



ANNUAL REPORT

2022



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REVIEW OF OPERATIONS

ABOUT EMMERSON RESOURCES

Emmerson Resources Limited (Emmerson or the Company) continues to deliver to our strategy of:

- Discovering the next generation of copper, gold, cobalt and bismuth mineralisation through the application of innovative exploration and new technologies.
- Expanding and advancing known mineralisation to scoping level studies for inclusion in the mining schedule (Tennant Creek brownfields exploration).
- Creating an emerging gold royalty business through assisting Joint Venture (JV) partner, Tennant Consolidated Mining Group (TCMG) in their Mine studies and establishment of the Central Processing Plant in Tennant Creek.

Emmerson has a commanding land position in the Tennant Creek Mineral Field (TCMF), one of Australia's highest-grade gold and copper districts. The region has produced over 5.5Moz of gold and 470,000t of copper from deposits including Warrego, White Devil, Orlando, Gecko, Chariot and Golden Forty. Emmerson has added to this endowment with high-grade gold discoveries at Edna Beryl and Mauretania; copper-gold at Goanna and Monitor (now owned by CuFe Limited) and, the recent discovery of ultra-high-grade copper-gold-cobalt and bismuth at Emmerson's 100% owned Hermitage project. These discoveries were achieved utilising new technology and concepts and are the first discoveries in the TCMF for over two decades.

A recent rush of new tenement applications by major and junior explorers in TCMF not only highlights the prospectivity of the region for copper and gold but also Emmerson's strategic 1,700km² land holding, and proprietary knowledge gained through focussed exploration activities in the field over the past 12 years.

Emmerson is also exploring across four early-stage gold-copper projects in NSW, identified (with our strategic alliance partner Kenex/Duke Exploration ASX:DEX) from the application of 2D and 3D predictive targeting models – aimed at increasing the probability of discovery. Duke can earn up to 10% (to pre BFS) of any project generated providing certain success milestones are met.

The highly prospective Macquarie Arc in NSW hosts more than 80Moz gold and 13Mt copper with these resources heavily weighted to areas of outcrop or limited cover. The Company's four exploration projects contain many attributes of the known deposits within the Macquarie Arc but remain underexplored due to historical impediments, including overlying cover (farmlands and younger rocks) and a lack of effective historic exploration.

The Company's view remains that discovery of new mineral deposits provides the best uplift in value for junior companies, particularly as we have first rate geological real estate in both Tennant Creek and NSW.

The emerging gold royalty business in Tennant Creek, where TCMG under a Strategic Alliance, undertakes the planning, mining, and processing across several high-grade gold projects, affords Emmerson a low-risk path to future multiple royalty streams.

The Strategic Alliance with TCMG, covers much of Emmerson's Northern and Southern Project Areas (NPA & SPA) at Tennant Creek. The alliance with TCMG includes the following:

- \$10.5m Exploration Earn-in and Joint Venture (EEJV) in the NPA and SPA to earn 75% interest in both NPA and SPA over a five-year period.
- Delineation of circa 20,000km² Area of Mutual Interest centred on Tennant Creek aimed at future exploration or acquisitions.
- Two Small Mines JV's (SMJV) with Emmerson to receive a free carried 6% gold gross revenue royalty for production from Small Mines (<250,000oz gold equivalent) and guarantee of 6% of a minimum 60,000oz gold production royalty or cash payment of any shortfall within five years.
- A Major Mines (MMJV) interest whereby Emmerson retains up to a 40% direct equity interest in any Major Discovery (>250,000oz gold equivalent).

The combined SPA and NPA JV's with TCMG result in a minimum \$10.5m spend on exploration over five years, plus drive feasibility and mining studies ahead of mining and processing which are sole funded by TCMG.

TCMG is finalising plans for the establishment of a centralised CIP mill at Nobles Nob, adjacent to the SPA at Tennant Creek (Figure 1). Once established, this mill will unlock the value contained across many of these stranded, high-grade gold deposits, including those currently subject to the SMJV and

REVIEW OF OPERATIONS

undergoing JORC Mineral Resource Estimates. Given the funding committed to exploration by TCMG, it is anticipated that over time, more projects will be added to the SMJV.

The two EEJVs (over the NPA and SPA) will consist of brownfields exploration around historical high grade gold deposits, plus continuing discovery of new deposits that will eventually be captured under either the SMJV or MMJV. Under the MMJV, Emmerson receives an immediate 40% contributing equity interest that, at its election, can be converted to a 20% free carried interest on the completion of a definitive feasibility study. Under the SMJV, TCMG is responsible for the funding, permitting, mine studies and all mining and processing activities.

The two EEJVs require TCMG to produce a minimum of 30,000oz of gold within five years across each JV (from which Emmerson will receive a 6% production royalty) or make the equivalent payment to Emmerson in cash. These agreements, together with funding and mining expertise from TCMG, provide a low-risk pathway for Emmerson shareholders to monetise the known high-grade gold and copper assets in Tennant Creek. It allows Emmerson to drive future exploration and discovery both at Tennant Creek and NSW while minimising future dilution to shareholders.

This Strategic Alliance establishes a funded pathway for the development of Emmerson's high-grade gold and copper projects and provides substantial new funding for exploration to continue to build the resource pipeline.

TCMG, a privately owned gold and copper focused resource company, has acquired tenements and projects from other parties in the TCMF and intend to undertake detailed mining studies with the ultimate goal of developing a portfolio of resources that will provide feed to its centralised processing facility in Tennant Creek.

Following a successful capital raising in April and May 2022 of \$5.22 million (before costs) via a placement and share purchase plan the Company has a cash balance of \$9.0 million at 30 June 2022.

TENNANT CREEK, NORTHERN TERRITORY

Exploration activities continued in the Northern Territory throughout the period despite the impact of COVID restrictions. Key drill programs were completed at Hermitage and Edna Beryl within our 100% owned tenements in Tennant Creek.

DISCOVERING THE NEXT GENERATION OF COPPER, GOLD, COBALT AND BISMUTH MINERALISATION THROUGH THE APPLICATION OF INNOVATIVE EXPLORATION AND NEW TECHNOLOGIES.

Emmerson is deploying new detection technologies such as ultra-high resolution drone magnetic surveys to better define subtle magnetic anomalies – specifically, early magnetite iron-oxide (ironstones) that have been overprinted by later hematite bearing, copper, gold, cobalt and bismuth rich fluids. The resolution of this drone survey is far superior to historic, fixed-wing magnetic surveys due to the drone being able to fly 15m above the ground and on 10-25m spaced lines.

The step change in discovery success for this new generation of deposit types is through not only pioneering new technology and techniques but a multi-disciplinary approach that includes deployment of next generation ultra-fine geochemistry, establishing ironstone fertility indices together with a deep understanding of the 3D structure, alteration and geology of the TCMF.

REVIEW OF OPERATIONS



Picture 1 & 2: Recent Ultra-high resolution drone magnetic survey in progress.

REVIEW OF OPERATIONS

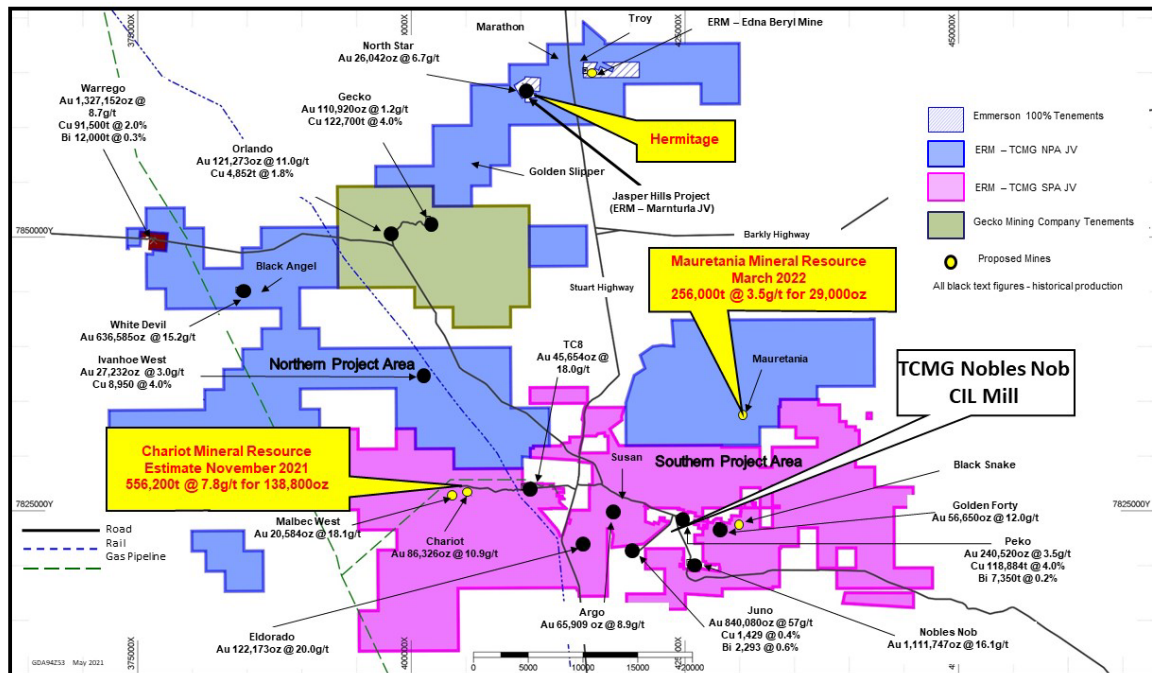


Figure 1: Map of the Emmerson Tennant Creek Project showing the Northern Project Area (NPA), and Southern Project Area (SPA), which is covered by the Exploration (EEJV) and Small Mines (SMJV). Yellow dots are potential small mines and/or remnant resources. Noting that Emmerson retains 100% of the Jasper Hills, Hermitage, North and Northern Star, Katherine Star, Thrace, Macedon and Edna Beryl projects.

Note:

- Quoted production from major historical deposits after Ahmad, M. and Munson, T.J. (2013). *Geology and mineral resources of the Northern Territory, Special Publication 5*, p. 9:37.
- For Chariot mine and Malbec West mine, quoted production from *Giants Reef Mill Reconciled Production to end of month September 2005* (internal report).

NORTHERN PROJECT AREA

Hermitage Project (100% Emmerson)

A potentially highly valuable copper-gold-cobalt-bismuth discovery was made at Hermitage. The discovery drill hole, HERC003, returned an outstanding intersection of 116m at 3.4% copper and 0.88g/t gold from 75m, ranking the drill hole as the 16th best copper intersection globally in 2021 by OPAXE.

This project is one of a cluster of 100% Emmerson owned prospects that occur within the norther corridor of Tennant Creek. These prospects include North Star, Jasper Hills, Katherine Star and Northern Star in mining lease (ML 30177), Edna Beryl, Thrace and Macedon in ML 705 (Figures 1 & 2). These prospects occur within a broad gravity corridor that consist of denser, hematitic shales and jasper which host high grade copper, gold, and cobalt mineralisation within magnetite-hematite ironstones. From previous seismic surveys, this gravity corridor likely corresponds to a deep (+10km), north verging thrust fault – a similar structural setting to the other large deposits in the TCMF.

REVIEW OF OPERATIONS

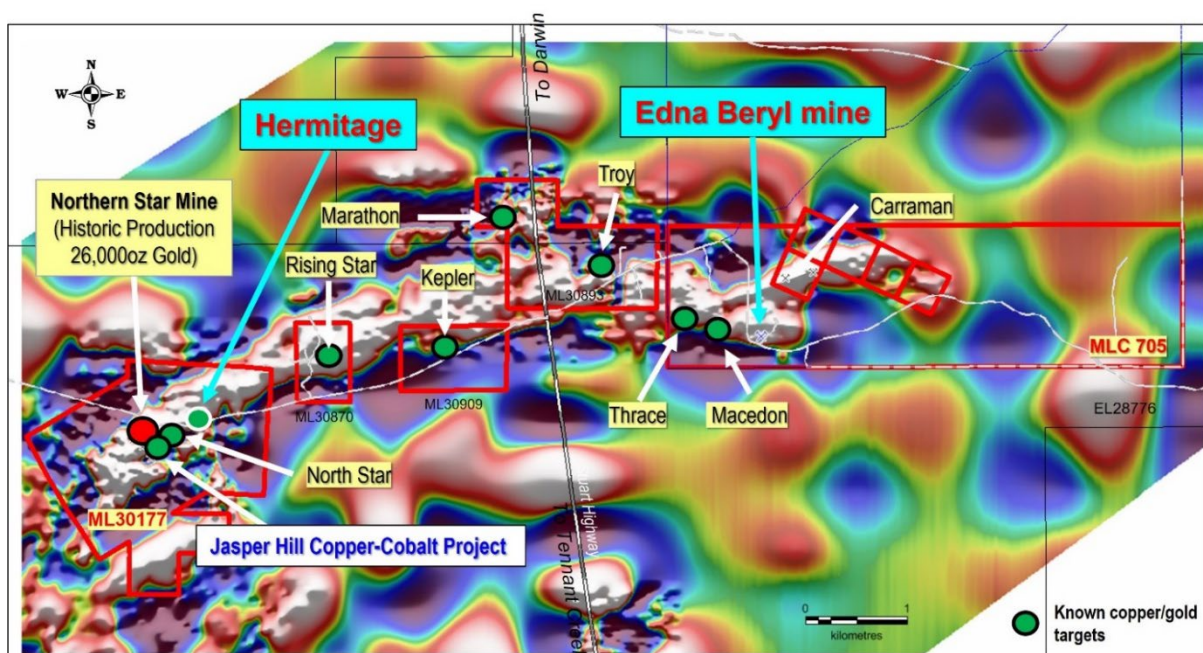


Figure 2: Location map showing tenement in the Northern Project Area (NPA) with known copper and gold prospects over gravity magnetic image.

In October 2021, the Company commenced a drill program at the Hermitage Project in Tennant Creek. Phase 1 consisted of four RC holes aimed at testing an area approximately 200m east-west but focused on the concept of high-grade mineralisation hosted in sub-vertical, iron-oxide breccia pipes.

The Phase 1 drilling results returned from December 2021 have greatly enhanced the ranking and potential for economic gold, copper, cobalt and bismuth mineralisation across the Northern Project Area, particularly within this northern gravity ridge. After reporting assays from the original 3m composite samples for discovery hole HERC003, assays for 1m composite samples were received in March 2022 and returned a refined intersection of:

- **116m at 3.38% copper and 0.88g/t gold** from 76m

The assay results also confirmed the trend of increasing copper and gold grades at depth with the hole terminating in:

- **30m at 7.4% copper and 3g/t gold** including **2m at 19.77g/t gold and 3.84% copper** in the final 2m

In March 2022, 3m composite assay results from HERC004 which were drilled 60m to the west of HERC003, were also returned and reported:

- **6m at 1.11% copper** from 162m down hole

The Phase 2 drill program commenced in May 2022 and was completed in June 2022 with assay results released subsequent to the year end (Figure 3). The key highlights include:

- Diamond drill hole HERCDD010 (angled scissor hole) intersected:
 - **94.4m at 2.74% copper, 5.58g/t gold, 17.88g/t silver, 0.44% bismuth** (from 85m) including:
 - **17.8m at 1.57% copper, 0.22g/t gold, 0.17% cobalt, 0.11% bismuth** (from 85m) including:
 - **5.8m at 3.4% copper, 0.53g/t gold, 0.33% cobalt and 0.24% bismuth** (from 95.4m)
 - **21.2m at 2.62% copper** (from 129m)
 - **5.8m at 11.06% copper, 0.98g/t gold, 0.15% cobalt and 0.27% bismuth** (from 150.2m)
 - **21.6m at 4.11% copper, 25.91g/t gold, 74.89g/t silver and 1.83% bismuth** (from 157m) including:

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- **9.4m at 7.27% copper, 58.02g/t gold and 3.74% bismuth** (from 159.4m) including:
 - **4.8m at 19.44% copper, 214.39g/t gold, 103.8g/t silver, 13.75% bismuth and 0.12% cobalt** (from 164m)
- RC drill hole HERC009 intersected:
 - **41m at 1.05% copper** (from 96m) including:
 - **3m at 1.36% copper and 1.34g/t gold** (from 111m)
 - **9m at 2.50% copper and 0.17% cobalt** (from 120m)
- RC drill hole HERC008 intersected:
 - **24m at 1.03% copper and 0.10% cobalt** (from 117m)
- Diamond drill hole HERCDD006 extends mineralisation west with assay results of:
 - 52.5m at 1.03% copper, 1.36g/t gold and 0.11% bismuth from 131.5m which included:
 - 4m at 5.66g/t gold and 0.47% copper from 141m
 - **12m at 3.39g/t gold and 3.04% copper** from 172m that includes:
 - **3m at 12.51g/t gold and 2.95% copper** from 181m
- Diamond drill hole HERCDD005 intersected two new ironstones to the north with assay results of:
 - 5m at 1.06g/t gold, 0.58% copper and 0.13% bismuth from 75m
 - 6m at 1.88g/t gold, 0.83% copper and 0.11% bismuth from 105m which includes:
 - **3m at 3.67g/t gold, 1.38% copper and 0.21% bismuth** from 105m

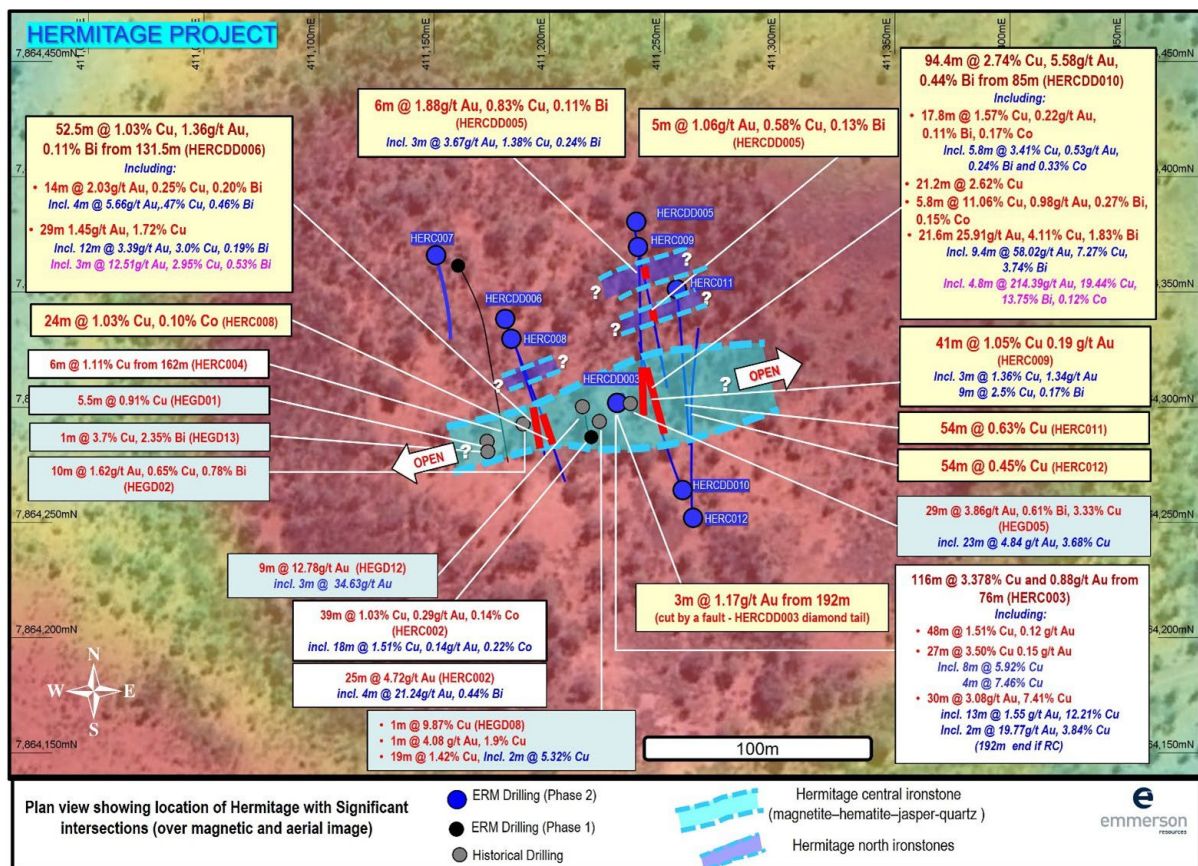


Figure 3: Phase 2 drill program at Hermitage with assay results (yellow call out boxes) plus phase 1 results (ASX 8 December 2021- white call out boxes) and significant intersections from historical drilling (ASX 26 October 2021 – light blue call out boxes)). Noting the interpreted ironstone within the D1/D2 shear zone and regional gravity ridge. The red colour corresponds to the magnetic high from the TMI magnetics.

