emergent resources limited

ABN 68 125 323 622

annualreport

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Annual Report

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Corporate Directory

Directors

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

Company Secretary
Kevin R Hart

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

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

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

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

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

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

The Company is domiciled in Australia.

Chairman's Letter

Dear Valued Shareholder,

As Chairman of the Board of Emergent Resources Limited ("Emergent"), I am pleased to again welcome all shareholders to our second Annual Meeting.

Emergent listed on the ASX on 4th August 2008 through the issue of 20,000,000 fully paid ordinary shares at 20 cents each, raising $4,000,000, to acquire, explore and develop Emergent's substantial exploration tenements targeting iron, base metals, precious metals and uranium. Emergent has since issued a further 6,242,500 shares at $0.40 with a 1:2 option exercisable at $0.20 on or before 30 September 2010. This issue raised $2,497,000 to be principally used as working capital for further drilling of the Company's highly prospective Beyondie Magnetite Iron Ore Project.

Following the encouraging results of the Beyondie drilling, Emergent has entered into a Memorandum of Understanding whereby the Chinese State Owned Enterprise, China Metallurgical Investment Company ("CMIC") has the right to subscribe for 15% of the shares and 15% of the options in the capital of Emergent (on a fully diluted basis) at $0.45 and $0.27 respectively to rank pari passu with existing shares and options.

Subject to their successful Due Diligence, CMIC will also provide $200M funding of a proposed 50/50 Joint Venture ("JV") to develop Beyondie to its initial production target of 3MTpa of beneficiated magnetite concentrate. CMIC has commenced its due diligence with an intent to proceed immediately thereafter to Heads of Agreement for the JV.

Since our last Annual Report, Emergent has continued its geological evaluation of its base metals, precious metals and uranium tenements with encouraging results.

The Board is pleased with its positive exploration results since listing as it continues to implement the development strategy outlined in its Prospectus.

It is encouraging to your Directors to note that the "Australian" newspaper reported on 17 August 2009 "The best performing IPO in 2008/09 was iron ore and base metals explorer Emergent Resources, which after listing in August last year [2008], ended the financial year at a 150 per cent premium to its 20¢ issue price."

The Board's skills in prospecting, geology, financial and administrative disciplines and its relevant experience are particularly suited to assessment and development of its resource discoveries. Emergent's Executives and staff have contributed in no small manner to the remarkable progress we have made in little over a year since our ASX Listing and we thank them for their loyalty and dedicated focus.

Whilst the risks in mineral exploration are well known, it is the Directors' opinion that the potential rewards certainly warrant the exploration and development expenditure being undertaken by the Company in accordance with the business plan adopted by your Directors.

The Company's adopted motto reflects the philosophy of your Board;

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

I therefore appreciate your investment and continuing interest in Emergent Resources Limited.

Yours Faithfully

George McMaster
Non-executive Chairman of Directors

Review of Operations

Beyondie Magnetite Project

Emergent remains focused on developing the Beyondie Project into a world class magnetite project with potential for a long life iron ore operation. Highlights from the company's first year include:

- Announcing the maiden magnetite resource base of 127 million tonnes Inferred Resource and 500- 600 million tonnes Target Mineralisation.
- Significant reported drilling results include;
    - 86 metres averaging 33%Fe, equivalent to 47.15% contained magnetite.
    - 60 metres averaging 34.8%Fe, equivalent to 49.8% contained magnetite.
    - 64 metres averaging 29.8%Fe, equivalent to 42.6% contained magnetite.
- A new tenement application extends the covered strike length of the target Beyondie Magnetite Schist (BMS) from 45 to 52 km.
- Non-binding MOU signed with China Metallurgical Investment Co Ltd (CMI) for development of Beyondie Magnetite Project. The agreement includes a 50:50 Development JV, provision of A$200m funding of the project, and A$4.9m EMG share placement to CMI.
- Commenced a pre-scoping study, which is examining the capital, equipment and logistical requirements for establishing the base case viability of the Beyondie Magnetite Project. The study will be completed towards the end of 2009, and will support a Prefeasibility Study expected to commence in 2010.

The maiden resource was generated from 46 holes for 5651 metres completed over two phases of Reverse Circulation drilling focused on a 12km section of the target horizon in tenement E52/1806. The Resource is in the Inferred category and was calculated using a cut-off grade of 21%Fe. The resource and target mineralization estimates can be found in the following tables.

Fe% Grade Range	Tonnes	Fe %	Fe_2O_3 %	SiO_2 %	Al_2O_3 %	TiO2%	P ppm	S %	LOI %
Total INFERRED	127,000,000	28.15	40.25	49.42	3.96	0.16	1164	0.02	2.63

	Tonnes	Fe %	Fe_2O_3 %	SiO_2 %	Al_2O_3 %	TiO_2 %	P ppm	S %	LOI %	MagEst %
TARGET without INFERRED	500 -600 million	25 - 30	35 - 45	45 - 55	3.5 - 5.0	0.1- 0.2	1000- 3000	0.01-0.05	2 - 6	5 - 15

The Target Mineralisation is based on geological modelling from drilling completed at the Beyondie Project to date and was determined as part of the Independent Mineral Resource Estimate at Beyondie, and helps confirm the large scale potential of the project. The target mineralisation tonnage and grade is conceptual in nature in that there has been insufficient exploration at this stage to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a mineral resource

The informally named Beyondie Magnetite Schist (BMS) forms the main host rock at the project. It comprises three siliceous, magnetite-rich horizons (indentified as BMS1, BMS2 and BMS3). The BMS possibly represents a deformed (folded and faulted) metasomatically-enriched iron formation. It is essentially composed of two minerals (in decreasing order of abundance): silica and magnetite, with minor accessory feldspar and chlorite and differs chemically from the Banded Iron Formations of the Midwest region.

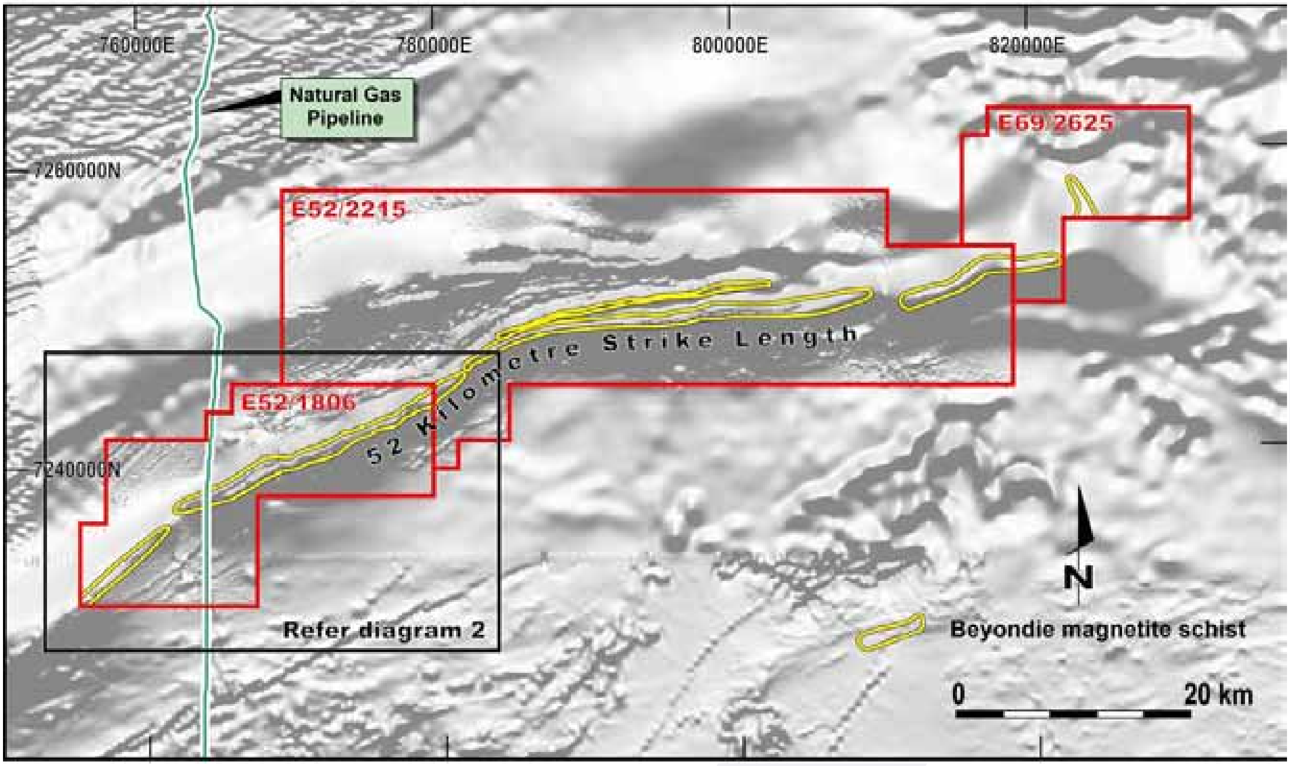
Review of Operations (continued)

The company has recently commenced a substantial drilling programme on tenement E52/1806 which is designed to extend and convert much of the 500-600 Mt target mineralization to build a JORC-compliant Inferred resource of 1 Bt. A systematic Davis Tube sampling programme will confirm the potential of the deposit to produce a high-grade Direct Reduction Iron (DRI) quality magnetite concentrate grading above 68% Fe with <5% SiO2 at an expected satisfactory weight recovery.

