EMERALD
RESOURCES NL

ABN 72 009 795 046

# Annual Report
## 2019

## Contents

## Corporate Directory

**Non-Executive Chairman**
Simon Lee AO

**Managing Director**
Morgan Hart

**Executive Director**
Michael Evans

**Non-Executive Directors**
Ross Stanley
Ross Williams

**Company Secretary**
Mark Clements

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**Bankers**
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50 St Georges Terrace
PERTH WA 6000

**Solicitors**
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**Stock Exchange Listing**
Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: EMR

**Website Address**
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## Chairman's Letter

Dear Fellow Shareholders,

As I look back on the last three years since completing the merger with Renaissance Minerals in late 2016, I reflect on the significant milestones that our management team and staff in Australia and Cambodia have been able to successfully achieve. Our Company is now on the cusp of becoming the first modern large-scale Cambodian gold producer as a result of the following milestones:

- Successful completion of the Definitive Feasibility Study ('DFS') for the Okvau Gold Project which included the Company's maiden gold ore reserve estimate of 907,000 ounces at 1.98g/t gold. The results of the DFS demonstrate that the Okvau Gold Project is a robust project producing 106,000 ozs of gold per annum over an initial seven-year mine life;
- Completion of the Environmental and Social Impact Assessment which paved the way for the Environmental Contract for the Okvau Gold Project including the rezoning of the development area to sustainable use;
- The grant of the Industrial Mining Licence over the project area allowing for development of the Okvau Gold Project; and
- The announcement in June 2019 of an investment committee approved Term Sheet with Sprott Resources Lending II L.P for the development of the Okvau Gold Project. Since that time management have continued to work diligently to finalise the remaining conditions precedent to the drawdown of the facility which includes the Mineral Investment Agreement.

Given that the Okvau Gold Project is located in a jurisdiction that does not currently have any large-scale modern mining and with little precedent for the approval of such operations, our management team are to be commended for their efforts in achieving these milestones in such a relatively short period of time.

I'd also like to thank the Royal Government of Cambodia and its various Ministries for their efforts in undertaking a clear and thorough process which has now created a pathway to develop the Okvau Gold Project.

During the year, our management team led by Morgan Hart looked to commence development activities to move the project forward whilst project financing was being secured. In December 2018 the Company successfully completed a A$28 million share placement which allowed for the following development activities to commence:

- Relocation and resettlement of 62 families from the project area which has now been successfully completed;
- Access road construction and upgrades including construction of a 35-tonne bridge across the Prek Te River to allow year-round access to site;
- Power line construction to site to ensure grid power is available for commissioning of operations; and
- Early works design which completed aspects include technical and commercial evaluation of major equipment to allow fast tracking of procurement activities.

We are continuously engaging with the Royal Government of Cambodia and other key stakeholder groups that are interested in and affected by different aspects of our business. Our focus is on sustainable development and to demonstrate the Company's commitment to the environment and local communities which may be affected by our operations.

On behalf of the Board, I would like to thank our dedicated management, employees and contractors for their continued efforts throughout the year. I very much look forward to the year ahead as we finalise project funding for plant construction and mine development as we continue on the journey to becoming the first modern large-scale Cambodian gold producer.

Yours faithfully,

**Simon Lee AO**
**Chairman**

The Directors of Emerald Resources NL ('Emerald' or 'the Company') submit herewith the consolidated financial statements of the Company and its controlled entities for the year ended 30 June 2019 in order to comply with the provisions of the *Corporations Act 2001*.

## 1. Directors

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

| | | |
|---|---|---|
| Simon Lee AO | Non-Executive Chairman | |
| Morgan Hart | Managing Director | |
| Michael Evans | Executive Director | (appointed 3 October 2018) |
| Ross Stanley | Non-Executive Director | |
| Ross Williams | Non-Executive Director | |

Justin Tremain was a Non-executive Director from the beginning of the financial year until his resignation on 3 October 2018.

## 2. Principal Activities

The principal activity of the consolidated entity during the financial year was mineral exploration and evaluation activities, primarily in Cambodia which included advancing the development of the Company's Okvau Gold Project. There were no significant changes in the nature of the consolidated entity's principal activities during the financial year.

## 3. Operating Results

The loss attributable to owners of the consolidated entity after providing for income tax amounted to $8,859,935 (2018: $11,423,602). The prior year loss includes a non-cash impairment write-down of $4,300,000 relating to the O'Chhung exploration license acquisition costs.

## 4. Dividends Paid or Recommended

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

## 5. Financial Position

The consolidated entity has $17,520,885 in cash and cash equivalents as at 30 June 2019 (2018: $1,177,887). The completion of the Definitive Feasibility Study ("DFS") in May 2017 confirmed the Okvau Gold Project in Cambodia as a robust and compelling project. Following the completion of the DFS, the Company finalised the licencing process and in the current year has been working through the financing for the development of the Okvau Gold Project.

## 6. Business Strategies & Prospects for the Forthcoming Year

Emerald will remain focused on developing the Okvau Gold Project and actively exploring for gold mineralisation within its current portfolio of projects in Cambodia with the object of identifying additional commercial resources. Emerald may also continue to identify new opportunities within Cambodia and throughout the rest of the World for further potential acquisitions which may offer value enhancing opportunities for shareholders.

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

## 7. Significant Changes in the State of Affairs

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

- On 26 June 2019 the Company announced that it had signed a US$60M investment committee approved Term Sheet ('Okvau Facility') with Sprott Private Resource Lending II L.P. ('Sprott') for development of the Okvau Gold Project along with access to a US$100M Acquisition and Development Facility which creates an opportunity to deliver a pipeline of assets to utilise Emerald's experienced development team. The Okvau Facility remains subject to a number of conditions precedent including legal due diligence and the signing of a Mineral Investment Agreement to Sprott's satisfaction for the development of the Okvau Gold Project.

## 7. Significant Changes in the State of Affairs (continued)

- On 19 December 2018 the Company announced the successful completion of a A$28 million placement to existing and new institutional shareholders including a Share Purchase Plan to existing eligible shareholders. The placement provides funding to be used towards:
  - commencing development activities at the Okvau Gold Project;
  - regional exploration program on Emerald's 1,442km² Cambodian exploration footprint;
  - repayment of unsecured loans; and
  - ongoing working capital requirements and costs of the placement.
- As announced on 10 July 2018, the Company was granted an Industrial Mining Licence covering 11.5km² which allows for the development of the Okvau Gold Project. The Industrial 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.

## 8. Review of Operations

### Cambodian Gold Projects

**Background**

Emerald's main focus is the exploration and development of its Cambodian Gold Projects which comprise of a combination of 100% owned granted licences, applications, earn-in and joint venture agreements covering a combined area of 1,442km². The 100% owned 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 Mondulkiri (refer Figures One and Two). The town of Kratie is located on the Mekong River approximately 90 kilometres to the west and the capital of Mondulkiri, Saen Monorom 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 11.5 km² which allows for the development of the Okvau Gold Project. 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.

In December 2018 the Company successfully completed a A$28 million share placement which allowed for development activities to commence. This included:

- Relocation and resettlement of 62 families from the project area which has been successfully completed;
- Access road construction and upgrades including construction of a 35-tonne bridge across the Prek Te River to allow year-round access to site;
- Power line construction to site to ensure grid power is available for commissioning of operations; and
- Early works design which completed aspects include technical and commercial evaluation of major equipment to allow fast tracking of procurement activities.

In June 2019 Emerald announced that it had entered into an investment committee approved term sheet with Sprott Private Resource Lending II L.P. ('Sprott') to provide a US$60 million facility ('Okvau Facility') to be utilized towards the financing of the Okvau Gold Project. The Okvau Facility remains subject to a number of conditions precedent including legal due diligence and the signing of a Mineral Investment Agreement to Sprott's satisfaction for the development of the Okvau Gold Project. Following a comprehensive technical due diligence period including completion of an independent expert report and in-country site visits, the arrangement of the Okvau Facility represents a significant milestone on the path to development of, and ultimately production from the Okvau Gold Project.

## 8. Review of Operations (continued)

Topography of the tenure area is relatively flat with low relief of 80 metres to 200 metres above sea level. The Okvau Deposit and other gold occurrences within the tenure 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**

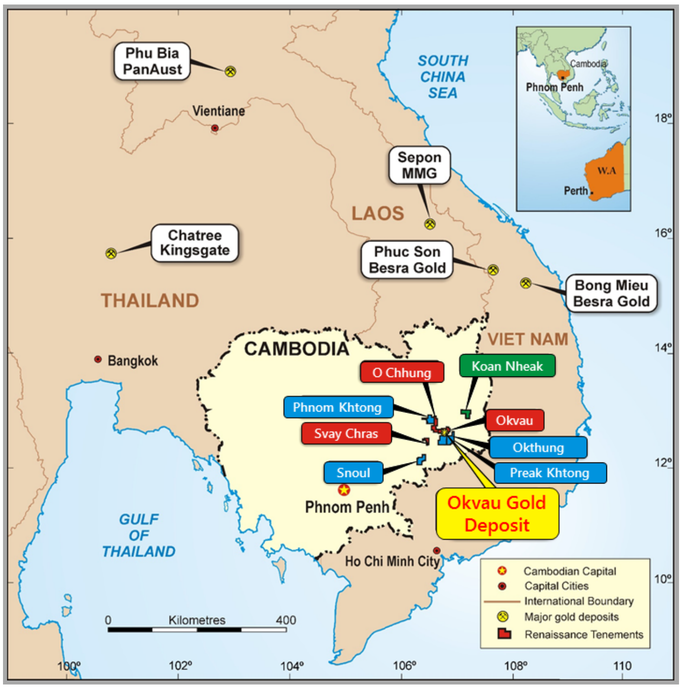
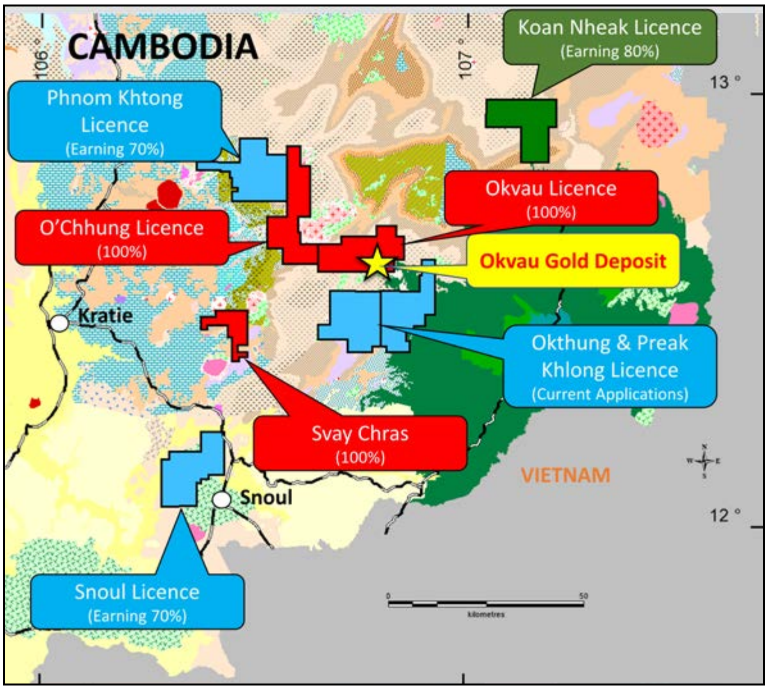



**Figure Two | Cambodian Gold Project | Exploration Licence Areas**




## Okvau Gold Project

### Okvau Gold Project | Definitive Feasibility Study

The May 2017 DFS on the development of a 2.0Mtpa operation at the Okvau Gold Project and was completed to $^{+/-}$ 15% level of accuracy (refer Table Three).

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 highlight a financially robust project with an average LOM AISC of US$731/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.

At a gold price of US$1,250/oz, the Okvau Gold Project generates a $NPV_{(5\%)}$ of US$223M (A$298M) pre-tax and US$160M (A$213M) post-tax with an Internal Rate of Return (IRR) of 48% pa pre-tax and 40% post-tax. At a US$1,250/oz gold price, the payback of the total capital funding requirement is expected to be 26 months pre-tax and 30 months post-tax, from first gold pour.

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 One).

## 8. Review of Operations (continued)

**Table One | Okvau Mineral Resource Estimate - June 2019**

| Okvau June 2019 Mineral Resource Estimate | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Indicated Resource | | | Inferred Resource | | | Total Resource | | |
| Cut-off (Au g/t) | Tonnage (Mt) | Grade (g/t Au) | Contained Au (Koz) | Tonnage (Mt) | Grade (g/t Au) | Contained Au (Koz) | Tonnage (Mt) | Grade (g/t Au) | Contained Au (Koz) |
| 0.70 | 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 Two).

**Table Two| Okvau Ore Reserve Estimate - June 2019**

| Okvau June 2019 Ore Reserve Estimate | | | |
|---|---|---|---|
| | Tonnage (Mt) | Grade (g/t Au) | Contained Au (Koz) |
| 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.

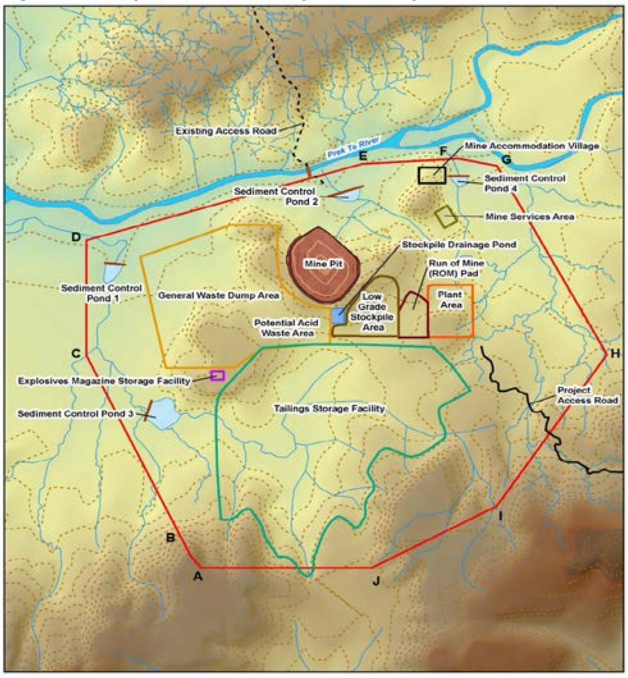
The Okvau Deposit remains open. There is significant potential to define additional ounces from both shallow extensions along strike to the north-east and at depth. The current resource estimate is underpinned by 217 drill holes for 42,257 metres, of which 112 holes or 31,447 metres is diamond core drilling 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.

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 Three.

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

**Figure Three | Okvau Gold Project Site Layout Plan**



## 8. Review of Operations (continued)

**Table Three| Study Results[1]**

| | | | |
|---|---|---|---|
| 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$1,100/oz** | **US$1,250/oz** | **US$1,400/oz** |
| Gross Revenue | US$838M | US$952M | US$1,066M |
| LOM Net Revenue (net of royalties[4] and refining) | US$801M | US$911M | US$1,020M |
| Operating Cash Flow pre-tax | US$309M | US$419M | US$528M |
| Project Cash Flow pre-tax | US$188M | US$298M | US$407M |
| $NPV_{(5\%)}$ pre-tax | US$133M | US$223M | US$313M |
| $NPV_{(5\%)}$ post-tax[5] | US$95M | US$160M | US$224M |
| Payback pre-tax | 3.0 years | 2.2 years | 1.6 years |
| Payback post-tax | 3.3 years | 2.5 years | 1.8 years |
| IRR pre-tax | 32% | 48% pa | 63% |
| IRR post-tax[5] | 27% | 40% pa | 54% |
| LOM C1 Cash Costs[6] | US$650/oz | US$650/oz | US$650/oz |
| LOM All-In Sustaining Costs ('AISC')[7] | US$725/oz | US$731/oz | US$737/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 2.5% gross and a third-party royalty of 1.5% gross (capped to A$22.5M).
5 Taxation is based on Cambodian tax law and does not allow for any incentives or tax relief.
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 costs, 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 will manage 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 will be 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 will be to maximise the extent of procurement from within Cambodia.

## 8. Review of Operations (continued)

### Okvau Gold Project | Development Activities

#### Access Road

In April 2019 the Company announced that negotiations for the construction of the access road had been finalised resulting in the signing of a binding MoU with the Mondulkiri Provincial Department of Rural Development. The MoU agrees the construction of a 35-tonne bridge across the Prek Te River, upgrades to an existing rural road and the construction of a new section of planned road which will allow continuous access to the Okvau site throughout the May – September wet season. Site access construction activities have commenced and are progressing in line with the commitments included in the binding MoU.

