



ABN 53 117 086 745

ANNUAL REPORT

2018

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CORPORATE DIRECTORY

DIRECTORS

Andrew McIlwain, Non-executive Chairman
 Rob Bills, Chief Executive Officer
 Allan Trench, Non-executive Director

COMPANY SECRETARY

Trevor Verran

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ERM

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 Darwin NT 0807

BANKERS

National Australia Bank
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 West Perth WA 6005

AUDITORS

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SHARE REGISTER

Advanced Share Registry Services Limited
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REVIEW OF OPERATIONS

About Emmerson Resources

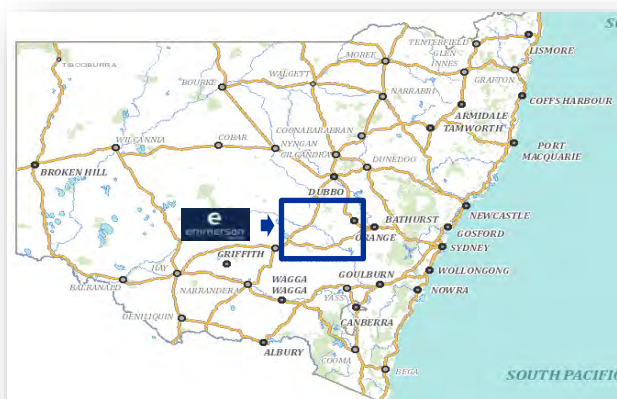


Figure 1: NSW Projects

Emmerson has recently made a strategic entry into New South Wales to complement its dominant position around Tennant Creek in the Northern Territory. In conjunction with strategic alliance partner Kenex Limited, the NSW land package was identified using the application of 2D and 3D predictive targeting models – aimed at increasing the probability of discovery. The projects are located within highly prospective Macquarie Arc in NSW hosts >80Moz gold and >13Mt copper with these resources heavily weighted to areas of outcrop or limited cover.

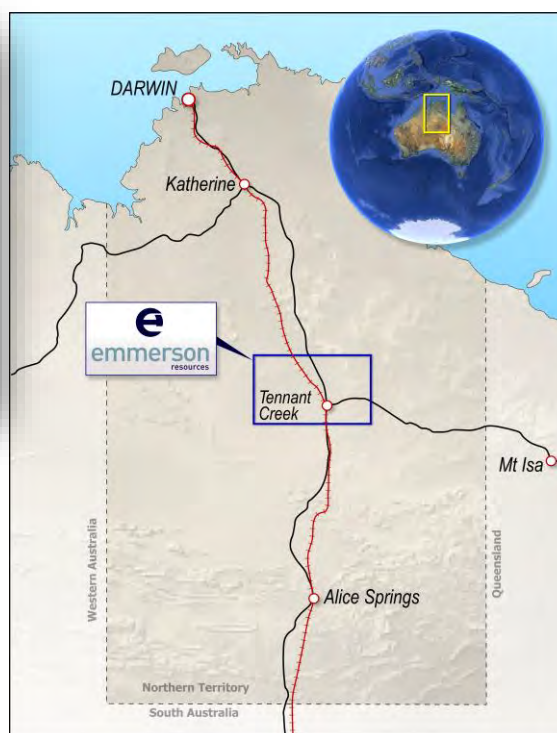


Figure 2: Tennant Creek Location

Emmerson's NSW exploration projects contain many attributes of the known deposits within the Macquarie Arc but remain under explored due to historical impediments, including an overlying cover (plus farmlands) and a lack of exploration focus. Exploration conducted during the year confirmed the potential of Emmerson's project area to host large copper-gold deposits.

In addition, Emmerson achieved a number of significant milestones in the Tennant Creek Mineral Field (TCMF) which have positioned the Company strongly for the coming period. The TCMF is one of Australia's highest-grade gold and copper fields and has produced over 5.5Moz of gold and 470,000 tonnes of copper from a number of major deposits. This style of high-grade deposits are highly valuable and Emmerson's exploration program has been aimed at identifying similar targets. To date, discoveries made have included high-grade gold at Edna Beryl and Mauretania, plus copper-gold at Goanna and Monitor. These are the first discoveries in the TCMF for over a decade.

In May 2018 Emmerson announced its intention to enter into a strategic alliance with Territory Resources Limited to build a central processing hub in Tennant Creek to support the milling and processing from Emmerson's small gold mines and other third-party feed. This alliance was formalised in September 2018 and now extends to an earn-in and JV with Territory Resources over Emmerson's Southern Project Area at Tennant Creek.

Emmerson is led by a board and management group of experienced Australian mining executives including former MIM and WMC executive Andrew McIlwain as non-executive chairman, and former senior BHP Billiton and WMC executive Rob Bills as Managing Director and CEO.

Emmerson holds 2,600 km² of ground in the TCMF and a substantial geological database plus extensive infrastructure and equipment. The TCMF is situated approximately 500km north of Alice Springs on the Stuart Highway and boasts excellent infrastructure (main highway, rail, gas, water, township and airport).

Under the terms of a Tribute Agreement, Emmerson is entitled to 12% of the gold dore produced by the miner within a defined Tribute Area at the Edna Beryl mine located on Emmerson's Mining Lease.

REVIEW OF OPERATIONS

TCMF Farm-in Agreement

The Company was exploring the TCMF with Evolution Mining Limited (Evolution) from June 2014 to May 2018 pursuant to a Tennant Creek Farm-in and Joint Venture Agreement (TCJVA) whereby Evolution could earn up to a 75% interest in Emmerson's Tennant Creek tenements subject to meeting certain expenditure requirements. Evolution met the Stage 1 farm-in expenditure obligation of \$15 million during 2018, entitling it to elect to earn an initial 65% interest in the Tennant Creek tenements.

The TCJVA was restructured with approval of shareholders at a general meeting on 18 May 2018, whereby Emmerson has retained 100% ownership of the majority of the Tennant Creek tenements representing approximately 94% of the entire tenement package. It includes the gold dominant projects, small mines and associated exploration ground considered highly prospective for new discoveries.

In return Evolution has taken a 100% holding in the tenements that contain the Gecko, Goanna and Orlando copper-gold prospects, constituting some 6% of the Tennant Creek tenement package. These prospects are predominantly copper rich but have potential for gold grades to increase at depth. Further exploration will require deep directional drilling looking for discoveries of significant scale.

Tennant Creek Exploration Activities

During the financial year, Emmerson conducted 9,332m drilling consisting of 8,479m of Reverse Circulation (RC), including pre-collars and 853m of diamond drilling in Tennant Creek. Exploration expenditure in Tennant Creek for the financial year totalled \$2,741,313 of which \$2,035,509 was reimbursed by Evolution under the TCJVA. In addition, Emmerson received a management fee of \$133,576 during the financial year from Evolution for managing the exploration activities conducted under the TCJVA.

Revenue of \$191,426 was received during the financial year for the Company's share of gold mined by the miner under Tribute Mining Agreements for the small mines on Emmerson's mining tenements.

Gecko - Goanna

A drill program of approximately 2,500m at Emmerson's Gecko-Goanna-Monitor discovery was completed in December 2017 with the objective of extending the known high-grade copper mineralisation. This followed some highly encouraging copper results from hole GODD032 drilled in 2015 which intersected 7m at 5.98% copper including 3m at 10.4% copper from 123m down. Another zone of 3m at 4.75% copper including 1m at 10.6% copper from 162m suggests significant potential exists for high grade copper, similar to what has been discovered at Goanna.

Mauretania

At Mauretania, three RC holes were drilled to refine the structural understanding and test for extensions to the mineralisation with the ultimate aim of adding this project to Emmerson's small to medium-sized mine portfolio. Both objectives were successfully achieved. The continuity of the ironstone has been demonstrated, plus a new zone intersecting 10m at 7.6g/t gold, 2.4g/t silver, 0.19% copper and 0.14% bismuth has been discovered in the footwall of the hematite ironstone (drill hole MTRC023).

Drill hole MTRC023, a vertical hole through the alteration and ironstone, provides an insight into the metal and alteration zonation plus highlights mineralisation both on the footwall and hangingwall of the ironstone – opening up the untested potential for additional mineralisation at depth.

Whilst it appears that the highest gold grades occur above the base of oxidation, this new deeper gold, copper and bismuth mineralisation indicates further drilling will be required before mining studies are finalised. The intersection of 9m at 2.56g/t gold, 22.8g/t silver, 2.3% copper and 0.12% cobalt (drill hole MTRC025) highlights the likely true width of the mineralisation and potential for copper and cobalt credits.

This latest drilling, when considered together with the geochemical footprint, now suggests significant potential for down dip and strike extensions to the mineralisation. Metallurgical test work will be completed on samples from the recent drill program in support of future development.

REVIEW OF OPERATIONS

West Gibbet

West Gibbet is an undercover target that is associated with a discrete magnetic anomaly coincident with an underlying, magnetite ironstone. It occurs along a highly mineralised, east-west trending structural corridor referred to as the “wine line”. This corridor hosts the Chariot, Malbec and TC8 mines, with all associated gold and copper mineralisation hosted in magnetite and/or transitional magnetite-hematite ironstone.

Previous drill results at West Gibbet intersected extremely high grades of 9m at 95.5g/t gold within the oxide zone, some 74m from surface (ASX: 26/05/2008). This recent hole drilled (WGRC052) was aimed at confirming the tenor of the historical drill hole and to provide a bulk metallurgical sample, ahead of converting this target to a small mine.

Drill hole WGRC052 intersected lower tenor mineralisation (7m at 7g/t gold from 66m) compared to Emmerson’s previous drilling, indicating the mineralisation was likely associated with coarse gold. However, it did confirm the continuity and potential for a shallow underground mine. The nearby Analytic target contains a historic intercept of 24m at 6.3g/t gold from 246m (including 3m at 48.3g/t gold) – suggesting the possibility for deeper, high-grade gold at West Gibbet beneath the existing ironstone. As has been seen with the Edna Beryl mine development, this potential is likely best realised once the underground development is established.

Jasper Hills

A series of spectacular assay results have been returned from drill core from the Jasper Hills Project, located within the Northern Corridor of the TCMF.

Drill core from most of the previous diamond holes (drilled by others between 1975 and 1997) have been located as part of Emmerson’s ongoing target generation activities over the Northern Corridor. The diamond core is in excellent condition, with key intervals resubmitted for assay utilising standards under the JORC Code (2012). The resultant assays accord well with the historic results and detailed geological information, providing a high integrity database for ongoing studies.

The Jasper Hills mineralisation is hosted in brecciated hematite ironstones surrounded by intensely chloritized sediments of the Warramunga Group. The ironstones are enveloped by silicified carbonates, quartz and jasper, similar in most aspects to Edna Beryl and within the district, encompass high-grade gold exploration targets (North Star Deeps Gold, Jasper Hill Gold), high-grade copper exploration targets (Katherine Star, Northern Star and Hermitage) and high-grade copper-cobalt exploration targets.

Mineralisation at Jasper Hills is typically associated with the footwall or core of the ironstones and in the oxide zone, some 50m below the surface, consists of malachite and lesser azurite. The transition zone includes these plus bornite, chalcocite and native copper, extending down some 200m below the surface to encompass the sulphide zone of mainly chalcopyrite. The high-grade cobalt zone transgresses the copper and consists of mainly cobaltite in association with chalcopyrite and digenite. Interestingly, historic metallurgical testing of these ores in the 1990’s produced a high-grade copper and cobalt concentrate, with a 20kg sample grading 3.6% copper and 0.16% cobalt (1990 Optimet Laboratories).

The ironstones of the Northern Corridor are hematite dominant and, up until now, have been challenging to discover. Emmerson’s success in discovery for these styles of deposits (for example Edna Beryl, Mauretania and Goanna) comes from systematic, science-based exploration utilising the application of new exploration models combined with modern geophysical detection technologies.

Edna Beryl Mine

Mining at Edna Beryl East is being undertaken under a Tribute Mining Agreement (TMA) by the Edna Beryl Mining Company which specialises in development and production from small mines. First production from the Edna Beryl Mine was achieved in December 2017. Since then, plans have progressed for commercial production which includes full scale mining and processing. Emmerson receives a share of the gold produced under the TMA.

Emmerson firmly believes there is excellent exploration upside at Edna Beryl, but like many of the historical mines in the field, will require higher density drilling that is best achieved from underground.

REVIEW OF OPERATIONS

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

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

Rover Project – Earn-in with Andromeda Metals

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

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

Small Mines

Planning and permitting for a pipeline of development and production from additional small mines continued throughout the year. The small mines strategy has a number of advantages for Emmerson shareholders including:

- A free carried, near term income stream from its non-core assets via royalty agreements.
- Establishment of underground drill platforms which based on the discovery history of some of the historic mines has potential to more effectively test for extensions and grow the existing resources.
- To de-risk possible larger scale mine development through providing insights into the geological controls on the mineralisation and metallurgical characteristics of the ore.
- Enabling Emmerson to maintain a focus on its core objective of discovering major deposits of copper and gold.

Material advancement was made at a number of projects including Black Snake, Malbec and Chariot.

Tennant Creek Processing Hub

On 30 May 2018 Emmerson entered into a landmark Asset Sale and Purchase Agreement with Territory Resources Ltd (TTY) with the following key outcomes:

- Sale of Emmerson's Warrego Mill Lease to TTY in exchange for the construction and commissioning of a Central Processing Facility
- Proposed 300,000tpa facility to be the hub for feed from Emmerson's 100% owned small mines which have priority over other third-party feed
- TTY paid an initial \$100,000 non-refundable deposit to Emmerson with further payments subject to final negotiations and transfer of liabilities

Strategic Alliance

Subsequent to the end of the financial year on 5 September 2018 Emmerson entered into a strategic alliance with Territory Resources Ltd (TTY) under an Exploration Earn-In & Joint Venture Agreement, a Small Mines Joint Venture Agreement (SMJVA) and a Share Subscription Agreement.

Under the Exploration Earn-In & Joint Venture Agreement TTY will fund \$5 million of exploration over five years across Emmerson's Southern Project Area (SPA) in the TCMF to earn a 75% interest in the SPA. TTY must spend a minimum of \$2 million before it can withdraw from the Earn-In. 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. The SPA represents approximately 25% of Emmerson's total Tennant Creek landholding. Emmerson retains 100% ownership of the majority of the TCMF (circa 75% of the existing tenement package), including the Mauretania gold and

REVIEW OF OPERATIONS

Jasper Hills gold-copper-cobalt projects, plus the high-grade Edna Beryl Gold Mine.

Under the SMJVA, Emmerson will receive a free carried 25% profit share from any mine production from within the SPA, excluding the Edna Beryl and Chariot Mines (where Emmerson will receive 12% and 6% respectively of the gold produced). Territory will receive a 75% share of profits in exchange for planning, funding, developing and operating Emmerson's portfolio of potential other mining projects within the SPA.

Under the Share Subscription Agreement TTY has subscribed for 19,323,671 Emmerson shares at an issue price of A\$0.1035 per share to raise \$2 million. Following this placement, TTY will hold approximately 4.55% of Emmerson shares on issue.

New South Wales Exploration Activities

Emmerson is exploring new gold-copper projects in NSW, identified (with our strategic alliance partner Kenex Limited) from the application of multiple large, independent datasets aimed at increasing the probability of discovery in covered terrains through enhanced predictive capability. The highly prospective Macquarie Arc hosts >80Moz gold and >13Mt copper and the majority of these resources are heavily weighted to areas of outcrop or limited cover. Emmerson's exploration projects contain many attributes of the known deposits within the Macquarie Arc but remain underexplored due to historical impediments including overlying cover, limited land access and a lack of exploration focus.

