



Annual Financial Statement
For The Year Ended 30 June 2012

Emergent Resources Limited
ABN 68 125 323 622

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Corporate Directory

Directors

Wolfgang Fischer	Non-Executive Chairman
Francis De Souza	Non-Executive Director
Nathan Lude	Non-Executive Director
Jian-Hua Sang	Non-Executive Director

Company Secretary

Kevin R Hart

Principal and Registered Office

Suite 8, 7 The Esplanade,
Mt Pleasant WA 6153
Web www.emergentresources.com.au

Auditor

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

Share Registry

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

Stock Exchange Listing

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

ASX Code

EMG – Ordinary shares

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.

REVIEW OF OPERATIONS

During the financial year the Company continued to evaluate opportunities within its current acreage portfolio and seek new opportunities both locally and abroad. The Company is focused on reshaping its project portfolio to one with the potential to more effectively deliver near term value for shareholders.

The Company has also focussed on securing a joint venture partnership that will advance the Company's existing portfolio, especially the development of the Beyondie hematite and magnetite projects. On 16th December 2011 Emergent announced that it had signed an agreement with a new strategic Chinese partner, International Natural Resources Limited (INR)..

As part of the agreement, Emergent agreed to divest its non-core base metal and gold assets into a new Chinese majority-owned vehicle, Austrasia International Mining Limited. Because of adverse financial and capital market conditions, the Initial Public Offering (IPO) for Austrasia was withdrawn on 21st May 2012. The Company is currently assessing the best way forward to advance Emergent's base and precious metal tenements that were to be transferred to Austrasia as part of the IPO process.

Since listing and up to the reporting date, the Company has applied its funds to the ongoing development of its current projects and the investment and acquisition of additional resource projects to deliver shareholder value in accordance with its business objectives.

EXTENSION & EXTENSION NORTH GOLD PROJECT:

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

Last year the Company reported on the 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. Emergent identified the gold potential within its Beyondie leases as part of a detailed technical review of its current asset portfolio.

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. Emergent controls a 21km length, or approximately 25%, of the Plutonic Well Greenstone Belt, which has produced some 6 Moz's of gold since the 1990's (Figure 1).

The 21 km extension 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, and 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 has been largely inadequate and has left gold targets untested with significant scope to explore using modern exploration techniques.

During the reporting year Emergent completed Mobile Metal Ion (MMI) soil sampling and stream sediment sampling respectively on its Extension and Extension North Prospects.

REVIEW OF OPERATIONS (CONTINUED)

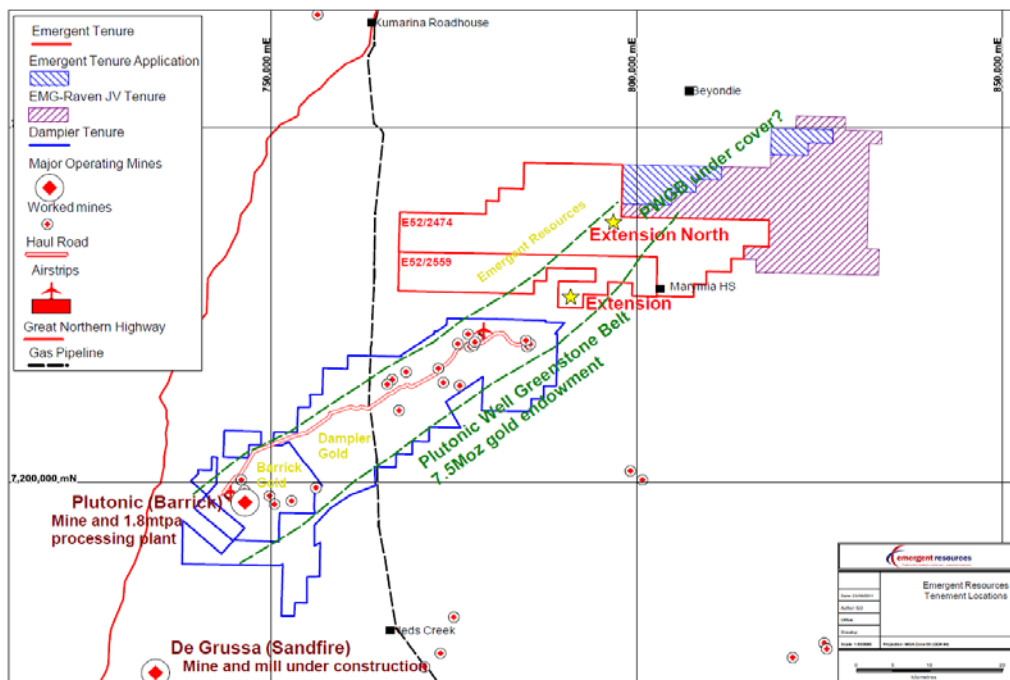


Figure 1: Project and infrastructure in close proximity to Extension & Extension North gold prospects

Extension Prospect

Results for a MMI soil sampling program on the Company's Extension Prospect were returned and interpreted early in the reporting period. The survey involved the collection of 545 soil samples (including QAQC duplicates) on two separate grids with samples collected at 60m intervals on lines 120m apart (Figure 2).

The gold results delineate several coherent anomalies. The main anomalous area, which measures 1,100 by 430 metres, is coincident with a sheared mafic-granite contact and several high grade primary gold intersections returned from historical diamond drilling.

The interpreted geological setting compares favourably with typical Marymia gold settings

REVIEW OF OPERATIONS (CONTINUED)

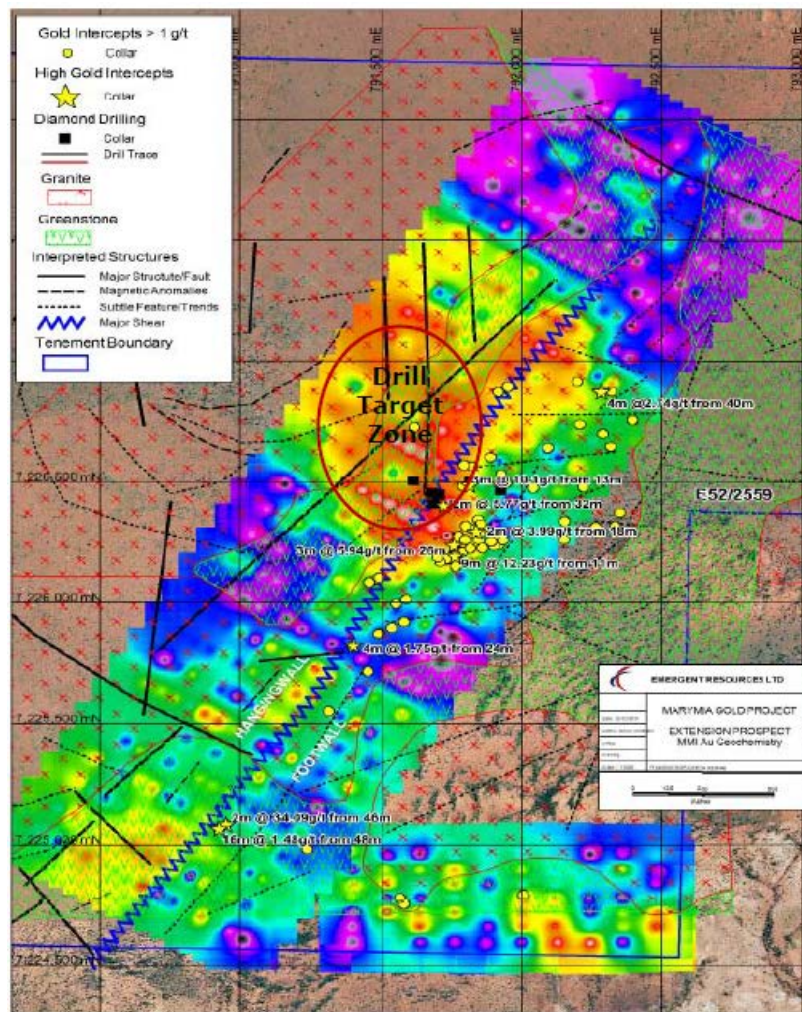


Figure 2: MMI gold in soil geochemistry contour map at Extension-Marymia Prospect (hot colours reflect anomalous gold results)

