



ABN 53 117 086 745

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2017

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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BANKERS

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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 2017. 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 2017 was \$3,958,214 compared to the half-year ended 31 December 2016 of \$918,263.

Total revenue and other income increased from \$236,796 in the half-year ended 31 December 2016 to \$361,405 for the half-year ended 31 December 2017 predominantly due to gold sales of \$131,063 during the half-year ended 31 December 2017 (2016: nil).

Expenses significantly increased from \$1,155,059 in the half-year ended 31 December 2016 to \$4,319,619 for the half-year ended 31 December 2017 predominately due to exploration and evaluation assets written off totaling \$3,680,180 during the half-year ended 31 December 2017 (2016: \$17,062).

Financial Position

Net assets and total equity decreased by \$1,934,027 during the half-year largely due to exploration and evaluation assets written off, administration and corporate expenses which were offset by proceeds from shares issued under placement. Available cash at the end of the half-year was \$5,456,306.

Net assets and total equity at 31 December 2017 was \$ 16,853,342 (30 June 2017: \$18,787,369).

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 - Tennant Creek

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 and more recently, the discovery of very high-grade gold at Edna Beryl - the first discoveries in the TCMF for over a decade. To date, Emmerson has only covered 5.5% of the total tenement package (in area) with its innovative exploration techniques and is confident that, with further exploration, more such discoveries will be made.

The Company is exploring the TCMF with Evolution Mining Limited (Evolution) pursuant to a Farm-in agreement whereby Evolution will sole fund exploration expenditure of \$15 million by 31 December 2017 to earn a 65% interest (Stage 1 Farm-in) in Emmerson's tenement holdings in the TCMF. An option to spend a further \$10 million minimum, sole funded by Evolution over two years following the Stage 1 Farm-in, will allow Evolution to earn an additional 10% (Stage 2 Farm-in) of the tenement holdings. Emmerson is acting as manager during the Stage 1 Farm-in and is receiving a management fee during this period.

