



ABN 53 117 086 745

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2020

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CORPORATE DIRECTORY

DIRECTORS

Andrew McIlwain, Non-executive Chairman
Rob Bills, Managing Director and CEO
Allan Trench, Non-executive Director

COMPANY SECRETARY

Paul Mason

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ERM

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Darwin NT 0807

BANKERS

National Australia Bank
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AUDITORS

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Advanced Share Registry Services Limited
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Nedlands WA 6009

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EMMERSON RESOURCES LIMITED

DIRECTORS' REPORT

The Directors of Emmerson Resources Limited and its controlled entities ("Company" or "Emmerson" or "consolidated entity") submit their report for the half-year ended 31 December 2020. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are as follows:

Andrew McIlwain, Non-executive Chairman
Rob Bills, Managing Director and Chief Executive Officer
Allan Trench, Non-executive Director

REVIEW AND RESULTS OF OPERATIONS

Operating Results for the Half-year

The net loss for the half-year ended 31 December 2020 was \$700,712 compared to the half-year ended 31 December 2019 of \$718,368.

Total revenue and other income increased from \$51,796 in the half-year ended 31 December 2019 to \$170,477 for the half-year ended 31 December 2020, predominantly due to receipt of government incentives and a gain on disposal of an asset.

Expenses increased from \$770,164 in the half-year ended 31 December 2019 to \$871,189 for the half-year ended 31 December 2020, predominately due to an increase in legal fees arising from corporate activities and the termination of the joint venture agreements over the Southern Project Area at Tennant Creek.

Financial Position

Net assets and total equity increased by \$4,690,088 during the half-year due to equity raisings of \$5,386,144 net of costs offset by the loss for the period of \$700,712. Available cash at the end of the half-year was \$5,478,452.

Net assets and total equity at 31 December 2020 were \$20,836,942 (30 June 2020: \$16,146,854).

Cash and assets utilised by the Company for the period continued to be focused on exploration activities in Tennant Creek and New South Wales, consistent with the Company's business objectives. The Directors believe the Company is in a good financial position to continue its exploration endeavors.

REVIEW OF OPERATIONS

About Emmerson Resources

Emmerson Resources Limited (Emmerson) (ASX:ERM) is fast tracking exploration across five exciting early-stage gold-copper projects in NSW. The highly prospective Macquarie Arc in NSW hosts >80Moz gold and >13Mt copper with these resources heavily weighted to areas of outcrop or limited cover. Emmerson's five exploration projects contain many attributes of the known deposits within the Macquarie Arc but remain underexplored due to historical impediments, including an overlying cover (farmlands and younger rocks). Most of our NSW projects were identified from the application of 2D and 3D predictive targeting models aimed at increasing the probability of discovery in partnership with Kenex (now Duke Exploration Limited (ASX:DEX)). The Kadungie project is a Joint Venture with Aurelia Metals Limited (ASX:AML), covering 43km² adjacent to Emmerson's Fifield project.

In addition, Emmerson has a commanding landholding position and is exploring the Tennant Creek Mineral Field (TCMF). The TCMF is one of Australia's highest-grade gold and copper fields with historic production of over 5.5Moz of gold and 470,000t of copper from deposits including Warrego, White Devil, Orlando, Gecko, Chariot, and Golden Forty. These high-grade deposits are highly valuable exploration targets and, to date, Emmerson's discoveries include high-grade gold at Edna Beryl and Mauretania, plus copper-gold at Goanna and Monitor (now within the Gecko Mining-owned tenement). These are the first discoveries in the TCMF for over two decades.

EMMERSON RESOURCES LIMITED

DIRECTORS' REPORT

Emmerson holds 1,600 km² of ground in the TCMF and a substantial geological database plus extensive infrastructure and equipment. The TCMF is situated approximately 500km north of Alice Springs on the Stuart Highway and boasts excellent infrastructure (main highway, rail, gas, water, township and airport).

STRATEGIC ALLIANCE WITH TENNANT CONSOLIDATED MINING GROUP

On 16 November 2020, Emmerson advised it had entered a new Strategic Alliance at Tennant Creek with Tennant Consolidated Mining Group (TCMG). The agreement with TCMG includes the following:

- \$5.5m Exploration Earn-in and JV (EEJV) in the Northern Project Area (NPA)
- Delineation of an approximate 20,000km² Area of Mutual Interest centred on Tennant Creek aimed at future exploration or acquisitions
- A Small Mines JV (SMJV) with a free carried 6% gold gross revenue royalty for production from Small Mines (<250,000oz gold equivalent)
- A Major Mines interest whereby Emmerson retains up to a 40% interest in any Major Discovery (>250,000oz gold equivalent)

This Strategic Alliance establishes a funded pathway for the development of Emmerson's high-grade gold projects and provides substantial new funding for exploration to continue to build the resource pipeline.

TCMG is an entity established specifically for the purposes of making this investment and is managed by a number of senior mining industry executives who are well known to Emmerson. TCMG is a subsidiary of TransAsia, is a Hong Kong-based asset management firm which was the lender to Territory Resources Limited (Territory). More information about TCMG is contained in the 16 November 2020 ASX announcement.

As announced to ASX on 9 November 2020 Emmerson terminated the Exploration Earn-in and Joint Venture Agreement (EEJV) with Territory Resources Limited over the Southern Project Area (SPA). Emmerson have been informed by Territory Resources Limited that they are considering their position and legal rights to the termination. Emmerson consider that the termination of the EEJV over the SPA was valid and will vigorously defend any claim made by Territory.

