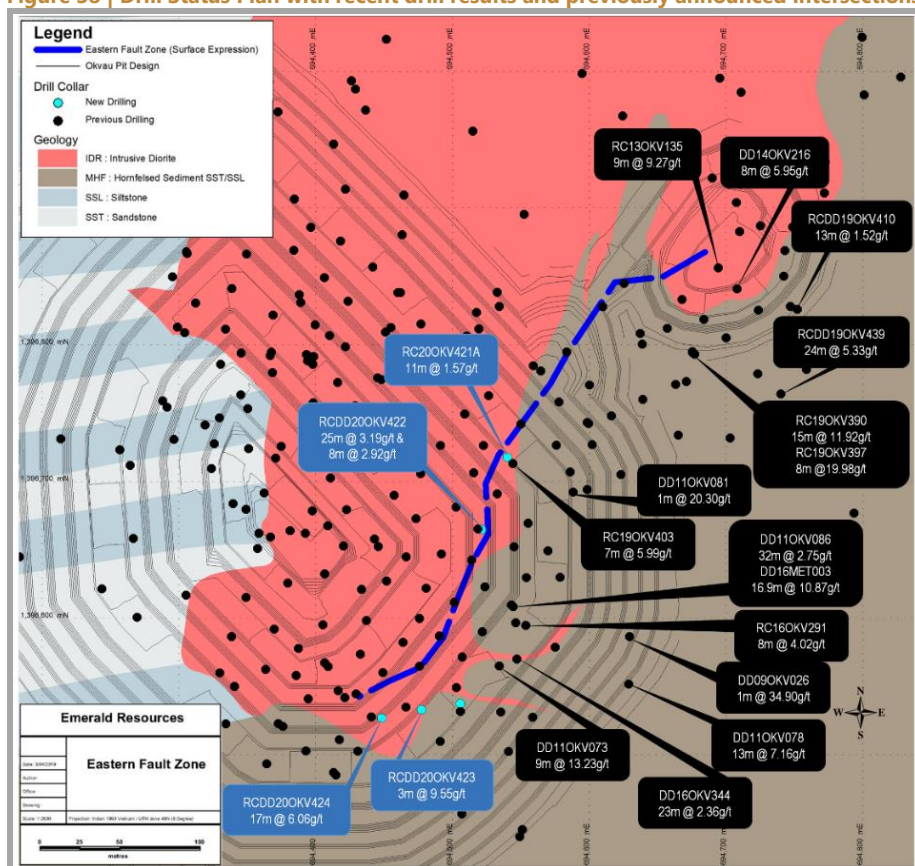
The drilling intersected a sub vertical mineralised zone on several sections including **17m @ 6.06g/t from 258m, including 6m @ 11.40g/t (RCDD20OKV424).**

Figure 37 | Cross Section (Oblique) - (52395mN local Mine grid) showing downhole 1m sample Au assays and core photos highlighting the massive sulphide (arsenopyrite, pyrrhotite and pyrite) mineralisation associated with Au (RCDD20OKV424). The two intersections were assayed at 57.60g/t and 20.90g/t Au over the 1m of core sample



Further work is planned to better understand the significance of the interpreted high-grade feeder zone. The newly defined mineralisation sits outside the current Okvau Reserve pit and has the strong potential to add positively to the Okvau Gold Project economics.

Figure 38 | Drill Status Plan with recent drill results and previously announced intersections of the interpreted Eastern Fault Zone



Review of Operations (continued)

Both Figures 39 and 40 highlight the significant potential to expand mineralisation both in pit, below pit and along strike if as expected the vertical structural zone extends beyond that currently drilled.

Figure 39 | Long Section (Oblique) – Significant Intersections along Eastern Fault Zone from recent drill programme

