



**emmerson**  
resources

**ABN 53 117 086 745**

**HALF-YEAR FINANCIAL REPORT**

**31 DECEMBER 2016**

## 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

#### REGISTERED OFFICE

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#### ASX CODE

ERM

#### SOLICITORS

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Ward Keller  
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Darwin NT 0807

#### BANKERS

National Australia Bank  
Level 1, 1238 Hay Street  
West Perth WA 6005

#### AUDITORS

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The Ernst & Young Building  
11 Mounts Bay Road  
Perth WA 6000

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Nedlands WA 6009

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Nedlands WA 6909  
Telephone: +61 (08) 9389 8033

## 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 2016. 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 2016 was \$918,263 compared to the half-year ended 31 December 2015 of \$2,678,930.

Total revenue and other income significantly decreased from \$1,580,101 in the half-year ended 31 December 2015 to \$236,796 for the half-year ended 31 December 2016 due to a one-off gain on disposal of available-for-sale financial assets of \$1,299,056 during the half-year ended 31 December 2015 (2016: nil).

Expenses significantly decreased from \$4,259,031 in the half-year ended 31 December 2015 to \$1,155,059 for the half-year ended 31 December 2016 predominately due to exploration and evaluation assets written off of \$3,287,174 during the half-year ended 31 December 2015 (2016: \$17,062).

##### Financial Position

Net assets and total equity decreased by \$914,142 during the half-year with cash decreasing by \$539,390 largely due to administration and corporate expenses partially offset by management fees received and interest revenue. Available cash at the end of the half-year was \$4,689,649.

Net assets and total equity at 31 December 2016 was \$21,349,452 (30 June 2016: \$22,263,594).

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

Emmerson is exploring the Tennant Creek Mineral Field (TCMF) in the Northern Territory, one of Australia's most prolific gold-copper districts producing over 5.5 million ounces (Mozs) of gold and 470,000 tonnes of copper from a variety of deposits including Gecko, Orlando, Warrego, White Devil, Chariot and Golden Forty, all of which are within Emmerson's exploration portfolio. Utilising modern exploration techniques, Emmerson has discovered copper and gold mineralisation at Goanna and Monitor in late 2011, the first discoveries in the TCMF for over a decade. To date, Emmerson has only covered 5.5% of the total tenement package (in area) with its innovative exploration techniques and is confident that, with further exploration, more such discoveries will be made.

The Company is exploring the TCMF with Evolution Mining Limited (Evolution) pursuant to a Farm-in agreement whereby Evolution will sole fund exploration expenditure of \$15 million over three years to earn a 65% interest (Stage 1 Farm-in) in Emmerson's tenement holdings in the TCMF. An option to spend a further \$10 million minimum, sole funded by Evolution over two years following the Stage 1 Farm-in, will allow Evolution to earn an additional 10% (Stage 2 Farm-in) of the tenement holdings. Emmerson is acting as manager during the Stage 1 Farm-in and is receiving a management fee during this period.

