emmerson resources

ABN 53 117 086 745

ANNUAL REPORT

2016

CONTENTS

CORPORATE DIRECTORY

DIRECTORS

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

COMPANY SECRETARY

Trevor Verran

REGISTERED OFFICE

3 Kimberley Street
West Leederville WA 6007

PO Box 1573
West Perth WA 6872
Telephone: +61 (08) 9381 7838
Facsimile: +61 (08) 9381 5375
Internet: www.emmersonresources.com.au

TENNANT CREEK OFFICE

36 Standley Street
Tennant Creek NT 0860

PO Box 1244
Tennant Creek NT 0861
Telephone: +61 (08) 8962 1425
Facsimile: +61 (08) 8962 3376

ASX CODE

ERM

SOLICITORS

Steinepreis Paganin
Level 4, Next Building
16 Milligan Street
Perth WA 6000

Ward Keller
Level 7, NT House
22 Mitchell Street
Darwin NT 0807

BANKERS

National Australia Bank
Level 1, 1238 Hay Street
West Perth WA 6005

AUDITORS

Ernst & Young
The Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000

SHARE REGISTER

Advanced Share Registry Services Limited
110 Stirling Highway
Nedlands WA 6009

PO Box 1156
Nedlands WA 6909
Telephone: +61 (08) 9389 8033

LETTER FROM THE CHAIRMAN AND MANAGING DIRECTOR

Dear Fellow Shareholders,

Andrew McIlwain

Rob Bills

As has been widely reported, there has been some volatility in the global markets; however the gold industry has enjoyed a good year through the combination of both a higher US-dollar gold price and lower Australian dollar leading to an improved sentiment for the gold exploration sector. Emmerson, in conjunction with our farm-in partner Evolution Mining Limited (Evolution), remain focused on advancing the development of the Tennant Creek Mineral Field (TCMF). Emmerson retains a healthy cash position of over $5m, while having fully funded comprehensive exploration programs by Evolution.

Importantly, Emmerson through prudent management remains well funded without having to continue to return to shareholders for further equity contribution.

During the year Emmerson has been working across the three strategic horizons of:

1. continued application of new technology/ideas to discover/extend high grade gold-copper mineralisation within our Tennant Creek Project;
2. accelerating our small mines initiative which aims to monetise existing resources and provide opportunities for “near mine” discoveries; and
3. applying innovative targeting to identify new projects. This is in conjunction with our strategic alliance partner, Kenex (www.kenex.com.au) and has resulted in the identification of 10 highly ranked projects in the Lachlan Fold Belt of NSW and the Eastern Succession of Queensland.

Progress on the first horizon includes further drilling at the Edna Beryl project to test for extensions of recently discovered "bonanza" gold grade mineralisation which remains open in all directions. High grade gold results returned from the last two drill campaigns are very promising and provide potential for Edna Beryl West and the Edna Beryl East Mine to join some 150-180 metres below the surface. If the current drilling is successful, it will provide additional quality gold resources to the existing JORC resources – moving the Tennant Creek Project closer to large scale commercial production.

The second strategic horizon is the “small mines” strategy which has commenced with the development of the Edna Beryl East mine. This development is being undertaken via a tribute agreement with speciality miner, the Edna Beryl Mining Company. The mining relates to a 3D envelope immediately around the known high grade resource at Edna Beryl East, with proceeds from the production of gold dore paid to Emmerson via a sliding royalty stream. First production is anticipated in quarter one of 2017 and although small scale, will be one of the highest grade mines in Australia. Once the success of this “risk free” revenue stream from tribute mining has been demonstrated, a further seven small mines are slated for development.

Note recently reported exploration and drilling success at the Edna Beryl project is outside of the defined “small mines” envelope. However, development of the Edna Beryl East mine will afford the opportunity of underground drill platforms to explore for additional mineralisation, which if successful can be part of the existing royalty agreement or remain 100% Emmerson.

The third leg of the strategy consists of capitalising on proprietary, targeting methodology to identify new projects outside of Tennant Creek. Emmerson have formed a strategic alliance with Kenex - world renowned experts in using probabilistic targeting in both the minerals and oil and gas sectors. The aim is to greatly improve the success rate of pinpointing the next big discovery and to date has been applied to the two highly endowed mineral provinces of NSW and Queensland. From the ten highly ranked gold and copper-gold targets within these provinces, four are on open ground and is where we have tenements under application.

The next 12 months are shaping up to be pivotal for Emmerson, with continued support from Evolution in Tennant Creek, high impact exploration programs, self-funding through the small scale mining initiatives and additional leverage of our technical expertise into new projects.

Finally we would like to thank all shareholders for their support our fellow director, management and staff for their dedication and hard work during the year.

REVIEW OF OPERATIONS

About Tennant Creek and Emmerson Resources

The Tennant Creek Mineral Field (TCMF) is one of Australia's highest grade gold and copper fields producing over 5.5 Mozs of gold and 470,000 tonnes of copper from a variety of deposits including Gecko, Orlando, Warrego, White Devil, Chariot and Golden Forty, all of which are within Emmerson Resources portfolio. These deposits are considered to be highly valuable exploration targets and, utilising modern exploration techniques, Emmerson has been successful in discovering copper and gold mineralisation at Goanna and Monitor in late 2011, the first discoveries in the TCMF for over a decade. To date, Emmerson has only covered a small percentage of the total tenement package (in area) with these innovative exploration techniques and is confident that, with further exploration, more such discoveries will be made.

Emmerson holds 2,500 km^2 of ground in the TCMF, owns the only gold processing facility in the region and has amassed a substantial geological database plus extensive infrastructure and equipment. Emmerson continues to consolidate and now holds 95% of the highly prospective TCMF where only 8% of the historical drilling has penetrated below 150m.

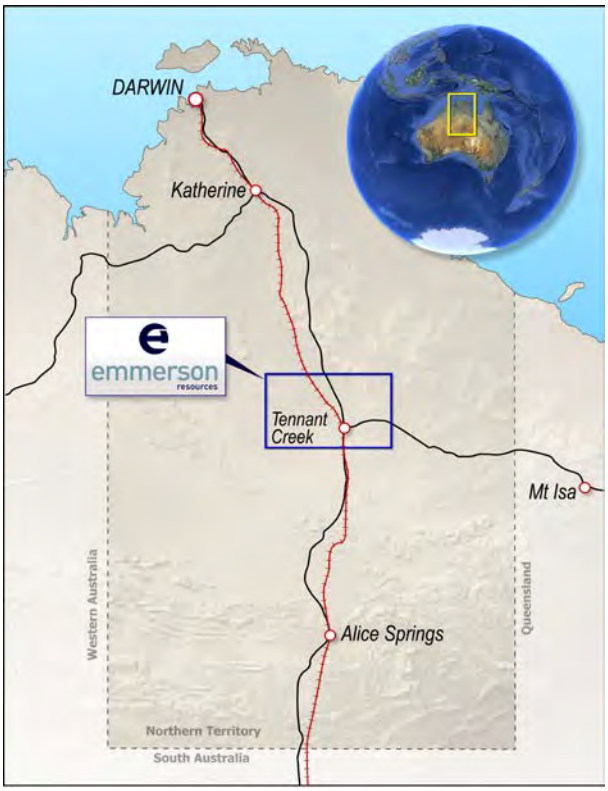

Figure 1: Tennant Creek Location

The TCMF is situated approximately 500km north of Alice Springs on the Stuart Highway and boasts excellent infrastructure (main highway, rail, gas, water, township and airport).

Farm-in Agreement

Pursuant to the Farm-in agreement entered into with Evolution Mining Limited (Evolution) on 11 June 2014, Evolution is continuing to sole fund exploration expenditure of $15 million over three years to earn a 65% interest (Stage 1 Farm-in) in Emmerson's tenement holdings in the TCMF. An option to spend a further $10 million minimum, sole funded by Evolution over two years following the Stage 1 Farm-in, would enable Evolution to earn a further 10% (Stage 2 Farm-in) of the tenement holdings. Emmerson is acting as manager during the Stage 1 Farm-in and is receiving a management fee during this period. Evolution's exploration expenditure to the end of the financial year has passed the minimum spend requirement of $7.5 million and was approximately $9.5 million.

Exploration Activities

During the financial year, Emmerson (on behalf of the Farm-in agreement with Evolution) conducted 26,830m drilling consisting of 12,701m of RAB (Rotary Air Blast), 12,136m of RC (Reverse Circulation, including pre collars) and 1,993m of diamond drilling. Exploration expenditure attributable to the Stage 1 Farm-in to 30 June 2016 is $9,424,218 which has been fully reimbursed by Evolution.

Gecko-Goanna-Monitor Corridor

A deep drill hole (GODD032) to test for gold mineralisation some 400m beneath the historic underground Gecko mine was completed during the first half of the year at a total down-hole depth of 1,279m. This hole was co-funded as part of the Northern Territory's "Creating Opportunities for Resources Exploration" (CORE) initiative.

The RC pre-collar to this hole intersected multiple zones of copper sulphide mineralisation associated with quartz - chlorite veins, analogous to the recently discovered Goanna mineralisation some 800m to the east. Significant down-hole intersections included:

- 7m at 5.98% Cu from 123m including 3m at 10.4% Cu
- 3m at 4.75% Cu from 162m including 1m at 10.6% Cu
- 1m at 2.37% Cu from 221m

Additional zones of alteration with visible copper, pyrite and bismuth mineralisation were intersected at depth at approximately 400m below the historic Gecko copper mine. The results from the pre-collar GODD032 indicate good potential to materially extend the Goanna resource along strike within the already significant 2.7km long Gecko-Goanna-Monitor mineralised corridor.

Mauretania

Mauretania within the Eastern Project Area was targeted during the first half of the year using high resolution aeromagnetics that highlighted a number of new, subtle anomalies corresponding to major structures and in some cases, historical mines. Exploration work completed at Mauretania and immediate surrounds consisted of systematic geochemistry over selected areas by RAB drilling and rock chip sampling. The first of three RC drill holes completed at Mauretania (hole MTRC004) targeted the centre of an interpreted, but blind, northwest trending magnetic anomaly 400m south of the former Mauretania mine and intersected ~60m of brecciated quartz-hematite-specularite ironstone. Encouraging assay results of 6m at 2.26g/t Au were returned from a down-hole depth of 195m.

Discovery hole MTRC006 was drilled up-dip of MTRC004 intersecting a 70m thick interval of ferruginous limonitic-kaolin-quartz-jasper alteration with the following significant intersections:

- 30m at 3.22g/t Au, 13.1g/t Ag, 0.33% Cu and 723 ppm Bi from 57m within an upper gold-rich zone (including 15m at 5.67g/t Au, 14.7g/t Ag, 0.11% Bi, 0.24% Cu from 60m; or 3m at 21.3g/t Au, 5.01g/t Ag, 0.20% Bi, 0.23% Cu from 63m)
- 24m at 1.07% Cu, 8.51g/t Ag, 0.40g/t Au from 78m within the lower copper-rich zone

The next round of drilling at Mauretania comprised of a total of 16 RC and 2 diamond core tails which greatly enhanced the geological understanding and opened up potential both at depth and along strike. The best intercepts from this program included:

- 1m at 4.16g/t gold, 2m at 2.14g/t gold and 3m at 2.50g/t gold within 15m at 1.67g/t gold from 98m in MTRC0015.
- 3m at 4.22% copper and 0.12% bismuth within a thick 14m at 1.94% copper from 118m in MTRC016.
- 0.4m at 35g/t silver, 0.25g/t gold and 0.36% bismuth from 154.6m and 3m at 1.49% copper, 4.75g/t silver from 182m in MTTDD002.

In summary, this drilling has indicated that Mauretania is a multi-element, gold, copper and silver discovery controlled by a combination of northwest trending thrust faults and reactivated north east faults. Moreover, the potential includes both supergene gold and copper above the base of oxidation and within the upper plate of the thrusts and nearby NW trending faults, plus hypogene gold and copper associated with altered ironstones at depth.

RAB drill holes MTRB163 and 165 intersected mineralised quartz-hematite ironstone, providing support for continuation of the high grade supergene gold to the east. Similarly MTRC015, 016, 019 and MTTD001 intersected highly elevated bismuth (up to 0.36%) typically a vector to high grade gold in the TCMF. The occurrence of primary gold and copper in much of this drilling is consistent with this new interpretation and opens up a number of new targets for future drilling.

Regionally, the Mauretania North gold-copper-bismuth anomaly may represent a similar style of mineralisation within the upper plate of a NW trending thrust fault.

