Annual Report & Financial Statements

For the year ended 31 December **2023**

EMMERSON PLC

“Doing the right things and doing them in the right way”

CONTENTS

CHAIRMAN'S STATEMENT

It gives me great pleasure to present the 2023 Annual Report for Emmerson PLC ("Emmerson" or "the Company").

During 2023 and into 2024, our key priority has remained securing the approval of the Environmental and Social Impact Assessment ("ESIA") for Khemisset. Whilst we have not yet received this critical approval, Graham and his team have used this extended period of time constructively, most notably with the development of the innovative Khemisset Multi-mineral Process ("KMP"). It is my belief that this will be seen as a seminal period for the Company, once the true environmental, commercial and financial benefits of KMP are more widely recognised.

In early April 2024, we submitted the latest, and we hope final, version of the ESIA to the ***Commission Régionale Unifiée de l'Investissement*** (the "CRUI"), the body responsible for granting environmental approval.

We very much hope that we are now at the final stages of the approval process, which has taken far longer than initially envisaged, and involved considerable additional work and iterations.

Environmental approvals in the mining sector have become more demanding in recent years, with an increasing focus on Environmental, Social, and Governance ("ESG") issues from both investors and regulators. We have never shied away from our obligations in this area, incorporating the highest possible standards of ESG into our design, and into our culture, from the outset.

In Morocco, as in many countries, there are concerns regarding water. Climate change has led to seasonal rains becoming less reliable, resulting in droughts in recent years, and low water levels in reservoirs and aquifers.

In the context of this challenge, during 2023 our technical teams developed an innovative new processing method which we have called the KMP. We announced the results of our scoping study into KMP on 1 February 2024, and we have now included KMP in our updated ESIA, along with various other optimisations made in the past three years to the original design.

KMP arose from the investigation into a means of cleaning and recycling brines as an alternative to Deep Well Injection ("DWI") and resulted in a solution that not only eliminates DWI entirely, but in so doing reduces water consumption by 50%. We believe that the KMP can unlock significant value in other potash deposits and have filed a patent over the process.

The KMP brings more than environmental benefits, considerable though these are. It also transforms the Project's economics, by producing two new saleable fertiliser products: struvite and vivianite. The existing market for these is relatively small, as current production levels are modest. However, there is a huge potential demand for both products, as they are essentially slow-release multi-nutrient fertilisers, containing macro-nutrients phosphates and ammonia, and the micro-nutrients magnesium and iron in the case of struvite and vivianite respectively.

As part of the scoping study into KMP, we updated our financial estimates for the Project, based on the original design, as well as based on a design incorporating the new process route. Cost inflation since the 2020 Feasibility Study was mitigated by some efficiency savings, and the revised estimates for the original design held up well. However, the design incorporating KMP has far superior economics, with a Net Present Value at 8% ("NPV_8") of US$2.2 billion, and an Internal Rate of Return ("IRR") of close to 40%.

In what have been challenging financial markets, with modest potash prices, it is important that new greenfield projects stand out. Khemisset incorporates an innovative, patent-pending processing method, which allows mixed potash ore types to be processed in a highly efficient manner, creating multi-nutrient fertilisers as by-products. No other potash project in the world can make such a claim, nor be as efficient with freshwater usage.

Furthermore, Khemisset has an advantageous geographical location, being located close to the Atlantic ports of Morocco. It is also likely to be Africa's first potash operation since the mid-1970s, which is significant as Africa is where the challenges of food security and self-reliance are most pressing. With the bulk of global population growth in the next 20 years, together with fertiliser application rates that are a fraction of those in the developed world, Africa needs to be able to feed itself and then the rest of the world.

Obtaining our environmental approval has taken time, and we are extremely grateful to our shareholders for their patience. I was delighted that Global Sustainable Minerals and Gold Quay Capital supported our recent fundraise so strongly and that we continue to enjoy a constructive partnership.

Khemisset is an outstanding potash development project and the benefits of KMP leave Emmerson well positioned to become a uniquely sustainable source of multi-nutrient fertiliser products, in a country which is already a major global fertiliser hub, and a gateway to the continent with the most identifiable growth over the medium term.

I look forward to updating you on our progress in 2024, which we hope will be a transformational year for Emmerson.

James Kelly
CHAIRMAN
23 May 2024

CHIEF EXECUTIVE OFFICER'S STATEMENT

During 2023, the Company faced challenges, notably in respect of the progress towards obtaining the environmental approval, but was also able to develop a new, innovative processing route that not only dramatically improves the environmental credentials of the Khemisset Project, but also transforms its economics. We believe Khemisset is a genuinely unique project that will produce, from one processing plant, fertilisers containing potash, phosphates and ammonia, as well as magnesium and iron.

The ESIA Approval

The primary focus for the Company in 2023 remained obtaining the approval of its ESIA.

Some of Morocco's most significant environmental sensitivities relate to water. Climate change has impacted the country by making seasonal rainfall less reliable. Winter rains in recent years have been lower than historic averages, resulting in droughts and low water levels in reservoirs, and threatening agriculture and availability of potable water. In 2023, His Majesty King Mohammed VI directed a series of national measures to address this issue, which remains a focal point of government policy.

Taking into account these concerns, the Company has invested significant efforts in this area, engaging in iterative consultations with authorities. The work has led in many cases to concrete improvements such as switching to dry stack tailings instead of wet, and sourcing grey water from the Khemisset Waste Water Treatment Plant, rather than drawing from nearby rivers or reservoirs as had previously been discussed, in addition to the substantial improvements by the KMP.

In July 2023, we announced that the CRUI had been unable to approve our ESIA, and the matter was referred up to the national level for review by the *Commission Ministérielle de Pilotage* (The "Ministerial Committee"). This Ministerial Committee is a national body chaired by the Head of Government and is composed of a number of ministers in government.

The Ministerial Committee was unable to sit before late January 2024; government priorities were impacted in the intervening period by more pressing matters such as the tragic earthquake in September 2023.

Emmerson has always maintained that the Khemisset Project has adhered to the highest international standards in terms of environmental compliance, including its water use, and the responsible management of waste brines and tailings. However the Company has continued to explore optimisations to reduce further the Project's environmental footprint, and the KMP arose from this work.