Exploration on our NSW projects is fully funded by Emmerson and at an appropriate stage a suitable JV partner may be sought as has been successfully previously undertaken within the TCMF. Exploration expenditure in NSW for the financial year totalled \$1,224,466.

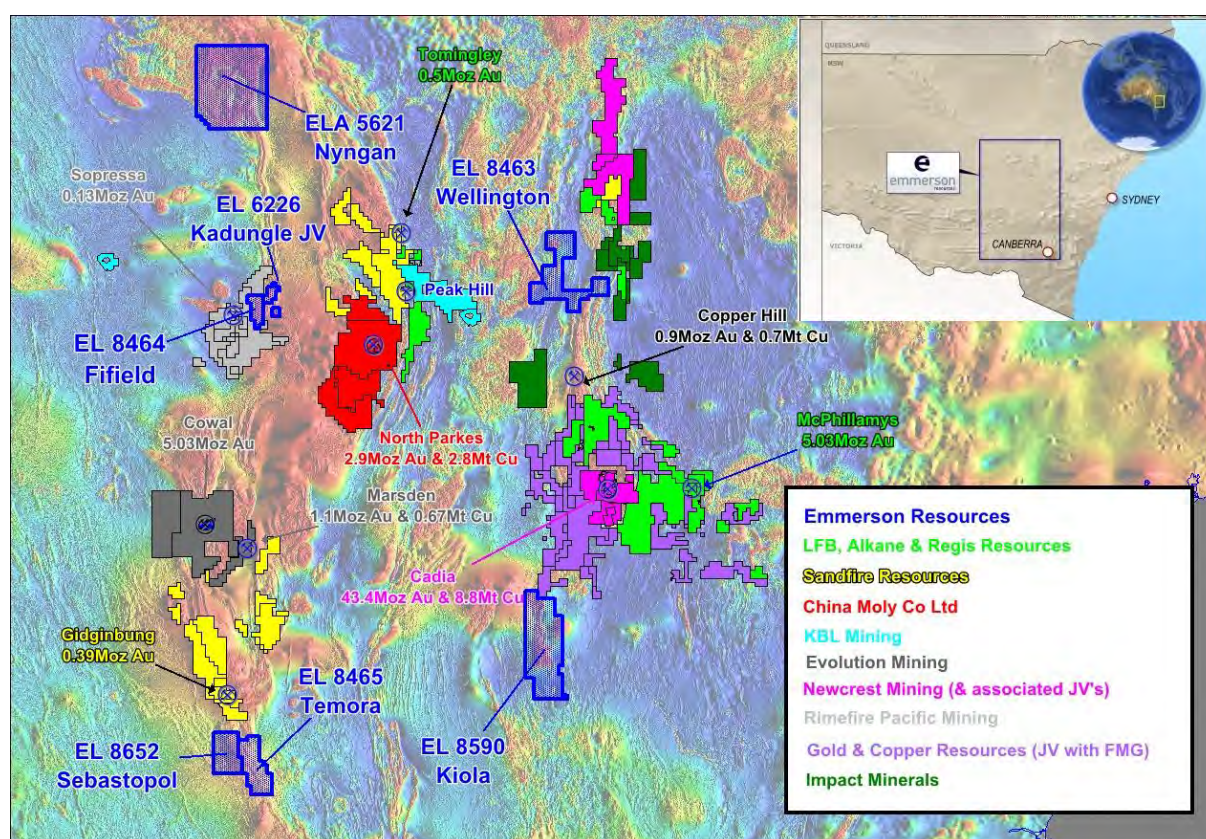


Figure 3: Location of Emmerson Resources NSW Projects (bold blue outline) plus major explorers and deposits within the Macquarie Arc (muted red colour=magnetic signature of the Macquarie Arc).

REVIEW OF OPERATIONS

Fifield Project

Highly encouraging, early-stage results were returned from the Whatling Hill prospect within the Fifield project in NSW. This area falls within a regionally significant metallogenic province, bounded by the Lachlan Transfer Zone (LTZ) and the Ordovician age, Macquarie Arc. This province also hosts a number of emerging platinum, cobalt, gold and copper projects. Whatling Hill consists of a discrete magnetic anomaly bounded by WNW trending faults with minimal surface expression. The results to date consist of rockchip samples across an area of ~1km² which is the extent of outcrop/float and may not reflect the size/extent of the underlying mineralisation.

The rockchip values have returned elevated gold (up to 0.25g/t) and copper (up to 2%), mainly from sheeted quartz-magnetite veins locally hosted in monzonite intrusions. There has been no historical drilling or soil sampling in the area. The alteration assemblage of epidote, chlorite with quartz, magnetite, chalcopyrite and malachite veins indicate proximity to a porphyry gold-copper system, but within the outer “green rock” halo. Further field work is currently underway, complimented by the latest scientific analysis as part of the University of Tasmania, ARC Linkage project. This analysis is aimed at identifying metallogenic fertile systems and providing vectors to the central part of the mineralisation.

Given the promising results, Emmerson has accelerated exploration at Whatling Hill where an auger rig has recently completed a large geochemical program to accurately define the underlying mineralisation and guide future drilling.

Wellington Project

The Wellington project was targeted utilising similar methodologies as Emmerson's other NSW projects and sits along strike from Newcrest Mining's world-class Cadia-Ridgeway gold-copper deposit.

Auger soil sampling across the Ponto prospect (the northernmost area) has revealed moderate copper anomalism, corresponding to outcrops/float of copper altered intrusives. The most consistent geochemical result came from Ponto East, with a 500m² area of +200ppm copper and combined gold-copper-molybdenum anomalism. A new area was identified in the far north that has strong copper-gold anomalism associated with gabbro/diorite intrusive.

Further work is underway both in the field and at the University of Tasmania to better understand the significance of these results.

Kadungle Project

In June 2016 the Company entered into an Option and Farm-In agreement with Aurelia Metals Ltd whereby Emmerson had an option to farm-in on EL6226 (Kadungle Project) by spending a minimum of \$100,000. Emmerson exercised this option on 28 June 2017.

After exercising its option to farm-in, Emmerson then went on to meet the farm-in expenditure obligation of a minimum of \$500,000 expenditure during 2018 to earn an 80% interest in the Kadungle Project and are now in the process of forming a joint venture with Aurelia Metals Ltd.

During the year, Emmerson conducted 1,680m drilling consisting of 688m of RC (including pre-collars) and 992m of diamond drilling at Kadungle.

Emmerson's first drill hole at Kadungle intersected high level epithermal gold-silver mineralisation and deeper porphyry copper-gold within a very extensive zone of alteration. This drill hole supports the previous historical drilling where high level epithermal veins were intersected with best assays of 12m at 7.7g/t (drill hole KDD002). Similarly, deeper disseminated and veined copper-gold produced intersections of 37m at 0.23% copper including 6m at 1.1% copper (KDD013) and 154m at 0.12% copper and 0.37g/t gold (KRC019). This drill hole not only extends the known mineralisation but points to the potential for both high level (shallow) epithermal gold-silver and deeper porphyry copper-gold mineralisation over a large area. The alteration of upper level quartz-pyrite-hematite grading to chlorite-epidote-quartz and deeper K-feldspar-chlorite-hematite is consistent with a large underlying porphyry copper-gold system. Moreover, the discovery of further mineralised, epithermal quartz veins (up to 1.27g/t) some 2km east at the Trig prospect are likely manifestations of the peripheral gold bearing, epithermal fluids.

REVIEW OF OPERATIONS

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

The drilling campaign at the Kadungle project identified potential for both deeper copper-gold and now, shallow epithermal gold at the Trig prospect. Construction of the drill access track at Trig revealed extensive boulders of epithermal quartz. The last drill hole at Trig (drill hole TRC004) intersected multiple epithermal veins which correspond with boulders at surface that contain extensive quartz-hematite veins. Previous rock chip sampling at Trig returned highly anomalous gold geochemistry with up to 1.27 g/t gold.

Drill hole KDD017 intersected both shallow gold (3m at 0.67g/t) in quartz-hematite chlorite stock-work veins and zones of deeper copper mineralisation (10m at 0.35% copper incl. 1m at 1.63% copper). This zone of elevated copper is associated with sheeted chalcopyrite-pyrite veins within pervasive chlorite-sericite-pyrite altered host rocks. The other two drill holes at Mt Leadley intersected strong alteration and anomalous gold (up to 0.25g/t) which combined with the recent geophysics, suggests that the main, higher grade portion of the system is yet to be tested.

Our People

The success of Emmerson is very dependent on getting the “right people” doing the right tasks. Emmerson has attracted and retained great people through offering flexible employment contracts and providing challenging work which rewards innovation and sound science. In the past financial year Emmerson has maintained a very stable but small corporate office in Perth together with specialised, geoscientific consultants. The main exploration base is situated in the town of Tennant Creek, Northern Territory, and is capably managed by our Exploration Manager, Steve Russell. He is supported by a highly competent and dedicated team, some of whom are residents in Tennant Creek. In NSW, Emmerson’s pursuits are guided by Dr Liza Cuison who has developed productive relationships with local landowners and service providers.

Competency Statement

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

The information in this report which relates to NSW Projects Exploration Results is based on information compiled by Dr Ana Liza Cuison, MAIG, MSEG. Dr Cuison is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 edition and the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Cuison is a full-time employee of the Company and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY (HSEC)

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 the public. 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, weekly 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.

Period audits are conducted by an external consultant on our safety management system to confirm the requirements of AS/NZS 4801:2001 Occupational Health and Safety Management Systems are met.

Emmerson has the outstanding record of 6 years without a lost time injury (LTI) to 21 October 2015 (probably an industry record and a credit to the commitment of the entire team) and subsequently the number of days without a LTI at 30 June 2018 were 931.

Summary of Key Safety Statistics:	2015	2016	2017	2018
Total Company Hours Worked	30,532	27,567	21,742	21,720
Lost Time Injuries (LTIs)	0	1	0	0
Medical Treated Injuries (MTIs)	2	2	0	0
Lost Time Injury Frequency Rate per 100,000 Hours Worked (LTIFR)	0	3.6	0	0

Environment

Emmerson cares for the environment and is committed to the efficient use of resources, minimisation of waste and pollution and reducing the environmental impact of our operations. We strive towards the implementation and maintenance of management systems for sustainable development that drive continual improvement.

The Company has adequate systems in place for the management of its environmental responsibilities and it is pleasing to report that 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. A recent environmental audit from the NT Department of Resources, which inspected many former drill sites, confirmed Emmerson's environmental obligations are being met.

Community

The Traditional Owners of land in the TCMF are represented by the Central Land Council, or "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 aboriginal interests; environmental protection; rehabilitation; aboriginal employment; work planning and execution; and compensation and other payments.

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

Emmerson continues to support community and sporting organisations in the Tennant Creek area and is a proud supporter of both the Clontarf Foundation and Stars Foundation in Tennant Creek.

SHAREHOLDER INFORMATION AS AT 27 SEPTEMBER 2018

	Number of holders	Number of units held	% of issued
ORDINARY SHARES			
<i>Distribution of ordinary shares</i>			
1 – 1,000	55	8,053	0.00%
1,001 – 5,000	193	710,355	0.17%
5,001 – 10,000	325	2,677,249	0.64%
10,001 – 100,000	1,140	47,392,736	11.42%
100,001 and over	433	364,403,646	87.77%
Total	2,146	415,192,039	100.00%

<i>Holdings less than a marketable parcel of shares</i>	338	1,260,571	0.30%
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Twenty largest ordinary shareholders

J P Morgan Nominees Australia Limited	52,429,207	12.63%
Evolution Mining Limited	49,144,000	11.84%
UBS Nominees Pty Ltd	17,850,000	4.30%
HSBC Custody Nominees (Australia) Limited	14,230,620	3.43%
Noontide Capital Pty Ltd	11,368,532	2.73%
TRL Tennant Creek Pty Ltd	9,661,836	2.33%
Mr Robert Trevor Bills	6,723,125	1.62%
Shorlane Pty Ltd <Jolma Super Fund A/C>	5,687,500	1.37%
Kurraba Investments Pty Ltd	5,000,000	1.20%
Citicorp Nominees Pty Limited	4,049,842	0.98%
Novasc Pty Ltd <Bellis Australia S/F A/C>	3,805,701	0.92%
Bond Street Custodians Limited <Davkre - D08642 A/C>	3,375,000	0.81%
Civil & General Distributors Pty Ltd <Quirk Family A/C>	3,335,393	0.80%
Jorgenson-Watts Pty Ltd <Jorgenson-Watts Family A/C>	3,100,000	0.75%
Mr Cheung Lock Hung	3,029,427	0.73%
Mr Mark Quirk + Ms Jennifer Ann Taylor <Superannuation Fund A/C>	3,010,370	0.73%
Mr Andrew Ivor Bruce McIlwain	2,803,828	0.68%
Ms Mandy Hung Lin Chan	2,677,188	0.64%
ESM Limited	2,500,000	0.60%
Noontide Nominees Pty Ltd <D & D Croll Super Fund A/C>	2,350,000	0.57%
	206,131,569	49.65%

Substantial shareholders

J P Morgan Nominees Australia Limited	52,429,207	12.63%
Evolution Mining Limited	49,144,000	11.84%
	101,573,207	24.46%

There is no current on market buy back.

UNQUOTED OPTIONS OVER ORDINARY SHARES

Exercise price of \$0.135 expiring on 30/09/20	9	19,800,000	100.00%
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There are no voting rights attached to options

DIRECTORS' REPORT

The Directors of Emmerson Resources Limited ("Company" or "Emmerson" or "consolidated entity") submit their report for the year ended 30 June 2018.

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) – Non-executive Chairman

Andrew McIlwain is a qualified mining engineer with over 30 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 Lafayette 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 companies:

- Unity Mining Limited (Managing Director & CEO from December 2011 to 30 September 2015)
- Investigator Resources Limited (Director since 20 June 2018)

Robert Bills B.Sc, M.Sc - 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 Resources Mr. Bills had a 25 year career with Western Mining Corporation, then BHP Billiton where he 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

Dr Allan Trench is a geologist/geophysicist and business management consultant with over 25 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 as a management consultant, with Woodside Petroleum in strategy development and with WMC both as a geophysicist and exploration manager. He is an Associate Consultant with international metals and mining advisory firm CRU Group and has contributed to the development of that company's uranium practice having previously managed the CRU Group global copper research team. Dr Trench maintains academic links as Professor at the UWA Business School and as Research Professor (Value & Risk) to the Centre for Exploration Targeting, a Curtin-UWA joint initiative. 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:

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

DIRECTORS' REPORT

COMPANY SECRETARY

Trevor Verran B Comm., CPA

Trevor Verran holds a Bachelor of Commerce degree from University of Western Australia and is a Certified Practicing Accountant with extensive experience in both the accounting profession and the mining industry. Prior to 2000, he held a senior position in an international firm of accountants. More recently Trevor's experience has included the provision of accounting, financial management and company secretarial services for a number of public mining companies, including Aurora Gold Limited (2000 to 2003), Polaris Metals NL (CFO and company secretary from 2004 to 2011) and Northern Uranium Limited.

