



emmerson
resources

ABN 53 117 086 745

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2015

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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National Australia Bank
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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 2015. 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 2015 was \$2,678,930 compared to the half-year ended 31 December 2014 of \$626,384.

Total revenue and other income significantly increased from \$287,825 in the half-year ended 31 December 2014 to \$1,580,101 for the half-year ended 31 December 2015 due to a gain on disposal of available-for-sale financial assets of \$1,299,056 (2014: nil).

Expenses significantly increased from \$914,209 in the half-year ended 31 December 2014 to \$4,259,031 for the half-year ended 31 December 2015 predominately due to exploration and evaluation assets impairment of \$3,287,174 (2014: \$179,693).

Financial Position

Net assets and total equity decreased by \$3,543,850 during the half-year predominantly due to an impairment of exploration and evaluation assets.

The increase in cash for the half-year was \$2,291,534 and cash in the bank at the end of the half-year was \$5,542,075. The increase in cash was largely due to proceeds from the sale of available-for-sale financial assets partially offset by administration and corporate expenses.

Exploration and evaluation assets decreased by \$3,280,296 during the half-year due to an impairment of exploration expenditure and the balance of exploration and evaluation assets carried forward at the end of the half-year was \$14,595,302.

Net assets and total equity at 31 December 2015 was \$23,673,274 (30 June 2015: \$ 27,217,124).

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 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.

EMMERSON RESOURCES LIMITED

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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. 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. Evolution must spend a minimum of \$7.5 million on exploration before it can terminate the Farm-in agreement. Emmerson will act as manager during the Stage 1 Farm-in and be entitled to receive a management fee during this period. Exploration expenditure attributable to the Stage 1 Farm-in to the end of the half-year was approximately \$7.9 million.

During the half-year, Emmerson (on behalf of the Farm-in agreement with Evolution) conducted 21,730m drilling consisting of 12,701m of rotary air blast (RAB), 7,036 m of reverse circulation (RC) including pre collars and 1,993m of diamond drilling. Exploration expenditure attributable to the Stage 1 Farm-in to 31 December 2015 is \$7,854,299 which has been fully reimbursed by Evolution.

Eastern Project Area

The Mauretania area was targeted using high resolution aeromagnetic survey data that highlighted a number of new, subtle anomalies corresponding to major structures and in some cases, historical mines. Exploration work completed at Mauretania and immediate surrounds during the half-year consisted of systematic geochemistry over selected areas by RAB drilling and rock chip sampling. The first of three RC drill holes completed at Mauretania (hole MTRC004) targeted the centre of an interpreted, but blind, northwest trending magnetic anomaly 400m south of the former Mauretania mine and intersected ~60m of brecciated quartz-hematite-specularite ironstone. Encouraging assay results of 6m at 2.26g/t Au were returned from a down-hole depth of 195m.

The discovery hole, MTRC006 was drilled up-dip of MTRC004 and intersected a 70m thick interval of ferruginous limonitic-kaolin-quartz-jasper alteration, while drill hole MTRC005 drilled below the base of the supergene zone yielded correspondingly low-level assay results.

Significant intersections from hole MTRC006 included:

- 30m at 3.22g/t Au, 13.1g/t Ag, 0.33% Cu and 723 ppm Bi from 57m within an upper gold-rich zone
 - incl. 15m at 5.67g/t Au, 14.7g/t Ag, 0.11% Bi, 0.24% Cu from 60m; or
 - 3m at 21.3g/t Au, 5.01g/t Ag, 0.20% Bi, 0.23% Cu from 63m
- 24m at 1.07% Cu, 8.51g/t Ag, 0.40g/t Au from 78m within the lower copper-rich zone

The next round of drilling at Mauretania comprised of a total of 16 RC and 2 diamond core tails which greatly enhanced the geological understanding and opened up potential both at depth and along strike. The best intercepts from this program include:

- 1m at 4.16g/t gold, 2m at 2.14g/t gold and 3m at 2.50g/t gold within 15m at 1.67g/t gold from 98m in MTRC0015.
- 3m at 4.22% copper and 0.12% bismuth within a thick 14m at 1.94% copper from 118m in MTRC016.
- 0.4m at 35g/t silver, 0.25g/t gold and 0.36% bismuth from 154.6m and 3m at 1.49% copper, 4.75g/t silver from 182m in MTTDD002.