**Figure Four | New Road Construction**

**Figure Five | Bridge Construction**

#### Grid Power

The power line to supply grid power to the Okvau Gold Project is progressing in line with expectations. Civil works between the Kratie sub station and site are nearing completion with the erection of towers and stringing of lines progressing. The power line contractor expects completion prior to the end of 2019. The provision of grid power is a critical step to production and is on track to be available upon commissioning of operations.

**Figure Six | Aerial View Powerline Towers and Corridor 15 km from site**

## 8. Review of Operations (continued)

### Site Activities

During the year the installation of a security fence around the PDA commenced which ensures the safety of personnel, visitors and wildlife. The installation is materially complete allowing the site to be secured for construction activities.

Raw materials for producing concrete have also been transported to site during the dry season to allow construction activities to commence during the wet season prior to completion of the access road.

**Figure Seven | PDA Fence**

**Figure Eight | Raw Materials**

### Early works Design Engineering

The early works engineering phase has been completed by Mintrex Pty Ltd. This phase included technical and commercial evaluation of major equipment to allow fast tracking of procurement activities to ensure site deliveries in line with the project development timeline requirements.

### Mining Contract

On 30 January 2019 the Company announced that an MoU had been signed with MACA Limited ('MACA') to supply earthmoving equipment and conduct contract mining services at the Okvau Gold Project. The MoU is subject to a final investment decision to develop the project by the Emerald Board of Directors and commits Emerald and MACA to collectively develop the Okvau Gold Project in a traditional principal contractor relationship. The MoU acknowledges that both parties are in agreement on the terms, conditions, schedule and schedule of earthmoving rates contained in a mutually negotiated mining services contract (to be signed and actioned on a final investment decision on the project by the Emerald Board of Directors). Emerald views the signing of the MoU with MACA as a very positive step in the development of the Okvau Gold Project adding a high level of confidence in the execution of the mining schedule with the highly experienced MACA earthmoving team. The contract provides for the use of new fit for purpose earthmoving equipment with an onsite expatriate management team experienced in similar international operations. The Board and Management of Emerald have worked closely with the team at MACA over the past 20 years in a multitude of different operations and are very pleased to continue the relationship on the Okvau Gold Mine Development.

### Mineral Investment Agreement ('MIA')

Following the most recent Mineral Investment Committee workshop held during the year, the next step in the process was to translate the negotiated draft of the MIA into Khmer in preparation for final approval and signing. The translated version of the MIA has been submitted to the Ministry of Mines & Energy ('MME') for their review of the translation prior to final agreement by the MME and the Ministry of Economy and Finance. Emerald expect to be issued with the signed final MIA agreement in the near term. The signing of the MIA to Sprott's satisfaction is one of the major conditions precedent to the drawdown of the project debt facility.

## 8. Review of Operations (continued)

### Okvau Gold Project | Project Financing

Project Finance

On 26 June 2019 the Company announced that it had signed the US$60M Okvau Facility with Sprott for development of the Okvau Gold Project.

Following a comprehensive technical due diligence period including completion of an independent expert report and in-country site visits, the arrangement of the Okvau Facility represents a significant milestone on the path to development of, and ultimately production from the Okvau Gold Project. Sprott has also offered access to an additional facility of up to US$100 million ('Acquisition and Development Facility') to fund future project development and acquisition opportunities identified by Emerald and agreed with Sprott. Emerald is excited to work with Sprott with the aim of creating a multi asset gold producing company.

Sprott is an alternative asset manager and global leader in mining and real asset investments. Through its subsidiaries in Canada, the US and Asia, Sprott is dedicated to providing investors with best in-class investment strategies that include Exchange Listed Products, Alternative Asset Management and Private Resource Investments. The Corporation also operates Merchant Banking and Brokerage business in both Canada and the US. Sprott is based in Toronto with offices in New York, Carlsbad, and Vancouver and the shares of its parent company, Sprott Inc., are listed on the Toronto Stock Exchange under the symbol (TSX:SII). For more information, please visit www.sprott.com.

Sprott's financing of the Okvau Gold Project will combine the strong development credo of the Emerald team with the financial strength of the respected Sprott group.

Okvau Facility

Sprott has received investment committee approval to provide the US$60 million project development facility for the purpose of developing the Okvau Gold Project.

Key terms of the Okvau 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 capitalized 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 Okvau 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
- Amortization – the Okvau Facility will be fully amortized from the 21st month following closing through to maturity.

The Okvau Facility remains subject to satisfaction of customary conditions, including the following as at the date of this report:

- Completion of legal due diligence to the satisfaction of Sprott;
- Execution of all material construction, supply and operating contracts;
- Receipt of all permits, leases and licenses required for the Okvau Gold Project;
- Receipt of all necessary shareholder and regulatory approvals;
- Finalisation of the Mineral Investment Agreement to the satisfaction of Sprott; and
- Completion of formal documentation and perfection of security.

## 8. Review of Operations (continued)

### Acquisition and Development Facility

In addition to the Okvau 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.

**Okvau Gold Project | Environmental and Social**

During the year the resettlement of 62 households out of the Okvau Gold Project Development Area was successfully completed. In June 2019 the Company engaged an independent local expert to conduct an audit on the process to ensure compliance to IFC Performance Standards and the government approved Resettlement Action Plan.

An Environmental and Social Impact Assessment ('ESIA') for the Okvau Gold Project was approved in November 2017. And since then, an Environmental Management System aligned to ISO 14001 has been under development in preparation for the first phase of site activities.

In May 2019 an Emerald funded ESIA for the Provincial Department of Rural Development's construction/upgrade of 18 kms of access road to the Okvau Gold Project was approved by the Ministry of Environment ('MoE'). Construction of a 35-tonne bridge across the Prek Te River, upgrades to an existing rural road and the construction of a new 14 km section of planned road are progressing in line with commitments in the binding MoU Emerald has with the Mondulkiri Provincial Department of Rural Development.

The Project is located within the Sustainable-Use Zone of the Phnom Prich Wildlife Sanctuary ('PPWS') managed by the Provincial Department of Environment. Emerald has reached an agreement to fund the build and staffing of a Ranger Hut along the access road to help mitigate impacts to the PPWS and expects this to be established before the road upgrade is complete.

In June 2019, an Offset Management Plan for the Project was submitted to the MME and MoE which was shared with other stakeholders after a consultative development process. Additional work on the plan will be conducted and the plan finalised in the coming year once feedback has been received.

**Okvau Gold Project | Community Relations**

Emerald continues to maintain regular and co-operative stakeholder consultations and initiatives with local, provincial and central level government and community representatives. Some initiatives include financial support for community events, initiatives including donations to Red Cross and other organisations and the construction of water bores in villages.

Emerald has also established a Seedling Propagation Program at five secondary and primary schools within the Mondulkiri Province and has been supported by local and provincial Governors, Forestry Cambodia and the PPWS. The intent of the program is to improve environmental awareness, develop horticultural skills, provide trees for Project-related rehabilitation programs and to enable students to earn money for their schools. A community tree planting day to celebrate the Company's planting of 2,000 trees grown from the program in the PPWS, schools and Sen Monorom town was held late August 2018 resulting in the first payment from the program to the schools.

**Figure Eight | School Nursery Program**

**Figure Nine | Tree Donation to the PPWS**

**Figure Ten | Water Well Donation**

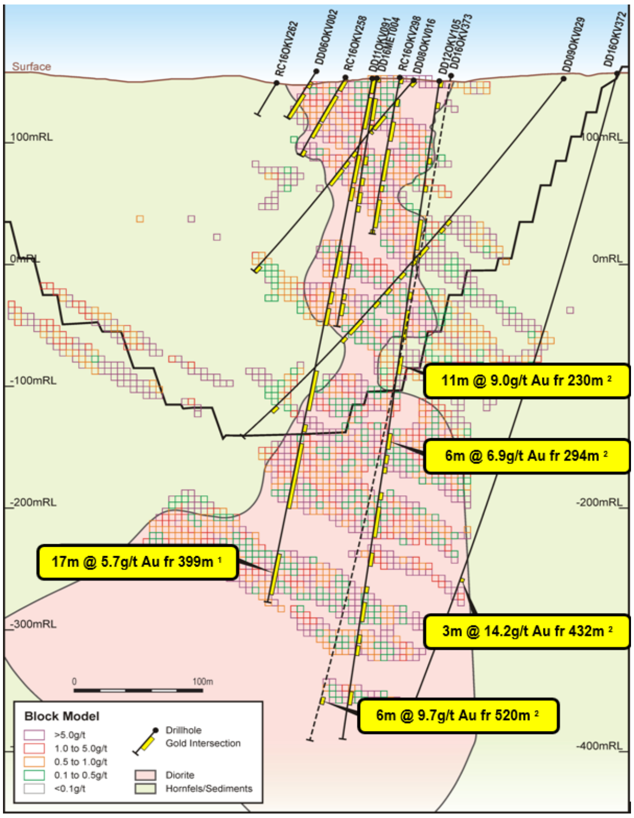
**Figure Eleven | Tree Donation to the PPWS**

## 8. Review of Operations (continued)

### Okvau Gold Project | Resource Growth

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

**Figure Twelve | Okvau Resource Growth | Depth Extensions**




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

- 17m @ 4.5g/t gold from 320m (DD11OKV091)
- 10m @ 9.6g/t gold from 411m (DD12OKV108)
- 11m @ 8.4g/t gold from 399m (DD11OKV091)
- 6m @ 9.7g/t gold from 520m (DD160KV373)

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

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

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

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

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

Results included:

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

(Refer to the Company's ASX Announcement dated 2 July 2019 4 April 2019)

Figure 14 illustrates, in cross section, the 179 gram metre (RC19OKV390) and 160 gram metre (RC19OKV397) intersections and shows the mineralisation is still open at depth.

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 the in pit reserve.

## 8. Review of Operations (continued)

**Figure Thirteen | Drill Status Plan**

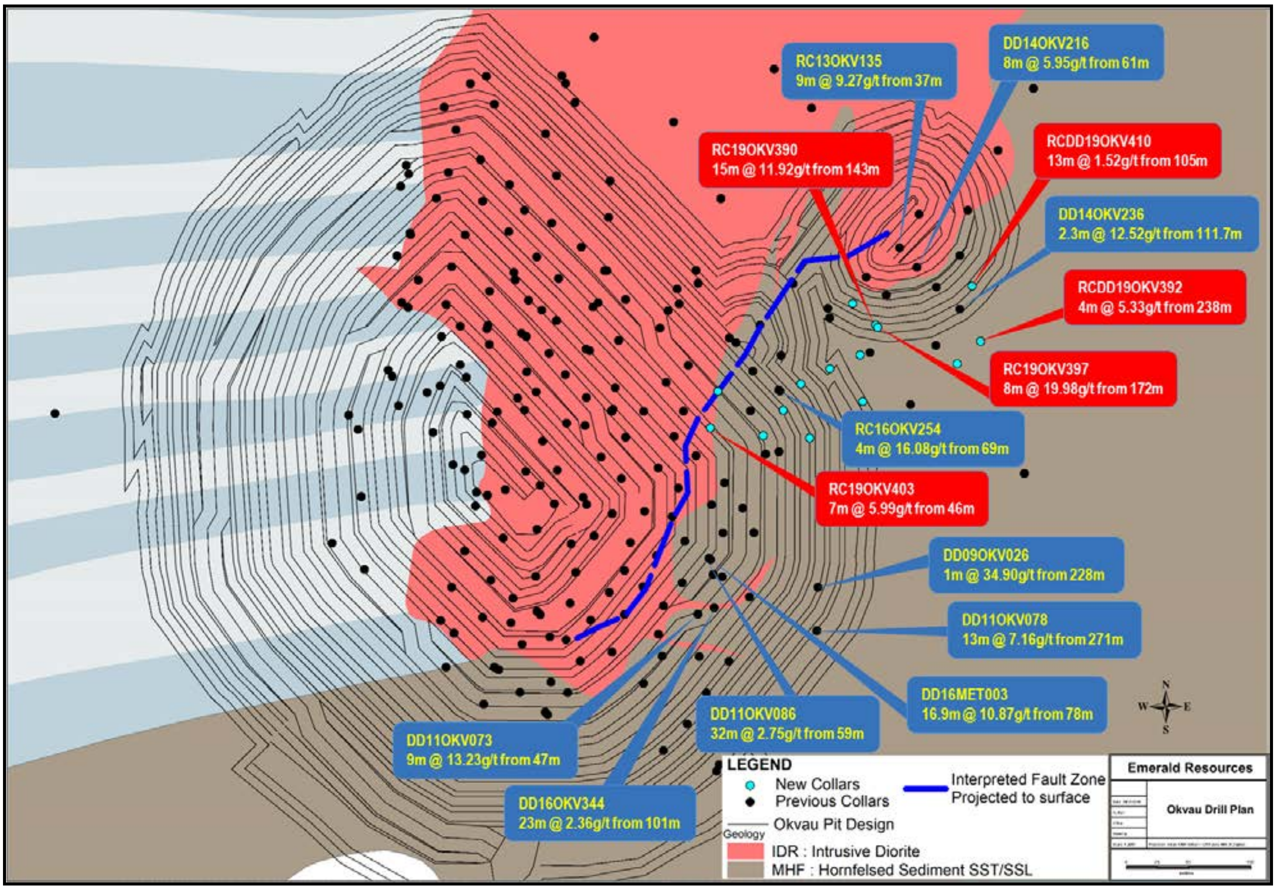
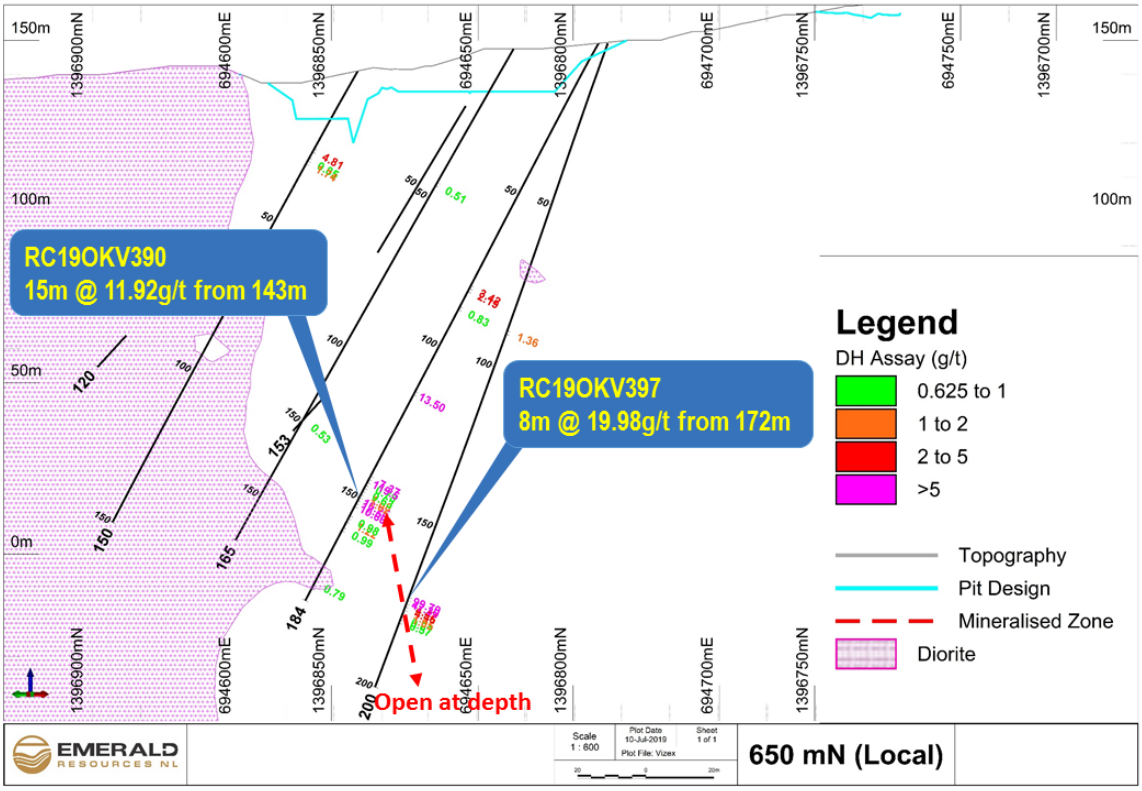



**Figure Fourteen | Cross Section (Oblique) - 650mRL (local grid)**




Refer to the Company's ASX releases dated 4 April 2019 and 2 July 2019.

