

Emu NL

ABN 50 127 291 927

Annual Report

for the year ended 30 June 2019

Corporate Information

Emu NL

ABN 50 127 291 927

Directors
Peter Thomas (Non-Executive Chairman)
Gavin Rutherford (Non-Executive Director)
Terence Streeter (Non-Executive Director) – Appointed 5.11.2018
Greg Steemson (Non-Executive Director) – Resigned 5.11.2018

Company Secretary
Damien Kelly

Registered Office
C/- Greenwich & Co
Level 2, 267 St George's Terrace
PERTH WA 6000

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

Postal Address
PO Box 1112
WEST PERTH WA 6872

Share Register
Security Transfer Australia Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone: +61 3 9628 2200

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

Email
info@emunl.com.au

Internet Address
www.emunl.com.au

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

Contents

Review of Operations	3
Directors' Report	7
Auditor's Independence Declaration	14
Corporate Governance Statement	15
Consolidated Statement of Financial Performance	16
Consolidated Statement of Financial Position	17
Consolidated Statement of Changes in Equity	18
Consolidated Statement of Cash Flows	19
Notes to the Consolidated Financial Statements	20
Directors' Declaration	38
Independent Audit Report	39
ASX Additional Information	42

Review of Operations

ACTIVITIES

Emu NL (**ASX: EMU**) is focused on exploring its Elevado Project, which is in the Maricunga gold belt in northern Chile's Atacama Region. This belt hosts numerous world-class gold and silver projects. EMU's tenure interests cover an area of approximately 136km^2 including applications for and granted concessions held in its own right and concessions held under option that host High Sulphidation Epithermal (HSE) alteration and mineralisation similar to other precious metal Au-Ag deposits in the Maricunga and El Indio gold belts.

Vidalita Prospect

EMU's 2018 drilling program at the Vidalita Prospect intersected significant shallow gold-silver mineralisation over a widespread area. This mineralisation is typically hosted in vuggy silica (quartz-alunite alteration within a sequence of advanced argillic altered dacitic volcanics) in several zones identified across the prospect. Gold intercepts included:

- **48m at 0.7 g/t gold** from 44m including **3m at 3.0 g/t gold** from 68m in hole 5300-4
- **40m at 0.4 g/t gold** from 12m including **7m at 0.7 g/t gold** from 28m in hole 5100-4
- **7m at 0.7 g/t gold** from 88m; including **3m at 1.2 g/t gold** from 92m in hole 5100-4.

Significant shallow silver intercepts included:

- **28m at 23 g/t silver** from 36m including **8m at 33 g/t silver** from 40m in hole 4900-1
- **16m at 88 g/t silver** from 44m including **4m at 148 g/t silver** from 52m in hole 6500-2.

Drilling identified deeper breccia-hosted gold-silver-copper mineralisation, with intercepts including:

- **70m at 0.2 g/t gold** from 174m including **2m at 0.7 g/t gold** from 216 m in hole 5700-1
- **6m at 211 g/t silver** from 215m including **1m at 1049 g/t** silver from 216m; and
- **6m at 93 g/t silver** from 251m including **2m at 177 g/t silver** from 253m.

In addition, significant copper intercepts also occurred in hole 5700-1:

- **37m at 0.24% copper** from 181m including **1m at 5.4% copper** from 216m.

During the 2018 December quarter, the Company contracted an independent, South American-based, epithermal consultant to review the drill data collected during 2018. Conclusions were:

- Geological features encountered in drilling are consistent with a dome-diatreme setting;
- High-sulphidation epithermal (HSE) mineralisation is preserved in the project area;
- Erosion is not deep – much of the system is likely to be intact;
- Remote sensing confirms alteration zones of interest, extending Vidalita prospectivity to the north and east;
- Precious metal – polymetallic style of HSE identified;
- High surface geochemistry anomalism likely to be locally derived;
- Interpreted silicified, possibly mineralised, sub-vertical faults not yet drill tested;
- Conductor mapped by Induced Polarisation (IP) strengthens to the north in areas to be further tested by drilling.

The report made comparisons with neighbouring Tier 1 deposits in the Maricunga Belt with multi-million-ounce gold and silver resources, particularly, similarities to Goldfields' Salares Norte deposit were noted. The bonanza grade gold zones in the Salares Norte deposit occur within highly altered (oxidised) polymictic breccias. Drilling at the Vidalita Prospect during 2018 returned near-identical rock types, also carrying gold-silver mineralisation.

Encouraged by these results, in 2019 EMU undertook a large program of air-core drilling focused on prospective trends defined by earlier programs of surface geochemical sampling, drilling, geophysical surveys and geological studies.

During the 2019 March quarter, the Company completed 22 air core holes for 3,398m. The holes were drilled to an average depth of 154m, spaced on sections 200m apart, and drilling identified extensive shallow mineralisation with attendant alteration, consistent with a large-scale high sulphidation epithermal gold-silver deposit.

In March 2019, EMU reported highly encouraging drill results from the Vidalita property. Hole 5300-8 intersected two broad zones of shallow mineralised vuggy silica and breccia. An upper zone of primarily oxidised vuggy silica and breccia returned assay results of:

- **48m at 2.8 g/t gold and 19 g/t silver from 19m** including **24m at 5.0 g/t gold and 28 g/t silver from 20m** downhole.

The Company was encouraged by the attendant alteration, consistent with the type of deposit sought, bearing similarities to other notable precious metals discoveries in the broader region. Other encouraging results included:

- Hole 5300-7 intersected a wide zone of precious metal mineralisation in altered rocks from surface: **36m at 0.62 g/t gold and 12.1 g/t silver** from surface including **4m at 2.07 g/t gold and 33.4 g/t silver** from 12m downhole.
- Hole 5200-12 was drilled on the same section as Hole 5300-8 and returned: **16m at 2.0 g/t gold** (from 92m downhole including **4m at 4.1 g/t gold** from 96m downhole.

Review of Operations

The Company reinterpreted an earlier IP geophysical survey conducted in early 2017 by Quantec Geophysics over the core Vidalita area. The technique is employed to identify domains of intense disseminated sulphides indicated by chargeability data, and/or massive clay alteration and zones of silicification indicated by resistivity data. The Company released the reinterpretation in March 2019, defining an extensive and shallow anomaly extending over a strike of 1km. The study found that the anomaly was largely untested, occurring beneath the air core drilling program.

Alunita Trend

EMU identified a promising new mineralised domain 1km north-northeast of central Vidalita . Defined in its soil sampling grid and supported by rock chip "float" geochemistry and minor drilling completed to date, this domain, called the Alunita Trend, has a strike length of more than 1km and trends sub-parallel to the Vidalita zone. Some rock "float" samples in the area have returned particularly high grades with encouraging chalcedonic alteration and brittle deformation textures.

In April 2019, the Company reported assay results from Hole 6500-3:

- **20m at 0.1 g/t gold and 39.3 g/t silver** from 68m downhole including **4m at 0.25 g/t gold and 92 g/t silver** from the top of the interval.

The hole is located 70m down dip to the west of Hole 6500-2, which returned 15m at 114 g/t (3.6 ounces) silver (no significant gold) from 44m downhole. These results from Alunita are significant, indicating potential for the discovery of a new gold-silver deposit. EMU commenced follow-up drilling on the Alunita Trend.

EMU completed its 2018-19 summer/autumn drilling campaign in Chile during the June quarter. By year-end, it had received all sample assays for the total 6,314 metres drilled in the period from January to April. Sample preparation and analysis was completed by Actlabs Chile for a total of 40 dispatches, and by ALS Chile for the final nine dispatches of the campaign.

EMU commenced evaluating the results and instigated in-depth reviews with expert consultants (specialising in geology, geochemistry and geophysics) to assist with the current interpretation and planning of ongoing exploration and drilling.

Extension of option over Vidalita concessions

In June 2019, EMU secured a three-year extension to its option (**Option**) to purchase the Vidalita concessions. These comprise six of EMU's 51 concessions (granted and applications) and cover 1,580 hectares or approximately 12% total area of 136km^2 held by EMU at its Elevado Project.

The Vidalita concessions cover the discovery hole and the area that has been the main focus of EMU's prospecting and exploration effort.

EMU now has three (new) elections to extend the latest date for exercise of the Option, being from:

- 11 November 2019 to 11 November 2020;
- 11 November 2020 to 11 November 2021; and
- 11 November 2021 to 11 November 2022.

