



ABN 53 117 086 745

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2018

EMMERSON RESOURCES LIMITED

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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

Trevor Verran

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Darwin NT 0807

BANKERS

National Australia Bank
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West Perth WA 6005

AUDITORS

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SHARE REGISTER

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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 2018. 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 2018 was \$719,921 compared to the half-year ended 31 December 2017 of \$3,958,214.

Total revenue and other income decreased from \$361,405 in the half-year ended 31 December 2017 to \$135,602 for the half-year ended 31 December 2018 predominantly due to no gold sales royalty revenue in 2018 (2017: \$131,063) and a reduction of \$103,845 for management and consulting fees revenue.

Expenses significantly decreased from \$4,319,619 in the half-year ended 31 December 2017 to \$855,523 for the half-year ended 31 December 2018 predominately due to a reduction in the impairment of exploration and evaluation assets (\$113,487 for 2018 compared to \$3,680,180 for 2017).

Financial Position

Net assets and total equity increased by \$278,127 during the half-year largely due to an increase in exploration and evaluation assets offset by a reduction in available cash. Available cash at the end of the half-year was \$2,904,314.

Net assets and total equity at 31 December 2018 were \$16,636,483 (30 June 2018: \$16,358,356).

Cash and assets utilised by the Company for the period is consistent with the Company's business objectives and the Directors believe the Company is in a position to continue its exploration endeavors.

Review of Operations

About Emmerson Resources

Emmerson has recently made a strategic entry into New South Wales to complement its dominant position around Tenement Creek in the Northern Territory. In conjunction with strategic alliance partner Kenex Limited, the NSW land package was identified using the application of 2D and 3D predictive targeting models – aimed at increasing the probability of discovery. The projects are located within 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 NSW exploration projects contain many attributes of the known deposits within the Macquarie Arc but remain under explored due to historical impediments, including an overlying cover (plus farmlands) and a lack of exploration focus. Exploration to date confirmed the potential of Emmerson's project area to host large copper-gold deposits.

EMMERSON RESOURCES LIMITED

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In addition, Emmerson achieved several significant milestones in the Tennant Creek Mineral Field (TCMF). The TCMF is one of Australia's highest-grade gold and copper fields and has produced over 5.5Moz of gold and 470,000 tonnes of copper from several major deposits. This style of high-grade deposits is highly valuable and Emmerson's exploration program has been aimed at identifying similar targets. To date, discoveries made have included high-grade gold at Edna Beryl and Mauretania, plus copper-gold at Goanna and Monitor. These are the first discoveries in the TCMF for over a decade.

Emmerson recently announced a strategic alliance with Territory Resources Ltd (Territory) to build a central processing hub in Tennant Creek to support the milling and processing from Emmerson's small gold mines and other third-party feed. This alliance also extends to a \$5 million earn-in by Territory over Emmerson's Southern Project Area (SPA) where Emmerson is the Operator and Manager plus a Mining Joint Venture over a portfolio of Emmerson's small mines that is on a 75/25 profit share basis, except for the Edna Beryl and Chariot mines which respectively have a 12% and 6% gold production royalty.

Emmerson is led by a board and management group of experienced Australian mining executives including former MIM and WMC executive Andrew McIlwain as non-executive chairman, and former senior BHP Billiton and WMC executive Rob Bills as Managing Director and CEO.

Tennant Creek Gold-Copper projects (Figure 1)

