



EUMERALLA  
RESOURCES

ACN 148 860 299

# INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2015



<b>Contents</b>	<b>Page</b>
Directors' Report	1
Auditor's Independence Declaration	2
Condensed Statement of Comprehensive Income	3
Condensed Statement of Financial Position	4
Condensed Statement of Changes in Equity	5
Condensed Statement of Cash Flows	6
Notes to the Condensed Financial Statements	7
Directors' Declaration	11
Independent Auditor's Review Report	12

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## DIRECTORS' REPORT

Your directors submit the financial report of the Group for the half-year ended 31 December 2015. 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>
James William Joseph Hyndes	<i>Non-Executive Director</i>
David Wheeler	<i>Non-Executive Director</i>
Michael John Hynes (resigned 24 July 2015)	<i>Executive Director and Chief Executive Officer</i>

### Review of Operations

#### Myanmar

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

On 29 October 2014, Eumeralla Resources Ltd's 70% controlled Myanmar subsidiary, Mawsaki Mining Co., Ltd ('Mawsaki'), received State Government approval for its exploration permit in the State of Kayah. During the quarter, Mawsaki held numerous meetings with the Department of Geological Survey and Mineral Exploration (DGSE) aimed at finalising the agreement, regarding the terms and conditions of the exploration area.

Mawsaki progressed with the process towards being granted the required approvals to clear the way for consideration of the proposed exploration terms and conditions by Cabinet of Union Government of Myanmar.

This approval process is the next step following the successful negotiations over the licence area with the Office of Chief Minister, Kayah State Government, Chief Minister, Ministry of Forest and Mines, both the State Forest Department and State Land Records Department in Loikaw and Office of Township Administration, Hpa-hsaung.

The Company understands that approval by the Union Government will be the final step in the approval process and is encouraged by the smooth progress of the Myanmar National Election held on 8 November 2015 and movement to the formation of a new Government. In addition, reforms to the Myanmar Mines Law (1994) continue to move ahead in Parliament, with the final version of the laws expected to be completed in the first half of 2016.

#### Mongolia

In October 2015 the Company engaged Lunda LLC (Lunda) to perform an IP/Res Gradient Survey. Lunda has performed the IP/Res Gradient Survey and is in the process of preparing a report to be submitted to the Mineral Resources Authority (MRAM) of Mongolia.

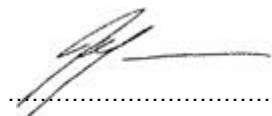
### Corporate

On 24 July 2015, Mr Michael Hynes resigned as director and chief executive officer.

### Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 2 and forms part of this directors' report for the half-year ended 31 December 2015.

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.



.....  
Jack James

Director

10 March 2016

## 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 2015, 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  
10 March 2016**

**L Di Giallonardo  
Partner**

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Consolidated	
	31 December 2015 \$	31 December 2014 \$
<b>Revenue from continuing operations</b>		
Finance income	4,143	24,532
<b>Total income</b>	<b>4,143</b>	<b>24,532</b>
Administrative expenses	(38,533)	(30,509)
Audit fees	(8,000)	(5,525)
Consulting fees	(54,338)	(64,679)
Corporate services	(50,553)	(49,112)
Employee benefit expenses	(6,731)	(182,775)
Impairment of exploration expenditure	(49,825)	(55,733)
Legal fees	(28,254)	(5,694)
Other expenses	(93,234)	(20,740)
<b>Loss before income tax</b>	<b>(325,325)</b>	<b>(390,235)</b>
Income tax expense	-	-
<b>Net loss for the period</b>	<b>(325,325)</b>	<b>(390,235)</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign subsidiaries	(14,570)	(7,018)
<b>Total comprehensive loss for the period</b>	<b>(339,895)</b>	<b>(397,253)</b>
Basic and diluted loss per share (cents)	(0.69)	(0.84)

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015**

		Consolidated	
	Notes	31 December 2015 \$	30 June 2015 \$
<b>Current Assets</b>			
Cash and cash equivalents		387,937	761,667
Receivables		4,314	5,531
Prepayments		7,009	16,774
<b>Total Current Assets</b>		<b>399,260</b>	<b>783,972</b>
<b>Non-current Assets</b>			
Exploration and evaluation assets	2	1,119,292	1,119,292
<b>Total Non-Current Assets</b>		<b>1,119,292</b>	<b>1,119,292</b>
<b>TOTAL ASSETS</b>		<b>1,518,552</b>	<b>1,903,264</b>
<b>Current Liabilities</b>			
Trade and other payables		27,680	32,135
<b>Total Current Liabilities</b>		<b>27,680</b>	<b>32,135</b>
<b>TOTAL LIABILITIES</b>		<b>27,680</b>	<b>32,135</b>
<b>NET ASSETS</b>		<b>1,490,872</b>	<b>1,871,129</b>
Issued capital	3	5,315,160	5,315,160
Reserves		179,257	234,189
Accumulated losses		(4,003,545)	(3,678,220)
<b>TOTAL EQUITY</b>		<b>1,490,872</b>	<b>1,871,129</b>