EMMERSON RESOURCES LIMITED

DIRECTORS' REPORT

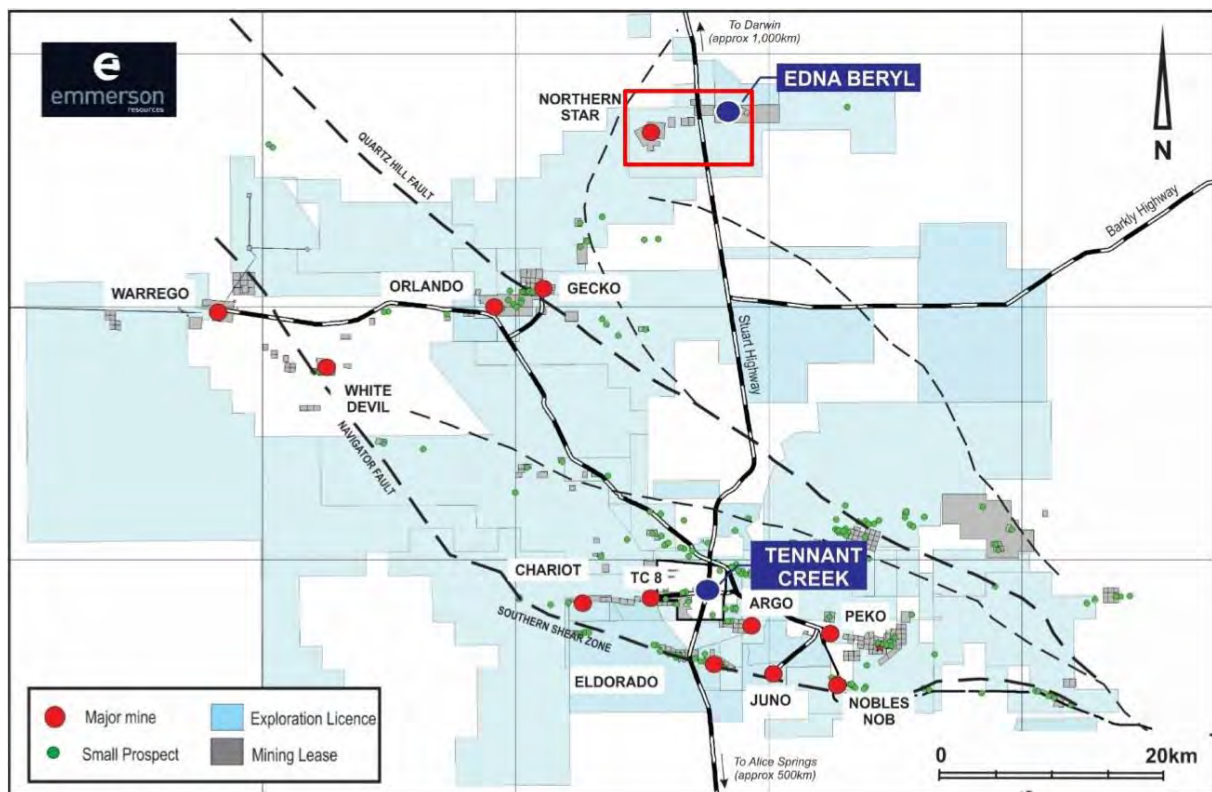


Figure 1: Emmerson's Tennant Creek project area

During the half-year, Emmerson (on behalf of the Farm-in agreement with Evolution) conducted 7,356m drilling consisting of 6,503m of RC (Reverse Circulation, including pre-collars) and 853m of diamond drilling. Exploration expenditure attributable to the Stage 1 Farm-in during the half-year was approximately \$2.1 million and total life to date exploration expenditure attributable to the Stage 1 Farm-in at 31 December 2017 was \$15 million which has been fully reimbursed by Evolution.

Edna Beryl District

Planning is underway for the development of an underground exploration drive from the current Edna Beryl mine across to the recently discovered Edna Beryl West mineralisation. This will enable more effective and cheaper drilling of the greater Edna Beryl mineralisation from underground, consistent with resource delineation at many of the historic deposits within the TCMF.

Near mine and regional exploration programs completed at Edna Beryl has discovered additional ironstones, some highly anomalous in both copper and gold.

The deep diamond drill program at Edna Beryl has confirmed that ironstones and mineralisation persist at depth, with the best intersections in EBWDD073 of 0.65m at 6.53g/t gold from 305m and EBWDD076 of 5m at 0.45g/t gold, including 1m at 1.40g/t gold and elevated bismuth of 0.12% - typically a pathfinder to high grade gold. The depth extent remains open and requires deeper testing, while further drilling is required to define the volume and grade of mineralisation associated with these new intercepts.

Drill hole EBWRC083 some 200m to the west of the Edna Beryl mine intersected a thick shear zone containing chlorite-hematite ironstone and quartz veining, assaying 7m at 1.33g/t gold from 171m including 2m at 4.31g/t gold and 1m at 6.60g/t gold. Encouragingly, this is supported in adjacent gold anomalous drill holes EBWRC080 and 079 – indicating good potential for extensions to the known mineralisation.

EMMERSON RESOURCES LIMITED

DIRECTORS' REPORT

Drilling in the district has confirmed potential for new mineralisation immediately to the north of the Edna Beryl mine particularly in the vicinity of drill holes EBWCRC061 which intersected 12m at 0.59% copper with 0.07g/t gold from 90m and; EBWRC062 which returned 15m at 0.25% copper and 0.03g/t gold from 210m down the hole. This intersection included some higher grades of 1m at 2.80% copper and anomalous gold. Of interest is another anomalous zone some 200m to the west in EBWRC068 of 2m at 0.95% copper and 0.05g/t gold. Pleasingly this drilling when combined with the detailed gravity survey completed earlier in the field season, indicates a close correlation with the mineralisation and the most intense gravity anomalies. Providing a tool to screen and detect "Edna Beryl" style hematite hosted mineralisation under cover.

