Emergent Resources Limited
ABN 68 125 323 622

Annual Report
For The Year Ended 30 June 2010

Emergent Resources Limited
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Corporate Directory

Directors

George McMaster	Non-Executive Chairman
Garry Hemming	Managing Director
Kevin Judge	Non-Executive Director
Robert Boylan	Non-Executive Director

Company Secretary
Kevin R Hart

Principal and Registered Office
Level 1, 1315 Hay Street
West Perth, Western Australia 6005
Web www.emergentresources.com.au

Auditor
Grant Thornton Audit Pty Ltd
Level 1, 10 Kings Park Road
West Perth, Western Australia 6005

Share Registry
Computershare Investor Services Pty Ltd
Level 2, 45 St George's Terrace
Perth WA 6000

Stock Exchange Listing
The Company's shares are quoted on the Australian Securities Exchange. The home exchange is Perth, Western Australia.

ASX Code
EMG – Ordinary shares
EMGO – Options expiring 30 September 2010

Company Information
The Company was incorporated and registered under the Corporations Act 2001 in Western Australia on 9 May 2007 and became a public company on 4 August 2008.

The Company is domiciled in Australia.

Emergent Resources Limited
ABN 68 125 323 622

Chairman's Letter

Dear Valued Shareholder,

Our second year since listing represented an interesting year for your company with further substantial work being achieved toward establishing a world class mineral resource at the Company's flagship Beyondie Iron project, notwithstanding the setbacks of the global economic crisis and extraordinary taxation threats. Emergent remained focused on the exploration and development of the Beyondie project in the mid-west region of Western Australia and the ongoing negotiations by the Executive and Board to consummate the foreshadowed joint venture with Beijing Metallurgical Investment Co. Ltd. (CMIC), a People's Republic Of China State-owned Enterprise (SOE).

Reluctantly, Emergent has terminated this proposed 50/50 Joint Venture because the agreed final date has now passed for the receipt by EMG of $5,004,073 from CMIC for their contracted equity investment in Emergent.

Fortunately, the Beyondie Iron Project is a world-class iron deposit, well located adjacent to the Great Northern Highway and Goldfields Gas Pipeline (see Project Location map) in the northern part of WA's mid-west iron ore precinct. The vital shared rail and port infrastructure being developed by Oakajee Port and Rail (OPR) for the various mid-west projects is in progress and Emergent has commenced discussions to secure an allocation for the port and rail.

An exciting development in June 2010 occurred when Emergent discovered a potential new, large, near-surface Hematite Direct Shipping Ore (DSO) deposit in tenement E52/2215 at the Beyondie project. Emergent is now evaluating multiple project development options which should result in earlier cash flows than the current planned magnetite concentrate production, which is planned for 2014. The Company has commenced an extensive initial RC drilling program to confirm the extent of DSO Hematite mineralization with an Exploration Target of 70–120 million tonnes including 45–55 million tonnes grading 55–60% iron Fe over 6.5 kilometres. Further geological work has indicated that this could extend to over 12 kilometres. The continuation of the as yet unknown depth of this hematite discovery could result in a major, beneficial change to Emergent's Business Plan with potentially lower capital expenditure needed to bring the deposit into production, attractive margins and significant earlier cash flow commencement.

Over the past year, Emergent has increased its official magnetite Joint Ore Reserves Committee (JORC) resource to 561 million tonnes grading 27% Fe [contained iron] and a Target Resource of 4.2 – 4.7 billion tonnes grading 27-28.5% Fe, over a confirmed total strike length of 60 kilometres within tenements covering over 2,000 square kilometres. Extensive geological and metallurgical test work has confirmed the amenability of the contained magnetite for upgrading to a 66+% concentrate.

Emergent believes that the foregoing, combined with its commitment and expertise can enable a relatively rapid development of the Beyondie hematite and magnetite project.

Thank you for your perseverance during a difficult year. Emergent appreciates your investment and continuing interest. We also thank the staff and contractors who have contributed to the substantial progress that has been achieved in the past year.

"Exploration: today's endeavour-tomorrow's success!"

Yours Faithfully

George McMaster
Non-executive Chairman of Directors

Emergent Resources Limited
ABN 68 125 323 622

Review of Operations

BEYONDIE IRON PROJECT

Emergent Resources' activities for the year ending 30 June 2010 continued to focus on the exploration and development of its flagship Beyondie Iron project in the mid-west region of Western Australia (see Figure1: Project Location Map).

The Beyondie project is located adjacent to the Great Northern Highway and Goldfields Gas Pipeline (see Project Location map) in the northern part of WA's mid-west iron ore precinct. Potential shared rail and port infrastructure developments for the project are in progress. Emergent plans to develop the Beyondie project into a long term, large scale, high grade iron ore mining operation.

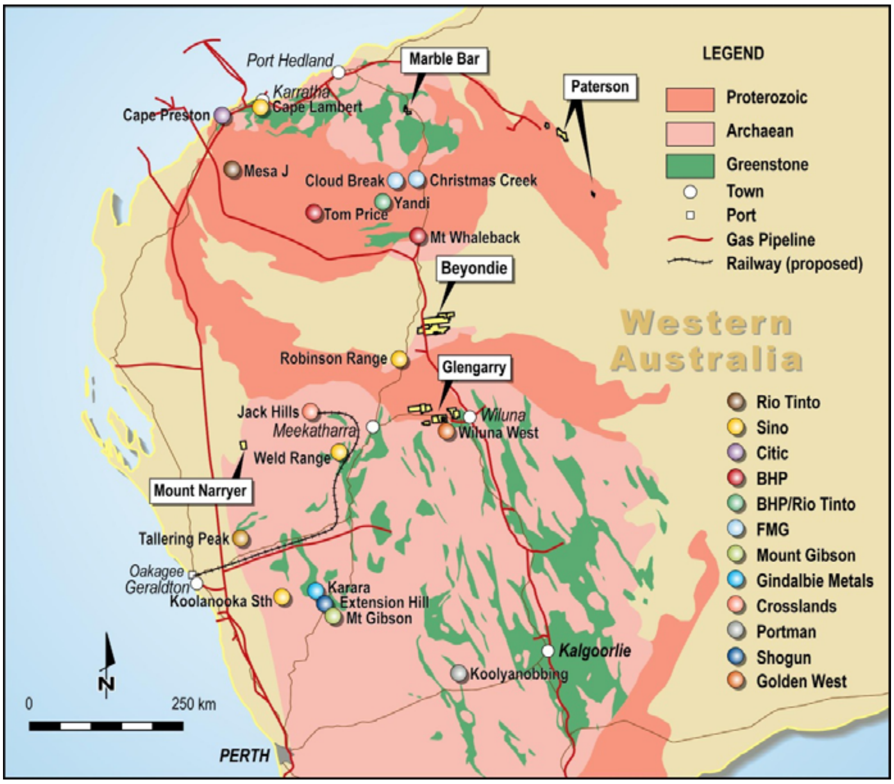

Figure 1; Project location and transport in Mid West

In June 2010 Emergent discovered a potential new, large, near-surface hematite Direct Shipping Ore (DSO) deposit in tenement E52/2215 at the Beyondie project. Emergent will now evaluate multiple project development options which may result in earlier cash flows than the current planned magnetite concentrate production planned for 2014. The Company has commenced an extensive initial RC drilling program to confirm the extent of DSO Hematite mineralisation.

OVERVIEW

The highlight of exploration activities during the year included;

1. the announcement of a significant upgrade in the magnetite resource,
2. the discovery of a potential new, large hematite iron Direct Shipping Ore (DSO) and
3. advancing exploration on the base metal and uranium projects

The hematite discovery at the Beyondie project (in tenement E52/2215) (See Figure 2: DSO discovery location) is adjacent to tenement E52/1806, which hosts a JORC Inferred Magnetite Mineral Resource. It is also located above a portion of the additional magnetite Exploration Target in E52/2215 of 3.7-4.2 billion tones.

Review of Operations

The Beyondie Project now comprises;

- **DSO Exploration Target of 70-120Mt** grading 52% to 57%Fe in a 6.5km portion in tenement E52/2215, including a portion of 25-45Mt grading 55-60% Fe
- **Magnetite Inferred JORC Resource of 561 million tonnes** grading 27.5% Fe in tenement E52/1806
- **Magnetite Exploration Target of 480 to 510 million tonnes** grading 27.0 to 28.5% Fe in E52/1806, and
- **Magnetite Exploration Target of 3.7 to 4.2 billion tonnes** grading 27.0 to 28.5% Fe at outside of E52/1806

The current Mineral Resource and Exploration Targets confirms the large scale, world class potential of the Beyondie Project, and positioned the project as one of the most significant new iron projects in Australia. The potential quantity and grade of the above Exploration Targets is conceptual in nature. There has been insufficient exploration to define a Mineral Resource, and it is uncertain if further exploration will result in the determination of a Mineral Resource.

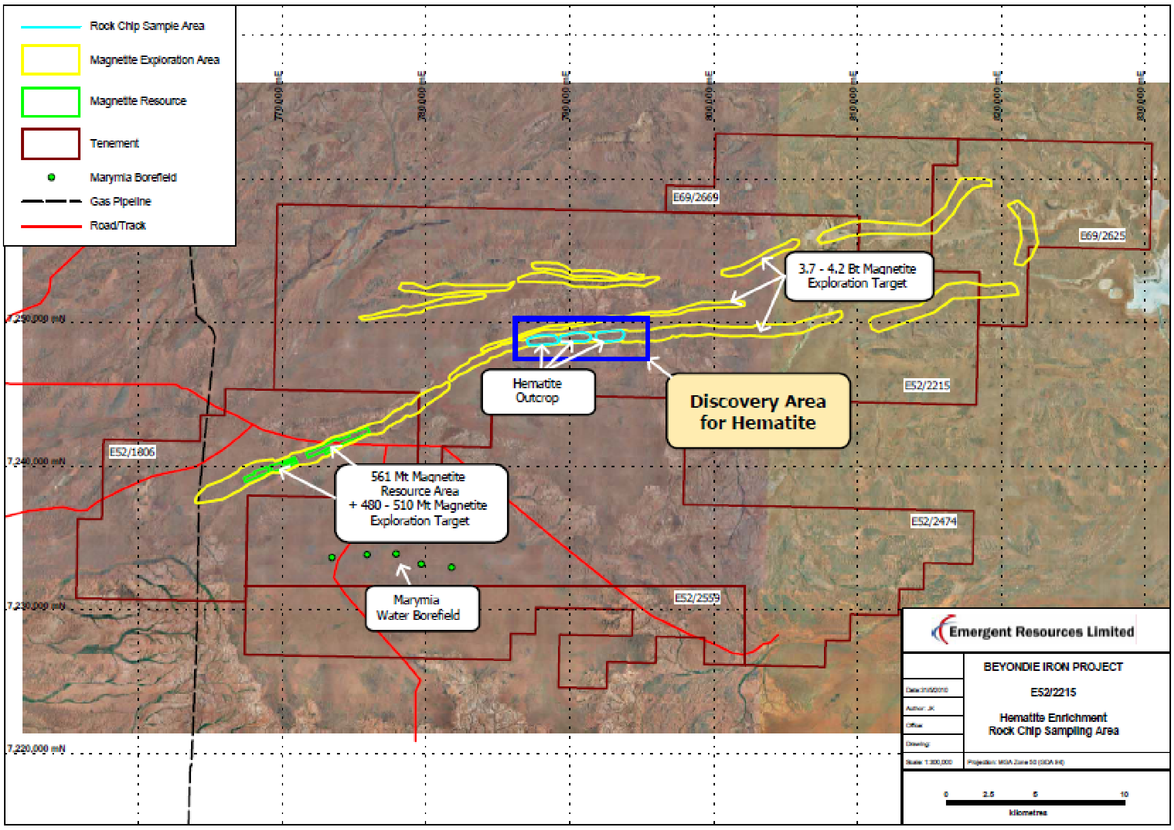

Figure 2: Beyondie Iron Project; DSO discovery location and magnetite resources.

