



EMERALD

RESOURCES NL

(formerly Emerald Oil and Gas NL)

Interim Financial Report
for the half year ended 31 December 2014

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EMERALD RESOURCES NL
ABN: 72 009 795 046

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This half year financial report covers the Consolidated Entity consisting of Emerald Resources NL and its subsidiaries. The financial report is 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
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 Directors' report on pages 2 to 4.

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Corporate Information

Directors:

Simon Lee AO
Morgan Hart
Ross Stanley
Ross Williams

Non-Executive Chairman
Managing Director
Non-Executive Director
Non-Executive Director

Registered & Principal Office

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Facsimile +618 6380 2088
www.emeraldresources.com.au

Postal Address:

P.O. Box 1408
WEST PERTH, WA, 6872

Company Secretary:

Mark Clements

Auditors:

HLB Mann Judd
Level 4, 130 Stirling Street
PERTH, WA, 6000

Home Securities Exchange:

Australian Securities Exchange Ltd
Exchange Plaza
2 The Esplanade
PERTH, WA, 6000
ASX Code – EMR

Solicitors:

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Share Registry:

Security Transfer Registrars Pty Ltd
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Telephone +618 9315 2333
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Directors' Report

Your Directors have pleasure in submitting their report on Emerald Resources NL (formerly Emerald Oil and Gas NL) and its subsidiaries (hereafter 'the Group' or 'the Consolidated Entity') for the half-year ended 31 December 2014.

1. DIRECTORS

The names and details of Directors in office at any time during the period are:

Simon Lee AO	Non-Executive Chairman (appointed 20 August 2014)
Morgan Hart	Managing Director (appointed 30 July 2014, Non-Executive Director, appointed to Managing Director 20 August 2014)
Ross Stanley	Non-Executive Director (appointed 20 August 2014)
Ross Williams	Non-Executive Director (appointed Non-Executive Chairman from 20 May 2014 to 20 August 2014, appointed Non-Executive Director from 20 August 2014)
Tim Kestell	Non-Executive Director (resigned 20 August 2014)
Peter Pynes	Non-Executive Director (resigned 20 August 2014)

Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

2. PRINCIPAL ACTIVITIES

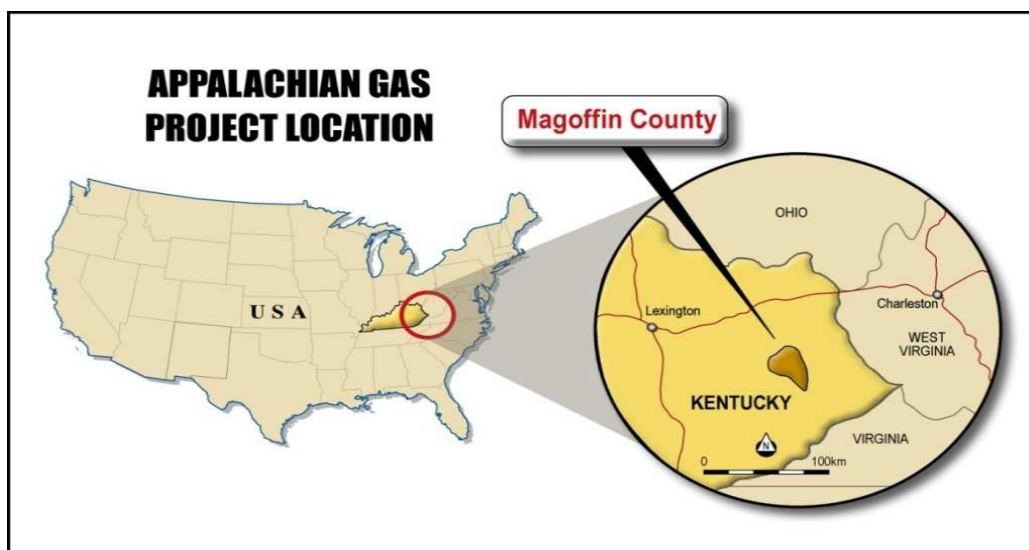
The principal activities of the Group were the exploration and development of oil and gas properties in the United States of America (USA). There were no changes to the principal activities during the period.

3. RESULTS

The net Loss of the Group for the half-year ended 31 December 2014 after income tax amounted to (\$420,918) (2013:profit \$1,278,083).