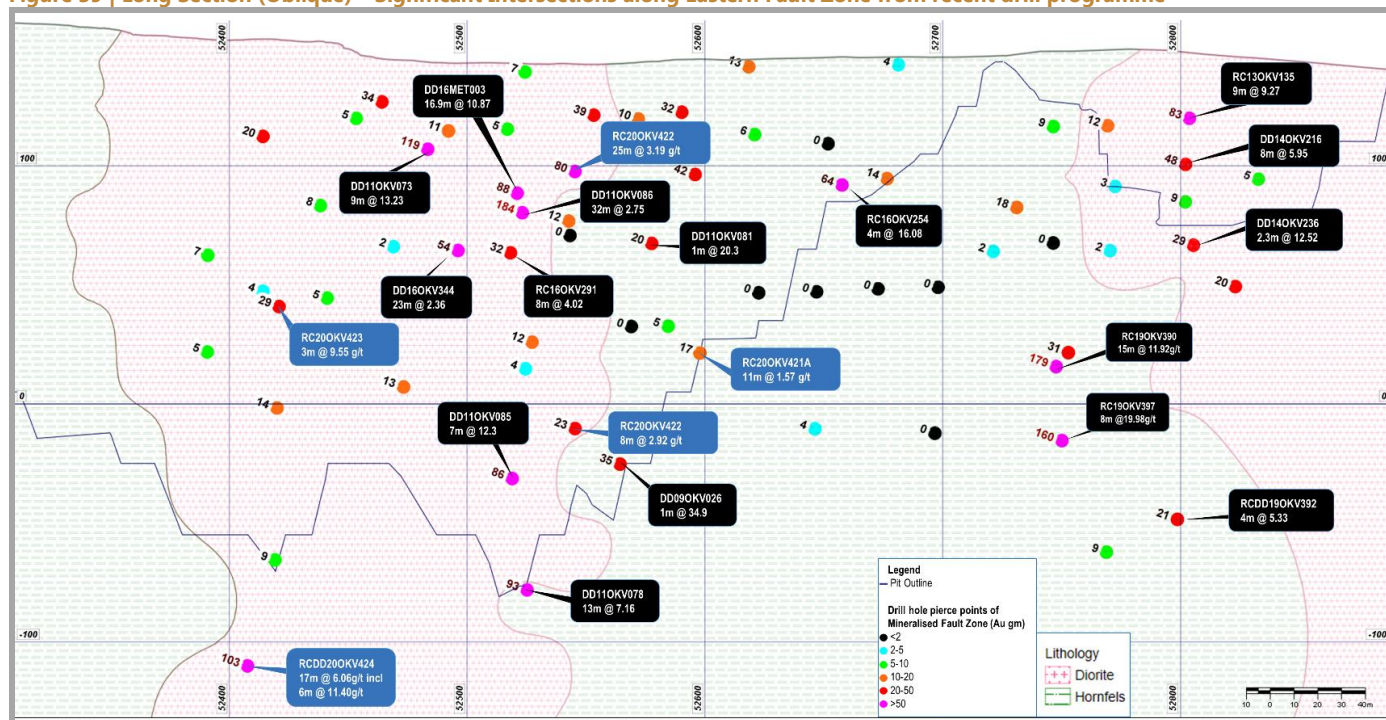
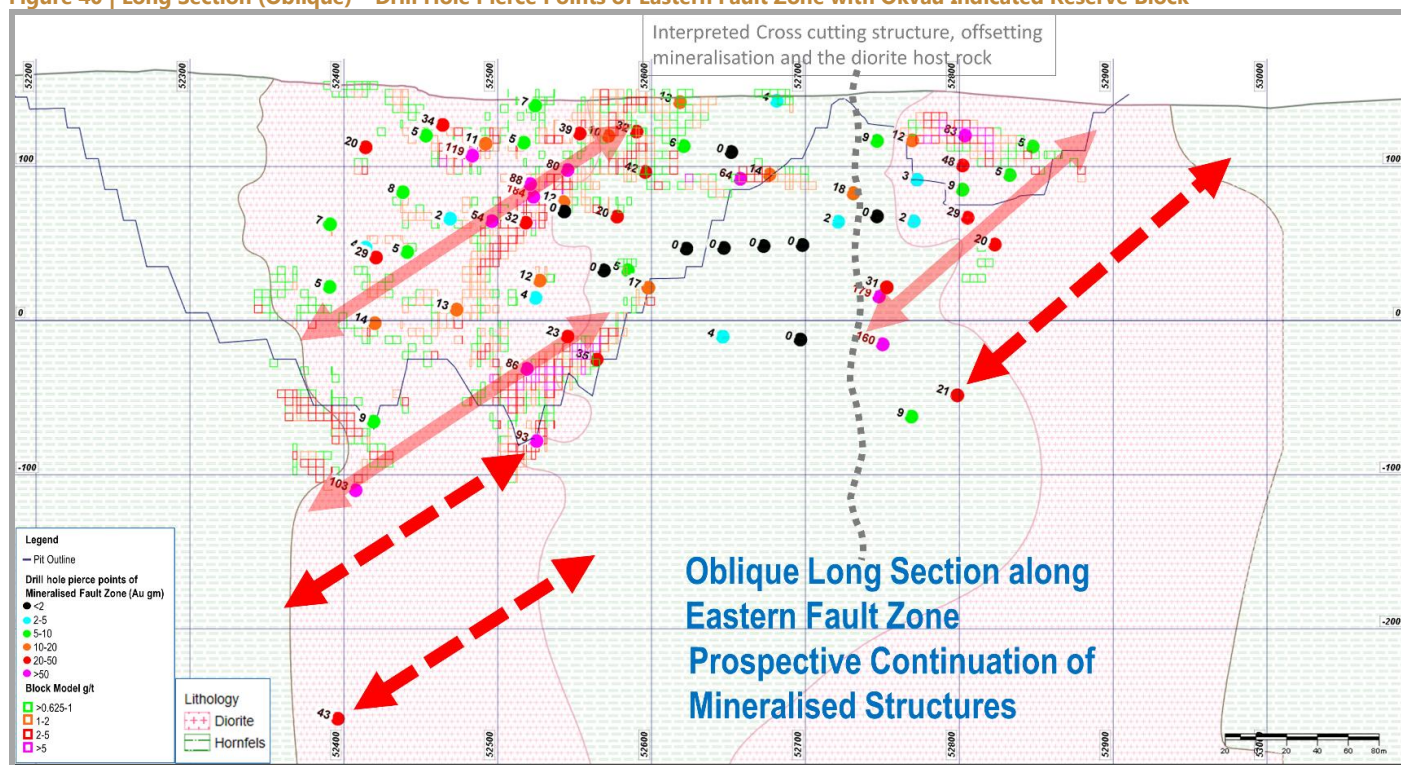


Figure 40 | Long Section (Oblique) – Drill Hole Pierce Points of Eastern Fault Zone with Okvau Indicated Reserve Block



Additional drilling of the fault/feeder zone mineralisation and the extension of the zone has the potential to significantly add to the existing resource and add to an expansion of the in pit reserve.

