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**emmerson**  
resources

**ABN 53 117 086 745**

**HALF-YEAR FINANCIAL REPORT**

**31 DECEMBER 2019**

## 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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ERM

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#### AUDITORS

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Nedlands WA 6009

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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 2019. 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 2019 was \$718,368 compared to the half-year ended 31 December 2018 of \$719,921.

Total revenue and other income decreased from \$135,602 in the half-year ended 31 December 2018 to \$51,796 for the half-year ended 31 December 2019 predominantly due to no gain on disposal of assets in 2019 (2018: \$31,761) and a reduction of \$28,028 for interest revenue.

Expenses decreased from \$855,523 in the half-year ended 31 December 2018 to \$770,164 for the half-year ended 31 December 2019 predominately due to a reduction in consulting and legal expenses (\$46,084 for 2019 compared to \$114,759 for the 2018 half-year).

##### Financial Position

Net assets and total equity decreased by \$656,406 during the half-year largely due to a reduction in cash and other financial assets offset by an increase in exploration and evaluation assets. Available cash at the end of the half-year was \$1,900,304.

Net assets and total equity at 31 December 2019 were \$16,544,057 (30 June 2019: \$17,200,463).

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

###### *About Emmerson Resources*

Emmerson Resources Limited (Emmerson) is fast tracking exploration across five exciting early-stage gold-copper projects in NSW. The highly prospective Macquarie Arc in NSW hosts >80Moz gold and >13Mt copper with these resources heavily weighted to areas of outcrop or limited cover. Emmerson's five exploration projects contain many attributes of the known deposits within the Macquarie Arc but remain underexplored due to historical impediments, including an overlying cover (farmlands and younger rocks) and a lack of exploration. Most of our NSW projects were identified from the application of 2D and 3D predictive targeting models aimed at increasing the probability of discovery in partnership with Kenex Limited (now Duke Exploration). The Kadungle project is a Joint Venture with Aurelia Metals, covering 43km<sup>2</sup> adjacent to Emmerson's Fifield project.

In addition, Emmerson has a commanding landholding position and is exploring the Tennant Creek Mineral Field (TCMF). The TCMF is one of Australia's highest-grade gold and copper fields with historic production of over 5.5Moz of gold and 470,000 tonnes of copper from deposits including Warrego, White Devil, Orlando, Gecko, Chariot, and Golden Forty. These high-grade deposits are highly valuable exploration targets, and, to date, Emmerson's discoveries include high-grade gold at Edna Beryl and Mauretania, plus copper-gold at Goanna and Monitor (now within the Evolution owned tenement). These are the first discoveries in the TCMF for over two decades.

# EMMERSON RESOURCES LIMITED

## DIRECTORS' REPORT

Emmerson holds 1,600 km<sup>2</sup> of ground in the TCMF and a substantial geological database plus extensive infrastructure and equipment. The TCMF is situated approximately 500km north of Alice Springs on the Stuart Highway and boasts excellent infrastructure (main highway, rail, gas, water, township and airport).

Under the terms of a Tribute Agreement over the Edna Beryl mine, Emmerson is entitled to 12% of the gold doré produced by the miner within a defined Tribute Area, located on Emmerson's 100% owned Mining Lease MLC705 in Tennant Creek.

During the 2019 Financial Year Emmerson formed a strategic alliance with Territory Resources Limited (Territory) to commission a central mill in Tennant Creek to support the processing from Emmerson's small gold mines and other third-party feed. This alliance also extends to a \$5 million exploration earn-in by Territory over Emmerson's Southern Project Area (SPA) at Tennant Creek, where Emmerson remains Operator and Manager, plus a Mining Joint Venture over any small mines from the SPA on a 75/25 profit share basis, excluding the Edna Beryl and Chariot mines where Emmerson receives a 12% and 6% gold production royalty respectively.