Edna Beryl District

In the second half of the year outstanding shallow high grade gold was intersected at Edna Beryl West (figure 2) in the first phase of a drilling campaign including:

- 13m at 8.7g/t gold including 7m at 15.1g/t gold from 133m (EBWRC001); and
- 5m at 27.1g/t gold including 2m at 50.9g/t gold from 103m (EBWRC003)

REVIEW OF OPERATIONS

The second phase of the drilling campaign in the Edna Beryl district was completed in June 2016 with the following individual 1 metre sample assay results released subsequent to the year end:

- 5m at 35.6 g/t gold from 120m (EBWRC012) including 3m at 44.5 g/t gold and 1m at 77.6 g/t gold
- 2m at 30.1 g/t gold from 128m (EBWRC015)
- 3m at 9.10 g/t gold from 136m (EBWRC018) including 1m at 24.4 g/t gold
- 2m at 7.28 g/t gold from 142m (EBWRC018) including 1m at 12.5 g/t gold
- 3m at 36.6g/t gold from 227m (EBWRC025) including 1m at 65.6 g/t gold and 1m at 31.8 g/t gold
- 3m at 9.28g/t gold from 170m (EBWRC026) including 1m at 13.2 g/t gold

The significance of these results is not only reflected in extensions to previous shallow high-grade gold mineralisation, but more importantly provide the basis of a much expanded resource within the Edna Beryl district. This new interpretation suggests multiple, sub parallel "panels or ore shoots" that are structurally controlled both up and down plunge and also along strike. Furthermore, the very high grade gold at depth is primary in nature and not the result of upgrading through a supergene process and thus augers well for the next round of drilling. Also the association of gold with oxidised, hematite bearing fluids continues to validate our exploration model and reveal a new generation of hematite (i.e. non-magnetic) ironstone hosted gold and copper deposits.

Given the encouraging results of these campaigns, the next round of reverse circulation and diamond drilling commencing in the first half of 2016-17 aims to extend the shallow high-grade gold within the Edna Beryl Main and South ironstones plus test the depth potential of the recently intersected, Edna Beryl Deeps ironstone. Based on the previous drilling, a new geological interpretation suggests thickening and coalescing of the shallow ironstones with depth. This opens up the potential for deeper primary gold mineralisation associated with hematite ironstone and adds to the shallow, high-grade gold mineralisation at Edna Beryl South, Main and also within the "small mines" Tribute Agreement.

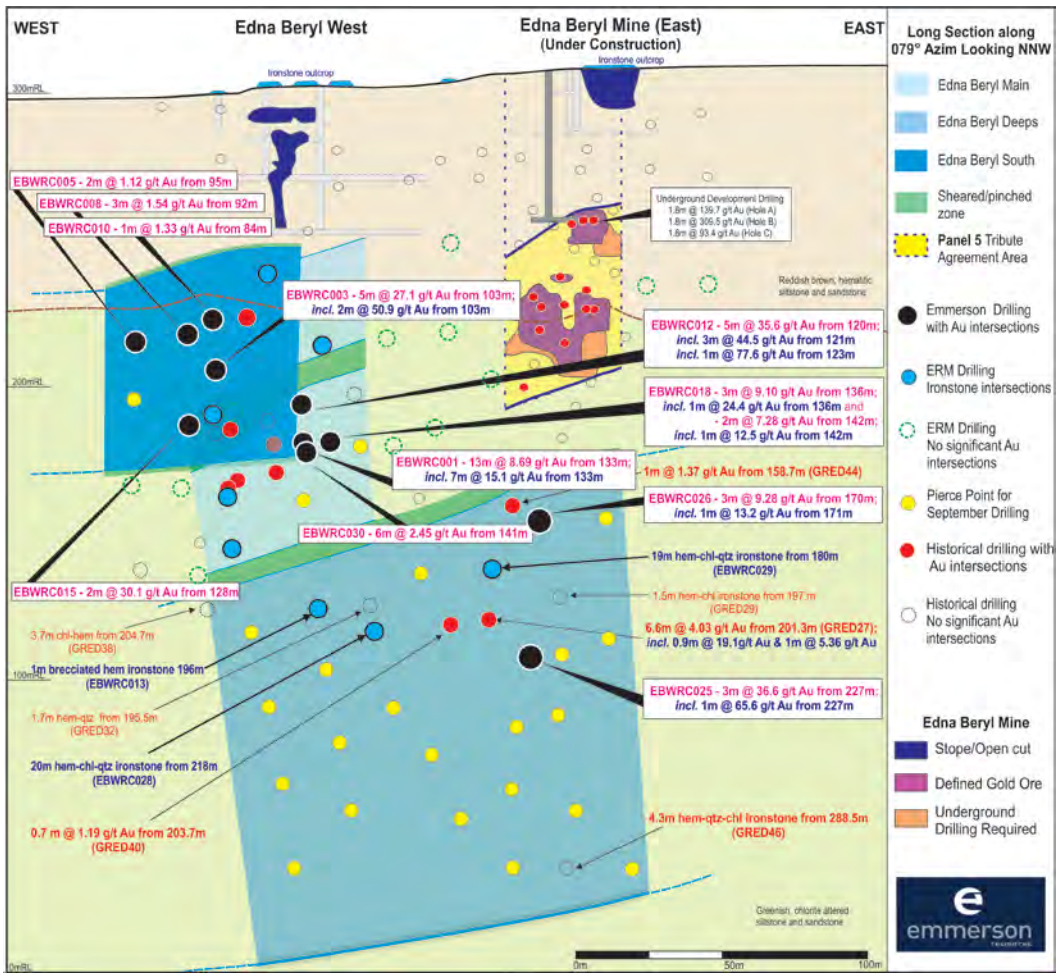

Figure 2: Long Section of Edna Beryl with announced intercepts (call out boxes) and planned drill holes (yellow dots). Also "small mine" development at Edna Beryl East currently in progress).

REVIEW OF OPERATIONS

Edna Beryl Tribute Agreement

In August 2015, Emmerson entered into a mining tribute agreement with Edna Beryl Mining Company (EBMC) as part of its strategy to monetise non-core assets. The agreement will allow underground production to recommence at the historic, high-grade Edna Beryl Gold mine (Edna Beryl East) subject to EBMC meeting all statutory requirements. The agreement relates to a tightly defined 3D rock volume around the immediate historical drill holes and mine area. Anything discovered outside of this envelope remains 100% Emmerson. Royalty payments to Emmerson will be in the range of 12% to 17% of the gold produced. Emmerson will receive 100% of the proceeds from the royalty during the period until Evolution Mining has earned its initial 65% interest in the Tennant Creek project tenements.

At the time of writing, permitting by EBMC has been finalised and the establishment of all the mining equipment onsite including headframes, accommodation and refurbishment of the existing shafts completed. Work has commenced on shaft deepening and preparations for the commencement of mining of development access are underway.

Edna Beryl was discovered by prospectors in 1935 and mined underground in the 1940s and 1950s to a maximum depth of approximately 50 metres. Production up until 1952 was reportedly 2,700t of ore at an exceptional grade of 53g/t Au.

More recent exploration in the Edna Beryl area between 1996 and 2000 by Giants Reef Mining outlined additional high-grade gold mineralisation below the historic workings and resulted in an estimate being reported in 1998. While this estimate does not meet the minimum reporting requirements for a Mineral Resource under the current 2012 JORC Code, Emmerson considers the Edna Beryl mineralisation to constitute a conceptual exploration target of 5,000t to 10,000t at a likely grade of 20 to 30 g/t gold.

EBMC are narrow vein mining specialists with over 50 years of combined mining and mine management experience. The principals of EMBC are very familiar with the Tennant Creek Mineral Field, having started their careers at the White Devil gold mine and successfully completed similar small-scale underground mining projects at Rising Sun, New Hope, Chariot and at Edna Beryl.

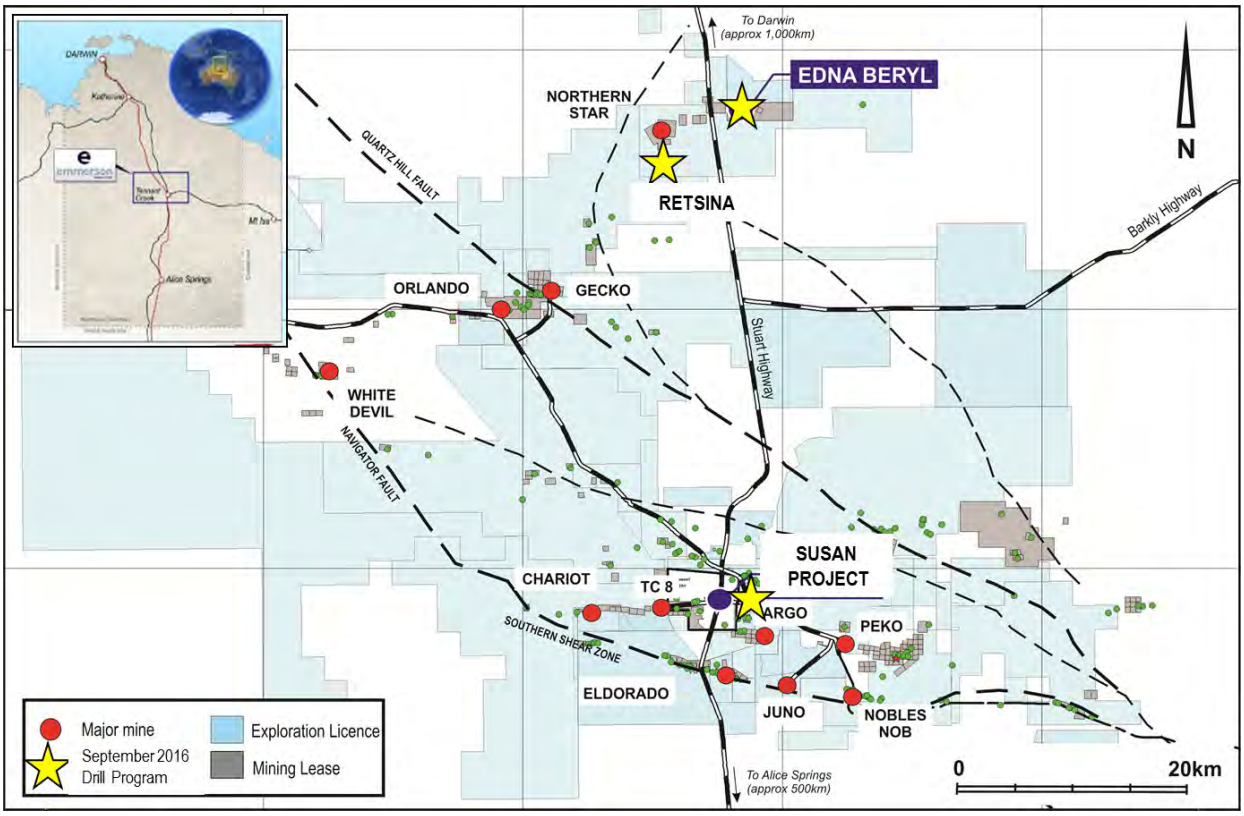

Figure 3: Location of Emmerson's tenements, projects, Edna Beryl Tribute Mine – plus projects that will be drilled in the first half of 2016-17 (Edna Beryl, Susan and Retsina)

REVIEW OF OPERATIONS

Strategic Alliance with Kenex and NSW Tenement Applications

During the year, Emmerson entered into a strategic alliance with Kenex Limited to identify new gold and copper opportunities in Australia. Under the alliance, Emmerson will hold the exclusive rights to all new targets identified for a period of 12 months and may, through a modest payment to Kenex, acquire full exclusivity. Kenex can earn up to a 10% interest in any tenements acquired as part of the alliance upon achieving certain milestones, with exploration costs shared proportionally.

Kenex are highly regarded, global experts in providing predictive targeting models from "big geoscientific data sets". The first batch of targets from the strategic alliance have been identified and initial tenement applications submitted capturing some of the highest ranking gold and copper-gold areas that occur on open ground. These targets share many of the attributes of the large gold and porphyry-related gold-copper deposits occur along this fertile volcanic belt (e.g. Cadia, Ridgeway, Northparkes, Cowal, and Gidginbung).

The first four district scale targets occur near Wellington, Parkes, Temora and Fifield, collectively constituting some 768km2 in area and ranking highly with respect to the predictive targeting model for both epithermal gold-silver and porphyry copper-gold. Some of these targets contain historical workings and or previous exploration which support the Kenex predictive work. The first phase of data compilation and evaluation is underway as the applications proceed towards grant.

These applications are consistent with the Emmerson strategy of systematically picking up large, district scale opportunities where the probability of discovery is maximised yet is at comparatively low cost by virtue of the current downturn in exploration/resource cycle – these new opportunities will be explored by Emmerson or possibly in partnership with other interested parties.

Mineral Resources

The Company's current Mineral Resource inventory as summarised in the table below and released to the ASX on 28 November 2013 is 6.79mt at 3.6g/t gold equivalent or 900,000 gold equivalent ounces.

