



EUMERALLA
RESOURCES

ACN 148 860 299

INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2013



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DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity (or group) for the half-year ended 31 December 2013. 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

Myanmar

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

Eumeralla Resources Ltd (EUM) in conjunction with local partner, Myanmar Energy Resources Group (MERG) have jointly applied to the Myanmar Government's Ministry of Mines for an exploration lease of approximately 400km² in Kayah State, Myanmar. The application is the significant first step in gaining an exploration licence and has been submitted on the basis of: Eumeralla Resources – 70%; MERG – 30%. EUM and MERG now await approvals from the Ministry of Mines and local government for the granting of this strategic lease area. Once approved, final sign off by the Myanmar Investment Commission is required to confirm the joint venture's interest in the exploration lease.

The proposed lease is in an established tin and tungsten producing area. Kayah State is the home of the Mawchi Mine in Bawlake which was historically considered a significant source of Tungsten throughout Asia. Based on historical data and geological mapping, EUM believes this concession has the potential for a primary tin or tungsten discovery.

The application process for this concession continues to progress through the relevant Myanmar government departments and is nearing completion. Once approved, final sign off by the Myanmar Investment Commission is required to confirm the joint venture's interest in the exploration lease. The company is encouraged that approval may be granted in the next quarter.

Over the first half of the financial year the company, along with its local geologists conducted various exploratory field visits as part of identifying additional deposits.

Two Palms JV

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 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.

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

Review of Operations (cont)

Southern World Mining Co. Ltd (SWM)

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.

Negotiations continue for three additional exploration properties in Myanmar.

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 of up to 60m and at the 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.

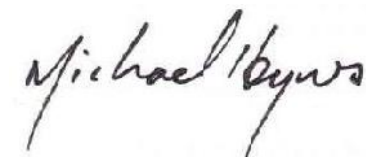
Eumeralla recently engaged a Mongolian contractor to conduct geophysical surveys in the Northern area of the Mongolian tenement. Interpretation of the dipole-dipole induced polarisation (IP) geophysical survey and rock chip sampling is being finalised and the company looks forward to releasing the data this quarter.

A drilling program is planned to commence, subject to the outcome of the interpretation.

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 2013.

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

4 March 2014

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Eumeralla Resources Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



Perth, Western Australia
04 March 2014

L Di Giallonardo
Partner

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	Consolidated	
	31 December 2013 \$	31 December 2012 \$
Revenue from continuing operations		
Finance income	34,558	80,929
Total income	34,558	80,929
Administrative expenses	(36,051)	(37,396)
Audit fees	(4,483)	(17,350)
Consulting fees	(44,200)	(144,200)
Corporate services	(51,543)	(16,000)
Employee benefit expenses	(145,603)	(30,000)
Impairment of refundable deposit	(78,431)	-
Legal fees	(15,204)	(33,884)
Other expenses	(62,303)	(12,827)
Loss before income tax	(403,260)	(210,728)
Income tax expense	-	-
Net loss for the period	(403,260)	(210,728)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange loss on translation of foreign subsidiaries	(11,155)	(7,507)
Total comprehensive loss for the period	(414,415)	(218,235)
Basic and diluted loss per share (cents)	(0.87)	(0.45)

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013**

		Consolidated	
	Notes	31 December 2013 \$	30 June 2013 \$
Current Assets			
Cash and cash equivalents		1,805,478	2,162,373
Receivables		-	2,464
Prepayments		15,055	11,751
Total Current Assets		1,820,533	2,176,588
Non-current Assets			
Exploration and evaluation assets	2	1,796,045	1,784,573
Other non-current assets		-	85,288
Total Non-Current Assets		1,796,045	1,869,861
TOTAL ASSETS		3,616,578	4,046,448
Current Liabilities			
Trade and other payables		12,632	45,890
Total Current Liabilities		12,632	45,890
TOTAL LIABILITIES		12,632	45,890
NET ASSETS		3,603,946	4,000,558
Equity			
Issued capital	3	5,315,160	5,315,160
Reserves		10,177	3,529
Accumulated losses		(1,721,391)	(1,318,131)
TOTAL EQUITY		3,603,946	4,000,558

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	Consolidated				
	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Performance Rights Reserve	Total Equity
	\$	\$	\$	\$	\$
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
Balance at 1 July 2013	5,315,160	(1,318,131)	3,529	-	4,000,558
Loss for the period	-	(403,260)	-	-	(403,260)
Exchange loss on translation of foreign subsidiaries	-	-	(11,155)	-	(11,155)
Total comprehensive loss for the period	-	(403,260)	(7,626)	-	(414,415)
Share based payment expense	-	-	-	17,803	17,803
Balance at 31 December 2013	5,315,160	(1,721,391)	(7,626)	17,803	3,603,946