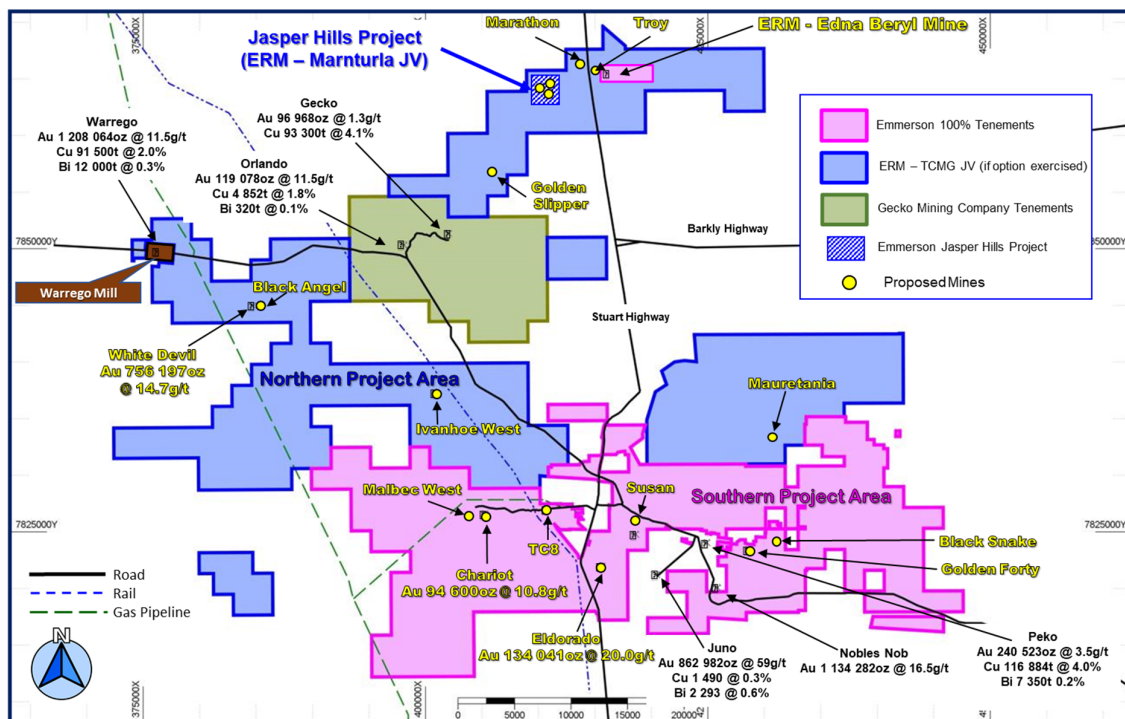


Figure 1: Emmerson's Project Areas in the Tennant Creek Mineral Field

DIRECTORS' REPORT

NORTHERN PROJECT AREA (100% EMMERSON)

The high-grade Mauretania gold project is located within the Northern Project Area (NPA) of Emmerson's Tennant Creek project (Figures 1 & 2). A diamond drilling program commenced in late November 2020 with the aim of better delineating the grade and scale of the known "bonanza" high grade gold zone, as well as provide geotechnical data to support the design of a future open pit. This work program comprises the first activity funded through the Strategic Alliance with TCMG and managed by Emmerson.

Encouraging high grade gold mineralisation continued to be intersected at Mauretania. Assay results in early 2021 include:

- **15m at 2.28g/t gold** in drill hole MTDD006 from 57m including:
 - **3m at 5.24g/t gold** from 68m
 - **2m at 4.23g/t gold** from 64m
- **1m at 5.75g/t gold and 1.39% copper** from 76m
- **21m at 2.4g/t gold** from 81m including:
 - **5m at 4.11 g/t gold**
 - **1m at 9.25g/t gold**

A new thick zone of copper and gold from diamond drill hole MTDD007 returned:

- **22m at 0.84% copper, 0.04g/t gold and 5.2g/t silver** from 88m including:
 - **2m at 1.56% copper and 0.14g/t gold** from 88m
 - **2m at 3.11% copper** from 108m
 - **1m at 3.35g/t gold** from 209m

These results confirm the thick high-grade nature of the gold mineralisation, and now copper in the shallow oxide zone. Thick intercepts of gold and copper at shallow depths provides great encouragement that Mauretania will be a viable open cut mine. To support this objective, Emmerson submitted a Mineral Lease Application (ML32214) over the Mauretania Project to the Northern Territory Department of Resources.

The impending northern wet season interrupted further drilling, however the initial objectives of this program were achieved. The remainder of this drilling program will recommence in 2021 as weather permits.

Given the positive results, the Mauretania project is progressing to more detailed studies that will support application for mining approval. This includes a baseline flora and fauna survey and detailed predevelopment and geotechnical drilling that inform scoping and feasibility studies ahead of mining. Any further work beyond the current drill program at Mauretania will be captured (and funded) under the Small Mines JV with TCMG.