In summary, this drilling has indicated that Mauretania is a multi-element, gold, copper and silver discovery controlled by a combination of northwest trending thrust faults and reactivated north east faults. Moreover, the potential includes both supergene gold and copper above the base of oxidation and within the upper plate of the thrusts and nearby NW trending faults, plus hypogene gold and copper associated with altered ironstones at depth.

RAB drill holes MTRB163 and 165 intersected mineralised quartz-hematite ironstone, providing support for continuation of the high grade supergene gold to the east. Similarly MTRC015, 016, 019 and MTTD001 intersected highly elevated bismuth (up to 0.36%) typically a vector to high grade gold in the TCMF. The occurrence of primary gold and copper in much of this drilling is consistent with this new interpretation and opens up a number of new targets for drilling in 2016.

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Regionally, the Mauretania North gold-copper-bismuth anomaly may represent a similar style of mineralisation within the upper plate of a NW trending thrust fault.

By way of background, the bonanza-grade Nobles Nob Mine, located some 35km to the south produced over 1.1 million ounces of gold at an average recovered grade of 17.3g/t Au from a very small footprint of ~200m in strike extent and within 100m of surface. Moreover, the alteration, geochemistry and mineralogy from this recent drilling at Mauretania is similar, with high grade gold associated with silver, copper and bismuth within hematite ironstone. In exploration, this corresponds to weak magnetic geophysical signatures that have been overlooked by many previous explorers and is reflective of conversion of primary magnetite to mostly non-magnetic, supergene hematite in the near surface environment.

Gecko-Goanna-Monitor Corridor

A deep drill hole (GODD032) to test for gold mineralisation some 400m beneath the historic underground Gecko mine was completed during the half-year at a total down-hole depth of 1,279m. This hole was co-funded as part of the Northern Territory's "Creating Opportunities for Resources Exploration" (CORE) initiative.

The RC pre-collar to this hole intersected multiple zones of copper sulphide mineralisation associated with quartz - chlorite veins, analogous to the recently discovered Goanna mineralisation some 800m to the east (Figure2). Significant down-hole intersections included:

- 7m at 5.98% Cu from 123m including 3m at 10.4% Cu
- 3m at 4.75% Cu from 162m including 1m at 10.6% Cu
- 1m at 2.37% Cu from 221m

Additional zones of alteration with visible copper, pyrite and bismuth mineralisation were intersected at depth at approximately 400m below the historic Gecko copper mine.

The results from the pre-collar GODD032 indicate good potential to materially extend the Goanna resource along strike within the already significant 2.7km long Gecko-Goanna-Monitor mineralised corridor.

Edna Beryl Tribute Agreement

In August 2015, Emmerson entered into a mining tribute agreement with Edna Beryl Mining Company (EBMC) as part of its strategy to monetise non-core assets.

The agreement will allow underground production to recommence at the historic, high-grade Edna Beryl Gold mine subject to EBMC meeting all statutory requirements. Royalty payments to Emmerson will be in the range of 12% to 17% from gold ore produced. Emmerson will receive 100% of the proceeds from the royalty during the period while Evolution Mining is earning its initial 65% interest in the Tennant Creek project tenements.

Permitting by EBMC continues as does the establishment of all the mining equipment onsite including headframes, accommodation and refurbishment of the existing shaft.

Edna Beryl was discovered by prospectors in 1935 and mined underground in the 1940s and 1950s to a maximum depth of approximately 50 metres. Production up until 1952 was reportedly 2,700t of ore at an exceptional grade of 53g/t Au.

More recent exploration in the Edna Beryl area between 1996 and 2000 by Giants Reef Mining outlined additional high-grade gold mineralisation below the historic workings and resulted in an estimate being reported in 1998. While this estimate does not meet the minimum reporting requirements for a Mineral Resource under the current 2012 JORC Code, Emmerson considers the Edna Beryl mineralisation to constitute a conceptual exploration target of 5,000t to 10,000t at a likely grade of 20 to 30 g/t gold.