Classification	Tonnes	Gold grade (g/t)	Copper grade (%)	Gold equivalent grade (g/t)	Gold ounces	Copper metal (t)	Gold equivalent ounces
Gecko - Anomaly 3, L25 and K44 Lower (reported above a 1% copper cut-off)							
Indicated	1,400,000	-	2.5	4.2	-	35,600	190,000
Inferred	80,000	-	1.6	2.7	-	1,300	10,000
Sub-total Gecko	**1,480,000**	**-**	**2.5**	**4.1**	**-**	**36,900**	**200,000**
Orlando – (Lenses 2 & 7, below open pit & 'the gap' - reported above a 1.0 g/t gold equivalent cut-off)							
Indicated	1,710,000	1.9	1.5	4.4	100,000	25,700	240,000
Inferred	510,000	1.7	1.1	3.6	30,000	5,800	60,000
Sub-total Orlando	**2,220,000**	**1.8**	**1.4**	**4.2**	**130,000**	**31,500**	**300,000**
Goanna (reported above a 1.0 % Cu cut-off)							
Indicated							
Inferred	2,918,000	0.16	1.84	3.2	15,000	53,700	300,000
Sub-total Goanna	**2,918,000**	**0.16**	**1.84**	**3.2**	**15,000**	**53,700**	**300,000**
Chariot – Open Pittable & Remnant Underground (reported above a 1.0 g/t gold equivalent cut-off)							
Indicated	60,000	15.9	-	15.9	32,000	-	32,000
Inferred	110,000	18.8	-	18.8	67,000	-	67,000
Sub-total Chariot	**170,000**	**17.4**	**-**	**17.4**	**99,000**	**-**	**99,000**
TOTAL	**6,790,000**	**1.1**	**1.8**	**3.6**	**246,000**	**122,100**	**900,000**

<u>Gold Equivalent Calculation</u>

*Gold equivalent results are calculated using a gold price of US$1,363/oz and a copper price of US$7,297/t. Copper-rich ore would be processed using a conventional crush, grind and flotation route to a copper concentrate which would then be sold. Benchmarking of this processing route suggests that a copper recovery of 90-92% would be appropriate. Gold would be recovered by an industry standard carbon-in-pulp process leading to the generation of gold bars. No unconventional processing such as roasting or biological leaching is contemplated, therefore typical recoveries for such gold processing plants is in the range of 90-94%. Given the relative recoveries of both gold and copper are essentially identical, the equivalence formula has not been adjusted for recovery. The gold equivalent calculation used is AuEq (g/t) = Au (g/t) +((Cu(%)*7297)/43.82), i.e. 1.0%Cu = 1.67g/t Au. The totals may not sum exactly due to rounding.*

REVIEW OF OPERATIONS

Our People

The success of Emmerson is very dependent on getting the "right people" doing the right tasks. Emmerson has attracted and retained great people through offering flexible employment contracts and providing challenging work which rewards innovation and sound science. In the past financial year Emmerson has maintained a very stable but small corporate office in Perth together with specialised, geoscientific consultants.

The main exploration base is situated in the town of Tennant Creek, Northern Territory, and is capably managed by our Exploration Manager, Steve Russell. He is supported by a highly competent and dedicated team, many of whom are residents in Tennant Creek.

The Emmerson Resources Team

Competency Statement

The information in this report which relates to Exploration Results is based on information compiled by Mr Steve Russell BSc, Applied Geology (Hons), MAIG, MSEG. Mr Russell is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition and the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Russell is a full time employee of the Company and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. Mr Russell holds an interest in the following securities in the Company: 575,000 Shares and 37,500 Performance Rights.

The information in this report which relates to Mineral Resources is based upon information compiled by Mr Ian Glacken, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Ian Glacken is an employee of Optiro Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition and the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Ian Glacken consents to the inclusion in this report of a summary based upon his information in the form and context in which it appears.

HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY (HSEC)

Health and Safety

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

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

An audit was conducted during the year by an external consultant on our safety management system concluding that Emmerson has been found to conform to the requirements of AS/NZS 4801:2001 Occupational Health and Safety Management Systems.

Emmerson achieved the outstanding record of 6 years without a lost time injury (LTI) on 21 October 2015 - probably an industry record and a credit to the commitment of the entire team. Unfortunately there was a LTI in November 2015 and the number of days without a LTI at 30 June 2016 was 223.

Summary of Key Safety Statistics:	**2013**	**2014**	**2015**	**2016**
Total Company Hours Worked	42,593	16,770	30,532	27,567
Lost Time Injuries (LTIs)	0	0	0	1
Medical Treated Injuries (MTIs)	0	0	2	2
Lost Time Injury Frequency Rate per 100,000 Hours Worked (LTIFR)	0	0	0	3.6

Environment

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

The Company has adequate systems in place for the management of its environmental responsibilities and it is pleasing to report that there were no environmental incidents or breaches of the regulations during the past year – continuing our unblemished record and one that our people are proud of and committed to maintaining. A recent environmental audit from the NT Department of Resources, which inspected many former drill sites, confirmed Emmerson's environmental obligations are being met.

Community

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

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

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

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

SHAREHOLDER INFORMATION AS AT 31 AUGUST 2016

	Number of holders	Number of units held	% of issued
ORDINARY SHARES			
Distribution of ordinary shares			
1 – 1,000	42	5,971	0.00%
1,001 – 5,000	184	661,408	0.17%
5,001 – 10,000	256	2,157,506	0.57%
10,001 – 100,000	1,105	48,672,617	12.87%
100,001 and over	443	326,813,952	86.39%
Total	2,030	378,311,454	100.00%
Holdings less than a marketable parcel of shares	143	274,635	0.07%
Twenty largest ordinary shareholders			
Evolution Mining Limited		49,144,000	12.99%
J P Morgan Nominees Australia		34,753,436	9.19%
Chinova Resources Pty Ltd		22,610,000	5.98%
UBS Nominees Pty Ltd		13,300,000	3.52%
Kurraba Investments Pty Ltd		5,000,000	1.32%
HSBC Custody Nominees (Australia) Limited		4,828,500	1.28%
Shorlane Pty Ltd <Jolma Super Fund A/C>		4,687,500	1.24%
Mr Bruce Graham		4,000,000	1.06%
Equity Trustees Limited		3,875,000	1.02%
Bond Street Custodians Limited <Dakret - D08642 A/C>		3,375,000	0.89%
Civil & General Distributors Pty Ltd <Quirk Family A/C>		3,332,286	0.88%
Mr Robert Trevor Bills		3,223,125	0.85%
Citicorp Nominees Pty Limited		2,972,931	0.79%
ESM Limited		2,500,000	0.66%
Willstreet Pty Ltd		2,475,000	0.65%
BT Portfolio Services Limited <Mr John Mazurkiewicz A/C>		2,409,368	0.64%
BNP Paribas Noms (NZ) Ltd <DRP>		2,363,672	0.62%
Croftbank Pty Ltd <Watts Family Super Fund A/C>		2,250,544	0.59%
Mr Brentleigh Grant Mezger <Brent Mezger Family A/C>		2,000,000	0.53%
Jolma Pty Ltd		2,000,000	0.53%
		171,100,362	45.23%
Substantial shareholders			
Evolution Mining Limited		49,144,000	12.99%
J P Morgan Nominees Australia		34,753,436	9.19%
Chinova Resources Pty Ltd		22,610,000	5.98%
		106,507,436	28.15%

There is no current on market buy back.

UNQUOTED OPTIONS OVER ORDINARY SHARES			
Exercise price of $0.0485 expiring 31/12/2017	2	7,000,000	100.00%
UNQUOTED RIGHTS OVER ORDINARY SHARES			
Exercise price of nil vesting on 25/11/16	4	118,750	19.19%
Exercise price of nil vesting on 04/12/16	1	500,000	80.81%
	5	618,750	100.00%

DIRECTORS' REPORT

The Directors of Emmerson Resources Limited ("Company" or "Emmerson" or "consolidated entity") submit their report for the year ended 30 June 2016.

DIRECTORS

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

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

Andrew McIlwain is a qualified mining engineer with over 30 years' experience in the mining industry and has held operational, technical, senior management and executive roles within Mt. Isa Mines Limited, Central Norseman Gold Corporation, WMC Resources Limited and Lafayette Mining Limited. Mr McIlwain has also served as a member of the Company's Audit and Risk Management Committee since 11 June 2014.

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

- Unity Mining Limited (Managing Director & CEO from December 2011 to 30 September 2015)
- Kidman Resources Limited (Director from October 2011 to 28 October 2014)

Robert Bills B.Sc, M.Sc - Managing Director and Chief Executive Officer

Rob Bills is a geologist and holds a Bachelor of Science Degree from Monash University and a Master of Science Degree from James Cook University. Prior to joining Emmerson Resources Mr. Bills had a 25 year career with Western Mining Corporation, then BHP Billiton where he held the position of global commodity specialist.

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

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

Dr Allan Trench is a geologist/geophysicist and business management consultant with over 24 years experience across a broad range of commodities. His minerals sector experience spans strategy formulation, exploration, project development and mining operations. Dr Trench holds degrees in geology, a doctorate in geophysics, a Masters degree in Mineral Economics and a Masters degree in Business Administration. Dr Trench has previously worked with McKinsey & Company as a management consultant, with Woodside Petroleum in strategy development and with WMC both as a geophysicist and exploration manager. He is an Associate Consultant with international metals and mining advisory firm CRU Group and has contributed to the development of that company's uranium practice having previously managed the CRU Group global copper research team. Dr Trench maintains academic links as Professor of Mineral & Energy Economics at the Curtin Graduate School of Business and as Research Professor (Value & Risk) to the Centre for Exploration Targeting, a Curtin-UWA joint initiative. Dr Trench also serves as a member of the Company's Audit and Risk Management Committee.

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

- Pioneer Resources Ltd (Director since 5 September 2003)
- Hot Chili Ltd (Director since 19 July 2010)
- Enterprise Metals Ltd (Director since 3 April 2012)
- Trafford Resources Ltd (Director from 7 May 2012 to 6 May 2015)
- Navigator Resources Ltd (Director from 14 November 2005 to 31 December 2013)

DIRECTORS' REPORT

COMPANY SECRETARY

Trevor Verran B Comm., CPA

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

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

DIRECTORS' MEETINGS

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

	Directors' Meetings		Audit and Risk Management Committee Meetings	
	Held	**Attended**	**Held**	**Attended**
Andrew McIlwain	6	6	2	2
Robert Bills	6	6	-	-
Allan Trench	6	6	2	2

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

DIRECTORS' INTERESTS

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

	Ordinary shares	Unlisted options	Unlisted rights
Andrew McIlwain	2,334,927	2,000,000	-
Robert Bills	4,246,225	5,000,000	500,000
Allan Trench	-	-	-

DIVIDENDS

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

PRINCIPAL ACTIVITIES

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

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

DIRECTORS' REPORT

OPERATING AND FINANCIAL REVIEW

Overview

Emmerson was incorporated in November, 2005 and acquired a suite of exploration and mining tenements covering some 2,800 kms^2 of the Tennant Creek Mineral Field (TCMF), the 300,000 tonne per annum Warrego gold plant (located approximately 50km to the northwest of Tennant Creek) and associated exploration and support infrastructure in the township of Tennant Creek, Northern Territory, Australia. Emmerson has consolidated 95% of the highly prospective TCMF where only 8% of the historical drilling has penetrated below 150m. The Company listed on the Australian Securities Exchange (ASX) on 17 December 2007; ASX code: ERM.

Emmerson is exploring the TCMF in the Northern Territory, one of Australia's most prolific gold-copper districts producing over 5.5 Mozs of gold and 470,000 tonnes of copper from a variety of deposits including Gecko, Orlando, Warrego, White Devil, Chariot and Golden Forty, all of which are within Emmerson's exploration portfolio. Utilising modern exploration techniques, Emmerson has discovered copper and gold mineralisation at Goanna and Monitor in late 2011, the first discoveries in the TCMF for over a decade. To date, Emmerson has only covered 5.5% of the total tenement package (in area) with its innovative exploration techniques and is confident that, with further exploration, more such discoveries will be made.

The Company is exploring the TCMF with Evolution Mining Limited (Evolution) pursuant to a Farm-in agreement whereby Evolution will sole fund exploration expenditure of $15 million over three years to earn a 65% interest (Stage 1 Farm-in) in Emmerson's tenement holdings in the TCMF. An option to spend a further $10 million minimum, sole funded by Evolution over two years following the Stage 1 Farm-in, will allow Evolution to earn an additional 10% (Stage 2 Farm-in) of the tenement holdings. Emmerson is acting as manager during the Stage 1 Farm-in and is receiving a management fee during this period. Exploration expenditure attributable to the Stage 1 Farm-in to the end of the financial year was approximately $9.5 million.

Operating Results for the Year

The loss for the year ended 30 June 2016 was $4,095,855 compared to the previous year loss of $837,620.

Total revenue and other income significantly increased from $800,056 in the previous year to $1,785,793 for the year ended 30 June 2016 due to a gain on disposal of available-for-sale financial assets of $1,299,056 (2015: nil).

Expenses significantly increased from $1,637,676 in the previous year to $5,881,648 for the year ended 30 June 2016 predominately due to exploration and evaluation assets impairment of $4,031,495 (2015: $348,853) and depreciation of $506,112 (2015: $9,445).

Financial Position

Net assets and total equity decreased by $4,953,530 during the year predominantly due to an impairment of exploration and evaluation assets.

