

EMMERSON RESOURCES LTD
ACN 117 086 745
SUPPLEMENTARY PROSPECTUS

1. IMPORTANT INFORMATION

This supplementary prospectus (**Supplementary Prospectus**) is dated 6 August 2020 and is supplementary to the prospectus dated 13 July 2020 (**Prospectus**) issued by Emmerson Resources Ltd (ACN 117 086 745) (**Company**).

This Supplementary Prospectus was lodged with the ASIC on 6 August 2020. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus must be read together with the Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus. To the extent of a conflict between the Prospectus and the Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus, copies of which can be downloaded from the website of the Company at www.emmersonresources.com.au. Shareholders may also request a hard copy of this Supplementary Prospectus free of charge by contacting the Company at +61 8 9381 7838.

This is an important document and should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

2. REASONS FOR SUPPLEMENTARY PROSPECTUS

Under the Prospectus, the Company reserved the right to accept oversubscriptions under the SPP Offer (up to the maximum amount permitted under the ASX Listing Rules and Corporations Act). As a result of strong Shareholder interest and support for the SPP Offer, the Company has received oversubscriptions for an additional 12,450,000 SPP Shares and 12,450,000 free-attaching SPP Options, to raise an additional \$1,245,000 under the SPP Offer.

Accordingly, the Board has resolved to issue an additional 12,450,000 SPP Shares and 12,450,000 free SPP Options at an issue price of \$0.10 per Share to raise an additional \$1,245,000 under the SPP Offer. As a result, the total amount raised under the SPP Offer will be \$2,245,000. The additional SPP Shares and SPP Options will form part of the SPP Offer under the Prospectus.

By this Supplementary Prospectus, the Company makes the amendments to the Prospectus as set out in Section 2 below primarily for the purpose of providing additional information to Shareholders in relation to the increase in SPP Shares and SPP Options to be issued pursuant to the SPP Offer under the Prospectus and the increase in the amount raised under the SPP Offer.

The SPP Offer remains consistent with the requirements of the ASIC Instrument and the ASX Listing Rules. As such, the additional SPP Shares to be issued will also be issued as an exception to ASX Listing Rules 7.1 and 10.11.

In order to ensure that this information is properly incorporated into the Prospectus, it must be lodged with the ASIC and released to ASX. This Supplementary

Prospectus has been drafted to comply with the relevant provisions of the Corporations Act.

3. AMENDMENTS TO THE PROSPECTUS

The Prospectus is amended as set out below.

3.1 Background to the SPP Offer and Placement

The first paragraph of Section 3.1 of the Prospectus is deleted and replaced with the following:

*The Company is undertaking a capital raising to raise up to \$5,770,000 (**Capital Raising**), comprising:*

- (a) a placement to sophisticated and professional investors of 35,250,000 Shares with an issue price of \$0.10 per Share, together with one (1) attaching Option for every one (1) Share subscribed for and issued (being, up to 35,250,000 Options) (**Placement Options**), to raise up to \$3,525,000 (before costs) (**Placement**); and*
- (b) pursuant to this Prospectus, a SPP Offer to Eligible Shareholders of up to \$30,000 worth of Shares at an issue price of \$0.10 per Share (**SPP Shares**), together with one (1) attaching Option for every one (1) SPP Share subscribed for and issued (**SPP Options**), to raise up to \$2,245,000 (before costs) (**SPP Offer**).*

3.2 The SPP Offer

Section 3.2 of the Prospectus is amended as follows:

- (a) the first paragraph of Section 3.2 the Prospectus is deleted and replaced with the following:*

By this Prospectus, the Company invites Eligible Shareholders to apply for up to 22,450,000 SPP Shares at an issue price of \$0.10 per SPP Share, together with one (1) attaching SPP Option for every one (1) SPP Share subscribed for and issued, to raise \$2,245,000 (before costs).