Review of Operations

BEYONDIE MAGNETITE PROJECT
E52/1806, ELA52/2215 (80% EMG), ELA52/2474, ELA69/2625, ELA69/2669 (100% EMG)

The Company continued its progress towards developing the Beyondie Iron project into a world class iron ore project. With the discovery of the DSO deposit in tenement E52/2215, the Company now plans to evaluate and progress options for both hematite and magnetite mining operations.

Emergent has continued to develop the Beyondie magnetite project. To date, this year, the Company has completed the first phase of its 2010 drilling program, designed to progressively upgrade the resource size and category, to Indicated mineral resource.

During the year the Company reported on the progress of logistics arrangements and mining development plans, and transport and infrastructure developments, and advised the following; The Goldfields Gas Pipeline is located in close proximity to the project and is expected to provide a potential source of cost effective power. The project is also located adjacent to the Great Northern Highway allowing easy access to the project area. Also, there is a ready and ample water supply located 5 kilometres south of the project. This is a significant benefit for Emergent in its development plans for the project, particularly with the additional potential to fast-track the relatively low-cost mining of the DSO Hematite contained in E52/2215.

Emergent is also currently working towards a co-operation alliance with Oakajee Port and Rail (OPR). It also advises that requisite approvals are well advanced and no issues or delays are anticipated. Aboriginal Heritage, Anthropological, and Ethnographic clearances are already in place. The Company does not anticipate any impediments to mining will arise from the ongoing Environment Impact Study.

The WA government announced the approval for the construction of the major Oakajee Port deep water port to service the mid-west region's iron ore industry in July 2008. Construction of the port is scheduled to be completed at the end of 2013, which is expected to coincide with the onset of production from the Beyondie Iron Project. The Oakajee Port will be located about 25 km north of the major mid-west town of Geraldton, and will have an initial capacity to ship 45 million metric tons (mtpa) of iron ore annually, which will increase rapidly to 100Mtpa.

The contract for the construction and operation of the port and rail facility was awarded to Oakajee Port and Rail Pty Ltd (OPR). The port and rail network is estimated to cost $3.5 billion and the WA government will contribute $700 million in funding for the project.

DSO hematite discovery at Beyondie Iron project
Geological mapping by the Company delineated the extent of iron bearing outcrop over the hematite deposit and identified a 6.5 kilometre strike length of high grade, near-surface outcropping goethite/hematite within a potential zone at least 10 kilometres long and 300 metres in width. The Company is of the view that a substantial DSO hematite mineable resource may exist.

The Company's independent geologists AMC Consultants Pty Ltd assessed a 70-120Mt Exploration Target grading 52%-57% Fe over the 6.5 kilometre portion including a portion of 25-45Mt grading 55-60% Fe at the DSO discovery area. Emergent expects drilling to establish significant upside on these targets in both grade and tonnage due to the hematite occurrence being open along strike.

750 samples received to date over a 6.5km strike length show very encouraging surface sample head assay results of up to 64.5% Fe. 249 of the samples returned greater than 55% Fe with a maximum of 64.5% Fe.

Review of Operations

Dr Ian Burston appointed Specialist Operations Consultant to Emergent's Board

In July 2010, the Company appointed Dr Ian F. Burston as a specialist Operations Consultant to its Board of Directors, taking effect immediately. Dr Burston's appointment will enhance the skill set of the Emergent team, particularly during the next vital stage of the Company's transformation from successful explorer to miner of high quality iron ore from the rapidly developing Beyondie Iron Ore Project.

Dr Burston has more than 30 years of top level experience in WA and international iron ore mining and export sales. He has held executive management and Board positions with some of WA's largest and most successful mining operations. His distinguished career includes several multi-million tonnes per year exporting operations with outstanding track records in maximising production, transport efficiencies and project development. He has also held major roles in industry associations and local government.

De Grey Mining's 20% joint venture interest in Beyondie project tenements – E52/1806, E52/2215

In October 2009 the Company entered into a Purchase and Sale Agreement to acquire De Grey Mining Limited's 20% free carried interest in the Beyondie Iron Project, which was conditional upon the completion of the Beijing Metallurgical Investment Co. Ltd. (CMIC) Subscription and Option Agreement. On 16 September 2010 the Company announced that the CMIC transaction would not be proceeding and as a consequence the De Grey agreement is at an end. De Grey retains a 20% free carried interest to a decision to mine in the joint venture tenements.

BASE METAL PROJECTS

The large tenement packages including granted exploration licences are highly prospective for large concealed iron ore and base metal mineral deposits with exploration programs ready to commence. This under-explored region of Western Australia lies within the important mineralised province of the Capricorn Orogen containing strong geological and structural association of lead-zinc and separate copper-gold and/or uranium mineralised bodies. The exploration targets include;

1. Mt Bartle Base Metal/Gold (Glengarry), drill targets defined
2. North Pool Base Metal/Gold (Glengarry), undrilled base metal gossans
3. Mt Narryer Gold/Uranium, (Radiometric anomalies and gold prospectivity)
4. Diamond Well Lead/Zinc (Glengarry) (1% Pb and 1% Zn at surface)

GLENGARRY REGION

Results from a collaborative mineral mapping and alteration study with CSIRO of the Company's HyMap imagery, in conjunction with the Company's geochemical data and published data, as well as extensive geochemistry results and geological mapping, has resulted in the identification of selected targets. The targets have been prioritised with follow-up exploration including surface sampling surveys and aircore drilling envisaged later in the year. Electromagnetics are being considered for buried targets identified in the study.

Review of Operations

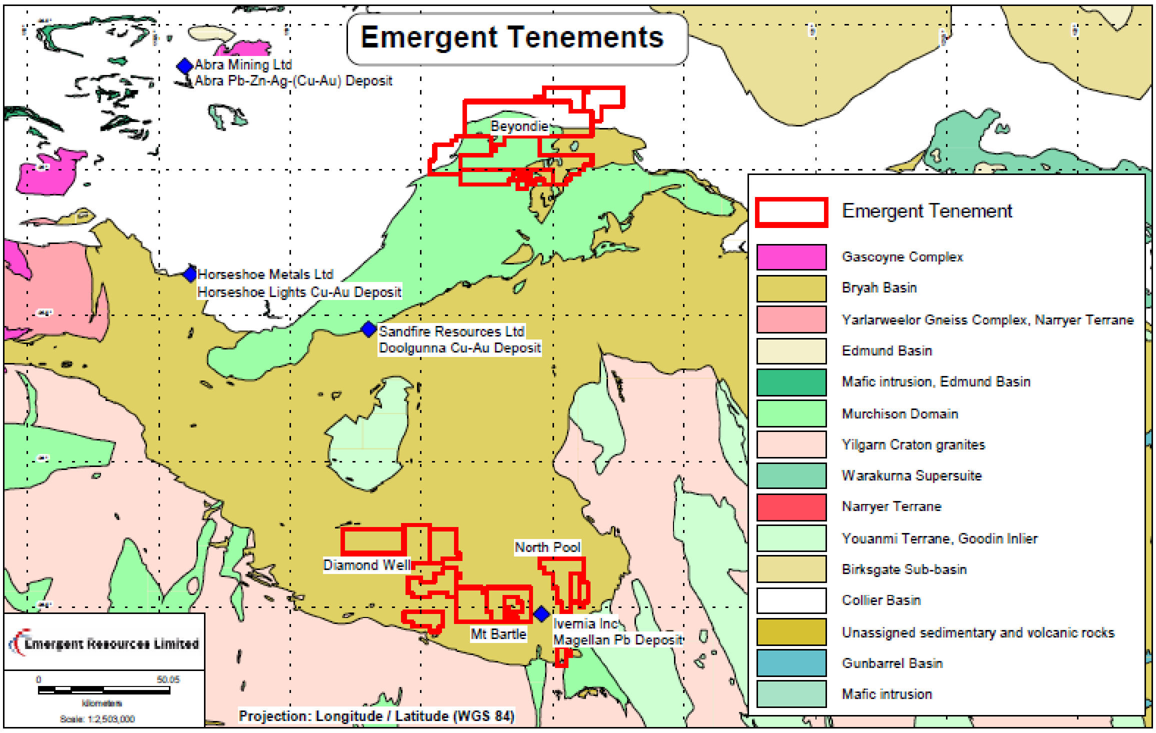

Figure 3, Emergent's Beyondie iron tenements and Glengarry base metal and uranium tenements.

Mt Bartle Base Metal Project

E53/893, EL53/1302 & 1332, PLA53/1417, 1418, & 1419 (100% Emergent). Results to date show high copper (Cu), lead (Pb), and zinc (Zn) values within an interpreted graben paralleling the structures related to a gravity anomaly within the Archaean basement. A major O'Driscoll lineament traverses the tenement which is adjacent to the significant Magellan base metal deposit located 10 kilometres southeast of the leases. Sampling of the Rabbit Warren Gossan Prospect displays a strong Zn anomaly over 600 metres of one of three sampling traverses with coincident Pb, Ni and cadmium.

North Pool Base Metal Gold Project

E53/977, EL53/1301. (80% Emergent, 20% free carried by Pandell Pty Ltd to BFS). The North Pool area contains significant gossan outcrops with highly anomalous base metal content within an acid volcanic sequence. The indications for base metal deposits of the VMS style are strong. The 2 exploration licences of the project area lie to the northeast of Mt Bartle. Results to date show parallel the structures within the Archaean basement to Mt Bartle and a felsic volcanic centre with outcropping gossans with anomalous copper and zinc to (2950 ppm Zn).

Diamond Well Base Metal Project

EL51/1191, EL51/ 1204 & 1205 (100% Emergent). Results to date show high base metal zinc values within fault zones of an interpreted graben. Prospecting has returned up to 890 ppm Cu and 10,300 ppm Zn (1.03% Zn). At Diamond Well a mineralised zone 500 metres long and 2 metres wide returned up to 1% Pb and 19 g/t Ag.

Review of Operations

Rainbow Bore, Clarrie Well and Fenceline Base Metal, Uranium Project
EL51/1206, 1207 & 1208 (100% Emergent). The areas contain geology conducive for base metal mineralisation and potential uranium of the sandstone style.

Mt Narryer Gold, Uranium Project
EL09/1394 (80% Emergent, 20% free carried by Pandell Pty Ltd to BFS). The project encompasses an area at Southern Cross Well with potential for gold deposits. The exploration licence covers several radiometric anomalies as shown on an old BMR map. However it would appear that the area generally may have been targeted for uranium potential in addition to the gold potential. The tenement was a stand alone prior to application and within weeks the area was surrounded by tenement applications by other companies.

ADDITIONAL PROJECTS

Marble Bar Gold Copper Project
ELA45/2684 & 2223, PLA45/2575-2577 (100% Emergent)

The area contains a significant number of high grade gold producers and warrants a modern exploration approach to determine if concealed orebodies are present. Copper occurrences are also prospective. With many old mining centres the abundance of anomalies from many years of exploration clouds the picture and a fresh look is expected to be beneficial.