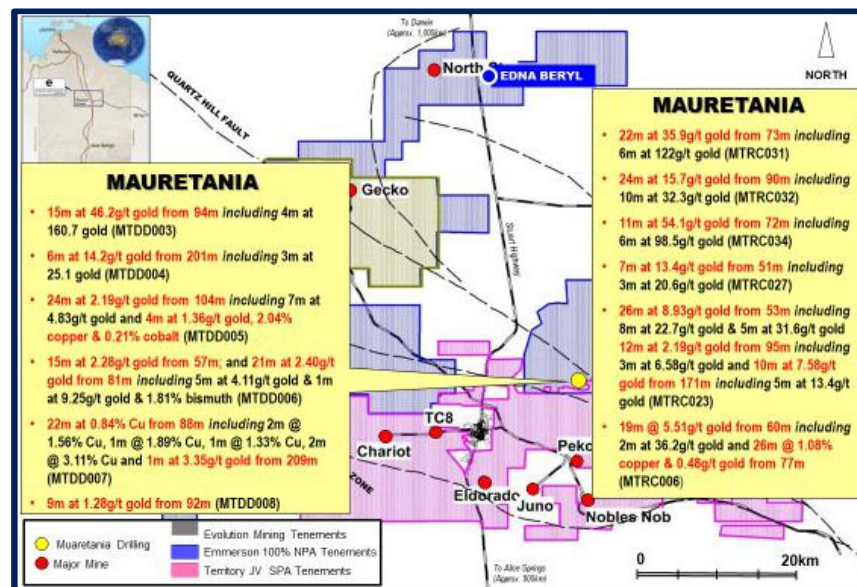


Figure 2: Assay results from the Mauretania project (yellow dot)

EMMERSON RESOURCES LIMITED

DIRECTORS' REPORT

NEW LANDMARK JOINT VENTURE – HIGH GRADE GOLD, COPPER AND COBALT AT JASPER HILLS

In August 2020 Emmerson reached a Landmark Joint Venture Agreement with the Marnturla Aboriginal Corporation for future mining at Jasper Hills, Hermitage and Golden Slipper (Figure 3). Highlights of the agreement include:

- Access to previously restricted areas which contain the **Jasper Hills, Golden Slipper, North Star and Hermitage** High-Grade Gold-Copper-Cobalt projects in the Northern Project Area at Tennant Creek
- Alignment of the interests of both parties in providing employment opportunities and direct equity interest in the projects by the Marnturla Corporation
- The agreement continues Emmerson's track record of working with Traditional Owners in Tennant Creek to provide economic opportunities while protecting heritage sites
- First stage drilling will include some 2,000m of diamond core to verify historic intercepts and metal grades

Given that the Jasper Hills and North Star areas have not seen modern exploration, in 2018 Emmerson retrieved and re-assayed a selection of drill holes with results as follows:

NSDH101: 28m at 5.83g/t gold, 0.17% cobalt and 8.52% copper (from 108 to 136m) and includes:

- 19m at 0.56g/t gold, 0.47% cobalt and 11.4% copper and
- 2m at 50.1g/t gold and 10.5% copper

NSDD100: 11m at 0.22g/t gold, 0.18% cobalt and 2.56% copper (from 117 to 128m) and includes:

- 3m at 0.34g/t gold, 0.55% cobalt and 5.80% copper and
- 1m at 0.48g/t gold, 1.07% cobalt and 5.71% copper

NSDH547: 23m at 0.14% cobalt and 7.04% copper (from 95 to 118m) and includes:

- 4m at 0.37% cobalt and 10.2% copper and 1.35g/t gold

NSDH488: 14m at 6.72g/t gold, 0.28% cobalt and 2.17% copper (from 284 to 298m) and includes:

- 5m at 16.6g/t gold
- 2m at 1.32% cobalt and 2% copper

NSDD110: 15m at 7g/t gold (from 295 to 310m) and includes:

- 6m at 14.9g/t gold

The Jasper Hills mineralisation is hosted in brecciated hematite ironstones surrounded by intensely chloritized sediments of the Warramunga Group. The ironstones are enveloped by silicified carbonates, quartz and jasper, similar in most respects to Edna Beryl and within the district, encompass high-grade gold (North Star Deeps Gold, Jasper Hill Gold), high-grade copper (Katherine Star, Northern Star and Hermitage) and high-grade gold-copper-cobalt exploration targets (Jasper Hills) (Figure 3).

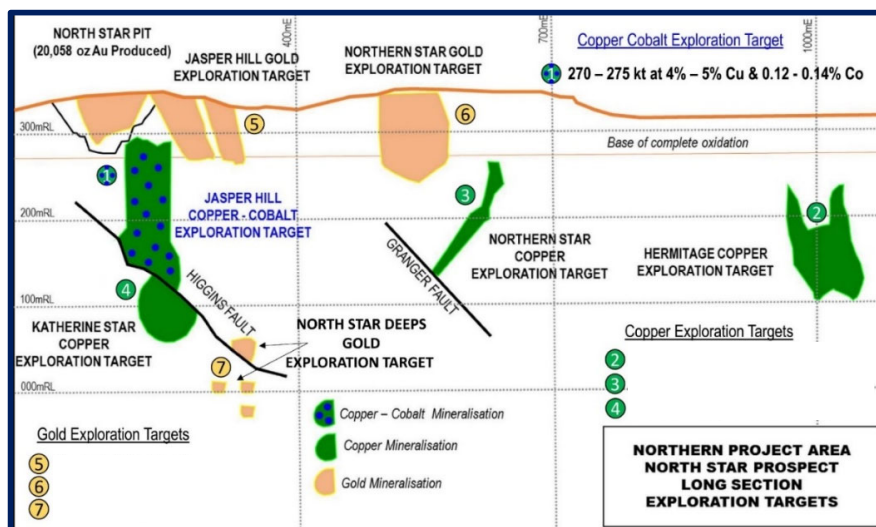


Figure 3: Schematic long section highlighting the potential of the project area. Note that these exploration targets are conceptual in nature and that there has been insufficient exploration to estimate a Mineral Resource.

DIRECTORS' REPORT

The opportunity to apply modern exploration to an area that was previously off limits is a very exciting development, as is working with the Traditional Owners to move these projects forward to potential development opportunities. Emmerson believe that the North Star – Jasper Hills district will generate multiple gold, copper and cobalt opportunities.

