



EMU NL

ABN 50 139 546 428

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2014**

This interim financial report does not include all the notes of the type normally included in an annual financial report. This report is to be read in conjunction with the Annual Report for the year ended 30 June 2014 and any public announcements made by Emu NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

EMU NL
31 DECEMBER 2014

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DIRECTORS' REPORT

Your directors are pleased to present their report on the consolidated entity (referred to hereafter as the Group) consisting of Emu NL and the entity it controlled (namely Emu Blue Pty Ltd) at the end of, or during, the half-year ended 31 December 2014.

DIRECTORS

The names of the directors who held office during or since the end of the period are:

Peter Thomas

Greg Steemson

Gavin Rutherford

REVIEW AND RESULTS OF OPERATIONS

Emu has one exploration project in Western Australia which is located north of Southern Cross and covers part of a greenstone belt prospective for base metals. Based on the results of the airborne and ground electromagnetic surveys, two drill holes have been recommended to test the two short strike length targets identified within the greenstone sequence. The drilling program consists of two reverse circulation holes planned to a down hole depth of around 200m each.

Meanwhile, Emu continues to search within Australia and overseas for additional projects consistent with its stated objectives.

A summary of the Group's revenues and results for the period is set out below:

	2014	
	Revenues	Results
	\$	\$
Consolidated entity revenues and loss	152,869	(292,592)

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of directors.



Greg Steemson

Managing Director

Perth, 4 March 2015

Auditor's Independence Declaration

To those charged with the governance of Emu NL

As auditor for the review of Emu NL for the half year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.

Somes Cooke

Somes Cooke

Nicholas Hollens

Nicholas Hollens
Partner

Perth

4 March 2015

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Half-Year	
	2014	2013
	\$	\$
REVENUE		
Interest income	138,248	166,623
Other income	14,621	21,043
EXPENDITURE		
Depreciation expense	(812)	(859)
Exploration and tenement expenses	(152,820)	(111,470)
Other expenses	(291,829)	(307,918)
Share of net loss of jointly controlled entity accounted for using the equity method	-	(645,055)
LOSS BEFORE INCOME TAX	(292,592)	(877,636)
Income tax benefit/(expense)	-	-
LOSS FOR THE HALF-YEAR ATTRIBUTABLE TO MEMBERS OF EMU NL	(292,592)	(877,636)
OTHER COMPREHENSIVE INCOME		
<i>Items that may be reclassified to profit or loss</i>		
Changes in the fair value of available-for-sale financial assets	600	(43,639)
Exchange differences on translation of foreign operations	-	(19,921)
Other comprehensive income for the period, net of tax	600	(63,560)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF EMU NL	(291,992)	(941,196)
Basic and diluted loss per share (cents)	(0.39)	(1.18)

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

		31 December 2014 \$	30 June 2014 \$
	Notes		
CURRENT ASSETS			
Cash and cash equivalents		1,443,333	752,943
Trade and other receivables	3	1,564,497	2,041,757
Other assets		12,066	16,089
TOTAL CURRENT ASSETS		3,019,896	2,810,789
NON-CURRENT ASSETS			
Receivables	3	-	500,000
Available-for-sale financial assets	4	2,600	10,000
Plant and equipment		4,310	5,123
TOTAL NON-CURRENT ASSETS		6,910	515,123
TOTAL ASSETS		3,026,806	3,325,912
CURRENT LIABILITIES			
Trade and other payables		43,165	51,030
Provisions		1,039	288
TOTAL CURRENT LIABILITIES		44,204	51,318
TOTAL LIABILITIES		44,204	51,318
NET ASSETS		2,982,602	3,274,954
EQUITY			
Contributed equity	5	10,860,215	10,860,215
Reserves		(7,800)	112,250
Accumulated losses		(7,869,813)	(7,697,871)
TOTAL EQUITY		2,982,602	3,274,954

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

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Contributed Equity \$	Available- for-Sale Asset Reserve \$	Share-based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulat- ed Losses \$	Total \$
BALANCE AT 1 JULY 2013	10,355,215	(8,800)	120,650	28,899	(6,145,952)	4,350,012
Loss for the period	-	-	-	-	(877,636)	(877,636)
Other comprehensive income	-	(43,639)	-	(19,921)	-	(63,560)
TOTAL COMPREHENSIVE INCOME	-	(43,639)	-	(19,921)	(877,636)	(941,196)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Shares issued during the period	505,000	-	-	-	-	505,000
BALANCE AT 31 DECEMBER 2013	10,860,215	(52,439)	120,650	8,978	(7,023,588)	3,913,816
BALANCE AT 1 JULY 2014	10,860,215	(8,400)	120,650	-	(7,697,871)	3,274,594
Loss for the period	-	-	-	-	(292,592)	(292,592)
Other comprehensive income	-	600	-	-	-	600
TOTAL COMPREHENSIVE INCOME	-	600	-	-	(292,592)	(291,992)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Transfer of reserve upon expiry of options	-	-	(120,650)	-	120,650	-
BALANCE AT 31 DECEMBER 2014	10,860,215	(7,800)	-	-	(7,869,813)	2,982,602

