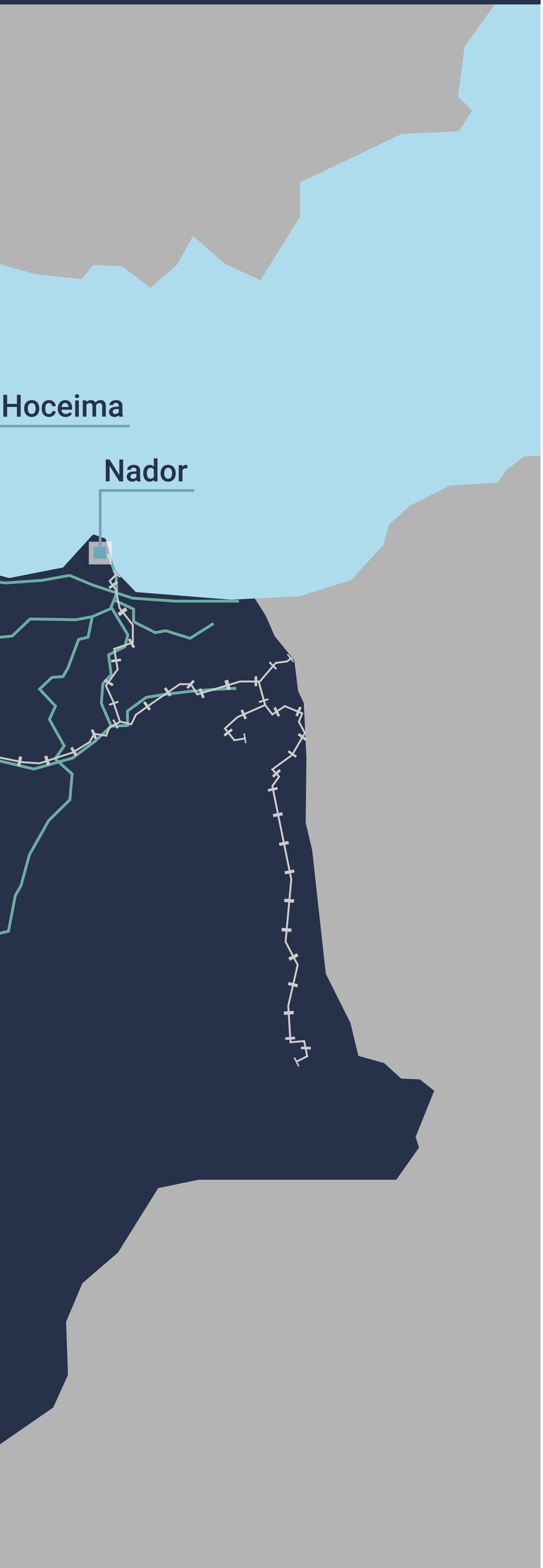
EMMERSON PLC

Annual Report and Financial Statements

For the year ended 31 December 2021

EMMERSON PLC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Chairman's Statement

It gives me great pleasure to present the 2021 Annual Report for Emmerson PLC ("Emmerson" or "the Company") in my first full year as Chairman.

Just as the world was cautiously beginning to emerge from the restrictions related to COVID-19, the war in Ukraine has unleashed a fresh set of challenges, the full impact of which are not yet known but will most likely affect us all for a considerable period of time.

The humanitarian catastrophe that is unfolding is unquestionably the most immediate concern and we all wish for a peaceful conclusion as quickly as possible. The crisis has also brought into sharp focus the fragility of the global supply chain for some of our most basic commodities, including hydrocarbons for fuel and energy, and foodstuffs to feed a growing global population.

The importance of food security has never been clearer, and potash has a key role to play. Potassium is one of the three key plant macronutrients (along with nitrogen and phosphorous), making potash a critical raw material for fertiliser.

Around 40% of global potash production in 2021 came from Russia and Belarus, and these supplies are likely to be constrained by sanctions of various natures for some time to come. Against this backdrop, the need to bring new sources of potash on stream is of paramount importance; arguably more urgent than the widely recognised challenges around critical metals.

Emmerson's Khemisset Potash Project is well-positioned to help meet this need. It is a high-margin and low-capex project which has a construction period of approximately two years. The Feasibility Study completed in 2020 indicated a JORC Resource of 537 million tonnes at 9.24% K_2O, sufficient to supply 735k tonnes of Muriate of Potash ("MOP") annually for a life of at least 19 years.

The project is situated in Morocco, which is a stable, mining- and investor-friendly jurisdiction with excellent infrastructure. The site is approximately 200km from the commercial port of Casablanca, and transportation is likely to be by truck, using high-quality public highways.

The geographic location of Morocco is also advantageous. Much of the global potash demand growth is likely to be in the Atlantic corridor between the Americas and Europe/Africa. Apart from the potash from Russia/Belarus, the majority of current potash supplies come from central Canada, with long haulage distances by road and sea, a logistical challenge which is exacerbated by current high shipping costs.

Morocco is an actor of growing importance in Africa, which has the world's highest population growth, but yet uses just a small fraction of the fertiliser per hectare of cultivated land of China, North America, or Europe. Morocco is already an established phosphate exporter and fertiliser hub, but currently imports its potash. Khemisset will provide a local source which would offer security of supply with significantly reduced transport costs.

We made some significant steps towards bringing the Khemisset project into production during 2021 and have continued to make progress during 2022. In February 2021, we received our mining permit, and we have completed the work needed to obtain an environmental permit. We have also undertaken various geological and engineering works to bring us closer to being shovel-ready, and we expect to complete these by the end of 2022.

Our financing discussions have also proceeded well. A crucial step in this matter was securing a cornerstone investment of up to US$46.8 million primarily from a strategic partner, the Global Sustainable Minerals Pte Ltd group ("GSM"), a Singapore-domiciled investment vehicle backed by a significant south-east Asian investor, in November 2021. Since then, we have received considerable interest from both debt and equity investors, particularly since the Ukrainian crisis in February, from both international and Moroccan financiers.

We have had extensive discussions with the Moroccan government and other key stakeholders, and have been impressed by the high levels of support for the Khemisset project. We are keen to reciprocate this support by using Moroccan suppliers, contractors, and financiers wherever possible, and by working with local partners to optimise the project.

Getting this right is taking a little longer than we originally anticipated, but it will be worth the time and effort, as the outcome will be a better, more profitable and more efficient project.

Global potash prices in early May 2022 were around three times the levels of 2020, when the Feasibility Study was completed which indicated a project with NPV_8 of US$1.4 billion. While it is not certain whether prices will remain at current levels, demand for potash is likely to remain high and supply to be constrained for the foreseeable future.

There were some changes to the Board in the year. On 27 April 2021, following the Company's listing on AIM, Mark Connelly retired from the Board, and I took over his responsibilities as Chairman. On 12 July 2021, Ed McDermott also stepped down from the Board. The Company owes much to the efforts of both Mark and Ed during its formative years, and we thank them and wish them the best in their new endeavours.

I was delighted that we were able to strengthen our Board by appointing Rupert Joy as a non-executive Director. Rupert is a highly experienced diplomat and former Ambassador & Head of the EU Delegation to Morocco, and has already proved invaluable in our discussions with Moroccan authorities.

In February 2021, we announced the appointment of Jim Wynn as Chief Financial Officer. Jim is an experienced finance professional and chartered accountant with significant corporate experience, particularly in the African resource sector, and is also a French-speaker.

There remains much to do in 2022 and in many regards, I expect the pace of work will only increase from this point forwards. The entire Emmerson team remains focused on the key objectives of putting in place the approvals and financing package that will allow us to start construction of the Khemisset project. The backdrop of the global food security crisis and the strength of the potash market reinforces our belief in the Khemisset project and our determination to deliver the project as soon as possible.

James Kelly
Chairman

- 30 May 2022

Chief Executive Officer's Statement

There has never been a more important time to bring new sources of potash from safe, secure jurisdictions into the market, such as Emmerson's Khemisset project in Morocco.

The Feasibility Study completed in 2020 by Golder Associates underlined the compelling economics of the project. Recent potash price increases, driven by the combined impact of the war in Ukraine on top of more long-term factors such as population growth, land scarcity, and supply security for critical minerals, suggest even those valuations are understated.

However, Khemisset's role in meeting the potash requirements of the world should not be measured solely in financial terms. While the priority of the Emmerson team is getting the Khemisset project into production as efficiently as possible, we are determined to keep our wider social and environmental responsibilities at the forefront of our thinking: "doing the right things in the right way".

Khemisset Project

The Company received a mining permit in January 2021, and proceeded to submit an Environmental and Social Impact Assessment ("ESIA"), which is currently awaiting final approval. The Company has addressed all of the ESIA issues raised by the relevant authorities in a timely manner.

The ESIA approval is the last remaining authorisation step required before construction can begin. In view of the importance of the project to the country, the authorities have been careful to ensure that the needs of the widest possible stakeholder group have been fully taken into consideration. The Company continues to work proactively with all the relevant parties and remains confident that the approval will be forthcoming.

In the meantime, we are progressing with a number of workstreams to move the project forward, which will ensure construction can commence as soon as approval has been given, and financing has been put in place.

Drilling & Site Exploration

In May 2021, Emmerson commenced an exploration campaign to address areas that required further de-risking as outlined in the Feasibility Study, to gain better knowledge of the Khemisset basin, and to further detail geology along the route of the decline and in the mine infrastructure area from a constructability perspective. The exploration campaign was split into a drilling program and a surface geological program.

The drilling program consists of a number of geological drill holes with additional directionally drilled daughter holes to provide data on lateral variability, geotechnical drill holes along the decline route, and a deeper hole for evaluation of the reservoir formation below with all holes logged and core samples taken for testing purposes.