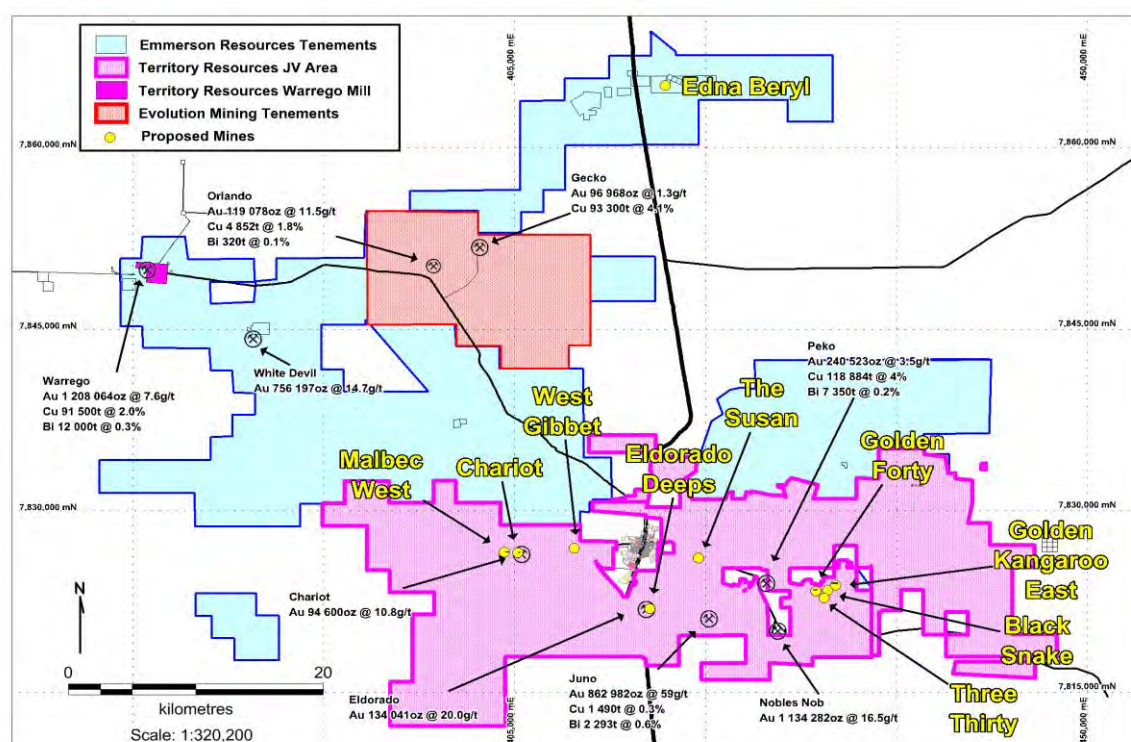


Figure 1: Emmerson Resources 100% owned Tennant Creek project (blue), Centralised Processing Facility (Warrego Mill), general area of JV with Territory Resources (pink) and the Small Mines in the current Mining Schedule (yellow dots)

Edna Beryl

The purchase of the Edna Beryl Mining Company (EBMC) by alliance partner Territory in December 2018 has resulted in the resumption of underground mining from the high-grade Edna Beryl Mine. The Edna Beryl royalty is the first of several royalties Emmerson expects to be receiving from a series of small mines in the Tennant Creek region.

In the interim, while Territory refurbishes the Warrego Mill, the high-grade Edna Beryl ore is being trucked and toll treated at the Lorena mill near Cloncurry in QLD. Emmerson's royalty is based on the value of the gold produced so is exempt from transportation and processing costs.

EMMERSON RESOURCES LIMITED

DIRECTORS' REPORT

As part of the purchase of the EBMC by Territory, Emmerson negotiated a future expansion of the Tribute Area to include new mineralisation within the Edna Beryl Mining Lease. Under the terms of this extension, which is subject to Territory achieving certain performance hurdles, the EBMC (now owned by Territory) will first complete the development, mining and processing from the existing Tribute Area. In addition, Territory is responsible for completing the exploration drive to Edna Beryl West and building the new dewatering infrastructure recently approved by the NT Government. Emmerson's gold royalty from the expanded area remains at 12% of the gold produced with no exposure to the development, processing or toll treating costs.

The exploration drive will enable more accurate underground drilling of the multiple subparallel ironstones at Edna Beryl, some of which have been proven to host bonanza gold grades. High-density underground drilling has shown to be instrumental in discovering many of the famous historical mines in the TCMF and thus we are confident that this approach will yield similar positive results.