Leading engineering consultancy firms ProMet Engineers Pty Ltd and MSP Engineering Pty Ltd have been engaged to progress the engineering side of the project. The firms will set and manage contract milestones as the Project advances. Subsequent to the end of the financial year the company made a key internal management/technical appointment in Dan Podger. Dan, a well respected project manager, will play a vital role by coordinating and monitoring consultant activities to ensure the timely and cost-effective development of Beyondie.

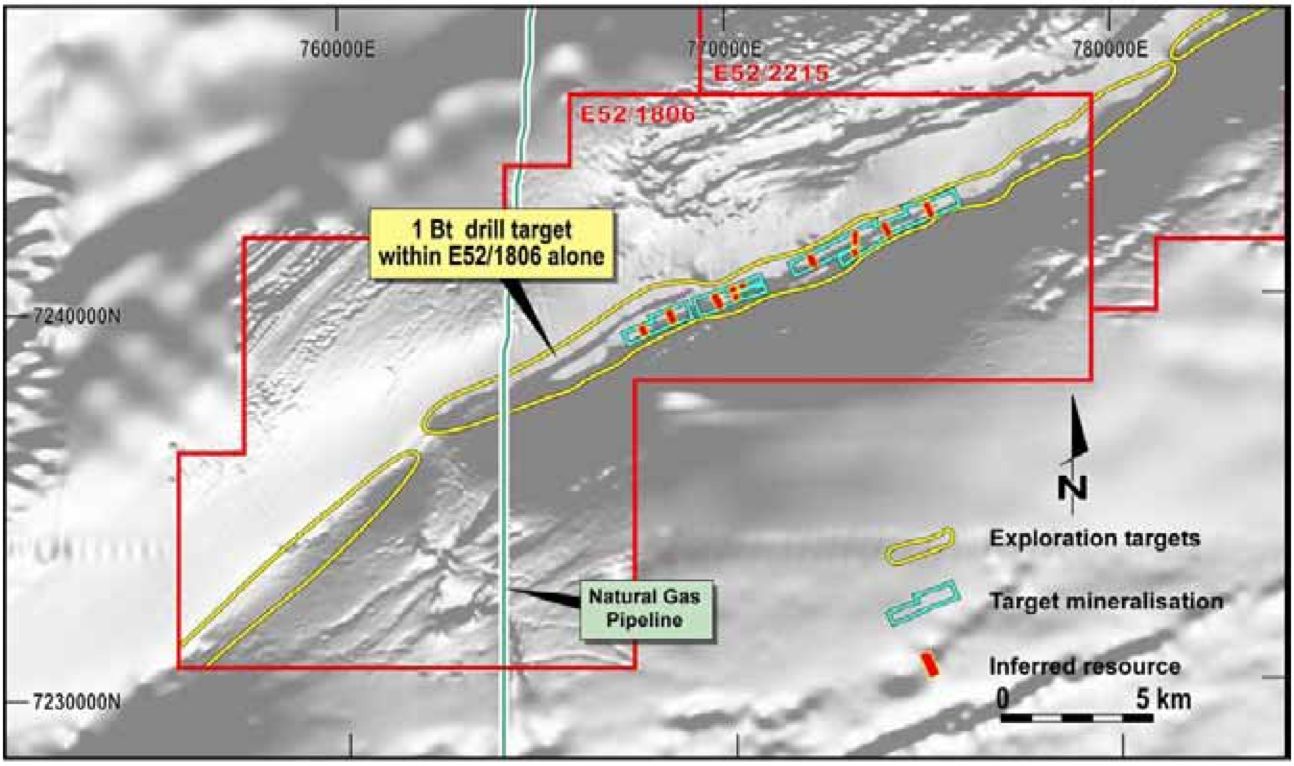
Emergent believes the scale of the deposit, quality of the magnetite, expected low waste ore stripping ratio and grainsize characteristics provide a preliminary indication of favourable cost structure for mining and processing.

Figure 1. Location of Emergent's 52 kilometre strike length of Beyondie Magnetite Schist on detailed processed magnetic.



Review of Operations (continued)

Figure 2; Showing 1 billion tonne drill target for Beyondie Magnetite Schist, 127 million tonne Inferred Resource, and 500-600 million tonne Target Mineralisation over 11 kilometres strike length.



Glengarry Base Metals Project

Emergent is quickly establishing new targets and opportunities in its primary Base Metal Project at Glengarry, near Wiluna. They result from a three-pronged approach that includes:

1. A collaborative lithostructural study between Emergent and Resource Potentials Pty Ltd, a consulting geophysical firm, using the company's recently acquired detailed magnetic data.

2. A collaborative mineral mapping and alteration study between Emergent and the Mineral and Environmental Sensing Group at the CSIRO, utilising the company's HyMap data.

3. Compilation of the public-domain legacy data, part of which will be merged with the surface MMI (Mobile Metal Ion) sampling completed by Emergent in support of 1 and 2. Interrogation of the surface geochemistry data will occur after batch and regolith domain leveling within a controlled regolith-landform and geological frameworks established in 1 and 2.

Lithostructural Study

Processing and imaging of compiled public-domain datasets is complete. The merging of these with higher resolution aeromagnetic surveys is complete for two of the six study areas. Targeting on the two completed study areas has focused on extensions to known mineralised trends/structures and potential new target areas.

Alteration Study

HyMap data for Glengarry has been separated into mineral abundance and compositional information representing ferric iron, ferrous iron, mica, smectite, kaolinite, carbonate and Mg OH minerals (e.g. chlorite). The team is presently checking for mineral products that may cross cut published geological boundaries as an indicator of possible alteration overprinting and regolith processes. The study remains in its infancy, but on target for an October 2009 completion.

Review of Operations (continued)