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Consolidated				
	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Performance Rights Reserve	Total Equity
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2014</b>	<b>5,315,160</b>	<b>(2,604,602)</b>	<b>(11,533)</b>	<b>98,360</b>	<b>2,797,385</b>
Loss for the period	-	(390,235)	-	-	<b>(390,235)</b>
Exchange differences on translation of foreign subsidiaries	-	-	(7,018)	-	<b>(7,018)</b>
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(390,235)</b>	<b>(7,018)</b>	<b>-</b>	<b>(397,253)</b>
Share based payment expense	-	-	-	75,975	<b>75,975</b>
<b>Balance at 31 December 2014</b>	<b>5,315,160</b>	<b>(2,994,837)</b>	<b>(18,551)</b>	<b>174,335</b>	<b>2,476,107</b>
<b>Balance at 1 July 2015</b>	<b>5,315,160</b>	<b>(3,678,220)</b>	<b>6,076</b>	<b>228,113</b>	<b>1,871,129</b>
Loss for the period	-	(325,325)	-	-	(325,325)
Exchange differences on translation of foreign subsidiaries	-	-	(14,570)	-	(14,570)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(325,325)</b>	<b>(14,570)</b>	<b>-</b>	<b>(339,895)</b>
Share based payment expense	-	-	-	29,284	<b>29,284</b>
Reversal of share based payment expense on performance rights which have not vested	-	-	-	(69,646)	<b>(69,646)</b>
<b>Balance at 31 December 2015</b>	<b>5,315,160</b>	<b>(4,003,545)</b>	<b>(8,494)</b>	<b>187,751</b>	<b>1,490,872</b>

The accompanying notes form part of these financial statements

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**CONDENSED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Consolidated	
	31 December 2015	31 December 2014
	\$	\$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees (inclusive of GST)	(328,048)	(321,826)
Interest received	4,143	24,532
Net cash (outflow) from operating activities	(323,905)	(297,294)
<b>Cash flows from investing activities</b>		
Payments for capitalised exploration expenditure	(49,825)	(42,635)
Net cash (outflow) from investing activities	(49,825)	(42,635)
Net decrease in cash held	(373,730)	(339,929)
Cash and cash equivalents at the beginning of the period	761,667	1,434,868
<b>Cash and cash equivalents at the end of the period</b>	<b>387,937</b>	<b>1,094,939</b>

The accompanying notes form part of these financial statements

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## **NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

### **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 2015 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 2015.

#### **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.

#### **Going Concern**

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a net loss after tax for the half-year ended 31 December 2015 of \$325,325 and experienced net cash outflows from operating activities of \$373,730. At 31 December 2015, the Group had a net current asset position of \$371,580. The cash and cash equivalents balance at the date of issuing this report is \$387,937. The Directors recognise the need to raise additional funds via equity raisings or other sources of funding for future exploration activities and working capital.

Subsequent to period end, on 2 March 2016, the Company announced it will undertake a fully underwritten non-renounceable entitlements issue of approximately 31,110,779 Shares at an issue price of \$0.025 on the basis of two (2) new Shares for every three (3) Shares held by Shareholders on the record date, to raise approximately \$777,769 before costs. Funds raised will be used to satisfy the Company's pending working capital requirements.

In considering the above, the directors have reviewed the Group's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will be able to secure funds to meet creditors.

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**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

There are a number of inherent uncertainties relating to the Group's future plans including but not limited to:

- whether the Company will be able to raise equity in this current market, including being able to successfully complete the above capital raising; and
- whether the Group would be able to secure any other sources of funding.

Accordingly, there is a material uncertainty that may cast significant doubt whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern.