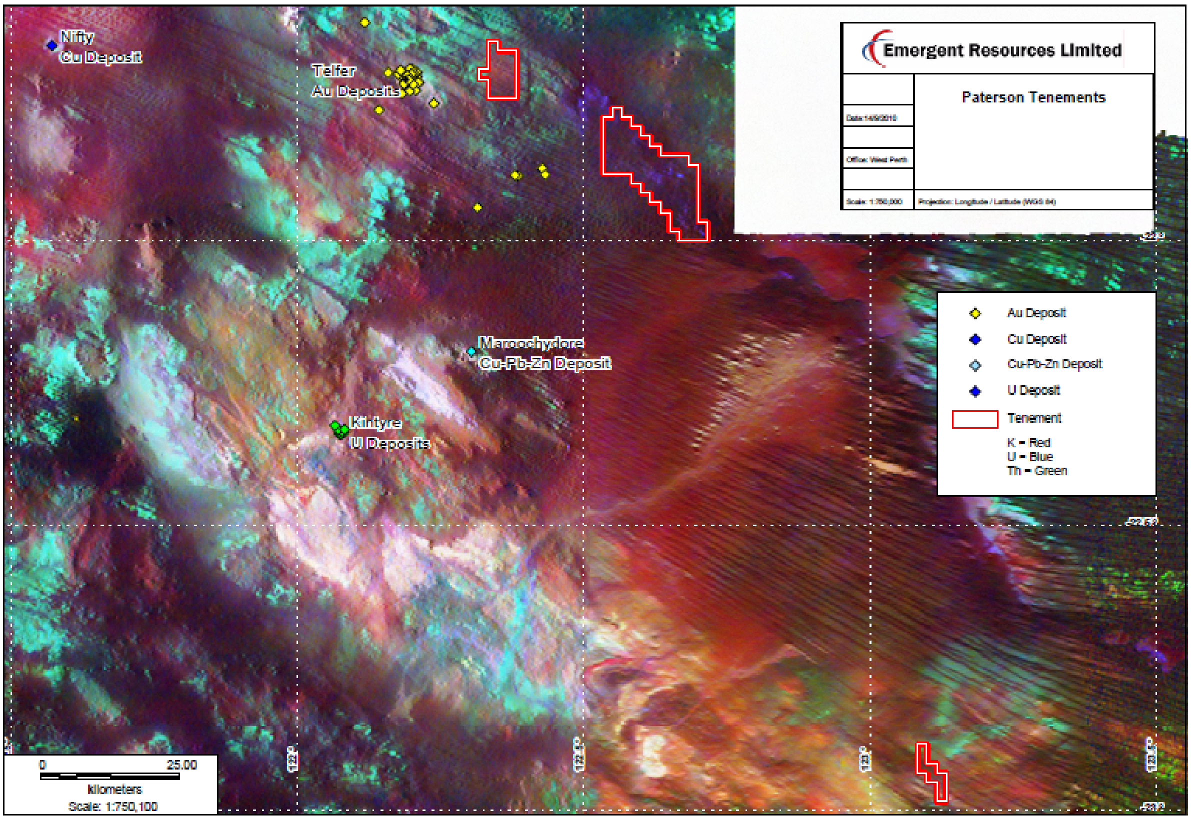

Figure 4. Emergent tenements in the Paterson Region.

Review of Operations

Rudall River Uranium Gold Copper Project
ELA 45/3092, 3096 & 3097 (100% Emergent)

Three applications for ground near the Kintyre Uranium Deposit have been acquired covering significant radiometric anomalies which warrants a modern exploration approach to determine if concealed uranium deposits are present. Shifting sand dunes and loess type soil can obscure deposits in these areas.

In Australia there has been very little exploration to locate deeply concealed deposits lying above unconformity. It is possible that very high grade deposits occur in the sandstones at significant distances above the unconformity in the Alligator Rivers/Arnhem Land and Rudall River area similar to the very high grade deposits in Canada. Today all of Canada's uranium production is from unconformity-related deposits - Key Lake, Cluff Lake, Rabbit Lake (all now depleted), and McClean Lake and McArthur River deposits. Other large, exceptionally high grade unconformity-related deposits currently being developed in Canada include Cigar Lake (averaging almost 20% U_3O_8, with some zones over 50% U_3O_8).

Competent Person Statements
Technical information in this report has been prepared under the supervision of Mr Garry Hemming, a director of the company and a member of the Australasian Institute on Mining and Metallurgy (AusIMM). Mr Hemming has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr Hemming consents to the inclusion in this report of the Information, in the form and context in which it appears.

The information in this statement that relates to Mineral Resources is based on information compiled by Sharron Sylvester who is a full time employee of AMC Consultants Pty Ltd and a Member of the Australian Institute of Geoscientists and has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code (2004). Sharron consents to the inclusion of this information in the form and context in which it appears.

Target Mineralisation
The target mineralisation tonnage and grade is conceptual in nature as there has been insufficient exploration at this stage to define an increased Mineral Resource and it is uncertain if further exploration will result in an increased Mineral Resource.

Corporate Governance Statement

Introduction
Since the introduction of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Guidelines" or "the Recommendations"), Emergent Resources Limited ("Company") has sought to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this report. Commensurate with the spirit of the ASX Guidelines, the Company has followed each Recommendation where the Board has considered the Recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company, the Board, resources available and activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

The Company has adopted systems of control and accountability as the basis for the administration of corporate governance. The Board of the Company is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

Further information about the Company's corporate governance practices is set out on the Company's website at www.emergentresources.com.au. In accordance with the recommendations of the ASX, information published on the Company's website includes:

Board Charter
Remuneration Committee Charter
Audit Committee Charter
Code of Conduct
Policy and Procedure for Selection and Appointment of New Directors
Summary of Policy for Dealing in the Company Securities
Disclosure Policy and Communications Strategy
Summary of Company's Risk Management Policy

Explanation for Departures from Best Practice Recommendations
During the Company's 2009/2010 financial year the Company has complied with the Corporate Governance Principles and the corresponding Best Practice Recommendations as published by the ASX Corporate Governance Council ("Corporate Governance Principles and Recommendations")[i] and has adopted the revised Principles and Recommendations taking effect from reporting periods beginning on or after 1 January 2008. Significant policies and details of any significant deviations from the principles are specified below.

Corporate Governance Council Recommendation 1
Lay Solid Foundations for Management and Oversight

Role of the Board of Directors
The role of the Board is to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and ensure the Company is properly managed.

In order to fulfil this role, the Board is responsible for the overall corporate governance of the Company including formulating its strategic direction, setting remuneration and monitoring the performance of Directors and executives. The Board relies on senior executives to assist it in approving and monitoring expenditure, ensuring the integrity of internal controls and management information systems and monitoring and approving financial and other reporting.

Corporate Governance Statement (Continued)

Corporate Governance Council Recommendation 1 (continued)
Lay Solid Foundations for Management and Oversight

In complying with Recommendation 1.1 of the Corporate Governance Council, the Company has adopted a Board Charter which clarifies the respective roles of the Board and senior management and assists in decision making processes. A copy of the Board Charter is available on the Company's website.

Board Processes
An agenda for the meetings has been determined to ensure certain standing information is addressed and other items which are relevant to reporting deadlines and or regular review are scheduled when appropriate. The agenda is regularly reviewed by the Chairman, the Managing Director and the Company Secretary.

Evaluation of Senior Executive Performance
The Company has not complied with Recommendation 1.2 of the Corporate Governance Council. Due to the early stage of development of the Company it is difficult for quantitative measures of performance to be established. As the Company progresses its projects, the board intends to establish appropriate evaluation procedures. The Chairman assesses the performance of the Executive Director on an informal basis.

Corporate Governance Council Recommendation 2
Structure the Board to Add Value

Board Composition
The Constitution of the Company provides that the number of Directors shall not be less than three. There is no requirement for any share holding qualification.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include the quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the scope of activities of the Company, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the Board and are subject to re election by shareholders at the next general meeting. In any event one third of the Directors are subject to re election by shareholders at each general meeting.

The Board is currently comprised of four members, three Non-Executive and one Executive. The Non-Executive Directors are Mr George McMaster (Chairman), Mr Robert Boylan and Mr Kevin Judge. The skills, experience and expertise of all Directors is set out in the Directors' Report.

The Board has assessed the independence of its non executive directors according to the definition contained within the ASX Corporate Governance Guidelines and has concluded that two of the current Non-Executive Directors, Mr McMaster and Mr Boylan do not meet the recommended independence criteria, by virtue of their substantial shareholdings in the Company. As a result the Company does not comply with Recommendation 2.1 of the Corporate Governance Council. However, the Board considers that both its structure and composition are appropriate given the size of the Company and that the interests of the Company and its shareholders are well met.

Independent Chairman
The Chairman is not considered to be an independent director and as such Recommendation 2.2 of the Corporate Governance Council has not been complied with. However, the Board believes that Mr McMaster is the most appropriate person for the position as Chairman because of his industry experience and proven track record as a company director.

Corporate Governance Statement (Continued)

Corporate Governance Council Recommendation 2 (continued)
Structure the Board to Add Value

Roles of Chairman and Chief Executive Officer
The roles of Chairman, Mr George McMaster and Chief Executive Officer, Mr Garry Hemming, are exercised by different individuals, and as such the Company complies with Recommendation 2.3 of the Corporate Governance Council.

Nomination Committee
The Board does not have a separate Nomination Committee comprising of a majority of independent Directors and as such does not comply with Recommendation 2.4 of the Corporate Governance Council. The selection and appointment process for Directors is carried out by the full Board. The Board considers that given the importance of Board composition it is appropriate that all members of the Board partake in such decision making. The Company does not have a Nomination Committee Charter.

Evaluation of Board Performance
The Company does not have a formal process for the evaluation of the performance of the Board and as such does not comply with Recommendation 2.5 of the Corporate Governance Council. The Board is of the opinion that the competitive environment in which the Company operates will effectively provide a measure of the performance of the Directors, in addition the Chairman assesses the performance of the Board, individual directors and key executives on an informal basis.

Education
All Directors are encouraged to attend professional education courses relevant to their roles.

Independent Professional Advice and Access to Information
Each Director has the right to access all relevant information in respect of the Company and to make appropriate enquiries of senior management. Each Director has the right to seek independent professional advice at the Company's expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld.

Corporate Governance Council Recommendation 3
Promote Ethical and Responsible Decision Making

The Board actively promotes ethical and responsible decision making.

Code of Conduct
The Board has adopted a Code of Conduct that applies to all employees, executives and Directors of the Company, and as such complies with Recommendation 3.1 of the Corporate Governance Council. This Code addresses expectations for conduct in accordance with legal requirements and agreed ethical standards. A copy of the Code is available on the Company's website.

Security Trading Policy
The Board has committed to ensuring that the Company, its Directors and executives comply with their legal obligations as well as conducting their business in a transparent and ethical manner. The Board has adopted a policy and procedure on dealing in the Company's securities by directors, officers and employees which prohibits dealing in the Company's securities when those persons possess inside information, and as such complies with Recommendation 3.2 of the Corporate Governance Council. A summary of the Policy is available on the Company's website.

Corporate Governance Statement (Continued)

Corporate Governance Council Recommendation 4
Safeguarding Integrity in Financial Reporting

Audit Committee
The Board, established an Audit Committee on 24 March 2009, until that time the Company did not have a separate Audit Committee with a composition as suggested by Recommendations 4.1, 4.2 and 4.3 of the Corporate Governance Council. The full Board carried out the function of an audit committee, prior to the appointment of the Audit Committee. The Board believes that the Company was not of a sufficient size to warrant a separate committee and that the full Board was able to meet objectives of the best practice recommendations and discharge its duties in this area.

The relevant experience of Board members appointed to the Committee, Kevin Judge and George McMaster, is detailed in the Directors' section of the Directors' Report. The Board has adopted an Audit Committee Charter, which is available on the Company's website. The Audit Committee did not convene a meeting during the financial year.

Given the size and composition of the Board the Audit Committee comprises two Non-Executive Directors of which the Committee Chairman, Mr Kevin Judge, is considered an independent director.

The Audit Committee considers the appointment of the external auditor, their independence, the audit fee and any questions of resignation or dismissal. Auditor rotation is as required by the Corporations Act 2001.

Financial reporting
The Board relies on senior executives to monitor the internal controls within the Company. Financial performance is monitored on a regular basis by the Managing Director, and is reported to the Board at the scheduled Board meetings.

Corporate Governance Council Recommendation 5
Make Timely and balanced disclosure

The Board reviews the performance of the external auditors on an annual basis and meets with them during the year to review findings and assist with Board recommendations.

In the absence of a formal audit committee the Non-executive Directors of the Company are available for correspondence with the auditors of the Company.

Continuous Disclosure
The Board is committed to the promotion of investor confidence by providing full and timely information to all security holders and market participants about the Company's activities and to comply with the continuous disclosure requirements contained in the Corporations Act 2001 and the Australian Securities Exchange's Listing Rules. The Company has established written policies and procedures, designed to ensure compliance with the ASX Listing Rule Requirements, in accordance with Recommendation 5.1 of the Corporate Governance Council. A copy of the Company's Disclosure Policy is available on the Company's website.