# EMMERSON RESOURCES LIMITED

## DIRECTORS' REPORT

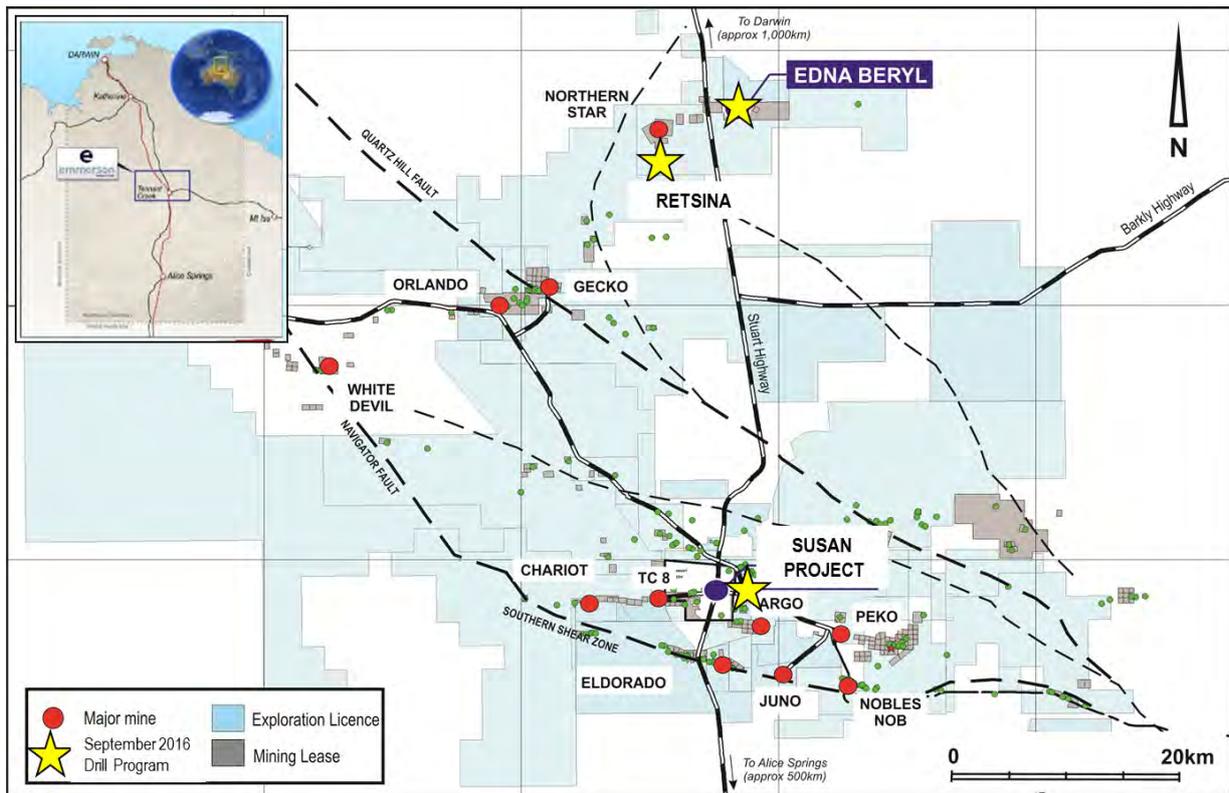


Figure 1: Emmerson's Tennant Creek project area showing the drill programs during the half-year

During the half-year, Emmerson (on behalf of the Farm-in agreement with Evolution) conducted 7,570m drilling consisting of 6,526m of reverse circulation (RC) and 1,044m of diamond drilling. Exploration expenditure attributable to the Stage 1 Farm-in during the half-year was approximately \$2 million and total life to date exploration expenditure attributable to the Stage 1 Farm-in at 31 December 2016 was approximately \$11.5 million which has been fully reimbursed by Evolution.

### *Edna Beryl*

The second and third drill campaigns at Edna Beryl during the half-year were aimed to extend the high grade gold within the Edna Beryl Main and South ironstones plus test the ironstone at depth. Drilling was successful in intersecting ironstone in nearly all holes and proving the continuation of high grade gold (figure 2). During the execution of these drill campaigns further ironstones were intersected North and Far North which augers well for increasing the extent of the Edna Beryl system. In particular drill hole EBWRC041 provided an insight into the potential of Edna Beryl North with outstanding results of 8m at 157g/t gold, 34.5g/t silver and 0.5% copper only 130m below the surface.

These drill campaigns have opened up the potential for deeper primary gold mineralisation associated with hematite ironstone and alteration and adds to the known mineralisation at Edna Beryl South, Main and also within the "small mines" Tribute Agreement.

### *Small Mines*

Development at the Edna Beryl Tribute mine continued with the near completion of the Main and Vent shafts, plus a cross cut connecting the two providing a second means of egress and ventilation.

Production from the mine is contingent on the timely approval of the Mine Management Plan which will be submitted to the Mines Department in the second half.

# EMMERSON RESOURCES LIMITED

## DIRECTORS' REPORT

The Edna Beryl “small mines” Tribute Agreement relates to a tightly defined 3D rock volume around the immediate historic drill holes and mine area at Edna Beryl East and anything discovered outside of this envelope remains 100% Emmerson, and is at the discretion of Emmerson and Evolution as to whether it becomes part of the “small mines” agreement.