**NOTE 2: EXPLORATION AND EVALUATION ASSETS**

	Consolidated	
	Half year to 31 December 2015 \$	Year to 30 June 2015 \$
<b>Exploration and evaluation phase – at cost</b>		
Balance at beginning of period	1,119,292	1,377,265
Exploration expenditure incurred	49,825	58,697
Impairment	(49,825)	(316,670)
<b>Total exploration and evaluation assets</b>	<b>1,119,292</b>	<b>1,119,292</b>

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 2015 \$	30 June 2015 \$
<i>Ordinary shares</i>		
Issued and fully paid	5,315,160	5,315,160

	Half year to 31 December 2015		Year to 30 June 2015	
	Number	\$	Number	\$
<i>Movements in ordinary shares</i>				
Balance at beginning of period	46,666,168	5,315,160	46,666,168	5,315,160
Balance at end of period	46,666,168	5,315,160	46,666,168	5,315,160

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

### 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. On 24 July 2015, Mr Michael Hynes resigned as director and chief executive officer, and amounts previously expensed in relation to these rights (\$69,646) have been reversed in the current period. An amount of \$29,284 (2014: \$75,975) has been included in the Statement of Comprehensive Income under Employee benefits expense for the half-year ended 31 December 2015 in respect of the remaining 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
	Chief Executive Officer Relinquished	(1,200,000)	(130,400)
	Outstanding at 31 December	<u>1,800,000</u>	<u>196,600</u>
	Vested at 31 December 2015	-	-

### 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 2015	Mineral Exploration \$	Other \$	Consolidated \$
Interest revenue	-	4,143	4,143
<b>Total revenue</b>	<u>-</u>	<u>4,143</u>	<u>4,143</u>
<b>Segment net loss from continuing operations before tax</b>			
Expenses	(2,756)	(425,588)	(428,344)
Intersegment eliminations			29,230
<b>Segment net loss from continuing operations</b>	<u>(2,756)</u>	<u>(421,445)</u>	<u>(394,971)</u>
<b>Segment assets</b>	1,723,278	503,704	2,226,982
Intersegment eliminations			(713,132)
<b>Total Group Assets</b>			<u>1,513,850</u>
<b>Segment asset increases for the period:</b>			
- Capital expenditure	49,825	-	49,825
<b>Segment Liabilities</b>	<u>(336,850)</u>	<u>(398,075)</u>	<u>(734,925)</u>
Intersegment eliminations			762,605
<b>Total Group Liabilities</b>			<u>(27,680)</u>

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**NOTE 5: SEGMENT REPORTING (CONTINUED)**

<b>31 December 2014</b>	<b>Mineral Exploration \$</b>	<b>Other \$</b>	<b>Consolidated \$</b>
Interest revenue	-	24,532	24,532
<b>Total revenue</b>	<b>-</b>	<b>24,532</b>	<b>24,532</b>
<b>Segment net loss from continuing operations before tax</b>			
Expenses	23,929	(597,164)	(573,235)
Intersegment eliminations			158,468
<b>Segment net loss from continuing operations</b>	<b>23,929</b>	<b>(572,632)</b>	<b>(390,235)</b>
<b>30 June 2015</b>			
<b>Segment assets</b>	1,657,030	895,780	2,552,790
Intersegment eliminations			(649,526)
<b>Total Group Assets</b>			<b>1,903,264</b>
<b>Segment asset increases for the period:</b>			
- Capital expenditure	58,697	-	58,697
<b>Segment liabilities</b>			
Segment Liabilities	(258,360)	(406,385)	(664,745)
<b>Intersegment eliminations</b>			696,880
<b>Segment liabilities</b>			<b>(32,135)</b>

**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**

Subsequent to period end, on 2 March 2016, the Company announced it will undertake a fully underwritten non-renounceable entitlements issue of approximately 31,110,779 Shares at an issue price of \$0.025 on the basis of two (2) new Shares for every three (3) Shares held by Shareholders on the record date, to raise approximately \$777,769 before costs. Funds raised will be used to satisfy the Company's pending working capital requirements.

Other than those disclosed above, 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 2015 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.



JACK JAMES

Director

10 March 2016

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**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 2015, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

*Directors' responsibility for the half-year financial report*

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

*Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*Conclusion*

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

- a) giving a true and fair view of the Group's financial position as at 31 December 2015 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*.

*Emphasis of Matter*

Without modifying our conclusion, we draw attention to Note 1 to the financial report which indicates that the ability of the Group to continue as a going concern is dependent on the Group's ability to raise capital or securing other sources of funding.

Should the Group not be able to raise sufficient capital or secure other sources of funding, there is a material uncertainty that may cast significant doubt whether the Group will continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business.

*HLB Mann Judd*

**HLB Mann Judd**  
**Chartered Accountants**



**L Di Giallonardo**  
**Partner**

**Perth, Western Australia**  
**10 March 2016**