



EMERALD
RESOURCES NL

**Interim Financial Report
for the half year ended 31 December 2015**

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This half year financial report covers the Consolidated Entity consisting of Emerald Resources NL and its subsidiaries. The financial report is presented in Australian dollars.

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

Emerald Resources NL
1110 Hay Street
West Perth WA 6005

A description of the nature of the Consolidated Entity's operations and its principal activities is included in the Directors' report on pages 2 to 6.

EMERALD RESOURCES NL
ABN: 72 009 795 046

Corporate Information

Directors:

Simon Lee AO
Morgan Hart
Ross Stanley
Ross Williams

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

Registered & Principal Office

1110 Hay Street
WEST PERTH, WA, 6005
Telephone: 1300 729 543
Facsimile: 1300 729 528
www.emeraldresources.com.au

Postal Address:

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

Company Secretary:

Mark Clements

Auditors:

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

Home Securities Exchange:

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

Solicitors:

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

Share Registry:

Security Transfer Registrars Pty Ltd
PO Box 535
APPLECROSS, WA, 6953
Telephone +618 9315 2333
Facsimile +618 9315 2033
www.securitytransfer.com.au

Directors' Report

Your Directors have pleasure in submitting their report on Emerald Resources NL and its subsidiaries (hereafter 'the Group' or 'the Consolidated Entity') for the half-year ended 31 December 2015.

1. DIRECTORS

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

Simon Lee AO	Non-Executive Chairman
Morgan Hart	Managing Director
Ross Stanley	Non-Executive Director
Ross Williams	Non-Executive Director

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

2. PRINCIPAL ACTIVITIES

The principal activities of the Group during the period were to identify suitable projects in the energy and broader resources sector and evaluate their commercial value in the current investment climate. The Company also maintained a 5% overriding royalty interest in all gas production from various oil and gas interests located in Magoffin County, Kentucky.

3. RESULTS

The net loss of the Group for the half-year ended 31 December 2015 after income tax was \$244,345 (2014:loss \$420,918). As at 31 December 2015, the Group held cash of \$16.9 million. During the period, EMR applied existing low-yielding cash reserves by investing in selected short term, liquid ASX listed companies whilst a long term strategic investment opportunity is identified. At 31 December 2015 the fair value of the investments was \$0.9 million.

4. OPERATING AND FINANCIAL REVIEW

4.1 NEW PROJECTS

During the period, Emerald Resources NL (EMR) continued to identify suitable projects in the energy and broader resources sector and evaluate their commercial value in the current investment climate. As part of this process, EMR engaged highly experienced mining consultants who have achieved a significant level of commercial success in developing global resource projects and maximizing shareholder returns.

EMR continued discussions with third parties relating to a potential transaction involving a resources project and progressed a due diligence program, including site visits to evaluate the commercial potential of the opportunity and this resulted in the announcement made by the Company on 3 February 2016 in relation to the earning of an interest in Renaissance Minerals Limited's Cambodian Gold Project (Refer Events Subsequent to the Reporting Date).

Directors' Report

4.2 Appalachian Gas - Magoffin County, Kentucky (EMR: 5% Royalty Interest)

Following an evaluation of the expected future returns of the Appalachian gas business in the previous reporting period, Kentucky Energy Partners, LLC (KEP), a partnership between EMR (75%) and Slone Production, LLC (Slone Production) (25%), entered into an assignment of oil and gas leases with Slone Energy, LLC (Slone Energy), a company associated with Slone Production, to assign the various oil and gas interests located in Magoffin County, Kentucky (Leases), to Slone Energy (Agreement).

KEP has assigned the various oil and gas interests, including existing fixtures, casing and pipelines utilized on and for the Leases for a nominal consideration in return for EMR retaining a 5% overriding royalty interest in all gas production from the Leases (Royalty Interest).

The Royalty Interest will continue over any new oil and gas lease acquired by Slone Energy where that new oil and gas lease is in respect of any part of an area that was the subject of the Leases that may be relinquished, surrendered or not renewed.

During the period, there was no product recovered and sold from the Leases and the royalty received for the period was nil.

5. EVENTS SUBSEQUENT TO THE REPORTING DATE

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

Joint Venture with Renaissance Minerals Ltd

On 3 February 2016 the Company announced that it had entered into a legally binding Memorandum of Agreement (MoA) with Renaissance Minerals Limited (ASX:RNS) whereby Emerald may earn up to a 51% interest in Renaissance's Cambodian Gold Project by sole funding a Definitive Feasibility Study (DFS) for the development of Okvau Gold Deposit to a bankable level, an Environmental & Social Impact Assessment (ESIA) and a 2 year exploration program of US\$3 million.