Mr Verran has been the CFO and Company Secretary of Emmerson since December 2011.

DIRECTORS' MEETINGS

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	5	5	2	2
Robert Bills	5	5	-	-
Allan Trench	5	5	2	2

All directors were eligible to attend all meetings held whilst a director.

DIRECTORS' INTERESTS

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

	Ordinary shares
Andrew McIlwain	4,334,927
Robert Bills	7,746,225
Allan Trench	36,000

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.

DIRECTORS' REPORT

OPERATING AND FINANCIAL REVIEW

Overview

Emmerson was incorporated in November 2005 and acquired a suite of exploration and mining tenements covering some 2,800 kms² of the Tennant Creek Mineral Field (TCMF) and associated exploration and support infrastructure in the township of Tennant Creek, Northern Territory, Australia. Emmerson has consolidated 95% of the highly prospective TCMF where only 8% of the historical drilling has penetrated below 150m. The Company listed on the Australian Securities Exchange (ASX) on 17 December 2007; ASX code: ERM.

Emmerson is exploring the TCMF, one of Australia's highest-grade gold and copper fields producing over 5.5Moz of gold and 470,000 tonnes of copper from deposits including Warrego, White Devil, Orlando, Gecko, Chariot and Golden Forty. These high-grade deposits are highly valuable exploration targets, and to date, discoveries include high-grade gold at Edna Beryl and Mauretania, plus copper-gold at Goanna and Monitor. These are the first discoveries in the TCMF for over a decade.

The Company was exploring the TCMF with Evolution Mining Limited (Evolution) pursuant to a Tennant Creek Farm-in and Joint Venture Agreement (TCJVA) from June 2014 to May 2018 whereby Evolution could earn up to a 75% interest in Emmerson's Tennant Creek tenements subject to meeting certain expenditure requirements. Evolution met the Stage 1 farm-in expenditure obligation of \$15 million during 2018 entitling it to elect to earn an initial 65% interest in the Tennant Creek tenements.

The TCJVA was restructured with approval of shareholders at a general meeting on 18 May 2018, whereby Emmerson has retained 100% ownership of the majority of the Tennant Creek tenements representing approximately 94% of the entire tenement package. It includes the gold dominant projects, small mines and associated exploration ground considered highly prospective for new discoveries.

In return Evolution has taken a 100% holding in the tenements that contain the Gecko, Goanna and Orlando copper-gold prospects, constituting some 6% of tenement package. These prospects are predominantly copper rich but have potential for gold grades to increase at depth. Further exploration will require deep directional drilling looking for discoveries of significant scale.

Having identified and secured geologically attractive ground positions, Emmerson recently commenced exploration on new gold-copper projects in NSW, identified (with our strategic alliance partner Kenex Limited) from the application of 2D and 3D predictive targeting models – aimed at increasing the probability of discovery. The highly prospective Macquarie Arc in NSW hosts >80Moz gold and >13Mt copper with these resources heavily weighted to areas of outcrop or limited cover. Emmerson's five exploration projects contain many attributes of the known deposits within the Macquarie Arc but remain under explored due to historical impediments, including an overlying cover (plus farmlands) and a lack of exploration focus.

Operating Results for the Year

The loss for the year ended 30 June 2018 was \$4,453,068 compared to the previous year loss of \$3,525,346.

Total revenue and other income increased from \$399,353 in the previous year to \$637,983 predominantly due to tribute mining gold sales royalties of \$191,426 and a gain on disposal of assets of \$129,545 for the year ended 30 June 2018 (2017: nil).

Expenses significantly increased from \$3,924,699 in the previous year to \$5,091,051 for the year ended 30 June 2018 predominately due to exploration and evaluation assets impairment of \$3,849,065 in the 2018 financial year (2017: \$517,715) offset by write-off of plant and equipment of \$1,500,000 in 2017 (2018: nil).

Financial Position

Net assets and total equity decreased by \$2,429,013 during the year predominantly due to the exploration and evaluation assets impairment of \$3,849,065 offset by proceeds from shares issued under placement of \$1,943,999. Available cash at the end of the year was 3,820,179.

DIRECTORS' REPORT

Exploration and evaluation assets decreased by \$1,919,606 during the year due to an impairment of Tennant Creek exploration expenditure which was offset by exploration expenditure during the year and the balance of exploration and evaluation assets carried forward at the end of the year was \$11,814,834 (2017: \$13,734,440).

Net assets and total equity at 30 June 2018 were \$16,358,356 (2017: \$18,787,369).

Cash and assets utilised by the Company for the year are consistent with the Company's business objectives and the Directors believe the Company is in a position to continue its exploration endeavours.

Risk and Risk Management

Sufficient liquidity to ensure financial obligations are being met as they fall due is the Company's significant business risk. 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. The decision on how the Company will raise future capital will depend on 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.

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 2018.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Subsequent to the end of the financial year on 5 September 2018 Emmerson entered into a strategic alliance with Territory Resources Ltd (TTY) under an Exploration Earn-In & Joint Venture Agreement, a Small Mines Joint Venture Agreement and a Share Subscription Agreement.

Under the Exploration Earn-In & Joint Venture Agreement TTY will fund \$5 million of exploration over five years across Emmerson's Southern Project Area (SPA) in the Tennant Creek Mineral Field to earn a 75% interest in the SPA. TTY must spend a minimum of \$2 million before it can withdraw from the Earn-in. 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. The SPA represents approximately 25% of Emmerson's total Tennant Creek landholding. Emmerson to retain 100% ownership of the majority of the TCMF (circa 75% of the existing tenement package), including the recently announced Mauretania gold and Jasper Hills gold-copper-cobalt projects, plus the high-grade Edna Beryl Gold Mine.

Under the Small Mines Joint Venture Agreement, Emmerson will receive a free carried 25% profit share from any mine within the SPA, other than Edna Beryl and Chariot (where Emmerson will receive 12% and 6% respectively of the gold produced). Territory will receive a 75% share of profits in exchange for planning, funding, developing and operating Emmerson's portfolio of potential mining projects within the SPA.

Under the Share Subscription Agreement TTY has subscribed for 19,323,671 Emmerson shares at an issue price of A\$0.1035 per share to raise \$2 million in two tranches with the first tranche of \$1 million received in September 2018 and the second tranche of \$1 million due in October 2018. Following this placement, TTY will hold approximately 4.55% of Emmerson shares on issue.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company will continue its exploration and development activities in 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.

Santexco Pty Ltd (Santexco), a wholly owned subsidiary of the Company, entered into a Rehabilitation Agreement (dated 6 November, 2001) with the Northern Territory (NT) Government, whereby Santexco is obliged to perform rehabilitation obligations to the value of \$750,000 per annum for 6 years (a total obligation of \$4,500,000) on various mineral tenements, or pay the difference between the actual rehabilitation performed per year on the tenements and \$750,000 into a deposit account held by the NT Government at each of the 6 anniversary dates of the agreement. To date Santexco has performed actual rehabilitation obligations of \$333,041 and lodged a bank guarantee to the value of \$416,958 with the NT Government. There are 5 anniversary dates for the agreement outstanding. The NT Government have agreed to extinguish the Rehabilitation Agreement and a deed of termination will be entered into during the 2019 financial year.

The consolidated entity is party to a Standstill Deed with the NT Government (Department of Regional Development, Primary Industry, Fisheries and Mines) dated 31 July 2006 whereby the NT Government has agreed that the rehabilitation obligations described in the Rehabilitation Agreement are suspended (on "standstill") until 45 days of cumulative commercial production from the consolidated entity's tenements. The NT Government have agreed to extinguish the Standstill Deed and a deed of termination will be entered into during the 2019 financial year.

Given the permanent standstill arrangement in place with the NT Government and the agreement by the NT Government to extinguish the Rehabilitation Agreement and Standstill Deed there is currently no requirement for the consolidated entity to perform any rehabilitation obligations on any tenements, except to the extent that the rehabilitation relates to the exploration activities of the consolidated entity since August 2006.

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.

SHARE OPTIONS AND RIGHTS

Options over ordinary shares:

As at the reporting date, there were 19,800,000 unissued ordinary shares under options at an exercise price of \$0.135 expiring 30/09/20 (2017: 6,000,000 options at an exercise price of \$0.0485 expiring 31/12/2017).

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

19,800,000 options were issued during the financial year and no options have been issued since the end of the year.

4,000,000 shares were issued during financial year as a result of the exercise of options (2017: 1,000,000). 2,000,000 options lapsed un-exercised during the year. No shares have been issued since the end of the year as a result of the exercise of options and as at the date of this report there were 19,800,000 unissued ordinary shares under options at an exercise price of \$0.135 expiring 30/09/20.

Rights over ordinary shares:

As at the date of this report and the reporting date there were no unissued ordinary shares under performance rights not yet vested. No performance rights were issued during the financial year or since the end of the year.

No shares were issued on vesting and exercise of performance rights during the financial year (2017: 618,750).

DIRECTORS' REPORT

REMUNERATION REPORT (audited)

This Remuneration Report for the year ended 30 June 2018 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, the Chief Financial Officer and Company Secretary, and the Exploration Manager – Tennant Creek.

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 (Non-executive)

Allan Trench

Director (Non-executive)

Executive Director:

Robert Bills

Managing Director and Chief Executive Officer

Other Executives:

Trevor Verran

Chief Financial Officer and Company Secretary

Steve Russell

Exploration Manager – Tennant Creek

There have been no changes to key management personnel after the reporting date and before the date the financial report was authorised for issue.

2. Remuneration at a glance

Executive Remuneration

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

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

DIRECTORS' REPORT

REMUNERATION REPORT (audited) (continued)

There have been no material changes to the short-term incentive bonus plan for the 2018 financial year. For the performance period covered by this report 50% of the short-term incentive payment is based on the increase in the market capitalisation of the Company based on a 20 day moving average of market capitalisation, 30% is based on "discovery success" and 20% is based on the attainment of individual key performance indicators. No short-term incentive bonus was earned by the Company KMPs during the financial year.

Long-term incentive awards consist of share options under the Company's Incentive Option Scheme or share rights under the Company's Performance Rights Plan which vest based on the attainment of service mile-stones. 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.

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 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 Chief Executive Officer and Managing Director, all payments awarded to executives and employees under the Company's short-term incentive plan.

Remuneration strategy

Emmerson Resources Limited'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 will not seek any increase for the non-executive director pool at the 2018 AGM.

Structure

Following a 10% cut in May 2013, Non-executive directors' fees are presently \$35,478 per annum and the Chairman \$73,912 per annum.

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 in order to 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 Board feels that the expiry date and exercise price of options currently on issue to the directors is sufficient to 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*.

No options were granted to non-executive directors during the financial year or since the end of the year.

2,000,000 options at an exercise price of \$0.0485 expiring 31/12/2017 were granted to Andrew McIlwain under this scheme during the 2015 financial year following approval at the 2014 annual general meeting. 1,000,000 of these options at an exercise price of \$0.0485 were exercised during the financial year and 1,000,000 options at an exercise price of \$0.0485 were exercised in the previous financial year.

There are no outstanding options under this Scheme at the end of the financial year and this report date.

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 bench-mark total remuneration for executives against peer-group organisations to ensure a competitive offering; bench-marking 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"> 20 day moving average market capitalisation Discovery success of 10 drillholes 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

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)

Performance measures	Proportion of STI award measure applies to
Financial measure <ul style="list-style-type: none"> Market capitalisation of the Company, measured on a 20 day moving average 	50%
Non-financial measures <ul style="list-style-type: none"> Discovery success of 10 drillholes over 3m@4g/t Au Discovery success of resources over 30,000oz Au Pre-agreed individual key performance indicators and critical tasks 	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 year and payments made are delivered as a cash bonus.

No STI bonuses were earned by executives for the 2018 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 annual general meeting held on 23 November 2017) 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 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 Board feels that the expiry date 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.

No options were granted during the financial year or since the end of the year. 5,000,000 options at an exercise price of \$0.0485 expiring 31/12/2017 were granted to Robert Bills under this scheme during the 2015 financial year following approval at the 2014 annual general meeting. 3,000,000 of these options at an exercise price of \$0.0485 were exercised during the financial year and 2,000,000 options at an exercise price of \$0.0485 lapsed unexercised on 31 December 2017 and were cancelled by the Company.

There are no outstanding options under this Scheme at the end of the financial year this report date.

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)

LTI – share purchase rights

LTI share purchase rights are made under the Company Performance Rights Plan (approved by shareholders at the Company annual general meeting held on 27 November 2012) at the determination of the Board. 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. Rights may be awarded to executives on an annual basis with vesting conditions set by the board. The share purchase rights typically vest from two to four years from issue date and there are no performance measures attached to vesting, the rights are issued primarily as a retention initiative. No cash consideration is required to be paid to exercise rights, with the executive able to exercise the rights after vesting but not later than five years after issue and are generally forfeited if service conditions have not been satisfied.

No rights were awarded under this plan during the financial year or since the end of the year.

There are no outstanding rights under this Plan at the end of the financial year and report date.

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 2018 as follows:

	2018	2017	2016	2015	2014
Loss for the year (\$)	(4,453,068)	(3,525,346)	(4,095,855)	(837,620)	(4,495,664)
Basic loss per share (cents)	(1.12)	(0.93)	(1.08)	(0.22)	(1.62)
Closing share price (cents)	10.0	10.0	4.9	2.8	3.8

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	Notice period	Base salary/fee	Variable remuneration
Non-executive directors:					
Andrew McIlwain	26/04/07	No fixed term	1 month	\$73,912	LTI
Allan Trench	03/03/15	No fixed term	1 month	\$35,478	LTI
Executive director:					
Robert Bills	11/09/07	No fixed term	12 months	\$360,000	STI/LTI
Other executives:					
Trevor Verran	02/12/12	No fixed term	3 months	\$180,000	STI/LTI
Steve Russell	10/12/07	No fixed term	1 month	\$170,000	STI/LTI

DIRECTORS' REPORT

REMUNERATION REPORT (audited) (continued)

8. Details of remuneration

	Short-term				Post Employ- ment	Share- based payments	Total	Perfor- mance related
	Salary & fees	Cash bonus	Non- monetary benefits ⁴	Other benefits ⁴	Superann- uation benefits	Options & rights	\$	%
	\$	\$	\$	\$	\$	\$	\$	%
2018								
Non-executive directors:								
Andrew McIlwain ¹	73,912	-	-	2,503	-	-	76,415	-
Allan Trench ²	35,478	-	-	2,503	-	-	37,981	-
Executive director:								
Robert Bills ³	368,300	-	-	5,052	25,000	-	398,352	-
Other executives:								
Trevor Verran	151,207	-	20,893	-	25,000	-	197,100	-
Steve Russell	161,150	-	-	9,655	25,000	-	195,805	-
	<u>790,047</u>	<u>-</u>	<u>20,893</u>	<u>19,713</u>	<u>75,000</u>	<u>-</u>	<u>905,653</u>	

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

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

Note 3 - Does not include remuneration paid to Robert Bills spouse who is employed by the Company on a casual arm's length basis at normal market rates and payment terms for the services provided.

Note 4 - Non- monetary and other benefits include fringe benefits, personal insurance premiums and living away from home allowances.