Review of Operations (continued)

Regional Exploration

New Licence acquisition – Memot Project (100%)

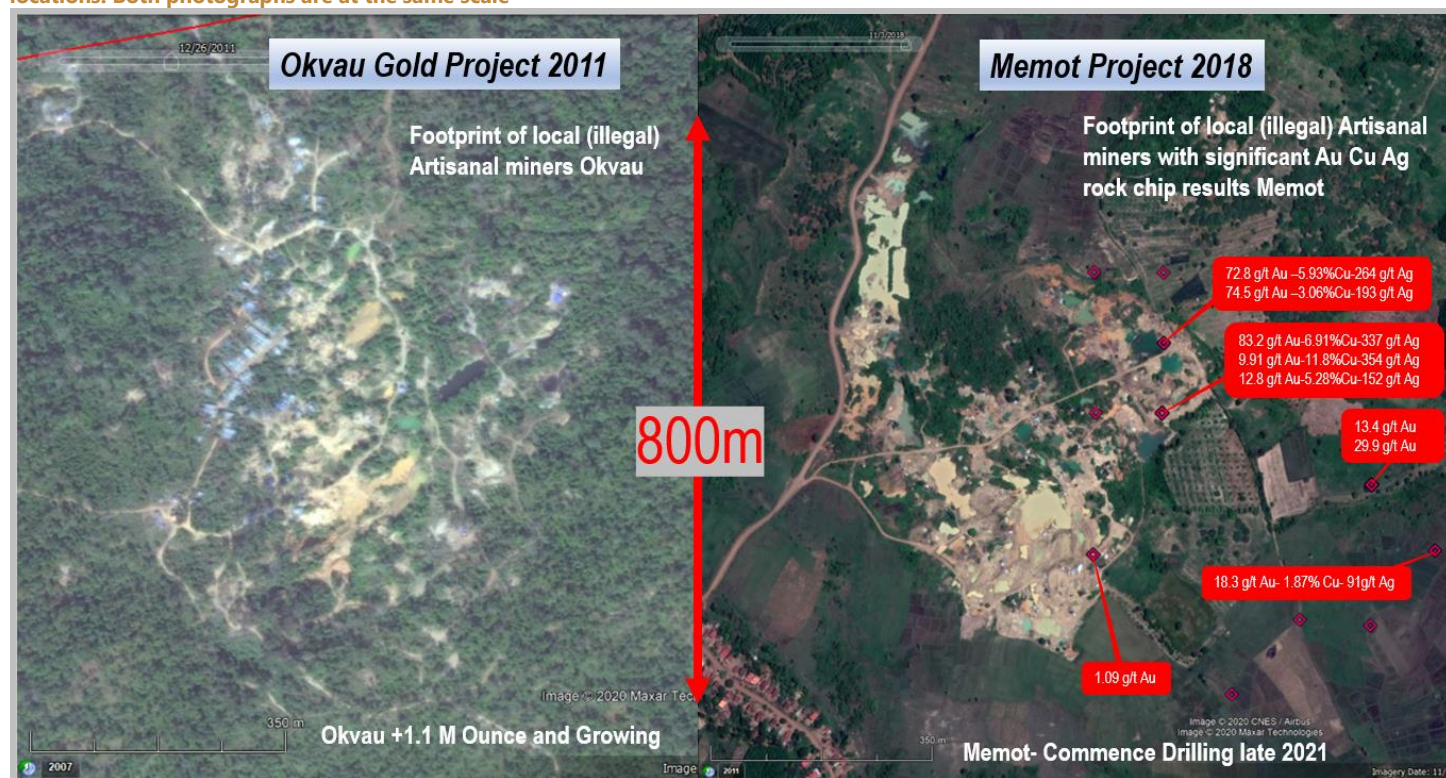
The Cambodian Ministry of Mines & Energy has granted initial approval to carry out gold exploration and the Memot licence located approximately 95km from the Okvau Gold Project will be formally issued following the completion of standard documentation. This follows the completion of an exploration environmental impact assessment approved by the Cambodian Ministry of Environment.

Historical data from the Memot Project includes mapping, shallow soils, drilling and rock chip samples. Whilst the results are encouraging, both the Diamond core drilling results and the shallow soils sampling are yet to be verified by Emerald.

The historical mapping and 23 rock chip samples (verified) from around the shafts and the artisanal workings highlight the prospectivity of the area which included 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) (refer ASX announcement on 28 January 2021).

Emerald applied for the exploration licence based on the presence of extensive artisanal workings and the prospective location relative to the same Intrusive belts that hosts the Okvau Gold Project (refer Figure 41).

Figure 41 | Google Earth imaging of both the Okvau and Memot (extensive) artisanal workings and the location of the historic rock chip sample locations. Both photographs are at the same scale



Historical records indicate that the Memot Project has been subjected to limited shaft developments and long-term artisanal exploitation of the near surface mineralised exposures.

In addition to the peak gold values, 3 rock chips samples also returned significant Ag (>190 g/t) and Cu (>3 %) values (refer ASX announcement on 28 January 2021). Notably the highest grade (historical) rock chip samples were collected from the stockpiles created from spoils from underground mining.

Review of Operations (continued)

Figure 42 | Recent photographs of the artisanal workings at Memot



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

The Mekong Joint Venture includes the Snoul Project and the Phnom Khtong Project where Emerald has the right to earn up to 70% of the projects. The Joint Venture projects provide Emerald with 411km² of highly prospective tenure with historical drilling demonstrating significant gold discovery potential in close proximity to the Okvau Gold Project.