NEW SOUTH WALES GOLD-COPPER PROJECTS (FIGURE 4)

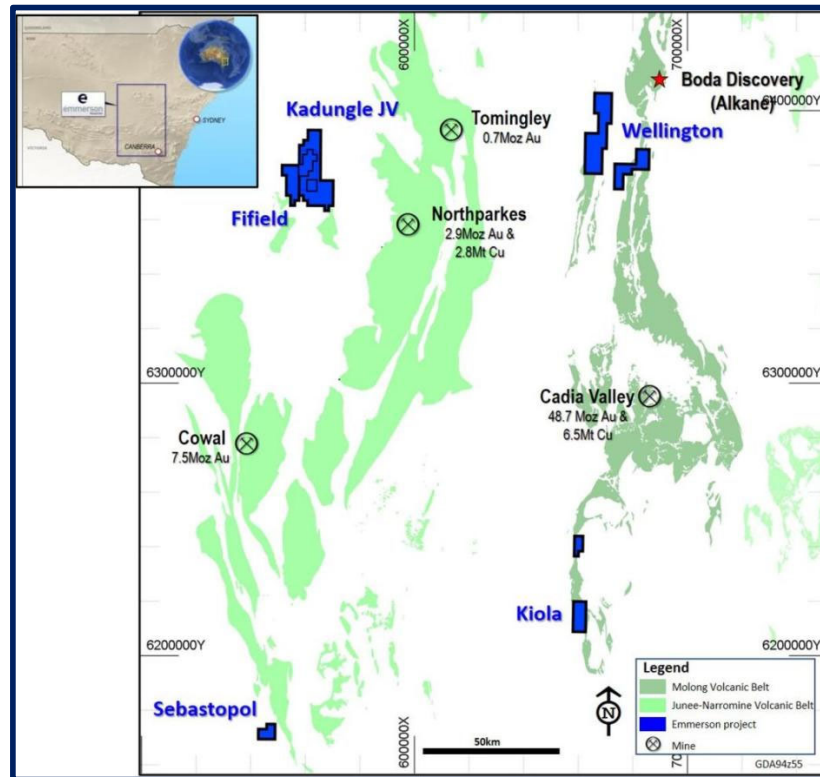


Figure 4: Macquarie Arc(orange) with Emmerson's NSW Projects (blue)

During the half-year, exploration continued across the Fifeild, Kadungle, Wellington and Kiola projects, with most of the field activity focussed at Whatling Hill (within the Fifeild project) Kiola and Kadungle.

These projects were identified from the application of a proprietary targeting process that aims to increase the probability of pinpointing new discoveries through analysing multiple levels of geoscientific data. Once identified, these projects are subjected to a combination of field and laboratory studies that aim to provide vectors to the mineralisation.

Typically, the large copper-gold porphyry deposits being targeted (such as Cadia, Northparkes and Cowal) impart a characteristic alteration and trace element fingerprint to the surrounding rocks, detectable through analysis of the alteration minerals. Emmerson's field-based exploration has been complemented by cutting edge geoscience in collaboration with the University of Tasmania (CODES ARC Linkage project). This multi-faceted approach has included analysis of the alteration (trace and rare earth elements within the outer green rock or epidote/chlorite zone), age dating of mineralised host rocks and whole rock geochemistry. To date Emmerson has received positive analysis from the outer alteration minerals ("the green rocks") at Kadungle, Fifeild and Kiola and is now applying various field-based techniques to confirm these results.

Kiola Project

Kiola is Emmerson's highest-ranked project in NSW, with recent "green rock" proximity indicators suggesting the presence of underlying porphyry copper mineralisation within a large 10km² area.

First stage diamond drilling of 1,130m at Kiola in May 2020 was completed and provided positive copper results and alteration across all drill holes, confirming the potential for underlying porphyry copper-gold.

DIRECTORS' REPORT

The mineralisation consists of chalcopyrite and in at least two holes, iron-rich sphalerite within skarn, in quartz veins and as blebs with pyrrhotite and chalcopyrite. Noting that skarn mineralisation is characteristic of the outer/peripheral zones of porphyry copper-gold systems.

The mineralisation typically occurs with pyrite, pyrrhotite and alteration of chlorite, actinolite-epidote and calcite. Minor intrusions plus zones of brecciation were also evident. Mineralisation of pyrite-pyrrhotite-chalcopyrite in drill hole KI0DD004 extended the Nasdaq skarn some 200m to the east before entering weak chlorite-epidote alteration within volcanic siltstone and limestone. The chargeability anomalies from the Induced Polarisation geophysics correspond to zones of intense pyrrhotite-pyrite +/- chalcopyrite and, in combination with the magnetics, will assist in focussing the next round of drilling to test the core of the mineralisation.

Whilst this drilling intersected copper in every drill hole, the source and exact location of the metals is yet to be determined. A recently completed 3D MIMDAS geophysical survey is currently being processed, with initial results highly encouraging in constructing a 3D model ahead of further drilling in 2021.

