



EUMERALLA
RESOURCES

ACN 148 860 299

INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2012



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DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2012. 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>

Review of Operations

Mongolia

Chuluun Khoroot Tungsten Mine

Prior to listing, the Company acquired Centreville LLC, a Mongolian domiciled entity that holds the Ovoot licence for an area located in north-eastern Mongolia. The License covers an area of 12,657 hectares and incorporates the historical Chuluun Khoroot tungsten mine which was active during the period 1945-1955.

The Chuluun Khoroot tungsten deposit was discovered in 1944 and is located in the south-eastern part of the license area. Tungsten and subordinate molybdenum mineralisation are associated with a series of quartz veins within the Chuluun Khoroot granite and surrounding sedimentary rocks.

Approximately 23 quartz veins have been identified with the "main vein" and number 18 vein having been the focus of past exploration. The main vein is approximately 500m long, strikes northwest-southeast and is essentially vertical. The vein has been explored to depths up to 60m and at surface appears to be 1-2m wide. The number 18 vein is approximately 100m long, 0.14m wide and has a variable strike from northeast-southwest to north-south. This vein has been explored to a depth of 12m.

Mapping and sampling fieldwork has been completed. The Company is awaiting the laboratory results of over 300 samples. A drilling program is planned to commence, subject to the outcome of the laboratory results.

Myanmar

On 26 July 2012, the Company announced that it had signed a non-binding letter of intent with Southern World Mining Co. Ltd (**SWM**) to jointly develop a total of four large-scale exploration or mining licenses in the Tenasserim tin and tungsten region of southern Myanmar.

Myanmar based SWM specialises in identifying large-scale, quality resource assets in the region. The Company utilised SWM's extensive regional geological expertise to assist in identifying the additional large-scale exploration licenses. The Company expects the four licenses to total approximately 4,000 acres. The Company is encouraged by political and economic developments in Myanmar and considers that the lack of exploration over the last 30 years combined with favourable geology make the country highly prospective for tin and tungsten.

On 18 December 2012, the Company announced (subject to due diligence and necessary approvals) that it had signed an option agreement to acquire a 49% beneficial interest in the Two Palms (**TP**) Mining Project (**Project**) located in Southern Myanmar.

The initial tenement covers over 1,300 acres and is located in the Dawei, Township, Dawei District, Taninthayi Region, Myanmar. Applications are currently being made for three additional tenements.

The option agreement is subject to exploration licenses being granted for up to four mining leases. All prospective leases have been identified by TP, Eumeralla and consultant geologists as prospective for primary tin or tungsten deposits. After initial mapping, a drill program will be established with the objective of securing a maiden JORC resource. Eumeralla notes that under the transaction conditions, TP is required to seek and obtain any national and local government approvals and consents, including the 'permission to explore permit' from the Ministry of Mines.

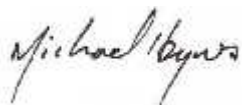
The Company continues to conduct legal and geological due diligence of several sites in Myanmar with the view to increasing its footprint in the region in the short term.

The Southern regions of Myanmar include areas belonging to the South East Asian tin belt which includes parts of Indonesia, Malaysia and Thailand which produces tin and tungsten. The area around the port city of Dawei is the major focus of exploration.

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 3 and forms part of this directors' report for the half-year ended 31 December 2012.

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 2013



Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Eumeralla Resources Limited for the half-year ended 31 December 2012, 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.

A handwritten signature in black ink, appearing to read 'L Di Giallonardo'.

Perth, Western Australia
12 March 2013

L DI GIALLONARDO
Partner

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	Consolidated	
	31 December 2012 \$	31 December 2011 \$
Revenue from continuing operations		
Finance income	80,929	1,456
Total income	80,929	1,456
Administrative expenses	(37,396)	-
Audit fees	(17,350)	-
Consulting fees	(144,200)	(76,132)
Corporate services	(16,000)	-
Employee benefit expenses	(30,000)	(25,000)
Legal fees	(33,884)	(79,250)
Other expenses	(12,827)	(58,475)
Loss before income tax	(210,728)	(237,401)
Income tax expense	-	-
Net loss for the period	(210,728)	(237,401)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange loss on translation of foreign subsidiaries	(7,507)	-
Total comprehensive loss for the period	(218,235)	(237,401)
Basic loss per share (cents)	(0.45)	(2.85)

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012**

		Consolidated	
	Notes	31 December 2012 \$	30 June 2012 \$
Current Assets			
Cash and cash equivalents		2,511,087	2,829,586
Receivables		6,856	48,974
Prepayments		-	7,883
Other current assets		78,431	-
Total Current Assets		2,596,374	2,886,443
Non-current Assets			
Exploration and evaluation assets	2	1,846,224	1,784,573
Total Non-Current Assets		1,846,224	1,784,573
TOTAL ASSETS		4,442,598	4,671,016
Current Liabilities			
Trade and other payables		34,412	32,002
Borrowings		-	12,593
Total Current Liabilities		34,412	44,595
TOTAL LIABILITIES		34,412	44,595
NET ASSETS		4,408,186	4,626,421
Equity			
Issued capital	3	5,315,160	5,315,160
Reserves		(4,803)	2,704
Accumulated losses		(902,171)	(691,443)
TOTAL EQUITY		4,408,186	4,626,421