Once this drilling is completed, Emmerson and Territory will establish a Life of Mine plan to cover the future development, mining and processing of the greater Edna Beryl mineralisation.

It is anticipated that the mining of the ore within the existing Tribute Area and establishing the exploration drive will be completed within the second half.

Accelerated Mining and Processing

The Edna Beryl Mine is now an important early producer in the mining schedule for the projects in the Mining Joint Venture. It is anticipated that aggressive exploration programs both as part of the \$5 million earn-in by Territory in the SPA of Tennant Creek and from Emmerson funded exploration in the Northern Project Area (NPA), has excellent potential to expand the production profile over time.

The proposed activity schedule includes the following projects:

Table 1: SPA Mining JV Projects

Project Area	Mining Potential	Upcoming Work
Edna Beryl Mine	Existing underground Tribute Mining Area plus extensions	Mine existing Tribute Area and establish the Exploration Drill drive
Chariot Mine	Open pit and underground	Evaluate Chariot East and develop underground mine plans
Eldorado	Open pit and underground	Further drilling required
Black Snake	Underground	Exploration approvals granted by the NT Government
Golden Kangaroo East	Open pit	Drilling just completed
Malbec West	Open pit and underground	Mining Studies underway
Golden Forty	Underground	Further work required
West Gibbet	Underground/open pit	Further work required
The Susan	Open Pit	Drilling just completed

Under the terms of the Small Mines Joint Venture with Territory, Emmerson will receive a 25% profit share from any mine within the SPA, other than Edna Beryl and Chariot (where Emmerson will receive 12% and 6% respectively of the gold produced). Territory will receive a 75% share of profits in exchange for planning, funding, developing and operating the mines. At this stage, Emmerson's return from the 25% portion of the profit share cannot be determined until the mining, processing and recoveries can be better ascertained for each individual mining project.

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Northern Project Area (100% Emmerson)

During the half-year 15 holes for 1,701m of Reverse Circulation (RC) drilling was completed to test for extensions of the shallow, high-grade gold in the oxide zone at both Edna Beryl (7 holes for 636m) and Mauretania (8 holes for 1,065). It also tested for extensions to the recently discovered, deeper high-grade gold zone at Mauretania (ASX 21 June 2018: 10m at 7.6g/t gold, 2.4g/t silver, 0.19% copper and 0.14% bismuth). Substantial thickness of highly altered and leached ironstone, typically the host to high grade gold, was intersected at Mauretania.

In addition, a single hole was drilled at a greenfields target close to the Rising Star prospect, testing a target generated from the recent airborne electromagnetic geophysical survey. The 60m RC drill hole intersected a thick clay filled shear zone corresponding to a major structure.

Southern Project Area (SPA)

Drilling in the SPA is part of the \$5 million earn-in by Territory, aimed at testing for extensions to existing mineralisation which if successful can then be added to the mining schedule for development. During the half-year drilling tested several shallow oxide gold targets at Golden Kangaroo East, Black Snake, Susan and Three Thirty (Figure 1 above). Approximately 62 drill holes for 3,000m of drilling was completed, with multiple intersections of highly altered ironstone encountered at the Susan project. These intersections were within 18m of the surface and if mineralised, provide potential for the Susan becoming part of the growing list of development projects in the mining schedule.

New South Wales gold-copper projects (Figure 2)

