



EMERALD
RESOURCES NL

ABN 72 009 795 046

Half-Year Report

31 December 2016

Contents

| | |
|-------------------------------------|----|
| Corporate Information | 3 |
| Directors' Report | 4 |
| Auditor's Independence Declaration | 13 |
| Half-Year Financial Report | 14 |
| Directors' Declaration | 25 |
| Independent Auditor's Review Report | 26 |

Directors

Non-Executive Chairman
Simon Lee AO

Managing Director
Morgan Hart

Executive Director
Justin Tremain

Non-Executive Directors
Ross Stanley
Ross Williams

Company Secretary
Mark Clements

Principal & Registered Office

1110 Hay Street
West Perth WA 6005
Telephone: +61 8 9286 6300
Facsimile: +61 8 9286 6333

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone: +61 8 9315 2333

Auditors

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

Bankers

National Australia Bank
Level 1, 1238 Hay Street
WEST PERTH WA 6005

Securities Exchange Listing

Australian Securities Exchange
Home Exchange: Perth, Western Australia
Exchange Plaza, 2 The Esplanade
PERTH WA 6000
Code: EMR

Directors' Report

Your directors present their report on the consolidated entity consisting of Emerald Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2016.

1. Directors

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

Simon Lee AO
Morgan Hart
Ross Stanley
Ross Williams

Justin Tremain was appointed as Executive Director on 28 September 2016 and continues in office to the date of this report.

2. Review of Operations

Corporate

On 19 July 2016, Emerald announced it had entered into a definitive Bid Implementation Agreement ('Implementation Agreement') in relation to a proposal to merge with Renaissance Minerals Limited ('Renaissance'). The merger was to be implemented by Emerald making an off-market takeover offer in a share based transaction ('Offer') for all of the issued shares of Renaissance that it did not already own.

Key features of the merged entity included:

- 100% owned Cambodian Gold Project:
 - Okvau and adjoining O'Chhung exploration licences covering approximately 400km² of project area in the core of a prospective Intrusive Related Gold district in the eastern plains of Cambodia
 - 1.13Moz resource estimate at the Okvau Gold Deposit
 - Pre-Feasibility Study ('PFS') completed for single open pit containing 829,000oz at 2.2g/t gold¹. Definitive Feasibility Study ('DFS') underway
 - Substantial exploration and project generation potential
- Simplified single ownership structure and operational management of assets allows for acceleration of exploration and development
- Synergies through removal of duplicated corporate and head office administrative functions
- Strong balance sheet and no debt
- Well positioned for continued project expansion and development
- Enhanced financing options and broader equity market appeal from scale, improved liquidity and ability to source development financing

On 23 September 2016, Emerald announced that it had received acceptances under the Offer giving it an interest of over 90% in Renaissance. The Offer closed on 30 September 2016 with Emerald holding a relevant interest in Renaissance of 96.0%. Emerald moved to compulsorily acquire the remaining outstanding Renaissance shares with the compulsory acquisition process being completed on 14 November 2016 at which time Renaissance became a wholly owned subsidiary of Emerald.

The merged entity created a well-funded gold development company with a strong board and management team which is well placed to develop the Cambodian Gold Project and pursue other value enhancing opportunities.

The net operating loss after tax for the half year ended 31 December 2016 was \$415,197 (2015: \$244,345). As at 31 December 2016, the Group held cash of \$12,133,787.

2. Review of Operations (continued)

Cambodian Gold Project

Background

The 100% owned Okvau and adjoining O'Chhung licences cover approximately 400km² of project area and are located within the core of a prospective Intrusive Related Gold ('IRG') province in the eastern plains of Cambodia. The Project is located in the Mondulkiri Province of Cambodia approximately 265 kilometres north-east of the capital Phnom Penh (refer Figure One).

The topography is relatively flat with low relief of 80 metres to 200 metres above sea level. There are isolated scattered hills rising to around 400 metres. The area is sparsely populated with some limited historical small scale mining activity. An all-weather gravel haulage road servicing logging operations in the area provides good access to within 25 kilometres of the Okvau exploration camp site. The current access over the remaining 25 kilometres is sufficient for exploration activities but is planned to be upgraded to an all-weather road as part of any project development.

A revised independent JORC Indicated and Inferred Resource estimate of 15.8Mt at 2.2g/t for 1.13Moz of gold was completed for the Okvau Deposit in July 2015. Importantly, approximately 85% the resource estimate is in the Indicated category.

The resource estimate comprises 13.2Mt at 2.3g/t gold for 0.96Moz of gold in the Indicated resource category plus 2.7Mt at 2.0g/t gold for 0.17Moz of gold in the Inferred resource category (refer Table One).

Table One | Okvau Mineral Resource Estimate - July 2015

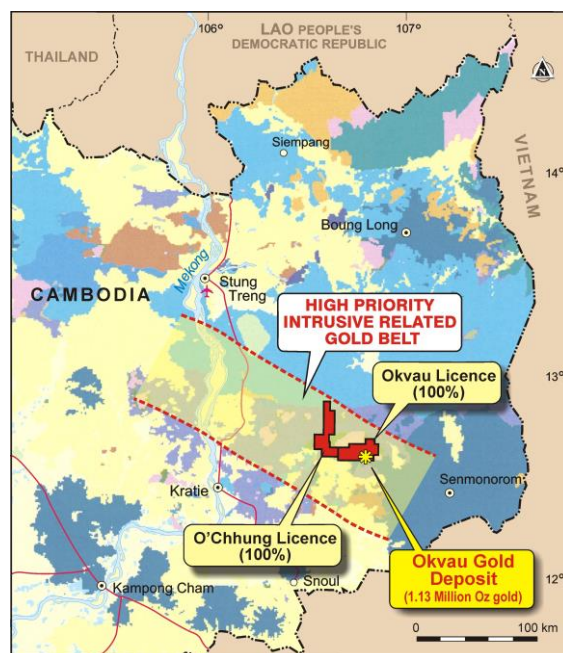
| Okvau July 2015 Mineral Resource Estimate | | | | | | | | | | |
|---|--------------------|----------------|--------------------|-------------------|----------------|--------------------|----------------|----------------|--------------------|--|
| Cut-off (Au g/t) | Indicated Resource | | | Inferred Resource | | | Total Resource | | | |
| | 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) | |
| 0.5 | 14.09 | 2.16 | 978 | 2.88 | 1.87 | 173 | 16.96 | 2.11 | 1,151 | |
| 0.6 | 13.18 | 2.27 | 962 | 2.66 | 1.98 | 169 | 15.84 | 2.22 | 1,131 | |
| 1.0 | 10.17 | 2.71 | 886 | 1.93 | 2.43 | 151 | 12.10 | 2.66 | 1,036 | |
| 1.5 | 7.32 | 3.28 | 773 | 1.29 | 3.02 | 126 | 8.61 | 3.24 | 898 | |
| 2.0 | 5.58 | 3.78 | 678 | 0.95 | 3.50 | 107 | 6.53 | 3.74 | 785 | |