## 8. Review of Operations (continued)

## Regional Exploration

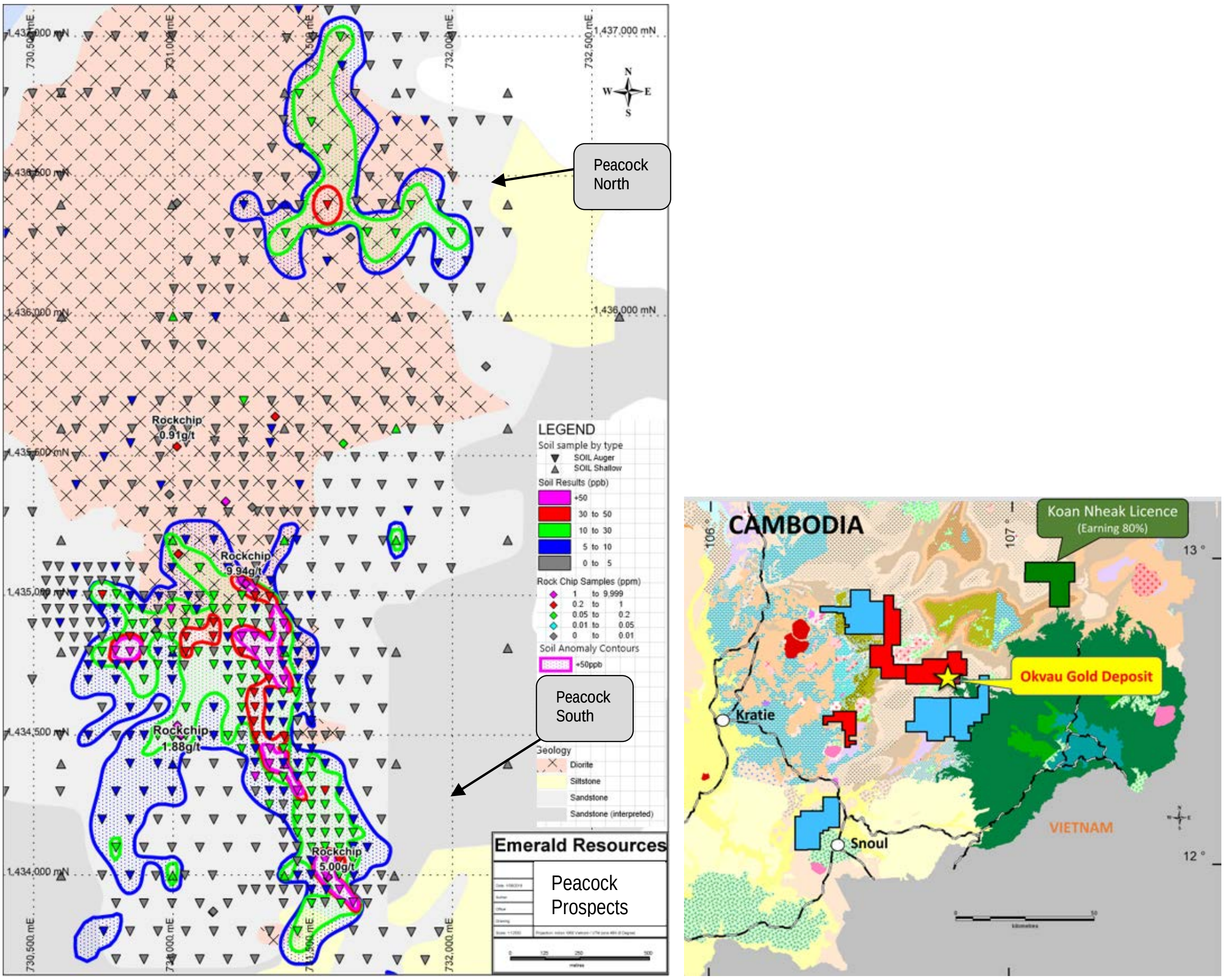
### Angkor Gold Corp. | Earn-In Agreement (Emerald Earning 80% Interest)

The Koan Nheak Project is a Joint Venture with Angkor Gold whereby Emerald may earn up to an 80% interest (refer ASX announcement 13 July 2017). Emerald's follow up geochemical soil sampling program completed later in the period successfully defined a new large gold-in-soils anomaly. The new Peacock North anomaly extends over 700 metres from north to south and up to 300 metres east to west at > 10 ppb Au.

Emerald has previously undertaken initial reconnaissance field work within the Koan Nheak exploration licence focusing in and around the Peacock Prospect. No drilling has ever been undertaken within the exploration licence.

The Initial Environmental Impact Assessment ('IEIA') was approved by the MoE at the end of March 2019. A 400m x 400m regional shallow soil sampling program on the Koan Nheak Licence and a drill program on the Peacock gold anomaly commenced June 2019.

**Figure Fifteen | Koan Nheak Project Regional Sampling Results Compilation Map**




The compiled results support the presence of a fault related, gold anomalous epithermal vein system on the south to south-southeast of the mapped intrusion at the Peacock Prospect. The geological setting and multi-element data suggest that the hydrothermal system is zoned about the main diorite intrusion from a Cu-Mo-Te "porphyry-like" association in NE striking regional structure along the NW part of the diorite, trending through Cu-Ag+/- Au anomalism over the core of the intrusion, and an Au-As-Sb-Pb-Te association in the south and south-southeast where a NE striking fold belt in sandstone dominated stratigraphy interacts with the southern margin of the diorite.

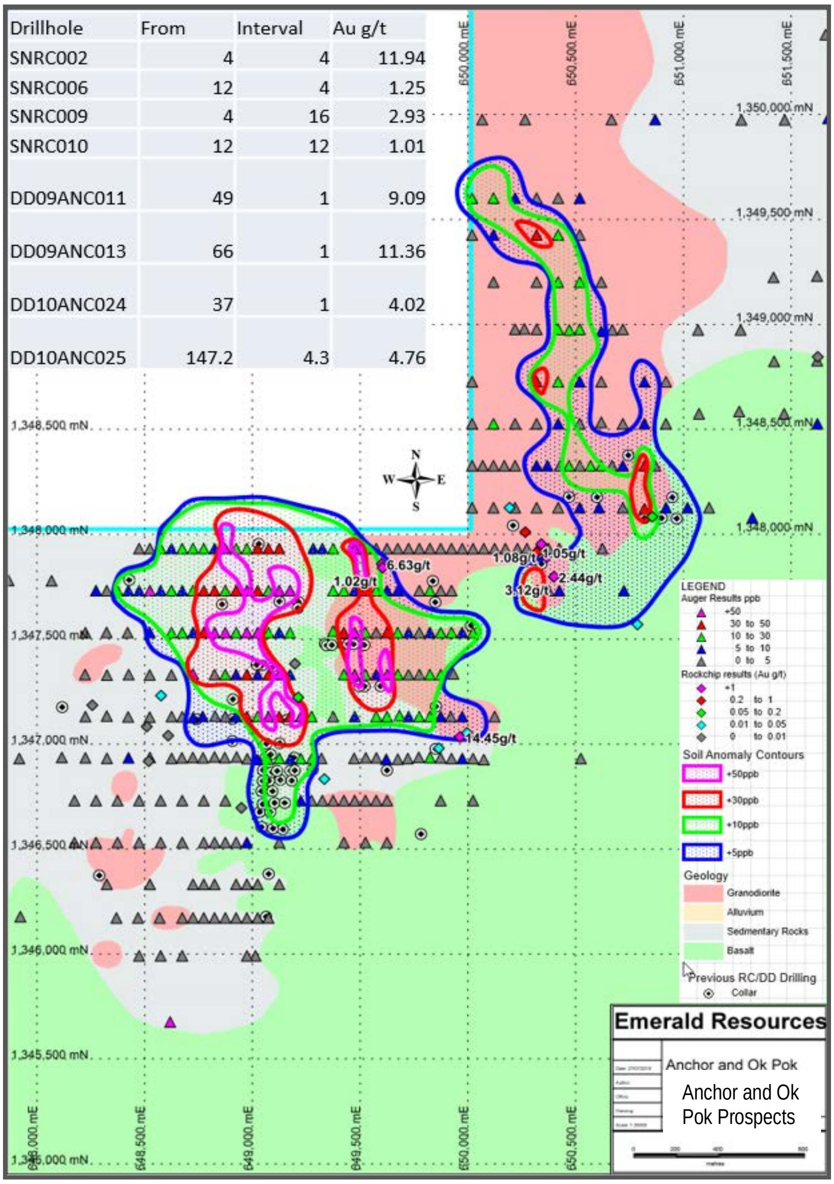
(Refer to the Company's ASX Announcements dated 3 August 2018 and 13 July 2017)

## 8. Review of Operations (continued)

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

Emerald received approval from the MME for the Joint Venture with Mekong Minerals Ltd (refer ASX announcement 13 July 2017). The final Joint Venture covers two projects being 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.

**Figure Sixteen | Snoul Project Regional Sampling Results Compilation Map**




The Snoul Project is located approximately 70 kilometres to the south-west of Emerald's Okvau Gold Deposit. Airborne magnetic data indicates the project area contains at least six intrusive bodies with associated hornfels alteration haloes. Gold occurrences within the licence area are associated with a series of north-west striking sulphide rich altered veins with a cluster of diorite intrusions.

Better drill results from historical drilling at Snoul include (refer Figure Sixteen):

- 16m @ 2.93g/t gold from 4m (SNRC009)
- 4m @ 11.94g/t gold from 4m (SNRC002)
- 4.3m @ 4.76g/t gold from 147.2m (DD10ANC025)

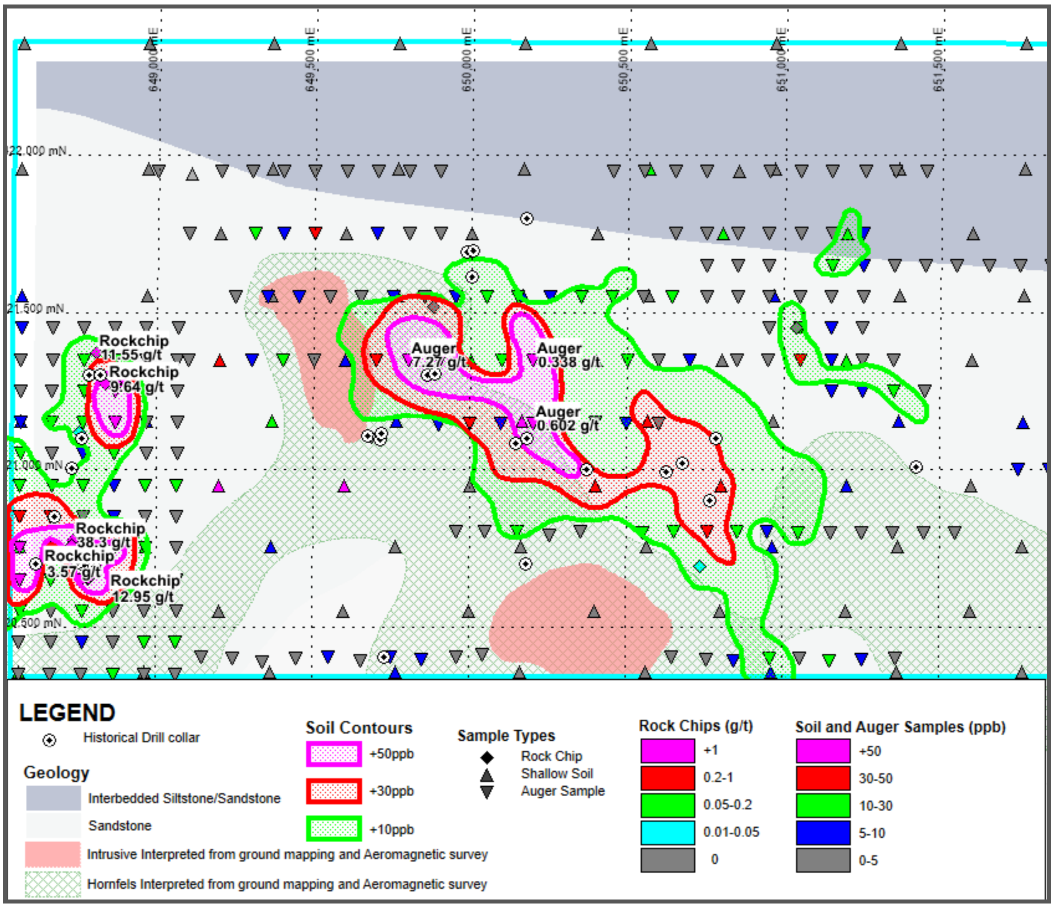
Emerald has completed soil geochemical programs designed to follow up on historical drill results within the Snoul Project. Historical drilling consisted of a total of 10 RC holes and 37 diamond holes and was targeted partly on a gold anomaly defined by shallow soil samples and are all highly encouraging when considered in the context of the broader geochemical anomaly. During the year Emerald collected 485 auger soils samples on the Snoul licence to assist with planning for a reconnaissance drilling program to commence upon receipt of preliminary environmental approvals.

(Refer to the Company's ASX Announcements dated 3 August 2018 and 13 July 2017)

The Phnom Khtong Project is located almost immediately to the west of Emerald's 100% owned O'Chhung exploration licence and 35 kilometres from the Okvau deposit. A high resolution airborne magnetic and radiometric survey has previously been undertaken over the area which assisted Mekong Minerals in mapping several probable intrusive bodies with surrounding hornfels haloes. During the year Emerald collected 377 auger soils samples on the Phnom Khtong licence to assist with planning for a reconnaissance drilling program to commence upon receipt of preliminary environmental approvals, refer to Figure 17.

## 8. Review of Operations (continued)

**Figure Seventeen | Phnom Khtong Project Regional Sampling Results Compilation Map**




### Other Tenure | New Grants and Applications

During the past year, Emerald completed an initial broad spaced geochemical soils program on its 100% owned Svay Chras Project which covers 74.3km² and subsequently a follow up auger soil sampling program commenced. The program consisted of 264 sample auger program sampled down to either a 400m x 100m grid or 400m x 200m grid.

Emerald has submitted exploration licence applications in its own name over the Preak Khlong and O'Chhung Projects covering 392km². Emerald has completed IEIAs over these two projects and received formal approval by the MoE.

### Corporate

During the period, Emerald successfully completed a A$28 million Placement consisting of a two tranche placement to existing and new institutional shareholders and a Share Purchase Plan to existing eligible shareholders. The Placement provides funding to be used towards:-

- commencing development activities at the Okvau Project;
- regional exploration program on Emerald's 1,442km² Cambodian exploration footprint;
- repayment of unsecured loans; and
- ongoing working capital requirements and costs of the placement.

On 3 October 2018, the Company announced that Mr Michael Evans had joined the Board as an Executive Director. Mr Evans was appointed Chief Operating Officer of the Company in May 2016 and has over 20 years experience in various mining and processing industries throughout Australia and Africa. Prior to joining the Company he spent 7 years with Regis Resources Ltd (ASX:RRL) firstly as Projects Manager and in April 2014 he was appointed as Chief Development Officer and was responsible for the construction of the processing plant at the Moolart Well, Garden Well and Rosemont gold mines. Before that, Mr Evans spent 10 years with Equigold NL where he was instrumental in the construction of the Bonikro processing plant in Cote D'Ivoire.

Mr Evans has developed a very strong understanding of the Okvau Gold Project and will take responsibility for all design, development and construction activities for the Project.

## 8. Review of Operations (continued)

Emerald's consolidated cash and listed investment position at 30 June 2019 was approximately A$17.5 million. Expenditure during the period mainly related to costs associated with further work for project licencing, due diligence costs for development financing, exploration programs undertaken to meet joint venture and earn-in commitments and the A$28 million Placement,.

The Company holds 2,361,528 shares and 1,180,764 options (20 cents) in Riversgold Limited ('Riversgold'; ASX:RGL). At the current Riversgold share price, Emerald's holding has a value of approximately A$0.05 million.

During the period, entities associated with certain Directors provided unsecured loan facilities totalling up to A$3 million ('Facility'), with the Facility being drawn by A$2 million in August 2018. The Facility was with an interest rate of 8.0% pa (6.5% plus RBA Cash Rate Target) capitalising quarterly. No other fees were payable on the Facility. Following the completion of the A$28 million placement in December 2018, the Facility to the Directors was repaid in line with the use of funds as outlined for the Placement.

### 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.

### About Cambodia

Cambodia is a constitutional monarchy with a constitution providing for elections every 5 years with last election held in July 2018. The population of Cambodia is approximately 16 million.

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 including the mining industry. Cambodia has a modern and transparent mining code and the government is supportive of foreign investment in mining and exploration to help realise the value of its potential mineral value.

## 9. Matters Subsequent to the End of the Financial Year

There are no material events subsequent to balance date.

## 10. Likely Developments and Expected Results of Operations

The Company is focused upon the development of the Okvau Gold Project in Cambodia and to advance the necessary approvals and financing to develop the project. The Company is also focussed on exploration within its current portfolio of projects and will also continue to assess other opportunities which may offer value enhancing opportunities for shareholders.