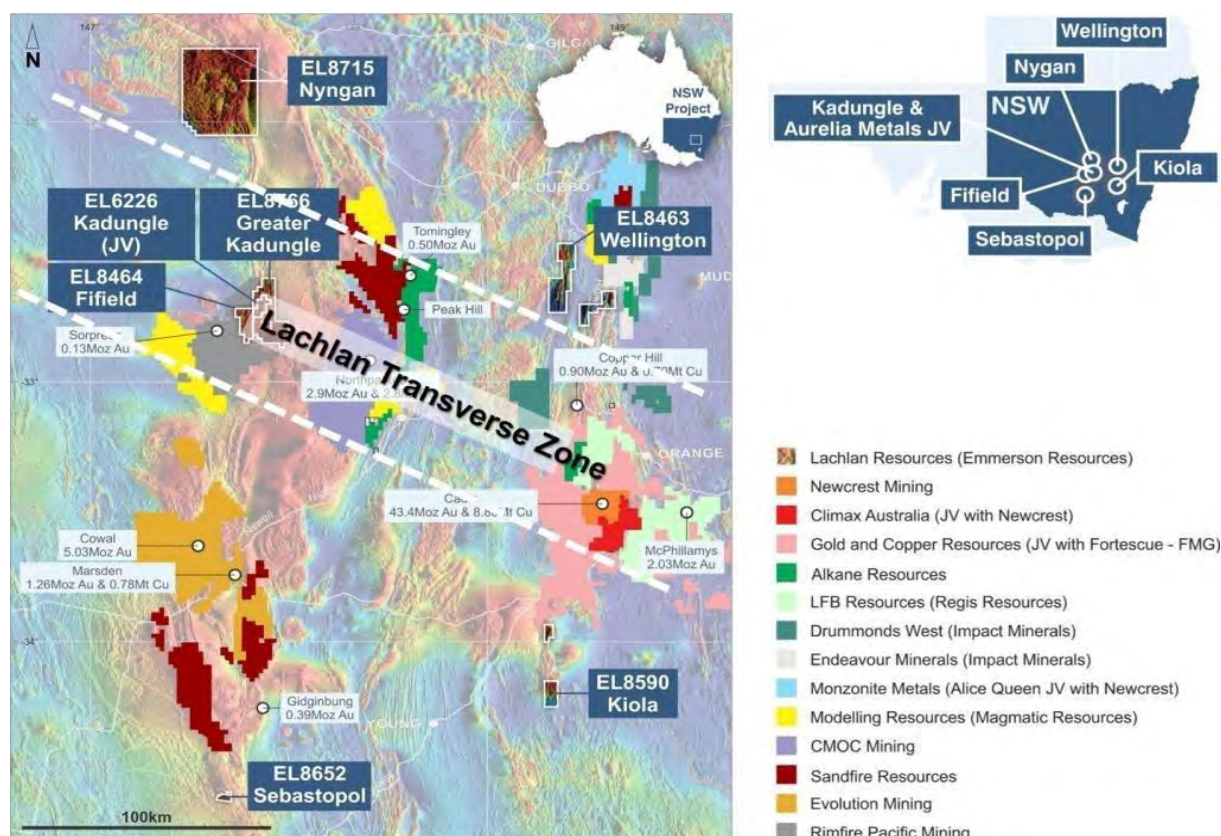


Figure 2: Location of Emmerson's NSW Projects (blue outline). The background is magnetic geophysics which highlight the prospective volcanics and intrusives

During the half-year, exploration continued across Emmerson's Fifield, Kadungle, Wellington and Kiola projects, with most of the field activity focussed at Whatling Hill within the Fifield Project.

EMMERSON RESOURCES LIMITED

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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 very characteristic alteration and trace element fingerprint to the surrounding rocks, detectable through analysis of the alteration minerals. To date Emmerson has received positive analysis from the outer alteration minerals ("the green rocks") at Kadungla, Fifield and Kiola and are now applying various field-based techniques to confirm these results.

Fifield Project - Whatling Hill

The extension of the Whatling Hill geochemical program has yielded very encouraging copper-molybdenum-gold geochemical results over a now 4km² area. A 500m grid based aircore program at Whatling Hill revealed elevated copper, molybdenum and gold corresponding to sparse outcrops of quartz stockwork magnetite veins which assayed up to 2% copper and 0.25g/t gold - providing evidence of potential for underlying or nearby mineralisation.