The mineralised vein system of the Okvau Deposit has a current strike extent of 500 metres across a width of 400 metres. The depth and geometry of the resource make it amenable to open pit mining with 73%, or 829,000 ounces of the total resource estimate within the single open pit mine design (refer Renaissance ASX announcement dated 27 July 2015).

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 132 drill holes for 33,351 metres, of which 100 holes or 30,046 metres is diamond core drilling with the remainder being reverse circulation drilling. Emerald has recently completed an additional 7,400 metres of infill drilling to close the drill spacing on the top 120 metres of the deposit to 25 metres by 25 metres. This additional drilling is being incorporated into an updated resource estimate.

The Okvau Deposit and other gold occurrences within the exploration licences are directly associated with diorite and granodiorite intrusions and are best classed as Intrusive Related Gold mineralisation. Exploration to date has demonstrated the potential for large scale gold deposits with the geology and geochemistry analogous to other world class Intrusive Related Gold districts, in particular the Tintina Gold Belt in Alaska (Donlin Creek 38Moz, Pogo 6Moz, Fort Knox 10Moz, Livengood 20Moz).

Figure One | Cambodian Gold Project Location



2. Review of Operations (continued)

There are numerous high priority exploration prospects based upon anomalous geochemistry, geology and geophysics which remain untested with drilling. These targets are all located within close proximity to the Okvau Deposit.

Renaissance completed a PFS in July 2015 (refer Renaissance ASX announcement dated 27 July 2015) for the development of a 1.5Mtpa operation based only on the Okvau Deposit via an open pit mining operation. The PFS demonstrated the potential for a robust, low cost development with an initial Life of Mine of 8 years, producing on average 91,500 ounces of gold per annum via conventional open pit mining methods from a single pit.

Definitive Feasibility Study

Emerald is completing a DFS on the development of the 1.13Moz Okvau Deposit following on from Renaissance's positive Pre-Feasibility Study completed in July 2015. The DFS is on track for completion during the March 2017 Quarter.

Resource Drilling Program

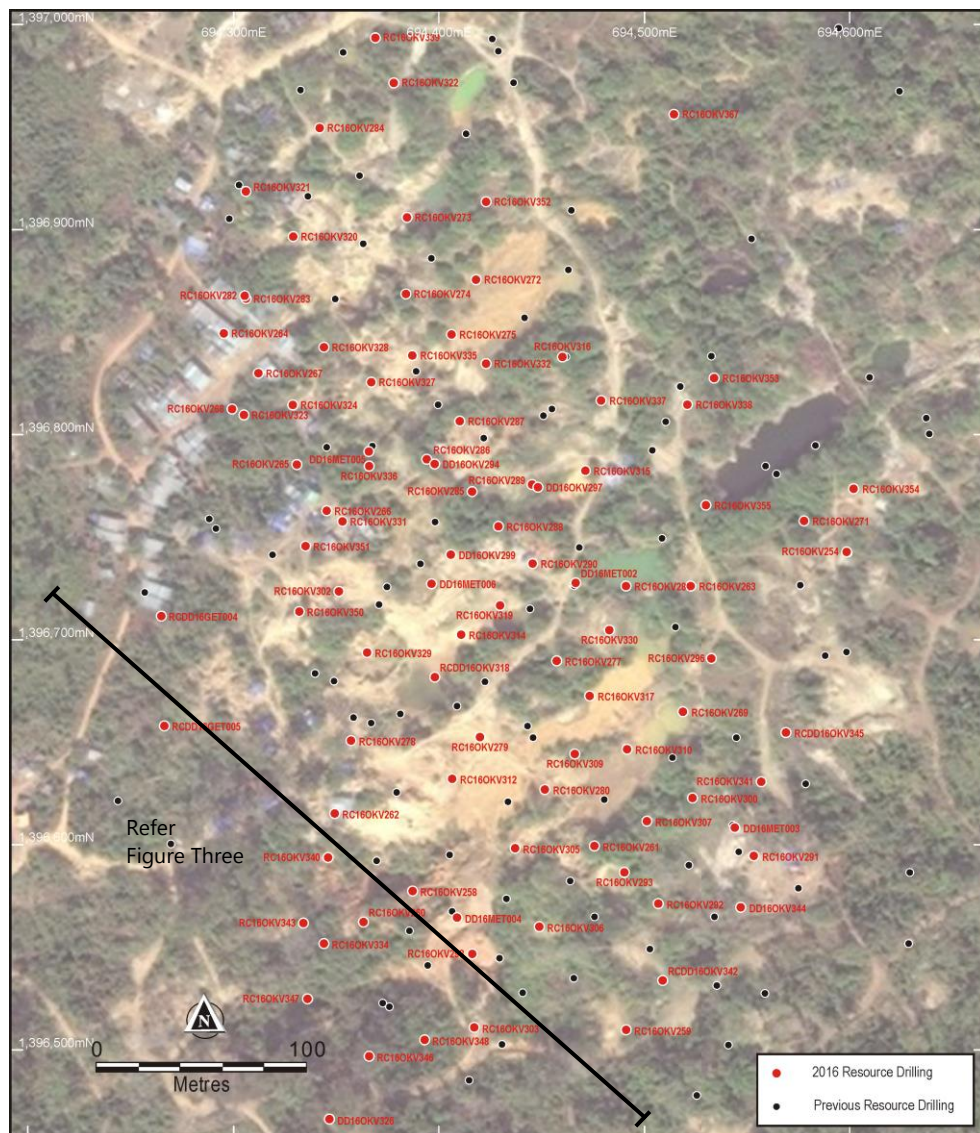
A 7,424 metre resource infill drilling program was completed at the Okvau Deposit designed to improve the confidence in the resource estimate of the top 120 vertical metres of deposit by closing the drill spacing to approximately 25 metres by 25 metres. This part of the deposit will represent the initial ~3 years of mill feed for the project.

