emergent resources limited

ABN 68 125 323 622

Annual Report 2011

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Contents

Corporate Directory

Directors

Wolfgang Fischer	Executive Chairman
Nicholas Martin	Non-Executive Director
Stuart Hall	Non-Executive Director
Geoff Cowie	Non-Executive Director

Executives

Nathan Lude	Chief Executive Officer

Company Secretary

Kevin R Hart

Principal and Registered Office

Suite 1, 43 Oxford Close
West Leederville, Western Australia 6007
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, Western Australia 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

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.

Chairman's Letter

Dear Fellow Shareholder,

The last twelve months have been an extremely busy and challenging period for our Company.

A comprehensive, detailed geological review of all of the Company's exploration assets by the new management in early 2011 led to recognition of significant gold prospectivity at Beyondie, and a much better understanding of the Glengarry Project areas which are highly prospective for gold, copper and other non-ferrous base metals.

Just south of the Beyondie Iron Project, the Extension and Extension North Marymia prospects cover the north-eastern portion of the highly prospective Plutonic Well Greenstone Belt, where to date over 7 million ounces of gold have been found. The exciting gold and copper potential identified at the Extension and Extension North Marymia prospects represent an opportunity for the Company to achieve near term exploration success.

The Glengarry project area previously had minimal exploration carried out on it because of the Company's focus on the iron potential at Beyondie. Anomalies at Glengarry, identified by geological studies conducted in conjunction with the CSIRO, have been supported by subsequent soil geochemistry work which has delineated exciting new, high priority gold and copper targets for drilling. The Glengarry projects are situated in the Yerrida Basin which is fast becoming one of Australia's most exciting mineral provinces, as evidenced by the recent exploration successes experienced by a number of companies in the area.

At Beyondie we have been diligently and systematically evaluating the potential of the magnetite and hematite by a carefully considered combination of drilling and metallurgical test work of drilling samples. This has resulted in more informed decision making on how best to cost effectively advance the Beyondie Iron Project, where delays in the development of infrastructure in Western Australia's mid-west region, primarily related to the Oakajee Port and Rail Project, have had a significant impact. Management are in discussions with a number of major, strategic overseas and local parties who have expressed interest in participating with Emergent in developing this potentially world class iron ore deposit.

The Company is focussed on projects that have the potential to achieve a near term revenue stream. To that end the funds being raised through the pro-rata entitlement issue currently underway will be carefully applied to drive value creation for all of Emergent's shareholders. As part of our strategy moving forward, we are also actively pursuing new exploration and mining opportunities in Australia and overseas that offer Emergent the potential for rapid growth.

Thank you for your support during the year and I look forward to us all, as shareholders, enjoying the rewards of our Company's exciting future.

Sincerely,

Wolfgang Fischer
Executive Chairman

Review of Operations

BEYONDIE IRON PROJECT

Emergent Resources' activities for the year ending 30 June 2011 continued to focus on the exploration and development of its Beyondie Iron project in the mid-west region of Western Australia (see Figure 1: 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. Emergent continues discussions with various infrastructure stakeholders and developers regarding rail access and port allocation. Emergent is focused on entering into a joint venture which will assist the Company in the development and advancement of the iron project.

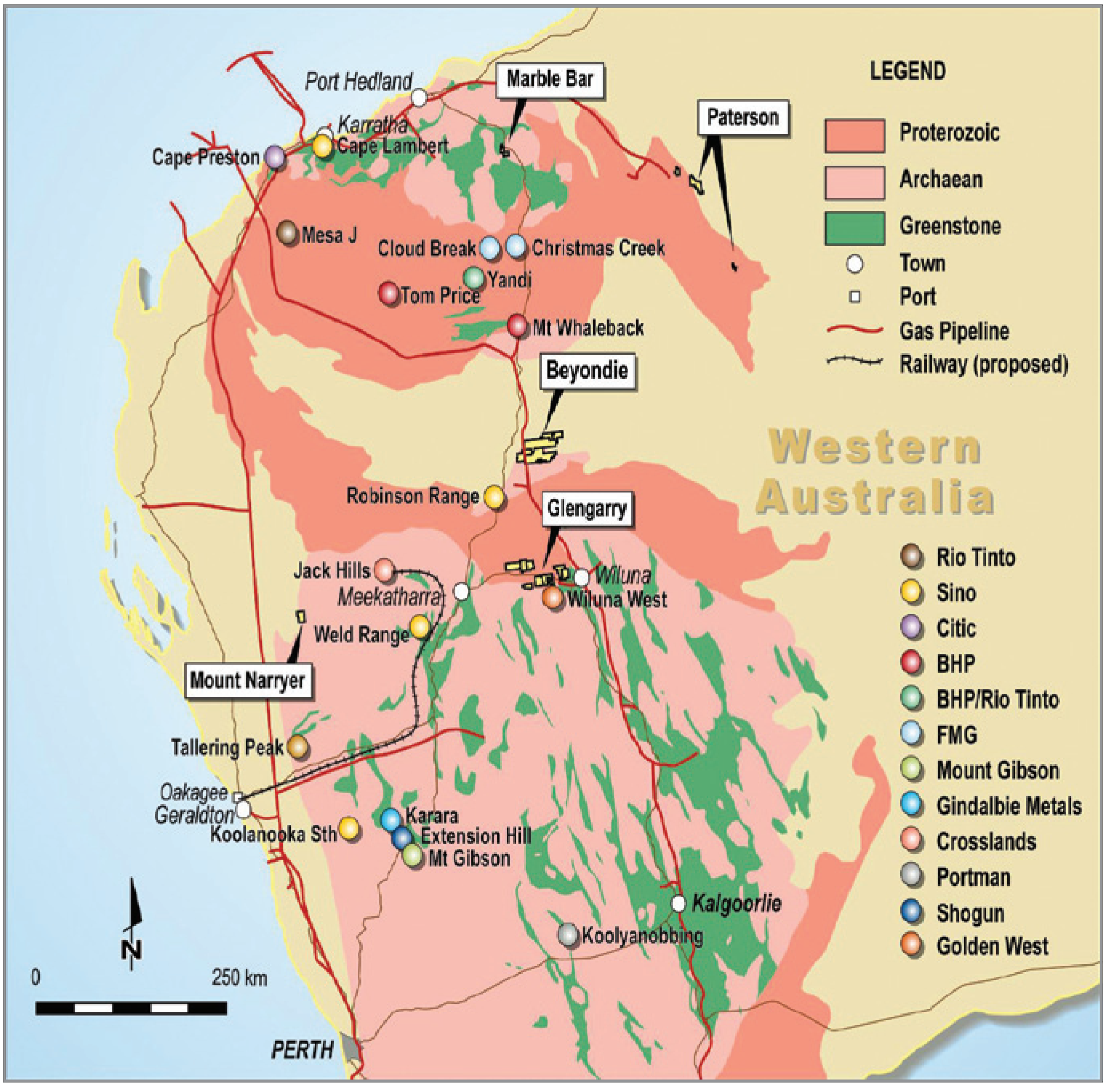

Figure 1: Project location and transport in Mid-West.

The Beyondie Project comprises (Figure 2):

- **Magnetite Inferred JORC Resource of 561 million tonnes** grading 27.5% Fe in tenement E52/1806
- **Magnetite Exploration Target[1] of 480 to 510 million tonnes** grading 27.0 to 28.5% Fe in E52/1806, and
- **Magnetite Exploration Target[1] 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 confirm the large scale potential of the Beyondie Iron Project.

1 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.

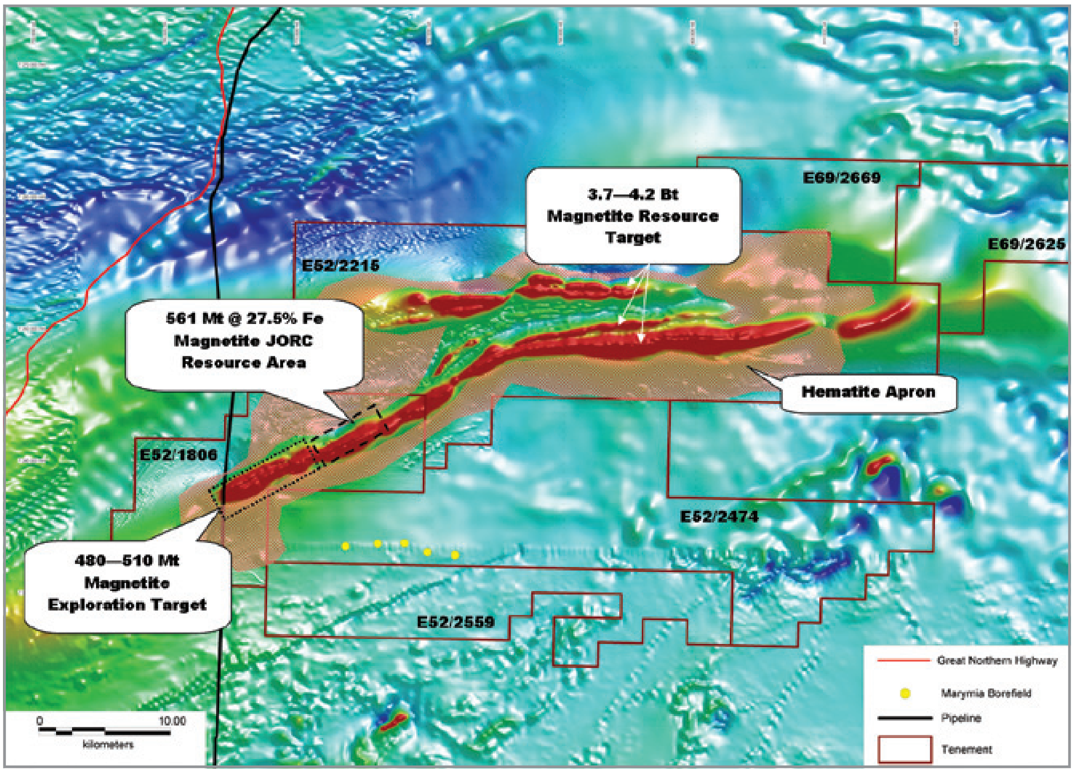

Figure 2: Beyondie Iron Project.

MAGNETITE PROJECT

E52/1806, E52/2215 (80% EMG, 20% DEG), E69/2625, E69/2669 (100% EMG)

The exploration effort at Beyondie focused on developing the requisite metallurgical studies on the magnetite ore in support of advancing to pre-fe asibility studies. Work programs completed across the year include:

1. Re-sampling all reverse circulation drilling for Davis Tube Recovery test work, with the aim of developing a three dimensional concentrate model.
2. Seven purpose drilled diamond holes totalling 883m to provide sample material to support the Company's metallurgical program.
3. Metallurgical testing to establish the optimum processing pathways and iron products available from the weathered transitional materials that overlie the JORC inferred magnetite ore body.

The diamond drill program, completed towards the end of last year, was designed specifically to sample the transitional ore-types that have developed above the company's JORC Inferred Magnetite Resource of 561 million tonnes. Emergent has sought to evaluate the potential for a viable beneficiated iron mineralisation found in the two zones that develop in response to weathering of the magnetite ore body above the weathering front. The two zones include partly weathered (lower or transition zone) and weathered (upper zone) Banded Iron Formation (BIF), and sit between hematite-enriched ores at surface and magnetite for production of a concentrate at depth. Metallurgical testing of samples recovered from each zone via drill cores was undertaken to ascertain the likely products, their recovery rates, grades and establish methods by which to optimise their potential recovery.

The metallurgical test work was mostly developed on 80% passing at 8, 4 and 2mm, with the shaking table tests performed on +1 mm fraction. The results demonstrate that the potential for simple upgrading to make a product at the chosen size ranges is low, particularly in the upper transition zone. It did show, however, that improved results could be expected with finer grinds and that magnetic separation of lower transition zone materials will benefit from hematite which is seen to carry-over with magnetite, improving likely weight recovery and grade. Emergent believes that in the lower transitional material the original form of the magnetite is preserved upon replacement by martite, and its subsequent conversion to hematite (i.e. the original form is not altered). Further product testing, using finer grind sizes is necessary and will be progressed as the Company advances towards pre-feasibility.

Additionally, the Davis Tube Recovery and assay results from the seven holes will be compared with sample analyses from twinned counterpart reverse circulation (RC) drill holes previously drilled, and contribute to a progressive upgrade of the resource size and category to Indicated mineral resource.

Review of Operations (continued)

HEMATITE PROJECT

E52/1806, E52/2215 (80% EMG, 20% DEG), E69/2625, E69/2669 (100% EMG)

Late in the last reporting period Emergent announced the identifiaction of a potential new, large, near-surface zone of hematite enrichment in tenement E52/2215 at the Beyondie project. The Company identified the near surface hematite at Beyondie as a possible source for deriving early income. The Company completed a small reverse circulation (RC) drill program (28 holes for 1,730m) to test the mineralisation. The better intersections include hole WGM0005; **12 metres** of hematite mineralisation from 2-14 metres @ **56.59% Fe**, hole WGM0006; hematite @ **53.76% Fe over 27 metres** from 6-33 metres depth, hole WGM0010; **20 metre zone** of hematite @ **50.16% Fe** from 5-25 metres depth and hole WGM0013; **7 metres** @ **52.20% Fe** from 15-22 metres depth.

The Company conducted metallurgical test work on samples from this drill program to establish if a saleable product could be derived from the bedded hematite. The test work results indicate that a +57% Fe product can be produced albeit with low weight recovery. The results confirm that beneficiation is necessary to form a commercial product and the metallurgy supports a high tonnage, low grade beneficiation based operation. However, as a result of this recent test work and due to the large volume and associated beneficiation requirements, it is considered less likely that the hematite project will provide the early revenue generation the Company is seeking.

During the course of the RC drilling program, Emergent identified hematite-enriched gravels in the shoulders of the subdued relief areas that possess outcropping "bedded" hematite mineralisation. Six holes were targeted at assessing the economic potential of this detrital-type hematite. The gravel is mostly derived from erosion of the "bedded" hematite mineralisation upslope.

The program was substantially expanded by the completion of 4,707m of aircore drilling in 453 holes across both E52/2215 and E52/1806, where similar thick gravel sequences had also been recognised. The gravels locally lie over the Beyondie Magnetite resource contained in E52/1806.

The better intercepts from the air-core drilling on E52/1806 include: 26 metres @ 33.5% Fe from surface in BGA0270; 19 metres @ 32.1% Fe from 7 metres in BGA0231; 16 metres @ 35.8% Fe from 7 metres in BGA0230; 13 metres @ 35.5% Fe from 1 metre in BGA0246; 12 metres @ 41.7% Fe from 1 metre in BGA0269, 12 metres @ 39.3% Fe from 5 metres in BGA0229; and, 11 metres @ 41.9% Fe from surface in BGA0139.

The better intercepts in drilling on E52/2215 include: 39 metres @ 33.4% Fe from surface in WGM0076; 37 metres @ 31.4% Fe from 9 metres in WGM0069; 20 metres @ 40.3% Fe from surface in WGM0041; 19 metres @ 37.3% Fe from surface in WGM0092; 17 metres @ 38.5% Fe from surface in WGM0098; 12 metres @ 31.9% Fe from surface in WGM0040; and, 11 metres @ 29.9% Fe from surface.