Each extension election is exercisable by paying US$100k prior to the Option lapsing, namely, by 11 November in each of 2019, 2020, and 2021. During its currency, the Option can be exercised at any time for US$2.5m.

The revised Option terms afford EMU much needed time to:

- Follow up the significant gold intercepts from its drilling at the Vidalita prospect including the discovery hole;
- Further explore EMU's remaining concessions surrounding the Vidalita prospect including the Alunita, North-East and Northern Plains prospects, along with various drill-ready targets within the Jotahues prospects and zones of geochemical anomalism delineated at Arroyo Ancho; and
- Pursue other opportunities under review in the vicinity;

without first exercising the Option, thus allowing EMU to earmark the US$2m exercise price formerly payable by 11 November 2019 for in-ground exploration activities before determining to buy the Vidalita concessions or relinquish control of them.

COMPETENT PERSON'S STATEMENT

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

Review of Operations

CORPORATE

Board Changes

Mr Greg Steemson stepped down from his role of Managing Director as announced in July 2018. He resigned as Non-Executive Director in November 2018.

EMU appointed Terry Streeter as a Non-executive Director following Mr Steemson's departure. Mr Streeter is a highly successful, well known Western Australian businessman with extensive experience in funding, listing and overseeing junior explorers and miners in all exploration and economic cycles and has served in various roles more than 30 years. Mr Streeter is the Non-executive Chairman of Fox Resources Ltd and Alto Metals Ltd, each of which is ASX listed.

Capital Raising activities

In July 2018, EMU raised $625,800 from sophisticated investors at a price of $0.048 per share. The first tranche of 4,894,330 shares was placed by 18 July 2018 with the second tranche placed on 30 August 2018 following shareholder approval reported to the ASX on 29 August 2018. Funds were used to advance exploration in Chile.

On 26 October 2018, EMU announced a Share Purchase Plan for eligible shareholders to subscribe for up to $15,000 in new shares in EMU at a discounted price of $0.04 per share, an 18.8% discount to the five-day VWAP prior to the record date. The offer raised was well supported, with a 62% take-up of available capacity. It raised $374,200 and 9,355,000 fully paid ordinary shares were subsequently issued. This was followed by a placement to sophisticated investors of approximately 27.5 million shares, also at an issue price of $0.04, to raise approximately $1,000,000.

On 22 February 2019, the Company issued 3,400,000 fully paid ordinary shares to Acuity Capital pursuant to a Controlled Placement Agreement. A General Meeting of Members (EGM) was held on 25 March 2019. All resolutions were passed unanimously by a show of hands.

On 9 April, following that EGM, the Company issued 40,505,000 options to acquire fully paid shares exercisable at $0.20, expiring 15 January 2021. These options were issued to sophisticated and professional investors as part of a Share Purchase Plan offered on 15 November 2018 and a Placement announced on 18 December 2018. A further 3,850,000 options exercisable at $0.20, expiring 15 January 2021 were issued to Share Purchase Plan participants which/who did not qualify as sophisticated and professional investors.

The Company also issued 6,000,000 options to Directors to acquire partly paid ordinary shares, as approved at the EGM. These options will not be quoted on the ASX, are exercisable at $0.03 each, expire on 28 February 2020, and, if exercised, a further payment of $0.03 each is required to convert the partly paid shares to fully paid shares.

In May 2019, EMU announced it had raised $960,000 via a placement of 20,000,000 fully paid ordinary shares (New Shares) to sophisticated and wholesale investors, mostly existing shareholders. The placement was made at $0.048 per share under approval granted at the shareholders' meeting held on 25 March 2019. Subscribers under the placement were issued two (2) free attaching options for each one (1) New Share issued. These options are exercisable at 20 cents each on or before 15 January 2021. The placement was completed 15 May 2019. The Company has applied to have the options quoted.

EMU announced on 2 September 2019 that it had completed an issue of 16,908,935 fully paid ordinary shares ("**New Shares**") at $0.035 each (raising $676,357 before costs) to sophisticated and professional investors. The New Shares were listed on ASX and rank equally with the existing fully paid ordinary shares. The placement was issued from EMU's capacity under both ASXLR 7.1A (10% rule) and ASXLR 7.1.

In accordance with the terms of that placement, EMU also issued the following attaching options:

a) 8,454,468 free S1 Option ("**S1 Option**") on basis of one (1) S1 Option for every two (2) New Shares issued – these S1 Options confer the right, exercisable at any time before 16 January 2021, to subscribe for an ASX listed EMU ordinary fully paid share upon payment of $0.20 each; and

b) 8,454,468 S2 Option ("**S2 Option**") on basis of one (1) for every two (2) New Shares issued - these S2 Options will be issued at $0.01 each and confer the right, exercisable at any time before 21 December 2020, to subscribe for an ASX listed EMUCA partly paid ordinary share upon payment of $0.02 each.

   EMU will apply to list the S1 Options on the pre-condition that EMU ordinary fully paid shares first trade at a volume weighted average price of 15 cents ($0.15) over 30 consecutive business days.

   The one cent paid on application for an S2 Option will be a non-refundable prepayment against the capital of the contributing share into which the option may be converted so that upon exercise of the option, 3 cents will have been paid on the contributing share and that contributing share shall rank pari passu with the existing class of EMUCA contributing shares. In order to make the S2 Options attractive, EMU undertook that no call will be made on the EMUCA contributing shares before 31 December 2023.

In September 2019, EMU announced a pro-rata non-renounceable rights issue to raise up to approximately A$6.2M before costs from the issue of up to 156,487,779 new fully paid shares and 78,243,890 new options, with Strategic Bank International Corp underwriting the issue

Review of Operations

to the extent of ~AU$4M (being the current approximate value equivalent to EMU of US$2.67M which is the currency and amount of the underwriting exposure), subject to a singular condition, namely completion of due diligence enquiries by and to the acceptance of the underwriter by 30 September 2019. A prospectus for the rights issue is expected to be dispatched to shareholders on or about 1 October 2019.

Share Based Payments

The Company issued 4,317,885 fully paid ordinary shares to Wallis Drilling Pty Ltd as part payment for contractual drilling services provided to the Company in Chile. Shareholders approved the issue of up to 6,000,000 shares at the EGM held 25 March 2019.

Drilling dispute

a) On 10 July 2019 Wallis Drilling served a writ on EMU claiming US$138,346.31 for drilling services. EMU has filed a defence, setoff and counterclaim seeking unliquidated claim damages from Wallis for repeated breach of contract. Whilst any pre-emptive assessment of the quantum of EMU's damages award (if any) is necessarily inherently uncertain (and both currency fluctuations and the approach to conversion from one currency to another introduce further uncertainty), EMU's internal preliminary assessment of the damages the subject of its filed counterclaim is in an amount being far greater than Wallis' claim.

b) EMU will take advice as to the merits of a further possible cause of action in tort against Wallis for lost opportunity and consequential loss suffered by EMU as a result of Wallis' acts and omissions EMU reserves its rights in this regard.

ASX Waiver – Approval to Issue Shares

On 8 February 2017, the Company received shareholder approvals for the issue of up to 15 million shares (**Consideration Shares**; 2,500,000 of which were issued shortly after the approvals and a further 2,500,000 were issued in April 2019 consequential to EMU advising that it had met its expenditure commitment of $1,000,000 in relation to the Projects) pursuant to the agreement with Prospex SpA and BLC SpA (under which, inter alia, EMU took an assignment of the original optionee's option to purchase the Vidalita Concessions (the Perez Agreement).

The following information is provided in accordance with a waiver granted by ASX permitting the Company to issue the balance of the Consideration Shares (10,000,000) more than 3 months after the date of the approvals:

1. 5,000,000 (approved for issue no later than 31 December 2020) if EMU defines a 500,000-ounce measured resource of gold on the original 5 concessions in the BLC Agreement (Ciclope Tuerto 7, 8, 9 and Vidalota A, B) and the 6 concessions in the Prospex Agreement (Vidalita A-F)(**Original Concessions**); and
2. an additional 5,000,000 (approved for issue no later than 31 December 2020) if EMU defines a 1,000,000-ounce measured resource of gold on the Original Concessions.

For the purposes of this Report, "the Group" is comprised of Emu NL and its wholly owned subsidiaries Emu Blue Pty Ltd and Emu Chile SpA.

Directors' Report

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Emu NL and the entities it controlled at the end of, or during, the year ended 30 June 2019.