Results received (refer ASX announcement 18 October 2016 and 2 December 2016) confirm the existing geological and resource model with this drilling to be incorporated into a new resource estimate and a maiden reserve which will accompany the DFS.

A plan showing the collar locations of the resource drilling, along with historical exploration drill hole collars, is shown over the page in Figure Two.

2. Review of Operations (continued)

Figure Two | Okvau Resource Drilling Collar Location



The Okvau Deposit is hosted predominately in Cretaceous age diorite and, to a lesser extent, surrounding hornfels (metamorphosed, fine-grained clastic sediments). Gold mineralization is hosted within an array of sulphide veins, which strike north-east to south-west, and dip at shallow to moderately steep angles, to the south and south-east. Mineralisation is structurally controlled and mostly confined to the diorite. The highest grade intersections generally occur at the diorite-hornfels contact.

Metallurgy

Metallurgical test work has been undertaken to; optimize the sulphide flotation regime, confirm the leaching regime of previous test work, undertake thickening test work and to establish grinding power requirements. Results to date from the DFS metallurgical test work are in line with results from previous test work completed by Renaissance as part of the PFS. It is expected metallurgical test work will be completed during the March 2017 Quarter.

Engineering & Costings

Mining costs to DFS level of accuracy have been finalized which are based on a schedule of rates quotation from reputable Australian mining contractors that have undertaken country and site visits. Mining studies remain in progress which will incorporate the updated resource estimate based on the additional resource drilling, the updated geotechnical design criteria, mining and processing assumptions and updated processing and mining cost inputs.

2. Review of Operations (continued)

TSF Design & Water Management

Emerald's tailings management consultant, ATC Williams, completed design and cost estimate for the tailings storage facility. Emerald is waiting for the final report for incorporation into the DFS.

Geotechnical

The PFS completed in August 2015 by Renaissance assumed overall pit wall angles of 45 degrees in the pit design. Additional geotechnical holes have been drilled and reviewed by Emerald's geotechnical consultant. Geotechnical parameters for input into the open pit mine design have indicated the pit wall angles may be steepened to +50 degrees overall which would potentially allow for both a deeper pit and lower the strip ratio.

Infrastructure

Numerous meetings and discussions have been ongoing with local authorities in the Mondulkiri province regarding the proposed access road into the Okvau mine site from the provincial capital Sen Monorom. A 50 kilometre road is currently being upgraded by the local Government which will require further upgrade to service the Okvau project and be extended approximately 20 kilometres to the mine site. Emerald is awaiting a final cost and implementation proposal from the local road authority to incorporate into the DFS.

Discussions have been ongoing with the EDC (the body responsible for the transmission and wholesale power supply of electricity in Cambodia) regarding the potential to supply high voltage grid power to the Okvau mine site. The DFS will be based on Emerald supplying its own power through the installation of diesel power generators but it is expected the project will benefit from access to the high voltage National Grid in early years of operation.

ESIA

Exploration

Shallow Extension Drilling

A shallow step-out drill program of ~34 holes or 4,100 metres has been completed. The program was designed to test for incremental strike and down dip extensions outside the current resource block model. Results confirm the potential for additional shallow ounces at the Okvau Deposit with results including (refer ASX announcement 2 December 2016):

Table Two |Summary (+10 gram metre) Resource Step Out Drilling Results

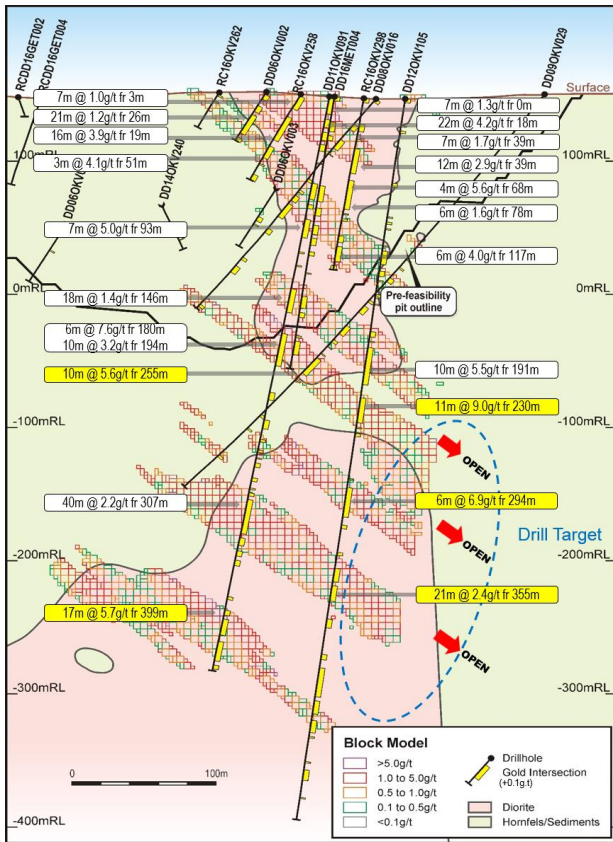
| Hole Name | Intersection | | | Gold (g/t) |
|-------------------|--------------|-----------|--------------|--------------|
| | From (m) | To (m) | Interval (m) | |
| RC16OKV254 | 69 | 73 | 4 | 16.08 |
| RC16OKV334 | 33 | 39 | 6 | 2.90 |
| RC16OKV341 | 80 | 83 | 3 | 3.90 |

Depth Extension Drilling

Deeper diamond core drilling has been undertaken to test for down dip extensions to previous high grade intersections that sit beneath the floor of the PFS open pit (including 11m @ 9.0g/t gold from 230m, 17m @ 5.7g/t gold from 399m, 10m @ 5.6g/t gold from 255m) (refer Figure Three). As at the end of the reporting period assay results from this deeper drilling remain outstanding.