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

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

## 11. Environmental Regulation

The Company is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all appropriate regulations when carrying out any exploration or development work throughout the World.

## 12. Information on Directors and Company Secretary

| | |
|---|---|
| **Simon Lee AO** | **Non-Executive Chairman** |
| Appointed | 20 August 2014 |
| Experience | Mr Lee has had extensive management experience with a diverse range of business enterprises in a career that has based him in Asia, England, Canada and Australia. Mr Lee has held a number of positions, which included Board Member of the Australian Trade Commission (AUSTRADE) and President of the Western Australian Chinese Chamber of Commerce Inc. In 1993, he received the Advance Australia Award for his contribution to commerce and industry and in 1994, he was bestowed an Officer of the Order of Australia. Mr Lee has a successful track record in the resources industry which has included building gold mining companies, Great Victoria Gold NL, Samantha Gold NL and Equigold NL. |
| Interest in Securities | Fully Paid Ordinary Shares 247,333,333[A] |

[A] SHL Pty Ltd is the holder of 247,333,333 fully paid ordinary shares. Mr Simon Lee is not a director, shareholder or involved in the management of SHL Pty Ltd. A close family member is the sole director of SHL Pty Ltd and therefore SHL Pty Ltd is considered a related party of Mr Simon Lee under the Corporations Act and AASB 124.

| | |
|---|---|
| Other Directorships | MOD Resources Limited (since 13 January 1997) |

| | |
|---|---|
| **Morgan Hart** | **Managing Director** |
| Appointed | 30 July 2014 |
| Experience | Mr Hart is a Geologist and highly experienced Mining Executive with over 25 years' experience in the Australian and international gold mining industries. Mr Hart has been Executive Director and Chief Operating Officer at both Regis Resources Ltd and Equigold NL. Both companies were highly successful in taking gold resources through to successful operational mines. |
| Interest in Securities | Fully Paid Ordinary Shares 393,833,333 |
| Other Directorships | Renaissance Minerals Limited (from 27 September 2016 until 19 October 2016) |

| | | |
|---|---|---|
| **Michael Evans** | **Executive Director** | |
| Appointed | 3 October 2018 | |
| Experience | Mr Evans has over 20 years' experience in various mining and processing industries throughout Australia and Africa. Mr Evans spent 7 years with Regis Resources Ltd, firstly as Projects Manager and then as Chief Development Officer, where he was responsible for the construction of the processing plants at the Moolart Well, Garden Well and Rosemont gold mines. Prior to that, Mr Evans spent 10 years with Equigold NL where he was instrumental in the construction of the Bonikro processing plant in Cote D'Ivoire. | |
| Interest in Securities | Fully Paid Ordinary Shares | 12,416,767 |
| | 4.34 cent Options expiring 5 June 2023 | 5,000,000 |
| | 2.50 cent Options expiring 21 January 2020 | 10,000,000 |
| Other Directorships | nil | |

## 12. Information on Directors and Company Secretary (continued)

| | |
|---|---|
| **Ross Stanley** | **Non-Executive Director** |
| Appointed | 20 August 2014 |
| Experience | Mr Stanley is a well-respected mining executive with extensive experience both in Australian and African mining enterprises. Mr Stanley was formally the majority shareholder and Managing Director of ASX Listed Stanley Mining Services prior to its merger with Layne Christensen in 1997. Stanley Mining Services was the dominant drill services provider in Ghana in the 1990's. Ross also served as Non-Executive Director of Equigold NL. |
| Interest in Securities | Fully Paid Ordinary Shares 355,996,946 |
| Other Directorships | Lucapa Diamond Company Limited (since 26 July 2018) |

| | |
|---|---|
| **Ross Williams** | **Non-Executive Director** |
| Appointed | 4 October 2013 |
| Experience | Mr Williams is a founding shareholder of mining and civil contractor, MACA Limited and held the position of CFO and Finance Director until July 2014 with responsibility for capital management, finance, financial reporting and corporate strategy. He played a key role in the highly successful initial public offering of MACA in 2010 and was pivotal to its subsequent success as a publicly listed company. |
| Interest in Securities | Fully Paid Ordinary Shares 25,500,000 |
| Other Directorships | Neon Capital Limited (since 25 March 2015)<br>Renaissance Minerals Limited (from 25 February 2016 until 19 October 2016) |

| | |
|---|---|
| **Justin Tremain** | **Non-Executive Director** |
| Appointed | 27 September 2016 |
| Resigned | 3 October 2018 |

| | |
|---|---|
| **Mark Clements** | **Company Secretary** |
| Experience | Mr Clements gained a Bachelor of Commerce degree from the University of Western Australia. He is a Fellow of Chartered Accountants Australia and New Zealand and a member of both the Australian Institute Company Directors and Chartered Secretaries Australia. Mr Clements currently holds the position of Company Secretary of a number of publicly listed companies and has experience in corporate finance, accounting and administration, capital raising, ASX Compliance and regulatory requirements. |

## 13. Audited Remuneration Report

The Directors are pleased to present this remuneration report which sets out remuneration information for Emerald Resources NL's non-executive directors, executive directors and other key management personnel ('KMP') for the year ended 30 June 2019.

During the current year, the Board continued to carefully consider and adjust the Company's remuneration framework to ensure it remains appropriate and is consistent with the Company's strategy of commencing the development of, and ultimately the production from the Company's Okvau Gold Project. The remuneration report for the year ended 30 June 2018 received more than 99% of "Yes" votes at the 2018 AGM.

The following sections are included within this report:

A. Directors and key management personnel disclosed in this report
B. Remuneration governance
C. Use of remuneration consultants
D. Executive remuneration policy and framework
E. Relationship between remuneration and Emerald Resources NL's performance
F. Non-Executive Director remuneration policy
G. Voting and comments made at the company's 2018 Annual General Meeting
H. Details of Remuneration
I. Details of Share-Based Compensation
J. Service Agreements
K. Equity instruments held by Directors' and Key Management Personnel
L. Loans to Key Management Personnel
M. Other transactions with Key Management Personnel

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

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

| | |
|---|---|
| **Non-Executive Directors** | |
| Mr S Lee AO | Non-Executive Chairman |
| Mr J Tremain | Non-Executive Director – resigned 3 October 2018 |
| Mr R Stanley | Non-Executive Director |
| Mr R Williams | Non-Executive Director |
| **Executive Directors** | |
| Mr M Hart | Managing Director |
| Mr M Evans | Executive Director – appointed 3 October 2018.<br>Previously "Other KMP" in his capacity as Chief Operating Officer. |
| **Other Key Management Personnel** | |
| Mr B Dunnachie | Chief Financial Officer |

### B. Remuneration governance

The Group has established a Remuneration Committee which consists of the following;

| | |
|---|---|
| Mr R Stanley | Remuneration Committee Chairman |
| Mr S Lee AO | Remuneration Committee Member |
| Mr R Williams | Remuneration Committee Member |

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

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

### 13. Audited Remuneration Report (continued)

#### C. Use of remuneration consultants

The Company has not engaged or contracted remuneration consultants during the financial year.

#### D. Executive remuneration policy and framework

Remuneration Policy

The remuneration policy of the Group has been designed to appropriately align the executive KMP incentives with the goals and achievements of the Group. The Board recognises the importance of retaining highly skilled, qualified and motivated people to ensure the Group's performance and success. Accordingly, remuneration needs to be competitive whilst taking into account the Group's current activities and stage of its projects. The Board believes shareholder transparency of remuneration is extremely important.

The Board endeavours to ensure that the mix of executive compensation between fixed, variable, long-term, short-term and cash versus equity is appropriate. The group may reduce cash expenditure by providing a greater proportion of compensation in the form of equity instruments. This allows cash resources to be directed towards exploration and project development programs with a view to advance the Group's projects.

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

- Fixed remuneration, inclusive of superannuation and allowances;
- Short-term incentives (STI's) under a performance-based cash bonus incentive plan; and
- Long-term incentives (LTI's) which includes participation in the Company's shareholder approved equity incentive plans.

*Fixed Remuneration*

Fixed remuneration of executive KMP will be set by the Board each year and is based on market relativity and individual performance. Market relativity is benchmarked against a defined "remuneration peer group" of listed comparable companies to ensure that fixed remuneration is fair and competitive with the market in which the Company operates.

A remuneration review of the executive KMP was undertaken during the current year in January 2019. Further details of the fixed remuneration of the executive KMP are noted in Section J of the Remuneration Report.

*Variable Remuneration – short-term incentive (STI)*

Under the Group's current remuneration policy, Executive KMP can from time to time receive short-term incentives in the form of cash bonuses. The Board can use its discretion when paying bonuses and may determine relevant industry key performance targets such as definition and growth of existing resources, commencement of production, managing stakeholder relations and interests and achieving the Company's strategic objectives. The Board believes that the criteria of eligibility for short-term incentives appropriately aligns shareholder wealth and executive remuneration as the completion of key performance targets have the potential to increase share price growth.

No short-term incentives were paid during the 2019 financial year as the Board is of the opinion that the variable long-term remuneration provided to Executives is sufficient for the current stage of operations to align the interest of management with shareholders. Further given the Company is currently finalizing the financing of the Okvau Gold Project, the Board believes that it is prudent to ensure the Company is fully funded through to production prior to the issue of any cash STIs.

*Variable Remuneration – long-term incentive (LTI)*

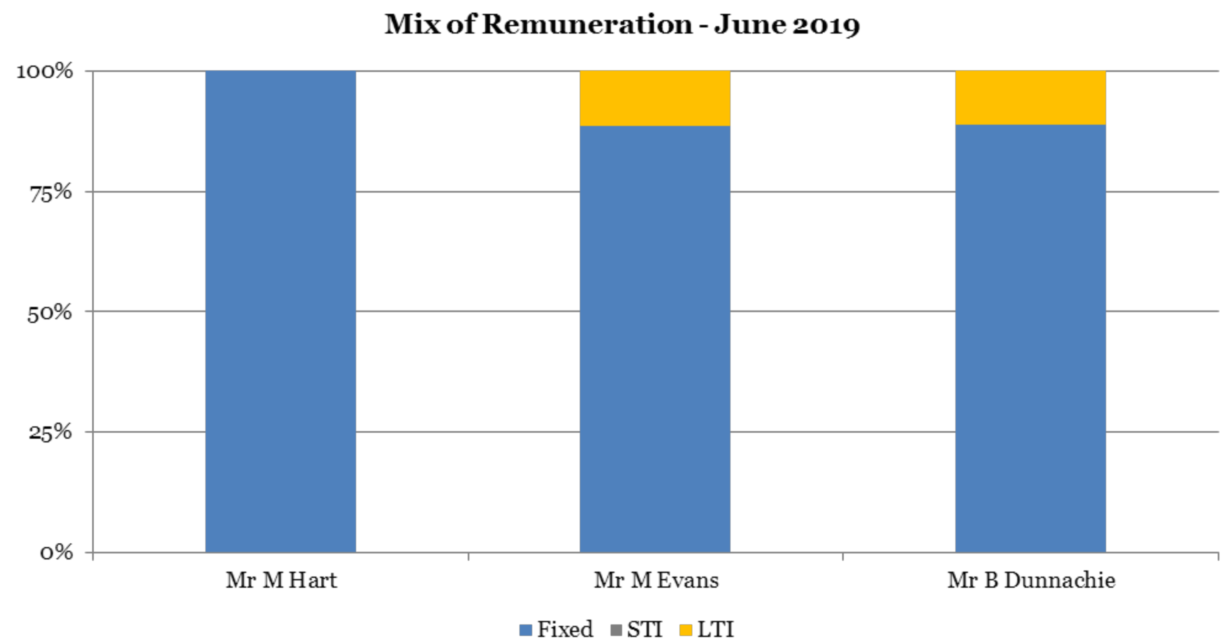
Currently long-term incentives are mainly facilitated through the issue of options to executive KMP to align their long-term interests with Shareholders as there exists a direct correlation between shareholder wealth and executive remuneration. The Board as a whole agrees upon an appropriate level of remuneration incentive for each executive KMP, relative to their involvement in the management of the consolidated entity.

On the resignation of the executive, the options that have been issued as remuneration lapse within 1 to 3 months unless exercised.

### 13. Audited Remuneration Report (continued)

Executive KMP are encouraged by the Board to hold shares in the Group to provide an incentive for participants to partake in the future growth of the Group and, to participate in the Group's profits and dividends that may be realised in future years. Further details of executive KMP interests in options and shares are noted in Section K of the Remuneration Report.

The following table sets out the mix of remuneration for executive KMP between fixed, short-term incentives and long-term incentives for the 2019 financial year.




**E. Relationship between remuneration and Emerald Resources NL's performance**

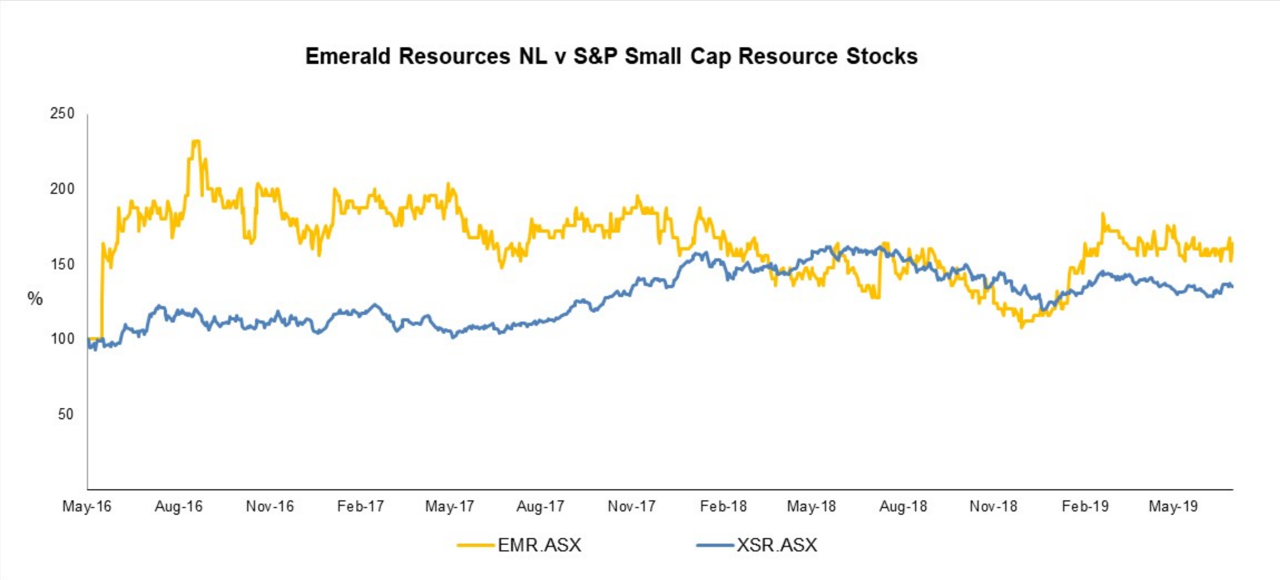
Company Performance, Shareholder Wealth & Executive Remuneration

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

As the Company is an exploration company which commenced development activities during the current year, the Company currently does not have income producing mines. As such measuring performance requires a pragmatic approach. The most meaningful measure of internal performance is against goals which have a project exploration and development focus as well as in relation to safety, environment, sustainability and community. The most appropriate measure for external performance is the change in the share price.

The chart below shows the volatility in the Company share price over prior years. Emerald's share price has tracked with that of its peers through to early 2016 at which time positive shareholder returns were experienced given the acquisition of the Okvau Gold Project through the merger with Renaissance Minerals Limited in late 2016. This trend was maintained through to the release of the Definitive Feasibility Study for the Project in mid-2017 however given the delays experienced with the granting of the Industrial Mining Licence to allow for the development of the Okvau Gold Project, positive returns as compared to its peers did not continue. The Industrial Mining Licence was granted in July 2018 with positive shareholder returns experienced since that time. This is evidenced by the performance of the S&P Small Cap Resource Stocks (XSR) detailed below.

## 13. Audited Remuneration Report (continued)




Values derived on a base of 100

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| Revenue | $608,239 | $471,949 | $253,110 | $90,235 | $249,149 |
| Net (Loss)/Gain | ($1,424,983) | ($1,346,254) | ($8,474,128) | ($11,423,602) | ($8,859,935) |
| Share Price | $0.02 | 0.05 | 0.04 | 0.03 | $0.04 |
| Dividends | Nil | Nil | Nil | Nil | Nil |

### F. Non-Executive Director remuneration policy

The Board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. Fees for non-executive directors are not linked to the performance of the group to maintain independence and impartiality. The Company does not pay retirement allowances to non-executive directors in accordance with ASX Corporate Governance Recommendations.

