Emu NL

ABN 50 127 291 927

Annual Report

for the year ended 30 June 2016

Corporate Information

Emu NL

ABN 50 127 291 927

Directors
Peter Thomas (Non-Executive Chairman)
Greg Steemson (Managing Director)
Gavin Rutherford (Non-Executive Director)

Company Secretaries
Dennis Wilkins

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WEST PERTH WA 6005

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Share Register
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Auditors
Greenwich & Co Audit Pty Ltd
Level 2, 35 Outram Street
WEST PERTH WA 6005

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Internet Address
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Stock Exchange Listing
Emu NL is listed on the Australian Securities Exchange (ASX code: EMU).

Contents

Review of Operations

ACTIVITIES

During the year Emu continued with the search for new mineral exploration projects and invested in shares in listed mining entities with the objective of offsetting operating expenses. In October 2015, Emu signed an agreement with Genesis Gold Corporation to explore the Speedway project located on the Utah/Nevada border. The target was a Carlin style gold system. A total of two holes were planned, the second being dependent on the results of the first. Given the depth of the target (~300m), Emu set specific parameters for drilling the second hole and when these were not met, the Company withdrew from the agreement. Emu is in the process of finalising the drill hole rehabilitation which, when completed, will enable the release of the bond.

Since completing the Speedway drilling, the Company has continued to look for and assess mineral projects world-wide.

COMPETENT PERSON'S STATEMENT

The details in this report pertaining to exploration results, mineral resources and mineral reserves are based upon information compiled by Mr Greg Steemson, Managing Director of Emu NL. Mr Steemson is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and has sufficient experience in the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Steemson consents to the inclusion in this report of the matters based upon his information in the form and context in which they appear.

For the purposes of this Report, "the Group" is comprised of Emu NL and its wholly owned subsidiaries Emu Blue Pty Ltd and American Emu Inc.

Directors' Report

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Emu NL and the entities it controlled at the end of, or during, the year ended 30 June 2016.

DIRECTORS

The names and details of the Company's directors in office during the year and until the date of this report follow. Each Director was in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Peter Thomas, (Non-Executive Chairman)

Mr Thomas, 59, having served on ASX listed company boards for some 30 years, has been a non-executive director of Emu NL since 29 August 2007.

For over 30 years until June 2011, he ran a legal practise on his own account specialising in the delivery of wide ranging legal, corporate and commercial advice to listed explorers and miners.

Listed company directorships - past three years

- Magnetic Resources NL (resigned July 2013)
- Meteoric Resources NL (resigned September 2014)

Listed companies – current

- Non-executive Director Image Resources NL (since 19 April 2002) and Non-executive Chairman Middle Island Resources Limited (since 2 March 2010).

Greg Steemson, (Managing Director)

Mr Steemson is a graduate of the University of Queensland and the University of Utah and is a qualified geologist and geophysicist. He has 40 years of experience over a wide range of geographies and commodities including gold, base metals, iron ore, diamonds, coal, mineral sands, phosphate, uranium and rare earth elements. He has operated in many different jurisdictions throughout the world and at most levels of the mineral industry from green-fields exploration to resource and project development through to mining. Mr Steemson was a founding director of Sandfire Resources NL and Allied Gold Limited. He was a director of Allied Gold Limited, Carbine Resources Limited, Mineral Commodities Limited and Nord Pacific Limited.

Gavin Rutherford, (Non-Executive Director)

Mr Rutherford has a successful background in Agribusiness on both domestic and international stages followed by over 20 years in the Mining Services / Fabrication / Contracting sector. This period includes Managing Directorship / part ownership of a contracting and construction company operating in the water space. Mr Rutherford continues his activities in a Senior Management position with an ASX listed constructor of non-process infrastructure and renewable energy solutions.

COMPANY SECRETARY

Dennis Wilkins, B.Bus, AICD, ACIS

Mr Wilkins is the founder and principal of DWCorporate Pty Ltd a leading privately held corporate advisory firm servicing the natural resources industry. Since 1994 he has been a director of, and involved in the executive management of, several publicly listed resource companies with operations in Australia, PNG, Scandinavia and Africa. From 1995 to 2001 he was the Finance Director of Lynas Corporation Ltd during the period when the Mt Weld Rare Earths project was acquired by the group. He was also founding director and advisor to Atlas Iron Limited at the time of Atlas' initial public offering in 2006.

Since July 2001 Mr Wilkins has been a running DWCorporate Pty Ltd where he advises on the formation of, and capital raising for, emerging companies in the Australian resources sector. Mr Wilkins is currently a non-executive director of Key Petroleum Ltd since 5 July 2006, TSX listed Mawson West Ltd since 3 August 2015, and an alternate director of Middle Island Resources Ltd since 1 May 2010. Within the last three years, Mr Wilkins has been a former director of ASX listed companies Duketon Mining Ltd (resigned 18 November 2014), A1 Consolidated Gold Ltd (resigned 11 May 2015) and Shaw River Manganese Ltd (resigned 18 December 2015).

Interests in the shares and options of the Company and related bodies corporate

As at the date of signing this report, the relevant interests of the directors in the shares and options of Emu NL were:

	Ordinary Shares	Contributing Shares	Options over Ordinary Shares
Peter Thomas	5,701,993	19,848,918	5,410,184
Greg Steemson	5,913,627	19,536,211	5,389,969
Gavin Rutherford	876,379	876,379	650,552

Directors' Report (continued)

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were (i) to explore its mineral interests in Western Australia and the USA, and (ii) assess and pursue mineral property acquisition opportunities globally, and (iii) and invest in shares in listed mining entities with the objective of offsetting operating expenses.

DIVIDENDS

No dividends were paid or declared during the year. No recommendation for payment of dividends has been made.

OPERATING AND FINANCIAL REVIEW

Finance Review

The Group began the financial year with a cash reserve of $2,635,316.

During the year, total exploration expenditure incurred by the Group amounted to $616,851 (2015: $246,754). In line with the Group's accounting policies, all exploration expenditure is expensed as incurred. Other expenditure incurred, net of revenue, amounted to $274,121 (2015: $296,831). This resulted in an operating loss after income tax for the year ended 30 June 2016 of $890,972 (2015: $543,585).