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	Consolidated			
	Issued Capital	Accumulated Losses	Reserves	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2011	1	(23,699)	-	(23,698)
Loss for the period	-	(237,401)	-	(237,401)
Total comprehensive loss for the period	-	(237,401)	-	(237,401)
Shares issued during the half-year	2,118,755	-	-	2,118,755
Balance at 31 December 2011	2,118,756	(261,100)	-	1,857,656
Balance at 1 July 2012	5,315,160	(691,443)	2,704	4,626,421
Loss for the period	-	(210,728)	-	(210,728)
Exchange loss on translation of foreign subsidiaries	-	-	(7,507)	(7,507)
Total comprehensive loss for the period	-	(210,728)	(7,507)	(218,235)
Balance at 31 December 2012	5,315,160	(902,171)	(4,803)	4,408,186

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	Consolidated	
	31 December 2012	31 December 2011
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(246,671)	(307,314)
Interest received	80,929	1,456
Net cash (outflow) from operating activities	(165,742)	(305,858)
Cash flows from investing activities		
Payments for refundable deposit	(78,431)	-
Payments for capitalised exploration expenditure	(54,227)	-
Net cash (outflow) from investing activities	(132,658)	-
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	-	486,000
Repayment of borrowings	(12,593)	-
Net cash (outflow)/inflow from financing activities	(12,593)	486,000
Net (decrease)/increase in cash held	(310,993)	180,142
Cash and cash equivalents at the beginning of the period	2,829,586	1
Effects of exchange rate fluctuations on cash held	(7,507)	-
Cash and cash equivalents at the end of the period	2,511,087	180,143

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

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 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 2012 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 2012.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2012, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's operations and effective for annual reporting periods beginning on or after 1 July 2012.

It has been determined by the directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company's business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2012. As a result of this review the directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company's business and, therefore, no change is necessary to Group accounting policies.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

NOTE 2: EXPLORATION AND EVALUATION ASSETS

	Consolidated	
	31 December 2012	30 June 2012
	\$	\$
Exploration and evaluation phase – at cost		
Balance at beginning of period	1,784,573	-
Expenditure incurred	61,651	1,784,573
Total exploration and evaluation assets	1,846,224	1,784,573

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 2012	31 December 2011
	\$	\$
<i>Ordinary shares</i>		
Issued and fully paid	5,315,160	2,118,756

	31 December 2012		31 December 2011	
	Number	\$	Number	\$
<i>Movements in ordinary shares</i>				
Balance at beginning of period	46,666,168	5,315,160	-	-
Issue of shares at \$1.00 each on incorporation	-	-	1	1
Issue of shares at \$0.001 each	-	-	16,000,000	16,000
Issue of shares at \$0.10 each	-	-	5,000,000	500,000
Issue of shares at \$0.20 each to acquire Centreville LLC	-	-	8,166,167	1,633,233
Cost of share placement	-	-	-	(30,478)
Balance at end of period	46,666,168	5,315,160	29,166,168	2,118,756

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 4: SEGMENT REPORTING

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

	Continuing operations			
	Mongolia	All other segments	Eliminations	Consolidated
	\$	\$	\$	\$
31 December 2012				
Segment revenue	95	80,835	-	80,929
Segment result	(9,492)	(201,236)	-	(210,728)
Segment assets	128,211	4,677,115	(362,728)	4,442,598
Segment liabilities	(72,179)	(216,152)	253,919	(34,412)
31 December 2011				
Segment revenue	-	1,456	-	1,456
Segment result	(24,033)	(213,368)	-	(237,401)
Segment assets	107,498	1,863,619	-	1,971,117
Segment liabilities	(34,094)	(79,427)	-	(113,521)

NOTE 5: CONTINGENT LIABILITIES

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

NOTE 6: COMMITMENTS FOR EXPENDITURE

The significant commitments for expenditure for the Group are:

In relation to the ASX announcement made by the Company on 18 December 2012 to acquire a 49% beneficial interest in the Two Palms ("TP") mining project located in Southern Myanmar, subject to the satisfactory completion of a due diligence and receipt of necessary approvals, Eumeralla will pay US\$33,000 (approximately AU\$31,250) as a refundable deposit in either cash or (based on Eumeralla's 20 day volume weight average price) common shares in Eumeralla for a 49% beneficial interest per mining lease, for up to three (3) mining leases, subject to exploration lease approval.

Eumeralla shall contribute in cash up to US\$300,000 (approximately AU\$284,000) for the initial exploration. These funds can be allocated to either the TP mining project or any of the three (3) proposed exploration licenses at the sole discretion of Eumeralla.

Eumeralla has the right to terminate the agreement any time and at its sole discretion.

NOTE 7: 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 2012 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 2013



Accountants | Business and Financial Advisers

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 2012, 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 information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 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*.



Accountants | Business and Financial Advisers

Matters relating to the electronic presentation of the reviewed half-year financial report

This review report relates to the half-year financial report of the consolidated entity for the half-year ended 31 December 2012 included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The review report refers only to the half-year financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the half-year financial report. If users of the half-year financial report are concerned with the inherent risks arising from publication on a website they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information contained in this website version of the half-year financial report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Eumeralla Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 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

HLB MANN JUDD
Chartered Accountants

L Di Giallonardo

Perth, Western Australia
12 March 2013

L DI GIALLONARDO
Partner