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EBMC are narrow vein mining specialists with over 50 years of combined mining and mine management experience. The principals of EBMC are very familiar with the Tennant Creek Mineral Field, having started their careers at the White Devil gold mine and successfully completed similar small-scale underground mining projects at Rising Sun, New Hope, Chariot and at Edna Beryl.

Strategic Alliance with Kenex

During the half-year, Emmerson entered into a strategic alliance with Kenex to identify new gold and copper opportunities in Australia. Kenex is a highly regarded project generation and exploration company and the complementary strengths of both companies will provide a significant competitive advantage in the current downturn through securing new high calibre projects for a modest capital outlay and increasing the probability of new discoveries.

Under the alliance, Emmerson will hold the exclusive rights to all new targets identified for a period of 12 months and may, through a modest payment to Kenex, acquire full exclusivity. Kenex can earn up to a 10% interest in any tenements acquired as part of the alliance upon achieving certain predetermined milestones, with exploration costs shared proportionally.

Kenex is at the forefront of developing 2D and 3D predictive models from multiple data sets to statistically identify areas of geological potential for a specified mineralisation style and therefore the most likely locations for the discovery of new mineral deposits. Since its inception over 12 years ago, Kenex has acquired numerous geological data sets and compiled close to one hundred predictive models for use in exploration targeting studies for a variety of mineral systems on most continents (20 different countries) including the marine environment.

Mineral Resources

The Company's current Reserve and Resource inventory in the table below released to the ASX on 28 November 2013 takes the global mineral resources to 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
Gecko - Anomaly 3, L25 and K44 Lower (reported above a 1% copper cut-off)							
Indicated	1,400,000	-	2.5	4.2	-	35,600	190,000
Inferred	80,000	-	1.6	2.7	-	1,300	10,000
Sub-total Gecko	1,480,000	-	2.5	4.1	-	36,900	200,000
Orlando - (Lenses 2 & 7, below open pit & 'the gap' - reported above a 1.0 g/t gold equivalent cut-off)							
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
Sub-total Orlando	2,220,000	1.8	1.4	4.2	130,000	31,500	300,000
Goanna (reported above a 1.0 % Cu cut-off)							
Indicated							
Inferred	2,918,000	0.16	1.84	3.2	15,000	53,700	300,000
Sub-total Goanna	2,918,000	0.16	1.84	3.2	15,000	53,700	300,000
Chariot - Open Pittable & Remnant Underground (reported above a 1.0 g/t gold equivalent cut-off)							
Indicated	60,000	15.9	-	15.9	32,000	-	32,000
Inferred	110,000	18.8	-	18.8	67,000	-	67,000
Sub-total Chariot	170,000	17.4	-	17.4	99,000	-	99,000
TOTAL	6,790,000	1.1	1.8	3.6	246,000	122,100	900,000

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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.

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. Mr Russell holds an interest in the following securities in the Company: 575,000 Shares and 37,500 Performance Rights.

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 16 and forms part of the Directors' Report for the half-year ended 31 December 2015.

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
9 March 2016

EMMERSON RESOURCES LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Notes	Half-year ended 31 December 2015 \$	Half-year ended 31 December 2014 \$
REVENUE			
Management and consulting fees		174,736	176,355
Dividends received		25,044	25,044
Interest revenue		76,385	68,276
TOTAL REVENUE		<u>276,165</u>	<u>269,675</u>
OTHER INCOME			
Gain on disposal of available-for-sale financial assets	3	1,299,056	-
Rent received		4,200	10,060
Vehicle & equipment hire		680	8,090
TOTAL REVENUE AND OTHER INCOME		<u>1,580,101</u>	<u>287,825</u>
EXPENSES			
Compliance and regulatory expenses		56,339	55,932
Consulting and legal expenses		133,891	89,736
Depreciation expense		253,064	4,009
Employee benefits expense		370,125	442,220
Exploration expenditure impairment	4	3,287,174	179,693
Occupancy expense		57,257	56,841
General and administration expenses		101,181	85,778
TOTAL EXPENSES		<u>4,259,031</u>	<u>914,209</u>
LOSS BEFORE INCOME TAX		(2,678,930)	(626,384)
Income tax		-	-
LOSS FOR THE HALF-YEAR		(2,678,930)	(626,384)
OTHER COMPREHENSIVE LOSS			
Amounts that may be recycled to profit and loss:			
Net change in fair value of available-for-sale financial assets		419,016	(384,673)
Net change in fair value of disposed available-for-sale financial assets recycled to profit and loss		(1,299,056)	-
TOTAL COMPREHENSIVE LOSS FOR THE HALF-YEAR		<u>(3,558,970)</u>	<u>(1,011,057)</u>
Basic loss per share - cents per share		(0.71)	(0.17)
Diluted loss per share - cents per share		(0.71)	(0.17)

The accompanying notes form part of these financial statements.

