EMU NL
ANNUAL REPORT
YEAR ENDED 30 JUNE 2021

CORPORATE INFORMATION

Emu NL

ABN 50 127 291 927

Directors
Peter Thomas (Non-Executive Chairman)
Gavin Rutherford (Non-Executive Director)
Terence Streeter (Non-Executive Director)
Tim Staermose (Non-Executive Director)

Company Secretary
Damien Kelly

Registered Office
C/- Elderton Audit Pty Ltd
Level 2, 267 St George's Terrace
PERTH WA 6000

Principal Place of Business
10 Walker Avenue
WEST PERTH WA 6005
Telephone: +61 8 9226 4266

Postal Address
PO Box 1112
WEST PERTH WA 6872

Share Register
Automic Group
Level 2, 267 St George's Terrace
PERTH WA 6000
GPO Box 5193
SYDNEY NSW 2001
Telephone: +61 2 8072 1400 or 1300 288 664

Auditors
Elderton Audit Pty Ltd
Level 2, 267 St George's Terrace
PERTH WA 6000

Email
info@emunl.com.au

Internet Address
www.emunl.com.au

Stock Exchange Listing
Emu NL is listed on the Australian Securities Exchange (**ASX codes: EMU and EMUCA**).

CONTENTS

ACTIVITIES

Emu NL (ASX:EMU) embarked on a transformational resetting of focus during the year following its decision to finalise and exit its Elevado Project in the Atacama Region in Northern Chile. The decision proved to be fortuitous for the Company in the wake of the completion of comprehensive testing of geochemical targets at Elevado combined with a marked increase in sovereign risk on the political front in Chile and the emerging global COVID19 pandemic. The efforts made in project generation activities during FY2020 culminated in EMU securing 4 highly prospective exploration projects within its home base jurisdiction of Western Australia. The success in securing these precious and base metals projects was achieved through a clear strategy to minimise the effects of travel restrictions and project access during the pandemic, hence the direct targeting of new projects within EMU's backyard.

In late September EMU announced it had secured the Gnows Nest Project which included an historic high-grade gold mine near Yalgoo, 450kms north of Perth in Western Australia. The project represented a near-term production opportunity with an initial gold resource centred around the mine area. The surrounding project area continues to be highly prospective. EMU extended the lease areas in November with the acquisition of 4 Prospecting Licences which included the Monte Cristo historic workings area. An additional Exploration Licence was applied for and granted to the west and an additional Prospecting License purchased, which combined, strategically consolidated EMU's tenement package over the area. The project encompasses approximately 10km of gold prospective greenstone belt contact. The contact is marked by many historic mine workings.

In September, EMU updated the market with the acquisition of 3 highly prospective exploration projects located in the Southwest Terrane of the Yilgarn Craton each within a 400km radius of Perth. The projects comprise Viper Project (which hosts the historic Netty Copper mine workings) near Jerramungup, Graceland Project located near Hyden and Sunfire Project near Bridgetown, Western Australia. The projects provide EMU with the opportunity to explore for gold, nickel, copper and PGE deposits. EMU applied for, and was granted, additional Exploration Licences surrounding both the Viper and Graceland Projects.

EMU commenced work immediately following the acquisitions and, in January 2021, initiated its maiden drilling programme at Gnows Nest. The 10,932m Reverse Circulation (RC) programme focussed on the Gnows Nest Gold Mine and the Monte Cristo Prospect areas. Assay results from the RC drilling were highly encouraging with numerous high-grade incepts from both areas. In addition to the drill programme, EMU conducted Gradient Array and Induced Polarisation Geophysical surveys over the south-eastern portion of the leases centred on the historic Gnows Nest Mine and extension zones. This work identified further areas of interest for follow up.

The maiden drilling programme produced numerous significant intercepts which were announced to the market on 22 February 2021 via the ASX "EMU's Maiden Drilling Programme Confirms High Grade Gold".

Gnows Nest Prospect

- **4m at 20.40g/t gold** from 51m including;
  - **1m at 57.41g/t gold** from 52m and
  - **1m at 16.86g/t gold** from 54m
- **4m at 18.32g/t gold** from 95m including;
  - **1m at 17.53g/t gold** from 95m; and
  - **1m at 51.66g/t gold** from 96m
- **3m at 42.18g/t gold** from 77m including;
  - **1m at 89.57g/t gold** from 78m; and
  - **1m at 32.64g/t gold** from 79m
- **2m at 26.88g/t gold** from 60m including:
  - **1m at 53.05g/t gold** from 60m
- **6m at 6.42g/t gold** from 116m including;

    - **1m at 30.19g/t gold** from 118m; and
- **1m at 47.12g/t gold** from 63m

Monte Cristo Prospect

- **3m at 13.35g/t gold** from 67m including;
    - **1m at 19.90g/t gold** from 68m
- **6m at 6.51g/t gold** from 120m including;
    - **1m at 22.77g/t gold** from 121
- **4m at 3.29g/t gold** from 120m including;
    - **1m at 5.97g/t gold** from 121m

The results confirmed the distribution of high-grade gold in 2 steeply plunging ore shoots within the Gnows Nest north-south shear zone trending both north and south along strike relative to the historical Gnows Nest mine workings. A follow up drill programme was proposed to test these shoots at depth. At Monte Cristo the drilling programme successfully delineated a structurally controlled gold mineralised system with two offset parallel gold lodes which remains open along strike and at depth. A follow up RC drill programme was proposed for Monte Cristo extensions.

EMU completed a geochemistry auger drilling at its 8 Mile Dam near Menzies, Western Australia. This project was secured in the previous period on the premise that remnant or digested greenstone belts remain untested over what is a predominantly granite-granodiorite terrane with much of the target areas remaining under cover. The auger drilling programme was commissioned to drill through the colluvial and eluvial cover units and sample insitu geology over the interpreted target units. The programme was successful in penetrating through the cover units and delineating multi-element assay signatures from the mafic-ultramafic host units. A follow-up infill auger programme is planned to provide improved geochemistry over the priority targets leading to drill testing.

A geochemistry auger sampling programme was also completed at the Viper Project near Jerramungup. The programme identified 2 parallel non-magnetic mafic dykes, one in which the historic Netty Copper mine is located. The dykes were both highlighted in the multi-element geochemistry for copper and nickel and require follow up work. EMU advised the market of its intension to launch a moving loop EM (electromagnetics) survey over the projected extensions of the mafic dykes. In addition to the auger drilling programme, EMU sampled surface rock chips from numerous rocks containing copper oxide mineralisation in an area near the historic mine. An area of gold anomalism was identified on the eastern portion of the soil grid which requires follow-up investigations.

EMU completed a geochemistry auger sampling programme at its Graceland project targeting the previously untested discrete aeromagnetic (mafic) anomaly within the surrounding granitic terrane. This work highlighted a significant multi-element geochemical target located on the southern mafic-granite contact and surrounding fringe areas. The entire target area is located under shallow cover and requires follow up.

EMU completed a review of the historic work completed at the Sunfire project. This work included a review of the historic surface sampling and drilling data which confirmed the high prospectivity of the asset and identified 6 nickel-copper target zones for immediate follow-up exploration. The Sunfire Project lies adjacent to the Thor massive sulphide discovery which is currently being explored by Chalice Gold Mines in a JV with Venture Minerals.