Snoul

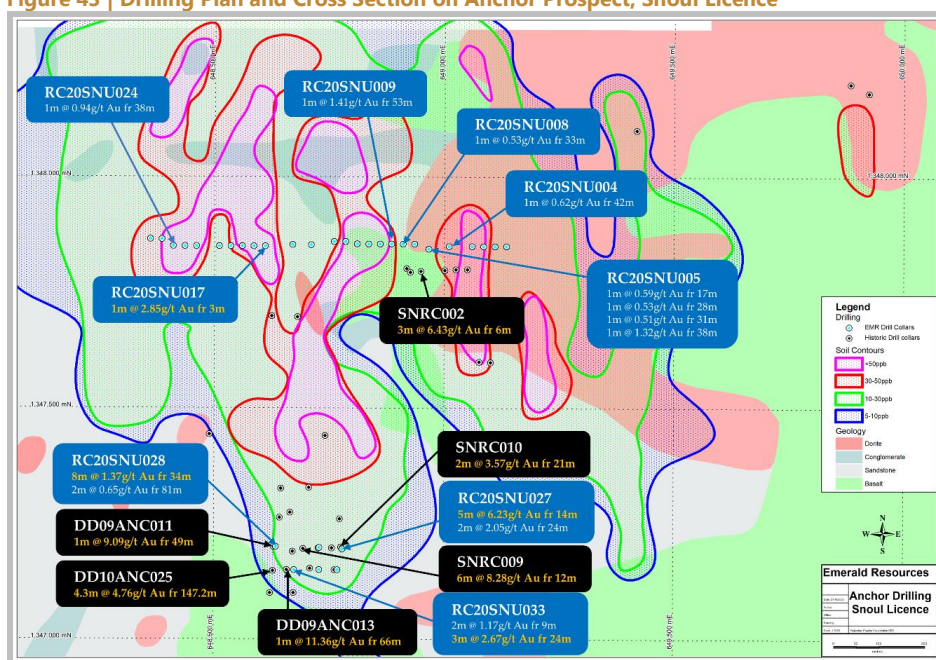
The Company completed a 33 collars RC drill programme (1,673m) on the Anchor Prospect located within the Snoul Licence. The preliminary reconnaissance drill programme targeted the existing significant intersections in historical drilling (refer announcement on 13 July 2017) and a gold-in-soil anomaly 1km along strike from the existing historical results.

The drill programme confirmed and extended the historic results (including 6m @ 8.28g/t from 12m and 3m @ 6.43g/t from 6m) with significant intersections such as 5m @ 6.23g/t from 14m, 8m @ 1.37g/t from 34m and 3m @ 2.67g/t from 24m.

The drill results show encouraging anomalous results from the previously untested northern portion of the Anchor Prospect gold-in-soil anomaly including 1m @ 2.85g/t from 3m, 1m @ 1.41g/t from 53m, 1m @ 1.32g/t from 38m (refer ASX Announcement 30 October 2021).

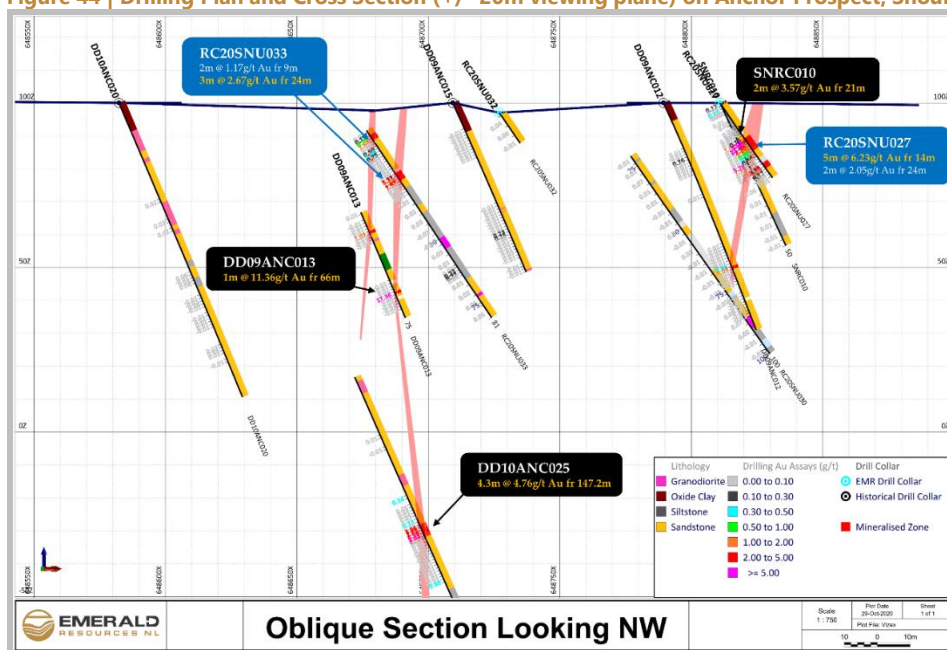
Review of Operations (continued)

Figure 43 | Drilling Plan and Cross Section on Anchor Prospect, Snoul Licence



Geological logging showed Okvau Deposit style alteration assemblages along with anomalous Cu sulphide mineralisation. The programme highlighted the structural complexities of the known mineralisation and further drilling is planned for early 2021 based on an updated structural interpretation.