The increase in cash for the year was $1,978,498 and cash in the bank at the end of the year was $5,229,039. The increase in cash was largely due to proceeds from the sale of available-for-sale financial assets partially offset by administration and corporate expenses.

Exploration and evaluation assets decreased by $3,977,848 during the year predominantly due to an impairment of exploration expenditure and the balance of exploration and evaluation assets carried forward at the end of the year was $13,897,750 (2015: $17,875,598).

Net assets and total equity at 30 June 2016 was $22,263,594 (2015: $27,217,124).

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

Risk and Risk Management

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

Exploration Activities

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the year ended 30 June 2016.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matter or circumstance has arisen since the end of the year that has significantly affected or may significantly affect the Company's operations, the results of those operations, or the state of affairs of the Company in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company will continue its exploration and development activities in Tennant Creek Mineral Field in the Northern Territory with the object of identifying commercial resources. Exploration and development activities will be conducted under the Farm-in agreement with Evolution Mining Limited (Evolution) whereby Evolution will sole fund exploration expenditure of $15 million over three years to earn a 65% interest (Stage 1 Farm-in) in Emmerson's tenement holdings. A further $10 million minimum, sole funded by Evolution over two years following the Stage 1 Farm-in, will allow Evolution to earn an additional 10% (Stage 2 Farm-in) of the tenement holdings. Emmerson is acting as manager during the Stage 1 Farm-in and will be receiving a management fee during this period.

ENVIRONMENTAL REGULATION

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

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

The consolidated entity is party to a binding agreement with the NT Government (Department of Regional Development, Primary Industry, Fisheries and Mines) dated 31 July, 2006 whereby the NT Government has agreed that the rehabilitation obligations described in the Rehabilitation Agreement are suspended (on "standstill") until 45 days of cumulative commercial production from the consolidated entity's tenements.

Given the permanent standstill arrangement in place with the NT Government and that any recommencement of commercial production is at the complete discretion of the consolidated entity, there is currently no requirement for the consolidated entity to perform any rehabilitation obligations on any tenements, except to the extent that the rehabilitation relates to the exploration activities of the consolidated entity since August, 2006.

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

SHARE OPTIONS AND RIGHTS

Options over ordinary shares:

As at the date of this report and the reporting date, there were 7,000,000 unissued ordinary shares under options at an exercise price of $0.0485 expiring 31/12/2017.

During the previous financial year 9,000,000 options at an exercise price of $0.0485 expiring 31/12/2017 were issued of which 2,000,000 lapsed unexercised during the previous financial year. There were 7,000,000 unissued ordinary shares under options at 30 June 2015.

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

No options were issued during the financial year or since the end of the year.

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

Rights over ordinary shares:

As at the date of this report and the reporting date there were 618,750 unissued ordinary shares under performance rights not yet vested at an exercise price of nil.

No performance rights were issued during the financial year or since the end of the year. Each performance right when exercised entitles the holder to one fully paid ordinary share in the Company (without any amount being payable for the exercise of the performance right and receipt of the share).

675,000 shares were issued on vesting and exercise of performance rights at an exercise price nil during the financial year.

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

REMUNERATION REPORT (audited)

This Remuneration Report for the year ended 30 June 2016 outlines the director and executive remuneration arrangements of the Company and the consolidated entity in accordance with the requirements of the *Corporations Act 2001 (*the *Act)* and its regulations. This information has been audited as required by section 308(3C) of the Act.

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

For the purposes of this report the term 'executive' encompasses the Managing Director and Chief Executive Officer, the Chief Financial Officer and Company Secretary, and the Exploration Manager – Tennant Creek.

The remuneration report is presented under the following sections:

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

1. Individual key management personnel disclosures

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

Non-executive Directors:	
Andrew McIlwain	Chairman (Non-executive)
Allan Trench	Director (Non-executive)
Executive Director:	
Robert Bills	Managing Director and Chief Executive Officer
Other Executives:	
Trevor Verran	Chief Financial Officer and Company Secretary
Steve Russell	Exploration Manager – Tennant Creek

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

2. Remuneration at a glance

Executive Remuneration

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

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

REMUNERATION REPORT (audited) (continued)

There have been no material changes to the short-term incentive bonus plan for the 2016 financial year. For the performance period covered by this report 50% of the short-term incentive payment is based on the increase in the market capitalisation of the Company based on a 20 day moving average of market capitalisation, 30% is based on "discovery success" and 20% is based on the attainment of individual key performance indicators. No short-term incentive bonus was earned by the Company KMPs during the financial year.

Long-term incentive awards consist of share options under the Company's Incentive Option Scheme or share rights under the Company's Performance Rights Plan which vest based on the attainment of service mile-stones. The objectives of these long-term incentive awards are to provide the Company with a remuneration mechanism, through share ownership, to motivate, retain and reward the performance of executives.

3. Board oversight of remuneration

Remuneration Committee

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

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

Remuneration approval process

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

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

Remuneration strategy

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

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

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

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

Remuneration Structure

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

REMUNERATION REPORT (audited) (continued)

4. Non-executive Director remuneration arrangements

Remuneration Policy

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

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

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

The board will not seek any increase for the non-executive director pool at the 2016 AGM.

Structure

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

Variable remuneration – long term incentive (LTI)

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

LTI – share options

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

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

No options were granted to non-executive directors during the financial year or since the end of the year. 4,000,000 options at an exercise price of $0.0485 expiring 31/12/2017 were granted to non-executive directors during the previous financial year following approval at the 2014 annual general meeting of which 2,000,000 lapsed unexercised due to the resignation of a director during the previous financial year.

REMUNERATION REPORT (audited) (continued)

5. Executive remuneration arrangements

Remuneration levels and mix

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

Structure

Executive remuneration framework consists of the following components:

Remuneration component	Vehicle	Purpose	Link to performance
Fixed Remuneration	▪ Comprises base salary, superannuation and other benefits ▪ Paid in cash	▪ Set with reference to role, market and experience	▪ No link to performance
Short Term Incentive component	▪ Paid in cash	▪ Rewards contribution to achievement of Company outcomes, as well as key performance indicators (KPI's)	▪ 20 day moving average market capitalisation ▪ Internal measures such as discovery success
Long Term Incentive component	▪ Awards are made in the form of share options or share rights	▪ Rewards contribution to the creation of shareholder value over the longer term	▪ Vesting of awards is dependent on continuity of employment

Fixed Remuneration

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

Variable remuneration – short term incentive (STI)

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

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

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

Performance measures	Proportion of STI award measure applies to
Financial measure ▪ Market capitalisation of the Company, measured on a 20 day moving average	50%
Non-financial measures ▪ Discovery success ▪ Individual key performance indicators	 30% 20%

REMUNERATION REPORT (audited) (continued)

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

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

No STI bonuses were earned by executives for the 2016 financial year.

Variable remuneration – long term incentive (LTI)

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

LTI – share options

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

No options were granted during the financial year or since the end of the year.

5,000,000 options at an exercise price of $0.0485 expiring 31/12/2017 were granted to Robert Bills under this scheme during the previous financial year following approval at the 2014 annual general meeting.

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

LTI – share purchase rights

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

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

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

REMUNERATION REPORT (audited) (continued)

6. Company performance and the link to remuneration

The STI variable components of the executives' remuneration is indirectly linked to the performance of the Company, given the exploration stage of the entity other remuneration elements are not linked to company performance. The Company's performance is summarised for the five years to 30 June 2016 as follows:

	2016	2015	2014	2013	2012
Loss for the year ($)	(4,095,855)	(837,620)	(4,495,664)	(4,792,616)	(1,650,395)
Basic loss per share (cents)	(1.08)	(0.22)	(1.62)	(1.68)	(0.62)
Closing share price (cents)	4.9	2.8	3.8	3.5	12.0

7. Employment contracts of key management personnel

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

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

8. Details of remuneration

	Short-term				Post Employ-ment	Share-based payments	Total	Perfor-mance related
	Salary & fees	Cash bonus	Non-monetary benefits[3]	Other benefits[3]	Superann-uation benefits	Options & rights		
	$		$	$	$	$	$	%
2016								
Non-executive directors:								
Andrew McIlwain[1]	73,912	-	-	2,271	-	-	76,183	-
Allan Trench[2]	35,478	-	-	2,271	-	-	37,749	-
Executive director:								
Robert Bills	346,198	-	-	4,728	35,000	19,444	405,370	-
Other executives:								
Trevor Verran	142,164	-	19,936	-	35,000	661	197,761	-
Steve Russell	153,595	-	-	9,570	29,757	1,948	194,870	-
	751,347	-	19,936	18,840	99,757	22,053	911,933	

Note 1 - Fees paid to Andrew McIlwain and Associates Pty Ltd for services as a director of the Company
Note 2 - Fees paid to Judicial Holdings Pty Ltd for services as a director of the Company
Note 3 - Non- monetary and other benefits include fringe benefits, personal insurance premiums and living away from home allowances.

REMUNERATION REPORT (audited) (continued)

	Short-term				Post Employment	Share-based payments	Total	Performance related
	Salary & fees	Cash bonus	Non-monetary benefits[3]	Other benefits[3]	Superannuation benefits	Options & rights		
	$		$	$	$	$	$	%
2015								
Non-executive directors:								
Andrew McIlwain[1]	73,912	-	-	2,270	-	23,200	99,382	-
Allan Trench[2] (appointed 3/3/15)	11,826	-	-	757	-	-	12,583	-
Simon Andrew (resigned 3/3/15)	21,866	-	-	1,513	2,077	23,200	48,656	-
Executive director:								
Robert Bills	363,610	-	-	4,801	26,664	97,583	492,658	-
Other executives:								
Trevor Verran	140,576	-	21,524	-	35,000	1,631	198,731	-
Steve Russell	149,629	-	-	8,309	29,317	6,238	193,493	-
	761,419	-	21,524	17,650	93,058	151,852	1,045,503	

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

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

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

9. Equity instrument disclosures

a) Option holdings of key management personnel

2016	Held at 1 July 2015	Granted as compensation	Lapsed	Held at 30 June 2016	Vested and exercisable at 30 June 2016
Directors:					
Andrew McIlwain	2,000,000	-	-	2,000,000	2,000,000
Robert Bills	5,000,000	-	-	5,000,000	5,000,000
Total	7,000,000	-	-	7,000,000	7,000,000

2015	Held at 1 July 2014	Granted as compensation	Lapsed	Held at 30 June 2015	Vested and exercisable at 30 June 2015
Directors:					
Andrew McIlwain	-	2,000,000	-	2,000,000	2,000,000
Robert Bills	-	5,000,000	-	5,000,000	5,000,000
Simon Andrew (resigned (3/3/15)	-	2,000,000	(2,000,000)	-	-
Total	-	9,000,000	(2,000,000)	7,000,000	7,000,000

REMUNERATION REPORT (audited) (continued)

b) Rights holdings of key management personnel

2016	Held at 1 July 2015	Granted as compens-ation	Exercise of rights	Held at 30 June 2016	Vested and exercis-able at 30 June 2016
Directors:					
Robert Bills	1,000,000	-	(500,000)	500,000	-
Other executives:					
Trevor Verran	50,000	-	(25,000)	25,000	-
Steve Russell	112,500	-	(75,000)	37,500	-
Total	1,162,500	-	(600,000)	562,500	-

2015	Held at 1 July 2014	Granted as compens-ation	Exercise of rights	Held at 30 June 2015	Vested and exercis-able at 30 June 2015
Directors:					
Robert Bills	1,500,000	-	(500,000)	1,000,000	-
Other executives:					
Trevor Verran	100,000	-	(50,000)	50,000	-
Steve Russell	262,500	-	(150,000)	112,500	-
Total	1,862,500	-	(700,000)	1,162,500	-

c) Shareholdings of key management personnel

2016	Held at 1 July 2015	Granted as compens-ation	Exercise of rights	Net Purchases (sales)	Held at 30 June 2016
Directors:					
Andrew McIlwain	2,334,927	-	-	-	2,334,927
Robert Bills	3,746,225	-	500,000	-	4,246,225
Other executives:					
Trevor Verran	50,000	-	25,000	-	75,000
Steve Russell	500,000	-	75,000	-	575,000
Total	6,631,152	-	600,000	-	7,231,152

REMUNERATION REPORT (audited) (continued)

c) Shareholdings of key management personnel (continued)

2015	Held at 1 July 2014	Granted as compens-ation	Exercise of rights	Net Purchases (sales)	*Held at 30 June 2015
Directors:					
Andrew McIlwain	1,334,927	-	-	1,000,000	2,334,927
Robert Bills	3,246,225	-	500,000	-	3,746,225
*Simon Andrew (resigned 3/3/15)	5,181,484	-	-	-	5,181,484
Other executives:					
Trevor Verran	-	-	50,000	-	50,000
Steve Russell	350,000	-	150,000	-	500,000
Total	10,112,636	-	700,000	1,000,000	11,812,636

* The closing balance for Simon Andrew represents the shareholding on his termination date.

d) KMP options and rights granted, exercised and lapsed for the 2016 financial year

	Value granted	Value exercised	No. of shares issued on exercise	Paid per share on exercise	Value lapsed	Remuner-ation consisting of options & rights
Options:						
Andrew McIlwain	-	-	-	-	-	-
Robert Bills	-	-	-	-	-	-
Rights:						
Robert Bills	-	$19,000	500,000	-	-	-
Trevor Verran	-	$975	25,000	-	-	-
Steve Russell	-	$2,925	75,000	-	-	-

There were no other transactions with KMP or their related parties during the year.