DIRECTORS

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

Names, qualifications, experience and special responsibilities

Peter Thomas, (Non-Executive Chairman)

Mr Thomas is a high-enerhy pragmatic corporate engineer with astute commercial acumen and business expertise. For over 30 years, before retiring from practice, he ran an insdutry leading legal practice on his own account specialising in the delivery of wide ranging legal, coprorate and commercial advice to listed explorers an miners.

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

Gavin Rutherford, (Non-Executive Director)

Following a successful background in Agribusiness on, both domestic and international stages, Mr Rutherford has spent over 20 years in the Mining Services/Fabrication/Contracting sector. This includes Managing Directorship of a contracting and construction company operating in the water space. Current activities include project development in the renewable energy space and business development in the indigenous mining segment, and aviation related interests.

Terence Streeter, (Non-Executive Director – Appointed 5.11.2018)

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

Greg Steemson, (Non-Executive Director – Resigned 5.11.2018)

COMPANY SECRETARY

Damien Kelly

Mr Kelly is the founder and principal of Western Tiger Corporate Advisers. He has broad corporate and commercial experience spanning over 18 years, providing professional services to ASX and AIM listed companies predominately in the mining and energy sector.

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

He is a fellow of the Financial Services Institute of Australia (FinSIA) and a member of CPA Australia.

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

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

	Ordinary Shares	Contributing Shares	Options over Contributing Shares
Peter Thomas	7,782,967	9,420,651	2,000,000
Gavin Rutherford	2,486,365	1,884,281	2,000,000
Terence Streeter	-	-	2,000,000
	10,269,332	11,304,932	6,000,000

PRINCIPAL ACTIVITIES

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

DIVIDENDS

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

Directors' Report

OPERATING AND FINANCIAL REVIEW

Finance Review

The Group began the financial year under review with a cash reserve of $750,056.

During the year, total exploration expenditure incurred by the Group amounted to $2,579,714 (2018: $2,367,685). In line with the Group's accounting policies, all exploration expenditure is expensed as incurred. Other expenditure incurred, net of revenue, amounted to $740,225 (2018: $905,597). This resulted in an operating loss after income tax for the year ended 30 June 2019 of $3,319,939 (2018: $3,273,282).

At 30 June 2019 cash assets available totalled $274,205. The net assets of the Group decreased by $27,671 during the year to $287,918 at 30 June 2019. The Group's working capital decreased during the year by $39,505 to $203,726 at 30 June 2019.

Summarised operating results are as follows:

	2019	
	Revenues	Net Loss
	$	$
Revenues and net loss for the year from ordinary activities before income tax expense	**2,837**	**3,319,939**

Shareholder Returns

	2019	2018
Basic and diluted loss per share (cents)	**(2.24)**	(3.01)

Risk Management

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

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

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Since the reporting date:

a) A General Meeting of Members (**EGM**) was held on 10 July 2019. All resolutions were passed unanimously.

b) EMU announced on 2 September 2019 that it had completed an issue of 16,908,935 fully paid ordinary shares ("**New Shares**") at $0.035 each (raising $676,357 before costs) to sophisticated and professional investors. The New Shares were listed on ASX and rank equally with the existing fully paid ordinary shares.

In accordance with the terms of the placement, EMU also issued the following attaching options:

i) 8,454,468 free S1 Option ("**S1 Option**") on basis of one (1) S1 Option for every two (2) New Shares issued – these S1 Options confer the right, exercisable at any time before 16 January 2021, to subscribe for an ASX listed EMU ordinary fully paid share upon payment of $0.20 each; and

ii) 8,454,468 S2 Option ("**S2 Option**") on basis of one (1) for every two (2) New Shares issued - these S2 Options will be issued at $0.01 each and confer the right, exercisable at any time before 21 December 2020, to subscribe for an ASX listed EMUCA partly paid ordinary share upon payment of $0.02 each.

EMU will apply to list the S1 Options on the pre-condition that EMU ordinary fully paid shares first trade at a volume weighted average price of 15 cents ($0.15) over 30 consecutive business days.

The one cent paid on application for an S2 Option will be a non-refundable prepayment against the capital of the contributing share into which the option may be converted so that upon exercise of the option, 3 cents will have been paid on the contributing share and that contributing share shall rank pari passu with the existing class of EMUCA contributing shares. In order to make the S2 Options attractive, Emu has undertaken that no call will be made on the EMUCA contributing shares before 31 December 2023.

c) In September 2019, EMU announced a pro-rata non-renounceable rights issue to raise up to approximately A$6.2M before costs from the issue of up to 156,487,779 new fully paid shares and 78,243,890 new options, with Strategic Bank International Corp underwriting the issue to the extent of ~AU$4M (being the current approximate value equivalent to EMU of US$2.67M which is the currency and amount of the underwriting exposure), subject to a singular condition, namely completion of due diligence enquiries by and to the acceptance of the underwriter by 30 September 2019.

A prospectus for the rights issue is expected to be dispatched to shareholders on or about 1 October 2019

Directors' Report

SIGNIFICANT EVENTS AFTER THE BALANCE DATE (Continued)

d) Drilling dispute

i) On 10 July 2019 Wallis Drilling served a writ on EMU claiming US$138,346.31 for drilling services. EMU has filed a defence, setoff and counterclaim seeking unliquidated claim damages from Wallis for repeated breach of contract. Whilst any pre-emptive assessment of the quantum of EMU's damages award (if any) is necessarily inherently uncertain (and both currency fluctuations and the approach to conversion from one currency to another introduce further uncertainty), EMU's internal preliminary assessment of the damages the subject of its filed counterclaim is in an amount being far greater than Wallis' claim.

ii) EMU will take advice as to the merits of a further possible cause of action in tort against Wallis for lost opportunity and consequential loss suffered by EMU as a result of Wallis' acts and omissions. EMU reserves its rights in this regard.

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

In order to make (or to secure the right to make) one or more acquisitions and to further its existing projects, the Group expects to undertake capital raisings. EMU's focus is on making further mineral resource related acquisitions to accrete value to shareholders without triggering a requirement to dilute equity capital save when absolutely necessary to make strategic acquisitions. In addition, EMU will pursue resource equity investments consistent with the sentiments expressed in the Review of Operations above.

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

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

REMUNERATION REPORT

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

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

Remuneration Policy

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

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

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

The directors and executives receive, where required by law, a superannuation guarantee contribution, which was 9.5% for the 2019 financial year but are not entitled to receive any other retirement benefits.

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

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

Directors' Report

Company performance, shareholder wealth and key management personnel remuneration

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

Use of remuneration consultants

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2019.

Details of Remuneration

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

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

Key management personnel of the Group

	Short-Term		Post-Employment		Share-based Payments*	Total
	Salary & Fees	Non-Monetary	Superannuation	Retirement benefits		
	$	$	$	$	$	$
Directors						
Peter Thomas						
2019	**44,000**	**-**	**4,180**	**-**	**8,000**	**56,180**
2018	44,000	-	4,180	-	-	48,180
Greg Steemson						
2019	**12,000**	**-**	**-**	**-**	**-**	**12,000**
2018	223,400	-	-	-	-	223,400
Gavin Rutherford						
2019	**40,182**	**-**	**3,818**	**-**	**8,000**	**52,000**
2018	22,000	-	2,090	-	-	24,090
Terence Streeter						
2019	**24,000**	**-**	-	**-**	**8,000**	**32,000**
2018	-	**-**	-	**-**	**-**	-
General Managers						
2019	**155,665**	**-**	**12,811**	**-**	**10,000**	**178,476**
2018	93,191	-	9,122	-	-	102,313
Total key management personnel compensation						
2019	**275,847**	**-**	**20,809**	**-**	**34,000**	**330,656**
2018	382,591	-	15,392	-	-	397,983

*See 'Share based compensation' (Refer Note 23)

Written Service agreements

The Company has one current service agreement in respect of the General Manager whereby services are being provided on an as required basis (driven by agreed KPIs) at a daily rate of $700.