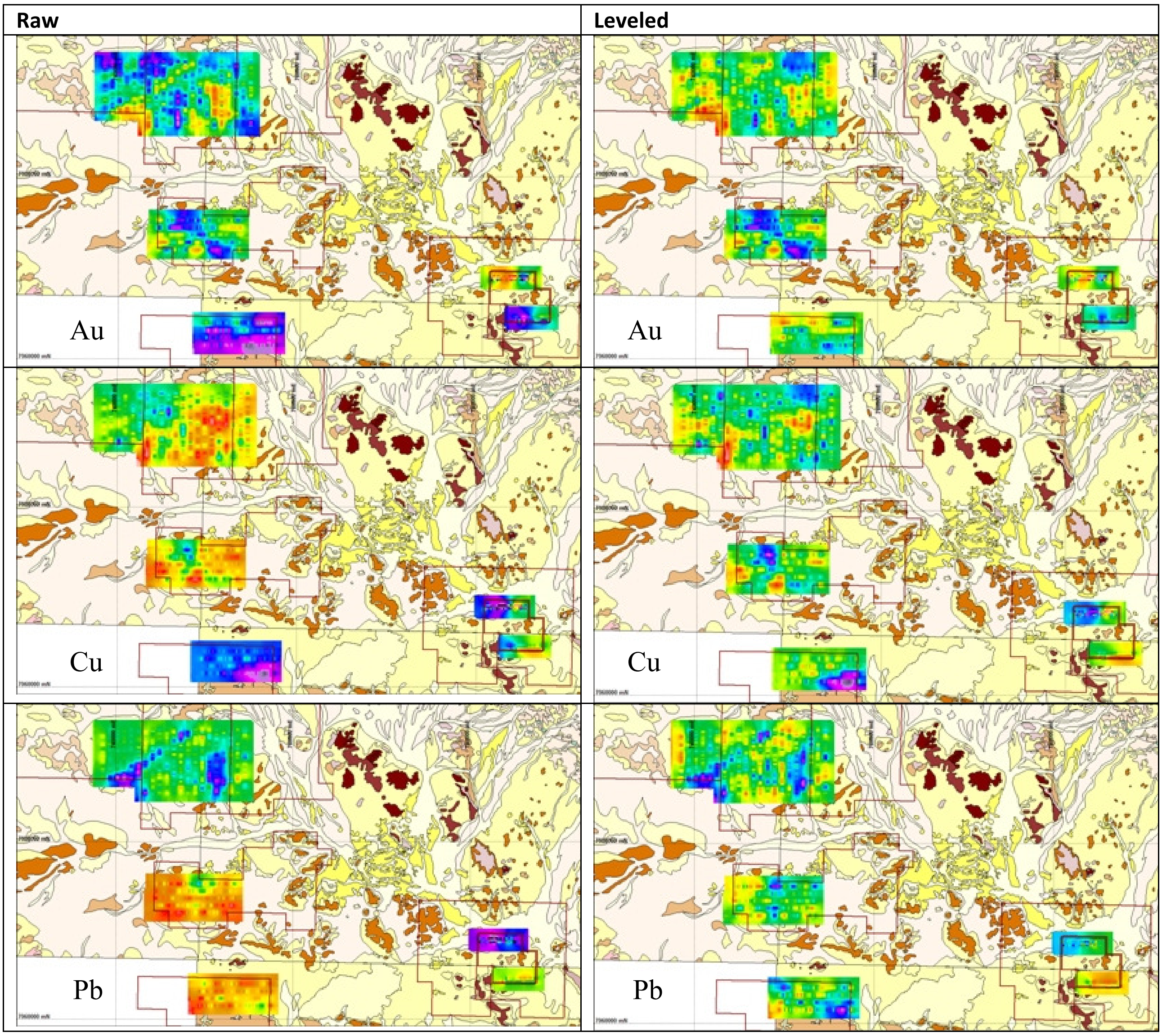
Legacy Data Compilation

MMI geochemistry for the Glengarry Project was batch and regolith domain leveled. Geochemical leveling is a statistical manipulation of data that minimizes the differences between the different batches of samples and which can unmask the subtle expressions of mineralisation that are commonly obscured by such interbatch analytical variation and also variations in the natural backgrounds between different surface geology units.

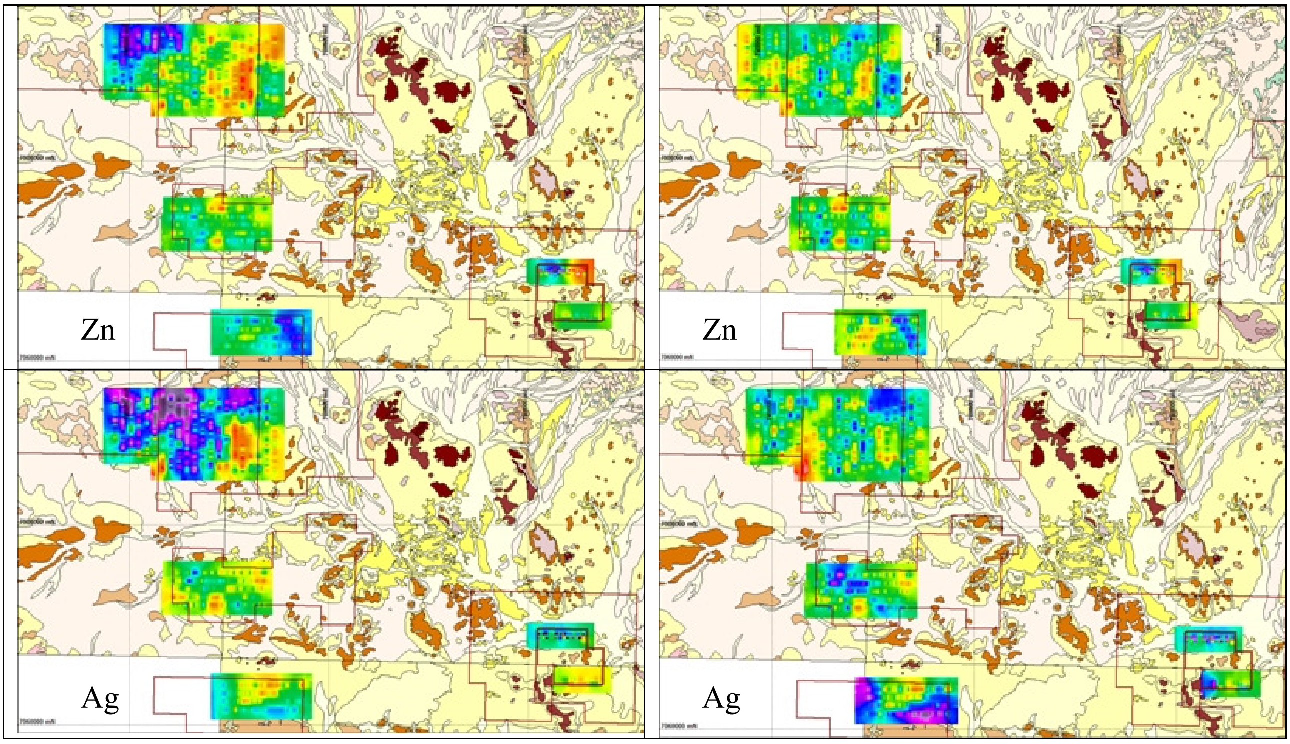
The leveling techniques are based on the concept that each unique batch contains both anomalous samples and a background population. The aim is to establish a consistency on the thresholds that separate anomalies and backgrounds for each batch. Leveling improves Emergent's ability to resolve real from false anomalies and significantly constrains anomalies to provide drill ready targets, without the need for expensive pattern drilling.

Targets for zinc, lead, gold, uranium and manganese are apparent in addition to the high priority targets at North Pool and Mt Bartle.

Figure 3 Overleaf Raw and Leveled MMI geochemistry images for gold (au), Copper (Cu), Lead (Pb), Zinc (Zn) and Silver (Ag)



Review of Operations (continued)



Competent Persons Statement – Inferred and Target Resources

The information in this report which relates to Mineral Resources or Ore Reserves is based on information compiled by Mr Philip A. Jones, who is a Corporate Member of the Australasian Institute of Mining and Metallurgy, a Member of the Australian Institute of Geoscience and independent consultant to the Company. Mr Jones is an associate of Al Maynard & Associates and has over 30 years of exploration and mining experience in a variety of mineral deposit styles including iron mineralisation. Mr Jones has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Jones consents to inclusion in the report of the matters based on his information in the form and context in which it appears.

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

Corporate Governance Statement

Introduction

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

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

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

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

Explanation for Departures from Best Practice Recommendations

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

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

Role of the Board of Directors

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

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

Corporate Governance Statement (continued)

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

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

Board Processes

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

Evaluation of Senior Executive Performance

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

Corporate Governance Council Recommendation 2
Structure the Board to Add Value

Board Composition

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

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

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

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

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

Independent Chairman

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

Corporate Governance Statement (continued)

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

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

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

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

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

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

Corporate Governance Council Recommendation 3
Promote Ethical and Responsible Decision Making

The Board actively promotes ethical and responsible decision making.

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

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

Corporate Governance Statement (continued)

Corporate Governance Council Recommendation 4
Safeguarding Integrity in Financial Reporting

Audit Committee

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

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

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

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

Financial reporting

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

Corporate Governance Council Recommendation 5
Make Timely and balanced disclosure

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

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

Continuous Disclosure

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

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

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

Corporate Governance Statement (continued)

Corporate Governance Council Recommendation 6
Respect the Rights of Shareholders

Communications

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

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

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

Corporate Governance Council Recommendation 7
Recognise and manage risk

Risk management policy

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

Risk management and the internal control system

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

In order to implement the Company's Risk Management Policy, it was considered important that the Company establish an internal control regime in order to:

- Assist the Company to achieve it's strategic objectives;
- Safeguard the assets and interests of the Company and its stakeholders; and
- Ensure the accuracy and integrity of external reporting.

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

- Business risk management

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

- Internal controls

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

- Financial reporting

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

Corporate Governance Statement (continued)

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

- Operations review

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

- Environment and safety

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

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

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

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

The Company does not have an internal audit function.

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

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

Corporate Governance Council Recommendation 8
Remunerate Fairly and Responsibly

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

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

Corporate Governance Statement (continued)

Corporate Governance Council Recommendation 8
Remunerate Fairly and Responsibly

Distinguish Between Executive and Non-Executive Remuneration

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

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

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

Directors' Report

The Directors present their report on Emergent Resources Limited for the year ended 30 June 2009.