At 30 June 2016 cash assets available totalled $2,046,448. The net assets of the Group have decreased by $509,351 during the year to $2,205,608 at 30 June 2016, primarily due to the utilisation of cash assets in conducting the activities of the Group. The Group's working capital has decreased during the year by $594,203 to $2,056,545 at 30 June 2016, which the directors believe is a strong financial position for the Group to pursue its objectives.

Operating Results for the Year

Summarised operating results are as follows:

	2016	
	Revenues $	Results $
Revenues and losses for the year from ordinary activities before income tax expense	**269,948**	**(890,972)**

Shareholder Returns

	2016	2015
Basic loss per share (cents)	**(1.2)**	(0.7)

Risk Management

The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The Group believes that it is crucial for all board members to be a part of this process, and as such the board discharged the obligations of the risk management committee.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as disclosed in this Annual Report, no significant changes in the state of affairs of the Group occurred during the financial year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances, besides those disclosed at note 21, have arisen since the end of the year which significantly affected or which in the judgement of the Board may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

In order to make (or to secure the right to make) one or more acquisitions and to further its existing projects, the Group may undertake capital raisings. Emu's focus is on making further mineral resource related acquisitions to accrete value to shareholders without triggering a requirement to dilute equity capital save when absolutely necessary to make strategic acquisitions. In addition Emu will pursue resource equity investments consistent with the sentiments expressed in the Review of Operations above.

Other than as set out above, likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

Directors' Report (continued)

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to significant environmental regulation in respect to its activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Company are not aware of any breach of environmental legislation for the year under review.

REMUNERATION REPORT

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Policy principles used/to be used to determine the nature and amount of remuneration

Remuneration Policy

The remuneration policy of Emu NL has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component. The board of Emu NL believes the remuneration policy for the year under review was appropriate and effective to attract and retain suitable key management personnel to run and manage the Group. Consideration has and will continue to be given to offering specific short and long term incentives including, specifically, equity remuneration.

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives (if any), was developed by the board. In general in respect of the year under review, executives received a base salary (which was based on factors such as experience) and superannuation. The board will review executive packages as and when it considers it appropriate to do so in accordance with its remuneration policy and by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and equity remuneration. The policy is to reward executives for performance that results in long-term growth in shareholder wealth.

The executive directors and executives receive, where required by law, a superannuation guarantee contribution required by the government of Australia, which was 9.5% for the 2016 financial year but are not entitled to receive any other retirement benefits.

All remuneration paid to directors and executives is "valued" at the cost to the Group and expensed. Where applicable, options granted as equity remuneration are ascribed a "fair value" in accordance with Australian Accounting Standards.

The board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities, albeit that the non-executive directors are currently remunerated at the lower end of the market rate range. The board determines payments to the non-executive directors and policy is to effect reviews of remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently $250,000). Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in any equity remuneration arrangements.

Company performance, shareholder wealth and key management personnel remuneration

There is no relationship between the financial performance of the Company for the current or previous financial year and the remuneration of the key management personnel. Remuneration is set having regard to market conditions and to encourage continued services of key management personnel.

Use of remuneration consultants

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2016.

Voting and comments made at the Company's 2015 Annual General Meeting

The Company received approximately 96% of "yes" votes on its remuneration report for the 2015 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices other than from the board and the company secretary.

Details of remuneration

Details of the remuneration of the directors and the key management personnel of the Group are set out in the following table.

The key management personnel of the Group include only the directors as per page 4 above.

Directors' Report (continued)

Key management personnel of the Group

	Short-Term		Post-Employment		Share-based Payments	Total
	Salary & Fees	Non-Monetary	Superannuation	Retirement benefits		
	$	$	$	$	$	$
Directors						
Peter Thomas						
2016	**44,000**	**-**	**4,180**	**-**	**-**	**48,180**
2015	52,000	-	4,823	-	-	56,823
Greg Steemson						
2016	**264,000**	**-**	**-**	**-**	**-**	**264,000**
2015	312,000	-	-	-	-	312,000
Gavin Rutherford						
2016	**22,000**	**-**	**2,090**	**-**	**-**	**24,090**
2015	26,000	-	2,411	-	-	28,411
Total key management personnel compensation						
2016	**330,000**	**-**	**6,270**	**-**	**-**	**336,270**
2015	390,000	-	7,234	-	-	397,234

Written Service agreements

Greg Steemson, Managing Director:

A consulting agreement has been executed between the Company and Mr Steemson's nominated associated entity under which Mr Steemson delivers consulting services to the Company. Major provisions of the agreement are as follows:

- Term of agreement – Effective from 1 December 2012, with no fixed term and may be terminated by either party on two months' notice or, at the Company's election, payment of the 2 months' notice period in lieu of notice.
- Monthly fee of $22,000 paid to Mr Steemson's nominated associated entity.

Messrs Thomas and Rutherford do not have employment contracts with the Company save to the extent that the Company's constating documents comprise the same.

Share-based compensation

Equity may be issued to key management personnel as part of their remuneration. The Group has a formal policy requiring key management personnel to limit their exposure to assuming risk in relation to their securities via margin facilities and the like.

No equity based remuneration was granted to or vested in key management personnel during the year. No members of key management personnel are entitled to receive securities that are not performance-based as part of their remuneration package.

Equity instruments held by key management personnel

Share holdings

The relevant interest in the number of shares in the Company held during the financial year by each director of Emu NL and other key management personnel of the Group are set out below. No shares were granted as compensation during the reporting period.

2016	**Balance at start of the period**	**Received during the period on the exercise of options**	**Other changes during the period**	**Balance at end of the period**
Ordinary shares fully paid				
Peter Thomas	**5,701,993**	**-**	**-**	**5,701,993**
Greg Steemson	**5,913,627**	**-**	**-**	**5,913,627**
Gavin Rutherford	**876,379**	**-**	**-**	**876,379**
Ordinary shares partly paid to $0.03				
Peter Thomas	**19,848,918**	**-**	**-**	**19,848,918**
Greg Steemson	**19,536,211**	**-**	**-**	**19,536,211**
Gavin Rutherford	**876,379**	**-**	**-**	**876,379**

Directors' Report (continued)

Option holdings

The relevant interest in the number of options over ordinary shares in the Company held during the financial year by each director of Emu NL and other key management personnel of the Group are set out below:

2016	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Peter Thomas	-	-	-	**5,410,184**	**5,410,184**	**5,410,184**	-
Greg Steemson	-	-	-	**5,389,969**	**5,389,969**	**5,389,969**	-
Gavin Rutherford	-	-	-	**650,552**	**650,552**	**650,552**	-

All vested options are able to be exercised at the end of the year.