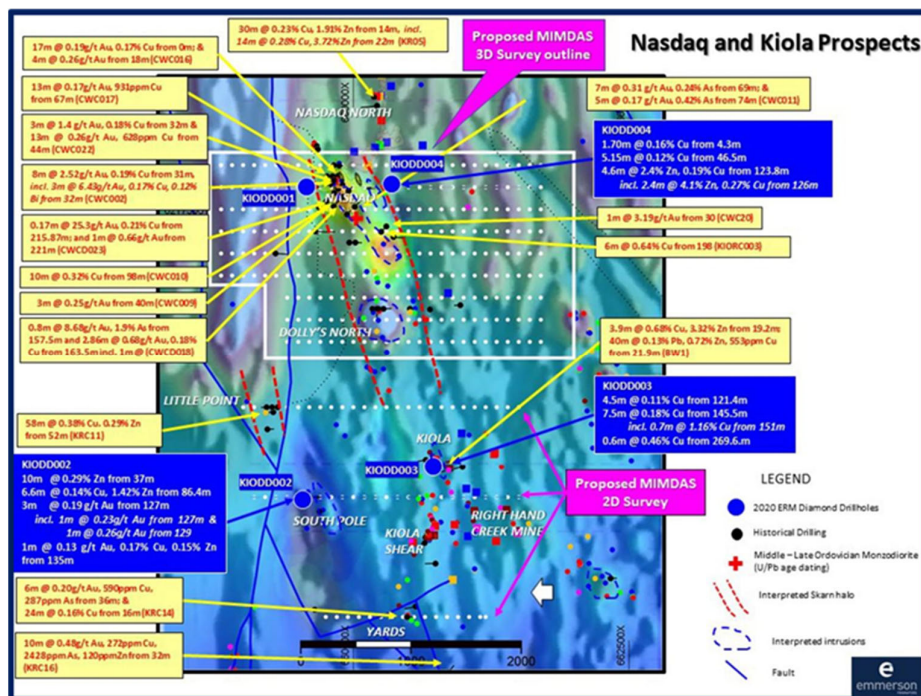


Figure 5: Plan view of the Kiola Geochemical Zone (KGZ) showing historic and recent drill results at the Nasdaq skarn, and the southern South Pole, Kiola, Right Hand Creek Mine. Also showing the proposed MIMDAS 3D survey outline at Nasdaq prospect and the proposed MIMDAS 2D Survey at Little Point, Kiola and Yards prospect. Image Total Magnetic Intensity RTP and EM Image from historical VTEM survey data.

Picture 1: Drill core from KI0DD004 (127m) – chlorite-actinolite-pyrrhotite-sphalerite-chalcopyrite-quartz-carbonate-epidote zone



DIRECTORS' REPORT

Picture 2: Drill core from KI0DD002 (92.7m) – blebs of pyrrhotite-sphalerite-chalcopryrite hosted in quartz-chlorite-actinolite altered volcanic siltstone



Kadungle Project

During the half year, a 1700m, 2-hole drill program commenced at the Kadungle project (ASX: 5 November 2020) (Figure 6).

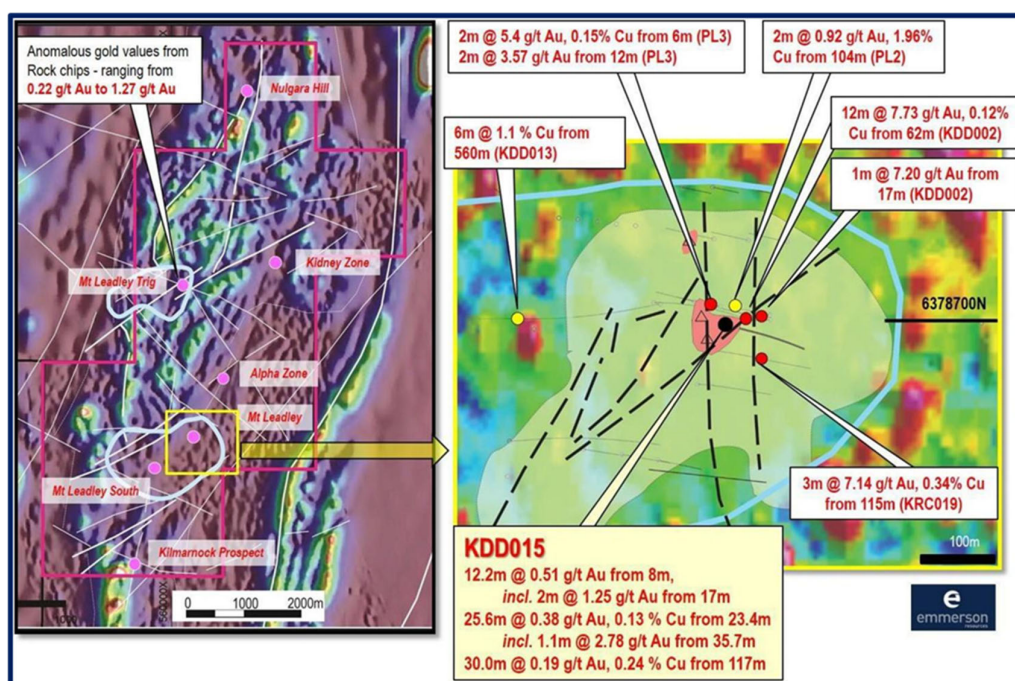


Figure 6: Plan of the Mt Leadley Prospect within the Kadungle Tenement. Note ERM drill hole KDD015 plus historic intersections. Background is the 1VD of the recent aeromagnetics with blue correlating to possible zones of magnetite destruction associated with the hydrothermal alteration

Recent work at Kadungle has confirmed that the likely source of the gold and copper mineralisation at surface and in historic drilling is centred on the Mt Leadley and Mt Leadley South prospects. This interpretation of a deeper source to the metals is corroborated in a number of independent datasets including vectors derived from the alteration and metal zonation, supported by new cutting-edge techniques utilising the trace element signatures from the outer, chlorite-epidote (green rock) assemblages.