Share holdings

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

2019	Balance at start of the period	Shares acquired during period	Other	Balance at end of the period
Ordinary shares fully paid				
Peter Thomas	**7,782,967**	**-**	**-**	**7,782,967**
Greg Steemson – Resigned 5.11.2018	**8,507,012**	**-**	**(8,507,012)**	**-**
Gavin Rutherford	**2,486,365**	**-**	**-**	**2,486,365**
Terence Streeter	**-**	**-**	**-**	**-**
	18,776,344	**-**	**(8,507,012)**	**10,269,332**
Ordinary shares partly paid to $0.03				
Peter Thomas	**7,670,651**	**1,750,000**	**-**	**9,420,651**
Greg Steemson – Resigned 5.11.2018	**8,570,884**	**-**	**(8,570,884)**	**-**
Gavin Rutherford	**1,313,397**	**570,884**	**-**	**1,884,281**
Terence Streeter	**-**	**-**	**-**	**-**
	17,554,932	**2,320,884**	**(8,570,884)**	**11,304,932**

Option holdings

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

2019	Balance at start of the year	Granted as compensation	Lapsed / Expired	Other changes	Balance at end of the year	Vested and exercisable (Note 2)	Unvested
Peter Thomas	**1,000,000**	**2,000,000**	**(1,000,000)**	**-**	**2,000,000**	**2,000,000**	**-**
Greg Steemson (Resigned 5.11.2019)	**1,750,000**	**-**	**-**	**(1,750,000)**	**-**	**-**	**-**
Gavin Rutherford	**1,000,000**	**2,000,000**	**(1,000,000)**	**-**	**2,000,000**	**2,000,000**	**-**
Terence Streeter (Appointed 5.11.2019)	**-**	**2,000,000**	**-**	**-**	**2,000,000**	**2,000,000**	**-**
Marcus Flis (Resigned 19.2.2019)	**-**	**2,000,000**	**(2,000,000)**	**-**	**-**	**-**	**-**
	3,750,000	**8,000,000**	**(4,000,000)**	**(1,750,000)**	**6,000,000**	**6,000,000**	**-**

Note 1: Each option on issue (or exercised) during the financial year entitles (or entitled) the holder to one partly paid ordinary share in the capital of the Company if the option is exercised. All are (or were) able to be exercised at any time until the expiry date. None of the options granted were subject to any vesting or other performance conditions (other than those granted to Mr Flis which all expired on 20 December 2018 prior to his resignation) and no amount was paid or payable by the recipients in respect of the grant of the options.

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

Other equity-related KMP transactions

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

Loans to key management personnel

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

Other transactions with key management personnel

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to third parties unless otherwise stated.

End of audited Remuneration Report

Directors' Report

DIRECTORS' MEETINGS

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

	Directors Meetings	
	A*	B**
Peter Thomas	8	8
Greg Steemson	2	2
Gavin Rutherford	8	8
Terence Streeter	6	5

Notes

*A – Number of meetings attended.

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

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

SHARES UNDER OPTION

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

Grant date	Expiry date	Exercise price (cents)	Number of options
27 March 2019	15 January 2021	20.0	40,505,000
24 June 2019	15 January 2021	20.0	3,850,000
12 July 2019	15 January 2021	20.0	40,000,000
28 August 2019	16 January 2021	20.0	8,454,468
Total number of options over fully paid shares outstanding at the date of this report			**92,809,468**

Grant date	Expiry date	Exercise price (cents)	Number of options
27 March 2019 in respect of a Deed Poll dated 8 January 2019	28 February 2020	3.0	6,000,000
28 August 2019	21 December 2020	2.0	8,454,468
Total number of options over contributing shares outstanding at the date of this report			**14,454,468**

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

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

INSURANCE OF DIRECTORS AND OFFICERS

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

The total amount of insurance contract premiums paid is $5,964 (2018: $5,964).

NON-AUDIT SERVICES

Non-audit services were provided by the entity's auditor, Greenwich & Co or associated entities. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, is compatible with and did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor;
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Greenwich & Co or associated entities received or are due to receive the following amounts for the provision of non-audit services:

	2019	2018
	$	$
Tax compliance services	**2,698**	2,750
Total remuneration for non-audit services	**2,698**	2,750

Directors' Report

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 14.

Signed in accordance with a resolution of the directors.

Electronic Signature noted as having been affixed with approval

Peter S Thomas
Non-Executive Chairman
Perth, 30 September 2019

Greenwich & Co Audit Pty Ltd | ABN 51 609 542 458
Level 2, 267 St Georges Terrace, Perth WA 6000
PO Box 983, West Perth WA 6872
T 08 6555 9500 | F 08 6555 9555
www.greenwichco.com

Auditor's Independence Declaration

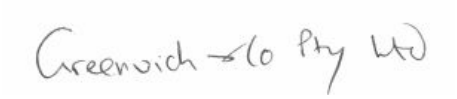
Auditor's Independence Declaration

To those charged with governance of Emu NL

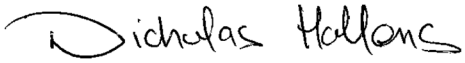
As auditor for the audit of Emu NL for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

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

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



Greenwich & Co Audit Pty Ltd



Nicholas Hollens
Managing Director

30 September 2019

Perth

Corporate Governance Statement

Emu NL reviews its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2019 Corporate Governance Statement was approved by the board on 30 September 2019. A description of the Group's current corporate governance practices is set out in the Group's Corporate Governance Statement which can be viewed at www.emu.com.au.

Consolidated Statement of Financial Performance

YEAR ENDED 30 JUNE 2019	Notes	Consolidated 2019 $	Consolidated 2018 $
REVENUE	4	**2,837**	16,211
EXPENDITURE			
Depreciation expense		**(15,026)**	(12,220)
Exploration expenses		**(2,579,714)**	(2,367,685)
Key management personnel compensation (Including share-based payments)	18	**(330,656)**	(382,951)
Other expenses		**(397,380)**	(388,863)
Share-based payments expense		**-**	(137,774)
LOSS BEFORE INCOME TAX	5	**(3,319,939)**	(3,273,282)
INCOME TAX	6	**-**	-
LOSS AFTER INCOME TAX		**(3,319,939)**	(3,273,282)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or (loss)			
Changes in the fair value of financial assets		**(53,458)**	42,445
Other comprehensive income / (loss) for the year, net of tax		**(53,458)**	42,445
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF EMU NL		**(3,373,397)**	(3,230,837)
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company (cents per share)	22	**(2.24)**	(3.01)

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

Consolidated Statement of Financial Position

AT 30 JUNE 2019	Notes	Consolidated 2019 $	Consolidated 2018 $
CURRENT ASSETS			
Cash and cash equivalents	7	**274,205**	750,056
Trade and other receivables	8	**10,630**	96,686
Other assets		**3,720**	19,820
TOTAL CURRENT ASSETS		**288,555**	866,562
NON-CURRENT ASSETS			
Financial assets	9	**52,800**	106,258
Plant and equipment	10	**31,392**	45,110
TOTAL NON-CURRENT ASSETS		**84,192**	151,368
TOTAL ASSETS		**372,747**	1,017,930
CURRENT LIABILITIES			
Trade and other payables	11	**84,829**	700,760
Provisions	12	**-**	1,581
TOTAL CURRENT LIABILITIES		**84,829**	702,341
TOTAL LIABILITIES		**84,829**	702,341
NET ASSETS		**287,918**	315,589
EQUITY			
Contributed equity	13	**18,133,713**	14,851,989
Reserves	14	**42,988**	543,969
Accumulated losses		**(17,888,783)**	(15,080,369)
TOTAL EQUITY		**287,918**	315,589

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

Consolidated Statement of Changes in Equity

YEAR ENDED 30 JUNE 2019

Consolidated	Notes	Contributed Equity $	Share-Based Payments Reserve $	Financial Asset Reserve $	Accumulated Losses $	Total $
BALANCE AT 30 JUNE 2017		**14,146,213**	**363,750**	**-**	**(11,807,087)**	**2,702,876**
COMPREHENSIVE INCOME						
Loss for the year		-	-	-	**(3,273,282)**	**(3,273,282)**
Changes in the fair value of financial assets		-	-	**42,445**	-	**42,445**
TOTAL COMPREHENSIVE INCOME		-	-	**42,445**	**(3,273,282)**	**(3,230,837)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Issue of shares and options	13c	**755,756**	-	-	-	**755,756**
Share and option issue costs	13c	**(49,980)**	-	-	-	**(49,980)**
Share-based payments	14	-	**137,774**	-	-	**137,774**
TOTAL TRANSACTIONS WITH OWNERS		**705,776**	**137,774**	-	-	**843,550**
BALANCE AT 30 JUNE 2018		**14,851,989**	**501,524**	**42,445**	**(15,080,369)**	**315,589**
BALANCE AT 30 JUNE 2018		**14,851,989**	**501,524**	**42,445**	**(15,080,369)**	**315,589**
COMPREHENSIVE INCOME						
Loss for the year		-	-	-	**(3,319,939)**	**(3,319,939)**
Changes in the fair value of financial assets		-	-	**(53,458)**	-	**(53,458)**
TOTAL COMPREHENSIVE INCOME		-	-	**(53,458)**	**(3,319,939)**	**(3,373,397)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Issue of shares and options	13c	**3,434,524**	-	-	-	**3,434,524**
Share and option issue costs	13c	**(152,800)**	**30,000**	-	-	**(122,800)**
Reversal of unexercised expired options		-	**(511,524)**	-	**511,524**	-
KMP share-based payments	14	-	**34,000**	-	-	**34,000**
TOTAL TRANSACTIONS WITH OWNERS		**3,281,724**	**(447,524)**	-	**511,524**	**3,345,724**
BALANCE AT 30 JUNE 2019		**18,133,713**	**54,000**	**(11,013)**	**(17,888,782)**	**287,918**