2. Review of Operations (continued)

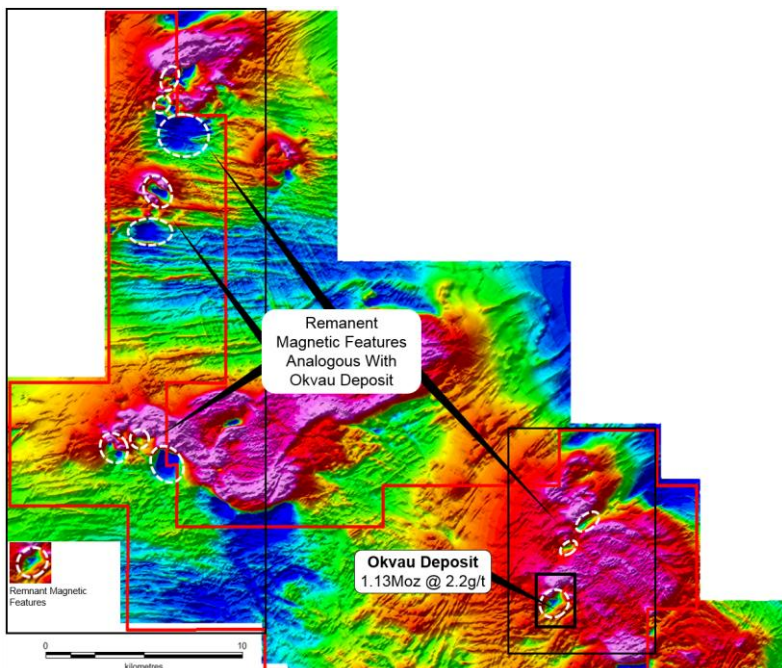
Figure Three | Cross Section



Regional Exploration

Regionally, numerous large remanent magnetic responses, analogous with the remanent magnetic response at the Okvau deposit, highlight large hydrothermal sulphide zones amenable to gold mineralisation (refer Figure Four). The areas are all associated with proximal gold-in-soil anomalism and are untested by drilling. These target areas are all within close proximity to the Okvau deposit and offer exceptional new discovery potentials for Emerald.

Figure Four | Okvau and O'Chung License Area - Remanent Magnetic Features Analogous to Okvau Deposit



Underlying image is 50m line spaced aeromagnetics (TMI-Reduced to Pole) identifying areas of magnetism (remanent) analogous with the Okvau deposit

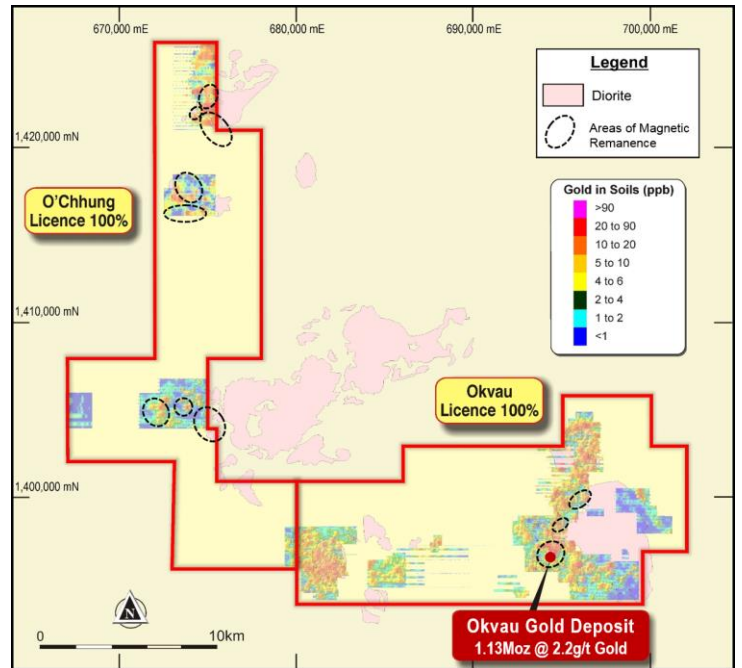
2. Review of Operations (continued)

Renaissance had previously developed an understanding of the important regional structural controls to these hydrothermal sulphide cells along with important local structural controls and pathfinder geochemical signatures. Together these represent zones of highest gold mineralisation potential associated with the hydrothermal sulphide cells.

The areas identified have strong proximal gold-in-soils anomalies which support the association between the hydrothermal sulphide cells and gold mineralisation development (refer Figure Five). None of these areas have been subject to any drill testing.

Emerald plans to advance a number regional exploration targets with initial RC drilling. This drilling will be conducted at the O'Rman Prospect, located ~6 kilometres north of the Okvau Deposit and where up to 7g/t gold in soils have previously been returned and focus on targets in the north end of the O'Chhung license. None of these targets have been subject to any previous drilling.

Figure Five | Okvau & O'Chhung License Areas - Soil Geochemistry



Environmental and Social Impact Assessment

Emerald has appointed Earth Systems to assist it with the execution of the Environmental and Social Impact Assessment (“ESIA”) studies. Earth Systems has previous experience in Cambodia and the region and will utilise the services of a local consultancy, E&A Consultants, in undertaking many of the studies and the preparation of the documents required for the development approvals.

The Okvau project area is sparsely populated, with only a small village inhabited by local artisanal miners and their families. There is no agriculture use or farming in the area. Emerald undertakes regular (6 monthly) census surveys to monitor the activity of these artisanal miners. An updated survey was undertaken in October 2015 which showed continued reduction in local population with an estimated total population of 141 (adult male 63; adult female 47; children 31), accommodated in approximately 53 houses with approximately 20 people involved in artisanal mining. A recent survey undertaken by the Resettlement Committee appointed by the Government to manage the relocation, showed the final number of households that require resettlement was 58 households.

The Okvau Deposit is located outside the Core Zone of the Phnom Prich Wildlife Sanctuary but within the outer boundaries of that sanctuary. Accordingly, the Company recognizes the need to undertake a rigorous ESIA before any mining activities can commence. Local surface artisanal mining activity at Okvau has caused significant disturbance to the area and the development of a modern mining operation, undertaken to the highest environmental standards, will provide the opportunity to remediate some of this disturbance.