The small mines strategy has a number of advantages for Emmerson shareholders including:

- A risk-free, near term income stream from its non-core assets via a royalty agreement (until Evolution completes its earn-in, Emmerson receives 100% of its share flowing from this agreement).
- Establishment of underground drill platforms which based on the discovery history of some of the historic mines, has potential to more effectively test for extensions and grow the existing resources.
- To de-risk large scale mine development through providing insights into the geological controls on the mineralisation and metallurgical characteristics of the ore.

Permitting and approval for the pipeline of additional small mines continued throughout the half-year.

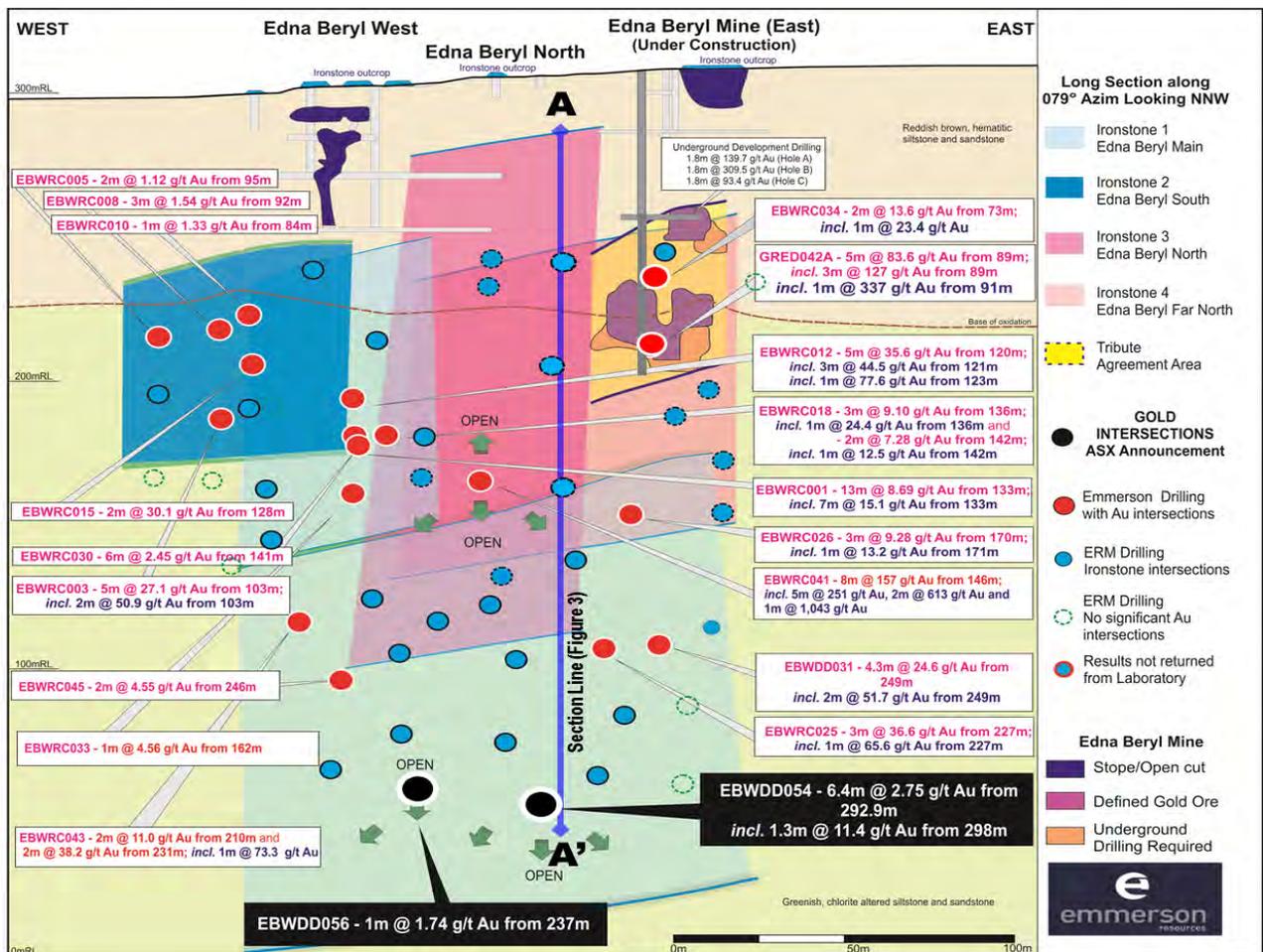


Figure 2: Long Section of the Edna Beryl district and recently completed drilling

### Retsina & Susan

Retsina is a new regional target in a similar structural setting to Edna Beryl but with very limited outcrop. Of interest is the presence of brecciated hematite ironstone at surface which returned a “near ore” geochemical signature. Three drill holes were completed at Retsina during the half-year with ironstone being intersected in all three holes.