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

Typically, the Company will compare non-executive remuneration to companies with similar market capitalisations in the exploration and resource development business group. These ongoing reviews are performed to confirm that non-executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

Non-executive director fees are as follows:

| Name | Fee[A] |
|---|---|
| Non-Executive Chairman | $48,000 |
| Non-Executive Directors | $36,000 |

[A] Including superannuation where applicable

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

Further to ongoing reviews, the maximum aggregate amount of fees that can be paid to non-executive directors is set within the Company's constitution and can only be increased by approval of shareholders at a General Meeting. The maximum aggregate amount is currently set at $200,000 per annum. The current level of total non-executive director remuneration actually paid remains well below this maximum aggregated amount.

### 13. Audited Remuneration Report (continued)

**G. Voting and comments made at the Company's 2018 Annual General Meeting**

At the 2018 Annual General Meeting more than 99% of the votes received supported the remuneration report for the 2018 financial year. The Company did not receive any specific feedback at the Annual General Meeting or throughout the year on its remuneration practices.

**H. Details of Remuneration**

The remuneration of directors and key management personnel of Emerald Resources NL and the Group for the year ended 30 June 2019 are set out in the table below.

| | Short-Term Employee Benefits | | | Post-Employment | Securities | Total |
|---|---|---|---|---|---|---|
| | Cash Salary & Fees | Incentives | Other Amounts | Super-annuation | Options | |
| | $ | $ | $ | $ | $ | $ |
| **2019** | | | | | | |
| **Non-Executive Directors** | | | | | | |
| Mr S Lee AO | 48,000 | - | - | - | - | **48,000** |
| Mr J Tremain(i) | 9,000 | - | - | - | - | **9,000** |
| Mr R Stanley | 36,000 | - | - | - | - | **36,000** |
| Mr R Williams | 36,000 | - | - | - | - | **36,000** |
| **Executive Directors** | | | | | | |
| Mr M Hart | 150,917 | - | - | 14,337 | - | **165,254** |
| Mr M Evans(ii) | 283,333 | - | - | 26,917 | 39,709 | **349,959** |
| **Other Key Management Personnel** | | | | | | |
| Mr B Dunnachie | 208,333 | - | - | 19,792 | 29,445 | **257,570** |
| **Total Remuneration** | **771,583** | **-** | **-** | **61,046** | **69,154** | **901,783** |

(i) Mr J Tremain resigned on 3 October 2018.

(ii) Mr M Evans was appointed Executive Director on 3 October 2018. Previous to his appointment, Mr Evans was classified as "Other KMP"

| | Short-Term Employee Benefits | | | Post-Employment | Securities | Total |
|---|---|---|---|---|---|---|
| | Cash Salary & Fees | Incentives | Other Amounts | Super-annuation | Options | |
| | $ | $ | $ | $ | $ | $ |
| **2018** | | | | | | |
| **Non-Executive Directors** | | | | | | |
| Mr S Lee AO | 48,000 | - | - | - | - | **48,000** |
| Mr J Tremain[1] | 190,833 | - | - | 18,129 | - | **208,962** |
| Mr R Stanley | 36,000 | - | - | - | - | **36,000** |
| Mr R Williams | 36,000 | - | - | - | - | **36,000** |
| **Executive Directors** | | | | | | |
| Mr M Hart | 48,000 | - | - | 4,560 | - | **52,560** |
| **Other Key Management Personnel** | | | | | | |
| Mr M Evans | 275,000 | - | - | 26,125 | 3,309 | **304,434** |
| Mr B Dunnachie | 200,000 | - | - | 19,000 | 10,477 | **229,477** |
| **Total Remuneration** | **833,833** | **-** | **-** | **67,814** | **13,786** | **915,433** |

1: Mr J Tremain stepped down as an Executive Director to a Non-Executive Director role effective 31 January 2018.

## 13. Audited Remuneration Report (continued)

### I. Details of Share Based Compensation

**Issue of Options**

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

| Grant Date | Expiry Date | Exercise Price | Fair Value Per Option | Price of Shares on Grant Date | Estimated Volatility | Risk Free Interest Rate | Dividend Yield | % Vested |
|---|---|---|---|---|---|---|---|---|
| 1 Jun 18 | 5 Jun 23 | $0.043 | $0.019 | $0.038 | 80% | 2.47% | 0.00% | 0.00% |
| 1 Mar 18 | 21 Jan 22 | $0.051 | $0.017 | $0.040 | 80% | 2.35% | 0.00% | 0.00% |
| 8 Mar 17 | 9 Mar 22 | $0.057 | $0.021 | $0.044 | 80% | 2.35% | 0.00% | 0.00% |

Options granted carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share. The table shows the percentages of the options granted that vested and forfeited during the year. Further information on the options is set out in the Note 17 and Note 25 to the financial statements.

Options are issued to directors and executives from time to time as part of their remuneration. The options are issued to increase goal congruence between executives, directors and shareholders.

No options were issued during the current year to directors and KMPs however an expense has been included in current year remuneration report for options issued in prior years. This is as the option valuation is expensed over the vesting period of the option, details are as follows:

| | Granted No. | Options Forming Part of Remuneration $ | Total Remuneration Represented by Options % | Exercised No. | Other changes. No. | Lapsed No. |
|---|---|---|---|---|---|---|
| **30 June 2019** | | | | | | |
| **Other Key Management Personnel** | | | | | | |
| Mr M Evans | - | 39,709 | 11% | - | - | - |
| Mr B Dunnachie | - | 29,445 | 11% | - | - | - |
| **30 June 2018** | | | | | | |
| **Other Key Management Personnel** | | | | | | |
| Mr M Evans | 5,000,000 | 3,309 | 1% | - | - | - |
| Mr B Dunnachie | 2,965,000 | 10,477 | 5% | - | - | - |

| | Issue Date | Expiry Date | % Vested in Year | Exercise Price | No. of Options |
|---|---|---|---|---|---|
| **30 June 2019** | | | | | |
| **Other Key Management Personnel** | | | | | |
| There were no options granted as remuneration during the financial year. | | | | | |
| **30 June 2018** | | | | | |
| **Other Key Management Personnel** | | | | | |
| Mr M Evans | 7 Jun 18 | 5 Jun 23 | 0% | $0.043 | 5,000,000 |
| Mr B Dunnachie | 1 Mar 18 | 21 Jan 22 | 0% | $0.051 | 465,000 |
| Mr B Dunnachie | 7 Jun 18 | 5 Jun 23 | 0% | $0.043 | 2,500,000 |

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

### 13. Audited Remuneration Report (continued)

#### J. Services Agreements

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

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

| Name | Term of agreement | Base salary[A] | Termination benefit |
|---|---|---|---|
| Mr M Hart<br>Managing Director | No fixed term | $295,000 | 1 to 12 months[B] |
| Mr M Evans<br>Executive Director | No fixed term | $295,000 | 1 to 12 months[B] |
| Mr B Dunnachie<br>Chief Financial Officer | No fixed term | $220,000 | 1 month |

[A] Excluding superannuation

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

#### K. Equity instruments held by Directors and Key Management Personnel

The tables below show the number of:

(I) options over ordinary shares in the Company that were held during the financial year by directors and KMP of the group, including their family members and entities related to them, and

(II) shares held in the Company that were held during the financial year by Directors and KMP of the group, including their family members and entities related to them.

Option holdings

The number of options over ordinary shares in the Company held during the financial year by each Director and KMP of Emerald Resources NL, including their personally related parties, are set out below:

| | Balance at start of the year | Granted as remuneration | Exercised | Other changes, appointments, resignations | Balance at end of the year | Vested and exercisable |
|---|---|---|---|---|---|---|
| **2019** | | | | | | |
| **Non-Executive Directors** | | | | | | |
| Mr S Lee AO | - | - | - | - | - | - |
| Mr R Stanley | - | - | - | - | - | - |
| Mr R Williams | - | - | - | - | - | - |
| Mr J Tremain(i) | 6,200,000 | - | - | (6,200,000) | - | - |
| **Executive Directors** | | | | | | |
| Mr M Hart | - | - | - | - | - | - |
| Mr M Evans(ii) | 15,000,000 | - | - | - | 15,000,000 | 10,000,000 |
| **Other Key Management Personnel** | | | | | | |
| Mr B Dunnachie | 5,000,000 | - | - | - | 5,000,000 | 1,598,750 |

(i) Mr Tremain resigned on 3 October 2018

(ii) Mr Evans was appointed Executive Director on 3 October 2018. Previous to his appointment, Mr Evans was classified as "Other KMP"

## 13. Audited Remuneration Report (continued)

### Option holdings (continued)

| | Balance at start of the year | Granted as remuneration | Exercised | Other changes, appointments, resignations | Balance at end of the year | Vested and exercisable |
|---|---|---|---|---|---|---|
| **2018** | | | | | | |
| **Non-Executive Directors** | | | | | | |
| Mr S Lee AO | - | - | - | - | - | - |
| Mr J Tremain(i) | 12,012,500 | - | - | (5,812,500) | 6,200,000 | 6,200,000 |
| Mr R Stanley | - | - | - | - | - | - |
| Mr R Williams | - | - | - | - | - | - |
| **Executive Directors** | | | | | | |
| Mr M Hart | - | - | - | - | - | - |
| **Other Key Management Personnel** | | | | | | |
| Mr M Evans | 10,000,000 | 5,000,000 | - | - | 15,000,000 | 5,000,000 |
| Mr B Dunnachie | 2,500,000 | 2,965,000 | - | (465,000) | 5,000,000 | 1,162,500 |

(i) Mr J Tremain was appointed an Executive Director on 27 September 2016 and became a Non-Executive Director effective 31 January 2018.

### Share holdings

The number of shares in the Company held during the financial year by each Director and KMP of Emerald Resources NL, including their personally related parties, are set out below.

| | Balance at start of the year | Received on exercise of options | Purchases of shares | Disposal of shares | Other changes, appointments, resignations | Balance at end of the year |
|---|---|---|---|---|---|---|
| **2019** | | | | | | |
| **Non-Executive Directors** | | | | | | |
| Mr S Lee AO(i) | 114,000,000 | - | 133,333,333 | - | - | 247,333,333 |
| Mr J Tremain(ii) | 4,340,000 | - | - | - | (4,340,000) | - |
| Mr R Stanley | 222,163,613 | - | 133,833,333 | - | - | 355,996,946 |
| Mr R Williams | 25,000,000 | - | 500,000 | - | - | 25,500,000 |
| **Executive Director** | | | | | | |
| Mr M Hart | 260,000,000 | - | 133,833,333 | - | - | 393,833,333 |
| Mr M Evans(iii) | 5,185,100 | - | 7,231,667 | - | - | 12,416,767 |
| **Other Key Management Personnel** | | | | | | |
| Mr B Dunnachie | - | - | - | - | - | - |

(i) A SHL Pty Ltd is the holder of all fully paid ordinary shares held. Mr Lee is not a director, shareholder or involved in the management of SHL Pty Ltd. A close family member is the sole director of SHL Pty Ltd and therefore SHL Pty Ltd is considered a related party of Mr Lee under the Corporations Act and AASB 124.
(ii) Mr Tremain resigned on 3 October 2018
(iii) Mr Evans was appointed Executive Director on 3 October 2018. Previous to his appointment, Mr Evans was classified as "Other KMP"

EMERALD RESOURCES NL

## 13. Audited Remuneration Report (continued)

Share holdings (continued)

| | Balance at start of the year | Received on exercise of options | Purchases of shares | Disposal of shares | Other changes, appointments, resignations | Balance at end of the year |
|---|---|---|---|---|---|---|
| **2018** | | | | | | |
| **Non-Executive Directors** | | | | | | |
| Mr S Lee AO(i) | 114,000,000 | - | - | - | - | 114,000,000 |
| Mr J Tremain(ii) | 4,340,000 | - | - | - | - | 4,340,000 |
| Mr R Stanley | 222,163,613 | - | - | - | - | 222,163,613 |
| Mr R Williams | 25,000,000 | - | - | - | - | 25,000,000 |
| **Executive Director** | | | | | | |
| Mr M Hart | 260,000,000 | - | - | - | - | 260,000,000 |
| **Other Key Management Personnel** | | | | | | |
| Mr M Evans | 5,185,100 | - | - | - | - | 5,185,100 |
| Mr B Dunnachie | - | - | - | - | - | - |

(i) A SHL Pty Ltd is the holder of all fully paid ordinary shares held. Mr Lee is not a director, shareholder or involved in the management of SHL Pty Ltd. A close family member is the sole director of SHL Pty Ltd and therefore SHL Pty Ltd is considered a related party of Mr Lee under the Corporations Act and AASB 124.

(ii) Mr Tremain was appointed an Executive Director on 27 September 2016 and became a Non-Executive Director effective 31 January 2018.

There were no shares granted during the year as compensation.

### L. Loans to Key Management Personnel

There were no loans made to Directors and other KMP of the group, including their family members.

### M. Other transactions with Key Management Personnel

The following transactions occurred with related parties:

| | Consolidated 2019 $ | 2018 $ |
|---|---|---|
| *Receipts from director related entities:* | | |
| Receipts from Berkut Minerals Limited for costs recharged | - | 6,090 |
| Receipts from Manda Resources Pty Ltd for reimbursement of exploration expenditure | 124,935 | - |
| *Payments to director related entities:* | | |
| Payments made to Castillo Pty Ltd for office space rental | 85,914 | 91,061 |
| *Outstanding balances with Key Management Personnel:* | | |
| Current payables – accrued directors' fees | - | 185,548 |

**End of remuneration report.**

### 14. Shares under Option
Unissued ordinary shares of Emerald under option at the date of this report are as follows:

| Expiry Date | Exercise Price | Number under Option |
|---|---|---|
| 21 January 2020 | $0.0250 | 17,500,000 |
| 30 September 2020 | $0.0323 | 15,577,500 |
| 6 January 2022 | $0.0520 | 2,500,000 |
| 21 January 2022 | $0.0510 | 465,000 |
| 9 March 2022 | $0.0570 | 3,372,500 |
| 6 July 2022 | $0.0490 | 2,500,000 |
| 5 June 2023 | $0.0434 | 15,000,000 |
| 30 January 2024 | $0.0390 | 6,000,000 |
| 21 June 2024 | $0.0470 | 3,000,000 |

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

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

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

| | Directors Meetings | | Audit & Risk Committee | | Remuneration Committee | |
|---|---|---|---|---|---|---|
| Director | No. Eligible to Attend | Meetings Attended | No. Eligible to Attend | Meetings Attended | No. Eligible to Attend | Meetings Attended |
| Mr S Lee AO | 6 | 6 | 2 | 2 | 1 | 1 |
| Mr M Hart | 6 | 6 | - | - | - | - |
| Mr M Evans | 5 | 5 | - | - | - | - |
| Mr J Tremain | 1 | 1 | 1 | 1 | - | - |
| Mr R Stanley | 6 | 6 | 2 | 2 | 1 | 1 |
| Mr R Williams | 6 | 6 | 2 | 2 | 1 | 1 |

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

### 18. Auditor's Independence Declaration & Non-Audit Services

The lead auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 32 of the Directors' report. No fees were paid or payable to the auditors for non-audit services performed during the year ended 30 June 2019.

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

**Morgan Hart**
**Managing Director**
Perth, 26 September 2019

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Emerald Resources NL for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

**Perth, Western Australia**
**26 September 2019**

**N G Neill**
**Partner**

hlb.com.au

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## Contents



These financial statements are the consolidated financial statements of the consolidated entity consisting of Emerald Resources NL and its subsidiaries. The financial statements are presented in 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 consolidated entity's operations and its principal activities is included in the review of operations and activities on pages 5 to 18 in the Directors’ report, both of which are not part of these financial statements.

The financial statements were authorised for issue by the Directors on 26 September 2019. The Company has the power to amend and reissue the financial statements.