REVIEW OF OPERATIONS

The ultra-high grades at Hermitage are hosted in breccias within mineralised tabular to pipelike iron oxide magnetite-hematite ironstones. These ironstones plunge steeply to the north and are truncated at depth by a post mineral fault. Whilst the dimensions have yet to be fully ascertained as new zones of ironstone continue to be intersected, the horizontal footprint (plan view in figure 3) is on scale with many of the major Tennant Creek orebodies (Figures 5). The metal zonation within the central brecciated pipe suggests the grades of copper, gold and bismuth are increasing with depth.

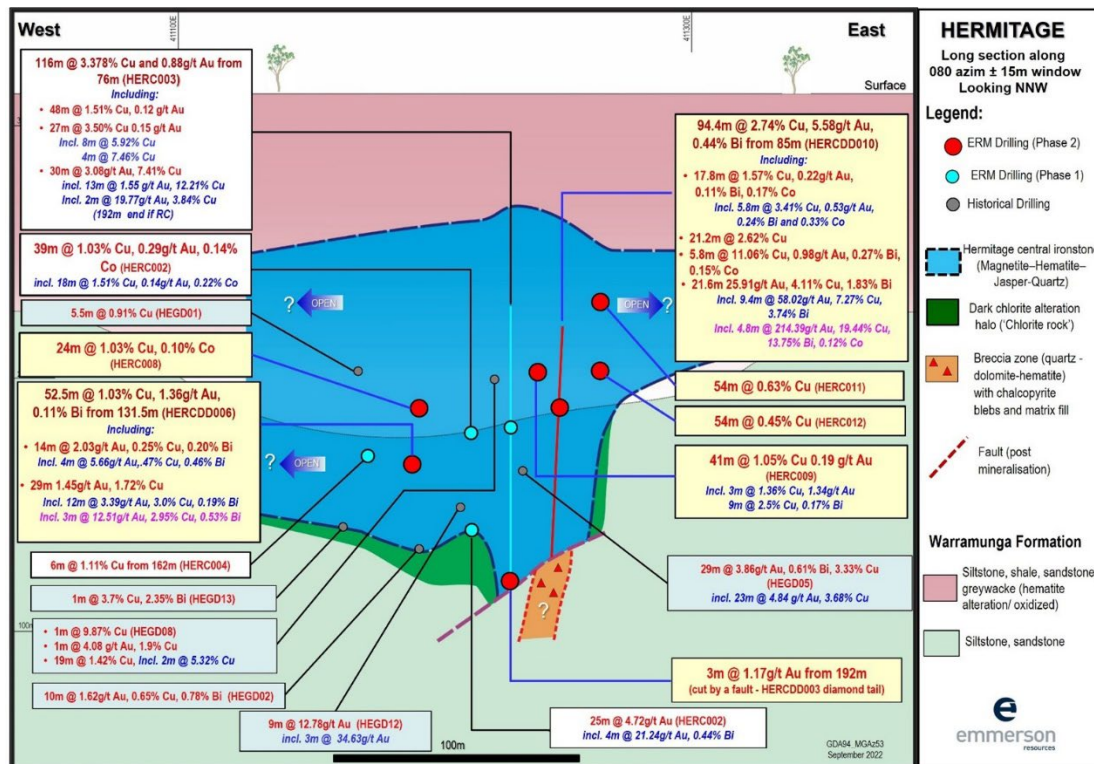


Figure 4: Long Section (looking north-northwest, within 30m wide corridor) showing Phase 2 drill program at Hermitage with assay results (yellow call out boxes) plus Phase 1 drill results (ASX: 8 December 2021- white call out boxes) and significant intersections from historical drilling (ASX: 26 October 2021 – light blue call out boxes).



Figure 5: Geometries of Major Tennant Creek Orebodies, noting the typical constrained plan/horizontal footprint.

REVIEW OF OPERATIONS

Prior to Emmerson, the Hermitage project has not seen any systematic modern exploration with the last campaign ending in the 1990s. These prospects occur within a broad gravity high that consist of denser, hematitic shales, jasper and iron- oxide, magnetite-hematite ironstones (IOCG style mineralisation). This gravity corridor is bounded by east-west striking shear zones which corresponds to deep (+10km), north verging thrust faults that were initially formed during early inversion (deformation event 1) of the Warramunga basin. Subsequently reactivated in later events including the introduction of copper, gold and bismuth rich fluids during the Tennant Creek Event (D3). Interestingly the ultra-high multi metal grades (copper, gold, bismuth and cobalt) at Hermitage are somewhat unique and likely the consequence of intense brecciation of the pre-existing ironstone proximal to the main feeder or fluid conduit.

A high-resolution drone aeromagnetic survey is currently underway over the NPA and is anticipated that the results will assist in pinpointing further such styles of high-grade copper-gold-cobalt and bismuth mineralisation within the Norther gravity corridor.

Edna Beryl Project (100% Emmerson)

Edna Beryl is located within the NPA of Tennant Creek (Figures 1 & 2) and is excluded from the Joint Venture Area with TCMG.

An RC drill program at Edna Beryl was completed late in 2021 and was aimed at testing for continuity of the high-grade gold in the shallow oxide zone between the Edna Beryl Mine and prospectors' shaft at Edna Beryl West (ASX: 14 October 2021). The best results from this program came from the Edna Beryl North ironstone and included 3m at 0.57g/t gold and 0.18% copper from 150m (drill hole EBRC107).

Whilst this program has established that the shallow high grade oxide zone does not appear to continue to Edna Beryl West, our focus is now back to better understanding the economic potential of the very high-grade intersections and mineralisation in the primary gold zone at Edna Beryl mine. Also, the ultra-high-grade copper-gold-cobalt-bismuth discovery at our nearby Hermitage project has precipitated a review of the historic copper-gold intersections within the Edna Beryl MLC, particularly at Thrace where historic drilling intersected 11m at 16.5g/t gold and 5m at 1.26% copper (Figure 2).

CREATING AN EMERGING GOLD ROYALTY BUSINESS FROM OUR TENNANT CREEK ASSETS

Mauretania Project (SMJV)

On 5 July 2021 the Company announced drilling results from Mauretania in Tennant Creek.

Mauretania is located within the NPA of the TCMF (Figure 1), where historically drilling has been focused on the shallow oxide mineralisation (Figure 6). Diamond drill hole MTDD010 was prematurely terminated in 2020 at 106m due to challenging drilling conditions and the impending wet season. This drill hole was completed in May 2021 and is one of three that have intersected the primary gold zone (Figure 7), returning assays of:

- **3.95m at 57g/t gold, 0.22% bismuth, 20.6g/t silver and 0.23% copper** from 207m including:
 - **1m at 102 g/t gold, 47g/t silver and 0.6% bismuth, and**
 - **0.8m at 135.5 g/t gold, 40.2 g/t silver and 0.34% bismuth**

This primary gold mineralisation occurs approximately 100m below the conceptual open pit floor, but within the footwall of a massive hematite +/- magnetite ironstone. With the gold occurring in late stringers associated with hematite, on the footwall of a 7m wide zone of brecciation and intense chlorite alteration. The association of gold with hematite that postdate the early magnetite ironstones underpins our exploration model and has been the hallmark of other Emmerson discoveries at Goanna, Monitor and Edna Beryl.

REVIEW OF OPERATIONS

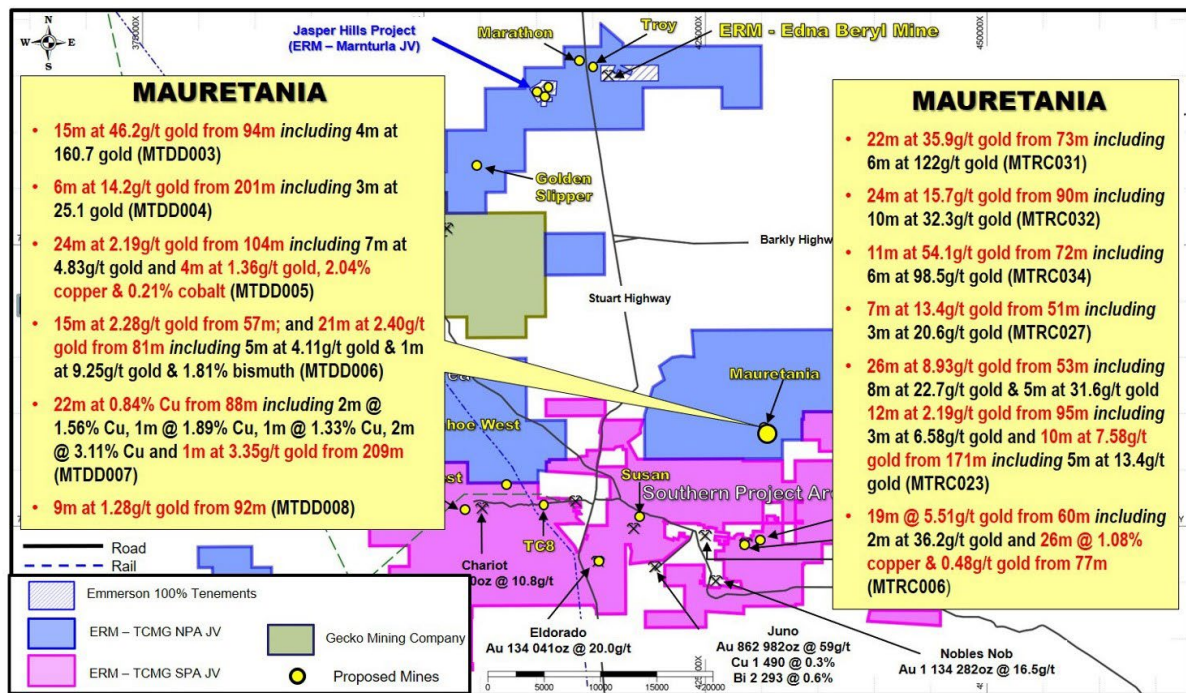


Figure 6 Mauretania plan view showing previously announced drill results in the upper oxide zone – the subject of advanced mining studies funded 100% by our partner, TCMG.

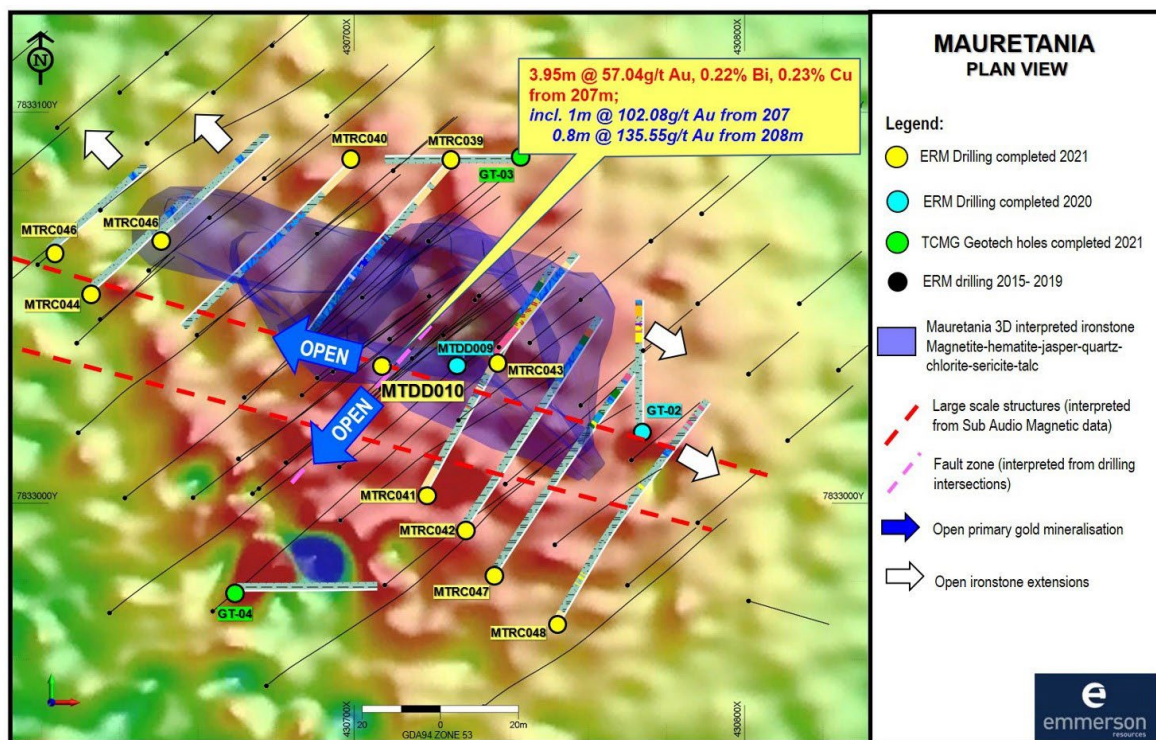


Figure 7: Mauretania plan view showing drill collars from the current program on a background of the magnetic geophysics (red = magnetic high that reflects residual magnetite within the ironstone). Note the blue shaded ironstone reflects the known extent of ironstone from previous drilling. The extent of the underlying ironstone associated with the primary gold zone will be the subject of future drilling.

Mineral Resource Estimate

A maiden Mineral Resource Estimate (MRE) of 28,974 ounces of gold was reported for the Mauretania Gold Project (ASX: 6 April 2022) (Figures 1 & 8). The MRE is an important part of the mining studies being undertaken by JV partner TCMG and adds to the previously announced Chariot MRE; with a view to commencing future mining and processing.

A total of 28,974 ounces of gold have been estimated and classified as Indicated and Inferred under the JORC 2012 Code.

REVIEW OF OPERATIONS

The Mauretania orebody remains open and yet to be explored at depth. For instance, the recently announced intersection from MTDD010 of 3.95m at 57g/t gold and 0.23% copper from 207m (ASX: 5 July 2021) sits 70m below the base of the currently reported MRE (Figure 9). The recent results from the high-resolution drone geophysical survey supports the interpretation of the host ironstone continuing at depth.

Geology and Geological Information

Mauretania is a blind discovery made by Emmerson from recognising that high grade gold and copper can be associated with predominantly hematite ironstones along major structures. The mineralisation occurs within a structurally controlled, pipe-like ironstone, which has a sub-vertical plunge and presents a challenging target to fully delineate from surface drilling. Additionally, up until the advent and recent application of the high-resolution aeromagnetic drone surveys, these hematite dominant deposits were previously overlooked due to their relatively subtle magnetic response.

Mineralisation in the oxide zone (above 190mRL) at Mauretania is hosted in brecciated hematite-rich ironstone, locally vuggy, and associated with jasper-quartz ± magnetite. The gold mineralisation in the primary zone (below 190mRL) is hosted in brecciated magnetite-hematite-quartz ironstone and within the chlorite-hematite-magnetite alteration occurring on the footwall.

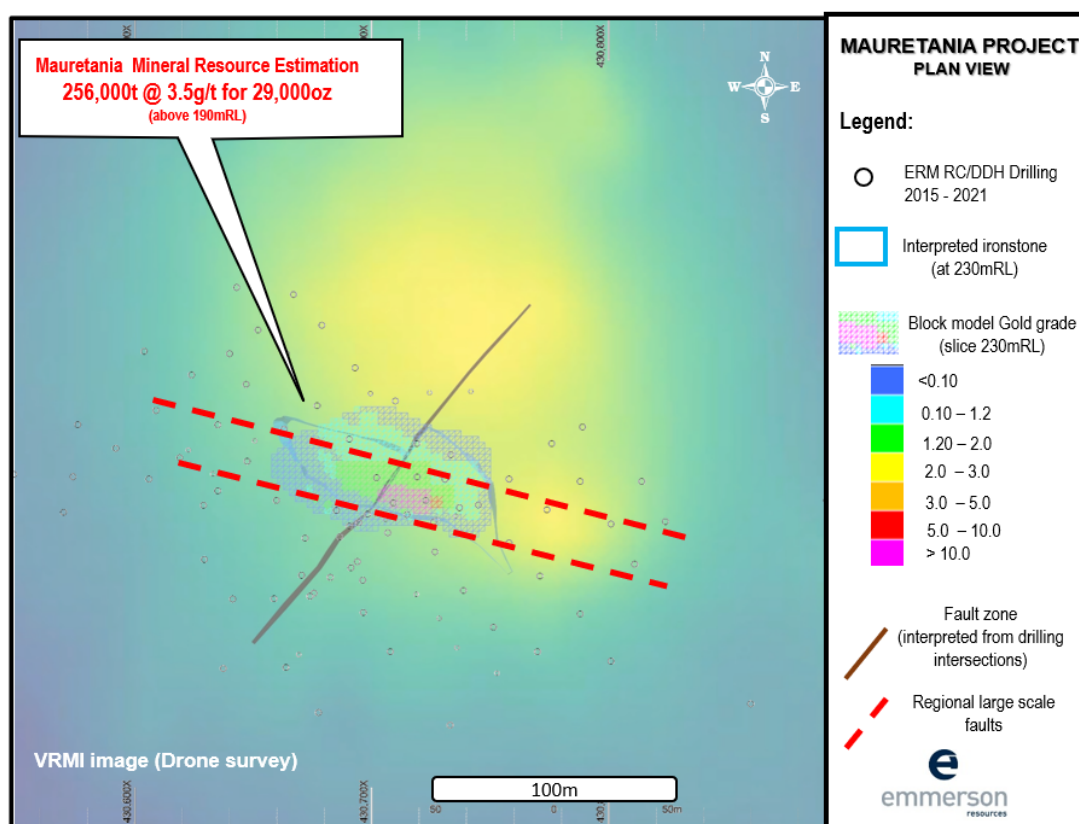


Figure 8: Plan view of Mauretania deposit and drill hole location. Also showing the grade colour at 230mRL and the interpreted ironstones, regional structures, and recent aeromagnetic survey.

REVIEW OF OPERATIONS

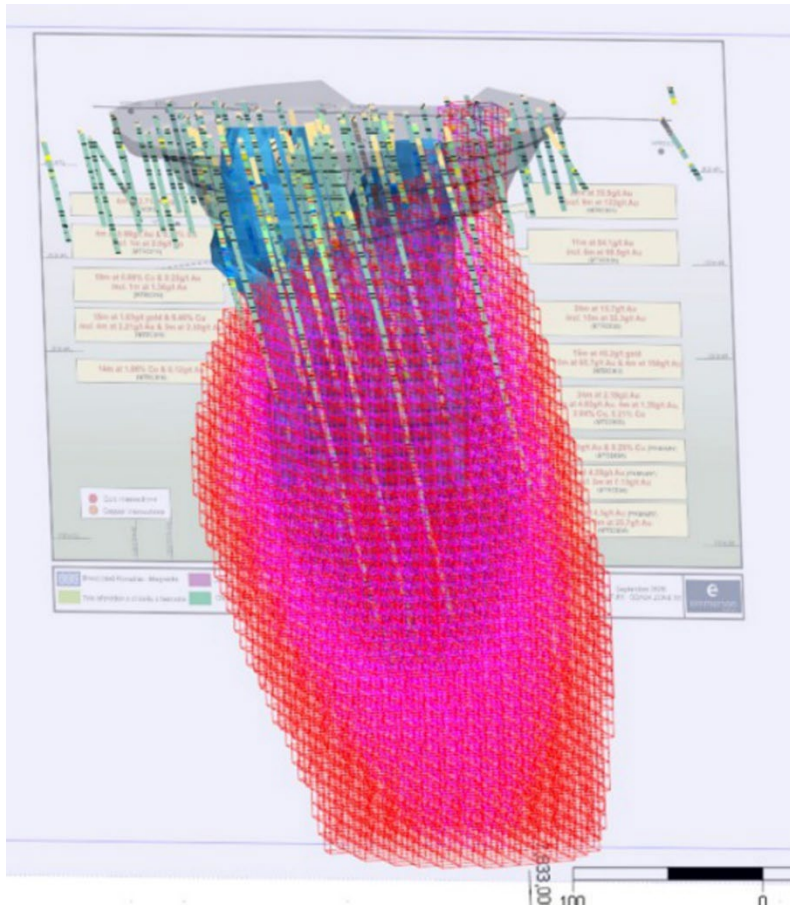


Figure 9: Mauretania Discovery – conceptual open pit (grey) and inversion model of the drone aeromagnetic survey (pink & red). Indicating potential for continuation of the magnetite- hematite ironstone down plunge. Also noting that recent drill hole MTDD010, some 70m below this MRE intersected 3.95m at 57g/t gold and 0.23% copper (from 207m, ASX: 5 July 2021).

SOUTHERN PROJECT AREA

Chariot Project (SMJV)

A significant upgrade to the Mineral Resource Estimate (MRE) for the Chariot Gold Project at Tennant Creek, Northern Territory (Figures 1 & 10) was delivered during the period.

A total of 138,800 ounces of gold has been reported as a MRE, in compliance with the 2012 JORC Code (Table 1) and represents an increase of 40% from the previous underground estimate in November 2013 (ASX: 28 November 2013, Table 2).