Continuous disclosure is discussed at all regular Board meetings and on an ongoing basis the Board ensures that all activities are reviewed with a view to the necessity for disclosure to security holders.

In accordance with ASX Listing Rules the Company Secretary is appointed as the Company's disclosure officer.

Corporate Governance Statement (Continued)

Corporate Governance Council Recommendation 6
Respect the Rights of Shareholders

Communications
The Board fully supports security holder participation at general meetings as well as ensuring that communications with security holders are effective and clear. This has been incorporated into a formal communication strategy, in accordance with Recommendation 6.1 of the Corporate Governance Council. A copy of the policy is available on the Company's website.

In addition to electronic communication via the ASX web site, the Company publishes all significant announcements together with all quarterly reports. These documents are available in both hardcopy on request and on the Company web site at www.emergentresources.com.au

Shareholders are able to pose questions on the audit process and the financial statements directly to the independent auditor who attends the Company Annual General Meeting for that purpose.

Corporate Governance Council Recommendation 7
Recognise and manage risk

Risk management policy
The Board has adopted a risk management policy, which is available on the Company's website that sets out a framework for a system of risk management and internal compliance and control, whereby the Board delegates day-to-day management of risk to the Managing Director. The Company complies with Recommendation 7.1 of the Corporate Governance Council. The Board is responsible for supervising management's framework of control and accountability systems to enable risk to be assessed and managed.

Risk management and the internal control system
The Managing Director, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.

In order to implement the Company's Risk Management Policy, it was considered important that the Company establish an internal control regime in order to:
- Assist the Company to achieve it's strategic objectives;
- Safeguard the assets and interests of the Company and its stakeholders; and
- Ensure the accuracy and integrity of external reporting.

Key identified risks to the business are monitored on an ongoing basis as follows:

- Business risk management

  The Company manages its activities within budgets and operational and strategic plans.

- Internal controls

  The Board has implemented internal control processes typical for the Company's size and stage of development. It requires the senior executives to ensure the proper functioning of internal controls and in addition it obtains advice from the external auditors as considered necessary.

- Financial reporting

  Directors approve an annual budget for the Company and regularly review performance against budget at Board Meetings.

Corporate Governance Council Recommendation 7 (continued)
Recognise and manage risk

- Operations review

  Members of the Board regularly visit the Company's exploration project areas, reviewing both geological practices, and environmental and safety aspects of operations.

- Environment and safety

  The Company is committed to ensuring that sound environmental management and safety practices are maintained on its exploration activities.

The Company's risk management strategy is evolving and will be an ongoing process and it is recognised that the level and extent of the strategy will develop with the growth and change in the Company's activities.

The development of a formal risk management and internal control system to identify and manage material business risks will be reviewed by the Board during the 2009/10 financial year.

Risk Reporting
As the Board has responsibility for the monitoring of risk management it has not required a formal report regarding the material risks that have been identified and whether those risks are managed effectively therefore not complying with Recommendation 7.2 of the Corporate Governance Council. The Board believes that the Company is currently effectively communicating its significant and material risks to the Board and its affairs are not of sufficient complexity to justify the implementation of a more formal system for identifying, assessing monitoring and managing risk in the Company.

The Company does not have an internal audit function.

Managing Director and Chief Financial Officer Written Statement
The Board requires the Managing Director and the Company Secretary provide a written statement that the financial statements of company present a true and fair view, in all material aspects, of the financial position and operational results and have been prepared in accordance with Australian Accounting Standards and the Corporation Act. The Board also requires that the Managing Director and Company Secretary provide sufficient assurance that the declaration is founded on a sound system of risk management and internal control, and that the system is working effectively.

The declarations have been received by the Board, in accordance with Recommendation 7.3 of the Corporate Governance Council.

Corporate Governance Council Recommendation 8
Remunerate Fairly and Responsibly

Remuneration Committee
The Board does not have a separate Remuneration Committee and as such does not comply with Recommendation 8.1 of the Corporate Governance Council. Remuneration arrangements for Directors are determined by the full Board. The Board is also responsible for setting performance criteria, performance monitors, share option schemes, superannuation, termination and retirement entitlements, and professional indemnity and liability insurance cover.

The Board considers that the Company is effectively served by the full Board acting as a whole in remuneration matters, and ensures that all matters of remuneration continue to be decided upon in accordance with Corporations Act requirements, by ensuring that no Director participates in any deliberations regarding their own remuneration or related issues.

Corporate Governance Statement (Continued)

Corporate Governance Council Recommendation 8
Remunerate Fairly and Responsibly

Distinguish Between Executive and Non-Executive Remuneration
The Company does distinguish between the remuneration policies of its Executive and Non-Executive Directors in accordance with Recommendation 8.2 of the Corporate Governance Council.

Executive Directors receive salary packages which may include performance based components, designed to reward and motivate, which may include the granting of share options, subject to shareholder approval and vesting conditions relating to continuity of engagement.

Non-Executive Directors receive fees agreed on an annual basis by the Board, within total Non-Executive remuneration limits voted upon by shareholders at Annual General Meetings. In the current financial year, no Non-Executive Director received share options as remuneration.

Directors' Report

The Directors present their report on Emergent Resources Limited for the year ended 30 June 2010.

Directors

The names and details of the Directors of Emergent Resources Limited during the financial year and until the date of this report are:

George McMaster – FAIM AAICD, JP
Non-Executive Chairman appointed 8 June 2007
Mr McMaster is a businessman with over 40 years experience in finance, mining and hospitality related industries. His career experience includes hotels/resorts, brewery construction and management, property development and serving on the Boards of a number of listed public companies involving property, food distribution and mining exploration. Mr McMaster has played an active role in assisting the listing of a number of companies on the ASX in the past and has strong business and management skills.

Mr McMaster has had no directorships of other listed companies in the last three years.

Garry Hemming – BAppSC, MAusIMM
Managing Director (Executive) appointed 9 May 2007
Mr Hemming is a consulting geologist with over 30 years experience in all aspects of the mining and exploration industry. His experience includes exploration in gold, platinum, base metals, uranium, mineral sands, diamonds and rare earths and has personally been responsible for a number of new mineral discoveries.

Mr Hemming was a Director of Dynasty Metals Limited from 26 October 2007 to 19 August 2008. Mr Hemming has had no directorships of other listed companies in the last three years.

Kevin Judge – FCA, FCPA, FCIS

Non-executive director appointed 8 June 2007
Mr Judge is a Chartered Accountant by profession with over 35 years experience and is founding partner of the firm Judge Constable Chartered Accountants, which he established over 19 years ago. Prior to this he was a senior partner in the Perth Office of an international accounting firm.

Mr Judge has been a director of a number of listed companies in the mining exploration industry and has skills in capital raising, corporate governance and finance. Mr Judge is a former President of the West Australian division of the CPA Australia.

Mr Judge was a Director of West Australian Metals Limited from 4 August 2008 to 9 April 2009. Mr Judge has had no directorships of other listed companies in the last three years.

Robert Boylan
Non-executive director appointed 9 September 2010
Mr Boylan is a successful businessman and has over 38 years experience in investing, developing and operating businesses associated with the property sector. He has a Masters of Urban Development and Sustainability from Bond University and is a member of the Australian Institute of Valuers.

Mr Boylan has had no directorships of other listed companies in the last three years.

Company Secretary

Kevin Hart

Mr Hart is a Chartered Accountant and was appointed to the position of Company Secretary on 2 March 2009. He has over 20 years experience in accounting and the management and administration of public listed entities in the mining and exploration industry.

He is currently a partner in an advisory firm which specialises in the provision of company secretarial services to ASX listed entities.

Directors' Interests

As at the date of this report the Directors' interests in shares and unlisted options of the Company are as follows:

Director	*Directors' Interests in Ordinary Shares*	*Directors' Interests in Unlisted Options*	*Directors' Interests in Listed Options*	*Directors Interests in Options that are Vested and Exercisable*
G McMaster	4,551,250	500,000 (i)	1,483,620	1,733,620
G Hemming	3,075,001	2,000,000 (i)	2,223,633	2,723,633
K Judge	1,384,560	300,000 (i)	5,000	155,000
R Boylan	6,715,881	-	140,000	2,504,149

(i) The unlisted options vest in tranches of 25% on successive annual anniversaries of Listing on the ASX. 25% of the unlisted options stated above for each Director are vested and exercisable as at the date of signing this report.

No options in the above table are vested and un-exercisable.

Directors' Meetings

The number of meetings of the Company's Directors held during the year ended 30 June 2010, and the number of meetings attended by each Director are as follows:

Director	*Board of Directors' Meetings*	
	Held	*Attended*
G McMaster	10	10
G Hemming	10	10
K Judge	10	10
R Boylan	N/a	N/a

Principal Activities

The principal activities of the Company during the financial year was exploration for iron, base metals, precious metals and uranium in Western Australia.

There were no significant changes in these activities during the financial year.

Results of Operations

The net loss after income tax for the financial year was $1,829,357 (2009: $773,644).

Dividends

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year.

Directors' Report

Review of Activities

Exploration

The Company's focus during the financial year has been on increasing the JORC resource at the Beyondie Magnetite Project at E52/1806 and progressing metallurgical and environmental studies as part of the project's scoping study. During the year the Company announced the discovery of a large hematite exploration target that will be investigated by the Company in the 2010/11 financial year.

A detailed review of activities is available in the section of this Annual Report titled Review of Operations.

Financial Position

At the end of the financial year the Company had $879,407 (2009: $706,750) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure is $7,730,123 (2009: $3,692.693). Mineral exploration and evaluation expenditure during the year for the Company was $4,758,344 (2009: $3,545,248).

Expenditure was principally focused on the exploration for and evaluation of iron mineralisation and base metals in Western Australia.

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the Company during or since the end of the financial year.

Options Over Unissued Capital

Unlisted Options
During the financial year the Company granted no unlisted options over unissued shares.

No ordinary shares were issued during the financial year on the exercise of unlisted options.

Since the end of the financial year 300,000 unlisted options have been issued in respect of capital raising costs in relation to a placement completed on 6 September 2010. No unlisted options have been exercised since the end of the financial year.

As at the date of this report unlisted options over unissued shares in the Company are:

Number of Options on Issue	*Exercise Price*	*Expiry Date*
3,700,000 (i)	20 cents	31 August 2012
300,000	26 cents	8 September 2012

(i) Unlisted options are subject to various vesting period. 1,850,000 are vested and exercisable at the reporting date. No options are vested and un-exercisable.

Listed Options
During the financial year the Company granted 5,621,255 listed options listed options over unissued shares as securities attaching to placement shares subscribed to in the Company (2009: 21,075,001 under an entitlement issue). The options are exercisable at 20 cents each and expire on 30 September 2010. The options are quoted on the Australian Securities Exchange.

Since the end of the financial year no listed options have been issued (2009: 3,121,250).

3,718,497 (2009: 197,500) ordinary shares were issued during the financial year on the exercise of listed options. 5,057,894 (2009: 756,500) shares have been issued on the exercise of listed options since the end of the financial year.

Options Over Unissued Capital (Continued)

As at the date of this report listed options over unissued shares in the Company are:

Number of Options Granted	*Exercise Price*	*Expiry Date*
17,722,365	20 cents	30 September 2010

All listed options are exercisable at the reporting date.

Options do not entitle the holder to participate in any share issue of the Company or any other body corporate. The holders of options are not entitled to any voting rights until the options are exercised into ordinary shares.