Emerald also subscribed for 57.4 million shares in Renaissance as part of an equity placement of 114.8 million shares at 3 cents per share to raise \$3.4 million. As at the date of this report, Emerald holds a 10% interest in Renaissance and is represented on the Renaissance Board by Mr Ross Williams.

Directors' Report

5. EVENTS SUBSEQUENT TO THE REPORTING DATE (CONT)

The MoA is subject to certain conditions including:

- Execution of a Farm-in and Joint Venture Agreement on customary terms
- Emerald shareholder approval for the proposed change in the nature and scale of Emerald's operations
- ASX granting Emerald conditional approval for the securities in Emerald to be re-instated to trading on the ASX following re-compliance with Chapters 1 and 2 of the ASX Listing Rules
- Renaissance shareholder approval for the Joint Venture
- Renaissance and Emerald obtaining necessary approvals and consents from the Cambodian Government

A general meeting is to be held on 31 March 2016 to seek the approval by Shareholders of the following resolutions:

- (a) As the Company is currently an oil and gas exploration company, participation in the Joint Venture will represent a significant change in the nature or scale of the Company's operations to a gold exploration and development company, for which Shareholder approval is required under ASX Listing Rule 11.1.2 (Resolution 1).
- (b) The Company is undertaking a capital raising by issuing 33,334 Shares at 3 cents per Share to raise \$1,000 via a prospectus (Capital Raising) (Resolution 2). The Capital Raising is for a nominal amount only as the Company has sufficient working capital for its current intentions, but must undertake the Capital Raising to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

It is proposed that, upon satisfaction of the Conditions Precedent, the Company may begin sole funding exploration expenditure on the Project, and, after sole funding US\$500,000 within 9 months of the date that the last Condition Precedent was satisfied, the Company will earn in to a 5% interest in the Project and the Joint Venture will be formed. The Company may then earn up to a total of 51% in the Project via the Joint Venture in three stages if it has expended up to US\$3,000,000 in total exploration expenditure in respect of the Project and has completed a DFS and an ESIA in respect of the Okvau Gold Deposit.

Directors' Report

5. EVENTS SUBSEQUENT TO THE REPORTING DATE (CONT)

Okvau Gold Deposit

The Okvau Gold Project and adjoining O'Chhung licences which also form part of the MoA cover approximately 400km of project area and are located within the core of a prospective Intrusive Related Gold province in the eastern plains of Cambodia. The Project is located in the Mondulkiri Province of Cambodia approximately 265 kilometres north-east of the capital Phnom Penh (Figure 1).