Directors

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

George McMaster – FAIM AAICD, JP

Non-Executive Chairman appointed 8 June 2007

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

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

Garry Hemming – BAppSC, MAusIMM

Managing Director (Executive) appointed 9 May 2007

Mr Hemming is a consulting geologist with over 30 years experience in all aspects of the mining and exploration industry. His experience includes exploration in gold, platinum, base metals, uranium, mineral sands, diamonds and rare earths and has personally been responsible for a number of new mineral discoveries.

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

Kevin Judge – FCA, FCPA, FCIS

Non-executive director appointed 8 June 2007

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

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

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

Company Secretary

Kevin Hart (appointed 2 March 2009)

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

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

Former company secretary

John Cooke (resigned 2 March 2009)

Directors' Report (continued)

Directors' Interests

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

Director	Directors' Interests in Ordinary Shares	Directors' Interests in Unlisted Options	Directors' Interests in Listed Options	Directors Interests in Options that are Vested and Exercisable
G McMaster	3,137,500	500,000 (i)	2,862,370	2,987,370
G Hemming	2,825,000	2,000,000 (i)	2,473,633	2,973,633
K Judge	850,000	300,000 (i)	539,560	614,560

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

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

Directors' Meetings

The number of meetings of the Company's Directors held during the year ended 30 June 2009, and the number of meetings attended by each Director are as follows:

Director	Board of Directors' Meetings Held	Board of Directors' Meetings Attended
G McMaster	8	8
G Hemming	8	8
K Judge	8	8

Principal Activities

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

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

Results of Operations

The net loss after income tax for the financial year was $773,644 (2008: $361,367).

Dividends

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

Directors' Report (continued)

Review of Activities

Exploration

The main focus of the Company's exploration activity during the year has been the Beyondie Magnetite Iron Project that the Company is earning an 80% interest in from De Grey Mining Limited by spending $1.75m over 3 years. Exploration activity during the year has resulted in an initial Inferred Resource estimate of 127 million tonnes at 28.15% Fe, with low impurities. The Company has announced an initial target resource at the Beyondie Project of 500 to 600 million tonnes.

In addition to its work on the Beyondie Magnetite Iron Project, the Company has also focussed on developing targets at its Glengarry Base Metals and Uranium Project.

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

Financial Position

At the end of the financial year the Company had $706,750 (2008: $4,920,648) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure is $3,692,693 (2008: $147,445). Mineral exploration and evaluation expenditure during the year for the Company was $3,545,248 (2008: $147,445).

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

Significant Changes in the State of Affairs

Other than the following, there have been no significant changes in the state of affairs of the Company during or since the end of the financial year.

On 4 August 2008 the Company was successfully admitted to the official list of the Australian Securities Exchange. The initial public offering raised $4,000,000 before costs of the issue by the issue of 20,000,000 ordinary shares.

Options Over Unissued Capital

Unlisted Options

During the financial year the Company granted no unlisted options over unissued shares to employees and Directors of the Company.

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

Since the end of the financial year no unlisted options have been issued to employees of the Company. No unlisted options have been exercised since the end of the financial year.

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

Number of Options Granted	*Exercise Price*	*Expiry Date*
3,700,000 (i)	20 cents	31 August 2012

(i) Unlisted options are subject to various vesting period. 925,000 are vested and exercisable at the reporting date. No options are vested and un-exercisable.

Directors' Report (continued)

Options Over Unissued Capital (Continued)

Listed Options

During the financial year the Company granted 21,075,001 listed options over unissued shares under an entitlement issue raising $210,750 before costs of the offer by the issue of 21,075,001 options. The options are exercisable at 20 cents each and expire on 30 September 2010. The options are quoted on the Australian Securities Exchange.

Since the end of the financial year 3,121,250 listed options, exercisable at 20 cents each and expiring 30 September 2010 have been issued as part of a capital raising completed on 1 September 2009.

197,500 ordinary shares were issued during the financial year on the exercise of listed options. 756,500 shares have been issued on the exercise of listed options since the end of the financial year.

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

Number of Options Granted	*Exercise Price*	*Expiry Date*
23,242,251	20 cents	30 September 2010

All listed options are exercisable at the reporting date.

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

Matters Subsequent to the End of the Financial Year

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

- On 3 July 2009 the Company announced a Placement to raise up to $2,529,000. The first tranche of the placement of 4,215,000 Shares and 2,107,500 Options was completed on 13 July 2009, raising $1,686,000, The balance of the placement was completed on 1 September 2009 with the allotment of 2,027,500 Shares and 1,013,750 Options, raising a further $811,000;
- On 3 July 2009 the Company announced that it had signed a non-binding Memorandum of Understanding with China Metallurgical Investment Company Ltd. The agreement provides for a placement equivalent to 15% of the issued capital of Emergent Resources Limited to raise $4,900,000, project finance of up to $200 million and a 50:50 Project Development Joint Venture.

Likely Developments and Expected Results of Operations

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

Environmental Regulation and Performance

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

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

Directors' Report (continued)

Remuneration Report (Audited)

Remuneration Policy

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

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

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

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

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

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

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

Executive Employment Agreements

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

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

Unlisted Options

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

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

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

Directors' Report (continued)

Remuneration Report (Audited)

Details of Remuneration for Directors and Executive Officers

During the year there were no senior executives which were employed by the Company for whom disclosure is required.

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

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

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

2008 *Directors*	*Base Emolument* *$*	*Superannuation Contributions* *$*	*Other Benefits* *$*	*Value of Options* *$*	*Total* *$*
G McMaster	**-**	**-**	**-**	**-**	**-**
G Hemming	**-**	**-**	**-**	**-**	**-**
K Judge	**-**	**-**	**-**	**-**	**-**
Total	**-**	**-**	**-**	**-**	**-**

End Remuneration Report

Officer's Indemnities and Insurance

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

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

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

Directors' Report (continued)

Proceedings on behalf of the Company

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

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

Corporate Governance

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

Non-audit Services

During the year Grant Thornton Audit Pty Ltd, the Company's auditor, has performed other services in addition to their statutory duties.

	Company	
Total remuneration paid to auditors during the financial year:	**2009** **$**	2008 $
Audit and review of the Company's financial statements	**27,106**	14,500
Independent Accountants Report – Initial Public Offering	**-**	14,750
Total	**27,106**	29,250

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

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

Directors' Report (continued)

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on page 23.

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

DATED at Perth this 25th day of September 2009.

G Hemming
Director

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Emergent Resources Pty Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton Audit Pty Ltd

GRANT THORNTON AUDIT PTY LTD

J W VIBERT
Director – Audit & Assurance Services

Perth, 25 September 2009

Income Statement
For the financial year ended 30 June 2009

	Note	2009 $	2008 $
Revenue	5	**79,355**	24,680
Total revenue		**79,355**	24,680
Administration expenses		**(115,482)**	(34,186)
Employee expenses		**(280,860)**	-
Corporate expenses		**(234,519)**	(114,497)
Occupancy expenses		**(33,681)**	-
Marketing expenses		**(178,423)**	-
Financing expenses		**(412)**	-
Depreciation expenses	6	**(9,622)**	(2,406)
Share issue expenses		**-**	(234,958)
Loss before income tax	6	**(773,644)**	(361,367)
Income tax expense/(benefit)	7	**-**	-
Loss attributable to members for the year		**(773,644)**	(361,367)
Earnings per share for loss attributable to the ordinary equity holders of the Company			
Basic earnings/(loss) per share	27	**(1.94)**	(0.04)
Diluted earnings/(loss) per share	27	**(1.94)**	(0.04)

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

Balance Sheet
As at 30 June 2009

	Note	2009 $	2008 $
Current assets			
Cash and cash equivalents	8	**706,750**	4,920,648
Trade and other receivables	9	**65,518**	8,254
Other current assets	10	**18,002**	33,541
Total current assets		**790,270**	4,962,443
Non-current assets			
Property, plant and equipment	11	**52,019**	15,588
Capitalised mineral exploration and evaluation expenditure	12	**3,692,693**	147,445
Total non-current assets		**3,744,712**	163,033
Total assets		**4,534,982**	5,125,476
Current liabilities			
Share subscription liability	13a	**2,000**	4,902,367
Trade and other payables	13b	**499,591**	105,483
Employee benefits provision	13c	**11,157**	-
Total current liabilities		**512,748**	5,007,850
Total liabilities		**512,748**	5,007,850
Net assets		**4,022,234**	117,626
Equity			
Issued capital	14	**5,157,245**	478,993
Accumulated losses	16	**(1,135,011)**	(361,367)
Total equity		**4,022,234**	117,626