Small Mines

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

Edna Beryl is the first in our small mine portfolio to be developed under a "Tribute style Agreement" with the Edna Beryl Mining Company (EBMC). EBMC are a specialist operator in small mines and have already developed much of the Tribute Area ahead of mining in early 2018. Approximately 1200t of development ore averaging between 30-40g/t gold has been stockpiled awaiting treatment. Processing of the gold ore is the responsibility of the EBMC and according to their plan, will be treated on an interim basis at the local stamp battery. This interim plan will provide cash to fund the purchase of a small modular mill with crushing/grinding/gravity circuits to process the remainder of the gold ore.

Emmerson receive a "risk free" income stream via a royalty agreement that is proportional to the final amount of extracted gold and Emmerson's equity in the Tennant Creek Mineral Field JV (which is currently 100%).

Planning and permitting continues for further small mine developments (including Black Snake, Malbec and Chariot), utilising a similar model to that developed with the EBMC. This style of agreement has the following advantages:

- A near risk-free, income stream from Emmerson's non-core assets via a royalty agreement (until EVN completes its earn-in, ERM receives 100% of its share flowing from this agreement).
- Access to refurbished underground workings for near mine exploration and metallurgical testing.
- Allows Emmerson to maintain a focus on its core objective of discovering major deposits of copper and gold.

Rover Project – Earn-in with Andromeda Metals (and part of the earn-in covered by Evolution Mining)

Emmerson contracted specialist geophysical company GRS to conduct a 3D Induced Polarisation (IP) and Magnetotellurics (MT) (MIMDAS) survey covering three blocks over separate prospects known as Rover 4 (R4), Rover 11 Central (R11C) and Rover 11 East (R11E). This survey was aimed at assessing the potential of these techniques to generate and define sulphides beneath barren cover sequences that included the Wiso Basin sediments and Ooradidgee Formation.

Unfortunately, the results were ambiguous, and it was decided to withdraw from the earn-in with Andromeda Metals.

Gecko - Goanna

A ~2,500m drill program at Emmerson's Gecko-Goanna-Monitor discovery was completed in December 2017 and was aimed to extend the high-grade copper mineralisation. This followed some highly encouraging copper results from drill hole GODD032 which intersected 7m at 5.98% copper including 3m at 10.4% copper from 123m down the hole (ASX: 19/08/15). Another zone of 3m at 4.75% copper including 1m at 10.6% copper from 162m suggests significant potential exists for high grade copper, similar to what has been discovered at Goanna.

EMMERSON RESOURCES LIMITED

DIRECTORS' REPORT

Review of Operations - NSW

Emmerson is exploring new gold-copper projects in NSW, identified (with our strategic alliance partner Kenex Limited) from the application of “big multiple independent datasets” – aimed at increasing the probability of discovery through enhanced predictive capability (particularly important in covered terrains). The highly prospective Macquarie Arc hosts >80Mozs gold and >13Mt copper but with these resources heavily weighted to areas of outcrop or limited cover. Emmerson's exploration projects contain many attributes of the known deposits within the Macquarie Arc but remain under explored due to historical impediments, including overlying cover (plus farm lands) and a lack of exploration focus. Kadungle is a JV with Aurelia Metals covering 43km² adjacent to Emmerson's Fifield project.