EMMERSON RESOURCES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	31 December 2015 \$	30 June 2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents		5,542,075	3,250,541
Trade and other receivables		468,209	529,547
Total Current Assets		6,010,284	3,780,088
Non-Current Assets			
Other financial assets	3	1,023,595	3,711,220
Property, plant and equipment		2,452,036	2,730,015
Exploration and evaluation assets	4	14,595,302	17,875,598
Total Non-Current Assets		18,070,933	24,316,833
TOTAL ASSETS		24,081,217	28,096,921
LIABILITIES			
Current Liabilities			
Trade and other payables		214,598	728,243
Provisions		193,345	151,554
Total Current Liabilities		407,943	879,797
TOTAL LIABILITIES		407,943	879,797
NET ASSETS		23,673,274	27,217,124
EQUITY			
Contributed equity	5	44,055,755	43,986,502
Other reserves		2,638,460	3,572,633
Accumulated losses		(23,020,941)	(20,342,011)
TOTAL EQUITY		23,673,274	27,217,124

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 2015

	Contributed Equity \$	Other Reserves \$	Accumulated Losses \$	Total Equity \$
HALF-YEAR ENDED 31 DECEMBER 2014:				
Balance at 1 July 2014	42,036,824	2,693,934	(19,504,391)	25,226,367
Loss for the half-year	-	-	(626,384)	(626,384)
Net change in fair value of available-for-sale financial assets	-	(384,673)	-	(384,673)
Total comprehensive loss for the half-year	-	(384,673)	(626,384)	(1,011,057)
Transactions with owners in their capacity as owners:				
Shares issued during the half-year	1,872,386	-	-	1,872,386
Share issue costs	(10,365)	-	-	(10,365)
Share-based payments	87,657	3,180	-	90,837
Balance at 31 December 2014	43,986,502	2,312,441	(20,130,775)	26,168,168
HALF-YEAR ENDED 31 DECEMBER 2015:				
Balance at 1 July 2015	43,986,502	3,572,633	(20,342,011)	27,217,124
Loss for the half-year	-	-	(2,678,930)	(2,678,930)
Net change 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)
Total comprehensive loss for the half-year	-	(880,040)	(2,678,930)	(3,558,970)
Transactions with owners in their capacity as owners:				
Share issue costs	(1,654)	-	-	(1,654)
Share-based payments	70,907	(54,133)	-	16,774
Balance at 31 December 2015	44,055,755	2,638,460	(23,020,941)	23,673,274

The accompanying notes form part of these financial statements.

EMMERSON RESOURCES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Half-year ended 31 December 2015 \$	Half-year ended 31 December 2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Management and consulting fees received	174,736	214,306
Payments to suppliers and employees	(705,806)	(866,698)
Dividends received	25,044	25,044
Interest received	56,029	71,447
Research and development tax offset received	-	36,410
Other	4,880	7,892
NET CASH FLOWS USED IN OPERATING ACTIVITIES	<u>(445,117)</u>	<u>(511,599)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from withdrawal of security deposits	-	20,000
Proceeds on disposal of available-for-sale financial assets	3,299,056	-
Purchase of property, plant and equipment	(617)	(24,736)
Environmental security deposits	(192,414)	-
Payments for exploration	(3,025,675)	(2,567,704)
Exploration costs reimbursed by Evolution Mining Limited	2,657,955	2,339,726
NET CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES	<u>2,738,305</u>	<u>(232,714)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	1,872,386
Payment of share issue costs	(1,654)	(10,365)
NET CASH FLOWS (USED IN)/PROVIDED BY FINANCING ACTIVITIES	<u>(1,654)</u>	<u>1,862,021</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,291,534	1,117,708
Cash and cash equivalents at beginning of period	<u>3,250,541</u>	<u>1,628,942</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>5,542,075</u></u>	<u><u>2,746,650</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 half-year financial report 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 9 March 2016.