Matters Subsequent to the End of the Financial Year

Other than the matters below, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

- On 12 July 2010 the Company announced an agreement to acquire the remaining 20% interest in the Beyondie Iron Project from De Grey Mining Limited by payment of $6.05 million by 30 November 2010. The commencement of the CMIC Joint Venture was a condition precedent to the agreement, and as the Company has advised, on 16 September 2010, that it would not be proceeding with the joint venture, the agreement will be terminated and De Grey will revert to a 20% free carried interest in the Beyondie tenements to a decision to mine;
- On 25 August 2010 the Company signed a Subscription and Underwriting agreement with Casimir Capital (Asia Pacific) Pty Ltd to underwrite the exercise of the listed options due for conversion by 30 September 2010. Under the agreement Casimir subscribed for 5,000,000 ordinary fully paid shares at $0.20 each raising $1,000,000 before costs. The placement was completed on 6 September 2010. Subject to the successful completion of the underwriting, the Underwriter will be entitled to appoint a director onto the Board of the Company. Casimir's underwriting obligations under the agreement are conditional on, among other things:
  - Casimir securing sub-underwriting commitments on acceptable terms by 30 September 2010;
  - The Company entering into a Placement Underwriting Agreement which is to be negotiated between the Company and Casimir pursuant to which a further placement of, if completion occurs under the Subscription and Option Agreement between the Company and Beijing China Metallurgical Investment Company Limited, up to 20 million shares at $0.25 each and 20 million options with an exercise price of $0.35 and a term of 12 months, and otherwise, up to 50 million shares at $0.20 each; and
  - No termination event occurring, including non-completion under the CMIC agreement.
- On 30 August 2010 the Company announced that it had agreed with Beijing China Metallurgical Investment Co Limited (CMIC) to an extension of time for the payment of $5,004,073 to 15 September 2010, under the Subscription and Option Agreement dated 27 October 2009. On 16 October 2010 the Company announced that the Company would not be proceeding with its planned Joint Venture with CMIC, after CMIC had failed to make payment by 15 September 2010 under the extension to the Subscription and Option Agreement.

Likely Developments and Expected Results of Operations

Disclosure of any further information has not been included in this report because, in the reasonable opinion of the Directors to do so would be likely to prejudice the business activities of the Company and is dependent upon the results of the future exploration and evaluation.

Environmental Regulation and Performance

The Company holds various exploration licences to regulate its exploration activities in Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its exploration activities.

So far as the Directors are aware, all exploration activities have been undertaken in compliance with all relevant environmental regulations.

Remuneration Report (Audited)

Remuneration Policy

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. Remuneration packages include fixed remuneration with bonuses or equity based remuneration entirely at the discretion of the Board based on the performance of the Company and Shareholder approval where required.

The Remuneration Report outlines directors' and executive remuneration arrangements of the Company. For the purposes of this report, Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, including any directors of the Company and the five executives receiving the highest remuneration.

During the period the Board assumed the role of the Remuneration Committee. The Board is responsible for determining and reviewing the remuneration of the Directors and executives. The Board assesses the appropriateness of the nature and amount of the remuneration on a periodic basis by reference to market and industry conditions.

Fees and payment to non-executive directors reflects the demands that are made on, and the responsibilities of the Directors from time to time. Total remuneration for all Non-Executive Directors was last voted on by shareholders on 19 November 2008, whereby it is not to exceed $150,000 per annum. Non-Executive Directors do not receive bonuses. Directors' fees cover all main Board activities.

The Directors have resolved that each non-executive director is entitled to receive fees of $50,000 per annum (plus superannuation) and the Chairman is entitled to $75,000 per annum (plus superannuation). Payments of Director's fees will be in addition to any payments to directors in any employment capacity.

At the date of this report the Company has not entered into any agreements with Directors or senior executives which include performance based components.

A Director may also be paid fees or other amounts as the Directors determine, if a Director performs special duties or otherwise performs duties outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Executive Employment Agreements

The Company has entered into an Employment Service Agreement with Mr Garry Hemming, Managing Director effective 4 August 2008. The early termination of the agreement by the Company for a reason other than gross misconduct will require the payment of termination benefits equivalent to 6 months salary.

The contractual arrangements contain certain provisions typically found in contracts of this nature.

Remuneration Report (Audited)

Unlisted Options

No options over unissued shares have been issued to Directors or Key Management Personnel of the Company during or since the end of the financial year:

No options have been exercised by Directors or Key Management Personnel during or since the end of the financial year.

No options issued to Directors as remuneration have vested during the financial year.

Details of Remuneration for Key Management Personnel

During the year there were no other Key Management Personnel which were employed by the Company for whom disclosure is required, other than Directors.

Details of the remuneration of each Director of the Company are as follows:

2010 ***Directors***	***Base Emolument $***	***Superannuation Contributions $***	***Other Benefits $***	***Value of Options $***	***Total $***
G McMaster	**75,000**	**9,563**	**-**	**-**	**84,563**
G Hemming	**257,288**	**30,454**	**24,139(i)**	**-**	**311,881**
K Judge	**50,000**	**6,720**	**6,000(ii)**	**-**	**62,720**
Total	**382,288**	**46,737**	**30,139**	**-**	**459,164**

(i) Reportable fringe benefits received during the financial year.
(ii) Consultancy fees charged for additional services provided to the Company.

2009 *Directors*	*Base Emolument $*	*Superannuation Contributions $*	*Other Benefits $*	*Value of Options $*	*Total $*
G McMaster	68,750	7,875	42,500(i)	-	119,125
G Hemming	227,564	27,019	284,355(ii)	-	538,938
K Judge	45,833	5,500	9,000(i)	-	60,333
Total	342,147	40,394	335,855	-	718,396

(i) Relates to consultancy services provided to the Company in respect of Initial Public Offering management services incurred prior to Listing on ASX.
(ii) Relates to consultancy services provided to the Company in respect of exploration and Initial Public Offering management services incurred prior to the Company Listing on ASX.

Remuneration of Company Executives

Company secretarial and accounting services are provided to the Company by Endeavour Corporate Pty Ltd, an entity that the Company Secretary, Mr Kevin Hart is a principal of.

End Remuneration Report

Directors' Report

Officer's Indemnities and Insurance

During the year the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has entered into an agreement to indemnify all Directors and Officers against all indemnifiable losses or liabilities incurred by each Director or Officer in their capacities as Directors and Officers of the Company. The Company has not provided any indemnity or insurance for an auditor of the Company.

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 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.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of corporate governance. The Company's corporate governance statement is contained in the Annual Report.

Non-audit Services

During the year Grant Thornton Audit Pty Ltd, the Company's auditor, has performed no other services in addition to their statutory duties.

	Company	
Total remuneration paid to auditors during the financial year:	**2010**	2009
	$	$
Audit and review of the Company's financial statements	**36,098**	27,106
Total	**36,098**	27,106

The board considered the non-audit services provided during the year by the auditor and satisfied itself that the provision of the non-audit services during the year by the auditor is compatible with, and does not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were reviewed by the board to ensure they did not impact the impartiality and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they do not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on page 25.

This report is made in accordance with a resolution of the Directors.

DATED at Perth this 28th day of September 2010.

G Hemming
Director

Grant Thornton Audit Pty Ltd
ABN 94 269 609 023

10 Kings Park Road
West Perth WA 6005
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E admin@gtwa.com.au
W www.grantthornton.com.au

Auditor's Independence Declaration
To the Directors of Emergent Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Emergent Resources Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J W Vibert
Director - Audit & Assurance

Perth, 28 September 2010

Consolidated Statement of Comprehensive Income
For the financial year ended 30 June 2010

Continuing operations	Note	2010 $	2009 $
Revenue	5	**83,098**	79,355
Total revenue		**83,098**	79,355
Administration expenses		**(462,552)**	(115,482)
Employee expenses		**(290,940)**	(280,860)
Corporate expenses		**(319,648)**	(234,519)
Occupancy expenses		**(51,294)**	(33,681)
Marketing expenses		**(231,836)**	(178,423)
Financing expenses		**-**	(412)
Depreciation expenses	6	**(15,351)**	(9,622)
Exploration expenses written off		**(720,914)**	-
Loss before income tax	6	**(2,009,437)**	(773,644)
Income tax (expense)/benefit – research and development tax concession	7	**180,080**	-
Net loss for the year		**(1,829,357)**	(773,644)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(1,829,357)**	(773,644)
Earnings per share for loss attributable to the ordinary equity holders of the Company			
Basic earnings/(loss) per share	27	**(3.5)**	(1.9)
Diluted earnings/(loss) per share	27	**(3.5)**	(1.9)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As At 30 June 2010

	Note	2010 $	2009 $
Current assets			
Cash and cash equivalents	8	**879,407**	706,750
Trade and other receivables	9	**17,296**	65,518
Other current assets	10	**18,002**	18,002
Total current assets		**914,705**	790,270
Non-current assets			
Property, plant and equipment	11	**49,731**	52,019
Capitalised mineral exploration and evaluation expenditure	12	**7,730,123**	3,692,693
Total non-current assets		**7,779,854**	3,744,712
Total assets		**8,694,559**	4,534,982
Current liabilities			
Share subscription liability	13a	**-**	2,000
Trade and other payables	13b	**532,430**	499,591
Employee benefits provision	13c	**42,195**	11,157
Total current liabilities		**574,625**	512,748
Total liabilities		**574,625**	512,748
Net assets		**8,119,934**	4,022,234
Equity			
Issued capital	14	**10,873,552**	4,946,495
Option subscription reserve	15	**210,750**	210,750
Accumulated losses	16	**(2,964,368)**	(1,135,011)
Total equity		**8,119,934**	4,022,234

The above statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the financial year ended 30 June 2010

	Note	Issued capital $	Option reserve $	Accumulated losses $	Total $
Balance at 1 July 2008		478,993	-	(361,367)	117,626
Total comprehensive income for the financial year	16	-	-	(773,644)	(773,644)
Shares issued during the financial year		5,089,500	-	-	5,089,500
Share issue costs	14	(621,998)	-	-	(621,998)
Options issued during the financial year	15	-	210,750	-	210,750
Balance at 30 June 2009		4,946,495	210,750	(1,135,011)	4,022,234
Total comprehensive income for the financial year	**16**	**-**	**-**	**(1,829,357)**	**(1,829,357)**
Shares issued during the financial year	**14**	**6,240,705**	**-**	**-**	**6,240,705**
Share issue costs	**14**	**(313,648)**	**-**	**-**	**(313,648)**
Options issued during the financial year	**15**	**-**	**-**	**-**	**-**
Balance at 30 June 2010		**10,873,552**	**210,750**	**(2,964,368)**	**8,119,934**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the financial year ended 30 June 2010

	Note	2010 $	2009 $
Cash flows from operating activities			
Interest received		**83,098**	79,355
Research and development tax concession refund		**180,080**	-
Payments to suppliers and employees		**(1,162,399)**	(795,488)
Net cash used in operating activities	26	**(899,221)**	(716,133)
Cash flows from investing activities			
Payments for exploration and evaluation		**(4,835,466)**	(2,129,607)
Proceeds from the sale of property, plant and equipment		**12,987**	-
Payments for property, plant and equipment		**(30,700)**	(46,053)
Net cash used in investing activities		**(4,853,179)**	(2,175,660)
Cash flows from financing activities			
Received on the issue of shares		**6,238,705**	41,500
Repayment of oversubscriptions		**-**	(902,367)
Payments for transaction costs relating to share issues		**(313,648)**	(671,988)
Proceeds from the issue of options		**-**	210,750
Net cash provided by/(used in) financing activities		**5,925,057**	(1,322,105)
Net increase/(decrease) in cash held		**172,657**	(4,213,898)
Cash and cash equivalents at the beginning of the financial year		**706,750**	4,920,648
Cash and cash equivalents at the end of the financial year	8	**879,407**	706,750

The above statement of cash flows should be read in conjunction with the accompanying notes.

Note 1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes financial statements for Emergent Resources Limited as a consolidated entity ("Company").

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

The financial report of the Company was authorised for issue in accordance with a resolution of Directors on 28th September 2010.

Statement of Compliance
The financial report of Emergent Resources Limited complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AIFRS), in their entirety. Compliance with AIFRS ensures that the financial report also complies with International Financial Reporting Standards (IFRS) in their entirety.

Changes in accounting policies on initial application of Accounting Standards
During the year, certain accounting policies have changed as a result of new or revised accounting standards which became operative for the annual reporting period commencing on 1 July 2009.

The affected policies and standards, relevant to the Company are:

- Principles of consolidation – revised AASB 127 *Consolidated and Separate Financial Statements and changes made by AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity and Associate*
- Business combinations – revised AASB 3 *Business Combinations*
- Segment reporting – new AASB 8 *Operating Segments*
- Financial Instruments – revised AASB 7 *Financial Instruments: Disclosures*
- Borrowing Costs – revised AASB 123 *Borrowing Costs*
- Presentation of Financial Statements – AASB101

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2010. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Company accounting policies.