RC Drilling at Gnows Nest February 2021

COMPETENT PERSON'S STATEMENT

Any details contained herein that pertain to exploration results, mineral resources or mineral reserves are based upon information compiled by Mr Francisco Montes, Senior Geologist and Exploration Manager, of Emu NL. Mr Montes is a Member of the Australasian Institute of Geoscientists and has sufficient experience in the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Montes consents to the inclusion herein of the matters based upon his information in the form and context in which it appears.

CORPORATE

Board Changes

There have been no board changes during this reporting period.

Capital Raising activities

During the year, the Company conducted the following capital raisings:

1. On 7 October 2020 - 35,500,000 fully paid ordinary shares placed at $0.03 each, raising $1,065,000 before costs; and
2. On 23 February 2021 - 77,251,906 fully paid ordinary shares placed at $0.042 each and having a free attaching entitlement of 1 option for every two shares subscribed, raising $3,244,580 before costs.

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Emu NL and the entities it controlled at the end of, or during, the year ended 30 June 2021.

DIRECTORS

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

Names, qualifications, experience and special responsibilities

Peter Thomas, (Non-Executive Chairman)

Coming from a legal background specialising in resources and corporate, Mr Thomas is a professional corporate director with commercial acumen and business expertise. For over 30 years, before retiring from legal practice, he specialised in the delivery of wide ranging legal, coprorate and commercial advice to listed explorers and miners.

For nearly 40 years he has served on the boards of various listed companies including being the founding chairman of both copper producer Sandfire Resources NL (2004) and mineral sands producer Image Resources NL. Current ASX listed company board positions include being a non-executive director of Image Resources NL (since 19 April 2002) and non-executive chair of Middle Island Resources Limited (since 2 March 2010).

Gavin Rutherford, (Non-Executive Director)

Mr Rutherford has a passion for mineral exploration and development. Apart from EMU NL, he holds 2 other directorships (respectively Chair and MD) in public-unlisted companies. One of them is R&D focused with its breakthrough technology in mineral, soils, and tissue sampling using NIR and XRF technology. Mr Rutherford has a strong history in agribusiness on both domestic and international stages.

Terence Streeter, (Non-Executive Director)

Mr Streeter has extensive experience in funding, listing and overseeing junior explorers in all exploration and economic cycles and has served in various roles in the nickel sulphide industry for over 30 years. He was a director of West Australian nickel explorer and miner, Jubilee Mines NL from 1993 to May 2004 and was a founding shareholder of Western Areas NL (ASX:WSA) in 1999, which went on to discover and develop two high-grade nickel sulphide mines in the Forrestania region of Western Australia. He served as a non-executive director of Western Areas NL from 1999, and non-executive chairman from 2007 to November 2013. He has also been the non-executive chairman of unlisted Fox Resources Ltd (since June 2005), served as a non-executive director of Midas Resources Ltd (from June 2001 to April 2013), non-executive chairman of Alto Metals Ltd (from December 2016 to 8 November 2018) and served as a non-executive director of Minera IRL (from April 2007 to 2011). In 2010, Mr Streeter founded Riverbank Resources Mineracao Ltda, a private company incorporated in Brazil which is engaged in the exploration and development of iron, titanium, vanadium, base metal and gold projects throughout Brazil. Riverbank is actively exploring 100% owned iron and iron-titanium-vanadium projects in north-eastern Brazil. He is also non-executive chairman of ASX listed Corazon Mining Limited (from 18 September 2019) and Moho Resources Limited (from 6 July 2018).

Tim Staermose, (Non-Executive Director)

Tim Staermose has 25 years of equity capital markets, and equity research experience. He has worked at international sell-side equity brokerage firms in South Korea, and Hong Kong, including Banque Indosuez, (now part of Credit Agricole), in the late 1990s and, Lehman Brothers in the early 2000s. Following his career in sell-side equity research, Tim worked as an independent researcher and stock-picker for a series of boutique investment research firms, including ones focussed specifically on natural resources, gold, and mining investments.

Tim is currently based in Tanzania, after starting African Lions Fund Ltd, an investment fund which invests in listed companies in sub-Saharan Africa frontier equity markets. Tim is CEO of the Investment Manager, ST Funds Management Limited. He also serves as Chief Investment Strategist for www.sovereignman.com, a leading online subscription-based publication with over 100,000 readers in more than 100 countries.

Tim has prior public company board experience in Australia with US Residential Limited, where he served as a Non-Executive Director from January to December 2017 and Copper Strike Limited where he was previously Chairman.

COMPANY SECRETARY

Damien Kelly

Mr Kelly is the founder and principal of Western Tiger Corporate Advisers. He has broad corporate and commercial experience spanning 20+ years, providing professional services to ASX and AIM listed companies predominately in the mining and energy sector.

He has an MBA, Bachelor of Commerce, a Graduate Diploma in Applied Finance and Investment and is a former officer in the armed services, having graduated from the Royal Military College, Duntroon. He is also a member of CPA Australia.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

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

	Ordinary Shares	Contributing Shares	Options over Contributing Shares
Peter Thomas	8,790,473	9,420,651	3,000,000
Gavin Rutherford	4,474,072	1,884,281	3,000,000
Terence Streeter	1,000,000	-	3,000,000
Tim Staermose	10,627,387	750,000	3,000,000
Total	**24,891,932**	**12,054,932**	**12,000,000**

PRINCIPAL ACTIVITIES

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

DIVIDENDS

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

OPERATING AND FINANCIAL REVIEW

Finance Review

During the year, total exploration expenditure incurred by the Group amounted to $4,854,732 (2020: $3,184,705). In line with the Group's accounting policies, all exploration and tenement acquisition expenditure is expensed as incurred. Other expenditure incurred, net of revenue, amounted to $1,033,700 (2020: $,548,982). This resulted in an operating loss after income tax for the year ended 30 June 2021 of $5,888,432 (2020: $3,733,687).

At 30 June 2021 cash assets available totalled $1,754,942, an increase of $93,982 from the beginning of the year. The net assets of the Group increased by $16,336 during the year to $1,611,299 at 30 June 2021. The Group's working capital increased during the year by $27,440 to $1,557,556 at 30 June 2021.

Summarised operating results are as follows:

	2021	
	Revenues	Net Loss
	$	$
Revenues and net loss for the year from ordinary activities before income tax expense	**52,719**	**5,888,432**

Shareholder Returns

	2021	2020
Basic and diluted loss per share (cents)	**(1.46)**	(1.32)

Risk Management

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

The board believes that it is crucial for all board members to be a part of this process, and, accordingly, all board members form, and discharge the obligations of the risk management committee.

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Since the reporting date, EMU announced on 23 August 2021 and 28 September 2021 that the Company had recommenced drilling at Gnows Nest Project, Yalgoo WA, targeting high grade gold extension.

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

In order to further its existing projects, the Group expects to undertake capital raisings. EMU's focus, in the coming year, will be on:

- exploring all its projects; and
- expanding the resource at and evaluating and pursuing the prospect of bringing its Gnows Nets project into production in the near term;

to accrete value to shareholders mindful of the impact of diluting equity capital and seeking to balance that against the Board's judgment regarding managing solvency risk. In addition, EMU reserves the right to pursue resource equity investments consistent with its published practise and objective in that regard.

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

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

REMUNERATION REPORT

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

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

Remuneration Policy

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

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

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

The directors and executives receive, where required by law, a superannuation guarantee contribution, which was 9.5% for the 2021 financial year but are not entitled to receive any other retirement benefits.