This mineralisation was identified from systematic sampling and recognition of widespread epidote-chlorite alteration typically associated with the outer zones of porphyry copper-gold mineralisation.

The next stage of exploration is well underway and consists of a regional Induced Polarisation (IP) geophysical survey aimed at collecting subsurface information that will assist in refining drill targets. It is anticipated that an initial reconnaissance Reverse Circulation (RC) drill program will commence in the second half.

Competency Statement

The information in this report which relates to Exploration Results is based on information compiled by Mr Steve Russell BSc, Applied Geology (Hons), MAIG, MSEG. Mr Russell 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 he 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. Mr Russell 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.

The information in this report which relates to NSW Projects 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.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on page 19 and forms part of the Directors' Report for the half-year ended 31 December 2018.

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
13 March 2018

EMMERSON RESOURCES LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Notes	Half-year ended 31 December 2018 \$	Half-year ended 31 December 2017 \$
REVENUE			
Gold sales royalty		-	131,063
Management and consulting fees		29,991	133,836
Interest revenue		54,125	62,121
TOTAL REVENUE		84,116	327,020
OTHER INCOME			
Gain on disposal of assets		31,761	29,545
Rent received		250	4,480
Vehicle & equipment hire		19,475	360
TOTAL REVENUE AND OTHER INCOME		135,602	361,405
EXPENSES			
Compliance and regulatory expenses		60,003	58,332
Consulting and legal expenses		114,759	22,163
Depreciation expense		2,711	1,929
Employee benefits expense		427,556	382,872
Impairment of exploration and evaluation assets	4	113,487	3,680,180
Occupancy expense		43,871	56,824
General and administration expenses		93,136	117,319
TOTAL EXPENSES		855,523	4,319,619
LOSS BEFORE INCOME TAX		(719,921)	(3,958,214)
Income tax expense		-	-
NET LOSS AFTER TAX FOR THE HALF-YEAR		(719,921)	(3,958,214)
Basic loss per share - cents per share		(0.17)	(1.02)
Diluted loss per share - cents per share		(0.17)	(1.02)

The accompanying notes form part of these financial statements.

EMMERSON RESOURCES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	31 December 2018 \$	30 June 2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents		2,904,314	3,820,179
Trade and other receivables		467,124	26,029
Other financial assets	3	300,000	-
Total Current Assets		3,671,438	3,846,208
Non-Current Assets			
Other financial assets	3	963,547	962,986
Property, plant and equipment		180,356	165,103
Exploration and evaluation assets	4	12,613,786	11,814,834
Total Non-Current Assets		13,757,689	12,942,923
TOTAL ASSETS		17,429,127	16,789,131
LIABILITIES			
Current Liabilities			
Trade and other payables		492,112	152,654
Provisions		300,532	278,121
Total Current Liabilities		792,644	430,775
TOTAL LIABILITIES		792,644	430,775
NET ASSETS		16,636,483	16,358,356
EQUITY			
Contributed equity	5	46,918,511	45,924,985
Other reserves		2,854,173	2,849,651
Accumulated losses		(33,136,201)	(32,416,280)
TOTAL EQUITY		16,636,483	16,358,356

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 2018

	Contributed Equity \$	Other Reserves \$	Accumulated Losses \$	Total Equity \$
HALF-YEAR ENDED 31 DECEMBER 2017:				
Balance at 1 July 2017	44,167,730	2,582,851	(27,963,212)	18,787,369
Loss for the half-year	-	-	(3,958,214)	(3,958,214)
Total comprehensive loss for the half-year	-	-	(3,958,214)	(3,958,214)
Transactions with owners in their capacity as owners:				
Shares issued during the period	2,184,399			2,184,399
Share issue costs	(113,812)	-	-	(113,812)
Share-based payments	(313,200)	266,800	-	(46,400)
Balance at 31 December 2017	45,925,117	2,849,651	(31,921,426)	16,853,342
HALF-YEAR ENDED 31 DECEMBER 2018:				
Balance at 1 July 2018	45,924,985	2,849,651	(32,416,280)	16,358,356
Loss for the half-year	-	-	(719,921)	(719,921)
Total comprehensive loss for the half-year	-	-	(719,921)	(719,921)
Transactions with owners in their capacity as owners:				
Shares issued during the period	1,000,000			1,000,000
Share issue costs	(6,474)	-	-	(6,474)
Share-based payments	-	4,522	-	4,522
Balance at 31 December 2018	46,918,511	2,854,173	(33,136,201)	16,636,483

The accompanying notes form part of these financial statements.