Chariot was originally discovered by Normandy Mining in 1998 and mined by Giants Reef Mining from 2003 to 2005 when the low gold price and mining issues led to closure.

In 2021, TCMG engaged Optiro, (as part of TCMG's obligations under the Small Mines Joint Venture with Emmerson) to update the Chariot MRE. This scope of work included geologically remodelling the ironstone to include the surrounding, gold-bearing chlorite alteration halo and incorporating the results of the recent geotechnical relogging and optimisation studies.

Importantly, geotechnical relogging and the change to bulk rather than selective underground mining methods resulted in the reclassification of some of the upper portions of the orebody that had previously been considered sterilised due to poor ground conditions. Furthermore, this new geological interpretation better captures the distribution of gold grades hosted within the chlorite altered Chariot Shear Zone and provides a more robust and continuous resource at depth (Figure 11).

REVIEW OF OPERATIONS

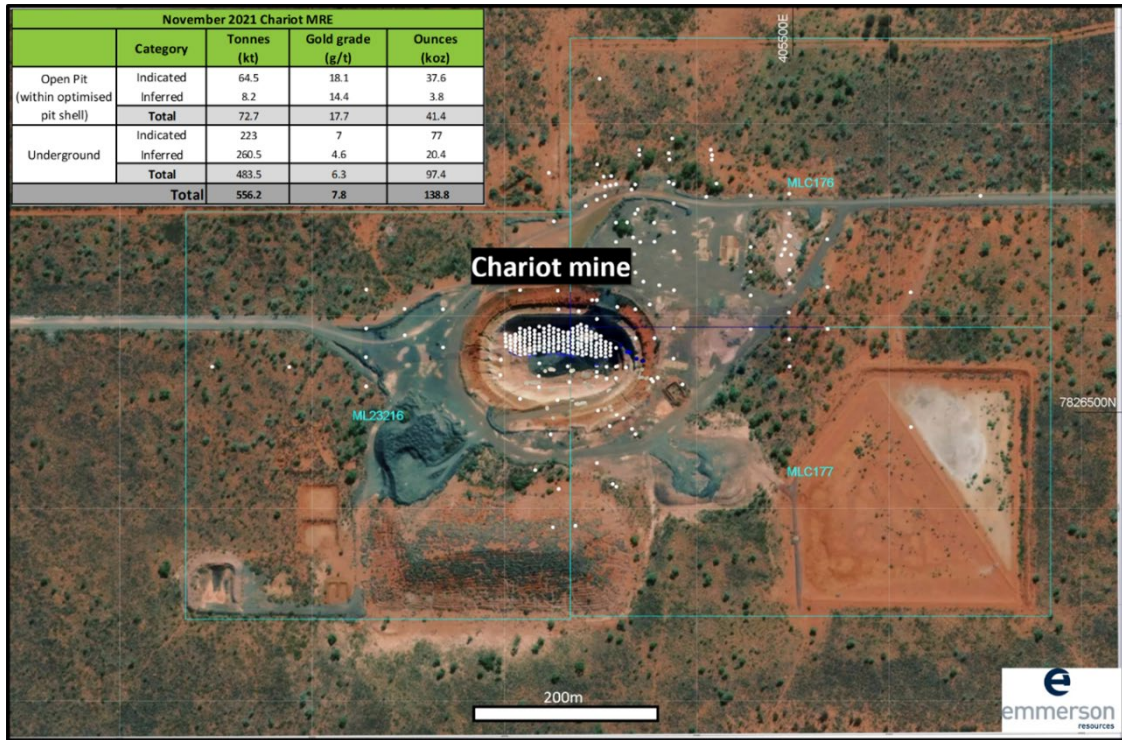


Figure 10: Plan view of Chariot Deposit and drill hole location. Also showing the Chariot Mineral Resource Estimate.

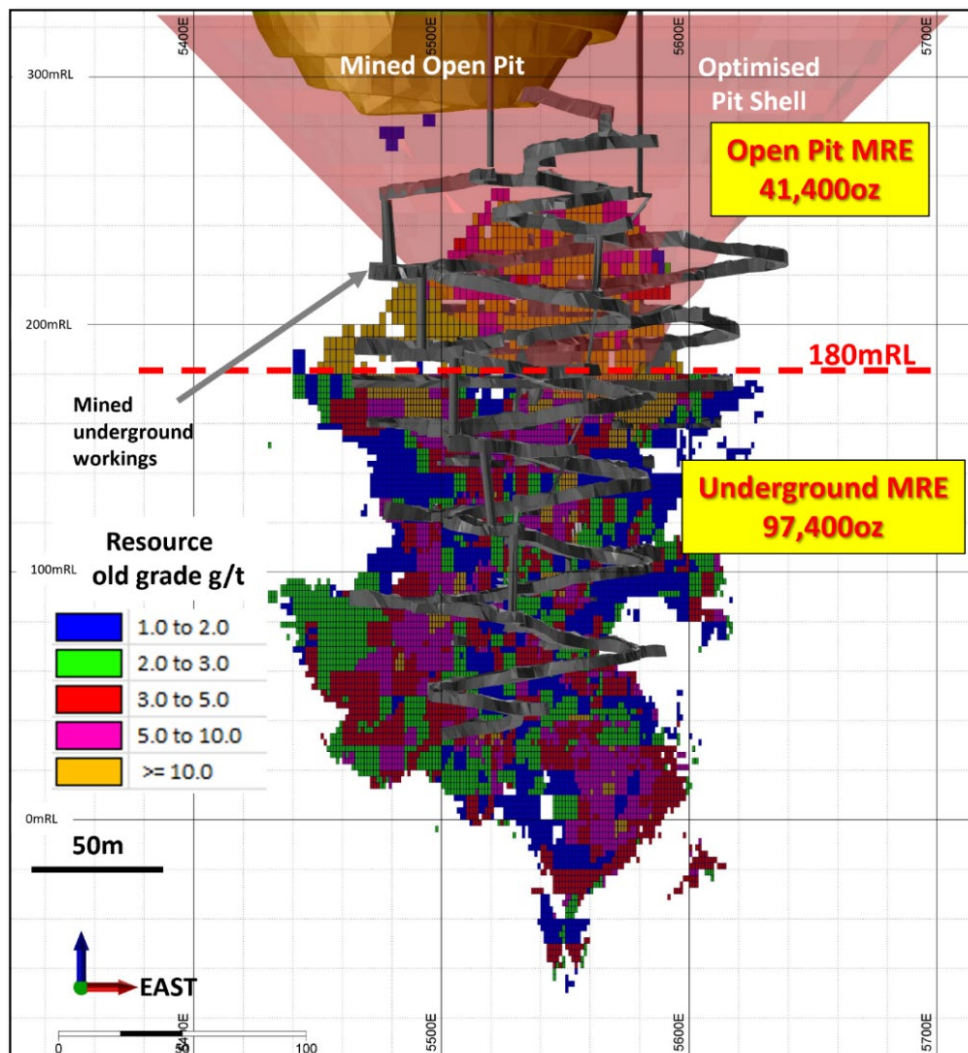


Figure 11: Chariot Mineral Resource Estimate.

REVIEW OF OPERATIONS

Successful NTGS Co-Funding Collaboration Grants Supports Discovery

During the financial year Emmerson was awarded co-funding grants through the Geophysics and Drilling Collaborations (GDC) program administered by the Northern Territory Geological Survey (NTGS).

The GDC is a competitive grants program funded by the Northern Territory (NT) Government's \$9.5 million per annum Resourcing the Territory initiative. Testament to the quality of the proposals submitted by Emmerson, the program will co-fund Emmerson's projects to address geoscientific knowledge gaps, advance exploration activity, and support the discovery and development of resources in the Territory.

Emmerson took part in the Round 15 Geophysics and Drilling Collaborations program, with three submissions successfully made and awarded for:

- Golden Forty South – aimed at refining the processing of geophysical anomalies to more accurately pinpoint drill targets.
- Golden Forty East – a diamond drill program aimed at discovering extensions to the historic, high-grade Golden Forty gold mine.
- High-Definition Drone Magnetic Survey in the Northern Project Area– aimed at building on the success of flying drone magnetics to target new gold and copper mineralisation.

Emmerson's outstanding discovery drill hole at Hermitage is testament to the potential of applying new technology and ideas to reinvigorate the rich discovery history across the TCMF. All three high impact programs will commence shortly and directly benefit the understanding of these high-grade gold-copper-cobalt, iron-oxide deposits.

MACQUARIE ARC, NEW SOUTH WALES

DISCOVERING THE NEXT GENERATION OF COPPER AND GOLD MINERALISATION THROUGH THE APPLICATION OF INNOVATIVE EXPLORATION AND NEW TECHNOLOGIES

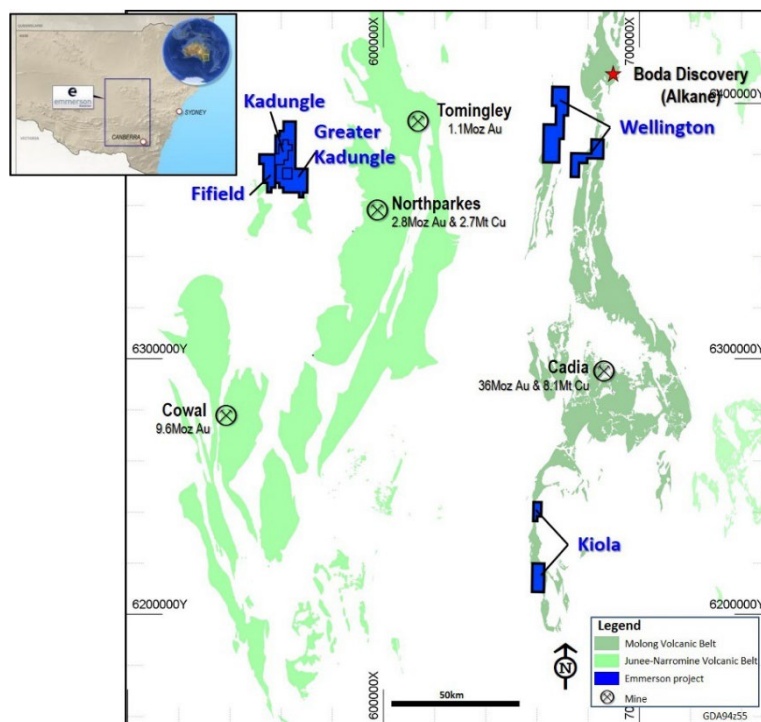


Figure 12: Location of Emmerson's NSW Projects (in blue). The background is from the regional magnetic image representing the Molong and Junee-Narromine Volcanic Belts of the Macquarie Arc.

KIOLA PROJECT

Emmerson's Kiola project is one of the **highest ranked, early-stage gold-copper projects** in the portfolio and is centred on the 15km² Kiola Geochemical Zone (KGZ) (Figure 12). It encompasses favourable Ordovician age rocks that display anomalously high gold and copper geochemistry plus historic workings. Recent work has confirmed that the KGZ contains many of the attributes of world class porphyry gold-copper mineralisation and is divided into a northern area centred on the Nasdaq skarn and a southern area around the South Pole, Kiola and Right-Hand Creek mine.

REVIEW OF OPERATIONS

Emmerson's multifaceted field program has included soil and rock chip geochemistry, with rock chip samples returning up to **19.6g/t gold and 2.16% copper** (ASX: 12 March 2020). It has also utilised aspects of the ARC Linkage project such as "green rock alteration" and age dating to refine the subsurface 3D model and provide vectors to the core of the copper and gold mineralisation. This has provided the framework for linking the surface geology and mineralisation within the 15km² KGZ to a unifying model at depth.

A recent 3D model derived from a large geophysical survey (MIMDAS) was a significant investment and has produced some very exciting results. In that the copper and gold prospects at the surface are now interpreted as part of a much larger, potentially mineralised system at depth, stretching over 5km from the Nasdaq Skarn in the north to the Yards prospect in the south (Figure 13).

Kiola Project Awarded New Frontiers Drilling Grant

The New Frontiers Cooperative Drilling grants program by the NSW Government encourages private exploration drilling in the search of high value mineral deposits in prospective underexplored areas of NSW and where companies are using the latest technology to identify new deposits.

This program is a co-funded initiative where the NSW Government provides up to 50% of direct drilling costs for individual projects. During the financial year Emmerson was awarded a grant of \$118,000 for the upcoming drilling at Kiola.

The drill program at Kiola has been beset by COVID restrictions, operational and weather limitations, however, drilling is now scheduled to commence later in the year or early 2023.

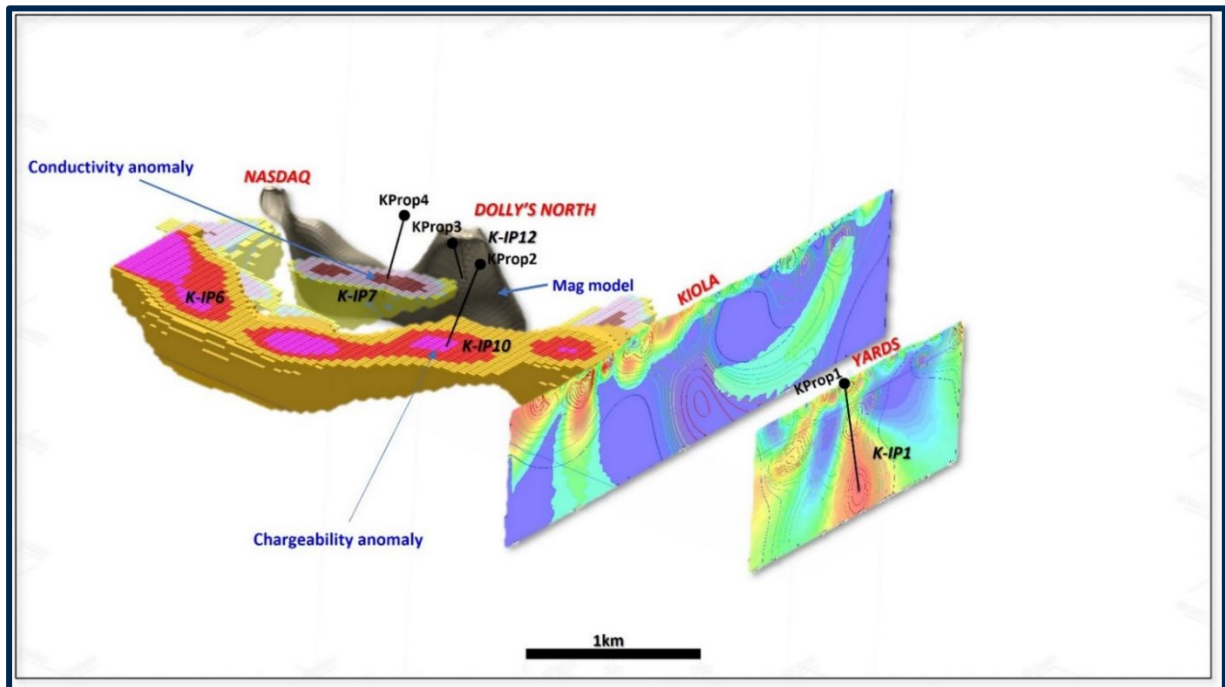


Figure 13: Proposed drilling at Kiola shown on 3D and 2D MIMDAS Geophysical Model and inversions stretching over 5km from the mineralised Nasdaq skarn in the north to the Yards prospect in the south. Proposed drill holes (traces) include KProp 1 to 4. Noting the red reflects chargeable and conductive anomalies centred around the Dolly's North intrusive (which is also magnetic = black).

REVIEW OF OPERATIONS

Annual Mineral Resource Statement

Table 1:

The Company's Mineral Resources for 30 June 2022 are summarised below:

Project	Type	Classification	Gold		
			Tonnes (kt)	Grade (g/t)	Ounces (koz)
Chariot ²	Open Pit	Indicated	64.5	18.1	37.6
		Inferred	8.2	14.4	3.8
		Subtotal	72.7	17.7	41.4
	Underground	Indicated	223	7	77
		Inferred	260.5	4.6	20.4
		Subtotal	483.5	6.3	97.4
	Project Total		556.2	7.8	138.8
Mauretania ¹		Indicated	159	4.8	25
		Inferred	97	1.4	4
	Project Total		256	3.5	29
Total		Indicated	446.5	7.82	139.6
		Inferred	365.7	3.97	28.2
	Total Resources		812.2	6.09	167.8

Note: Inconsistencies in total tonnage reporting are due to rounding.

1. The Mauretania MRE is reported above a 0.5g/t gold cut-off grade and above the 190mRL (within 140m of surface).
2. *Chariot Open pit model is Sept-13 and reported within an optimised shell at a cut-off grade of 1.0g/t gold.
*Chariot Underground model is Nov-21, reported below 180mRL at a cut-off grade of 2.0g/t gold.
*All failure zone material is reported as indicated as geotechnical study confirms material is mineable by caving.

Table 2:

The Company's Mineral Resources changes for 30 June 2022 are summarised below:

Project	Classification	Gold		
		Tonnes (kt)	Grade (g/t)	Ounces (koz)
September 2013 Chariot Mineral Resource Estimate				
Open Pit	Indicated	13.3	11.1	4.7
	Inferred	59.4	19.2	36.7
	Total	72.7	17.7	41.4
Underground	Indicated	51.8	16	26.6
	Inferred	53	18.4	31.4
	Total	104.8	17.2	58
Subtotal		178	17.4	99.5
Variance between Chariot 2013 and 2021 Mineral Resource Estimates				
Open Pit	Indicated	51.2	7.0	32.9
	Inferred	-51.2	-4.8	-32.9
	Total	0	0.0	0
Underground	Indicated	171.2	-9	50.4
	Inferred	207.5	-13.8	-11
	Total	378.7	-10.9	39.4
Subtotal		378.2	-9.6	39.3

Note: Inconsistencies in total tonnage reporting are due to rounding.

The Chariot Mineral Resource Estimate (Table 2 & Figure 11) is reported above a 1.0 g/t gold cut-off grade above 180mRL (open pit scenario), and above a 2.0g/t gold cut-off grade below 180mRL (underground scenario).

REVIEW OF OPERATIONS

There are no changes to the Company's Mineral Resources holdings in the period between its annual review or Mineral Resources and its end of financial year balance date.

The information in this section is drawn from the following ASX announcements:

- Chariot high grade gold Resources increased by 40% - 22 December 2021.
- High-grade gold Resource for Mauretania at Tennant Creek – 6 April 2022.

The Company's Mineral Resource governance includes systems and procedures that ensure:

- All persons responsible for preparing and reporting Emmerson estimates qualify as a Competent Person as defined by the JORC Code (2012 Edition), and the Competent Persons have provided written sign-off on publicly reported estimates.
- Estimates are prepared using acceptable industry methods.
- Competent Persons prepare and provide Emmerson with the supporting documentation for each estimate, and before being reported to the Board, estimates are either reviewed by Emmerson senior technical staff or by a suitably qualified external reviewer.
- Any material changes or updates to estimates are reviewed and approved by Emmerson Board before being promptly announced to the market.

COMPETENCY STATEMENT

The information in this report that relates to Exploration Results is based on information compiled by Dr Ana Liza Cuison, MAIG, MSEG. Dr Cuison is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 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 her information in the form and context in which it appears.

The information in this report that relates to Mineral Resource estimate and classification for the Chariot Gold deposit and Mauretania Gold deposit is based on information compiled by Justine Tracey. Justine Tracey is an employee of Optiro Pty Ltd, and a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Justine Tracey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity she is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code')". Justine Tracey consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in previous market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

REVIEW OF OPERATIONS

FORWARD-LOOKING STATEMENTS

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Emmerson Resources Limited's anticipated future events, including future resources and exploration results, and other statements that are not historical facts. When used in this document, the words such as "could", "estimate", "plan," "expect," "intend," "may", "potential," "should," and similar expressions are forward-looking statements. Although Emmerson believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks, assumptions, uncertainties, and other important factors, many of which are beyond the control of the Company, and which may cause actual results, performance, or achievements to differ materially from those expressed or implied by such statements.

The Company does not undertake any obligation to update forward-looking statements even if circumstances or management's estimates or opinions should change. Forward-looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance. Given these uncertainties, investors should not place undue reliance on forward-looking statements. The Company cautions investors against using this announcement solely as a basis for investment decisions without regard for this disclaimer.

FINANCE AND CORPORATE

As announced to the ASX on 9 November 2020, Emmerson terminated the previous Exploration Earn-in and Joint Venture Agreement (EEJV) over the Southern Project Area (SPA) with TRL Tennant Creek Pty Ltd (TRLTC), a subsidiary of Territory Resources. Emmerson was notified in early July 2021 that TRLTC had been placed into voluntary administration. Effective 7 October 2021 the creditors resolved that TRLTC be wound up and liquidators be appointed.

On 15 November 2021 the Company appointed Mr Alan Tate as Non-executive Director.