Reporting basis and conventions
These financial statements have been prepared under the historical cost convention, and on an accrual basis.

Basis of preparation (Continued)

Going concern basis for preparation of financial statements

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 discharge of liabilities in the normal course of business. The ability of the Company to continue to adopt the going concern assumption will depend on future successful capital raisings, the successful exploration and subsequent exploitation of the Company's tenements and/or sale of non-core assets. Should the Company not be successful in raising additional funding by capital raisings or other alternative funding arrangements fail to eventuate, there is uncertainty as to whether the Company will be able to continue as a going concern. If the Company is unable to continue as a going concern, it will be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts that may be different to those stated in the final report

The directors are cognisant of the fact that future exploration and administration activities may be constrained by available cash assets, and believe that the current cash reserves of the Company are sufficient to fund forecast exploration.

The Directors are confident of securing funds if and when necessary to meet the Company's obligations as and when they fall due, and consider the adoption of the Going Concern basis to be appropriate in the preparation of these financial statements.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(b) Segment reporting

Operating segments are identified and segment information disclosed, where appropriate, on the basis of internal reports reviewed by the Company's Board of Directors, being the Company's Chief Operating Decision Maker, as defined by AASB 8. Adoption of AASB 8 by the Company has not resulted in a redefinition of previously reported operating segments.

(c) Revenue recognition and receivables

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, allowances and amounts collectable on behalf of third parties.

Interest income

Interest income is recognised on a time proportion basis and is recognised as it accrues.

(d) Income tax

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

Deferred tax assets and liabilities are recognised for temporary timing differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to those timing differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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 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 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 balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(e) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 22). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

(f) Impairment of non financial assets

Non financial 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 non financial 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, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Cash and cash equivalents

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

(h) Property, plant and equipment

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

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 Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight line and written down value methods to allocate their cost, net of residual values, over their estimated useful lives, as follows:

Field equipment	10 - 33.3%
Office equipment	10 - 50%
Motor Vehicles	10 - 25%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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(f)). Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(i) Mineral exploration and evaluation expenditure

Mineral exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in, or in relation to, the area of interest are continuing.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Immediate restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure. Exploration activities resulting in future obligations in respect of restoration costs result in a provision to be made by capitalising the estimated costs, on a discounted cash basis, of restoration and depreciating over the useful life of the asset. The unwinding of the effect of the discounting on the provision is recorded as a finance cost in the income statement.

(j) Joint ventures

Interests in joint ventures are brought to account by including the appropriate share of the relevant assets, liabilities and costs of the joint ventures in their relevant categories in the financial statements.

(k) Trade and other payables

These amounts represent liabilities, at amortised cost, for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition.

(l) Employee benefits

Wages, 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.

Long service leave.
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future salaries, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share based payments.
Share based compensation payments are made available to Directors and employees.

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share based payments reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

(m) 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.

(n) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to equity holders 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.

(o) Goods and services tax (GST)

Revenues, expenses, assets commitments and contingencies 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 a 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 balance sheet.

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 flow.

(p) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(q) Financial Instruments

Recognition

When financial assets are recognised initially, they are measured at fair value, plus in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments included to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

(iv) Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(r) Fair value estimation

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss, held to maturity investments and available for sale financial assets is determined by reference to their quoted bid price at the reporting date. The fair value of held to maturity investments is determined for disclosure purposes only. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Note 2 Financial risk management

The Company has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Company's exposure to the specific risks, and the policies and processes for measuring and managing those risks. The Board of Directors has the overall responsibility for the risk management framework and has adopted a Risk Management Policy.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments.

Trade and other receivables
The Company has no investments and the nature of the business activity of the Company does not result in trading receivables. The receivables that the Company does experience through its normal course of business are short term and the risk of recovery of no recovery of receivables is considered to be negligible.

Cash deposits
The Company's primary banker is ANZ Limited, at balance date significantly all operating accounts and funds held on deposit are with this bank. The Directors believe any risk associated with the use of predominantly only one bank is addressed through the use of an AA rated bank as a primary banker. Except for this matter the Company currently has no significant concentrations of credit risk.

Note 2 Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Company's current and future operations, and consideration is given to the liquid assets available to the Company before commitment is made to future expenditure or investment. If the Company does not raise capital in the short term, it can continue as a going concern by reducing planned but not committed expenditure until funding is available or joint venture arrangements can be entered in to.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return.

Interest rate risk

The Company has significant cash assets which may be susceptible to fluctuations in changes in interest rates. Whilst the Company requires the cash assets to be sufficiently liquid to cover any planned or unforeseen future expenditure, which prevents the cash assets being committed to long term fixed interest arrangements; the Company does mitigate potential interest rate risk by entering into short to medium term fixed interest investments.

Other market risks

The Company does not have any direct contact with foreign exchange or equity risks other than their effect on the general economy.

(d) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors capital expenditure and cash flows as mentioned in (b). The Company's capital structure may be amended by the issue of equity securities or by entering in to other finance arrangements as necessary to fund the Company's operations and to continue as a going concern.

The Company's current capital structure has been comprised entirely of equity based securities since its incorporation, and has no externally imposed capital requirements to which it is subject to, other than the requirements of the Corporations Act and ASX Listing Rules. There has been no material change to the composition of the Company's capital in this or prior reporting periods. Capital registers are tabled at each meeting of the Board.

Note 3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Accounting for capitalised exploration and evaluation expenditure

The Company's accounting policy is stated at 1(i). There is some subjectivity involved in the carrying forward as capitalised or writing off to the income statement exploration and evaluation expenditure, however management give due consideration to areas of interest on a regular basis and are confident that decisions to either write off or carry forward such expenditure reflect fairly the prevailing situation.

Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2010

Note 4 Segment information

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. The Company's only material reportable segment for the financial period has been identified as the Beyondie Iron Project in the Mid-West region of Western Australia.

	Note	2010 $	2009 $
Capitalised exploration for the year:			
Beyondie Iron Project		**4,464,700**	1,244,777
Other(i)		**293,644**	2,444,916
(i) includes acquisition costs incurred in the 2009 financial year		**4,758,344**	3,692,693
Result for the year:			
Beyondie Iron Project		**(1,734)**	-
Other		**(1,827,623)**	(773,644)
		(1,829,357)	(773,644)
Total segment assets:			
Beyondie Iron Project		**5,707,744**	1,244,777
Other		**2,986,815**	3,290,205
		8,694,559	4,534,982

Note 5 Revenue

Interest income		**83,098**	79,355

Note 6 Loss for the year

Loss before income tax includes the following specific expenses:			
Loss on disposal of plant and equipment		**4,651**	-
Depreciation			
Office equipment		**7,854**	4,918
Plant and equipment		**1,585**	667
Motor vehicles		**5,912**	4,037
		15,351	9,622
Employee expenses			
Wages and salaries		**484,354**	314,288
Superannuation		**66,010**	50,658
Salary costs capitalised to exploration		**(458,476)**	(263,732)
Directors' fees		**125,050**	114,583
Other employment expenses		**74,002**	65,063
		290,940	280,860

Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2010

Note 7 Income tax

	Note	2010 $	2009 $
a) Income tax expense			
Current income tax:			
Current income tax charge (benefit)		**(1,875,044)**	(1,475,667)
Research and development tax concession		**(180,080)**	-
Deferred income tax:			
Relating to origination and reversal of timing differences		**1,875,044**	1,475,667
Income tax expense reported in the income statement		**(180,080)**	-
b) Reconciliation of income tax expense to prima facie tax payable			
Loss from continuing operations before income tax expense		**(2,009,437)**	(773,644)
Tax at the Australian rate of 30% (2009 – 30%)		**(602,831)**	(232,093)
Tax effect of permanent differences:			
Exploration costs written off		**216,274**	-
Capital raising costs		**(64,295)**	(45,486)
Research and development tax concession		**(180,080)**	-
Deferred tax effect of prior year tax losses not brought to account		**(50,784)**	-
Net deferred tax asset benefit not brought to account		**501,636**	277,579
Tax (benefit)/expense		**(180,080)**	-
c) Deferred tax – Balance Sheet			
Liabilities			
Capitalised exploration expenditure		**(2,319,037)**	(1,107,808)
		(2,319,037)	(1,107,808)
Assets			
Revenue losses available to offset against future taxable income		**3,185,220**	1,475,667
Employee provisions		**12,659**	3,347
Accrued expenses		**16,949**	22,949
Deductible equity raising costs		**203,567**	173,775
Net unrecognised deferred tax asset		**1,099,358**	567,930

Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2010

	Note	**2010** **$**	2009 $

Note 7 Income tax (continued)

d) Deferred tax – Income Statement			
Liabilities			
Capitalised exploration expenditure		**(1,211,229)**	(1,053,875)
		(1,211,229)	(1,053,875)
Assets			
Accrued expenses		**(6,000)**	18,599
Increase in tax losses carried forward		**1,709,553**	1,309,508
Employee provisions		**9,312**	3,347
Deferred tax benefit not recognised		**501,636**	277,579

The deferred tax assets of tax losses not brought to account will only be obtained if:

(i) The Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the tax losses to be realised;

(ii) The Company continues to comply with the conditions for deductibility imposed by tax legislation; and

(iii) No changes in tax legislation adversely affect the Company realising the benefit from the deduction of the losses.

All unused tax losses were incurred by Australian entities.

Note 8 Current assets - Cash and cash equivalents

Cash at bank		**879,407**	704,750
Cash held in share application trust account		**-**	2,000
		879,407	706,750

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows:

Cash at bank		**879,407**	106,840
Deposits at call		**-**	599,910
Cash and cash equivalents per cash flow statement		**879,407**	706,750

(b) Deposits at call

The deposits are bearing fixed interest rates of n/a (2009: 6.80%).

Note 9 Current assets – Trade and other receivables

GST recoverable		**17,296**	65,518

Details of fair value and exposure to interest risk are included at note 17.

Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2010

	Note	2010 $	2009 $
Note 10 Current assets – Other assets			
Deposits		**18,002**	18,002
		18,002	18,002
Note 11 Non-current assets – Property, plant and equipment			
Office equipment			
At cost		**55,656**	29,855
Accumulated depreciation		**(15,179)**	(7,324)
		40,477	22,531
Plant and equipment			
At cost		**11,505**	6,505
Accumulated depreciation		**(2,251)**	(667)
		9,254	5,838
Motor vehicles			
At cost		**-**	27,687
Accumulated depreciation		**-**	(4,037)
		-	23,650
		49,731	52,019
Reconciliation of movements:			
Office equipment			
Net book value at start of the year		**22,531**	**15,588**
Additions		**25,800**	**11,861**
Depreciation		**(7,854)**	**(4,918)**
Net book value at end of the year		**40,477**	**22,531**
Plant and equipment			
Net book value at start of the year		**5,838**	**-**
Additions		**5,001**	**6,505**
Depreciation		**(1,585)**	**(667)**
Net book value at end of the year		**9,254**	**5,838**
Motor vehicles			
Net book value at start of the year		**23,650**	**-**
Disposals		**(17,738)**	**27,687**
Depreciation		**(5,912)**	**(4,037)**
Net book value at end of the year		**-**	**23,650**
		49,731	**52,019**

No items of property, plant and equipment have been pledged as security by the Company.

	Note	**2010**	2009
		$	$

Note 12 Non-current assets – Capitalised mineral exploration and evaluation expenditure

In the exploration and evaluation phase:			
Capitalised exploration costs at the start of the year		**3,692,693**	147,445
Acquisition costs capitalised during the year		**-**	1,086,495
Exploration costs capitalised during the year		**4,758,344**	2,458,753
Exploration costs written off during the year		**(720,914)**	-
Capitalised exploration costs at the end of the year		**7,730,123**	3,692,693

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Note 13 Current liabilities

a) Share subscription liability

Share application funds (i)		**-**	2,000

(i) Relates to funds received from equity subscribers for which securities have not been issued.

b) Trade and other payables

Trade payables and accrued expenses		**507,410**	491,608
Payroll liabilities		**25,020**	7,983
		532,430	499,591

c) Employee benefits provision

Employee leave liabilities		**42,195**	11,157

Liabilities are not secured over the assets of the company. Details of fair value and exposure to interest risk are included at note 17.