EMMERSON RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Half-year ended 31 December 2018 \$	Half-year ended 31 December 2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Gold sales	-	131,063
Management and consulting fees received	300	155,517
Payments to suppliers and employees	(706,996)	(647,302)
Interest received	53,481	59,697
Other	950	4,840
NET CASH FLOWS USED IN OPERATING ACTIVITIES	<u>(652,265)</u>	<u>(296,185)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on disposal of property, plant and equipment	31,761	4,545
Purchase of property, plant and equipment	(57,804)	(45,521)
Refund/(payment) of environmental security deposits	(561)	(17,679)
Payments for exploration	(1,230,522)	(2,654,918)
Exploration costs reimbursed by joint venture partner	-	2,311,124
NET CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(1,257,126)</u>	<u>(402,449)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,000,000	2,137,999
Payment of share issue costs	(6,474)	(113,812)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	<u>993,526</u>	<u>2,024,187</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(915,865)	1,325,553
Cash and cash equivalents at beginning of period	<u>3,820,179</u>	<u>4,130,753</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>2,904,314</u></u>	<u><u>5,456,306</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 for the half-year ended 31 December 2018 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 8 March 2018. 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 2018 and considered together with any public announcements made during the half-year ended 31 December 2018 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001* and the *ASX Listing rules*.

(b) Adoption of New and Amended Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

The consolidated entity has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The nature and the effect of the adoption of new Accounting Standards and Interpretations that are most relevant to the consolidated entity are described below:

(i) AASB 9 Financial Instruments

AASB 9 *Financial Instruments* (AASB 9) replaces AASB 139 *Financial Instruments: Recognition and Measurement* (AASB 139), bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Group has applied AASB 9 retrospectively, with the initial application date of 1 July 2018.

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The Company has adopted AASB 9 retrospectively in accordance with the standard; changes in accounting policies resulting from the adoption of AASB 9 did not have a material impact on the Company's consolidated financial statements.

AASB 9 largely retains the existing requirements of AASB 139 for the classification and measurement of financial liabilities, however, it eliminates the previous AASB 139 categories for financial assets held to maturity, receivables and available for sale. Under AASB 9, on initial recognition a financial asset is classified as measured at:

- Amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) – debt investment;
- FVOCI – equity investment; or
- Fair Value through Profit or Loss (FVTPL)

The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. For financial assets measured at amortised cost, these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

EMMERSON RESOURCES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

As of 30 June 2018, the Company's financial instruments consist of cash and cash equivalents, trade and other receivables, bank term deposits and environmental rehabilitation security deposits and trade and other payables.

Cash and cash equivalents, trade and other receivables, bank term deposits and environmental rehabilitation security deposits previously designated as receivables under AASB 139 are now classified as amortised cost under AASB 9. The trade and other payables are designated as other financial liabilities, which are measured at amortised cost. The result of the assessment is as follows:

Class of financial instrument presented in the statement of financial position	Original measurement category under AASB 139	New measurement category under AASB 9
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Bank deposits and environmental rehabilitation security bonds	Loans and receivables	Financial assets at amortised cost
Trade and other payables	Financial Liability at amortised cost	Financial liability at amortised cost

The change in classification has not resulted in any re-measurement adjustment at 1 July 2018.