Other equity-related KMP transactions

There have been no other transactions involving equity instruments apart from those described in the tables above relating to options, rights and shareholdings.

Loans to key management personnel

There were no loans to key management personnel during the year.

Other transaction with key management personnel

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Underwriting fees

The Directors (and their associates) agreed to fully underwrite the non-renounceable pro rata Offer of Options, as disclosed in the Prospectus dated 14 December 2015 (Offer), pursuant to three separate Underwriting Agreements. Each of Messrs. Thomas, Steemson and Rutherford (or their nominated entities) received an underwriting fee of $6,028 during the current reporting period in relation to the Offer.

End of audited Remuneration Report

DIRECTORS' MEETINGS

During the year the Company held five meetings of directors. The attendance of directors at meetings of the board were:

	Directors Meetings	
	A*	**B****
Peter Thomas	5	5
Greg Steemson	5	5
Gavin Rutherford	5	5

Notes

*A – Number of meetings attended.

**B – Number of meetings held during the time the director held office during the year.

The full Board discharged the functions of the audit, remuneration, risk and nomination committees regularly and during the course of ordinary director meetings.

SHARES UNDER OPTION

Unissued ordinary shares of Emu NL under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price (cents)	Number of options
12 January 2016	30 March 2017	10.0	11,745,927
15 January 2016	30 March 2017	10.0	3,312,293
Total number of options outstanding at the date of this report			**15,058,220**

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

There have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

Directors' Report (continued)

INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, in accordance with each director's Deed of Indemnity, Insurance and Access with Emu NL, the Group has paid premiums insuring all the directors of Emu NL against all liabilities incurred by the director acting directly or indirectly as a director of the Company to the extent permitted by law, including legal costs incurred by the director in defending proceedings, provided that the liabilities for which the director is to be insured do not arise out of conduct involving a wilful breach of the director's duty to the Company or a contravention of sections 182 or 183 of the *Corporations Act 2001*.

The total amount of insurance contract premiums paid is $6,231 (2015: $6,697).

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Greenwich & Co or associated entities. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor;
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Greenwich & Co or associated entities received or are due to receive the following amounts for the provision of non-audit services:

	2016 $	2015 $
Tax compliance services	**2,000**	13,000
Total remuneration for non-audit services	**2,000**	13,000

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to 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.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10.

Signed in accordance with a resolution of the directors.

Greg Steemson
Managing Director
Perth, 28 September 2016

Greenwich & Co

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Auditor's Independence Declaration

To those charged with governance of Emu NL

As auditor for the audit of Emu NL for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director

Perth

28 September 2016

Corporate Governance Statement

Emu NL and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Emu NL has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2016 Corporate Governance Statement was approved by the Board on 28 September 2016 and is current as at 28 September 2016. A description of the Group's current corporate governance practices is set out in the Group's Corporate Governance Statement which can be viewed at www.emu.com.au.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 30 JUNE 2016	Notes	Consolidated	
		2016	2015
		$	$
REVENUE	4	**269,948**	240,927
EXPENDITURE			
Depreciation expense		**(3,677)**	(1,611)
Exploration expenses		**(616,851)**	(246,754)
Key management personnel compensation	19	**(336,270)**	(397,234)
Other expenses		**(198,402)**	(138,913)
Share-based payments expense		**(5,720)**	-
LOSS BEFORE INCOME TAX	5	**(890,972)**	(543,585)
INCOME TAX	6	**-**	-
LOSS AFTER INCOME TAX		**(890,972)**	(543,585)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss			
Changes in the fair value of available-for-sale financial assets		**60,250**	(16,050)
Other comprehensive income for the year, net of tax		**60,250**	(16,050)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF EMU NL		**(830,722)**	(559,635)
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company (cents per share)	23	**(1.2)**	(0.7)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Financial Position

AT 30 JUNE 2016

	Notes	Consolidated 2016 $	Consolidated 2015 $
CURRENT ASSETS			
Cash and cash equivalents	7	**2,046,448**	2,635,316
Trade and other receivables	8	**16,650**	25,983
Other assets		**14,132**	14,361
TOTAL CURRENT ASSETS		**2,077,230**	2,675,660
NON-CURRENT ASSETS			
Receivables	9	**61,963**	-
Available-for-sale financial assets	10	**85,200**	60,700
Plant and equipment	11	**1,900**	3,511
TOTAL NON-CURRENT ASSETS		**149,063**	64,211
TOTAL ASSETS		**2,226,293**	2,739,871
CURRENT LIABILITIES			
Trade and other payables	12	**19,630**	24,268
Provisions	13	**1,055**	644
TOTAL CURRENT LIABILITIES		**20,685**	24,912
TOTAL LIABILITIES		**20,685**	24,912
NET ASSETS		**2,205,608**	2,714,959
EQUITY			
Contributed equity	14	**11,175,866**	10,860,215
Reserves	15	**41,520**	(24,450)
Accumulated losses		**(9,011,778)**	(8,120,806)
TOTAL EQUITY		**2,205,608**	2,714,959