Tennant Creek Gold-Copper projects (Figure 1)

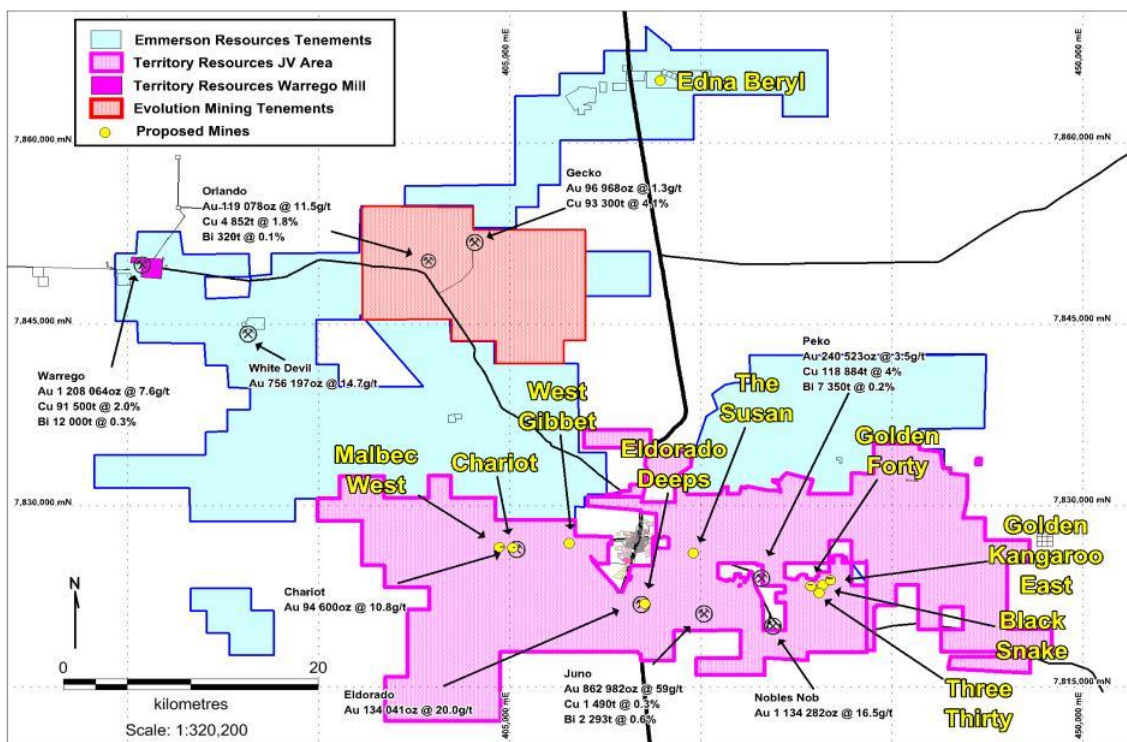


Figure 1: Emmerson's Northern Project Area (100% Emmerson) in Tennant Creek project (blue), Territory Resources' proposed Central Processing Facility (Warrego), Southern Project Area JV with Territory Resources (pink) and the Small Mines in the current Mining Schedule (yellow dots)

### Edna Beryl

The purchase of the Edna Beryl Mining Company (EBMC) and the associated tribute rights by alliance partner Territory in December 2018 was followed by the underground mining of a small parcel of ore from the high-grade Edna Beryl Mine during year ended 30 June 2019. As an interim measure, while Territory completes the refurbishment of the Warrego Mill, some high-grade Edna Beryl ore was trucked, and toll treated at the Lorena mill near Cloncurry in Queensland during year ended 30 June 2019.

## EMMERSON RESOURCES LIMITED

### DIRECTORS' REPORT

Territory continues to advance the refurbishment of its 100% owned Warrego Mill and has indicated the resumption of development and mining at Edna Beryl Mine is now planned for the second half of the 2020 Financial Year.

The Edna Beryl royalty is the first of several royalties Emmerson expects to establish as a means of monetising a series of small gold occurrences discovered in Tennant Creek in a low risk manner.