# EMMERSON RESOURCES LIMITED

## DIRECTORS' REPORT

A new geological interpretation and remodelling of the magnetic geophysics at Susan suggested untested potential, both for high grade gold in the oxide zone below the historical Susan Mine and also for primary gold associated with magnetite ironstones, some 200m deeper within the Susan syncline. Drilling results were disappointing with no significant ironstone intersected with the best assays returning low level gold anomalism.

### *New South Wales gold-copper projects*

One of the challenges of exploring in NSW is the presence of younger cover sequences obscuring the prospective host rocks and rendering traditional targeting for the next big mineral discovery obsolete. Emmerson entered into a strategic alliance with Kenex Limited in August 2015 with the specific objective of developing tools to predict new high quality gold and copper deposits beneath such cover and within the prospective geological belts of NSW and QLD.

Kenex is a highly regarded project generation company at the forefront of developing 2D and 3D predictive models from multiple datasets (big data), that aim to statistically improve the probability of discovery. In a "blind test" of this approach, the porphyry copper-gold models for NSW identified 56moz of gold from the total known gold endowment (includes production) of 59mozs. Similarly the epithermal gold model identified 6mozs from a total known endowment of 7mozs of gold.

Exploration has commenced on three of our new NSW projects with the acquisition of high resolution airborne magnetics survey. This survey covers EL8463 (Wellington), EL 8465 (Temora) and the Kadungle JV with Aurelia Metals. It is aimed at identifying the most prospective areas for on ground activities which will follow once the data has been processed and accessed.