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
For the financial year ended 30 June 2009

	Note	Issued capital $	Option reserve $	Accumulated losses $	Total $
Balance at incorporation		1	-	–	1
Loss for the period	16	–	-	(361,367)	(361,367)
Shares issued during the period	14	615,085	-	–	615,085
Share issue costs	14	(136,093)	-	–	(136,093)
Balance at 30 June 2008		478,993	-	(361,367)	117,626
Loss for the financial year	**16**	**-**	**-**	**(773,644)**	**(773,644)**
Shares issued during the financial year	**14**	**5,089,500**	**-**	**-**	**5,089,500**
Share issue costs	**14**	**(621,998)**	**-**	**-**	**(621,998)**
Options issued during the financial year	**15**	**-**	**210,750**	**-**	**210,750**
Balance at 30 June 2009		**4,946,495**	**210,750**	**(1,135,011)**	**4,022,234**

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

Cash Flow Statement
For the financial year ended 30 June 2009

	Note	2009 $	2008 $
Cash flows from operating activities			
Interest received		**79,355**	24,680
Payments to suppliers and employees		**(795,488)**	(135,664)
Net cash used in operating activities	26	**(716,133)**	(110,984)
Cash flows from investing activities			
Payments for exploration and evaluation		**(2,129,607)**	(134,957)
Payments for property, plant and equipment		**(46,053)**	(17,994)
Net cash used in investing activities		**(2,175,660)**	(152,951)
Cash flows from financing activities			
Share subscription monies received		**41,500**	5,517,453
Repayment of oversubscriptions		**(902,367)**	-
Payments for transaction costs relating to share issues		**(671,988)**	(332,870)
Proceeds from the issue of options		**210,750**	-
Net cash provided by/(used in) financing activities		**(1,322,105)**	5,184,583
Net increase/(decrease) in cash held		**(4,213,898)**	4,920,648
Cash and cash equivalents at the beginning of the financial year		**4,920,648**	-
Cash and cash equivalents at the end of the financial year	8	**706,750**	4,920,648

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

Notes to the Financial Statements
For the financial year ended 30 June 2009

Note 1 Summary of significant accounting policies

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

(a) Basis of preparation

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

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

The financial report of the Company was authorised for issue in accordance with a resolution of Directors on 25th September 2009.

Statement of Compliance

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

Early adoption of standards

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Company follows:

AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 128, 131, 132, 133, 134, 136, 137, 138 & AASB 139 and interpretations 9 & 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an investment in Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the Company cannot be determined. The following changes to accounting requirements are included:

- acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity;
- contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
- a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
- there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Company's policy);
- dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;

Notes to the Financial Statements
For the financial year ended 30 June 2009

Basis of preparation (Continued)

Early adoption of standards (Continued)

- impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and

- where there is, in substance, no change to Company interests, parent entitles inserted above existing Company's shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation. The Company will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the present entity's share of net assets acquired or change its policy so goodwill recognised also reflects that of the non-controlling interest.

AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023, & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Company's board for the purpose of decision making. While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe impairment will result however.

AASB 101: Presentation of Financial Statements, AASB2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Company. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined there will be no effect on the Company as a policy of capitalising qualifying borrowing costs has been maintained by the Company.

AASB 2008-1: Amendments to Australian Accounting Standards – Share-based Payments: Vesting Conditions and Cancellations [AASB 2} (applicable for annual reporting periods commencing 1 January 2009). This amendments to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purpose of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or another party.

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

Notes to the Financial Statements
For the financial year ended 30 June 2009

Basis of preparation (Continued)

Critical accounting estimates

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

(b) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(c) Revenue recognition and receivables

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

Interest income

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

(d) Income tax

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

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

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

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

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

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

Notes to the Financial Statements
For the financial year ended 30 June 2009

(e) Leases

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

(f) Impairment of assets

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

(g) Cash and cash equivalents

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

(h) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

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

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(f)). Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

Notes to the Financial Statements
For the financial year ended 30 June 2009

(i) Mineral exploration and evaluation expenditure

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

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

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

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

(j) Joint ventures

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

(k) Trade and other payables

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

(l) Employee benefits

Wages, salaries and annual leave.

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

Long service leave.

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

Notes to the Financial Statements
For the financial year ended 30 June 2009

Employee benefits (Continued)

Share based payments.

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

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

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

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

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

(m) Issued capital

Ordinary shares are classified as equity.

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

(n) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(o) Goods and services tax (GST)

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

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

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

(p) Comparative figures

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

Notes to the Financial Statements
For the financial year ended 30 June 2009

(q) Financial Instruments

Recognition

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

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

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

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

(ii) Held-to-maturity investments

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

(iii) Loans and receivables

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

(iv) Financial liabilities

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

(r) Fair value estimation

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

Investments in equity and debt securities

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

Trade and other receivables

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

Notes to the Financial Statements
For the financial year ended 30 June 2009

Note 2 Financial risk management

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

(a) Credit risk

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

Trade and other receivables

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

Cash deposits

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

(b) Liquidity risk

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

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

(c) Market risk

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

Interest rate risk

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

Other market risks

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

(d) Capital management

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

Notes to the Financial Statements
For the financial year ended 30 June 2009

Note 3 Critical accounting estimates and judgements

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

Accounting for capitalised exploration and evaluation expenditure

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

Note 4 Segment information

Business segments - The Company is involved in the mineral exploration sector.

Geographical segments - The Company is organised on a national basis with exploration and development interests in Western Australia.

Notes to the Financial Statements
For the financial year ended 30 June 2009

Note 5 Revenue

	Note	2009 $	2008 $
Interest income		**79,355**	24,680

Note 6 Loss for the year

	Note	2009 $	2008 $
Loss before income tax includes the following specific expenses:			
Depreciation			
Office equipment		**4,918**	2,406
Plant and equipment		**667**	–
Motor vehicles		**4,037**	–
		9,622	2,406
Employee expenses			
Wages and salaries		**314,288**	–
Superannuation		**50,658**	–
Salary costs capitalised to exploration		**(263,732)**	–
Director's fees		**114,583**	–
Other employment expenses		**65,063**	–
		280,860	–

Note 7 Income tax

	Note	2009 $	2008 $
a) Income tax expense			
Current income tax:			
Current income tax charge (benefit)		**(1,475,667)**	(93,611)
Deferred income tax:			
Relating to origination and reversal of timing differences		**1,475,667**	93,611
Income tax expense reported in the income statement		**-**	–
b) Reconciliation of income tax expense to prima facie tax payable			
Loss from continuing operations before income tax expense		**(773,644)**	(361,367)
Tax at the Australian rate of 30% (2008 – 30%)		**(232,093)**	(108,410)
Tax effect of permanent differences:			
Capital raising costs		**(45,486)**	(8,166)
Net deferred tax asset benefit not brought to account		**277,579**	116,576
Tax (benefit)/expense		**-**	–

Notes to the Financial Statements
For the financial year ended 30 June 2009

Note 7 Income tax (continued)

	Note	2009 $	2008 $
c) Deferred tax – Balance Sheet			
Liabilities			
Prepaid expenses		**-**	(9,699)
Capitalised exploration expenditure		**(1,107,808)**	(44,234)
		(1,107,808)	(53,933)
Assets			
Revenue losses available to offset against future taxable income		**1,475,667**	166,159
Employee provisions		**3,347**	-
Accrued expenses		**22,949**	4,350
Deductible equity raising costs		**173,775**	32,662
Net unrecognised deferred tax asset		**567,930**	149,238
d) Deferred tax – Income Statement			
Liabilities			
Prepaid expenses		**-**	(9,699)
Capitalised exploration expenditure		**(1,053,875)**	(44,234)
		(1,053,875)	(53,933)
Assets			
Accrued expenses		**18,599**	4,350
Increase in tax losses carried forward		**1,309,508**	166,159
Employee provisions		**3,347**	-
Deferred tax benefit not recognised		**277,579**	116,576

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

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

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

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

All unused tax losses were incurred by Australian entities.

Notes to the Financial Statements
For the financial year ended 30 June 2009

	Note	2009 $	2008 $

Note 8 Current assets - Cash and cash equivalents

Cash at bank		**704,750**	18,281
Cash held in share application trust account		**2,000**	4,902,367
		706,750	4,920,648

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

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

Cash at bank		**106,840**	4,920,648
Deposits at call		**599,910**	-
Cash and cash equivalents per cash flow statement		**706,750**	4,920,648

(b) Deposits at call

The deposits are bearing fixed interest rates of 6.80% (2008: N/a). These deposits have an average maturity of 365 days and are due to mature in October 2009.