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

The board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities, albeit the directors are currently remunerated at or below the lower end of the market rate range; certainly in cash terms. The board determines payments to the non-executive directors and the policy is to effect reviews of remuneration annually, based on market practice, duties and accountability; all within the constraints of the fiscal wherewithall of the Company and an overarching objective to conserve cash and align the interests of the board with Shareholders. The maximum aggregate amount of fees that can be paid annually to non-executive directors is currently $250,000 which can only be increased with the approval of shareholders in General Meeting. Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in equity remuneration arrangements.

Company performance, shareholder wealth and key management personnel remuneration

There is no relationship between the financial performance of the Company for the current or previous financial year and the remuneration of the key management personnel. Remuneration is set having regard to market conditions and to encourage continued services of key management personnel whilst balancing those demands against the Company's financial wherewithal.

Use of remuneration consultants

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2021.

Details of Remuneration

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

The Key Management Personnel (KMP) of the Group include the directors as per page 7 above and CEO/general managers.

Key management personnel of the Group

	Short-Term		Post-Employment		Share-based Payments*	Total
	Salary and fees	Non-monetary	Super-annuation	Retirement benefits		
	$	$	$	$	$	$
Directors						
Peter Thomas						
2021	**103,840**	**-**	**4,180**	**-**	**-**	**108,020**
2020	44,000	-	4,180	-	7,200	55,380
Gavin Rutherford						
2021	**32,877**	**-**	**3,123**	**-**	**-**	**36,000**
2020	32,877	-	3,123	-	7,200	43,200
Terence Streeter						
2021	**36,000**	**-**	-	**-**	**-**	**36,000**
2020	36,000	-	-	-	7,200	43,200
Tim Staermose						
2021	**36,000**	**-**	-	**-**	**-**	**36,000**
2020	25,677	-	-	-	7,200	32,877
CEO/General Manager						
2021	**276,650**	**-**	**-**	**-**	**-**	**276,650**
2020	219,055	-	-	-	6,900	225,955

Total key management personnel compensation

2021	**485,367**	**-**	**7,303**	**-**	**-**	**492,670**
2020	357,609	-	7,303	-	35,700	400,612

*See 'Share based compensation' (Refer Note 22) and Note 1(o) Share-based payments: for observations regarding the ascribed (notional) values

Written Service agreements

The Company has one current service agreement in respect of CEO services which are provided by Astrial Pty Ltd. The services are provided on an as required basis at a turnkey daily rate of $1,100 plus GST (rate is inclusive of all other costs).

Share holdings

The relevant interest held during the financial year by each KMP is set out below. No shares were issued as compensation during the reporting period.

2021	**Balance at start of the period**	**Shares acquired during period**	**Other**	**Balance at end of the period**
Ordinary shares fully paid				
Peter Thomas	**7,782,967**	**1,007,506**	**-**	**8,790,473**
Gavin Rutherford	**3,466,566**	**1,007,506**	**-**	**4,474,072**
Terence Streeter	**-**	**1,000,000**	**-**	**1,000,000**
Tim Staermose	**10,627,387**	**-**	**-**	**10,627,387**
	21,876,920	**3,015,012**		**24,891,932**
Ordinary shares contributed to $0.03				
Peter Thomas	**9,420,651**	**-**	**-**	**9,420,651**
Gavin Rutherford	**1,884,281**	**-**	**-**	**1,884,281**
Terence Streeter	**-**	**-**	**-**	**-**
Tim Staermose	**750,000**	**-**	**-**	**750,000**
	12,054,932	**-**	**-**	**12,054,932**

Option holdings

The relevant interest* in options over ordinary shares in the Company held during the financial year by each director of Emu NL and other key management personnel of the Group is set out below (Note 1):

2021	**Balance at start of the year**	**Granted as compensati on**	**Lapsed / Expired**	**Other changes**	**Balance at end of the year**	**Vested and exercisable (Note 2)**	**Unvested**
Peter Thomas	**3,000,000**	**-**	**-**	**-**	**3,000,000**	**3,000,000**	**-**
Gavin Rutherford	**3,312,500**	**-**	**(312,500)**	**-**	**3,000,000**	**3,000,000**	**-**
Terence Streeter	**3,000,000**	**-**	**-**	**-**	**3,000,000**	**3,000,000**	**-**
Tim Staermose	**12,315,673**	**-**	**(9,315,673)**	**-**	**3,000,000**	**3,000,000**	**-**
CEO	**3,000,000**	**-**	**-**	**-**	**3,000,000**	**3,000,000**	**-**
	24,628,173	**-**	**(9,628,173)**	**-**	**15,000,000**	**15,000,000**	**-**

**Note 1: Using the expression "relevant interest" as if the options were the securities into which they can be converted. Each option on issue (or exercised) during the financial year entitles (or entitled) the holder to one*

contributing ordinary share in the capital of the Company if the option is exercised. All vested options are (or were) able to be exercised at any time until the expiry date. None of the options granted (except those granted to the CEO) were subject to any vesting or other performance conditions and no amount was paid or payable by the recipients in respect of the grant of the options.

Note 2: These options were able to be exercised at the end of the year under review.

Other equity-related KMP transactions

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

Loans to key management personnel

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

Other transactions with key management personnel

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to third parties unless otherwise stated. The Company has one current service agreement in respect of the CEO which is detailed above.

End of audited Remuneration Report

DIRECTORS' MEETINGS

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

	Directors Meetings	
	A*	**B****
Peter Thomas	8	8
Gavin Rutherford	8	8
Terence Streeter	8	8
Tim Staermose	8	8

Notes

*A – Number of meetings attended.

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

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

SHARES UNDER OPTION

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

Grant date	Expiry date	Exercise price (cents)	Number of options
23 February 2021	23 August 2021	15.0	38,125,953
Total number of options over fully paid shares outstanding at the date of this report			**38,125,953**

Grant date	Expiry date	Exercise price (cents)	Number of options
27 December 2019	21 December 2021	3.0	12,000,000
11 February 2020	21 December 2021	3.0	10,000,000
Total number of options over contributing shares outstanding at the date of this report			**22,000,000**

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

Other than as set out above or elsewhere in this annual report, no options have been granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

PERFORMANCE RIGHTS

ASX Waiver- Approval to issue securities

On 6 April 2021, the Company received shareholder approval for the issue of 10,000,000 shares (**Sunfire Shares**) in respect of the acquisition of the Sunfire Project tenement E 70/5507.

The following information is provided in accordance with waiver conditions granted by ASX on 20 November 2020 permitting the Company to issue the Sunfire Shares more than 3 months after the date of the shareholder approval being granted:

(a) No Sunfire Shares were issued during the reporting period;

(b) 10,000,000 Sunfire Shares remain, conditionally, to be issued; and

(c) the Sunfire Shares will be issued at completion of the acquisition of the Sunfire Project tenement, further described in item 1.2(c) of the explanatory statement of the Company's notice of general meeting dated 5 March 2021.

The waiver is conditional on (amongst other matters) the Sunfire Shares being issued by 6 April 2022 (12 months after shareholder approval being received).

INSURANCE OF DIRECTORS AND OFFICERS

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

The total amount of insurance contract premiums paid is $9,312 (2020: $8,565).

NON-AUDIT SERVICES

The directors are of the opinion that the services as disclosed in note 15 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Elderton Audit or associated entities received or are due to receive the following amounts for the provision of non-audit services:

	2021	2020
	$	$
Tax compliance services	**2,500**	2,500
Preparation of Independent Expert Report	**-**	10,000
Total remuneration for non-audit services	**2,500**	12,500

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16.