Note 14 Issued capital

a) Ordinary shares
The Company is a public company limited by shares. The Company was incorporated in Perth, Western Australia.

The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of 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.

Ordinary shares have no par value. There is no limit to the authorised share capital of the Company.

Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2010

Note 14 Issued capital (continued)

b) Share capital		**2010 No.**	2009 No.	**2010 $**	2009 $
Issued share capital		**57,308,508**	42,347,501	**10,873,552**	4,946,495

c) Share movements during the year	*Issue price*				
At the beginning of the year		**42,347,501**	14,650,001	**4,946,495**	478,993
Share placement	$0.14	**-**	7,500,000	**-**	1,050,000
IPO	$0.20	**-**	20,000,000	**-**	4,000,000
Options exercised	$0.20	**3,718,497**	197,500	**743,699**	39,500
Share placement	$0.40	**6,242,500**	-	**2,497,000**	-
Share placement	$0.60	**5,000,010**	-	**3,000,006**	-
Less: costs related to shares issued		**-**	-	**(313,648)**	(621,998)
At the end of the year		**57,308,508**	42,347,501	**10,873,552**	4,946,495

Information relating to options over unissued shares is set out in note 15.

Note 15 Options

a) Options on issue		**2010 No.**	2009 No.	**2010 $**	2009 $
Issued option capital		**26,480,259**	24,775,001	**210,750**	210,750

b) Option movements during the year	*Issue price*				
At the beginning of the year		**24,577,501**	3,700,000	**210,750**	-
Unlisted options issued (i)	Nil	**-**	-	**-**	-
Listed options issued (ii)	$0.01	**-**	21,075,001	**-**	210,750
Listed options issued (iii)	Nil	**5,621,255**	-	**-**	-
Listed options exercised	-	**(3,718,497)**	(197,500)	**-**	-
At the end of the year		**26,480,259**	24,577,501	**210,750**	210,750

(i) *Unlisted options exercisable by payment of $0.20 each on or before 31 August 2012.*
(ii) *Listed options issued pursuant to an entitlement issue, exercisable by payment of $0.20 each on or before 30 September 2010.*
(iii) *Listed options issued attaching to shares issued pursuant to share placements completed during the financial year.*

Note 15 Options (continued)

c) Options on issue at the balance date
The number of options outstanding as at 30 June 2010 is 26,480,259 (2009: 24,577,501). The terms of these options are as follows:

Number of options outstanding	*Exercise price*	*Expiry date*
3,700,000	$0.20	31 August 2012
22,780,259	$0.20	30 September 2010

d) Subsequent to the balance date

300,000 unlisted options have been granted subsequent to the balance date and prior to the date of signing this report in, pursuant to a subscription agreement in relation to a capital raising.

5,057,894 options have been exercised subsequent to the balance date to the date of signing this report.

Reconciliation of movement of options over unissued shares during the period including weighted average exercise price (WAEP)

	2010		2009	
	No.	**WAEP (cents)**	No.	WAEP (cents)
Options outstanding at the start of the year	**24,577,501**	**20.0**	3,700,000	20.0
Listed Options granted during the year	**5,621,255**	**20.0**	21,075,001	20.0
Options exercised during the year	**(3,718,497)**	**20.0**	(197,500)	20.0
Options expiring unexercised during the year	**-**	**-**	-	-
Options outstanding at the end of the year	**26,480,259**	**20.0**	24,577,501	20.0

Basis and assumptions used in the valuation of options.

No options have been issued as remuneration or compensation during the reporting period.

	Note	**2010** **$**	2009 $
Note 16 Reserves and accumulated losses			
Accumulated losses:			
At the beginning of the year		**(1,135,011)**	(361,367)
Loss for the year		**(1,829,357)**	(773,644)
Balance at the end of the year		**(2,964,368)**	(1,135,011)

Note 17 Financial instruments

Credit risk
The Directors do not consider that the Company's financial assets are subject to anything more than a negligible level of credit risk, and as such no disclosures are made, note 2(a).

Impairment losses
The Directors do not consider that any of the Company's financial assets are subject to impairment at the reporting date. No impairment expense or reversal of impairment charge has occurred during the reporting period.

Liquidity risk
The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements, note 2(b) :

2010	**Carrying amount**	**Contractual cash flows**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5years**	**More than 5 years**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Trade and other payables	**450,915**	**450,915**	**450,915**	**-**	**-**	**-**	**-**
	450,915	**450,915**	**450,915**	**-**	**-**	**-**	**-**

2009	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5years	More than 5 years
	$	$	$	$	$	$	$
Trade and other payables	499,591	499,591	499,591	-	-	-	-
	499,591	499,591	499,591	-	-	-	-

Interest rate risk
At the reporting date the interest profile of the Company's interest-bearing financial instruments was:

	Carrying amount ($)	
	2010	**2009**
Fixed rate instruments		
Financial assets	**-**	-
Variable rate instruments		
Financial assets	**879,407**	706,750

The weighted average effective interest rates for financial assets at 30 June 2010 is 4.5% (2009: 5.8%). The weighted average maturity period for these financial assets as at 30 June 2010 is nil months (2009: 2.5 months).

Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2010

Note 17 Financial instruments (Continued)

Cash flow sensitivity analysis for variable rate instruments
A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

2010	**Profit or loss**		**Equity**	
	1% increase	**1% decrease**	**1% increase**	**1% decrease**
Variable rate instruments	**8,794**	**(8,794)**	**8,794**	**(8,794)**

2009	Profit or loss		Equity	
	1% increase	1% decrease	1% increase	1% Decrease
Variable rate instruments	7,068	(7,068)	7,068	(7,068)

Fair values

Fair values versus carrying amounts
The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	2010		2009	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$	**$**	$	$
Cash and cash equivalents	**879,407**	**879,407**	706,750	706,750
Trade and other receivables	**-**	**-**	65,518	65,518
Trade and other payables – at amortised cost	**(450,915)**	**(450,915)**	(499,591)	(499,591)
	428,492	**428,492**	272,677	272,677

The Company's policy for recognition of fair values is disclosed at note 1(s).

Note 18 Dividends

No dividends were paid or proposed during the financial year.

The Company has no franking credits available as at 30 June 2010 or 30 June 2009.

Note 19 Key management personnel disclosures

(a) Directors

The following persons were directors of Emergent Resources Limited during the financial year:

(i) Chairman – non-executive

George McMaster

(ii) Executive directors

Garry Hemming, Managing Director

(iii) *Non-executive directors*

Kevin Judge, Director

Other key management personnel

There were no other persons employed by or contracted to the Company during the financial year, having responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly.

(*b) Key management personnel compensation*

	Key Management Compensation ($)	
	2010	**2009**
Short-term employee benefits	**382,288**	342,147
Post employment benefits	**46,737**	40,394
Other benefits	**30,139**	335,855
	459,164	718,396

c) *Equity instrument disclosures relating to key management personnel*

Unlisted Options provided as remuneration and shares issued on exercise of such options

No options have been issued to key management personnel during the year.

No shares have been issued to key management personnel on exercise of options during the year.

Option holdings

Key Management Personnel have the following interests in options over unissued shares of the Company.

2010 **Name**	**Balance at start of the year**	**Received during the year as remuneration**	**Other changes during the year**	**Balance at the end of the year**	**Vested and exercisable**
Directors					
G. McMaster	**3,362,370**	**-**	**(378,750)**	**2,983,620**	**2,608,620**
G. Hemming	**4,473,633**	**-**	**-**	**4,473,633**	**2,973,633**
K. Judge	**839,560**	**-**	**(534,560)**	**305,000**	**80,000**

Note 19 Key management personnel disclosures (Continued)

Option holdings (continued)

2009 Name	Balance at the start of the year	Received during the year as remuneration	Other changes during the year	Balance at the end of the year	Vested and exercisable
Directors					
G. McMaster	500,000	-	2,862,370	3,362,370	2,862,370
G. Hemming	2,000,000	-	2,473,633	4,473,633	2,473,633
K. Judge	300,000	-	539,560	839,560	539,560

All options held by Directors in the above table that have vested are exercisable.

Listed options acquired during the year by Directors have no vesting conditions and are immediately exercisable, other than the listed options acquired no options have vested during the year.

Share holdings

The number of shares in the Company held during the financial year by key management personnel of the Company, including their personally related parties are set out below. There were no shares granted during the reporting period as compensation.

2010 **Name**	**Balance at start of the year**	**Received during the year on exercise of options**	**Other changes during the year ***	**Balance at the end of the year**
Directors				
G. McMaster	**3,137,500**	**458,750**	**(45,000)**	**3,551,250**
G. Hemming	**2,825,001**	**-**	**-**	**2,825,001**
K. Judge	**850,000**	**534,560**	**-**	**1,384,560**

* Other changes during the year refer to shares purchased or sold during the financial year.

2009 Name	Balance at start of the year	Received during the year on exercise of options	Other changes during the year *	Balance at the end of the year
Directors				
G. McMaster	3,200,000	-	(62,500)	3,137,500
G. Hemming	2,700,001	-	125,000	2,825,001
K. Judge	800,000	-	50,000	850,000

* Other changes during the year refer to shares purchased or sold during the financial year.

Note 19 Key management personnel disclosures (Continued)

d) Loans made to key management personnel

No loans were made to key personnel, including personally related entities during the reporting period.

f) Other transactions with key management personnel

There were no other transactions with key management personnel, other than as disclosed in the *Remuneration Report*.

	Note	**2010**	2009
		$	$
Note 20 Remuneration of auditors			
Audit or review of the financial reports of the Company		**36,098**	27,106
Balance at the end of the year		**36,098**	27,106

Note 21 Contingencies

(i) Contingent liabilities
There were no material contingent liabilities not provided for in the financial statements of the Company as at 30 June 2010 or 30 June 2009 other than:

Native Title and Aboriginal Heritage
Native title claims have been made with respect to areas which include tenements in which the Company has an interest. The Company is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Company or its projects. Agreement is being or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Company has an interest.

(ii) Contingent assets
There were no material contingent assets as at 30 June 2010 or 30 June 2009.

Note 22 Commitments

(a) Exploration

The Company has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Company's exploration programmes and priorities. As at balance date, total exploration expenditure commitments on tenements held by the Company have not been provided for in the financial statements and which cover the following twelve month period amount to $708,313 (2009: $504,500). These obligations are also subject to variations by farm-out arrangements or sale of the relevant tenements. This commitment does not include the expenditure commitments which are the responsibility of the joint venture partners.

(b) Operating Lease Commitments

The Company has no operating lease commitments.

(c) Contractual Commitment

There are no material contractual commitments as at 30 June 2010 (2009: nil) other than those disclosed above and not otherwise disclosed in the Financial Statements.

Note 23 Related party transactions

There were no related party transactions during the year, other than disclosed at note 19.

Note 24 Interests in joint ventures

Joint venture agreements have been entered into with third parties. Details of joint venture agreements are disclosed below.

Assets employed by these joint ventures and the Company's expenditure in respect of them is brought to account initially as capitalised exploration and evaluation expenditure until a formal joint venture agreement is entered into. Thereafter, investment in joint ventures is recorded distinctly from capitalised exploration costs incurred on the company's 100% owned projects.

Joint Venture and Exploration Agreement

De Grey Mining Limited - Beyondie Iron Agreement

The Company entered into a Joint Venture agreement with De Grey Mining Limited on 1 May 2008, whereby Emergent Resources Limited can earn up to 80% of the iron ore, vanadium and manganese rights on EL52/1806 and EL52/2215 by spending $1.75 million within a 3 year period. Subsequent to the Company earning an 80% interest it sole funds the tenements until it makes a decision to mine. De Grey Mining Limited may then contribute on its 20% interest basis or convert to a 2% net smelter royalty.