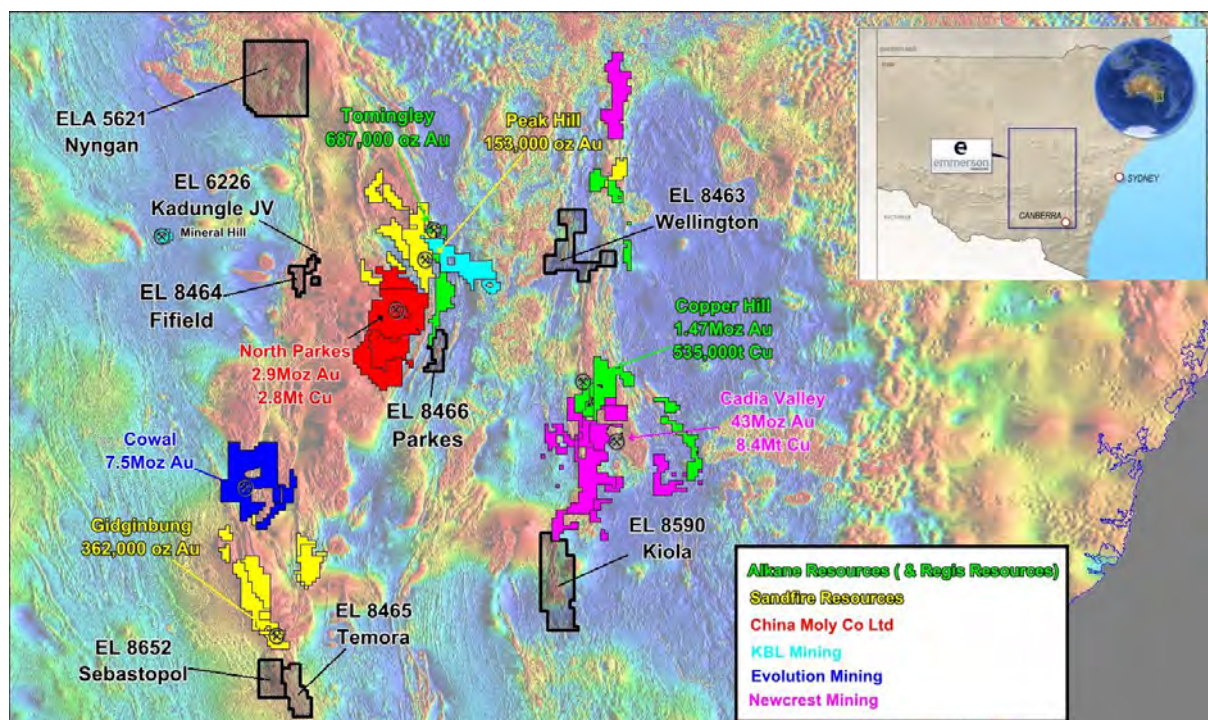


Figure 2: Location of Emmerson Resources NSW Projects (bold black outlines) plus major explorers and deposits within the Macquarie Arc (muted red colour=magnetic signature of the Macquarie Arc)

Kadungle Project

During the half-year, Emmerson conducted 1,057m drilling consisting of 119m of RC (Reverse Circulation, including pre-collars) and 938m of diamond drilling.

Emmerson's first drill hole at Kadungle in NSW intersected high level epithermal gold-silver mineralisation and deeper porphyry copper-gold within a very extensive zone of alteration. This drill hole supports the previous historical drilling where high level epithermal veins were intersected with best assays of 12m at 7.7g/t (drill hole KDD002). Similarly, deeper disseminated and veined copper-gold produced intersections of 37m at 0.23% copper including 6m at 1.1% copper (KDD013) and 154m at 0.12% copper and 0.37g/t gold (KRC019).

This recent drill hole not only extends the known mineralisation but points to the potential for both high level (shallow) epithermal gold-silver and deeper porphyry copper-gold mineralisation over a large area. The alteration of upper level quartz-pyrite-hematite grading to chlorite-epidote-quartz and deeper K-feldspar-chlorite-hematite is consistent with a large underlying porphyry copper-gold system. Moreover, the discovery of further mineralised, epithermal quartz veins (up to 1.27g/t) some 2km east at the Trig prospect are likely manifestations of the peripheral gold bearing, epithermal fluids.

EMMERSON RESOURCES LIMITED

DIRECTORS' REPORT

A large geophysical survey completed in October 2017 covers the +1km diameter zone of magnetite destruction (believed to represent the underlying copper-gold system) plus some newly discovered epithermal veins, some 2km to the north. Three diamond drill holes were completed in December 2017 to test geophysical anomalies at Mt Leadley. Visible sulphides along with extensive alteration is highly encouraging.

Emmerson has notified Aurelia that it has met all terms of the stage 1 earn-in including minimum expenditures of \$300,000 to acquire 60% of the project. Emmerson is now completing the stage 2 earn-in of \$200,000 to earn a total of 80% of the entire project.

Other NSW Projects

Good progress continues across the other projects including Fifield which is adjacent to Kadungla. Ground reconnaissance and sampling has now been completed at Fifield, Wellington and the Temora/Sebastopol projects. These large project areas were generated in prospective, metal endowed corridors from proprietary predictive 2 and 3D targeting models back in 2015 – these models aim to increase the probability of discovering deposits of both epithermal gold and porphyry copper-gold.