The Company raised \$5.22 million in April and May 2022 through:

- A placement to institutional and sophisticated investors to raise \$5.0 million (before costs) at an issue price of \$0.115 per share.
- A Share Purchase Plan (SPP) received applications for \$0.22 million. The SPP allowed eligible shareholders the right to participate on equal terms as participants in the placement.

The Company had a cash balance of \$9.0 million at year end.

HEALTH, SAFETY, ENVIRONMENT, SOCIAL AND GOVERNANCE

HEALTH AND SAFETY

Emmerson Resources continues its commitment to the highest standards of workplace safety. A comprehensive Occupational Health and Safety Program is in place to ensure the health and safety of our employees, contractors, visitors and local stakeholders. A culture of taking personal responsibility for practical, risk-based safety management has been adopted by our team.

Supporting systems include a Health and Safety Committee, regular staff safety meetings, workplace inspections, hazard and incident reporting, regular training modules, and regular fitness for work monitoring. Individuals demonstrating proactive safety are recognised with safety awards.

Emmerson has achieved an industry leading safety performance, reporting one lost time injury (LTI) for the year.

Summary of Key Safety Statistics:	2018	2019	2020	2021	2022
Total Company Hours Worked	21,720	12,018	12,563	17,296	16,598
Lost Time Injuries (LTIs)	0	0	1	0	1
Medical Treated Injuries (MTIs)	0	0	1	1	2
Lost Time Injury Frequency Rate per 100,000 Hours Worked (LTIFR)	0	0	80	0	60

ENVIRONMENT

We recognise that in historical mineral fields such as Tennant Creek, there remains legacy mining and processing sites, some created nearly 100 years ago, which can pose both physical and environmental dangers to local wildlife and the community. We strive to be an outstanding environmental and social citizen, and as such, we assist the NT Department of Primary Industry and Resources ("DPIR") with the rehabilitation and addressing these legacy issues, including on ground not held by Emmerson.

Emmerson is fully committed to the protection of the environment, the efficient use of resources, minimisation of waste and pollution and reducing the environmental impact of our operations. Our implementation and maintenance of management systems have been developed to mitigate the risks to the environment that arise from our operations. We incorporate evidence-based practises and methods developed by Normandy in the early 1990's, where sites rehabilitated over 20 years ago are now seen to have been returned to pre-disturbance levels with little impact on the natural environment. Emmerson utilise world's best practise techniques and methods of mitigation and rehabilitation to ensure our footprint is minimal and the environment is returned as close as possible to its natural state when the operations are completed.

Regular environmental audits conducted by the NT DPIR and the NSW Department of Mines, which inspected many former drill sites, continues to confirm Emmerson's implementation and execution of its environmental obligations to both mitigation and rehabilitation.

Emmerson is committed to ensuring that all exploration activities in NSW meet strict standards for environmental management. In every stage of exploration, Emmerson has undertaken best practice standards that minimise impacts on the environment and undertaken effective rehabilitation of disturbed land. With all activities in NSW on pastoral lands, Emmerson also has consulted widely with the landholders to ensure they are satisfied with our access agreements and standard of rehabilitation.

The Company's mitigation and management systems ensure the highest standard of environmental management and responsibility, and we are pleased to report there were no environmental incidents or breaches of the regulations during the past year – continuing our unblemished record and one that our people are proud of and committed to maintaining.

SOCIAL

The Traditional Owners of land in the Tennant Creek Mineral Field ("TCMF") are represented by the Central Land Council ("CLC"). The CLC is a representative body promoting Aboriginal rights. It is a statutory authority under the Aboriginal Land Rights (Northern Territory) Act 1976 and also has functions under the Native Title Act 1993 and the Pastoral Land Act 1992 and legislates that mining and exploration companies must obtain the consent of, and in certain cases agreement with the traditional owners, for the grant of mineral rights and to gain access and explore on Aboriginal Lands.

Emmerson is party to several agreements with the CLC which detail the terms and conditions pertaining to Emmerson's exploration access, activities and future mine development on these lands. Each agreement includes various provisions, including but not limited to the protection of sacred sites and the interests of Aboriginal people; environmental protection; rehabilitation; Aboriginal employment; work planning and execution; and compensation and other payments.

HEALTH, SAFETY, ENVIRONMENT, SOCIAL AND GOVERNANCE

Emmerson partners directly with the Clontarf Foundation which targets one of the most at risk groups, not only in Tennant Creek but in contemporary Australian society – young Aboriginal and Torres Strait Islander men. Using their passion for sport allows Clontarf to initially attract these boys to school and furthering their education. It is, however, not a sporting programme – it is about developing the values, skills and abilities that will assist the boys to transition into meaningful employment and achieve better life outcomes. Emmerson has provided after school and holiday employment opportunities for local Aboriginal boys in the Tennant Creek Clontarf Academy which provides them with real experience in an industry where they can obtain gainful employment locally, or Australia wide. This work is starting to bear fruit with some of the boys employed by Emmerson in after school and holiday employment, through the Academy, now employed by other Mineral Exploration companies in the southern part of the NT.

Emmerson prides itself on continuing the legacy of good relationships with the traditional landowners of the TCMF and maintains sound working relationships with the Pastoral Lease holders both in NSW and the TCMF.

Emmerson continues to support local businesses and seeks to source equipment, consumables, labour hire, general services, and other content locally. We strongly support other local community and sporting organisations in the Tennant Creek area as well as having representation on the local Regional Economic Development Committee.

In NSW, Emmerson has a responsibility to identify all stakeholders within its community who may be affected by its operations, directly or indirectly. We are committed to building and sustaining mutually beneficial relationships with these communities by maintaining a high level of consultation with local landholders, protecting and respecting landowner rights, and importantly by benefitting the local economy. At each stage of the exploration process, the local economy benefits from the contracting of local services, the employment of locals, the purchasing of equipment from local suppliers and the procuring of local accommodation and related services.

Specifically, for landowners, the contracting of local services has provided casual work in preparing sump sites before drilling, fencing of sumps and rehabilitation works inside landowner properties. We have also drilled water bores for the landowners during drought stricken times.

GOVERNANCE

Emmerson's corporate governance framework follow the ASX Corporate Governance Council's recommendations, as outlined in the Company's Corporate Governance Statement released at the same time as this Annual Report and located on our website at: <http://www.emmersonresources.com.au/governance>

DIRECTORS' REPORT

The Directors of Emmerson Resources Limited ("Company" or "Emmerson" or "consolidated entity" or "Group") submit their report for the year ended 30 June 2022.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Andrew McIlwain B.Eng (Mining), MAICD – Non-executive Chairman

Andrew McIlwain is a qualified mining engineer with over 35 years' experience in the mining industry and has held operational, technical, senior management and executive roles within Mt. Isa Mines Limited, Central Norseman Gold Corporation, WMC Resources Limited and Unity Mining Limited. Mr McIlwain has also served as a member of the Company's Audit and Risk Management Committee since 11 June 2014.

Mr McIlwain has been a Director of Emmerson since April 2007 and during the past three years has also served as a director of the following listed company:

- Investigator Resources Limited (Director since 20 June 2018)

Robert Bills BSc, MSc, FAIG, FSEG, GIA, MAICD - Managing Director and Chief Executive Officer

Rob Bills is a geologist and holds a Bachelor of Science Degree from Monash University and a Master of Science Degree from James Cook University. Prior to joining Emmerson Mr. Bills had a 25-year career with Western Mining Corporation including career highlights of President Director of WMC Indonesia and Exploration Manager of the Global Copper portfolio. After BHP Billiton took over WMC, Mr Bills held the position of global commodity specialist.

Mr Bills has been a Director of Emmerson since September 2007 and during the past three years has not served as a director of any other listed company.

Dr Allan Trench B.Sc (Hons), Ph.D, M.Sc (Min. Econ), MBA (Oxon), ARSM, AWASM, FAusIMM, FAICD - Non-executive Director

Allan Trench is a geologist/geophysicist and business management consultant with 30 years' experience across a broad range of commodities. His minerals sector experience spans strategy formulation, exploration, project development and mining operations. Dr Trench holds degrees in geology, a doctorate in geophysics, a Masters degree in Mineral Economics and a Masters degree in Business Administration. Dr Trench has previously worked with McKinsey & Company, Woodside Petroleum and WMC. He is an Associate Consultant with metals and mining advisory CRU Group and Professor at the UWA Business School and Centre for Exploration Targeting. Dr Trench also serves as a member of the Company's Audit and Risk Management Committee.

Dr Trench has been a Director of Emmerson since April 2015 and during the past three years has also served as a director of the following listed companies:

- Hot Chili Ltd (Director since 19 July 2010)
- Enterprise Metals Ltd (Director since 3 April 2012)
- Pioneer Resources Ltd (Director 5 September 2003 to 31 March 2020)

Alan Tate B.Com, FCA, FAICD – Non-executive Director (appointed 15 November 2021)

Mr Tate has over 30 years' experience as a commercial and finance lender and extensive experience in public listed companies at Board and Committee level. He is currently Group CFO of BGC and a non-executive director of the not-for-profit company, Ride against Domestic Violence. He has previously held senior executive roles providing strategic, commercial, and financial leadership to a variety of international and ASX 100 companies including Iluka Resources, BHP Billiton and WMC Resources. He is a Fellow of Chartered Accountants Australia and New Zealand and a Fellow of the Australian Institute of Company Directors. Mr Tate also serves as Chairman of the Company's Audit and Risk Management Committee.

Mr Tate has been a Director of Emmerson since 15 November 2021 and during the past three years has not served as a director of any other listed company.

COMPANY SECRETARY

Rodney Wheatley B Bus, CPA

Mr Wheatley joined Emmerson in March 2021, he is a CPA qualified accountant with over 20 years' experience in senior financial roles within the resources and oil and gas industry. Mr Wheatley was formerly the Chief Financial Officer of Altura Mining Limited and prior to that Chief Financial Officer and

DIRECTORS' REPORT

Company Secretary at Avenira Limited. Mr Wheatley brings to the Company a depth of experience in financial management and corporate governance of ASX listed mining and exploration companies in both Australia and internationally.

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

	Directors' Meetings		Audit and Risk Management Committee Meetings	
	Held	Attended	Held	Attended
Andrew McIlwain	7	7	2	2
Robert Bills	7	7	-	-
Allan Trench	7	7	2	2
Alan Tate	5	5	1	1

All directors and committee members were eligible to attend all meetings held whilst a director or committee member.

DIRECTORS' INTERESTS

Interests in shares, options and rights of the Company and related bodies corporate at the date of this report:

	Ordinary shares	Options over ordinary shares	Rights over ordinary shares
Andrew McIlwain	2,019,927	2,000,000	-
Robert Bills	8,817,125	4,500,000	6,000,000
Allan Trench	166,435	2,000,000	-
Alan Tate	-	2,000,000	-

DIVIDENDS

No dividends were paid or declared by the Company since the end of the previous financial year.

PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity during the course of the financial year was exploration and evaluation of mineral interests.

There were no significant changes in the nature of activities during the year.

OPERATING AND FINANCIAL REVIEW

Overview

Emmerson was incorporated in November 2005 and acquired a suite of exploration and mining tenements covering some 1,700 km² of the Tennant Creek Mineral Field ("TCMF") and associated exploration and support infrastructure in the township of Tennant Creek, Northern Territory, Australia. The Company listed on the Australian Securities Exchange ("ASX") on 17 December 2007 (ASX code: ERM).

Emmerson is also exploring a number of exciting gold-copper projects in NSW.

During the year ended 30 June 2022 the Company raised 5.22 million through:

- A placement to institutional and sophisticated investors to raise \$5.0 million (before costs) at an issue price of \$0.115 per share.
- A Share Purchase Plan (SPP) received applications for \$0.22 million. The SPP allowed eligible shareholders the right to participate on equal terms as participants in the placement.

DIRECTORS' REPORT

Operating Results for the Year

The loss for the year ended 30 June 2022 was \$1,506,261 compared to the previous year loss of \$1,577,154.

Total revenue and other income decreased to \$125,552 from \$262,527 in the previous year, predominantly due to a reduction in government grants received in 2021.

Expenses slightly decreased from \$1,839,681 in the previous year to \$1,631,813 for the year ended 30 June 2022, predominately due to higher legal fees resulting from legal proceeding with TRL Tennant Creek Pty Ltd and impairment expense of exploration and evaluation assets in the prior year.

Financial Position

Net assets and total equity increased by \$3,494,447 during the year to \$25,589,582 (2021: \$22,095,135) predominantly due to the equity raising of \$5,220,000 (before costs) offset by the loss for the year of \$1,506,261.

Exploration and evaluation assets increased by \$1,403,371 during the year to \$17,505,539 (2021: \$16,102,168) as a result of exploration expenditure incurred during the year, predominantly on the Edna Beryl and Hermitage projects.

Available cash increased by \$3,477,503 over the year to \$8,962,413 (2021: \$5,484,910) due to the equity raising of \$5,220,000 (before costs) offset predominantly by the loss for the year of \$1,506,261.

Risk and Risk Management

Sufficient liquidity to ensure financial obligations are being met as they fall due is one of the Company's significant business risks. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in short term bank deposits. Decisions on raising future capital will depend on any funding requirements required to achieve the Company's business objectives and market conditions existing at that time.

Exploration Activities

A detailed review of the Company's exploration activities is contained in the Review of Operations section of this Annual Report.

Impact of COVID-19

The COVID-19 pandemic continued throughout the period but did not cause material disruption to the Group's planned activities, other than contributing to the inability to drill at Kiola in New South Wales.

There has been no material impact to the value of the Group's assets and therefore no adjustments have been made to the Group's result for 30 June 2022 for the impacts of COVID-19. At the date of this report the Group expects to be able to execute its operations as planned for 2022. However, the scale and duration of possible future Government measures to limit the spread of COVID-19 virus, and their impact on the Group's operations and financial situation, necessarily remains uncertain. The Group's upmost priority remains the safety and wellbeing of its employees, directors, contractors, stakeholders and the broader community in which it operates.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the year ended 30 June 2022.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company will continue its exploration and development activities in the Tennant Creek Mineral Field in the Northern Territory and NSW mineral interests with the object of identifying commercial resources.

DIRECTORS' REPORT

ENVIRONMENTAL REGULATION

The exploration activities of the consolidated entity are subject to environmental regulations imposed by various regulatory authorities, particularly those relating to ground disturbance and the protection of rare and endangered flora and fauna.

The consolidated entity has complied with all material environmental requirements up to the date of this report. The directors believe that the Company has adequate systems in place for the management of its environmental responsibilities and are not aware of any breaches of the regulations during the period covered by this report.

OPTIONS AND PERFORMANCE RIGHTS

Options

As at the date of this report, unissued ordinary shares under options were as follows:

Number of Options	Exercise price	Expiry date
15,500,000	\$0.14	31/12/23
58,000,000	\$0.16	9/7/23
15,384,615	\$0.20	31/12/25
3,000,000	\$0.11	31/12/23
3,000,000	\$0.138	26/4/23
3,000,000	\$0.1725	26/4/24
4,000,000	\$0.184	26/4/25

During the financial year 12,000,000 (2021: 84,84,615) options were issued. No options have been issued since the end of the financial year.

During the financial year 4,200,000 options with an exercise price of \$0.09 expired on 14 November 2021. During the previous financial year 19,800,000 options with an exercise price of \$0.135 expired on 30 September 2020 and 700,000 options with an exercise price of \$0.09 were cancelled. No options have expired or been cancelled since the end of the financial year.

No shares have been issued since the end of the year as a result of the exercise of options.

Performance Rights

As at the date of this report, unissued ordinary shares under performance rights were as follows:

Number of Rights	Exercise price	Expiry date
6,000,000	Nil	29/1/24

During the financial year nil (2021: 9,000,000) performance rights were issued. No performance rights have been issued since the end of the financial year.

During the financial year 1,080,000 (2021: Nil) performance rights were exercised and 1,920,000 (2021: Nil) performance rights lapsed. No performance rights have expired or lapsed since the end of the financial year.

No shares have been issued since the end of the year as a result of the exercise of performance rights.

Option or performance rights holders do not have any right, by virtue of the option or performance right, to participate in any share issue of the Company or any related body corporate or in the interest issue of any other registered scheme.

DIRECTORS' REPORT

REMUNERATION REPORT (audited)

This Remuneration Report for the year ended 30 June 2022 outlines the director and executive remuneration arrangements of the Company and the consolidated entity in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the parent Company.

For the purposes of this report the term 'executive' encompasses the Managing Director and Chief Executive Officer and Commercial Manager, encompassing the roles of Chief Financial Officer and Company Secretary.

The remuneration report is presented under the following sections:

1. Individual key management personnel disclosures
2. Remuneration at a glance
3. Board oversight of remuneration
4. Non-executive director remuneration arrangements
5. Executive remuneration arrangements
6. Company performance and link to remuneration
7. Employment contracts of key management personnel
8. Details of remuneration
9. Equity instruments disclosures
10. Transactions with directors, director related entities and other related parties

1. Individual key management personnel disclosures

Details of key management personnel in the Company and the consolidated entity are set out below:

Non-executive Directors:

Andrew McIlwain	Chairman	
Allan Trench	Director	
Alan Tate	Director	(Appointed 15 November 2021)

Executive Director:

Robert Bills	Managing Director and Chief Executive Officer
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Other Executives:

Rodney Wheatley	Commercial Manager and Company Secretary
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There have been no changes to key management personnel after the reporting date and before the date the financial report was authorised for issue.

DIRECTORS' REPORT

REMUNERATION REPORT (audited) (continued)

2. Remuneration at a glance

Executive Remuneration

The remuneration policy is to bench-mark total remuneration for individual employees and directors against peer-group organisations to ensure a competitive offering.

All executives receive fixed remuneration and variable remuneration consisting of short and long-term incentive opportunities.

Short term incentives are in the form of cash and comprise 25% of fixed remuneration.

Long-term incentive awards consist of share options under the Company's Incentive Option Scheme and Performance Rights approved at the 2020 Annual General Meeting on 29 January 2021. The objectives of these long-term incentive awards are to provide the Company with a remuneration mechanism, through share ownership, to motivate, retain and reward the performance of executives.

Further details on the executive remuneration are on pages 27 to 29.

3. Board oversight of remuneration

Remuneration Committee

The Company does not have an identified separate Remuneration Committee hence the full board is responsible for determining the remuneration arrangements for all members of the board and executives.

The board assesses the appropriateness of the nature and amount of remuneration of the non-executive directors and executives on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high performing director and executive team. In determining the level and composition of executive remuneration, the board benchmarks remuneration against the external market.

Remuneration approval process

The board approves the remuneration arrangements of the Managing Director & Chief Executive Officer, executives and all awards made under the long-term incentive plans. The board also sets the aggregate remuneration of non-executive directors which is then subject to shareholders approval.

The board also approves, having regard to the recommendations made by the Managing Director & Chief Executive Officer, all payments awarded to executives and employees under the Company's short-term incentive plan.

Remuneration strategy

Emmerson's remuneration strategy is designed to attract, motivate and retain employees and non-executive directors by identifying and rewarding high performers and recognising the contribution of each employee to the success of the consolidated entity.

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

To this end, key objectives of the Company's reward framework are to ensure that remuneration practices:

- Are aligned to the Company's business strategy;
- Offer competitive remuneration benchmarked against the external market;
- Provide strong linkage between individual and Company performance and rewards; and
- Align the interests of executives with shareholders.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

DIRECTORS' REPORT

REMUNERATION REPORT (audited) (continued)

4. Non-executive Director remuneration arrangements

Remuneration Policy

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually against fees paid to non-executive directors of comparable companies. The Board considers advice from external sources (for example remuneration surveys) when undertaking the annual review process.

The Company's constitution and the Australian Securities Exchange ("ASX") listing rules specify that the non-executive director fee pool shall be determined from time to time by shareholders in general meeting. The latest determination by shareholders was at the 2009 annual general meeting ("AGM") held on 25 November 2009 when shareholders approved an aggregate fee pool of \$250,000 per year.

The board did not seek any increase for the non-executive director pool at the AGM held on 25 November 2021.

Structure

Non-executive director fees are presently \$45,000 per annum excluding superannuation and the Chairman \$73,912 per annum including superannuation. The non-executive director fees were increased on 1 November 2021 from \$35,478 including superannuation.

Variable remuneration – long term incentive (LTI)

LTI awards are made periodically to non-executive directors subject to the approval of shareholders as is required by ASX listing rule 10.14. These awards reward directors in a manner that aligns remuneration with the creation of shareholder wealth and provides a market linked incentive as part of their respective roles as non-executive directors and for the future performance by each of them in their respective roles.

LTI – share options

LTI share options are made under the Company Incentive Option Scheme at the determination of the Board, subject to shareholder approval. Each option entitles the holder to one fully paid ordinary share of the Company and the number of options issued is determined by the Board for approval by shareholders. Options are typically awarded to non-executive directors with an exercise price at a significant premium to the prevailing Company share price at the time of issue, consequently there are no vesting and performance conditions attached to the options, with the recipient typically having a three-year period to exercise the options before lapse. The expiry date and exercise price of options is set to sufficiently align the goals of the directors and executives with that of the shareholders to maximise shareholder wealth.