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

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	2014	2013
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Expenditure on mining interests	(152,911)	(108,249)
Payments to suppliers and employees	(301,139)	(202,089)
Interest received	122,274	11,464
Other revenue	-	5,770
Net cash outflow from operating activities	(331,776)	(293,104)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of available-for-sale financial assets	22,200	647
Proceeds on sale of plant and equipment	-	15,272
Repayments of loan by El Nino	1,000,000	-
Loans to related party	-	(600,000)
Net cash inflow/(outflow) from investing activities	1,022,200	(584,081)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	505,000
Payments for small parcel roundup	(34)	(4,966)
Net cash (outflow)/inflow from financing activities	(34)	500,034
Net increase/(decrease) in cash and cash equivalents	690,390	(377,151)
Cash and cash equivalents at the beginning of the half-year	752,943	1,142,396
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	1,443,333	765,245

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2014 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Emu NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2014, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2014.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2014. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

NOTE 2: SEGMENT INFORMATION

The Group has identified that it operates in only one segment based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group's principal activity is mineral exploration.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 3: RECEIVABLES

	31 December 2014 \$	30 June 2014 \$
Current		
Trade receivables	792	1,113
GST refundable	20,974	14,208
Bank interest receivable	12,538	-
Loan to El Nino (note (a))	1,500,000	2,000,000
Interest receivable on loan to El Nino (note (a))	30,193	26,436
	1,564,497	2,041,757
Non-Current		
Loan to El Nino (note (a))	-	500,000

(a) Loan to El Nino

The loan to El Nino represents the balance owing on the consideration receivable under the Share (and Claims) Purchase Agreement (**Sale Agreement**) entered into between the Group and El Nino Mining Proprietary Limited (**El Nino**) whereby the Group disposed of its 50% shareholding in, and loans to, Itakane Trading 243 Pty Ltd. Total consideration was \$3,000,000 to be paid in six equal instalments, with the first instalment of \$500,000 received by the Group after satisfaction of all conditions precedent on 29 May 2014. The second and third instalments, with accrued interest, were received by the due dates of 31 July 2014 and 31 October 2014 respectively, with the remaining instalments to be paid quarterly. Other terms of the Sale Agreement, amongst other things, are:

1. The instalments will be partially secured by Euro 600,000 (or Rand equivalent) which will be held in escrow pending full payment but reducing in line with the value of instalments outstanding.
2. All of El Nino's obligations are guaranteed by its parent company, Batla Minerals (SA), listed on Euronext (Marche Libre) in France.
3. Instalments outstanding shall attract interest calculated and compounded daily at the annual rate of 12%.
4. Should El Nino not pay all the instalments and interest, in addition to other rights that the Group may have (including to sue for the entire amounts outstanding), the shares and balance of the Group's loan account shall revert to the Group for no consideration.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 4: AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December 2014	30 June 2014
	\$	\$
Equity securities in listed entities	2,600	10,000

The market value of all equity investments represent the fair value based on quoted prices on active markets (ASX) as at the reporting date without any deduction for transaction costs. These investments are classified as Level 1 financial instruments. There have been no transfers between levels of the fair value hierarchy used in measuring the fair value of these financial instruments, or changes in its classification as a result of a change in the purpose or use of these assets.

NOTE 5: EQUITY SECURITIES ISSUED

	2014 Shares	2014 \$	2013 Shares	2013 \$
Issues of ordinary shares during the half-year				
Fully paid, issued for cash at 10 cents per share	-	-	5,050,000	505,000
Partly paid to \$0.03 per share upon issue, with a further \$0.03 per share payable when called	-	-	1,010,000	-
	-	-	6,060,000	505,000

	Number of options 2014	2013
Movements of options during the half-year		
Options expired 22 December 2014, exercisable at 58.74 cents	(841,148)	-

As at 31 December 2014, the Company had 39,693,856 fully paid ordinary shares and 35,652,856 contributing shares on issue, and 82,736 unlisted options over ordinary shares.

NOTE 6: DIVIDENDS

No dividends were paid during the half-year. No recommendation for payment of dividends has been made.

NOTE 7: CONTINGENCIES

There are no material contingent liabilities or contingent assets of the Group at the reporting date.

NOTE 8: SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 2014, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

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DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on pages 5 to 11 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Emu NL will be able to pay its debts as and when they become due and payable.

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



Greg Steemson
Managing Director
Perth, 4 March 2015

Independent Auditor's Review Report

To the members of Emu NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Emu NL, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other 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.

Directors' Responsibility for the Half-Year Financial Report

The directors of Emu NL 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Emu NL's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Emu NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the Emu NL's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Somes Cooke

Somes Cooke

Nicholas Hollens

Nicholas Hollens

4 March 2015

Perth

Western Australia