Importantly, this counter cyclic ground acquisition has now placed Emmerson in a strong position given the recent uptake by other companies of the surrounding tenements.

Parkes (EL8466) has been relinquished due to ground access issues and other higher priority targets.

Competency Statement

The information in this report which relates to Exploration Results is based on information compiled by Mr Steve Russell BSc, Applied Geology (Hons), MAIG, MSEG. Mr Russell is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition and the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Russell is a full time employee of the Company and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report which relates to NSW Projects 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 17 and forms part of the Directors' Report for the half-year ended 31 December 2017.

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 2018

EMMERSON RESOURCES LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Notes	Half-year ended 31 December 2017 \$	Half-year ended 31 December 2016 \$
REVENUE			
Gold sales		131,063	-
Management and consulting fees		133,836	151,538
Interest revenue		62,121	81,058
TOTAL REVENUE		327,020	232,596
OTHER INCOME			
Gain on disposal of assets		29,545	-
Rent received		4,480	4,200
Vehicle & equipment hire		360	-
TOTAL REVENUE AND OTHER INCOME		361,405	236,796
EXPENSES			
Compliance and regulatory expenses		58,332	63,104
Consulting and legal expenses		22,163	32,578
Depreciation expense		1,929	253,607
Employee benefits expense		382,872	600,293
Exploration expenditure written off	4	3,680,180	17,062
Occupancy expense		56,824	58,734
General and administration expenses		117,319	129,681
TOTAL EXPENSES		4,319,619	1,155,059
LOSS BEFORE INCOME TAX		(3,958,214)	(918,263)
Income tax expense		-	-
NET LOSS AFTER TAX FOR THE HALF-YEAR		(3,958,214)	(918,263)
Basic loss per share - cents per share		(1.02)	(0.24)
Diluted loss per share - cents per share		(1.02)	(0.24)

The accompanying notes form part of these financial statements.

EMMERSON RESOURCES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	31 December 2017 \$	30 June 2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents		5,456,306	4,130,753
Trade and other receivables		96,855	327,209
Total Current Assets		<u>5,553,161</u>	<u>4,457,962</u>
Non-Current Assets			
Other financial assets	3	1,055,845	1,038,166
Property, plant and equipment		188,562	172,423
Exploration and evaluation assets	4	10,748,127	13,734,440
Total Non-Current Assets		<u>11,992,534</u>	<u>14,945,029</u>
TOTAL ASSETS		<u>17,545,695</u>	<u>19,402,991</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		392,088	385,796
Provisions		300,265	229,826
Total Current Liabilities		<u>692,353</u>	<u>615,622</u>
TOTAL LIABILITIES		<u>692,353</u>	<u>615,622</u>
NET ASSETS		<u>16,853,342</u>	<u>18,787,369</u>
EQUITY			
Contributed equity	5	45,925,117	44,167,730
Other reserves		2,849,651	2,582,851
Accumulated losses		<u>(31,921,426)</u>	<u>(27,963,212)</u>
TOTAL EQUITY		<u>16,853,342</u>	<u>18,787,369</u>

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 2017

	Contributed Equity \$	Other Reserves \$	Accumulated Losses \$	Total Equity \$
HALF-YEAR ENDED 31 DECEMBER 2016:				
Balance at 1 July 2016	44,055,755	2,645,705	(24,437,866)	22,263,594
Loss for the half-year	-	-	(918,263)	(918,263)
Total comprehensive loss for the half-year	-	-	(918,263)	(918,263)
Transactions with owners in their capacity as owners:				
Share issue costs	(1,750)	-	-	(1,750)
Share-based payments	57,125	(51,254)	-	5,871
Balance at 31 December 2016	44,111,130	2,594,451	(25,356,129)	21,349,452
HALF-YEAR ENDED 31 DECEMBER 2017:				
Balance at 1 July 2017	44,167,730	2,582,851	(27,963,212)	18,787,369
Loss for the half-year	-	-	(3,958,214)	(3,958,214)
Total comprehensive loss for the half-year	-	-	(3,958,214)	(3,958,214)
Transactions with owners in their capacity as owners:				
Shares issued during the period	2,184,399			2,184,399
Share issue costs	(113,812)	-	-	(113,812)
Share-based payments	(313,200)	266,800	-	(46,400)
Balance at 31 December 2017	45,925,117	2,849,651	(31,921,426)	16,853,342

The accompanying notes form part of these financial statements.