Public consultation at local district and provincial levels have been ongoing with very positive feedback from Government and key stakeholders. The draft ESIA was submitted to the Ministry of Environment late December 2016. Workshops and site visits with the Ministry of Environment have been conducted subsequent to the end of the reporting period.

Community Relations

The Company continues to maintain regular and co-operative stakeholder consultations and initiatives with local, provincial and central level government and community representatives.

The most recent initiative by Emerald has been to establish a Seedling Propagation Program at five secondary and primary schools within the Mondulkiri District. The key is to educate students on sustainable development and to demonstrate the Company's commitment to the environment and the rehabilitation of lands affected by operations. The Seedling Propagation Program is a long term commitment between Emerald and the communities and is supported by local and provincial Governors, Forestry Cambodia and the Phnom Prich Wildlife Sanctuary.

Photo One | Meeting Provincial Governor, Keo Seima



Photo Two | Seedling Planting, Keo Seima



Photo Three | Keo Seima Primary School



Photo Four | Mondulkiri Secondary School



About Cambodia

Cambodia is a constitutional monarchy with a constitution providing for a multi-party democracy. The population of Cambodia is approximately 14 million. The Royal Government of Cambodia, formed on the basis of elections internationally recognised as free and fair, was established in 1993. Elections are held every five (5) years with the last election held in July 2013.

Cambodia has a relatively open trading regime and joined the World Trade Organisation in 2004. The government's adherence to the global market, freedom from exchange controls and unrestricted capital movement makes Cambodia one of the most business friendly countries in the region.

The Cambodian Government has implemented a strategy to create an appropriate investment environment to attract foreign companies, particularly in the mining industry. Cambodia has a modern and transparent mining code and the government is supportive of foreign investment particularly in mining and exploration to help realise the value of its potential mineral value.

Figure Six | Regional Cambodia



Project Generation

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

3. Lead Auditor's Independence Declaration

A copy of the lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13.

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



Morgan Hart
Managing Director

Perth, Western Australia, 16 March 2017

¹ Cautionary Statement

The Pre-Feasibility Study (PFS) referred to in this announcement is based on Measured and Indicated Minerals Resources, plus a small proportion of Inferred Mineral Resource. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

The Company advises that the indicated resources provides 92% of the total recovered gold underpinning the forecast production target and financial projections, and that the additional life of mine plan material included in the PFS comprises less than 8% of the total recovered gold. As such, the dependence of the outcomes of the PFS and the guidance provided in this announcement on the lower confidence inferred mineral resource material contained in the life of mine plan is minimal.

² 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 Renaissance Minerals 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 Renaissance Minerals 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. Renaissance Minerals 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.

³ Competent Persons Statements

The information in this report that relates to Exploration Results is based on information compiled by Mr Craig Johnson, who is a consultant to the Company and who is a Member of The Australasian Institute of Geoscientists. Mr Craig Johnson 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 Craig Johnson consents to the inclusion in the report of the matters 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 International Resource Solutions Pty Ltd (Brian Wolfe), who is a consultant to the Company, who is a Member of the Australian Institute of Geoscientists (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 Wolfe consents to the inclusion of the matters based on his information in the form and context in which it appears.

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 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia
16 March 2017



N G Neill
Partner

Contents

| | |
|---|----|
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | 15 |
| Consolidated Statement of Financial Position | 16 |
| Consolidated Statement of Changes in Equity | 17 |
| Consolidated Statement of Cash Flows | 18 |
| Condensed Notes to the Financial Statements | 19 |
| Directors' Declaration | 25 |
| Independent Auditor's Review Report | 26 |

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 2016 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
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 4 - 11, which is not part of this financial report.

The financial report was authorised for issue by the directors on 16 March 2017. 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 Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2016

| | Notes | Consolidated | |
|---|-------|---------------------------|---------------------------|
| | | 31 December 2016 \$ | 31 December 2015 \$ |
| Revenue | | 139,763 | 254,129 |
| Other income | 4 | 172,369 | - |
| Administrative costs | | (158,432) | (173,105) |
| Consultancy expenses | | (105,981) | (79,482) |
| Employee benefits expense | | (222,657) | (86,220) |
| Occupancy expenses | | (53,563) | (40,400) |
| Compliance and regulatory expenses | | (96,416) | (40,455) |
| Insurance expenses | | (49,943) | (16,443) |
| Depreciation expense | | (7,846) | (1,598) |
| Finance costs | | (2,328) | (906) |
| Exploration and feasibility expenditure expensed | 7 | (18,163) | - |
| Fair value loss on financial assets | | (12,000) | (43,918) |
| Other expenditure | | - | (15,947) |
| (Loss) before income tax | | (415,197) | (244,345) |
| Income tax benefit/(expense) | | - | - |
| (Loss) attributable to owners | | (415,197) | (244,345) |
| Other comprehensive income | | | |
| <i>Items that may be reclassified to profit or loss</i> | | | |
| - Exchange differences on translation of foreign operations | 9 | (18,709) | - |
| - Revaluations of available-for-sale financial assets | 9 | (1,321,222) | - |
| Total comprehensive loss for the period | | (1,755,128) | (244,345) |
| Loss for the period is attributable to | | | |
| Owners of the company | | (415,197) | (244,345) |
| Non-controlling interest | | - | - |
| Loss for the period | | (415,197) | (244,345) |
| Total comprehensive loss for the period is attributable to | | | |
| Owners of the company | | (1,755,131) | (244,345) |
| Non-controlling interest | | 3 | - |
| Total comprehensive loss for the period | | (1,755,128) | (244,345) |
| Earnings per share | | | |
| Basic and diluted (loss) / earnings per share - cents per share | | (0.02) | (0.02) |

