Emmerson Plc

Annual Report and Financial Statements

For the year ended 31 December 2018

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The rapid advancement of the Khemisset Potash Project ("Khemisset" or "the Project") has been the key objective for the period and the Group has delivered on this by achieving several significant development milestones including the release of the Scoping Study in November 2018, some months ahead of schedule.

The results of the Scoping Study were, simply put, outstanding; an NPV10 of US$1.14 billion using independent industry analyst Price Forecasts over a minimum 20-year mine life, life of mine ("LOM") average EBITDA margins of nearly 64% and average LOM post-tax cashflow of US$184 million per annum. Importantly, the sector leading capital requirement of the Project, which was less than half of the global peer average, allows Emmerson to overcome potentially the most important barrier to entry for junior potash projects – development capital cost. The results of the Scoping Study give the team the confidence to continue to progress the development programme at Khemisset.

The Scoping Study which, based on my industry experience, reflected the level of detail evident in a Pre-Feasibility Study, was the culmination of a significant amount of work completed by the Emmerson management team. A basin wide seismic study was conducted demonstrating that the Khemisset Project was free of major seismic faulting that could impact underground mining operations, an important de-risking of the future development of the project. The completion of the preliminary design and cost estimates for the mine access confirmed that a conventional access to mineralisation was feasible, minimising the technical risk involved in development and reducing the capital development costs. The Project's fundamentals are very positive, with a long mine life, with the fundamentals to deliver significant value to all of our stakeholders.

The exploration growth potential of Khemisset is significant, which could add considerable scope to the project life. We applied for, and received, additional research permits for land adjacent to the existing resource and, based on the historical geological data, published an independently signed off, JORC compliant, Exploration Target in August 2018. We commenced a drilling programme in November 2018, which is ongoing, with the objectives of upgrading the current JORC Inferred Resource to Indicated and Measured categories, with the potential to expand the Mineral Resource Estimate. The Group is undertaking a comprehensive metallurgical testwork programme to confirm the processing flowsheet for the project.

Work completed to date has provided confirmation of the potential of the Khemisset Project. Our belief in Khemisset's potential has been supported by independent analyst's research published in support of the Group's technical and commercial work. Align Research, in its initiation note, identified that the conservative NPV10 figure included in the scoping study suggested a potential upside of 290% and an additional note published by Shard Capital Partners included a forecast price target of 106p, representing considerable upside to the Company's share price.

A key advantage of the Khemisset Project is its prime location in northern Morocco. Having extensive experience working in different African jurisdictions, the comparative ease of working in Morocco is evident to the Board. Morocco has established high-quality infrastructure, essential for reducing capital and logistics costs, a government that is fully supportive of direct foreign investment and a mining fiscal and regulatory code which provides financial incentives to companies like Emmerson and sets a clear development path for the Project. Being situated in Morocco also means that the project is located in one of the fastest growing potash consumption markets in the world and is also ideally located to supply four other large established markets. When Khemisset commences production, in addition to the Moroccan domestic market, Emmerson will be a key potash producer to the Brazilian, South African and other European markets.

With our ambitious objectives, targeting production in 2022/2023, we believe that Emmerson will be entering the market at an optimum time in the potash market cycle. Since the low point in the cycle, in July 2016, the market has seen a strong rebound in both demand and pricing. The 2017 and 2018 saw record years in terms of global demand for potash, with market participants now agreeing 2019 is likely to be another record year. This demand pressure, combined with limited supply, is likely to improve prices. The scale of the fertiliser opportunity has piqued the interest of global organisations that wish to participate in the underlying growth thematic. However, in order to become a competitive producer of value added NPK fertilisers it is essential to secure a supply of potash – a market traditionally controlled by a very small group of producers. Emmerson, and the Khemisset project, therefore has become an attractive proposition with high strategic value to fertiliser producers looking to secure the supply of potash. Preliminary conversations with strategic partners has to date indicated that this value is recognised.

In January 2019, we outlined the Group's milestones for the 2019 calendar year, including a drill programme to expand and upgrade the JORC mineral resource at Khemisset, a metallurgical test work programme, the commencement of a Pre-Feasibility Study and an Environmental and Social Impact Assessment. In addition, the Group is advanced with strategic discussions with offtake and sales partners and in-country service providers, and identifying opportunities for project development cost reductions. Management continues to advance the progression of Khemisset and significant news flow will continue on these milestones. Much has been achieved already and we are on track to complete our planned work programme as scheduled.

We believe that 2019 will be a transformational year for the Group, as we continue to advance Khemisset towards production.