Signed in accordance with a resolution of the directors.

Signature of Peter Thomas noted as having been affixed with approval

Peter S Thomas

Non-Executive Chairman

Perth, 30 September 2021

ELDERTON
AUDIT PTY LTD

Auditor's Independence Declaration

To those charged with governance of Emu NL

As auditor for the audit of Emu NL for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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

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

Signature of Elderton Audit Pty Ltd noted as having been affixed with approval

Elderton Audit Pty Ltd

Signature of Nicholas Hollens noted as having been affixed with approval

Nicholas Hollens
Managing Director

30 September 2021

Perth

Limited liability by a scheme approved under Professional Standards Legislation
T +61 8 6324 2900 **E** info@eldertongroup.com **A** Level 2, 267 St Georges Terrace, Perth WA 6000
ABN 51 609 542 458 **W** www.eldertongroup.com

CORPORATE GOVERNANCE STATEMENT

Emu NL reviews its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2021 Corporate Governance Statement was approved by the board on 29 September 2021. A description of the Group's current corporate governance practices is set out in the Group's Corporate Governance Statement which can be viewed at www.emu.com.au.

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

E M U

YEAR ENDED 30 JUNE 2021	Notes	Consolidated	
		2021	2020
		$	$
REVENUE	4	**52,719**	301,786
EXPENDITURE			
Depreciation expense		**(25,714)**	(14,173)
Exploration expenses	6	**(4,854,732)**	(3,184,705)
Key management personnel compensation (Including KMP share-based payments – 2021 $Nil)	17	**(492,670)**	(400,612)
Other expenses		**(568,035)**	(419,883)
Share-based payments expense – Other	22	**-**	(16,100)
LOSS BEFORE INCOME TAX	5	**(5,888,432)**	(3,733,687)
INCOME TAX	6	**-**	-
LOSS AFTER INCOME TAX		**(5,888,432)**	(3,733,687)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or (loss)			
Changes in the fair value of financial assets		**(2,750)**	(15,773)
Other comprehensive income / (loss) for the year, net of tax		**(2,750)**	(15,773)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF EMU NL		**(5,891,182)**	(3,749,460)
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company (cents per share)	21	**(1.46)**	(1.32)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021

	Notes	Consolidated 2021 $	2020 $
CURRENT ASSETS			
Cash and cash equivalents	7	**1,754,942**	1,660,960
Trade and other receivables	8	**23,163**	-
TOTAL CURRENT ASSETS		**1,778,105**	1,660,960
NON-CURRENT ASSETS			
Financial assets	9	**7,250**	37,027
Plant, equipment, motor vehicle	10	**46,493**	27,820
TOTAL NON-CURRENT ASSETS		**53,743**	64,847
TOTAL ASSETS		**1,831,848**	1,725,807
CURRENT LIABILITIES			
Trade and other payables	11	**220,549**	130,844
TOTAL CURRENT LIABILITIES		**220,549**	130,844
TOTAL LIABILITIES		**220,549**	130,844
NET ASSETS		**1,611,299**	1,594,963
EQUITY			
Contributed equity	12	**29,019,152**	23,138,420
Reserves	13	**81,800**	55,014
Accumulated losses		**(27,489,653)**	(21,598,471)
TOTAL EQUITY		**1,611,299**	1,594,963

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2021

Consolidated	Notes	Contributed Equity $	Share-Based Payments Reserve $	Financial Asset Reserve $	Accumulated Losses $	Total $
BALANCE AT 1 JULY 2019		**18,133,713**	**54,000**	**(11,013)**	**(17,888,782)**	**287,918**
COMPREHENSIVE INCOME						
Loss for the year		-	-	-	(3,733,687)	(3,733,687)
Changes in the fair value of financial assets		-	-	(15,773)	-	(15,773)
TOTAL COMPREHENSIVE INCOME		-	-	(15,773)	(3,733,687)	(3,749,460))
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Issue of shares and options	12	5,266,446	-	-	-	5,266,446
Share and option issue costs	12	(261,739)	-	-	-	(261,739)
Reversal of unexercised expired options		-	(24,000)	-	24,000	-
KMP share-based payments		-	51,800	-	-	51,800
TOTAL TRANSACTIONS WITH OWNERS		5,004,707	27,800	-	24,000	5,056,507
BALANCE AT 30 JUNE 2020		**23,138,420**	**81,800**	**(26,786)**	**(21,598,471)**	**1,594,963**
BALANCE AT 1 JULY 2020		**23,138,420**	**81,800**	**(26,786)**	**(21,598,471)**	**1,594,963**
COMPREHENSIVE INCOME						
Loss for the year		-	-	-	(5,888,432)	(5,888,432)
Changes in the fair value of financial assets		-	-	(2,750)	-	(2,750)
TOTAL COMPREHENSIVE INCOME		-	-	(2,750)	(5,888,432)	(5,891,182)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Issue of shares and options	12	6,145,771	-	-	-	6,145,771
Share and option issue costs	12	(265,039)	-	-	-	(265,039)
Transfer on loss on sale and decrease in NMV of AFS asset		-	-	29,536	(2,750)	26,786
TOTAL TRANSACTIONS WITH OWNERS		5,880,732	-	-	(2,750)	5,907,518
BALANCE AT 30 JUNE 2021		**29,019,152**	**81,800**	-	**(27,489,653)**	**1,611,299**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2021

	Notes	Consolidated 2021 $	Consolidated 2020 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(911,564)**	(733,274)
Exploration expenditure on mining interests		**(1,640,097)**	(3,175,862)
Interest received		**3,304**	8,769
Government incentives		**49,415**	37,491
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	20	**(2,498,942)**	(3,862,876)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of available-for-sale assets		**44,999**	-
Purchase of available-for-sale assets		**(10,000)**	-
Payments for plant, equipment and motor vehicle		**(44,387)**	(10,601)
Payments for acquisition of new tenements		**(1,492,553)**	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(1,501,941)**	(10,601)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares and options		**4,444,788**	5,266,445
Payments of share and option issue transaction costs		**(265,039)**	(261,739)
NET CASH INFLOW FROM FINANCING ACTIVITIES		**4,179,749**	5,004,706
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**178,866**	1,131,229
Cash and cash equivalents at the beginning of the financial year		**1,660,960**	274,205
Effects of exchange rate changes on cash and cash equivalents		**(84,884)**	255,526
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	**1,754,942**	1,660,960

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. The financial statements are for the consolidated entity consisting of Emu NL and its subsidiaries. The financial statements are presented in the Australian currency. Emu NL is a no liability company, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 29 September 2021. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

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

Going concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss of $5,888,432 and had net operating cash outflows of $2,498,942. These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

The ability of the entity to continue as a going concern is dependent on securing additional capital raising activities to continue its operational and exploration activities.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

(i) Compliance with IFRS

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

(ii) Adoption of new and revised accounting standards

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

(iii) New standards and interpretations not yet adopted

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application date or future reporting periods. Non of these new standards have any application to the Company.

(iv) Historical cost convention and going concern basis

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

(b) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

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

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

(ii) Changes in ownership interests

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

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

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

(c) Segment reporting

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

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(iii) Group companies

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

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

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

(e) Revenue recognition

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

(f) Income tax

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

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

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

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

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

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

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

(g) Leases

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

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. Note that exploration and evaluation expenditures are expensed as incurred – see note 1(l).