Both prospects occur within a circular, 2.5km zone of intense silica-sulphide alteration and demagnetisation that contains numerous broad and anomalous copper-gold intersections (Figure 6). Historical drilling has identified several styles of mineralisation including shallow epithermal quartz-gold-silver-copper vein style mineralisation (12m at 7.73 g/t gold in drill hole KDD002, ASX: 18 July 2017), plus deeper disseminated chalcopryite ± molybdenite.

EMMERSON RESOURCES LIMITED

DIRECTORS' REPORT

The first deep diamond drill hole, KDD018 has been completed to a depth of 952m at Mt Leadley. Whilst assays are awaited, the drill hole intersected shallow epithermal style veins plus deeper syenite porphyry, with hematite dusted K-spar alteration that contained up to 20% (visual pyrite and minor chalcopyrite).

STRATEGIC ALLIANCE – AIMED AT INNOVATIVE EXPLORATION AND DISCOVERY FOR GOLD AND COPPER

In November 2020, Emmerson announced a strategic alliance with Longreach Mineral Exploration. The Longreach group consists of highly successful oil and gas exploration and service companies, with great capacity and capability in the application of machine learning across big data sets such as 3D seismic imaging and interpretation, airborne geophysics and deep learning tools.

The strategic alliance compliments Emmerson's existing capabilities and will provide a further path to accelerating project generation and early stage exploration. Under the alliance, either party can submit a project to the project working group and if unanimously accepted, becomes a strategic alliance project (SAP). In accordance with the strategic alliance agreement each party contributes 50% costs to the agreed work program with the work program undertaken by the nominated Manager who will receive a 6% management fee. Providing the SAP meets the agreed milestone, the project then becomes the subject of a Joint Venture between the parties.

The Kadungla project (NSW) is the first alliance project to be drill tested in 2020-2021, with Emmerson to be the managers and operators in undertaking the agreed work program.

Competency Statement

The information in this report which relates to Exploration Results is based on information compiled by Dr Ana Liza Cuison, MAIG, MSEG. Dr Cuison is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 edition and the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Cuison is a full-time employee of the Company and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Impact of COVID-19

The Group continues to monitor the ongoing and evolving situation relating to the Coronavirus pandemic ("COVID-19") and the potential implications for the health and wellbeing of the Group's employees, contractors and stakeholders.

The Company delayed exploration work at Tennant Creek while COVID-19 access restrictions were in place though recommenced drilling activity in November 2020 once the restrictions were lifted. The Company's exploration activity in New South Wales continues to be largely unaffected by COVID-19 restrictions.

The Company continued various health and safety measures and initiatives implemented last financial year and has concluded at this time that there has been no material impact on the Group's activities, solvency or its ability to continue as a going concern.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on page 20 and forms part of the Directors' Report for the half-year ended 31 December 2020.

Signed in accordance with a resolution of the Directors made pursuant to Section 306(3) of the *Corporations Act 2001*.

Rob Bills
Managing Director & Chief Executive Officer
12 March 2021

EMMERSON RESOURCES LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Notes	Half-year ended 31 December 2020 \$	Half-year ended 31 December 2019 \$
REVENUE			
Management and consulting fees		23,629	24,309
Interest revenue		21,159	26,097
TOTAL REVENUE		44,788	50,406
OTHER INCOME			
Gain on disposal of assets		27,189	-
Rent received		-	600
Government incentives and other		98,500	790
TOTAL REVENUE AND OTHER INCOME		170,477	51,796
EXPENSES			
Compliance and regulatory expenses		73,436	64,406
Consulting and legal expenses		224,582	46,084
Depreciation expense		1,808	1,109
Employee benefits expense		448,569	456,999
Impairment of exploration and evaluation assets		-	56,850
Occupancy expense		42,515	45,058
General and administration expenses		80,279	99,658
TOTAL EXPENSES		871,189	770,164
LOSS BEFORE INCOME TAX		(700,712)	(718,368)
Income tax expense		-	-
NET LOSS AFTER TAX FOR THE HALF-YEAR		(700,712)	(718,368)
Basic loss per share - cents per share	6	(0.15)	(0.17)
Diluted loss per share - cents per share	6	(0.15)	(0.17)

The accompanying notes form part of these financial statements.

EMMERSON RESOURCES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	31 December 2020 \$	30 June 2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents		5,478,452	1,281,916
Trade and other receivables		93,445	418,553
Prepayments		240,748	223,535
Total Current Assets		<u>5,812,645</u>	<u>1,924,004</u>
Non-Current Assets			
Other financial assets	3	362,381	345,381
Property, plant and equipment		134,111	148,806
Exploration and evaluation assets	4	15,716,682	14,281,624
Total Non-Current Assets		<u>16,213,174</u>	<u>14,775,811</u>
TOTAL ASSETS		<u>22,025,819</u>	<u>16,699,815</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		730,011	381,040
Advances from joint venture partner		256,264	-
Provisions		202,602	171,921
Total Current Liabilities		<u>1,188,877</u>	<u>552,961</u>
TOTAL LIABILITIES		<u>1,188,877</u>	<u>552,961</u>
NET ASSETS		<u>20,836,942</u>	<u>16,146,854</u>
EQUITY			
Contributed equity	5	53,299,070	47,912,926
Share based payments reserve		3,367,304	3,362,648
Accumulated losses		(35,829,432)	(35,128,720)
TOTAL EQUITY		<u>20,836,942</u>	<u>16,146,854</u>

The accompanying notes form part of these financial statements.