The Company classified the fair value of the financial instruments according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

The three levels of the fair value hierarchy are:

- Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 – Values based on inputs, including quoted prices, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

Impairment of financial assets

In relation to the financial assets carried at amortised cost, AASB 9 requires an expected credit loss model to be applied as opposed to an incurred credit loss model under AASB 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. In particular, AASB 9 requires the Group to measure the loss allowance at an amount equal to lifetime expected credit loss ("ECL") if the credit risk on the instrument has increased significantly since initial recognition. On the other hand, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

As at 1 July 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information. In accordance with AASB 9, where the directors concluded that it would require undue cost and effort to determine the credit risk of a financial asset on initial recognition, the Group recognises lifetime ECL.

EMMERSON RESOURCES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(ii) *AASB 15 Revenue from Contracts with Customers*

AASB 15 *Revenue from Contracts with Customers* (AASB 15) supersedes AASB 18 *Revenue*, AASB 111 *Construction Contracts* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted AASB 15 with the initial application date of 1 July 2018. In accordance with the transitional provisions in AASB 15 the standard has been applied using the full retrospective approach.

At 1 July 2017 and at 1 July 2018 it was determined that the adoption of AASB 15 had no impact on the Group.

(c) **Going Concern**

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. The loss of the Company for the half-year ended 31 December 2018 amounted to \$719,921 and net cash outflows from operating activities were \$652,265. The cash balance at 31 December 2018 was \$2,904,314 and net assets as at 31 December 2018 were \$16,636,483.

Notwithstanding the above, the Directors have reviewed the business outlook, assets and liabilities of the consolidated entity and are confident that additional funds can be raised if required. The Directors have concluded that the going concern basis is the appropriate basis for preparing the financial statements.

The Directors therefore believe there are sufficient funds to meet the consolidated entity's working capital requirements, and as at the date of this report the directors believe they can meet all liabilities as and when they fall due.

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 2018 \$	30 June 2018 \$
Current:			
Bank deposits at call	(a)	300,000	-
Non-Current:			
Bank term deposits	(b)	751,457	751,457
Environmental rehabilitation security deposits	(c)	212,090	211,529
		963,547	962,986

(a) On 5 September 2018 Emmerson entered into a Share Subscription Agreement with Territory Resources Ltd (Territory) whereby Territory or its nominee will subscribe for 19,323,671 Emmerson shares at an issue price of \$0.1035 per share to raise \$2 million in two tranches of \$1,000,000 each. As at 31 December 2018, the first tranche of these placement funds of \$1,000,000 had been received with 9,661,836 ordinary shares accordingly issued during the half-year.

As at 31 December 2018, a progress payment of \$300,000 had been received toward the second tranche of the placement and the funds are held in a bank deposit pending receipt of the balance of the second tranche. Subsequent to 31 December 2018 a further progress payment of \$300,000 has been received toward the second tranche of the placement. Fully paid ordinary Shares (9,661,836 Shares) at an issue price of \$0.1035 per Share will be issued following receipt of the full subscription amount of \$1,000,000.

(b) 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.

(c) 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

	Half-year ended 31 December 2018 \$	Year ended 30 June 2018 \$	Half-year ended 31 December 2017 \$
<i>Costs carried forward in respect of areas of interest in pre-production exploration and evaluation phases:</i>			
Carrying amount at beginning of period	11,814,834	13,734,440	13,734,440
Additions	912,439	1,929,459	693,867
Impairment	(113,487)	(3,849,065)	(3,680,180)
Carrying amount at end of period	12,613,786	11,814,834	10,748,127

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the continuance of the consolidated entity's rights to tenure of the interest, the results of future exploration, and the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. For those areas of interest derecognised during the half-year, exploration results indicated that subsequent successful development and commercial exploitation may be unlikely and the decision was made to discontinue activities in these areas, resulting in full derecognition of the capitalised exploration and evaluation amount in relation to the related areas of interest.