In March 2024, the Company was informed that the Ministerial Committee had upheld its appeal and referred the matter back to the CRUI for reconsideration, inviting the Company to include optimisations into its latest ESIA submission.

In April 2024, the Company submitted an updated ESIA, including the optimisations from the KMP related to water usage and waste management. Although the environmental and economic benefits of the KMP are considerable (as outlined below), the changes to the processing plant are relatively modest. The elimination of equipment and infrastructure related to DWI means that the KMP results in a net reduction in capex and the overall footprint of the Project, and therefore the modifications to the ESIA were straightforward.

Khemisset Multi-mineral Process ("KMP")

During 2023, the Company began to explore innovative solutions to the management of waste brines, which, under the original design set out in the 2020 Feasibility Study (the "2020 FS"), were proposed to be safely disposed of deep underground in porous/permeable rock structures in a process known as DWI. DWI is an established process in many other projects, but was new to Morocco, and while technical studies supported the robustness of the method, it remained a point of sensitivity.

In February 2024, the Company was able to announce the results of a Scoping Study which outlined a process enhancement, whereby magnesium and iron chlorides in the brines would be precipitated out as struvite and vivianite respectively, after reaction with phosphates and ammonia.

This process would then allow the brines to be recycled back into the plant, instead of disposed of through DWI. The recirculation of brines yields a number of benefits, notably a reduction in the overall consumption of raw water by 50% compared with the 2020 FS, and an improvement in potash recoveries from 85% to around 91%.

Both struvite and vivianite are slow-release multi-nutrient fertilisers, that are expected to attract a premium price above their nutrient value. Updated financial estimates completed as part of the KMP Scoping Study pointed to these new products more than doubling the NPV of the Project compared to the original design, based on relatively conservative pricing estimates from third party market consultants.

By being slow-release, struvite and vivianite also address one of the environmental challenges facing farmers applying phosphates. Most sources of phosphate are highly soluble, and susceptible to being washed away by rainfall in a process known as phosphate run-off. Not only does this result in the loss of the nutrient benefits to farmers (who either reapply or suffer lower crop yields), but it causes eutrophication of water courses, and algal blooms, which can be damaging to aquatic life.

By contrast, struvite and vivianite are less soluble, releasing their nutrients in line with demand from plants. This allows less frequent application (a benefit for farmers), while keeping the nutrient in the fields where it is needed, and not in rivers and lakes where it is not.

The KMP is at a Scoping Study level, but the changes to the process plant are relatively simple and use well-established processes. It is therefore now being adopted as the assumed production route, and while further testwork remains (particularly around crop-specific agronomic trials), it will be included in the planned updated Bankable Feasibility Study ("BFS") which will be completed once environmental approval has been obtained.

Updated financial estimates

As part of the KMP Scoping Study, the financial estimates for the Project, which had been last calculated as part of the 2020 Feasibility Study, were updated on two bases: the "Original Design", assuming substantially the original design (without KMP but including various other optimisations); and incorporating KMP into the process route ("KMP Process Solution").

Cost inflation which has affected all capital projects inevitably led to an increase in the capex estimate for the Project, which rose by 31% for the Original Design, and 28% for the KMP Process Solution. Updated opex estimates, including revised pricing assumptions for costs such as electricity, staff costs, fuel, and transport were also factored in.

A summary of the key financial metrics of the Original Design and the KMP Process Solution, as compared with those in the 2020 Feasibility Study, is shown below. Further details can be found in the announcement of 1 February 2024.

Khemisset Basic Engineering

The basic engineering work, which commenced in 2022, was largely completed during 2023. Two engineering firms, Barr Engineering of the US, and Reminex S.A of Morocco, lead the workstreams for the processing plant, and the balance of the Khemisset potash project scope, respectively. At the time of writing, the only remaining deliverables are the final reports.

Financing

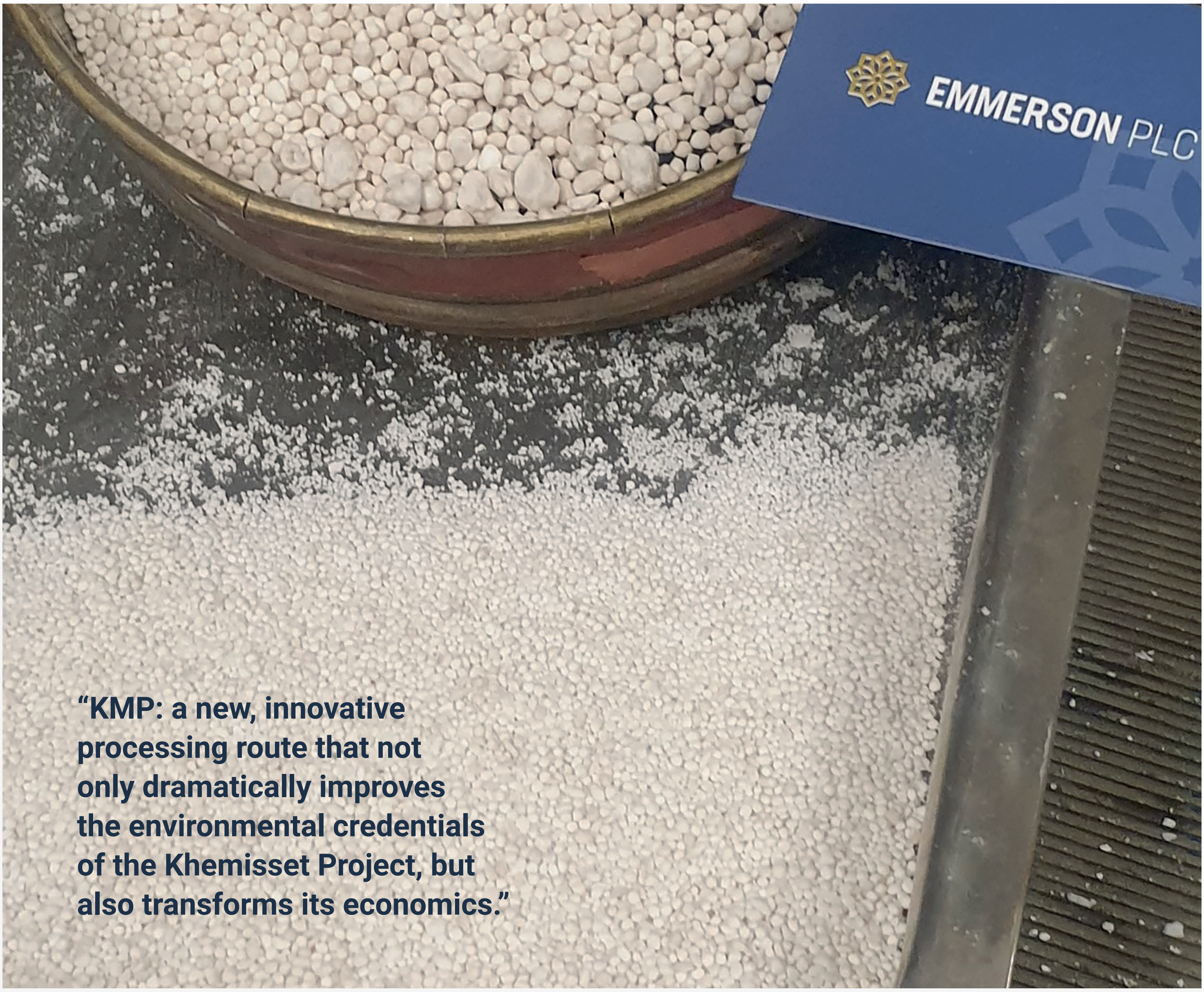
In 2022, the Company announced that it had signed mandates with a syndicate of international and Moroccan banks for a debt facility initially expected to be US$310 million, of which US$230 million would be a tranche covered by a UK Export Finance guarantee.