(i) Cash and cash equivalents

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

(j) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss

On the basis of the two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets

A financial asset is subsequently measured at amortised cost when it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income when it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and

- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3 applies
- held for trading; or
- initially designated as at fair value through profit or loss

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship)

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for derecognition of a financial asset:

- the right to receive cash flows from the asset has been expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment of financial assets

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both. The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

For trade receivables, material expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The *r*isk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

For intercompany loans that are repayable on demand, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. If the subsidiary does not have sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, an expected credit loss is calculated. This is calculated based on the expected cash flows arising from the subsidiary, and weighted for probability likelihood variations in cash flows.

(k) Plant, equipment and motor vehicles

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

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

Depreciation of plant, equipment and motor vehicles are calculated using the prime cost method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant, equipment and motor vehicles, the shorter lease term. The rates of depreciation range from 20% to 50% per annum.

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

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

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

(l) Exploration and evaluation costs

Exploration and evaluation costs are expensed as incurred.

That the carrying value of uncapitalised mineral assets as a result of the operation of this policy is zero does not necessarily reflect the board's view as to the market value of those assets.

(m) Trade and other payables

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

(n) Employee benefits

Wages and salaries and annual leave

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

(o) Share-based payments

The Group may provide benefits to employees (including directors) of the Group, and to vendors and suppliers, in the form of equity-based payment transactions, whereby employees render services, or where vendors sell assets to the Group, in exchange for shares or rights over shares ('equity-settled transactions'), refer to note 22.

The cost of equity-settled transactions with employees is measured by reference to the "fair value", not market value. The "fair value" is determined in accordance with Australian Accounting Standards. The Directors do not consider the resultant value as determined in accordance with Australian Accounting Standards (such as by the application of the Black-Scholes European Option Pricing Model) represents market value. In the case of share options issued, in the absence of a reliable measure, AASB 2 *Share Based Payments* prescribes the approach to be taken to determining the fair value. Other models may be used.

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

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

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

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

(p) Issued capital

Ordinary shares are classified as equity.

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

(q) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(r) Goods and Services Tax (GST)

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

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

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Taxation

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

Environmental issues

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

Share-based payments

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

Whilst the Directors do not consider the result derived by the application of, say, the Black-Scholes European Option Pricing Model is in anyway representative of the market value of the share options issued, in the absence of reliable measure for the same, AASB 2 *Share Based Payments* prescribes the fair value be determined by applying a generally accepted valuation methodology. Other recognised models may be used.

2. FINANCIAL RISK MANAGEMENT

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

Risk management is carried out by a risk management committee comprised of the full board of Directors as the Group believes, given the circumstances of the Company, that it is crucial for all board members to be involved in this process. Therefore, all Directors have responsibility for identifying, assessing, treating and monitoring risks and reporting to the board on risk management.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from the United States Dollar (USD) and Chilean pesos (CLP) denominated bank accounts held by the Group..

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

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

	2021	2020
Cash and cash equivalents	**US$4,429**	US$799,899
Cash and cash equivalents	**CLP1,077,179**	CLP10,945,027

Sensitivity analysis

Based on the financial instruments held at 30 June 2021, had the Australian dollar weakened or strengthened by 10% against the USD and Chilean Peso (CLP) with all other variables held constant, the Group's post-tax loss would have been $976 lower or higher (2020: $107,909 lower or higher) as a result of foreign exchange gains/losses on translation of the USD and Chilean Peso denominated financial instruments. Other components of equity would not be materially impacted by the foreign exchange movements.

(ii) Price risk

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

The Group's equity investments are publicly traded on the ASX, as well as some unlisted securities (such as options over unissued shares), with the investments being made for strategic purposes identified by the board of Directors. The price risk is monitored by the board and evaluated in accordance with these strategic outcomes. The board does not currently intend on making any additional investments but reserves the right to do so.

Sensitivity analysis

At 30 June 2021, if the value of the available-for-sale equity instruments held had increased or decreased by 15% with all other variables held constant, post-tax loss for the Group would not have changed and equity would have been $1,087 higher or lower as a result of gains or losses on equity securities classified as financial assets (2020: $5,554 higher (or lower)).

(iii) Interest rate risk

The Group is exposed to movements in market interest rates on cash and cash equivalents. The Group's policy is to monitor the interest rate yield curve out to six months to seek a balance between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents for the Group $1,754,942 (2020: $1,660,960) is subject to interest rate risk. The weighted average interest rate received on cash and cash equivalents by the Group was minimal during the year.

Sensitivity analysis

At 30 June 2021, as interest rates are historically low, if interest rates had changed by -/+ 100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Group would have been insignificant (2020: Insignificantly lower or higher) as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

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

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

The Group credit risk management practices involve regular reporting to the board as to where funds are invested, the term of the investment and current interest yield.

(c) Liquidity risk

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

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

(d) Fair value measurements

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

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

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

3. SEGMENT INFORMATION

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

	Consolidated	
	2021	2020
	$	$
4. REVENUE		
From continuing operations		
Other revenue		
Interest from banks and financial institutions	**3,304**	8,769
FOREX Gains	-	255,526
Government COVID-19 incentives	**49,415**	37,491
	52,719	301,786
5. EXPENSES		
Loss before income tax includes the following specific expenses:		
Defined contribution superannuation expense	**27,930**	24,728
Minimum lease payments relating to operating leases	**59,408**	56,250
Foreign exchange losses	**84,884**	-
Exploration Expenses:		
Project exploration expenses	**1,617,824**	3,184,705
Acquisition of new tenement projects:		
Gnows Nest Project	**1,930,193**	-
Avenger Project	**1,119,355**	-
Other tenement areas	**187,360**	-
Total Exploration Expenses	**4,854,732**	3,184,705

	Consolidated 2021 $	2020 $
6. INCOME TAX		
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	**(5,888,432)**	(3,733,687)
Prima facie tax benefit at the Australian tax rate of 30%	**(1,766,530)**	(1,120,106)
Tax effect of amounts which are not assessable or deductible (taxable) in calculating taxable income:		
Non-assessable income	**(14,825)**	(87,905)
Non-deductible expenses	**22,103**	24,406
	(1,759,252)	(1,056,607)
Movements in unrecognised temporary differences	-	-
Tax effect of current year tax losses for which no deferred tax asset has been recognised	**1,759,252**	1,056,607
Income tax expense	-	-
(c) Unrecognised temporary differences		
Deferred Tax Assets (at 30%)		
On Income Tax Account		
Sundry items	**21,668**	19,755
Carry forward tax losses	**7,538,051**	5,759,044
	7,559,719	5,778,799
Deferred Tax Liabilities (at 30%)		
Sundry items	-	-

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised. The Group's ability to use losses in the future is subject to the Group satisfying the relevant tax authority's criteria for using these losses

7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2021 $	2020 $
Cash at bank and in hand	**59,739**	107,493
Short-term deposits	**1,695,203**	1,553,467
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	**1,754,942**	1,660,960

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

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

8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	2021 $	2020 $
Trade receivable and GST refundable	**23,163**	-
	23,163	-

	Consolidated	
	2021	2020
	$	$

9. NON-CURRENT ASSETS – FINANCIAL ASSETS

Equity securities in listed entities	**7,250**	37,027

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

10. NON-CURRENT ASSETS – PLANT, EQUIPMENT AND MOTOR VEHICLE

Plant, equipment and motor vehicle		
Cost	**119,741**	75,353
Accumulated depreciation	**(73,248)**	(47,533)
Net book amount	**46,493**	27,820
Plant, equipment and motor vehicle		
Opening net book amount	**27,820**	31,392
Additions	**44,387**	10,601
Disposals	**-**	-
Depreciation charge	**(25,714)**	(14,173)
Closing net book amount	**46,493**	27,820

11. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Trade payables	**72,041**	38,741
Other payables and accruals	**148,508**	92,103
	220,549	130,844

12. ISSUED CAPITAL

	Notes	2021 Number of securities	2021 $	2020 Number of securities	2020 $
(a) Share capital					
Ordinary shares:					
Fully paid	12(c), 12(f)	**456,514,484**	**27,565,996**	298,005,436	21,314,887
Contributing shares - paid to $0.03 with $0.03 to pay – no call to be made before 31 December 2023	12(c), 12(f)	**40,485,069**	**1,368,156**	33,725,496	1,165,369
Performance Rights	12(d)	**48,571,429**	**85,000**	-	-
Total ordinary share capital		**545,570,982**	**29,019,152**	331,730,932	22,480,256
(b) Other equity securities					
Options	12(e)	**60,125,953**	**-**	180,569,218	658,164
Total issued capital			**29,019,152**		23,138,420
(c) Movements in ordinary share capital					
Beginning of the financial year		**331,730,932**	**22,480,256**	191,741,437	18,133,713
Issued during the year:					
Partly paid, issued for cash at 3 cents per share upon exercise of options over partly-paid shares		**-**	**-**	56,672	1,133
Partly paid, issued for cash at 2 cents per share upon exercise of options over partly-paid shares		**6,759,573**	**202,787**	-	-
Placement fully paid shares		**-**	**-**	16,908,935	591,813
Placement of ordinary shares to Acuity Capital		**2,900,000**	**-**	8,300,000	-
Fully paid, issued for cash at 3.5 cents per share pursuant to fully underwritten non-renounceable rights issue		**-**	**-**	114,723,888	4,015,336
– Fully paid, issued for cash at 3.0 cents per share		**35,500,000**	**1,065,000**	-	-
– Fully paid, issued to acquire tenements areas at 2.2 cents per share		**20,000,000**	**976,000**	-	-
– Fully paid, issued for cash at 4.2 cents per share		**77,251,906**	**3,244,580**	-	-
– Fully paid, issued to acquire resource based tenement area at 2.8 cents per share		**22,857,142**	**640,000**	-	-
– Transfer of issue price on unexercised options lapsed 21 December 2020		**-**	**590,568**		
Transaction costs		**-**	**(265,039)**	-	(261,739)
End of the financial year		**496,999,553**	**28,934,152**	331,730,932	22,480,256
(d) Movements in Performance Rights					
Beginning of the financial year		**-**	**-**	-	-
Issued during the year:					
Ordinary shares issued as Performance Rights subject to terms and conditions being met before vesting		**48,571,429**	**85,000**	-	-
End of the financial year		**48,571,429**	**85,000**	-	-

(e) Movements in options on issue

Beginning of the financial year	**180,569,218**	**658,164**	50,355,000	-
Options to Acquire Fully Paid Shares:				
– Issued, exercisable at $0.20, expiring 15 January 2021	-	-	40,000,000	-
– Issued, exercisable at $0.20, expiring 15 January 2021	-	-	8,454,468	-
– Issued, expiring 15 January 2021 – Lapsed	**(84,355,000)**	-	-	-
– Issued, expiring 16 January 2021 – Lapsed	**(8,454,468)**	-	-	-
– Issued, exercisable at $0.15, expiring 23 August 2021	**38,125,953**	-	-	-
Options to Acquire Contributing Shares:				
– Issued to directors, exercisable at $0.03, expiring 28 February 2020				
– Issued, exercisable at $0.02, expiring 21 December 2020	-	-	65,816,422	658,164
– Exercised at $0.02 into Contributing Shares	**(6,759,573)**	**(67,596)**	(56,672)	-
– Issued, expiring 28 February 2020 - Lapsed	-	-	(6,000,000)	-
– Issued to directors and contractors/employees, exercisable at $0.03, expiring 21 December 2021	-	-	22,000,000	-
– Issued, expiring 21 December 2020 - Lapsed	**(59,000,177)**	**(590,568)**	-	-
End of the financial year	**60,125,953**	-	180,569,218	658,164
Totals		**29,019,152**		23,138,420

(f) Ordinary fully and contributing shares

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

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

Performance Rights are shares which have been issued in respect of the acquisition of the Gnows Nest project and will vest and convert into fully paid ordinary shares upon EMU announcing (in relation to the Gnows Nest project by 22 September 2025, either (i) a JORC Indicated Resource which includes at least 50,000oz Au grading >3.5g/t Au, or (ii) a JORC Reserve of at least 34,000oz Au (excluding the current resource inventory). The Performance Rights have been included at a discounted valuation which has been determined after taking into account all presently known factors which are likely to affect the probability that the rights may not vest and consequently will not convert into fully paid shares.

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

(g) Capital risk management

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

Debt and equity funding options are open to the Group. The working capital position of the Group at 30 June 2021 and 30 June 2020 are as follows:

	Consolidated	
	2021	2020
	$	$
Cash and cash equivalents	**1,754,942**	1,660,960
Trade and other receivables	**23,163**	-
Trade and other payables	**(220,549)**	(130,844)
Working capital position	**1,557,556**	1,530,116

	Consolidated 2021 $	Consolidated 2020 $
13. RESERVES		
(a) Reserves		
Financial assets	-	(26,786)
Share-based payments reserve	**81,800**	81,800
	81,800	55,014

(b) Nature and purpose of reserves

(i) Financial assets reserve

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

(ii) Share-based payments reserve

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

14. DIVIDENDS

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

15. REMUNERATION OF AUDITORS

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

	2021	2020
Audit and review of financial reports	**19,000**	19,123
Tax compliance services	**2,500**	2,500
Preparation of independent expert report	-	10,000
Total remuneration	**21,500**	31,623

16. CONTINGENCIES AND COMMITMENTS

The Group has a contingent asset, being a cause of action it contends arose against Territory Minerals Limited (ACN 121 200 299) and/or parties associated with it (including without limitation Ron Stanley and Ron Stanley & Associates) in or about June 2016 in relation to the lost opportunity, costs and expenses incurred and thrown away as a result of Ron Stanley & Associates repudiation of an agreement whereby EMU could, subject to various conditions, acquire an interest in certain exploration tenements held (or claimed to be held) by Territory Minerals Limited in Queensland.

In order to maintain current rights of tenure to exploration tenements held in Western Australia, the Group has certain obligations to perform minimum exploration on the tenements in which it has an interest. These obligations may in some circumstances be varied or deferred. Tenement rentals and minimum expenditure obligations may be varied or deferred on application and are expected to be met in the normal course of business and have not been provided for in the financial report. The minimum statutory expenditure commitments required to be spent on the granted tenements for the next twelve months amounts to $185,880 (2020: $26,000).

Other than as described above, there are no material contingent liabilities or contingent assets of the Group at the reporting date.

	Consolidated 2021 $	2020 $

17. RELATED PARTY and KEY MANAGEMENT PERSONNEL TRANSACTIONS

(a) Parent entity

The ultimate parent entity within the Group is Emu NL.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 18.

(c) Key management personnel compensation

	2021 $	2020 $
Short-term benefits	**485,367**	357,609
Post-employment benefits	**7,303**	7,303
Share-based payments	**-**	35,700
Total	**492,670**	400,612

Refer to the Remuneration Report contained in the Directors' Report for the details of the remuneration paid or payable and the share and option holdings in relation to each of the Group's KMP for the year ended 30 June 2021.