The average grade for all detrital intersections exceeding 20% Fe is 29.58% Fe. The intersected mineralisation was contained in one or more of the three, magnetic detrital hematite horizons encountered which are of variably thickness. The lowest horizon generally provided the thickest intersections and the most consistent results. The returned grades are generally highest closest to the Beyondie Magnetite Schist (BMS), with the tenor decreasing, and the intersected width thinning quickly with increasing distance from the BMS. Other significant concentrations of near surface detrital hematite occur near or in ancient drainage channels.

Typically most intersections carried some deleterious elements. Simple beneficiation to wash and separate using gravity is often sufficient to "clean" the ore of the deleterious component to produce a saleable product. However, such tests on the thicker, more prospective horizons are yet to be undertaken.

EXTENSION & EXTENSION NORTH GOLD PROJECT

E52/2474 and E52/2559 (100% EMG)

The Company has identified significant gold exploration potential in the extensions of the rich Plutonic Well Greenstone Belt that lies in the eastern parts of the Company's Beyondie tenure in Western Australia. The Company controls a 21km length, or approximately 25%, of the Plutonic Well Greenstone Belt, which has produced some 5 Moz's of gold since the 1990's and hosts Barrick Gold Corporations' Plutonic deposit, along with Dampier Gold's Marymia Gold Deposit (Figure 3). Emergent identified the gold potential within its Beyondie leases as part of a detailed geological assessment of its current asset portfolio. This forms part of Emergent's strategy of unlocking value in the tenements the company currently holds.

The northeast-trending Plutonic Well Greenstone Belt (Plutonic Belt) is the sixth largest gold region in Western Australia. The gold resources identified are at least 7 Moz's, belonging to the Marymia and Plutonic Gold mines.

The 21 km extension to the Plutonic Belt, northeast of the Marymia gold deposit, is covered by two 100% Emergent exploration licences 52/2474 and 52/2559. Unlike southern parts of the Plutonic Belt, this northern extension has not been subject to any systematic or modern exploration since the early 1990's.

Emergent has identified several noteworthy, shallow, gold intersections within its tenure during its compilation of historical drilling results.

The intercepts are described as supergene gold enrichment in saprolite. Importantly, primary sources have yet to be identified for these intersected gold occurrences and Emergent is eager to progress these potential opportunities. The drilling, completed by Great Central Mines in 1991 just prior to the company refocusing its efforts on diamond exploration, targeted shallow oxide resources, with very little drilling exceeding a vertical depth of 60 m.

Much of the greenstone belt in the northern extension lies under sand cover or shallow sediments associated with the Earaheedy and Collier Basins. Outcrop of the underlying greenstone is limited. Consequently, historic exploration in the area is largely inadequate and has left gold targets untested with significant scope to explore using modern exploration techniques and an integrated multidisciplinary approach. Emergent is now designing exploration programs.

Hole	m From	Width	Gold Grade
MRB95	13	3m	10 g/t
MRB655	32	2m	5.77 g/t
MRC532	46	2m	34.09 g/t
MRC565	48	16m	1.48 g/t
MRC54	11	9m	12.23 g/t
MRB126	58	2m	5.66 g/t
MRB691	48	4m	1.34 g/t
MRC241	48	2m	3.92 g/t
MRC593	86	2m	1.72 g/t
MRC19	16	6m	5.07 g/t
MRC577	45	3m	7.40 g/t
MRC18	8	4m	1.50 g/t
MRC588	79	6m	2.96 g/t
MRB0122	56	4m	2 g/t
MRB0136	40	4m	2.74 g/t
MRC057	18	2m	3.99 g/t
MRC078	26	3m	5.94 g/t
MRC019	16	6m	5.07 g/t
MRC018	8	4m	1.47 g/t
MRC035	20	3m	1.64 g/t
MRB0577	45	3m	8.1 g/t
MRC588	79	6m	2.96 g/t
MRB1469	13	4m	3.31 g/t
MRB1609	8	20m	1.25 g/t
MRB1637	25	7m	3.06 g/t
MRB1655	48	2m	4.09 g/t

Table 1: Historical drilling results using 1g/t lower cut off – Extension and Extension North.

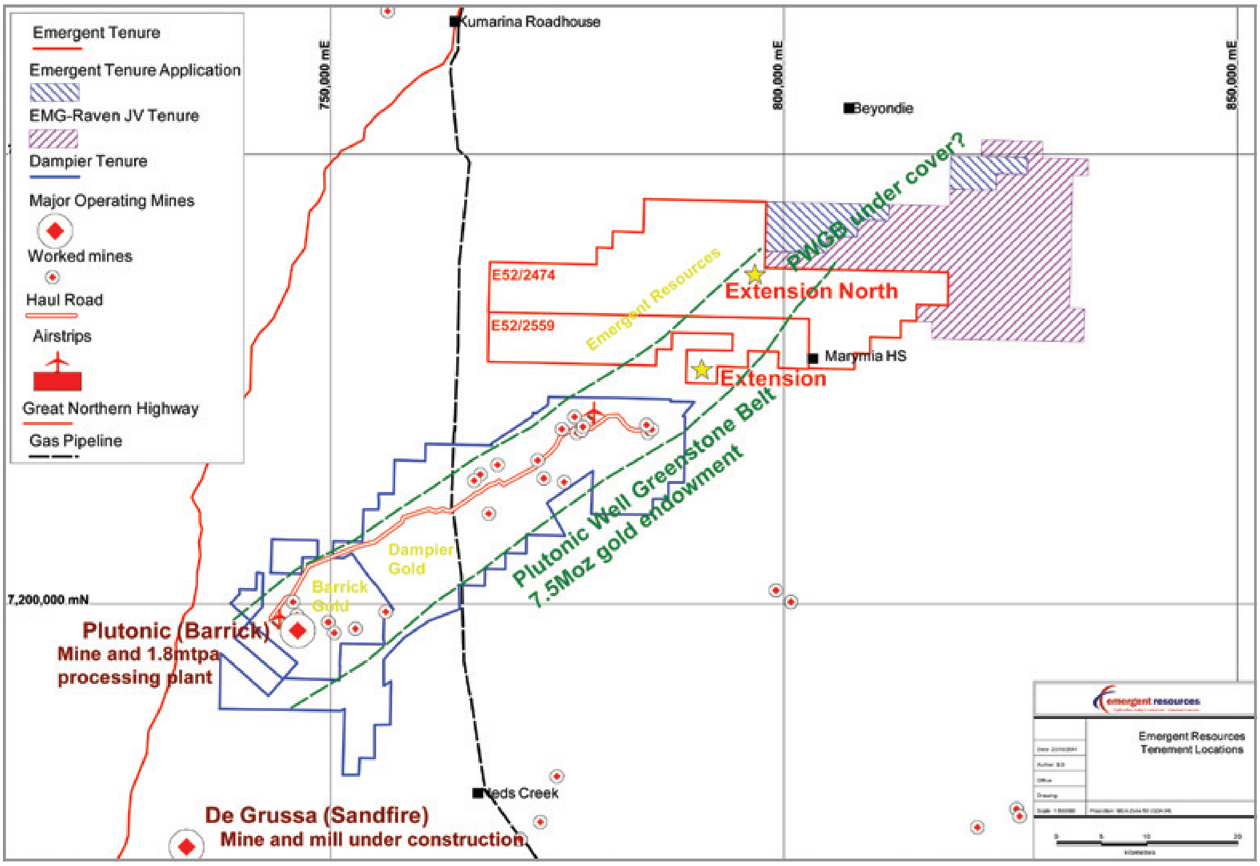

Figure 3: Project and infrastructure in close proximity to Extension & Extension North gold prospects.

Review of Operations (continued)

Emergent has confidence that significant greenfield exploration opportunities exist within the greenstone belt. The Company believes that Extension and Extension North represent a real opportunity for discovery of larger, economic gold deposits, if the primary sources can been located. The Plutonic Mine is located 56km to the south west (with a milling capacity of 1.8 mtpa and currently has 50% capacity available).

The northern extent of the Plutonic haul road that serviced the Bulgera pit is only 7km from Emergent's tenures southern boundary. A potential mine gate sale of ore or a toll milling arrangement with Barrick the owners of the Plutonic mine could greatly reduce CAPEX and OPEX expenditure and allow for the fast tracking of mining operations to exploit any new discoveries.

Joint Venture with Raven Resources

E69/2685 & E52/2525 (60% EMG, 40% Raven Resources)

Emergent Resources has entered into a Joint Venture arrangement with Raven Resources on tenements E69/2685 & E52/2525 (Figure 4). The Joint Venture gives Emergent the right to earn an 80% interest in the tenements by meeting tenement expenditure commitments of $190,000 and the issue of Emergent ordinary fully paid shares to the value of $40,000. The final 20% interest retained by Raven Resources is free carried through to the decision to commence bankable feasibility.

The Joint Venture with Raven Resources on E69/2685, targets gold zones lying in the interpreted extension of the Plutonic Well Greenstone Belt which has hosted over 7 Moz's of gold resources. E52/2525 covers a substantial calcrete aquifer carrying plentiful high quality water for servicing the Beyondie Iron Project.

New gold tenements

EA69/2919 & EA52/2680

The two small applications (Figure 4) infill gaps within the otherwise contiguous Beyondie tenure, and lie over the perceived extensions to the Plutonic Well Greenstone Belt.

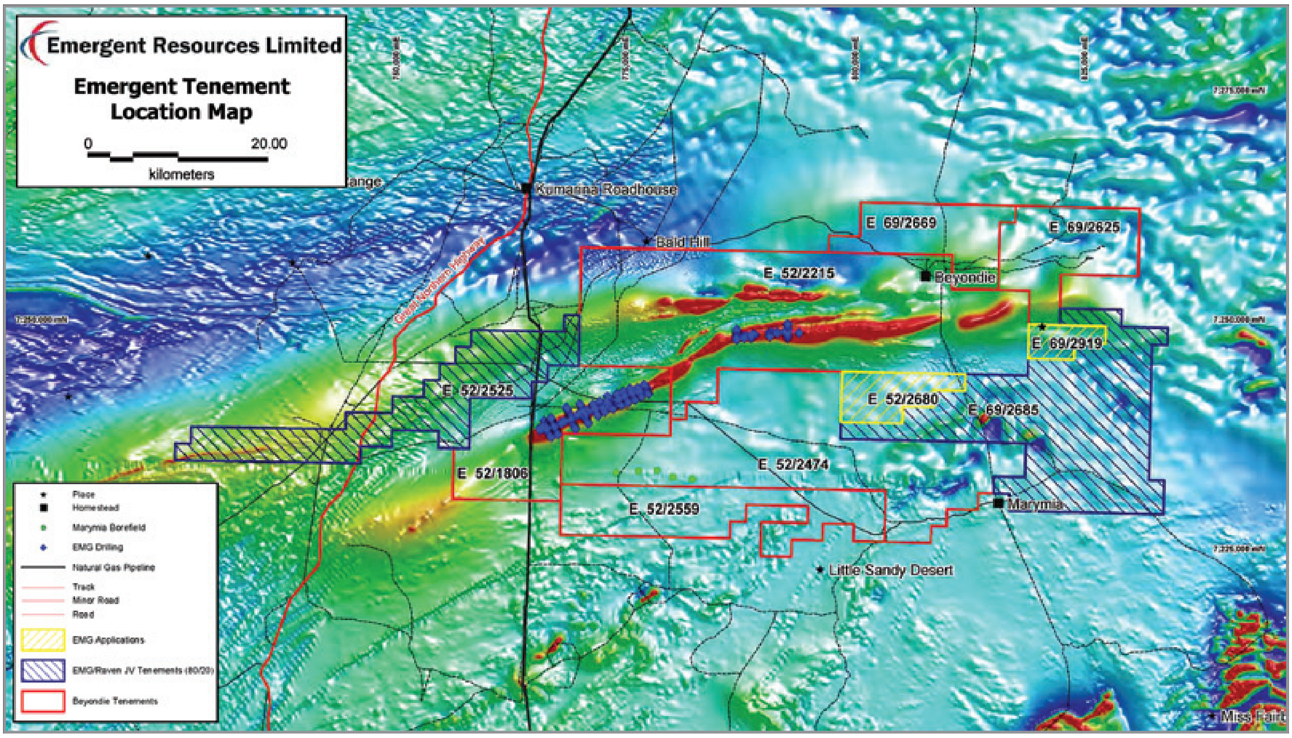

Figure 4: Beyondie Project tenure as at the end of the reporting period.

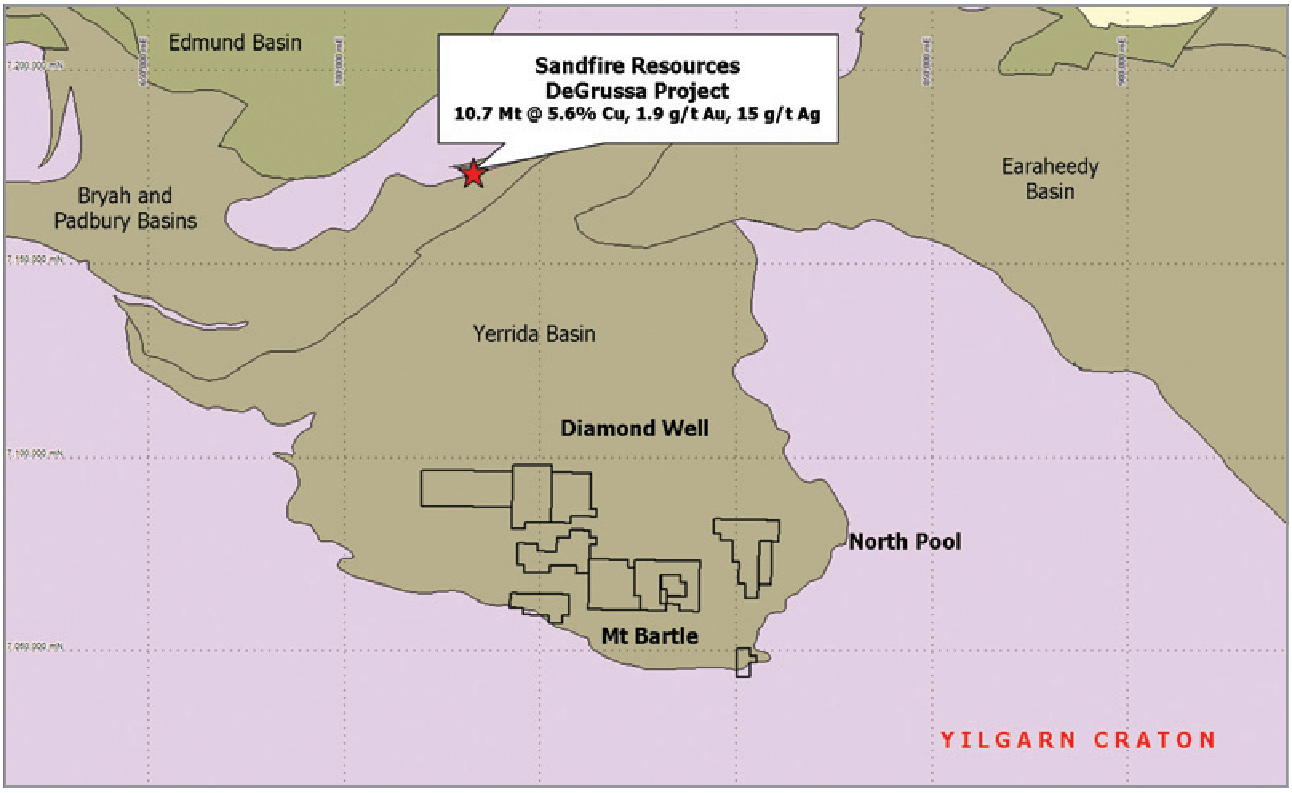

Figure 5: Emergent's Glengarry Project tenure.