EMMERSON RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Half-year ended 31 December 2017 \$	Half-year ended 31 December 2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Gold sales	131,063	-
Management and consulting fees received	155,517	151,538
Payments to suppliers and employees	(647,302)	(831,400)
Dividends received	-	-
Interest received	59,697	91,355
Other	4,840	13,868
NET CASH FLOWS USED IN OPERATING ACTIVITIES	<u>(296,185)</u>	<u>(574,639)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on disposal of property, plant and equipment	4,545	-
Purchase of property, plant and equipment	(45,521)	(7,000)
Refund/(payment) of environmental security deposits	(17,679)	162
Payments for exploration	(2,654,918)	(2,161,089)
Exploration costs reimbursed by joint venture partner	2,311,124	2,204,926
NET CASH FLOWS (USED IN)/PROVIDED BY INVESTING ACTIVITIES	<u>(402,449)</u>	<u>36,999</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	2,137,999	-
Payment of share issue costs	(113,812)	(1,750)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	<u>2,024,187</u>	<u>(1,750)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,325,553	(539,390)
Cash and cash equivalents at beginning of period	<u>4,130,753</u>	<u>5,229,039</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>5,456,306</u>	<u>4,689,649</u>

The accompanying notes form part of these financial statements.

EMMERSON RESOURCES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance and Basis of Preparation

The financial report of Emmerson Resources Limited for the half-year ended 31 December 2017 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 7 March 2018. 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 2017 and considered together with any public announcements made during the half-year ended 31 December 2017 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 2017.

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

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

(c) Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. The loss of the Company for the half-year ended 31 December 2017 amounted to \$3,958,214 and net cash outflows from operating activities were \$296,185. The cash balance at 31 December 2017 was \$5,456,306 and net assets as at 31 December 2017 were \$16,853,342.

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 2017 \$	30 June 2017 \$
Bank term deposits	(a)	751,457	750,903
Environmental rehabilitation security deposits	(b)	304,388	287,263
		<u>1,055,845</u>	<u>1,038,166</u>

(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 2017 \$	Year ended 30 June 2017 \$	Half-year ended 31 December 2016 \$
<i>Costs carried forward in respect of areas of interest in pre-production exploration and evaluation phases:</i>			
Carrying amount at beginning of period	13,734,440	13,897,750	13,897,750
Additions	693,867	354,405	119,376
Written off	(3,680,180)	(517,715)	(17,062)
Carrying amount at end of period	<u>10,748,127</u>	<u>13,734,440</u>	<u>14,000,064</u>

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the continuance of the consolidated entity's rights to tenure of the interest, the results of future exploration, and the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. For those areas of interest derecognised during the half-year, exploration results indicated that subsequent successful development and commercial exploitation may be unlikely, and the decision was made to discontinue activities in these areas, resulting in full derecognition of the capitalised exploration and evaluation amount in relation to the related areas of interest.

EMMERSON RESOURCES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. CONTRIBUTED EQUITY

(a) Fully paid ordinary shares

	Half-year ended 31 December 2017 \$	Year ended 30 June 2017 \$
<i>Balance at beginning of reporting period:</i>		
379,930,204 (30 June 2017: 378,311,454) shares	44,167,730	44,055,755
Nil (30 June 2017: 618,750) shares issued to employees under performance rights plan	-	57,125
4,000,000 (2017: 1,000,000) shares issued on exercise of options	240,400	60,100
21,599,999 (30 June 2017: nil) shares issued for cash under a share placement	1,943,999	-
Share issue costs (including share based payments) (b)	(427,012)	(5,250)
<i>Balance at end of reporting period:</i>		
405,530,203 (30 June 2017: 379,930,204) shares	45,925,117	44,167,730

(b) Share based payments

Share issue costs include \$313,200 for a share-based payment in respect of 9,000,000 options at an exercise price of \$0.135 expiring on 30/09/20 that were issued as a placement fee to broker at a consideration of \$0.0001 each per option on 19 October 2017. The fair value of these options at the date of issue less the consideration received amounting to \$313,200 has been recognised as a share issue cost with contributed capital reduced accordingly.