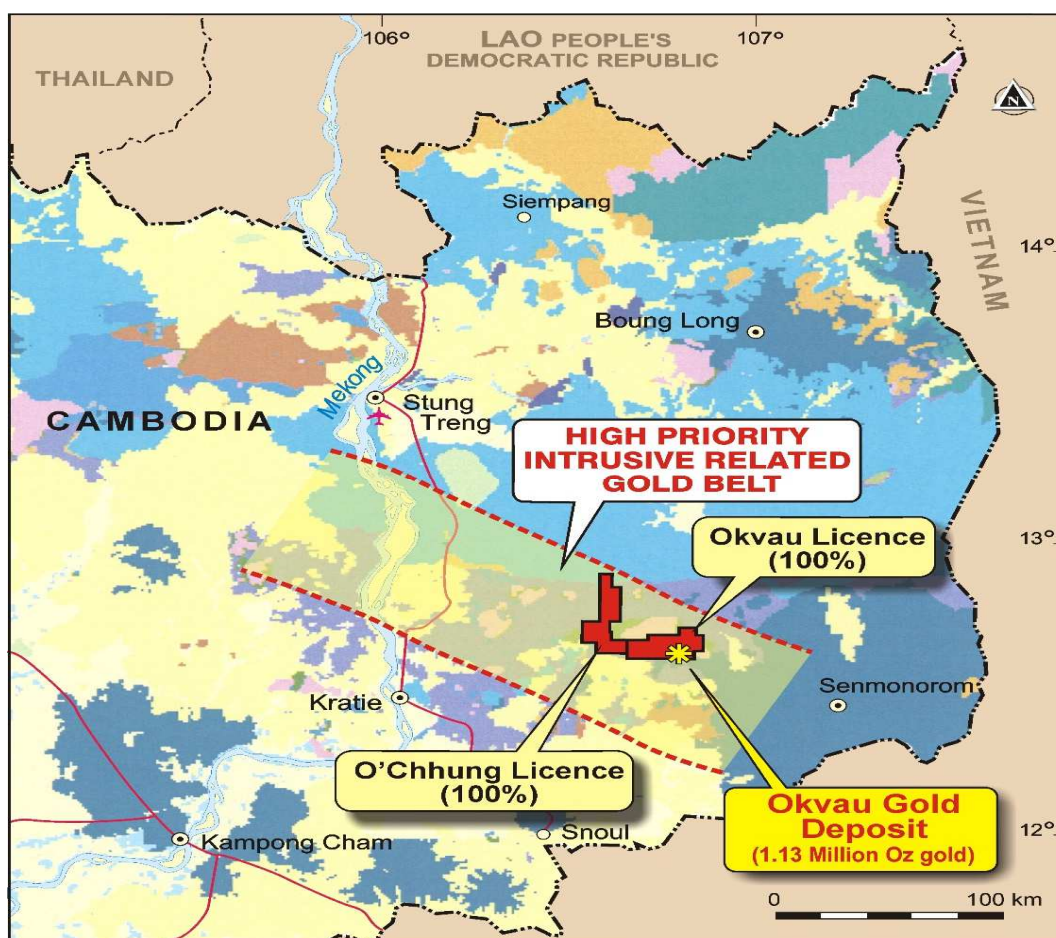


Figure 1: Location of Okvau and O'Chhung licences

A revised independent JORC Indicated and Inferred Resource estimate of 15.8Mt at 2.2g/t for 1.13Moz of gold was completed for the Okvau Gold Deposit in July 2015. Approximately 85% of the resource estimate is in the Indicated category. The resource estimate comprises 13.2Mt at 2.3g/t gold for 0.96Moz of gold in the Indicated resource category plus 2.7Mt at 2.0g/t gold for 0.17Moz of gold in the Inferred resource category.

Renaissance completed a Pre-Feasibility Study (Study) in July 2015 for the development of a 1.5Mtpa operation based only on the Okvau Deposit via an open pit mining operation. The Study was completed to +/-20% level of accuracy and there has been no material change.

Directors' Report

5. EVENTS SUBSEQUENT TO THE REPORTING DATE (CONT)

The Study demonstrates the potential for a robust, low cost development with an initial Life of Mine of 8 years, producing on average 91,500 ounces of gold per annum via conventional open pit mining methods from a single pit to be mined in three stages. A summary of these results based on the ASX market release dated 27 July 2015 by Renaissance.

Competent Persons Statement

The information in this report that relates to the Mineral Resources for the Okvau Gold Deposit was prepared by International Resource Solutions Pty Ltd (Brian Wolfe), who is a consultant to Renaissance Minerals Limited, who is a Member of the Australian Institute of Geoscientists (AIG), and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent person as defined by the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Wolfe consents to the inclusion of the matters based on his information in the form and context in which it appears.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This independence Declaration is set out on page 7 and forms part of this directors' report for the half year ended 31 December 2015.

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



Simon Lee AO
Chairman
Perth
4 March 2016

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Emerald Resources NL for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia
4 March 2016



N G Neill
Partner

EMERALD RESOURCES NL
ABN: 72 009 795 046

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	2015	2014
	\$	\$
Continuing operations		
Gas revenues	-	6,246
Cost of sales	-	(30,459)
Gross loss	-	(24,213)
Corporate, legal and administration expenses	(412,254)	(406,908)
Consulting and contracting expenses	(86,220)	(87,748)
Impairment of exploration expenditure	-	(178,964)
Results from operating activities	(498,474)	(697,833)
Finance income	254,129	276,915
Loss before income tax benefit	(244,345)	(420,918)
Income tax benefit/(expense)	-	-
Loss from continuing operations for the period	(244,345)	(420,918)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	-	131,788
Total other comprehensive income for the period	-	131,788
Total comprehensive loss for the period	(244,345)	(289,130)
Loss for the period is attributable to:		
Owners of the company	(244,345)	(332,194)
Non-controlling interest	-	(88,724)
Loss for the period	(244,345)	(420,918)
Total comprehensive loss for the period is attributable to:		
Owners of the company	(244,345)	(207,935)
Non-controlling interest	-	(81,195)
Total comprehensive loss for the period	(244,345)	(289,130)
Earnings per share		
Basic and diluted (loss)/earnings per share – cents per share	(0.02)	(0.03)