GLENGARRY PROJECT

E52/1191, E52/1204 – 1208, E53/1302, E53/1332, P53/1417 – 1419 (100% EMG), E53/977, E53/1301 (80% EMG)

This large tenement group, located in the southern part of Yerrida Basin in an under-explored region of Western Australia lying within the Capricorn Orogen (Figure 5). It is considered prospective for base metals, precious metals and uranium. The importance of this mineralised province, containing strong geological and structural association of lead-zinc and separate copper-gold and/or uranium mineralised bodies, has been recognised through recent discoveries like: Sandfire Resources, DeGruzza Deposit; Sipa Resources, Enigma copper discovery; and Ventnor Mining's Thaduna Deposit.

Early in the current year, the Company used Mobile Metal Ion (MMI)[1] soil geochemistry to verify priority gold, base metals and uranium exploration targets identified in a collaborative study with the CSIRO's Minerals and Environmental Sensing Group. The sampling identified or confirmed a number of high priority and priority targets (Figure 6) for follow-up exploration work, most notably an 8km^2 copper-gold anomaly on the Company's 100% owned Diamond Well licence (E51/1204). A number of targets were also concentrated in the Mount Bartle area, adjacent to international base metals miner Ivernia's Magellan Lead Deposit.

The high response to background ratios, support the coincident, substantial enrichment in several target elements in areas outlined in Figure 6:

- Copper ratios peak at over 17 times background[2] (434 ppb), averaging around 7 times background.
- Gold ratios peak at 113 times background (0.14 ppb), averaging around 15 times background.
- Silver ratios peak at over 78 times background (at 0.73 ppb), averaging around 10 times background.
- Lead ratios peak at over 303 times the geochemical background (9.39 ppb), and average around 80 times background.
- Uranium ratios peak at over 11 times background (0.04 ppb), and average around 8 times background.

1 MMI is a proven, highly sensitive geochemical exploration method whereby Mobile Metal Ions, adsorbed onto the surface of screened soil particles, are dissolved using patented chemical leaches and analysed at Parts per Billion (ppb) levels. This method is more sensitive than conventional geochemical methods.

2 Geochemical background is defined as the normal abundance of an element in the explored hinterland. Geochemical anomalies exist when returned results in the target element appreciably exceed the normal reporting or 'background' level of the enclosing rocks: the higher the ratio the more significant the degree of enrichment.

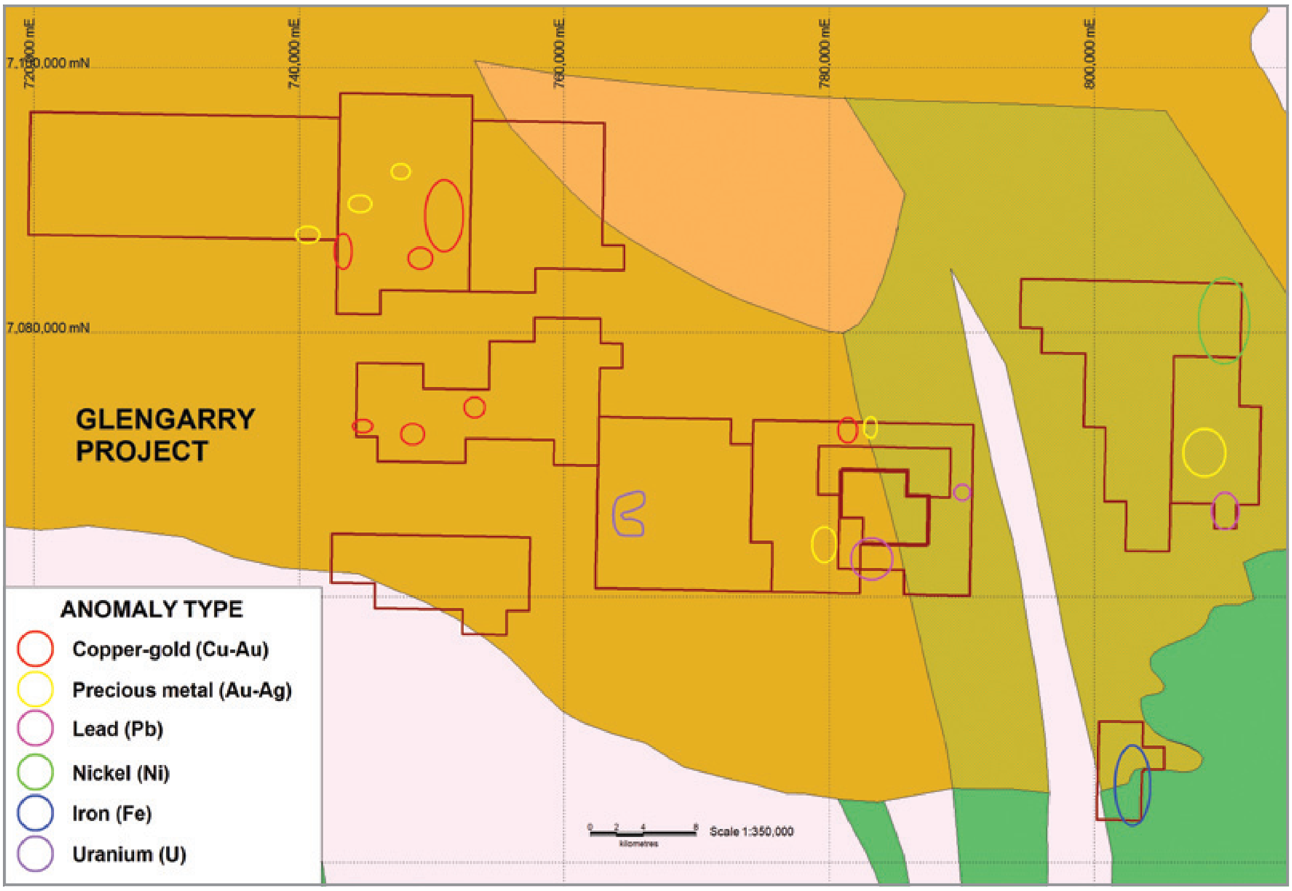

Figure 6: MMI target anomalies by commodity.

The numerous, high priority anomalies, occurring in a range of key elements, generated by MMI geochemistry, validates the disciplined approach Emergent has taken in exploring the complex geological environments at Glengarry. The Company intends to visit each anomaly prior to completing reconnaissance aircore drilling. Emergent is particularly encouraged by Ventnor Resources and Sipa Resource's recent copper drilling successes near Thaduna.

ADDITIONAL PROJECTS

All tenements are awaiting grant, no work is permitted until then.

Marble Bar Gold Copper Project

ELA45/2684 & 2223, PLA45/2575-2577 (100% EMG)

The area contains a significant number of high grade gold producers and warrants a modern exploration approach to determine the prospectivity. With many old mining centres the abundance of anomalies from many years of exploration clouds the picture and a fresh approach is often beneficial.

Rudall River Uranium Gold Copper Project

ELA 45/3092, 3096 & 3097 (100% EMG)

Three applications (Figure 7) for ground near the Kintyre Uranium Deposit have been acquired covering significant radiometric anomalies which warrant 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.

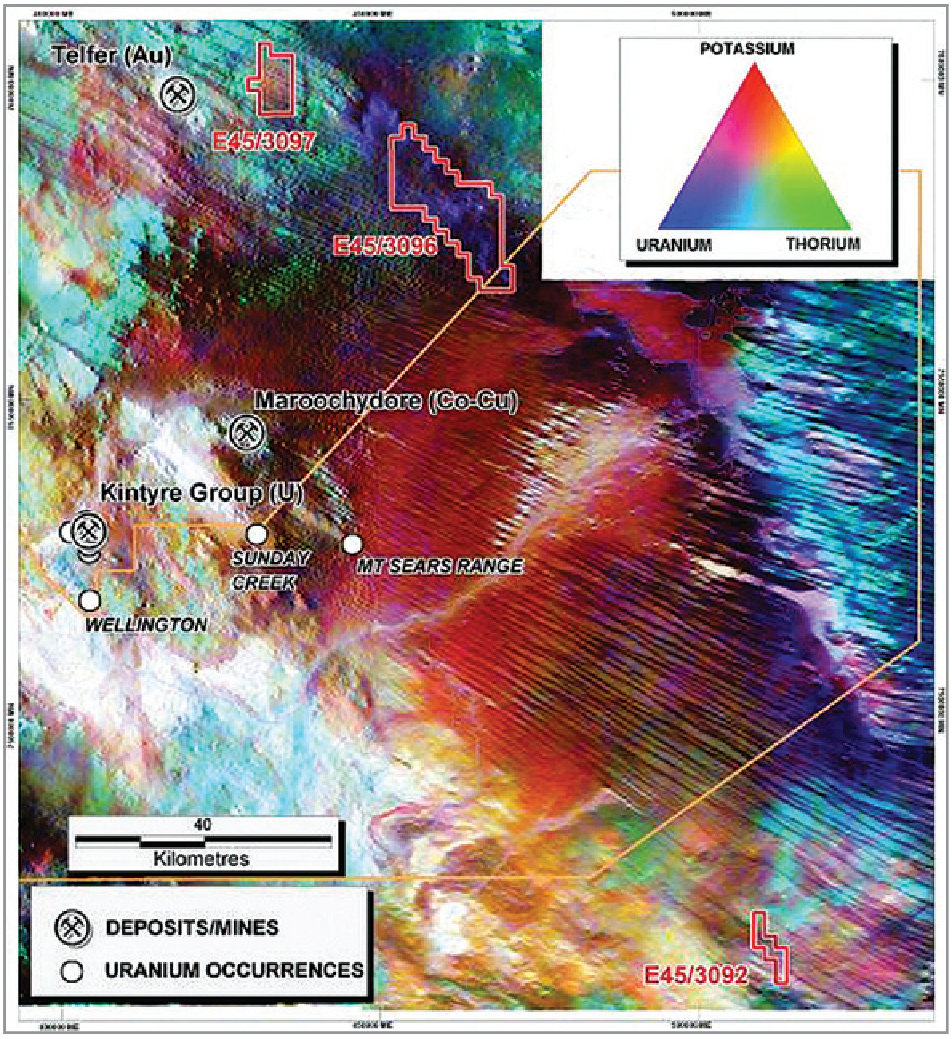

Figure 7: Emergent tenements in the Paterson Region.

In Australia there has been very little exploration to locate deeply concealed deposits lying above unconformities. It is possible that 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% U3O8, with some zones over 50% U3O8).

Competent Person Statements

Technical information in this report has been prepared under the supervision of Mr Jonathan King, Chief Geologist for the company and a member of the Australasian Institute on Mining and Metallurgy (AusIMM). Mr King 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 King 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 mineralisation 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 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:

- Audit Committee Charter
- Board Charter
- Code of Conduct for Directors, Senior Executive & Employees
- Continuous Disclosure Policy
- Directors Disclosure Obligations
- Diversity Policy
- Environmental Policy
- Ethics and Conduct Policy
- Remuneration Committee Charter
- Risk Management Statement
- Securities Trading Policy
- Shareholder Communications Policy

Explanation for Departures from Best Practice Recommendations

During the 2011 financial year the Company has complied with the Corporate Governance Principles and Recommendations with 2010 Amendments *(2nd Edition)* as published by the ASX Corporate Governance Council. 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 to 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.

In complying with Recommendation 1.1 of the Corporate Governance Council, the Company has adopted a Board Charter which defines 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 Board 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 Chief Executive Officer and the Company Secretary.

Evaluation of Senior Executive Performance

The Company has not complied with Recommendation 1.2 of the Corporate Governance Council. The Board qualitatively assesses the performance of the Chief Executive Officer and Executive Director on a regular basis. Because of 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 formal, quantitative and qualitative performance evaluation procedures.

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 shareholding 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 discussions 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 a minimum of one third of the Directors are subject to re-election by shareholders at each general meeting.

The Board currently comprises four members, three Non-Executive and one Executive. The Executive Director is Mr Wolfgang Fischer with the Non-Executive Directors comprising Mr Nicholas Martin, Mr Stuart Hall and Mr Geoff Cowie. 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 all three of the current Non-Executive Directors being Mr Martin, Mr Hall and Mr Cowie meet the recommended independence criteria, as they are not members of management and are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement. As a result the Company is in compliance with Recommendation 2.1 of the Corporate Governance Council. The previous Non-Executive Directors Mr Rob Boylan and Mr George McMaster, however did not meet the aforementioned definition of Independence due to their significant shareholdings.

Independent Chairman

The Chairman is also not considered to be an independent director due to the executive work he has completed for the Company and as such Recommendation 2.2 of the Corporate Governance Council has not been complied with. However, the Board believes that Mr Fischer is the most appropriate person for the position as Chairman due to his 35 years of top level experience in the Australian and international resource industry. The previous Chairman, Mr George McMaster, was also not considered to be independent due to his material shareholding in the company.

Roles of Chairman and Chief Executive Officer

The roles of Chairman, Mr Wolfgang Fischer, and Chief Executive Officer, Mr Nathan Lude, are exercised by different individuals, and as such the Company complies with Recommendation 2.3 of the Corporate Governance Council.

Corporate Governance Statement (continued)

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 Chairman regularly assesses the performance of the Board, individual Directors and key executives on qualitative basis.

Education

All Directors are encouraged to attend professional education courses relevant to their roles and to be members of the Australian Institute of Company Directors.

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.

Guidelines for Trading in Company Securities

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 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.

The guidelines also provide that the acknowledgement of the Chairman or the Board should be obtained prior to trading. In the case of a Director, acknowledgement from the entire Board must be obtained prior to trading. A summary of the Guidelines are available on the Company's website.

The Company's policy restricts, notwithstanding exceptional circumstances, the trading in Company's securities by those individuals covered by the policy to trading windows that are open for 10 days following the hosting of General Meetings of the Company, the release of annual, half yearly results and quarterly reports and after any other public announcement on ASX.

Diversity

The Board has adopted a Diversity Policy that details the purpose of the policy and the employee selection and appointment guidelines, and as such complies with Recommendation 3.2 of the Corporate Governance Council. The Board believes that the adoption of an efficient Diversity Policy has the effect of broadening the employee recruitment pool, supporting employee retention, including different perspectives and is socially and economically responsible governance practice.

The recommendations of the Corporate Governance Council relating to reporting are effective from 1 July 2011 and require the Board to set 'measurable objectives' for achieving gender diversity and to report against them on an annual basis. The Board regularly reviews its practices with a focus on ensuring that the selection process at all levels within the organisation is formal and transparent and that the workplace environment is open, fair and tolerant.