The surface geological program consists of a large number of shallow holes for geotechnical characterization to feed into the design of the ancillary infrastructure and foundation and over 15km of electrical resistivity tomography surveys for definition of the near surface strata.

The results so far have provided a significant amount of data to feed into the on-going engineering and design work as well as further confidence in the project location and the geological and geotechnical conditions. The exploration campaign is envisaged to be completed within Q3 2022.

Basic Engineering

A request for proposal was issued on 7 May 2021 for basic engineering services regarding the mineral processing facility. Following a commercial and technical bid analysis process, Barr Engineering was selected. Barr Engineering, headquartered in Minneapolis, has extensive experience in potash mineral processing after providing services to North American clients since 1966.

On 29 November 2021, a basic engineering contract was signed, and engineering works commenced shortly thereafter. These are currently approximately 40% complete at the date of this report.

Process modelling, process flow diagrams ("PFD") and piping and instrumentation diagrams ("P&ID") have been completed, allowing the electrical, mechanical and structural disciplines to commence their scopes. The processing facility equipment list has also been completed, allowing Barr Engineering to approach the market to gather the most up to date costing information from world leading suppliers of Potash processing equipment. The basic engineering phase is expected to be complete by September 2022.

A separate request for proposal was issued on 22 October 2021 for basic engineering services regarding the balance of the Khemisset potash project scope. Following a commercial and technical bid analysis process, Reminex was selected. Reminex, a subsidiary of Managem (a major Moroccan mining group), has extensive experience of scoping, permitting, designing, constructing and operating underground mines in Morocco and Africa.

On 9 February 2022, a basic engineering contract was signed, and engineering works started shortly thereafter (now approximately 20% complete). The scope is being executed via six concurrent packages (mine power supply, mine water supply, site access, portal and declines, tailing storage facility and mine site infrastructure). The basic engineering phase is expected to be complete by October 2022.

Land acquisition

The land acquisition process has commenced with the development of a land acquisition plan. The first phase of this plan will be to identify the areas and habitats likely to be affected by the project, to collect socio-economic data, and to develop a stakeholder engagement strategy.

Phase 2 of the land acquisition plan has also commenced, which will be completed concurrent with basic engineering, and includes final definition of the land parcels required, and their acquisition or lease.

Permits

The mining permit awarded in 2021 has a 10-year life. The Company is awaiting the final environmental permits, as mentioned, while all 20 exploration permits have been renewed. These permits cover 780km^2, and will enable exploration works on the project to continue.

In-principle approvals have been provided by the forestry services for intersections of their domains with regards to the power and water supply scopes to the mine site, which are being developed as part of basic engineering.

Other Studies

In February 2022, Novec, a Moroccan engineering consultancy specialising in infrastructure, was engaged to undertake a traffic and logistics study to support the basic engineering phase on the site access package, and to satisfy future anticipated permitting requirements for construction. This scope is ongoing and progressing on schedule in collaboration with our basic engineering partner, Reminex.

In April 2022, SLR Consulting, an international environmental and mining consultancy, was engaged as a technical geological consultant to support decision-making based on the results from the 2021/22 exploration campaign from a constructability, mining method and location perspective. Working collaboratively with our geology team, the drilling contractors and our basic engineering partners, SLR has started to update the geological model and propose optimal solutions for project execution.

Financing

In November 2021, we were able to announce that we had secured a strategic investment of up to US$46.8 million from Singaporean fund GSM and Gold Quay Capital Pte Ltd (“GQC”).

Of this funding, US$6.8 million was received by way of an equity subscription at a placing price of 6 pence per share, to be used to complete the basic engineering and design work, undertake additional resource and geotechnical drilling, and to build out the technical team ahead of the larger fundraise.

The remaining US$40.0 million will be allotted as part of, and subject to, the larger fundraise for the Khemisset project at a price of 8.2 pence per share. Although this funding was structured as a convertible loan, it is more akin to a commitment to provide a significant portion of the equity needed to build the mine. Ongoing discussions with regard to the fundraising for the Khemisset project have been progressing have been progressing well.

The Company has received interest from a number of local Moroccan and international banks, as well as support from Export Credit Agencies, which have submitted formal Expressions of Interest. Good progress has also been made towards securing additional strategic equity partners, and we feel confident that subject to completing the necessary due diligence and technical work, a complete financing structure will be announced later in the year.

Corporate

In April 2021, the Company moved from the Standard segment on the Main Market of the London Stock Exchange to the AIM market of the London Stock Exchange (“AIM”), which we felt offered greater flexibility, particularly with regard to fundraising and corporate transactions. Shareholder approval for this transfer of listing was granted at a general meeting on 25 March 2021, and the Company’s shares were admitted to trading on AIM on 27 April 2021.

In his Chairman’s Statement, James mentioned the changes at Board level, but we have also been adding bench strength to our management and technical teams. During 2021, we appointed Josh Mitchell as Project Controller, and Haitam Ennadif as Project Engineering Manager based in Morocco. In 2022, we brought in Matt Wilmot as Technical Services Manager, and we have a world-class technical team with first class experience in constructing and operating underground potash mines.

Graham Clarke
Chief Executive Officer

- 30 May 2022

Sustainability

Sustainability for Emmerson is at the heart of who we are, how we work, and how we treat the people and natural environments around us, at all times seeking to maximise the benefits we bring, and minimising any negative impact.

Success in this area goes far beyond compliance with regulations or laws. It is about working safely, in partnership with local communities; considering in depth the environmental impact of our activities; building a well-trained and motivated, locally sourced workforce; and demonstrating corporate leadership through rigorous governance. It is encapsulated in the Company's philosophy of "Doing the right things in the right way".

We broadly categorise sustainability into four areas: health and safety; environment; community; and governance. As a Group, we are committed to achieving the highest standards in these areas, and as the Company grows from developer into construction and production, we will continue to set targets and measure our achievements. Throughout the lifetime of the project, we are committed to rigorous monitoring of sustainability metrics, and to working with all Moroccan and international stakeholders to improve our performance.

We will also report on our performance in sustainability externally as well as internally.

Health & safety

We are committed to targeting zero harm for our workforce. Critical to achieving this is communicating the message that safety is our individual responsibility, not just for ourselves but for others.

In 2021 the Company undertook a full Safety Health & Environment ("SHE") review. Following this, the Company engaged the independent consultant group Global Safety Consulting to put in place an upgraded set of procedures, followed by training workshops. In addition, the Moroccan Red Crescent was asked to provide medical interventions training, after which the in-country team obtained first aid medical certificates.

The Company was pleased to report zero "Lost Time Injuries" in both 2021 and 2020. We will continue to monitor this metric, along with other metrics such as near misses, training sessions given, etc. During 2021 and into 2022, the Covid-19 pandemic represented a major health challenge for us all. As well as complying with all government rules, the Company sought to mitigate the spread of the virus by enabling and encouraging remote working, and providing masks, hand sanitizers, and Covid tests for its employees and contractors, as well as encouraging staff to obtain vaccinations.

Our commitment to safety extends beyond the bounds of our own operations. Following the tragic events in Morocco, where a young boy lost his life as a result of becoming trapped in a well, the Company rehabilitated several abandoned wells in the local area, in collaboration with the local authorities, in order to reduce the risk of such accidents occurring in the Khemisset region.

Environmental

Emmerson's commitment to the environment is about minimising any negative impacts on the local landscape and community, such as noise, emissions, and waste management, while taking steps to restore and rehabilitate wherever possible.

The Company's activities on the ground so far have been limited to drilling and exploration fieldwork. However, we have taken steps to restore drilling areas after the platforms are moved on, and to cap drill holes.

As the Khemisset project engineering work has progressed, we have continued to explore ways to improve the environmental elements of the site. These have included the rerouting of the power line to avoid forested areas, sourcing water from the Khemisset wastewater treatment plant as an alternative to using dam water, and examining ways to minimise surface tailings by storing underground and selling salt as a by-product.

We are also undertaking a review of the potential to use Liquid Natural Gas ("LNG") instead of previously planned Liquid Petroleum Gas ("LPG"), which is not only lower cost, but has a lower carbon footprint.

As we move into production, we will continue to monitor our environmental impact through measuring carbon emissions, testing watercourses, and working with third party advisers to assess and improve our performance.

Community

The Khemisset Project is a partnership between Emmerson PLC and Morocco. Emmerson is committed to ensuring that Morocco receives the maximum benefit from its investment in the project, and works closely with government agencies and local communities, to understand their needs and expectations.

An important socio-economic impact study on the Khemisset project was undertaken during 2020, a summary of which was released to the market in January 2021. The study estimated that approximately 2,400 jobs will be created for the region during the construction phase, tapering to around 1,200 permanent jobs during the life of the mine, almost all expected to be from Morocco, and 90% from the local region. Beyond these benefits, the Company is committed to ensuring the Project supports ongoing education and skills training and experience in the geological, engineering and managerial roles that it creates.

The project will use local and national workers and suppliers wherever possible. In its selection of technical consultants for the basic engineering work, the Company was delighted to be able to engage the Moroccan engineering company Reminex, on merit, for the mine and infrastructure work, in addition to NOVEC for support on roads and logistics design works. Emmerson continues to support students undertaking ecological research on subjects in the Khemisset basin, and a number of scientific articles in this matter are now expected to be published in the coming year. The team is also exploring ways to extend this support to other Moroccan universities on various other subjects relevant to the project itself, or the geographical region.

Corporate Governance

Emmerson is committed to good governance in all areas, as a means of ensuring the Company is managed appropriately, to ensure the right skill sets and structures are in place to safeguard the Company's assets and to benefit all stakeholders, and to ensure our working practices are ethical and in line with best practice. Further details on governance are set out in more detail in the Governance section of the Directors' Report.