Figure 44 | Drilling Plan and Cross Section (+/- 20m viewing plane) on Anchor Prospect, Snoul Licence



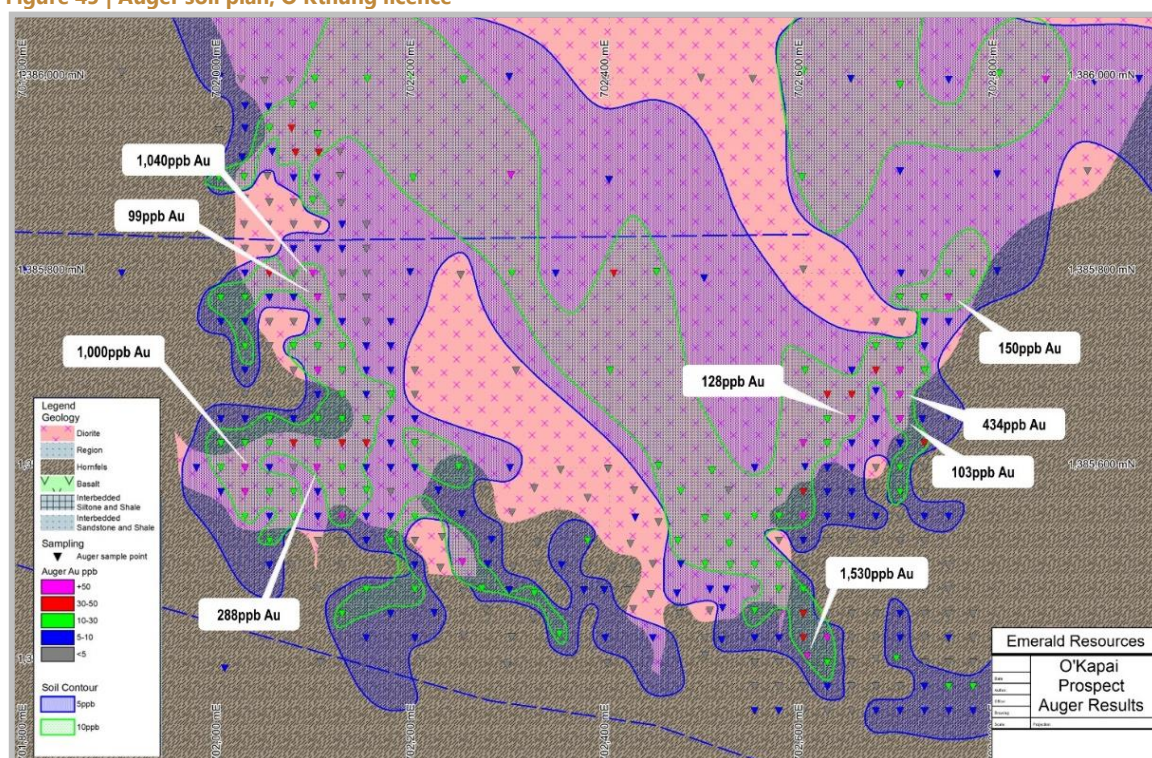
O'Kthung

Emerald has continued with its exploration programme to better delineate the strong gold-in-soil anomalism on the O'Kapai Prospect located within the O'Kthung licence (refer ASX announcements on 27 July 2020 and 30 October 2020) by infilling with 557 Auger soils to a 25m x 25m and 25m x 50m grids.

The peak results returned include 1000, 434, 150, 128, and 104 ppb Au. All of which are proximal to the Diorite/Hornfels contact on the southern margin of a mapped felsic intrusive unit (refer ASX announcement on 28 January 2021).

Review of Operations (continued)

Figure 45 | Auger soil plan, O'Kthung licence



This lithological contact is in a geologically similar setting to many of the high-grade mineralised structures within the 1.1Moz Okvau Gold Project. This interpreted 1,000m strike of anomalous Auger soil results is located within 13km from the Okvau Gold Project. Further work is being planned, including additional Auger sampling, geophysical surveys and first pass reconnaissance drilling to test the significance of the O'Kapai anomaly.

COVID-19 Update

The Company has prioritised the health and wellbeing of the Company's staff, contractors and stakeholders by maintaining stringent protocols to minimise the potential transmission of COVID-19. Renaissance Safety Manager, Construction Manager, Civil Works Supervisor, Operations Manager, in addition to EMR's COO Executive Director, were all based on site during the period to maintain awareness and ensure these protocols are adhered to while advancing construction activities.

During the period, the Okvau Village medical centre became operational (refer Figure 46). The Company completed 10,724 screens to monitor daily temperature checks of all employees, contractors and visitors across five locations on site with no reported cases (refer Figure 47).

Review of Operations (continued)

Figure 46 | Okvau Village Medical Centre now operational



Figure 47 | Okvau Gold Project - Temperature checks taking place on arrival to site



The Company is continuing to monitor this fluid situation and the operational challenges the Company may face in terms of access to human resources as well as to the Company's project development supply chains. Uncertainties around international freight pose an ongoing concern to project development but have been considered in the development timeline and are expected to ease in the coming months. The Company maintains its forecast for commissioning of, and the first gold production from, the Okvau Gold Project in Q2 2021. The Company will provide further updates accordingly.

Corporate

Emerald's consolidated cash position at 31 December 2020 was approximately A\$76.8 million. Expenditure during the period mainly related to development of the Okvau Gold Project, exploration programmes on its 100% held licences and joint venture commitments.

Project Finance

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'). The facility combines the strong development credentials of the Emerald team with the financial strength of the respected Sprott group. Financial close and draw down was completed on 28 April 2020.

Review of Operations (continued)

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.

Events occurring subsequent to the reporting period

As announced on 28 January 2021, Renaissance Minerals (Cambodia) Limited was successful in its application for the Memot Project, 107km² of a highly prospective gold exploration licence located 95km to the south east of the 1.14Moz Okvau Gold Project.

The Cambodian Ministry of Mines & Energy has granted initial approval to carry out gold exploration and the licence will be formally issued following the completion of standard documentation. This follows the completion of an exploration environmental impact assessment approved by the Cambodian Ministry of Environment.

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

DIRECTORS' REPORT



Auditor's Independence Declaration

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

Rounding

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

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

A handwritten signature in blue ink, appearing to read "Morgan Hart", with a long horizontal flourish extending to the right.