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

EMERALD RESOURCES NL
ABN: 72 009 795 046

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

		31 December 2015	30 June 2015
	Note	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		16,884,786	17,965,799
Trade and other receivables		92,096	134,021
Financial assets at fair value through profit and loss	5	900,000	-
Total current assets		17,876,882	18,099,820
Non-current assets			
Property, plant and equipment		8,009	9,608
Total non-current assets		8,009	9,608
TOTAL ASSETS		17,884,891	18,109,428
LIABILITIES			
Current liabilities			
Trade and other payables		148,292	128,484
Total current liabilities		148,292	128,484
TOTAL LIABILITIES		148,292	128,484
NET ASSETS		17,736,599	17,980,944
EQUITY			
Issued capital	6	51,057,425	51,057,425
Reserves		1,924,366	1,924,366
Accumulated losses		(35,149,288)	(34,904,943)
Total equity attributable to owners of the parent		17,832,503	18,076,848
Non-controlling interest		(95,904)	(95,904)
TOTAL EQUITY		17,736,599	17,980,944

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

EMERALD RESOURCES NL
ABN: 72 009 795 046

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

2015

	Issued Capital \$	Options Reserve \$	Foreign Exchange Translation Reserve \$	Accumulated Losses \$	Equity Attributable to the Owners of the Parent \$	Non- controlling Interest \$	Total Equity \$
Total equity at 1 July 2015	51,057,425	1,711,132	213,234	(34,904,943)	18,076,848	(95,904)	17,980,944
Net loss	-	-	-	(244,345)	(244,345)	-	(244,345)
Total comprehensive loss for the period	-	-	-	(244,345)	(244,345)	-	(244,345)
Total equity at 31 December 2015	51,057,425	1,711,132	213,234	(35,149,288)	17,832,503	(95,904)	17,736,599

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

EMERALD RESOURCES NL
ABN: 72 009 795 046

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

2014

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

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

EMERALD RESOURCES NL
ABN: 72 009 795 046

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	31 December 2015 \$	31 December 2014 \$
<i>Cash flows from operating activities</i>		
Receipts from customers	-	6,246
Interest received	292,621	238,528
Payments to suppliers and employees	(429,716)	(411,266)
Net cash used in operating activities	(137,095)	(166,492)
<i>Cash flows from investing activities</i>		
Payments for financial assets	(943,918)	-
Net cash used in investing activities	(943,918)	-
<i>Cash flows from financing activities</i>		
Proceeds from issue of shares	-	5,716,350
Payments for capital raising costs	-	(71,454)
Net cash provided by financing activities	-	5,644,896
Net (decrease)/increase in cash and cash equivalents	(1,081,013)	5,478,404
Cash and cash equivalents at the beginning of the period	17,965,799	12,573,838
Cash and cash equivalents at the end of the period	16,884,786	18,052,242

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

NOTE 1 – REPORTING ENTITY

Emerald Resources NL (the “Company”) is a company domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise stated. The consolidated half-year financial report of the Group as at and for the six months ended 31 December 2015 comprises the Company and its subsidiaries (together referred to as the “Group” or the “Consolidated Entity”).

NOTE 2 – BASIS OF PREPARATION

Statement of compliance

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 *Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (‘AASB’). Compliance with AASB 134 ensures compliance with IAS 34 *Interim Financial Reporting*.

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by Emerald Resources NL and its subsidiaries during the half year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The annual financial report of the Group for the year ended 30 June 2015 is available from www.asx.com.au.

Basis of preparation

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

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

This consolidated half-year financial report was approved by the Board on 3 March 2016.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

(a) Significant accounting judgements and key estimates

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

In preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2015.

(b) Accounting policies and methods of computation

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

NOTE 4 – INCOME TAX

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

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

NOTE 5 – FINANCIAL ASSETS

Listed Shares at Market Value

	31 December 2015	30 June 2015
Listed shares at Market Value (Level 1)	900,000	-

NOTE 6 – ISSUED CAPITAL

2015

(a) Issued and Paid Up Capital

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

There have been no issue of shares during this period.

NOTE 7 – RELATED PARTY TRANSACTIONS

(a) Parent and ultimate controlling party

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

NOTE 7 – RELATED PARTY TRANSACTIONS (Continued)

(b) Other related party transactions

The total amount of fees and compensation referable to the directors during the half-year ended 31 December 2015 was \$86,220 (31 December 2014, \$87,348).