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	Consolidated	
	31 December 2013	31 December 2012
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(365,551)	(246,671)
Interest received	34,558	80,929
Net cash (outflow) from operating activities	(330,993)	(165,742)
Cash flows from investing activities		
Payments for refundable deposit	-	(78,431)
Payments for capitalised exploration expenditure	(25,902)	(54,227)
Net cash (outflow) from investing activities	(25,902)	(132,658)
Cash flows from financing activities		
Repayment of borrowings	-	(12,593)
Net cash outflow from financing activities	-	(12,593)
Net decrease in cash held	(356,895)	(310,993)
Cash and cash equivalents at the beginning of the period	2,162,373	2,829,586
Effects of exchange rate fluctuations on cash held	-	(7,507)
Cash and cash equivalents at the end of the period	1,805,478	2,511,087

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

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

It is recommended that these financial statements be read in conjunction with the annual financial report for the year ended 30 June 2013 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 2013.

Accounting policies and methods of computation

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

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 2: EXPLORATION AND EVALUATION ASSETS

	Consolidated	
	Half year to 31 December 2013 \$	Year to 30 June 2013 \$
Exploration and evaluation phase – at cost		
Balance at beginning of period	1,784,573	1,784,573
Exchange rate differences in translation	(11,125)	3,657
Exploration expenditure incurred	22,597	81,993
Impairment	-	(85,650)
Total exploration and evaluation assets	1,796,045	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 2013 \$		30 June 2013 \$	
	Number	\$	Number	\$
<i>Ordinary shares</i>				
Issued and fully paid	5,315,160	5,315,160	5,315,160	5,315,160
<i>Movements in ordinary shares</i>				
Balance at beginning of period	46,666,168	5,315,160	46,666,168	5,315,160
Balance at end of period	46,666,168	5,315,160	46,666,168	5,315,160

NOTE 4: PERFORMANCE RIGHTS

During the half-year ended 31 December 2013 the directors granted 3,000,000 Performance Rights (Rights) to directors following shareholder approval at the November 2013 Annual General Meeting. The Rights were granted in accordance with the long term equity incentive plan as outlined in the Eumeralla Performance Rights Plan. The share based payment expense for the Rights issued has been calculated in accordance with AASB 2: Share Based Payments using a Monte Carlo Simulation method to determine the fair value of the Rights. The total fair value for the 3,000,000 Rights issued to date is \$326,000 and this amount will be expensed over the vesting periods of the Rights commencing 21 November 2013. An amount of \$17,803 (2012: \$nil) has been included in the Statement of Comprehensive Income under Employee benefits expense for the half-year ended 31 December 2013 in respect of these Rights.

Date Issued	Issued to	Number of Rights	Fair Value at issue date
21 November 2013	Chief Executive Officer	1,200,000	130,400
	Non-Executive Directors	1,800,000	196,600
	Outstanding at 31 December	3,000,000	326,000
	Vested at 31 December	Nil	-

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 5: SEGMENT REPORTING

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

31 December 2013	Mineral Exploration \$	Other \$	Consolidated \$
Interest revenue	-	34,558	34,558
Total revenue	-	34,558	34,558
Segment net loss from continuing operations before tax			
Expenses	(99,124)	(338,694)	(437,818)
Segment net loss from continuing operations	(99,124)	(304,136)	(403,260)
Segment assets	173,726	3,980,701	4,154,427
Intersegment eliminations			(537,849)
Total Group Assets			3,616,578
Segment asset increases for the period:			
- Capital expenditure	22,597	-	22,597
Segment liabilities			
Segment Liabilities	(168,028)	(192,483)	(360,511)
Reconciliation of segment liabilities to the group liabilities:			347,879
Segment liabilities			(12,632)
31 December 2012	Mineral Exploration \$	Other \$	Consolidated \$
Interest revenue	95	80,835	80,929
Total revenue	95	80,835	80,929
Segment net loss from continuing operations before tax			
Expenses	(9,587)	(282,071)	(291,658)
Segment net loss from continuing operations	(9,492)	(201,236)	(210,729)
30 June 2013			
Segment assets	235,576	4,147,524	4,383,100
Intersegment eliminations			(336,652)
Total Group Assets			4,046,448
Segment asset increases for the period:			
- Capital expenditure	85,650	-	85,650
Segment liabilities			
Segment Liabilities	(299,305)	(45,890)	(345,195)
Reconciliation of segment liabilities to the group liabilities:			299,305
Segment liabilities			(45,890)

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

NOTE 6: CONTINGENT LIABILITIES

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

NOTE 7: COMMITMENTS FOR EXPENDITURE

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

NOTE 8 : EVENTS SUBSEQUENT TO REPORTING DATE

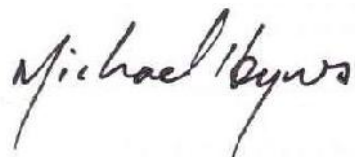
There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

DIRECTORS' DECLARATION

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

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2013 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

4 March 2014



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 2013, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 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

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 2013 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

Perth, Western Australia
04 March 2014

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

L Di Giallonardo
Partner