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

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

## For the Year Ended 30 June 2019

| | Note | Consolidated 2019 $ | 2018 $ |
|---|---|---|---|
| Revenue from continuing operations | 3 | 249,149 | 90,235 |
| Other income | 4 | 140,865 | 410,279 |
| Administrative costs | | (271,875) | (227,302) |
| Consultancy expenses | | (144,889) | (285,047) |
| Employee benefits expense | 5(a) | (751,866) | (728,354) |
| Share based payment expenses | 25(a) | (204,342) | (88,452) |
| Occupancy expenses | | (87,771) | (109,425) |
| Compliance and regulatory expenses | | (93,094) | (86,978) |
| Insurance expenses | | (69,485) | (54,215) |
| Depreciation expense | 5(b) | (66,278) | (80,257) |
| Finance costs | 5(c) | (57,060) | (6,146) |
| Fair value loss on financial assets | | (236,538) | - |
| Exploration and feasibility expenditure expensed | 12 | (7,266,751) | (5,957,923) |
| Exploration and feasibility acquisition costs expensed | 12 | - | (4,300,000) |
| Other expenditure | | - | (17) |
| **(Loss) before income tax** | | **(8,859,935)** | **(11,423,602)** |
| Income tax benefit/(expense) | 7 | - | - |
| **(Loss) for the year** | | **(8,859,935)** | **(11,423,602)** |
| Other comprehensive income: | | | |
| Items that may be reclassified to profit or loss | | | |
| - Exchange differences on translation of foreign operations | | (3,543) | (204,661) |
| **Total comprehensive (loss) for the year** | | **(8,863,478)** | **(11,628,263)** |
| **(Loss) for the year is attributable to:** | | | |
| Owners of the company | | (8,859,935) | (11,423,602) |
| Non-controlling interest | | - | - |
| **(Loss) for the year** | | **(8,859,935)** | **(11,423,602)** |
| **Total comprehensive income (loss) for the year is attributable to:** | | | |
| Owners of the company | | (8,863,478) | (11,730,807) |
| Non-controlling interest | | - | 102,544 |
| **Total comprehensive loss for the year** | | **(8,863,478)** | **(11,628,263)** |
| **Earnings per share** | | | |
| Basic earnings/(loss) per share (cents per share) | 19 | (0.34) | (0.50) |
| Diluted earnings/(loss) per share (cents per share) | 19 | n/a | n/a |

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

## Consolidated Statement of Financial Position

## As at 30 June 2019

| | Note | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | 8 | 17,520,885 | 1,177,887 |
| Trade and other receivables | 9 | 289,836 | 324,810 |
| Financial assets at fair value through profit or loss | 10 | 73,231 | 309,768 |
| **Total Current Assets** | | **17,883,952** | **1,812,465** |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 11 | 115,243 | 170,811 |
| Exploration and evaluation expenditure | 12 | - | 33,600,933 |
| Mine properties | 13 | 36,415,489 | - |
| **Total Non-Current Assets** | | **36,530,732** | **33,771,744** |
| **Total Assets** | | **54,414,684** | **35,584,209** |
| **Current Liabilities** | | | |
| Trade and other payables | 14 | 1,143,739 | 783,399 |
| **Total Current Liabilities** | | **1,143,739** | **783,399** |
| **Non-Current Liabilities** | | | |
| Provisions | | 89,749 | - |
| **Total Non-Current Liabilities** | | **89,749** | **-** |
| **Total Liabilities** | | **1,233,488** | **783,399** |
| **Net Assets** | | **53,181,196** | **34,800,810** |
| **Equity** | | | |
| Contributed equity | 15 | 115,648,484 | 88,608,962 |
| Reserves | 16(c) | 2,539,574 | 2,338,775 |
| Accumulated losses | | (65,006,862) | (56,146,927) |
| Total equity attributable to owners of the parent | | 53,181,196 | 34,800,810 |
| Non-controlling interest | | - | - |
| **Total Equity** | | **53,181,196** | **34,800,810** |

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

## Consolidated Statement of Changes in Equity

## For the Year Ended 30 June 2019

| Consolidated | Issued Capital<br>$ | Option Reserve<br>$ | Foreign Currency Translation Reserve<br>$ | Accumulated Losses<br>$ | Equity Attributable to Owners of the Parent<br>$ | Non-Controlling Interest<br>$ | Total Equity<br>$ |
|---|---|---|---|---|---|---|---|
| Balance at 1 July 2017 | 88,460,333 | 2,315,964 | 203,792 | (44,723,325) | 46,256,764 | (102,544) | 46,154,220 |
| Net loss for the year | - | - | - | (11,423,602) | (11,423,602) | - | (11,423,602) |
| Exchange differences on translation of foreign operations | - | - | (204,661) | - | (204,661) | - | (204,661) |
| Total comprehensive loss for the period | - | - | (204,661) | (11,423,602) | (11,628,263) | - | (11,628,263) |
| Deconsolidation adjustment | - | - | - | - | - | 102,544 | 102,544 |
| *Transactions with owners in their capacity as owners:* | | | | | | | |
| Contributions of equity | 87,533 | - | - | - | 87,533 | - | 87,533 |
| Share based payment transactions | 64,772 | 23,680 | - | - | 88,452 | - | 88,452 |
| Transaction costs of issuing capital | (3,676) | - | - | - | (3,676) | - | (3,676) |
| | 148,629 | 23,680 | - | - | 172,309 | - | 172,309 |
| **Balance at 30 June 2018** | **88,608,962** | **2,339,644** | **(869)** | **(56,146,927)** | **34,800,810** | **-** | **34,800,810** |
| Balance at 1 July 2018 | 88,608,962 | 2,339,644 | (869) | (56,146,927) | 34,800,810 | - | 34,800,810 |
| Net loss for the year | - | - | - | (8,859,935) | (8,859,935) | - | (8,859,935) |
| Exchange differences on translation of foreign operations | - | - | (3,543) | - | (3,543) | - | (3,543) |
| Total comprehensive loss for the period | - | - | (3,543) | (8,859,935) | (8,863,478) | - | (8,863,478) |
| *Transactions with owners in their capacity as owners:* | | | | | | | |
| Contributions of equity | 27,930,000 | - | - | - | 27,930,000 | - | 27,930,000 |
| Share based payment transactions | - | 204,342 | - | - | 204,342 | - | 204,342 |
| Transaction costs of issuing capital | (890,478) | - | - | - | (890,478) | - | (890,478) |
| | 27,039,522 | 204,342 | - | - | 27,243,864 | - | 27,243,864 |
| **Balance at 30 June 2019** | **115,648,484** | **2,543,986** | **(4,412)** | **(65,006,862)** | **53,181,196** | **-** | **53,181,196** |

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

## Consolidated Statement of Cash Flows

## For the Year Ended 30 June 2019

| | Note | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Payments to suppliers and employees | | (1,569,339) | (1,479,891) |
| Interest received | | 222,310 | 105,610 |
| Payments for exploration and evaluation | | (6,699,239) | (6,089,146) |
| Payments for interest and other finance costs | | (52,281) | - |
| Research and development refund | | - | 146,006 |
| **Net cash (outflow) from operating activities** | 20 | **(8,098,549)** | **(7,317,421)** |
| **Cash Flows from Investing Activities** | | | |
| Payments for development | | (2,814,556) | - |
| Purchase of property, plant and equipment | | (5,445) | (114,333) |
| Proceeds from repayment of loan | | 124,935 | - |
| **Net cash (outflow) from investing activities** | | **(2,695,066)** | **(114,333)** |
| **Cash Flows from Financing Activities** | | | |
| Proceeds from issue of shares | | 28,026,900 | 87,533 |
| Share issue transaction costs | | (890,478) | (3,676) |
| **Net cash inflow from financing activities** | | **27,136,422** | **83,857** |
| **Net increase/(decrease) in cash and cash equivalents** | | 16,342,807 | (7,347,897) |
| Cash and cash equivalents at the start of the year | | 1,177,887 | 8,529,435 |
| Effect of exchange rates on cash holding in foreign currencies | | 191 | (3,651) |
| **Cash and cash equivalents at the end of the year** | 8 | **17,520,885** | **1,177,887** |

Amounts relating to payments to suppliers and employees as set out above are inclusive of goods and services tax. The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

## 1. Summary of Significant Accounting Policies

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

### (a) Basis of preparation

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

(i) Compliance with IFRS

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

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

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets.

### (b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Emerald Resources NL as at 30 June 2019 and the results of all subsidiaries for the year then ended.

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

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

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

(ii) Joint venture entities

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

## 1. Summary of Significant Accounting Policies (continued)

### (b) Principles of consolidation (continued)

(iii) Jointly controlled assets

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

### (c) Segment reporting

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

### (d) Revenue recognition

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

Interest income

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

### (e) Income tax

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

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

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

## 1. Summary of Significant Accounting Policies (continued)

### (f) Leases

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

### (g) Impairment of assets

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

### (h) Cash and cash equivalents

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

### (i) Trade receivables, other receivables and contract assets

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

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

### (j) Exploration and evaluation expenditure

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

### (k) Mine properties

(i) Mines under development

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

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

## 1. Summary of Significant Accounting Policies (continued)

### (k) Mine properties (continued)

All expenditure incurred prior to commencement of production from each area of interest is carried forward to the extent to which recoupment is expected through successful development and exploitation of the areas of interest, or alternatively, by their sale.

(ii) Mine development

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

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

### (l) Investments and other financial assets

(i) Recognition and derecognition

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

(ii) Classification and initial measurement of financial assets

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

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

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

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

The classification is determined by both:

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

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

## 1. Summary of Significant Accounting Policies (continued)

(iii) Subsequent measurement of financial assets

*Financial assets at amortised cost*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(iv) Impairment of financial assets

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

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

## 1. Summary of Significant Accounting Policies (continued)

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

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

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

### (m) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are initially recorded at fair value and then subsequently at amortised cost.

### (n) Provisions

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

### (o) Employee benefits

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

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

(iii) Share-based payments

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

## 1. Summary of Significant Accounting Policies (continued)

### (p) Contributed equity

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

### (q) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

### (r) Goods and services tax ('GST')

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

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

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

### (s) Business combinations

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

Acquisition-related costs are expensed as incurred.

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

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

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

## 1. Summary of Significant Accounting Policies (continued)

### (t) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(iii) Group companies

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

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

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

### (u) New accounting standards and interpretations

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the group are set out below. The group does not plan to adopt these standards early.

## 1. Summary of Significant Accounting Policies (continued)

(u) New accounting standards and interpretations (continued)

(i) AASB 16: Leases (applicable to annual reporting periods commencing on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as either operating leases or finance leases. Lessor accounting remains similar to current practice.

The main changes introduced by the new Standard are as follows:

- recognition of the right-to-use asset and liability for all leases (excluding short term leases with less than 12 months of tenure and leases relating to low value assets);
- depreciating the right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The directors anticipate that the adoption of AASB 16 will not have a material impact on the Group's recognition of leases and disclosures.

(ii) Other standards not yet applicable

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## 2. Critical accounting estimates and judgements

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

(a) Mine properties under construction

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

(b) Taxation

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

(c) Share based payment transactions

The group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in Note 25.

| | | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|---|
| **3.** | **Revenue from continuing operations** | | |
| | Interest received | 249,149 | 90,235 |
| | Total revenue from continuing operations | 249,149 | 90,235 |
| | | | |
| **4.** | **Other income** | | |
| | Fair value gains on financial assets | - | 279,768 |
| | Gain on deconsolidation | - | 117,287 |
| | Net foreign exchange gain | - | 13,224 |
| | Repayment of loan from previously consolidated entity | 124,935 | - |
| | Other | 15,930 | - |
| | Total other income | 140,865 | 410,279 |
| | | | |
| **5.** | **Expenses** | | |
| (a) | Employee benefits expense | | |
| | Salaries and wages expense | 709,187 | 682,363 |
| | Defined contribution superannuation expense | 42,679 | 45,991 |
| | Total employee benefits expense | 751,866 | 728,354 |
| | | | |
| (b) | Depreciation expense | | |
| | Plant and equipment - office | 11,448 | 14,544 |
| | Plant and equipment – field | 12,893 | 19,783 |
| | Motor vehicles | 41,937 | 45,930 |
| | Total depreciation | 66,278 | 80,257 |
| | | | |
| (c) | Finance costs | | |
| | Interest and finance charges paid or payable | 57,060 | 6,146 |
| | Total finance costs | 57,060 | 6,146 |
| | | | |
| (d) | Foreign exchange loss | | |
| | Net foreign exchange loss | 8,657 | - |
| | Total foreign exchange loss | 8,657 | - |
| | | | |
| **6.** | **Auditor's remuneration** | | |
| | Remuneration of the auditor of the group | | |
| | Auditing or reviewing the financial statements | 31,885 | 32,500 |
| | Non-assurance services | - | - |
| | Total auditor remuneration | 31,885 | 32,500 |

| | | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|---|
| **7.** | **Income tax benefit/(expense)** | | |
| (a) | Income tax expense | | |
| | Current tax | - | - |
| | Deferred tax | - | - |
| | Total income tax benefit | - | - |
| | Deferred income tax expense included in income tax expense comprises: | | |
| | - (Increase) Decrease in deferred tax assets (note 7(c)) | 177,603 | (10) |
| | - Increase (Decrease) in deferred tax liabilities (note 7(d)) | (177,603) | 10 |
| | | - | - |
| (b) | Numerical reconciliation of income tax expense to prima facie tax payable | | |
| | Loss from continuing operations before income tax expense | (8,859,935) | (11,423,602) |
| | Tax benefit at the tax rate of 30% | (2,657,981) | (3,427,081) |
| | Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| | - Share based payments | 61,303 | 26,536 |
| | - Other non-deductible amounts | 852,339 | 2,020,520 |
| | Unrecognised tax losses | 1,744,339 | 1,380,025 |
| | Income tax benefit | - | - |
| (c) | Deferred tax assets | | |
| | Employee benefits | 115,788 | 33,994 |
| | Other accruals | 5,970 | 5,850 |
| | | 121,758 | 39,844 |
| | Deferred tax assets recognized/(not recognized) | 57,127 | (38,562) |
| | Set-off deferred tax liabilities (note 7(d)) | (178,885) | (1,282) |
| | Net deferred tax assets | - | - |
| (d) | Deferred tax liabilities | | |
| | Development expenditure not deductible | 177,211 | - |
| | Other | 1,674 | 1,282 |
| | | 178,885 | 1,282 |
| | Set-off deferred tax assets (note 7(c)) | (178,885) | (1,282) |
| | Net deferred tax liabilities | - | - |
| (e) | Unused tax losses | | |
| | Tax losses for which no deferred tax asset has been recognized | 15,426,583 | 13,904,556 |
| | Potential tax benefit at 30% | 4,627,975 | 4,171,367 |
| | Capital losses for which no deferred tax asset has been recognized | 39,834,547 | 39,878,358 |
| | Potential tax benefit at 30% | 11,950,364 | 11,963,507 |
| (f) | Unrecognised temporary differences | | |
| | Unrecognised potential deferred tax asset relating to capital raising costs | - | 13,087 |
| | Unrecognised potential deferred tax asset relating exploration costs | 14,851,286 | 12,464,510 |

| | | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|---|
| **8.** | **Cash and cash equivalents** | | |
| (a) | Total cash and cash equivalents | | |
| | Cash at bank and in hand | 4,450,885 | 807,887 |
| | Deposits at call | 13,070,000 | 370,000 |
| | Total cash and cash equivalents | 17,520,885 | 1,177,887 |

(b) Cash at bank and on hand

Cash on hand is non-interest bearing. Cash at bank bears interest rates between 0.00% and 0.60% (2018: 0.00% and 0.50%).

(c) Deposits at call

Deposits at call are bearing interest rates between 1.43% and 2.40% (2018: 2.55% and 2.57%).

| | | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|---|
| **9.** | **Trade and other receivables** | | |
| (a) | Current | | |
| | Prepayments | 122,727 | 258,944 |
| | Other receivables | 167,109 | 65,866 |
| | Total current trade and other receivables | 289,836 | 324,810 |

(b) Past due and impaired receivables

As at 30 June 2019, there were no other receivables that were past due or impaired (2018: nil).