EMMERSON RESOURCES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. CONTRIBUTED EQUITY

(a) Fully paid ordinary shares	Half-year ended 31 December 2018 \$	Year ended 30 June 2018 \$
<i>Balance at beginning of reporting period:</i>		
405,530,203 (30 June 2018: 379,930,204) shares	45,924,985	44,167,730
Nil (30 June 2018: 4,000,000) shares issued on exercise of options	-	240,400
9,661,836 (30 June 2018: 21,599,999) shares issued for cash under a share placement	1,000,000	1,943,999
Share issue costs (including share based payments) (c)	(6,474)	(427,144)
<i>Balance at end of reporting period:</i>		
415,192,039 (30 June 2018: 405,530,203) shares	46,918,511	45,924,985
(b) Options over ordinary shares	31 December 2018 Number of options	30 June 2018 Number of options
Exercise price of \$0.135 expiring on 30/09/20	19,800,000	19,800,000
Exercise price of \$0.09 expiring on 14/11/21	4,900,000	-
	24,700,000	19,800,000

(c) Share based payments

The Company provides benefits to employees in the form of share-based payment transactions, whereby they are granted options over ordinary shares. 4,900,000 options at an exercise price of \$0.09 expiring on 14 November 2021 were granted to employees on 21 December 2018.

The fair value of options using a Black and Scholes pricing model is recognised as an expense over the period from date of issue to vesting date. The material assumptions used in valuing the options were a share price of \$0.071, an exercise price of \$0.09, a risk-free interest rate of 1.5%, an expiry date of 14 November 2021 and a volatility factor of 75%.

The amount recognised as a share-based payments expense during the half-year was \$4,522 (2017: Nil).

Share issue costs for the year ended 30 June 2018 include \$313,200 for a share-based payment in respect of 9,000,000 options at an exercise price of \$0.135 expiring on 30/09/20 that were issued as a placement fee to broker at a consideration of \$0.0001 each per option on 19 October 2017. The fair value of these options at the date of issue less the consideration received amounting to \$313,200 was recognised as a share issue cost with contributed capital reduced accordingly.

EMMERSON RESOURCES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. 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 2018 Annual Financial Report.

Other related party arrangements continue to be in place as detailed in the 30 June 2018 Annual Financial Report.

7. COMMITMENTS AND CONTINGENCIES

There have been no changes to commitments or contingencies since the last annual reporting date.

8. 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 2018 and 30 June 2018 are shown in the Statement of Financial Position and associated notes. As at the balance date, their fair values are approximately the same as their carrying values.

9. DIVIDENDS

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

10. EVENTS SUBSEQUENT TO REPORTING DATE

On 5 September 2018 Emmerson entered into a Share Subscription Agreement with Territory Resources Ltd (Territory) whereby Territory or its nominee will subscribe for 19,323,671 Emmerson shares at an issue price of \$0.1035 per share to raise \$2 million in two tranches of \$1,000,000 each. As at 31 December 2018, the first tranche of these placement funds of \$1,000,000 had been received with 9,661,836 ordinary shares accordingly issued during the half-year.

As at 31 December 2018, a progress payment of \$300,000 had been received toward the second tranche of the placement and subsequent to 31 December 2018 a further progress payment of \$300,000 has been received toward the second tranche of the placement.

As at the date of this report, a further \$400,000 is outstanding to complete the second tranche of the placement. Fully paid ordinary Shares (9,661,836 Shares) at an issue price of \$0.1035 per Share will be issued following receipt of the full subscription amount of \$1,000,000.

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 2018 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 2018 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



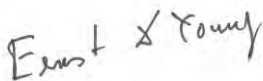
Rob Bills
Managing Director & Chief Executive Officer
13 March 2018

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 2018, 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



V L Hoang
Partner
13 March 2019

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 Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2018, 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 2018 and of its consolidated financial performance for the half-year ended on that date.
- 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.

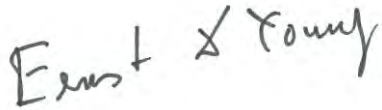
Auditor's responsibility

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 December 2018 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



V L Hoang
Partner
Perth
13 March 2019