



ACN 148 860 299

INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2014

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DIRECTORS' REPORT

Your directors submit the financial report of the Group for the half-year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Jack Robert James	<i>Non-Executive Chairman</i>
Michael John Hynes	<i>Executive Director and Chief Executive Officer</i>
James William Joseph Hyndes	<i>Non-Executive Director</i>
David Wheeler (appointed 1 October 2014)	<i>Non-Executive Director</i>

Review of Operations

Myanmar

Mawsaki Mining (EUM 70%) - Large scale exploration licence in Kayah State

On 29 October 2014, Eumeralla Resources Ltd's 70% controlled Myanmar subsidiary, Mawsaki Mining Co., Ltd, received State Government approval for its exploration permit in the State of Kayah. The approval comes after successful negotiations with the Office of Chief Minister, Kayah State, State Minister, Ministry of Forest and Mines, both the State Forest Department and State Land Records Department in Loikaw and Office of Township Administration, Hpa-hsaung.

The approval was ratified by a Kayah State Government Cabinet resolution. The approval allows the Company to now agree the exploration terms with the Department of Geological Survey and Mineral Exploration (DGSE). This process include the commissioning of an Environmental Management Plan (EMP) for approval by DGSE.

The Company continues to meet and discuss terms with DGSE in order finalise the terms of the exploration licence.

Once the exploration license terms are approved by the DGSE, Auditor General's office and the Attorney General's office it clears the way for the Company to seek National approval from the Myanmar Ministry of Mines and granting of the exploration license.

Mongolia

In July 2014 the Company engaged Lunda LLC (Lunda) to perform an IP/Res Gradient Survey. Lunda have performed the IP/Res Gradient Survey and are in the process of preparing a report to be submitted to the Mineral Resources Authority (MRAM) of Mongolia.

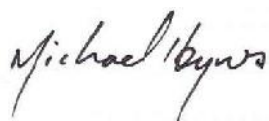
Corporate

On 1 October 2014 Mr David Wheeler was appointed as a non-Executive Director.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 2 and forms part of this directors' report for the half-year ended 31 December 2014.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



Michael John Hynes

Director

12 March 2015

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Eumeralla Resources Limited for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



**Perth, Western Australia
12 March 2015**

**L Di Giallonardo
Partner**

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Consolidated	
	31 December 2014 \$	31 December 2013 \$
Revenue from continuing operations		
Finance income	24,532	34,558
Total income	24,532	34,558
Administrative expenses	(30,509)	(36,051)
Audit fees	(5,525)	(4,483)
Consulting fees	(64,679)	(44,200)
Corporate services	(49,112)	(51,543)
Employee benefit expenses	(182,775)	(145,603)
Impairment of refundable deposit	-	(78,431)
Impairment of exploration expenditure	(55,733)	-
Legal fees	(5,694)	(15,204)
Other expenses	(20,740)	(62,303)
Loss before income tax	(390,235)	(403,260)
Income tax expense	-	-
Net loss for the period	(390,235)	(403,260)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign subsidiaries	(7,018)	(11,155)
Total comprehensive loss for the period	(397,253)	(414,415)
Basic and diluted loss per share (cents)	(0.84)	(0.87)

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Notes	Consolidated	
		31 December 2014 \$	30 June 2014 \$
Current Assets			
Cash and cash equivalents		1,094,939	1,434,868
Receivables		7,670	16,373
Prepayments		1,270	14,367
Total Current Assets		1,103,879	1,465,608
Non-current Assets			
Exploration and evaluation assets	2	1,377,265	1,377,265
Total Non-Current Assets		1,377,265	1,377,265
TOTAL ASSETS		2,481,144	2,842,873
Current Liabilities			
Trade and other payables		5,037	45,488
Total Current Liabilities		5,037	45,488
TOTAL LIABILITIES		5,037	45,488
NET ASSETS		2,476,107	2,797,385
Equity			
Issued capital	3	5,315,160	5,315,160
Reserves		155,784	86,827
Accumulated losses		(2,994,837)	(2,604,602)
TOTAL EQUITY		2,476,107	2,797,385

The accompanying notes form part of these financial statements

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

	Consolidated				
	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Performance Rights Reserve	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2013	5,315,160	(1,318,131)	3,529	-	4,000,558
Loss for the period	-	(403,260)	-	-	(403,260)
Exchange differences on translation of foreign subsidiaries	-	-	(11,155)	-	(11,155)
Total comprehensive loss for the period	-	(403,260)	(11,155)	-	(414,415)
Share based payment expense	-	-	-	17,803	17,803
Balance at 31 December 2013	5,315,160	(1,721,391)	(7,626)	17,803	3,603,946
Balance at 1 July 2014	5,315,160	(2,604,602)	(11,533)	98,360	2,797,385
Loss for the period	-	(390,235)	-	-	(390,235)
Exchange differences on translation of foreign subsidiaries	-	-	(7,018)	-	(7,018)
Total comprehensive loss for the period	-	(390,235)	(7,018)	-	(397,253)
Share based payment expense	-	-	-	75,975	75,975
Balance at 31 December 2014	5,315,160	(2,994,837)	(18,551)	174,335	2,476,107

The accompanying notes form part of these financial statements

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

	Consolidated	
	31 December 2014	31 December 2013
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(321,826)	(365,551)
Interest received	24,532	34,558
Net cash (outflow) from operating activities	(297,294)	(330,993)
Cash flows from investing activities		
Payments for refundable deposit	-	-
Payments for capitalised exploration expenditure	(42,635)	(25,902)
Net cash (outflow) from investing activities	(42,635)	(25,902)
Cash flows from financing activities		
Repayment of borrowings	-	-
Net cash outflow from financing activities	-	-
Net decrease in cash held	(339,929)	(356,895)
Cash and cash equivalents at the beginning of the period	1,434,868	2,162,373
Effects of exchange rate fluctuations on cash held	-	-
Cash and cash equivalents at the end of the period	1,094,939	1,805,478

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that these financial statements be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by Eumeralla Resources Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

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

Basis of preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2014.

Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current half-year.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 2: EXPLORATION AND EVALUATION ASSETS

	Consolidated	
	Half year to 31 December 2014 \$	Year to 30 June 2014 \$
Exploration and evaluation phase – at cost		
Balance at beginning of period	1,377,265	1,784,573
Exchange rate differences in translation	-	-
Exploration expenditure incurred	55,733	56,412
Impairment	(55,733)	(463,720)
Total exploration and evaluation assets	1,377,265	1,377,265

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent upon the successful development and commercial exploitation or sale of the respective areas.

NOTE 3: ISSUED CAPITAL

	31 December 2014 \$		30 June 2014 \$	
<i>Ordinary shares</i>				
Issued and fully paid		5,315,160		5,315,160

	Half year to 31 December 2014		Year to 30 June 2014	
	Number	\$	Number	\$
<i>Movements in ordinary shares</i>				
Balance at beginning of period	46,666,168	5,315,160	46,666,168	5,315,160
Balance at end of period	46,666,168	5,315,160	46,666,168	5,315,160

NOTE 4: PERFORMANCE RIGHTS

During the half-year ended 31 December 2013 the directors granted 3,000,000 Performance Rights (Rights) to directors following shareholder approval at the November 2013 Annual General Meeting. The Rights were granted in accordance with the long term equity incentive plan as outlined in the Eumeralla Performance Rights Plan. The share based payment expense for the Rights issued has been calculated in accordance with AASB 2: Share Based Payments using a Monte Carlo Simulation method to determine the fair value of the Rights. The total fair value for the 3,000,000 Rights issued to date is \$326,000 and this amount will be expensed over the vesting periods of the Rights commencing 21 November 2013. An amount of \$75,975 (2013: \$17,803) has been included in the Statement of Comprehensive Income under Employee benefits expense for the half-year ended 31 December 2014 in respect of these Rights.

Date Issued	Issued to	Number of Rights	Fair Value at issue date
21 November 2013	Chief Executive Officer	1,200,000	130,400
	Non-Executive Directors	1,800,000	196,600
	Outstanding at 31 December	3,000,000	327,000
	Vested at 31 December 2014	Nil	-

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 5: SEGMENT REPORTING

The Board has determined that the Group has two reportable segments, being mineral exploration in Mongolia and Myanmar and other.

31 December 2014

	Mineral Exploration \$	Other \$	Consolidated \$
Interest revenue	-	24,532	24,532
Total revenue	-	24,532	24,532
Segment net loss from continuing operations before tax			
Expenses	23,929	(597,164)	(573,235)
Intersegment eliminations			158,468
Segment net loss from continuing operations	23,929	(572,632)	(390,235)
Segment assets	331,379	2,549,584	2,880,963
Intersegment eliminations			(399,819)
Total Group Assets			2,481,144
Segment asset increases for the period:			
- Capital expenditure	55,733	-	55,733
Segment liabilities			
Segment Liabilities	(241,535)	(371,483)	(613,018)
Intersegment eliminations			607,981
Segment liabilities			(5,037)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 5: SEGMENT REPORTING (CONTINUED)

31 December 2013

	Mineral Exploration \$	Other \$	Consolidated \$
Interest revenue	-	34,558	34,558
Total revenue	-	34,558	34,558
Segment net loss from continuing operations before tax			
Expenses	(99,124)	(338,694)	(437,818)
Segment net loss from continuing operations	(99,124)	(304,136)	(403,260)

30 June 2014

Segment assets	182,880	2,883,622	3,066,502
Intersegment eliminations			(223,629)
Total Group Assets			2,842,873
Segment asset increases for the period:			
- Capital expenditure	56,412	-	56,412
Segment liabilities			
Segment Liabilities	(268,412)	(144,879)	(413,291)
Intersegment eliminations			367,803
Segment liabilities			(45,488)

NOTE 6: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 7: COMMITMENTS FOR EXPENDITURE

There has been no change in commitments for expenditure since the last annual reporting date.

NOTE 8 : EVENTS SUBSEQUENT TO REPORTING DATE

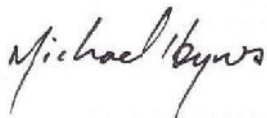
There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

DIRECTORS' DECLARATION

In the opinion of the directors of Eumeralla Resources Limited ('the company'):

1. The attached financial statements and notes thereto 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 Group's financial position as at 31 December 2014 and of its performance for the half-year then ended; and
2. 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 Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



MICHAEL JOHN HYNES

Director

12 March 2015

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Eumeralla Resources Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Eumeralla Resources Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2014 the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Group 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 control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 Group'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 the company, 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 Eumeralla Resources Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group'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 the *Corporations Regulations 2001*.



HLB Mann Judd
Chartered Accountants



L Di Giallonardo
Partner

Perth, Western Australia
12 March 2015

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