These mandates were renewed in December 2023 for a further year. This facility will be subject to the usual due diligence and credit committee approvals, and work will commence once the ESIA approval has been completed and the BFS updated.

Other discussions with equity and royalty/offtake financiers have continued but at a background level, awaiting the ESIA approvals before full engagement is expected.

In April 2024, we announced the results of a successful share placing, bringing in gross proceeds of US$2.5 million. Of this, Global Sustainable Minerals Pte Ltd ("GSM") and Gold Quay Capital Pte Ltd ("GQC") (together the "Strategic Investors") contributed US$2.0 million and US$0.2 million respectively, at a price of 1.75 pence per share. The Strategic Investors also received 1:1 warrants at 3 pence per share, expiring on 31 December 2024.

Parameter (real unless stated)	2020 Feasibility Study	2023 UPDATES	
		Original Design Updated	KMP Process Solution
Capex	US$411m	US$539m	US$525m
MOP Cash Cost FOB Casablanca	US$147/t	US$164/t	US$156/t
MOP Cash Cost CFR Brazil net of salt credit	US$110/t	US$139/t	US$133/t
All-in-Sustaining Cash Cost CFR Brazil net of salt credit	US$136/t	US$171/t	US$163/t
Annual EBITDA (nominal)	US$286m	US$258m	US$440m
Post Tax Cash Flow (nominal)	US$3.8bn	US$3.0bn	US$5.9bn
Post Tax NPV_8 (nominal)	US$1.4bn	US$1.0bn	US$2.2bn
Post Tax IRR (nominal)	40%	26%	40%



“KMP: a new, innovative processing route that not only dramatically improves the environmental credentials of the Khemisset Project, but also transforms its economics.”

In addition, we also raised US$0.3 million from our wider shareholder base at the same price, through the REX retail platform. This offering was significantly oversubscribed.

These funds strengthen the Company’s balance sheet and will be used to continue our work on the KMP, the ESIA process, and for general working capital. The funds are sufficient to meet all existing obligations for over 12 months.

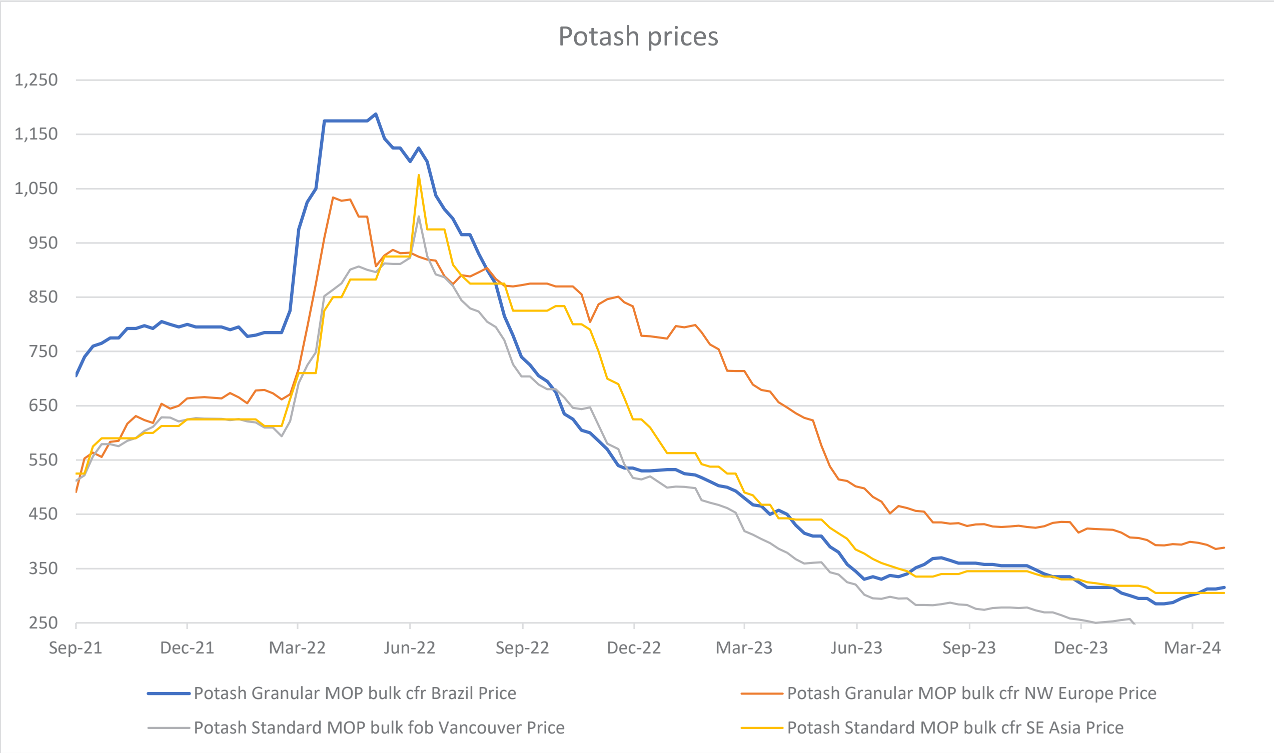
The further contribution from our Strategic Investors underlines their ongoing confidence in the Project. We expect them to form a key part of the construction funding package in due course, once we have received EIA approval.