The Market

What is Potash?

The term potash refers to a group of potassium bearing minerals and chemicals. Potash is a fertiliser used in potassium deficient soil, to increase crop yields and improve the quality of the plant. Normally used in combination with nitrogen and phosphate, it helps increase the yields of important crops such as corn, soybeans, grains, and rice. Potassium protects plants from extreme temperatures, helps plants to fight stress and disease, reduces wilting, strengthens roots and stems, and assists in transferring food. It activates plant enzymes to ensure plants use water efficiently.

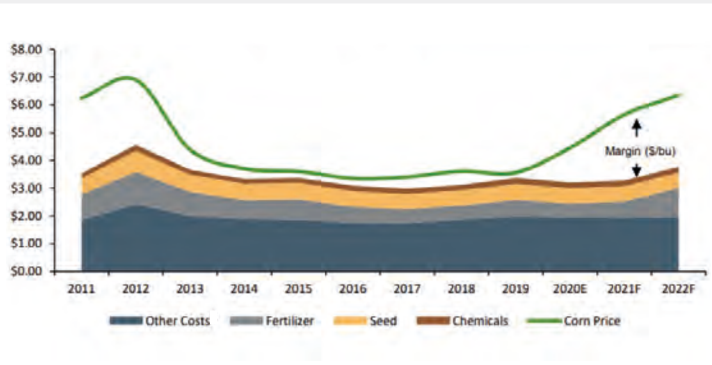
Potash plays a central role in helping feed the world's growing population and demand is driven by the ongoing requirement to feed a growing population from a declining arable land. Approximately 95% of world potash production is used as fertiliser, the rest is used in a variety of chemical and manufactured products. There is no substitute for potash and MOP remains the cheapest and most important source of potassium for agricultural purposes.

Global Potash production

During 2021 the price of potash climbed rapidly, along with global crop prices. Overall demand grew to 70Mt and is forecast to continue at a long-term growth rate of up to 2Mt per year. The chart below demonstrates an important point about agricultural economics underlying the demand growth. As long as the profit margin in preserved by higher crop prices, farmers will continue to apply fertiliser to increase their yields. Although input costs have been soaring during 2021 and post period end, the crop prices have maintained profitability at the farm gate.

US Corn Cash Selling Price & Costs

US$/bu

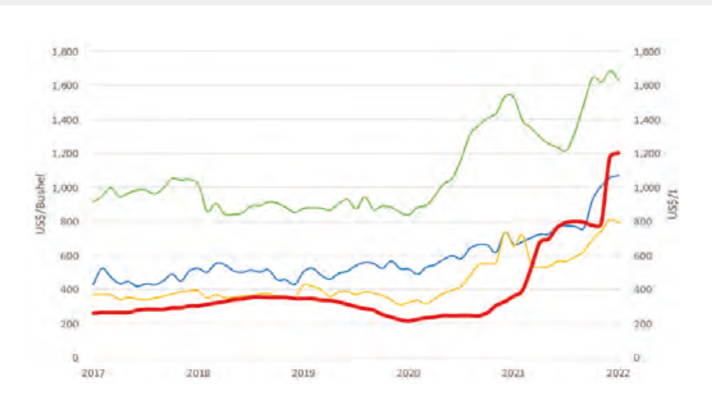


Since the period end, the war in Ukraine has added further risk around supply from Belarus and Russia, the two largest exporters after Canada. Together these two countries are responsible for almost 40% of global supply. It is becoming more widely accepted that it is desirable to encourage production from other geographies for the long-term security of the market.

Data from: USDA.gov

Potash Prices

Potash (MOP), wheat, corn, soybeans prices in the last 5 years



Potash prices have risen significantly since the start of 2021, with current price more than three times the levels seen at the time of the 2020 Feasibility Study.

Data from: Investing.com for wheat corn and soybeans
Argus.com for Potash

Directors' Report

For the year ended 31 December 2021

The Directors present their report and the audited financial statements for the year ended 31 December 2021.

General information

Emmerson PLC ("the Company"), was incorporated in the Isle of Man with registered number 013301V on 1 March 2016. All of the Company's Ordinary Shares were admitted to the London Stock Exchange's Main Market and commenced trading on 15 February 2017. On 27 April 2021, the Ordinary Shares of the Company were admitted to trading on AIM and the listing of the Company's Ordinary Shares on the Official List and their trading on the Main Market were cancelled.

Emmerson PLC's primary focus is on developing the Khemisset Potash Project located in Morocco.

Results for the year and dividends

The total comprehensive income attributable to the equity holders of the Group for the year was a loss of US$2,777k (2020: loss of US$1,942k).

The Company paid no dividend during the year (2020: US$ nil).

Business performance for the year

As detailed in the Chairman's and CEO's Statements, development of the Khemisset Potash Project continued during the period, with several significant milestones achieved, including the awarding of a mining permit.

During the financial year, the Group made a loss per share of 0.33 cents (2020: a loss per share of 0.28 cents). Given the current stage of the Group's exploration project, the Directors do not consider there to be any other financial key performance indicators. The Group is well funded; as at 26 May 2022, the last practicable date prior to publication of this report, it had a cash balance of US$5.3 million.

Principal risks and uncertainties

The Group operates in an uncertain environment and is subject to a number of risk factors. The Directors have carried out a robust assessment of the principal risks facing the Group, including those that threaten its business model, future performance, solvency or liquidity. They consider that the following are the principal risk factors that could materially and adversely affect the Group's future operating results or financial position:

Permitting risk

The Company's primary asset is the Khemisset project in Morocco, which requires an environmental approval in order to be able to proceed. There is a risk that approval may not be granted, and if not, it may be difficult to realise value from the project. In order to mitigate this risk, the Company is liaising with the relevant authorities, continues scrupulously to comply with all national requirements in this area, and has maintained good relations with the Moroccan authorities.

Deterioration in Global economic conditions or in the potash market in particular

There is a risk that changes in the relevant laws and legislation could have an adverse effect on the Group's future performance, expected return and or feasibility of the project.

The Group is also exposed to general economic risk, including changes in the economic outlook in its principal markets and government changes in industrial, fiscal, monetary or regulatory policies.

The Board continues monitoring developments in the market in order to adapt. The management team has wide-ranging expertise in mineral exploration which, together with a flexible cost structure, enable the Group to adapt its organisation to changes in circumstances.

Funding risk

Although the Group has sufficient working capital for at least 12 months from the date of this report, the Group may not be able to obtain additional financing as and when needed which could result in a delay or indefinite postponement of exploration and development activities.

In common with many exploration and development entities, the Group will need to raise further funds in order to progress the Group from the pre-construction phase of its business and eventually into production of revenues.

Dependence on key personnel

The Company has a small management team, and the loss of a key individual could have an adverse effect on the future of the Group's business. The Group's future success will also depend in large part upon its ability to attract and retain highly skilled personnel. There can be no assurance that the Group will be successful in attracting and retaining such personnel.

The Group seeks to create a workplace that attracts, retains and engages its workforce. Efforts are also made to attract new talent and skilled people.

Environmental risk

There may also be unforeseen environmental liabilities resulting from future or historic exploration or mining activities, which may be costly to remedy. In addition, potential environmental liabilities as a result of unfulfilled environmental obligations by the previous owners may impact the Group. If the Group is unable to fully remedy an environmental problem, it may be required to stop or suspend operations or enter into interim compliance measures pending completion of the required remedy.

Environmental management systems are in place to mitigate environmental hazard risks. The Group uses advisors with specialist knowledge in mining and related environmental management to reduce the impacts of environmental risk.

Estimates of mineral reserves and resources

Mineral resources are estimates and no assurance can be given that any particular grade or tonnage will be realised or that they will be converted into ore reserves or will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. As a result of these uncertainties, there can be no assurance that any potential mineral resources defined by the Group's exploration programmes will result in profitable commercial mining operations.

The Directors are confident that they have put in place a strong management team capable of dealing with the above issues as they arise.

Corporate Responsibility

We have defined the scope of our Group's responsible business practices as falling within the following key focus areas:

- Health and Safety – ensuring the safety and well-being of our staff
- Environment – managing our environmental impact areas of waste, energy and water
- Employees – supporting our people to develop and flourish within the business
- Community – positive interaction with the communities in which we operate
- Ethical Standards – operating to the highest ethical standards

We remain committed to ensuring these activities become embedded in how we operate and contribute towards the success of our business. This includes not only identifying and managing business risk but exploring opportunities to add value to the business.

Corporate Governance

The statement on corporate governance can be found in the corporate governance report below. The corporate governance report forms part of this Directors report and is incorporated into it by reference.

Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Liquidity risk
- Market price risk
- Interest rate risk: cash flow interest rate risk
- Foreign exchange risk
- Credit risk

Further details on the financial risks and suitable risk management system put in place by the management are in note 10.

Events after the reporting period

No significant events have occurred since 31 December 2021 (see note 17).

Going concern

The financial statements have been prepared on a going concern basis. The Group has not yet earned revenues and is in the pre-construction phase of its business. The operations of the Group are currently financed from funds raised from shareholders and strategic investors. In common with many pre-production entities, the Group will need to raise further funds in order to progress the Group from the feasibility phase into construction and eventually into production of revenues.