The Company, in keeping with the recommendations of the Corporate Governance Council provides the following information regarding the proportion of females employed in the organisation as at 30 June 2011:

	Proportion of females / total number of persons	*Note*
Females employed in the Company as a whole	2 / 10	–
Females employed in the Company in Senior Executive positions	0 / 3	1
Females appointed as a Director of the Company	0 / 4	–

Note 1 – Senior executives are considered to comprise the Chief Executive Officer, Company Secretary and Chief Geologist. Directors are not included in the measure of Senior Executives.

Corporate Governance Council Recommendation 4
Safeguarding Integrity in Financial Reporting

Audit Committee

The Company does not have a separate Audit Committee as suggested by Recommendations 4.1, 4.2 and 4.3 of the Corporate Governance Council. The full Board currently carries out the function of an Audit Committee and believes that the Company is not of a sufficient size to warrant a separate committee and that the full Board is able to meet objectives of the best practice recommendations and discharge its duties in this area. The Board has adopted an Audit Committee Charter that is available on the Company's website, and functions in accordance with this document.

The relevant experience of all the Board members is detailed in the Directors' section of the Directors' Report.

The Board 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 Chief Executive Officer, 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 communication 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 Shareholder Communication Policy, 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 website, the Company publishes all significant announcements together with all quarterly reports. These documents are available in both hardcopy on request and on the Company website 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 Chief Executive Officer. 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 Chief Executive Officer, 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 its 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 budgets for the Company and review performance against budgets at each Board Meeting.
- **Environment and safety**
  The Company is committed to ensuring that sound environmental management and safety practices are maintained in its exploration activities. This is achieved by training staff and ensuring that they are aware of and follow all legislative, Company and industry standards in relation to environmental management and safety practices.

The Company's risk management strategy is evolving and its development is an ongoing process. It is recognised that the level and extent of the strategy will develop with the growth of and changes in the Company's activities.

A formal risk management and internal control system to identify and manage material business risks is being developed.

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's management are currently effectively communicating significant and material risks to the Board and the Company's affairs are not of sufficient complexity to justify the implementation of a more formal system for identifying, assessing, monitoring and managing risk.

The Company does not have an internal audit function.

Chief Executive Officer and Chief Financial Officer Written Statement

The Board requires the Chief Executive Officer and the Chief Financial Controller, or equivalent, to 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 Chief Executive Officer and the Chief Financial Controller, or equivalent, 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 and the Chief Executive Officer 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. 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.

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 may receive remuneration 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 2011.

Directors

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

Directors as at the 30 June 2011

Wolfgang Fischer BSc (Hons), FAICD, FausIMM
Executive Chairman effective 1 October 2010

Mr Fischer has more than 35 years of top level experience in the Australian and international natural resources industry. He has held executive management and Board positions in a range of operational and corporate roles with several large and successful international petroleum, and exploration and development companies. Mr Fischer has a strong background on corporate governance standards, and has had considerable mineral and petroleum project management experience from project start-up to production and operating joint ventures.

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

Nick Martin BSc (Hons), MBA
Non Executive Director effective 24 February 2011

With a 1st class Honours in geology from Adelaide University, Mr Martin began his career in 1991 working as a geologist undertaking regional exploration and near mine resource development for gold, base metal, mineral sands and gem projects and mines in Australia and Indonesia for a number of leading mining companies. After obtaining an MBA in 1998, Mr Martin spent 10 years in investment banking focused on the resource sector holding senior position with N M Rothschild & Son (Australia), Westpac Banking Corporation, WestLB AG and Natixis Australia Ltd. His roles included the execution of structured project and mezzanine financing on minerals projects in Australia, New Zealand and emerging Asia-Pacific markets. Currently, Mr Martin provides strategic investment advice aimed at linking Chinese metal consumers and investors with mining assets globally.

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

Stuart Hall – BSc (Hons), M.A, GAICD
Non Executive Director effective 20 May 2011

Mr Hall has a Masters in Operational Research and a Bachelor of Science with 1st class Honours. He is a senior resources industry professional with experience in Australia, Africa and Europe, across a wide range of commodities. Mr Hall has more than 35 years mining industry experience with proven expertise in major project development, operations management and financing. Mr Hall was previously the Chief Executive Officer for Crosslands Resources where he took the Jack Hills iron ore resource from one hundred million tonnes to three billion tonnes and lead the technical studies that crystallised a world scale beneficiation project at Jack Hills. Before Crosslands Mr Hall was CEO at Marathon Resources and has also held executive roles with WMC Resources and BHP Billiton. Mr Hall's experience in operations management, mergers & acquisitions, project financing and project development will be well utilised as Emergent moves forward to development of its Beyondie Iron Project and other assets.

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

Geoff Cowie – B.Eng, GradDip Mun. Eng, GAICD
Non Executive Director effective 16 May 2011

Mr Cowie has a bachelor of Engineering and a Graduate Diploma in Municipal Engineering. He brings more than 35 years' experience in the fields of resource and infrastructure development, project management and construction contracting, having worked on major resource development projects in Australia, China, Bulgaria, Malawi, India and Africa. Mr Cowie was previously the Project Director of Oakajee Port and Rail (OPR) and possesses wide experience in infrastructure scenarios in both the Mid-West and the Pilbara regions of WA. Prior to joining OPR, Mr Cowie worked on a range of resource development projects for Rio Tinto's iron ore division, a New Caledonian nickel development, the preparatory works for a copper/gold mine upgrade in Bulgaria, the China Coil Coating project for BlueScope Steel near Shanghai and also BHP

Billiton iron ore developments. Mr Cowie's experience in undertaking a wide range of feasibility studies, port upgrades and major plant developments, combined with his civil project experience in heavy haul railway, access roads design and construction will be invaluable to Emergent as the company moves forward to commercialise the value of its assets.

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

Former Directors

George McMaster – FAIM AAICD, JP
Non-Executive Chairman (resigned effective 28 February 2011)

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 business and management skills.

Mr McMaster has held no directorships in other listed entities in the last 3 years.

Garry Hemming – BAppSC, MAusIMM
Managing Director (Executive) (resigned 7 October 2010)

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 other directorships of other listed companies in the last three years.

Kevin Judge – FCA, FCPA, FCIS
Non-executive director (resigned 7 October 2010)

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.

Robert Boylan
Non-executive director (appointed 9 September and resigned 30 June 2011)

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 held no directorships in other listed entities in the last 3 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' Report (continued)

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*
W Fischer	3,117,000	375,000	–	125,000
N Martin	–	–	–	–
S Hall	–	–	–	–
G Cowie	250,000	–	–	–

Directors' Meetings

The number of meetings of the Company's Directors held during the year ended 30 June 2011, and the number of meetings attended by each Director are as follows:

Director	*Board of Directors' Meetings*	
	Held during term of office	*Attended*
W Fischer	7	7
N Martin	3	3
S Hall	1	1
G Cowie	1	1
R Boylan *(Resigned 30/06/11)*	7	5
G McMaster *(Resigned 28/02/11)*	15	14
G Hemming *(Resigned 07/10/10)*	12	11
K Judge *(Resigned 07/10/10)*	12	12

Principal Activities

The principal activities of the Company during the financial year were 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 $1,477,264 (2010: $1,829,357).

Dividends

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

Review of Activities

Exploration

2011 FY represented a year of detailed geological assessment of all exploration acreage the company holds. This included:

- Seven diamond core holes were drilled to provide sample material to support the company's metallurgical program.
- Reconnaissance drilling of bedded hematite mineralisation.
- Reconnaissance drilling of shallow detrital hematite.
- Metallurgical studies on the transitional zone mineralisation that lie above the established 561 million tonne, JORC inferred magnetite resources.

- Metallurgical testing on the beneficiation process and weight recoveries for the bedded hematite mineralisation.
- Reconnaissance soil sampling was concluded at Glengarry
- Development and assessment of a new gold project at Extension and Extension North, Marymia.
- Farm-in Joint Venture on ground in the projected extension to the Plutonic Well Greenstone Belt formed with private company Raven Resources Pty Ltd. Emergent has the ability to earn an interest up to 80%.
- Two exploration applications, EA52/2680 and EA69/2919, were pegged to support the developing gold project at Marymia.

The exploration activity highlights include:

- Identification of the gold potential in the projected extensions to the Plutonic Well Greenstone Belt, host to over 7 million ounces of gold, in the southeast of the Beyondie project.
- Exploration successes at Glengarry utilising Mobile Metal Ion geochemistry to test targets generated through completion of the CSIRO targeting study, identifying a number of high priority targets.
- Recognition that thick and potentially exploitable bands of detrital hematite, partly lie over the 561 million tonne, JORC-inferred magnetite resource at Beyondie.

Emergent's aim is to focus on potentially high value, near term projects that the company believes, with exploration successes, that the development of a mining operation is achievable.

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 \$819,685 (2010: \$879,407) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure is \$10,377,567 (2010: \$7,730,123). Mineral exploration and evaluation expenditure during the year for the Company was \$3,076,990 (2010: \$4,758,344).

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

Significant Changes in the State of Affairs

Other than disclosed elsewhere in this report, 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 the following unlisted options over unissued shares:

Number of Options Issued	*Date of Issue*	*Exercise Price*	*Expiry Date*
300,000	8 September 2010	26 cents	8 September 2012
1,046,443	27 October 2010	26 cents	27 October 2012
125,000	14 December 2010	50 cents	30 September 2011
125,000	14 December 2010	100 cents	30 September 2012
125,000	14 December 2010	150 cents	30 September 2013

The Company did not issue any ordinary shares during the financial year on the exercise of unlisted options.

Since the end of the financial year, no unlisted options have been exercised.

Options Over Unissued Capital (continued)

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*
125,000	50 cents	30 September 2011
3,700,000	20 cents	31 August 2012
300,000	26 cents	8 September 2012
1,046,443	26 cents	27 October 2012
125,000	100 cents	30 September 2012
125,000	150 cents	30 September 2013

(i) Unlisted options are subject to various vesting periods. 4,246,443 are vested and exercisable as at the date of this report. No options are vested and un-exercisable.

Listed Options

No listed options have been granted by the company during the financial year (2010: 5,621,255 attaching to placement shares subscribed to in the Company).

During the financial year 5,012,000 listed options expired (2010: nil).

Since the end of the financial year no listed options have been issued (2010: Nil).

17,768,259 ordinary shares (2010: 3,718,497) were issued during the financial year on the exercise of listed options. No shares have been issued on the exercise of listed options since the end of the financial year.

As at the date of this report there are no listed options over unissued shares in the Company.

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 the 15 September 2011 the Company announced that it had successfully placed 11,813,667 shares at 3 cents to professional and sophisticated investors to raise $354,410 pursuant to the company's 15% placing facility.
- On the 15 September 2011 the Company announced a one for one pro-rata entitlement issue of up to 92,123,196 shares at 3 cents to raise $2,763,695 before costs. The proceeds from the issue will be used to fund the Company's exploration projects and provide working capital. The entitlement is not underwritten.

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 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 performed 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 30 November 2010, whereby it is not to exceed $300,000 per annum. Non-Executive Directors do not receive bonuses. Directors' fees cover all normal Board activities.

The Directors have previously resolved that each Non-Executive Director is entitled to receive fees of $50,000 per annum (plus superannuation) and the Chairman is entitled to $80,000 per annum (including superannuation). Payments of Directors' fees are 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 normal 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 entered into an Employment Service Agreement with Mr Nathan Lude, Chief Executive Officer, which commenced on the 9 October 2010 and has been renewed for a further twelve month period effective from 9 October 2011. The early termination of the agreement by the Company for a reason other than gross misconduct may require the payment of termination benefits equivalent to 3 months' salary in lieu of notice.

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

Unlisted Options

The following options over unissued shares, as approved by shareholders, have been issued to Directors and Key Management Personnel of the Company during, or since the end of, the financial year:

Number of Options Issued	*Issued to*	*Date of Issue*	*Exercise Price*	*Expiry Date*
125,000	Wolfgang Fischer	14 December 2010	50 cents	30 September 2011
125,000	Wolfgang Fischer	14 December 2010	100 cents	30 September 2012
125,000	Wolfgang Fischer	14 December 2010	150 cents	30 September 2013

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

The 125,000 options issued to Wolfgang Fischer on the 14 December 2010 with an exercise price of 50 cents and expiry date of 30 September 2011 vested on date of grant.

Directors' Report (continued)

Remuneration Report (Audited) (continued)

Details of Remuneration for Key Management Personnel

During the year the company identified the Company Directors and Chief Executive Officer as Key Management Personnel for which disclosure is required.

Details of the remuneration of each Key Management Personal of the Company are as follows:

2011 *Key Management Personal*	*Base Emolument $*	*Superannuation Contributions $*	*Other Benefits $*	*Equity based remuneration $*	*Total $*	*Percentage of remuneration paid in Equity (%)*
Directors						
W Fischer	52,930	–	107,771[i]	16,419[ii]	177,120	9.26
N Martin	17,857	1,607	–	–	19,464	–
S Hall	5,779	520	–	–	6,299	–
G Cowie	6,317	568	–	–	6,885	–
R Boylan	20,833	–	–	–	20,833	–
G McMaster	39,583	4,750	–	–	44,333	–
G Hemming	151,175	18,140	14,857[iii]	–	184,172	–
K Judge	14,133	1,598	–	–	15,731	–
Executives						
Nathan Lude	209,000	–	–	–	209,000	–
Total	**517,607**	**27,183**	**122,628**	**16,419**	**683,837**	**–**

(i) Consultancy fees charged for additional services provided to the Company.

(ii) The value of options issued to Key Management Personal is reflective of the cost to the group as expensed under Australian Accounting Standards.

(iii) Reportable fringe benefits received during the financial year.

2010 *Key Management Personal*	*Base Emolument $*	*Superannuation Contributions $*	*Other Benefits $*	*Equity based remuneration $*	*Total $*	*Percentage of remuneration paid in Equity (%)*
G McMaster	75,000	9,563	–	–	84,563	–
G Hemming	257,288	30,454	24,139i	–	311,881	–
K Judge	50,000	6,720	6,000ii	–	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.

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

Officers' 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 audit duties.

Total remuneration paid to auditors during the financial year:	**2011** **$**	2010 $
Audit and review of the Company's financial statements	**37,754**	36,098
Total	**37,754**	36,098

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 26.

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

DATED at Perth this 30th day of September 2011.