Castilo Pty Ltd ATF The Castilo Trust, a company of which Mr Ross Stanley is a director, charged rent on commercial terms during the half-year ended 31 December 2015 totalling \$41,600 (3 months to 31 December 2014: \$19,756). The total amount of fees due to Castilo Pty Ltd as at 31 December 2015 was \$nil (2014: nil).

(c) Terms and Conditions

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

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

NOTE 8 – SEGMENT REPORTING

Identification of reportable segments

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

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

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

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

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

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

NOTE 8 – SEGMENT REPORTING (Continued)

Description of operating segments

Appalachian (USA) operation

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

All other segments (Australia)

Segment information

The following tables present information on the revenue and results regarding each reportable operating segment provided to the Board of Directors for the half year periods ended 31 December 2015 and 31 December 2014.

2015

Geographical segment	USA Appalachian \$	Australia All other Segments	Consolidated \$
Operating Segment			
Segment Revenues	-	254,129	254,129
Segment result	(15,947)	(228,398)	(244,345)
Segment assets	2,402	17,882,489	17,884,891
Segment liabilities	(3,049)	(145,243)	(148,292)
Included in segment result:			
Interest revenue	-	254,129	254,129
Depreciation and depletion	-	(1,599)	(1,599)

2014

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

NOTE 9 – POST BALANCE DATE EVENTS

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

Joint Venture with Renaissance Minerals Ltd

On 3 February 2016 the Company announced that it had entered into a legally binding Memorandum of Agreement (MoA) with Renaissance Minerals Limited (ASX:RNS) whereby Emerald may earn up to a 51% interest in Renaissance's Cambodian Gold Project by sole funding a Definitive Feasibility Study (DFS) for the development of Okvau Gold Deposit to a bankable level, an Environmental & Social Impact Assessment (ESIA) and a 2 year exploration program of US\$3 million.

Emerald also subscribed for 57.4 million shares in Renaissance as part of an equity placement of 114.8 million shares at 3 cents per share to raise \$3.4 million. As at the date of this report, Emerald holds a 10% interest in Renaissance and is represented on the Renaissance Board by Mr Ross Williams.

The MoA is subject to certain conditions including:

- Execution of a Farm-in and Joint Venture Agreement on customary terms
- Emerald shareholder approval for the proposed change in the nature and scale of Emerald's operations
- ASX granting Emerald conditional approval for the securities in Emerald to be re-instated to trading on the ASX following re-compliance with Chapters 1 and 2 of the ASX Listing Rules
- Renaissance shareholder approval for the Joint Venture
- Renaissance and Emerald obtaining necessary approvals and consents from the Cambodian Government

A general meeting is to be held on 31 March 2016 to seek the approval by Shareholders of the following resolutions:

- (a) As the Company is currently an oil and gas exploration company, participation in the Joint Venture will represent a significant change in the nature or scale of the Company's operations to a gold exploration and development company, for which Shareholder approval is required under ASX Listing Rule 11.1.2 (Resolution 1).
- (b) The Company is undertaking a capital raising by issuing 33,334 Shares at 3 cents per Share to raise \$1,000 via a prospectus (Capital Raising) (Resolution 2). The Capital Raising is for a nominal amount only as the Company has sufficient working capital for its current intentions, but must undertake the Capital Raising to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

It is proposed that, upon satisfaction of the Conditions Precedent, the Company may begin sole funding exploration expenditure on the Project, and, after sole funding US\$500,000 within 9 months of the date that the last Condition Precedent was satisfied, the Company will earn in to a 5% interest in the Project and the Joint Venture will be formed. The Company may then earn up to a total of 51% in the Project via the Joint Venture in three stages if it has expended up to US\$3,000,000 in total exploration expenditure in respect of the Project and has completed a DFS and an ESIA in respect of the Okvau Gold Deposit.

NOTE 10 – CONTINGENT LIABILITIES AND COMMITMENTS

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

Directors' Declaration

In the Directors' opinion:

- a) the financial statements and notes set out on pages 8 to 18 comply with the Corporations Act 2001; and
 - i. comply with Australian Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii. give a true and fair view of the Group's financial position as at 31 December 2015 and of its performance, as represented by the results of its operations, changes in equity and cash flows, for the half year then ended; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors, made pursuant to s303(5) of the Corporations Act 2001.

On behalf of the Board,



Simon Lee AO
Chairman
Perth
4 March 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Emerald Resources NL

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Emerald Resources NL ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2015, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



HLB Mann Judd
Chartered Accountants



N G Neill
Partner

Perth, Western Australia
4 March 2016