Directors are prohibited from entering into any hedging arrangements over unvested options under the Incentive Option Scheme and *Corporations Act 2001*.

2,000,000 options were granted to non-executive directors during the 2022 financial year (2021: Nil).

No shares were issued during the financial year or since the end of the financial year as a result of the exercise of options.

DIRECTORS' REPORT

REMUNERATION REPORT (audited) (continued)

5. Executive remuneration arrangements

Remuneration levels and mix

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and aligned with market practice. The remuneration policy is to benchmark total remuneration for executives against peer-group organisations to ensure a competitive offering; benchmarking is conducted annually. All Key Management Personnel's cash remuneration mix comprises 75% fixed remuneration and 25% short term incentive.

Structure

Executive remuneration framework consists of the following components:

Remuneration component	Vehicle	Purpose	Link to performance
Fixed Remuneration	<ul style="list-style-type: none"> Comprises base salary, superannuation and other benefits Paid in cash 	<ul style="list-style-type: none"> Set with reference to role, market and experience 	<ul style="list-style-type: none"> No link to performance
Short Term Incentive component	<ul style="list-style-type: none"> Paid in cash 	<ul style="list-style-type: none"> Rewards contribution to achievement of Company outcomes, as well as key performance indicators (KPI's) 	<ul style="list-style-type: none"> Market capitalisation appreciation of the Company Safety performance Discovery success of 10 drill holes over 3m@4g/t Au and resources over 30,000oz Au Pre-agreed individual key performance indicators and critical tasks
Long Term Incentive component	<ul style="list-style-type: none"> Awards are made in the form of share options or share rights 	<ul style="list-style-type: none"> Rewards contribution to the creation of shareholder value over the longer term 	<ul style="list-style-type: none"> Vesting of awards is dependent on continuity of employment Company share price performance Pre-agreed individual key performance indicators and critical tasks

Fixed Remuneration

Executive contracts of employment do not include any guaranteed base pay increases. Total employment cost is reviewed annually by the Board. The process consists of a review of Company and individual performance, relevant comparative remuneration internally and externally and, where appropriate, external information independent of the board.

Variable remuneration – short term incentive ("STI")

The Company operates an annual STI program that is available to all executives and awards a cash bonus subject to the attainment of clearly defined Company, business and individual measures.

The total potential STI available to individual executives is set at a level so as to provide sufficient incentive to executives to achieve their targets and such that the cost to the Company is reasonable in the circumstances.

Actual STI payments awarded to each executive depend on the extent to which specific targets set at the beginning of the year are met. The targets consist of a number of key performance indicators covering financial, non-financial, corporate and individual measures of performance.

DIRECTORS' REPORT

REMUNERATION REPORT (audited) (continued)

5. Executive remuneration arrangements (continued)

Performance measures	Proportion of STI award measure applies to:	
	Managing Director & Chief Executive Officer	Other executives
Financial measure <ul style="list-style-type: none"> Market capitalisation appreciation of the Company relative to agreed group of peer companies Market capitalisation of the Company, measured on a 20-day moving average 	34% -	- 50%
Non-financial measures <ul style="list-style-type: none"> Safety performance Discovery success of 10 drill holes over 3m@4g/t Au Discovery success of resources over 30,000oz Au Pre-agreed individual key performance indicators and critical tasks 	33% - - 33%	- 15% 15% 20%

The measures were chosen as they represent the key drivers for the short-term success of the business and provide a framework for delivering long-term value.

The aggregate of the annual STI payments available for executives across the Company is subject to the approval of the Board. On an annual basis, after consideration of performance against KPI's, the Board, in line with their responsibilities, determine the amount if any, of the short-term incentive to be paid to each executive and in the case of all executives except the Managing Director and Chief Executive Officer, the Board gives due consideration to the recommendations of the Managing Director and Chief Executive Officer in this regard. This process usually occurs within three months after the end of each financial year and payments made are delivered as a cash bonus.

STI bonuses totalling \$75,000 were earned by executives for the 2022 financial year (2021: \$16,500). The STI bonus amount for the 2022 financial year will be paid to executives in the 2023 financial year.

Variable remuneration – long term incentive (“LTI”)

LTI awards are made periodically to executives in order to align remuneration with the creation of shareholder value over the long-term.

LTI – share options

LTI share options are made under the Company's Incentive Option Scheme (approved by shareholders at the Company's annual general meeting held on 29 January 2021) at the determination of the Board. Each option entitles the holder to one fully paid ordinary share of the Company and the number of options issued is determined by the Board. Options are typically awarded to executives with an exercise price at a premium to the prevailing Company share price at the time of issue, vesting conditions set by the board and the recipient typically having a three-year period to exercise the options before lapse. The Board feels that the expiry date, vesting conditions and exercise price of options currently on issue to executives is sufficient to align the goals of the executives with that of the shareholders to maximise shareholder wealth.

Refer to section 9(d) of the Remuneration Report on page 34 for details of option movements for executives during the financial year.

Executives are prohibited from entering into any hedging arrangements over unvested options under the Incentive Option Scheme and *Corporations Act 2001*.

DIRECTORS' REPORT

REMUNERATION REPORT (audited) (continued)

5. Executive remuneration arrangements (continued)

LTI – performance rights

LTI performance rights are made to the Managing Director and Chief Executive Officer at the determination of the Board and following approval by shareholders at a general meeting. The performance rights issued to the Managing Director and Chief Executive Officer was as a result of a review of the remuneration structure as outlined under section 7 of the 2021 Remuneration Report. 9,000,000 performance rights were granted to Mr Bills on 18 December 2020 and issued subsequent to shareholder approval on 29 January 2021. The share rights issued to the Managing Director and Chief Executive Officer are subject to the following conditions:

Class	Performance measures	Number	Vesting Period		
			Year 1	Year 2	Year 3
Tranche 1	Retention <ul style="list-style-type: none"> Continued employment 	1,500,000	500,000	500,000	500,000
Tranche 2	Non-financial measures Pre-agreed individual key performance indicators and critical tasks	3,000,000	1,000,000	1,000,000	1,000,000
Tranche 3	Financial measure <ul style="list-style-type: none"> Company share price performance <ul style="list-style-type: none"> End of Yr 1 - A\$0.14 End of Yr 2 - A\$0.20 End of Yr 3 - A\$0.25 	4,500,000	1,500,000	1,500,000	1,500,000

The Board feels that the expiry date, vesting conditions and exercise price of share rights is sufficient to align the goals of the Managing Director and Chief Executive Officer with that of the shareholders to maximise shareholder wealth.

No cash consideration is required to be paid to exercise rights, with the executive able to exercise the rights after the vesting date up until the expiry date of 29 January 2024 and are generally forfeited if any conditions have not been satisfied.

Each share purchase right entitles the holder to one fully paid ordinary share of the Company and the number of rights issued is determined by the board.

Refer to section 9 (e) of the Remuneration Report on page 35 for details of share rights movements for executives during the financial year.

Executives are prohibited from entering into any hedging arrangements over unvested rights under the Performance Rights Plan and *Corporations Act 2001*.

6. Company performance and the link to remuneration

The STI variable components of the executives' remuneration is indirectly linked to the performance of the Company, given the exploration stage of the entity other remuneration elements are not linked to company performance. The Company's performance is summarised for the five years to 30 June 2022 as follows:

	2022	2021	2020	2019	2018
Loss for the year (\$)	(1,506,261)	(1,577,154)	(1,480,221)	(1,232,219)	(4,453,068)
Basic loss per share (cents)	(0.30)	(0.32)	(0.35)	(0.30)	(1.12)
Closing share price (cents)	9.5	6.5	10.5	11.0	10.0

DIRECTORS' REPORT

REMUNERATION REPORT (audited) (continued)

7. Employment contracts of key management personnel

On appointment to the board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director. Remuneration and other terms of employment for the Managing Director and Chief Executive Officer and the other key management personnel are formalised in service agreements that provide for the provision of performance-related cash bonuses (STI) and participation in the LTI. Key terms of agreements for current key management personnel are as follows:

	Commence- ment date	Term	Company Notice period	Base salary/fee	Variable remuneration
<i>Non-executive directors:</i>					
Andrew McIlwain	26/04/07	No fixed term	nil	\$73,912	LTI
Allan Trench	03/03/15	No fixed term	nil	\$45,000	LTI
Alan Tate	15/11/21	No fixed term	nil	\$45,000	LTI
<i>Executive director:</i>					
Robert Bills	11/09/07	No fixed term	12 months	\$300,000	STI/LTI
<i>Other executive:</i>					
Rodney Wheatley	15/03/21	No fixed term	3 months ¹	\$215,000	STI/LTI

Note 1 – In the event of termination due to a redundancy situation the Company will pay an amount equivalent to 6 months' salary.

8. Details of remuneration

	Short-term				Post employ- ment	Termin- ation benefits	Share-based payments	Total	Perfor- mance related
	Salary & fees	Cash bonus	Non- monetar- y benefits ³	Other benefits ³	Superan- nuation benefits		Options/Rights		
	\$	\$	\$	\$	\$	\$	\$	\$	%
2022									
<i>Non-executive directors:</i>									
Andrew McIlwain ¹	73,913	-	-	3,470	-	-	-	77,383	-
Allan Trench ²	41,826	-	-	3,470	-	-	-	45,296	-
Alan Tate ⁴	28,125	-	-	3,470	2,813	-	31,647	66,055	47.9
<i>Executive director:</i>									
Robert Bills	300,000	75,000	-	4,910	25,000	-	85,960	490,870	32.8
<i>Other executives:</i>									
Rodney Wheatley	211,875	-	-	-	21,188	-	-	233,063	-
	655,739	75,000	-	15,320	49,000	-	117,607	912,666	

Note 1 – Fees are paid to Andrew McIlwain and Associates Pty Ltd for services as a director of the Company.

Note 2 – Fees are paid to Judicial Holdings Pty Ltd for services as a director of the Company.

Note 3 – Non-monetary and other benefits include personal insurance premiums.

Note 4 – Appointed Director on 15 November 2021.

DIRECTORS' REPORT

REMUNERATION REPORT (audited) (continued)

8. Details of remuneration (continued)

	Short-term				Post employment	Termination	Share-based	Total	Performance
	Salary & fees	Cash bonus	Non-monetary benefits ³	Other benefits ³	Superannuation benefits	benefits	Options/Rights		related
	\$	\$	\$	\$	\$	\$	\$	\$	%
2021									
<i>Non-executive directors:</i>									
Andrew McIlwain ¹	73,913	-	-	4,617	-	-	-	78,530	Nil
Allan Trench ²	35,478	-	-	4,617	-	-	-	40,095	Nil
<i>Executive director:</i>									
Robert Bills	339,842	16,500	-	5,337	25,000	-	71,316	457,995	19.2
<i>Other executives:</i>									
Paul Mason ⁴	136,011	-	-	-	11,536	-	-	147,547	Nil
Rodney Wheatley ⁵	59,420	-	-	-	5,645	-	67,976	133,041	51.1
	644,664	16,500	-	14,572	42,181	-	139,291	857,208	

Note 1 – Fees are paid to Andrew McIlwain and Associates Pty Ltd for services as a director of the Company.

Note 2 – Fees are paid to Judicial Holdings Pty Ltd for services as a director of the Company.

Note 3 - Non- monetary and other benefits include fringe benefits, personal insurance premiums and living away from home allowances.

Note 4 – Ceased to be KMP on 31 March 2021.

Note 5 - Commenced as a KMP on 15 March 2021.

9. Equity instrument disclosures

a) Option holdings of key management personnel

2022	Held at 1 July 2021	Granted as compensation	Exercise of options	Lapse of options	Held at 30 June 2022 or on date ceased to be a KMP	Vested during the year	Vested and exercisable at 30 June 2022	Vested but not exercisable at 30 June 2022
<i>Directors:</i>								
Andrew McIlwain	2,000,000	-	-	-	2,000,000	-	2,000,000	-
Allan Trench	2,000,000	-	-	-	2,000,000	-	2,000,000	-
Alan Tate ¹	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
Robert Bills	4,500,000	-	-	-	4,500,000	-	4,500,000	-
<i>Other executives:</i>								
Rodney Wheatley	3,000,000	-	-	-	3,000,000	-	3,000,000	-
Total	11,500,000	2,000,000	-	-	13,500,000	2,000,000	13,500,000	-

Note 1 - Commenced as KMP on 15 November 2021.

DIRECTORS' REPORT

REMUNERATION REPORT (audited) (continued)

9. Equity instrument disclosures (continued)

a) Option holdings of key management personnel

2021	Held at 1 July 2020	Granted as compensation	Exercise of options	Lapse of options	Held at 30 June 2021 or on date ceased to be a KMP	Vested during the year	Vested and exercisable at 30 June 2021	Vested but not exercisable at 30 June 2021
<i>Directors:</i>								
Andrew McIlwain	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000	-
Allan Trench	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000	-
Robert Bills	4,500,000	-	-	-	4,500,000	4,500,000	4,500,000	-
<i>Other executives:</i>								
Paul Mason ¹	2,500,000	-	-	-	2,500,000	-	2,500,000	-
Rodney Wheatley ²	-	3,000,000	-	-	3,000,000	3,000,000	3,000,000	-
Total	11,000,000	3,000,000	-	-	14,000,000	11,500,000	14,000,000	-

Note 1 - Ceased to be a KMP on 31 March 2021.

Note 2 - Commenced as KMP on 15 March 2021.

b) Rights holdings of key management personnel

2022	Held at 1 July 2021	Granted as compensation	Exercise of rights	Lapse of rights	Held at 30 June 2022 or on date ceased to be a KMP	Vested during the year	Vested and exercisable at 30 June 2022	Vested but not exercisable at 30 June 2022
<i>Directors:</i>								
Robert Bills	9,000,000	-	(1,080,000)	(1,920,000)	6,000,000	1,080,000	-	-
Total	9,000,000	-	(1,080,000)	(1,920,000)	6,000,000	1,080,000	-	-

2021	Held at 1 July 2020	Granted as compensation	Exercise of rights	Held at 30 June 2021 or on date ceased to be a KMP	Vested during the year	Vested and exercisable at 30 June 2021	Vested but not exercisable at 30 June 2021
<i>Directors:</i>							
Robert Bills	-	9,000,000	-	9,000,000	-	-	-
Total	-	9,000,000	-	9,000,000	-	-	-

DIRECTORS' REPORT

REMUNERATION REPORT (audited) (continued)

9. Equity instrument disclosures (continued)

c) Shareholdings of key management personnel

2022	Held at 1 July 2021	Granted as compensation	Exercise of options / rights	Purchases	Sales	Other	Held at 30 June 2022 or on date ceased to be a KMP	Balance held nominally
<i>Directors:</i>								
Andrew McIlwain	4,519,927	-	-	-	(2,500,000)	-	2,019,927	-
Allan Trench	36,000	-	-	130,435	-	-	166,435	-
Alan Tate ¹	-	-	-	-	-	-	-	-
Robert Bills	7,737,125	-	1,080,000	-	-	-	8,817,125	-
<i>Other executives:</i>								
Rodney Wheatley	-	-	-	-	-	-	-	-
Total	12,293,052	-	1,080,000	130,435	(2,500,000)	-	11,003,487	-

Note 1 - Commenced as KMP on 15 November 2021.

2021	Held at 1 July 2020	Granted as compensation	Exercise of options / rights	Purchases	Sales	Other ¹	Held at 30 June 2021 or on date ceased to be a KMP	Balance held nominally
<i>Directors:</i>								
Andrew McIlwain	4,519,927	-	-	-	-	-	4,519,927	-
Allan Trench	36,000	-	-	-	-	-	36,000	-
Robert Bills	7,746,225	-	-	-	-	(9,100)	7,737,125	-
<i>Other executives:</i>								
Rodney Wheatley	-	-	-	-	-	-	-	-
Total	12,302,152	-	-	-	-	(9,100)	12,293,052	-

Note 1 – dependent holding no longer considered a dependent.

DIRECTORS' REPORT

REMUNERATION REPORT (audited) (continued)

9. Equity instrument disclosures (continued)

d) KMP options granted, exercised and lapsed for the 2022 financial year

	Grant date	Vest date	Number granted	Number Vested	Grant date fair value per option	Exercise price	Expiry date	% Vested	Total value granted \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Remuneration consisting of options %
Alan Tate	25/11/21	25/11/21	2,000,000	2,000,000	\$0.0158	\$0.14	31/12/23	100	31,647	-	-	47.9

There were no alterations to the terms and conditions of the options awarded as remuneration since their award date.

There were no shares issued on the exercise of options during the financial year.

DIRECTORS' REPORT

REMUNERATION REPORT (audited) (continued)

9. Equity instrument disclosures (continued)

e) KMP performance rights granted, exercised and lapsed for the 2022 financial year

	Grant date	Vest Date	Opening Balance	Number granted	Number vested	Number lapsed	Grant date fair value per right	Exercise Price	Expiry date	% Vested	Total value granted \$	Value of rights exercised during the year \$	Value of rights lapsed during the year \$	Value of rights accrued for accounting purposes during the year \$	Remuneration consisting of rights %
Robert Bills															
Tranche 1	18/12/20	29/1/22	500,000	-	(500,000)	-	\$0.071	Nil	29/1/24	100	-	35,500	-	18,579	3.8
Tranche 1	18/12/20	29/1/23	500,000	-	-	-	\$0.071	Nil	29/1/24	-	-	-	-	19,015	3.9
Tranche 1	18/12/20	29/1/24	500,000	-	-	-	\$0.071	Nil	29/1/24	-	-	-	-	10,061	2.0
Tranche 2	18/12/20	29/1/22	1,000,000	-	(580,000)	(420,000)	\$0.071	Nil	29/1/24	58	-	41,180	29,820	18,675	3.8
Tranche 2	18/12/20	29/1/23	1,000,000	-	-	-	\$0.071	Nil	29/1/24	-	-	-	-	9,431	1.9
Tranche 2	18/12/20	29/1/24	1,000,000	-	-	-	\$0.071	Nil	29/1/24	-	-	-	-	9,458	1.9
Tranche 3	18/12/20	29/1/22	1,500,000	-	-	(1,500,000)	\$0.005	Nil	29/1/24	Nil	-	-	7,200	(686)	(0.1)
Tranche 3	18/12/20	29/1/23	1,500,000	-	-	-	\$0.006	Nil	29/1/24	-	-	-	-	982	0.2
Tranche 3	18/12/20	29/1/24	1,500,000	-	-	-	\$0.008	Nil	29/1/24	-	-	-	-	446	0.1

There were no alterations to the terms and conditions of the performance rights awarded as remuneration since their award date.

There are 6,000,000 outstanding rights at the end of the financial year (2021: 9,000,000). 1,080,000 rights had vested at the end of the financial year (2021: Nil). 1,920,000 rights had lapsed at the end of the financial year (2021: Nil).

There were 1,080,000 shares issued on the exercise of performance rights during the financial year (2021: Nil). No shares were issued since the end of the financial year as a result of the exercise of share rights.

DIRECTORS' REPORT

REMUNERATION REPORT (audited) (continued)

10. Transactions with directors, director related entities and other related parties

There were no loans or other transactions with the key management personnel or their related parties during the year (2021: Nil).

The 2021 remuneration report was adopted at the company's 2021 Annual General Meeting (AGM) where over 99% of proxies received were in favour of the remuneration report for the 2021 financial year. The company received no questions at the 2021 AGM in relation to its remuneration report.

END OF REMUNERATION REPORT

INDEMNIFICATION AND INSURANCE OF DIRECTORS

The Company has entered into a Deed of Indemnity with each of the Directors to indemnify them to the maximum extent permitted by law against liabilities and legal expenses incurred in or arising out of the conduct of the business of the Company or the discharge of the duties as a director.

Also pursuant to the Deed, the Company has paid premiums to insure the Directors against liabilities incurred in the conduct of the business of the Company. In accordance with common commercial practice, the insurance policy prohibits disclosure of the amount of the premium and the nature of the liability insured against. The amount of the premium is included as part of the directors' remuneration in the Remuneration Report.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Emmerson Resources support and have adhered to the principles of corporate governance. The Company's corporate governance statement has been released as a separate document and is available to download from the Company's website at www.emmersonresources.com.au/governance

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under Section 307C of the *Corporations Act 2001* is set out on page 65.

NON-AUDIT SERVICES

The auditor independence requirements of the *Corporations Act 2001* were not compromised during the year. Non-audit services provided by the Company's auditor; Ernst & Young is detailed in Note 25.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'RTBills', with a stylized, cursive script.