Note 9 Current assets – Trade and other receivables

GST recoverable		**65,518**	8,254

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

Note 10 Current assets – Other assets

Prepaid expenses		**-**	32,331
Deposits		**18,002**	1,210
		18,002	33,541

Notes to the Financial Statements
For the financial year ended 30 June 2009

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

	Note	2009 $	2008 $
Office equipment			
At cost		**29,855**	17,994
Accumulated depreciation		**(7,324)**	(2,406)
		22,531	15,588
Plant and equipment			
At cost		**6,505**	-
Accumulated depreciation		**(667)**	-
		5,838	-
Motor vehicles			
At cost		**27,687**	-
Accumulated depreciation		**(4,037)**	-
		23,650	-
		52,019	15,588
Reconciliation of movements:			
Office equipment			
Net book value at start of the year		**15,588**	-
Additions		**11,861**	17,994
Depreciation		**(4,918)**	(2,406)
Net book value at end of the year		**22,531**	15,588
Plant and equipment			
Net book value at start of the year		**-**	-
Additions		**6,505**	-
Depreciation		**(667)**	-
Net book value at end of the year		**5,838**	-
Motor vehicles			
Net book value at start of the year		**-**	-
Additions		**27,687**	-
Depreciation		**(4,037)**	-
Net book value at end of the year		**23,650**	-
		52,019	15,588

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

Notes to the Financial Statements
For the financial year ended 30 June 2009

	Note	2009 $	2008 $

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

In the exploration and evaluation phase:			
Capitalised exploration costs at the start of the year		**147,445**	-
Acquisition costs capitalised during the year		**1,086,495**	-
Exploration costs capitalised during the year		**2,458,753**	147,445
Exploration costs written off during the year		**-**	-
Capitalised exploration costs at the end of the year		**3,692,693**	147,445

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

Note 13 Current liabilities

a) Share subscription liability

Share application funds (i)		**2,000**	4,902,367

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

b) Trade and other payables

Trade payables and accrued expenses		**491,608**	105,483
Payroll liabilities		**7,983**	-
		499,591	105,483

c) Employee benefits provision

Employee leave liabilities		**11,157**	-

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

Note 14 Issued capital

a) Ordinary shares

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

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

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

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

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

Notes to the Financial Statements
For the financial year ended 30 June 2009

Note 14 Issued capital (continued)

b) Share capital		**2009 No.**	2008 No.	**2009 $**	2008 $
Issued share capital		**42,347,501**	14,650,001	**4,946,495**	478,993

c) Share movements during the year	*Issue price*				
At the beginning of the year		**14,650,001**	–	**478,993**	–
Issued on incorporation	$1.00	**-**	1	**-**	1
Shares issued	$0.001	**-**	8,500,000	**-**	85
Shares issued	$0.10	**-**	6,150,000	**-**	615,000
Shares issued	$0.14	**7,500,000**	–	**1,050,000**	–
IPO	$0.20	**20,000,000**	–	**4,000,000**	–
Options exercised	$0.20	**197,500**	–	**39,500**	–
Less: costs related to shares issued		**-**	–	**(621,998)**	(136,093)
At the end of the year		**42,347,501**	14,650,001	**4,946,495**	478,993

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

Note 15 Options

a) Options on issue		**2009 No.**	2008 No.	**2009 $**	2008 $
Issued option capital		**24,775,001**	3,700,000	**210,750**	–

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

(i) Unlisted options exercisable by payment of $0.20 each on or before 31 August 2012.

(ii) Listed options issued pursuant to an entitlement issue, exercisable by payment of $0.20 each on or before 30 September 2010.

Notes to the Financial Statements
For the financial year ended 30 June 2009

Note 15 Options (continued)

c) Options on issue at the balance date

The number of options outstanding as at 30 June 2009 is 24,577,501 (2008: 3,700,000). The terms of these options are as follows:

Number of options outstanding	*Exercise price*	*Expiry date*
3,700,000	$0.20	31 August 2012
20,877,501	$0.20	30 September 2010

d) Subsequent to the balance date

3,121,250 options have been granted subsequent to the balance date and prior to the date of signing this report. The options were issued pursuant to a capital raising agreement as attaching securities to shares subscribed for under the placement.

756,500 options have been exercised subsequent to the balance date to the date of signing this report.

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

	2009		2008	
	No.	**WAEP (cents)**	No.	WAEP (cents)
Options outstanding at the start of the year	**3,700,000**	**20.0**	-	-
Listed Options granted during the year - Placement	**21,075,001**	**20.0**	3,700,000	20.0
Options exercised during the year	**(197,500)**	**20.0**	-	-
Options expiring unexercised during the year	**-**	**-**	-	-
Options outstanding at the end of the year	**24,577,501**	**20.0**	3,700,000	20.0

Basis and assumptions used in the valuation of options.

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

Basis and assumptions used in the valuation of options.

The weighted average share price of options exercised during the period is 50 cents.

	Note	**2009 $**	2008 $

Note 16 Reserves and accumulated losses

Accumulated losses:			
At the beginning of the year		**(361,367)**	-
Loss for the year		**(773,644)**	(361,367)
Balance at the end of the year		**(1,135,011)**	(361,367)

Notes to the Financial Statements
For the financial year ended 30 June 2009

Note 17 Financial instruments

Credit risk

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

Impairment losses

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

Liquidity risk

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

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

2008	Carrying amount $	Contractual cash flows $	6 months or less $	6-12 months $	1-2 years $	2-5 years $	More than 5 years $
Trade and other payables	105,483	105,483	105,483	-	-	-	-
	105,483	105,483	105,483	-	-	-	-

Interest rate risk

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

	Carrying amount ($) 2009	Carrying amount ($) 2008
Fixed rate instruments		
Financial assets	**-**	**-**
Variable rate instruments		
Financial assets	**706,750**	**4,920,648**

The weighted average effective interest rates for financial assets at 30 June 2009 is 5.77% (2008: 6.2%). The weighted average maturity period for these financial assets as at 30 June 2009 is 2.5 months (2008: Nil).

Notes to the Financial Statements
For the financial year ended 30 June 2009

Note 17 Financial instruments (Continued)

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

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

2008	Profit or loss		Equity	
	1% increase	1% decrease	1% increase	1% Decrease
Variable rate instruments	49,206	(49,206)	49,206	(49,206)

Fair values

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

	2009		2008	
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Cash and cash equivalents	**706,750**	**706,750**	4,920,648	4,920,648
Trade and other receivables	**65,518**	**65,518**	8,254	8,254
Trade and other payables – at amortised cost	**(499,591)**	**(499,591)**	(105,483)	(105,483)
	272,677	**272,677**	4,823,419	4,823,419

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

Note 18 Dividends

No dividends were paid or proposed during the financial year.

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

Notes to the Financial Statements
For the financial year ended 30 June 2009

Note 19 Key management personnel disclosures

(a) *Directors*

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

(i) *Chairman – non-executive*
George McMaster

(ii) *Executive directors*
Garry Hemming, Managing Director

(iii) *Non-executive directors*
Kevin Judge, Director

(b) *Other key management personnel*

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

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

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

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

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

Option holdings

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

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

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

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

Notes to the Financial Statements
For the financial year ended 30 June 2009

Note 19 Key management personnel disclosures (Continued)

Option holdings (continued)

2008 Name *Directors*	Balance at 9 May 2007	Received during the year as remuneration	Other changes during the year	Balance at the end of the year	Vested and exercisable
G. McMaster	–	–	500,000	500,000	–
G. Hemming	–	–	2,000,000	2,000,000	–
K. Judge	–		300,000	300,000	–

No Options held by Directors in the above table are vested and un-exercisable as at 30 June 2008.

Share holdings

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

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

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

2008 Name *Directors*	Balance at 9 May 2007	Received during the year on exercise of options	Other changes during the year *	Balance at the end of the year
G. McMaster	–	–	3,200,000	3,200,000
G. Hemming	1	–	2,700,000	2,700,001
K. Judge	–	–	800,000	800,000

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

Notes to the Financial Statements
For the financial year ended 30 June 2009

Note 19 Key management personnel disclosures (Continued)

d) *Loans made to key management personnel*

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

f) *Other transactions with key management personnel*

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

	Note	**2009** **$**	2008 $
Note 20 Remuneration of auditors			
Audit or review of the financial reports of the Company		**27,106**	14,500
Independent Experts Report – Initial public offering prospectus		**-**	14,750
Balance at the end of the year		**27,106**	29,250

Note 21 Contingencies

(i) *Contingent liabilities*

There were no material contingent liabilities not provided for in the financial statements of the Company as at 30 June 2009 or 30 June 2008 other than:

Native Title and Aboriginal Heritage

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

(ii) *Contingent assets*

There were no material contingent assets as at 30 June 2009 or 30 June 2008.