W Fischer
Executive Chairman

Grant Thornton

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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 2011, 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, 30 September 2011

Consolidated Statement of Comprehensive Income

For the financial year ended 30 June 2011

	Note	**2011** **$**	2010 $
Continuing operations			
Revenue	5	**84,345**	83,098
Total revenue		**84,345**	83,098
Administration expenses		**(551,232)**	(747,325)
Employee expenses	6	**(795,841)**	(290,940)
Corporate expenses		**(143,442)**	(200,277)
Occupancy expenses		**(81,141)**	(55,912)
Marketing expenses		**(51,771)**	(61,816)
Depreciation expenses	6	**(15,815)**	(15,351)
Exploration expenses written off		**(429,546)**	(720,914)
Loss before income tax		**(1,984,443)**	(2,009,437)
Income tax benefit	7	**507,179**	180,080
Net loss for the year		**(1,477,264)**	(1,829,357)
Other comprehensive income		**–**	–
Total comprehensive income for the year		**(1,477,264)**	(1,829,357)
Earnings per share for loss attributable to the ordinary equity holders of the Company			
Basic earnings/(loss) per share (cents per share)	28	**(2.0)**	(3.5)
Diluted earnings/(loss) per share (cents per share)	28	**(2.0)**	(3.5)

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

Consolidated Statement of Financial Position

As at 30 June 2011

	Note	**2011 $**	2010 $
Current assets			
Cash and cash equivalents	8	**819,685**	879,407
Trade and other receivables	9	**17,543**	17,296
Other current assets	10(a)	**2,000**	–
Total current assets		**839,228**	896,703
Non-current assets			
Property, plant and equipment	11	**93,440**	49,731
Capitalised mineral exploration and evaluation expenditure	12	**10,377,567**	7,730,123
Other non-current assets	10(b)	**57,023**	18,002
Total non-current assets		**10,528,030**	7,797,856
Total assets		**11,367,258**	8,694,559
Current liabilities			
Trade and other payables	13(a)	**414,331**	532,430
Employee benefits provision	13(b)	**14,580**	42,195
Total current liabilities		**428,911**	574,625
Total liabilities		**428,911**	574,625
Net assets		**10,938,347**	8,119,934
Equity			
Issued capital	14	**15,112,849**	10,873,552
Share based payments reserve	15(c)	**217,010**	–
Options subscription reserve	15(b)	**–**	210,750
Accumulated losses	16(b)	**(4,391,512)**	(2,964,368)
Total equity		**10,938,347**	8,119,934

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 2011

	Note	Issued capital $	Option reserve $	Share Based Payments Reserve $	Accumulated losses $	Total $
Balance at 1 July 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)
Equity based payments	16	–	–	–	–	–
Shares issued during the financial year		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
Total comprehensive income for the financial year	**16**	**–**	**–**	**–**	**(1,477,264)**	**(1,477,264)**
Equity based payments	**16**	**–**	**–**	**217,010**	**–**	**217,010**
Shares issued during the financial year	**14**	**1,040,000**	**–**	**–**	**–**	**1,040,000**
Share issue costs	**14**	**(514,985)**	**–**	**–**	**–**	**(514,985)**
Options issued during the financial year	**15**	**3,714,282**	**(160,630)**	**–**	**–**	**3,553,652**
Options expired during year	**15**	**–**	**(50,120)**	**–**	**50,120**	**–**
Balance at 30 June 2011		**15,112,849**	**–**	**217,010**	**(4,391,512)**	**10,938,347**

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 2011

	Note	**2011** **$**	2010 $
Cash flows from operating activities			
Interest received		**82,729**	83,098
Research and development tax concession refund		**507,179**	180,080
Payments to suppliers and employees		**(1,697,500)**	(1,162,399)
Net cash used in operating activities	27	**(1,107,592)**	(899,221)
Cash flows from investing activities			
Payments for exploration and evaluation		**(3,104,980)**	(4,835,466)
Payments for environmental bonds		**(26,885)**	–
Proceeds from the sale of property, plant and equipment		**–**	12,987
Payments for property, plant and equipment		**(59,523)**	(30,700)
Net cash used in investing activities		**(3,191,388)**	(4,853,179)
Cash flows from financing activities			
Received on the issue of shares		**4,282,372**	6,238,705
Payments for transaction costs relating to share issues		**(43,114)**	(313,648)
Net cash provided by financing activities		**4,239,258**	5,925,057
Net increase/(decrease) in cash held		**(59,722)**	172,657
Cash and cash equivalents at the beginning of the financial year		**879,407**	706,750
Cash and cash equivalents at the end of the financial year	8	**819,685**	879,407

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

Notes to the Consolidated Financial Statements

For the financial year ended 30 June 2011

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 30th September 2011.

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

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2010:

- AASB 2009-5 Further *Amendments to Australian Accounting Standards arising from the Annual Improvements Project;*
- AASB 2009-8 *Amendments to Australian Accounting Standards – Group cash-settled Share-based Payment Transactions;*
- AASB 2009-10 *Amendments to Australian Accounting Standards – Classification of Rights Issues;*
- AASB Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments;*
- AASB 2009-13 *Amendments to Australian Accounting Standards arising from Interpretation 19*; and
- AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*.

The adoption of these standards did not have any impact on the amounts for the current period or prior periods.

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 2011. 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.

Going concern basis for preparation of financial statements

During the year the company incurred a net loss of $1,477,264 and net operating cash outflows of $1,107,592.

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. The company announced on the 15 September 2011 that it had successfully raised $354,410 through the placement of 11,813,667 shares at 3 cents under its 15% placing facility. On 15 September 2011 the Company lodged a prospectus for a non-renounceable entitlements issue at 3 cents per share to raise up to $2,763,695 before the costs of the Offer. The entitlement issue is not underwritten.

Should the Company not be successful in raising additional funding by capital raisings or other alternative funding arrangements fail to eventuate, there is a material 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.

Notes to the Consolidated Financial Statements (continued)

For the financial year ended 30 June 2011

Note 1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Going concern basis for preparation of financial statements *(continued)*

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 and proposed future fund raisings will be sufficient to fund forecast exploration.

The Directors are confident of securing funds 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 in the prior financial year 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.

Note 1 Summary of significant accounting policies (continued)

(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 23). 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	5-33.3%
Office equipment	5-50%
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.

Notes to the Consolidated Financial Statements (continued)

For the financial year ended 30 June 2011

Note 1 Summary of significant accounting policies (continued)

(i) Mineral exploration and evaluation expenditure (continued)

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 the payment terms negotiated with the creditor.

(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.

Note 1 Summary of significant accounting policies (continued)

(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.

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.

(o) Comparative figures

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

(p) 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.

Notes to the Consolidated Financial Statements (continued)

For the financial year ended 30 June 2011

Note 1 Summary of significant accounting policies (continued)

(p) Financial Instruments (continued)

(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.

(q) 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.

Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

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 banker is ANZ Limited, at balance date, 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 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.

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 Note 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. In the year ended 30 June 2011 an amount of $429,546 has been written off (2010: $720,914)

Notes to the Consolidated Financial Statements (continued)

For the financial year ended 30 June 2011

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 Project in the Mid-West region of Western Australia.

	2011 $	2010 $
Capitalised exploration for the year:		
Beyondie Project	**2,328,865**	4,464,700
Other	**679,690**	293,644
	3,008,555	4,758,344
Result for the year:		
Beyondie Project	**–**	(1,734)
Other	**(1,477,264)**	(1,827,623)
	(1,477,264)	(1,829,357)
Total segment assets:		
Beyondie Project	**8,036,608**	5,707,744
Other	**3,330,650**	2,986,815
	11,367,258	8,694,559

Note 5 Revenue

	2011 $	2010 $
Interest income	**84,345**	83,098

Note 6 Loss for the year

Loss before income tax includes the following specific expenses:

	2011 $	2010 $
Loss on disposal of plant and equipment	**–**	4,651
Depreciation		
Office equipment	**11,638**	7,854
Plant and equipment	**4,177**	1,585
Motor vehicles	**–**	5,912
	15,815	15,351
Employee expenses		
Wages and salaries	**971,486**	484,354
Superannuation	**28,206**	66,010
Salary costs capitalised to exploration	**(593,300)**	(458,476)
Directors' fees	**290,669**	125,050
Other employment expenses	**98,780**	74,002
	795,841	290,940
Exploration expenses written off	**429,546**	720,914

Note 7 Income tax

	2011 $	2010 $
(a) Income tax expense		
Current income tax:		
Current income tax charge (benefit)	**(1,464,366)**	(1,875,044)
Research and development tax concession	**(507,179)**	(180,080)
Deferred income tax:		
Relating to origination and reversal of timing differences	**1,464,366**	1,875,044
Income tax expense reported in the income statement	**(507,179)**	(180,080)
(b) Reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	**(1,984,443)**	(2,009,437)
Tax at the Australian rate of 30% (2010 – 30%)	**(595,333)**	(602,831)
Tax effect of permanent differences:		
Exploration costs written off	**128,864**	216,274
Non-deductible share based payment	**4,926**	–
Capital raising costs	**(95,204)**	(64,295)
Research and development tax concession	**(507,179)**	(180,080)
Deferred tax effect of prior year tax losses not brought to account	**368,674**	(50,784)
Net deferred tax asset benefit not brought to account	**188,073**	501,636
Tax (benefit)/expense	**(507,179)**	(180,080)
(c) Deferred tax – Balance Sheet		
Liabilities		
Accrued Income	**(485)**	–
Capitalised exploration expenditure	**(3,113,270)**	(2,319,037)
	(3,113,755)	(2,319,037)
Assets		
Revenue losses available to offset against future taxable income	**4,152,050**	3,185,220
Employee provisions	**4,374**	12,659
Accrued expenses	**38,823**	16,949
Deductible equity raising costs	**202,164**	203,567
Superannuation payable	**2,372**	–
Net unrecognised deferred tax asset	**1,286,028**	1,099,358
(d) Deferred tax – Income Statement		
Liabilities		
Accrued Income	**(485)**	–
Capitalised exploration expenditure	**(794,233)**	(1,211,229)
	(794,718)	(1,211,229)
Assets		
Accrued expenses	**21,874**	(6,000)
Increase in tax losses carried forward	**966,830**	1,709,553
Employee provisions	**(8,285)**	9,312
Superannuation Payable	**2,372**	–
Deferred tax benefit not recognised	**188,073**	501,636

Notes to the Consolidated Financial Statements (continued)

For the financial year ended 30 June 2011

Note 7 Income tax (continued)

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.

	2011 $	2010 $
Note 8 Current assets – Cash and cash equivalents		
(a) Reconciliation to cash at the end of the year		
The figures below are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows:		
Cash at bank	**769,685**	879,407
Deposits at call	**50,000**	–
Cash and cash equivalents per cash flow statement	**819,685**	879,407

The above amount includes $50,000 (2010: Nil) that is held in a restricted term deposit by ANZ as security against the Company's credit card liability.

(b) Deposits at call

The deposits are bearing fixed interest rates of 5.9% (2010: N/A).

Note 9 Current assets – Trade and other receivables

	2011 $	2010 $
Accrued Interest Income	**1,615**	–
GST recoverable	**15,928**	17,296
	17,543	17,296

Details of fair value and exposure to interest risk are included at note 18.

Note 10 Other assets

	2011 $	2010 $
(a) Other assets – Current		
Deposits & Bonds	**2,000**	–
	2,000	–
(b) Other assets – Non-current		
Deposits & Bonds	**57,023**	18,002
	57,023	18,002

Note 11 Non-current assets – Property, plant and equipment

	2011 $	2010 $
Office equipment		
At cost	**85,084**	55,656
Accumulated depreciation	**(26,816)**	(15,179)
	58,268	40,477
Plant and equipment		
At cost	**41,600**	11,505
Accumulated depreciation	**(6,428)**	(2,251)
	35,172	9,254
	93,440	49,731
Reconciliation of movements		
Office equipment		
Net book value at start of the year	**40,477**	22,531
Additions	**29,429**	25,800
Depreciation	**(11,638)**	(7,854)
Net book value at end of the year	**58,268**	40,477
Plant and equipment		
Net book value at start of the year	9,254	**5,838**
Additions	**30,095**	5,001
Depreciation	**(4,177)**	(1,585)
Net book value at end of the year	**35,172**	9,254
Motor vehicles		
Net book value at start of the year	**–**	23,650
Disposals	**–**	(17,738)
Depreciation	**–**	(5,912)
Net book value at end of the year	**–**	–
	93,440	49,731

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

Notes to the Consolidated Financial Statements (continued)

For the financial year ended 30 June 2011

	2011 $	2010 $
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	**7,730,123**	3,692,693
Acquisition costs capitalised during the year	**68,435**	–
Exploration costs capitalised during the year	**3,008,555**	4,758,344
Exploration costs written off during the year	**(429,546)**	(720,914)
Capitalised exploration costs at the end of the year	**10,377,567**	7,730,123

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.

During the financial year it was decided by the Board and management to cease exploration activities on a number of tenements held by the company. Consequently, the Company has written off $429,546 which is comprised of all previously capitalised exploration costs in relation to these tenements (2010: $720,914).

	2011 $	2010 $
Note 13 Current liabilities		
(a) Trade and other payables		
Trade payables	**258,975**	450,915
Sundry payables and accrued expenses	**155,356**	81,515
	414,331	532,430
(b) Employee benefits provision		
Employee leave liabilities	**14,580**	42,195

Liabilities are not secured over the assets of the company. Details of fair value and exposure to interest risk are included at note 18.

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.

Note 14 Issued capital (continued)

	Issue price	2011 No.	2010 No.	2011 $	2010 $
(b) Share capital					
Fully paid ordinary shares		**80,309,529**	57,308,508	**15,162,969**	10,873,552
(c) Share movements during the year					
At the beginning of the year		**57,308,508**	42,347,501	**10,873,552**	4,946,495
Options exercised	$0.20	**17,768,259**	3,718,497	**3,553,652**	743,699
Transfer from options reserve	–	**–**	–	**160,630**	–
Share placement	$0.20	**5,000,000**	–	**1,000,000**	–
Share placement	$0.40	**–**	6,242,500	**–**	2,497,000
Share placement	$0.60	**–**	5,000,010	**–**	3,000,006
Issued capital to acquire tenement	$0.17	**232,762**	–	**40,000**	–
Less: costs related to shares issued		**–**	–	**(514,985)**	(313,648)
At the end of the year		**80,309,529**	57,308,508	**15,112,849**	10,873,552

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

Note 15 Options

	Issue price	2011 No.	2010 No.	2011 $	2010 $
(a) Options on issue					
Issued option capital		**5,421,443**	26,480,259	**–**	210,750
(b) Listed Option movements during the year					
At the beginning of the year		**22,780,259**	20,877,501	**210,750**	210,750
Listed options issued (i)	Nil	**–**	5,621,255	**–**	–
Listed options exercised	–	**(17,768,259)**	(3,718,497)	**–**	–
Listed options expired	–	**(5,012,000)**	–	**(50,120)**	–
Transfer to share capital	–	**–**	–	**(160,630)**	–
At the end of the year		**–**	22,780,259	**–**	210,750

(i) Listed options issued attaching to shares issued pursuant to share placements completed during the 2010 financial year.

Notes to the Consolidated Financial Statements (continued)

For the financial year ended 30 June 2011

Note 15 Options (continued)

	2011 No.	2010 No.	**2011 $**	2010 $
(c) Unlisted Option movements during the year				
At the beginning of the year	**3,700,000**	3,700,000	**–**	–
Unlisted options issued *(i)*	**375,000**	–	**16,419**	–
Unlisted options issued *(ii)*	**300,000**	–	**45,987**	–
Unlisted options issued *(iii)*	**1,046,443**	–	**154,604**	–
At the end of the year	**5,421,443**	3,700,000	**217,010**	–

(i) Unlisted options issued as a part of a shareholder approved, Director remuneration package for Mr Wolfgang Fischer. The dollar value shown is the amount expensed in relation to the options remuneration under Australian Accounting Standards.

(ii) Unlisted options issued in part consideration for capital raising services pursuant to a subscription and underwriting agreement with strike price of 26¢ and expiry date of 8 September 2012.