The above Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

YEAR ENDED 30 JUNE 2016

Consolidated	Notes	Contributed Equity $	Share-Based Payments Reserve $	Available-for-Sale Asset Reserve $	Accumulated Losses $	Total $
BALANCE AT 1 JULY 2014		10,860,215	120,650	(8,400)	(7,697,871)	3,274,594
Loss for the year		-	-	-	(543,585)	(543,585)
OTHER COMPREHENSIVE INCOME						
Changes in the fair value of available-for-sale financial assets		-	-	(16,050)	-	(16,050)
TOTAL COMPREHENSIVE INCOME		-	-	(16,050)	(543,585)	(559,635)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Transfer of reserve upon expiry of options	14	-	(120,650)	-	120,650	-
BALANCE AT 30 JUNE 2015		10,860,215	-	(24,450)	(8,120,806)	2,714,959
Loss for the year		**-**	**-**	**-**	**(890,972)**	**(890,972)**
OTHER COMPREHENSIVE INCOME						
Changes in the fair value of available-for-sale financial assets		**-**	**-**	**60,250**	**-**	**60,250**
TOTAL COMPREHENSIVE INCOME		**-**	**-**	**60,250**	**(890,972)**	**(830,722)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Issue of shares and options	14	**333,734**	**-**	**-**	**-**	**333,734**
Share and option issue costs	14	**(18,083)**	**-**	**-**	**-**	**(18,083)**
Share-based payments	15	**-**	**5,720**	**-**	**-**	**5,720**
BALANCE AT 30 JUNE 2016		**11,175,866**	**5,720**	**35,800**	**(9,011,778)**	**2,205,608**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

YEAR ENDED 30 JUNE 2016

	Notes	Consolidated 2016 $	Consolidated 2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(513,781)**	(544,688)
Expenditure on mining interests		**(627,163)**	(235,739)
Interest received		**67,983**	225,301
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	22	**(1,072,961)**	(555,126)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on sale of available-for-sale financial assets		**414,256**	22,200
Proceeds on sale of plant and equipment		**39,744**	-
Payments for plant and equipment		**(58,445)**	-
Payments for security bond		**(64,113)**	-
Repayments of loan by El Nino		**-**	2,500,000
Payments for available-for-sale financial assets		**(163,000)**	(74,750)
NET CASH INFLOW FROM INVESTING ACTIVITIES		**168,442**	2,447,450
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares and options		**333,734**	-
Payments of share and option issue transaction costs		**(18,083)**	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		**315,651**	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(588,868)**	1,892,324
Cash and cash equivalents at the beginning of the financial year		**2,635,316**	732,829
Effects of exchange rate changes on cash and cash equivalents		**-**	10,163
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	**2,046,448**	2,635,316

The above Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

30 JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. The financial statements are for the consolidated entity consisting of Emu NL and its subsidiaries. The financial statements are presented in the Australian currency. Emu NL is a no liability company, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 28 September 2016. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Emu NL is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Emu NL Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Group

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by 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 performance or position of the Group during the financial year.

(iii) Early adoption of standards

The Group did not elect to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2015.

(iv) Historical cost convention and going concern basis

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. These financial statements have been prepared on the going concern basis.

(b) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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 fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Emu NL.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly controlled entity or associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Notes to the Consolidated Financial Statements (continued)

30 JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Emu NL's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit and loss and other comprehensive income are translated at average exchange rates (unless that is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(e) Revenue recognition

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(f) Income tax

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associated operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Notes to the Consolidated Financial Statements (continued)

30 JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Leases

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(i) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(j) Investments and other financial assets

Classification

The Group classifies its financial assets in the following categories: loans and receivables; and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition.

(i) 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 recognised initially at fair value and subsequently at amortised cost less impairment. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(ii) Available-for-sale financial assets

Available-for-sale financial assets, comprising marketable equity securities, are non-derivatives that are either designated in this category or not classified in any other category. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. 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.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Loans and receivables are carried at amortised cost using the effective interest method.

Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of profit and loss and other comprehensive income.

If there is objective evidence of impairment 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.

Notes to the Consolidated Financial Statements (continued)

30 JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit and loss and other comprehensive income during the reporting period in which they are incurred.

Depreciation of plant and equipment is calculated using the reducing balance method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term. The rates vary between 20% and 40% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss and other comprehensive income.

(l) Exploration and evaluation costs

All exploration and evaluation expenditure is expensed to the statement of profit and loss and other comprehensive income as incurred. That the carrying value of mineral assets, as a result of the operation of this policy, is zero does not necessarily reflect the board's view as to the market value of those assets.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms.

(n) Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(o) Share-based payments

The Group may provide benefits to employees (including directors) of the Group, and to vendors and suppliers, in the form of share-based payment transactions, whereby employees render services, or where vendors sell assets to the Group, in exchange for shares or rights over shares ('equity-settled transactions'), refer to note 24.

The cost of equity-settled transactions with employees is measured by reference to the "fair value" (not market value) at the date at which they are granted. The "fair value" is determined in accordance with Australian Accounting Standards. The Directors do not consider the resultant value as determined in accordance with Australian Accounting Standards (such as by the Black-Scholes European Option Pricing Model) necessarily represents market value. In the case of share options issued, in the absence of a reliable measure of the goods or services received, AASB 2 *Share Based Payments* prescribes the measurement of the fair value of the equity instruments granted. The Black-Scholes European Option Pricing Model is an industry accepted method of valuing share options. Other models may be used.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition.

Where an option is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the option is recognised immediately. However, if a new option is substituted for the cancelled option, and designated as a replacement option on the date that it is granted, the cancelled and new option are treated as a modification of the original option.

Notes to the Consolidated Financial Statements (continued)

30 JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(s) New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below. New standards and interpretations not mentioned are considered unlikely to impact on the financial reporting of the Group.

AASB 9 *Financial Instruments* (applicable for annual reporting periods commencing on or after 1 January 2018).

AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.

The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a timelier basis.

Amendments to AASB 9 (December 2009 & 2010 editions) (AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The main changes are described below.

a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.

b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
- The remaining change is presented in profit or loss

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.

AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in December 2014.

AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on or after 1 January 2015.

Based on the financial assets and liabilities currently held, the Group does not anticipate any impact on the financial statements upon adoption of this standard. The Group does not presently engage in hedge accounting.

AASB 15 *Revenue from Contracts with Customers* (applicable for annual reporting periods commencing on or after 1 January 2017).

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations (IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 A*greements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue-Barter Transactions Involving Advertising Services*). The core principle of IFRS 15 is that an entity recognises 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. An entity recognises revenue in accordance with that core principle by applying the following steps:

a) Step 1: Identify the contract(s) with a customer

b) Step 2: Identify the performance obligations in the contract

c) Step 3: Determine the transaction price

d) Step 4: Allocate the transaction price to the performance obligations in the contract

e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Early application of this standard is permitted. AASB 2014-5 incorporates the consequential amendments to a number of Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.