As part of the purchase of the EBMC by Territory, Emmerson negotiated a future expansion of the Tribute Area to include new mineralisation within the Edna Beryl Mining Lease. Under the terms of this extension, which is subject to Territory achieving certain performance hurdles, the EBMC will first complete the development, mining and processing from the existing Tribute Area. In addition, Territory is responsible for completing an exploration drive to Edna Beryl West and building new dewatering infrastructure. Emmerson's gold royalty from the expanded area remains at 12% of the gold produced with no exposure to the development, processing or toll treating costs.

The planned exploration drive will enable more accurate and extensive underground drilling of the multiple subparallel known ironstones at Edna Beryl, some of which have been proven to host bonanza gold grades. High-density underground drilling has shown to be instrumental in discovering many of the famous historical mines in the TCMF and Emmerson is confident that this approach can yield similar positive results. Once this drilling is completed, Emmerson and Territory will establish a Life of Mine plan to cover the future development, mining and processing of the greater Edna Beryl mineralisation.

#### *TCMF Mining and Processing*

The Edna Beryl Mine will be an important early producer in the mining schedule for the projects in the Mining Joint Venture. It is anticipated that aggressive exploration programs both as part of the \$5 million earn-in by Territory in the SPA of Tennant Creek and from Emmerson funded exploration in the Northern Project Area (NPA), has excellent potential to expand the production profile over time.

The proposed activity schedule includes the following projects:

<b>Project Area</b>	<b>Mining Potential</b>	<b>Upcoming Work</b>
Edna Beryl Mine	Existing underground Tribute Mining Area plus extensions	Mine existing Tribute Area and establish the exploration drill drive
Chariot Mine	Open pit and underground	Evaluate and develop mine plans
Eldorado	Open pit and underground	Further drilling required
Black Snake	Open Pit	NT Govt exploration approvals granted
Golden Kangaroo East	Open pit	Drilling completed
Malbec West	Open pit and underground	Mining studies underway
Golden Forty	Underground	Further work required
West Gibbet	Underground/open pit	Further work required
The Susan	Open Pit	Drilling completed

Under the terms of the Small Mines Joint Venture with Territory, Emmerson will receive a 25% profit share from any mine established within the SPA, other than Edna Beryl and Chariot (where Emmerson will receive 12% and 6% respectively of the gold dore produced). Territory will receive a 75% share of profits in exchange for planning, funding, developing and operating the mines. At this stage, Emmerson's return from the 25% portion of the profit share cannot be determined until the mining, processing and recoveries are determined through development proposals for each individual mining project.

## EMMERSON RESOURCES LIMITED

### DIRECTORS' REPORT

#### *Northern Project Area (100% Emmerson)*

A Sub-Audio Magnetics (SAM) geophysical survey, funded in collaboration with the Northern Territory Geological Survey, was completed at Mauretania during the half-year to assist in refining targets for drilling to step out from the oxide zone and test the down-plunge extent of primary mineralisation. SAM has been developed for simultaneously mapping of electrical and magnetic responses and is a high definition, ground-based technique that has applications to shear-hosted gold and copper aimed at mapping the extent of the sheared ironstone that hosts the high-grade gold mineralisation.

During the half-year, five holes for 945 metres of reverse circulation and diamond drilling was completed at Mauretania to test the extent of gold in the oxide zone and the primary mineralisation.

Significant assay results from this drilling received subsequent the reporting date (refer ASX release dated 5 February 2020) include:

Upper oxide zone of diamond drill hole MTDD006 returned:

- **15m at 2.28g/t gold** from 57m including:
  - **3m at 5.24g/t gold** from 68m
  - **2m at 4.23g/t gold** from 64m
- **1m at 5.75g/t gold and 1.39% copper** from 76m
- **21m at 2.4g/t gold** from 81m including:
  - **5m at 4.11 g/t gold**
  - **1m at 9.25g/t gold**

A new thick zone of copper and gold from diamond drill hole MTDD007 returned:

- **22m at 0.84% copper, 0.04g/t gold and 5.2g/t silver** from 88m including:
  - **2m at 1.56% copper and 0.14g/t gold from 88m**
  - **2m at 3.11% copper from 108m**
  - **1m at 3.35g/t gold from 209m**

Continuing thick intersection of gold in the oxide zone in diamond drill hole MTDD008 returned:

- **9m at 1.28g/t gold from 92m**
- **1m at 1.67g/t gold from 110m**

These results confirm the thick high-grade nature of the gold mineralisation, and now copper in the shallow oxide zone. Thick intercepts of gold and now copper at shallow levels provides great encouragement that Mauretania will be a viable open cut mine and an application to the NT Government to convert the Exploration Lease into a Mining Lease was granted during the period which now paves the way for future mining.