(iii) Unlisted options issued in part consideration for capital raising services pursuant to a subscription and underwriting agreement with strike price of 26¢ and expiry date of 27 October 2012.

(d) Options on issue at the balance date

The number of options outstanding as at 30 June 2011 is 5,421,443 (2010: 26,480,259). The terms of these options are as follows:

Number of options outstanding	***Exercise price***	***Expiry date***
125,000	$0.50	30 September 2011
3,700,000	$0.20	31 August 2012
300,000	$0.26	8 September 2012
1,046,443	$0.26	27 October 2012
125,000	$1.00	30 September 2012
125,000	$1.50	30 September 2013

(e) Subsequent to the balance date

No options were issued or exercised between the end of the financial year and the date of this report.

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

	2011		2010	
	No.	**WAEP (cents)**	**No.**	WAEP (cents)
Options outstanding at the start of the year	**26,480,259**	**20.0**	24,577,501	20.0
Listed Options granted during the year	**–**	**–**	5,621,255	20.0
Unlisted options granted during the year	**1,721,443**	**42.1**	–	–
Options exercised during the year	**(17,768,259)**	**20.0**	(3,718,497)	20.0
Options expiring unexercised during the year	**(5,012,000)**	**20.0**	–	–
Options outstanding at the end of the year	**5,421,443**	**27.0**	26,480,259	20.0

Note 16 Reserves and accumulated losses

	2011 $	2010 $
(a) Share-based payment reserve		
Balance at beginning of year	**–**	–
Options issued to directors	**16,419**	–
Options issued in lieu of capital raising fees	**200,591**	–
Balance at the end of the year	**217,010**	–

The share-based payment reserve records items recognised as expenses on valuation of employee and consultant options.

	2011 $	2010 $
(b) Accumulated losses		
Accumulated losses:		
At the beginning of the year	**(2,964,368)**	(1,135,011)
Loss for the year	**(1,477,264)**	(1,829,357)
Options expired during the year	**50,120**	–
Balance at the end of the year	**(4,391,512)**	(2,964,368)

Note 17 Share based payments

(a) On the 14 December 2010, 375,000 share options were granted to the Executive Chairman under a resolution voted on at the Company's Annual General Meeting of Shareholders on the 30 November 2010.

Number of Options	375,000
Fair value at grant date[1]	$0.0602 – $0.0840
Share price	$0.3100
Exercise price	$0.50 – $1.50
Volatility factor	95.30%
Expiry date of the options	30 September 2011 to 30 September 2013
Risk free interest rate[2]	4.74% – 5.14%

[1] The basis of measuring fair value of the options was the Black-Scholes Option Pricing Model
[2] Based on the prevailing Commonwealth Government Bond Rate at date of issue to expiry of option

Included under employee benefits expense in the statement of comprehensive income is $16,418 which relates to equity-settled share-based payment transactions (2010: $Nil).

(b) On the 8 September 2010 the Company issued 300,000 unlisted options exercisable on or before the 8 September 2012 were issued to Casimir Capital (Asia Pacific) Pty Ltd and its nominees pursuant to an underwriting agreement entered into by the company on the 25 August 2010.

Number of Options	300,000
Fair value at grant date[1]	$0.1533
Share price	$0.2600
Exercise price	$0.2600
Volatility factor	111.68%
Expiry date of the options	8 September 2012
Risk free interest rate[2]	4.44%

[1] The basis of measuring fair value of the options was the Black-Scholes Option Pricing Model
[2] Based on the prevailing 2 year Commonwealth Government Bond Rate at date of issue

Note 17 Share based payments (continued)

(c) On the 27 October 2010 the Company issued 1,046,443 unlisted options exercisable on or before the 27 October 2012 were issued to Casimir Capital (Asia Pacific) Pty Ltd and its nominees pursuant to an underwriting agreement entered into by the company on the 25 August 2010.

Number of Options	1,046,443
Fair value at grant date[1]	\$0.1477
Share price	\$0.2500
Exercise price	\$0.2600
Volatility factor	113.68%
Expiry date of the options	27 October 2012
Risk free interest rate[2]	4.85%

[1] The basis of measuring fair value of the options was the Black-Scholes Option Pricing Model
[2] Based on the prevailing 2 year Commonwealth Government Bond Rate at date of issue

(d) A summary of the movements of the options is as follows:

	Number	Weighted Average Exercise Price (\$)
Listed options		
Listed options outstanding as at 30 June 2009	**20,877,501**	**0.20**
Granted	5,621,255	0.20
Forfeited	–	–
Exercised	(3,718,497)	0.20
Expired	–	0.20
Listed options outstanding as at 30 June 2010	**22,780,259**	**0.20**
Granted	–	–
Forfeited	–	–
Exercised	(17,768,259)	0.20
Expired	(5,012,000)	0.20
Listed options outstanding as at 30 June 2011	**–**	**–**
Unlisted options		
Unlisted options outstanding as at 30 June 2009	**3,700,000**	**0.20**
Granted	–	–
Forfeited	–	–
Exercised	–	–
Expired	–	–
Unlisted options outstanding as at 30 June 2010	**3,700,000**	**0.20**
Granted	1,721,443	0.42
Forfeited	–	–
Exercised	–	–
Expired	–	–
Unlisted options outstanding as at 30 June 2011	**5,421,443**	**0.27**
Options exercisable as at 30 June 2011	4,246,443	0.23
Options exercisable as at 30 June 2010	24,630,259	0.20

The weighted average remaining contractual life of options outstanding at year-end was 1.2 years. The weighted average exercise price of outstanding options at the end of the reporting period was \$0.27.

Note 17 Share based payments (continued)

(e) No shares were granted to key management personnel for share-based payments during the financial year ended the 30 June 2011 (2010: Nil).

(f) On the 23 May 2011, 232,762 ordinary fully paid shares were issued to Raven Resources Pty Ltd, pursuant to a joint venture earn-in agreement. The shares were issued based on the 10 day ASX VWAP from the 21 April 2011 to the 9 May 2011, resulting in a calculated value of 17.185 cents per share, for a total value of $40,000.

Note 18 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):

2011	**Carrying amount $**	**Contractual cash flows $**	**6 months or less $**	**6-12 months $**	**1-2 years $**	**2-5 years $**	**More than 5 years $**
Trade payables	**258,975**	**258,795**	**258,795**	**–**	**–**	**–**	**–**
	258,795	**258,795**	**258,795**	**–**	**–**	**–**	**–**

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

Interest rate risk

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

	Carrying amount ($)	
	2011 $	2010 $
Variable rate instruments		
Financial assets	**819,685**	879,407

The weighted average effective interest rates for financial assets at 30 June 2011 is 4.64% (2010: 4.5%). The weighted average maturity period for these financial assets as at 30 June 2011 is nil months (2010: nil months).

Notes to the Consolidated Financial Statements (continued)

For the financial year ended 30 June 2011

Note 18 Financial instruments (continued)

Interest rate risk *(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.

	Profit or loss		**Equity**	
2011	**1% increase $**	**1% decrease $**	**1% increase $**	**1% decrease $**
Variable rate instruments	**8,197**	**(8,197)**	**8,197**	**(8,197)**

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

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:

	2011		2010	
	Carrying amount $	**Fair value $**	Carrying amount $	Fair value $
Cash and cash equivalents	**819,685**	**819,685**	879,407	879,407
Trade receivables	**–**	**–**	–	–
Trade payables – at amortised cost	**(258,975)**	**(258,975)**	(450,915)	(450,915)
	560,710	**560,710**	428,492	428,492

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

Note 19 Dividends

No dividends were paid or proposed during the financial year.

The Company has no franking credits available as at 30 June 2011 (2010: nil).

Note 20 Key management personnel disclosures

(a) The following persons were Key management personnel for Emergent Resources Limited during the financial year:

Current directors

Wolfgang Fischer	*(Executive Chairman) (appointed 1 October 2010)*
Nicholas Martin	*(Non-Executive Director) (appointed 24 February 2011)*
Stuart Hall	*(Non- Executive Director) (appointed 20 May 2011)*
Geoff Cowie	*(Non-Executive Director) (appointed 16 May 2011)*

Former directors

Garry Hemming	*(Managing Director) (resigned 7 October 2010)*
Kevin Judge	*(Non-Executive Director) (resigned 7 October 2010)*
George McMaster	*(Non-Executive Chairman) (resigned effective 28 February 2011)*
Robert Boylan	*(Non-Executive Director) (resigned effective 30 June 2011)*

Executives

Nathan Lude	*(Chief Executive Officer) (appointed 7 October 2010)*

Other Key management personal

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.

	2011 $	2010 $
(b) Key management personnel compensation		
Short-term employee benefits	**517,607**	382,288
Post-employment benefits	**27,183**	46,737
Share-based payment	**16,419**	–
Other benefits	**122,628**	30,139
	683,837	459,164

(c) Equity instrument disclosures relating to key management personnel

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

The following options were issued to key management personnel during the year.

Number of Options Issued	***Issued to***	***Date of Issue***	***Exercise Price***	***Expiry Date***
125,000	Wolfgang Fischer	14 December 2010	50 cents	30 September 2011
125,000	Wolfgang Fischer	14 December 2010	100 cents	30 September 2012
125,000	Wolfgang Fischer	14 December 2010	150 cents	30 September 2013

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

Notes to the Consolidated Financial Statements (continued)

For the financial year ended 30 June 2011

Note 20 Key management personnel disclosures (continued)

(c) Equity instrument disclosures relating to key management personnel (continued)

Option holdings

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

2011 **Name**	**Balance at start of the year[1]**	**Received during the year as remuneration**	**Options expired during the year**	**Options exercised during the year**	**Balance at the end of the year[1]**	**Vested during the year[1]**	**Vested and exercisable[2]**
Current Directors							
W. Fischer	–	**375,000**	**–**	**–**	**375,000**	**125,000**	**125,000**
N. Martin	–	**–**	**–**	**–**	**–**	**–**	**–**
S. Hall	–	**–**	**–**	**–**	**–**	**–**	**–**
G. Cowie	–	**–**	**–**	**–**	**–**	**–**	**–**
Current Executive							
N. Lude	–	**–**	**–**	**–**	**–**	**–**	**–**
Previous Directors							
R. Boylan	2,504,149	**–**	**–**	**(2,504,149)**	**–**	**–**	**–**
G. McMaster	2,983,620	**–**	**–**	**(2,483,620)**	**500,000**	**125,000**	**250,000**
G. Hemming	4,473,633	**–**	**(1,452,633)**	**(250,000)**	**2,771,000**	**500,000**	**1,771,000**
K. Judge	305,000	**–**	**–**	**–**	**305,000**	**75,000**	**155,000**

1. Option holding information for Key Management Personnel who were not Key Management Personnel for the whole year is only for that portion of the year during which they held a key management position. For the purpose of this table, options held at appointment are assumed to have been held at 1 July and options held at termination are assumed to be held at 30 June, with any acquisitions or disposals prior to appointment or after termination, not shown.
2. All options held by Directors in the above table that have vested, are exercisable.

2010 Name	Balance at the start of the year[1]	Received during the year as remuneration	Options expired during the year	Options exercised during the year	Balance at the end of the year[1]	Vested during the year[1]	Vested and exercisable[2]
Directors							
G. McMaster	3,362,370	–	–	(378,750)	2,983,620	125,000	2,608,620
G. Hemming	4,473,633	–	–	–	4,473,633	500,000	2,973,633
K. Judge	839,560	–	–	(534,560)	305,000	75,000	80,000

1. Option holding information for Key Management Personnel who were not Key Management Personnel for the whole year is only for that portion of the year during which they held a key management position. For the purpose of this table, options held at appointment are assumed to have been held at 1 July and options held at termination are assumed to be held at 30 June, with any acquisitions or disposals prior to appointment or after termination, not shown.
2. All options held by Directors in the above table that have vested are exercisable.

Note 20 Key management personnel disclosures (continued)

(c) Equity instrument disclosures relating to key management personnel (continued)

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.

2011 **Name**	**Balance at start of the year**[1]	**Received during the year on exercise of options**	**Other changes during the year**[2]	**Balance at the end of the year**[1]
Current Directors				
W. Fischer	–	–	3,117,000	3,117,000
N. Martin	–	–	–	–
S. Hall	–	–	–	–
G. Cowie	–	–	250,000	250,000
Current Executive				
N. Lude	721,520	–	–	721,520
Previous Directors				
R. Boylan	4,351,732	2,504,149	–	6,855,881
G. McMaster	3,551,250	2,483,620	(328,600)	5,706,270
G. Hemming	2,825,001	250,000	–	3,075,001
K. Judge	1,384,560	–	–	1,384,560

1. Shareholding information for Key Management Personnel who were not Key Management Personnel for the whole year is only for that portion of the year during which they held a key management position. For the purpose of this table, shares held at appointment are assumed to have been held at 1 July and shares held at termination are assumed to be held at 30 June, with any acquisitions or disposals prior to appointment or after termination, not shown.
2. Other changes during the year refer to shares purchased or sold during the financial year.

2010 Name	Balance at start of the year	Received during the year on exercise of options	Other changes during the year[1]	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

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

(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*.

Notes to the Consolidated Financial Statements (continued)

For the financial year ended 30 June 2011

	2011 **$**	2010 $
Note 21 Remuneration of auditors		
Audit or review of the financial reports of the Company	**37,754**	36,098
Balance at the end of the year	**37,754**	36,098

Note 22 Contingencies

(i) Contingent liabilities

There were no material contingent liabilities not provided for in the financial statements of the Company as at 30 June 2011 or 30 June 2010 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 2011 or 30 June 2010.

Note 23 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 $1,323,465 (2010: $708,313). 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.

	2011 **$**	2010 $
(b) Operating Lease Commitments		
The Company has the following operating lease commitments in relation to its current business premises:		
Within one year	**55,954**	–
Later than one year but not later than five years	**33,301**	–
Later than five years	**–**	–
Balance at the end of the year	**89,255**	–

The property lease is a non-cancellable lease with a 2 year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by 4% per annum. An option exists to renew the lease at the end of the 2 year term for an additional term of 2 years. The lease allows for subletting of all lease areas.

(c) Contractual Commitment

There are no material contractual commitments as at 30 June 2011 (2010: nil) other than those disclosed above in the Financial Statements.

Note 24 Related party transactions

There were no related party transactions during the year, other than disclosed at note 20.

Note 25 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
Under an agreement entered into with De Grey Mining Limited on 1 May 2008, Emergent Resources has rights to 80% of the iron ore, vanadium and manganese on EL52/1806 and EL52/2215. The Company will sole fund 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). 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.

Raven Resources Pty Ltd
Emergent Resources entered into a Joint Venture arrangement with Raven Resources Pty Ltd on the 3 March 2011 for tenements E69/2685 & E52/2525. The Joint Venture gives Emergent the right to earn an 80% interest in tenements E69/2685 & E52/2525 by meeting tenement expenditure commitments of $190,000 and the issue of Emergent ordinary fully paid shares to the value of $40,000. The $40,000 in shares were issued on the 23 May 2011 with expenditure to be met in the 2012 financial year. The 20% interest retained by Raven Resources is free carried through to the decision to commence bankable feasibility. The Joint Venture with Raven Resources will target gold zones lying in the possible extension of the Plutonic Well Greenstone Belt.