- (b) the fourth paragraph of Section 3.2 of the Prospectus is deleted and replaced with the following:*

As stated above, the issue of up to 22,450,000 SPP Options (assuming full subscription under the SPP Offer) will be subject to Shareholder approval at the General Meeting.

3.3 Shortfall Offer

The first paragraph of Section 3.9 of the Prospectus is deleted and replaced with the following:

*In the event that less than \$2,245,000 is applied for under the SPP Offer by Eligible Shareholders, the Directors will seek to place any Securities not taken up pursuant to the SPP Offer under the Shortfall Offer (**Shortfall Securities**).*

3.4 Lead Manager

Section 3.11(a)(ii) of the Prospectus is deleted and replaced with the following:

- (ii) a capital raising fee of up to 6% (plus GST) of the total amount raised under the Capital Raising (being a fee of up to \$346,200). Note the percentage fee will be reduced to 2.5% where funds are raised from certain subscribers under the Capital Raising as set out in the mandate.

3.5 Purpose of the Offers

Section 4.1 of the Prospectus is deleted and replaced with the following:

The primary purpose of:

- (a) the SPP Offer is to raise up to \$2,245,000 (before costs and assuming full subscription); and
- (b) the Placement was to raise \$3,525,000 (before costs).

No funds will be raised from the issue of the Options as they are free attaching to subscribers under the Capital Raising.

The funds raised from the Capital Raising are planned to be used in accordance with the table set out below:

Proceeds of the Capital Raising	Full Subscription	%
Further exploration at the Kiola Project	\$750,000	13.0
Drilling at the Kadungle Project and the Sebastopol gold field	\$480,000	8.3
Exploration at the Wellington copper-gold project	\$350,000	6.1
Sebastopol drilling ¹	\$250,000	4.3
Edna Beryl underground drilling	\$600,000	10.4
Working capital and identifying new projects	\$2,930,000	50.8
Expenses of the Offers ²	\$410,000	7.1
Total	\$5,770,000	100%

Notes:

- 50% of programme costs shared with Longreach Minerals Exploration under the strategic alliance agreement entered into between the Company and Longreach Minerals Exploration. Refer to the Company's ASX announcement dated 24 June 2020 for further detail.
- Refer to Section 3.9 of this Prospectus for further details relating to the estimated expenses of the SPP Offer and the Placement.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

If there is a shortfall under the SPP Offer, the Directors have reserved the right to place the shortfall pursuant to the Shortfall Offer.

On completion of the SPP Offer and Placement, the Board believes the Company will have sufficient working capital to achieve the above objectives. However, to the extent the SPP Offer is not fully subscribed, the Company may scale back or delay a portion of the exploration works set out above while it seeks alternative sources of funding, if required. Subject to the results of the exploration work to be undertaken, additional funding may be required to advance the Company's projects, as deemed appropriate by the Board. The expenses of the Offers will remain unchanged.

3.6 Effect of the Offers

Section 4.2 of the Prospectus is deleted and replaced with the following:

The principal effect of the Offers, assuming full subscription under the Placement and SPP Offer, will be to:

- (a) *increase the cash reserves by \$5,360,000 (after deducting the estimated expenses of the Offers) immediately after completion of the Offers;*
- (b) *increase the number of Shares on issue from 460,103,874 as at the date of this Prospectus to 482,553,874; and*
- (c) *increase the number of Options on issue from 49,700,000 as at the date of this Prospectus to 87,400,000.*

3.7 Effect on capital structure

Section 4.3 of the Prospectus is deleted and replaced with the following:

The effect of the Offers (assuming full subscription under the SPP Offer) on the capital structure of the Company is set out below.

Shares

	Number
Shares currently on issue ¹	460,103,874
Shares to be issued pursuant to the SPP Offer	22,450,000
Total Shares on issue on completion of the Offers	482,553,874

Options

	Number
Options currently on issue ²	49,700,000
Options to be issued pursuant to the Placement ³	15,250,000
Options to be issued pursuant to the SPP Offer ³	22,450,000
Total Options on issue on completion of the Offers	87,400,000

Notes:

1. The Company notes that it is seeking Shareholder approval for the issue of 12,987,013 Shares to NT Bullion at the General Meeting.