(c) Effective interest rates and credit risk

Information concerning effective interest rates and credit risk of both current and non-current trade and other receivables is set out in Note 18.

| | | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|---|
| **10.** | **Financial assets at fair value through profit or loss** | | |
| (a) | Current | | |
| | Financial assets at fair value through profit or loss (Level 1) | 73,231 | 309,768 |
| | Total current financial assets | 73,231 | 309,768 |

| | Plant & Equipment Office $ | Plant & Equipment Field $ | Motor Vehicles $ | Total $ |
|---|---|---|---|---|
| **11. Property, plant and equipment** | | | | |
| Year ended 30 June 2018 | | | | |
| Opening net book amount | 25,165 | 51,849 | 44,135 | 121,149 |
| Additions | 18,000 | 3,862 | 101,343 | 123,205 |
| Disposals/write-offs | - | - | - | - |
| Depreciation charge | (14,544) | (19,783) | (45,930) | (80,257) |
| Effect of exchange rates | - | 431 | 6,283 | 6,714 |
| Closing net book amount | 28,621 | 36,359 | 105,831 | 170,811 |
| At 30 June 2018 | | | | |
| Cost or fair value | 118,106 | 382,824 | 292,651 | 793,581 |
| Accumulated depreciation | (89,485) | (346,465) | (186,820) | (622,770) |
| Net book amount | 28,621 | 36,359 | 105,831 | 170,811 |
| Year ended 30 June 2019 | | | | |
| Opening net book amount | 28,621 | 36,359 | 105,831 | 170,811 |
| Additions | - | 4,948 | - | 4,948 |
| Disposals/write-offs | - | - | - | - |
| Depreciation charge | (11,448) | (12,893) | (41,937) | (66,278) |
| Effect of exchange rates | - | 733 | 5,029 | 5,762 |
| Closing net book amount | 17,173 | 29,147 | 68,923 | 115,243 |
| At 30 June 2019 | | | | |
| Cost or fair value | 118,106 | 405,411 | 272,914 | 796,431 |
| Accumulated depreciation | (100,933) | (376,264) | (203,991) | (681,188) |
| Net book amount | 17,173 | 29,147 | 68,923 | 115,243 |

| | Consolidated 2019 $ | 2018 $ |
|---|---|---|
| **12 Exploration and evaluation expenditure** | | |
| (a) Non-current | | |
| Opening balance | 33,600,933 | 37,900,933 |
| Exploration and evaluation expenditure incurred | 7,266,751 | 5,957,923 |
| Exploration and evaluation expenditure expensed | (7,266,751) | (5,957,923) |
| Exploration and feasibility acquisition costs expensed | - | (4,300,000) |
| Transfer to mine properties (Note 13) | (33,600,933) | - |
| Total non-current exploration and evaluation expenditure | - | 33,600,933 |

(b) Recoverability of capitalised acquisition costs

The value of the group's capitalised acquisition costs is dependent upon:

- The continuance of the groups rights to tenure of the areas of interest;
- The results of future exploration and evaluation; and
- The recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

## 12. Exploration & Evaluation Expenditure (continued)

In the previous financial year, the Company recognised an impairment of $4,300,000 relating to the O'Chhung exploration license acquisition costs. The Company intends to recommence activities on this licence however the Company's current short to mid-term focus is the development of the Okvau Gold Project and exploration activities on its other tenure recently acquired under Earn-In/Joint Venture Agreements and through exploration licence applications. The Company believes it appropriate to recognise an impairment in relation to this licence given there are no current planned exploration programs.

| | | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|---|
| **13.** | **Mine properties** | | |
| (a) | Mine properties under development | | |
| | Opening balance | - | - |
| | Construction expenditure | 2,814,556 | - |
| | Transferred from exploration and evaluation expenditure (Note 12) | 33,600,933 | - |
| | Total mine properties under development | 36,415,489 | - |
| (b) | Total mine properties | | |
| | Total mine properties under development | 36,415,489 | - |
| | Total mine properties | 36,415,489 | - |
| **14.** | **Trade and other payables** | | |
| | Current | | |
| | Trade payables | 237,793 | 324,550 |
| | Accruals | 655,386 | 279,868 |
| | Other payables | 250,560 | 178,981 |
| | Total current trade & other payables | 1,143,739 | 783,399 |

No trade or other payables are considered past due.

| | | Consolidated 2019 Shares | Consolidated 2018 Shares | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|---|---|---|
| **15.** | **Contributed Equity** | | | | |
| (a) | Issued capital | | | | |
| | Ordinary shares (fully paid) | 3,042,252,533 | 2,111,252,533 | 115,648,484 | 88,608,962 |
| | Total contributed equity | 3,042,252,533 | 2,111,252,533 | 115,648,484 | 88,608,962 |

(b) Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held. At shareholders meetings each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

(c) Options

Information relating to options including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in Note 17.

| | Date | Shares | Issue Price $ | Total $ |
|---|---|---|---|---|
| (d) Movements in issued capital | | | | |
| Opening Balance 1 July 2017 | | 2,107,977,533 | | 88,460,333 |
| Exercise of options (including transfer from reserve) | 1 Nov 2017 | 2,500,000 | $0.044 | 110,500 |
| Exercise of options (including transfer from reserve) | 14 Nov 2017 | 775,000 | $0.054 | 41,805 |
| Less: Transaction costs | | - | | (3,676) |
| Closing Balance at 30 June 2018 | | 2,111,252,533 | | 88,608,962 |
| Opening Balance 1 July 2018 | | 2,111,252,533 | | 88,608,962 |
| Placement funds | 12 Nov 2018 | 416,666,668 | $0.030 | 12,500,000 |
| Share purchase plan | 7 Dec 2018 | 31,000,000 | $0.030 | 930,000 |
| Placement funds | 19 Dec 2018 | 483,333,332 | $0.030 | 14,500,000 |
| Less: Transaction costs | | - | | (890,478) |
| Closing Balance at 30 June 2019 | | 3,042,252,533 | | 115,648,484 |

| | Consolidated 2019 $ | 2018 $ |
|---|---|---|
| **16. Reserves** | | |
| (a) Option reserve | | |
| Opening balance | 2,339,644 | 2,315,964 |
| Options issued as remuneration during the year | 204,342 | 88,452 |
| Exercise of options (transferred to issued capital) | - | (64,772) |
| Closing balance | 2,543,986 | 2,339,644 |

The option reserve records items recognised on valuation of director, employee and contractor share options, as well as options issued as consideration for acquisitions. Information relating to options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in Note 17.

| | 2019 $ | 2018 $ |
|---|---|---|
| (b) Foreign currency translation reserve | | |
| Opening balance | (869) | 203,792 |
| Exchange differences arising on translation of foreign operations | (3,543) | (204,661) |
| Closing balance | (4,412) | (869) |

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve. The reserve is recognised in the statement of comprehensive income when the net investment is disposed of.

| | 2019 $ | 2018 $ |
|---|---|---|
| (c) Total Reserves | | |
| Option reserve | 2,543,986 | 2,339,644 |
| Foreign currency translation reserve | (4,412) | (869) |
| Closing balance | 2,539,574 | 2,338,775 |

| Expiry date | Exercise price | Balance at start of year | Granted during the year | Exercised during the year | Cancelled/ lapsed during the year | Balance at end of the year |
|---|---|---|---|---|---|---|
| **17. Share Options** | | | | | | |
| (a) 2019 unlisted share option details | | | | | | |
| 21 Jun 2024 | $0.047 | - | 6,000,000 | - | - | 6,000,000 |
| 30 Jan 2024 | $0.039 | - | 3,000,000 | - | - | 3,000,000 |
| 20 Jan 2020 | $0.025 | 17,500,000 | - | - | - | 17,500,000 |
| 30 Sep 2020 | $0.032 | 21,777,500 | - | - | - | 21,777,500 |
| 06 Jan 2022 | $0.052 | 2,500,000 | - | - | - | 2,500,000 |
| 08 Mar 2022 | $0.057 | 3,372,500 | - | - | - | 3,372,500 |
| 06 Jul 2022 | $0.049 | 2,500,000 | - | - | - | 2,500,000 |
| 21 Jan 2022 | $0.051 | 1,802,500 | - | - | (1,337,500) | 465,000 |
| 07 Jun 2022 | $0.043 | 15,000,000 | - | - | - | 15,000,000 |
| | | 64,452,500 | 9,000,000 | - | (1,337,500) | 72,115,000 |
| Weighted average exercise price | | $0.036 | $0.042 | $0.000 | $0.051 | $0.036 |
| (b) 2018 unlisted share option details | | | | | | |
| 20 Jan 2020 | $0.025 | 20,000,000 | - | (2,500,000) | - | 17,500,000 |
| 15 Oct 2017 | $0.065 | 15,190,000 | - | - | (15,190,000) | - |
| 30 Sep 2020 | $0.032 | 22,552,500 | - | (775,000) | - | 21,777,500 |
| 06 Jan 2022 | $0.052 | 2,500,000 | - | - | - | 2,500,000 |
| 08 Mar 2022 | $0.057 | 3,372,500 | - | - | - | 3,372,500 |
| 06 Jul 2022 | $0.049 | - | 2,500,000 | - | - | 2,500,000 |
| 21 Jan 2022 | $0.051 | - | 1,802,500 | - | - | 1,802,500 |
| 07 Jun 2022 | $0.043 | - | 15,000,000 | - | - | 15,000,000 |
| | | 63,615,000 | 19,302,500 | (3,275,000) | (15,190,000) | 64,452,500 |
| Weighted average exercise price | | $0.044 | $0.045 | $0.027 | $0.065 | $0.036 |

The weighted average life of options as at 30 June 2019 is 2.30 years (2018: 2.65 years). For further details relating to options issued during the period refer to Note 25.

## 18. Financial Instruments, Risk Management Objectives and Policies

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

The main risks arising from the group's financial instruments are interest rate risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest Rate Risk

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

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

| **Consolidated - 2019** | **Weighted Average Interest Rate** | **Floating Interest Rate** | **Fixed Interest** | **Non-interest Bearing** | **2019 Total** |
|---|---|---|---|---|---|
| | % | $ | $ | $ | $ |
| Financial assets | | | | | |
| Cash and cash equivalents | 1.58 | 4,055,592 | 13,070,000 | 395,293 | 17,520,885 |
| Trade & other receivables | 0.00 | - | - | 289,836 | 289,836 |
| Financial assets at fair value through Profit or Loss(i) | 0.00 | - | - | 73,231 | 73,231 |
| | | 4,055,592 | 13,070,000 | 758,360 | 17,883,952 |
| Financial Liabilities | | | | | |
| Trade payables and accruals | 0.00 | - | - | 893,179 | 893,179 |
| | | - | - | 893,179 | 893,179 |

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

| **Consolidated - 2018** | **Weighted Average Interest Rate** | **Floating Interest Rate** | **Fixed Interest** | **Non-interest Bearing** | **2018 Total** |
|---|---|---|---|---|---|
| | % | $ | $ | $ | $ |
| Financial assets | | | | | |
| Cash and cash equivalents | 1.08 | 644,247 | 370,000 | 163,640 | 1,177,887 |
| Trade & other receivables | 0.00 | - | - | 324,810 | 324,810 |
| Financial assets at fair value through Profit or Loss(i) | 0.00 | - | - | 309,768 | 309,768 |
| | | 644,247 | 370,000 | 798,218 | 1,812,465 |
| Financial Liabilities | | | | | |
| Trade payables and accruals | 0.00 | - | - | 604,418 | 604,418 |
| | | - | - | 604,418 | 604,418 |

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

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

Group sensitivity analysis
The entity's main interest rate risk arises from cash and cash equivalents with variable and fixed interest rates. At 30 June 2019 the group's exposure to interest rate risk is not considered material.

(b) Credit risk

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

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the group's maximum exposure to credit risk.

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

### (c) Liquidity risk

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

### (d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) Quoted prices in active markets for identical assets or liabilities (Level 1);

(b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (level 2); and

(c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Carrying amounts of financial assets and liabilities at balance date approximates their fair value.

| | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|
| **19. Earnings per Share** | | |
| (a) Earnings/(Loss) | | |
| Loss used in the calculation of basic EPS | (8,859,935) | (11,423,602) |
| (b) Weighted average number of ordinary shares ('WANOS') | | |
| WANOS used in the calculation of basic earnings per share: | 2,641,689,976 | 2,110,094,382 |
| **20. Cash Flow Information** | | |
| Reconciliation of cash flows from operating activities with loss from ordinary activities after tax: | | |
| Profit/(loss) from ordinary activities after income tax | (8,859,935) | (11,423,602) |
| Depreciation | 66,278 | 80,257 |
| Share based payments | 204,342 | 88,452 |
| Revaluation of financial assets | 236,538 | (279,768) |
| Net exchange differences | (9,495) | 10,951 |
| Net gain on deconsolidation | - | (117,287) |
| Other items | 495 | 10,284 |
| *Changes in assets and liabilities:* | | |
| - (Increase)/Decrease in operating receivables & prepayments | (89,960) | 192,472 |
| - Decrease in capitalised exploration and evaluation expenditure | 33,600,933 | 4,300,000 |
| - (Increase) in mine properties | (33,600,933) | |
| - Increase/(Decrease) in trade and other payables | 353,188 | (179,180) |
| Net cash (outflows) from Operating Activities | (8,098,549) | (7,317,421) |

| | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|
| **21. Commitments** | | |
| Not longer than one year | 6,414,506 | 919,140 |
| Longer than one year, but not longer than five years | 12,053,537 | 6,063,471 |
| Longer than five years | 1,577,572 | - |
| Total exploration commitments | 20,045,615 | 6,982,611 |

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

During the current year the Company was awarded an Industrial Mining Licence ("IML") for the Okvau Gold Project. Upon receiving the IML the Group has additional commitments under its Environmental Contract with the Ministry of Environment contingent upon signing a Mineral Investment Agreement. The additional commitments relate to US$5,500,000 as a bond for rehabilitation commitments over a five year period and a further annual contribution of US$368,889 for a nine year period with funds applied to Environmental and Social initiatives.

## 22. Segment Information

### (a) Description of segments

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

### (b) Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments for the year ended 30 June 2019 is as follows:

| | Exploration, Evaluation and Development | | | |
|---|---|---|---|---|
| | Cambodia $ | Australia $ | Corporate $ | Total $ |
| **2019** | | | | |
| Total segment revenue | - | - | 249,149 | 249,149 |
| Interest revenue | - | - | 249,149 | 249,149 |
| Depreciation and amortisation expense | (49,984) | - | (16,294) | (66,278) |
| Total segment profit/(loss) before income tax | (7,188,599) | (128,136) | (1,543,200) | (8,859,935) |
| Total segment assets | 36,699,621 | - | 17,715,063 | 54,414,684 |
| Total segment liabilities | (297,723) | - | (846,016) | (1,143,739) |
| Acquisition of non-current assets | 2,819,504 | - | - | 2,819,504 |

## 22. Segment Information (continued)

| | Exploration and Evaluation Cambodia $ | Australia $ | Corporate $ | Total $ |
|---|---|---|---|---|
| **2018** | | | | |
| Total segment revenue | - | - | 90,235 | 90,235 |
| Interest revenue | - | - | 90,235 | 90,235 |
| Depreciation and amortisation expense | (59,459) | - | (20,798) | (80,257) |
| Total segment profit/(loss) before income tax | (10,150,614) | (166,960) | (1,106,028) | (11,423,602) |
| Total segment assets | 33,887,082 | - | 1,697,127 | 35,584,209 |
| Total segment liabilities | (206,238) | - | (577,161) | (783,399) |
| Acquisition of non-current assets | 105,205 | - | 18,000 | 123,205 |

(c) Measurement of segment information

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

(d) Segment revenue

No inter-segment sales occurred during the current financial year. The entity is domiciled in Australia. No revenue was derived from external customers in countries other than the country of domicile. Revenues of $249,149 (2018: $90,235) were derived from one Australian financial institution during the year. These revenues are attributable to the corporate segment.

(e) Reconciliation of segment information

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

## 23. Events Occurring After the Balance Date

There have not been any material events subsequent to balance date.

## 24. Related Party Transactions

### (a) Parent entity

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

### (b) Subsidiaries

Interests in subsidiaries are set out in Note 27.

### (c) Key management personnel compensation

| | Consolidated | |
|---|---|---|
| | **2019** **$** | **2018** **$** |
| Short-term employee benefits | 771,583 | 833,833 |
| Post-employment benefits | 61,046 | 67,814 |
| Share-based payments | 69,154 | 13,786 |
| Total key management personnel compensation | 901,783 | 915,433 |

Detailed remuneration disclosures are provided within the audited remuneration report which can be found on pages 21 to 29 of the directors' report.

### (d) Transactions with Director Related Parties

The following transactions occurred with related parties:

| | Consolidated | |
|---|---|---|
| | **2019** **$** | **2018** **$** |
| Receipts from director related entities: | | |
| Receipts from Berkut Minerals Limited for costs recharged | - | 6,090 |
| Receipts from Manda Resources Pty Ltd for reimbursement of exploration expenditure | 124,935 | - |
| Payments to director related entities: | | |
| Payments made to Castillo Pty Ltd for office space rental | 85,914 | 91,061 |
| Outstanding balances with Directors | | |
| Current payables – accrued directors' fees | - | 185,548 |

### (e) Terms and conditions of related party transactions

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

## 25. Share Based Payments

### (a) Share based payments

| | Consolidated | |
|---|---|---|
| | **2019 $** | **2018 $** |
| Options issued to Directors, management, employees and consultants | 204,342 | 88,452 |
| Total share based payments | 204,342 | 88,452 |

### (b) Options issued to Directors, management, employees and consultants

The weighted average fair value of the options granted during the year was 2.04 cents (2018: 1.90 cents). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

| | Expiry | |
|---|---|---|
| | **30 Jan 2024** | **21 Jun 2024** |
| Expected share price volatility (%) | 80.00% | 80.00% |
| Risk-free interest rate (%) | 2.24% | 0.98% |
| Discount for lack of marketability | 20.00% | 20.00% |
| Exercise price | $0.039 | $0.047 |
| Life of the option | 5.0 years | 5.0 years |
| Weighted average underlying share price | $0.040 | $0.040 |

All options issued as part of their incentive component of their remuneration packages and are all 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 of the options issued is recognised over the vesting period of the options. An amount of $204,342 was recognised in the Consolidated Statement of Profit or Loss for the year ending 30 June 2019 (2018: $88,452).