#### *Southern Project Area (SPA)*

Drilling in the SPA, as part of the \$5M earn-in funded by Territory, is aimed at growing the known gold resources around the historic mines that are currently in the Territory Mining Schedule.

A total of 76 drill holes for approximately 3,000m were completed in the previous financial year across several shallow oxide gold projects including Black Snake, The Susan, and the Three Thirty.

Although many assays are still outstanding, early results from The Susan prospect show great potential for shallow, high-grade gold in the oxide zone. This is exemplified by drill holes SS001 and SS003 which intersected 11m at 48g/t gold and 8m at 16g/t gold respectively (refer ASX release dated 18 February 2019).

A SAM survey, funded in collaboration with the Northern Territory Geological Survey, was completed during the half-year at the Black Snake and the Three Thirty areas to assist with future drill targeting.



# EMMERSON RESOURCES LIMITED

## DIRECTORS' REPORT

New South Wales gold-copper projects (Figure 2)

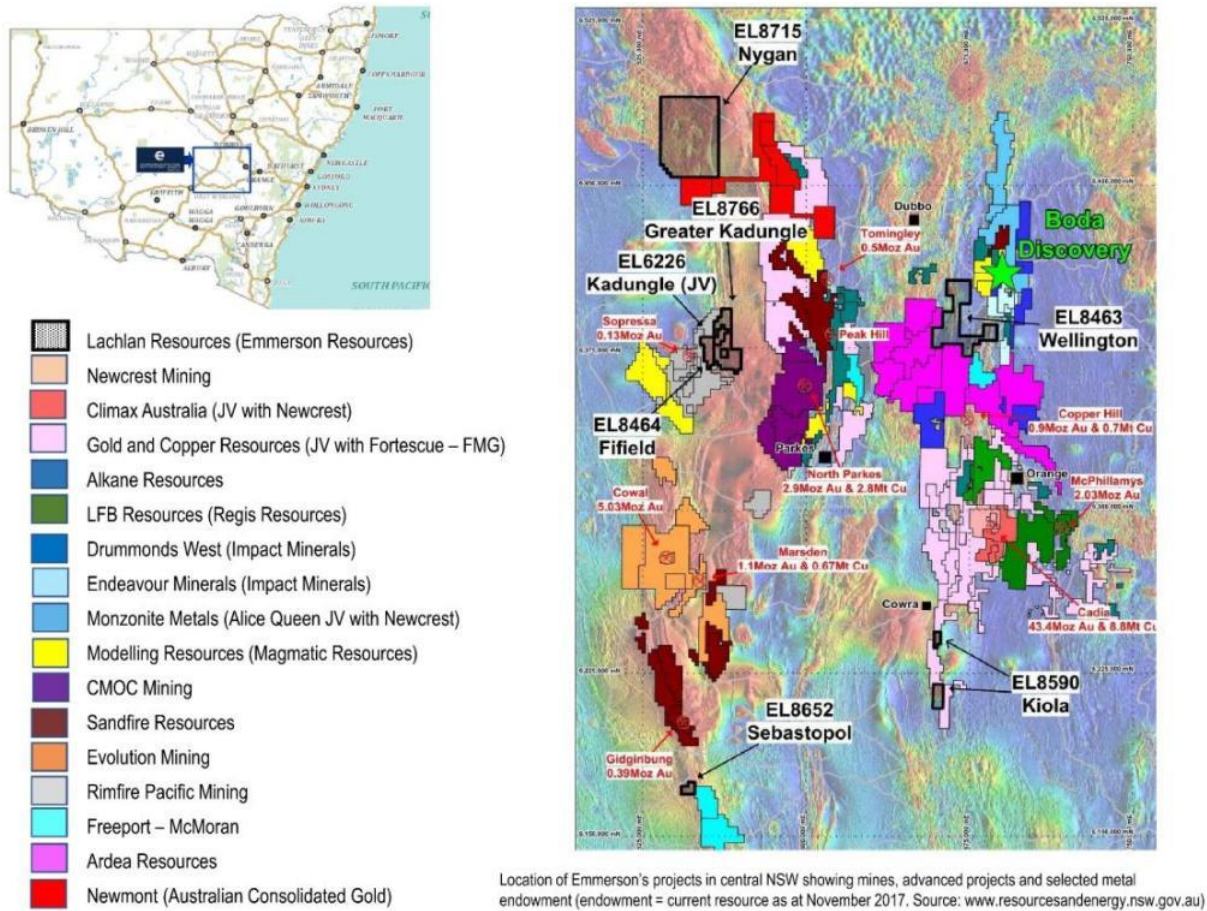


Figure 2: Location of Emmerson's NSW Projects (black outline= Emmerson ELs 8715, 8766, 6226, 8464, 8463, 8590, 8652), plus the recent Boda discovery by Alkane Resources (green star). The background is the regional magnetic image, with red indicating the various segments of the Macquarie Arc. Note the Fifield (EL8464) tenement contains the Whatling Hill project.

During the half-year, exploration continued across Emmerson's Fifield, Kadungle, Wellington and Kiola projects, with most of the field activity focussed at Whatling Hill within the Fifield project and the Kiola project.

These projects were identified from the application of a proprietary targeting process that aims to increase the probability of pinpointing new discoveries through analysing multiple levels of geoscientific data. Once identified, these projects are subjected to a combination of field and laboratory studies that aim to provide vectors to the mineralisation.