Rob Bills

Managing Director & Chief Executive Officer

23 September 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$	2021 \$
REVENUE			
Management and consulting fees		79,359	91,742
Interest income		19,627	36,788
TOTAL REVENUE		98,986	128,530
OTHER INCOME			
Gain on disposal of assets	4(a)	-	35,197
Rent received		5,950	-
Other		20,615	98,800
TOTAL REVENUE AND OTHER INCOME		125,552	262,527
EXPENSES			
Compliance and regulatory expenses		135,517	146,389
Consulting and legal expenses		198,816	387,135
Depreciation and amortisation expense		72,819	21,002
Employee benefits expense	4(b)	1,004,623	961,486
Impairment of exploration and evaluation assets	12	27,806	133,125
Occupancy expense		8,116	69,043
General and administration expenses		184,116	121,501
TOTAL EXPENSES		1,631,813	1,839,681
LOSS BEFORE INCOME TAX		(1,506,261)	(1,577,154)
Income tax	5	-	-
LOSS FOR THE YEAR		(1,506,261)	(1,577,154)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS FOR YEAR		(1,506,261)	(1,577,154)
Basic loss per share - cents per share	6	(0.30)	(0.32)
Diluted loss per share - cents per share	6	(0.30)	(0.32)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Notes	2022 \$	2021 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	8,962,413	5,484,910
Other receivables	8	90,746	460,536
Prepayments	10	264,831	239,457
Total Current Assets		<u>9,317,990</u>	<u>6,184,903</u>
Non-current Assets			
Other financial assets	9	383,405	377,739
Property, plant and equipment	11	231,911	282,708
Exploration and evaluation assets	12	17,505,539	16,102,168
Right-of-use assets	13	121,666	191,189
Total Non-current Assets		<u>18,242,521</u>	<u>16,953,804</u>
TOTAL ASSETS		<u>27,560,511</u>	<u>23,138,707</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	14	372,324	638,449
Provisions	15	294,998	212,230
Lease liabilities		70,844	65,252
Farmee contributions received in advance	16	1,175,965	-
Total Current Liabilities		<u>1,914,131</u>	<u>915,931</u>
Non-current Liabilities			
Lease liabilities		56,798	127,641
Total Non-current Liabilities		<u>56,798</u>	<u>127,641</u>
TOTAL LIABILITIES		<u>1,970,929</u>	<u>1,043,572</u>
NET ASSETS		<u>25,589,582</u>	<u>22,095,135</u>
EQUITY			
Contributed equity	17	59,796,571	55,299,070
Share based payments reserve	18	4,005,146	3,501,939
Accumulated losses	19	(38,212,135)	(36,705,874)
TOTAL EQUITY		<u>25,589,582</u>	<u>22,095,135</u>

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Contributed Equity \$	Share Based Payments Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2020		47,912,926	3,362,648	(35,128,720)	16,146,854
Loss for the year		-	-	(1,577,154)	(1,577,154)
Total comprehensive income		-	-	(1,577,154)	(1,577,154)
Transactions with owners in their capacity as owners:					
Shares issued during the period	17	7,800,000	-	-	7,800,000
Share issue costs		(413,856)	-	-	(413,856)
Share-based payments		-	139,291	-	139,291
Balance at 30 June 2021		55,299,070	3,501,939	(36,705,874)	22,095,135
Loss for the year		-	-	(1,506,261)	(1,506,261)
Total comprehensive income		-	-	(1,506,261)	(1,506,261)
Transactions with owners in their capacity as owners:					
Shares issued during the period	17	5,220,000	-	-	5,220,000
Share issue costs		(722,499)	-	-	(722,499)
Share-based payments		-	503,207	-	503,207
Balance at 30 June 2022		59,796,571	4,005,146	(38,212,135)	25,589,582

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Management and consulting fees received		79,359	83,991
Payments to suppliers and employees		(1,402,508)	(1,533,789)
Interest received		21,357	25,844
Interest paid		(8,173)	(2,542)
Government incentives and other income		20,615	201,883
NET CASH FLOWS USED IN OPERATING ACTIVITIES	20(a)	<u>(1,289,350)</u>	<u>(1,224,613)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		-	9,182
Proceeds on disposal of tenement		-	26,189
Refund of environmental security deposits		10,000	-
Payment of environmental security deposits		(15,666)	(32,358)
Purchase of property, plant and equipment		(37,904)	(199,366)
Payments for exploration		(2,705,520)	(2,746,507)
Proceeds received from farmee for exploration		2,698,094	1,000,000
NET CASH FLOWS USED IN INVESTING ACTIVITIES		<u>(50,996)</u>	<u>(1,942,860)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		5,220,000	7,800,000
Payment of share issue costs		(336,899)	(413,856)
Payment of principal portion of lease liability		(65,252)	(15,677)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		<u>4,817,849</u>	<u>7,370,467</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		3,477,503	4,202,994
Cash and cash equivalents at beginning of period		<u>5,484,910</u>	<u>1,281,916</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	20(b)	<u><u>8,961,413</u></u>	<u><u>5,484,910</u></u>

The accompanying notes form part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The financial report of Emmerson Resources Limited (the Company, consolidated entity, Group or Emmerson) for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the directors on 22 September 2022.

Emmerson Resources Limited is a for-profit public company incorporated in Australia and listed on the Australian Securities Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The report has been prepared on a historical cost basis.

The financial report is presented in Australian dollars which is the Company's functional currency.

(b) Compliance with IFRS

The financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) Use of judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgments made by management in the application of accounting policies that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Management has made the following significant estimates and assumptions. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the consolidated entity decides to exploit the related leases itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligation) and changes to commodity prices. The extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made. An impairment loss of \$27,806 (2021: \$133,125) was recognised in the current year in respect of exploration expenditure. The impairment loss is directly attributable to mining tenements for which the consolidated entity no longer holds title, and mining tenements where title is still held but where an assessment was made that minimal future exploration is planned or budgeted due to a lack of exploration potential.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives.

Share Based Payments

The consolidated entity measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the most appropriate valuation model, which is dependent upon the terms and conditions of the grant. The estimate also requires the assessment of the most appropriate inputs to the valuation model including the life of the related right or option, volatility and dividend yield.

Impact of the COVID-19 pandemic

The COVID-19 pandemic continued throughout the period but did not cause material disruption to the Group's planned activities, other than contributing to the inability to drill at Kiola in New South Wales.

There has been no material impact to the value of the Group's assets and therefore no adjustments have been made to the Group's result for 30 June 2022 for the impacts of COVID-19. At the date of this report the Group expects to be able to execute its operations as planned for 2022. However, the scale and duration of possible future Government measures to limit the spread of COVID-19 virus, and their impact on the Group's operations and financial situation, necessarily remains uncertain. The Group's upmost priority remains the safety and wellbeing of its employees, directors, contractors, stakeholders and the broader community in which it operates.

(d) 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 year ended 30 June 2022 amounted to \$1,506,261 (30 June 2021: \$1,577,154) and net cash outflows from operating activities was \$1,289,350 (30 June 2021: \$1,224,613). The cash balance at 30 June 2022 was \$8,962,413 (30 June 2021: \$5,484,910) and net assets as at 30 June 2022 were \$25,589,582 (30 June 2021: \$22,095,135).

As a consequence of this the Directors believe there are sufficient funds to meet the Group'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. The Directors have concluded that the going concern basis is therefore an appropriate basis for preparing the financial statements.

(e) Adoption of new revised or amending accounting standards and interpretations

New accounting standards adopted

The consolidated entity has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. These new standards did not have a significant impact on the entity. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The nature and the effect of the adoption of issued but not yet implemented new Accounting Standards and Interpretations that are most relevant to the consolidated entity are described below:

AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current

The application of this amendment is effective from 1 January 2023 and will be adopted by the Group on 1 July 2023. This amendment to AASB 101 Presentation of Financial Statements clarifies the requirements for classifying liabilities as current or non-current.

(f) Basis of consolidation

The consolidated financial statements comprise the financial statements of Emmerson Resources Limited and its subsidiaries ("the consolidated entity"). The financial statements of subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All intercompany balances and transactions, including unrealised profits, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Basis of consolidation (continued)

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are consolidated from the date on which control is transferred to the consolidated entity and cease to be consolidated from the date on which control is transferred out of the consolidated entity. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent Company has control. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition.

(g) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segments and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

(h) Financial Instruments

(i) Classification of financial instruments

The Group classified its financial assets under AASB 9 *Financial Instruments* into the following measurement categories:

- Those to be measured at fair value (either through other comprehensive income (FVOCI), or through profit or loss (FVTPL)); and
- Those to be measured at amortised cost.

The classification depends on the Group's business model for managing financial assets and the contractual terms of the financial assets cash flows.

The Group classifies its financial liabilities as liabilities at amortised cost.

(ii) Financial assets

Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are classified as financial assets held at amortised cost.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consists of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included with interest-bearing liabilities in current liabilities on the consolidated statement of financial position.

Trade and other receivables

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, are measured initially at the fair value determined under AASB 15 *Revenue from Contracts with Customers* ("AASB 15"). Trade and other receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest are classified and subsequently measured at amortised cost. Receivables that do not meet the criteria for amortised cost are measured at fair value through profit or loss. Following initial recognition, the amortised cost is calculated using the effective interest method. The Group assesses on a forward-looking basis the expected credit loss associated with its trade receivables at amortised cost. The expected credit loss is calculated using the simplified approach which requires the loss allowance to be based on the lifetime expected credit loss. In determining the expected credit loss,

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

the Group assesses the profile of the debtors and compares with historical recoverability trends, adjusted for factors that are specific to the debtors' general economic conditions and an assessment of both the current and forecast conditions as a reporting date.

For other receivables, the Group applies the general approach where a loss allowance for lifetime expected credit losses is recognised if there has been a significant increase in credit risk (measured using the lifetime probability of default) since initial recognition of the other receivable. If, at balance date, the credit risk on other receivables has not increased significantly since initial recognition, a loss allowance for 12-month expected credit losses is recognised.

The Group considers an event of default has occurred when a financial asset is more than 90 days past due or external sources indicate that the debtor is unlikely to pay its creditors, including the Group. An impairment allowance is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

Other financial assets – Environmental rehabilitation security bonds, and other receivables

Initial recognition and measurement:

Other financial assets are classified, at initial recognition, at amortised cost, financial assets at fair value through profit or loss, fair value through other comprehensive income as appropriate. Other financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The Group has not recognised any financial assets at fair value through other comprehensive income.

Subsequent measurement:

The subsequent measurement of other financial assets depends on their classification as described below:

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of comprehensive income.

b) Amortised cost

In order for a financial asset to qualify for measurement as amortised cost, it has to pass both the contractual cash flow characteristics test as well as the business model test. Under the contractual cash flow characteristics test, an entity has to assess, whether the cash flows resulting from the financial asset are solely payments for principal and interest on the outstanding principal amount. Under the business model test the objective is to hold financial assets in order to collect contractual cash flows.

Receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest are classified and subsequently measured at amortised cost using the effective interest rate method. Receivables that do not meet the criteria for amortised cost are measured at fair value through profit or loss.

Impairment of other financial assets:

The Group assesses on a forward-looking basis the expected credit loss associated with other financial assets. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For other financial assets, the expected credit loss is based on the 12-month expected credit loss. The 12-month expected credit loss is the portion of lifetime expected credit losses that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group considers an event of default has occurred when a financial asset is more than 90 days past due or external sources indicate that the debtor is unlikely to pay its creditors, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default or past due event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(iii) Financial liabilities

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial period that are unpaid and arise when the consolidated entity becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are recognised initially at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity. The amounts are unsecured and are usually paid within 30 days of recognition. They are subsequently measured at amortised cost using the effective interest method.

(i) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairments losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss.

Land and buildings are stated at historical cost less accumulated depreciation on buildings and any accumulated impairments losses.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over its estimated useful life as follows:

Land	Not depreciated
Buildings	20 years
Plant and equipment	3 to 15 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(j) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred in respect of each identifiable area of interest is capitalised and recognised as an exploration and evaluation asset. These costs are only carried forward as an exploration and evaluation asset to the extent that the consolidated entity's rights of tenure to that area of interest are current and that the costs are expected to be recouped through sale or the successful development and exploitation of the area, or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Development costs related to an area of interest are carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest. Subsequent to initial recognition, exploration & evaluation assets are measured at cost less impairment.

When an area of interest is abandoned, or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period, when the facts and circumstances suggest that the carrying value exceeds the recoverable amount, an impairment assessment is carried out (refer (l) below). Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

When the Company enters into an exchange transaction for exploration and evaluation assets where the fair value of assets cannot be determined reliably, the Company applies an accounting policy under which the carrying value of the exploration and evaluation asset given up is used as an approximation for the fair value of exploration and evaluation assets obtained.

Incidental income from exploration tenements is offset against the carrying value of the exploration and evaluation assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants and research & development incentives in relation to exploration tenements are offset against the carrying value of the exploration and evaluation assets.

(k) Impairment of other non-financial assets

At each reporting date, the consolidated entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the consolidated entity makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

(l) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment, refer to Note 2 (l) for further details on this policy.

(m) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date, if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered of low value (i.e., below \$15,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(n) Provisions

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the consolidated entity expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability, plus related on-costs. The increase in the provision resulting from the passage of time is recognised in finance costs.

(o) Employee benefits

Provision is made for the consolidated entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liabilities are settled. Employee benefits payable later than one year are measured as the present value of the expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash flows.

(p) Share-based payment transactions

The consolidated entity provides benefits to its employees in the form of share-based payments through an Incentive Option Scheme and a Performance Rights Plan, whereby, at the discretion of the Board, employees are from time to time issued with share purchase options as part of their total remuneration package and/or render services in exchange for rights over shares.

The cost of these share-based payments is measured by reference to the fair value of the equity instruments at the date at which they are granted using a Black-Scholes pricing model. The equity instruments are generally subject to performance and/or service vesting conditions and their fair value is recognised as an expense, together with a corresponding increase in other reserve equity over the vesting period, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). No expense is recognised for equity instruments that do not ultimately vest because of non-market performance or service conditions have not been met. Any market vesting conditions are considered as part of the fair value.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(q) Contributed equity

Ordinary shares are classified as equity. Issued and paid-up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(r) Revenue recognition

Revenue from contracts with customers is recognised when the control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group is expected to be entitled for those goods or services.

The following specific recognition criteria must also be met before revenue is recognised:

(i) Rendering of exploration services

Revenue from services rendered for management of exploration activities or the provision of exploration consulting services is recognised in the consolidated statement of comprehensive income by reference to the works completed at the reporting date and the corresponding management or consulting fee payable to the consolidated entity for the completed services.

(s) Other income

(i) Interest income

Revenue is recognised as interest accrues using the effective interest method. This method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Gold sales royalty

The Company's share of gold mined under tribute mining agreements is recognised on outturn by the gold refinery.

(t) Income tax

The income tax expense for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered, or liabilities settled, based on those tax rates which are enacted or substantially enacted at balance sheet date. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences arising from the recognition of an asset or liability.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits will be available to utilise those temporary differences and losses.

Tax consolidation legislation

Emmerson Resources Limited and its wholly owned subsidiaries have formed an income tax consolidated group under tax consolidation legislation.

(u) Goods and services tax

Revenues, expenses, and assets are recognised net of the amount of goods and services tax ("GST"), except where the GST incurred is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(v) Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options and share rights.

(w) Farm-in arrangements

The Group does not record any expenditure made by the farmee on its account. Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the area of interest and presented separately in the consolidated statement of cashflows. The Group does not recognise any gain or loss on its exploration and evaluation farm-out arrangements but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. 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.

	Notes	2022 \$	2021 \$
4. REVENUE AND OTHER INCOME / EXPENSES			
Revenue and other income / expense include the following:			
(a) Gain on disposal of assets:			
Profit on disposal of plant and equipment		-	9,008
Profit on disposal of tenements		-	26,189
		-	35,197
(b) Employee benefits expense			
Salaries and other benefits		887,016	822,194
Share-based payments			
Options granted and issued	18	31,647	67,976
Performance rights granted or issued	18	85,960	71,316
		1,004,623	961,486
5. INCOME TAX			
a) Reconciliation of income tax to loss before income tax			
Loss before income tax		(1,506,261)	(1,577,154)
Tax benefit calculated at 27.5% on loss before tax		(414,222)	(433,717)
Add/(less) tax effect of:			
Share-based payments not deductible		32,342	38,305
Other		970	609
Tax losses and temporary differences not recognised		380,910	394,803
Income tax benefit		-	-
b) Deferred tax assets and liabilities			
<i>Deferred tax assets</i>			
Unused tax losses		12,754,714	11,943,616
Deductible temporary differences:			
Accrued expenses		10,780	8,800
Provision for employee entitlements		81,125	58,363
Undeducted share issue costs		227,900	98,692
		13,074,519	12,109,471
<i>Deferred tax liabilities</i>			
Assessable temporary differences:			
Interest income receivable		(2,919)	(3,394)
Exploration and evaluation assets capitalised		(4,411,031)	(4,025,105)
		(4,413,950)	(4,028,499)
Net unrecognised tax balances		8,660,569	8,080,972

The net deferred tax assets are not recognised since it is not probable that future taxable profits will be available to utilise deductible temporary differences and losses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	2022 \$	2021 \$
6. LOSS PER SHARE		
Loss for the year	(1,506,261)	(1,577,154)
Loss used in calculating basic and diluted loss per share	<u>(1,506,261)</u>	<u>(1,577,154)</u>

As the company has incurred a loss, the diluted loss per share is disclosed as the same as basic loss per share. There is no impact from 101,884,615 options (30 June 2021: 94,084,615 options) or 6,000,000 performance rights (30 June 2021: 9,000,000) on diluted loss per share as they are antidilutive.

	2022 Number of shares	2021 Number of shares
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	506,630,361	488,327,374

	2022 \$	2021 \$
7. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	2,112,413	1,084,910
Bank short term deposits	6,850,000	4,400,000
	<u>8,962,413</u>	<u>5,484,910</u>

	2022 \$	2021 \$
8. OTHER RECEIVABLES		
Receivables from joint venture partner	28,937	364,838
Interest receivable	10,613	12,342
Other receivables	51,196	83,354
	<u>90,746</u>	<u>460,536</u>

Trade and other receivables are non-interest bearing and normally received on normal trade terms. Due to the short-term nature of these receivables, their carrying amount approximates fair value.

	Notes	2022 \$	2021 \$
9. OTHER FINANCIAL ASSETS			
Non-current			
Bank term deposits	(a)	198,487	198,487
Environmental rehabilitation security deposits	(b)	177,245	171,579
Security deposit		7,673	7,673
		<u>383,405</u>	<u>377,739</u>

(a) These bank term deposits were held as security for bank guarantee performance bonds in favour of the Northern Territory government for potential environmental rehabilitation obligations. As these term deposits were secured by the counterparties, they were 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.

	2022 \$	2021 \$
10. PREPAYMENTS		
Prepaid drilling expenditure (refer note 21(c))	200,000	200,000
Other	64,831	39,457
	<u>264,831</u>	<u>239,457</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Land & Buildings \$	Plant & Equipment \$	Other \$	Total \$
11. PROPERTY, PLANT AND EQUIPMENT				
2022				
Cost	177,867	788,560	278,596	1,245,023
Accumulated Depreciation	(108,531)	(653,550)	(251,031)	(1,013,112)
Net carrying amount	69,336	135,010	27,565	231,911
<i>Movements in carrying amounts</i>				
Net carrying amount at beginning of year	78,200	177,904	26,604	282,708
Additions	-	22,518	15,386	37,904
Disposals	-	-	-	-
Depreciation	(8,864)	(65,412)	(14,425)	(88,701)
Net carrying amount at end of year	69,336	135,010	27,565	231,911
	Land & Buildings \$	Plant & Equipment \$	Other \$	Total \$
2021				
Cost	177,867	766,042	263,210	1,207,119
Accumulated Depreciation	(99,667)	(588,138)	(236,606)	(924,411)
Net carrying amount	78,200	177,904	26,604	282,708
<i>Movements in carrying amounts</i>				
Net carrying amount at beginning of year	53,763	77,530	17,513	148,806
Additions	31,652	146,859	20,855	199,366
Disposals	-	(174)	-	(174)
Depreciation	(7,215)	(46,311)	(11,764)	(65,290)
Net carrying amount at end of year	78,200	177,904	26,604	282,708
			2022	2021
			\$	\$
12. EXPLORATION AND EVALUATION ASSETS				
Costs carried forward in respect of areas of interest in pre-production exploration and evaluation phases				
Carrying amount at beginning of year			16,102,168	14,281,624
Additions			1,431,177	2,004,169
Research & development tax offset and co-funding grants			-	(50,500)
Impaired			(27,806)	(133,125)
Carrying amount at end of year			17,505,539	16,102,168

Tenements are carried forward in accordance with the accounting policy set out in Note 2. As discussed in the Directors Report, during the financial year, the Group continued its mineral exploration activities including project generation, database reviews, field mapping, geochemical surveying, and drilling programmes. Company exploration activities, including joint operations, were focused in Australia.