The Group had cash and cash equivalents of US$5.3 million at 26 May 2022 and the Directors are of the view this is sufficient to fund the Group's committed expenditure and maintain good title to the exploration licences over the next 12 months from the date of approval of these financial statements, without raising funds in this period.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Director appointments and resignations during the year

The Directors who held office during the year and to the date of this report were:

Hayden Locke	
Robert Wrixon	
Graham Clarke	
James Kelly	**Appointed 22 March 2021**
Rupert Joy	**Appointed 12 July 2021**
Ed McDermott	**Resigned 12 July 2021**
Mark Connelly	**Resigned 27 April 2021**

Directors interests

The Directors' interest in the shares of the Company at the date of this report were:

	Number of Ordinary Shares:	% of Issued Ordinary Shares
James Kelly (Non-executive Chairman)	750,000	0.08%
Graham Clarke	799,837	0.09%
Hayden Locke	2,030,570	0.22%
Robert Wrixon*	44,233,411	4.83%
Rupert Joy	150,000	0.02%
Total	**47,963,818**	**5.24%**

*Robert Wrixon's interest is held through Good Spirit International Limited.

Details of the Directors' fees are given in note 4 to the financial statements. In addition, the Directors were issued with share options. Share options disclosures are in note 12.

Disclosure of Information to Auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Reappointment of auditor

The auditors, PKF Littlejohn LLP, have indicated their willingness to continue in office and a resolution seeking to reappoint them will be proposed at the Annual General Meeting.

This report was approved by the Board on 30 May 2022 and signed on its behalf.

Graham Clarke
Chief Executive Officer

Statement of Directors’ Responsibilities

For the year ended 31 December 2021

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations and have elected to prepare the financial statements in accordance with International Financial Reporting Standards (“IFRSs”), as adopted by the United Kingdom (UK).

The Financial Statements are required to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Group’s transactions and disclose with reasonable accuracy at any time its financial position. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website; the work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website. Legislation governing the preparation and dissemination of financial statements may differ from one jurisdiction to another.

Each of the Directors, confirm that, to the best of their knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the UK, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group;

- the Directors’ report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that they face.

By Order of the Board 30 May 2022

Graham Clarke
Chief Executive Officer

Corporate Governance Report

Introduction from the Chairman

The Board is committed to good corporate governance and, so far as appropriate, given the Group's size and the constitution of the Board, intends to comply with the QCA Guidelines on Corporate Governance ("QCA Guidelines"). The Board believes this to be the most appropriate recognised governance code for the Group.

This is a practical, outcome-oriented approach to corporate governance that is tailored for small and mid-size quoted companies in the UK and which provides the Group with the framework to help ensure that a strong level of governance is maintained.

As Chairman, I am responsible for leading an effective board, fostering a good corporate governance culture, maintaining open communications with the shareholders and ensuring appropriate strategic focus and direction for the Group. Notwithstanding the Board's commitment to applying the QCA Code, we will not seek to comply with the QCA Code where strict compliance in the future would be contrary to the primary objective of delivering long-term value for the Company's shareholders and stakeholders.

However, we do consider that following the QCA Code, and a framework of sound corporate governance and an ethical culture, is conducive to long-term value creation for shareholders. All members of the Board believe strongly in the importance of good corporate governance to assist in achieving objectives and in accountability to stakeholders. In the statements that follow, the Board explains its approach to governance in more detail.

Establish a strategy and business model which promote long-term value for shareholders

Emmerson's sole current activity is development of the Khemisset Potash Project located in Northern Morocco. The project has a large JORC Resource Estimate (2012) of 537Mt @ 9.24% K_2O and significant exploration potential with an accelerated development pathway targeting a low capex, high margin mine. Khemisset is perfectly located to capitalise on the expected growth of African fertiliser consumption whilst also being located on the doorstep of European markets. The Feasibility Study completed in 2020 indicated that the project has a 19-year mine life and a net present value in excess of US$1.4 billion, which would therefore add considerable value to the Company.

Seek to understand and meet shareholder needs and expectations

The Company is committed to engaging and communicating openly with its shareholders to ensure that its strategy, business model and performance are clearly understood. All Board members have responsibility for shareholder liaison, but queries are primarily delegated to the Company's Advisors in the first instance or the Company's CEO. Contact details for the Company's advisors are available on the Company's website.

Copies of the annual and interim reports are sent to all shareholders and copies can be downloaded from the Company website https://www.emmersonplc.com; alternatively, they are available on request by writing to the Company Secretary at 55 Athol St, Douglas, Isle of Man, IM11LA. Other Company information for shareholders is also available on the website.

The Company also engages with shareholders at its AGM in each year, which gives investors the opportunity to enter into dialogue with the Board and for the Board to receive feedback and take action if and when necessary. The results of the AGM are subsequently announced via RNS and published on the Company's website.

Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board is aware that engaging with its stakeholders is key and ultimately promotes the long -term success of Emmerson PLC. The Group's stakeholders include shareholders, members of staff of investee companies and of Advisors and other service providers, suppliers, auditors, lenders, regulators, industry bodies, and the surrounding communities where its investments are located.

The Board as a whole are responsible for reviewing and monitoring the parties contracted to the Company, including their service terms and conditions. The audit committee supports Board decisions by considering and monitoring the risks to the Company.

The Board is regularly updated on wider stakeholder views and issues concerning the existing projects both formally at Board meetings and informally through ad hoc updates. The Board recognises the importance of its social responsibilities concerning its investment decisions. The Company is committed to continuing engagement with all stakeholders.

Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Directors are responsible for maintaining the Company's systems of controls and risk management in order to safeguard its assets.

Risk is monitored and assessed by the Board who meet at least quarterly and the audit committee who will meet at least annually and are responsible for ensuring that the financial performance of the Group is properly monitored and reported. This process includes reviews of annual and interim accounts, results announcements, internal control systems, procedures and accounting policies.

The senior management team ("Executive Committee") meet on a regular basis to consider new risks and opportunities presented to the Group, making recommendations to the Board as appropriate.

The Board receives guidance from FIM Capital Limited, the administrator and Company Secretary to the Group, covering updates to relevant legalisation and rules to ensure they remain fully informed and able to make informed decisions.

Maintain the board as a well-functioning, balanced team led by the Chair

The Board consists of three executive directors and two non-executive directors. Details of each Director are given in a later section of this report.

The Chairman is responsible for leading the Board, ensuring its effectiveness in all aspects of its role, promoting a culture of openness of debate and communicating with the Group's members on behalf of the Board by facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations between Executive and Non-Executive Directors. The Chairman also ensures that Directors receive accurate, timely and clear information. In doing so, this fosters a positive corporate governance culture throughout the Group.

The Chief Executive Officer is responsible for managing the Group's business and operations within the parameters set by the Board.

The Non-Executive Directors are responsible for bringing independent judgement to the discussions held by the Board, using their breadth of experience and understanding of the business. Their key responsibilities are to constructively challenge and contribute to strategic proposals, and to monitor performance, resources, and standards of conduct, compliance and control, whilst providing support to executive management in developing the Group.

The Board is satisfied that it has a suitable balance between independence and knowledge of the business to allow it to discharge its duties and responsibilities effectively.

The Board will hold at least 4 meetings each year with further ad hoc meetings held as required. The Directors devote sufficient time to ensure the Group's affairs are managed as efficiently as possible.

Board Attendance During the Year

The number of formal scheduled Board meetings attended by Directors during the year, out of the seven held in total, were as follows:

James Kelly[1]	5
Hayden Locke	6
Rob Wrixon	4
Graham Clarke	6
Rupert Joy[2]	2
Mark Connelly[3]	1
Ed McDermott[4]	1

[1] James Kelly was appointed to the Board on 22 March 2021
[2] Rupert Joy was appointed to the Board on 12 July 2021
[3] Mark Connelly resigned from the Board on 27 April 2021.
[4] Ed McDermott resigned from the Board on 12 July 2021

Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Directors have extensive experience in the mining industry and a strong track record of value creation. It is a proven Board and management team, and it believes it has the correct balance of skills, reflecting a broad range of commercial and professional skills across geographies and industries that is necessary to ensure the Group is equipped to deliver its investment objective. Additionally, each Director has experience in public markets. Information about each Director's experience is given on page 18.

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

All Board appointments have been made after consultation and detailed due diligence is carried out on all new potential board candidates. The Board will consider using external advisers to review and evaluate the effectiveness of the Board and Directors in future to supplement its own internal evaluation processes.

The Group's Rules require that all Directors are submitted for election at the AGM following their first appointment to the Board and at least one third of the Directors are subject to retirement by rotation on an annual basis to refresh the Board, irrespective of performance.

Promote a corporate culture that is based on ethical values and behaviours

The Board is mindful that the tone and culture set by the Board will impact many aspects of the Group and the way that stakeholders behave and form views.

The Board has adopted a Bribery and Corruption Policy consistent with the requirements of the UK Bribery Act 2010 and the Isle of Man Bribery Act 2013. Compliance with the policy will be regularly reviewed at Board meetings.

Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

A description of each Board member and their experience are displayed on the website at https://www.emmersonplc.com.

The Board of Directors is responsible for the determination of the investment decisions of the Company and for its overall supervision via the investment policy and objectives that it has set out. The Board is also responsible for the Company's day-to-day operations, in order to fulfil all their obligations, the Board has delegated some responsibilities through arrangements with the Investment Adviser and Administrator.

There is no nomination committee separate to the full Board. The role of the nomination committee is undertaken by the full Board.

The Board intends to meet formally at least four times each year. At each Board meeting the financial performance of the Company and all other significant matters are reviewed so as to ensure the Directors maintain overall control and supervision of the Company's affairs. The Board receives investment reports from the Asset Manager and Valuation and Portfolio Services Adviser and Committees.

The Board maintains regular contact with all its service providers and are kept fully informed of investment and financial controls and any other matters that should be brought to the attention of the directors. The Directors also have access where necessary to independent professional advice at the expense of the Company.

The Chairman is responsible for leading an effective board, fostering a good corporate governance culture, maintaining open communications with the major shareholders and ensuring appropriate strategic focus and direction.