Potash market

After increasing during 2021 on the back of transportation issues during the pandemic, potash prices rose sharply during 2022 following the invasion of Ukraine. However, this increase led to fertilisers becoming unaffordable, despite crop prices also rising, and demand dropped off, leading to a fall in global MOP prices which continued during 2023 and into 2024. Potash production from sanctioned operations in Russia and Belarus also began to find ways into new markets, particularly in Asia, alleviating supply side constrictions.

By April 2024, MOP prices had recovered to around US$315 per tonne CFR Brazil, relatively low in the context of historic prices but improving since the start of the year. This led to demand returning, but weather patterns in 2023 affected agriculture which moderated the impact this had on prices.

The longer-term demand story for potash remains compelling: global population growth, changing dietary habits, and pressure on arable land usage, are all expected to increase the demand for potash, as well as other nutrients.



New sources of potash, not least the BHP Jansen project, are expected to come online in the next 5-10 years, but the most advanced of these are located in the traditional production centres of central Canada, Russia, and Belarus. Given transportation distances and ongoing sanctions, these are more likely to serve the markets of North America and Asia, with Europe, South America and Africa (Khemisset's target markets) likely to remain undersupplied for the foreseeable future.

Outlook for 2024

The priority for 2024 is to obtain approval for our updated ESIA, incorporating the KMP optimisations, which we submitted to the Moroccan authorities for approval in April 2024.

Depending on the outcome of the next reviews, we expect to hear from the CRUI shortly thereafter. In view of the level of optimisations now incorporated into the ESIA, we very much hope that approval will be forthcoming soon.

Upon receipt of this approval, we will move forwards with completing the remaining studies on the KMP, such that it can then be incorporated into an updated BFS, based on the original 2020 Feasibility Study, but including all optimisations and improvements, and revised estimates, completed in the intervening years including the workstreams completed under the Basic Engineering. Due diligence with financiers will commence in parallel as far as possible but will need to await the completion of the BFS, and review of its findings, before it can be concluded.

I look forward to providing updates in 2024.

Graham Clarke
CHIEF EXECUTIVE OFFICER
23 May 2024

The longer-term demand story for potash remains compelling: global population growth, changing dietary habits, and pressure on arable land usage, are all expected to increase the demand for potash, as well as other nutrients.

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 and social 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 and 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.

Although there was minimal field work during 2023, we continued to monitor and report on all incidents, including minor ones and 'near misses'. These matters are investigated as a matter of course and reported to the Board in monthly reports.

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.

Given the Company's focus on obtaining environmental approval for its project, a considerable amount of work has gone into enhancing the environmental and social aspects of the proposals, particularly in so far as these relate to water management.

It was this prioritisation that led to the development of the KMP processing route, whose environmental benefits include the reduction in water consumption and the elimination of brine disposal.

In addition, two of the new products resulting from the new process, struvite and vivianite, are slow-release phosphate fertilisers containing the additional micro-nutrients magnesium and iron respectively. Not only will these contribute, alongside potash, to the challenges of food security in Africa and across the globe but, by having low water solubility, they also minimise the negative environmental impact of phosphate run-off compared with other phosphate fertilisers (such as DAP or MAP), which can lead to eutrophication of streams and rivers.

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. Wherever possible, the Company has engaged local consultants, contractors, and employees. Morocco has a motivated, well-educated workforce, and an established mining sector, and it is the Company's policy that, where external expertise is required for specific task, skills will be transferred to local teams as part of the work.

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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors present their report and the audited financial statements for the year ended 31 December 2023.

General information

Emmerson PLC ("the Company"), was incorporated in the Isle of Man with registered number 013301V on 1 March 2016. 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$2,875k (2022: loss of US$3,243k).

The Company paid no dividend during the year (2022: 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 progress made on a number of technical and financial workstreams.

During the financial year, the Group made a loss per share of 0.29 cents (2022: a loss per share of 0.34 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. As at 30 April 2024, the Group's cash balance was US$3.1 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 has made a number of significant optimisations to the project design in order to address environmental concerns, including the KMP processing enhancement.

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 (see Going Concern Note 2.13 c) to the Financial Statements), 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 development phase into construction, and to build the mine at Khemisset in order to become cash-generative. Although the Company has supportive shareholders and has negotiated non-binding debt financing agreements with a syndicate of banks, the completing of fundraising cannot be guaranteed and therefore represents a risk.

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 a 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 advisers 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 the management team will continue to be able to deal 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

In April 2024, the Company raised gross proceeds of US$2.5 million through a share placing, including with its largest shareholder Global Sustainable Minerals Pte Ltd. For further details, see note 17 of the accounts.

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$3.1 million at 30 April 2024 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 therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and believe the going concern basis is appropriate for the preparation of 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
Rupert Joy

There were no appointments or resignations during the year.

Directors' interests

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

	Number of Ordinary Shares	% Issued Ordinary Shares
James Kelly (Non-executive Chairman)	1,416,406	0.12%
Graham Clarke	1,399,861	0.12%
Hayden Locke[1]	9,274,660	0.81%
Robert Wrixon[2]	46,233,411	4.06%
Rupert Joy	544,371	0.05%
Total	**58,868,709**	**5.16%**

Notes

[1] Hayden Locke's shares are held by Benson Capital Limited

[2] 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.
Directors' 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 23 May 2024 and signed on its behalf.