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 2015 and considered together with any public announcements made during the half-year ended 31 December 2015 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 2015.

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 has not resulted in a significant or material change to the consolidated entity's accounting policies.

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 2015 amounted to \$2,678,930 and net cash outflows from operating activities were \$445,117. The cash balance at 31 December 2015 was \$5,542,075 and net assets as at 31 December 2015 were \$23,673,274.

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 2015 \$	30 June 2015 \$
Environmental security deposits	(a)	1,023,595	831,180
Available-for-sale financial assets:			
- Australian listed equity securities	(b)	<u>-</u>	<u>2,880,040</u>
		<u>1,023,595</u>	<u>3,711,220</u>

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

(b) On 11 June 2014 the Company entered into the Tennant Creek Mineral Field Farm-in with Evolution Mining Limited (Evolution). Under this agreement, initial consideration of 2,504,383 Evolution shares at an issue price of \$0.7986 per share (value \$2 million) was received on 7 July 2014. The fair value has been determined directly by reference to published price quotations in an active market (Level 1). The net increase in fair value of available-for-sale financial assets of \$880,040 for the year ended 30 June 2015 was recognised directly in equity and disclosed in other comprehensive income. The Company has disposed of all of these shares during the half-year ended 31 December 2015 and made a gain of \$1,299,056.

4. EXPLORATION AND EVALUATION ASSETS		Half-year ended 31 December 2015 \$	Year ended 30 June 2015 \$
<i>Costs carried forward in respect of areas of interest in pre-production exploration and evaluation phases:</i>			
Carrying amount at beginning of period		17,875,598	18,204,330
Additions		6,878	20,121
Impairment		<u>(3,287,174)</u>	<u>(348,853)</u>
Carrying amount at end of period		<u>14,595,302</u>	<u>17,875,598</u>

(a) 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 impaired 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 impairment of the capitalised exploration and evaluation amount in relation to the related areas of interest.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. CONTRIBUTED EQUITY

(a) Fully paid ordinary shares	Half-year ended 31 December 2015 \$	Year ended 30 June 2015 \$
<i>Balance at beginning of reporting period:</i>		
377,636,454 (30 June 2015: 327,629,954) shares	43,986,502	42,036,824
Nil (30 June 2015: 49,144,000) shares issued for cash under cash placement	-	1,872,386
675,000 (30 June 2015: 862,500) shares issued to employees under performance rights plan	70,907	87,657
Share issue costs	(1,654)	(10,365)
<i>Balance at end of reporting period:</i>		
378,311,454 (30 June 2015: 377,636,454) shares	<u>44,055,755</u>	<u>43,986,502</u>
 (b) Options over ordinary shares	 31 December 2015 Number of options	 30 June 2015 Number of options
Exercise price of \$0.0485 expiring 31/12/2017	<u>7,000,000</u>	<u>7,000,000</u>
 (c) Rights over ordinary shares	 31 December 2015 Number of rights	 30 June 2015 Number of rights
<i>Unissued ordinary shares for which employee performance rights are outstanding:</i>		
Exercise price of nil vesting on 25/11/15	-	175,000
Exercise price of nil vesting on 04/12/15	-	500,000
Exercise price of nil vesting on 25/11/16	118,750	118,750
Exercise price of nil vesting on 04/12/16	500,000	500,000
	<u>618,750</u>	<u>1,293,750</u>

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 2015 Annual Financial Report.

Other related party arrangements continue to be in place as detailed in the 30 June 2015 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 2015 are in accordance with the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the financial position as at 31 December 2015 and the 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
9 March 2016

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 2015, 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
9 March 2016

To the members of Emmerson Resources Limited,

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Emmerson Resources Limited which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 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 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 2015 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.

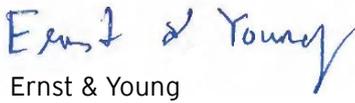
Independence

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 2015 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
9 March 2016