Extension North Prospect:

The program over this area involved the collection of 72 samples (including QAQC duplicates) in two phases from first, second and third order ephemeral creeks that drain the Extension North prospect. The samples were analysed for gold and base metals by SGS Laboratories in Perth using the Bulk Cyanide Leach (BCL) technique. The BCL technique allows for large samples up to 2 kilograms to be analysed and is considered the most effective method for stream sediment assaying in gold exploration.

Some outstanding gold assays were returned from the sampling with results of 2510, 615 and 564 ppb. Three strongly anomalous drainage catchments (labelled as A, B and C; Figure 3) were outlined: Areas A and C have been the focus of past historical drilling with some high grade results (6m at 5.07g/t and 4m at 3.31g/t) among other intercepts; Area B, which returned the highest values of 2510 and 610 ppb, has received no significant exploration attention. The source for the gold in Area B is unclear but may be related to shearing at the bounding margins of the interpreted graben structure.

REVIEW OF OPERATIONS (CONTINUED)

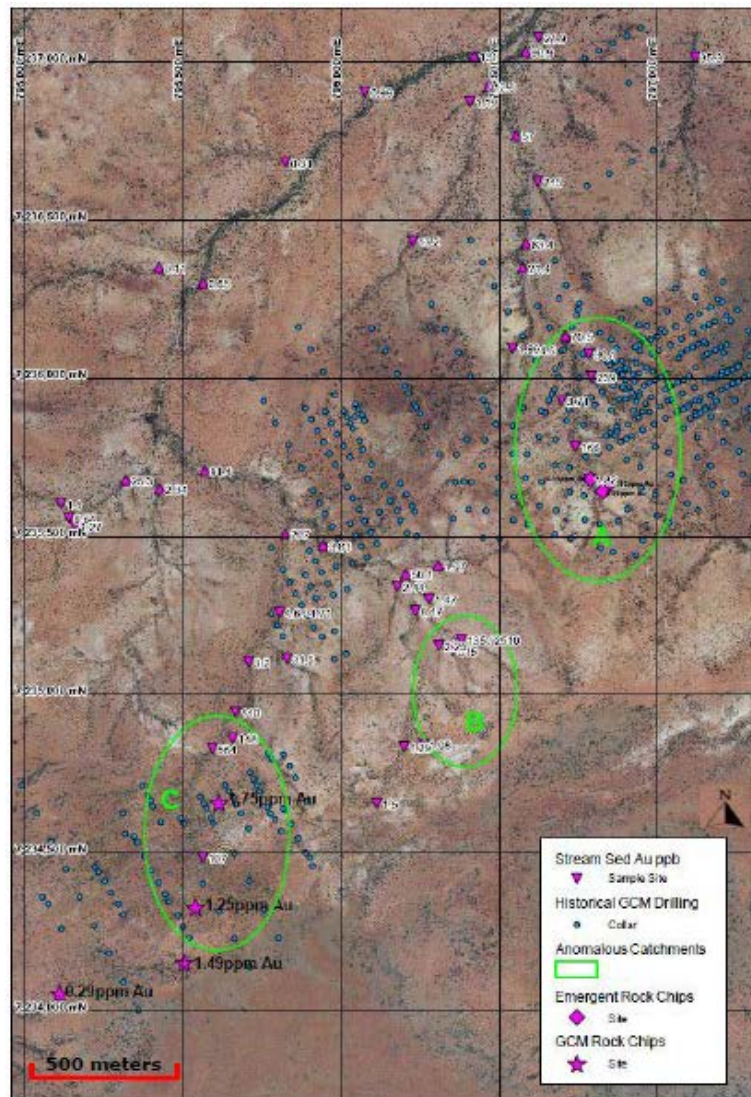


Figure 3 – Historical drilling near the identified anomalous drainage catchments (Au drilling intercepts using 1g/t lower cut and 2 m internal dilution)

BEYONDIE IRON PROJECT

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 or possible sale of the asset.

The Beyondie Project comprises (Figure 4):

- **Magnetite Inferred JORC Resource of 561 million tonnes** grading 27.5% Fe in tenement E52/1806

REVIEW OF OPERATIONS (CONTINUED)

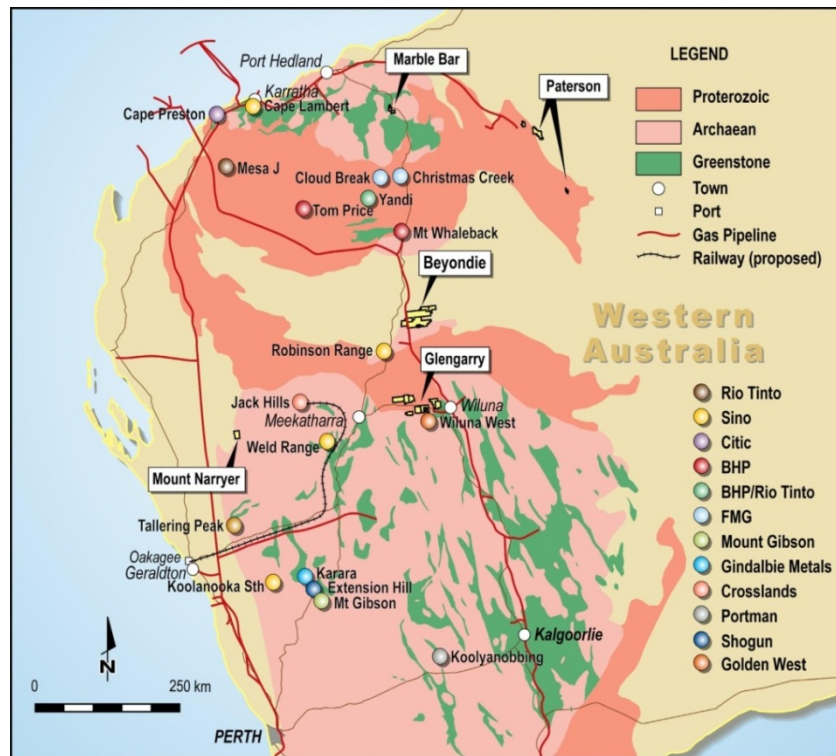


Figure 4: Project location and transport in Mid-West

- **Magnetite Exploration Target¹ of 480 to 510 million tonnes** grading 27.0 to 28.5% Fe in E52/1806, and
- **Magnetite Exploration Target¹ 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.

Competent Person Statements

Technical information in this report has been prepared under the supervision of Mr Jonathan King, geological consultant to 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.

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.