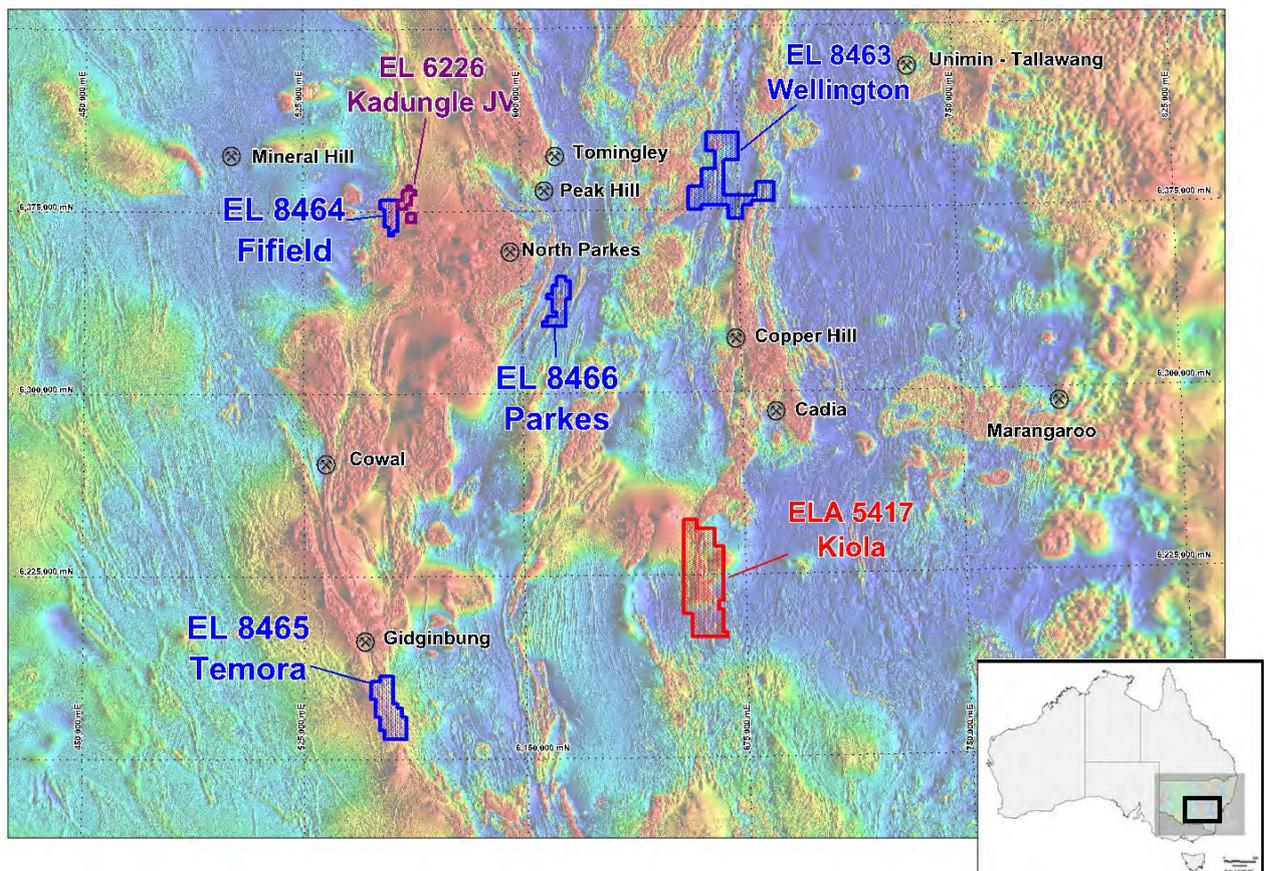


Figure 3: New South Wales gold-copper projects

## EMMERSON RESOURCES LIMITED

### DIRECTORS' REPORT

#### *Kadungle Project*

Emmerson has acquired a 12 month Option over Aurelia Metals (ASX: AMI) Kadungle project in NSW. Historical drilling has demonstrated the potential of this project for high level gold-silver and deeper, copper-gold mineralisation. The minimum spend during this period is \$100,000 and will be directed at flying high resolution aeromagnetics and reprocessing existing data ahead of drilling. Should this work be successful, a farm-in will follow on terms where Emmerson have the right to earn up to an 80% interest through expenditures of a further \$500,000.

The Kadungle project is situated adjacent to Emmerson's Fifield project and ranks as one of the Kenex strategic alliance's top ten targets within the Lachlan Fold Belt of NSW and Eastern Succession of QLD. Work by Aurelia indicates the alkaline volcanics at Kadungle are younger, rifted equivalents of the late Ordovician shoshonitic volcanics that host the North Parkes porphyry copper-gold deposits. These volcanics contain minor historic gold and base metal workings, with drilling at the Mt Leadley prospect intersecting epithermal Au-Ag-Cu veins, disseminated Cu-Mo coincident with a breccia unit, and quartz – chalcopyrite veins associated with monzodiorite intrusives.

#### **Mineral Resources**

The Company's current Mineral Resource inventory as summarised in the table below and released to the ASX on 28 November 2013 is 6.79mt at 3.6g/t gold equivalent or 900,000 gold equivalent ounces.

Classification	Tonnes	Gold grade (g/t)	Copper grade (%)	Gold equivalent grade (g/t)	Gold ounces	Copper metal (t)	Gold equivalent ounces
<b>Gecko - Anomaly 3, L25 and K44 Lower (reported above a 1% copper cut-off)</b>							
Indicated	1,400,000	-	2.5	4.2	-	35,600	190,000
Inferred	80,000	-	1.6	2.7	-	1,300	10,000
<b>Sub-total Gecko</b>	<b>1,480,000</b>	<b>-</b>	<b>2.5</b>	<b>4.1</b>	<b>-</b>	<b>36,900</b>	<b>200,000</b>
<b>Orlando – (Lenses 2 &amp; 7, below open pit &amp; 'the gap' - reported above a 1.0 g/t gold equivalent cut-off)</b>							
Indicated	1,710,000	1.9	1.5	4.4	100,000	25,700	240,000
Inferred	510,000	1.7	1.1	3.6	30,000	5,800	60,000
<b>Sub-total Orlando</b>	<b>2,220,000</b>	<b>1.8</b>	<b>1.4</b>	<b>4.2</b>	<b>130,000</b>	<b>31,500</b>	<b>300,000</b>
<b>Goanna (reported above a 1.0 % Cu cut-off)</b>							
Indicated							
Inferred	2,918,000	0.16	1.84	3.2	15,000	53,700	300,000
<b>Sub-total Goanna</b>	<b>2,918,000</b>	<b>0.16</b>	<b>1.84</b>	<b>3.2</b>	<b>15,000</b>	<b>53,700</b>	<b>300,000</b>
<b>Chariot – Open Pittable &amp; Remnant Underground (reported above a 1.0 g/t gold equivalent cut-off)</b>							
Indicated	60,000	15.9	-	15.9	32,000	-	32,000
Inferred	110,000	18.8	-	18.8	67,000	-	67,000
<b>Sub-total Chariot</b>	<b>170,000</b>	<b>17.4</b>	<b>-</b>	<b>17.4</b>	<b>99,000</b>	<b>-</b>	<b>99,000</b>
<b>TOTAL</b>	<b>6,790,000</b>	<b>1.1</b>	<b>1.8</b>	<b>3.6</b>	<b>246,000</b>	<b>122,100</b>	<b>900,000</b>