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

Consolidated Statement of Cash Flows

YEAR ENDED 30 JUNE 2019	Notes	Consolidated 2019 $	Consolidated 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(699,744)**	(295,067)
Expenditure on mining interests		**(2,246,276)**	(2,419,956)
Interest received		**2,837**	16,211
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	21	**(2,943,183)**	(2,698,812)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on sale of financial assets		**-**	-
Proceeds from security bond		**-**	-
Payments for plant and equipment		**(1,308)**	(6,256)
Payments for financial assets		**-**	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(1,308)**	(6,256)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares and options		**2,591,440**	755,755
Payments of share and option issue transaction costs		**(122,800)**	(49,980)
NET CASH INFLOW FROM FINANCING ACTIVITIES		**2,468,640**	705,775
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(475,851)**	(1,999,293)
Cash and cash equivalents at the beginning of the financial year		**750,056**	2,749,349
Effects of exchange rate changes on cash and cash equivalents		**-**	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	**274,205**	750,056

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

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. The financial statements are for the consolidated entity consisting of Emu NL and its subsidiaries. The financial statements are presented in the Australian currency. Emu NL is a no liability company, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 30 September 2019. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

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

Going concern

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

As disclosed in the financial statements, the Group incurred a loss of $3,319,939 and had net operating cash outflows of $2,943,183. These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

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

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

(i) Compliance with IFRS

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

(ii) Adoption of new and revised accounting standards

The Company has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2018. It has been determined by the Company that, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Company accounting policies including:

- *AASB 9 Financial Instruments*
  AASB 9 Financial Instruments introduces new classification and measurement models for financial assets and is applicable to annual reporting periods beginning on or after 1 July 2018.
  The Company has applied AASB 9 using the modified retrospective approach because the measurement of financial assets under AASB9 are consistent to the Company's current practice.

- *AASB 15 Revenue from Contracts with Customers*
  This standard is applicable to annual reporting periods beginning on or after 1 January 2018.
  The Company does not currently have any contracts with customers in place.
  The Company does not consider there to be any material impact from the adoption of *AASB 15 Revenue from Contracts with Customers*.

(iii) New standards and interpretations not yet adopted

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application date or future reporting periods and which the Company has decided not to early adopt. A discussion of those future requirements and their impact on the Company is as follows:

- *AASB 16 Leases*

The standard replaces AASB 117 'Leases" and for lessees will eliminate the classifications of operating leases and finance leases, and require, subject to certain exemptions, the recognition of a 'right-of-use asset' and a corresponding lease liability, and the subsequent depreciation of the 'right-of-use' asset. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The Company is currently not party to any material operating or finance lease arrangements.

This standard is applicable to annual reporting periods beginning on or after 1 January 2019 and as such the Company will adopt this standard from 1 July 2019. Whilst at this time the Company does not consider there to be any material impact from the adoption of *AASB 16 Leases*, it will make an assessment of potential effects over the next 12 month period.

(iv) Historical cost convention and going concern basis

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

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Principles of consolidation

(i) Subsidiaries

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

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

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

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

(ii) Changes in ownership interests

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

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

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

(c) Segment reporting

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

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(iii) Group companies

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

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

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

(e) Revenue recognition

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

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Income tax

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

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

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

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

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

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

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

(g) Leases

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

(h) Impairment of assets

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

(i) Cash and cash equivalents

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

(j) Financial instruments

Initial recognition and measurement

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

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

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

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

Financial assets

Financial assets are subsequently measured at:

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

On the basis of the two primary criteria:

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

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

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

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

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

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

Financial liabilities

Financial liabilities are subsequently measured at:

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

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

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

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

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

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

A financial liability is held for trading if it is:

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

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

Ordinary shares

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

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition

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

Derecognition of financial liabilities

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

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

Derecognition of financial assets

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

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

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

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

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

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

Impairment of financial assets

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

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

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

(k) Plant and equipment

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

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

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

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

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

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

(l) Exploration and evaluation costs

All exploration and evaluation expenditure is expensed to the statement of profit and loss and other comprehensive income as incurred. That the carrying value of mineral assets, as a result of the operation of this policy, is zero does not necessarily reflect the board's view as to the market value of those assets.

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Trade and other payables

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

(n) Employee benefits

Wages and salaries and annual leave

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

(o) Share-based payments

The Group may provide benefits to employees (including directors) of the Group, and to vendors and suppliers, in the form of equity-based payment transactions, whereby employees render services, or where vendors sell assets to the Group, in exchange for shares or rights over shares ('equity-settled transactions'), refer to note 23.

The cost of equity-settled transactions with employees is measured by reference to the "fair value", not market value. The "fair value" is determined in accordance with Australian Accounting Standards. The Directors do not consider the resultant value as determined in accordance with Australian Accounting Standards (such as by the application of the Black-Scholes European Option Pricing Model) represents market value. In the case of share options issued, in the absence of a reliable measure, AASB 2 *Share Based Payments* prescribes the approach to be taken to determining the fair value. This year, the Company has obtained an independent valuation based upon binomial algorithms (open form models) which is the form recommended under IFRS guidelines. Other models may be used.

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

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

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

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

(p) Issued capital

Ordinary shares are classified as equity.

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

(q) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(r) Goods and Services Tax (GST)

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

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

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

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group'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:

Taxation

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

Environmental issues

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

Share-based payments

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

Whilst the Directors do not consider the result derived by the application of, say, the Black-Scholes European Option Pricing Model is in anyway representative of the market value of the share options issued, in the absence of reliable measure for the same, AASB 2 *Share Based Payments* prescribes the fair value be determined by applying a generally accepted valuation methodology. This year, the Company has obtained an independent valuation based upon binomial algorithms (open form models) which is the form recommended under IFRS guidelines. Other recognised models may be used.

Notes to the Consolidated Financial Statements

2. FINANCIAL RISK MANAGEMENT

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

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

(a) Market risk

(i) Foreign exchange risk

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

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

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

	2019	2018
Cash and cash equivalents	**$US217**	$US2,204
Cash and cash equivalents	**CLP33,592,001**	CLP9,922,917
Receivables	**-**	$US17,800

Sensitivity analysis

Based on the financial instruments held at 30 June 2019, had the Australian dollar weakened or strengthened by 10% against the USD and Chilean Peso (CLP) with all other variables held constant, the Group's post-tax loss would have been $7,209 lower or higher (2018: $4,365 lower or higher) as a result of foreign exchange gains/losses on translation of the USD and Chilean Peso denominated financial instruments. Other components of equity would not be materially impacted by the foreign exchange movements.

(ii) Price risk

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

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

Sensitivity analysis

At 30 June 2019, if the value of the equity instruments held had increased or decreased by 15% with all other variables held constant, post-tax loss for the Group would not have changed and equity would have been $7,920 higher or lower as a result of gains or losses on equity securities classified as financial assets (2018: $15,939 higher (or lower)).

(iii) Interest rate risk

The Group is exposed to movements in market interest rates on cash and cash equivalents. The Group's policy is to monitor the interest rate yield curve out to six months to seek a balance between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents for the Group $274,205 (2018: $750,056) is subject to interest rate risk. The weighted average interest rate received on cash and cash equivalents by the Group was minimal during the year.