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 2012 financial year the Company has complied with the Corporate Governance Principles and the corresponding Best Practice Recommendations as published by the ASX Corporate Governance Council ("Corporate Governance Principles and Recommendations")ⁱ and has adopted the revised Principles and Recommendations taking effect from reporting periods beginning on or after 1 January 2008. Significant policies and details of any significant deviations from the principles are specified below.

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

Role of the Board of Directors

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

Corporate Governance Statement

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

In complying with Recommendation 1.1 of the Corporate Governance Council, the Company has adopted a Board Charter which 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 is 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 Non-Executive Directors 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 Non-Executive Directors 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, a Non-Executive Chairman, and three Non- Executive Directors. The Non-Executive Chairman is Mr Wolfgang Fischer with Mr Francis De Souza, Mr Jian-Hua Sang and Mr Nathan Lude as the Non-Executive Directors. Mr Nathan Lude was Managing Director from 22 December 2011 until 30 June 2012. Mr Geoff Cowie served as a Non-Executive Director until 27 October 2011. Mr Nick Martin and Mr Stuart Hall served as Non-Executive Directors until 22 December 2011. 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 at the date of this report two of the current Non-Executive Directors being Mr Fischer and Mr De Souza meet the recommended independence criteria. Mr Nathan Lude is not independent as he has previously held an executive capacity and Mr Jian-Hua Sang is not considered independent as he associated with a substantial shareholder of the Company. As a result the Company is not in compliance with Recommendation 2.1 of the Corporate Governance Council at this time

Corporate Governance Statement

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

Independent Chairman

The Chairman is an independent director and as such Recommendation 2.2 of the Corporate Governance Council has been complied with.

Roles of Chairman and Chief Executive Officer

The roles of Chairman, Mr Wolfgang Fischer, and former Chief Executive Officer/Managing Director, Mr Nathan Lude, were exercised by different individuals during the financial year, and as such the Company complies with Recommendation 2.3 of the Corporate Governance Council. Effective 1 July 2012, Mr Nathan Lude stepped down as Managing Director and was appointed as a Non-Executive Director.

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 and individual Directors 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.

Corporate Governance Statement

Corporate Governance Council Recommendation 3 (continued)
Promote Ethical and Responsible Decision Making

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, consistent with the recommendations 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 Company employs new employees and promotes current employees on the basis of performance, ability and attitude. The Board is continually reviewing 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 gender diversity in the organisation as at 30 June 2012:

	Proportion of female / total number of persons employed
Females employed in the Company as a whole	0 / 3
Females employed in the Company in senior positions	0 / 0
Females appointed as a Director of the Company	0 / 3

The recommendations of the Corporate Governance Council relating to reporting require a Board to set measurable objectives for achieving diversity within the organisation, and to report against them on an annual basis. The Company has implemented measurable objectives as follows:

Measurable Objective	Objective Satisfied	Comment
Adoption and promotion of a Formal Diversity Policy	Yes	The Company has adopted a formal diversity policy which has been made publicly available via the ASX and the Company's website.
To ensure Company policies are consistent with and aligned with the goals of the Diversity Policy	Yes	The Company's selection, remuneration and promotion practices are merit based and as such are consistent with the goals of the Company's Diversity Policy.

Corporate Governance Statement

Corporate Governance Council Recommendation 3 (continued)
Promote Ethical and Responsible Decision Making

To provide flexible work and salary arrangements to accommodate family commitments, study and self-improvement goals, cultural traditions and other personal choices of current and potential employees.	Yes	The Company will, where considered reasonable, and without prejudice, accommodate requests for flexible working arrangements.
To implement clear and transparent policies governing reward and recognition practices.	Yes	The Company grants reward and promotion based on merit and responsibility as part of its annual and ongoing review processes.
To provide relevant and challenging professional development and training opportunities for all employees.	Yes	The Company seeks to continually encourage self-improvement in all employees, irrespective of seniority, ability or experience, through external and internal training courses, regular staff meetings and relevant on job mentoring.

The Company has not implemented specific measurable objectives regarding the proportion of females to be employed within the organisation or implement requirements for a proportion of female candidates for employment and Board positions. The Board considers that the setting of quantitative gender based measurable targets is not consistent with the merit and ability based policies currently implemented by the Company.

The Board will consider the future implementation of gender based diversity measurable objectives when more appropriate to the size and nature of the Company's operations.

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 its Directors to monitor the internal controls within the Company. Financial performance is monitored on a regular basis by the Board, and is discussed by the Board at its Board meetings.

Corporate Governance Statement

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 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.

Corporate Governance Statement

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

Risk management and the internal control system

The Board has responsibility for identifying, assessing, treating and monitoring risks.

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 ensures 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.

The Company has not yet developed a formal risk management and internal control system to identify and manage material business risks.

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 affairs are not of sufficient complexity to justify the implementation of a more formal system than that which is in place for identifying, assessing, monitoring and managing risk.

Corporate Governance Statement

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

Corporate Governance Council Recommendation 8 (continued) Remunerate Fairly and Responsibly

Distinguish Between Executive and Non-Executive Remuneration

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

Executive Directors 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 2012.

Directors

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

Wolfgang Fischer BSc (Hons), FAICD, FausIMM

Non-Executive Chairman effective 22 December 2011

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.

Francis De Souza B Com.

Non-Executive Director effective 22 December 2011

Mr De Souza has 12 years experience in financial services, especially in corporate advisory and equity markets with a specific focus in the resources sector. Mr De Souza's business experience has included equity structured sales and trading, mergers and acquisitions, asset divestments, equity hybrid financing, corporate business development and project evaluation across a range of mineral commodities. He is a co-founder of Otsana Capital, a boutique advisory firm specialising in mergers and acquisitions, capital raising, Initial Public Offerings (IPO's) and corporate restructuring. Mr De Souza is a director of Epic Resources Limited and Conto Resources Limited both junior exploration companies listed on the ASX with projects in Australia.

Directorships of other listed companies in the last three years:

- Epic Resources Limited – September 2011 to current
- Conto Resources Limited – September 2011 to current
- Kalimantan Gold Corporation Limited – August 2012 to current

Nathan Lude

Managing Director effective 22 December 2011, resigned as Managing Director effective 1 July 2012 and appointed as Non-Executive Director effective 1 July 2012

Mr Nathan Lude resigned as Managing Director of Emergent Resources effective 1 July 2012 and was appointed as a Non-Executive Director effective 1 July 2012. Mr Lude was appointed Managing Director on 22 December 2011 and was previously Chief Executive Officer of the Company from October 2010. Mr Lude is a director of a number of unlisted companies and is a businessman with over 15 years experience. Mr Lude's business experience has included business restructures for KPMG, the establishment of new business entities and the rebuilding/operations of businesses through venture capital investments associated with the asset management industry. Mr Lude has a Masters Degree (Bond University) a Bachelor of Business and is a member of the Institute of Company Directors and also the Association of Mining and Exploration Companies.

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

Directors' Report

Jian-Hua Sang

Non-Executive Director effective 17 September 2012

Mr Jian-Hua Sang is trained in China and also the first Chinese postgraduate student studying Economic Geology in Western Australia, and has over 12 years of international exploration, mining and business experience in Asia, Australia and Africa. He is a Director of International Natural Resources Limited, Emergent's strategic investment partner and largest shareholder, and a non-executive director of ASX listed Vector Resources Limited.