#### Gold Equivalent Calculation

Gold equivalent results are calculated using a gold price of US\$1,363/oz and a copper price of US\$7,297/t. Copper-rich ore would be processed using a conventional crush, grind and flotation route to a copper concentrate which would then be sold. Benchmarking of this processing route suggests that a copper recovery of 90-92% would be appropriate. Gold would be recovered by an industry standard carbon-in-pulp process leading to the generation of gold bars. No unconventional processing such as roasting or biological leaching is contemplated, therefore typical recoveries for such gold processing plants is in the range of 90-94%. Given the relative recoveries of both gold and copper are essentially identical, the equivalence formula has not been adjusted for recovery. The gold equivalent calculation used is  $AuEq (g/t) = Au (g/t) + ((Cu(\%)*7297)/43.82)$ , i.e. 1.0%Cu = 1.67g/t Au. The totals may not sum exactly due to rounding.

## EMMERSON RESOURCES LIMITED

### DIRECTORS' REPORT

#### *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 Mineral Resources is based upon information compiled by Mr Ian Glacken, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Ian Glacken is an employee of Optiro Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition and the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Ian Glacken consents to the inclusion in this report of a summary based upon 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 17 and forms part of the Directors' Report for the half-year ended 31 December 2016.

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 2017

**EMMERSON RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Notes	Half-year ended 31 December 2016 \$	Half-year ended 31 December 2015 \$
<b>REVENUE</b>			
Management and consulting fees		151,538	174,736
Dividends received		-	25,044
Interest revenue		81,058	76,385
<b>TOTAL REVENUE</b>		<u>232,596</u>	<u>276,165</u>
<b>OTHER INCOME</b>			
Gain on disposal of available-for-sale financial assets		-	1,299,056
Rent received		4,200	4,200
Vehicle & equipment hire		-	680
<b>TOTAL REVENUE AND OTHER INCOME</b>		<u>236,796</u>	<u>1,580,101</u>
<b>EXPENSES</b>			
Compliance and regulatory expenses		63,104	56,339
Consulting and legal expenses		32,578	133,891
Depreciation expense		253,607	253,064
Employee benefits expense		600,293	370,125
Exploration expenditure written off	4	17,062	3,287,174
Occupancy expense		58,734	57,257
General and administration expenses		129,681	101,181
<b>TOTAL EXPENSES</b>		<u>1,155,059</u>	<u>4,259,031</u>
<b>LOSS BEFORE INCOME TAX</b>		(918,263)	(2,678,930)
Income tax expense		-	-
<b>NET LOSS AFTER TAX FOR THE HALF-YEAR</b>		(918,263)	(2,678,930)
<b>OTHER COMPREHENSIVE LOSS</b>			
<b>Amounts that may be recycled to profit and loss:</b>			
Net change in fair value of available-for-sale financial assets		-	419,016
Net change in fair value of disposed available-for-sale financial assets recycled to profit and loss		-	(1,299,056)
<b>TOTAL COMPREHENSIVE LOSS FOR THE HALF-YEAR</b>		<u>(918,263)</u>	<u>(3,558,970)</u>
Basic loss per share - cents per share		(0.24)	(0.71)
Diluted loss per share - cents per share		(0.24)	(0.71)

The accompanying notes form part of these financial statements.