Note 26 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 the 15 September 2011 the Company announced that it had successfully placed 11,813,667 shares at 3 cents to professional and sophisticated investors to raise $354,410 pursuant to the company's 15% placing facility.
- On the 15 September 2011 the Company announced a one for one pro-rata entitlement issue of up to 92,123,196 shares at 3 cents to raise $2,763,695 before costs. The proceeds from the issue will be used to fund the Company's exploration projects and provide working capital. The entitlement is not underwritten.

Notes to the Consolidated Financial Statements (continued)

For the financial year ended 30 June 2011

Note 27 Reconciliation of loss after tax to net cash inflow from operating activities

	2011 $	2010 $
Loss after tax	**(1,477,264)**	(1,829,357)
Non-cash items:		
Loss on sale of assets	**–**	4,650
Equity Remuneration	**16,419**	–
Depreciation expense	**15,815**	15,351
Exploration costs written off	**429,546**	720,914
Changes in net assets and liabilities:		
(Increase)/decrease in trade and other receivables	**410**	9,643
(Increase)/decrease in other assets	**(14,138)**	–
Increase/(decrease) in trade and other payables	**(50,766)**	169,962
Increase/(decrease) in employee liabilities	**(27,614)**	9,616
	(1,107,592)	(899,221)
Details of non-cash financing and investing activities		
Shares issued to acquire exploration assets ($0.17)	**40,000**	–
	40,000	–

Note 28 Earnings per share

	2011 cents	2010 cents
(a) *Basic earnings per share*		
Loss attributable to ordinary equity holders of the Company	**(2.0)**	(3.5)
(b) *Diluted earnings per share*		
Loss attributable to ordinary equity holders of the Company	**(2.0)**	(3.5)
	$	$
(c) *Loss used in calculation of basic and diluted loss per share*		
Consolidated loss after tax from continuing operations	**(1,477,264)**	(1,829,357)
(d) *Weighted average number of shares used as the denominator*	**No.**	No.
Weighted average number of shares used as the denominator in calculating basic and dilutive loss per share	**74,668,511**	51,842,868

At 30 June 2010 the Company has on issue 5,421,443 options (2009: 26,480,259) over ordinary shares that are not considered to be dilutive to its reported loss for the year.

Note 29 Parent Company and Subsidiary Information

During the period ended 30 June 2011, Emergent Resources Limited held the following 2 wholly owned subsidiary companies:

Company Name	***ACN***	***Ownership %***
Beyondie J/V Operations Pty Ltd	143 225 969	100%
Emergent Exploration Pty Ltd	143 526 336	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 27 to 54 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 2011 and of the performance for the year ended on that date of the Company; and

  (iii) complying with International Financial Reporting standards as disclosed in Note 1.

(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 2011.

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

Signed at Perth this 30th day of September 2011.

W Fischer
Executive Chairman

Grant Thornton Audit Pty Ltd
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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 consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error. 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 Company'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 Company'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 2011 and of its performance for the year ended on that date; and

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

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

Material uncertainty regarding continuation as a going concern

Without qualifying our opinion, we draw attention to Note 1(a) in the financial report which indicates that the consolidated entity incurred a net loss of $1,477,264 during the year ended 30 June 2011 and net operating cash outflows of $1,107,592. These conditions, along with other matters as set forth in Note 1(a), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Grant Thornton

Report on the remuneration report

We have audited the remuneration report included in pages 23 to 24 of the directors' report for the year ended 30 June 2011. 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 2011, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J W Vibert
Director - Audit & Assurance

Perth, 30 September 2011

ASX Additional Information

Pursuant to the Listing Rules of the Australian Securities Exchange Limited, the shareholder information set out below was applicable as at 23rd September 2011.

a. Distribution of Equity Securities

	Listed Shares	
Range	*Number of Holders*	*Securities Held*
1 – 1,000	44	26,175
1,001 – 5,000	153	504,170
5,001 – 10,000	210	1,827,518
10,001 – 100,000	521	19,610,985
100,001 and over	138	70,154,348
	1,066	92,123,196

There are 416 shareholders holding unmarketable parcels represented by 11,364 shares.

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:

	Issued Ordinary Shares	
Shareholder Name	*Number*	*%*
Trimglint Pty Ltd	7,275,047	7.90

c. Twenty Largest Shareholders

Shareholder	*Shares Held*	*% of Issued Capital*
Trimglint Pty Ltd	7,275,047	7.90
Pandell Pty Ltd	4,000,000	4.34
Waboc Pty Ltd	3,117,000	3.38
Romfal Sifat Pty Ltd	2,800,000	3.04
George James McMaster	2,706,270	2.94
Mills Beach Investments Pty Ltd	2,541,664	2.76
Maree Teresa Hemming	2,479,925	2.69
P G Howarth Pty ltd	1,956,642	2.12
ABN Amro clearing Sydney Nominees Pty Ltd	1,413,119	1.53
Mr Wayne Daryl King + Mr Craig Allan King	1,170,000	1.27
Spinaway Gardens Pty Ltd	1,166,000	1.27
Citicorp Nominees Pty Limited	1,153,472	1.25
HSBC Custody Nominees (Australia) Limited	1,088,700	1.18
Mr Ianaki Semerdziev	1,009,015	1.10
Dilkara Nominees Pty Ltd	1,000,000	1.09
Mr Garry Robert Hemming	925,000	1.01
JBWere (NZ) Nominees Limited <NZ Resident A/c>	897,202	0.97
Jayvee Investments Pty Ltd <Jayvee SP-PEN A/c>	886,025	0.96
Solequest Pty Ltd	886,025	0.96
Buzz Capital Pty Ltd	866,667	0.94
	39,337,773	42.70

d. 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.

e. Restricted Securities

There are no restricted securities.

Tenement Schedule

As at 23 September 2011

Tenement	*Status*	*Registered Holder*	*Emergent %*
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%
PATERSON			
E45/3092	Application	Ian Kerr	100%
E45/3096	Application	Emergent Resources Ltd	100%
E45/3097	Application	Emergent Resources Ltd	100%
DIAMOND WELL			
E51/1204	Granted	Emergent Resources Ltd	100%
E51/1205	Granted	Emergent Resources Ltd	100%
MT BARTLE			
E53/1302	Granted	Emergent Resources Ltd	100%
E53/1332	Granted	Emergent Resources Ltd	100%
P53/1417	Granted	Emergent Resources Ltd	100%
P53/1418	Granted	Emergent Resources Ltd	100%
P53/1419	Granted	Emergent Resources Ltd	100%
BEYONDIE NORTH			
E52/2215	Granted	De Grey Mining Ltd	80%
E69/2625	Granted	Emergent Resources Ltd	100%
E69/2919	Application	Emergent Resources Ltd	100%
E69/2669	Granted	Emergent Resources Ltd	100%
BEYONDIE SOUTH			
E52/1806	Granted	De Grey Mining Ltd	80%
E52/2474	Granted	Emergent Resources Ltd	100%
E52/2680	Application	Emergent Resources Ltd	100%
E52/2559	Application	Emergent Resources Ltd	100%
RAVEN GROUND			
E69/2685	Granted	Raven Resources Pty Ltd	60%
E52/2525	Granted	Raven Resources Pty Ltd	60%
RAINBOW BORE			
E51/1206	Granted	Emergent Resources Ltd	100%
CLARRIE WELL			
E51/1207	Granted	Emergent Resources Ltd	100%
FENCELINE			
E51/1208	Granted	Emergent Resources Ltd	100%
NORTH POOL			
E53/977	Granted	Emergent Resources Ltd / Pandell Pty Ltd	80%
E53/1301	Granted	Emergent Resources Ltd / Pandell Pty Ltd	80%

emergent resources limited

Suite 1, 43 Oxford Close
West Leederville, Western Australia 6007
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NOTICE OF ANNUAL GENERAL MEETING
&
EXPLANATORY STATEMENT

To be held

At 10.00 am, Wednesday, 30th November 2011

at

Subiaco Hotel,
465 Hay Street, Subiaco WA 6008

27th October 2011

Dear Emergent Shareholder,

On behalf of the board I have pleasure in inviting you to the Annual General Meeting of Emergent Resources Limited to be held at Subiaco Hotel, 465 Hay Street, Subiaco WA 6008 at 10.00 am on Wednesday, 30th November 2011.

The formal Notice of Meeting is enclosed. Please read this carefully.

The purpose of the meeting is to conduct the annual business of the Company, including consideration of the annual financial statements, the remuneration report, election of directors, and shareholder approval of the resolutions, which are set out in the attached Notice of Meeting.

Your Directors seek your support and look forward to your attendance at the meeting.

Yours sincerely

Wolfgang Fischer
Executive Chairman

EMERGENT RESOURCES LIMITED
ABN 68 125 323 622

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Emergent Resources Limited will be convened at 10.00 am on Wednesday 30th November 2011 at Subiaco Hotel, 465 Hay Street, Subiaco WA 6008.

AGENDA

ORDINARY BUSINESS

1. **Financial Statements and Reports**
   To receive and consider the Financial Report, the Directors' Report and Auditor's Report for the year ended 30 June 2011.

2. **Adoption of the Remuneration Report**
   To consider, and if thought fit, to pass, with or without modification, the following resolution as a **non-binding resolution**:

   "That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2011."

3. **Election of Director – Mr Nicholas Martin**
   To consider, and if thought fit, to pass, with or without modification, the following resolution as an **ordinary resolution**:

   "That, Mr Nicholas Martin, who was appointed to the Board since the last Annual General Meeting of the Company, who retires in accordance with the Company's Constitution and being eligible, offers himself for re-election, be re-elected as a director."

4. **Election of Director – Mr Stuart Hall**
   To consider, and if thought fit, to pass, with or without modification, the following resolution as an **ordinary resolution**:

   "That, Mr Stuart Hall, who was appointed to the Board since the last Annual General Meeting of the Company, who retires in accordance with the Company's Constitution and being eligible, offers himself for re-election, be re-elected as a director."

5. **Ratification of Prior Issue of Equity Securities – Shares**

   To consider, and if thought fit, to pass, with or without modification, the following resolution as an **ordinary resolution**:

   "That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue of 232,762 Ordinary Fully Paid Shares to Raven Resources Pty Ltd on 23 May 2011, pursuant to a Joint Venture Agreement, and 11,813,667 Ordinary Fully Paid Shares issued pursuant to a placement completed on 15 September 2011, on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

   The issue in accordance with the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.

AGENDA (CONTINUED)

ORDINARY BUSINESS (CONTINUED)

6. Adoption of Emergent Resources Limited Employee Incentive Option Plan

"To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, approval is given for the Company to adopt an employee incentive option plan on the terms and conditions set out in the Explanatory Statement."

7. Adoption of Emergent Resources Limited Performance Rights Plan

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, approval is given for the Company to adopt a performance rights plan on the terms and conditions set out in the Explanatory Statement."

8. Approval of the Issue of Shares under Proposed Future Placements

To consider, and if thought fit, to pass, with or without modification, the following ordinary resolution:

"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue up to 30 million ordinary fully paid shares in the Company by placement to professional and sophisticated investors, at an issue price which is not less than 80% of the volume weighted average market price of the Shares on ASX over the 5 trading days immediately preceding the date of the issue of the Shares on the terms and conditions set out in the Explanatory Statement."

The proposed issues to be in accordance with the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.

EMERGENT RESOURCES LIMITED
ABN 68 125 323 622

NOTICE OF ANNUAL GENERAL MEETING

GENERAL NOTES

1. With respect to Agenda Item 2, the vote on this item is advisory only and does not bind the Directors of the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

2. **Voting Prohibition Statements:** A vote on Agenda Item 2 must not be cast (in any capacity) by or on behalf of any Key Management Personnel (which includes the Directors of the Company), details of whose remuneration are included in the Remuneration Report, or any closely related party of that person (or those persons).

   However, a person described above may vote on Agenda Item 2 if the person does so as a proxy appointed by writing, that specifies how the proxy is to vote on the Resolution and the vote is not cast on behalf of a member of the Key Management Personnel or any closely related party of that person (or persons).

   A person appointed as a proxy in respect of Agenda Items 6 and 7 must not vote, on the basis of that appointment, if:

   (a) the proxy is either:

   (i) a member of the Key Management Personnel; or

   (ii) a closely related party of such a member; and

   (b) the appointment does not specify the way the proxy is to vote on this Resolution.

   However, the above prohibition does not apply if the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

3. **Voting Exclusions:** The Company will disregard any votes cast on Agenda Item 5 by Raven Resources Pty Ltd or any of its associates, and any person (or persons) who participated in the share placement, and any associates of that person (or persons).

   The Company will disregard any votes cast on Agenda Items 6 and 7 by any Director of the Company, other than any Directors who are ineligible to participate in any scheme or plan in relation to the Company, and any associates of those Directors.

   The Company will disregard any votes cast on Agenda Item 8 by any person who may participate in the proposed issues and any person who might obtain a benefit, except a benefit solely in the capacity of ordinary securities if the resolution is passed, and any associate of that person (or those persons).

   However, votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides) will be taken into account.

4. **Voting by Proxy**:

   New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

   - if proxy holders vote, they must cast all directed proxies as directed; and
   - any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

   Further details on these changes are set out on the following page.

GENERAL NOTES (CONTINUED)

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and

- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
- the proxy is not recorded as attending the meeting;
- the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

4. The Explanatory Statement to Shareholders attached to this Notice is incorporated into and forms part of this Notice of Annual General Meeting.
5. The Directors have determined in accordance with Regulation 7.11.37 of the Corporations Regulations that, for the purposes of voting at the meeting, shares will be taken to be held by the registered holders at 5.00pm on 28th November 2011.

BY ORDER OF THE BOARD

Kevin R Hart
COMPANY SECRETARY

Dated this 27th day of October 2011

EMERGENT RESOURCES LIMITED
ABN 68 125 323 622

EXPLANATORY STATEMENT

The purpose of the Explanatory Statement is to provide shareholders with information concerning all of the Agenda items in the Notice of Annual General Meeting.

1. Financial Statements & Reports

Emergent Resources Limited's financial reports and the directors' declaration and reports and the auditor's report are placed before the meeting for review and consideration. The auditor will attend the Annual General Meeting and will be available to answer any questions relevant to the conduct of the audit and his report.

2. Adoption of Remuneration Report

General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

Under recent changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on the resolution to Agenda Item 2 are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's 2012 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the general meeting (**Spill Meeting**) within 90 days of the Company's 2012 annual general meeting. All of the Directors who were in office when the Company's 2012 Directors' report was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2011.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

The Board considers that its current practices of setting executive and non-executive remuneration are within normal industry expectations, and provides an effective balance between the need to attract and retain the services of the highly skilled key management personnel that the Company requires. As such the directors recommend that shareholders vote in favour of the resolution to Agenda Item 2.

If you choose to appoint a proxy you are encouraged to direct your proxy how to vote on Agenda Item 2 by marking either **For, Against or Abstain** on the voting form.

Proxy Restrictions

Pursuant to the Corporations Act, if you elect to appoint the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or any Closely Related Party of that member as your proxy to vote on this resolution to Agenda Item 2, you must direct the proxy how they are to vote. Where you do not direct the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or Closely Related Party of that member on how to vote on this resolution to Agenda Item 2, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to this resolution to Agenda Item 2.