Directorships of other listed companies in the last three years:

- Vector Resources Limited – September 2012

Former Directors

Nick Martin BSc (Hons), MBA

Non Executive Director resigned effective 22 December 2011

Stuart Hall - BSc (Hons), M.A, GAICD

Non Executive Director resigned effective 22 December 2011

Geoff Cowie - B.Eng, GradDip Mun. Eng, GAICD

Non Executive Director resigned effective 27 October 2011

Company Secretary

Kevin Hart

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

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

Directors' Interests

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

<i>Director</i>	<i>Directors' Interests in Ordinary Shares</i>	<i>Directors' Interests in Unlisted Options</i>	<i>Directors' Interests in Listed Options</i>	<i>Directors' Interests in Options that are Vested and Exercisable</i>
W Fischer	4,750,667	250,000	-	125,000
F. De Souza	786,000	-	-	-
N. Lude	3,663,040	-	-	-
Jian-Hua Sang	20,244,609	-	-	-

Directors' Report

Directors' Meetings

The number of meetings of the Company's Directors held during the year ended 30 June 2012, and the number of meetings attended by each Director are as follows:

<i>Director</i>	<i>Board of Directors' Meetings</i>	
	<i>Held during term of office</i>	<i>Attended</i>
W Fischer	8	8
F. De Souza (<i>appointed 22/12/11</i>)	3	3
N. Lude(<i>appointed 22/12/11</i>)	8	8
N Martin (<i>resigned 22/12/11</i>)	5	5
S Hall (<i>resigned 22/12/11</i>)	5	4
G Cowie (<i>resigned 30/11/11</i>)	5	4

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 \$6,370,435 (2011: \$1,477,264). Included in the loss for the year was an impairment charge in respect of the Company's exploration assets of \$5,708,372 (2011: Nil)

Dividends

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

Directors' Report

Review of Activities

Exploration

On 16th December 2011 Emergent announced that it had signed an agreement with a new strategic Chinese partner, International Natural Resources Limited (INR). As part of the agreement, Emergent agreed to divest its non-core base metal and gold assets into a new Chinese majority-owned vehicle, Austrasia International Mining Limited. Because of adverse conditions in the financial and capital markets, the Initial Public Offering (IPO) for Austrasia was withdrawn on 21st May 2012.

The exploration activity highlights include:

NEW PROJECTS

- Reviewed multiple project opportunities both locally and abroad.
- The company is focused on reshaping its project portfolio to one with the potential to more effectively deliver near term value for shareholders.

BEYONDIE IRON PROJECT

- Focus on securing a joint venture partnership that will advance the development of the Beyondie hematite and magnetite projects, or possible asset sale.
- Site visits and due diligence undertaken with parties that expressed interest in participating in the project.

GLENGARRY PROJECT

- High priority 8km² copper-gold anomaly identified at Diamond Well.
- Numerous additional high priority copper, gold, silver and lead targets delineated.

EXTENSION & EXTENSION NORTH GOLD PROJECT:

- Completed Mobile Metal Ion (MMI) soil sampling and stream sediment sampling respectively on the Extension and Extension North Prospects.

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 \$3,445,912 (2011: \$819,685) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure is \$5,126,148 (2011: \$10,377,567). Mineral exploration and evaluation expenditure during the year for the Company was \$456,953 (2011: \$3,076,990). Impairment of Capitalised mineral exploration and evaluation expenditure during the year for the Company was \$5,708,372. (2011: Nil)

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.

Directors' Report

Options Over Unissued Capital

Unlisted Options

During the financial year the Company granted the following unlisted options over unissued shares:

<i>Number of Options Issued</i>	<i>Date of Issue</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
2,000,000	2 March 2012	10 cents	2 March 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.

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

<i>Number of Options on Issue</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
1,046,443	26 cents	27 October 2012
125,000	100 cents	30 September 2012
125,000	150 cents	30 September 2013
2,000,000	10 cents	2 March 2013

- (i) Unlisted options are subject to various vesting periods. 3,296,443 (2011: 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 current and previous financial year.

Since the end of the financial year no listed options have been issued (2011: Nil).

No ordinary shares were issued during the financial year on the exercise of listed options (2011: 17,768,259). 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.

Mr Nathan Lude stepped down from the role of Managing Director and become a Non-Executive Director of the Company effective from 1 July 2012.

On 17 September 2012, the Company appointed Mr Jian-Hua Sang as a Non-Executive Director.

Directors' Report

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.

Directors' Report

Remuneration Report (Audited) (continued)

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 was 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 have required the payment of termination benefits equivalent to 3 months' salary in lieu of notice.

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

Mr Nathan Lude stepped down as Managing Director and became Non-Executive Director effective from 1 July 2012. Mr Nathan Lude is entitled to receive a standard Non-Executive Directors' fees as described above.

Unlisted Options

No options over unissued shares has been issued to Directors and Key Management Personnel of the Company during, or since the end of, the financial year.

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

125,000 options issued to Wolfgang Fischer on the 14 December 2010 with an exercise price of 100 cents and expiry date of 30 September 2012 vested on 1 October 2011.

125,000 options issued to Wolfgang Fischer on the 14 December 2010 with an exercise price of 50 cents expired on 30 September 2011.

Other Share Based Remuneration

On 15 February 2012, the Company issued 2,500,000 ordinary shares at \$0.04 each to directors in lieu of a reduction in cash salary.

The following shares were issued to the key management personnel during the year:

	Date issued	No. of shares	Issue price (\$)
W Fischer	15 February 2012	500,000	0.04
F De Souza	15 February 2012	500,000	0.04
Nathan Lude	15 February 2012	1,500,000	0.04

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.

Directors' Report

Remuneration Report (Audited) (continued)

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

<i>2012 Key Management Personal</i>	<i>Base Emolument \$</i>	<i>Superannuation Contributions \$</i>	<i>Other Benefits \$</i>	<i>Equity based remuneration \$</i>	<i>Total \$</i>	<i>Percentage of remuneration paid in Equity (%)</i>
Directors						
W Fischer	88,433	8,116	-	29,000	125,549	23.09
F De Souza	20,955	1,888	-	20,500	43,343	47.25
N Martin	23,790	2,141	-	-	25,931	-
S Hall	23,790	2,141	-	-	25,931	-
G Cowie	20,833	1,875	-	-	22,708	-
Executives						
Nathan Lude ^{iv}	207,701	18,693	-	61,500	287,894	21.36
Total	385,502	34,854	-	111,000	531,356	

<i>2011 Key Management Personal</i>	<i>Base Emolument \$</i>	<i>Superannuation Contributions \$</i>	<i>Other Benefits \$</i>	<i>Equity based remuneration \$</i>	<i>Total \$</i>	<i>Percentage of remuneration paid in Equity (%)</i>
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	-

Directors' Report

Remuneration Report (Audited) (continued)

- (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.
- (iv) Mr Nathan Lude was appointed Managing Director on 22 December 2011. Effective 1 July 2012, Mr Lude stepped down as Managing Director and was appointed as a Non-Executive Director.

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.

Directors' 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:	2012	2011
	\$	\$
Audit and review of the Company's financial statements	16,250	37,754
Total	16,250	37,754

Directors' Report

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 27th day of September 2012.

A handwritten signature in black ink, appearing to read 'W Fischer', with a stylized flourish extending to the right.