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future tender, which may not eventuate. The life of the options is based on historical exercise patterns, which may not eventuate in the future. Total share-based payment transactions recognised during the year were as set out above. Details of other options movements and balances are set out in Note 17.

## 26. Contingent Liabilities

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

During the current year the Company was awarded an Industrial Mining Licence ("IML") for the Okvau Gold Project. Upon receiving the IML the Group has additional commitments under its Environmental Contract with the Ministry of Environment which remain contingent upon signing a Mineral Investment Agreement for the project. These amounts relate to US$5,500,000 as a bond for rehabilitation commitments over a five year period and a further annual contribution of US$368,889 for a nine year period with funds applied to Environmental and Social initiatives.

Emerald has a contingent liability under the Sprott Term Sheet signed in June 2019. A US$1 million amount is payable if conditions precedent to the Term Sheet are not met or waived by Sprott by 20 December 2019 and Sprott are prepared to complete the transaction.

The Company also has a mandate with its financial advisor to assist with the financing of the Okvau Gold Project. In addition to usual work fees etc, there are contingent payments based upon a number of milestones relating to financing. Contingent payments remaining at year end are:

- 0.25% of the total facility upon financial close; and
- 0.25% of the total facility upon first draw down.

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

## 27. Subsidiaries

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

| Name of entity | Country of incorporation | Class of shares | Equity Holding[(i)] 2019 % | 2018 % |
|---|---|---|---|---|
| Emerald Gas Pty Ltd | Australia | Ordinary | 100 | 100 |
| Emerald Gas USA Holdings Inc | USA | Ordinary | 100 | 100 |
| Renaissance WA Pty Ltd | Australia | Ordinary | 100 | 100 |
| Renaissance Alaska Pty Ltd | Australia | Ordinary | 100 | 100 |
| Renaissance Cambodia Pty Ltd | Australia | Ordinary | 100 | 100 |
| Manda Resources Pty Ltd | Australia | Ordinary | 20 | 80 |
| Renaissance Minerals (Cambodia) Limited | Cambodia | Ordinary | 100 | 100 |

(i) The proportion of ownership interest is equal to the proportion of voting power held.

| | | Company 2019 $ | Company 2018 $ |
|---|---|---|---|
| **28.** | **Parent Entity Information** | | |
| (a) | Assets | | |
| | Current assets | 17,680,648 | 1,646,419 |
| | Non-current assets | 42,368,915 | 42,385,209 |
| | Total assets | 60,049,563 | 44,031,628 |
| (b) | Liabilities | | |
| | Current liabilities | 846,016 | 577,161 |
| | Non-current liabilities | - | - |
| | Total liabilities | 846,016 | 577,161 |
| (c) | Equity | | |
| | Contributed equity | 196,011,141 | 168,971,619 |
| | Reserves | 4,669,430 | 4,465,089 |
| | Accumulated losses | (141,477,024) | (132,049,706) |
| | Total equity | 59,203,547 | 41,387,002 |
| (d) | Total comprehensive income/(loss) for the year | | |
| | (Loss) for the year | (9,427,318) | (7,283,297) |
| | Other comprehensive income for the year | - | - |
| | Total comprehensive (loss) for the year | (9,427,318) | (7,283,297) |

## 29. Interests in Joint Venture and Earn-In Agreements

### (a) Angkor Gold Corp. Earn-In Agreement (Emerald Earning 80% Interest)

The Company has entered into an Earn-In Agreement with Angkor Gold Corp. ('Angkor') to earn up to an 80% interest in the Koan Nheak Project which consists of one exploration licence covering 189km$^2$.

Key terms of the Earn-In Agreement are:

- Emerald can elect to acquire a 51% interest, by completing an Initial Environmental Impact Assessment on the tenure, sole funding US$2.0 million in exploration by no later than 1st March 2021 and by making a cash payment of US$0.2 million on or before 1st March 2021. Emerald must spend a minimum of US$0.5 million before it has the right to withdraw;
- Emerald may then increase its interest to 80% by sole funding the completion of a Definitive Feasibility Study. Emerald must complete the Definitive Feasibility Study by 7th March 2022;
- Upon Emerald earning an 80% interest, Angkor may elect to continue to hold a 20% participating interest or to convert its 20% participating interest into a 3.5% Net Smelter Royalty ('NSR');
- If Angkor elects to convert its participating interest to a 3.5% NSR, Emerald may (at its sole discretion) at any time purchase back 1.0% of the NSR (to reduce the NSR to 2.5%) for a payment of US$1.5 million and then a further 0.5% of the NSR (to reduce NSR to 2.0%) for a further payment of US$1.5 million;
- Should Angkor choose to hold its 20% participating interest and not convert to a NSR, Emerald shall continue to fund Angkor's 20% share of costs which would be repaid by Angkor from future revenue derived from the Project; and
- Emerald will be the Manager of the Koan Nheak Project.

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

The Company has entered into a Joint Venture Agreement with Mekong Minerals Ltd ('Mekong Minerals') to earn up to a 70% interest in the Snoul and Phnom Khtong Projects which consist of two exploration licences covering 411km$^2$. Under a pre-existing agreement between Mekong Minerals and Southern Gold Ltd ('Southern Gold'), Southern Gold holds a 15% interest in the Mekong Projects which is free carried to completion of a Definitive Feasibility Study. Southern Gold also holds a 2% gross royalty capped to US$11 million and 1% gross royalty thereafter across all the Mekong Projects. Southern Gold has consented in principal to the term sheet between Emerald and Mekong Minerals.

Key terms of the Joint Venture are:

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

## Director’s Declaration

In the directors’ opinion:

(a) the financial statements and notes set out on pages 33 to 61 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

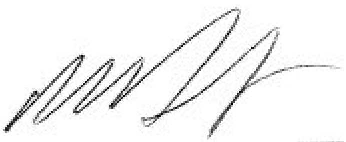
(b) the audited remuneration disclosures set out on pages 21 to 29 of the Directors’ report comply with section 300A of the *Corporations Act 2001*; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(d) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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



Morgan Hart
Managing Director

Perth, Western Australia, 26 September 2019

HLB MANN JUDD
ADVISORY AND ACCOUNTING

**INDEPENDENT AUDITOR'S REPORT**
To the members of Emerald Resources NL

**Report on the Audit of the Financial Report**

*Opinion*

We have audited the financial report of Emerald Resources NL ("the Company") and its controlled entities ("the Group"), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

*Key audit matters*

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

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| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| **Carrying amount of mine properties**<br>Note 13 of the financial report | |
| During the year the Group transferred $33,600,993 from exploration and evaluation expenditure to mine properties following the decision to commence development at the Okvau Gold Project.<br><br>Subsequent to transfer an additional $2,814,556 was incurred and capitalised in relation to access roads and preliminary development works. The carrying amount of mine properties as at 30 June 2019 was $36,415,489.<br><br>The impairment assessment conducted under AASB 136 *Impairment of Assets* as at the date of transfer involved a comparison of the recoverable amount of the Okvau Gold Project assets with their carrying amounts in the financial statements.<br><br>The evaluation of the recoverable amount of these assets at transfer is considered a key audit matter as it was based upon a model which required significant judgement in verifying the key assumptions supporting the expected discounted future cash flows of the Okvau Gold Project.<br><br>In addition, our audit focussed on the Group's assessment of the carrying amount of the capitalised mine properties, as this is one of the most significant assets of the Group. | Our procedures included but were not limited to the following:<br>- Obtained an understanding of the process associated with the preparation of the model to assess the recoverable amount of the Okvau Gold Project at transfer;<br>- Critically evaluated management's methodology in the model and the basis for key assumptions;<br>- Performed sensitivity analysis around the key inputs in the model that either individually or collectively would be required for assets to be impaired and considered the likelihood of such movement in those key assumptions;<br>- Considered whether the assets comprising the cash-generating unit had been correctly allocated;<br>- Considered the appropriateness of the discount rate used in the model;<br>- Substantiated a sample of expenditure subsequent to date of transfer by agreeing to supporting documentation; and<br>- Examined the disclosures made in the financial report. |

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

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

*Responsibilities of the directors for the financial report*

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

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

*Auditor's responsibilities for the audit of the financial report*

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

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

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

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

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

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

HLB MANN JUDD
ADVISORY AND ACCOUNTING

**Report on the Remuneration Report**

*Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Emerald Resources NL for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

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

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

**N G Neill**
**Partner**

**Perth, Western Australia**
**26 September 2019**

## Corporate Governance

In accordance with ASX Listing Rule 4.10.3 the company's Corporate Governance Statement can be found on the company's website, refer to http://emeraldresources.com.au/corporate_govenance.

## Shareholding

The distribution of members and their holdings of equity securities in the holding company as at 5 September 2019 were as follows:

| Number Held as at 5 September 2019 | Class of Equity Securities Fully Paid Ordinary Shares |
|---|---|
| 1- 1,000 | 141 |
| 1,001 - 5,000 | 49 |
| 5,001 - 10,000 | 69 |
| 10,001 - 100,000 | 1,108 |
| 100,001 and above | 1,193 |
| | 2,560 |

Holders of less than a marketable parcel: 272.

## Substantial Shareholders

The names of those shareholders that have lodged substantial shareholders with ASX as at 5 September 2019:

| Shareholder | Number |
|---|---|
| Morgan Cain Hart | 373,985,490 |
| SHL Pty Ltd | 247,333,333 |
| Ross Stanley | 222,663,613 |

## Voting Rights - Ordinary Shares

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

## Options

| | Exercise price | Expiry date | Number of options | Number of holders |
|---|---|---|---|---|
| Unlisted options | $0.0250 | 21 January 2020 | 17,500,000 | 3 |
| Unlisted options | $0.0323 | 30 September 2020 | 15,577,500 | 10 |
| Unlisted options | $0.0520 | 6 January 2022 | 2,500,000 | 1 |
| Unlisted options | $0.0510 | 21 January 2022 | 465,000 | 1 |
| Unlisted options | $0.0570 | 9 March 2022 | 3,372,500 | 2 |
| Unlisted options | $0.0490 | 6 July 2022 | 2,500,000 | 1 |
| Unlisted options | $0.0434 | 5 June 2023 | 15,000,000 | 3 |
| Unlisted options | $0.0390 | 30 January 2024 | 6,000,000 | 4 |
| Unlisted options | $0.0470 | 21 June 2024 | 3,000,000 | 1 |

## ASX Listing Rule 4.10.19

In accordance with the Listing Rule 4.10.19, the company states that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. The business objective is primarily mineral exploration, evaluation and development of the Okvau Gold Deposit.

## Twenty Largest Shareholders

The names of the twenty largest ordinary fully paid shareholders as at 5 September 2019 are as follows:

| Shareholder | Number | % Held of Issued Ordinary Capital |
|---|---|---|
| MR MORGAN CAIN HART | 373,985,490 | 12.3% |
| SHL PTY LTD | 247,333,333 | 8.1% |
| BNP PARIBAS NOMS PTY LTD | 225,688,694 | 7.4% |
| MR ROSS STANLEY | 222,663,613 | 7.3% |
| ZERO NOMINEES PTY LTD | 144,517,984 | 4.7% |
| TAZGA TWO PTY LTD | 133,333,333 | 4.4% |
| J P MORGAN NOMINEES AUSTRALIA | 112,800,815 | 3.7% |
| CONFEDERATE CAPITAL | 87,498,347 | 2.9% |
| FMR INVESTMENTS PTY LTD | 65,910,000 | 2.2% |
| CURIOUS CAPITAL GROUP PTY LTD | 50,000,000 | 1.6% |
| MRS BERYL JEAN DINGLE-MC | 49,708,063 | 1.6% |
| EL'RAGHY KRIEWALDT PTY LTD | 30,000,000 | 1.0% |
| CITCORP NOMINEES PTY LIMITED | 20,230,455 | 0.7% |
| JAMAX HOLDINGS PTY LTD | 20,150,000 | 0.7% |
| SIMORE PTY LTD | 19,847,843 | 0.7% |
| BPM CAPITAL LIMITED | 19,000,000 | 0.6% |
| MR KEE KHOO SEAH | 17,500,000 | 0.6% |
| J A ADVISORY SERVICES PTY LTD | 16,000,000 | 0.5% |
| JV BIZ PTY LTD | 15,500,000 | 0.5% |
| MR ROSS CAMPBELL WILLIAMS | 15,500,000 | 0.5% |
| | 1,887,167,970 | 61.9% |

## Okvau Mineral Resource Estimate

### Okvau Mineral Resource Estimate – June 2019

| Okvau June 2019 Mineral Resource Estimate | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Indicated Resource | | | Inferred Resource | | | Total Resource | | |
| Cut-off (Au g/t) | Tonnage (Mt) | Grade (g/t Au) | Contained Au (Koz) | Tonnage (Mt) | Grade (g/t Au) | Contained Au (Koz) | Tonnage (Mt) | Grade (g/t Au) | Contained Au (Koz) |
| 0.50 | 19.58 | 1.74 | 1,093 | 3.47 | 1.35 | 151 | **23.05** | **1.68** | **1,244** |
| 0.70 | 15.11 | 2.08 | 1,008 | 2.57 | 1.61 | 133 | **17.68** | **2.01** | **1,141** |
| 1.00 | 11.01 | 2.54 | 898 | 1.67 | 2.04 | 109 | **12.68** | **2.47** | **1,007** |

### Okvau Mineral Resource Estimate – June 2018

| Okvau June 2018 Mineral Resource Estimate | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Indicated Resource | | | Inferred Resource | | | Total Resource | | |
| Cut-off (Au g/t) | Tonnage (Mt) | Grade (g/t Au) | Contained Au (Koz) | Tonnage (Mt) | Grade (g/t Au) | Contained Au (Koz) | Tonnage (Mt) | Grade (g/t Au) | Contained Au (Koz) |
| 0.50 | 19.58 | 1.74 | 1,093 | 3.47 | 1.35 | 151 | **23.05** | **1.68** | **1,244** |
| 0.70 | 15.11 | 2.08 | 1,008 | 2.57 | 1.61 | 133 | **17.68** | **2.01** | **1,141** |
| 1.00 | 11.01 | 2.54 | 898 | 1.67 | 2.04 | 109 | **12.68** | **2.47** | **1,007** |

#### Review of Material Changes

The are no material changes in the Mineral Resource estimate from the prior year.

## Okvau Ore Reserve Estimate

### Okvau Ore Reserve Estimate - June 2019

| Okvau June 2019 Ore Reserve Estimate | | | |
|---|---|---|---|
| | Tonnage (Mt) | Grade (g/t Au) | Contained Au (Koz) |
| Probable Ore Reserve | **14.26Mt** | **1.98g/t Au** | **907koz** |

### Okvau Ore Reserve Estimate - June 2018

| Okvau June 2018 Ore Reserve Estimate | | | |
|---|---|---|---|
| | Tonnage (Mt) | Grade (g/t Au) | Contained Au (Koz) |
| Probable Ore Reserve | **14.26Mt** | **1.98g/t Au** | **907koz** |

#### Review of Material Changes

There are no material changes in the Ore Reserve estimate from the prior year.

## Governance and Internal Controls

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

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

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

## Forward Looking Statements and Footnotes

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

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

The Company believes that is has a reasonable basis for making the forward-looking statements in this announcement, including with respect to any production targets and financial estimates, based on the information contained in this announcement. Reference is made to ASX Announcement dated 1 May 2017. All material assumptions underpinning the production target or the forecast financial information continue to apply and have not materially changed.

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

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

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 document. However, there is no certainty that the Company can raise funding when required.

## Competent Persons Statement

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

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

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

## As at 12 September 2019

| Project | Location | Tenement | Licence type | Interest |
|---|---|---|---|---|
| Okvau Project | Cambodia | Okvau | Exploration Licence | 100% |
| Okvau Project | Cambodia | Okvau | Industrial Mining Licence | 100% |
| O'Chhung Project | Cambodia | O'Chhung | Exploration Licence | 100% |
| Svay Chras Project | Cambodia | Svay Chras | Exploration Licence | 100% |
| Phnum Khtong Project | Cambodia | Phnum Khtong | Exploration Licence | 0%[A] |
| Snoul Project | Cambodia | Snoul | Exploration Licence | 0%[A] |
| Koan Nheak Project | Cambodia | Koan N'heak | Exploration Licence | 0%[B] |

Notes

A: Emerald Resources NL is earning up to a 70% interest from Mekong Minerals Limited.

B: Emerald Resources NL is earning up to an 80% interest from Angkor Gold Corp.

C: The Company has a 5% overriding royalty interest in all gas production from various oil and gas interests located in Magoffin County, Kentucky. There was no product recovered and sold from the Leases and the royalty received for the financial year was Nil.