(d) Loans to related parties

Emu NL has unsecured, interest free loans with its wholly owned subsidiary, Emu Chile SpA, totalling $6,489,017 receivable at 30 June 2021 (2020: $6,488,034). This loan will be written off in full prior to deregistration of Emu Chile SpA being completed in Chile.

An impairment assessment is undertaken each financial year by the respective lender at that point in time to determine the ability of the borrower to repay the amount outstanding. When objective evidence of impairment exists, the lending entity is to recognise an allowance for the impairment loss.

(e) Transactions with other related parties

The Group is party to a Lease Agreement with Mr Peter Thomas, Chairman, whereby Mr Thomas has agreed to provide the Group with office accommodation for a fee of $4,250 per month, terminable at will by either party on one month's notice, which commenced on 1 January 2013 and was revised as to quantum from 1 October 2019. Rental and variable rental outgoings paid during the year totalled $57,000 (2020: $56,250), and there was $Nil (including GST) outstanding at the reporting date (2020: $1,650).

18. SUBSIDIARIES

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

Name	Country of Incorporation	Class of Shares	Equity Holding(1) 2021 %	Equity Holding(1) 2020 %
Emu Chile SpA – In process of being deregistered	Chile	Ordinary	**100**	100
Emu Blue Pty Ltd – Deregistered 29 July 2020	Australia	Ordinary	**100**	100
Emu Exploration Pty Ltd – Registered 10 August 2020	Australia	Ordinary	**100**	-
Emu Resources Pty Ltd – Registered 4 August 2020	Australia	Ordinary	**100**	-
Corsuscant Minerals Pty Ltd – Acquired 8 June 2021	Australia	Ordinary	**100**	-

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

19. SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Since the reporting date, EMU announced on 23 August 2021 and 28 September 2021 that the Company had recommenced drilling at Gnows Nest Project, Yalgoo WA, targeting high grade gold extension.

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

	Consolidated	
	2021	2020
	$	$

20. CASH FLOW INFORMATION

Reconciliation of net loss after income tax to net cash outflow from operating activities		
Net loss for the year	**(5,888,432)**	(3,733,687)
Non-Cash Items		
Depreciation of non-current assets	**25,714**	14,173
Share-based payments payments	**1,701,000**	51,800
Loss on sale of AFS assets	**18,813**	-
FOREX gains	**84,884**	(255,526)
Reclassification of payments to acquire new tenements	**1,492,553**	
Change in operating assets and liabilities		
Decrease (increase) in trade and other receivables	**(23,163)**	17,463
Decrease (increase) decrease in prepayments	**-**	3,720
(Decrease) increase in trade, other payables and accruals	**89,689**	39,181
Net cash outflow from operating activities	**(2,498,942)**	(3,862,876)

21. LOSS PER SHARE

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

Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	**(5,888,432)**	(3,733,687)

	Number of shares	
	2021	2020
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic	**404,293,695**	283,776,517

(c) Information on the classification of options

As the Group has made a loss for the year ended 30 June 2019, no options on issue have been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

Set out below are summaries of all options granted during the year:

	Consolidated			
	2021		2020	
	Number of options	**Weighted average exercise price cents**	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the financial year	**180,569,218**	**11.25**	50,355,000	17.97
Expired	**-**	**-**	(6,000,000)	(0.10)
Granted	**-**	**-**	22,000,000	0.12
Granted	**-**	**-**	40,000,000	4.43
Granted	**-**	**-**	65,759,750	0.18
Granted	**-**	**-**	8,454,468	0.09
Exercised	**(6,759,573)**	**2.00**	-	-
Expired	**(59,000,177)**	**2.00**	-	-
Expired	**(84,355,000)**	**20.00**	-	-
Expired	**(8,454,468)**	**20.00**	-	-
Granted	**38,125,953**	**15.00**	-	-
Outstanding at year-end	**60,125,953**	**10.24**	180,569,218	11.25
Exercisable at year-end	**60,125,953**	**10.24**	180,569,218	11.25

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 1.02 years (2020: 1.49 years), and the weighted average exercise price is 10.24 cents.

22. SHARE-BASED PAYMENTS

Options issued to employees

The Group may provide benefits to employees (including directors) and contractors of the Group in the form of share-based payment transactions, whereby, for instance, options to acquire ordinary shares may be issued as an incentive to improve employee and shareholder goal congruence. The exercise price of options to acquire a total of 22,000,000 partly-paid shares so issued during the year ended 30 June 2020 and outstanding at 30 June 2021 is 3 cents per option with an expiry date of 21 December 2021.

The options issued during the previous year were valued using the Black-Scholes European Option Pricing Model which is the form recommended under IFRS guidelines. Total expenses arising from share based payment transactions to employees recognised during the year ended 30 June 2020 were $35,700.

Total expenses arising from share-based payment transactions other than to provide benefits to employees (including directors) recognised during the period were as follows:

	Consolidated	
	2021	2020
	$	$
Shares issued to vendor of Chile gold project (issued at market value on day of issue)	-	-
Shares issued to contractors shown as share-based payments	-	16,100
Total	-	16,100

23. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Emu NL, at 30 June 2021. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

	Consolidated	
	2021	2020
	$	$
Current assets	**1,778,106**	1,641,691
Non-current assets	**53,742**	64,847
Total assets	**1,831,848**	1,706,538
Current liabilities	**220,549**	130,844
Total liabilities	**220,549**	130,844
Net Assets	**1,611,299**	1,575,694
Contributed equity	**29,019,152**	23,138,420
Reserves	**81,800**	55,014
Accumulated losses	**(27,489,653)**	(21,617,740)
Total equity	**1,611,299**	1,575,694
Loss for the year	**(5,868,643)**	(1,477,001)
Other comprehensive income	**(2,750)**	-
Total comprehensive income for the year	**(5,871,393)**	(1,477,001)

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements comprising the statements of financial performance, statements of financial position, statements of changes in equity, statements of cash flows and accompanying notes set out on pages 18 to 39 are in accordance with the *Corporations Act 2001*, including:

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

(ii) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2021 and of their performance for the financial year ended on that date;

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

(c) the remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2021, comply with Section 300A of the *Corporations Act 2001*; and

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

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

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

Signature of Peter Thomas noted as having been affixed with approval

Peter S Thomas
Non-Executive Chairman
Perth, 30 September 2021

ELDERTON
AUDIT PTY LTD

Independent Audit Report to the members of Emu NL

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Emu NL ('the Company') and its subsidiaries (collectively referred to as the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

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

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Limited liability by a scheme approved under Professional Standards Legislation
T +61 8 6324 2900 **E** info@eldertongroup.com **A** Level 2, 267 St Georges Terrace, Perth WA 6000
ABN 51 609 542 458 **W** www.eldertongroup.com

Key management personnel compensation, exploration expenses and administration expenses: $5,915,437
Refer to Consolidated Statement of Profit or Loss and Other Comprehensive Income and Note 5

Key Audit Matter	How our audit addressed the matter
Key management personnel compensation, exploration expenses and other expenses, collectively are a substantial figure in the financial statements of the Group, representing a significant portion of shareholder equity spent during the financial year. Given the significance of the above expenses, we considered that the validity and accuracy of the recorded expenditures to be a key audit matter.	Our audit work included, but was not restricted to, the following: • We examined the Group's approval processes in relation to making payments to its suppliers and employees. • We selected a systematic sample of expenses using different sampling methods, and vouched each item selected to invoices and other supporting documentation. • We reviewed post year end payments and invoices to ensure that all goods and services provided during the financial year were recognised in expenses for the same period. • For exploration expenses, we assessed which tenements the spending related to, to ensure funds were expended in relation to the Group's ongoing projects. We also verified tenement acquisition costs with contract and checked calculation. • From those charged with governance of the Group we requested confirmations from all directors and other key management personnel of the Group during the financial year of their remuneration and any other transactions between them, their related parties and the Group. • We reviewed Board minutes of meetings held during the financial year.