Morgan Hart
Managing Director

Perth, Western Australia, 12 March 2021

Forward Looking Statement

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

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

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

100% of the production target referred to in the 1 May 2017 and the 26 November 2019 announcements are 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 in Australia with Regis Resources Ltds Moolart Well, Garden Well and Rosemont developments.

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

Competent Persons Statements

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

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

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

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Emerald Resources NL during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

The financial report is presented in the Australian currency.

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

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

A description of the nature of the Group's operations is included in the directors' report on pages 5 - 25, which is not part of this financial report.

The financial report was authorised for issue by the directors on 12 March 2021. The company has the power to amend and reissue the financial report.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME



For the half-year ended 31 December 2020

	Note	Consolidated	
		31 December 2020 \$'000s	31 December 2019 \$'000s
Revenue from continuing operations		15	91
Other income	3	69	-
Fair value gain on embedded derivative	7	3,724	-
Administrative expenses		(422)	(411)
Employee benefits expense		(516)	(550)
Share-based payment expenses	12	(457)	(114)
Depreciation expense		(30)	(30)
Finance costs		(74)	(3)
Fair value loss on financial assets		(25)	(34)
Exploration and evaluation expenditure		(1,569)	(2,759)
Development expenditure		(1,136)	-
Net loss on foreign exchange		(7,662)	-
(Loss) before income tax		(8,083)	(3,810)
Income tax benefit/(expense)		-	-
(Loss) for the period		(8,083)	(3,810)
Other comprehensive income:			
Items that may be reclassified to profit or loss			
- Exchange differences on translation of foreign operations	11	(459)	(73)
Total other comprehensive (loss) for the period		(459)	(73)
Total comprehensive (loss) attributable to members of the parent		(8,542)	(3,883)
Earnings per share			
Basic and diluted (loss) per share – (cents per share) ⁽ⁱ⁾		(1.57)	(1.27)

- (i) Shareholders approved the consolidation of capital on a 10:1 basis at the general meeting held 13 March 2020. As a result, the comparative loss per share has been recalculated on the same basis.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION



As at 31 December 2020

		Consolidated	
	Note	31 December 2020 \$'000s	30 June 2020 \$'000s
Current assets			
Cash and cash equivalents	4	76,778	136,175
Trade and other receivables		3,004	2,335
Financial assets at fair value through profit or loss		220	192
Other current assets		144	146
Total current assets		80,146	138,848
Non-current assets			
Property, plant and equipment		150	170
Right-of-use assets	5	13,217	-
Mine properties	6	123,192	71,594
Total non-current assets		136,559	71,764
Total assets		216,705	210,612
Current liabilities			
Trade and other payables		12,292	5,557
Financial liabilities	7	3,272	-
Interest-bearing liabilities	8	2,126	-
Lease liability on right-of-use assets	9	3,036	-
Total current liabilities		20,726	5,557
Non-current liabilities			
Financial liabilities	7	24,067	34,602
Interest-bearing liabilities	8	48,731	49,868
Lease liability on right-of-use assets	9	10,407	-
Provisions		275	264
Total non-current liabilities		83,480	84,734
Total liabilities		104,206	90,291
Net assets		112,499	120,321
Equity			
Issued capital	10	195,352	195,089
Reserves	11	286	288
Accumulated losses		(83,139)	(75,056)
Total equity		112,499	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 half-year ended 31 December 2020

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 period	-	-	-	(3,810)	(3,810)
Exchange differences on translation of foreign operations	-	-	(73)	-	(73)
Total comprehensive loss for the period	-	-	(73)	(3,810)	(3,883)
Transactions with owners in their capacity as owners:					
Contributions of equity	200	-	-	-	200
Transaction costs of issuing capital	(35)	-	-	-	(35)
Share-based payment transactions	-	114	-	-	114
Expiry of options	-	(1,422)	-	1,422	-
	165	(1,308)	-	1,422	279
Balance at 31 December 2019	115,813	1,236	(77)	(67,395)	49,577
Balance at 1 July 2020	195,089	1,359	(1,071)	(75,056)	120,321
Net loss for the period	-	-	-	(8,083)	(8,083)
Exchange differences on translation of foreign operations	-	-	(459)	-	(459)
Total comprehensive loss for the period	-	-	(459)	(8,083)	(8,542)
Transactions with owners recorded directly in equity:					
Contributions of equity	290	-	-	-	290
Transaction costs of issuing capital	(27)	-	-	-	(27)
Share based payment transactions	-	457	-	-	457
	263	457	-	-	720
Balance at 31 December 2020	195,352	1,816	(1,530)	(83,139)	112,499

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

CONSOLIDATED STATEMENT OF CASH FLOWS



For the half-year ended 31 December 2020

		Consolidated	
	Note	31 December 2020 \$'000s	31 December 2019 \$'000s
Cash flows from operating activities			
Payments to suppliers and employees		(960)	(869)
Interest received		15	118
Payments for exploration and evaluation		(1,095)	(3,177)
Payments for development expenses		(833)	-
Payments for interest and other costs of finance		69	-
Net cash (used in) operating activities		(2,804)	(3,928)
Cash flows from investing activities			
Proceeds from sale of investments		135	-
Payments for investments		(92)	-
Payments for development		(43,923)	(2,210)
Purchase of property, plant and equipment		(14)	(51)
Proceeds from repayment of loan		(1,529)	-
Net cash (used in) investing activities		(45,423)	(2,261)
Cash flows from financing activities			
Proceeds from issue of shares		290	103
Share issue transaction costs		(8)	(36)
Transaction costs related to loans and borrowings		-	(745)
Net cash provided by/(used in) financing activities		282	(678)
Net (decrease) in cash and cash equivalents		(47,945)	(6,867)
Cash and cash equivalents at the start of the period	4	136,175	17,521
Effect of exchange rates on cash holding in foreign currencies		(11,452)	-
Cash and cash equivalents at the end of the period	4	76,778	10,654

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

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

1. Statement of significant accounting policies

(a) Basis of preparation of half-year report

This general purpose interim financial report for the half-year reporting period ended 31 December 2020 has been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including AASB 134 *Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 *Interim Financial Reporting*.