Graham Clarke
CHIEF EXECUTIVE OFFICER

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2023

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 23 May 2024

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 in Morocco. The project has a large JORC Resource Estimate (2012) of 537Mt @ 9.24% K20 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. In early 2024, an updated set of financial estimates, incorporating a new processing route known as KMP, showed a revised net present value of US$2.2 billion. Building and operating the Khemisset project is therefore expected to deliver considerable value over the long term.

- **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 reports are sent to all shareholders and 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, IM1 1LA. Other Company information for shareholders is also available on the website.

  The Company also engages with shareholders at its AGM 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 is 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 meet at least twice 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 legislation 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 one executive Director and four 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 holds at least four 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 held and attended by Directors during the year were as follows:

James Kelly	7/7
Hayden Locke	5/7
Robert Wrixon	7/7
Graham Clarke	7/7
Rupert Joy	7/7

- **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 the 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 meets at least twice a year to review 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.

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

Remuneration Committee

The Remuneration Committee, currently consisting of Rupert Joy, James Kelly and Hayden Locke, is a sub-committee of the Board and aims to meet at least twice each year. The salaries, remuneration and other financial benefits of the key management and members of the Board of Directors are determined by the Remuneration Committee having regard to the performance of individuals and market trends. During 2023, the Remuneration Committee met once in order to consider a range of issues, including remuneration policy and annual incentives for the year 2023.

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 Director 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 also met with a number of senior officials of the Moroccan government, with whom the Khemisset project has been discussed in detail.

  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
23 May 2024

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 the 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.

Rupert Joy (Independent Non-Executive Director)

In a diplomatic career of more than 25 years, Rupert Joy 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 British Ambassador from 2000-03 and EU Ambassador 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. Rupert has worked as an independent consultant in recent years, focusing on North Africa. He studied at New College, Oxford and speaks French and Arabic.

Robert Wrixon (Non-executive Director)

An original founder of Moroccan Salts Limited, Rob has over 25 years' commercial experience, primarily in the mining sector, including five years with Xstrata in both marketing and strategy roles, and as MD and CEO of two ASX listed mineral exploration companies. 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.

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.

Hayden Locke (Non-executive Director)

A mining executive with 20 years' experience in mining, private equity and investment banking. He is currently the CEO of Marimaca Copper Corp a TSX-listed copper company. Prior to this, he was Head of Corporate and Technical Services (Geology, Mining and Processing) at ASX-listed potash developer Highfield Resources, and before that 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMMERSON PLC FOR THE YEAR ENDED 31 DECEMBER 2023

Opinion

We have audited the group financial statements of Emmerson PLC (the 'Group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement 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 2023 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 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 (2022: US$400,000), based on 2% of gross assets (capped at US$400,000 in order to obtain sufficient coverage of exploration expenditure), 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 $240,000 (2022: US$240,000) 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 $20,000 (2022: US$20,000).

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, share-based payments and judgements 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 under our instruction. The Engagement Partner and group audit team interacted with the component audit team during all stages of the audit and were responsible for the scope and direction of the audit process.

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 Matter	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 $20,457k in its Statement of Financial Position as at 31 December 2023 (2022: $18,607k) which comprise exploration and evaluation assets related to the Khemisset Project. **The estimation of recoverable amount of the intangible assets is subjective due to the inherent uncertainty involved in estimating future cash flows, considering the current stage of the project as it progresses towards commencement of construction. There is therefore a risk that the carrying value of the intangible asset is overstated and an impairment charge is required. Given the level of management judgement and estimation required, we have considered this to be a key audit matter.**	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 International Financial Reporting Standard (IFRS) 6, to include whether: • the Group holds good title to the key project licences; • progress on the project towards construction has been achieved during the year and subsequent to the year-end; • 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 towards bankable feasibility stage 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 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. We reviewed the disclosures surrounding intangible assets and related judgements to ensure compliance with the requirements of IFRS. The Directors' judgements in their assessment of recoverability were concluded as reasonable and we are satisfied that there are no indicators of impairment to the carrying value of intangible assets as at 31 December 2023.

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, except to the extent otherwise explicitly stated in our report, 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 Statement of Directors' Responsibilities, the directors are responsible for the preparation of the group 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 group 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 our cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group in this regard to be those arising from the UK-adopted international accounting standards, AIM Rules for Companies and the 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 and component auditor.

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.

Imogen Massey (Engagement Partner)
For and on behalf of PKF Littlejohn LLP
Registered Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

23 May 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 US$'000	2022 US$'000
Continuing operations			
Administrative expenses	3	(2,664)	(2,581)
Share-based payment expense	12	(335)	(256)
Net foreign exchange gain/(loss)		18	(356)
Operating loss		**(2,981)**	**(3,193)**
Finance cost		(11)	-
Loss before tax		**(2,992)**	**(3,193)**
Income tax	5	-	(5)
Loss for the year attributable to equity owners		**(2,992)**	**(3,198)**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange gain/(loss) on translating foreign operations		117	(45)
Total comprehensive loss attributable to equity owners		**(2,875)**	**(3,243)**
Earnings per share (cents)			
Basic and diluted	6	(0.29)	(0.34)

The notes on pages 27 to 39 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	2023 US$'000	2022 US$'000
Non-current assets			
Intangible assets	7	20,457	18,607
Property, plant and equipment		31	43
Total non-current assets		**20,488**	**18,650**
Current assets			
Trade and other receivables	8	1,080	1,181
Cash and cash equivalents		1,937	6,670
Total current assets		**3,017**	**7,851**
Total assets		**23,505**	**26,501**
Current liabilities			
Trade and other payables	9	(346)	(1,032)
Total current liabilities		**(346)**	**(1,032)**
Net assets		**23,159**	**25,469**
Shareholders equity attributable to equity owners			
Share capital	11	34,958	34,733
Share-based payment reserve	12	1,633	2,470
Reverse acquisition reserve		2,234	2,234
Retained earnings		(15,451)	(13,636)
Translation reserve		(215)	(332)
Total equity		**23,159**	**25,469**