4. OPERATING AND FINANCIAL REVIEW

4.1 APPALACHIAN GAS - MAGOFFIN COUNTY, KENTUCKY (EMERALD 75% EQUITY INTEREST IN KENTUCKY ENERGY PARTNERS LLC)



Directors' Report

4. OPERATING AND FINANCIAL REVIEW (CONTINUED)

4.1 Appalachian Gas - Magoffin County, Kentucky (Emerald 75% Equity Interest in Kentucky Energy Partners LLC) Continued)

Emerald's Appalachian gas operations are operated through Kentucky Energy Partners ("KEP"), a company 75% owned by Emerald. KEP currently holds approximately 1,000 lease acres with 12 existing wells potentially capable of gas production, and an 8 mile long gas gathering pipeline.

The Board continues to evaluate the strategy with respect to the core operating asset in Magoffin County, Kentucky and pursue and evaluate more significant opportunities in the energy and broader resources sector.

4.2 Corporate

(a) Cash Position

At 31 December 2014 the Group had \$18,052,242 cash on hand.

(b) Sale of Unmarketable Parcels

On 20 May 2014 the Company announced its intention to offer for sale unmarketable holdings on 1 August 2014. It was announced on 5 September 2014 that 6,143,272 shares were sold on market for 2.6 cents per share for the proceeds of \$159,725 before costs.

(c) Placement of Shares

On 11 June 2014 the Company announced its intention to raise approximately \$5.7M through a placement to sophisticated investor clients of Euroz Limited including Mr Morgan Hart. It was also proposed that Mr Hart become a Director of the Company. This proposal was subject to shareholder approval which was gained at a general meeting on 30 July 2014. The placement of 457,307,940 shares was fully subscribed at 1.25 cents per share for a total of \$5,716,349 and completed on 5 August 2014. Mr Hart was appointed as non-executive Director on 30 July 2014 and appointed Managing Director on 20 August 2014.

(d) Board Restructure

On 20 August 2014 the Company announced a board restructure resulting in Mr Simon Lee AO being appointed Chairman, Mr Ross Stanley appointed Non-Executive Director, Mr Morgan Hart appointed as Managing Director and Mr Ross Williams stepping down as Non-Executive Chairman but remaining as Non-Executive Director. Mr Peter Pynes and Mr Tim Kestell resigned as Directors on 20 August 2014. Mr Mark Clements was appointed Company Secretary following the resignation of Ms Amanda Burgess on 20 August 2014.

(e) Issued Capital

The issued capital as at 31 December 2014 was 1,306,594,114 fully paid ordinary shares representing a market capitalisation of approximately \$26.13M (@ \$0.02).

(f) Change of Name and Registered Office

At the Annual General Meeting held 27 November 2014, shareholders approved the Board's proposed change of name to "Emerald Resources NL" to eliminate any perception that the activities of the Company are focused on a single resource or that it is seeking to undertake investments solely in the oil and gas industry.

During the period, the Company also relocated to 1110 Hay Street, West Perth WA.

Directors' Report

5. EVENTS SUBSEQUENT TO THE REPORTING DATE

As at the date of this report, there have been no events occurring subsequent to the reporting date which would have a material impact on the Group or require disclosure in this Interim Financial Report, other than the following:

(a) Option Issue

On 22 January 2015, the Company issued 20 million unlisted \$0.025 EMR options, exercisable on or before 21 January 2020 to employees and consultants as part of the incentive component of their remuneration packages and pursuant to the Company's Employee option plan as approved by shareholders on 27 November 2014.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This independence Declaration is set out on page 5 and forms part of this directors' report for the half year ended 31 December 2014.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s306(3) of the Corporations Act 2001.

Simon Lee AO
Chairman
Perth
13 March 2015

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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 2014, 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
13 March 2015

N G Neill
Partner

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EMERALD RESOURCES NL
ABN: 72 009 795 046

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	2014	2013
Note	\$	\$
Continuing operations		
Gas revenues	6,246	67,024
Cost of sales	<u>(30,459)</u>	<u>(82,720)</u>
Gross loss	(24,213)	(15,696)
Corporate, legal and administration expenses	(406,908)	(396,838)
Consulting and contracting expenses	(87,748)	(177,004)
Fair value gains on financial assets	-	1,865,106
Impairment of exploration expenditure	(178,964)	-
Results from operating activities	(697,833)	1,275,568
Finance income	276,915	2,515
(Loss)/Profit before income tax benefit	(420,918)	1,278,083
Income tax benefit/(expense)	-	-
(Loss)/Profit from continuing operations for the period	(420,918)	1,278,083
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	131,788	33,471
Total other comprehensive income for the period	131,788	33,471
Total comprehensive (loss)/income for the period	(289,130)	1,311,554
(Loss)/Profit for the period is attributable to:		
Owners of the company	(332,194)	1,312,871
Non-controlling interest	(88,724)	(34,788)
(Loss)/Profit for the period	(420,918)	1,278,083
Total comprehensive (loss)/income for the period is attributable to:		
Owners of the company	(207,935)	1,340,346
Non-controlling interest	(81,195)	(28,792)
Total comprehensive (loss)/income for the period	(289,130)	1,311,554
Earnings per share		
Basic and diluted (loss)/earnings per share – cents per share	(0.03)	0.14