Typically, the large copper-gold porphyry deposits being targeted (such as Cadia, Northparkes and Cowal) impart a characteristic alteration and trace element fingerprint to the surrounding rocks, detectable through analysis of the alteration minerals. Emmerson's field-based exploration has been complemented by cutting edge geoscience in collaboration with the University of Tasmania (CODES ARC Linkage project). This multi-faceted approach has included analysis of the alteration (trace and rare earth elements within the outer green rock or epidote/chlorite zone), age dating of mineralised host rocks and whole rock geochemistry. To date Emmerson has received positive analysis from the outer alteration minerals ("the green rocks") at Kadungle, Fifield and Kiola and is now applying various field-based techniques to confirm these results.

## EMMERSON RESOURCES LIMITED

### DIRECTORS' REPORT

#### *Fifield Project - Whatling Hill*

During the period 1,885 metres of reverse circulation and diamond drilling was completed at Whatling Hill.

A deep diamond drill hole was partially completed in December 2019 due to difficulties with the trajectory of the hole. Of interest were several intervals of visible sulphides (pyrite and chalcopyrite) within predominantly epidote, chlorite and sparse garnet, magnetite and actinolite alteration. The next stage consists of compiling the assay results with the down hole geology and alteration.

#### *Kiola Project*

Kiola is Emmerson's next highest-ranked project in NSW, with recent "green rock" proximity indicators suggesting the presence of underlying porphyry copper mineralisation within a large 10km<sup>2</sup> area.

Previously announced anomalous rock chip samples of up to 19.6% copper and 0.36g/t gold (refer ASX announcement dated 14 June 2018), plus numerous historic copper workings provide additional support for high-grade copper and gold in the vicinity. In particular, the Right-Hand Creek prospect has widespread mineralisation and alteration at the surface yet seen no deep historic drilling. Age dating of intrusions in the Kenyu Formation yielded Late Ordovician age while whole rock geochemistry plot in the shoshonite series, similar to world-class porphyry copper-gold deposit in the province including the Cadia-Rigeway. A grid soil program at the Right-Hand Creek and Nasdaq in June 2019 has significantly upgraded the potential for an underlying porphyry copper-gold system.