	Short-term				Post Employ- ment	Share- based payments	Total	Perfor- mance related
	Salary & fees	Cash bonus	Non- monetary benefits ³	Other benefits ³	Superann- uation benefits	Options & rights	\$	%
	\$	\$	\$	\$	\$	\$	\$	%
2017								
Non-executive directors:								
Andrew McIlwain ¹	73,912	-	-	1,936	-	-	75,848	-
Allan Trench ²	35,478	-	-	1,936	-	-	37,414	-
Executive director:								
Robert Bills	346,198	76,500	-	4,375	35,000	5,208	467,281	16.4%
Other executives:								
Trevor Verran	145,135	38,250	20,598	-	35,000	140	239,123	16.0%
Steve Russell	156,309	36,125	-	9,415	30,000	209	232,058	15.6%
	<u>757,032</u>	<u>150,875</u>	<u>20,598</u>	<u>17,662</u>	<u>100,000</u>	<u>5,557</u>	<u>1,051,724</u>	

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

Note 2 - Fees 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.

DIRECTORS' REPORT

REMUNERATION REPORT (audited) (continued)

9. Equity instrument disclosures

a) Option holdings of key management personnel

	Held at 1 July 2017	Granted as compens- ation	Exercise of options	Lapse of options	Held at 30 June 2018	Vested and exercis- able at 30 June 2018
2018						
Directors:						
Andrew McIlwain	1,000,000	-	(1,000,000)	-	-	-
Robert Bills	5,000,000	-	(3,000,000)	(2,000,000)	-	-
Total	6,000,000	-	(4,000,000)	(2,000,000)	-	-

b) Rights holdings of key management personnel

No performance rights were issued during the financial year and no shares were issued on vesting and exercise of performance rights during the financial year. There are no unissued ordinary shares under performance rights not yet vested.

c) Shareholdings of key management personnel

	Held at 1 July 2017	Granted as compens- ation	Exercise of options / rights	Purchases	Sales	Held at 30 June 2018
2018						
Directors:						
Andrew McIlwain	3,334,927	-	1,000,000	-	-	4,334,927
Robert Bills	4,746,225	-	3,000,000	-	-	7,746,225
Other executives:						
Trevor Verran	100,000	-	-	-	-	100,000
Steve Russell	612,500	-	-	-	-	612,500
Total	8,793,652	-	4,000,000	-	-	12,793,652

	Held at 1 July 2016	Granted as compens- ation	Exercise of options / rights	Purchases	Sales	Held at 30 June 2017
2017						
Directors:						
Andrew McIlwain	2,334,927	-	1,000,000	-	-	3,334,927
Robert Bills	4,246,225	-	500,000	-	-	4,746,225
Other executives:						
Trevor Verran	75,000	-	25,000	-	-	100,000
Steve Russell	575,000	-	37,500	-	-	612,500
Total	7,231,152	-	1,562,500	-	-	8,793,652

d) KMP options granted, exercised and lapsed for the 2018 financial year

	Value of options exercised	Fair value of options exercised	No. of shares issued on exercise	Paid per share on exercise	Fair value lapsed	Remuner- ation consisting of options
Directors:						
Andrew McIlwain	\$92,000	\$43,500	1,000,000	\$0.0485	-	-
Robert Bills	\$267,000	\$121,500	3,000,000	\$0.0485	\$69,000	-

There were no options granted during the 2018 financial year.

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 (2017: Nil).

The 2017 remuneration report was adopted at the company's 2017 Annual General Meeting (AGM) where 98% of proxies received were in favour of the remuneration report for the 2017 financial year. The company received no questions at the 2017 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 is contained in the following section of this annual report.

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.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under Section 307C of the *Corporations Act 2001* is set out on page 63 and forms part of the Director's Report for the year ended 30 June 2018.

NON-AUDIT SERVICES

The auditor independence requirements of the *Corporations Act 2001* were not compromised during the year since there were no non-audit services provided by the Company's auditor, Ernst & Young.

Signed in accordance with a resolution of the Directors.



Rob Bills
Managing Director & Chief Executive Officer
27 September 2018

CORPORATE GOVERNANCE STATEMENT

This statement reports on Emmerson Resources Limited (“Company” or “Emmerson” or “consolidated entity”) corporate governance framework, principles and practices as at the date of this report and has been approved by the Board. These principles and practices are reviewed regularly and revised as appropriate to reflect changes in law and best practice in corporate governance.

ASX Listing Rule 4.10.3 requires ASX listed companies to report on the extent to which they have followed the recommendations set by the ASX Corporate Governance Council (“CGC”) during the reporting period. A description of the Company’s main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year.

The Board aims to comply with the recommendations to the extent they are practical and applicable to the Company. It is noted that the recommendations are not compulsory for listed companies and where the Company has not complied with a recommendation, reasons for not following the recommendation and what (if any) alternative governance practices have been adopted in lieu of the recommendation have been provided. As the Company’s activities expand in size, nature and scope, the implementation of additional corporate governance structures will be given further consideration.

The table below summarises the Company’s compliance with the CGC’s recommendations.

Recommendation	Comply Yes/No
Principle 1 - Lay solid foundations for management and oversight	
1.1 A listed entity should disclose:	
(a) the respective roles and responsibilities of its board and management; and	Yes
(b) those matters expressly reserved to the board and those delegated to management.	Yes
1.2 A listed entity should:	
(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and	Yes
(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Yes
1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes
1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes
1.5 A listed entity should:	
(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity’s progress in achieving them;	No
(b) disclose that policy or a summary of it; and	No
(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity’s diversity policy and its progress towards achieving them and either:	No
(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); or	
(2) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.	
1.6 A listed entity should:	
(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and	Yes
(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes
1.7 A listed entity should:	
(a) have and disclose a process for periodically evaluating the performance of its senior executives; and	Yes
(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes

CORPORATE GOVERNANCE STATEMENT

Recommendation	Comply Yes/No
Principle 2 - Structure the board to add value	
2.1 The board of a listed entity should:	
(a) have a nomination committee which:	
(1) has at least three members, a majority of whom are independent directors; and	No
(2) is chaired by an independent director, and disclose:	No
(3) the charter of the committee;	No
(4) the members of the committee; and	No
(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	No
(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Yes
2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	No
2.3 A listed entity should disclose:	
(a) the names of the directors considered by the board to be independent directors;	Yes
(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and	Yes
(c) the length of service of each director.	Yes
2.4 A majority of the board of a listed entity should be independent directors.	Yes
2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Yes
2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes
Principle 3 – Act ethically and responsibly	
3.1 A listed entity should:	
(a) have a code of conduct for its directors, senior executives and employees; and	Yes
(b) disclose that code or a summary of it.	Yes
Principle 4 - Safeguard integrity in corporate reporting	
4.1 The board of a listed entity should:	
(a) have an audit committee which:	
(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and	No
(2) is chaired by an independent director, who is not the chair of the board, and disclose:	No
(3) the charter of the committee;	Yes
(4) the relevant qualifications & experience of the members of the committee; and	Yes
(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	Yes
(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	n/a

CORPORATE GOVERNANCE STATEMENT

Recommendation	Comply Yes/No
4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes
4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes
Principle 5 - Make timely and balanced disclosure	
5.1 A listed entity should:	
(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and	Yes
(b) disclose that policy or a summary of it.	Yes
Principle 6 - Respect the rights of security holders	
6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes
6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes
6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes
6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes
Principle 7 - Recognise and manage risk	
7.1 The board of a listed entity should:	
(a) have a committee or committees to oversee risk, each of which:	
(1) has at least three members, a majority of whom are independent directors; and	No
(2) is chaired by an independent director, and disclose:	Yes
(3) the charter of the committee;	Yes
(4) the members of the committee; and	Yes
(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	Yes
(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	n/a
7.2 The board or a committee of the board should:	
(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and	Yes
(b) disclose, in relation to each reporting period, whether such a review has taken place.	Yes
7.3 A listed entity should disclose:	
(a) if it has an internal audit function, how the function is structured and what role it performs; or	n/a
(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Yes
7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes

CORPORATE GOVERNANCE STATEMENT

Recommendation	Comply Yes/No
Principle 8 - Remunerate fairly and responsibly	
8.1 The board of a listed entity should:	
(a) have a remuneration committee which:	
(1) has at least three members, a majority of whom are independent directors; and	No
(2) is chaired by an independent director, and disclose:	No
(3) the charter of the committee;	No
(4) the members of the committee; and	No
(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	No
(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Yes
8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes
8.3 A listed entity which has an equity-based remuneration scheme should:	
(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and	Yes
(b) disclose that policy or a summary of it.	Yes

Copies of all of the Company's Corporate Governance policies are available on the Company's website:
www.emmersonresources.com.au

PRINCIPLE 1 - LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1 Roles and responsibilities of the board and management:

The board is ultimately responsible for all matters relating to the running of the Company, however the board's role is to govern the Company rather than manage it. The operation and day to day management of the Company is delegated by the board to the Managing Director and Chief Executive Officer and the executive management team.

A copy of the Company's board Charter is available on the Company's web site and contained within this charter is a statement of matters reserved for the board. The Company also has a Delegation of Authority policy which further details matters that specifically require the approval of the board and those matters reserved for management.

Whilst at all times the board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it makes use of sub-committees. Specialist sub-committees are able to focus on a particular responsibility and provide informed feedback to the board. To this end the board has established an Audit and Risk Management Committee. The role and responsibilities of this committee is discussed in Principle 4 of this Corporate Governance Statement.

1.2 Appointing new board members:

In appointing new members to the board, consideration is given to the ability of the appointee to contribute to the ongoing effectiveness of the board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company. The board will as much as is practical comprise of directors with a mix of qualifications, experience and expertise which will assist the board in fulfilling its responsibilities. Prior to the appointment of a person, or putting forward to shareholders a candidate for election, as a director, the Company undertakes checks to verify a director's character, qualifications, skills and experience. The Company will ensure that all material information in its possession relevant to a shareholders decision to elect or re-elect a director is provided to shareholders.

CORPORATE GOVERNANCE STATEMENT

1.3 Terms of appointment:

The terms of appointment for directors and executives in accordance with their written agreements is set out in the Remuneration Report contained within the Directors' Report of this Annual Report and is audited by the Company's external auditors.

1.4 Company secretary:

The company secretary is accountable to the board, through the Chairman, on all matters to do with the proper functioning of the board.

1.5 Diversity:

The Company has adopted an equal opportunity and anti-discrimination policy whereby to the extent possible permitted by the laws of the jurisdictions in which we operate, Emmerson is committed to providing diversity of employment opportunities for, but not limited to, gender, age, ethnicity and cultural background for all Company roles and to providing a workplace where differences are respected and accepted and anti-discriminatory behaviour of any kind is strictly prohibited.

The Company has not set measurable objectives for achieving gender diversity as the board does not believe that any benefit would be obtained due to the relatively small staff level at present. The Company relies on the requirement of "most suitable person for roles" as the overarching selection criteria for personnel.

While not setting measurable objectives for achieving gender diversity, the consolidated entity:

- Does not discriminate for or against the appointment of women to roles at any level.
- Does not discriminate in terms of making training and career development opportunities available to all employees, irrespective of gender.
- Does not discriminate on the basis of gender in setting salary levels. Salaries are set on the basis of the level of responsibility of the position, technical skills and qualifications required to perform the role and have no bearing on the employee's gender.
- Does to the extent practically possible, taking into account the nature of work performed by employees, provide flexible work arrangements.

As at the balance date, 20% of employees of the Company were women. There are currently no women in senior executive positions and no women serving on the Company's board.

1.6 Board performance evaluation:

Due to the size of the board and the nature of its business, it has not been deemed necessary to institute a formal documented performance evaluation program of the board, its committees and individual board members. During the reporting period the Chairman conducted the Company's annual informal evaluation process whereby he discusses with individual directors their attitude, performance and approach to a variety of key performance areas including:

- Attendance at scheduled board and committee meetings.
- Behavior and contribution at meetings.
- Interaction with peers.
- Engagement with management.
- Timeliness of attending to tasks.

As the Company's activities expand in size, nature and scope, the implementation of a more formalised board performance review process will be given further consideration.

1.7 Senior executive performance evaluation:

The board ensures that the executive management team is appropriately qualified and experienced to discharge their responsibilities and the board has in place procedures to assess the performance of the Managing Director and Chief Executive Officer and all other members of the executive; specifically the board provides regular feedback to executive management on their performance during the year and conducts a formal annual review of the performance of the Chief Executive Officer. During the year the board conducted a formal review of the performance of the Chief Executive Officer against Key Performance Indicators and Critical Tasks and the Chief Executive Officer conducted a similar review of the executive management team.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE

2.1 Nomination Committee:

Given the size of the board and the Company a nomination committee has not been formed as it is the view of the board that the functions and responsibilities that would normally be the dealt with by this committee can be adequately addressed by the board in its entirety as specific agenda items at scheduled board meetings including when necessary, selecting candidates for the position of director. When the board convenes as the Nomination Committee it carries out those functions which are delegated in the Company's Nomination Committee Charter. The board deals with any conflicts of interest that may occur when convening in the capacity of Nomination Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

When a vacancy occurs, for whatever reason, or where it is considered that the board would benefit from the services of a new director with particular skills, the board will select appropriate candidates with relevant qualifications, skills and experience. When deemed appropriate the board engages independent consultants to assist in such a process. The board will then appoint the most suitable candidate who must stand for election at the next general meeting of shareholders.

Retirement and rotation of directors are governed by the Corporations Act 2001 and the constitution of the Company. Each year one third of the directors (excluding the CEO) must retire and may offer themselves for re- election.

2.2 Skills:

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors Report of this Annual Report. As the composition of the board currently comprises a variety of skills and experience across the financial, commercial, exploration and resource industries it has not been deemed necessary to create a formal document outlining the particular skills matrix of the existing board. The board reviews its composition on an annual basis to ensure that it has an appropriate mix of expertise and experience.

2.3 and 2.4 Independence of directors and length of service:

An independent director is a non-executive director who is not a member of management and who is free from any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the independent exercise of their judgment. Based on this definition the majority of the board's directors (2 out of 3) are considered independent. The independent directors of the board are Andrew McIlwain who is the independent Chair of the board and Allan Trench who is a non-executive director. Rob Bills is not considered to be an independent director due to his role as Managing Director and Chief Executive Officer of the Company.

The term of office held by each director in office at the date of this report is as follows:

Andrew McIlwain	11 years and 5 months
Allan Trench	3 year and 6 months
Rob Bills	11 years

2.5 Chairman and CEO:

The chairman is responsible for leading the board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating board discussions and managing the board's relationship with the Company's senior executives. The Managing Director and Chief Executive Officer is responsible for implementing strategies and policies. The Chairman of the board, Andrew McIlwain is an independent director and the board charter specifies that the Chairman cannot be the Chief Executive Officer of the Company.

2.6 Director induction and continuing education:

The letter of appointment for all new directors sets out their duties, rights and responsibilities and new directors are provided with an induction programme with information that will enable them to carry out their duties in the best interests of the Company including briefings by management and a site visit.

The board encourages directors to attend industry seminars and training courses by various professional bodies to ensure that they are refreshed and equipped to perform their role in the highest standards and performance possible.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 3 - ACT ETHICALLY AND RESPONSIBLY

3.1 Code of conduct:

The Company has established a code of conduct in accordance with Australian Standard 8002-2003 'Organisational Code of Conduct'. The code provides a framework for decisions and actions in relation to ethical conduct, fair dealing and a duty of care for those engaged by the Company. The code applies to all directors, officers and employees of the Company and all consultants and contractors are made aware of the expectations contained within the code. The code of conduct policy is available on the Company's website.