The interim financial statements do not include full disclosures of the type normally included in the full financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. It is recommended the interim financial statements be read in conjunction with the full financial report for the year ended 30 June 2020 and any public announcements made by Emerald Resources NL and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

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

The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

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

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial statements are consistent with those followed in preparation of the Group's annual consolidated financial statements for the year ended 30 June 2020 and the corresponding half-year. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

In the period ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations on issue not yet effective to 31 December 2020

Several other amendments and interpretations apply for the first time in 2021, but do not have an impact on the half-year financial statements of the Group.

(c) Statement of compliance

The interim financial statements were authorised for issue on 12 March 2021.

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

(d) Significant accounting judgments and key estimates

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

In preparing this half-year financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2020, apart from the below:

Accounting for leases

- ☉ Assessment of contracts to determine whether they contain a lease and if so, whether they also contain non-lease components.
- ☉ Estimated useful lives and depreciation of right-of-use assets.
- ☉ Discount rate of the lease used in the calculation of lease liabilities.

(e) Going concern

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

2. Dividends

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

	Half-year ended 31 December 2020 \$'000s	Half-year ended 31 December 2019 \$'000s
3. Other income		
Government grants – Covid-19	67	-
Other	2	-
Total other income	69	-

	Half-year ended 31 December 2020 \$'000s	Year ended 30 June 2020 \$'000s
4. Cash and cash equivalents		
Cash at bank and on hand	40,016	66,908
Restricted cash	35,692	69,197
Deposits	1,070	70
Total cash and cash equivalents	76,778	136,175

Cash at bank bears interest rates between 0.00% and 0.15% (30 June 2020: 0.00% and 0.15%).
Deposits at call bear interest rates between 0.38% and 0.45% (30 June 2020: 0.95%).

5. Right-of-use assets		
Opening balance	-	-
Additions	14,084	-
Depreciation capitalised to mine properties	(357)	-
Effect of exchange rates	(510)	-
Total right-of-use assets	13,217	-

6. Mine properties		
Mine properties under development		
Opening balance	71,594	36,416
Construction expenditure	49,056	31,684
Finance costs	8,906	3,057
Depreciation	357	-
Other costs	-	1,709
Social and environmental fund	510	-
Effect of exchange rates	(7,231)	(1,272)
Total mine properties under development	123,192	71,594

7. Financial liabilities		
Opening balance	34,602	-
Derivative liability recognised at inception (note 8)	-	36,749
Revaluation of derivative liability	(3,724)	-
Effect of exchange rates	(3,539)	(2,147)
Total financial liabilities	27,339	34,602
Current liability	3,272	-
Non-current liability	24,067	34,602
Total financial liabilities	27,339	34,602

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).

	Half-year ended 31 December 2020 \$'000s	Year ended 30 June 2020 \$'000s
8. Interest-bearing liabilities		
Opening balance	49,868	-
Cash from financing activities	-	92,851
Offset by: capitalised borrowing costs	-	(6,133)
Amortisation of borrowing costs	4,166	1,361
Borrowing costs related to embedded derivative	-	588
Capitalised interest	2,941	1,098
Effect of exchange rates	(6,118)	(3,148)
Re-classified as derivative liability	-	(36,749)
Total interest-bearing liabilities	50,857	49,868
Current liability	2,126	-
Non-current liability	48,731	49,868
Total financial liabilities	50,857	49,868
<p>During the previous year, the Group entered into 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 will be capitalised and form part of the principal amount until 30 June 2021.</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>		
9. Lease liability on right-of-use assets		
Current liability	3,036	-
Non-current liability	10,407	-
Total lease liability for right-of-use assets	13,443	-

	Shares No.	Total \$'000s
10. Issued capital		
Movements – half-year to 31 December 2020		
Opening balance at 1 July 2020	514,498,207	195,089
Exercise of options	899,000	290
Less: Transaction costs		(27)
Closing balance as at 31 December 2020	515,397,207	195,352
Movements – year ended 30 June 2020		
Opening balance at 1 July 2019	3,042,252,533	115,648
Share purchase plan	735,775,000	29,431
Exercise of options	29,590,000	850
Placement funds	1,154,879,030	51,549
Issued in lieu of payment	4,089,624	1,268
Consolidation of capital ⁽ⁱ⁾	(4,452,087,980)	-
Less: Transaction costs		(3,657)
Closing balance as at 30 June 2020	514,498,207	195,089

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

	Half-year ended 31 December 2020 \$'000	Year ended 30 June 2020 \$'000
11. Reserves		
Option reserve		
Opening balance	1,359	2,544
Options issued as remuneration during the period	457	237
Options expired and transferred to accumulated losses	-	(1,422)
Closing balance	1,816	1,359
Foreign currency translation reserve		
Opening balance	(1,071)	(4)
Exchange differences arising on translation of foreign operations	(459)	(1,067)
Closing balance	(1,530)	(1,071)
Total reserves		
Option reserve	1,816	1,359
Foreign currency translation reserve	(1,530)	(1,071)
Total reserves	286	288

	Half-year ended 31 December 2020 \$'000	Half-year ended 31 December 2019 \$'000
12. Share-based payment expense		
Recognised share-based payments expense		
Options issued to directors, management and employees	457	114
Total share-based payments expense	457	114

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

On 30 July 2020, the board recommended the issue of 1,000,000 options to Mr Mick Evans (Executive Director) under the Group's Amended Incentive Option Plan subject to shareholder approval, which was obtained on 25 November 2020 at the Company's annual general meeting.