The Chief Executive Officer has overall responsibility for managing the day-to-day operations of the Company and the Board as a whole is responsible for implementing the Company's strategy.

Committees

Audit Committee

The Audit Committee is a sub-committee of the Board, currently consisting of James Kelly, Robert Wrixon and Rupert Joy. The Audit Committee has met at least once since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external auditors of the Group:

• The audit plans and results of the external auditors' examination and evaluation of the Group's systems of internal accounting controls;
• The Group's financial and operating results and accounting policies;
• The financial statements of the Group before their submission to the Directors and external auditors' report on those financial statements;
• The quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the Group;
• The co-operation and assistance given by the management to the Group's external auditors; and
• The re-appointment of the external auditors of the Group.

The Audit Committee following a review of the qualification, expertise and resources, effectiveness and independence of the external auditors recommended to the Board that they be reappointed.

Remuneration Committee

The Remuneration Committee, consisting of the non-executive directors, is a sub-committee of the Board and meet at least twice each year. The salaries, remuneration and other financial benefits of the key management and the members of the Board of Directors is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

Nomination Committee

The Company has not established a nomination committee as it is satisfied nominations can be considered by the Board.

• Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board welcomes the views of all stakeholders who can contact the Directors or Company Secretary with any queries they may have. The Executive Directors and advisers regularly engage with shareholders.

The Board recognises the importance of maintaining strong relationships with shareholders, so we understand their views and are aware of their issues and concerns.

The management team continues to have close dialogue with local landowners and ensure any concerns are addressed. The management team has met with the Minister of Energy Transition and Sustainable Development, which has responsibility for mining in Morocco, and maintains a strong working relationship with its office.

The Company communicates with shareholders and other stakeholders through the Annual Report and Accounts, full-year and half-year announcements, news announcements, the Annual General Meeting, and website.

Historical information is available on the website. The Group's financial reports and Notices of General Meetings can also be found here **https://www.emmersonplc.com/investors/corporate-documents/**.

On behalf of the Board

James Kelly
Non-executive Chairman

- 30 May 2022

Board of Directors

James Kelly
(Independent Non-executive Chairman)

James Kelly has over 20 years' experience in the mining and natural resource industry, with extensive experience in corporate finance, strategy and capital allocation. James is non-executive chairman and founder of Trident Royalties plc, a growth focused, diversified mining royalty and streaming company. Prior to founding Trident, James was a senior member of the Xstrata Plc group business development team and following the merger with Glencore Plc, was part of the team which founded Greenstone Resources LP, a mining private equity fund focused on post-exploration development assets. James served as an Executive Director of ASX listed Cradle Resources Limited from May 2016 to July 2017 having been appointed a Non-Executive Director in February 2016. James is a Fellow of the Institute of Chartered Accountants of England and Wales and holds a BA (Hons) from University College London.

James Kelly was appointed to the Board on 22 March 2021 and was appointed as Chairman of the Board on 27 April 2021, replacing Mark Connelly.

Robert Wrixon
(Executive Director)

Led Moroccan Salts Limited since its inception in 2013. Rob has over 20 years' commercial experience, primarily in the mining sector, including five years with Xstrata in various strategy roles, and as MD and CEO of ASX listed Manhattan Corporation Limited and Haranga Resources Limited. He is a Director and founding partner of Starboard Global Limited, a natural resource PE group and holds a PhD in mineral engineering from the University of California, Berkeley.

Hayden Locke
(Executive Director)

An experienced mining executive with 15 years' experience in mining, private equity and investment banking. Most recently he was Head of Corporate and Technical Services (Geology, Mining and Processing) at ASX listed potash developer Highfield Resources. Prior to this, Hayden was Head of Corporate for ASX listed Papillon Resources which was sold to B2Gold in 2014 for approximately US$600 million. Hayden studied engineering, commerce and geology.

Rupert Joy
(Independent Non-Executive Director)

In the course of a diplomatic career of more than 25 years, Rupert Joy has served at UK diplomatic missions in Yemen, Saudi Arabia, Morocco and Iraq, and as British Ambassador to Uzbekistan. He has over seven years' experience as a diplomat in Morocco, as Deputy Head of Mission at the British Embassy in Rabat from 2000-03 and as EU Ambassador and Head of the EU Delegation in Rabat from 2013-17. As EU Ambassador, he worked to build on Europe's multi-faceted strategic partnership with Morocco at a senior level in a wide range of areas, with a strong focus on sustainable development. Mr. Joy has worked as an independent consultant for the past four years, providing support to UK government departments and private clients on issues relating to regional stability, investment, and security in North Africa. He studied at New College, Oxford and speaks French and Arabic.

Rupert was appointed to the Board on 12 July 2021.

Graham Clarke
(CEO and Director)

Graham is a highly experienced potash mining executive with extensive experience managing large multi-disciplinary teams for underground fertiliser mines. During his 26 years at Cleveland Potash, which owned the Boulby Potash Mine in Yorkshire, Graham held multiple positions from Graduate Trainee through to Director of Mining and, finally, as Managing Director of ICL UK (the owner of Cleveland Potash) with full operational responsibility. From 2011 until early 2020, Graham was a key member of the senior executive team at Sirius Minerals, overseeing all technical aspects of the development of the Woodsmith Mine, moving it successfully from concept, through various phases of study and design, into construction.

Graham Clarke was appointed CEO of the Company in July 2020 and an executive Director from 24 December 2020.

Report of the Independent Auditor

For the year ended 31 December 2021

Opinion

We have audited the group financial statements of Emmerson PLC (the "Group") for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the Group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Isle of Man Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- Confirming the Group's cash position at the date of approval of the financial statements and amounts not yet drawn under financing facilities;
- Checking the mathematical accuracy of the calculations used to model future financial performance;
- Evaluating the assumptions regarding the use of funds to develop the Khemisset project and the ability to restrict capital expenditure, if required, in order to protect the cash position of the Group; and
- Assessing whether management has adequately disclosed the conditions which may cast significant doubt on the ability of the group and company to continue as a going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. The materiality applied to the group financial statements was US$400,000 (2020: US$250,000), based on 2% of gross assets, as we believe assets to be the main driver of the business whilst the group is in the exploration stage and no revenues are currently being generated.

We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce to an appropriate level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality or the financial statements as a whole. The performance materiality was US$240,000 (2020: US$150,000) to reflect the risk associated with the judgemental and key areas of management estimation in the financial statements. For each component in the scope of our group audit, we allocated a materiality that was less than our overall group materiality.

We agreed with the audit committee that we would report to the committee all differences identified during the course of our audit in excess of US$20,000 (2020: US$12,400).

Our approach to the audit

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates such as the carrying value of intangible assets, judgement made by the directors, and considered future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

There were two significant components identified; the parent company and the MSL group which holds the Khemisset project. The parent company was subject to a full scope audit conducted directly by the group audit team. The MSL sub-group, is located in Morocco and was audited by a component auditor within the PKF network under our instruction. The Engagement Partner and group audit team interacted with the component audit team during all stages of the audit and was responsible for the scope and direction of the audit process.
In addition, a material but not significant component was identified and subject to an audit of specified audit procedures by the group audit team.

This, in conjunction with additional procedures performed, gave us appropriate evidence for our opinion on the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the scope of our audit responded to the key audit matter
Carrying value and recoverability of intangible assets (refer to note 7)	
The group has reported intangible assets of $13,555,000 in its Statement of Financial Position as at 31 December 2021 which comprise exploration and evaluation assets. The carrying value and recoverability of these intangible assets are tested annually for impairment. The estimated recoverable amount of this balance is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows, taking into consideration the stage of the project as it progresses towards commencement of construction.	We tested the group's exploration and mining licence to confirm good title and standing. We reviewed and evaluated the impairment assessment prepared by management in relation to the Khemisset project. Our procedures included an assessment of the exploration and evaluation project with reference to the criteria listed within IFRS 6, to include whether: • exploration and evaluation work to date indicates that the carrying amount is unlikely to be recovered from further development or sale; and • substantive expenditure on further exploration and evaluation is not budgeted or planned.

We obtained and reviewed the independently prepared reports commissioned in connection with the progression of the project including but not limited to the feasibility study and competent persons report. We also assessed the qualifications and independence of the firms and individuals who prepared those reports. In addition, we assessed and challenged management's impairment assessment memorandum.

We evaluated whether the model used to calculate value in use complies with the requirements of IAS 36 'Impairment of Assets', including validating the key assumptions and inputs applied and, where applicable, subjecting the key assumptions to sensitivity analysis.

We tested directly, and reviewed the working papers prepared by the component auditor, in respect of the capitalised additions in the year for eligibility in accordance with IFRS 6. We also reviewed the work performed by the component auditor in respect of assessing compliance with the terms and conditions contained in the exploration licenses.
The Directors' judgements in their assessment of recoverability are reasonable and our work did not identify an impairment to the year-end carrying value.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through industry research, application of cumulative audit knowledge and experience of the sector etc.

- We determined the principal laws and regulations relevant to the group in this regard to be those arising from the IFRS accounting standards, AIM Rules for Companies and the operating terms set out in the mining and exploration licenses.

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group with those laws and regulations. These procedures included, but were not limited to specific enquiries of management, reviewing board minutes and any legal or regulatory compliance correspondence.

- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, whether key accounting estimates and judgements made by management when auditing significant accounting estimates. We address these risks by challenging the assumptions and judgements made by management when auditing significant accounting estimates, comprising the impairment assessment of intangible assets.