**EMMERSON RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

	Notes	31 December 2016 \$	30 June 2016 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		4,689,649	5,229,039
Trade and other receivables		414,556	577,181
<b>Total Current Assets</b>		5,104,205	5,806,220
<b>Non-Current Assets</b>			
Other financial assets	3	1,028,166	1,028,328
Property, plant and equipment		1,911,829	2,175,176
Exploration and evaluation assets	4	14,000,064	13,897,750
<b>Total Non-Current Assets</b>		16,940,059	17,101,254
<b>TOTAL ASSETS</b>		22,044,264	22,907,474
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		459,617	429,684
Provisions		235,195	214,196
<b>Total Current Liabilities</b>		694,812	643,880
<b>TOTAL LIABILITIES</b>		694,812	643,880
<b>NET ASSETS</b>		21,349,452	22,263,594
<b>EQUITY</b>			
Contributed equity	5	44,111,130	44,055,755
Other reserves		2,594,451	2,645,705
Accumulated losses		(25,356,129)	(24,437,866)
<b>TOTAL EQUITY</b>		21,349,452	22,263,594

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 2016**

	Contributed Equity \$	Other Reserves \$	Accumulated Losses \$	Total Equity \$
<b>HALF-YEAR ENDED 31 DECEMBER 2015:</b>				
<b>Balance at 1 July 2015</b>	43,986,502	3,572,633	(20,342,011)	27,217,124
Loss for the half-year	-	-	(2,678,930)	(2,678,930)
Other comprehensive income:				
Increase in fair value of available-for-sale financial assets	-	419,016	-	419,016
Net change in fair value of disposed available-for-sale financial assets recycled to profit and loss	-	(1,299,056)	-	(1,299,056)
<b>Total comprehensive loss for the half-year</b>	-	(880,040)	(2,678,930)	(3,558,970)
<b>Transactions with owners in their capacity as owners:</b>				
Share issue costs	(1,654)	-	-	(1,654)
Share-based payments	70,907	(54,133)	-	16,774
<b>Balance at 31 December 2015</b>	44,055,755	2,638,460	(23,020,941)	23,673,274
<b>HALF-YEAR ENDED 31 DECEMBER 2016:</b>				
<b>Balance at 1 July 2016</b>	44,055,755	2,645,705	(24,437,866)	22,263,594
Loss for the half-year	-	-	(918,263)	(918,263)
<b>Total comprehensive loss for the half-year</b>	-	-	(918,263)	(918,263)
<b>Transactions with owners in their capacity as owners:</b>				
Share issue costs	(1,750)	-	-	(1,750)
Share-based payments	57,125	(51,254)	-	5,871
<b>Balance at 31 December 2016</b>	44,111,130	2,594,451	(25,356,129)	21,349,452

The accompanying notes form part of these financial statements.

**EMMERSON RESOURCES LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	<b>Half-year ended 31 December 2016 \$</b>	<b>Half-year ended 31 December 2015 \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Management and consulting fees received	151,538	174,736
Payments to suppliers and employees	(831,400)	(705,806)
Dividends received	-	25,044
Interest received	91,355	56,029
Other	13,868	4,880
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<u>(574,639)</u>	<u>(445,117)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds on disposal of available-for-sale financial assets	-	3,299,056
Purchase of property, plant and equipment	(7,000)	(617)
Refund/(payment) of environmental security deposits	162	(192,414)
Payments for exploration	(2,161,089)	(3,025,675)
Exploration costs reimbursed by farmee	2,204,926	2,657,955
<b>NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>	<u>36,999</u>	<u>2,738,305</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of share issue costs	(1,750)	(1,654)
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<u>(1,750)</u>	<u>(1,654)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(539,390)	2,291,534
Cash and cash equivalents at beginning of period	<u>5,229,039</u>	<u>3,250,541</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>4,689,649</u></u>	<u><u>5,542,075</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 2016 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 13 March 2017. 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 2016 and considered together with any public announcements made during the half-year ended 31 December 2016 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 in the preparation of the half year report are consistent with those followed in the preparation of the consolidated entity's annual financial statements for the year ended 30 June 2016.