Sensitivity analysis

At 30 June 2019, if interest rates had changed by -/+ 100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Group would have been insignificant (2018: $33,419 lower or higher) as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

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

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

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

Notes to the Consolidated Financial Statements

2. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

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

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

(d) Fair value measurements

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

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

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

3. SEGMENT INFORMATION

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

	Consolidated	
	2019	2018
	$	$
4. REVENUE		
From continuing operations		
Other revenue		
Interest from banks and financial institutions	**2,837**	16,211
	2,837	16,211

	Consolidated	
	2019	2018
	$	$
5. EXPENSES		
Loss before income tax includes the following specific expenses:		
Defined contribution superannuation expense	**34,644**	29,871
Minimum lease payments relating to operating leases	**42,000**	36,000
Foreign exchange losses	**4,158**	6,742

Notes to the Consolidated Financial Statements

6. INCOME TAX

(a) Income tax expense

Current tax	-	-
Deferred tax	-	-
	-	-

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Loss from continuing operations before income tax expense	**(3,319,939)**	(3,273,282)
Prima facie tax benefit at the Australian tax rate of 30%	**(995,982)**	(981,985)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Sundry items	**71,873**	55,098
	(924,109)	(926,887)
Movements in unrecognised temporary differences	**1,116**	4,479
Tax effect of current year tax losses for which no deferred tax asset has been recognised	**922,993**	922,408
Income tax expense	-	-

(c) Unrecognised temporary differences

Deferred Tax Assets (at 30%)

On Income Tax Account

Section 40-880 costs	-	40,002
Sundry items	**10,200**	5,574
Carry forward tax losses	**4,577,245**	4,182,010
	4,587,445	4,227,586

Deferred Tax Liabilities (at 30%)

Sundry items	**1,116**	4,479

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

	Consolidated	
	2019	**2018**
	$	**$**

7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

Cash at bank and in hand	**274,205**	750,056
Short-term deposits	-	-
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	**274,205**	750,056

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

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

8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

Trade receivables	-	36,804
Project assessment bond – refunded subsequent to end of year	-	54,062
GST refundable	**10,630**	5,820
	10,630	96,686

Notes to the Consolidated Financial Statements

9. NON-CURRENT ASSETS – FINANCIAL ASSETS

Equity securities in listed entities	**52,800**	106,258

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

10. NON-CURRENT ASSETS - PLANT AND EQUIPMENT

Plant and equipment		
Cost	**64,752**	67,809
Accumulated depreciation	**(33,360)**	(22,699)
Net book amount	**31,392**	45,110
Plant and equipment		
Opening net book amount	**45,110**	51,073
Additions	**1,308**	6,257
Disposals	**-**	-
Depreciation charge	**(15,026)**	(12,220)
Closing net book amount	**31,392**	45,110

11. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Trade payables	**50,829**	110,200
Other payables and accruals	**34,000**	17,000
Share application monies received – shares issued subsequent to end of year	**-**	573,560
	84,829	700,760

12. CURRENT LIABILITIES – PROVISIONS

Annual leave provision	**-**	1,581

Notes to the Consolidated Financial Statements

13. ISSUED CAPITAL

	Notes	2019 Number of securities	2019 $	2018 Number of securities	2018 $
(a) Share capital					
Ordinary shares:					
Fully paid	13(c), 13(e)	**158,072,613**	**16,969,477**	77,962,230	13,687,753
Contributing shares - partly paid to $0.03 with $0.03 to pay – no call to be made before 31 December 2023	13(c), 13(e)	**33,668,824**	**1,164,236**	33,668,824	1,164,236
Total ordinary share capital		**191,741,437**	**18,133,713**	111,631,054	14,851,989
(b) Other equity securities					
Options	13(d)	**50,355,000**	**-**	5,050,000	-
Total issued capital			**18,133,713**		14,851,989
(c) Movements in ordinary share capital					
Beginning of the financial year		**111,631,054**	**14,851,989**	102,491,054	14,146,213
Issued during the year:					
Partly paid, issued for cash at 3 cents per share upon exercise of options over partly-paid shares		**-**	**-**	1,140,000	34,200
4,051,843 fully paid, issued upon payment of outstanding $0.03 and conversion of contributing shares		**-**	**-**	-	121,556
Placement fully paid shares		**-**	**-**	4,000,000	600,000
Placement of ordinary shares to Acuity Capital		**3,400,000**	**-**	4,000,000	-
– Fully paid, issued for cash at 4.8 cents per share		**13,037,498**	**625,800**	-	-
– Fully paid, issued for cash at 4.0 cents per share pursuant to Share Purchase Plan		**9,355,000**	**374,200**	-	-
– Fully paid, issued for cash at 4.8 cents per share		**27,500,000**	**1,100,000**	-	-
– Fully paid, issued for cash at 4.8 cents per share		**20,000,000**	**960,000**	-	-
– Fully paid, issued in respect of drilling services		**4,317,885**	**269,524**	-	-
– Fully paid shares issued as consideration for Chile option		**2,500,000**	**105,000**	-	-
Transaction costs		**-**	**(152,800)**	-	(49,980)
End of the financial year		**191,741,437**	**18,133,713**	111,631,054	14,851,989

Notes to the Consolidated Financial Statements

13. ISSUED CAPITAL (Continued)

(d) Movements in options on issue

	Number of options	
	2019	2018
Beginning of the financial year	**5,050,000**	4,050,000
Options to Acquire Fully Paid Shares:		
Issued, exercisable at $0.10, expiring 30 June 2018	**-**	200,000
Issued, exercisable at $0.10, expiring 30 June 2018 - Lapsed	**-**	(200,000)
Issued, exercisable at $0.10, expiring 20 December 2018	**-**	1,000,000
Issued to employee, exercisable at $0.11, expiring 20 December 2018	**2,000,000**	-
Issued to employee, exercisable at $0.11, expiring 20 December 2018 – Lapsed on resignation	**(2,000,000)**	-
Issued, expiring 20 December 2018 – Lapsed	**(5,050,000)**	-
Issued, exercisable at $0.20, expiring 15 January 2021	**44,355,000**	
Options to Acquire Partly Paid Shares:		
Issued, exercisable at $0.03, expiring 30 April 2018	**-**	2,000,004
Exercised at $0.03, expired 30 April 2018	**-**	(1,140,000)
Issued, exercisable at $0.03, expired 30 April 2018	**-**	(860,004)
Issued to directors, exercisable at $0.03, expiring 28 February 2020	**6,000,000**	
End of the financial year	**50,355,000**	5,050,000

(e) Ordinary fully and partly paid shares

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

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

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

	Consolidated	
	2019	2018
	$	$

(f) Capital risk management

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

Debt and equity funding options are open to the Group. The working capital position of the Group at 30 June 2019 and 30 June 2018 are as follows:

Cash and cash equivalents	**274,205**	750,056
Trade and other receivables	**10,630**	96,686
Other assets	**3,720**	19,820
Trade and other payables	**(84,829)**	(700,760)
Provisions	**-**	(1,581)
Working capital position	**203,726**	164,221

Notes to the Consolidated Financial Statements

	Consolidated	
	2019	2019
	$	$

14. RESERVES

(a) Reserves

Financial assets	**(11,012)**	42,445
Share-based payments reserve	**54,000**	501,524
	42,988	543,969

(b) Nature and purpose of reserves

(i) Financial assets reserve

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

(ii) Share-based payments reserve

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

15. DIVIDENDS

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

16. REMUNERATION OF AUDITORS

	Consolidated	
	2019	2018
	$	$
During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:		
Audit and review of financial reports	**27,000**	22,800
Tax compliance services	**2,698**	2,750
Total remuneration	**29,698**	25,550

17. CONTINGENCIES AND COMMITMENTS

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

In order to maintain current rights of tenure to exploration tenements, the Group will be required to outlay approximately US$25,000 (2018: $22,000) in the following financial year in respect of tenement concession renewal fees and rents to meet minimum expenditure requirements under the Chile option agreement. These obligations are expected to be fulfilled in the normal course of operations and have not been provided for in the financial report.

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

Notes to the Consolidated Financial Statements

	Consolidated	
	2019	2018
	$	$

18. RELATED PARTY and KEY MANAGEMENT PERSONNEL TRANSACTIONS

(a) Parent entity

The ultimate parent entity within the Group is Emu NL.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 19.

(c) Key management personnel compensation

Short-term benefits	**275,847**	382,591
Post-employment benefits	**20,809**	15,392
Share-based payments	**34,000**	-
	330,656	397,983

Refer to the Remuneration Report contained in the Directors' Report for the details of the remuneration paid or payable and the share and option holdings in relation to each of the Group's KMP for the year ended 30 June 2019.

(d) Loans to related parties

Emu NL has unsecured, interest free loans with its wholly owned subsidiaries, (i) Emu Blue Pty Ltd, totalling $598,795 receivable at 30 June 2019 (2018: $598,795) and (ii) Emu Chile SpA, totalling $3,810,685 receivable at 30 June 2019 (2018: $1,882,815).