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

As at 31 December 2016

| | Notes | Consolidated | |
|---|-------|---------------------------|-----------------------|
| | | 31 December 2016 \$ | 30 June 2016 \$ |
| Current Assets | | | |
| Cash and cash equivalents | 5 | 12,133,787 | 11,728,281 |
| Trade and other receivables | | 343,476 | 128,262 |
| Financial assets at fair value through profit or loss | 6 | 20,000 | 3,421,556 |
| Other financial assets | 6 | - | 2,820,000 |
| Total Current Assets | | 12,497,263 | 18,098,099 |
| Non-Current Assets | | | |
| Property, plant and equipment | | 153,377 | 11,690 |
| Other financial assets | 6 | - | 625,595 |
| Exploration and evaluation expenditure | 7 | 43,460,627 | 450,723 |
| Total Non-Current Assets | | 43,614,004 | 1,088,008 |
| Total Assets | | 56,111,267 | 19,186,107 |
| Current Liabilities | | | |
| Trade and other payables | | 848,390 | 433,271 |
| Total Current Liabilities | | 848,390 | 433,271 |
| Total Liabilities | | 848,390 | 433,271 |
| Net Assets | | 55,262,877 | 18,752,836 |
| Equity | | | |
| Issued capital | 8 | 88,460,333 | 50,778,054 |
| Reserves | 9 | 2,492,011 | 3,249,055 |
| Accumulated losses | | (35,590,076) | (35,174,879) |
| Total equity attributable to owners of the parent | | 55,362,268 | 18,852,230 |
| Non-controlling interest | | (99,391) | (99,394) |
| Total Equity | | 55,262,877 | 18,752,836 |

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 2016

| Consolidated | Issued Capital | Options Reserve | Available-for-sale Securities Reserve | Foreign Exchange Translation Reserve | Accumulated Losses | Equity Attributable to the Owners of the Parent | Non-Controlling Interest | Total Equity |
|--|----------------|-----------------|---------------------------------------|--------------------------------------|--------------------|---|--------------------------|--------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2015 | 51,057,425 | 1,711,132 | - | 213,234 | (34,904,943) | 18,076,848 | (95,904) | 17,980,944 |
| Net loss | - | - | - | - | (244,345) | (244,345) | - | (244,345) |
| Total comprehensive loss for the period | - | - | - | - | (244,345) | (244,345) | - | (244,345) |
| Total equity at 31 December 2015 | 51,057,425 | 1,711,132 | - | 213,234 | (35,149,288) | 17,832,503 | (95,904) | 17,736,599 |
| Balance at 1 July 2016 | 50,778,054 | 1,711,132 | 1,321,222 | 216,701 | (35,174,879) | 18,852,230 | (99,394) | 18,752,836 |
| Net loss for the period | - | - | - | - | (415,197) | (415,197) | - | (415,197) |
| Net change in fair value of available for sale securities | - | - | (1,321,222) | - | - | (1,321,222) | - | (1,321,222) |
| Exchange differences on translation of foreign operations | - | - | - | (18,712) | - | (18,712) | 3 | (18,709) |
| Total comprehensive loss for the period | - | - | (1,321,222) | (18,712) | (415,197) | (1,755,131) | 3 | (1,755,128) |
| <i>Transactions with owners recorded directly in equity:</i> | | | | | | | | |
| Issue of ordinary shares | 37,682,279 | - | - | - | - | 37,682,279 | - | 37,682,279 |
| Transaction costs of issuing capital | - | - | - | - | - | - | - | - |
| Share based payment transactions | - | 582,890 | - | - | - | 582,890 | - | 582,890 |
| | 37,682,279 | 582,890 | - | - | - | 38,265,169 | - | 38,265,169 |
| Total equity at 31 December 2016 | 88,460,333 | 2,294,022 | - | 197,989 | (35,590,076) | 55,362,268 | (99,391) | 55,262,877 |

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

For the Half-Year Ended 31 December 2016

| | Notes | Consolidated | |
|---|----------|---------------------------|---------------------------|
| | | 31 December 2016 \$ | 31 December 2015 \$ |
| Cash flows from operating activities | | | |
| Payments to suppliers and employees | | (551,070) | (429,716) |
| Interest received | | 184,191 | 292,621 |
| Payments for exploration and evaluation | | (4,715,033) | - |
| Payments for the costs of the merger | | (750,221) | - |
| Net cash (used in) operating activities | | (5,832,133) | (137,095) |
| Cash flows from investing activities | | | |
| Payments for financial assets | | - | (943,918) |
| Proceeds from disposal of financial assets at fair value through profit or loss | | 494,972 | - |
| Proceeds from disposal of other financial assets | | 2,833,000 | - |
| Payments for transaction costs of acquisition of subsidiary | | (221,101) | - |
| Cash acquired on acquisition of subsidiary | 11 | 3,139,653 | - |
| Net cash provided by/(used in) investing activities | | 6,246,524 | (943,918) |
| Net cash provided by financing activities | | - | - |
| Net increase/(decrease) in cash and cash equivalents | | 414,391 | (1,081,013) |
| Cash and cash equivalents at the beginning of the period | 5 | 11,728,281 | 17,965,799 |
| Effect of exchange rates on cash holding in foreign currencies | | (8,885) | - |
| Cash and cash equivalents at the end of the period | 5 | 12,133,787 | 16,884,786 |

Amounts shown above relating to payments to suppliers and employees include goods and services tax.

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

1. Basis of preparation of half-year report

This general purpose interim financial report for the half-year reporting period ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

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 2016 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*. For the purposes of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period accept as stated in this note. 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. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

New and Revised Accounting Requirements Applicable to the Current Half-year Reporting

Standards and Interpretations applicable to 31 December 2016

In the half-year ended 31 December 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2016.

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 Company and therefore no material change is necessary to Group accounting policies.

Standards and Interpretations on issue not yet effective to 31 December 2016

The Directors have also reviewed all of the new and revised Standards and Interpretations on issue not yet effective that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 January 2017.

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 issue not yet effective on the Company and therefore no material change is necessary to Group accounting policies.

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.

Except as described below, 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 2016.

Exploration and evaluation expenditure

Deferred exploration and evaluation expenditure is carried forward where right of tenure of the area of interest is current. This expenditure is carried forward at reporting date where either;

- Exploration and evaluation activities have not reached a stage that permits a reasonable assessment of the existence of economically recoverable reserves; or
- Exploration and evaluation activities provide a basis that capitalised expenditure will be recouped through commercial production.

The ultimate recoupment of expenditure carried forward for exploration and evaluation is dependent upon successful development and commercial exploitation or sale of respective areas.