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

The ultimate recoverability of the carrying amount of the exploration and evaluation assets is dependent on the continuance of the Group'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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	2022 \$	2021 \$
13. RIGHT-OF-USE ASSETS		
Balance at beginning of year	191,189	-
Additions	-	208,570
Depreciation expense	(69,523)	(17,381)
Balance at end of year	<u>121,666</u>	<u>191,189</u>

The Group lease offices in Perth, Western Australia. The lease commenced on 1 April 2021 and is for three years, expiring in March 2024.

Refer to Note 2 (l) and 2(m) for further information on leases.

	2022 \$	2021 \$
14. TRADE AND OTHER PAYABLES		
Trade payables	181,136	518,850
Non-trade payables and accrued expenses	191,188	119,599
	<u>372,324</u>	<u>638,449</u>

Trade and other payables are non-interest bearing and are normally settled on 30-day terms. Due to the short-term nature of these payables, their carrying amount approximates fair value.

	2022 \$	2021 \$
15. PROVISIONS		
Employee benefits provision for annual and long service leave	<u>294,998</u>	<u>212,230</u>

	2022 \$	2021 \$
16. FARMEE CONTRIBUTIONS RECEIVED IN ADVANCE		
Farmee contributions received in advance	1,175,965	-
	<u>1,175,965</u>	<u>-</u>

Refer to Note 22 for further information on the interests in farm-in and joint venture arrangements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	2022 Number	2022 \$	2021 Number	2021 \$
17. CONTRIBUTED EQUITY				
(a) Fully paid ordinary shares				
Ordinary shares fully paid	544,709,788	59,796,571	498,238,489	55,299,070
<i>Movements in ordinary share capital</i>				
Balance at beginning of year	498,238,489	55,299,070	424,853,874	47,912,926
Shares issued on the vesting of rights	1,080,000	-	-	-
Shares issued for cash under placement ^{1.}	43,478,261	5,000,000	-	-
Shares issued for cash under share purchase plan	1,913,038	220,000	-	-
Shares issued for cash under placement ^{2.}	-	-	35,250,000	3,525,000
Shares issued for cash under share purchase plan	-	-	22,450,000	2,245,000
Shares issued for cash under placement ^{3.}	-	-	300,000	30,000
Shares issued for cash under placement ^{4.}	-	-	15,384,615	2,000,000
Share issue costs	-	(722,499)	-	(413,856)
Balance at end of year	544,709,788	59,796,571	498,238,489	55,299,070

1. Issued at \$0.115 per share to institutional and sophisticated investors

2. Issued at \$0.10 per share to institutional and sophisticated investors

3. Issued at \$0.10 per share to institutional and sophisticated investors

4. Issued at \$0.13 per share under the share subscription agreement with Tennant Consolidated Mining Group (TCMG) to Langston Key Limited, a nominee of TCMG, on 23 March 2021.

The Company does not have authorised capital or par value in respect of its issued shares.

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

	2022 Number of options	2021 Number of options
(b) Options over ordinary shares		
<i>Unissued ordinary shares for which options are outstanding:</i>		
Exercise price of \$0.138 expiring on 26/04/23	3,000,000	-
Exercise price of \$0.1725 expiring on 26/04/24	3,000,000	-
Exercise price of \$0.184 expiring on 26/04/25	4,000,000	-
Exercise price of \$0.09 expiring on 14/11/21	-	4,200,000
Exercise price of \$0.16 expiring on 09/07/23	58,000,000	58,000,000
Exercise price of \$0.11 expiring on 31/12/23	3,000,000	3,000,000
Exercise price of \$0.14 expiring on 31/12/23	15,500,000	13,500,000
Exercise price of \$0.20 expiring on 31/12/25	15,384,615	15,384,615
	101,884,615	94,084,615

	2022 Number of rights	2021 Number of rights
(c) Rights over ordinary shares		
<i>Unissued ordinary shares for which rights are outstanding:</i>		
Expiring 29/01/24	6,000,000	9,000,000
	6,000,000	9,000,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	2022 \$	2021 \$
18. SHARE BASED PAYMENTS RESERVE		
Balance at beginning of year	3,501,939	3,362,648
Recognition of share-based payment expense to employees 4(b)	117,607	139,291
Recognition of share-based payment expense for a placement fee to a broker	385,600	-
Balance at end of year	<u>4,005,146</u>	<u>3,501,939</u>

Share based payments reserve is used to recognise the fair value of options and rights provided to employees and consultants as part of their remuneration or fees. The fair value of options granted to the broker deemed to be the fair value of services provided by the broker.

	2022 \$	2021 \$
19. ACCUMULATED LOSSES		
Balance at beginning of year	(36,705,874)	(35,128,720)
Loss for year	(1,506,261)	(1,577,154)
Balance at end of year	<u>(38,212,135)</u>	<u>(36,705,874)</u>

	2022 \$	2021 \$
20. NOTES TO THE STATEMENT OF CASH FLOWS		
(a) Reconciliation of net loss to cash flows used in operating activities		
Net loss	(1,506,261)	(1,577,154)
<i>Add/(Less) non-cash items:</i>		
Gain on disposal of assets	-	(35,197)
Depreciation expense	3,296	3,621
Impairment of exploration expenditure	27,806	133,125
Share-based payment	117,607	139,291
Right-of-use-Asset amortisation	69,523	17,381
<i>Change in assets and liabilities:</i>		
(Increase)/Decrease in trade and other receivables	1,729	84,388
Increase/(decrease) in trade and other payables	5,172	25,633
Increase in prepayments	(25,374)	(15,922)
(Decrease)/increase in provisions	17,152	221
Net cash flows used in operating activities	<u>(1,289,350)</u>	<u>(1,224,613)</u>

(b) Reconciliation of cash

Cash balance comprises:

Cash and cash equivalents	<u>8,962,413</u>	<u>5,484,910</u>
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(c) Financing facilities available

At reporting date, the following credit card facility had been negotiated and was available:

Total facility	50,000	50,000
Facility used at reporting date	-	(12,852)
Facility unused at reporting date	<u>50,000</u>	<u>37,148</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

21. EXPENDITURE COMMITMENTS

a) Short-term lease commitments

The Company leases premises in Tennant Creek, Northern Territory under a lease expiring 18 March 2023. The lease is treated as a short-term lease under AASB 16 and capitalised on a straight-line basis. During the year ended 30 June 2022, \$21,060 (2021: \$6,860) was recognised within exploration and evaluation assets in the balance sheet and as cash paid in payments for exploration in the statement of cash flows in respect of short-term leases. Commitments for short-term lease payments are \$14,040, all due within 12 months.

b) Exploration expenditure commitments

To maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure covenants specified by the Northern Territory and NSW Governments. These obligations can be reduced by selective relinquishment of exploration tenure or renegotiation. Due to the nature of the Group's operations in exploring and evaluating areas of interest, exploration expenditure commitments beyond twelve months cannot be reliably determined. Obligations for future tenement renewals are not provided for in the financial report. It is anticipated that expenditure commitments in subsequent years will be like that for the forthcoming twelve months and are payable:

	2022	2021
	\$	\$
Not later than one year	612,632	912,055
Later than one year and not later than five years	341,503	373,179
	954,135	1,285,234

c) Contractual commitments

In FY20 the Company entered into an agreement with AMWD Pty Ltd, a drilling company associated with Bacchus Resources Pty Ltd, for the following work programs:

- A minimum \$200,000 drilling program at Kadungle in NSW.
- A further \$1.0m drilling within three years on Emmerson's tenements anywhere in Australia, providing AMWD meets certain criteria, including agreement around competitive drill rates, and professional/ safe work practices.

The above commitment arose from an agreement to restore Emmerson's interest in the Kadungle tenement (previously EL6226, now EL8999). As at 30 June 2022 all conditions precedent under the agreement had been met, including a prepayment of \$200,000 to AMWD for future drilling.

22. FARM-IN AND JOINT VENTURE AGREEMENTS

The Company entered into an Option and Farm-In agreement with Aurelia Metals Ltd effective from 2 June 2016 to earn up to 80% interest in the Kadungle Project subject to meeting certain expenditure obligations. Emmerson met its farm-in expenditure obligations to earn an 80% interest in the Kadungle Project in a previous financial year and formed a joint venture with Aurelia Metals Ltd. Under the joint venture Emmerson will continue to increase its interest in the Kadungle Project in proportion to its contributions if Aurelia elect not to contribute further expenditure. Once either party's share of the joint venture falls below 10% its interest converts to a 2.5% net smelter royalty on future production from the Kadungle Project. As at year end the Company's interest in the Kadungle Project was approximately 89%.

On 16 November 2020 Emmerson entered into a strategic alliance with Tennant Consolidated Mining Group (TCMG) in the Tennant Creek Mineral Field under an Exploration Earn-In & Joint Venture and a Small Mines Joint Venture Agreement.

Under the Exploration Earn-In & Joint Venture Agreement TCMG will fund \$5.5 million of exploration over five years across Emmerson's Northern Project Area (NPA) at Tennant Creek to earn a 75% interest in the NPA. After the Earn-in phase, a Joint Venture can be formed whereby Emmerson can elect to either maintain its equity position in the NPA by contributing 25% to the exploration programs or dilute. Emmerson will act as manager during the Earn-in period and receive a management fee. TCMG is required to produce a minimum of 30,000 oz of gold within 5 years with a cash settlement of any shortfall.

Under the Small Mines Joint Venture Agreement, Emmerson has a free carried 6% gold gross revenue royalty for production from any Small Mine within the NPA, other than Edna Beryl, Hermitage and Jasper Hills. A Small Mine is defined as a mineral resource of up to 250,000oz gold equivalent. A Major Mines interest whereby the Company will retain up to a 40% equity interest in any Major Discovery of a mineral resource of greater than 250,000oz gold equivalent.

On 1 June 2021 Emmerson entered into a second strategic alliance with TCMG in the Tennant Creek Mineral Field under an Exploration Earn-In & Joint Venture and a Small Mines Joint Venture Agreement.

Under the Exploration Earn-In & Joint Venture Agreement TCMG will fund \$5.0 million of exploration over five years across Emmerson's Southern Project Area (SPA) at Tennant Creek to earn a 75% interest in the SPA. After the Earn-in phase, a Joint Venture can be formed whereby Emmerson can elect to either maintain its equity position in the SPA by contributing 25% to the exploration programs or dilute. Emmerson will act as manager during the Earn-in period and receive a management fee. TCMG is required to produce a minimum of 30,000 oz of gold within 5 years with a cash settlement of any shortfall.

Under the Small Mines Joint Venture Agreement, Emmerson has a free carried 6% gold gross revenue royalty for production from any Small Mine within the SPA. A Small Mine is defined as a mineral resource of up to 250,000oz gold equivalent. A Major Mines interest whereby the Company will retain up to a 40% equity interest in any Major Discovery of a mineral resource of greater than 250,000oz gold equivalent.

In November 2020, the Company announced a strategic alliance with Longreach Mineral Exploration. Under the alliance, either party can submit a project to the project working group and if unanimously accepted, becomes a strategic alliance project (SAP). In accordance with the strategic alliance agreement each party contributes 50% costs to the agreed work program with the work program undertaken by the nominated Manager who will receive a 6% management fee. Providing the SAP meets the agreed milestones, the project then becomes the subject of a Joint Venture between the parties. The Kadungle project in New South Wales was the first alliance project with Emmerson the managers and operators in undertaking the agreed work program. No work program was undertaken in this financial year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

23. SHARE-BASED PAYMENTS

a) Options

The Company has an Incentive Option Scheme approved by shareholders at the 2020 Annual General Meeting held on 29 January 2021 to provide share-based payment benefits, whereby options to acquire ordinary shares are issued as an incentive to improve employee and shareholder goal congruence and provide a retention incentive for participants. Vesting conditions are set by the board for each offer and typically vest after a service period of one year with a three-year period to exercise.

The following share-based payment arrangements were in existence during the year:

Granted	Exercise price	Vesting date	Expiry date	2022 Number of options	2021 Number of options
Incentive Option Scheme:					
21/12/2018	\$0.09	14/11/2019	14/11/2021	-	4,200,000
01/04/2020	\$0.14	01/04/2020	31/12/2023	5,000,000	5,000,000
14/05/2021	\$0.11	14/05/2021	31/12/2023	3,000,000	3,000,000
Placement fee share-based payment:					
26/04/2022	\$0.1380	26/04/2022	26/04/2023	3,000,000	-
26/04/2022	\$0.1725	26/04/2022	26/04/2024	3,000,000	-
26/04/2022	\$0.1840	26/04/2022	26/04/2025	4,000,000	-
Director options:					
01/04/2020 ^{1, 2.}	\$0.14	24/08/2020	31/12/2023	10,500,000	8,500,000
Outstanding at end of year				28,500,000	20,700,000

¹ 8.5 million options granted 1 April 2020 subject to shareholder approval which was given 24 August 2020, following which the options were issued.

² 2 million options granted 25 November 2021 following shareholder approval at the 2021 Annual General Meeting held on 25 November 2021.

The number and weighted average exercise prices of options granted as share based payments:

	2022 Number of options	2022 Weighted average exercise price	2021 Number of options	2021 Weighted average exercise price
Outstanding at beginning of year	20,700,000	\$0.1260	27,400,000	\$0.1250
Granted during year	12,000,000	\$0.1620	3,000,000	\$0.1100
Exercised during year	-	-	-	-
Forfeited during the year	-	-	(700,000)	\$0.0900
Lapsed during the year	(4,200,000)	\$0.090	(9,000,000)	\$0.1350
Outstanding at end of year	28,500,000	\$0.1460	20,700,000	\$0.1260
Exercisable and vested at end of year	28,500,000	\$0.1460	20,700,000	\$0.1260

The range of exercise prices for options outstanding at the end of the year was \$0.110 to \$0.184 (2021: \$0.09 to \$0.14) and a weighted average remaining contractual life of 1.7 years (2021: 2.1 years).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

23. SHARE-BASED PAYMENTS (continued)

a) Options (continued)

The fair value of the options granted during the year were calculated using a Black-Scholes option pricing model. The assumptions included as inputs to the calculation are as follows:

	Director Options	Broker Options		
		Tranche 1	Tranche 2	Tranche 3
Exercise price	\$0.1400	\$0.1380	\$0.1725	\$0.1840
Grant date	25/11/2021	26/4/2022	26/4/2022	26/4/2022
Vesting date	25/11/2021	26/4/2022	26/4/2022	26/4/2022
Expiry date	31/12/2023	26/4/2023	26/4/2024	26/4/2025
Share price at issue date	\$0.0760	\$0.1150	\$0.1150	\$0.1150
Expected volatility	68.19%	106%	88%	88%
Expected dividend yield	Nil	Nil	Nil	Nil
Risk free rate	0.58%	2.15%	2.15%	2.54%
Fair value per share	\$0.0158	\$0.0290	\$0.0371	\$0.0469

The fair value of options granted under the Incentive Option Scheme is recognised as an expense over the period from grant to vesting date, unless the options fail to vest due to not meeting service or non-market performance conditions. The amount recognised as part of employee benefits expense during the year was \$31,647 (2021: \$67,976).

b) Performance Rights

On 29 January 2021, following shareholder approval, 9,000,000 director performance rights were granted for nil consideration. The performance rights will vest upon achieving the following milestones over the next three years.

Class	Performance measures	Number	Vesting Period		
			Year 1	Year 2	Year 3
Tranche 1	Retention <ul style="list-style-type: none"> Continued employment 	1,500,000	500,000	500,000	500,000
Tranche 2	Non-financial measures <ul style="list-style-type: none"> Pre-agreed individual key performance indicators and critical tasks 	3,000,000	1,000,000	1,000,000	1,000,000
Tranche 3	Financial measure <ul style="list-style-type: none"> Company share price performance <ul style="list-style-type: none"> End of Yr 1 - A\$0.14 End of Yr 2 - A\$0.20 End of Yr 3 - A\$0.25 	4,500,000	1,500,000	1,500,000	1,500,000

The following performance rights share-based payment arrangements were in existence during the year:

Director Performance Rights:	Granted	Exercise price	Vesting date	Expiry date	2022 Number of rights	2021 Number of rights
Tranche 1	18/12/2020	Nil	29/01/2022	29/01/2024	-	500,000
Tranche 1	18/12/2020	Nil	29/01/2023	29/01/2024	500,000	500,000
Tranche 1	18/12/2020	Nil	29/01/2024	29/01/2024	500,000	500,000
Tranche 2	18/12/2020	Nil	29/01/2022	29/01/2024	-	1,000,000
Tranche 2	18/12/2020	Nil	29/01/2023	29/01/2024	1,000,000	1,000,000
Tranche 2	18/12/2020	Nil	29/01/2024	29/01/2024	1,000,000	1,000,000
Tranche 3	18/12/2020	Nil	29/01/2022	29/01/2024	-	1,500,000
Tranche 3	18/12/2020	Nil	29/01/2023	29/01/2024	1,500,000	1,500,000
Tranche 3	18/12/2020	Nil	29/01/2024	29/01/2024	1,500,000	1,500,000
Outstanding at end of year					6,000,000	9,000,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

23. SHARE-BASED PAYMENTS (continued)

b) Performance Rights (continued)

The fair value of the performance rights for tranche one and two is determined to be 7.1 cents, being the share price on the date of issue. The tranche three fair value was independently calculated using a pricing model that incorporates a Monto Carlo type simulation. The assumptions included as inputs to the calculation are as follows:

	Milestone 1	Milestone 2	Milestone 3
Exercise price	Nil	Nil	Nil
Grant date	18/12/2020	18/12/2020	18/12/2020
Vesting date	29/01/2022	29/01/2023	29/01/2024
Expiry date	29/01/2024	29/01/2024	29/01/2024
Share price at issue date	\$0.071	\$0.071	\$0.071
Expected volatility	59%	59%	59%
Expected dividend yield	Nil	Nil	Nil
Risk free rate	0.04%	0.08%	0.10%
Fair value per share	\$0.0048	\$0.0062	\$0.0079

The fair value of performance rights granted under is recognised as an expense over the period from grant to vesting date, unless the performance rights fail to vest due to not meeting service or non-market performance conditions. The amount recognised as part of employee benefits expense during the year was \$85,960 (2021: \$71,316).

24. RELATED PARTY DISCLOSURES

a) Subsidiaries

The consolidated financial statements include the financial statements of Emmerson Resources Limited and its following wholly owned subsidiaries which were incorporated in Australia. Emmerson Resources Limited is the parent entity within the consolidated entity.

	2022	2021
	% Interest	% Interest
Giants Reef Exploration Pty Ltd	100%	100%
Santexco Pty Ltd	100%	100%
TC8 Pty Ltd	100%	100%
Lachlan Resources Pty Ltd	100%	100%

b) Compensation of key management personnel

	2022	2021
	\$	\$
Short-term employee benefits	746,059	675,736
Post-employment benefits	49,000	42,181
Termination benefits	-	-
Share-based payments	117,607	139,291
Total compensation	<u>912,166</u>	<u>857,208</u>

Details of remuneration, share, rights and option holdings of directors and key management personnel are disclosed in the remuneration report.

c) Transactions with key management personnel

Andrew McIlwain's fees for services as a director of the Company were paid to Andrew McIlwain and Associates Pty Ltd, a company of which Mr McIlwain is a shareholder and beneficiary. The amount recognised as an expense during the year was \$73,913 (2021: \$73,913). The amount outstanding and included in the trade and other payables liability at year end is Nil (2021: \$6,775).

Allan Trench's fees for services as a director of the Company were paid to Judicial Holdings Pty Ltd, a company of which Mr Trench is a shareholder and beneficiary. The amount recognised as an expense during the year was \$41,826 (2021: \$35,478). The amount outstanding and included in the trade and other payables liability at year end is \$4,125 (2021: \$3,252).

Refer to Note 23 for further details of the Incentive Option Scheme.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	2022 \$	2021 \$
25. AUDITORS REMUNERATION		
Amounts paid to Ernst & Young for:		
Audit and review of financial reports	58,345	49,840
Taxation services	-	-
	<u>58,345</u>	<u>49,840</u>

	2022 \$	2021 \$
26. PARENT ENTITY INFORMATION		
The individual financial statements for the parent entity show the following aggregate amounts:		
Current assets	9,317,988	6,184,901
Non-current assets	20,375,202	19,084,750
Total assets	<u>29,693,190</u>	<u>25,269,651</u>
Current liabilities	(1,914,131)	(915,931)
Non-current liabilities	(2,189,477)	(2,258,585)
Total liabilities	<u>(4,103,608)</u>	<u>(3,174,516)</u>
Net assets	<u>25,589,582</u>	<u>22,095,135</u>
Contributed equity	59,796,571	55,299,070
Other reserves	4,005,146	3,501,939
Accumulated losses	(38,212,135)	(36,705,874)
Total equity	<u>25,589,582</u>	<u>22,095,135</u>
Loss for the year	(1,506,261)	(1,577,154)
Total comprehensive loss for the year	(1,506,261)	(1,577,154)

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2022 and 30 June 2021.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT

The consolidated entity's principal financial instruments comprise cash, short-term deposits, receivables and payables.