PRINCIPLE 4 - SAFEGUARD INTEGRITY IN CORPORATE REPORTING

4.1 Committee:

The board has established an Audit and Risk Management Committee which operates under a charter approved by the board. It is the board's responsibility to ensure that an effective internal control framework exists and that proper oversight of material business risks exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information as well as non-financial considerations such as the integrity of exploration data and information, the processes for the identification and management of business risks and the benchmarking of operational key performance indicators. The board has delegated responsibility for establishing and maintaining a framework of internal control, ethical standards and risk management to the Audit and Risk Management Committee. A copy of the Audit and Risk Management Committee charter is available on the Company's web site and contains details of the procedure for the selection and appointment of the external auditor. Ernst and Young were appointed as the external auditors in 2008 and it is Ernst and Young policy to rotate audit engagement partners on listed companies at least every five years.

Details of the qualifications and expertise of members of the Audit and Risk Management Committee is included in the Director's Report of this Annual Report. All members of the committee are financially literate and have an appropriate understanding of the mining and exploration industry. The members of the committee and meetings held during the year were:

Name		Meetings held	Meetings attended
Andrew McIlwain	Non-executive	2	2
Allan Trench	Non-executive	2	2

The committee currently comprises only two members and having regard to the size of the consolidated entity and the present composition of the board, the board is satisfied that the size of the committee is not detrimental to the discharge of its functions and responsibilities.

The Audit and Risk Management Committee is chaired by Andrew McIlwain who is also chair of the board. Having regard to the size of the consolidated entity and the present composition of the board, the board is satisfied that although Mr McIlwain is also chair of the board that this is not inhibiting the effectiveness of the committee in the discharge of its functions and responsibilities and that Mr McIlwain possesses the necessary skills and experience required chairing this committee.

4.2 CEO and CFO declaration:

The CEO and CFO provide a declaration to the board prior to approval of the annual and half-yearly financial statements that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

4.3 External auditor meeting attendance:

The Company's external auditor, Ernst and Young, attend the committee meetings at least twice a year, attends its AGM and is available to answer questions from security holders relevant to the audit.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 5 - MAKE TIMELY AND BALANCED DISCLOSURE

The Company has policies and procedures and accountability for compliance on information disclosure that focus on continuous disclosure of any information concerning the Company and its controlled entities that a reasonable person would expect to have a material effect on the price of the Company's securities. Such policies and procedures include mechanisms for ensuring relevant matters are communicated and that the information is released in a timely and balanced manner.

A copy of the written policy on timely and balanced continuous disclosure is available on the Company's web site.

PRINCIPLE 6 - RESPECT THE RIGHTS OF SECURITY HOLDERS

The Company provides information about itself and its governance via its website including:

- Names, photographs and biographical information of directors and senior executives;
- Corporate governance policies;
- Quarterly, half-yearly and annual reports;
- ASX releases;
- An overview of exploration projects; and
- Share price information.

The board has adopted a shareholder communications strategy which aims to ensure that all shareholders are informed about all material developments in the management and operation of the Company and its business, in a manner which is timely and readily accessible to all shareholders.

Relevant information is communicated to shareholders via a number of methods including:

- The Annual Report containing annual information about the Company's general and financial performance together with information on the future prospects for the Company.
- Notices of meetings and explanatory material.
- The Annual General Meeting where shareholders will receive information about the activities in the past year, the proposed activities in the forthcoming year, notification of any significant issues, and have an opportunity to ask questions of the board.
- All stock exchange announcements and financial reports are posted to the Company's website as soon as possible after they have been disclosed to the ASX.
- Periodical newsletters.
- Media and investor enquiry contact details are disclosed on ASX releases.

Shareholders are encouraged to attend and participate in meetings of the Company. The external auditors attend the annual general meeting and are available to answer any shareholder questions about the conduct of the audit and the preparation and content of the audit report.

The Company's registrar, Advanced Share Registry Services Limited, provides the option for shareholders to receive and send communications electronically. In addition the Company maintains an electronic mailing list to send communications to shareholders. Shareholders and interested investors are also encouraged to subscribe to the Company's email updates whereby they are made aware of news releases as soon as possible after such releases have been issued to the ASX. Hard copies of financial reports and news releases are made available on request. The Company's website contains a "Contact" tab enabling messages to be submitted.

The shareholder communications strategy policy is available on the Company's web site.

PRINCIPLE 7 - RECOGNISE AND MANAGE RISK

7.1 Committee:

The board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The board has established an Audit and Risk Management Committee (refer to Principal 4 above) which operates under a charter approved by the board to aid it in the discharge of this responsibility.

CORPORATE GOVERNANCE STATEMENT

The members of the Audit and Risk Management Committee and meetings held during the year are set out in Principal 4 above.

The committee is chaired by an independent director, however as disclosed in Principal 4 above the committee currently comprises only two members. Having regard to the size of the consolidated entity and the present composition of the board, the board is satisfied that the size of the committee is not detrimental to the discharge of its functions and responsibilities.

The Company's process of risk management and internal compliance and control includes:

- establishing the Company's goals and objectives, and implementing and monitoring strategies and policies to achieve these goals and objectives;
- continuously identifying and measuring risks that might impact upon the achievement of the Company's goals and objective, and monitoring the environment for emerging factors and trends that affect these risks;
- formulating risk management strategies to manage and identify risks and designing and implementing appropriate risk management policies and internal controls; and
- monitoring the performance of and continuously improving the effectiveness of risk management systems and internal compliance and controls, including an annual assessment of the effectiveness of risk management and internal compliance and control.

Comprehensive practices are in place that is directed towards achieving the following objectives:

- effective and efficient use of Company resources;
- compliance with all applicable laws and regulations; and
- preparation of reliable published financial and geological information.

A copy of the Audit and Risk Management Committee charter is available on the Company's web site.

7.2 Annual review:

The board (via the Audit and Risk Management Committee) oversees an annual assessment of the effectiveness of risk management and internal compliance and control. The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required by the committee to assess risk management and associated internal compliance and control procedures and report back on its efficiency and effectiveness.

The Audit and Risk Management Committee has received a report from management on the risk management and internal control systems of the Company, including an opinion as to whether the Company's material business risks are being managed effectively.

The CFO and CEO have provided a written statement to the board that:

- their view provided on the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the board; and
- that the Company's risk management and internal compliance and control system is operating effectively in all material respects.

7.3 Internal audit:

The Company does not have a formal internal audit function.

Procedures for evaluating and continually improving the effectiveness of risk management and internal control processes include:

- Audit and Risk Management Committee assessments, reviews and reporting;
- Monthly management reporting of financial position, financial performance, cash flow forecasts and key performance indicators;
- Periodical internal review of financial systems and processes undertaken by CFO and where systems are considered to require improvement these systems are developed; and
- External audit reviews.

CORPORATE GOVERNANCE STATEMENT

7.4 Economic, environmental and social sustainability risks:

The Company undertakes mineral exploration activities and as such faces inherent risks to its business, including economic, environmental and social sustainability risks which may materially impact the Company's ability to create or preserve value for shareholders over the short, medium or long term. The board is regularly briefed by management as well as keeping itself abreast of possible material exposure to risks that the Company may face.

Of core importance to the Company is safety, which it considers a priority not only in respect to its employees and contractors but also to the community and environment in which it operates. The Company believes that if these matters are priorities then they will act as drivers for value to shareholders.

The Company has suitable risk management processes incorporated into all aspects of business planning, operations management and employee relations to help manage these risks including:

- risk management education and training for staff;
- a culture of transparency for identifying and addressing risks;
- structured discussions on risk control and improvements within the Company's operations;
- formal reporting to the board of material business risks;
- the establishment and maintenance of physical controls such as security systems and fire protection measure; and
- legal review of contractual arrangements which include standard indemnities, insurances etc.

PRINCIPLE 8 - REMUNERATE FAIRLY AND RESPONSIBLY

8.1 Remuneration committee:

Given the size of the board and the Company a remuneration committee has not been formed as it is the view of the board that the functions and responsibilities that would normally be the dealt with by this committee can be adequately addressed by the full board as specific agenda items at scheduled board meetings. When deemed appropriate the board engages independent consultants to assist it in fulfilling such functions.

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality board and executive team and the remuneration of directors and key executives fairly and appropriately with reference to prevailing employment market conditions is a key component of attaining this objective.

The board is responsible for determining and reviewing compensation arrangements for the directors themselves, the Managing Director and Chief Executive Officer and the executive team.

8.2 Remuneration policies and practices:

Details of the non-executive directors, executive directors and other senior executives remuneration are set out in the Remuneration Report contained within the Directors' Report of this Annual Report and is audited by the Company's external auditors.

The remuneration of non-executive directors consists of directors' fees (fixed remuneration) and non-executive directors do not receive retirement benefits.

8.3 Equity-based remuneration schemes:

The Company operates an Incentive Option Scheme and a Performance Rights Plan. Directors and employees are prohibited from short-term trading of the Company's securities and prohibited from entering into any hedging arrangements over unvested options or unvested rights under the Incentive Option Scheme and the Performance Rights Plan.

Directors and employees are required to notify the Company of the key terms of arrangements pertaining to any financing of securities of the Company which they have an interest in where it is reasonable to expect that the terms and conditions of such financing may result in the unilateral selling of the securities.

Directors and Executives require approval prior to trading in the Company's securities.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$	2017 \$
REVENUE			
Gold sales royalty	4(a)	191,426	-
Management and consulting fees		133,836	248,262
Interest revenue		125,432	142,691
TOTAL REVENUE		450,694	390,953
OTHER INCOME			
Gain on disposal of assets	4(b)	129,545	-
Rent received		4,480	8,400
Research & development tax incentive		52,904	-
Vehicle and equipment hire		360	-
TOTAL REVENUE AND OTHER INCOME		637,983	399,353
EXPENSES			
Compliance and regulatory expenses		93,458	96,040
Consulting and legal expenses		67,753	35,777
Depreciation expense		4,299	503,185
Employee benefits expense		771,418	951,701
Impairment of exploration and evaluation assets	11	3,849,065	517,715
Write-off of plant and equipment		-	1,500,000
Occupancy expense		94,936	103,490
General and administration expenses		210,122	216,791
TOTAL EXPENSES		5,091,051	3,924,699
LOSS BEFORE INCOME TAX		(4,453,068)	(3,525,346)
Income tax	5	-	-
LOSS FOR THE YEAR		(4,453,068)	(3,525,346)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS FOR YEAR		(4,453,068)	(3,525,346)
Basic loss per share - cents per share	6	(1.12)	(0.93)
Diluted loss per share - cents per share	6	(1.12)	(0.93)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	3,820,179	4,130,753
Trade and other receivables	8	26,029	327,209
Total Current Assets		<u>3,846,208</u>	<u>4,457,962</u>
Non-current Assets			
Other financial assets	9	962,986	1,038,166
Property, plant and equipment	10	165,103	172,423
Exploration and evaluation assets	11	11,814,834	13,734,440
Total Non-current Assets		<u>12,942,923</u>	<u>14,945,029</u>
TOTAL ASSETS		<u>16,789,131</u>	<u>19,402,991</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	12	152,654	385,796
Provisions	13	278,121	229,826
Total Current Liabilities		<u>430,775</u>	<u>615,622</u>
TOTAL LIABILITIES		<u>430,775</u>	<u>615,622</u>
NET ASSETS		<u>16,358,356</u>	<u>18,787,369</u>
EQUITY			
Contributed equity	14	45,924,985	44,167,730
Share based payments reserve	15	2,849,651	2,582,851
Accumulated losses	16	<u>(32,416,280)</u>	<u>(27,963,212)</u>
TOTAL EQUITY		<u>16,358,356</u>	<u>18,787,369</u>

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Contributed Equity \$	Share Based Payments Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2016	44,055,755	2,645,705	(24,437,866)	22,263,594
Loss for the year	-	-	(3,525,346)	(3,525,346)
Total comprehensive income	-	-	(3,525,346)	(3,525,346)
Transactions with owners in their capacity as owners:				
Share issue costs	(5,250)	-	-	(5,250)
Share-based payments	117,225	(62,854)	-	54,371
Balance at 30 June 2017	44,167,730	2,582,851	(27,963,212)	18,787,369
Balance at 1 July 2017	44,167,730	2,582,851	(27,963,212)	18,787,369
Loss for the year	-	-	(4,453,068)	(4,453,068)
Total comprehensive income	-	-	(4,453,068)	(4,453,068)
Transactions with owners in their capacity as owners:				
Shares issued during the period	2,184,399			2,184,399
Share issue costs	(113,944)	-	-	(113,944)
Share-based payments	(313,200)	266,800	-	(46,400)
Balance at 30 June 2018	45,924,985	2,849,651	(32,416,280)	16,358,356

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Gold sales royalty		191,426	-
Management and consulting fees received		155,517	249,622
Payments to suppliers and employees		(1,222,423)	(1,400,709)
Interest received		127,257	157,549
Research & development tax incentive		52,904	9,669
Other		4,840	8,400
NET CASH FLOWS USED IN OPERATING ACTIVITIES	17(a)	<u>(690,479)</u>	<u>(975,469)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		104,545	-
Proceeds on disposal of exploration assets		25,000	-
Environmental security deposit withdrawals/(payments)		75,180	(9,838)
Purchase of property, plant and equipment		(52,328)	(38,868)
Payments for exploration		(4,107,672)	(3,495,691)
Exploration costs reimbursed by farmee		2,311,124	3,378,330
NET CASH FLOWS USED IN INVESTING ACTIVITIES		<u>(1,644,151)</u>	<u>(166,067)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		2,138,000	48,500
Payment of share issue costs		(113,944)	(5,250)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		<u>2,024,056</u>	<u>43,250</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(310,574)	(1,098,286)
Cash and cash equivalents at beginning of period		<u>4,130,753</u>	<u>5,229,039</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	17(b)	<u><u>3,820,179</u></u>	<u><u>4,130,753</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 or Emmerson) for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the directors on 21 September 2018.

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. Cost is based on the fair values of the consideration given in exchange for assets.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 \$3,849,065 (2017: \$517,715) 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.

Write-off of property, plant and equipment

Property, plant and equipment is reviewed for write-off if there is any indication that the carrying amount may not be recoverable. A write-off loss of \$1,500,000 for the carrying value of the Warrego mill and processing plant as at 30 June 17 was recognised in 2017 in view of its age, deterioration after being idle for many years, cost to restore, remote location and the unlikelihood of being restored and used soon. The Warrego mill and processing plant was disposed of during the 2018 financial year and a gain of \$100,000 was recognised on disposal. An additional gain of \$300,000 will be recognised in the 2019 financial year for a contingent payment if a condition subsequent of the sale agreement is satisfied.

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.

(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 2018 amounted to \$4,453,068 and net cash outflows from operating activities was \$690,479. The cash balance at 30 June 2018 was \$3,820,179 and net assets as at 30 June 2018 were \$16,358,356.

Notwithstanding the above, the Directors have reviewed the business outlook, assets and liabilities of the consolidated entity and are confident that additional funds can be raised if required. The Directors have concluded that the going concern basis is the appropriate basis for preparing the financial statements.

The Directors therefore believe there are sufficient funds to meet the consolidated entity's working capital requirements, and as at the date of this report the directors believe they can meet all liabilities as and when they fall due.