The 2015 remuneration report was adopted at the company's 2015 Annual General Meeting (AGM) where over 97% of proxies received were in favour of the remuneration report for the 2015 financial year. The company received no questions at the 2015 AGM in relation to its remuneration report.

END OF REMUNERATION REPORT

INDEMNIFICATION AND INSURANCE OF DIRECTORS

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

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

INDEMNIFICATION OF AUDITORS

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

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Emmerson Resources support and have adhered to the principles of corporate governance. The Company's corporate governance statement is contained in the following section of this annual report.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under Section 307C of the *Corporations Act 2001* is set out on page 65 and forms part of the Director's Report for the year ended 30 June 2015.

NON-AUDIT SERVICES

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

Signed in accordance with a resolution of the Directors.

Rob Bills
Managing Director & Chief Executive Officer
23 September 2016

CORPORATE GOVERNANCE STATEMENT

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

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

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

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

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

CORPORATE GOVERNANCE STATEMENT

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

CORPORATE GOVERNANCE STATEMENT

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

CORPORATE GOVERNANCE STATEMENT

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

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

PRINCIPLE 1 - LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE

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

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

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

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

2.3 and 2.4 Independence of directors and length of service:
An independent director is a non-executive director who is not a member of management and who is free from any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the independent exercise of their judgment. Based on this definition the majority of the board's directors (2 out of 3) are considered independent. The independent directors of the board are Andrew McIlwain who is the independent Chair of the board and Allan Trench who is a non-executive director. Rob Bills is not considered to be an independent director due to his role as Managing Director and Chief Executive Officer of the Company.

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

Andrew McIlwain	9 years and 5 months
Allan Trench	1 year and 6 months
Rob Bills	9 years

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

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

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

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 3 - ACT ETHICALLY AND RESPONSIBLY

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

PRINCIPLE 4 - SAFEGUARD INTEGRITY IN CORPORATE REPORTING

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

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

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

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

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

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

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

PRINCIPLE 5 - MAKE TIMELY AND BALANCED DISCLOSURE

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

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

PRINCIPLE 6 - RESPECT THE RIGHTS OF SECURITY HOLDERS

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

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

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

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

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

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

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

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

PRINCIPLE 7 - RECOGNISE AND MANAGE RISK

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

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

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

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

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

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

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

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

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

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

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

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

7.3 Internal audit:
The Company does not have a formal internal audit function.

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

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

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

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

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

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

PRINCIPLE 8 - REMUNERATE FAIRLY AND RESPONSIBLY

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

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

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

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

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

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

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 $	2015 $
REVENUE			
Management and consulting fees		275,265	304,708
Dividends received		25,044	348,687
Interest revenue		167,679	124,141
TOTAL REVENUE		467,988	777,536
OTHER INCOME			
Gain on disposal of available-for-sale financial assets	8(c)	1,299,056	-
Rent received		8,400	14,430
Research & development tax incentive		9,669	-
Vehicle and equipment hire		680	8,090
TOTAL REVENUE AND OTHER INCOME		1,785,793	800,056
EXPENSES			
Compliance and regulatory expenses		92,725	91,160
Consulting and legal expenses		222,959	158,169
Depreciation expense		506,112	9,445
Employee benefits expense		743,363	795,598
Exploration expenditure written off	10	4,031,495	348,853
Occupancy expense		100,960	102,907
General and administration expenses		184,034	131,544
TOTAL EXPENSES		5,881,648	1,637,676
LOSS BEFORE INCOME TAX		(4,095,855)	(837,620)
Income tax	4	-	-
LOSS FOR THE YEAR		(4,095,855)	(837,620)
OTHER COMPREHENSIVE INCOME			
Amounts that may be recycled to profit and loss:			
Net change in fair value of available-for-sale financial assets		419,016	880,040
Net change in fair value of disposed available-for-sale financial assets recycled to profit and loss		(1,299,056)	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR YEAR		(4,975,895)	42,420
Basic loss per share - cents per share	5	(1.08)	(0.22)
Diluted loss per share - cents per share	5	(1.08)	(0.22)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Notes	2016 $	2015 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	5,229,039	3,250,541
Trade and other receivables	7	577,181	529,547
Total Current Assets		5,806,220	3,780,088
Non-current Assets			
Other financial assets	8	1,028,328	3,711,220
Property, plant and equipment	9	2,175,176	2,730,015
Exploration and evaluation assets	10	13,897,750	17,875,598
Total Non-current Assets		17,101,254	24,316,833
TOTAL ASSETS		22,907,474	28,096,921
LIABILITIES			
Current Liabilities			
Trade and other payables	11	429,684	728,243
Provisions	12	214,196	151,554
Total Current Liabilities		643,880	879,797
TOTAL LIABILITIES		643,880	879,797
NET ASSETS		22,263,594	27,217,124
EQUITY			
Contributed equity	13	44,055,755	43,986,502
Other reserves	14	2,645,705	3,572,633
Accumulated losses	15	(24,437,866)	(20,342,011)
TOTAL EQUITY		22,263,594	27,217,124

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Contributed Equity $	Other Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2014	42,036,824	2,693,934	(19,504,391)	25,226,367
Loss for the year	-	-	(837,620)	(837,620)
Other comprehensive income:				
Increase in fair value of available-for-sale financial assets	-	880,040	-	880,040
Total comprehensive income	-	880,040	(837,620)	42,420
Transactions with owners in their capacity as owners:				
Shares issued during the year	1,872,386	-	-	1,872,386
Share issue costs	(10,365)	-	-	(10,365)
Share-based payments	87,657	(1,341)	-	86,316
Balance at 30 June 2015	43,986,502	3,572,633	(20,342,011)	27,217,124
Balance at 1 July 2015	43,986,502	3,572,633	(20,342,011)	27,217,124
Loss for the year	-	-	(4,095,855)	(4,095,855)
Other comprehensive income:				
Increase in fair value of available-for-sale financial assets	-	419,016	-	419,016
Net change in fair value of disposed available-for-sale financial assets recycled to profit and loss	-	(1,299,056)	-	(1,299,056)
Total comprehensive income	-	(880,040)	(4,095,855)	(4,975,895)
Transactions with owners in their capacity as owners:				
Share issue costs	(1,654)	-	-	(1,654)
Share-based payments	70,907	(46,888)	-	24,019
Balance at 30 June 2016	44,055,755	2,645,705	(24,437,866)	22,263,594

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Management and consulting fees received		275,266	345,628
Payments to suppliers and employees		(1,285,641)	(1,379,569)
Dividends received		25,044	348,687
Interest received		147,683	130,105
Research & development tax incentive		-	36,409
Other		9,080	24,461
NET CASH FLOWS USED IN OPERATING ACTIVITIES	16(a)	(828,568)	(494,279)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on disposal of available-for-sale financial assets		3,299,056	-
Environmental security deposit		(197,148)	(21,180)
Purchase of property, plant and equipment		(2,253)	(36,643)
Payments for exploration		(4,249,228)	(3,829,133)
Exploration costs reimbursed by farmee		3,958,293	4,140,812
NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		2,808,720	253,856
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	1,872,386
Payment of share issue costs		(1,654)	(10,364)
NET CASH FLOWS (USED IN)/PROVIDED BY FINANCING ACTIVITIES		(1,654)	1,862,022
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,978,498	1,621,599
Cash and cash equivalents at beginning of period		3,250,541	1,628,942
CASH AND CASH EQUIVALENTS AT END OF PERIOD	16(b)	5,229,039	3,250,541

The accompanying notes form part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The financial report of Emmerson Resources Limited (the Company, consolidated entity or Emmerson) for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the directors on 23 September 2016.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The report has been prepared on a historical cost basis except for available-for-sale financial assets which are measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

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

(b) Compliance with IFRS

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

(c) Use of judgements, estimates and assumptions

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

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

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

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

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

Impairment of capitalised exploration and evaluation expenditure

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

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

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made. An impairment loss of $4,031,495 (2015: $348,853) was recognised in the current year in respect of exploration expenditure. The impairment loss is directly attributable to mining tenements for which the consolidated entity no longer holds title and mining tenements where title is still held but where an assessment was made that minimal future exploration is planned or budgeted due to a lack of exploration potential.

Estimation of useful lives of assets

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

Share Based Payments

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the most appropriate valuation model, which is dependent upon the terms and conditions of the grant. The estimate also requires the assessment of the most appropriate inputs to the valuation model including the life of the related right or option, volatility and dividend yield. The assumptions and models used for assessing the fair value of share based payment transactions are disclosed in Note 20.

(d) Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. The loss of the Company for the year ended 30 June 2016 amounted to $4,095,855 and net cash outflows from operating activities was $828,568. The cash balance at 30 June 2016 was $5,229,039 and net assets as at 30 June 2016 were $22,263,594.

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

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

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

New accounting standards adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period including the following.

- AASB 2013-9 Amendments *to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments.*
- AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.*

There is no material impact in the financial statements as a result of the adoption of these standards.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New accounting standards not yet adopted

The following standards that have been issued but not yet effective which may impact the consolidated entity in the period of initial application have not been early adopted in preparing this financial report. Management is currently in the process of estimating the impact of these Standards.

- AASB 9 *Financial Instruments* is effective for accounting periods beginning on or after 1 January 2018 and amends the requirements for classification and measurement of financial instruments.
- AASB 15 *Revenue from Contracts with Customers* is effective for accounting periods beginning on or after 1 January 2018 and requires an entity to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.
- AASB 2014-4 *Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)* effective for accounting periods beginning on or after 1 January 2016 clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.
- AASB 16 *Leases* is effective for accounting periods beginning on or after 1 January 2019 and lessees will bring to account a right-to-use asset and lease liability onto the statement of financial position for all leases as there will no longer be a distinction between finance and operating leases resulting in both a depreciation and interest charge impacting on the income statement.
- AASB 1057 *Application of Australian Accounting Standards* is effective for accounting periods beginning on or after 1 January 2016 and lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same.
- AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle* is effective for accounting periods beginning on or after 1 January 2016.
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101* is effective for accounting periods beginning on or after 1 January 2016 and makes amendments to AASB 101 *Presentation of Financial Statements* arising from the IASB's Disclosure Initiative project.
- AASB 2015-9 *Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]* is effective for accounting periods beginning on or after 1 January 2016 and inserts scope paragraphs into AASB 8 and AASB 133 in place of application paragraph text in AASB 1057.
- AASB 2016-1 *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]* is effective for accounting periods beginning on or after 1 January 2017 and amends AASB 112 Income Taxes (July 2004) and (August 2015).
- AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107* is effective for accounting periods beginning on or after 1 January 2017 and amends certain disclosures under AASB 107 Statement of Cash Flows (August 2015).
- IFRS 2 (Amendments) *Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)* is effective for accounting periods beginning on or after 1 January 2018 and amends IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions.

(f) Basis of consolidation

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

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

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

(g) Operating segments

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

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

(h) Cash and cash equivalents

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

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

(i) Other financial assets

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

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

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

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

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

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

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

(j) Trade and other receivables

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

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

(k) Property, plant and equipment

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

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

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

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

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

(l) Leases

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

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

(m) Exploration and evaluation expenditure

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

Development costs related to an area of interest are carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future. Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

(n) Impairment of assets

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

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

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

(o) Trade and other payables

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

(p) Provisions

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

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

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

(q) Employee benefits

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

(r) Share-based payment transactions

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

The cost of these share-based payments is measured by reference to the fair value of the equity instruments at the date at which they are granted using a Black-Scholes pricing model. The equity instruments are generally subject to performance and/or service vesting conditions and their fair value is recognised as an expense, together with a corresponding increase in other reserve equity over the vesting period, ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

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

(s) Contributed equity

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

(t) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the consolidated entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

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

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

(u) Income tax

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

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

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

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

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

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

(v) Goods and services tax

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

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

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

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

(w) Earnings per share

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

3. SEGMENT INFORMATION

The Company has identified its operating segments based on the internal management reports that are reviewed and used by the board of directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Company has one segment, namely mineral exploration in Australia. The revenues and results of this segment are those of the consolidated entity as a whole and are set out in the consolidated statement of comprehensive income.