Based on initial proximity indicators, the depth to the core of the porphyry copper-gold mineralisation is in the range of 350 to 400m.

A large Induced Polarisation (IP) geophysical survey completed in December 2019 has yet to be fully interpreted, however initial results appear to be consistent with the presence of sulphides associated with porphyry copper style mineralisation.

Several IP anomalies have been identified with three significant anomalies proposed for drill testing in the second half of the financial year.

#### *Competency Statement*

*The information in this report which relates to Exploration Results is based on information compiled by Dr Ana Liza Cuison, MAIG, MSEG. Dr Cuison 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 she 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. Dr Cuison 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.*

#### **AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on page 19 and forms part of the Directors' Report for the half-year ended 31 December 2019.

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  
12 March 2020



**EMMERSON RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	Notes	Half-year ended 31 December 2019 \$	Half-year ended 31 December 2018 \$
<b>REVENUE</b>			
Management and consulting fees		24,309	29,991
Interest revenue		26,097	54,125
<b>TOTAL REVENUE</b>		<b>50,406</b>	<b>84,116</b>
<b>OTHER INCOME</b>			
Gain on disposal of assets		-	31,761
Rent received		600	250
Vehicle & equipment hire		790	19,475
<b>TOTAL REVENUE AND OTHER INCOME</b>		<b>51,796</b>	<b>135,602</b>
<b>EXPENSES</b>			
Compliance and regulatory expenses		64,406	60,003
Consulting and legal expenses		46,084	114,759
Depreciation expense		1,109	2,711
Employee benefits expense		456,999	427,556
Impairment of exploration and evaluation assets	4	56,850	113,487
Occupancy expense		45,058	43,871
General and administration expenses		99,658	93,136
<b>TOTAL EXPENSES</b>		<b>770,164</b>	<b>855,523</b>
<b>LOSS BEFORE INCOME TAX</b>		<b>(718,368)</b>	<b>(719,921)</b>
Income tax expense		-	-
<b>NET LOSS AFTER TAX FOR THE HALF-YEAR</b>		<b>(718,368)</b>	<b>(719,921)</b>
Basic loss per share - cents per share		(0.17)	(0.17)
Diluted loss per share - cents per share		(0.17)	(0.17)

The accompanying notes form part of these financial statements.

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**EMMERSON RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Notes	31 December 2019 \$	30 June 2019 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		1,900,304	2,895,371
Trade and other receivables		446,430	593,262
Other financial assets	3	-	416,959
<b>Total Current Assets</b>		<u>2,346,734</u>	<u>3,905,592</u>
<b>Non-Current Assets</b>			
Other financial assets	3	359,181	360,216
Property, plant and equipment		175,278	195,727
Exploration and evaluation assets	4	14,005,400	13,217,633
<b>Total Non-Current Assets</b>		<u>14,539,859</u>	<u>13,773,576</u>
<b>TOTAL ASSETS</b>		<u>16,886,593</u>	<u>17,679,168</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		84,777	240,146
Provisions		257,759	238,559
<b>Total Current Liabilities</b>		<u>342,536</u>	<u>478,705</u>
<b>TOTAL LIABILITIES</b>		<u>342,536</u>	<u>478,705</u>
<b>NET ASSETS</b>		<u>16,544,057</u>	<u>17,200,463</u>
<b>EQUITY</b>			
Contributed equity	5	47,912,926	47,912,926
Share based payments reserve		2,997,998	2,936,036
Accumulated losses		<u>(34,366,867)</u>	<u>(33,648,499)</u>
<b>TOTAL EQUITY</b>		<u>16,544,057</u>	<u>17,200,463</u>

The accompanying notes form part of these financial statements.