The main purpose of these financial instruments is to fund the consolidated entity's operations. The main risks arising from the consolidated entity's financial instruments are credit risk, liquidity risk and interest rate risk. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Company has established comprehensive risk reporting. The consolidated entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates and liquidity risk is monitored through future rolling cash flow forecasts.

The carrying amounts of all financial assets and liabilities (including liabilities contractual maturities) at balance date are as follows:

	Note	2022 \$	2021 \$
Financial assets			
Cash and cash equivalents	7	8,962,413	5,484,910
Trade and other receivables	8	90,746	460,536
Other financial assets	9	383,405	377,739
Total financial assets		9,436,564	6,323,185
Financial liabilities			
Trade and other payables:			
- 6 months or less	14	372,324	638,449
Lease liabilities		127,641	192,893
Farmee contributions received in advance	16	1,175,965	-
Total financial liabilities		1,675,930	831,342

The carrying amounts of financial assets and liabilities approximate their fair value due to their short-term nature.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to financial position credit risk are as indicated by the carrying amounts of its financial assets, primarily deposits with financial institutions from financing activities and trade and other receivables from operating activities. The significant concentration of risk is in relation to cash balances.

Credit risk management: cash deposits

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Cash deposits are placed only with reputable Australian banks and where possible spread across more than one bank.

Credit risk management: deposits held as security for bank guarantees

There is exposure to credit risk for counterparties that the Group holds guarantees with. Details of bank term deposits held as security for bank guarantee performance bonds for potential environmental rehabilitation obligations in relation to exploration activities are disclosed in note 9. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Credit risk management: trade and other receivables

The maximum exposure to credit risk at the reporting date to trade and other receivables is the carrying amount as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT (continued)

Receivable balances are monitored on an ongoing basis including reviewing the financial capacity of counterparties, credit ratings and ageing analysis with the result that the Group's exposure to bad debts is not significant.

Liquidity risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. The consolidated entity's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due.

The consolidated entity currently does not have major funding in place and trade and other payables are due for payment within 6 months.

The consolidated entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in short term bank deposits. The decision on how the Company will raise future capital will depend on market conditions existing at that time.

Interest rate risk

The consolidated entity's exposure to the risk of changes in market interest rates relates primarily to cash assets at variable interest rates.

At balance date the consolidated entity had the following financial assets exposed to Australian variable interest rate risk:

	Note	2022 \$	2021 \$
Cash and cash equivalents	7	8,962,413	5,484,910
Other financial assets (environmental security bank deposits)	9(a)	198,487	198,487
		9,160,900	5,683,397

Cash term deposits are generally placed on term deposit for periods of between 30 days and 90 days and are therefore exposed to movements in term deposit interest rates. The Company regularly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, and the mix of fixed and variable interest rates and term deposits terms.

The following sensitivity analysis shows the effect on loss after tax to a 1.0% change in interest rates with other variables held constant on the interest rate exposures in existence at balance date (there would be no effect on other equity to a change in the interest rates).

Impact on loss after tax to:

1.0% increase in interest rates (reduce loss)	91,609	56,834
1.0% decrease in interest rates (increase loss)	(91,609)	(56,834)

Capital management risk

The Board's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Company manages its capital to ensure it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of its capital structure comprising equity and cash.

The capital structure of the Company consists of cash and cash equivalents and equity, comprising issued capital, reserves and accumulated losses as disclosed in Notes 17, 18 and 19 respectively. Capital management predominantly takes the form of managing of the Company's cash reserves, taking into account forecast operating and capital expenditure requirements of the consolidated entity. The Company had no long-term debt at 30 June 2022.

During the 2022 and 2021 financial years the Company has maintained the capital base through a clear cash management strategy and when required, the issue of equity instruments.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

28. EVENTS SUBSEQUENT TO REPORTING DATE

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

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Emmerson Resources Limited, I state that:

(1) In the opinion of the directors:

- (a) the financial statements and notes of Emmerson Resources Limited for the financial year ended 30 June 2022 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of its financial position as at 30 June 2022, and performance for the year ended on that date; and
 - (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2022.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'RTBills', with a stylized flourish at the end.

Rob Bills

Managing Director & Chief Executive Officer

23 September 2022



Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
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Auditor's independence declaration to the directors of Emmerson Resources Limited

As lead auditor for the audit of the financial report of Emmerson Resources Limited for the financial year ended 30 June 2022, 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 audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Emmerson Resources Limited and the entities it controlled during the financial year.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'Timothy G Dachs'.

Timothy G Dachs
Partner
23 September 2022



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Independent auditor's report to the members of Emmerson Resources Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Emmerson Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is 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 30 June 2022 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.



We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

Carrying value of exploration and evaluation assets

Why significant	How our audit addressed the key audit matter
<p>As disclosed in Note 12 of the financial report as at 30 June 2022, the Group held capitalised exploration and evaluation expenditure assets of \$17,505,539.</p> <p>The carrying value of exploration and evaluation expenditure is assessed for impairment by the Group when facts and circumstances indicate that the exploration and evaluation expenditure may exceed its recoverable amount.</p> <p>The determination as to whether there are any indicators to require an exploration and evaluation asset to be assessed for impairment, involves a number of judgments including whether the Group has tenure, intends to perform ongoing exploration and evaluation activity and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable.</p> <p>During the year, the Group recognised an impairment charge of \$27,806 in relation to certain areas of interest. The Group determined that there had been no indicators of impairment for its other areas of interest.</p> <p>Given the size of the balance and the judgemental nature of impairment indicator assessments associated with exploration and evaluation assets, we consider this a key audit matter.</p>	<p>In performing our procedures, we:</p> <ul style="list-style-type: none"> ▶ Considered the Group's right to explore in the relevant areas of interests, which included obtaining and assessing supporting documentation. ▶ Considered the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration area, which included an assessment of the Group's cash-flow forecast models, discussions with senior management and Directors as to the intentions and strategy of the Group. ▶ Assessed whether any exploration and evaluation data existed to indicate that the carrying amount of capitalised exploration and evaluation is unlikely to be recovered through development or sale ▶ Recalculated the impairment charge recognised for the year based on management's determination of areas of interest that no longer have active or significant continuing exploration and evaluation activities. ▶ Assessed the adequacy of the disclosure included in the financial report.



Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2022 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.



As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on the audit of the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 24 to 36 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Emmerson Resources Limited for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'Timothy G Dachs'.

Timothy G Dachs
Partner
Perth
23 September 2022

TENEMENT SCHEDULE

All tenements below are held in Northern Territory, Australia as at the date of this report

Tenement	Name	Interest	Tenement	Name	Interest	Tenement	Name	Interest
EL10114	McDougall	100	ML30742	Black Cat	100	MLC38	Memsahib East	100
EL10124	Speedway	100	ML30743	True Blue	100	MLC380	Mulga 1	100
EL10313	Kodiak	100	ML30870	Rising Star	100	MLC381	Mulga 1	100
EL10406	Montana	100	ML30872	The Extension	100	MLC382	Mulga 1	100
EL23285	Corridor 2	100	ML30893	Troy	100	MLC383	Mulga 1	100
EL23286	Corridor 3	100	ML30909	Archmedes	100	MLC384	Mulga 2	100
EL23905	Jackie	100	ML30911	Wolseley	100	MLC385	Mulga 2	100
EL26594	Bills	100	ML30912	Ivanhoe	100	MLC386	Mulga 2	100
EL26787	Rising Ridge	100	ML30938	EXP195	100	MLC387	Mulga 2	100
EL27011	Snappy Gum	100	ML30945	Metallic Hill	100	MLC4	Peko Extended	100
EL27408	Grizzly	100	ML31074	Rocky Range	100	MLC406	Comet	100
EL27537	Chappell	100	ML31123	Gibbet 1	100	MLC407	Comet	100
EL27538	Mercury	100	ML31651	White Devil	100	MLC408	Comet	100
EL28601	Malbec	100	ML32214	Mauretania	100	MLC409	Comet	100
EL28602	Red Bluff	100	MLA29527	Wiso	100	MLC432	Mulga 1	100
EL28603	White Devil	100	MLA29528	Wiso	100	MLC48	Tinto	100
EL28618	Comstock	100	MLA29529	Wiso	100	MLC49	Mt Samuel	100
EL28760	Delta	100	MLA29530	Wiso	100	MLC498	Eldorado	100
EL28761	Quartz Hill	100	MLA29532	Wiso	100	MLC499	Eldorado	100
EL28775	Trinity	100	MLC127	Peko East Ext 4	100	MLC5	Peko Extended	100
EL28776	Whippet	100	MLC129	Peko Sth-East	100	MLC50	Eldorado Anom	100
EL30167	Dolomite	100	MLC130	Golden Forty	100	MLC500	Eldorado	100
EL30505	Golden East	100	MLC131	Golden Forty	100	MLC501	Eldorado	100
EL30584	Juno North	100	MLC132	Golden Forty	100	MLC502	Eldorado	100
EL30748	Battery Hill	100	MLC133	Golden Forty	100	MLC503	Eldorado	100
EL31832	Russell	100	MLC134	Golden Forty	100	MLC504	Eldorado	100
EL31833	Prosperity	100	MLC135	Golden Forty	100	MLC505	Eldorado	100
EL31834	Colombard	100	MLC136	Golden Forty	100	MLC51	Eldorado Anom	100
EL31835	Bishops Creek	100	MLC137	Golden Forty	100	MLC518	Ellen, Eldorado	100
EL31919	Billy Boy	100	MLC138	Golden Forty	100	MLC520	Great Northern	100
EL32030	Grey Bluff East	100	MLC139	Golden Forty	100	MLC522	Aga Khan	100
EL32213	Golden Slipper	100	MLC140	Golden Forty	100	MLC523	Eldorado	100
EL9403	Jess	100	MLC141	Golden Forty	100	MLC524	Susan	100
EL9958	Running Bear	100	MLC142	Golden Forty	100	MLC527	Mt Samuel	100
ELA27539	Telegraph	100	MLC143	Golden Forty	100	MLC528	Dingo, Eldorado	100
ELA27902	Lynx	100	MLC144	Golden Forty	100	MLC529	Cats Whiskers	100
ELA30123	Mosquito Creek	100	MLC146	Golden Forty	100	MLC53	Gold Forty	100
ELA30746	Mule	100	MLC147	Golden Forty	100	MLC530	Lone Star	100
ELA30747	Power of Wealth	100	MLC148	Golden Forty	100	MLC535	Eldorado No. 5	100
ELA30749	Mary Anne	100	MLC149	Golden Forty	100	MLC54	Gold Forty	100
ELA31355	Mt Samuel	100	MLC15	Eldorado 4	100	MLC546	The Mount	100
HLDC101	Sally No Name	100	MLC16	Eldorado 5	100	MLC55	Golden Forty	100
HLDC37	Warrego No. 1	100	MLC176	Chariot	100	MLC555	Curlew	100
HLDC39	Warrego Min	100	MLC177	Chariot	100	MLC558	New Hope	100
HLDC40	Warrego No. 2	100	MLC18	West Gibbet	100	MLC56	Golden Forty	100
HLDC41	Warrego No. 3	100	MLC182	Riesling	100	MLC576	Golden Forty	100
HLDC42	Warrego S7	100	MLC183	Riesling	100	MLC577	Golden Forty	100

TENEMENT SCHEDULE

All tenements below are held in Northern Territory, Australia as at the date of this report

Tenement	Name	Interest	Tenement	Name	Interest	Tenement	Name	Interest
HLDC43	Warrego S8	100	MLC184	Riesling	100	MLC581	Eldorado ABC	100
HLDC44	Warrego No. 2	100	MLC253	Mulga 1	100	MLC582	Eldorado ABC	100
HLDC45	Warrego No. 1	100	MLC254	Mulga 1	100	MLC583	Eldorado ABC	100
HLDC46	Warrego No. 1	100	MLC255	Mulga 1	100	MLC584	Golden Forty	100
HLDC55	Warrego No. 4	100	MLC256	Mulga 2	100	MLC585	Golden Forty	100
HLDC56	Warrego No. 5	100	MLC257	Mulga 2	100	MLC586	Golden Forty	100
HLDC58	Wiso Line No. 6	100	MLC258	Mulga 2	100	MLC591	TC8 Lease	100
HLDC59	Warrego No. 6	100	MLC259	Mulga 2	100	MLC592	TC8 Lease	100
HLDC94	Warrego No. 4	100	MLC260	Mulga 2	100	MLC593	TC8 Lease	100
HLDC95	Warrego No. 3	100	MLC261	Mulga 2	100	MLC594	TC8 Lease	100
HLDC96	Wiso Basin	100	MLC32	Golden Forty	100	MLC595	TC8 Lease	100
HLDC97	Wiso Basin	100	MLC342	Tinto	100	MLC596	TC8 Lease	100
HLDC99	Wiso No.3 pipe	100	MLC343	Rocky Range	100	MLC597	TC8 Lease	100
MA23236	Udall Road	100	MLC344	Rocky Range	100	MLC598	Golden Forty	100
MA30798	Little Ben	100	MLC345	Rocky Range	100	MLC599	Mt Samuel	85
MCC203	Galway	100	MLC346	Rocky Range	100	MLC601	TC8 Lease	100
MCC211	Shamrock	100	MLC347	Golden Forty	100	MLC602	TC8 Lease	100
MCC212	Mt Samuel	85	MLC348	Brolga	100	MLC603	TC8 Lease	100
MCC239	West Peko	100	MLC349	Brolga	100	MLC604	TC8 Lease	100
MCC240	West Peko	100	MLC35	Golden Forty	100	MLC605	TC8 Lease	100
MCC308	Mt Samuel	85	MLC350	Brolga	100	MLC606	Lone Star	100
MCC316	The Trump	100	MLC351	Brolga	100	MLC607	Lone Star	100
MCC317	The Trump	100	MLC352	Golden Forty	100	MLC608	Lone Star	100
MCC334	Estralita Group	100	MLC353	Golden Forty	100	MLC609	Lone Star	100
MCC340	The Trump	100	MLC354	Golden Forty	100	MLC610	Lone Star	100
MCC341	The Trump	100	MLC355	Golden Forty	100	MLC611	Lone Star	100
MCC344	Mt Samuel	100	MLC36	Golden Forty	100	MLC612	Lone Star	100
MCC364	Estralita	100	MLC362	Lone Star	100	MLC613	Lone Star	100
MCC365	Estralita	100	MLC363	Lone Star	100	MLC614	Lone Star	100
MCC366	Estralita	100	MLC364	Lone Star	100	MLC615	Lone Star	100
MCC524	Estralita	100	MLC365	Lone Star	100	MLC616	Lone Star	100
MCC55	Mondeuse	100	MLC366	Lone Star	100	MLC617	Mt Samuel	50
MCC56	Shiraz	100	MLC367	Lone Star	100	MLC619	Ture Blue	85
MCC57	Mondeuse	100	MLC368	Lone Star	100	MLC644	Enterprise	100
MCC66	Golden Forty	100	MLC369	Lone Star	100	MLC645	Estralita	100
MCC67	Golden Forty	100	MLC37	Golden Forty	100	MLC654	TC8 Lease	100
MCC9	Eldorado	100	MLC370	Lone Star	100	MLC66	Traminer	100
MCC925	Brolga	100	MLC371	Lone Star	100	MLC67	Traminer	100
MCC926	Brolga	100	MLC372	Lone Star	100	MLC683	Eldorado	100
ML22284	Billy Boy	100	MLC373	Lone Star	100	MLC692	Warrego Mine	100
ML23216	Chariot	100	MLC374	Lone Star	100	MLC705	Apollo 1	100
ML30096	Malbec	100	MLC375	Lone Star	100	MLC91	Carraman/Klondyke	100
ML30177	North Star	100	MLC376	Mulga 1	100	MLC92	Carraman/Klondyke	100
ML30322	Verdot	100	MLC377	Mulga 1	100	MLC93	Carraman/Klondyke	100
ML30620	Kia Ora	100	MLC378	Mulga 1	100	MLC94	Carraman/Klondyke	100
ML30623	Pinnacles South	100	MLC379	Mulga 1	100	MLC95	Carraman/Klondyke	100
ML30716	Comstock	100						

TENEMENT SCHEDULE

All tenements below are held in New South Wales, Australia as at the date of this report

Tenement	Name	Interest
EL8463	Wellington	90
EL8464	Fifield	90
EL8590	Kiola	90
EL8766	Greater Kadungle	100
EL8999	Kadungle	89

SHAREHOLDER INFORMATION AS AT 12 SEPTEMBER 2022

	Number of holders	Number of units held	% of issued
ORDINARY SHARES			
<i>Distribution of ordinary shares</i>			
1 – 1,000	53	6,472	0.00%
1,001 – 5,000	177	713,155	0.13%
5,001 – 10,000	406	3,421,915	0.63%
10,001 – 100,000	1,331	54,956,160	10.09%
100,001 and over	578	485,612,086	89.15%
Total	2,545	544,709,788	100.00%

<i>Holdings less than a marketable parcel of shares</i>	258	868,905	0.16%
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Twenty largest ordinary shareholders

J P Morgan Nominees Australia Pty Limited	76,544,744	14.05%
Evolution Mining Limited	49,144,000	9.02%
UBS Nominees Pty Ltd	22,773,384	4.18%
Nova Sage Holdings Limited	16,021,440	2.94%
HSBC Custody Nominees (Australia) Limited	13,429,390	2.47%
Noontide Investments Limited	12,791,854	2.35%
Langston Key Limited	12,384,615	2.27%
Mr Robert Trevor Bills	7,803,125	1.43%
Shorlane Pty Ltd <Jolma Super Fund A/C>	6,687,500	1.23%
Noontide Securities Pty Ltd	6,286,954	1.15%
Kurraba Investments Pty Ltd	5,000,000	0.92%
My Geoffrey Kevin Cammell <Cammell Discretionary A/C>	4,780,000	0.88%
Norwhale Pty Ltd	3,700,000	0.68%
Citicorp Nominees Pty Limited	3,682,428	0.68%
Bond Street Custodians Limited <Darvcre – D08642 A/C>	3,675,000	0.67%
Ms Mandy Hung Lin Chan	3,475,000	0.64%
Mr Geoffrey Kevin Cammell	3,400,000	0.62%
Mr Cheung Lock Hung	3,029,427	0.56%
Jorgenson-Watts Pty Ltd <Jorgenson-Watts Family A/C>	3,000,000	0.55%
Noontide Nominees Pty Ltd <D & D Croll Super Fund A/C>	2,550,000	0.47%
	260,158,861	47.76%

Substantial shareholders

J P Morgan Nominees Australia Pty Limited	76,544,744	14.05%
Evolution Mining Limited	49,144,000	9.02%
	125,688,744	23.07%

* The voting rights attached to ordinary shares are set out as below:

At meeting of members or classes of members:

- Each member entitled to vote may vote in person or by proxy, attorney or representative;
- On a show of hands, every person present who is a member or a proxy, attorney or representative of a member has one vote; and
- On a poll, every person present who is a member or a proxy, attorney or representative of a member has:
 - For each fully paid share held by person, or in respect of which he/she is appointed a proxy, attorney or representative one vote for the share.
 - For each partly paid share, only the fraction of one vote which the amount paid (not credited) on the share bears to the total amounts paid and payable on the share (excluding amounts credited).

Subject to any rights or restrictions attached to any shares or class of shares.

There is no current on-market buy back.

SHAREHOLDER INFORMATION AS AT 12 SEPTEMBER 2022

	Number of holders	Number of units held	% of issued
UNQUOTED OPTIONS* OVER ORDINARY SHARES			
Exercise price of \$0.11 expiring on 31/12/23	1	3,000,000	2.94
Exercise price of \$0.14 expiring on 31/12/23	6	15,500,000	15.21
Exercise price of \$0.16 expiring on 9/7/23	247	58,000,000	56.93
Exercise price of \$0.20 expiring on 31/12/25	1	15,384,615	15.10
Exercise price of \$0.138 expiring on 26/4/23	2	3,000,000	2.94
Exercise price of \$0.1725 expiring on 26/4/24	2	3,000,000	2.94
Exercise price of \$0.184 expiring on 26/4/25	2	4,000,000	3.93
		<u>101,884,615</u>	<u>100.00%</u>

*There are no voting rights attached to options

UNQUOTED PERFORMANCE RIGHTS* OVER ORDINARY SHARES

Expiring on 29/01/24	1	6,000,000	100.00
		<u>6,000,000</u>	<u>100.00%</u>

*There are no voting rights attached to performance rights

RESTRICTED SECURITIES

There are no restricted securities.

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