EMMERSON RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Contributed Equity \$	Share- based Payments Reserve \$	Accumulated Losses \$	Total Equity \$
HALF-YEAR ENDED 31 DECEMBER 2019:				
Balance at 1 July 2019	47,912,926	2,936,036	(33,648,499)	17,200,463
Loss for the half-year	-	-	(718,368)	(718,368)
Total comprehensive loss for the half-year	-	-	(718,368)	(718,368)
Transactions with owners in their capacity as owners:				
Share-based payments	-	61,962	-	61,962
Balance at 31 December 2019	47,912,926	2,997,998	(34,366,867)	16,544,057
HALF-YEAR ENDED 31 DECEMBER 2020:				
Balance at 1 July 2020	47,912,926	3,362,648	(35,128,720)	16,146,854
Loss for the half-year	-	-	(700,712)	(700,712)
Total comprehensive loss for the half-year	-	-	(700,712)	(700,712)
Transactions with owners in their capacity as owners:				
Shares issued during the period	5,800,000			5,800,000
Share issue costs	(413,856)			(413,856)
Share-based payments	-	4,656	-	4,656
Balance at 31 December 2020	53,299,070	3,367,304	(35,829,432)	20,836,942

The accompanying notes form part of these financial statements.

EMMERSON RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Half-year ended 31 December 2020 \$	Half-year ended 31 December 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Management and consulting fees received	40,457	28,835
Payments to suppliers and employees	(852,594)	(698,762)
Interest received	5,908	29,938
Other	97,500	1,390
NET CASH FLOWS USED IN OPERATING ACTIVITIES	<u>(708,729)</u>	<u>(638,599)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,552)	(8,943)
(Payment)/ refund of environmental security deposits	(17,000)	417,994
Payments for exploration	<u>(657,327)</u>	<u>(765,519)</u>
NET CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(680,879)</u>	<u>(356,468)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	5,800,000	-
Payment of share issue costs	(413,856)	-
Proceeds for shares not yet issued	<u>200,000</u>	<u>-</u>
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	<u>5,586,144</u>	<u>-</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,196,536	(995,067)
Cash and cash equivalents at beginning of period	<u>1,281,916</u>	<u>2,895,371</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>5,478,452</u></u>	<u><u>1,900,304</u></u>

The accompanying notes form part of these financial statements.

EMMERSON RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance and Basis of Preparation

The financial report of Emmerson Resources Limited ("Company" or "Emmerson" or "consolidated entity" or "Group") for the half-year ended 31 December 2020 is a general-purpose condensed financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standard AASB 134 *Interim Financial Reporting*. The financial report was authorised for issue in accordance with a resolution of the directors on 12 March 2021. Emmerson Resources Limited is a for profit company with principal activities being mineral exploration in the Northern Territory and New South Wales, Australia.

The half-year financial report does not include all notes of the type normally included within the annual financial report. Accordingly, this half-year financial report should be read in conjunction with the annual financial report of Emmerson Resources Limited for the year ended 30 June 2020 and considered together with any public announcements made during the half-year ended 31 December 2020 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001* and the *ASX Listing rules*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(b) Adoption of New and Amended Accounting Standards

For the half-year ended 31 December 2020, the Consolidated Entity has reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

(c) Critical accounting estimates and judgements

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

In preparing the interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the annual consolidated financial statements as at and for the year ended 30 June 2020.

2. SEGMENT INFORMATION

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

The Company has one segment, namely mineral exploration in Australia. The revenues and results of this segment are those of the consolidated entity as a whole and are set out in the consolidated statement of comprehensive income.

EMMERSON RESOURCES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. OTHER FINANCIAL ASSETS

		31 December 2020 \$	30 June 2020 \$
Non-Current:			
Bank term deposits	(a)	198,487	198,487
Environmental rehabilitation security deposits	(b)	157,694	140,694
Security deposit		6,200	6,200
		<u>362,381</u>	<u>345,381</u>

(a) These bank term deposits are held as security for bank guarantee performance bonds in favour of the Northern Territory government for potential environmental rehabilitation obligations in relation to exploration activities. As such the term deposits are not accessible to the Company.

(b) Cash securities held by State Governments as security for potential rehabilitation obligations in relation to exploration activities. As such the securities are not accessible to the Company.

4. EXPLORATION AND EVALUATION ASSETS

		31 December 2020 \$	30 June 2020 \$
		<u>15,717,224</u>	<u>14,281,624</u>
	Half-year ended	Year ended	Half-year ended
	31 December	30 June	31 December
	2020	2020	2019
	\$	\$	\$
Carrying amount at beginning of period	14,281,624	13,217,633	13,217,633
Additions	1,435,058	1,400,470	844,617
Research & development tax offsets and co-funding grants	-	(183,311)	-
Impairment	-	(153,168)	(56,850)
Carrying amount at end of period	<u>15,716,682</u>	<u>14,281,624</u>	<u>14,005,400</u>

EMMERSON RESOURCES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. CONTRIBUTED EQUITY

(a) Fully paid ordinary shares

	Half-year ended 31 December 2020 \$	Year ended 30 June 2020 \$
<i>Balance at beginning of reporting period:</i>		
424,853,874 (30 June 2019: 424,853,874) shares	47,912,926	47,912,926
Placement – 35,550,000 shares	3,555,000	-
Share purchase plan – 22,450,000 shares	2,245,000	-
Share issue costs	(413,856)	-
<i>Balance at end of reporting period:</i>		
482,853,874 (30 June 2020: 424,853,874) shares	53,299,070	47,912,926

(b) Options over ordinary shares

	31 December 2020 Number of options	30 June 2020 Number of options
Exercise price of \$0.135 expiring on 30/09/20	-	19,800,000
Exercise price of \$0.09 expiring on 14/11/21	4,200,000	4,900,000
Exercise price of \$0.14 expiring on 31/12/23	13,500,000	5,000,000
Exercise price of \$0.16 expiring on 9/7/23	58,000,000	-
	75,700,000	29,700,000

	2020 \$	2019 \$
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6. LOSS PER SHARE

Loss used in calculating basic and diluted loss per share	700,712	718,368
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As the company has incurred a loss inclusion of potential ordinary shares due to options and performance rights is antidilutive, therefore the diluted loss per share is disclosed as the same as basic loss per share.