	2016 $	2015 $

4. INCOME TAX

a) Reconciliation of income tax to loss before income tax

Loss before income tax	(4,095,855)	(837,620)
Tax benefit calculated at 28.5% (2015: 30%) on loss before tax	(1,167,318)	(251,286)
Add/(less) tax effect of:		
Share-based payments not deductible	6,845	25,895
Research & development tax offset	(2,756)	-
Other	512	538
Tax losses and temporary differences not recognised	1,162,717	224,853
Income tax benefit	-	-

b) Unrecognised tax assets and liabilities

Deferred tax assets		
Unused tax losses	8,894,877	9,466,643
Deductible temporary differences:		
Impairment of property, plant and equipment	855,000	900,000
Depreciation of property, plant and equipment	142,500	-
Accrued expenses	7,397	8,400
Provision for employee entitlements	61,046	45,466
Undeducted share issue costs	8,513	43,033
	9,969,333	10,463,542
Deferred tax liabilities		
Assessable temporary differences:		
Interest income receivable	(8,191)	(2,623)
Exploration and evaluation assets capitalised	(3,444,650)	(4,819,302)
	(3,452,841)	(4,821,925)
Net unrecognised tax balances	6,516,492	5,641,617

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

5. LOSS PER SHARE

Loss for the year	(4,095,855)	(837,620)
Loss used in calculating basic and diluted loss per share	(4,095,855)	(837,620)

	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	378,014,528	376,338,504

As the company has incurred a loss, the diluted loss per share is disclosed as the same as basic loss per share. There is no impact from 7,000,000 options (30 June 2015: 7,000,000 options) and 618,750 rights outstanding at 30 June 2016 (30 June 2015: 1,293,750 rights) on diluted loss per share as they are antidilutive.

	2016 $	2015 $
6. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	14,789	90,177
Bank deposits at call	124,250	590,364
Bank short term deposits	5,090,000	2,570,000
	5,229,039	3,250,541

7. TRADE AND OTHER RECEIVABLES		
Trade receivables	518,551	489,836
Interest receivable	28,739	8,743
Research & development tax incentive refundable	9,669	-
Other receivables and prepayments	20,222	30,968
	577,181	529,547

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

8. OTHER FINANCIAL ASSETS			
Bank term deposits	(a)	751,065	831,180
Environmental rehabilitation security deposits	(b)	277,263	-
Available-for-sale financial assets:			
- Australian listed equity securities	(c)	-	2,880,040
		1,028,328	3,711,220

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

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

(c) On 11 June 2014 the Company entered into the Tennant Creek Mineral Field Farm-in with Evolution Mining Limited (Evolution). Under this agreement, initial consideration of 2,504,383 Evolution shares at an issue price of $0.7986 per share (value $2 million) was received on 7 July 2014. The fair value has been determined directly by reference to published price quotations in an active market (Level 1). The net increase in fair value of available-for-sale financial assets of $880,040 for the year ended 30 June 2015 was recognised directly in equity and disclosed in other comprehensive income. The Company has disposed of all of these shares during the year ended 30 June 2016 and made a gain of $1,299,056.

		2016 $	2015 $
9. PROPERTY, PLANT AND EQUIPMENT			
Land and buildings			
Cost at beginning of year		146,215	146,215
Cost at end of year		146,215	146,215
Accumulated depreciation at beginning of year		55,024	44,907
Depreciation expense		9,131	10,117
Accumulated depreciation at end of year		64,155	55,024
Carrying amount at beginning of year		91,191	101,308
Carrying amount at end of year		82,060	91,191
Motor vehicles			
Cost at beginning of year		327,798	327,372
Additions		-	426
Cost at end of year		327,798	327,798
Accumulated depreciation at beginning of year		317,803	311,095
Depreciation expense		4,067	6,708
Accumulated depreciation at end of year		321,870	317,803
Carrying amount at beginning of year		9,995	16,277
Carrying amount at end of year		5,928	9,995
Computer software & hardware			
Cost at beginning of year		485,813	462,429
Additions		-	23,384
Cost at end of year		485,813	485,813
Accumulated depreciation at beginning of year		454,539	431,970
Depreciation expense		17,602	22,569
Accumulated depreciation at end of year		472,141	454,539
Carrying amount at beginning of year		31,274	30,459
Carrying amount at end of year		13,672	31,274
Plant and equipment			
Cost at beginning of year		6,171,816	6,166,682
Additions		1,636	5,134
Cost at end of year		6,173,452	6,171,816
Accumulated depreciation & impairment at beginning of year		3,585,804	3,556,805
Depreciation expense		521,783	28,999
Accumulated depreciation & impairment at end of year		4,107,587	3,585,804
Carrying amount at beginning of year		2,586,012	2,609,877
Carrying amount at end of year	(a)	2,065,865	2,586,012

	2016 $	2015 $
9. PROPERTY, PLANT AND EQUIPMENT (continued)		
Office equipment, furniture & fittings		
Cost at beginning of year	88,603	92,704
Additions	617	7,699
Disposals	-	(11,800)
Cost at end of year	89,220	88,603
Accumulated depreciation at beginning of year	77,060	83,033
Depreciation expense	4,509	5,827
Disposals	-	(11,800)
Accumulated depreciation at end of year	81,569	77,060
Carrying amount at beginning of year	11,543	9,671
Carrying amount at end of year	7,651	11,543
Total property plant and equipment		
Cost at beginning of year	7,220,245	7,195,402
Additions	2,253	36,643
Disposals	-	(11,800)
Cost at end of year	7,222,498	7,220,245
Accumulated depreciation & impairment at beginning of year	4,490,230	4,427,810
Depreciation expense	557,092	74,220
Disposals	-	(11,800)
Accumulated depreciation at end of year	5,047,322	4,490,230
Carrying amount at beginning of year	2,730,015	2,767,592
Carrying amount at end of year	2,175,176	2,730,015

(a) Plant and equipment includes the Warrego mill and processing plant with a carrying value of $2,000,000 (2015: $2,500,000). An impairment charge of $3,000,000 was credited against the carrying value of the Warrego mill and processing plant in the 2014 financial year after the asset being idle for a number of years, following an independent valuation assessing the fair value less costs to sell of the plant at $2,500,000. The carrying value of $2.5 million as at 30 June 2015 is being depreciated on a straight line basis over 5 years commencing 1 July 2015. The impact of the change in the depreciation method is not considered material to the financial statements overall.

10. EXPLORATION AND EVALUATION ASSETS

Costs carried forward in respect of areas of interest in pre-production exploration and evaluation phases

Carrying amount at beginning of period		17,875,598	18,204,330
Additions		53,647	20,121
Written off	(a)	(4,031,495)	(348,853)
Carrying amount at end of period		13,897,750	17,875,598

	2016 $	2015 $

10. EXPLORATION AND EVALUATION ASSETS (continued)

(a) The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the continuance of the consolidated entity's rights to tenure of the interest, the results of future exploration, and the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. For those areas of interest derecognised during the year, exploration results indicated that subsequent successful development and commercial exploitation may be unlikely and the decision was made to discontinue activities in these areas, resulting in full derecognition of the capitalised exploration and evaluation amount in relation to the related areas of interest.

11. TRADE AND OTHER PAYABLES

Trade payables	265,128	578,712
Non-trade payables and accrued expenses	164,556	149,531
	429,684	728,243

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

12. PROVISIONS

Current:

Employee benefits provision for annual leave	214,196	151,554

13. CONTRIBUTED EQUITY

(a) Fully paid ordinary shares

Balance at beginning of year:		
377,636,454 (2015: 327,629,954) shares	43,986,502	42,036,824
Nil (2015: 49,144,000) shares issued for cash under cash placement	-	1,872,386
675,000 (2015: 862,500) shares issued to employees under performance rights plan	70,907	87,657
Share issue costs	(1,654)	(10,365)
Balance at end of year:		
378,311,454 (2015: 377,636,454) shares	44,055,755	43,986,502

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

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

13. CONTRIBUTED EQUITY (continued)

(b) Options over ordinary shares

	2016 Number of options	2015 Number of options
Unissued ordinary shares for which options are outstanding:		
Exercise price of $0.0485 expiring 31/12/2017	7,000,000	7,000,000

(c) Rights over ordinary shares

	2016 Number of rights	2015 Number of rights
Unissued ordinary shares for which employee performance rights are outstanding:		
Exercise price of nil vesting on 25/11/15	-	175,000
Exercise price of nil vesting on 04/12/15	-	500,000
Exercise price of nil vesting on 25/11/16	118,750	118,750
Exercise price of nil vesting on 04/12/16	500,000	500,000
	618,750	1,293,750

14. OTHER RESERVES

		2016 $	2015 $
Share based payments reserve	(a)	2,645,705	2,692,593
Equity revaluation reserve	(b)	-	880,040
		2,645,705	3,572,633

(a) Share based payments reserve

Balance at beginning of year	2,692,593	2,693,934
Recognition of share-based payment expense	24,019	86,316
Transfer to issued capital on exercise of rights	(70,907)	(87,657)
Balance at end of year	2,645,705	2,692,593

Share based payments reserve is used to recognise the fair value of options and rights provided to employees as part of their remuneration.

(b) Equity revaluation reserve

Balance at beginning of year	880,040	-
Increase in fair value of available-for-sale financial assets	419,016	880,040
Net change in fair value of disposed available-for-sale financial assets recycled to profit and loss	(1,299,056)	
Balance at end of year	-	880,040

Equity revaluation reserve records movements in the fair value of available-for-sale financial assets.

	2016 $	2015 $
15. ACCUMULATED LOSSES		
Balance at beginning of year	(20,342,011)	(19,504,391)
Loss for year	(4,095,855)	(837,620)
Balance at end of year	(24,437,866)	(20,342,011)

16. NOTES TO THE STATEMENT OF CASH FLOWS

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

Net loss	(4,095,855)	(837,620)
Add/(Less) non-cash items:		
Gain on disposal of available-for-sale financial assets	(1,299,056)	-
Depreciation expense	506,112	9,445
Impairment of exploration expenditure	4,031,495	348,853
Share-based payment	24,018	86,316
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(21,534)	85,975
Increase/(decrease) in trade and other payables	7,696	(187,647)
Increase/(decrease) in provisions	18,556	399
Net cash flows used in operating activities	(828,568)	(494,279)

(b) Reconciliation of cash

Cash balance comprises:		
Cash and cash equivalents	5,229,039	3,250,541

(c) Financing facilities available

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

Total facility	40,000	40,000
Facility used at reporting date	1,027	18,128
Facility unused at reporting date	38,973	21,872

17. EXPENDITURE COMMITMENTS

a) Operating lease commitments

The Company leases office premises at 3 Kimberley Street, West Leederville under an operating lease for a term of 3 years commencing 1 April 2015 and expiring 31 March 2018. The annual rent payable is $96,804 including outgoings.

During the financial year ended 30 June 2016, $96,466 was recognised as an expense in the income statement in respect of operating leases (2015: $98,461).

	2016 $	2015 $

17. EXPENDITURE COMMITMENTS (continued)

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

Not later than one year	96,804	90,470
Later than one year and not later than five years	72,603	158,323
	169,407	248,793

b) Exploration expenditure commitments

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

Not later than one year	2,500,000	3,500,000

c) Remuneration commitments

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

Not later than one year	467,203	467,203

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of directors and executives referred to in the remuneration report of the directors' report that are not recognised as liabilities and are not included in the compensation of KMP.

18. REHABILITATION COMMITMENTS

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

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

19. FARM-IN AGREEMENTS

On 11 June 2014 the Company entered into the Tennant Creek Mineral Field Farm-in with Evolution Mining Limited (Evolution). Under the terms of the Farm-in, Evolution will sole fund exploration expenditure of $15 million over three years to earn a 65% interest (Stage 1 Farm-in) in Emmerson's tenement holdings in the Tennant Creek Mineral Field. A further $10 million minimum, sole funded by Evolution over two years following the Stage 1 Farm-in, will allow Evolution to earn an additional 10% (Stage 2 Farm-in) of the tenement holdings. Evolution must spend a minimum of $7.5 million on exploration before it can terminate the Farm-in. Exploration expenditure attributable to the Stage 1 Farm-in to 30 June 2015 is approximately $9.5 million.

Emmerson will act as manager during the Stage 1 Farm-in and be entitled to receive a management fee during this period.

Initial Consideration of 2,504,383 Evolution shares at an issue price of $0.7986 per share (value $2 million) was required to be transferred within five working days from the farm-in commencement date of 30 June 2014. The share transfer physically took place on 7 July 2014.

During the previous financial year on 7 July 2014, Evolution subscribed for 49,144,000 shares in the Company under a subscription agreement at a price of $0.0381 per share for cash consideration of $1.872 million resulting in Evolution holding 13% of the Company's issued capital.

Under the terms of the subscription agreement Evolution has a right to participate in every new issue of shares or other equity securities by the Company for a period of 3 years (other than issues under Emmerson's incentive options plan or performance rights plan) pro rata to the Evolution's ownership interest in the Company. Any securities issued under this right must be on terms no less favourable to Evolution than the most favourable terms offered to any other subscriber for the new issue.

The Company entered into an Option and Farm-In agreement with Aurelia Metals Ltd effective from 2 June 2016 whereby Emmerson has an option to farm-in on EL6226 (Kadungle Project) by spending a minimum of $100,000 within 12 months. If Emmerson elects to exercise its option, Emmerson may spend $300,000 within 3 years to earn 60% interest in EL6226 (Stage 1 Farm-in) and can withdraw at any time during the Stage 1 Farm-in. Exploration and administration of EL6226 will be managed by Emmerson during the Stage 1 Farm-in.