- We addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business, as well as discussions with management where relevant.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with our engagement letter. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Thompson (Engagement Partner)
For and on behalf of PKF Littlejohn LLP

Registered Auditor
30 May 2022

15 Westferry Circus
Canary Wharf
London E14 4HD

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	Note	2021 US$'000	2020 US$'000 Restated
Continuing Operations			
Administrative expenses	3	(2,349)	(1,034)
Share-based payment expense	12	(33)	(991)
Net foreign exchange (loss)/gain		(388)	78
Operating loss		**(2,770)**	**(1,947)**
Finance income		-	5
Finance cost		(7)	-
Loss before tax		**(2,777)**	**(1,942)**
Income tax	5	-	-
Loss for the year attributable to equity owners		**(2,777)**	**(1,942)**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange (loss)/gain on translating foreign operations		(693)	500
Total comprehensive income attributable to equity owners		**(3,470)**	**(1,442)**
Earnings per share (cents)	6	(0.33)	(0.28)
Basic and diluted			

The notes on pages 27 to 41 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

For the year ended 31 December 2021

	Note	2021 US$'000	2020 US$'000 Restated
Non-current assets			
Intangible assets	7	13,555	11,132
Property, plant and equipment		41	16
Total non-current assets		**13,596**	**11,148**
Current assets			
Trade and other receivables	8	771	429
Cash and cash equivalents		10,032	1,563
Total current assets		**10,803**	**1,992**
Total assets		**24,399**	**13,140**
Current liabilities			
Trade and other payables	9	(1,835)	(681)
Total current liabilities		**(1,835)**	**(681)**
Net assets		**22,564**	**12,459**
Shareholders equity attributable to equity owners			
Share capital	11	28,774	15,755
Share-based payment reserve	12	2,048	1,499
Reverse acquisition reserve		2,198	2,198
Retained earnings		(10,278)	(7,508)
Translation reserve		(178)	515
Total equity		**22,564**	**12,459**

These financial statements were approved by the Board on 30 May 2022 and signed on their behalf by

Graham Clarke
Director

The notes on pages 27 to 41 are an integral part of these consolidated financial statements

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

US$'000	Share Capital[1]	Share-based payment reserve[2]	Reverse Acquisition reserve[3]	Retained earnings[4]	Translation reserve[5]	Total equity
Balance as at 1 January 2020 (as restated)	**13,631**	**508**	**2,198**	**(5,566)**	**15**	**10,786**
Loss for the year	-	-	-	(1,942)	-	(1,942)
Other comprehensive income:						
Exchange loss on translating foreign operations	-	-	-	-	500	500
Total comprehensive income	-	-	-	**(1,942)**	**500**	**(1,442)**
Issue of share options and warrants	-	991	-	-	-	991
Issue of shares	2,266	-	-	-	-	2,266
Share issue costs	(142)	-	-	-	-	(142)
Balance as at 1 January 2021	15,755	**1,499**	**2,198**	**(7,508)**	**515**	**12,459**
Loss for the year	-	-	-	(2,777)	-	(2,777)
Other comprehensive income:						
Exchange loss on translating foreign operations	-	-	-	-	(693)	(693)
Total comprehensive income	-	-	-	**(2,777)**	**(693)**	**(3,470)**
Issue of share options and warrants	90	(104)	-	-	-	(14)
Transfer	-	(7)	-	7	-	-
Issue of shares and warrants	14,345	660	-	-	-	15,005
Share issue costs	(1,416)	-	-	-	-	(1,416)
Balance as at 31 December 2021	**28,774**	**2,048**	**2,198**	**(10,278)**	**(178)**	**22,564**

Notes

1 The Ordinary Shares issued by the Company have a no par value and all fully paid. Further information on share capital is in note 11 to the financial statements.

2 The share reserve arises on the grant of share options and warrants to Directors and employees under the share option plan. Disclosures of share-based payments to Directors and employees is in note 12.

3 The Reverse acquisition reserve arose from the reverse takeover in 2018

4 The Retained earnings are cumulative earnings since incorporation less any dividends declared.

5 The translation reserve comprises translation differences arising from the translation of financial statements of the Group's foreign entities into US dollars.

The notes on pages 27 to 41 are an integral part of these consolidated financial statements

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Note	2021 US$'000	2020 US$'000 Restated
Cash flows from operating activities			
Loss before tax		(2,777)	(1,942)
Adjustments			
Foreign Exchange		(488)	(214)
Share-based payment	12	33	991
Depreciation		5	9
Changes in working capital			
Increase in trade and other receivables		(351)	(55)
Increase in trade and other payables		1,182	107
Net cash flows used in operating activities		**(2,356)**	**(1,104)**
Cash flows from investing activities			
Exploration expenditure	7	(2,671)	(2,313)
Property, plant and equipment (purchase)/disposal		(30)	25
Net cash flow used in investing activities		**(2,701)**	**(2,288)**
Cash flows from financing activities			
Proceeds from issuing shares and warrants	11	14,958	2,266
Cost of issuing shares	11	(1,416)	(142)
Net cash flow generated from financing activities		**13,542**	**2,124**
Increase/(decrease) in cash and cash equivalents		**8,485**	**(1,268)**
Cash and cash equivalents at beginning of year		**1,563**	**2,745**
Foreign exchange on cash and cash equivalents		(16)	86
Cash and cash equivalents at end of year		**10,032**	**1,563**

Significant non-cash transactions in respect of share issues are disclosed within note 11.

The notes on pages 27 to 41 are an integral part of these consolidated financial statements.

Notes to the Financial Statements

For the year ended 31 December 2021

1. General information

Emmerson PLC (the "Company") is a company incorporated and domiciled in the Isle of Man, whose shares were admitted to the Standard Listing segment of the Main market of the London Stock Exchange on 15 February 2017. On 27 April 2021, the Ordinary Shares of the Company were admitted to trading on AIM and the listing of the Company's ordinary shares on the Official List and their trading on the Main Market were cancelled.

The principal activity of the Group is the exploration, development and exploitation of a potash development project in Morocco.

2. Basis of preparation

2.1.General

These financial statements have been prepared in accordance with UK-adopted International Financial Reporting Standards (IFRS and IFRIC interpretations) ("IFRS") in force at the reporting date, and their interpretations issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared under the historical cost convention except for the revaluation of certain financial instruments that are measured at fair value.

2.2. Functional and presentational currency

The financial information of the Group is presented in US dollars. The functional currency of the Company Emmerson PLC in the period was GB Sterling. The individual financial statements of each of the Company's wholly owned subsidiaries are prepared in the currency of the primary economic environment in which they operate (functional currency).

2.3. Change in Presentation Currency

The Group is presenting its results in US Dollars for the first time having previously reported in UK Sterling. This change should help to provide a clearer understanding of the Group's financial position as the future corporate development activity is likely to be US focused.

In order to satisfy the requirements of IAS 21 with respect to a change in presentation currency, the statutory financial information as previously reported in the Group's Annual Reports have been restated from UK Sterling into US Dollars using the procedures outlined below:

- Assets and liabilities were translated to US Dollars at the closing rates of exchange at each respective balance sheet date.
- Share capital, share premium and other reserves were translated at the historic rates prevailing at the dates of transactions.
- Income and expenses were translated to US Dollars at an average rate at each of the respective reporting years. This has been deemed to be a reasonable approximation.
- Differences resulting from the retranslation were taken to reserves.
- All exchange rates used were extracted from the Group's underlying financial records.

Please see Note 16 for further information on the procedures used to restate comparative information and the impact on the prior year results, closing balance sheet and the numerator for earnings per share as originally reported.

A change in presentation currency represents a change in accounting policy which is accounted for retrospectively.

2.4. Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Company, Moroccan Salts Limited and Moroccan Salts Limited's subsidiaries (the "MSL Group") following the business combination which took place on 4 June 2018.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the Group Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

All the Group's companies have 31 December as their year-end. Consolidated financial statements are prepared using uniform accounting policies for like transactions.

2.5. Going concern

The financial statements have been prepared on a going concern basis. The Group has not yet earned revenues and is in the pre-construction phase of its business. The operations of the Group are currently financed from funds raised from shareholders and strategic investors. In common with many pre-production entities, the Group will need to raise further funds in order to progress the Group from the feasibility phase into construction and eventually into production of revenues.

The Group had cash and cash equivalents of US$5.3 million at 26 May 2022 and the Directors are of the view this is sufficient to fund the Group's non-discretionary expenditure and maintain good title to the exploration licences over the next 12 months from the date of approval of these financial statements. The Company will continue to work on advancing the Khemisset project and to commence construction as soon as practicable, however the timing of these activities will be dependent on availability of funds.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.6. Changes in accounting policies

Standards, interpretations and amendments to published standards effective from 1 January 2021

There were no new standards or interpretations effective and adopted for the first time for the year beginning on or after 1 January 2021 that had a significant effect on the Group's or Company's financial statements.

Standards, interpretations and amendments to published standards not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

- Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Amendments to IAS 1: Classification of Liabilities as Current or Non-current –Deferral of Effective Date – effective 1 January 2023
- Amendments to IFRS 3: Business Combinations – Reference to the Conceptual Framework – effective 1 January 2022
- Amendments to IAS 16: Property, Plant and Equipment – effective 1 January 2022
- Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets – effective 1 January 2022
- Annual Improvements to IFRS Standards 2018-2020 Cycle – 1 January 2022

The Directors anticipate that the application of all new and amendments to IFRSs will have no material impact on the future results of the Group or Company in the foreseeable future.

2.7. 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 from those of other business segments.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.The Directors are of the opinion that the Group is engaged in a single segment of business being the exploration activity of potash in one geographical area, being Morocco.

2.8. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of on entity and a financial liability or equity instrument of another.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through OCI, or fair value through profit and loss.The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

• Financial assets at amortised cost (debt instruments)
• Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
• Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
• Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost include trade receivables (not subject to provisional pricing) and other receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

• The rights to receive cash flows from the asset have expired; or
• The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held
For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(b) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income.