	2020 Number of shares	2019 Number of shares
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	475,170,450	424,853,874

EMMERSON RESOURCES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. SHARE BASED PAYMENTS

At the Company's Annual General Meeting held on 29 January 2021, shareholders approved the issue of 9,000,000 performance rights to Mr Rob Bills (CEO and Managing Director). The performance rights were approved by the Board on 18 December 2020 subject to shareholder approval and were issued in three tranches, with each tranche subject to performance hurdles being met before vesting.

The fair value of these performance rights was determined using a Monte Carlo simulation model and estimates by management.

The following tables lists the inputs to the models for performance rights granted during the six months ended 31 December 2020:

Inputs	Tranche 1	Tranche 2
Number of rights	1,500,000	3,000,000
Issue date	18 Dec 2020	18 Dec 2020
Expiry date	18 Dec 2023	18 Dec 2023
Share price at grant date	\$0.071	\$0.071
Probability (%)	80-100%	50%

	Tranche 3		
Target Share Price	\$0.14	\$0.20	\$0.25
Number of rights	1,500,000	1,500,000	1,500,000
Issue date	18 Dec 2020	18 Dec 2020	18 Dec 2020
Expiry date	18 Dec 2021	18 Dec 2022	18 Dec 2023
Share price at grant date	\$0.071	\$0.071	\$0.071
Historical volatility (%)	50%	50%	50%
Risk-free interest rate (%)	0.04%	0.08%	0.10%

The expense for the half-year was \$4,656 (2019: \$61,962).

8. RELATED PARTY TRANSACTIONS

Key management personnel continue to receive compensation in the form of short-term employee benefits, post-employment benefits, share-based payments and other transactions as detailed in the 30 June 2020 Annual Financial Report.

Other related party arrangements continue to be in place as detailed in the 30 June 2020 Annual Financial Report. Refer to note 7 for details of share-based payments issued to related parties during the period.

EMMERSON RESOURCES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. COMMITMENTS AND CONTINGENCIES

During the period the Company entered into a Subscription Agreement with Tennant Creek Mining Group Pty Ltd (**TCMG**) as part of an agreement to enter into a joint venture arrangement over the Northern Project Area at Tennant Creek. Under the terms of the Subscription Agreement TCMG paid the Company a non-refundable \$200,000 deposit which is to be set off against an amount of \$2,000,000 payable for the issue of 15,384,615 shares at a subscription price of \$0.13 once all conditions precedent have been met, including entering into joint venture agreements. If the conditions precedent are not met the \$200,000 deposit will be retained by the Company and the shares will not be issued. As at the date of this report negotiations are ongoing and the shares have not yet been issued.

During the period Emmerson terminated the previous Exploration Earn-in and Joint Venture Agreement (EEJV) over the Southern Project Area (SPA) with TRL Tennant Creek Pty Ltd (TRLTC), a subsidiary of Territory Resources Pty Ltd. Emmerson have been informed by lawyers acting on behalf of TRLTC of their intent to challenge the validity of Emmerson's right to terminate the EEJV. Emmerson is highly confident that termination of the EEJV over the SPA was valid and will vigorously defend any claim to the contrary.

Other than the matters noted above there have been no changes to commitments or contingencies since the last annual reporting date.

10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management activities

The risk management activities are consistent with those of the previous period unless otherwise stated.

Financial instruments

Financial instruments held by the Group include cash and cash equivalents, trade and other receivables, term deposits, environmental rehabilitation security deposits, trade and other payables, the balances of which at 31 December 2020 and 30 June 2020 are shown in the Statement of Financial Position and associated notes. As at the balance date, fair values of these financial assets are approximately the same as the carrying values.

11. DIVIDENDS

No dividends were paid or declared payable during the half-year or subsequent to the end of the reporting period.

12. EVENTS SUBSEQUENT TO REPORTING DATE

There have not been any material events subsequent to the end of the reporting date and the date of this financial report that has not been recognised in this financial report.

EMMERSON RESOURCES LIMITED

DIRECTORS' DECLARATION

In the opinion of the directors:

- (a) the financial statements and notes of Emmerson Resources Limited for the half-year ended 31 December 2020 are in accordance with the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*; 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 signed in accordance with a resolution of the directors of Emmerson Resources Limited made pursuant to Section 303(5) of the *Corporations Act 2001*.

On behalf of the Board



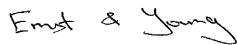
Rob Bills
Managing Director & Chief Executive Officer
12 March 2021

Auditor's independence declaration to the directors of Emmerson Resources Limited

As lead auditor for the review of the half-year financial report of Emmerson Resources Limited for the half-year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Emmerson Resources Limited and the entities it controlled during the financial period.



Ernst & Young



T G Dachs
Partner
12 March 2021

Independent auditor's review report to the members of Emmerson Resources Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Emmerson Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial 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*.

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.

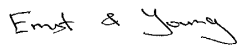
Auditor's responsibility

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, anything has come to our attention that causes us to 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 consolidated financial position as at 31/12/2020 and its consolidated financial 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 Group, 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*.



Ernst & Young



T G Dachs
Partner
Perth
12 March 2021