I would like to take this opportunity to thank the management of Emmerson. Hayden Locke and his team have done an exceptional job of guiding the Group and completing a successful year of achievements, and the board of Directors express their gratitude to Hayden and his team.

To all stakeholders, on behalf of the board I would like to say thank you for your support, patience and confidence in the team at Emmerson.

We look forward to a successful and exciting 2019 and the continuing positive journey of Emmerson as the Group advances the development of the Khemisset Potash Project.

Mark Connelly
Chairman
29 April 2019

The Directors present their report and the audited financial statements for the year ended 31 December 2018.

General information

Emmerson PLC ("the Company"), was incorporated in the Isle of Man under the Laws with registered number 013301V on 1 March 2016. All of the Company's Ordinary Shares were admitted to the London Stock Exchange's Main Market and commenced trading on 15 February 2017.

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

Results for the year and dividends

The total comprehensive income attributable to the equity holders of the Group for the year was £1,703,000 (2017: £470,000).

The Company paid no dividend during the year (2017: £nil).

Business performance for the year

As detailed in the Chairman's Statement, the rapid advancement of the Khemisset Potash Project has been the key objective for the period and the Group has delivered on this by achieving several significant development milestones.

The results of the Scoping Study confirm potential for low capex high margin mine. The outcome of the study shows a NPV10 of US$1.14 billion over a minimum 20-year life of mine ("LOM"), average EBITDA margins of nearly 64% and average LOM post-tax cash flow of US$184 million per annum.

We obtained additional research permits for land adjacent to the existing resource and, based on the historical geological data, published an independently signed off, JORC compliant, Exploration Target in August 2018.

We commenced a drilling programme in November 2018, which is ongoing, with the objectives of upgrading the current JORC Inferred Resource to Indicated and Measured categories, with the potential to expand the Mineral Resource Estimate. The Group is undertaking a comprehensive metallurgical testwork programme to confirm the processing flowsheet for the project.

The Group's milestones for the 2019 calendar year include a drill programme to expand and upgrade the JORC mineral resource at Khemisset, a metallurgical test work programme, the commencement of a Pre-Feasibility Study and an Environmental and Social Impact Assessment. In addition, the Group is advanced with strategic discussions with offtake and sales partners and in-country service providers, and identifying opportunities for project development cost reductions.

Management continues to advance the progression of Khemisset and significant news flow will continue on these milestones. Much has been achieved already and we are on track to complete our planned work programme as scheduled.

During the financial year the Group made a loss per share of 0.49 pence (2017: a loss per share of 0.14 pence per share). Given the current stage of the Group's exploration project, the Directors do not consider there to be any other financial key performance indicators.

The Acquisition of MSL

On 4 June 2018, the Company acquired the entire issued share capital of Moroccan Salts Limited ("MSL"), a private company incorporated in the British Virgin Islands, by way of a share for share exchange. MSL is focussed on developing the Khemisset potash project located near Rabat in northern Morocco (the "Project"). MSL has a substantial ground position in, and extensive technical information on the Khemisset potash basin, and has recently conducted confirmatory drilling on the project area. Both the recent and historic drilling results inform the view of MSL, shared by the Company, that the Project could emerge as a top tier global potash mine with potential to return substantial gains for new and existing shareholders.

Although the transaction resulted in MSL becoming a wholly owned subsidiary of the Company, the transaction constitutes a reverse acquisition as the previous shareholders of MSL own a substantial majority of the Ordinary Shares of the Company and two out of four members of the Board of Directors of the Company are MSL shareholders and management. Further details on the reverse acquisition accounting is in note 3.

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:

Deterioration in Moroccan economic conditions or in the potash market in particular
There is a risk that changes in the relevant law 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 to fund its exploration activities at the Khemisset Project for at least 12 months from the date of this report, the Group may not be able to obtain additional financing as and when needed which could result in a delay or indefinite postponement of exploration and development activities.

In common with many exploration entities, the Group will need to raise further funds in order to progress the Group from the exploration phase into feasibility and eventually into production of revenues.

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

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

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

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

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

Corporate Responsibility

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

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

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

Corporate Governance

The statement on corporate governance can be found in the corporate governance report on pages 8-12 of these financial statements. The corporate governance report forms part of this Directors report and it incorporated into it by cross 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 12.

Events after the reporting period

Details of significant events that have occurred since 31 December 2018 are provided in note 19 to these financial statements.

Going concern

In assessing the going concern basis of preparation of the consolidated financial statements for the year ended 31 December 2018, the Directors have prepared Board approved cash-flow forecasts for a period to 30 April 2020, and stress-tested the assumptions in those forecasts.