(c) Options over ordinary shares

	31 December 2017 Number of options	30 June 2017 Number of options
Exercise price of \$0.0485 expiring 31/12/2017	-	6,000,000
Exercise price of \$0.135 expiring on 30/09/20	19,800,000	-
	19,800,000	6,000,000

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 2017 Annual Financial Report.

Other related party arrangements continue to be in place as detailed in the 30 June 2017 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

Subsequent to the end of the reporting date on 16 February 2018, the Company entered into a Deed of Variation to the Tennant Creek Mineral Field Farm-in and Joint Venture Agreement (TCJVA) with Evolution Mining Limited (Evolution) to which Evolution will become the 100% holder of the whole or parts of identified Tennant Creek Tenements (the Elected Tenements) and Emmerson will retain a 100% ownership of the remaining Tennant Creek Tenements (the Remaining Tenements) (Proposed Restructure).

EMMERSON RESOURCES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Evolution has recently met the Stage 1 farm-in expenditure obligation of \$15 million which entitles it to elect to earn an initial 65% interest in the Tennant Creek Tenements. This would reduce Emmerson's interest in the Tennant Creek Tenements to 35%.

The Proposed Restructure will occur as a result of:

- (i) Evolution electing to earn its 65% interest in respect of the Elected Tenements and foregoing its right to earn a 65% interest in the Remaining Tenements; and
- (ii) Emmerson withdrawing from the TCJVA and assigning its remaining 35% interest in the Elected Tenements to Evolution.

The Proposed Restructure is conditional on Emmerson obtaining a written opinion from the ASX that Listing Rule 10.1 will not apply or, if Listing Rule 10.1, does apply, Emmerson obtaining shareholder approval for the Proposed Restructure.

If the conditions to the Proposed Restructure are not met, Evolution will elect to earn a 65% interest in the whole of the Tennant Creek Tenements in accordance with the TCJVA.

The Elected Tenements consist of approximately 37 tenements containing the Gecko-Goanna-Orlando copper-gold prospects which are predominantly copper rich but have the potential for gold grades to increase at depth.

The Remaining Tenements consist of approximately 366 tenements and include gold dominant projects, small mines and associated exploration ground and are considered highly prospective for new discoveries. In addition, through the Remaining Tenements, Emmerson will hold a 100% interest in the Tribute Mining Agreement at Edna Beryl.

The Proposed Restructure will enable each entity to divest their respective interests in the assets which they consider non-core to their strategic objectives, allowing each entity to focus on the development of assets which are aligned with their corporate objectives.

For Emmerson, the Proposed Restructure will unlock greater near-term value for our shareholders and provide a better strategic fit in terms of delivering high margin projects across a shorter time period. In addition to the Remaining Tenements, Emmerson will retain the data acquired from testing and trialling of new concepts and technology on these areas and the other assets associated with this area such as the Tennant Creek Exploration Base, Warrego Mill and extensive drill core library. This will enable Emmerson to easily scale up exploration and operations around its small mines, plus attract potential new joint venture partners.

An independent valuation commissioned by Emmerson concludes that the fair value of the 65% interest in the Remaining Tenements that would be retained by Emmerson under the Proposed Restructure is substantially higher than the fair value of the 35% interest in the Elected Tenements being assigned to Evolution.

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 2017 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 2017 and its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the directors of Emmerson Resources Limited made pursuant to Section 303(5) of the *Corporations Act 2001*.

On behalf of the Board



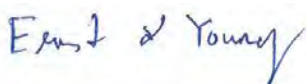
Rob Bills
Managing Director & Chief Executive Officer
9 March 2018

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 2017, 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 2018

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 statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

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 2017 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*.

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 31 December 2017 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



V L Hoang

Partner

Perth

9 March 2018