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**EMMERSON RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	Contributed Equity \$	Other Reserves \$	Accumulated Losses \$	Total Equity \$
<b>HALF-YEAR ENDED 31 DECEMBER 2018:</b>				
<b>Balance at 1 July 2018</b>	45,924,985	2,849,651	(32,416,280)	16,358,356
Loss for the half-year	-	-	(719,921)	(719,921)
<b>Total comprehensive loss for the half-year</b>	-	-	(719,921)	(719,921)
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during the period	1,000,000			1,000,000
Share issue costs	(6,474)	-	-	(6,474)
Share-based payments	-	4,522	-	4,522
<b>Balance at 31 December 2018</b>	46,918,511	2,854,173	(33,136,201)	16,636,483
<b>HALF-YEAR ENDED 31 DECEMBER 2019:</b>				
<b>Balance at 1 July 2019</b>	47,912,926	2,936,036	(33,648,499)	17,200,463
Loss for the half-year	-	-	(718,368)	(718,368)
<b>Total comprehensive loss for the half-year</b>	-	-	(718,368)	(718,368)
<b>Transactions with owners in their capacity as owners:</b>				
Share-based payments	-	61,962	-	61,962
<b>Balance at 31 December 2019</b>	47,912,926	2,997,998	(34,366,867)	16,544,057

The accompanying notes form part of these financial statements.

**EMMERSON RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	Half-year ended 31 December 2019 \$	Half-year ended 31 December 2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Management and consulting fees received	28,835	300
Payments to suppliers and employees	(698,762)	(706,996)
Interest received	29,938	53,481
Other	1,390	950
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<u>(638,599)</u>	<u>(652,265)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds on disposal of property, plant and equipment	-	31,761
Purchase of property, plant and equipment	(8,943)	(57,804)
Refund/(payment) of environmental security deposits	417,994	(561)
Payments for exploration	(765,519)	(1,230,522)
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<u>(356,468)</u>	<u>(1,257,126)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	-	1,000,000
Payment of share issue costs	-	(6,474)
<b>NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>	<u>-</u>	<u>993,526</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(995,067)	(915,865)
Cash and cash equivalents at beginning of period	<u>2,895,371</u>	<u>3,820,179</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>1,900,304</u></u>	<u><u>2,904,314</u></u>

The accompanying notes form part of these financial statements.

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## 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 ("Company" or "Emmerson" or "consolidated entity" or "Group) for the half-year ended 31 December 2019 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 12 March 2020. 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 2019 and considered together with any public announcements made during the half-year ended 31 December 2019 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 are consistent with those of the previous financial year and corresponding interim reporting period.

The consolidated entity has adopted all 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. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The nature and the effect of the adoption of new Accounting Standards and Interpretations that are most relevant to the consolidated entity are described below:

###### *AASB 16 Leases*

AASB 16 *Leases* supersedes AASB 117 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Group adopted AASB 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying AASB 117 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases') and lease contracts for which the underlying asset is of low value ('low-value' assets).

The adoption of this standard had no material impact to the Group.

## EMMERSON RESOURCES LIMITED

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### (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 2019 amounted to \$718,368 and net cash outflows from operating activities were \$638,599. The cash balance at 31 December 2019 was \$1,900,304 and net assets as at 31 December 2019 were \$16,544,057.

The Directors 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. However, the Directors recognise that additional funding may be required for the consolidated entity to continue actively exploring its mineral properties based on its planned business activities and expenditure levels.

The Directors have reviewed the business outlook, assets and liabilities of the consolidated entity and are confident that additional funds can be obtained if required either through joint venture arrangements or further capital raisings based on previous capital raising success, and from receipt of anticipated royalty payments. The Directors have concluded that the going concern basis is the appropriate basis for preparing the financial statements.

Should the Group not achieve the matters set out above, there would be uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in this financial report. This financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

#### 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.

#### 3. OTHER FINANCIAL ASSETS

		31 December 2019 \$	30 June 2019 \$
<b>Current:</b>			
Bank term deposits	(a)	-	416,959
<b>Non-Current:</b>			
Bank term deposits	(a)	198,487	199,522
Environmental rehabilitation security deposits	(b)	160,694	160,694
		<u>359,181</u>	<u>360,216</u>



EMMERSON RESOURCES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. OTHER FINANCIAL ASSETS (continued)

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

(b) Cash securities held by State Governments as security for potential rehabilitation obligations in relation to exploration activities. As such the securities are not accessible to the Company.