Upon completion of the stage 1 Farm-in, the parties will be subject to an arrangement with Emmerson having the option to maintain its 60% interest by contributing pro-rata to ongoing exploration or increasing its interest to 80% for further expenditure of $200,000 over 2 years (Stage 2 Farm-in).

20. SHARE-BASED PAYMENTS

a) Incentive Option Scheme

The consolidated entity has an Incentive Option Scheme approved by shareholders at the 2014 annual general meeting to provide share-based payment benefits, whereby options to acquire ordinary shares are issued as an incentive to improve employee and shareholder goal congruence and provide a retention incentive for participants.

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

Granted	Exercise price	Vesting date	Expiry date	2016 Number of options	2015 Number of options
05-12-14	$0.0485	05/12/14	31/12/17	7,000,000	9,000,000
Lapsed unexercised during the year				-	(2,000,000)
Outstanding at end of year				7,000,000	7,000,000

20. SHARE-BASED PAYMENTS (continued)

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

	2016 Number of options	2016 Weighted average exercise price	2015 Number of options	2015 Weighted average exercise price
Outstanding at beginning of year	7,000,000	$0.0485	-	-
Granted during the year	-	-	9,000,000	$0.0485
Lapsed unexercised during year	-	-	(2,000,000)	$0.0485
Outstanding at end of year	7,000,000	$0.0485	7,000,000	$0.0485
Exercisable and vested at end of year	7,000,000	$0.0485	7,000,000	$0.0485

No share-based payment options were exercised in the current financial year or the previous year.

The range of exercise prices for options outstanding at the end of the year was $0.0485 (2015: $0.0485) and a weighted average remaining contractual life of 1.5 years (2015: 2.5 years).

The weighted average fair value of $0.0116 for options granted during 2015 was calculated using a Black and Scholes option pricing model inputting a weighted average share price of $0.03, a weighted average exercise price of $0.0485, a weighted average risk free interest rate of 2.5%, a weighted average expected life of 3.07 years, a volatility factor of 75% based on historical volatility and expected changes to future volatility. No other features such as a market condition were incorporated into the measurement of fair value.

The fair value of options is recognised as an expense over the period from grant to vesting date. The amount recognised as part of employee benefits expense during the year was nil (2015: $81,200).

b) Performance Rights Plan

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

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

	2016 Number of rights	2015 Number of rights
Granted 01/09/10 vesting on 01/09/14	-	156,250
Granted 25/11/11 vesting on 25/11/14	-	125,000
Granted 25/11/11 vesting on 25/11/15	56,250	125,000
Granted 04/12/12 vesting on 04/12/14	-	500,000
Granted 04/12/12 vesting on 04/12/15	500,000	500,000
Granted 04/12/12 vesting on 04/12/16	500,000	500,000
Granted 23/04/13 vesting on 25/11/14	-	387,500
Granted 23/04/13 vesting on 25/11/15	118,750	193,750
Granted 23/04/13 vesting on 25/11/16	118,750	193,750
Vested and exercised during the year	(675,000)	(862,500)
Lapsed during the year	-	(525,000)
Outstanding at end of year	618,750	1,293,750

20. SHARE-BASED PAYMENTS (continued)

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

	2016 Number of rights	2015 Number of rights
Outstanding at beginning of year	1,293,750	2,681,250
Issued during the year	-	-
Vested and exercised during the year	(675,000)	(862,500)
Lapsed during the year	-	(525,000)
Outstanding at end of year	618,750	1,293,750
Exercisable and vested at end of the year	-	-

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

The weighted average share price at the date of exercise of rights exercised during the year was $0.04 (2015: $0.031).

All rights outstanding at the end of the year have an exercise price of nil (2015: nil) and a weighted average remaining contractual life of 1.42 years (2015: 2.38 years).

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

The fair value of the rights is recognised as an expense over the period from grant to vesting date. The amount recognised as part of employee benefits expense during the year was $24,019 (2015: $5,116).

21. RELATED PARTY DISCLOSURES

a) Subsidiaries

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

	2016 % Interest	2015 % Interest
Giants Reef Exploration Pty Ltd	100%	100%
Santexco Pty Ltd	100%	100%
TC8 Pty Ltd	100%	100%
Lachlan Resources Pty Ltd	100%	-

b) Compensation of key management personnel

	2016 $	2015 $
Short-term employee benefits	790,123	800,593
Post-employment benefits	99,757	93,058
Share-based payments	22,053	151,852
Total compensation	911,933	1,045,503

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

21. RELATED PARTY DISCLOSURES (continued)

c) Transactions with key management personnel

Transactions with Key management personnel:

Andrew McIlwain's services as a director of the Company were paid to Andrew McIlwain and Associates Pty Ltd, a company of which Mr McIlwain is a shareholder and beneficiary. The amount recognised as an expense during the year was $73,912 (2015: $73,912). The amount outstanding and included in the trade and other payables liability at year end is $6,159 (2015: nil).

Allan Trench's services as a director of the Company were paid to Judicial Holdings Pty Ltd, a company of which Mr Trench is a shareholder and beneficiary. The amount recognised as an expense during the year was $35,478 (2015: 11,826). The amount outstanding and included in the trade and other payables liability at year end is $2,956 (2015:$2,956).

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

	2016 Number outstanding	2015 Number outstanding
Unissued ordinary shares for which options are outstanding:		
Exercise price of $0.0485 expiring 31/12/2017	7,000,000	7,000,000
Unissued ordinary shares for which rights are outstanding:		
Exercise price of nil expiring 25/11/16	-	37,500
Exercise price of nil expiring 25/11/17	62,500	125,000
Exercise price of nil expiring 04/12/17	500,000	1,000,000
	562,500	1,162,500

Refer to Note 20 for further details of the Incentive Option Scheme and Performance Rights Plan.

22. AUDITORS REMUNERATION

	2016 $	2015 $
Amounts paid to Ernst & Young for audit and review of financial reports	43,200	47,380

23. PARENT ENTITY INFORMATION

The individual financial statements for the parent entity show the following aggregate amounts:

	2016 $	2015 $
Current assets	5,806,219	3,780,088
Non-current assets	17,421,124	24,631,220
Total assets	23,227,343	28,411,308
Current liabilities	(643,880)	(773,220)
Non-current liabilities	(319,869)	(420,964)
Total liabilities	(963,749)	(1,194,184)
Net assets	22,263,594	27,217,124
Contributed equity	44,055,755	43,986,502
Other reserves	2,645,705	3,572,633
Accumulated losses	(24,437,866)	(20,342,011)
Total equity	22,263,594	27,217,124
Loss for the year	(4,095,855)	(837,620)
Total comprehensive income/(loss) for the year	(4,975,895)	42,420

The parent entity had no contingent liabilities as at 30 June 2016 and 30 June 2015.

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2016 and 30 June 2015.

24. FINANCIAL RISK MANAGEMENT

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

The main purpose of these financial instruments is to fund the consolidated entity’s operations.

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

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

		2016 $	2015 $
24. FINANCIAL RISK MANAGEMENT (continued)			
Financial assets			
Cash and cash equivalents	6	5,229,039	3,250,541
Trade and other receivables	7	577,181	529,547
Other financial assets (environmental security bonds)	8	1,028,328	831,180
Available-for-sale financial assets	8	-	2,880,040
Total financial assets		6,834,548	7,491,308
Financial liabilities			
Trade and other payables:			
- 6 months or less	11	429,684	728,243
Total financial liabilities		429,684	728,243

Available-for-sale financial assets are measured at quoted market prices at the relevant reporting date. The carrying amounts of all other financial assets and liabilities approximate their fair value due to their short term nature.

Credit risk

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

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

Liquidity risk

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

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

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

Equity risk

The consolidated entity's investment in the listed equity security that is classified as an available-for-sale financial asset is susceptible to market price risk arising from uncertainties about future values of the investment securities. There was no exposure to this risk at reporting date since the listed equity securities were disposed of during the financial year.

Impact on equity to:		
50% increase in equity price	-	1,440,020
50% decrease in equity price*	-	(1,440,020)

** If a significant or prolonged period of decline impact is on profit and loss*

		2016 $	2015 $

Interest rate risk

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

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

Cash and cash equivalents	6	5,229,039	3,250,541
Other financial assets (environmental security bank deposits)	8(a)	751,065	831,180
		5,980,104	4,081,721

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

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

Impact on loss after tax to:		
1.0% increase in interest rates (reduce loss)	55,158	45,978
1.0% decrease in interest rates (increase loss)	(55,158)	(45,978)

Capital management risk

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

The capital structure of the Company consists of cash and cash equivalents and equity, comprising issued capital, reserves and accumulated losses as disclosed in Notes 13, 14 and 15 respectively. Capital management predominantly takes the form of managing of the Company's cash reserves, taking into account forecast operating and capital expenditure requirements of the consolidated entity.

The Company had no long-term debt at 30 June 2016.

During 2015 and 2016 the Company has maintained the capital base through a clear cash management strategy and when required the issue of equity instruments.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

25. EVENTS SUBSEQUENT TO REPORTING DATE

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

DIRECTORS' DECLARATION

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

(1) In the opinion of the directors:

(a) the financial statements and notes of Emmerson Resources Limited for the financial year ended 30 June 2016 are in accordance with the *Corporations Act 2001*, including:

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

(ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.

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

(2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2016.

On behalf of the Board

Rob Bills
Managing Director & Chief Executive Officer

23 September 2016

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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

As lead auditor for the audit of Emmerson Resources Limited for the financial year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b. no contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

V L Hoang
Partner
23 September 2016

MH:VH:EMMERSON:013

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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

Report on the financial report

We have audited the accompanying financial report of Emmerson Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, 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 judgment, 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 controls relevant to the entity's preparation and fair presentation of the financial report 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 controls. 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*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Building a better working world

Opinion

In our opinion:

a. the financial report of Emmerson Resources Limited 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;

   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 2.

Report on the remuneration report

We have audited the Remuneration Report included in 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 conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Emmerson Resources Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

V L Hoang
Partner
Perth
23 September 2016

TENEMENT SCHEDULE

All tenements below are held in Northern Territory, Australia

Tenement	Name	Interest	Tenement	Name	Interest	Tenement	Name	Interest
EL10114	McDougall	100%	ELA7809	Mt Samuel	100%	HLDC91	Wiso Basin	100%
EL10124	Speedway	100%	HLDC100	Sally No Name	100%	HLDC92	Wiso Basin	100%
EL10313	Kodiak	100%	HLDC101	Sally No Name	100%	HLDC93	Wiso Basin	100%
EL10406	Montana	100%	HLDC37	Warrego, No 1	100%	HLDC94	Warrego, No.4	100%
EL23285	Corridor 2	100%	HLDC39	Warrego Min,	100%	HLDC95	Warrego, No.3	100%
EL23286	Corridor 3	100%	HLDC40	Warrego, No 2	100%	HLDC96	Wiso Basin	100%
EL23905	Jackie	100%	HLDC41	Warrego, No 3	100%	HLDC97	Wiso Basin	100%
EL26594	Bills	100%	HLDC42	Warrego, S7	100%	HLDC98	Wiso Basin	100%
EL26595	Russell	100%	HLDC43	Warrego , S8	100%	HLDC99	Wiso, No.3 pipe	100%
EL26787	Rising Ridge	100%	HLDC44	Warrego, No.2	100%	MA23236	Udall Road	100%
EL27011	Snappy Gum	100%	HLDC45	Warrego, No.1	100%	MA27163	Eagle	100%
EL27136	Reservoir	100%	HLDC46	Warrego, No.1	100%	MA30798	Little Ben	100%
EL27164	Hawk	100%	HLDC47	Wiso Basin	100%	MCC174	Mt Samuel	100%
EL27408	Grizzly	100%	HLDC48	Wiso Basin	100%	MCC203	Galway	100%
EL27537	Chappell	100%	HLDC49	Wiso Basin	100%	MCC211	Shamrock	100%
EL27538	Mercury	100%	HLDC50	Wiso Basin	100%	MCC212	Mt Samuel	85%
EL28601	Malbec	100%	HLDC51	Wiso Basin	100%	MCC239	West Peko	100%
EL28602	Red Bluff	100%	HLDC52	Wiso Basin	100%	MCC240	West Peko	100%
EL28603	White Devil	100%	HLDC53	Wiso Basin	100%	MCC287	Mt Samuel	100%
EL28618	Comstock	100%	HLDC54	Wiso Basin	100%	MCC288	Mt Samuel	100%
EL28760	Delta	100%	HLDC55	Warrego, No.4	100%	MCC308	Mt Samuel	85%
EL28761	Quartz Hill	100%	HLDC56	Warrego, No.5	100%	MCC316	The Trump	100%
EL28775	Trinity	100%	HLDC58	Wiso Line, No.6	100%	MCC317	The Trump	100%
EL28776	Whippet	100%	HLDC59	Warrego, No.6	100%	MCC334	Estralita Group	100%
EL28777	Bishops Creek	100%	HLDC69	Wiso Basin	100%	MCC340	The Trump	100%
EL28913	Amstel	100%	HLDC70	Wiso Basin	100%	MCC341	The Trump	100%
EL29012	Tetley	100%	HLDC71	Wiso Basin	100%	MCC344	Mt Samuel	100%
EL29488	Rocky	100%	HLDC72	Wiso Basin	100%	MCC364	Estralita	100%
EL30167	Dolomite	100%	HLDC73	Wiso Basin	100%	MCC365	Estralita	100%
EL30168	Caroline	100%	HLDC74	Wiso Basin	100%	MCC366	Estralita	100%
EL30301	Grey Bluff East	100%	HLDC75	Wiso Basin	100%	MCC524	Gibbet	100%
EL30488	Colombard	100%	HLDC76	Wiso Basin	100%	MCC55	Mondeuse	100%
EL30584	Juno North	100%	HLDC77	Wiso Basin	100%	MCC56	Shiraz	100%
EL30614	Franc	100%	HLDC78	Wiso Basin	100%	MCC57	Mondeuse	100%
EL30748	Battery Hill	100%	HLDC79	Wiso Basin	100%	MCC66	Golden Forty	100%
EL31249	Prosperity	100%	HLDC80	Wiso Basin	100%	MCC67	Golden Forty	100%
EL9403	Jess	100%	HLDC81	Wiso Basin	100%	MCC9	Eldorado	100%
EL9958	Running Bear	100%	HLDC82	Wiso Basin	100%	MCC925	Brolga	100%
ELA27539	Telegraph	100%	HLDC83	Wiso Basin	100%	MCC926	Brolga	100%
ELA27902	Lynx	100%	HLDC84	Wiso Basin	100%	ML22284	Billy Boy	100%
ELA30123	Mosquito Creek	100%	HLDC85	Wiso Basin	100%	ML23216	Chariot	100%
ELA30505	Golden East	100%	HLDC86	Wiso Basin	100%	ML23969	GeckoHeadframe	100%
ELA30516	Barkly Highway	100%	HLDC87	Wiso Basin	100%	ML29917	Havelock	100%
ELA30746	Mule	100%	HLDC88	Wiso Basin	100%	ML29919	Orlando	100%
ELA30747	Power of Wealth	100%	HLDC89	Wiso Basin	100%	ML30096	Malbec	100%
ELA30749	Mary Anne	100%	HLDC90	Wiso Basin	100%	ML30176	Queen of Sheba	100%