There will be no impact on the Group's financial position or performance.

AASB 16 *Leases* (applicable for annual reporting periods commencing on or after 1 January 2019).

The key features of AASB 16 are as follows:

Lessee accounting

- Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.
- Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonable certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.
- IFRS 16 contains disclosure requirements for lessees.

Lessor accounting

- AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
- AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted, provided the new revenue standard, AASB 15 *Revenue from Contracts with Customers*, has been applied, or is applied at the same date as AASB 16.

The effect of this amendment on the Group's financial statements has yet to be determined.

None of the other amendments or Interpretations are expected to affect the accounting policies of the Group.

Notes to the Consolidated Financial Statements (continued)

30 JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Critical accounting judgements, estimates and assumptions

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Taxation

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates of the directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Environmental issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation and the directors understanding thereof. At the current stage of the Group's development and its current environmental impact, the directors believe such treatment is reasonable and appropriate.

Share-based payments

Share-based payment transactions, in the form of options to acquire ordinary shares, are valued using the Black-Scholes option or other recognised pricing model. Models use assumptions and estimates as inputs.

The Directors do not consider the resultant value as determined by, say, the Black-Scholes European Option Pricing Model is in anyway representative of the market value of the share options issued, however, in the absence of reliable measure of the goods or services received, AASB 2 *Share Based Payments* prescribes the measurement of the fair value of the equity instruments granted. The Black-Scholes European Option Pricing Model is an industry accepted method of valuing equity instruments. Other recognised models may be used.

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group in the context of the board's judgement as to an acceptable balance as between risk/reward in the context of the Company and all the prevailing circumstances.

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all board members to be involved in this process. The full Board of Directors has responsibility for identifying, assessing, treating and monitoring risks and reporting to the board on risk management.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from the United States Dollar (USD) denominated bank account and receivables held by its subsidiary entity, American Emu Inc.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The Group's cash is held all in A$ and US$. The Group's foreign currency risk management policy is to minimise foreign exchanges losses through diligent forecasting servicing requirements, monitoring relevant currencies, and exercising a business judgement as to what steps will produce the best result. The Company is not in the business of trying to make money form currency transactions.

The Group's exposure to foreign currency risk as the end of the reporting period was as follows:

	2016 USD	2015 USD
Cash and cash equivalents	**32,353**	-
Receivables	**45,960**	-

Sensitivity analysis

Based on the financial instruments held at 30 June 2016, had the Australian dollar weakened or strengthened by 10% against the USD with all other variables held constant, the Group's post-tax loss would have been $10,558 lower or higher (2015: N/A) as a result of foreign exchange gains/losses on translation of the USD denominated financial instruments. Other components of equity would not be materially impacted by the foreign exchange movements.

Notes to the Consolidated Financial Statements (continued)

30 JUNE 2016

2. FINANCIAL RISK MANAGEMENT (cont'd)

(ii) Price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified in the statement of financial position as available-for-sale. Given the current level of operations, the Group is not currently directly exposed to commodity price risk.

The Group's equity investments are publicly traded on the ASX, with the investments being made for strategic purposes identified by the Board of Directors. The price risk is monitored by the Board and evaluated in accordance with these strategic outcomes. The Board does not currently intend on making any additional investments but reserves the right to do so.

Sensitivity analysis

At 30 June 2016, if the value of the equity instruments held had increased or decreased by 15% with all other variables held constant, post-tax loss for the Group would not have changed and equity would have been $12,780 higher or lower as a result of gains or losses on equity securities classified as available-for-sale (2015: $9,105 higher or lower).

(iii) Interest rate risk

The Group is exposed to movements in market interest rates on cash and cash equivalents. The Group's policy is to monitor the interest rate yield curve out to six months to seek a balance between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents for the Group $2,046,448 (2015: $2,655,097) is subject to interest rate risk. The weighted average interest rate received on cash and cash equivalents by the Group was 2.3% (2015: 3.1%).

Sensitivity analysis

At 30 June 2016, if interest rates had changed by -/+ 100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Group would have been $23,307 lower or higher (2015: $16,261 lower or higher) as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements. Credit risk arises from cash and cash equivalents.

All surplus cash holdings within the Group are to be invested with financial institutions with a minimum "A" rating.

The Group credit risk management policy requires weekly reporting to the Board as to where funds are invested, the term of the investment and current interest yield.

(c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Debt and equity funding are options open to the Company. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to ensuring the Group has adequate funds available.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Group at the balance date are recorded at amounts approximating their fair value.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. All of the Group's available-for-sale financial assets are publicly traded on the ASX and are classified as level 1 on the AASB 7 *Financial Instruments: Disclosures* hierarchy.

The carrying value, less impairment provision, of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

3. SEGMENT INFORMATION

The Group has identified that it operates in only one segment based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group's principal activity is mineral exploration.

Notes to the Consolidated Financial Statements (continued)

30 JUNE 2016

	Consolidated 2016 $	Consolidated 2015 $
4. REVENUE		
From continuing operations		
Other revenue		
Interest from banks and financial institutions	**54,442**	51,137
Interest from loan to El Nino	**-**	165,427
Net gain on sale of available-for-sale financial assets	**215,506**	14,200
Foreign exchange gains	**-**	10,163
	269,948	240,927

5. EXPENSES

	2016 $	2015 $
Loss before income tax includes the following specific expenses:		
Defined contribution superannuation expense	**8,892**	10,110
Minimum lease payments relating to operating leases	**36,000**	43,645
Foreign exchange losses	**6,433**	-
Net loss on sale of plant and equipment	**16,635**	-

6. INCOME TAX

	2016 $	2015 $
(a) Income tax expense		
Current tax	**-**	-
Deferred tax	**-**	-
	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	**(890,972)**	(543,585)
Prima facie tax benefit at the Australian tax rate of 30%	**(267,292)**	(163,076)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Sundry items	**-**	(3,049)
	(267,292)	(166,125)
Movements in unrecognised temporary differences	**2,147**	6,075
Tax effect of current year tax losses for which no deferred tax asset has been recognised	**265,145**	160,050
Income tax expense	**-**	-
(c) Unrecognised temporary differences		
Deferred Tax Assets (at 30%)		
On Income Tax Account		
Sundry items	**9,229**	5,648
Carry forward tax losses	**2,746,748**	2,435,144
	2,755,977	2,440,792
Deferred Tax Liabilities (at 30%)		
Sundry items	**1,344**	-

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

The Group's ability to use losses in the future is subject to the Group satisfying the relevant tax authority's criteria for using these losses.