4. EXPLORATION AND EVALUATION ASSETS

	Half-year ended 31 December 2019 \$	Year ended 30 June 2019 \$	Half-year ended 31 December 2018 \$
<i>Costs carried forward in respect of areas of interest in pre-production exploration and evaluation phases:</i>			
Carrying amount at beginning of period	13,217,633	11,814,834	11,814,834
Additions	844,617	1,968,169	912,439
Gold sales royalty received	-	(274,606)	-
Research & development tax offset received	-	(112,022)	-
Impairment	(56,850)	(178,742)	(113,487)
	<u>14,005,400</u>	<u>13,217,633</u>	<u>12,613,786</u>
Carrying amount at end of period	<u>14,005,400</u>	<u>13,217,633</u>	<u>12,613,786</u>

The Directors have reviewed all exploration projects for indicators of impairment considering approved budgets. Where substantive expenditure is neither budgeted nor planned the area of interest has been written down to its fair value less costs to dispose. In determining fair value less cost of disposal the Directors had regard to the best evidence of what a willing participant would pay in an arm's length transaction. Where no such evidence was available, the carrying value of the areas of interest were written off pending the outcome of any future farm-out arrangement. The Company will continue to look to attract farm-in partners and/or recommence exploration should circumstances change.

The ultimate 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.

EMMERSON RESOURCES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. CONTRIBUTED EQUITY

<b>(a) Fully paid ordinary shares</b>	<b>Half-year ended 31 December 2019 \$</b>	<b>Year ended 30 June 2019 \$</b>
<i>Balance at beginning of reporting period:</i>		
424,853,874 (30 June 2019: 405,530,203) shares	47,912,926	45,924,985
Nil (30 June 2019: 19,323,671) shares issued for cash under a share placement	-	2,000,000
Share issue costs	-	(12,059)
<i>Balance at end of reporting period:</i>		
424,853,874 (30 June 2019: 424,853,874) shares	<u>47,912,926</u>	<u>47,912,926</u>
<b>(b) Options over ordinary shares</b>	<b>31 December 2019 Number of options</b>	<b>30 June 2019 Number of options</b>
Exercise price of \$0.135 expiring on 30/09/20	19,800,000	19,800,000
Exercise price of \$0.09 expiring on 14/11/21	4,900,000	4,900,000
	<u>24,700,000</u>	<u>24,700,000</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 2019 Annual Financial Report.

Other related party arrangements continue to be in place as detailed in the 30 June 2019 Annual Financial Report.

7. COMMITMENTS AND CONTINGENCIES

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

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## EMMERSON RESOURCES LIMITED

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

##### Risk management activities

The risk management activities are consistent with those of the previous period unless otherwise stated.

##### Financial instruments

Financial instruments held by the Group include cash and cash equivalents, trade and other receivables, term deposits, environmental rehabilitation security deposits, trade and other payables, the balances of which at 31 December 2019 and 30 June 2019 are shown in the Statement of Financial Position and associated notes. As at the balance date, their fair values are approximately the same as their carrying values.

#### 9. DIVIDENDS

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

#### 10. EVENTS SUBSEQUENT TO REPORTING DATE

There have not been any material events subsequent to the end of the reporting date and the date of this financial report that has not been recognised in this financial report.

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**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 2019 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 2019 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) subject to the matters set out in Note 1(c) 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  
12 March 2020


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## Auditor's Independence Declaration to the Directors of Emmerson Resources Limited


As lead auditor for the review of the half-year financial report of Emmerson Resources Limited for the half-year ended 31 December 2019, 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



Timothy Dachs  
Partner  
12 March 2020

## Independent Auditor's Review Report to the Members of Emmerson Resources Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the accompanying half-year financial report of Emmerson Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of 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.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial 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*.

#### Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### 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, anything has come to our attention that causes us to 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 consolidated financial position as at [period date] and its consolidated financial 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 Group, 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*.



Ernst & Young  
Ernst & Young



Timothy Dachs  
Partner  
Perth  
12 March 2020

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