Notes to the Financial Statements
For the financial year ended 30 June 2009

Note 22 Commitments

(a) Exploration

The Company has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Company's exploration programmes and priorities. As at balance date, total exploration expenditure commitments on tenements held by the Company have not been provided for in the financial statements and which cover the following twelve month period amount to $504,500(2008: $Nil). These obligations are also subject to variations by farm-out arrangements or sale of the relevant tenements. This commitment does not include the expenditure commitments which are the responsibility of the joint venture partners.

(b) Operating Lease Commitments

The Company has no operating lease commitments.

(c) Contractual Commitment

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

Note 23 Related party transactions

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

Note 24 Interests in joint ventures

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

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

Joint Venture and Exploration Agreement

De Grey Mining Limited - Beyondie Iron Agreement

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

Pandell Pty Ltd – North Pool and Mt Narryer Projects

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

Notes to the Financial Statements
For the financial year ended 30 June 2009

Note 25 Events occurring after the balance sheet date

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

- On 3 July 2009 the Company announced a Placement to raise up to $2,529,000. The first tranche of the placement of 4,215,000 Shares and 2,107,500 Options was completed on 13 July 2009, raising $1,686,000, The balance of the placement was completed on 1 September 2009 with the allotment of 2,027,500 Shares and 1,013,750 Options, raising a further $811,000;
- On 3 July 2009 the Company announced that it had signed a non-binding Memorandum of Understanding with China Metallurgical Investment Company Ltd. The agreement provides for a placement equivalent to 15% of the issued capital of Emergent Resources Limited to raise $4,900,000, project finance of up to $200 million and a 50:50 Project Development Joint Venture.

	Note	**2009 $**	2008 $

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

Loss after tax		**(773,644)**	(361,367)
Non-cash items:			
Depreciation expense		**9,622**	2,406
Share issue costs expensed		**-**	234,958
Changes in net assets and liabilities:			
(Increase) in trade and other receivables		**(8,590)**	(8,254)
(Increase)/decrease in other assets		**13,081**	(33,541)
Increase in trade and other payables		**32,241**	54,814
Increase in employee liabilities		**11,157**	-
		(716,133)	(110,984)

Details of non-cash financing and investing activities

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

Notes to the Financial Statements
For the financial year ended 30 June 2009

Note 27 Earnings per share

	2009 cents	2008 cents
a) Basic earnings per share		
Loss attributable to ordinary equity holders of the Company	**(1.94)**	(0.04)
b) Diluted earnings per share		
Loss attributable to ordinary equity holders of the Company	**(1.94)**	(0.04)
	$	$
c) Loss used in calculation of basic and diluted loss per share		
Consolidated loss after tax from continuing operations	**(773,644)**	(361,367)
	No.	No.
d) Weighted average number of shares used as the denominator		
Weighted average number of shares used as the denominator in calculating basic and dilutive loss per share	**39,794,378**	9,034,175

At 30 June 2009 the Company has on issue 24,577,501 options (2008: 3,700,000) over ordinary shares that are not considered to be dilutive to its reported loss for the year.

Directors' Declaration

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

(a) the financial statements and notes set out on pages 24 to 51 are in accordance with the Corporations Act 2001, including:

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

   (ii) give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the Company.

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

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2009.

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

Signed at Perth this 25th day of September 2009.

G Hemming
Director

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

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

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

Report on the Financial Report

We have audited the accompanying financial report of Emergent Resources Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor

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

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

Independence

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

Electronic presentation of audited financial report

This auditor's report relates to the financial report of Emergent Resources Limited for the year ended 30 June 2009 included on Emergent Resources Limited web site. The Company's directors are responsible for the integrity of the Emergent Resources Limited's web site. We have not been engaged to report on the integrity of the Emergent Resources Limited's web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Auditor's opinion

In our opinion:

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

  i giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and

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

b the financial report also complies with International Financial Reporting Standards as disclosed in Note 1. Report on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 21 of the directors' report for the period ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Emergent Resources Limited for the period ended 30 June 2009, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD

J W VIBERT
Director – Audit & Assurance Services

Perth, 25 September 2009

ASX Additional Information

Pursuant to the Listing Rules of the Australian Securities Exchange Limited, the shareholder information set out below was applicable as at 18th September 2009.

a. Distribution of Equity Securities

Range	Listed Shares Number of Holders	Listed Shares Securities Held	Listed Options Number of Holders	Listed Options Securities Held
1 – 1,000	13	8,988	1	1
1,001 – 5,000	63	220,097	57	258,660
5,001 – 10,000	162	1,523,042	41	341,157
10,001 – 100,000	310	12,077,237	142	4,836,969
100,001 and over	62	26,307,137	37	17,915,464
	610	40,136,501	278	23,352,251

There are 7 shareholders holding unmarketable parcels represented by 820 shares.
There is 1 optionholder holding unmarketable parcels represented by 1,429 options.

b. Substantial Shareholders

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

Shareholder Name	Issued Ordinary Shares Number	%
Pandell Pty Ltd& D P O'Meara & K O'Malley	7,735,000	18.35
Trimglint Pty Ltd	4,078,852	9.67
G J & T M McMaster	3,137,500	7.44
M T & G R Hemming	2,825,001	6.70

c. Twenty Largest Shareholders

Shareholder	Shares Held	% of Issued Capital
Pandell Pty Ltd	6,975,000	14.17
Trimglint Pty Ltd	4,178,852	8.49
Maree Teresa Hemming <Rita Investment A/C>	2,700,000	5.48
Dilkara Nominees Pty Ltd <Millwood Smith Family A/C>	2,500,000	5.08
G J & T M Mcmaster <Dalpura Superannuation A/C>	2,500,000	5.08
W D King & C A King <W D King Super Fund A/c>	1,250,000	2.54
Spinaway Gardens Pty Ltd <Judge Superannuation Fund AC>	820,000	1.67
Sean Mathieson	540,000	1.10
Oakover Gold Limited	500,000	1.02
Dr Neil Tanudisastro	500,000	1.02
Davhal Investments Pty Ltd	485,000	0.99
Mr J G Greer <J J Greer & Son S/F A/C>	450,000	0.91
Dennis William O'Meara	445,000	0.90
Efficient Ships Pty Ltd <The Begonia A/c>	400,000	0.81
Miaari Pty Ltd <Marek & Ilga Petrovs S/F A/C>	400,000	0.81
Prof D J & J L Mahoney	370,000	0.75
Margriet Benninga	350,000	0.71
Bond Street Custodians Ltd <JHSW V03552 A/C>	350,000	0.71
George James McMaster	350,000	0.71
Neil Russell Mott	335,000	0.68
	26,398,852	**53.63**

ASX Additional Information (continued)

d. Twenty Largest Option Holders

Optionholder	Options Held	% of Issued Options
Pandell Pty Ltd	3,500,000	14.99
George James McMaster	2,942,370	12.60
Trimglint Pty Ltd	2,489,149	10.66
Maree Teresa Hemming	2,473,633	10.59
Mr Blumenthal & Mr G Muchinicki <Morry Blumenthal S/F A/C>	580,000	2.48
Spinaway Gardens Pty Ltd <Judge Superannuation Fund A/C>	524,560	2.25
M&M Media and Marketing Consultants Pty Ltd	520,000	2.23
Ron Borland Real Estate Pty Ltd <Super Fund A/c>	302,500	1.30
Dennis William O'Meara	285,000	1.22
Devhal Pty Ltd	268,500	1.15
Sean Mathieson	250,000	1.07
Oakover Gold Limited	250,000	1.07
Joanna Olene Brown	247,500	1.06
Davhal Investments Pty Ltd	242,500	1.04
Gregory and Julie Ann Lewis	222,750	0.95
Efficient Ships Pty Ltd <The Begonia A/C>	200,000	0.86
Fishin Chips Pty Ltd <Stephan Whiting Family A/C>	200,000	0.86
W J & D M Halliday <The Benelong Super Fund A/C>	200,000	0.86
Dr R C Bassett	167,700	0.72
Graham & Suzanne Spottiswood <Spotholme Super Fund A/C>	159,928	0.68
	15,826,090	**68.64**

e. Voting Rights

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

f. Restricted Securities

There are 9,100,000 ordinary fully paid shares on issue which are subject to escrow agreements under which the shares become unrestricted on 4 August 2010.