These financial statements were approved by the Board on 23 May 2024 and signed on their behalf by

Graham Clarke
DIRECTOR

The notes on pages 27 to 39 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

US$'000	Share Capital	Share-based payment reserve	Reverse Acquisition reserve	Retained earnings	Translation reserve	Total equity
Balance at 1 January 2022	**28,993**	**2,113**	**2,234**	**(10,489)**	**(287)**	**22,564**
Loss for the year	-	-	-	(3,198)	-	(3,198)
Other comprehensive income:						
FX loss translating foreign operations	-	-	-	-	(45)	(45)
Total comprehensive loss	**-**	**-**	**-**	**(3,198)**	**(45)**	**(3,243)**
Fair value of share options	-	256	-	-	-	256
Shares issued to settle obligations	25	-	-	-	-	25
Shares issued for cash	6,106	-	-	-	-	6,106
Cost of issuing shares - cash	(267)	-	-	-	-	(267)
Cost of issuing shares – warrants	(283)	283	-	-	-	-
Options/warrants exercised for cash	28	-	-	-	-	28
Options exercised cashless	131	(131)	-	-	-	-
Transfer for options expired in 2021	-	(51)	-	51	-	-
Balance at 31 December 2022	**34,733**	**2,470**	**2,234**	**(13,636)**	**(332)**	**25,469**
Loss for the year	-	-	-	(2,992)	-	(2,992)
Other comprehensive income:						
FX gain translating foreign operations	-	-	-	-	117	117
Total comprehensive loss	**-**	**-**	**-**	**(2,992)**	**117**	**(2,875)**
Fair value of share options	-	335	-	-	-	335
Options/warrants exercised for cash	225	(62)	-	60	-	223
Options exercised cashless	-	(187)	-	187	-	-
Warrants expired	-	(930)	-	930	-	-
Net adjustment for options cancelled	-	7	-	-	-	7
Balance at 31 December 2023	**34,958**	**1,633**	**2,234**	**(15,451)**	**(215)**	**23,159**

The nature of the share-based payment and reverse acquisition reserves are described in note 12.

The notes on pages 27 to 39 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 US$'000	2022 US$'000
Cash flows from operating activities			
Loss before tax		(2,992)	(3,193)
Adjustments			
Foreign exchange		18	(205)
Taxation	5	-	(5)
Share-based payment – fair value of options	12	335	256
Directors' remuneration settled in shares	12	-	25
Depreciation	3	19	(2)
Changes in working capital			
Decrease/(increase) in trade and other receivables		101	(410)
Decrease in trade and other payables		(719)	(803)
Net cash flows used in operating activities		**(3,238)**	**(4,337)**
Cash flows from investing activities			
Exploration expenditure	7	(1,726)	(5,052)
Purchase of property, plant and equipment		(7)	-
Net cash flow used in investing activities		**(1,733)**	**(5,052)**
Cash flows from financing activities			
Proceeds from issuing shares		-	6,106
Cost of issuing shares		-	(267)
Proceeds from exercise of share options and warrants	11	225	28
Net cash flow generated from financing activities		**225**	**5,867**
Decrease in cash and cash equivalents		**(4,746)**	**(3,522)**
Cash and cash equivalents at beginning of year		**6,670**	**10,032**
Foreign exchange on cash and cash equivalents		13	160
Cash and cash equivalents at end of year		**1,937**	**6,670**

Significant non-cash transactions in respect of share issues are disclosed within note 12.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 the Khemisset potash project in Morocco.

2. Basis of preparation

2.1. General

The Company and Group’s Financial Statements have been prepared in accordance with UK-adopted international accounting standards (“IFRS”). 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 changed on 1 January 2022 from GBP to US$, reflecting the stage in development of activities whereby the cost base of the Group changed from GBP to US$. The effect of a change in functional currency was accounted for prospectively. All items were translated into the new functional currency using the exchange rate at the date of the change.

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), these being US dollar and Moroccan Dirhams.

2.3. Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries.

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.

2.4. 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$3.1 million at 30 April 2024 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.

2.5. Changes in accounting policies

Standards, interpretations and amendments to published standards effective from 1 January 2023

There were no new standards or interpretations effective and adopted for the first time for the year beginning on or after 1 January 2023 that had a significant effect on the Group's or Company's financial statements.

Standards, interpretations and amendments to published standards not yet effective

At the date of approval of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

- Amendments to IAS 1: Classification of current or non-current liabilities (effective 1 January 2024);
- Amendments to IAS 1: Presentation of Financial Statements – Non-current liabilities with covenants (effective 1 January 2024).

The effect of these new and amended standards and interpretations, which are in issue but not yet mandatorily effective, is not expected to be material.

2.6. 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 and development of potash in one geographical area, being Morocco.

2.7. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one 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 other comprehensive income ("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 at fair value through the profit and loss. 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.

- *Financial liabilities at amortised cost*

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.

2.8. 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.

2.9. 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 and 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, where indicators of impairment are considered to be present in accordance with IFRS 6. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2.10. 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.

2.11. Foreign currencies

Assets and liabilities in foreign currencies are translated into US$ at the rates of exchange ruling at the Statement of Financial Position date. Transactions in foreign currencies are translated into US dollars 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 are recognised in other comprehensive income and accumulated in equity.

2.12. 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.

Any 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.

2.13. 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.

IFRS 6 requires entities recognising exploration and evaluation assets to perform an impairment test on those assets when specific facts and circumstances indicate an impairment test is required. The assessment involves judgement as to the status of licenses and the likelihood of renewal of exploration licenses which expire in the near future. 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 2023 was US$20.5 million (2022: US$18.6 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 in accordance with IFRS 6:

- 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 is 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, as well as the valuation enhancements indicated by the scoping study announced in February 2024 in relation to the new processing route.

Following their assessment, the Directors concluded that no impairment charge was necessary for the year ended 31 December 2023.