Taxation

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

2. 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, USA 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 2016 is as follows:

| | Exploration and evaluation | | | | Total \$ |
|---|----------------------------|-----------------|-----------|-----------------|-------------|
| | Cambodia \$ | Australia \$ | USA \$ | Corporate \$ | |
| Half-year ended 2016 | | | | | |
| Total segment revenue | - | - | - | 139,763 | 139,763 |
| Interest revenue | - | - | - | 139,763 | 139,763 |
| Total segment gain/(loss) before income tax | (2,311) | (16,092) | - | (396,794) | (415,197) |
| Half-year ended 2015 | | | | | |
| Total segment revenue | - | - | - | 254,129 | 254,129 |
| Interest revenue | - | - | - | 254,129 | 254,129 |
| Total segment gain/(loss) before income tax | - | - | (15,947) | (228,398) | (244,345) |
| Total segment assets | | | | | |
| 31 December 2016 | 43,681,509 | - | 2,573 | 12,427,185 | 56,111,267 |
| 30 June 2016 | - | - | 2,402 | 19,183,705 | 19,186,107 |
| Total segment liabilities | | | | | |
| 31 December 2016 | (338,477) | - | (16,548) | (493,365) | (848,390) |
| 30 June 2016 | - | - | (3,161) | (430,110) | (433,271) |

3. Dividends

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

| | Consolidated | |
|------------------------------------|---------------------------|---------------------------|
| | 31 December 2016 \$ | 31 December 2015 \$ |
| 4. Other Income | | |
| Foreign exchange gains | 22,115 | - |
| Profit on sale of financial assets | 150,254 | - |
| Total other income | 172,369 | - |

| | Consolidated | |
|--|---------------------------|-----------------------|
| | 31 December 2016 \$ | 30 June 2016 \$ |
| 5. Cash & Cash Equivalents | | |
| (a) Cash & cash equivalents | | |
| Cash at bank and in hand | 3,030,787 | 1,728,281 |
| Deposits | 9,103,000 | 10,000,000 |
| Total cash and cash equivalents | <u>12,133,787</u> | <u>11,728,281</u> |
| (b) Cash at bank and on hand | | |
| Cash on hand is non-interest bearing. Cash at bank bears interest rates between 0.01% and 0.60% (30 June 2016: 0.01% and 0.60%). | | |
| (c) Deposits | | |
| Deposits are bearing an interest rates between 2.61% and 2.70% (30 June 2016: 2.90% and 3.06%). | | |

| | Consolidated | |
|---|--|-----------------------|
| | 31 December 2016 \$ | 30 June 2016 \$ |
| 6. Financial Assets | | |
| (a) Current | | |
| Financial assets at fair value through profit or loss (Level 1) | 20,000 | 377,000 |
| Financial assets available for sale (Level 1) ⁽ⁱ⁾ | - | 3,044,556 |
| Term deposits over 3 months but not more than 12 months | - | 2,820,000 |
| Total current financial assets | <u>20,000</u> | <u>6,241,556</u> |
| (i) | The financial assets available-for-sale held as at 30 June 2016 related to a 10% interest in Renaissance Minerals Limited. The Company acquired 100% of Renaissance Minerals Limited during the period and is accounted for within the consolidated Group. Refer to Note 11. | |
| (b) Non Current | | |
| Loan receivable ⁽ⁱⁱ⁾ | - | 625,595 |
| Total non current financial assets | <u>-</u> | <u>625,595</u> |
| (ii) | The loan as at 30 June 2016 is to Renaissance Cambodia Pty Ltd which was acquired during the period as part of the Renaissance Minerals Limited acquisition and is accounted for within the consolidated Group. Refer to Note 11. | |

| | Consolidated | |
|---|---|--|
| | Six months to 31 December 2016 \$ | Twelve months to 30 June 2016 \$ |
| 7. Exploration & Evaluation Expenditure | | |
| Costs carried forward in respect of areas of interest: | | |
| <i>Exploration and evaluation phase – at cost</i> | | |
| Balance at the beginning of the period | 450,723 | - |
| Capitalised loan to Renaissance Cambodia Pty Ltd | 625,595 | - |
| Exploration and evaluation expenditure incurred | 4,501,542 | 450,723 |
| Acquired on acquisition (Note 11) | 37,900,930 | - |
| Exploration and evaluation expenditure expensed | (18,163) | - |
| Closing balance at the end of the period | <u>43,460,627</u> | <u>450,723</u> |
| The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas. | | |

Condensed Notes to the Financial Statements
For the half-year ended 31 December 2016

| | Consolidated | | | |
|------------------------------|-------------------------------|---------------------------|---------------------------|-----------------------|
| | 31 December 2016 Shares | 30 June 2016 Shares | 31 December 2016 \$ | 30 June 2016 \$ |
| 8. Contributed Equity | | | | |
| (a) Issued capital | | | | |
| Ordinary shares - fully paid | 2,107,977,533 | 1,306,627,448 | 88,460,333 | 50,778,054 |

| | Date | Shares | Consolidated | |
|--|-------------|----------------------|--------------|-------------------|
| | | | Issue Price | Total \$ |
| (b) Movements in issued capital | | | | |
| Opening balance as at 1 July 2015 | | 1,306,594,114 | | 51,057,425 |
| Share placement | 5 May 2016 | 33,334 | \$0.030 | 1,000 |
| Less: Transaction costs | | | | (280,371) |
| Closing balance as at 30 June 2016 | | <u>1,306,627,448</u> | | <u>50,778,054</u> |
| Opening balance as at 1 July 2016 | | 1,306,627,448 | | 50,778,054 |
| Renaissance Minerals Limited acquisition | 5 Oct 2016 | 765,746,760 | \$0.047 | 36,080,129 |
| Renaissance Minerals Limited acquisition | 14 Nov 2016 | 35,603,325 | \$0.045 | 1,602,150 |
| Closing balance as at 31 December 2016 | | <u>2,107,977,533</u> | | <u>88,460,333</u> |