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

(e) Transactions with other related parties

Transactions with director related entities

		Consolidated	
		2019	2018
Key Management Personnel and Related Entity	Transaction	$	$
Peter Thomas	Contrib early conversion fees	-	1,000
Greg Steemson – GH Steemson Family Superannuation Fund	Contrib early conversion fees	-	1,200
Gavin Rutherford	Contrib early conversion fees	-	800

There were no balances outstanding at reporting date in relation to the above transactions, and the transactions were made on normal commercial terms and conditions and at market rates.

Other transactions with key management personnel

The Group is party to a Lease Agreement with Mr Peter Thomas, Chairman, whereby Mr Thomas has agreed to provide the Group with office accommodation for a fee of $3,500 per month, terminable at will by either party on one month's notice, which commenced on 1 January 2013. Rental paid during the year totalled $42,000 (2018: $36,000), and there was $3,850 (including GST) outstanding at the reporting date (2018: Nil).

19. SUBSIDIARIES

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

Name	Country of Incorporation	Class of Shares	Equity Holding[1]	
			2019	2018
			%	%
Emu Blue Pty Ltd	Australia	Ordinary	**100**	100
Emu Chile SpA	Chile	Ordinary	**100**	100

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

Notes to the Consolidated Financial Statements

20. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Since the reporting date:

a) EMU announced on 2 September 2019 that it had completed an issue of 16,908,935 fully paid ordinary shares ("**New Shares**") at $0.035 each (raising $676,357 before costs) to sophisticated and professional investors. The New Shares were listed on ASX and rank equally with the existing fully paid ordinary shares.

In accordance with the terms of the placement, EMU also issued the following attaching options:

iii) 8,454,468 free S1 Option ("**S1 Option**") on basis of one (1) S1 Option for every two (2) New Shares issued – these S1 Options confer the right, exercisable at any time before 16 January 2021, to subscribe for an ASX listed EMU ordinary fully paid share upon payment of $0.20 each; and

iv) 8,454,468 S2 Option ("**S2 Option**") on basis of one (1) for every two (2) New Shares issued - these S2 Options will be issued at $0.01 each and confer the right, exercisable at any time before 21 December 2020, to subscribe for an ASX listed EMUCA partly paid ordinary share upon payment of $0.02 each.

EMU will apply to list the S1 Options on the pre-condition that EMU ordinary fully paid shares first trade at a volume weighted average price of 15 cents ($0.15) over 30 consecutive business days.

The one cent paid on application for an S2 Option will be a non-refundable prepayment against the capital of the contributing share into which the option may be converted so that upon exercise of the option, 3 cents will have been paid on the contributing share and that contributing share shall rank pari passu with the existing class of EMUCA contributing shares. In order to make the S2 Options attractive, Emu has undertaken that no call will be made on the EMUCA contributing shares before 31 December 2023.

b) In September 2019, EMU announced a pro-rata non-renounceable rights issue to raise up to approximately A$6.2M before costs from the issue of up to 156,487,779 new fully paid shares and 78,243,890 new options, with Strategic Bank International Corp underwriting the issue to the extent of ~AU$4M (being the current approximate value equivalent to EMU of US$2.67M which is the currency and amount of the underwriting exposure), subject to a singular condition, namely completion of due diligence enquiries by and to the acceptance of the underwriter by 30 September 2019.

A prospectus for the rights issue is expected to be dispatched to shareholders on or about 1 October 2019.

c) Drilling dispute

i) On 10 July 2019 Wallis Drilling served a writ on EMU claiming US$138,346.31 for drilling services. EMU has filed a defence, setoff and counterclaim seeking unliquidated claim damages from Wallis for repeated breach of contract. Whilst any pre-emptive assessment of the quantum of EMU's damages award (if any) is necessarily inherently uncertain (and both currency fluctuations and the approach to conversion from one currency to another introduce further uncertainty), EMU's internal preliminary assessment of the damages the subject of its filed counterclaim is in an amount being far greater than Wallis' claim.

ii) EMU will take advice as to the merits of a further possible cause of action in tort against Wallis for lost opportunity and consequential loss suffered by EMU as a result of Wallis' acts and omissions. EMU reserves its rights in this regard.

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

21. CASH FLOW INFORMATION

	Consolidated 2019 $	Consolidated 2018 $
Reconciliation of net loss after income tax to net cash outflow from operating activities		
Net loss for the year	**(3,319,939)**	(3,273,282)
Non-Cash Items		
Depreciation of non-current assets	**15,026**	12,220
Share-based payments expenses	**303,527**	137,774
Change in operating assets and liabilities		
Decrease (increase) in trade and other receivables	**86,056**	(53,803)
Decrease (increase) decrease in prepayments	**16,099**	(16,638)
(Decrease) increase in trade and other payables	**(42,371)**	495,404
(Decrease) in provisions	**(1,581)**	(487)
Net cash outflow from operating activities	**(2,943,183)**	(2,698,812)

Notes to the Consolidated Financial Statements

22. LOSS PER SHARE

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

Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	**(3,319,939)**	(3,230,837)

	Number of shares	
	2019	**2018**
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic	**148,396,722**	107,192,881

(c) Information on the classification of options

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

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

	Consolidated			
	2019		2018	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the financial year	**5,050,000**	**10.89**	4,050,000	11.11
Expired	**(5,050,000)**	**10.00**	(200,000)	10.0
Granted	**6,000,000**	**0.004**	1,200,000	10.0
Granted	**44,355,000**	**17.62**	-	-
Outstanding at year-end	**50,355,000**	**17.97**	5,050,000	10.89
Exercisable at year-end	**50,355,000**	**17.97**	5,050,000	10.89

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 1.69 years (2018:1.45 years), and the weighted average exercise price is 17.97 cents.

23. SHARE-BASED PAYMENTS

Options issued to employees

The Group may provide benefits to employees (including directors) and contractors of the Group in the form of share-based payment transactions, whereby, for instance, options to acquire ordinary shares may be issued as an incentive to improve employee and shareholder goal congruence. The exercise price of options to acquire partly-paid shares so issued during the period and outstanding at 30 June 2019 is 3 cents (6,000,000 with an expiry date of 28 February 2020).

The options issued during the year were valued by an independent valuer based upon binomial algorithms (open form models) which is the form recommended under IFRS guidelines.

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

	Consolidated	
	2019	**2018**
	$	**$**
Shares issued to vendor of Chile gold project (issued at market value on day of issue)	**105,000**	-
Shares issued to contractors shown as share-based payments	**269,525**	137,774
Total	**374,525**	137,774

Notes to the Consolidated Financial Statements

24. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Emu NL, at 30 June 2019. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

	Consolidated	
	2019	2018
	$	$
Current assets	**216,780**	896,846
Non-current assets	**84,192**	151,368
Total assets	**300,972**	1,048,214
Current liabilities	**84,829**	732,625
Total liabilities	**84,829**	732,625
Contributed equity	**18,133,711**	14,851,989
Reserves	**54,000**	464,895
Accumulated losses	**(18,148,991)**	(15,001,295)
Total equity	**216,143**	315,589
Loss for the year	**(1,448,417)**	(3,678,789)
Other comprehensive income	**-**	-
Total comprehensive income for the year	**(1,448,417)**	(3,678,789)

Directors' Declaration

In the directors' opinion:

(a) the financial statements comprising the statements of financial performance, statements of financial position, statements of changes in equity, statements of cash flows and accompanying notes set out on pages 16 to 37 are in accordance with the *Corporations Act 2001*, including:

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

  (ii) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2019 and of their performance for the financial year ended on that date;

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

(c) the remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2019, comply with Section 300A of the *Corporations Act 2001*; and

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

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

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

Electronic Signature noted as having been affixed with approval

Peter S Thomas

Non-Executive Chairman

Perth, 30 September 2019

Greenwich & Co Audit Pty Ltd | ABN 51 609 542 458
Level 2, 267 St Georges Terrace, Perth WA 6000
PO Box 983, West Perth WA 6872
T 08 6555 9500 | F 08 6555 9555
www.greenwichco.com

Independent Audit Report to the members of Emu NL

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Emu NL (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

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

Basis for Opinion

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

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

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

Material uncertainty related to going concern

We draw attention to Note 1 to the financial report, which describes that the ability of the Company to continue as a going concern is dependent on successful mining and exploration, and further equity issues to the market. As a result, there is material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Directors fees, employee benefits expenses, exploration expenses and administration expenses: $3,317,102

Refer to Consolidated Statement of Profit or Loss and Other Comprehensive Income and Note 5

Key Audit Matter	How our audit addressed the matter
Director fees, employee benefit expenses, exploration expenses and administration expenses, collectively are a substantial figure in the financial statements of the Group, representing a significant portion of shareholder equity spent during the financial year. Given the significance of the above expenses, we considered that the validity and accuracy of the recorded expenditures to be a key audit matter.	Our audit work included, but was not restricted to, the following: • We examined the Group's approval processes in relation to making payments to its suppliers and employees. • We selected a systematic sample of expenses using the dollar unit sampling method, and vouched each item selected to invoices and other supporting documentation. • We requested copies of service agreements with key management personnel of the Group during the financial year. • From those charged with governance of the Group we requested confirmations from all directors and other key management personnel of the Group during the financial year of their remuneration and any other transactions between them, their related parties and the Group. • We reviewed Board minutes of meetings held during the financial year

Other Information

The directors are responsible for the other information. The other information comprises the Review of Operations and Directors Report and other information included in the Group's annual report for the year ended 30 June 2019 but does not include the financial report and our auditor's report thereon.