Other Information

The directors are responsible for the other information. The other information comprises the Review of Operations and Directors Report and other information included in the Group's annual report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on page 10 to page 13 in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of EMU NL, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Signature of Elderton Audit noted as having been affixed with approval

Elderton Audit Pty Ltd

Signature of Nicholas Hollens noted as having been affixed with approval

Nicholas Hollens
Managing Director

Perth

30 September 2021

Additional information required by Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows.

The information is current as at 20 September 2021.

(a) Distribution of equity securities (unescrowed)

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

	Ordinary shares		Contributing shares	
	Number of holders	**Number of shares**	**Number of holders**	**Number of shares**
1 - 1,000	**62**	**15,955**	17	7,955
1,001 - 5,000	**40**	**122,650**	35	97,002
5,001 - 10,000	**85**	**694,057**	21	159,092
10,001 - 100,000	**482**	**20,679,660**	68	3,055,846
100,001 and over	**322**	**412,145,020**	46	37,165,174
	991	**433,657,342**	187	40,485,069
The number of shareholders holding less than a marketable parcel of shares are:	**257**	**1,718,280**	121	1,566,657

(b) Twenty largest shareholders of quoted ordinary fully paid shares

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

		Listed ordinary fully paid shares	
		Number of shares	**Percentage of ordinary fully paid shares**
1	SMPI EMU 1 LLC	93,855,450	20.12
2	Acuity Capital Investment Management Pty Ltd <Acuity Capital Holdings A/c>	18,600,000	3.99
3	Malik Mohammed Easah	14,950,000	3.20
4	Wonfair Investments Pty Ltd	10,563,182	2.26
5	Oceanic Capital Pty Ltd	9,956,425	2.13
6	Notre Dame Investment Limited	8,850,000	1.90
7	Avenger Projects Ltd	7,500,000	1.61
8	Northern Griffin Pty Ltd	7,511,877	1.61
9	Deutsche Balaton Aktiengesellschaft	7,000,000	1.50
10	Dixtru Pty Ltd	6,428,572	1.38
11	Citicorp Nominees Pty Ltd	5,622,158	1.21
12	St Barnabas Investments Pty Ltd <Melvista Family A/C>	4,425,000	0.95
13	Zeller, David J <Zeller Family A/c>	4,361,699	0.93
14	Yarrumup Pty Ltd <Capulet S/F A/c>	4,250,000	0.91
15	Caves Road Investments Pty Ltd	4,232,143	0.91
16	AWD Consolidated Pty Ltd	4,179,965	0.90
17	BNP Paribas Nominees Pty Ltd <IB AU NOMS Retailclient DRP>	4,022,519	0.86
18	Rango Pty Ltd	4,000,000	0.86
19	Steemson Geoscience Pty Ltd <GH Steemson Family Super A/c>	4,000,000	0.86
20	King, Wallace F + Janice I <Karta Koomba Super A/c>	3,870,412	0.83
		228,179,402	**48.91%**

(c) Twenty largest shareholders of quoted contributing shares

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

		Listed contributing shares	
		Number of contributing shares	Percentage of contributing shares
1	Northern Griffin Pty Ltd	7,198,522	17.78
2	Clariden Capital Pty Ltd	3,500,000	8.65
3	SMPI EMU 2 LLC	2,881,522	7.12
4	St Barnabas Investments Pty Ltd <Melvista Family A/c>	2,370,540	5.86
5	Thomas, Peter S	2,188,540	5.41
6	King, Wallace F + J I <Karta Koomba Super A/c>	1,958,763	4.84
7	Byron Exploration Pty Ltd	1,560,706	3.86
8	Dixtru Pty Limited	1,464,286	3.62
9	Le Chem Pty Ltd <Prop 10 Unit A/c>	1,375,000	3.40
10	Oceanic Capital Pty Ltd	1,314,286	3.25
11	Rutherford, G A R + M L <Gavelle S/F A/c>	1,313,397	3.24
12	Citicorp Nominees Pty Limited	950,370	2.35
13	Payzone Pty Ltd <St Barnabas Super A/c>	799,957	1.98
14	Graham Robert Foreman	600,000	1.48
15	Gavin Alan R Rutherford	570,884	1.41
16	Kevin Anthony Leo & Leticia Leo <Leo Super Fund A/c>	551,843	1.36
17	Sept Rouges Limited	505,239	1.25
18	Wonfair Investments Pty Ltd	500,000	1.24
19	Steven Lionel Tate & Sharlene Norma Tate	398,579	0.98
20	Arun Sentgupta & Shannon Jane Sengupta <Sengupta Family S/F A/c>	392,500	0.97
		32,394,934	**80.02%**

(d) Substantial shareholders

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

	Number of Ordinary Shares	Number of Contributing Shares
SMPI EMU LLC	93,855,450	2,881,522

(e) Voting rights

All fully ordinary shares carry one vote per share. Each contributing share has a voting entitlement proportionate to the amount paid up thereon relative to the entire amount payable (including the amount paid but ignoring amounts credited as paid). Options and Performance Rights do not carry any voting rights.

(f) Unquoted Securities

Class	Number of Securities	Number of Holders	Holders of 20% or more of the class* Holder Name	Number of Securities
Unlisted $0.03 Options over contributing shares, expiry 21 December 2021	22,000,000	8	N/A	N/A

** Details of holders holding more than 20% or more of this class are not required to be disclosed for securities issued under an employee incentive scheme.*

Class	Number of Securities	Holder Name
Unlisted Performance Rights:		
	12,157,411	79 Pty Ltd
	12,157,411	Corinne Rachel Panzich <C&D Panzich Family A/c>
	12,128,303	Bluelight Investments Pty Ltd
	9,702,643	Sportking Pty Ltd
	2,425,661	Appolo Pty Ltd
	48,571,429	

(g) Schedule of interests in mining tenements

Location	Tenement	Percentage held / earning*
AUSTRALIA		
E29/1080	8 Mile Dam	100%
E59/2315	Gnows Nest	100%
E59/2495	Gnows Nest	100%
M59/739	Gnows Nest	100%
P59/2068	Gnows Nest – Monte Cristo	100%
P59/2071	Gnows Nest	100%
P59/2072	Gnows Nest	100%
P59/2073	Gnows Nest	100%
P59/2074	Gnows Nest	100%
E70/5146	Graceland	100%
E70/5603	Graceland	100%
E70/5155	Viper	100%
E70/5602	Viper	100%
E70/5507	Sunfire	100%
E70/5346	Sunfire	100%

(h) ASX Listing Rule 3.13.1

The Company advises, in accordance with ASX Listing Rule 3.13.1, that its Annual General Meeting (**AGM**; an item of business which will include the election of directors) is proposed to be held on 30 November 2021 and, based on this proposed AGM date, in accordance with the Company's constitution, the closing date for receipt of valid nominations from persons wishing to be considered for election as a director at the AGM will be 19 October 2021.