EXPLANATORY STATEMENT

2. Adoption of Remuneration Report (continued)

Definitions

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Closely Related Party of a member of the Key Management Personnel means:

(a) a spouse or child of the member;

(b) a child of the member's spouse;

(c) a dependent of the member or the member's spouse;

(d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;

(e) a company the member controls; or

(f) a person prescribed by the *Corporations Regulations 2001* ***(Cth*****).**

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2011.

3. Election of Director – Mr Nicholas Martin

as an Ordinary Resolution

Mr Martin holds a 1st Class (Hons) in Geology from Adelaide University and was involved in regional exploration and near mine resource development for gold, base metal, mineral sands and gem projects in Australia and Indonesia.

Mr Martin obtained a MBA in 1998 and spent 10 years in the investment banking industry with N M Rothschild & Son (Australia), Westpac Banking Corporation, WestLB AG and Natixis Australia Limited, involved in project and mezzanine financing of mineral projects in Australasia and emerging Asia-Pacific markets.

Mr Martin was appointed as a Director on 24 February 2011.

4. Election of Director – Mr Stuart Hall

as an Ordinary Resolution Mr Hall has more than 35 years mining industry experience in major project development, management and financing, including as Chief Executive Officer of Crossland Resources Limited where he lead the technical studies into a world scale beneficiation project at the 3 billion tone Jack Hills iron project and at uranium explorer Marathon Resources Limited.

Prior to these appointments he spent 12 years with WMC Resources Limited and BHP Billiton, holding positions as Divisional Manager Planning (Nickel and Gold) and General Manager – Industrial Minerals, before being appointed to General Manager of Business Development. Subsequent to the takeover of WMC Resources Limited by BHP Billiton Limited, Mr Hall was appointed as Project Director of the Corridor Sands mineral sands project in Mozambique.

Mr Hall was appointed as a Director on 20 May 2011.

Information in Relation to Agenda Item 5

On 23rd May 2011, the Company announced that it had completed the issue of 232,762 Shares to Raven Resources Pty Ltd at a deemed price of 17.2 cents each as part consideration in the acquisition of the interest in tenements E69/2685 and E52/2525, pursuant to a Joint Venture Agreement. Under the terms of the Joint Venture Agreement with Raven Resources Pty Ltd, the Company has the right to earn an 80% interest in the Joint Venture tenements.

On 15th September 2011, the Company announced that it had completed the issue of 11,813,667 Shares at 3 cents each, pursuant to a share placement to professional and sophisticated investors.

The Shares were issued pursuant to the Company's 15% placement capacity.

5. Ratification of a Prior Issue of Equity Securities – Shares

Listing Rule 7.1 provides that without Shareholder approval, a company must not issue or agree to issue new equity securities constituting more than 15% of its total issued capital within a 12 month period (excluding any issue of equity securities approved by Shareholders and other various permitted exceptions which are not relevant for current purposes).

Listing Rule 7.4 allows an issue of securities made without the approval of Shareholders to be ratified by shareholders, in order to refresh the 15% capacity under Listing Rule 7.1, provided at the time the issue was made, the issue was made within the Company's existing 15% capacity under Listing Rule 7.1.

Shareholder approval is therefore now sought pursuant to Listing Rule 7.4 to ratify the issue of Shares so that the Company refreshes its capacity to issue up to 15% of its issued ordinary capital, if required, in the next 12 months without first requiring Shareholder approval for those future issues.

Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to Listing Rule 7.4:

(a) the total number of equity securities issued was 12,046,429 ordinary fully paid shares;

(b) the 232,762 Shares issued to acquire exploration assets were issued at a deemed value of 17.2 cents each, the 11,813,667 Placement Shares were issued at 3 cents each;

(c) the Shares issued rank equally with an existing class of Shares on issue;

(d) the Shares issued to acquire exploration assets were issued to Raven Resources Pty Ltd, and the Placement Shares were issued to sophisticated and professional investors. No recipient of Shares was a related party of the Company;

(e) the Shares are listed on ASX; and

(f) the Shares were issued as part consideration in the acquisition of a right to earn an interest in exploration assets, and to fund ongoing exploration and provide working capital.

EXPLANATORY STATEMENT

6. Adoption of the Emergent Resources Limited Employee Incentive Option Plan
as an Ordinary Resolution

Agenda Item 6 seeks Shareholder approval for the adoption of an employee incentive option plan (**Plan**) in accordance with Exception 9 of ASX Listing Rule 7.2.

Shareholders should note that no Options have previously been issued under this Plan and the objective of the Plan is to attract, motivate and retain key employees.

It is considered by the Directors that the adoption of the Plan and the future issue of Options under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

ASX Listing Rule 7.1 requires a listed company to obtain shareholder approval prior to the issue of shares, or securities convertible into shares, representing more than 15% of the issued capital of that company in any rolling 12 month period.

An exception to ASX Listing Rule 7.1 is set out in ASX Listing Rule 7.2 (Exception 9) which provides that issues under an employee incentive plan are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the plan as an exception to ASX Listing Rule 7.1.

If the resolution in Agenda Item 6 is passed, the Company will be able to issue Shares under the Plan without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 3 year period.

A summary of the terms and conditions of the Employee Incentive Option Plan is set out in Schedule 1.

7. Adoption of the Emergent Resources Limited Performance Rights Plan
as an Ordinary Resolution

Agenda Item 7 seeks Shareholder approval for the adoption of a performance rights plan (**Plan**) in accordance with Exception 9 of ASX Listing Rule 7.2.

Shareholders should note that no Performance Rights have previously been issued under this Plan and the objective of the Plan is to attract, motivate and retain key employees.

It is considered by the Directors that the adoption of the Plan and the future issue of Performance Rights under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

ASX Listing Rule 7.1 requires a listed company to obtain shareholder approval prior to the issue of shares, or securities convertible into shares, representing more than 15% of the issued capital of that company in any rolling 12 month period.

An exception to ASX Listing Rule 7.1 is set out in ASX Listing Rule 7.2 (Exception 9) which provides that issues under an employee incentive plan are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the plan as an exception to ASX Listing Rule 7.1.

If the resolution in Agenda Item 7 is passed, the Company will be able to issue entitlements to Shares (**Performance Rights**) under the Plan without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 3 year period.

A summary of the terms and conditions of the Performance Rights Plan is set out in Schedule 2.

EXPLANATORY STATEMENT

8. Approval of the Issue of Shares under Proposed Future Placements

The Board seeks approval for the issue of up to 30,000,000 Shares under future placements, the terms and conditions of which are yet to be confirmed.

Listing Rule 7.1 provides that without Shareholder approval, a company must not issue or agree to issue new equity securities constituting more than 15% of its total issued capital within a 12 month period (excluding any issue of equity securities approved by Shareholders and other various permitted exceptions which are not relevant for current purposes).

If the resolution to Agenda Item 8 is approved, this will provide the Company with increased flexibility when evaluating its capital raising requirements over the next three months, to advance the exploration and development of its current suite of exploration projects, and to pursue other exploration opportunities, without the need to seek Shareholder approval under Listing Rule 7.1.

The effect of approving the resolution to Agenda Item 8 is that the Company will be able to issue up to 30,000,000 Shares, without these securities being included when calculating the thresholds restricting the issue of securities under Listing Rule 7.1.

In the event that the resolution is approved, and the Company issues the maximum 30,000,000 shares, the effect on current shareholders, on an undiluted basis, would be to dilute their existing holdings by 24.6%.

Listing Rule 7.3 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to Listing Rule 7.1:

(a) the maximum number of securities to be issued is 30,000,000 Shares;

(b) the Company will allot and issue the securities before the expiry of 3 months after the date of the Meeting (or such other date as permitted by ASX), if at all, and allotment of the securities will occur progressively;

(c) the Shares would be issued at an issue price determined by the Directors (and which is not less than 80% of the volume weighted average market price for Shares over the 5 days on which sales in the Shares were recorded before the day of the issue, or, if there is a Prospectus relating to the issue, over the 5 days on which sales in the Shares were recorded before the date the Prospectus is signed);

(d) the Shares will be allotted and issued to professional and sophisticated investors, none of whom are related parties of the Company;

(e) the Shares issued would be Ordinary Shares, and have the same rights as the existing Ordinary Shares quoted on ASX;

(f) the funds, if raised, will be used to fund ongoing fieldwork at the Company’s current exploration projects, to evaluate and pursue other potential exploration opportunities, and to provide working capital.

SCHEDULE 1 – TERMS AND CONDITIONS OF EMPLOYEE INCENTIVE OPTION PLAN

The following is a summary of the key terms and conditions of the Plan to be adopted by Shareholders pursuant to Agenda Item 6:

(a) **Entitlement to Participate**: the Board will determine in its discretion who is entitled to participate in the Plan and issue an invitation to that person. The Board will consider factors such as seniority and position of the potential participant, length of service, record of employment and potential contribution to growth and profitability of the Company.

(b) **Exercise Price**: the Board will determine in its discretion the exercise price of the Options. The exercise price may be nil but to the extent that the Listing Rules specify or require a minimum price, the exercise price must not be less than any minimum price specified.

(c) **Lapsing Date**: the lapsing date of an Option issued under the Plan is as the Board determines in its discretion at the time of the grant of that Option (**Lapsing Date**).

(d) **Lapsing of Options**: the options of any participant in the Plan where:

(i) the relevant person ceases to be an employee, or director of, the company for any reason whatsoever and the Exercise Conditions have not been met;

(ii) the Exercise Conditions are unable to be met;

(iii) the Lapsing Date has passed, or

(iv) the Expiry Date has passed, or

(v) the relevant person ceases to be an employee, or director of, the Company for any reason whatsoever, and the Exercise Conditions have been met, the participant does not exercise the Option within a period of 3 months from the ceasing date.

(e) **Exercise of Options**: Options granted under the Plan are exercised by delivering to the Company's secretary (at a time when the Options may be exercised):

(i) the certificate for the Options or, if the certificate for the Options is destroyed or lost, a declaration to that effect, accompanied by an indemnity in favour of the Company against any loss, costs or expenses which might be incurred by the Company as a consequence of its relying on the declaration;

(ii) a notice in the form set out in the Plan addressed to the Company and signed by the participant stating that the participant exercises the Options and specifying the number of Options being exercised and specifying the subregister of the Company in which the Shares are to be recorded in; and

(iii) payment to the Company of the an amount equal to the Option Exercise Price multiplied by the number of Options which are being exercised unless there is no exercise price payable in respect of the Options being exercised.

(f) **Quotation:** the Company will make an application for the Shares issued as a result of the Options being exercised to be quoted in accordance with the Listing Rules.

(g) **New Issues:** There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

SCHEDULE 2 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS PLAN

The following is a summary of the key terms and conditions of the Plan to be adopted by Shareholders pursuant to Agenda Item 7:

(a) **Entitlement to Participate**: the Board will determine in its discretion whom is entitled to participate in the Plan and issue an invitation to that person. The Board will consider factors such as seniority and position of the potential participant, length of service, record of employment and potential contribution to growth and profitability of the Company.

(b) **Rights**: each Performance Right issued under the Plan is a right to be issued with or transferred a single Share, free of encumbrances.

(c) **Expiry Date**: means the date on which a Performance Right lapses (if it has not already lapsed in accordance with the Plan) as specified in the offer made to the participant.

(d) **Vesting Conditions**: the Board will determine the Vesting Conditions that must be satisfied by a participant before the Performance Right vests in the holder.

(e) **Vesting**: a Performance Right will vest in a participant where the Vesting Conditions are satisfied or waivered by the Board or where the Performance Right vests as a result of Accelerated Vesting.

(f) **Accelerated Vesting**: The Board may in its discretion determine that all or a specified number of a participant's unvested Performance Rights vest where:

(i) the participant dies;

(ii) the participant ceases to be employed by the Company;

(iii) a takeover bid for the Company's issued Shares is declared unconditional and the bidder has acquired a relevant interest in at least 50.1% of the Company's issued Shares;

(iv) a court approves under Section 411(4)(b) of the Corporations Act a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;

(v) a person or a group of associated persons becomes entitled, subsequent to the date of grant of the Performance Right(s), to sufficient Shares to give it or them the ability, in general meeting, to replace or allow a majority of the Board in circumstances where such ability was not already held by a person associated with such person or group of persons; or

(vi) the Company passes a resolution for voluntary winding up or an order is made for the compulsory winding up of the Company.

(g) **Lapse of an unvested Performance Right**: A Performance Right that has not vested will lapse upon the earlier to occur of:

(i) a failure to meet the Performance Right's Vesting Conditions;

(ii) the Expiry Date;

(iii) the Participant ceasing to be an employee;

(iv) the Performance Right lapsing due to the Participant ceasing to be an employee or due to the occurrence of a Takeover Bid, compromise or arrangement or winding up;

(v) the Performance Right lapsing due to an unauthorised transfer, or purported transfer, of the Performance Right;

(vi) a determination of the Board that the Performance Right is to lapse due to fraud or dishonesty; or

(vii) the day before the end of the 7 year anniversary of the date of grant of the Performance Rights.

SCHEDULE 2 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS PLAN (CONTINUED)

(h) **Lapse of a vested Performance Right**: A Performance Right that has vested but not been validly exercised will lapse upon the earlier to occur of:

(i) the Expiry Date (if any);

(ii) 6 months after the participant ceases to be an employee;

(iii) the Performance Right lapsing due to an unauthorised transfer, or purported transfer, of the Performance Right;

(iv) a determination of the Board that the Performance Right is to lapse due to fraud or dishonesty; or

(v) the day before the end of the 7 year anniversary of the date of grant of the Performance Right

(i) **Restriction on the disposal of Shares**: Shares issued or transferred on exercise of Performance Rights are subject to restrictions, as specified in the Plan, unless the Participant requests that the Company waives those restrictions, and that request is approved by the Company.

Any Share acquired by a Participant on the exercise of a Performance Right must not be disposed of, or dealt with in any way, by the Participant until the earlier of:

(i) the time when a Participant is not employed by any of any Group Company, or the company which employed the Participant at the time the Participant acquired the Performance Right, whether or not that company is still a Group Company;

(ii) the Board in its sole and absolute discretion, approving that the restriction on disposal be released; and

(iii) the day before the end of the 7 year anniversary of the date of grant of the Performance Right

(j) **Issue Price**: the issue price of the Shares to be offered under the Plan will be the weighted average trading price of the Shares on ASX during the 5 trading days immediately preceding the date of invitation. In the event no trading has occurred during that period the issue price will be the last price at which an offer to purchase a Share was made on ASX.

(k) **Exercise of Performance Right**: A participant may exercise a Performance Right that is entitled to exercised by lodging with the Company a notice of exercise of the Performance Right in the form (if any) prescribed by the Company, and the certificate for the Performance Right.

(l) **Quotation**: If Shares of the same class as those allotted under the Plan are listed on the ASX the Company will apply to the ASX within a reasonable time after they are allotted for those Shares to be listed.

(m) **New Issues**: Other than adjustments for bonus issues and reorganisation of the issued capital of the Company, participants are not entitled to participate in any new issue of securities of the Company as a result of their holding Performance Rights during the currency of any Performance Rights and prior to vesting. In addition, participants are not entitled to vote nor receive dividends as a result of their holding Performance Rights.