Notes to the Consolidated Financial Statements (continued)

30 JUNE 2016

	Consolidated 2016 $	Consolidated 2015 $
7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	**675,884**	684,556
Short-term deposits	**1,370,564**	1,950,760
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	**2,046,448**	2,635,316

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	2016	2015
Trade receivables	**7,849**	18,123
GST refundable	**8,801**	7,860
	16,650	25,983

9. NON-CURRENT ASSETS – RECEIVABLES

	2016	2015
Security deposits	**61,693**	-

10. NON-CURRENT ASSETS – AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016	2015
Equity securities in listed entities	**85,200**	60,700

The market value of all equity investments represent the fair value based on quoted prices on active markets (ASX) as at the reporting date without any deduction for transaction costs. These investments are classified as Level 1 financial instruments. There have been no transfers between levels of the fair value hierarchy used in measuring the fair value of these financial instruments, or changes in its classification as a result of a change in the purpose or use of these assets.

11. NON-CURRENT ASSETS - PLANT AND EQUIPMENT

	2016	2015
Plant and equipment		
Cost	**9,369**	9,369
Accumulated depreciation	**(7,469)**	(5,858)
Net book amount	**1,900**	3,511
Plant and equipment		
Opening net book amount	**3,511**	5,123
Additions	**58,445**	-
Disposals	**(56,379)**	(1)
Depreciation charge	**(3,677)**	(1,611)
Closing net book amount	**1,900**	3,511

12. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2016	2015
Trade payables	**6,977**	11,359
Other payables and accruals	**12,653**	12,909
	19,630	24,268

13. CURRENT LIABILITIES - PROVISIONS

	2016	2015
Annual leave provision	**1,055**	644

Notes to the Consolidated Financial Statements (continued)

14. ISSUED CAPITAL

	Notes	2016 Number of securities	2016 $	2015 Number of securities	2015 $
(a) Share capital					
Ordinary shares:					
Fully paid	14(c), 14(e)	**40,279,457**	**9,835,193**	39,693,856	9,820,929
Contributing shares - partly paid to $0.03 with $0.03 to pay – no call to be made before 31 December 2017	14(c), 14(e)	**35,278,377**	**1,039,286**	35,652,856	1,039,286
Total ordinary share capital		**75,557,834**	**10,874,479**	75,346,712	10,860,215
(b) Other equity securities					
Options	14(f)	**15,069,342**	**301,387**	-	-
Total issued capital			**11,175,866**		10,860,215
(c) Movements in ordinary share capital					
Beginning of the financial year		**75,346,712**	**10,860,215**	75,346,712	10,860,215
Issued during the year:					
– Fully paid, issued for cash at 10 cents per share upon exercise of options		**211,122**	**21,112**	-	-
– 374,479 fully paid, issued upon payment of outstanding $0.03 and conversion of contributing shares		**-**	**11,235**	-	-
– Transaction costs		**-**	**(18,083)**	-	-
End of the financial year		**75,557,834**	**10,874,479**	75,346,712	10,860,215

(d) Movements in options on issue

	Number of options 2016	Number of options 2015
Beginning of the financial year	**82,736**	923,884
Issued, exercisable at $0.10, expiring 30 March 2017	**15,269,342**	-
Exercised at $0.10, expiring 30 March 2017	**(211,122)**	-
Expired on 21 December 2015, exercisable at $0.4266	**(82,736)**	-
Expired on 22 December 2014, exercisable at $0.5874	**-**	(841,148)
End of the financial year	**15,058,220**	82,736

(e) Ordinary fully and partly paid shares

Ordinary shares (which includes the contributing (or partly paid) shares) entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held, regardless of the amount paid up thereon.

On a show of hands every holder of fully paid ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote for each fully paid share and in respect of a partly paid share, a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

At 30 June 2016 there were 35,278,377 ordinary contributing (or partly paid) shares on issue partly paid up to 3 cents, on which a further 3 cents was outstanding.

(f) Paid options

During January 2016 a total of 15,069,342 options were issued at $0.02 each.

Notes to the Consolidated Financial Statements (continued)

30 JUNE 2016

	Consolidated 2016 $	Consolidated 2015 $

14. ISSUED CAPITAL (cont'd)

(g) Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern and to take advantage of organic and acquisitive mineral property opportunities, so that it may strive to provide returns for shareholders and benefits for other stakeholders.

Debt and equity funding options are open to the Group. The working capital position of the Group at 30 June 2016 and 30 June 2015 are as follows:

	2016 $	2015 $
Cash and cash equivalents	**2,046,448**	2,635,316
Trade and other receivables	**16,650**	25,983
Other assets	**14,132**	14,361
Trade and other payables	**(19,630)**	(24,268)
Provisions	**(1,055)**	(644)
Working capital position	**2,056,545**	2,650,748

15. RESERVES

(a) Reserves

	2016 $	2015 $
Available-for-sale financial assets	**35,800**	(24,450)
Share-based payments reserve	**5,720**	-
	41,520	(24,450)

(b) Nature and purpose of reserves

(i) Available-for-sale financial assets reserve

Changes in the fair value and exchange differences arising on translation of investments, such as equities, classified as available-for-sale financial assets, are recognised in other comprehensive income, as described in note 1(j) and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

(ii) Share-based payments reserve

The share-based payments reserve is used to recognise the grant date fair value of options issued.

16. DIVIDENDS

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

17. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	2016 $	2015 $
Audit and review of financial reports	**21,000**	21,200
Tax compliance services	**2,000**	13,000
Total remuneration	**23,000**	34,200

18. CONTINGENCIES AND COMMITMENTS

There are no material contingent liabilities or contingent assets of the Group at the reporting date.