Loans and borrowings and trade and other payables

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income. This category generally applies to trade and other payables.

Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

(c) Financial liabilities

Liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit and loss or other liabilities, as appropriate.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost.

2.9. Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, determined using tax rates that are expected to apply when the related deferred tax asset or liability is realised or settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.10. Intangible assets – exploration and evaluation expenditure

Exploration expenditure comprises all costs which are directly attributable to the exploration of a project area.

When it has been established that a mineral deposit has development potential, all costs (direct and applicable overheads) incurred in connection with the exploration and development of the mineral deposits are capitalised until either production commences, or the project is not considered economically viable.

In the event of production commencing, capitalised costs in respect of the asset are transferred into Tangible Fixed Assets, and are depreciated over the expected life of the mineral reserves on a unit of production basis. Other pre-trading expenses are written off as incurred. For the purposes of impairment testing, intangible assets are allocated to specific projects with each licence reviewed annually. Where a project is abandoned or is considered to be of no further interest, the related costs are written off.

Intangible assets are not subject to amortisation and are tested annually for impairment. The recoverability of all exploration costs, licenses and mineral resources is dependent on the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production, or proceeds from the disposition thereof.

2.11.Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

2.12. Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Statement of Financial Position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

On consolidation of a foreign operation, assets and liabilities are translated at the closing rate at the date of the Statement of Financial Position, income and expenses for each Statement of Comprehensive Income presented are translated at average exchange rates. All resulting exchange differences shall be recognised in other comprehensive income and accumulated in equity.

2.13. Share-based payment arrangements

The Group operates equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of employee services received in exchange for the grant of share options are recognised as an expense. The total expense to be apportioned over the vesting period is determined by reference to the fair value of the options granted:

• including any market performance conditions;
• excluding the impact of any service and non-market performance vesting conditions; and
• including the impact of any non-vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period the Group revises its estimate of the number of options that are expected to vest.

The Group recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The fair value of goods or services received in exchange for shares is recognised as an expense and included within administrative expenses.

2.14. Critical accounting estimates and judgements

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

a) Recoverability of intangible assets

The Group tests annually for impairment or more frequently if there are indications that the intangible assets might be impaired.

Determining whether the intangible assets are impaired requires an estimation of the value in use of the cash generating units to which the intangible assets belong. Where impairment indicators are present, the Group is required to evaluate the future cash flows expected to arise from the cash-generating unit and the suitable discount rate in order to calculate the present value.

The carrying value of Group's exploration and evaluation intangible assets at 31 December 2021 is US$13.6 million (2020: US$11.1 million), which relates to the Khemisset project.

The Directors therefore undertook an assessment of the following areas and circumstances that could indicate the existence of impairment:

- The Group's right to explore in an area has expired, or will expire in the near future without renewal;
- No further exploration or evaluation is planned or budgeted for;
- A decision has been taken by the Board to discontinue exploration and evaluation in an area due to the absence of a commercial level of reserves; or
- Sufficient data exists to indicate that the book value will not be fully recovered from future development and production.

The Board has reviewed the project for indicators of impairment, and are satisfied that the prospects of deriving economic value are likely to be considerably in excess of the carrying value of the asset in the accounts.

In arriving at this conclusion, the Directors considered the ongoing commitment to the project, the economic metrics of the project as set out in the 2020 Feasibility Study, and the increase in potash prices over the last 12 months.

Following their assessment, the Directors concluded that no impairment charge was necessary for the period ended 31 December 2021.

b) Share-based payments

The Group has made awards of options on its unissued share capital to certain directors and employees as part of their remuneration package.

The valuation of these options involved making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and interest rates. These assumptions are described in more detail in note 12.

There was a charge to the Statement of Comprehensive Income during the year in relation to share based payments of USD$33k (2020: US$991k).

c) Valuation of warrants

The Group issued shares in November 2021 which included warrants to investors. The fair value assigned to the warrants involved making a number of critical estimates relating to price volatility, future dividend yields and interest rates. The valuation of the warrants was US$660k (2020: US$ nil)

d) Going concern

In their assessment of going concern, the Directors have prepared cash flow forecast showing the Group's non-discretionary expenditure obligations, as well as discretionary activities. The discretionary activities relate largely to the project work at Khemisset, which are either uncommitted in nature, or are the subject of contracts which include clauses allowing the Company to suspend activities without penalty.

The Group has sufficient cash reserves to cover non-discretionary expenditure beyond the Going Concern horizon of at least 12 months from the date of this report, and accordingly the Board believe the Going Concern basis to be appropriate for the preparation of the 2021 Financial Statements.

3.Expenses by nature

	2021 US$'000	2020 US$'000
Project costs	7	20
Directors' fees (note 4)	635	192
Travel and accommodation	59	43
Auditors' remuneration including associates	25	42
Employment costs	455	-
Professional and consultancy fees	1,168	737
Total	**2,349**	**1,034**

4. Directors' remuneration

Details of Directors' remuneration during the year are as follows:

	2021 US$'000	2020 US$'000
Graham Clarke	401	-
James Kelly	65	-
Rupert Joy	19	-
Edward McDermott	51	46
Hayden Locke	33	31
Mark Connelly	16	46
Robert Wrixon	50	69
Total	**635**	**192**

Graham Clarke, Hayden Locke and Robert Wrixon also received fees for consultancy services which are disclosed within note 14. In addition, the Directors received share options. Further details on share options are in note 14. Directors' fees which are directly attributable to the exploration of a project area have been capitalised as intangible assets.

5. Income tax

Details of Directors' remuneration during the year are as follows:

	2021 US$'000	2020 US$'000
Current tax:		
Tax	-	-
Total tax	-	-

Reconciliation of income tax

	2021 US$'000	2020 US$'000
Loss before tax	(2,777)	(1,942)
Loss before tax multiplied by domestic tax rates applicable to losses in the respective countries	(464)	(387)
Effects of:		
Foreign tax attributes	(33)	(8)
Losses on which no deferred tax is recognised	497	395
Total tax	-	-

The weighted average applicable tax rate was 16.7% (2020: 19.9%). With effect from 2018, Emmerson PLC registered for taxation in the United Kingdom, where the corporation tax rate is 19%. It is also subject to taxation in the Isle of Man where the corporation tax rate is 0%. Morocco has a 20% tax rate applicable to mining companies, including Emmerson's Moroccan subsidiaries.

A deferred tax asset has not been recognised in respect of deductible temporary differences relating to certain losses carried forward at the year end, as there is insufficient evidence that taxable profits will be available in the foreseeable future against which the deductible temporary difference can be utilised.

The unrecognised deferred tax asset for the Group was approximately US$1,456k (2020: US$983k). The unrecognised deferred tax asset relating to Moroccan tax losses amounted to approximately US$144k (2020: US$78k).

6. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	2021 US$'000	2020 US$'000
Earnings		
Loss from continuing operations for the year attributable to the equity holders of the Company (US$'000)	(2,777)	(1,942)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	822,875,086	704,759,944
Basic and diluted loss per share	0.33 cents	0.28 cents

The potential number of shares which could be issued following the exercise of options and warrants currently outstanding amounts to 179,625,047 (see note 12). Dilutive earnings per share equals basic earnings per share as, due to the losses incurred, there is no dilutive effect from the existing share options and warrants.

7. Intangible assets

The intangible assets consist of capitalised exploration and evaluation expenditure in respect of the Company's potash interests in Morocco (the Khemisset project).

	2021 US$'000	2020 US$'000
Cost:		
At the beginning of the year	11,132	8,180
Additions	2,671	2,313
Effects of changes in foreign exchange rates	(248)	639
Total	**13,555**	**11,132**

Intangible assets are reviewed at each reporting date to determine whether there is objective evidence of impairment. See note 2.14 detailing the Company's judgement in this area.

8. Trade and other receivables

	2021 US$'000	2020 US$'000
Other receivables	551	398
Prepayments	220	31
Total	**771**	**429**

Other receivables include recoverable VAT and other taxes.

9. Trade and other payables

	2021 US$'000	2020 US$'000
Other payables	934	227
Accruals	901	454
Total	**1,835**	**681**

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method. Other payables consist of supplier invoices for administration expenses. Included within Accruals are engineering costs of US$700k and bonus accruals of US$112k.

10. Financial instruments

	2021 US$'000	2020 US$'000
Financial assets measured at amortised cost		
Other receivables	551	398
Cash and cash equivalents	10,032	1,563
	10,583	**1,960**
Financial liabilities measured at amortised cost		
Other payables	**934**	**227**

Financial risk management objectives and policies

The Company is exposed through its operations to credit risk and liquidity risk. In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout this financial information.

General objectives, policies and processes

The Directors have overall responsibility for the determination of the Company's risk management objectives and policies. Further details regarding these policies are set out below:

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of issued capital, reserves and retained earnings. The Directors reviews the capital structure on a semi-annual basis. As a part of this review, the Directors consider the cost of capital, the risks associated with each class of capital and overall capital structure risk management through the new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The management's strategy remained unchanged from 2020.

Market price risk

The development and success of any project of the Group will be primarily dependent on the future price of potash. Potash prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of the Company. Future production from the Khemisset Project is dependent on potash prices that are adequate to make the project economic. Potash prices have increases significantly during 2022, and sanctions on sources from Russia and Belarus suggest supplies are likely to remain tight for the foreseeable future.

Credit risk

The Company's credit risk arises from cash and cash equivalents with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

Liquidity risk

Liquidity risk arises from the Directors' management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Directors' policy is to ensure that the Company will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, the Directors seek to maintain a cash balance sufficient to meet expected requirements.