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

New accounting standards adopted

The consolidated entity has adopted all of 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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial statements. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

New accounting standards not yet adopted

The following standards that have been issued but not yet effective which may impact the consolidated entity in the period of initial application have not been early adopted in preparing this financial report. Management is currently in the process of estimating the impact of these standards. The adoption of these Accounting Standards and Interpretations is not expected to have a material impact on the financial performance or position of the consolidated entity.

- AASB 9 *Financial Instruments* is effective for accounting periods beginning on or after 1 July 2018 for the consolidated entity and amends the requirements for classification and measurement of financial instruments.
- AASB 15 *Revenue from Contracts with Customers* is effective for accounting periods beginning on or after 1 July 2018 for the consolidated entity and requires an entity to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under AASB 118 Revenue.
- AASB 16 *Leases* is effective for accounting periods beginning on or after 1 July 2019 for the consolidated entity and lessees will bring to account a right-to-use asset and lease liability onto the statement of financial position for all leases as there will no longer be a distinction between finance and operating leases resulting in both a depreciation and interest charge impacting on the income statement.

(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.

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 startup 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(h) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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.

(i) Other financial assets

Classification

The consolidated entity classifies its financial assets either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held-for trading unless they are designated as hedges.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

After initial recognition available-for-sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

Impairment of financial assets

The consolidated entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

(j) Trade and other receivables

Current receivables, which generally have 30-60 day terms, are recognised initially at fair value, with an allowance made for impairment as deemed appropriate.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Collectability of all receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the consolidated entity will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(k) 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.

(l) Leases

Finance leases where the consolidated entity as lessee has substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss.

Leased assets are depreciated over the asset's useful life or the shorter of the asset's useful life and the lease term if there is no certainty that the consolidated entity will obtain ownership at the end of the lease term. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(m) 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.

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 and accumulated costs written off to the extent that they will not be recoverable in the future. Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

When the Company enters into a swap 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.

(n) Impairment of 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's value in use cannot be estimated to be close to its fair value less costs to sell and it 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.

(o) 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 carried 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.

(p) 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.

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.

(q) 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(r) 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).

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

(s) 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.

(t) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the consolidated entity and the revenue can be reliably measured. 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.

(ii) Interest revenue

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.

(iii) Gold sales royalty

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

(u) 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

(v) 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.

(w) 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.

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.

	2018	2017
	\$	\$
4. REVENUE AND OTHER INCOME		
Revenue and other income include the following:		
a) Gold sales royalty:		
Revenue from the sale of the Company's share of gold mined by the miner under tribute mining agreements for the mining of small mines on Company mining tenements.	191,426	-
b) Gain on disposal of assets:		
Proceeds on disposal of Warrego mill and processing plant 10(a)	100,000	-
Proceeds on disposal of other plant and equipment	4,545	-
Proceeds on disposal of mining tenement	25,000	-
	129,545	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	2018 \$	2017 \$
5. INCOME TAX		
a) Reconciliation of income tax to loss before income tax		
Loss before income tax	(4,453,068)	(3,525,346)
Tax benefit calculated at 27.5% on loss before tax	(1,224,594)	(1,224,594)
Add/(less) tax effect of:		
Share-based payments not deductible	-	1,615
Research & development tax offset	(14,549)	-
Other	243	216
Tax losses and temporary differences not recognised	1,238,900	967,639
Income tax benefit	-	-
b) Unrecognised tax assets and liabilities		
<i>Deferred tax assets</i>		
Unused tax losses	9,652,757	8,951,224
Deductible temporary differences:		
Impairment of property, plant and equipment	-	1,237,500
Depreciation of property, plant and equipment	-	275,000
Accrued expenses	7,138	7,138
Provision for employee entitlements	76,483	63,202
Undeducted share issue costs	26,883	5,555
	9,763,261	10,539,619
<i>Deferred tax liabilities</i>		
Assessable temporary differences:		
Interest income receivable	(3,315)	(3,817)
Exploration and evaluation assets capitalised	(2,750,984)	(3,278,876)
	(2,754,299)	(3,282,693)
Net unrecognised tax balances	7,008,962	7,256,926

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.

6. LOSS PER SHARE

Loss for the year	(4,453,068)	(3,525,346)
Loss used in calculating basic and diluted loss per share	(4,453,068)	(3,525,346)
	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	397,151,847	378,843,577

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 19,800,000 options (30 June 2017: 6,000,000 options) on diluted loss per share as they are antidilutive.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	2018 \$	2017 \$
7. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	20,759	34,648
Bank deposits at call	199,420	361,105
Bank short term deposits	3,600,000	3,735,000
	<u>3,820,179</u>	<u>4,130,753</u>

8. TRADE AND OTHER RECEIVABLES

Trade receivables	-	297,296
Interest receivable	12,056	13,881
Other receivables and prepayments	13,973	16,032
	<u>26,029</u>	<u>327,209</u>

Trade and other receivables are non-interest bearing and normally received within 30 days. Due to the short-term nature of these receivables, their carrying amount approximates fair value. No receivables are past due or impaired.

9. OTHER FINANCIAL ASSETS

Bank term deposits	(a) 751,457	750,903
Environmental rehabilitation security deposits	(b) 211,529	287,263
	<u>962,986</u>	<u>1,038,166</u>

(a) These bank term deposits are held as security for bank guarantee performance bonds in favour of the Northern Territory government for potential environmental rehabilitation obligations in relation to exploration activities. As such the term deposits are not accessible to the Company.

(b) Cash securities held by State Governments as security for potential rehabilitation obligations in relation to exploration activities. As such the securities are not accessible to the Company.

10. PROPERTY, PLANT AND EQUIPMENT

Land and buildings

Cost at beginning of year	146,215	146,215
Cost at end of year	<u>146,215</u>	<u>146,215</u>
Accumulated depreciation at beginning of year	72,369	64,155
Depreciation expense	7,392	8,214
Accumulated depreciation at end of year	<u>79,761</u>	<u>72,369</u>
Carrying amount at beginning of year	<u>73,846</u>	<u>82,060</u>
Carrying amount at end of year	<u>66,454</u>	<u>73,846</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	2018 \$	2017 \$
10. PROPERTY, PLANT AND EQUIPMENT (continued)		
Motor vehicles		
Cost at beginning of year	327,798	327,798
Cost at end of year	327,798	327,798
Accumulated depreciation at beginning of year	324,249	321,870
Depreciation expense	1,411	2,379
Accumulated depreciation at end of year	325,660	324,249
Carrying amount at beginning of year	3,549	5,928
Carrying amount at end of year	2,138	3,549
Computer software & hardware		
Cost at beginning of year	497,823	485,813
Additions	52,328	12,010
Cost at end of year	550,151	497,823
Accumulated depreciation at beginning of year	483,643	472,141
Depreciation expense	32,826	11,502
Accumulated depreciation at end of year	516,469	483,643
Carrying amount at beginning of year	14,180	13,672
Carrying amount at end of year	33,682	14,180
Plant and equipment		
Cost at beginning of year	6,199,370	6,173,452
Additions	-	25,918
Disposals	(5,500,000)	-
Cost at end of year	699,370	6,199,370
Accumulated depreciation & write-off at beginning of year	6,124,187	4,107,587
Depreciation expense	16,065	516,600
Write-off	-	1,500,000
Disposals	(5,500,000)	-
Accumulated depreciation & write-off at end of year	640,252	6,124,187
Carrying amount at beginning of year	75,183	2,065,865
Carrying amount at end of year	(a) 59,118	75,183
Office equipment, furniture & fittings		
Cost at beginning of year	90,160	89,220
Additions	-	940
Cost at end of year	90,160	90,160
Accumulated depreciation at beginning of year	84,495	81,569
Depreciation expense	1,954	2,926
Accumulated depreciation at end of year	86,449	84,495
Carrying amount at beginning of year	5,665	7,651
Carrying amount at end of year	3,711	5,665

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	2018 \$	2017 \$
10. PROPERTY, PLANT AND EQUIPMENT (continued)		
Total property plant and equipment		
Cost at beginning of year	7,261,366	7,222,498
Additions	52,328	38,868
Disposals	(5,500,000)	-
Cost at end of year	<u>1,813,694</u>	<u>7,261,366</u>
Accumulated depreciation & write-off at beginning of year	7,088,943	5,047,322
Depreciation expense	59,648	541,621
Write-off	-	1,500,000
Disposals	(5,500,000)	-
Accumulated depreciation & write-off at end of year	<u>1,648,591</u>	<u>7,088,943</u>
Carrying amount at beginning of year	<u>172,423</u>	<u>2,175,176</u>
Carrying amount at end of year	<u>165,103</u>	<u>172,423</u>

(a) Plant and equipment include the Warrego mill and processing plant. The carrying value of the Warrego mill and processing plant was fully written off in the 2017 financial year due to deterioration after being idle for many years. There was a depreciation charge of \$500,000 and a write-off of \$1,500,000 during the 2017 financial year. The Warrego mill and processing plant was disposed of during the 2018 financial year and a gain of \$100,000 was recognised on disposal. An additional gain of \$300,000 will be recognised in the 2019 financial year for a contingent payment if a condition subsequent of the sale agreement is satisfied.

11. 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 period	13,734,440	13,897,750
Additions	1,929,459	354,405
Impairment	(3,849,065)	(517,715)
Carrying amount at end of period	<u>11,814,834</u>	<u>13,734,440</u>

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the continuance of the consolidated entity's rights to tenure of the interest, the results of future exploration, and the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. For those areas of interest where exploration results indicate that subsequent successful development and commercial exploitation may be unlikely or where substantive expenditure on further exploration and evaluation of mineral resources is neither budgeted nor planned, the capitalised exploration and evaluation amount in relation to those areas of interest have been fully impaired.

The restructure of the Tennant Creek Farm-in and Joint Venture Agreement with Evolution Mining Limited disclosed in Note 20 did not result in any adjustment to the carrying amount of exploration and evaluation assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	2018 \$	2017 \$
12. TRADE AND OTHER PAYABLES		
Trade payables	47,395	106,293
Non-trade payables and accrued expenses	105,259	279,503
	<u>152,654</u>	<u>385,796</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.

13. PROVISIONS

Current:

Employee benefits provision for annual and long service leave	278,121	229,826
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14. CONTRIBUTED EQUITY

(a) Fully paid ordinary shares

Balance at beginning of year:

379,930,204 (2017: 378,311,454) shares	44,167,730	44,055,755
Nil (2017: 618,750) shares issued on vesting of rights	-	57,125
4,000,000 (2017: 1,000,000) shares issued on exercise of options	240,400	60,100
21,599,999 (2017: nil) shares issued for cash under cash placement	1,943,999	-
Share issue costs (including share-based payments) (b)	<u>(427,144)</u>	<u>(5,250)</u>

Balance at end of year:

405,530,203 (2017: 379,930,204) shares	<u>45,924,985</u>	<u>44,167,730</u>
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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.

(b) Share based payments

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(c) Options over ordinary shares

	2018 Number of options	2017 Number of options
<i>Unissued ordinary shares for which options are outstanding:</i>		
Exercise price of \$0.0485 expiring 31/12/2017	-	6,000,000
Exercise price of \$0.135 expiring 30/09/20	19,800,000	-
	<u>19,800,000</u>	<u>6,000,000</u>
	\$	\$

15. SHARE BASED PAYMENTS RESERVE

Balance at beginning of year	2,582,851	2,645,705
Recognition of share-based payment expense to employees	-	5,871
Recognition of share-based payment expense for a placement fee to broker	313,200	-
Transfer to issued capital on exercise of rights	-	(57,125)
Transfer to issued capital on exercise of options	(46,400)	(11,600)
	<u>2,849,651</u>	<u>2,582,851</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.

16. ACCUMULATED LOSSES

Balance at beginning of year	(27,963,212)	(24,437,866)
Loss for year	(5,604,595)	(3,525,346)
	<u>(33,567,807)</u>	<u>(27,963,212)</u>

16. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of net loss to cash flows used in operating activities

Net loss	(4,453,068)	(3,525,346)
<i>Add/(Less) non-cash items:</i>		
Gain on disposal of assets	(129,545)	-
Depreciation expense	4,299	503,185
Impairment of exploration expenditure	3,849,065	517,715
Write-off of plant and equipment	-	1,500,000
Share-based payment	-	5,871
<i>Change in assets and liabilities:</i>		
Decrease in trade and other receivables	23,068	27,680
Decrease in trade and other payables	(11,336)	(7,836)
Increase in provisions	27,038	3,262
	<u>(690,479)</u>	<u>(975,469)</u>

(b) Reconciliation of cash

<i>Cash balance comprises:</i>		
Cash and cash equivalents	<u>3,820,179</u>	<u>4,130,753</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	2018 \$	2017 \$
17. NOTES TO THE STATEMENT OF CASH FLOWS (continued)		

(c) Financing facilities available

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

Total facility	45,000	45,000
Facility used at reporting date	(14,683)	(23,466)
Facility unused at reporting date	<u>30,317</u>	<u>21,534</u>

18. EXPENDITURE COMMITMENTS

a) Operating lease commitments

The Company leases office premises at 3 Kimberley Street, West Leederville under an operating lease for a term of 2 years commencing 1 April 2018 and expiring 31 March 2020. The annual rent payable is \$62,009 including outgoings.

During the financial year ended 30 June 2018, \$72,341 was recognised as an expense in the income statement in respect of operating leases (2017: \$98,365).

Non-cancellable operating lease rentals not provided for in the financial report are payable as follows:

Not later than one year	62,009	72,603
Later than one year and not later than five years	46,506	-
	<u>108,515</u>	<u>72,603</u>

b) Exploration expenditure commitments

To maintain current rights of tenure to exploration tenements, the Company and the consolidated entity are 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 Company's operations in exploring and evaluating areas of interest, exploration expenditure commitments beyond twelve months cannot be reliably determined. It is anticipated that expenditure commitments in subsequent years will be like that for the forthcoming twelve months. These obligations are not provided for in the financial report and are payable:

Not later than one year	3,386,667	2,936,667
Later than one year and not later than five years	3,729,167	3,408,333
	<u>7,115,834</u>	<u>6,345,000</u>

c) Remuneration commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognized as liabilities, payable:

Not later than one year	<u>467,203</u>	<u>467,203</u>
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Amounts disclosed as remuneration commitments include commitments arising from the service contracts of directors and executives referred to in the remuneration report of the directors' report that are not recognised as liabilities and are not included in the compensation of KMP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19. REHABILITATION COMMITMENTS

a) Santexco Pty Ltd (Santexco) a wholly owned subsidiary of the Company entered into a Rehabilitation Agreement dated 6 November 2001 with the Northern Territory (NT) Government, whereby Santexco is obliged to perform rehabilitation obligations to the value of \$750,000 per annum for 6 years totalling obligation of \$4,500,000 on various mineral tenements, or pay the difference between the actual rehabilitation performed per year on the tenements and \$750,000 into a deposit account held by the NT Government each of the 6 anniversary dates of the agreement. To date Santexco has performed actual rehabilitation obligations of \$333,041 and lodged a bank guarantee to the value of \$416,959 with the NT Government. There are 5 anniversary dates for the agreement outstanding. The NT Government have agreed to extinguish the Rehabilitation Agreement.

b) The consolidated entity is party to a Standstill Deed with the NT Government (Department of Primary Industry, Fisheries and Mines) dated 31 July 2006 whereby the NT Government has agreed that the rehabilitation obligations described in the Rehabilitation Agreement are suspended (on "standstill") until 45 days of cumulative commercial production from the consolidated entity's tenements. Given the permanent standstill arrangement in place with the NT Government and that any recommencement of commercial production is at the complete discretion of the consolidated entity, there is currently no requirement for the consolidated entity to perform any rehabilitation obligations on any tenements, except to the extent that the rehabilitation relates to the exploration activities of the consolidated entity since August 2006. The NT Government have agreed to extinguish the Standstill Deed.