TENEMENT SCHEDULE

All tenements below are held in Northern Territory, Australia

Tenement	Name	Interest	Tenement	Name	Interest	Tenement	Name	Interest
ML30177	North Star	100%	ML31074	Rocky Range	100%	MLC176	Chariot	100%
ML30322	Verdot	100%	ML31075	Franc	100%	MLC177	Chariot	100%
ML30322	Verdot	100%	ML31076	Jubilee	100%	MLC18	West Gibbet	100%
ML30620	Kia Ora	100%	ML31123	Gibbet1	100%	MLC182	Riesling	100%
ML30623	Pinnacles South	100%	MLA29526	Blue Moon	100%	MLC183	Riesling	100%
ML30636	Jacqueline the	100%	MLA29527	Wiso	100%	MLC184	Riesling	100%
ML30712	Battery Hill	100%	MLA29528	Wiso	100%	MLC204	Argo West	100%
ML30713	The Pup	100%	MLA29529	Wiso	100%	MLC205	Argo West	100%
ML30714	Pedro	100%	MLA29530	Wiso	100%	MLC206	Argo West	100%
ML30715	Red Bluff North	100%	MLA29531	Wiso	100%	MLC207	Argo West	100%
ML30716	Comstock	100%	MLA29532	Wiso	100%	MLC208	Argo West	100%
ML30742	Black Cat	100%	MLC120	Cabernet / Nav 7	100%	MLC209	Argo West	100%
ML30743	True Blue	100%	MLC121	Cabernet / Nav 7	100%	MLC21	Gecko	100%
ML30744	Scheurber	100%	MLC122	Cabernet / Nav 7	100%	MLC217	Perserverance	30%
ML30745	Bomber	100%	MLC123	Cabernet / Nav 7	100%	MLC218	Perserverance	30%
ML30781	Smelter	100%	MLC127	Peko East Ext 4	100%	MLC219	Perserverance	30%
ML30782	Dark	100%	MLC129	Peko Sth- East	100%	MLC220	Perserverance	30%
ML30783	Semillon	100%	MLC130	Golden Forty	100%	MLC221	Perserverance	30%
ML30784	Noir	100%	MLC131	Golden Forty	100%	MLC222	Perserverance	30%
ML30815	Blue Moon	100%	MLC132	Golden Forty	100%	MLC223	Perserverance	30%
ML30864	Verdelho	100%	MLC133	Golden Forty	100%	MLC224	Perserverance	30%
ML30865	Dong Dui	100%	MLC134	Golden Forty	100%	MLC253	Mulga 1	100%
ML30867	Thurgau	100%	MLC135	Golden Forty	100%	MLC254	Mulga 1	100%
ML30870	Rising Star	100%	MLC136	Golden Forty	100%	MLC255	Mulga 1	100%
ML30871	Colombard	100%	MLC137	Golden Forty	100%	MLC256	Mulga 2	100%
ML30872	The Extension	100%	MLC138	Golden Forty	100%	MLC257	Mulga 2	100%
ML30873	Pinot	100%	MLC139	Golden Forty	100%	MLC258	Mulga 2	100%
ML30874	Merlot	100%	MLC140	Golden Forty	100%	MLC259	Mulga 2	100%
ML30875	Grenache	100%	MLC141	Golden Forty	100%	MLC260	Mulga 2	100%
ML30885	Zinfandel	100%	MLC142	Golden Forty	100%	MLC261	Mulga 2	100%
ML30886	EXP212	100%	MLC143	Golden Forty	100%	MLC32	Golden Forty	100%
ML30888	Warrego	100%	MLC144	Golden Forty	100%	MLC323	Gecko	100%
ML30893	Troy	100%	MLC146	Golden Forty	100%	MLC324	Gecko	100%
ML30909	Archimedes	100%	MLC147	Golden Forty	100%	MLC325	Gecko	100%
ML30910	Marsanne	100%	MLC148	Golden Forty	100%	MLC326	Gecko	100%
ML30911	Wolseley	100%	MLC149	Golden Forty	100%	MLC327	Gecko	100%
ML30912	Ivanhoe	100%	MLC15	Eldorado 4	100%	MLC342	Tinto	100%
ML30937	Gris	100%	MLC158	Warrego gravel	100%	MLC343	Rocky Range	100%
ML30938	EXP195	100%	MLC159	Warrego gravel	100%	MLC344	Rocky Range	100%
ML30945	Metallic Hill	100%	MLC16	Eldorado 5	100%	MLC345	Rocky Range	100%
ML30946	Sauvignon	100%	MLC160	Warrego gravel	100%	MLC346	Rocky Range	100%
ML30947	Warrego East	100%	MLC161	Warrego gravel	100%	MLC347	Golden Forty	100%
ML31021	Gecko 3	100%	MLC162	Warrego gravel	100%	MLC348	Brolga	100%
ML31023	Gecko 1	100%	MLC163	Warrego gravel	100%	MLC349	Brolga	100%
ML31055	EXP 80	100%	MLC164	Warrego gravel	100%	MLC35	Golden Forty	100%
ML31057	Durif	100%	MLC165	Warrego gravel	100%	MLC350	Brolga	100%

TENEMENT SCHEDULE

All tenements below are held in Northern Territory, Australia

Tenement	Name	Interest	Tenement	Name	Interest	Tenement	Name	Interest
MLC351	Brolga	100%	MLC501	Eldorado	100%	MLC602	TC8 Lease	100%
MLC352	Golden Forty	100%	MLC502	Eldorado	100%	MLC603	TC8 Lease	100%
MLC353	Golden Forty	100%	MLC503	Eldorado	100%	MLC604	TC8 Lease	100%
MLC354	Golden Forty	100%	MLC504	Eldorado	100%	MLC605	TC8 Lease	100%
MLC355	Golden Forty	100%	MLC505	Eldorado	100%	MLC606	Lone Star	100%
MLC36	Golden Forty	100%	MLC506	Marion Ross	100%	MLC607	Lone Star	100%
MLC362	Lone Star	100%	MLC51	Eldorado Anom	100%	MLC608	Lone Star	100%
MLC363	Lone Star	100%	MLC518	Ellen, Eldorado	100%	MLC609	Lone Star	100%
MLC364	Lone Star	100%	MLC52	Muscadel	100%	MLC610	Lone Star	100%
MLC365	Lone Star	100%	MLC520	Great Northern	100%	MLC611	Lone Star	100%
MLC366	Lone Star	100%	MLC522	Aga Khan	100%	MLC612	Lone Star	100%
MLC367	Lone Star	100%	MLC523	Eldorado	100%	MLC613	Lone Star	100%
MLC368	Lone Star	100%	MLC524	Susan	100%	MLC614	Lone Star	100%
MLC369	Lone Star	100%	MLC527	Mt Samual	100%	MLC615	Lone Star	100%
MLC37	Golden Forty	100%	MLC528	Dingo, Eldorado	100%	MLC616	Lone Star	100%
MLC370	Lone Star	100%	MLC529	Cats Whiskers	100%	MLC617	Mt Samuel	50%
MLC371	Lone Star	100%	MLC53	Golden Forty	100%	MLC619	True Blue	85%
MLC372	Lone Star	100%	MLC530	Lone Star	100%	MLC626	Caroline	100%
MLC373	Lone Star	100%	MLC535	Eldorado No 5	100%	MLC644	Enterprise	100%
MLC374	Lone Star	100%	MLC54	Golden Forty	100%	MLC645	Estralita	100%
MLC375	Lone Star	100%	MLC546	The Mount	100%	MLC654	TC8 Lease	100%
MLC376	Mulga 1	100%	MLC55	Golden Forty	100%	MLC66	Traminer	100%
MLC377	Mulga 1	100%	MLC554	White Devil	100%	MLC675	Black Angel	100%
MLC378	Mulga 1	100%	MLC557	White Devil	100%	MLC676	Black Angel	100%
MLC379	Mulga 1	100%	MLC558	New Hope	100%	MLC683	Eldorado	100%
MLC38	Memsahib East	100%	MLC559	White Devil	100%	MLC69	Gecko	100%
MLC380	Mulga 1	100%	MLC56	Golden Forty	100%	MLC692	Warrego Mine	100%
MLC381	Mulga 1	100%	MLC560	White Devil	100%	MLC70	Gecko	100%
MLC382	Mulga 1	100%	MLC57	Perserverence	30%	MLC700	White Devil	100%
MLC383	Mulga 1	100%	MLC576	Golden Forty	100%	MLC702	-	100%
MLC384	Mulga 2	100%	MLC577	Golden Forty	100%	MLC705	Apollo 1	100%
MLC385	Mulga 2	100%	MLC581	Eldorado ABC	100%	MLC78	Gecko	100%
MLC386	Mulga 2	100%	MLC582	Eldorado ABC	100%	MLC85	Gecko	100%
MLC387	Mulga 2	100%	MLC583	Eldorado ABC	100%	MLC86	Gecko	100%
MLC4	Peko Extended	100%	MLC584	Golden Forty	100%	MLC87	Gecko	100%
MLC406	Comet	100%	MLC585	Golden Forty	100%	MLC88	Gecko	100%
MLC407	Comet	100%	MLC586	Golden Forty	100%	MLC89	Gecko	100%
MLC408	Comet	100%	MLC591	TC8 Lease	100%	MLC90	Gecko	100%
MLC409	Comet	100%	MLC592	TC8 Lease	100%	MLC91	Carraman/Klond	100%
MLC432	Mulga 1	100%	MLC593	TC8 Lease	100%	MLC92	Carraman/Klond	100%
MLC48	Tinto	100%	MLC594	TC8 Lease	100%	MLC93	Carraman/Klond	100%
MLC49	Mt Samual	100%	MLC595	TC8 Lease	100%	MLC94	Carraman/Klond	100%
MLC498	Eldorado	100%	MLC596	TC8 Lease	100%	MLC95	Carraman/Klond	100%
MLC499	Eldorado	100%	MLC597	TC8 Lease	100%	MLC96	Osprey	100%
MLC5	Peko Extended	100%	MLC598	Golden Forty	100%	MLC97	Osprey	100%
MLC50	Eldorado Anom	100%	MLC599	Mt Samuel	85%	MLCA708	-	100%
MLC500	Eldorado	100%	MLC601	TC8 Lease	100%			

TENEMENT SCHEDULE

All tenements below are held in New South Wales, Australia

Tenement	Name	Interest
ELA5252	Wellington	90%
ELA5253	Fifield	90%
ELA5255	Temora	90%
ELA5256	Parkes	90%

emmerson
resources