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 US$335k (2022: US$256k).

c) 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 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 2023 Financial Statements.

d) VAT recoverable in Morocco

Included in Trade and Other Receivables is a balance of 9.1 million MAD (US$0.9 million) relating to VAT on exploration and other development expenditure. Although there is no time limit on eligibility for reclaiming VAT, this amount will not be recoverable until the Khemisset project is revenue-generating. The Board is of the view that the Khemisset project will be constructed and will generate more than sufficient revenues to allow this balance to be recovered in full.

3. Expenses by nature

	2023 US$'000	2022 US$'000
Directors' fees (note 4)	581	601
Depreciation	19	-
Travel and accommodation	30	99
Auditor's remuneration	51	48
Employment costs	837	627
Professional and consultancy fees	776	715
Other costs	370	491
Administrative expenses	**2,664**	**2,581**

4. Directors' remuneration

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

	2023 US$'000	2022 US$'000
Graham Clarke	332	348
James Kelly	99	117
Rupert Joy	50	55
Hayden Locke	50	35
Robert Wrixon	50	46
Total	**581**	**601**

Robert Wrixon (and, in 2022, Hayden Locke) also received fees for consultancy services which are disclosed within note 15.
During 2022, certain Directors received share options and shares as part of their remuneration (see note 12).

5. Income tax

	2023 US$'000	2022 US$'000
Current tax:		
Tax	-	(5)
Total taxation charge	-	(5)

Reconciliation of income tax

	2023 US$'000	2022 US$'000
Loss before tax	(2,992)	(3,193)
Loss before tax multiplied by domestic tax rates applicable to losses in the respective countries	(573)	(531)
Effects of:		
IFRS consolidation adjustments	11	(195)
Disallowed expenditures	3	21
Tax losses used up	(14)	(28)
Foreign tax attributes	-	-
Minimum tax charges	-	(5)
Losses on which no deferred tax is recognised	573	733
Total taxation charge	**-**	**(5)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

The weighted average applicable tax rate was 19.2% (2022: 16.6%). Emmerson PLC is registered for taxation in the United Kingdom, where the corporation tax rate was 19%. Morocco has a 20% tax rate applicable to mining companies, including Emmerson's Moroccan subsidiaries, while the British Virgin Islands have a tax rate of 0%.

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$2,361k (2022: US$1,806k). The unrecognised deferred tax asset relating to Moroccan tax losses amounted to approximately US$97k (2022: US$109k).

6. Earnings per share

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

	2023	2022
Loss from continuing operations for the year attributable to the equity holders of the Company (US$'000)	(2,992)	(3,198)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,021,272,676	939,716,598
Basic and diluted loss per share	**0.29 cents**	**0.34 cents**

The potential number of shares which could be issued following the exercise of options and warrants currently outstanding amounts to 73,163,000 (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).

	2023 US$'000	2022 US$'000
Cost:		
At the beginning of the year	18,607	13,555
Additions	1,726	5,052
FX	124	-
Total	**20,457**	**18,607**

Intangible assets are reviewed at each reporting date to determine whether there is objective evidence of impairment. See note 2.13 detailing the Company's judgement in this area.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

8. Trade and other receivables

	2023 US$'000	2022 US$'000
Other receivables	1,010	1,097
Prepayments	70	84
Total	**1,080**	**1,181**

Other receivables include recoverable VAT and other taxes.

9. Trade and other payables

	2023 US$'000	2022 US$'000
Other payables	217	635
Accruals	129	397
Total	**346**	**1,032**

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.

In addition to trade creditors, the Company also had contractual commitments totalling US$0.3 million with Barr Engineering, and US$0.4 million (4 million MAD) with Reminex. Both of these amounts relate to basic engineering contracts signed in 2021, and which are yet to be completed.

10. Financial instruments

Categories of financial instruments

	2023 US$'000	2022 US$'000
Financial assets measured at amortised cost		
Other receivables	1,080	1,097
Cash and cash equivalents	1,937	6,670
	3,017	**7,767**
Financial liabilities measured at amortised cost		
Other payables	**217**	**635**

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:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 review 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 2022.

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. After increasing significantly following supply disruption in the wake of the Russian invasion of Ukraine, potash prices fell during 2023. Long-term demand for potash, as a fertiliser, is expected to continue to grow, driven by population growth, changing dietary habits, and increasing pressure on land usage, however short-term volatility remains possible.

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 31 December 2025. At the end of the period under review, these projections indicated that the Group is expected to have sufficient liquid resources to continue in operational existence and 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. The consolidated accounts use US$ as a presentational currency, and from 1 January 2022, Emmerson PLC (the parent company) determined that US$ was the appropriate functional currency. The Group's Moroccan entities use MAD as their functional currency.

Net current assets denominated in MAD at the year-end amounted to US$1.0 million and net liability of US$0.18 million respectively.

	2023 US$'000	2022 US$'000
Net current assets		
Trade and other receivables	960	1,051
Prepayments	4	8
Cash and cash equivalents	53	52
	1,017	**1,111**
Net current liabilities		
Trade and other payables	119	169
Accrual	65	273
	184	**442**

At 31 December 2023, had the exchange rate between the US$ 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$42k.

The Group does not hedge against foreign exchange movements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

11. Share capital

The Ordinary Shares issued by the Company have no par value and are 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 2022	**1,014,493,224**	**34,733**
Share options exercised in year for cash	6,000,000	225
Share options exercised in year cashless	6,250,000	-
As at 31 December 2023	**1,026,743,224**	**34,958**

12. Share-based payments

The following is a summary of the share options as at 31 December 2023:

Date of grant	Expiry date	Vesting date	Exercise Price	No of Options	Share price at grant	Risk Free rate	Volatility	Option Value
26-Mar-19	24-Mar-24	26-Mar-20	£0.035	3,900,000	£0.0400	2.10%	68%	£0.0242
26-Mar-19	24-Mar-24	26-Mar-20	£0.050	3,000,000	£0.0400	2.10%	68%	£0.0192
07-Aug-19	05-Aug-24	07-Aug-19	£0.050	1,500,000	£0.0375	2.10%	58%	£0.0192
01-Aug-20	31-Jul-25	01-Aug-20	£0.060	9,500,000	£0.0435	1.10%	71%	£0.0219
01-Aug-20	31-Jul-25	01-Aug-20	£0.100	9,250,000	£0.0435	1.10%	71%	£0.0169
01-Aug-20	31-Jul-25	01-Aug-21	£0.001	500,000	£0.0435	1.10%	71%	£0.0177
01-Aug-20	31-Jul-25	01-Aug-21	£0.050	1,000,000	£0.0435	1.10%	71%	£0.0134
01-Aug-20	31-Jul-25	01-Aug-21	£0.060	7,000,000	£0.0435	1.10%	71%	£0.0091
01-Aug-20	31-Jul-25	01-Aug-21	£0.070	2,000,000	£0.0435	1.10%	71%	£0.0085
01-Aug-20	31-Jul-25	01-Aug-21	£0.100	10,083,333	£0.0435	1.10%	71%	£0.0070
01-Aug-20	31-Jul-25	01-Aug-22	£0.001	1,000,000	£0.0435	1.10%	71%	£0.0089
01-Aug-20	31-Jul-25	01-Aug-22	£0.050	1,000,000	£0.0435	1.10%	71%	£0.0049
01-Aug-20	31-Jul-25	01-Aug-22	£0.070	2,000,000	£0.0435	1.10%	71%	£0.0042
01-Aug-20	31-Jul-25	01-Aug-22	£0.100	3,333,333	£0.0435	1.10%	71%	£0.0035
01-Aug-20	31-Jul-25	01-Aug-23	£0.100	3,333,334	£0.0435	1.10%	71%	£0.0023
21-Jul-22	20-Jul-32	15-Mar-23	£0.070	1,000,000	£0.0700	2.05%	55%	£0.0457
21-Jul-22	20-Jul-32	15-Mar-23	£0.100	1,500,000	£0.0700	2.05%	55%	£0.0410
21-Jul-22	20-Jul-32	15-Mar-23	£0.150	1,333,333	£0.0700	2.05%	55%	£0.0352
21-Jul-22	20-Jul-32	15-Mar-24	£0.070	1,000,000	£0.0700	2.05%	55%	£0.0457
21-Jul-22	20-Jul-32	15-Mar-24	£0.100	1,500,000	£0.0700	2.05%	55%	£0.0410
21-Jul-22	20-Jul-32	15-Mar-24	£0.150	1,333,333	£0.0700	2.05%	55%	£0.0352
21-Jul-22	20-Jul-32	15-Mar-25	£0.150	1,333,334	£0.0700	2.05%	55%	£0.0352
21-Jul-22	21-Jul-27	20-Jul-24	£0.070	1,500,000	£0.0700	2.05%	55%	£0.0342
21-Jul-22	20-Jul-32	20-Jul-24	£0.070	4,263,000	£0.0700	2.05%	55%	£0.0457
Total outstanding at 31 December 2023				**73,163,000**				

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Share options	Warrants	Total
At 1 January 2022	**96,900,000**	**82,725,047**	**179,625,047**
Issued in year	15,013,000	50,000,000	65,013,000
Exercised in year	(13,500,000)	(333,333)	(13,833,333)
At 31 December 2022	**98,413,000**	**132,391,714**	**230,804,714**
Exercised in year	(25,000,000)	-	(25,000,000)
Expired/cancelled in year	(250,000)	(132,391,714)	(132,641,714)
At 31 December 2023	**73,163,000**	**-**	**73,163,000**

The weighted average remaining contractual life of the options at year-end was 2.74 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 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.

During 2022, James Kelly and Rupert Joy received 218,406 and 66,371 shares respectively at a VWAP of 7.1 pence (total value US$25k) as part of their contractual remuneration. No shares were issued during 2023.

The total share-based payment recognised in the Statement of Changes in Equity during the year was a US$335k (2022: US$256k), in respect of the fair value of employee share options.

There were 47,263,000 (2022: 53,763,000) options at the year-end held by current Directors and employees at year end. 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	2023		2022	
	Number issued	Expiry	Number issued	Expiry
Graham Clarke (Director)	19,321,000	1 to 8 years	19,321,000	2 to 9 years
Hayden Locke (Director)	10,000,000	1 year	10,000,000	2 years
Robert Wrixon (Director)	5,000,000	1 year	11,000,000	1 to 2 years
Jim Wynn (PDMR)	9,000,000	8 years	9,000,000	9 years
Other employees	3,942,000	1 to 8 years	4,442,000	2 to 9 years
Total	**47,263,000**		**53,763,000**	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

13. Reserves

The following table describes the nature and purpose of various reserves within owner's equity:

Share-based payment reserve	Credits related to share-based payment
Reverse acquisition reserve	Values related to the reverse acquisition of Emmerson PLC by Moroccan Salts Ltd in 2018

14. 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:

	2023 US$'000	2022 US$'000
Within one year	24	23
More than one year	-	-
As at end of year	24	23

15. Related party transactions

Directors' consultancy fees

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$30k (2022: US$71k). The amount outstanding as at the year-end was US$ nil (2022: US$ nil).

Hayden Locke is a Director of the Company and is a Director of Benson Capital Limited, which provided consulting services to the Company during 2022. During 2023, Benson Capital Limited received no fees (2022: US$95k). There was no amount outstanding as at the year-end (2022: US$9k).

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

There were no other related party transactions.

16. Ultimate controlling party

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

17. Events after the reporting date

On 8 April 2024, the Company raised gross proceeds of US$2.5 million through the placing of 121.3 million ordinary shares at a price of 1.75 pence per share. US$2.2 million of this amount was placed through Global Sustainable Minerals Pte Ltd ("GSM") and Gold Quay Capital Pte Ltd ("GQC") (together the "Strategic Investors"), who subscribed for US$2.0 million and US$175k retrospectively. The Strategic Investors also received 1:1 share warrants at an exercise price of 3 pence per share, expiring on 31 December 2024. The balance of the funding (US$0.3 million) was raised with other shareholders through the REX retail platform.

COMPANY INFORMATION

DIRECTORS

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

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

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