The Directors have prepared cash flow projections on a monthly basis through to 30 September 2021. At the end of the period under review, these projections indicated that the Group is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised monetary assets and liabilities and net investments in foreign operations. It should be noted that although the consolidated accounts use US$ as a presentational currency, Emmerson PLC (the parent company) continued to have GBP as a functional currency in 2021, and the Group's Moroccan entities have MAD as their functional currency.

Net current assets denominated in US$ and MAD at the year-end amounted to US$3.98 million and net liability of US$0.35 million respectively.

At 31 December 2021, had the exchange rate between the Sterling and US$ increased or decreased by 5% with all other variables held constant, the increase or decrease respectively in net assets would amount to approximately US$272k (2020: US$2k).

At 31 December 2021, had the exchange rate between the Sterling and MAD increased or decreased by 5% with all other variables held constant, the increase or decrease respectively in net assets would amount to approximately US$1k (2020: US$1k).

The Group does not hedge against foreign exchange movements.

11. Share capital

The Ordinary Shares issued by the Company have a no par value and all fully paid. Each Ordinary Share carries one vote on a poll vote. The Company does not have a limited amount of authorised capital.

	Number of Shares	US$'000
As at 31 December 2020	**726,602,974**	**15,755**
Shares issued for cash	177,470,355	14,536
Shares issued as payment	600,000	47
Less share issue costs	-	(1,416)
Less fair value of investor warrants issued in year	-	(660)
Warrants exercised for cash	10,389,333	422
Transfer from warrants reserve	-	90
As at 31 December 2021	**915,062,662**	**28,774**

12. Share based payments

The following is a summary of the share options and warrants outstanding as at 31 December 2021:

Date of Grant	Expire Date	Vesting Date	Exercise Price	No. of Options	Share Price at Grant Date	Risk Free Rate	Volatility	Option Value
08-May-18	07-May-23	08-May-18	£0.0300	7,250,000	£0.0225	1.30%	34%	£0.0098
08-May-18	07-May-23	08-Nov-18	£0.0300	7,250,000	£0.0225	1.30%	34%	£0.0098
08-May-18	07-May-23	08-May-19	£0.0300	10,750,000	£0.0225	1.30%	34%	£0.0098
08-May-18	07-May-23	08-Nov-19	£0.0300	13,250,000	£0.0225	1.30%	34%	£0.0098
26-Mar-19	24-Mar-24	26-Mar-20	£0.0350	6,900,000	£0.0400	2.10%	68%	£0.0242
07-Aug-19	05-Aug-24	07-Aug-19	£0.0500	1,500,000	£0.0375	2.10%	58%	£0.0192
01-Aug-20	31-Jul-25	01-Aug-21	£0.0010	20,333,333	£0.0435	1.10%	71%	£0.0219
01-Aug-20	31-Jul-25	01-Aug-22	£0.0010	7,333,333	£0.0435	1.10%	71%	£0.0219
01-Aug-20	31-Jul-25	01-Aug-23	£0.0010	3,333,334	£0.0435	1.10%	71%	£0.0219
01-Aug-20	31-Jul-25	01-Aug-20	£0.0010	19,000,000	£0.0435	1.10%	71%	£0.0219
				96,900,000				

Date of Grant	Expire Date	Vesting Date	Exercise Price	No.of Warrants	Share Price at Grant Date	Risk Free Rate	Volatility	Warrant Value
04-Jun-18	03-Jun-23	04-Jun-18	£0.0300	333,333	£0.0225	1%	34%	£0.0089
9-Nov-21	9-Nov-22	9-Nov-21	£0.0830	82,391,714	£0.0565	0.8%	57%	£0.0058
				82,725,047				
Total outstanding at 31 December 2021				**179,625,047**				

During the year 82,391,714 warrants were issued (2020: nil). 5,000,000 share options expired (2020: nil) and nil were exercised (2020: nil). 333,333 warrants expired (2020: 333,333) and 10,000,000 warrants were exercised (2020: 389,333).

The weighted average remaining contractual life of the options and warrants at year-end is 1.8 years.

The options and warrants issued were valued using the Black-Scholes valuation method and the assumptions used are detailed above. The expected future volatility has been determined by reference to the historical volatility.

The total share-based payment recognised in the Statement of Changes in Equity during the year was a US$33k (2020: US$991k), which included credits of US$14k in respect of cancelled and unvested share options in the year.

The Group operates equity-settled, share-based compensation plans, under which the entity receives services from Directors and employees as consideration for equity instruments (options) of the Group.

There were 77,850,000 (2020: 101,900,000) options at the year-end held by current Directors, employees, and consultants. Vesting of the options is subject to the option holder providing continuous service during the vesting period and there are no other performance conditions attached to the options.

Share options	Number issued	Expiry of option year
Graham Clarke (Director)	17,500,000	5 years
Hayden Locke (Director)	22,000,000	5 years
Robert Wrixon (Director)	11,000,000	5 years
Other employees and consultants	27,350,000	5 years
Total	**77,850,000**	

13. Future rental payments

The commitments arising from operating leases are largely rental payments for buildings. The future minimum lease payments (payables) under non-cancellable operating leases are:

	2021 US$'000	2020 US$'000
Within one year	20	20
More than one year	-	-
As at end of year	**20**	**20**

14. Related party transactions

Directors' consultancy fees

Hayden Locke is a Director of the Company and is a director of Benson Capital Limited, which provide consulting services to the Company. During the year, Benson Capital Limited received total fees of US$244k (2020: US$314k). The amount outstanding as at year-end is US$ nil (2020: US$114k).

Robert Wrixon is a Director of the Company and also provides consulting services to the Company. During the year, Robert Wrixon received fees of US$116k (2020: US$115k). The amount outstanding as at year-end is US$ nil (2020: US$ nil).

Graham Clarke is a Director of the Company and is a director of GCUK Consulting Limited, which provide consulting services to the Company. During the year, GCUK Consulting Limited received total fees of US$99k (2020: US$232k). The amount outstanding as at year-end is US$ nil (2020: US$ nil).

Details of directors' remuneration during the year are given in note 4.

There are no other related party transactions.

15. Ultimate controlling party

The Directors consider that there is no controlling or ultimate controlling party of the Company.

16. Change in Presentation Currency

The Directors believe that US dollars are a more appropriate currency in which to present the Group's consolidated results, on the basis that, along with most international mining groups, the majority of financing and pricing discussions and presentations are undertaken in that currency.

Consequently, the Group has opted for the financial results to be presented in US dollars for the year ended 31 December 2021. The change in presentation currency has been applied retrospectively.

In re-presenting the Group Financial Statements for the year ended 31 December 2021, the reported information was converted to US dollars from GB£ using the following procedures:

- Assets and liabilities were translated to US dollars at the closing rates of exchange at each respective balance sheet date (31 December 2021: GB£1: US$1:3532; 31 December 2020: GB£1:US$1.367).
- Share capital, share premium and other reserves were translated at the historic rates prevailing at the dates of transactions.
- Income and expenses were translated to US dollars at an average rate at each of the respective reporting periods. This has been deemed to be a reasonable approximation (31 December 2021: GB£1: US$1.377; 31 December 2020: GB£1: US$1.276).
- Differences resulting from the retranslation were taken to reserves.

To assist shareholders during this change, the impact on the prior period results, closing balance sheet and the numerator for earnings per share as originally reported is set out below:

Consolidated Statement of Comprehensive Income (Represented)

	Note	As originally reported 2020 £'000	Re-presented 2020 US$'000
Continuing Operations			
Administrative expenses	3	(810)	(1,034)
Share-based payment expense	12	(776)	(991)
Net foreign exchange gain		61	78
Operating Loss		**(1,525)**	**(1,947)**
Finance income		4	5
Finance cost		-	-
Loss before tax		(1,521)	(1,942)
Income tax	5	-	-
Loss for the year attributable to equity owners		**(1,521)**	**(1,942)**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange gain on translating foreign operations		97	500
Total comprehensive income attributable to equity owners		**(1,424)**	**(1,442)**
Earnings per share - Basic and diluted	6	(0.22 pence)	(0.28 cents)

Consolidated Statement of Financial Position (Represented)

	Note	As originally presented 2020 £'000	Re-presented 2020 US$'000	As originally presented 2019 £'000	Re-presented 2019 US$'000
Non-current assets					
Intangible assets	7	8,142	11,132	6,172	8,180
Property, plant and equipment		12	16	38	50
Total non-current assets		**8,154**	**11,148**	**6,210**	**8,230**
Current assets					
Trade and other receivables	8	314	429	271	359
Cash and cash equivalents		1,143	1,563	2,071	2,746
Total current assets		**1,457**	**1,992**	**2,342**	**3,105**
Total assets		**9,611**	**13,140**	**8,552**	**11,335**
Current liabilities					
Trade and other payables	9	498	681	414	549
Total current liabilities		498	681	414	549
Net assets		**9,113**	**12,459**	**8,138**	**10,786**
Shareholders equity attributable to equity owners					
Share capital	11	12,030	15,755	10,408	13,631
Share reserve	12	1,163	1,499	386	508
Reverse acquisition reserve		1,651	2,198	1,651	2,198
Retained earnings		(5,740)	(7,508)	(4,219)	(5,566)
Translation reserve		9	515	(88)	(15)
Total equity		**9,113**	**12,459**	**8,138**	**10,786**

17. Events after the reporting date

There were no material events that took place after the reporting date.

Company Information

Directors

James Kelly (Non-executive Chairman)
Graham Clarke (Chief Executive Officer)
Hayden Locke (Executive Director)
Robert Wrixon (Executive Director)
Rupert Joy (Non-executive Director)

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Emmerson PLC is registered in the Isle of Man under Company No. 013301V


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