g. Use of Capital

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

Tenement Schedule
As at 23rd September 2009

TENEMENT	STATUS	REGISTERED HOLDER	EMERGENT %
BEYONDIE			
E52/1806	Granted	De Grey Mining Ltd	Earning 80%
E52/2215	Application	De Grey Mining Ltd	Right to Earn 80%
E52/2474	Application	Emergent Resources Ltd	100%
E69/2625	Application	Emergent Resources Ltd	100%
E69/2669	Application	Emergent Resources Ltd	100%
MARBLE BAR			
E45/2223	Application	Pandell Pty Ltd	100%
E45/2684	Application	Oakover Gold Ltd	100%
E45/3490	Application	Emergent Resources Ltd	100%
P45/2575	Application	Oakover Gold Ltd	100%
P45/2576	Application	Oakover Gold Ltd	100%
P45/2577	Application	Oakover Gold Ltd	100%
MT BARTLE			
E53/893	Granted	Emergent Resources Ltd	100%
E53/1302	Granted	Pandell Pty Ltd	100%
E53/1332	Granted	Pandell Pty Ltd	100%
P53/1417	Granted	Pandell Pty Ltd	100%
P53/1418	Granted	Pandell Pty Ltd	100%
P53/1419	Granted	Pandell Pty Ltd	100%
NORTH POOL			
E53/977	Granted	Emergent Resources Ltd / Pandell Pty Ltd	Earning 80%
E53/1301	Granted	Pandell Pty Ltd	100%
DIAMOND WELL			
E51/1191	Granted	Emergent Resources Ltd	100%
E51/1204	Granted	Pandell Pty Ltd	100%
E51/1205	Granted	Pandell Pty Ltd	100%
PATERSON			
E45/3092	Application	Ian Kerr	100%
E45/3096	Application	Emergent Resources Ltd	100%
E45/3097	Application	Emergent Resources Ltd	100%
RAINBOW BORE			
E51/1206	Granted	Pandell Pty Ltd	100%
CLARRIE WELL			
E51/1207	Granted	Pandell Pty Ltd	100%
FENCELINE			
E51/1208	Granted	Pandell Pty Ltd	100%
SOUTHERN CROSS WELL			
E09/1394	Granted	Emergent Resources Ltd / Pandell Pty Ltd	Earning 80%
BREAKAWAY BORE			
E57/800	Application	Vanguard Exploration Pty Ltd	100

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emergent resources limited

Emergent Resources Limited
Level 1, 1315 Hay Street
West Perth 6005 Western Australia

emergent resources limited

exploring for iron, base and precious metals

ASX - EMG www.emergentresources.com.au

NOTICE OF ANNUAL GENERAL MEETING
&
EXPLANATORY STATEMENT

To be held

At 10.30am, Friday, 20th November 2009

at

Level 1, 1315 Hay Street
WEST PERTH WA 6005

emergent resources limited
exploring for iron, base and precious metals
ASX - EMG www.emergentresources.com.au

16th October 2009

Dear Fellow Emergent Shareholder,

Please find enclosed the Notice of Annual General Meeting for the Shareholders' Meeting to be held at Level 1, 1315 Hay Street, West Perth 6005 at 10.30am on Friday, 20th November 2009.

The purpose of the meeting is to conduct the annual business of the Company, being consideration of the annual financial statements, the remuneration report and in addition seek shareholder approval in accordance with the Corporations Act 2001 and the Listing Rules of the ASX to a number of resolutions, which are set out in the attached Notice of Meeting paper.

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

Yours sincerely

George McMaster
Chairman

EMERGENT RESOURCES LIMITED
ABN 68 125 323 622

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Emergent Resources Limited will be convened at 10.30am on Friday, 20th November 2009 at Level 1, 1315 Hay Street, West Perth, Western Australia.

AGENDA

ORDINARY BUSINESS

1. **Discussion of Financial Statements and Reports**
   To discuss the Financial Report, the Directors' Report and Auditor's Report for the year ended 30 June 2009.

2. **Adoption of the Remuneration Report**
   To adopt the Remuneration Report for the financial year ended 30 June 2009.

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

   "To elect as a Director, Mr Kevin Judge who retires in accordance with the Company's Constitution and being eligible, offers himself for re-election."

GENERAL NOTES

1. With respect to Agenda Item 2, the vote on this item is advisory only and does not bind the Directors of the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company. The Chairman of the meeting intends to vote undirected proxies in favour of the adoption of the remuneration report.

2. There are no voting exclusions regarding agenda items forming this Notice of Meeting.

3. The Explanatory Statement to Shareholders attached to this Notice is hereby incorporated into and forms part of this Notice of Annual General Meeting.

4. The Directors have determined in accordance with Regulation 7.11.37 of the Corporations Regulations that, for the purposes of voting at the meeting, shares will be taken to be held by the registered holders at 5.00pm on 18th November 2009.

BY ORDER OF THE BOARD

Kevin R Hart
COMPANY SECRETARY

Dated this 16th day of October 2009

EMERGENT RESOURCES LIMITED
ABN 68 125 323 622

EXPLANATORY STATEMENT

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

1. Discussion of Financial Statements & Reports

Encounter Resources Limited's financial reports and the directors' declaration and reports and the auditor's report are placed before the meeting thereby giving shareholders the opportunity to discuss those documents and to ask questions. The auditor will be attending the Annual General Meeting and will be available to answer any questions relevant to the conduct of the audit and his report.

2. Adoption of Remuneration Report

During this item there will be opportunity for shareholders at the meeting to comment on and ask questions about the remuneration report. The remuneration report is available in the Directors' Report section the Annual Report.

The vote on the proposed resolution in item 2 is advisory only and will not bind the directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

A reasonable opportunity will be provided for discussion of the remuneration report at the meeting.

The Chairman of the meeting intends to vote undirected proxies in favour of the adoption of the remuneration report.

The directors recommend that shareholders vote in favour of item 2.

3. Re-Election of Director – Mr Kevin Judge
as an Ordinary Resolution

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

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

Mr Judge was appointed as Director on 8 June 2007.

PROXY FORM

To: Emergent Resources Limited (ABN: 68 125 323 622) **Fax No: 61 8 9481 6444**
Level 1, 1315 Hay Street
West Perth WA 6005

Mark this box with an 'X' if you have made any changes to your address details (see reverse) ☐

Name: ______________________________
(PLEASE PRINT)
Address: ______________________________

____

Appointment of Proxy:
I/We being a member/s of Emergent Resources Limited and entitled to attend and vote hereby appoint:

☐ The Chairman of the Meeting (mark with an 'X') **OR** ☐ Write here the name of the person you are appointing if this person is **someone other than** the Chairman of the Meeting.

Or failing the person name, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Encounter Resources Limited to be held at Level 1, 1315 Hay Street, West Perth on Friday, 20th November 2009 at 10.30am (Perth time) and at any adjournment of that meeting.

Voting directions to your proxy – please mark X **to indicate your directions**

Agenda Item	**For**	**Against**	***Abstain**
2. Adoption of Remuneration Report	☐	☐	☐
3. Re-election of Mr Kevin Judge as a Director	☐	☐	☐

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on you behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If you do not wish to direct your proxy how to vote, and wish him or her to vote at his or her discretion, please place a mark in this box. ☐

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution, and votes cast by him other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the meeting will not cast your vote on the resolutions and your vote will not be counted in computing the required majority if a poll is called.

PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1	**Securityholder 2**	**Securityholder 3**
Individual / Sole Director and **Sole Company Secretary**	**Director**	**Director/Company Secretary**

		/ /
Contact Name	Contact Daytime Telephone	**Date**

HOW TO COMPLETE THE PROXY FORM

1 **Your Name and Address**

This is your name and address as it appears on the company's share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2 **Appointment of a Proxy**

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. The Chairman intends to vote in favour of resolutions for which no voting indication has been given.

3 **Votes on Items of Business**

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 **Appointment of a Second Proxy**

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(b) return both forms together in the same envelope.

5 **Signing Instructions**

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate securityholder or proxy is to attend the meeting, the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

6. **Lodgement of a Proxy and Deadline for Receipt of Proxy**

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below no later than 10.30am (Perth time) on 18th November 2009, being 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged by post, delivery or facsimile to the Registered Office of Emergent Resources Limited being:

Level1, 1315 Hay Street, West Perth WA 6005
Or by facsimile to fax number +61 8 9481 6444