The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

EMERALD RESOURCES NL
ABN: 72 009 795 046

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	31 December 2014 \$	30 June 2014 \$
ASSETS			
Current assets			
Cash and cash equivalents		18,052,242	12,573,838
Trade and other receivables		109,541	71,935
Total current assets		18,161,783	12,645,773
Non-current assets			
Property, plant and equipment		73,265	88,142
Exploration and evaluation expenditure	5	163,993	297,688
Oil and gas assets	6	453,136	434,362
Total non-current assets		690,394	820,192
TOTAL ASSETS		18,852,177	13,465,965
LIABILITIES			
Current liabilities			
Trade and other payables		119,380	88,934
Total current liabilities		119,380	88,934
TOTAL LIABILITIES		119,380	88,934
NET ASSETS		18,732,797	13,377,031
EQUITY			
Issued capital	7	51,057,425	45,412,529
Reserves		1,279,573	1,145,592
Accumulated losses		(33,461,067)	(33,128,873)
Total equity attributable to owners of the parent		18,875,931	13,429,248
Non-controlling interest		(143,134)	(52,217)
TOTAL EQUITY		18,732,797	13,377,031

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

EMERALD RESOURCES NL
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

2014

	Issued Capital	Options Reserve	Foreign Exchange Translation Reserve	Non- controlling Shareholders Premium Reserve	Accumulated losses	Equity attributable to the owners of the parent	Non- controlling interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$	\$
Total equity at 1 July 2014	45,412,529	1,327,132	(4,568)	(176,972)	(33,128,873)	13,429,248	(52,217)	13,377,031
Net loss	-	-	-	-	(332,194)	(332,194)	(88,724)	(420,918)
Exchange differences on translation of foreign operations	-	-	124,259	-	-	124,259	7,529	131,788
Total comprehensive loss for the period	-	-	124,259	-	(332,194)	(207,935)	(81,195)	(289,130)
Share Capital Issue(net of transaction costs)	5,644,896	-	-	-	-	5,644,896	-	5,644,896
Non-controlling shareholders premium reserve	-	-	-	9,722	-	9,722	(9,722)	-
Total equity at 31 December 2014	51,057,425	1,327,132	119,691	(167,250)	(33,461,067)	18,875,931	(143,134)	18,732,797

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

EMERALD RESOURCES NL
ABN: 72 009 795 046

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

2013

	Issued Capital \$	Options Reserve \$	Foreign Exchange Translation Reserve \$	Non- controlling Shareholders Premium Reserve \$	Accumulated losses \$	Equity attributable to the owners of the parent \$	Non- controlling interest \$	Total Equity \$
Total equity at 1 July 2013	46,356,181	1,327,132	(586)	(266,833)	(33,539,990)	13,875,904	90,473	13,966,377
Net profit	-	-	-	-	1,312,871	1,312,871	(34,788)	1,278,083
Exchange differences on translation of foreign operations	-	-	27,475	-	-	27,475	5,996	33,471
Total comprehensive income for the period	-	-	27,475	-	1,312,871	1,340,346	(28,792)	1,311,554
Non-controlling interest distributions	-	-	-	13,860	-	13,860	(13,860)	-
Non-controlling shareholders premium reserve	-	-	-	32,823	-	32,823	(32,823)	-
Total equity at 31 December 2013	46,356,181	1,327,132	26,889	(220,150)	(32,227,119)	15,262,933	14,998	15,277,931

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

EMERALD RESOURCES NL
ABN: 72 009 795 046

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	2014	2013
	\$	\$
<i>Cash flows from operating activities</i>		
Receipts from customers	6,246	70,274
Interest received	238,528	2,515
Payments to suppliers and employees	(411,266)	(445,166)
Proceeds from sale of financial assets at fair value through profit or loss	-	39,620
Net cash used in operating activities	(166,492)	(332,757)
<i>Cash flows from investing activities</i>		
Payments for exploration and evaluation	-	(19,546)
Proceeds from sale of oil and gas assets	-	50,000
Net cash provided by investing activities	-	30,454
<i>Cash flows from financing activities</i>		
Proceeds from issue of shares	5,716,350	-
Payments for capital raising costs	(71,454)	-
Net cash provided by financing activities	5,644,896	-
Net increase/(decrease) in cash and cash equivalents	5,478,404	(302,303)
Cash and cash equivalents at the beginning of the period	12,573,838	403,672
Effects of exchange rate changes on cash and cash equivalents	-	7,254
Cash and cash equivalents at the end of the period	18,052,242	108,623