2. *Comprising, 20,000,000 unquoted Options exercisable at \$0.16 each on or before 9 July 2023, 19,800,000 unquoted Options exercisable at \$0.135 each on or before 30 September 2020; 4,900,000 unquoted Options exercisable at \$0.09 each on or before 14 November 2021 and 5,000,000 unquoted Options exercisable at \$0.14 each on or before 31 December 2023. The Company notes that it is seeking Shareholder approval for the issue of 8,500,000 Options to the Directors at the General Meeting.*
3. *The Placement Options and SPP Options are exercisable at \$0.16 each on or before 9 July 2023. All of the SPP Options and 15,250,000 of the Placement Options are subject to Shareholder approval to be obtained at the General Meeting.*

The capital structure on an undiluted basis as at the date of this Prospectus would be 460,103,874 Shares and on completion of the Offers on an undiluted basis (assuming full subscription under the SPP Offer) would be 482,553,874 and the shareholding of existing Shareholders would be diluted by approximately 4.7%.

3.8 Pro-forma balance sheet

The pro-forma balance sheet in Section 4.6 of the Prospectus is deleted and replaced with the following:

	Note	Historical Balance Sheet 31 December 2019 (reviewed)	Pro-Forma Adjustments	Pro Forma Historical Balance Sheet
		\$	\$	\$
Cash and cash equivalents	1	1,900,304	5,360,000	7,260,304
Trade and other receivables		446,430	-	446,430
Total Current Assets		2,346,734	5,360,000	7,706,734
Non-Current Assets				
Other financial assets		359,181	-	359,181
Property, plant and equipment		175,278	-	175,278
Exploration and evaluation assets		14,005,400	-	14,005,400
Total Non-Current Assets		14,539,859	-	14,539,859
Total Assets		16,886,593	5,360,000	22,246,593
Current liabilities				
Trade and other payables		84,777	-	84,777
Provisions		257,759	-	257,759
Total Current Liabilities		342,536	-	342,536
Total Liabilities		342,536	-	342,536
Net Assets		16,544,057	5,360,000	21,904,057
Equity				
Contributed equity	1	47,912,926	5,360,000	53,272,926
Share-based payments reserve		2,997,998	-	2,997,998
Accumulated losses		(34,366,867)	-	(34,366,867)
Total Equity		16,544,057	5,360,000	21,904,057

3.9 Expenses of the Offers

Section 7.7 of the Prospectus is deleted and replaced with the following:

The total expenses of the Offers are estimated to be approximately \$410,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

	Full Subscription \$
ASIC fees	3,206
ASX fees	9,625
Legal fees	25,000
Lead Manager Fees ¹	346,200
Share registry	12,500
Printing, distribution and other expenses	13,469
Total	\$410,000

Notes:

1. Assuming a fee of 6% is paid on the total amount raised under the Capital Raising (and the Placement and SPP Offer are fully subscribed).

4. ACTION BY INVESTORS

As the content of this Supplementary Prospectus is not considered to be materially adverse to investors, no action is needed to be taken by investors.

5. CONSENTS

Ernst and Young has given its written consent to being named as auditor to the Company in this Supplementary Prospectus and to the inclusion of the auditor reviewed financial information included in Section 3.8 of this Supplementary Prospectus. Ernst and Young has not withdrawn its consent prior to the lodgement of this Supplementary Prospectus with the ASIC.

The Company confirms that each of the advisors that have given their written consent to being named in the Prospectus (refer to Section 7.6) have not withdrawn that consent prior to the lodgement of this Supplementary Prospectus with the ASIC.

6. DIRECTORS' AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.

Mr Rob Bills
Managing Director and Chief Executive Officer
For and on behalf of
EMMERSON RESOURCES LTD