The other information obtained at the date of this auditor's report is included in the annual report, (but does not include the financial report and our auditor's report thereon).

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

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

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

Responsibilities of Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used in the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, used on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on the Remuneration Report

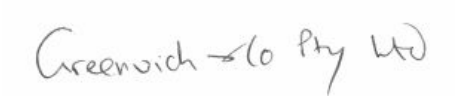
Opinion on the Remuneration Report

We have audited the Remuneration Report included on page 9 to page 11 in the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of EMU NL, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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



Greenwich & Co Audit Pty Ltd



Nicholas Hollens
Managing Director

Perth

30 September 2019

ASX Additional Information

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows.
The information is current as at 24 September 2019.

(a) Distribution of equity securities

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

			Ordinary shares		Contributing shares	
			Number of holders	Number of shares	Number of holders	Number of shares
1	-	1,000	**44**	**12,250**	17	7,955
1,001	-	5,000	**41**	**114,626**	34	91,601
5,001	-	10,000	**44**	**340,198**	23	175,065
10,001	-	100,000	**225**	**8,783,612**	77	3,643,552
100,001		and over	**175**	**165,730,862**	38	29,750,651
			529	**174,981,548**	189	33,668,824
The number of shareholders holding less than a marketable parcel of shares are:			**144**	**636,480**		

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

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

		Listed ordinary fully paid shares	
		Number of shares	Percentage of ordinary fully paid shares
1	Steemson Geoscience Pty Ltd <GH Steemson Family Super A/c>	8,000,000	4.57
2	Northern Griffin Pty Ltd	7,511,877	4.29
3	Acuity Capital Investment Management Pty Ltd <Acuity Capital Holdings A/c>	7,400,000	4.23
4	Aktiengesellschaft, D B	7,000,000	4.00
5	Wonfair Investments Pty Ltd	5,452,904	3.12
6	King, Wallace F + J I <Karta Koomba Super A/c>	5,044,947	2.88
7	Yarrumup Pty Ltd <Capulet S/F A/c>	4,650,000	2.66
8	Oceanic Capital Pty Ltd	4,424,404	2.53
9	Wallis Drilling Pty Ltd	4,317,885	2.47
10	Dixtru Pty Ltd	4,267,013	2.44
11	Hernstadt, William H	3,764,857	2.15
12	Zeller, David J <Zeller Family A/c>	3,736,699	2.14
13	Redland Plains Pty Ltd	3,553,572	2.03
14	Citicorp Nominees Pty Ltd	3,458,365	1.98
15	St Barnabas Investments Pty Ltd <Melvista Family A/C>	3,425,000	1.96
16	AWD Consolidated Pty Ltd	2,914,285	1.67
17	Caves Road Investments Pty Ltd	2,732,143	1.56
18	BLC SpA	2,500,000	1.43
19	Le Chem Pty Ltd <Prop 10 Unit A/c>	2,281,550	1.30
20	Payzone Pty Ltd <St Barnabas Super A/c>	2,271,674	1.30
		88,707,175	**50.71**

ASX Additional Information (continued)

(c) Twenty largest shareholders of quoted contributing shares

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

		Listed contributing shares	
		Number of contributing shares	Percentage of contributing shares
1	Northern Griffin Pty Ltd	7,198,522	21.38
2	Clariden Capital Pty Ltd	3,500,000	10.40
3	King, Wallace F + J I <Karta Koomba Super A/c>	2,510,606	7.46
4	Thomas, Peter S	2,188,540	6.50
5	Le Chem Pty Ltd <Prop 10 Unit A/c>	1,875,000	5.57
6	Byron Exploration Pty Ltd	1,560,706	4.64
7	St Barnabas Investments Pty Ltd <Melvista Family A/c>	1,212,400	3.60
8	Rutherford, G A R + M L <Gavelle S/F A/c>	1,103,685	3.28
9	Citicorp Nominees Pty Ltd	950,370	2.82
10	Payzone PL <St Barnabas Super A/c>	799,957	2.38
11	Wonfair Investments Pty Ltd	750,000	2.23
12	Rutherford, Gavin A R	570,884	1.70
13	Leo, Kevin Anthony + L <Leo S/F A/c>	551,843	1.64
14	Sept Rouges Ltd	505,239	1.50
15	Tate, Steven L + SN	398,579	1.18
16	Sengupta Arun + SJ <Sengupta Fam S/F A/c>	392,500	1.17
17	Cozzi, Paul	280,000	0.83
18	Baron, Ian R	234,499	0.70
19	Leeman Pty Ltd	234,418	0.70
20	Anna Carina Pty Ltd <Anna Carina Family A/c>	233,750	0.69
		27,051,498	**80.37**

(d) Substantial shareholders

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

	Number of Ordinary Shares	Number of Contributing Shares
PS Thomas	7,782,967	9,420,651

(e) Voting rights

All fully ordinary shares carry one vote per share. Each contributing share has a voting entitlement proportionate to the amount paid up thereon relative to the entire amount payable (including the amount paid but ignoring amounts credited as paid).

(f) Unquoted Securities

			Holders of 20% or more of the class*	
Class	Number of Securities	Number of Holders	Holder Name	Number of Securities
Unlisted $0.03 Options over contributing shares, expiry 28 February 2020	6,000,000	4	N/A*	N/A*
Unlisted $0.02 Options over contributing shares, expiry 21 December 2020	8,454,468	25	N/A	N/A
Unlisted $0.20 Options over fully paid shares, expiry 15 January 2021	84,355,000	89	N/A	N/A
Unlisted $0.20 Options over fully paid shares, expiry 16 January 2021	8,454,468	25	N/A	N/A

** Not applicable for securities issued under an employee incentive scheme.*

ASX Additional Information (continued)

(g) Schedule of interests in mining tenements

Location	Tenement	Percentage held / earning*
ELEVADO PROJECT, ATACAMA REGION, CHILE		
Vidalita A2	Exploration	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita B2	Exploration	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita C2	Exploration	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita D2	Exploration	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita E2	Exploration	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita F2	Exploration	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita A1 1/60	Mining	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita B1 1/60	Mining	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita C1 1/60	Mining	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita D1 1/60	Mining	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita E1 1/36	Mining	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalita F1 1/40	Mining	Option to acquire 100% (Prospex/Emu Option Agreement)
Vidalota A	Exploration	Option to acquire 100% (BLC/Emu Option Agreement)
Vidalota A1 AL 18	Mining	Option to acquire 100% (BLC/Emu Option Agreement)
Vidalota B	Exploration	Option to acquire 100% (BLC/Emu Option Agreement)
Vidalota B1 AL 20	Mining	Option to acquire 100% (BLC/Emu Option Agreement)
Vidalota C	Exploration	Option to acquire 100% (BLC/Emu Option Agreement)
Vidalota D	Exploration	Option to acquire 100% (BLC/Emu Option Agreement)
Vidalota E	Exploration	Option to acquire 100% (BLC/Emu Option Agreement)
Peon 1-16	Exploration	Option to acquire 100% (BLC/Emu Option Agreement)
Ciclope Tuerto 1 -9	Exploration	Option to acquire 100% (BLC/Emu Option Agreement)
Tierra 1 – 15	Exploration	Emu 100%
AUSTRALIA		
EL29/1080	Application	Emu 100%