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

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Notes to the Condensed Consolidated Financial Statements **FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

NOTE 1 – REPORTING ENTITY

Emerald Resources NL (the “Company”) is a company domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise stated. The consolidated half-year financial report of the Group as at and for the six months ended 31 December 2014 comprises the Company and its subsidiaries (together referred to as the “Group” or the “Consolidated Entity”).

NOTE 2 – BASIS OF PREPARATION

Statement of compliance

These interim consolidated financial statements are general purpose financial statements 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*.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cashflows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by Emerald Resources NL (formerly Emerald Oil and Gas 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 annual financial report of the Group for the year ended 30 June 2014 is available from www.asx.com.au.

Basis of preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets.

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

This consolidated half-year financial report was approved by the Board on 12 March 2015.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

(a) Significant accounting judgements and key estimates

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

In preparing this interim report, the significant judgements 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 2014.

Notes to the Condensed Consolidated Financial Statements
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

NOTE 4 – INCOME TAX

Emerald Resources NL has tax losses arising in Australia which are available to offset against future profits of the Group providing the tests for deductibility against future profits are met.

These losses have not been recognised in the financial statements, except insofar as they offset deferred tax liabilities of the Consolidated Entity, as there is currently insufficient probability that they will reverse in the foreseeable future.

NOTE 5 – EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2014	30 June 2014
	\$	\$
Exploration and evaluation costs carried forward in respect of exploration areas of interest in the US and Australia	163,993	297,688

Reconciliation:

A reconciliation of the carrying amounts of costs carried forward in respect of areas of interest in the exploration and evaluation phases is set out below:

	6 months to 31 December 2014	Year to 30 June 2014
	\$	\$
Carrying amount at beginning of period	297,688	389,068
Capitalised during the year	-	19,087
Impairment of exploration expenditure ⁽ⁱ⁾	(178,964)	-
Effect of foreign exchange	45,269	(110,467)
Carrying amount at end of period	163,993	297,688

The recoverability of the carrying amount of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

⁽ⁱ⁾During the period, the Company has reviewed the leases in Kentucky and have identified a number of leases that have expired. The directors have resolved to fully impair the expenditure on these leases.

Notes to the Condensed Consolidated Financial Statements
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 6 – OIL AND GAS ASSETS

	31 December 2014	30 June 2014
	\$	\$
Costs carried forward in respect of: Oil and gas assets, at cost	453,136	434,362
Reconciliation:		
	6 months to 31 December 2014	Year to 30 June 2014
Carrying amount at beginning of the year	434,362	530,149
Additions	-	-
Amortisation for the year	(44,812)	(74,534)
Effect of foreign exchange	63,586	(21,253)
Carrying amount at end of the period	<u>453,136</u>	<u>434,362</u>

NOTE 7 – ISSUED CAPITAL

2014

(a) Issued and Paid Up Capital

	Number of Shares	\$
Fully paid ordinary shares	<u>1,306,594,114</u>	<u>51,057,425</u>

(b) Movements in fully paid shares on issue

Opening balance as at 1 July 2014	849,286,174	45,412,529
Placement 31 July 2014 (net of costs)	<u>457,307,940</u>	<u>5,644,896</u>
Total fully paid shares on issue at 31 Dec 2014	<u>1,306,594,114</u>	<u>51,057,425</u>

NOTE 8 – RELATED PARTY TRANSACTIONS

(a) Parent and ultimate controlling party

The Parent Entity and ultimate controlling party is Emerald Resources NL.

(b) Other related party transactions

The total amount of fees and compensation referable to the directors during the half-year ended 31 December 2014 was \$87,348 (half-year ended 31 December 2013:\$121,841).

Blue Capital Limited a company of which Mr Peter Pynes and Mr Tim Kestell are directors, charged rent on commercial terms for the month of July during the half-year ended 31 December 2014 totalling \$7,100 (2013: Nil). The total amount of fees due to Blue Capital Ltd as at 31 December 2014 was \$nil (2013: nil).