Wolfgang Fischer
Non-Executive Chairman

Grant Thornton Audit Pty Ltd
ABN 91 130 913 594
ACN 130 913 594

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

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

**Auditor's Independence Declaration
To the Directors of Emergent Resources Ltd**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Emergent Resources Ltd for the year ended 30 June 2012, 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 AUDIT PTY LTD
Chartered Accountants



J W Vibert
Partner - Audit & Assurance

Perth, 27 September 2012

Consolidated Statement of Comprehensive Income
For the financial year ended 30 June 2012

	Note	2012 \$	2011 \$
Continuing operations			
Revenue and other income	5	115,780	84,345
Total revenue		115,780	84,345
Administration expenses		(631,483)	(551,232)
Employee expenses	6	(438,911)	(795,841)
Corporate expenses		(139,539)	(143,442)
Occupancy expenses		(38,759)	(81,141)
Marketing expenses		(28,622)	(51,771)
Depreciation expenses		(14,489)	(15,815)
Impairment expense		(5,708,372)	-
Exploration expenses written off		-	(429,546)
Loss before income tax		(6,884,395)	(1,984,443)
Income tax benefit	7	513,960	507,179
Net loss for the year		(6,370,435)	(1,477,264)
Other comprehensive income		-	-
Total comprehensive income for the year		(6,370,435)	(1,477,264)
Earnings per share for loss attributable to the ordinary equity holders of the Company			
Basic (loss) per share (cents per share)	28	(3.95)	(2.0)
Diluted (loss) per share (cents per share)	28	(3.95)	(2.0)

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

Consolidated Statement of Financial Position
As at 30 June 2012

	Note	2012 \$	2011 \$
Current assets			
Cash and cash equivalents	8	3,445,912	819,685
Trade and other receivables	9	6,320	17,543
Other current assets	10(a)	-	2,000
Total current assets		3,452,232	839,228
Non-current assets			
Property, plant and equipment	11	37,499	93,440
Capitalised mineral exploration and evaluation expenditure	12	5,126,148	10,377,567
Other non-current assets	10(b)	57,132	57,023
Total non-current assets		5,220,779	10,528,030
Total assets		8,673,011	11,367,258
Current liabilities			
Trade and other payables	13(a)	39,783	414,331
Employee benefits provision	13(b)	5,669	14,580
Total current liabilities		45,452	428,911
Total liabilities		45,452	428,911
Net assets		8,627,559	10,938,347
Equity			
Issued capital	14	19,131,199	15,112,849
Share based payments reserve	15(c)	250,779	217,010
Accumulated losses	16(b)	(10,754,419)	(4,391,512)
Total equity		8,627,559	10,938,347

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

Emergent Resources Limited
ABN 68 125 323 622

Consolidated Statement of Changes in Equity
For the financial year ended 30 June 2012

	Note	Issued capital \$	Option reserve \$	Share Based Payments Reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 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
Total comprehensive income for the financial year	16	-	-	-	(6,370,435)	(6,370,435)
Shares issued during the financial year	14	4,070,880	-	-	-	4,070,880
Share issue costs	14	(52,530)	-	-	-	(52,530)
Options issued during the financial year	15	-	-	41,297	-	41,297
Options expired during year	15	-	-	(7,528)	7,528	-
Balance at 30 June 2012		19,131,199	-	250,779	(10,754,419)	8,627,559

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 2012

	Note	2012 \$	2011 \$
Cash flows from operating activities			
Interest received		112,559	82,729
Research and development tax concession refund		513,960	507,179
Payments to suppliers and employees		(1,295,634)	(1,697,500)
Net cash used in operating activities	27	(669,115)	(1,107,592)
Cash flows from investing activities			
Payments for exploration and evaluation		(668,097)	(3,104,980)
Payments for environmental bonds		-	(26,885)
Proceeds from the sale of property, plant and equipment		55,633	-
Payments for property, plant and equipment		(8,043)	(59,523)
Net cash used in investing activities		(620,507)	(3,191,388)
Cash flows from financing activities			
Received on the issue of shares		3,968,380	4,282,372
Payments for transaction costs relating to share issues		(52,531)	(43,114)
Net cash provided by financing activities		3,915,849	4,239,258
Net increase/(decrease) in cash held		2,626,227	(59,722)
Cash and cash equivalents at the beginning of the financial year		819,685	879,407
Cash and cash equivalents at the end of the financial year	8	3,445,912	819,685

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 2012**

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 Accounting Standards, 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 27th September 2012.

Statement of Compliance

The financial report of Emergent Resources Limited complies with Australian Accounting Standards in their entirety. Compliance with Australian Accounting Standards ensures that the financial report also complies with International Financial Reporting Standards (IFRS) in their entirety.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2011, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Company, except for AASB 9 *Financial Instruments*, which becomes mandatory for the Company's 2016 consolidated financial statements and could change the classification and measurement of financial assets. The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

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 \$6,361,435 (2011: \$1,477,264) and net operating cash outflows of \$669,115 (2011: \$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.

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

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.

**Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2012**

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.

**Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2012**

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(e) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 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:

**Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2012**

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

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

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

(j) Joint ventures

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

(k) Trade and other payables

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

**Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2012**

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

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

(m) Issued capital

Ordinary shares are classified as equity.

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

(n) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

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.

**Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2012**

(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.

(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

**Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2012**

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 and Westpac Banking Corporation, at balance date, all operating accounts and funds held on deposit are with these banks. The Directors believe any risk associated with the use of these banks is addressed through the use of an AA rated bank as the primary banker. Except for this matter the Company currently has no significant concentrations of credit risk.

(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, 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.

**Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2012**

(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 the Board and 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 2012 an amount of \$5,708,372 has been written off (2011: \$429,546)

Impairment

The Company assess impairment at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers. Where an impairment trigger exists, the recoverable amount of the asset is determined. Impairment in respect of exploration and evaluation expenditure is detailed in note 12 to the financial statements.

Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2012

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.

	2012	2011
	\$	\$
Capitalised exploration for the year:		
Beyondie Project	213,995	2,328,865
Other	242,957	679,690
	456,952	3,008,555
Result for the year:		
Beyondie Project	(4,160,685)	-
Other	(2,209,750)	(1,477,264)
	(6,370,435)	(1,477,264)
Total segment assets:		
Beyondie Project	4,089,918	8,036,608
Other	4,583,093	3,330,650
	8,673,011	11,367,258

Note 5 Revenue

Interest income	109,053	84,345
Gain on disposal of plant and equipment	6,137	-
Other income	590	-
	115,780	84,345

Note 6 Loss for the year

Loss before income tax includes the following specific expenses:

Depreciation		
Office equipment	10,410	11,638
Plant and equipment	4,079	4,177
	14,489	15,815

**Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2012**

	2012 \$	2011 \$
Note 6 Loss for the year (continued)		
Employee expenses		
Wages and salaries	416,331	971,486
Superannuation	42,579	28,206
Salary costs capitalised to exploration	(203,697)	(593,300)
Directors' fees	178,903	290,669
Other employment expenses	4,795	98,780
	438,911	795,841
Exploration expenses written off	-	429,546
Impairment expense	5,708,372	-
Note 7 Income tax		
<i>a) Income tax expense</i>		
Current income tax:		
Current income tax charge (benefit)	(613,071)	(1,464,366)
Research and development tax concession	(513,960)	(507,179)
Deferred income tax:		
Relating to origination and reversal of timing differences	613,071	1,464,366
Income tax expense reported in the income statement	(513,960)	(507,179)
<i>b) Reconciliation of income tax expense to prima facie tax payable</i>		
Loss from continuing operations before income tax expense	(6,361,435)	(1,984,443)
Tax at the Australian rate of 30% (2011 – 30%)	(1,908,430)	(595,333)
<i>Tax effect of permanent differences:</i>		
Exploration costs written off	-	128,864
Non-deductible share based payment	12,389	4,926
Impairment charge	1,712,512	
Capital raising costs	(98,355)	(95,204)
Research and development tax concession	(513,960)	(507,179)
Deferred tax effect of prior year tax losses not brought to account	213,220	368,674
Net deferred tax asset benefit not brought to account	68,664	188,073
Tax (benefit)/expense	(513,960)	(507,179)

**Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2012**

	2012 \$	2011 \$
Note 7 Income tax (continued)		
<i>c) Deferred tax – Balance Sheet</i>		
<i>Liabilities</i>		
Accrued Income	-	(485)
Capitalised exploration expenditure	(1,537,844)	(3,113,270)
	(1,537,844)	(3,113,755)
<i>Assets</i>		
Revenue losses available to offset against future taxable income	4,397,712	4,152,050
Employee provisions	1,701	4,374
Accrued expenses	6,300	38,823
Deductible equity raising costs	180,262	202,164
Superannuation payable	-	2,372
	3,048,131	1,286,028
Net unrecognised deferred tax asset	3,048,131	1,286,028
<i>d) Deferred tax – Income Statement</i>		
<i>Liabilities</i>		
Accrued Income	485	(485)
Capitalised exploration expenditure	(137,086)	(794,233)
	(136,601)	(794,718)
<i>Assets</i>		
Accrued expenses	(35,351)	21,874
Increase in tax losses carried forward	245,662	966,830
Employee provisions	(2,674)	(8,285)
Superannuation Payable	(2,372)	2,372
	68,664	188,073
Deferred tax benefit not recognised	68,664	188,073

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

- (i) The Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the tax losses to be realised;
- (ii) The Company continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) No changes in tax legislation adversely affect the Company realising the benefit from the deduction of the losses.

All unused tax losses were incurred by Australian entities.

Note 8 Current assets - Cash and cash equivalents

(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:

**Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2012**

	2012 \$	2011 \$
Note 8 Current assets - Cash and cash equivalents (continued)		
Cash at bank	195,913	769,685
Deposits at call	3,249,999	50,000
Cash and cash equivalents per cash flow statement	3,445,912	819,685

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

Other receivable	6,320	-
Accrued Interest Income	-	1,615
GST recoverable	-	15,928
	6,320	17,543

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

Note 10 Other assets

(a) Other assets - Current

Deposits & Bonds	-	2,000
	-	2,000

(b) Other assets – Non-current

Deposits & Bonds	57,132	57,023
	57,132	57,023

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

<i>Office equipment</i>		
At cost	40,909	85,084
Accumulated depreciation	(18,642)	(26,816)
	22,267	58,268
<i>Plant and equipment</i>		
At cost	21,254	41,600
Accumulated depreciation	(6,022)	(6,428)
	15,232	35,172
	37,499	93,440

**Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2012**

	2012	2011
	\$	\$
Note 11 Non-current assets – Property, plant and equipment (continued)		
Reconciliation of movements:		
<i>Office equipment</i>		
Net book value at start of the year	58,268	40,477
Additions	-	29,429
Disposal	(25,591)	-
Depreciation	(10,410)	(11,638)
Net book value at end of the year	22,267	58,268
<i>Plant and equipment</i>		
Net book value at start of the year	35,172	9,254
Additions	8,043	30,095
Disposal	(23,904)	-
Depreciation	(4,079)	(4,177)
Net book value at end of the year	15,232	35,172
	37,499	93,440

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

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

<i>In the exploration and evaluation phase:</i>		
Capitalised exploration costs at the start of the year	10,377,567	7,730,123
Acquisition costs capitalised during the year	-	68,435
Exploration costs capitalised during the year	456,953	3,008,555
Exploration costs written off during the year	-	(429,546)
Exploration costs impaired during the year	(5,708,372)	-
Capitalised exploration costs at the end of the year	5,126,148	10,377,567

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 2011 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.

During the financial year it was decided by the Board and management to provide impairment on capitalised exploration of Beyondie and Glengarry projects totalling \$5,708,372.

**Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2012**

	2012 \$	2011 \$
Note 13 Current liabilities		
a) Trade and other payables		
Trade payables	9,773	258,975
Sundry payables and accrued expenses	30,010	155,356
	39,783	414,331
b) Employee benefits provision		
Employee leave liabilities	5,669	14,580

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.

<i>b) Share capital</i>	2012 No.	2011 No.	2012 \$	2011 \$
Fully paid ordinary shares	206,991,001	80,309,529	19,131,199	15,112,849

<i>c) Share movements during the year</i>	<i>Issue price</i>				
At the beginning of the year		80,309,529	57,308,508	15,112,849	10,873,552
Options exercised	\$0.20		17,768,259		3,553,652
Transfer from options reserve	-		-		160,630
Share placement	\$0.20		5,000,000		1,000,000
Issued capital to acquire tenement	\$0.17		232,762		40,000
Share placement	\$0.03	11,813,667	-	354,410	-
Entitlement issue	\$0.03	92,123,196	-	2,763,696	-
Share placement	\$0.04	20,244,609	-	850,274	-
Issued capital in lieu of reduction in cash salary	\$0.04	2,500,000	-	102,500	-
Less: costs related to shares issued		-	-	(52,530)	(514,985)
At the end of the year		206,991,001	80,309,529	19,131,199	15,112,849

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

**Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2012**

Note 15 Options

<i>a) Options on issue</i>	2012	2011	2012	2011
	No.	No.	\$	\$
Issued option capital	7,296,443	5,421,443	250,779	217,010

b) Listed Option movements during the year

	<i>Issue price</i>			
At the beginning of the year	-	22,780,259	-	210,750
Listed options exercised	-	(17,768,259)	-	-
Listed options expired	-	(5,012,000)	-	(50,120)
Transfer to share capital	-	-	-	(160,630)
At the end of the year	-	-	-	-

c) Unlisted Option movements during the year

	2012	2011	2012	2011
	No.	No.	\$	\$
At the beginning of the year	5,421,443	3,700,000	217,010	-
Unlisted options issued (i)	-	375,000	8,500	16,419
Unlisted options issued (ii)	-	300,000	-	45,987
Unlisted options issued (iii)	-	1,046,443	-	154,604
Unlisted options expired	(125,000)	-	(7,528)	-
Unlisted options issued (iv)	2,000,000	-	32,797	-
At the end of the year	7,296,443	5,421,443	250,779	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 26c 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 26c and expiry date of 27 October 2012.
- (iv) Unlisted options issued pursuant to a consultancy agreement for professional services rendered in respect of securing International Natural Resources Limited as an investor in the Company.

**Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2012**

Note 15 Options (continued)

d) Options on issue at the balance date

The number of options outstanding as at 30 June 2012 is 7,296,443 (2011: 5,421,443). The terms of these options are as follows:

Number of options outstanding	Exercise price	Expiry date
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
2,000,000	\$0.10	2 March 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)

	2012		2011	
	No.	WAEP (cents)	No.	WAEP (cents)
Options outstanding at the start of the year	5,421,443	27.0	26,480,259	20.0
Listed Options granted during the year	-	-	-	-
Unlisted options granted during the year	2,000,000	10.0	1,721,443	42.1
Options exercised during the year	-	-	(17,768,259)	20.0
Options expiring unexercised during the year	(125,000)	50.0	(5,012,000)	20.0
Options outstanding at the end of the year	7,296,443	22.0	5,421,443	27.0

	2012	2011
	\$	\$

Note 16 Reserves and accumulated losses

(a) Share-based payment reserve

Balance at beginning of year	217,010	-
Options issued to directors	8,500	16,419
Options issued in lieu of capital raising fees	-	200,591
Options issued pursuant to consultancy agreement	32,797	-
Options expired	(7,528)	-
Balance at the end of the year	250,779	217,010

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

**Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2012**

	2012	2011
	\$	\$

Note 16 Reserves and accumulated losses (continued)

(b) Accumulated losses

Accumulated losses:

At the beginning of the year	(4,391,512)	(2,964,368)
Loss for the year	(6,370,435)	(1,477,264)
Options expired during the year	7,528	50,120
Balance at the end of the year	<u>(10,754,419)</u>	<u>(4,391,512)</u>

Note 17 Share based payments

- a) On the 2 March 2012, the Company issued 2,000,000 unlisted options exercisable on or before the 2 March 2013 were issued to Previtha Kunjuraman (or nominees) pursuant to a consultancy agreement entered into by the company on the 7 October 2011.

Number of Options	2,000,000
Fair value at grant date ¹	\$0.0164
Share price	\$0.0560
Exercise price	\$0.1000
Volatility factor	116.36%
Expiry date of the options	2 March 2013
Risk free interest rate ²	3.84%

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 \$111,000 which relates to equity-settled share-based payment transactions (2011: \$16,418).

- b) 2,500,000 ordinary shares were granted to key management personnel for share-based payments during the financial year ended the 30 June 2012 in lieu of a reduction in cash salary. (2011: Nil).

**Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2012**

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):

Note 18 Financial instruments (Continued)

2012	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2- 5years	More than 5 years
	\$	\$	\$	\$	\$	\$	\$
Trade payables	9,773	9,773	9,773	-	-	-	-
	9,773	9,773	9,773	-	-	-	-
2011	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2- 5years	More than 5 years
	\$	\$	\$	\$	\$	\$	\$
Trade payables	258,975	258,795	258,795	-	-	-	-
	258,795	258,795	258,795	-	-	-	-

Interest rate risk

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

	Carrying amount (\$)	
	2012	2011
Variable rate instruments		
Financial assets	3,445,912	819,685

The weighted average effective interest rates for financial assets at 30 June 2012 is 5.58% (2011: 4.64%). The weighted average maturity period for these financial assets as at 30 June 2012 is nil months (2011: nil months).

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.

**Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2012**

Note 18 Financial instruments (Continued)

2012	Profit or loss		Equity	
	1% increase	1% decrease	1% increase	1% decrease
Variable rate instruments	34,459	(34,459)	34,459	(34,459)

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

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:

	2012		2011	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Cash and cash equivalents	3,445,912	3,445,912	819,685	819,685
Trade receivables	6,320	6,320	-	-
Trade payables – at amortised cost	(9,773)	(9,773)	(258,975)	(258,975)
	3,442,459	3,442,459	560,710	560,710

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 2012 (2011: nil).

**Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2012**

Note 20 Key management personnel disclosures

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

Wolfgang Fischer	<i>(Non-Executive Chairman, Executive Chairman until 22 December 2011)</i>
Nathan Lude	<i>(Managing Director) (Appointed 22 December 2011)</i>
Francis De Souza	<i>(Non-Executive Director) (Appointed 22 December 2011)</i>

Former directors

Nicholas Martin	<i>(Non-Executive Director) (Resigned 22 December 2011)</i>
Stuart Hall	<i>(Non-Executive Director) (Resigned 22 December 2011)</i>
Geoff Cowie	<i>(Non-Executive Director) (Resigned 30 November 2011)</i>

Executives

Nathan Lude	<i>(Chief Executive Officer) (Appointed Managing Director 22 December 2011)</i>
-------------	---

Other Key management personnel

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

(b) *Key management personnel compensation*

	2012	2011
	\$	\$
Short-term employee benefits	385,502	517,607
Post-employment benefits	34,854	27,183
Share-based payment	111,000	16,419
Other benefits	-	122,628
	531,356	683,837

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

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

No options were issued to key management personnel during the year.

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

2,500,000 ordinary shares were granted to key management personnel for share-based payments during the financial year ended the 30 June 2012 in lieu of a reduction in cash salary.(2011: Nil).

**Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2012**

Note 20 Key management personnel disclosures (Continued)

Option holdings

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

2012 Name	Balance at start of the year¹	Received during the year as remuneration	Options expired during the year	Options exercised during the year	Balance at the end of the year¹	Vested during the year¹	Vested and exercisable²
<i>Current Directors</i>							
W. Fischer	375,000	-	125,000	-	250,000	125,000	125,000
F. De Souza	-	-	-	-	-	-	-
N. Lude	-	-	-	-	-	-	-
<i>Previous Directors</i>							
N. Martin	-	-	-	-	-	-	-
S. Hall	-	-	-	-	-	-	-
G. Cowie	-	-	-	-	-	-	-

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.

Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2012

Note 20 Key management personnel disclosures (Continued)

Option holdings (continued)

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
<i>Current Directors</i>							
W. Fischer	-	375,000	-	-	375,000	125,000	125,000
N. Martin	-	-	-	-	-	-	-
S. Hall	-	-	-	-	-	-	-
G. Cowie	-	-	-	-	-	-	-
<i>Current Executive</i>							
N. Lude	-	-	-	-	-	-	-
<i>Previous Directors</i>							
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.

**Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2012**

Note 20 Key management personnel disclosures (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.

2012	Balance at start	Received during	Other changes	Balance at the end
Name	of the year¹	the year on	during the year²	of the year¹
		exercise of		
		options		
<i>Current Directors</i>				
W. Fischer	3,117,000	-	1,633,667	4,750,667
F. De Souza	286,000	-	500,000	786,000
N. Lude	721,520	-	2,941,520	3,663,040
<i>Previous Directors</i>				
N. Martin	-	-	-	-
S. Hall	-	-	-	-
G. Cowie	250,000	-	250,000	500,000

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.

**Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2012**

Note 20 Key management personnel disclosures (Continued)

Share holdings (continued)

2011	Balance at start	Received during	Other changes	Balance at the end
Name	of the year¹	the year on	during the year²	of the year¹
		exercise of		
		options		
<i>Current Directors</i>				
W. Fischer	-	-	3,117,000	3,117,000
N. Martin	-	-	-	-
S. Hall	-	-	-	-
G. Cowie	-	-	250,000	250,000
<i>Current Executive</i>				
N. Lude	721,520	-	-	721,520
<i>Previous Directors</i>				
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.

d) Loans made to key management personnel

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

e) 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
For the financial year ended 30 June 2012**

Note 21 Remuneration of auditors

Note	2012 \$	2011 \$
Audit or review of the financial reports of the Company	16,250	37,754
Balance at the end of the year	16,250	37,754

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 2012 or 30 June 2011 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 2012 or 30 June 2011.

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 \$933,077 (2011: \$1,323,465). 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.

**Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2012**

Note 23 Commitments (Continued)

(b) Operating Lease Commitments

The Company has the following operating lease commitments in relation to its current business premises:

	2012	2011
	\$	\$
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 formerly held by the Company was a non-cancellable lease with a 2 year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement required the minimum lease payments to be increased by 4% per annum. An option existed to renew the lease at the end of the 2 year term for an additional term of 2 years. The lease allowed for subletting of all lease areas. The property lease was terminated during the financial year.