In order to maintain current rights of tenure to exploration tenements, the Group will be required to outlay approximately $15,259 (2015: $18,167) in the following twelve months in respect of tenement lease rentals and to meet minimum expenditure requirements of the Department of Mines & Petroleum. These obligations are expected to be fulfilled in the normal course of operations and have not been provided for in the financial report.

Notes to the Consolidated Financial Statements (continued)

30 JUNE 2016

	Consolidated 2016 $	Consolidated 2015 $

19. RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent entity within the Group is Emu NL.

(b) Subsidiaries

Interests in subsidiaries are set out in note 20.

(c) Key management personnel compensation

	2016 $	2015 $
Short-term benefits	**330,000**	390,000
Post-employment benefits	**6,270**	7,234
	336,270	397,234

Refer to the Remuneration Report contained in the Directors' Report for the details of the remuneration paid or payable and the share and option holdings in relation to each of the Group's key management personnel for the year ended 30 June 2016.

(d) Loans to related parties

Emu NL has an unsecured, interest free loan with its wholly owned subsidiary, Emu Blue Pty Ltd, totalling $531,144 receivable at 30 June 2016 (2015: $104,379 payable). An impairment assessment is undertaken each financial year by the respective lender at that point in time to determine the ability of the borrower to repay the amount outstanding. When objective evidence of impairment exists, the lending entity is to recognise an allowance for the impairment loss.

(e) Transactions with other related parties

Transactions with director related entities

Key Management Personnel and Related Entity	Transaction	Consolidated 2016 $	Consolidated 2015 $
Peter Thomas	Underwriting fees	**6,028**	-
Greg Steemson – GH Steemson Family Superannuation Fund	Underwriting fees	**6,028**	-
Gavin Rutherford	Underwriting fees	**6,028**	-

There were no balances outstanding at reporting date in relation to the above transactions, and the transactions were made on normal commercial terms and conditions and at market rates.

Other transactions with key management personnel

The Group is party to a Lease Agreement with Mr Peter Thomas, Chairman, whereby Mr Thomas has agreed to provide the Group with office accommodation for a fee of $3,000 per month, terminable at will by either party on one month's notice, which commenced on 1 January 2013. Rental paid during the year totalled $36,000 (2015: $43,645), and there was nil outstanding at the reporting date (2015: nil).

20. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name	Country of Incorporation	Class of Shares	Equity Holding(1) 2016 %	Equity Holding(1) 2015 %
Emu Blue Pty Ltd	Australia	Ordinary	**100**	100
American Emu Inc.(2)	USA	Ordinary	**100**	-

(1) The proportion of ownership interest is equal to the proportion of voting power held.

(2) American Emu Inc. was incorporated in the state of Nevada, United States of America, on 9 November 2015 with Emu Blue Pty Ltd being and remaining the sole shareholder.

Notes to the Consolidated Financial Statements (continued)

30 JUNE 2016	Consolidated	
	2016	2015
	$	$

21. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No events or circumstances have arisen since the end of the financial year which significantly affected or which in the judgement of the Board may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

22. CASH FLOW INFORMATION

	2016 $	2015 $
Reconciliation of net loss after income tax to net cash outflow from operating activities		
Net loss for the year	**(890,972)**	(543,585)
Non-Cash Items		
Depreciation of non-current assets	**3,677**	1,611
Net loss on sale of plant and equipment	**16,635**	-
Net gain on sale of investments	**(215,506)**	(14,200)
Net exchange differences	**2,150**	(10,163)
Share-based payments expense	**5,720**	-
Change in operating assets and liabilities		
Decrease in trade and other receivables	**9,333**	15,774
Decrease in prepayments	**229**	1,728
(Decrease) in trade and other payables	**(4,638)**	(6,647)
Increase in provisions	**411**	356
Net cash outflow from operating activities	**(1,072,961)**	(555,126)

23. LOSS PER SHARE

(a) Reconciliation of earnings used in calculating loss per share

	2016 $	2015 $
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	**(890,972)**	(543,585)

	Number of shares	
	2016	2015
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**75,423,225**	75,346,712

(c) Information on the classification of options

As the Group has made a loss for the year ended 30 June 2016, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

24. SHARE-BASED PAYMENTS

Options issued to employees

The Group may provide benefits to employees (including directors) and contractors of the Group in the form of share-based payment transactions, whereby, for instance, options to acquire ordinary shares may be issued as an incentive to improve employee and shareholder goal congruence. The exercise price of options so issued and outstanding at 30 June 2016 is 10 cents with an expiry date of 30 March 2017.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary fully paid share of the Company with full dividend and voting rights.

Notes to the Consolidated Financial Statements (continued)

30 JUNE 2016

24. SHARE-BASED PAYMENTS (cont'd)

Set out below are summaries of the options granted:

	Consolidated			
	2016		2015	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the financial year	**82,736**	**42.7**	923,884	57.3
Granted	**200,000**	**10.0**	-	-
Exercised	**-**	**-**	-	-
Expired	**(82,736)**	**42.7**	(841,148)	58.7
Outstanding at year-end	**200,000**	**10.0**	82,736	42.7
Exercisable at year-end	**200,000**	**10.0**	82,736	42.7

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 0.75 years (2015: 0.5 years), and the exercise price is 10 cents.