The consolidated entity has adopted all of 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. The adoption of these new and revised Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

##### (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 2016 amounted to \$918,263 and net cash outflows from operating activities were \$574,639. The cash balance at 31 December 2016 was \$4,689,649 and net assets as at 31 December 2016 were \$21,349,452.

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**

<b>3. OTHER FINANCIAL ASSETS</b>	<b>31 December 2016 \$</b>	<b>30 June 2016 \$</b>
Environmental security deposits	<u>1,028,166</u>	<u>1,028,328</u>

These environmental security deposits are held as security by State Governments for potential environmental rehabilitation obligations in relation to exploration activities. As such the deposits are not accessible to the Company.

<b>4. EXPLORATION AND EVALUATION ASSETS</b>	<b>Half-year ended 31 December 2016 \$</b>	<b>Year ended 30 June 2016 \$</b>	<b>Half-year ended 31 December 2015 \$</b>
<i>Costs carried forward in respect of areas of interest in pre-production exploration and evaluation phases:</i>			
Carrying amount at beginning of period	13,897,750	17,875,598	17,875,598
Additions	119,376	53,647	6,878
Written off	(17,062)	(4,031,495)	(3,287,174)
Carrying amount at end of period	<u>14,000,064</u>	<u>13,897,750</u>	<u>14,595,302</u>

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.

**5. CONTRIBUTED EQUITY**

<b>(a) Fully paid ordinary shares</b>	<b>Half-year ended 31 December 2016 \$</b>	<b>Year ended 30 June 2016 \$</b>
<i>Balance at beginning of reporting period:</i>		
378,311,454 (30 June 2016: 377,636,454) shares	44,055,755	43,986,502
618,750 (30 June 2016: 675,000) shares issued to employees under performance rights plan	57,125	70,907
Share issue costs	(1,750)	(1,654)
<i>Balance at end of reporting period:</i>		
378,930,204 (30 June 2016: 378,311,454) shares	<u>44,111,130</u>	<u>44,055,755</u>
<b>(b) Options over ordinary shares</b>	<b>31 December 2016 Number of options</b>	<b>30 June 2016 Number of options</b>
Exercise price of \$0.0485 expiring 31/12/2017	<u>7,000,000</u>	<u>7,000,000</u>

## EMMERSON RESOURCES LIMITED

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 5. CONTRIBUTED EQUITY (continued)

<b>(c) Rights over ordinary shares</b>	<b>31 December 2016</b>	<b>30 June 2016</b>
<i>Unissued ordinary shares for which employee performance rights are outstanding:</i>	<b>Number of rights</b>	<b>Number of rights</b>
Exercise price of nil vesting on 25/11/16	-	118,750
Exercise price of nil vesting on 04/12/16	-	500,000
	-	618,750

#### 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 2016 Annual Financial Report.

Other related party arrangements continue to be in place as detailed in the 30 June 2016 Annual Financial Report.

#### 7. COMMITMENTS AND CONTINGENCIES

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

#### 8. EVENTS SUBSEQUENT TO REPORTING DATE

There are no events subsequent to the end of the half-year that would have a material effect on the financial report.

#### 9. DIVIDENDS

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

## 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 2016 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 2016 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



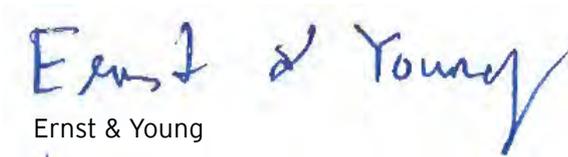
Rob Bills  
Managing Director & Chief Executive Officer  
13 March 2017

## Auditor's independence declaration to the Directors of Emmerson Resources Limited

As lead auditor for the review of Emmerson Resources Limited for the half-year ended 31 December 2016, 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 2017

## Report on the half-year financial report to the members of Emmerson Resources Limited,

We have reviewed the accompanying half-year financial report of Emmerson Resources Limited, which comprises the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and 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 of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

### Directors' responsibility for the half-year financial report

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

### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 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 Emmerson Resources Limited and the entities it controlled during the half-year, 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*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

## 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 Emmerson Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



V L Hoang  
Partner  
Perth  
13 March 2017