On 31 July 2020 and 8 October 2020, the Company issued 4,200,000 and 650,000 options respectively to employees.

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

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

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

	31 Jul 2020	8 Oct 2020	25 Nov 2020
Grant date			
Share price at grant date	\$0.620	\$0.620	\$0.585
Exercise price	\$0.670	\$0.770	\$0.670
Expected dividends	0%	0%	0%
Risk free rate	0.41%	0.30%	0.30%
Expected volatility	80%	80%	80%
Expected lift	5 years	5 years	5 years
Fair value per option at grant date	\$0.3834	\$0.3664	\$0.3510
Number granted	4,200,000	650,000	1,000,000

12. Share-based payments expense (continued)

Summary of options granted

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

	Half-year ended 31 December 2020		Year ended 30 June 2020	
	No.	WAEP	No.	WAEP
Balance at start of period	5,532,750	\$0.424	72,115,000	\$0.036
Granted during the period	5,850,000	\$0.681	6,750,000	\$0.104
Exercised during the period	(899,000)	\$0.323	(29,590,000)	\$0.028
Forfeited during the period	-	-	-	-
Consolidated during the period	-	-	(43,742,250)	\$0.044
Balance at end of period	10,483,750	\$0.059	5,532,750	\$0.042
Exercisable at end of period	1,610,500	\$0.486	2,384,500	\$0.424

13. Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions. For the purposes of segment reporting the chief operating decision maker has been determined as the board of directors. The board monitors the entity primarily from a geographical perspective, and has identified four operating segments, being exploration and evaluation within Cambodia, Australia and the corporate/head office function.

The segment information provided to the board of directors for the reportable segments for the half-year ended 31 December 2020 is as follows:

Consolidated	Exploration, evaluation and development		Corporate	Total
	Cambodia \$'000s	Australia \$'000s	\$'000s	\$'000s
Half-year ended 31 December 2020				
Total segment income	3,728	-	80	3,808
Interest income	2	-	13	15
Depreciation and amortisation expense	(17)	-	(13)	(30)
Total segment gain/(loss) before income tax	1,028	(23)	(9,088)	(8,083)
Half-year ended 31 December 2019				
Total segment income	-	-	91	91
Interest income	-	-	91	91
Depreciation and amortisation expense	(21)	-	(9)	(30)
Total segment gain/(loss) before income tax	(2,553)	(151)	(1,106)	(3,810)
Total segment assets				
31 December 2020	196,610	-	20,095	216,705
30 June 2020	166,790	-	43,822	210,612
Total segment liabilities				
31 December 2020	(103,394)	-	(812)	(104,206)
30 June 2020	(89,433)	-	(858)	(90,291)

	Half-year ended 31 December 2020 \$'000s	Year ended 30 June 2020 \$'000s
14. Commitments and contingencies		
Okvau Gold Project Capital Expenditure Commitments		
The outstanding capital commitments relating to the Okvau Gold Project are:		
Within one year	8,287	29,350
Total capital commitments	8,287	29,350

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

15. Events occurring subsequent to reporting date

As announced on 28 January 2021, Renaissance Minerals (Cambodia) Limited was successful in its application for the Memot Project, 107km² of a highly prospective gold exploration licence located 95km to the south east of the 1.14Moz Okvau Gold Project.

The Cambodian Ministry of Mines & Energy has granted initial approval to carry out gold exploration and the licence will be formally issued following the completion of standard documentation. This follows the completion of an exploration environmental impact assessment approved by the Cambodian Ministry of Environment.

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

16. Financial instruments

Fair value measurement

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

Measured at fair value on a recurring basis

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy.

The three levels are defined based on the observe ability of significant inputs to the measurement, as follows:

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

Consolidated	31 December 2020			
	Level 1 \$'000s	Level 2 \$'000s	Level 3 \$'000s	Total \$'000s
<i>Recurring fair value measurements</i>				
<i>Financial assets at fair value through profit or loss</i>				
- Held-for-trading Australian listed shares	32	-	-	32
- Held at fair value through profit or loss	-	-	188	188
	32	-	188	220
<i>Financial liabilities at fair value through profit or loss</i>				
- Embedded derivative	-	27,339	-	27,339

Consolidated	30 June 2020			
	Level 1 \$'000s	Level 2 \$'000s	Level 3 \$'000s	Total \$'000s
<i>Recurring fair value measurements</i>				
<i>Financial assets at fair value through profit or loss</i>				
- Held-for-trading Australian listed shares	192	-	-	192
<i>Financial liabilities at fair value through profit or loss</i>				
- Embedded derivative	-	34,602	-	34,602

DIRECTOR'S DECLARATION



In the directors' opinion:

- (a) the financial statements and notes set out on pages 28 to 38 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Emerald Resources NL will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in blue ink, appearing to read "Morgan Hart", with a long horizontal flourish extending to the right.

Morgan Hart
Managing Director

Perth, Western Australia, 12 March 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Emerald Resources NL

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Emerald Resources NL ("the company") which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and

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its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
12 March 2021



L Di Giallonardo
Partner