The weighted average fair value of the options granted during the year was 2.9 cents (2015: N/A). The fair value was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2016	2015
Weighted average exercise price (cents)	**10.0**	-
Weighted average life of the option (years)	**1.25**	-
Weighted average underlying share price (cents)	**8.7**	-
Expected share price volatility	**86.27%**	-
Risk free interest rate	**2.0%**	-

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	Consolidated	
	2016 $	2015 $
Options issued to employees and contractors shown as share-based payments	**5,720**	-

25. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Emu NL, at 30 June 2016. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

Current assets	**2,033,610**	2,675,660
Non-current assets	**618,245**	64,211
Total assets	**2,651,855**	2,739,871
Current liabilities	**20,685**	129,290
Total liabilities	**20,685**	129,290
Contributed equity	**11,175,866**	10,860,215
Reserves	**41,520**	(24,450)
Accumulated losses	**(8,586,216)**	(8,225,184)
Total equity	**2,631,170**	2,610,581
Loss for the year	**(361,032)**	(708,769)
Other comprehensive income	**60,250**	(16,050)
Total comprehensive income for the year	**(300,782)**	(724,819)

Directors' Declaration

In the directors' opinion:

(a) the financial statements comprising the statements of comprehensive income, statements of financial position, statements of changes in equity, statements of cash flows and accompanying notes set out on pages 12 to 30 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2016 and of their performance for the financial year ended on that date;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(c) the remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2016, comply with Section 300A of the *Corporations Act 2001*; and

(d) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

Greg Steemson
Managing Director
Perth, 28 September 2016

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Independent Auditor's Report
To the members of Emu NL

Report on the Financial Report

We have audited the accompanying financial report of Emu NL and its controlled entities, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Opinion

In our opinion:

(a) the financial report of Emu NL and its controlled entities is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 8 of the directors' report for the year ended 30 June 2016. 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 in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Emu NL and its controlled entities for the year ended 30 June 2016 complies with section 300A of the Corporations Act 2001.

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director

28 September 2016
Perth

ASX Additional Information

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 23 September 2016.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Ordinary shares		Contributing shares	
	Number of holders	**Number of shares**	**Number of holders**	**Number of shares**
1 - 1,000	**3**	**11,311**	17	7,955
1,001 - 5,000	**50**	**137,832**	36	99,343
5,001 - 10,000	**54**	**426,139**	25	187,706
10,001 - 100,000	**191**	**7,158,164**	53	2,160,787
100,001 and over	**56**	**32,546,011**	20	32,822,586
	384	**40,279,457**	151	35,278,377
The number of shareholders holding less than a marketable parcel of shares are:	90	187,391		

(b) Twenty largest shareholders of quoted ordinary shares

The names of the twenty largest holders of quoted ordinary shares are:

		Listed ordinary shares	
		Number of shares	**Percentage of ordinary shares**
1	Steemson G H & B F <GH Steemson Fam Super>	5,111,549	12.69
2	Northern Griffin Pty Ltd	4,628,825	11.49
3	King Wallace F & J I <Karta Koomba Super>	2,919,287	7.25
4	Citicorp Nominees Pty Ltd	952,210	2.36
5	Dance Barrington	936,247	2.32
6	Wit Team Enterprises Ltd	915,747	2.27
7	Rutherford G A R & M L <Gavelle S/F A/C>	876,379	2.18
8	Southtrac Pty Ltd <Blincow Fam Super>	843,766	2.09
9	Bullantco Pty Ltd	802,078	1.99
10	Hart A C & P <Hart Fam S/F A/C>	780,521	1.94
11	Leo K A & L	779,013	1.93
12	Maraldo S J & A L <Maraldo Fam S/F A/C>	698,193	1.73
13	Anna Carina Pty Ltd <Anna Carina Fam A/C>	603,300	1.50
14	Sattler A F	533,721	1.33
15	St Barnabas Investments Pty Ltd <Melvista Fam A/C>	532,175	1.32
16	Brill J & T J <Minx S/F A/C>	500,000	1.24
17	Wildbrook Nominees Pty Ltd <Panzich S/F A/C>	500,000	1.24
18	Hatfull P E & J E <Hatfull S/F A/C>	500,000	1.24
19	Oceanic Capital Pty Ltd	425,736	1.06
20	Leo K A	400,000	0.99
		24,328,747	60.16

ASX Additional Information

(c) Twenty largest shareholders of quoted contributing shares

The names of the twenty largest holders of quoted contributing shares are:

		Listed contributing shares	
		Number of contributing shares	**Percentage of contributing shares**
1	Bullantco Pty Ltd	14,747,964	41.80
2	Steemson G H & B F <GH Steemson Fam Super>	4,788,247	13.57
3	Northern Griffin Pty Ltd	4,628,825	13.12
4	Rec Pty Ltd	1,615,906	4.58
5	King Wallace F & J I <Karta Koomba Super>	1,119,287	3.17
6	Citicorp Nominees Pty Ltd	950,370	2.69
7	Rutherford G A R & M L <Gavelle S/F A/C>	876,379	2.48
8	Melville A G & E S <Melville Fam Super>	796,124	2.26
9	September Rouges Ltd	505,239	1.43
10	St Barnabas Investments Pty Ltd <St Barnabas S/F A/C>	449,957	1.28
11	Thomas P S	438,540	1.24
12	Paso Holdings Pty Ltd	413,679	1.17
13	Latimer J H & J A <Latimer S/F A/C>	250,000	0.71
14	Leeman Pty Ltd	234,418	0.66
15	Sakalidis G	225,225	0.64
16	Southtrac Pty Ltd <Blincow Fam Super>	200,000	0.57
17	Tulla Capital Management Pty Ltd <Tulla Cap Mgnt A/C>	183,857	0.52
18	Nefco Nominees Pty Ltd	182,536	0.52
19	Pacific Nominees Ltd	114,911	0.33
20	Martin D C & L M <Club Marty Super A/C>	101,122	0.29
		32,822,586	93.03

(d) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

	Number of Ordinary Shares	**Number of Contributing Shares**
Bullantco Pty Ltd	802,078	14,747,964
G H and B F Steemson	5,713,627	19,536,211
P S Thomas	5,501,993	19,848,918
S A Goodwin	4,628,825	4,628,825
W F and J I King	1,919,287	-

(e) Voting rights

All fully ordinary shares carry one vote per share. Each contributing share has a voting entitlement proportionate to the amount paid up thereon relative to the entire amount payable (including the amount paid but ignoring amounts credited as paid).

(f) Unquoted Securities

			Holders of 20% or more of the class	
Class	**Number of Securities**	**Number of Holders**	**Holder Name**	**Number of Securities**
Unlisted $0.10 Options, expiry 30 March 2017	15,058,220	125	Nil	Nil

(g) Schedule of interests in mining tenements

Location	**Tenement**	**Percentage held / earning**
Mt Marmion	E30/462	100