| | Consolidated | |
|--|---------------------------|-----------------------|
| | 31 December 2016 \$ | 30 June 2016 \$ |
| 9. Reserves | | |
| (a) Option reserves | | |
| Opening balance | 1,711,132 | 1,711,132 |
| Options issued to Renaissance Minerals Limited option holders | 582,890 | - |
| Closing balance | <u>2,294,022</u> | <u>1,711,132</u> |
| During the period issued unlisted share options to option holders of Renaissance Minerals Limited as part of the acquisition. Refer to Note 10 and 11. | | |
| (b) Available-for-sale securities reserve | | |
| Opening balance | 1,321,222 | - |
| Net change in fair value of available-for-sale securities | - | 1,321,222 |
| Reversal of reserve upon acquisition of Renaissance Minerals Limited | (1,321,222) | - |
| Closing balance | <u>-</u> | <u>1,321,222</u> |
| (c) Foreign currency translation reserve | | |
| Opening balance | 216,701 | 213,234 |
| Exchange differences arising on translation of foreign operations | (18,712) | 3,467 |
| Closing balance | <u>197,989</u> | <u>216,701</u> |
| (d) Total reserves | | |
| Option reserve | 2,294,022 | 1,711,132 |
| Available-for-sale securities reserve | - | 1,321,222 |
| Foreign currency translation reserve | 197,989 | 216,701 |
| Total reserves | <u>2,492,011</u> | <u>3,249,055</u> |

10. Options

(a) Movements in options

The following sets out a summary of option movements during the six month period ending 31 December 2016:

| Expiry date | Exercise price | Balance at start of period | Issued during the period | Exercised during the period | Cancelled/lapsed during the period | Balance at end of the period |
|-------------|----------------|----------------------------|--------------------------|-----------------------------|------------------------------------|------------------------------|
| 20 Jan 2020 | \$0.025 | 20,000,000 | - | - | - | 20,000,000 |
| 15 Oct 2017 | \$0.065 | - | 15,190,000 | - | - | 15,190,000 |
| 30 Sep 2020 | \$0.032 | - | 22,552,500 | - | - | 22,552,000 |

(b) Options issued on the acquisition of Renaissance Minerals Limited

During the period 37,742,500 unlisted share options were granted to option holders of Renaissance Minerals Limited as part of the acquisition. The fair value of the options is estimated as at the date of grant using the Black Scholes calculation, taking into accounts the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the half-year ended 31 December 2016:

| | Expiry | |
|---|-------------|-------------|
| | 15 Oct 2017 | 30 Sep 2020 |
| Expected share price volatility (%) | 80.00% | 80.00% |
| Risk-free interest rate (%) | 1.67% | 1.78% |
| Discount for lack of marketability | 20.00% | 20.00% |
| Exercise price | \$0.065 | \$0.032 |
| Life of the option | 1.0 years | 4.0 years |
| Weighted average underlying share price | \$0.042 | \$0.042 |

An amount of \$582,890 was recognised as part of the acquisition consideration of Renaissance Minerals Limited during the period, refer to Note 11.

11. Acquisition of Renaissance Minerals Limited

On 16 September 2016 Emerald increased its holding to 79.21% of the issued capital of Renaissance Minerals Limited ('Renaissance'). The initial interest was acquired through the acquisition of 10.00% interest on 9 February 2016 and a further 69.21% under contracts arising upon the acceptance of offers for Renaissance shares as set out in Emerald's Bidders Statement dated 19 August 2016 ('Bidders Statement').

Between 17 September 2016 and 14 November 2016 Emerald acquired the remaining 20.79% of the issued capital of Renaissance on the terms as set out in the Bidders Statement.

The acquisition of the issued capital in Renaissance that Emerald did not already hold was effected by way of Emerald issuing shares as follows:

| Issue date | No of shares | Value per share | Total (\$) |
|------------------|--------------|-----------------|------------|
| 5 October 2016 | 765,746,760 | \$0.047 | 36,080,129 |
| 14 November 2016 | 35,603,325 | \$0.045 | 1,602,150 |
| | 801,350,085 | | 37,682,279 |

Emerald also acquired the 24,350,000 Renaissance options on issue through the issue of 37,742,500 Emerald options to Renaissance optionholders valued at \$582,890.

Acquisition costs totalled \$221,101 and are capitalised as part of the asset acquisition.

11. Acquisition of Renaissance Minerals Limited (continued)

Total consideration issued and transaction costs for the acquisition of the issued capital in Renaissance that Emerald did not already hold are as follows:

| | \$ |
|---|-------------------|
| Emerald shares issued to Renaissance shareholders | 37,682,279 |
| Emerald options issued to Renaissance optionholders | 582,891 |
| Transaction costs | 221,101 |
| Total purchase consideration and transaction costs | <u>38,486,271</u> |

The initial 10% investment was acquired for \$1,723,331 which brings the total investment in Renaissance to \$40,209,602.

Details of the purchase consideration, net assets acquired and fair value adjustments as at the date of acquisition being 16 September 2016 are as follows:

| | \$ |
|--|--------------------|
| Assets and liabilities recognised as a result of the acquisition | |
| Cash and cash equivalents | 3,139,653 |
| Trade and other receivables | 204,213 |
| Property, plant and equipment | 147,562 |
| Exploration and evaluation expenditure | 18,213,324 |
| Fair value adjustment for exploration and evaluation expenditure | 19,687,606 |
| Trade and other payables | <u>(1,182,756)</u> |
| Net identifiable assets acquired | <u>40,209,602</u> |

The initial accounting for the acquisition of Renaissance has only been provisionally determined at the end of the half-year reporting period. At the date of finalisation of this financial report, the necessary valuations and other calculations had not been finalised and the fair value of the acquired assets and associated deferred tax liabilities above have therefore only been provisionally determined based on the Directors' best estimate of the likely fair value.

12. Commitments and Contingencies

As a result of the acquisition of Renaissance Minerals Limited, there has been the following material changes to commitments and contingencies since 30 June 2016:

- (i) The Group has a contingent liability relating to a 1.5% gross smelter royalty capped at \$22.5 million payable to a subsidiary of OZ Minerals Limited on production from the Cambodian Gold Projects.

There are no further material changes to commitments and contingences since 30 June 2016.

13. Events Occurring Subsequent to Reporting Date

There are no material events subsequent to balance date.

Director's Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 14 to 24 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 consolidated entity's financial position as at 31 December 2016 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.



Morgan Hart
Managing Director

Perth, Western Australia, 16 March 2017

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 consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other 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 notes, 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.

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 gives a true and fair view and 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 2016 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 2016 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
Chartered Accountants



N G Neill
Partner

Perth, Western Australia
16 March 2017