Pandell Pty Ltd – North Pool and Mt Narryer Projects

The Company has entered into unincorporated joint venture agreements with Pandell Pty Ltd in respect of the North Pool (EL53/977 and EL53/1301) and Mt Narryer (EL09/1394) Projects. Under the agreement Emergent Resources Limited has an 80% interest in the projects and Pandell Pty Ltd has a 20% free carried interest up to completion of a feasibility study.

Note 25 Events occurring after the balance sheet date

Other than the matters below, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

- On 12 July 2010 the Company announced an agreement to acquire the remaining 20% interest in the Beyondie Iron Project from De Grey Mining Limited by payment of $6.05 million by 30 November 2010. The commencement of the CMIC Joint Venture was a condition precedent to the agreement, and as the Company has advised, on 16 September 2010, that it would not be proceeding with the CMIC joint venture, the agreement terminated and De Grey will revert to a 20% free carried interest in the Beyondie tenements to a decision to mine;
- On 25 August 2010 the Company signed a Subscription and Underwriting agreement with Casimir Capital (Asia Pacific) Pty Ltd to underwrite the exercise of the listed options due for conversion by 30 September 2010. Under the agreement Casimir subscribed for 5,000,000 ordinary fully paid shares at $0.20 each raising $1,000,000 before costs. The placement was completed on 6 September 2010. Subject to the successful completion of the underwriting, the Underwriter will be entitled to appoint a director onto the Board of the Company. Casimir's underwriting obligations under the agreement are conditional on, among other things:
  - Casimir securing sub-underwriting commitments on acceptable terms by 30 September 2010;
  - The Company entering into a Placement Underwriting Agreement which is to be negotiated between the Company and Casimir pursuant to which a further placement of, if completion occurs under the Subscription and Option Agreement between the Company and Beijing China Metallurgical Investment Company Limited, up to 20 million shares at $0.25 each and 20 million options with an exercise price of $0.35 and a term of 12 months, and otherwise, up to 50 million shares at $0.20 each; and
  - No termination event occurring, including non-completion under the CMIC agreement.
- On 30 August 2010 the Company announced that it had agreed with Beijing China Metallurgical Investment Co Limited (CMIC) to an extension of time for the payment of $5,004,073 to 15 September 2010, under the Subscription and Option Agreement dated 27 October 2009. On 16 October 2010 the Company announced that the Company would not be proceeding with its planned Joint Venture with CMIC, after CMIC had failed to make payment by 15 September 2010 under the extension to the Subscription and Option Agreement.

Note 26 Reconciliation of loss after tax to net cash inflow from operating activities

	Note	**2010** **$**	2009 $
Loss after tax		**(1,829,357)**	(773,644)
Non-cash items:			
Loss on sale of assets		**4,650**	-
Depreciation expense		**15,351**	9,622
Share issue costs expensed		**720,914**	-
Changes in net assets and liabilities:			
(Increase) in trade and other receivables		**9,643**	(8,590)
(Increase)/decrease in other assets		**-**	13,081
Increase in trade and other payables		**169,962**	32,241
Increase in employee liabilities		**9,616**	11,157
		(899,221)	(716,133)

Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2010

Note 26 Reconciliation of loss after tax to net cash inflow from operating activities (continued)

Details of non-cash financing and investing activities

Shares issued to acquire exploration assets ($0.14)	**-**	1,050,000
	-	1,050,000

Note 27 Earnings per share

	2010 cents	2009 cents
a) Basic earnings per share Loss attributable to ordinary equity holders of the Company	**(3.5)**	(1.9)
b) Diluted earnings per share Loss attributable to ordinary equity holders of the Company	**(3.5)**	(1.9)

	$	$
c) Loss used in calculation of basic and diluted loss per share Consolidated loss after tax from continuing operations	**(1,829,357)**	(773,644)

	No.	No.
d) Weighted average number of shares used as the denominator Weighted average number of shares used as the denominator in calculating basic and dilutive loss per share	**51,842,868**	39,794,378

At 30 June 2010 the Company has on issue 26,480,259 options (2009: 24,577,501) over ordinary shares that are not considered to be dilutive to its reported loss for the year.

Note 28 Parent Company and Subsidiary Information

During the year ended 30 June 2010, Emergent Resources Limited registered 2 wholly owned subsidiary companies, as follows:

Company Name	ACN	Date of incorporation	Ownership %
Beyondie J/V Operations Pty Ltd	143 225 969	20 April 2010	100%
Emergent Exploration Pty Ltd	143 526 336	7 May 2010	100%

As at the reporting date, and during the financial year since registration, both subsidiary companies were dormant and held no assets or incurred no liabilities. Both subsidiary companies were registered in Western Australia. Parent entity and Consolidated entity information is identical during and at the end of the year, therefore no separate parent entity disclosures has been included.

Directors' Declaration

In the opinion of the Directors of Emergent Resources Limited ("the Company")

(a) the financial statements and notes set out on pages 26 to 52 are in accordance with the Corporations Act 2001, including:

 (i) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 (ii) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the Company.

(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.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2010.

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

Signed at Perth this 28th day of September 2010.

G Hemming
Managing Director

Grant Thornton Audit Pty Ltd
ABN 94 269 609 023

10 Kings Park Road
West Perth WA 6005
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E admin@gtwa.com.au
W www.grantthornton.com.au

Independent Auditor's Report
To the Members of Emergent Resources Limited

Report on the financial report

We have audited the accompanying financial report of Emergent Resources Limited (the "Company"), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial report and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

Auditor's opinion
In our opinion,:

a the financial report of Emergent Resources Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the Consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

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

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report
We have audited the Remuneration Report included in pages 21 to 22 of the directors' report for the year ended 30 June 2010. 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.

Auditor's opinion on the remuneration report

In our opinion, the Remuneration Report of Emergent Resources Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J W Vibert
Director - Audit & Assurance

Perth, 28 September 2010

ASX Additional Information

Pursuant to the Listing Rules of the Australian Securities Exchange Limited, the shareholder information set out below was applicable as at 20th September 2010.

a. Distribution of Equity Securities

	Listed Shares		Listed Options	
Range	**Number of Holders**	**Securities Held**	**Number of Holders**	**Securities Held**
1 – 1,000	43	29,339	2	624
1,001 – 5,000	182	598,807	36	163,967
5,001 – 10,000	224	1,988,078	35	294,463
10,001 – 100,000	511	19,561,961	126	4364,792
100,001 and over	82	42,073,041	38	16,013,695
	1,042	64,251,226	237	20,837,541

There are 76 shareholders holding unmarketable parcels represented by 2,000 shares.
There are 100 optionholders holding unmarketable parcels represented by 16,667 options.

b. Substantial Shareholders
An extract of the Company's Register of Substantial Shareholders (who hold 5% or more of the issued capital) is set out below:

Shareholder Name	**Issued Ordinary Shares**	
	Number	**%**
Casimir Capital (Asia Pacific) Pty Ltd	5,041,664	7.9%
George James McMaster	4,551,250	7.1%
Trimglint Pty Ltd	4,351,732	6.8%

c. Twenty Largest Shareholders

Shareholder	**Shares Held**	**% of Issued Capital**
Casimir Capital (Asia Pacific) Pty Ltd	5,041,664	7.85%
Pandell Pty Ltd	4,675,000	7.28%
George James McMaster	4,551,250	7.08%
Trimglint Pty Ltd	4,351,732	6.77%
Maree Theresa Hemming	2,826,000	4.40%
Dilkara Nominees Pty Ltd	2,420,000	3.77%
Spinaway Gardens Pty Ltd	1,374,560	2.14%
W D King Super Fund A/c	923,270	1.44%
Citicorp Nominees Pty Ltd	899,760	1.40%
Dr Neil Tanudisastro	575,000	0.89%
Jeffrey John Greer	525,000	0.82%
HSBC Custody Nominees (Australia) Limited	430,700	0.67%
Bond Street Custodians Limited	424,000	0.66%
Donal Andrew Charles McLeod	401,990	0.63%
Petrovs Retirement Fund A/c	400,000	0.62%
D J & J L Mahoney	370,000	0.58%
Ron Borland Real Estate Pty Ltd	345,500	0.54%
The Morry Blumenthal Super Fund A/c	340,000	0.53%
Dottie Investments Pty Ltd	333,334	0.52%
Des Vickers Securities (Singapore) Pte Ltd	322,076	0.50%
	31,530,836	**49.07%**

ASX Additional Information

d. Twenty Largest Option Holders

Optionholder	Options Held	% of Issued Options
Pandell Pty Ltd	3,500,000	16.80%
Trimglint Pty Ltd	2,504,149	12.02%
Maree Theresa Hemming	1,548,633	7.43%
George James McMaster	1,483,620	7.12%
Hemming Super Fund A/c	675,000	3.24%
Advantage Management Pty Ltd	613,000	2.94%
Ron Borland Real Estate Pty Ltd	414,500	1.99%
Fishin Chips Pty Ltd	400,000	1.92%
W D King Super Fund A/c	345,000	1.66%
Mr GL & Mrs JA Lewis	314,000	1.51%
Bassett Superfund A/c	298,755	1.43%
Oakover Gold Ltd	250,000	1.20%
Joanna Olene Brown	247,500	1.19%
Powertank Pty Ltd	233,500	1.12%
Efficient Ships Pty Ltd	195,000	0.94%
Mr PJ & Mrs DA Rozenzweig	180,000	0.86%
Sean Mathieson	175,000	0.84%
Dr Jerzy Muchnicki	172,300	0.83%
Dottie Investments Pty Ltd	166,667	0.80%
Eastbourne Superannuation Fund	166,320	0.80%
	13,882,944	**66.62%**

e. Voting Rights
In accordance with the Company’s Constitution, voting rights in respect of ordinary shares are on a show of hands whereby each member present in person or by proxy shall have one vote and upon a poll, each share will have one vote.

f. Restricted Securities
There are no restricted securities.

g. Use of Capital
Pursuant to the requirements of ASX Listing Rule 4.10.19 the Company has used all funds raised from its Initial Public Offer (IPO) in a manner that is consistent with the prospectus and objectives outlined in the IPO document.

Emergent Resources Limited
ABN 68 125 323 622

Tenement Schedule
As At 17th September 2010

TENEMENT	STATUS	REGISTERED HOLDER	EMERGENT %
E52/1806	Granted	De Grey Mining Ltd	80%
E52/2215	Granted	De Grey Mining Ltd	80%
E52/2474	Application	Emergent Resources Ltd	100%
E69/2625	Application	Emergent Resources Ltd	100%
E69/2669	Application	Emergent Resources Ltd	100%
MARBLE BAR			
E45/2223	Application	Pandell Pty Ltd	100%
E45/2684	Application	Oakover Gold Ltd	100%
P45/2575	Application	Oakover Gold Ltd	100%
P45/2576	Application	Oakover Gold Ltd	100%
P45/2577	Application	Oakover Gold Ltd	100%
MT BARTLE			
E53/1302	Granted	Pandell Pty Ltd	100%
E53/1332	Granted	Pandell Pty Ltd	100%
P53/1417	Granted	Pandell Pty Ltd	100%
P53/1418	Granted	Pandell Pty Ltd	100%
P53/1419	Granted	Pandell Pty Ltd	100%
NORTH POOL			
E53/977	Granted	Emergent Resources Ltd / Pandell Pty Ltd	Earning 80%
E53/1301	Granted	Pandell Pty Ltd	100%
DIAMOND WELL			
E51/1191	Granted	Emergent Resources Ltd	100%
E51/1204	Granted	Pandell Pty Ltd	100%
E51/1205	Granted	Pandell Pty Ltd	100%
PATERSON			
E45/3092	Application	Ian Kerr	100%
E45/3096	Application	Emergent Resources Ltd	100%
E45/3097	Application	Emergent Resources Ltd	100%
RAINBOW BORE			
E51/1206	Granted	Pandell Pty Ltd	100%
CLARRIE WELL			
E51/1207	Granted	Pandell Pty Ltd	100%
FENCELINE			
E51/1208	Granted	Pandell Pty Ltd	100%
MT NARRYER			
E09/1394	Granted	Emergent Resources Ltd / Pandell Pty Ltd	Earning 80%