(c) Contractual Commitment

There are no material contractual commitments as at 30 June 2012 (2011: 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 Limited 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.

**Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2012**

Note 25 Interests in joint ventures (Continued)

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 Limited 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 Pty Ltd 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.

- Mr Nathan Lude stepped down from the role of Managing Director and became a Non-Executive Director of the Company effective from 1 July 2012.
- On 17 September 2012, the Company appointed Mr Jian-Hua Sang as a Non-Executive Director.

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

Note	2012 \$	2011 \$
Loss after tax	(6,370,435)	(1,477,264)
<i>Non-cash items:</i>		
Gain on sale of assets	(6,137)	-
Equity Remuneration	143,798	16,419
Depreciation expense	14,489	15,815
Exploration costs written off	5,708,372	429,546
<i>Changes in net assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(200)	410
(Increase)/decrease in other assets	3,098	(14,138)
Increase/(decrease) in trade and other payables	(153,188)	(50,766)
Increase/(decrease) in employee liabilities	(8,912)	(27,614)
	(669,115)	(1,107,592)

**Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2012**

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

	Note	2012 \$	2011 \$
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

	2012 cents	2011 cents
<i>a) Basic earnings per share</i>		
Loss attributable to ordinary equity holders of the Company	(3.95)	(2.0)
<i>b) Diluted earnings per share</i>		
Loss attributable to ordinary equity holders of the Company	(3.95)	(2.0)
	\$	\$
<i>c) Loss used in calculation of basic and diluted loss per share</i>		
Consolidated loss after tax from continuing operations	(6,370,435)	(1,477,264)
	No.	No.
<i>d) Weighted average number of shares used as the denominator</i>		
Weighted average number of shares used as the denominator in calculating basic and dilutive loss per share	160,925,428	74,668,511

At 30 June 2012 the Company had on issue 7,296,443 options (2011: 5,421,443) 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 2012, Emergent Resources Limited held the following 2 wholly owned subsidiary companies:

Company Name	ACN	Ownership % 2012	Ownership % 2011
Beyondie J/V Operations Pty Ltd	143 225 969	-	100%
Emergent Exploration Pty Ltd	143 526 336	-	100%

Emergent Exploration Pty Ltd and Beyondie J/V Operations Pty Ltd deregistered on 23 December 2011 and 9 March 2012 respectively. This was because, 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 have 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 27-58 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian 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 2012 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 2012.

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

Signed at Perth this 27th day of September 2012.

A handwritten signature in black ink, appearing to read 'W. Fischer', with a stylized flourish at the end.

Wolfgang Fischer
Non-Executive Chairman

Grant Thornton Audit Pty Ltd
ABN 91 130 913 594
ACN 130 913 594

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

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

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

Report on the financial report

We have audited the accompanying financial report of Emergent Resources Ltd (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2012, 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 in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require 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 of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Ltd 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 2012 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.

Report on the remuneration report

We have audited the remuneration report included in pages 20 to 23 of the directors' report for the year ended 30 June 2012. 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 Ltd for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J W Vibert
Partner - Audit & Assurance

Perth, 27 September 2012

ASX Additional Information

Pursuant to the Listing Rules of the Australian Securities Exchange Limited, the shareholder information set out below was applicable as at 21 September 2012.

a. Distribution of Equity Securities

Range	Listed Shares	
	Number of Holders	Securities Held
1 – 1,000	44	21,687
1,001 – 5,000	120	399,423
5,001 – 10,000	177	1,548,936
10,001 – 100,000	509	21,522,026
100,001 and over	230	183,498,929
	1,080	206,991,001

There are 521 shareholders holding unmarketable parcels represented by 25,000 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:

Shareholder Name	Issued Ordinary Shares	
	Number	%
INTERNATIONAL NATURAL RESOURCES LIMITED	20,244,609	9.78

c. Twenty Largest Shareholders

Shareholder	Shares Held	% of Issued Capital
INTERNATIONAL NATURAL RESOURCES LIMITED	20,244,609	9.78
BENEFICO PTY LTD	8,370,000	4.04
R & K BOYLAN NOMINEES PTY LTD <BOYLAN SUPER FUND A/C>	4,357,223	2.11
WABOC PTY LTD <FISCHER SUPER FUND A/C>	4,016,667	1.94
MRS KATRINA FRANCES BANKS-SMITH	3,835,700	1.85
PANDELL PTY LTD	3,818,820	1.84
R & K BOYLAN NOMINEES PTY LTD <BOYLAN SUPER FUND A/C>	3,512,666	1.7
PHEAKES PTY LTD <SENATE A/C>	3,333,333	1.61
N & J MITCHELL HOLDINGS PTY LTD <ORD STREET PROPERTIES A/C>	3,166,667	1.53
OAKHURST ENTERPRISES PTY LTD	3,166,666	1.53
ADVANTAGE MANAGEMENT PTY LTD <ADVANTAGE MANAGEMENT A/C>	3,090,000	1.49
WHITTINGHAM SECURITIES PTY LIMITED	3,000,000	1.45
MS THERESE MERLE MCMASTER	2,706,270	1.31
MR IANAKI SEMERDZIEV	2,500,000	1.21
MR WAYNE DARYL KING + MR CRAIG ALLAN KING <W D KING SUPER FUND A/C>	2,440,000	1.18
SOLEQUEST PTY LTD	2,207,050	1.07
MS MAREE TERESA HEMMING <RITA INVESTMENT A/C>	2,093,234	1.01
BFJ CAPITAL PTY LTD <BFJ CAPITAL A/C>	2,040,342	0.99
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	2,002,064	0.97
P G HOWARTH PTY LTD	1,956,642	0.95
	81,857,953	39.55

ASX Additional Information

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.

Emergent Resources Limited
ABN 68 125 323 622

Tenement Schedule
As at 23 September 2012

TENEMENT	STATUS	REGISTERED HOLDER	EMERGENT %
<u>MARBLE BAR</u>			
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%
<u>PATERSON</u>			
E45/3092	Application	Ian Kerr	100%
E45/3096	Application	Emergent Resources Ltd	100%
E45/3097	Application	Emergent Resources Ltd	100%
<u>DIAMOND WELL</u>			
E51/1204	Granted	Emergent Resources Ltd	100%
E51/1205	Granted	Emergent Resources Ltd	100%
<u>MT BARTLE</u>			
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%
<u>BEYONDIE NORTH</u>			
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%
<u>BEYONDIE SOUTH</u>			
E52/1806	Granted	De Grey Mining Ltd	80%
E52/2474	Granted	Emergent Resources Ltd	100%
E52/2680	Application	Emergent Resources Ltd	100%
E52/2559	Granted	Emergent Resources Ltd	100%
<u>RAVEN GROUND</u>			
E69/2685	Granted	Raven Resources Pty Ltd	60%
E52/2525	Granted	Raven Resources Pty Ltd	60%
<u>RAINBOW BORE</u>			
E51/1206	Granted	Emergent Resources Ltd	100%
<u>CLARRIE WELL</u>			
E51/1207	Granted	Emergent Resources Ltd	100%
<u>FENCELINE</u>			
E51/1208	Granted	Emergent Resources Ltd	100%
<u>NORTH POOL</u>			
E53/977	Granted	Emergent Resources Ltd / Pandell Pty Ltd	80%
E53/1301	Granted	Emergent Resources Ltd / Pandell Pty Ltd	80%
E53/1584	Granted	Emergent Resources Ltd	100%