20. FARM-IN AGREEMENTS

The Company entered into the Tennant Creek Farm-in and Joint Venture Agreement (TCJVA) with Evolution Mining Limited (Evolution) in 2014 pursuant to which Evolution could earn up to a 75% interest in Emmerson's Tennant Creek tenements (TC Tenements) subject to meeting certain expenditure requirements. Evolution met the Stage 1 farm-in expenditure obligation of \$15 million during 2018 entitling it to elect to earn an initial 65% interest in the TC Tenements.

The TCJVA was restructured with shareholder approval at a general meeting on 18 May 2018 pursuant to which Evolution became the 100% holder of the whole or parts of identified TC Tenements (the Elected Tenements) and Emmerson retained a 100% ownership of the remaining TC Tenements (the Remaining Tenements).

The Restructure occurred as a result of Evolution electing to earn its 65% interest in respect of the Elected Tenements and foregoing its right to earn a 65% interest in the Remaining Tenements; and Emmerson withdrawing from the TCJVA and assigning its remaining 35% interest in the Elected Tenements to Evolution.

The Elected Tenements consist of approximately 37 tenements over an area constituting approximately 6% of the entire TC Tenements area containing the Gecko-Goanna-Orlando copper-gold prospects which are predominantly copper rich but have the potential for gold grades to increase at depth.

The Remaining Tenements consist of approximately 366 tenements over an area constituting approximately 94% of the entire TC Tenements area and include gold dominant projects, small mines and associated exploration ground and are considered highly prospective for new discoveries.

The Company entered into an Option and Farm-In agreement with Aurelia Metals Ltd effective from 2 June 2016 whereby Emmerson has an option to farm-in on EL6226 (Kadungle Project) by spending a minimum of \$100,000 and Emmerson exercised this option on 28 June 2017.

Emmerson met the Stage 1 and Stage 2 farm-in expenditure obligations totalling \$500,000 expenditure during 2018 to earn an 80% interest in the Kadungle Project and will now form a joint venture with Aurelia Metals Ltd.

On 11 November 2016 the Company entered into a Heads of Agreement with Adelaide Resources Limited to farm-in on its Rover project located southwest of Tennant Creek whereby Emmerson could earn a 51% interest in the 287 km² tenement package by spending \$2 million over a period of three years with an election to spend a further \$2 million over three years to earn a total interest of 75%. Emmerson withdrew from the farm-in during the 2018 financial prior to earning an interest in the project.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

21. SHARE-BASED PAYMENTS

a) Options

The consolidated entity has an Incentive Option Scheme approved by shareholders at the 2017 annual general meeting 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.

A share-based payment in respect of 9,000,000 options at an exercise price of \$0.135 expiring on 30/09/20 were issued as a placement fee to broker at a consideration of \$0.0001 each per option on 19 October 2017.

The following Incentive Option Scheme arrangements were in existence during the year:

Granted	Exercise price	Vesting date	Expiry date	2018 Number of options	2017 Number of options
Incentive Option Scheme:					
05/12/14	\$0.0485	05/12/14	31/12/17	6,000,000	7,000,000
Exercised during the year				(4,000,000)	(1,000,000)
Lapsed during the year				(2,000,000)	-
Placement fee share-based payment:					
19/10/17	\$0.1350	19/10/17	30/09/20	9,000,000	-
Outstanding at end of year				9,000,000	6,000,000

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

	2018 Number of options	2018 Weighted average exercise price	2017 Number of options	2017 Weighted average exercise price
Outstanding at beginning of year	6,000,000	\$0.0485	7,000,000	\$0.0485
Granted during year	9,000,000	\$0.1350	-	-
Exercised during year	(4,000,000)	\$0.0485	(1,000,000)	\$0.0485
Lapsed during the year	(2,000,000)	\$0.0485	-	-
Outstanding at end of year	9,000,000	\$0.1350	6,000,000	\$0.0485
Exercisable and vested at end of year	9,000,000	\$0.1350	6,000,000	\$0.0485

The weighted average share price at the date of exercise of options exercised during the year was \$0.09 (2017: \$0.095).

The range of exercise prices for options outstanding at the end of the year was \$0.135 (2017: \$0.0485) and a weighted average remaining contractual life of 2.25 years (2017: 0.5 years).

The weighted average fair value of \$0.0348 for share-based payment options granted during 2018 was calculated using a Black and Scholes option pricing model inputting a weighted average share price of \$0.09, a weighted average exercise price of \$0.135, a weighted average risk free interest rate of 1.5%, a weighted average expected life of 2.95 years, a volatility factor of 75% based on historical volatility and expected changes to future volatility. No other features such as a market condition were incorporated into the measurement of fair value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

21. SHARE-BASED PAYMENTS (continued)

The weighted average share price at the date of exercise of options exercised during the year was \$0.09 (2017: \$0.095).

The fair value of options issued as a placement fee to broker has been recognised as a share issue cost with contributed capital reduced accordingly. The amount recognised as share issue costs during the year was \$313,200 (2017: nil).

b) Rights

The consolidated entity has a Performance Rights Plan approved by shareholders at the 2012 annual general meeting to provide share-based payment benefits, whereby rights to acquire ordinary shares are issued as an incentive to improve employee and shareholder goal congruence and provide a retention incentive for participants. Rights vest from two to four years with no cash consideration required to be paid to exercise rights and the rights are generally forfeited if the service condition has not been satisfied.

The following Performance Rights Plan arrangements were in existence during the year:

	2018 Number of rights	2017 Number of rights
Granted 04/12/12 vesting on 04/12/16	-	500,000
Granted 23/04/13 vesting on 25/11/16	-	118,750
Vested and exercised during the year	-	(618,750)
	<hr/>	<hr/>
Outstanding at end of year	-	-

The number of rights granted as share based payments are as follows:

	2018 Number of rights	2017 Number of rights
Outstanding at beginning of year	-	618,750
Vested and exercised during the year	-	(618,750)
	<hr/>	<hr/>
Outstanding at end of year	-	-

The weighted average exercise price of all the above rights granted as share based payments is nil.

No rights were exercised during the 2018 year. The weighted average share price at the date of exercise of rights exercised during the 2017 year was \$0.131.

There were no rights outstanding at the end of the financial year or at the end of the previous financial year.

No rights were granted during the current financial year or the previous year.

The fair value of the rights is recognised as an expense over the period from grant to vesting date. The amount recognised as part of employee benefits expense during the year was nil (2017: \$5,871).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

22. 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.

	2018 % Interest	2017 % 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

	2018 \$	2017 \$
Short-term employee benefits	830,653	946,167
Post-employment benefits	75,000	100,000
Share-based payments	-	5,557
Total compensation	<u>905,653</u>	<u>1,051,724</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

Transactions with Key management personnel:

Andrew McIlwain's 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 \$73,912 (2017: \$73,912). The amount outstanding and included in the trade and other payables liability at year end is \$6,159 (2017: \$6,159).

Allan Trench's 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 \$35,478 (2017: \$35,478). The amount outstanding and included in the trade and other payables liability at year end is \$2,956 (2017: \$2,956).

d) Options and rights over ordinary shares held by key management personnel

	2018 Number outstanding	2017 Number outstanding
<i>Unissued ordinary shares for which options are outstanding:</i>		
Exercise price of \$0.0485 expiring 31/12/2017	-	<u>6,000,000</u>

Refer to Note 21 for further details of the Incentive Option Scheme.

	2018 \$	2017 \$
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23. AUDITORS REMUNERATION

Amounts paid to Ernst & Young for audit and review of financial reports

<u>42,818</u>	<u>42,642</u>
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	2018 \$	2017 \$
24. PARENT ENTITY INFORMATION		
The individual financial statements for the parent entity show the following aggregate amounts:		
Current assets	3,846,207	4,457,961
Non-current assets	15,061,353	17,059,780
Total assets	<u>18,907,560</u>	<u>21,517,741</u>
Current liabilities	(430,775)	(615,622)
Non-current liabilities	(2,118,429)	(2,114,750)
Total liabilities	<u>(2,549,204)</u>	<u>(2,730,372)</u>
Net assets	<u>16,358,356</u>	<u>18,787,369</u>
Contributed equity	45,924,985	44,167,730
Other reserves	2,849,651	2,582,851
Accumulated losses	(32,416,280)	(27,963,212)
Total equity	<u>16,358,356</u>	<u>18,787,369</u>
Loss for the year	(4,453,068)	(3,525,346)
Total comprehensive income/(loss) for the year	(4,453,068)	(3,525,346)

The parent entity had no contingent liabilities as at 30 June 2018 and 30 June 2017.

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2018 and 30 June 2017.

25. 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:

Financial assets

Cash and cash equivalents	6	3,820,179	4,130,753
Trade and other receivables	7	26,029	327,209
Other financial assets	8	962,986	1,038,166
Total financial assets		<u>4,809,194</u>	<u>5,496,128</u>

Financial liabilities

Trade and other payables:			
- 6 months or less	11	152,654	385,796
Total financial liabilities		<u>152,654</u>	<u>385,796</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	2018	2017
	\$	\$

25. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk arises from the financial assets of the consolidated entity, which comprise cash and cash equivalents, other receivables and other financial assets. Receivable balances are monitored on an ongoing basis with the result that the consolidated entity's exposure to bad debts is not significant. The consolidated entity has adopted the policy of only dealing with recognised credit worthy counterparties. Cash term deposits are placed only with Australian banks and where possible spread across more than one bank.

The consolidated entity's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. The significant concentration of risk is in relation to cash balances.

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:

Cash and cash equivalents	6	3,820,179	4,130,753
Other financial assets (environmental security bank deposits)	8(a)	751,457	750,903
		<u>4,571,636</u>	<u>4,881,656</u>

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)	52,925	55,739
1.0% decrease in interest rates (increase loss)	(52,925)	(55,739)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

25. FINANCIAL RISK MANAGEMENT (continued)

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 14, 15 and 16 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 2018.

During 2017 and 2018 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.

26. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the end of the financial year on 5 September 2018 Emmerson entered into a strategic alliance with Territory Resources Ltd (TTY) under an Exploration Earn-In & Joint Venture Agreement, a Small Mines Joint Venture Agreement and a Share Subscription Agreement.

Under the Exploration Earn-In & Joint Venture Agreement TTY will fund \$5 million of exploration over five years across Emmerson's Southern Project Area (SPA) at Tennant Creek to earn a 75% interest in the SPA. TTY must spend a minimum of \$2 million before it can withdraw from the Earn-in. 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. The SPA represents approximately 25% of Emmerson's total Tennant Creek landholding. Emmerson to retain 100% ownership of the majority of the TCMF (circa 75% of the existing tenement package), including the recently announced Mauretania gold and Jasper Hills gold-copper-cobalt projects, plus the high-grade Edna Beryl Gold Mine.

Under the Small Mines Joint Venture Agreement, Emmerson will receive a free carried 25% profit share from any mine within the SPA, other than Edna Beryl and Chariot (where Emmerson will receive 12% and 6% respectively of the gold produced). Territory will receive a 75% share of profits in exchange for planning, funding, developing and operating Emmerson's portfolio of potential mining projects within the SPA.

Under the Share Subscription Agreement TTY has subscribed for 19,323,671 Emmerson shares at an issue price of A\$0.1035 per share to raise \$2 million in two tranches of \$1 million each. Following this placement, TTY will hold approximately 4.55% of Emmerson shares on issue. As at the date of this report, the first tranche of \$1 million had been receipted with the second tranche of \$1 million expected to be received in October 2018.

There have not been any other 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 2018 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of its financial position as at 30 June 2018, 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 2018.

On behalf of the Board



Rob Bills
Managing Director & Chief Executive Officer

27 September 2018

Auditor's Independence Declaration to the Board of Directors of Emmerson Resources Limited

As lead auditor for the audit of Emmerson Resources Limited for the financial year ended 30 June 2018, 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; and
- b) no contraventions of 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.



Ernst & Young



V L Hoang
Partner
Perth
27 September 2018

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 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 2018 and of its 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* (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 each 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 these matters. 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 matters below, provide the basis for our audit opinion on the accompanying financial report.

Carrying value of exploration and evaluation assets

Why significant

As disclosed in Note 11 as at 30 June 2018, the Group held capitalised exploration and evaluation expenditure assets of \$11.81 million.

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.

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, will be able to perform ongoing expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. During the year the Group determined that there had been no indicators of impairment

How our audit addressed the key audit matter

In performing our procedures, we:

- ▶ Considered the Group's right to explore in the relevant area 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 assessment of the Group's cash-flow forecast models, discussions with senior management and Directors as to the intentions and strategy of the Group.
- ▶ Considered whether the exploration activities within each area of interest have reached a stage where the commercially viable resource estimate could be made.
- ▶ Assessed the adequacy of the disclosure included in the financial report.

Going concern assessment

Why significant

The Group is not yet generating material mining revenue and is still in the exploration and evaluation stage. Accordingly the testing of the availability of sufficient funding for the Group to meet its obligations is considered to be a key part of our going concern assessment and therefore a significant aspect of our audit.

This assessment is largely based on the expectations of and the estimates made by the Group. The expectations and estimates can be influenced by subjective elements such as estimated future cash flows from its farm-in partner and future royalty income. Estimates are based on assumptions, including expectations regarding future developments in the economy and the market.

The Group's financial report is prepared on a going concern basis. The Group's assessment in respect of going concern is set out note 2(d) to the financial report.

How our audit addressed the key audit matter

We performed the following procedures:

- ▶ Analysed the Group's cash flow forecast and enquired with the Group to gain an understanding of the inputs and process underpinning the cash flow forecast prepared for the purpose of the going concern assessment.
- ▶ Assessed whether the cash flow forecast accurately reflected the budget that was approved by the Directors.
- ▶ Assessed the external inputs and assumptions within the cash flow forecast by comparing them to assumptions and estimates used elsewhere in the preparation of the financial report and benchmarking them against market observable external data. We also compared them against our understanding and knowledge of the Group's operations.
- ▶ Assessed the sensitivity analysis that the Group performed on the cash flow forecast.
- ▶ Assessed the possible mitigating actions identified by the Group in the event that actual cash flows are below cash flow forecast.

Restructure of the Tennant Creek Mineral Field Joint Venture ("TCJVA")

Why significant

As detailed in note 11 and 20, on 16 February 2018, Emmerson entered a Deed of Variation to the Tennant Creek Farm-in and Joint Venture Agreement ("TCJVA") with Evolution to which Evolution became the 100% holder of the whole or parts of identified Tennant Creek Tenements (the Elected Tenements) while Emmerson retained a 100% ownership of the remaining Tennant Creek Tenements (the Remaining Tenements).

The transaction was deemed by the Group to be an asset swap under AASB 6 *Exploration for and Evaluation of Mineral Resources* which, under such a circumstance, allows the Group to develop its own accounting policy. The Group determined that given the nature of the exploration asset it is most appropriate to use the carrying amount of the exploration asset transferred as an approximate of the fair value of exploration assets received in the transaction and therefore recognised no gain in the income statement for the year ended 30 June 2018.