Castilo Pty Ltd ATF The Castilo Trust, a company of which Mr Ross Stanley is a director, charged rent on commercial terms for the period from 1 October 2014 to 31 December 2014 during the half-year ended 31 December 2014 totalling \$19,756. (2013: Nil). The total amount of fees due to Castilo Pty Ltd as at 31 December 2014 was \$nil (2013: nil).

(c) Terms and Conditions

Loans between entities in the wholly owned Group are interest bearing, unsecured and are payable at call.

Transactions with related parties are made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

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Notes to the Condensed Consolidated Financial Statements
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 9 – SEGMENT REPORTING

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the location of activity. Discrete financial information about each of these locations is reported to the Board of Directors on at least a monthly basis.

Reportable segments requiring disclosure are operating segments that meet any of the following thresholds:

- Segment loss greater than 10% of combined loss of loss making operating segments; and
- Segment assets greater than 10% of combined assets of all operating segments.

In accordance with AASB 8 *Segment Reporting*, the reportable segments are based on aggregated operating segments determined by the similarity of the locations, as these are the sources of the Group's major risks and have the most effect on the rates of return.

Once reportable segments have been identified, all remaining segments that do not satisfy the thresholds are to be aggregated together to form an 'all other segments' reporting segment. In accordance with AASB 8 *Segment Reporting*, corporate and administrative activities are included in the 'all other segments' reporting segment.

Description of operating segments

Appalachian (USA) continuing operation

Emerald's subsidiaries Emerald Gas USA Holdings Inc, Emerald Gas Developments USA LLC, Emerald Gas Kentucky Ventures LLC and Kentucky Energy Partners LLC undertake onshore oil and gas exploration activities in the USA. The combined operations of these entities represent a single reportable segment.

All other segments (Australia)

Segment information

The following tables present information on the revenue and results regarding each reportable operating segment provided to the Board of Directors for the half year periods ended 31 December 2014 and 31 December 2013.

Notes to the Condensed Consolidated Financial Statements
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 9 – SEGMENT REPORTING (continued)
2014

Geographical segment	USA Appalachian \$	Australia All other segments	Consolidated \$
Operating Segment			
Segment Revenues	6,246	276,915	283,161
Segment result	(354,897)	(66,021)	(420,918)
Segment assets	692,380	18,159,797	18,852,177
Segment liabilities	(2,879)	(116,501)	(119,380)
Included in segment result:			
Interest revenue	-	276,915	276,915
Depreciation and depletion	(76,251)	(316)	(76,567)
Acquisition of non-current assets	-	5,738	5,738

2013

Geographical segment	USA Appalachian \$	Australia All other segments	Consolidated \$
Operating Segment			
Segment Revenues	67,024	2,515	69,539
Segment result	(138,153)	1,416,236	1,278,083
Segment assets	960,954	14,473,492	15,434,446
Segment liabilities	(5,924)	(150,591)	(156,515)
Included in segment result:			
Interest revenue	-	2,515	2,515
Depreciation and depletion	(100,644)	-	(100,644)
Acquisition of non-current assets	19,546	-	19,546

NOTE 10 – POST BALANCE DATE EVENTS

As at the date of this report, there have been no events occurring subsequent to the reporting date which would have a material impact on the Group or require disclosure in this Interim Financial Report, other than the following:

(a) Option Issue

On 22 January 2015, the Company issued 20 million unlisted \$0.025 options, exercisable on or before 21 January 2020 to employees and consultants as part of the incentive component of their remuneration packages pursuant to the Company's Employee Option Plan as approved by shareholders on 27 November 2014.

NOTE 11 – CONTINGENT LIABILITIES AND COMMITMENTS

The Directors are not aware of any contingencies or commitments that the Company is party to.

Directors' Declaration

In the Directors' opinion:

- a) the financial statements and notes set out on pages 6 to 15 comply with the Corporations Act 2001; and
- i. comply with Australian Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii. give a true and fair view of the Group's financial position as at 31 December 2014 and of its performance, as represented by the results of its operations, changes in equity and cash flows, for the half year then ended; and
- b) there are reasonable grounds to believe that the Company 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 Board of Directors, made pursuant to s303(5) of the Corporations Act 2001.

On behalf of the Board,

Simon Leo AO
Chairman
Perth
13 March 2015

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Emerald Resources NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Emerald Resources NL ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2014, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year 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 is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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*.

Conclusion

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 is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the group's financial position as at 31 December 2014 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*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Norman G. Neill

N G Neill
Partner

Perth, Western Australia
13 March 2015