This is considered as a key audit matter given management's significant judgement in selecting the Group's most appropriate accounting policy.

How our audit addressed the key audit matter

We performed the following procedures:

- ▶ Obtained and evaluated the underlying Deed of Variation to the TCJVA
- ▶ Considered the accounting policy application by the Group with reference to AASB 6 *Exploration for and Evaluation of Mineral Resources*.
- ▶ 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 Group's 2018 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 business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the 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, related safeguards.

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

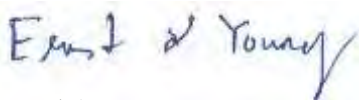
Opinion on the remuneration report

We have audited the Remuneration Report included in pages 17 to 25 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Emmerson Resources Limited for the year ended 30 June 2018, 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.



Ernst & Young



V L Hoang
Partner
Perth
27 September 2018

TENEMENT SCHEDULE

All tenements below are held in Northern Territory, Australia

Tenement	Name	Interest	Tenement	Name	Interest	Tenement	Name	Interest
EL10114	McDougall	100%	EMP31008	Warrego Gravel 1	100%	HLDC86	Wiso Basin	100%
EL10124	Speedway	100%	EMP31010	Warrego Gravel 2	100%	HLDC87	Wiso Basin	100%
EL10313	Kodiak	100%	HLDC100	Sally No Name	100%	HLDC88	Wiso Basin	100%
EL10406	Montana	100%	HLDC101	Sally No Name	100%	HLDC89	Wiso Basin	100%
EL23285	Corridor 2	100%	HLDC37	Warrego, No 1	100%	HLDC90	Wiso Basin	100%
EL23286	Corridor 3	100%	HLDC39	Warrego Min,	100%	HLDC91	Wiso Basin	100%
EL23905	Jackie	100%	HLDC40	Warrego, No 2	100%	HLDC92	Wiso Basin	100%
EL26594	Bills	100%	HLDC41	Warrego, No 3	100%	HLDC93	Wiso Basin	100%
EL26787	Rising Ridge	100%	HLDC42	Warrego, S7	100%	HLDC94	Warrego, No.4	100%
EL27011	Snappy Gum	100%	HLDC43	Warrego , S8	100%	HLDC95	Warrego, No.3	100%
EL27136	Reservoir	100%	HLDC44	Warrego, No.2	100%	HLDC96	Wiso Basin	100%
EL27164	Hawk	100%	HLDC45	Warrego, No.1	100%	HLDC97	Wiso Basin	100%
EL27408	Grizzly	100%	HLDC46	Warrego, No.1	100%	HLDC98	Wiso Basin	100%
EL27537	Chappell	100%	HLDC47	Wiso Basin	100%	HLDC99	Wiso, No.3 pipe	100%
EL27538	Mercury	100%	HLDC48	Wiso Basin	100%	MA23236	Udall Road	100%
EL28601	Malbec	100%	HLDC49	Wiso Basin	100%	MA27163	Eagle	100%
EL28602	Red Bluff	100%	HLDC50	Wiso Basin	100%	MA30798	Little Ben	100%
EL28603	White Devil	100%	HLDC51	Wiso Basin	100%	MCC174	Mt Samuel	100%
EL28618	Comstock	100%	HLDC52	Wiso Basin	100%	MCC203	Galway	100%
EL28760	Delta	100%	HLDC53	Wiso Basin	100%	MCC211	Shamrock	100%
EL28761	Quartz Hill	100%	HLDC54	Wiso Basin	100%	MCC212	Mt Samuel	85%
EL28775	Trinity	100%	HLDC55	Warrego, No.4	100%	MCC239	West Peko	100%
EL28776	Whippet	100%	HLDC56	Warrego, No.5	100%	MCC240	West Peko	100%
EL30167	Dolomite	100%	HLDC58	Wiso Line, No.6	100%	MCC287	Mt Samuel	100%
EL30168	Caroline	100%	HLDC59	Warrego, No.6	100%	MCC288	Mt Samuel	100%
EL30301	Grey Bluff East	100%	HLDC69	Wiso Basin	100%	MCC308	Mt Samuel	85%
EL30584	Juno North	100%	HLDC70	Wiso Basin	100%	MCC316	The Trump	100%
EL30748	Battery Hill	100%	HLDC71	Wiso Basin	100%	MCC317	The Trump	100%
EL31831	Amstel	100%	HLDC72	Wiso Basin	100%	MCC334	Estralita Group	100%
EL31832	Russell	100%	HLDC73	Wiso Basin	100%	MCC340	The Trump	100%
EL31833	Prosperity	100%	HLDC74	Wiso Basin	100%	MCC341	The Trump	100%
EL31834	Colombard	100%	HLDC75	Wiso Basin	100%	MCC344	Mt Samuel	100%
EL31835	Bishops Creek	100%	HLDC76	Wiso Basin	100%	MCC364	Estralita	100%
EL9403	Jess	100%	HLDC77	Wiso Basin	100%	MCC365	Estralita	100%
EL9958	Running Bear	100%	HLDC78	Wiso Basin	100%	MCC366	Estralita	100%
ELA27539	Telegraph	100%	HLDC79	Wiso Basin	100%	MCC524	Gibbet	100%
ELA27902	Lynx	100%	HLDC80	Wiso Basin	100%	MCC55	Mondeuse	100%
ELA30505	Golden East	100%	HLDC81	Wiso Basin	100%	MCC56	Shiraz	100%
ELA30516	Barkly Highway	100%	HLDC82	Wiso Basin	100%	MCC57	Mondeuse	100%
ELA30746	Mule	100%	HLDC83	Wiso Basin	100%	MCC66	Golden Forty	100%
ELA30749	Mary Anne	100%	HLDC84	Wiso Basin	100%	MCC67	Golden Forty	100%
ELA31355	Mt Samuel	100%	HLDC85	Wiso Basin	100%	MCC9	Eldorado	100%

TENEMENT SCHEDULE

All tenements below are held in Northern Territory, Australia

Tenement	Name	Interest	Tenement	Name	Interest	Tenement	Name	Interest
MCC925	Brolga	100%	ML30947	Warrego East	100%	MLC177	Chariot	100%
MCC926	Brolga	100%	ML31055	EXP 80	100%	MLC18	West Gibbet	100%
ML22284	Billy Boy	100%	ML31057	Durif	100%	MLC182	Riesling	100%
ML23216	Chariot	100%	ML31074	Rocky Range	100%	MLC183	Riesling	100%
ML30096	Malbec	100%	ML31076	Jubilee	100%	MLC184	Riesling	100%
ML30176	Queen of Sheeba	100%	ML31123	Gibbet1	100%	MLC204	Argo West	100%
ML30177	North Star	100%	ML31651	White Devil	100%	MLC205	Argo West	100%
ML30322	Verdot	100%	MLA29526	Blue Moon	100%	MLC206	Argo West	100%
ML30620	Kia Ora	100%	MLA29527	Wiso	100%	MLC207	Argo West	100%
ML30623	Pinnacles South	100%	MLA29528	Wiso	100%	MLC208	Argo West	100%
ML30636	Jacqueline the	100%	MLA29529	Wiso	100%	MLC209	Argo West	100%
ML30712	Battery Hill	100%	MLA29530	Wiso	100%	MLC217	Perserverance	30%
ML30713	The Pup	100%	MLA29531	Wiso	100%	MLC218	Perserverance	30%
ML30715	Red Bluff North	100%	MLA29532	Wiso	100%	MLC219	Perserverance	30%
ML30716	Comstock	100%	MLC120	Cabernet / Nav 7	100%	MLC220	Perserverance	30%
ML30742	Black Cat	100%	MLC121	Cabernet / Nav 7	100%	MLC221	Perserverance	30%
ML30743	True Blue	100%	MLC122	Cabernet / Nav 7	100%	MLC222	Perserverance	30%
ML30744	Scheurber	100%	MLC123	Cabernet / Nav 7	100%	MLC223	Perserverance	30%
ML30781	Smelter	100%	MLC127	Peko East Ext 4	100%	MLC224	Perserverance	30%
ML30782	Dark	100%	MLC129	Peko Sih- East	100%	MLC253	Mulga 1	100%
ML30784	Noir	100%	MLC130	Golden Forty	100%	MLC254	Mulga 1	100%
ML30815	Blue Moon	100%	MLC131	Golden Forty	100%	MLC255	Mulga 1	100%
ML30864	Verdelho	100%	MLC132	Golden Forty	100%	MLC256	Mulga 2	100%
ML30865	Dong Dui	100%	MLC133	Golden Forty	100%	MLC257	Mulga 2	100%
ML30867	Thurgau	100%	MLC134	Golden Forty	100%	MLC258	Mulga 2	100%
ML30870	Rising Star	100%	MLC135	Golden Forty	100%	MLC259	Mulga 2	100%
ML30871	Colombard	100%	MLC136	Golden Forty	100%	MLC260	Mulga 2	100%
ML30872	The Extension	100%	MLC137	Golden Forty	100%	MLC261	Mulga 2	100%
ML30874	Merlot	100%	MLC138	Golden Forty	100%	MLC32	Golden Forty	100%
ML30875	Grenache	100%	MLC139	Golden Forty	100%	MLC342	Tinto	100%
ML30885	Zinfandel	100%	MLC140	Golden Forty	100%	MLC343	Rocky Range	100%
ML30886	EXP212	100%	MLC141	Golden Forty	100%	MLC344	Rocky Range	100%
ML30888	Warrego	100%	MLC142	Golden Forty	100%	MLC345	Rocky Range	100%
ML30893	Troy	100%	MLC143	Golden Forty	100%	MLC346	Rocky Range	100%
ML30909	Archimedes	100%	MLC144	Golden Forty	100%	MLC347	Golden Forty	100%
ML30910	Marsanne	100%	MLC146	Golden Forty	100%	MLC348	Brolga	100%
ML30911	Wolseley	100%	MLC147	Golden Forty	100%	MLC349	Brolga	100%
ML30912	Ivanhoe	100%	MLC148	Golden Forty	100%	MLC35	Golden Forty	100%
ML30937	Gris	100%	MLC149	Golden Forty	100%	MLC350	Brolga	100%
ML30938	EXP195	100%	MLC15	Eldorado 4	100%	MLC351	Brolga	100%
ML30945	Metallic Hill	100%	MLC16	Eldorado 5	100%	MLC352	Golden Forty	100%
ML30946	Sauvignon	100%	MLC176	Chariot	100%	MLC353	Golden Forty	100%

TENEMENT SCHEDULE

All tenements below are held in Northern Territory, Australia

Tenement	Name	Interest	Tenement	Name	Interest	Tenement	Name	Interest
MLC354	Golden Forty	100%	MLC499	Eldorado	100%	MLC595	TC8 Lease	100%
MLC355	Golden Forty	100%	MLC5	Peko Extended	100%	MLC596	TC8 Lease	100%
MLC36	Golden Forty	100%	MLC50	Eldorado Anom	100%	MLC597	TC8 Lease	100%
MLC362	Lone Star	100%	MLC500	Eldorado	100%	MLC598	Golden Forty	100%
MLC363	Lone Star	100%	MLC501	Eldorado	100%	MLC599	Mt Samuel	85%
MLC364	Lone Star	100%	MLC502	Eldorado	100%	MLC601	TC8 Lease	100%
MLC365	Lone Star	100%	MLC503	Eldorado	100%	MLC602	TC8 Lease	100%
MLC366	Lone Star	100%	MLC504	Eldorado	100%	MLC603	TC8 Lease	100%
MLC367	Lone Star	100%	MLC505	Eldorado	100%	MLC604	TC8 Lease	100%
MLC368	Lone Star	100%	MLC51	Eldorado Anom	100%	MLC605	TC8 Lease	100%
MLC369	Lone Star	100%	MLC518	Ellen, Eldorado	100%	MLC606	Lone Star	100%
MLC37	Golden Forty	100%	MLC52	Muscadel	100%	MLC607	Lone Star	100%
MLC370	Lone Star	100%	MLC520	Great Northern	100%	MLC608	Lone Star	100%
MLC371	Lone Star	100%	MLC522	Aga Khan	100%	MLC609	Lone Star	100%
MLC372	Lone Star	100%	MLC523	Eldorado	100%	MLC610	Lone Star	100%
MLC373	Lone Star	100%	MLC524	Susan	100%	MLC611	Lone Star	100%
MLC374	Lone Star	100%	MLC527	Mt Samual	100%	MLC612	Lone Star	100%
MLC375	Lone Star	100%	MLC528	Dingo, Eldorado	100%	MLC613	Lone Star	100%
MLC376	Mulga 1	100%	MLC529	Cats Whiskers	100%	MLC614	Lone Star	100%
MLC377	Mulga 1	100%	MLC53	Golden Forty	100%	MLC615	Lone Star	100%
MLC378	Mulga 1	100%	MLC530	Lone Star	100%	MLC616	Lone Star	100%
MLC379	Mulga 1	100%	MLC535	Eldorado No 5	100%	MLC617	Mt Samuel	50%
MLC38	Memsahib East	100%	MLC54	Golden Forty	100%	MLC619	True Blue	85%
MLC380	Mulga 1	100%	MLC546	The Mount	100%	MLC626	Caroline	100%
MLC381	Mulga 1	100%	MLC55	Golden Forty	100%	MLC634	Dolomite	100%
MLC382	Mulga 1	100%	MLC558	New Hope	100%	MLC644	Enterprise	100%
MLC383	Mulga 1	100%	MLC56	Golden Forty	100%	MLC645	Estralita	100%
MLC384	Mulga 2	100%	MLC57	Perserverence	30%	MLC654	TC8 Lease	100%
MLC385	Mulga 2	100%	MLC576	Golden Forty	100%	MLC66	Traminer	100%
MLC386	Mulga 2	100%	MLC577	Golden Forty	100%	MLC67	Traminer	100%
MLC387	Mulga 2	100%	MLC581	Eldorado ABC	100%	MLC683	Eldorado	100%
MLC4	Peko Extended	100%	MLC582	Eldorado ABC	100%	MLC692	Warrego Mine	100%
MLC406	Comet	100%	MLC583	Eldorado ABC	100%	MLC705	Apollo 1	100%
MLC407	Comet	100%	MLC584	Golden Forty	100%	MLC91	Carraman/Klond	100%
MLC408	Comet	100%	MLC585	Golden Forty	100%	MLC92	Carraman/Klond	100%
MLC409	Comet	100%	MLC586	Golden Forty	100%	MLC93	Carraman/Klond	100%
MLC432	Mulga 1	100%	MLC591	TC8 Lease	100%	MLC94	Carraman/Klond	100%
MLC48	Tinto	100%	MLC592	TC8 Lease	100%	MLC95	Carraman/Klond	100%
MLC49	Mt Samual	100%	MLC593	TC8 Lease	100%			
MLC498	Eldorado	100%	MLC594	TC8 Lease	100%			

All tenements below are held in New South Wales, Australia

Tenement	Name	Interest	Tenement	Name	Interest	Tenement	Name	Interest
EL6226	Kadungle	80%	EL8590	Kiola	90%	EL8766	Greater Kadungle	100%
EL8463	Wellington	90%	EL8652	Sebastopol	90%			
EL8464	Fifield	90%	EL8715	Nyngan	100%			



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