The operations of the Group are currently financed from funds which the Group has raised from shareholders. The Group has not yet earned revenues and is still in the exploration phase of its business. In common with many exploration entities, the Group will need to raise further funds in order to progress the Group from the exploration phase into feasibility and eventually into production of revenues. The Group has cash and cash equivalents of £3,351k at 31 December 2018.

The Directors have assessed the current cash levels together with the cash-flow forecast and have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, and for a period of at least 12 months from the date of signing of these financial statements.

Directors Appointments and resignations during the year

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

Ed McDermott	Appointed	24/06/16
Mark Connelly	Appointed	27/06/18
Hayden Locke	Appointed	04/06/18
Robert Wrixon	Appointed	04/06/18
Cameron Pearce	Resigned	04/06/18
Sam Quinn	Resigned	04/06/18

Directors interests

The Directors' interest in the shares of the Company at 31 December 2018 and the date of this report were:

	Number of Ordinary Share	% of Issued Ordinary Shares
Mark Connelly (Non-executive Chairman)	479,261	0.08%
Hayden Locke	1,475,135	0.24%
Robert Wrixon	44,233,411	7.06%
Edward McDermott (Non-executive)	350,000	0.06%

Details of the Directors' fees are given in note 5 to the accounts. In addition, the Directors were issued with share options. Share options disclosures are in note 14.

Substantial shareholders

No single person directly or indirectly, individually or collectively, exercises control over the Company. The Directors are aware of the following persons, who had an interest in 3% or more of the issued ordinary share capital of the Company as at the date of signing this report:

Shareholder	% of issued share capital of the Company
Robert Wrixon	7.06%
Heshin Kim	6.59%
Mohamed Aghmir	5.10%
Scor Go Luath Limited	4.69%
Daniel & Julie Eddington	3.01%

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.

This report was approved by the Board on 29 April 2019 and signed on its behalf.

Mark Connelly

Mark Connelly
Director

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 European Union ("EU").

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 Company and 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, whose names and functions are listed on page 10, confirm that, to the best of their knowledge:

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

Mark Connelly

Mark Connelly
Chairman
29 April 2019

Introduction from the Chairman

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

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

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

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

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

Emmerson's sole current activity is development of the Khemisset Potash Project located in Northern Morocco. The project has a large JORC Resource Estimate (2012) of 311.4Mt @ 10.2% K2O 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. This unique positioning means the project will receive a premium netback price compared to existing potash producers. The need to feed the world's rapidly increasing population is driving demand for potash and Emmerson is well placed to benefit from the opportunities this presents.

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.

Copies of the annual and interim reports are sent to all shareholders and copies can be downloaded from the Company website https://www.emmersonplc.com; alternatively, they are available on request by writing to the Company Secretary at IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP. Other Company information for shareholders is also available on the website.

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

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

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

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

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

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

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

Risk is monitored and assessed by the Board who meet quarterly and the audit committee who will 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 Board receives guidance from FIM Capital Limited, the administrator and Company Secretary to the Group, covering updates to relevant legalisation and rules to ensure they remain fully informed and able to make informed decisions.

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

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

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

The Executive Directors work fulltime in the business and have minor outside business interests. The Chief Executive Officer is responsible for managing the Group's business and operations within the parameters set by the Board.

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

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

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

Board Attendance During the Year

The number of formal scheduled Board meetings held and attended by Directors during the year, before and after the change in Board composition upon the Reverse Takeover ("RTO") was as follows: -

	Up to RTO	**After RTO**
Mark Connelly	-	2/2
Hayden Locke	-	2/2
Ed McDermott	2/2	2/2
Rob Wrixon	-	2/2
Sam Quinn	2/2	-
Cameron Pearce	2/2	-

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 below.

Mark Connelly (Non-executive Chairman)
An internationally experienced financial and commercial executive with 30 years' experience in the financing and development of mining projects. He has worked with a number of multinational companies and across multiple jurisdictions including Africa, Europe, Australia and the Americas. Most recently he served as MD and CEO of Papillon Resources Limited that was sold in 2014 for approximately US$600 million. Mark has minor outside business interests.

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

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

Edward McDermott (Non-executive Director)
A former investment banker with 15 years' experience in the management and financing of small companies. Currently a Non-Executive Director of AIM listed companies Fishing Republic Plc and FastForward Innovations Ltd. He has previously served as a Director of AIM listed Stellar Resources Plc and Noricum Gold Ltd. He is part of the corporate finance team at Optiva Securities Limited, the Company's corporate Broker.

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

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

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

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

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

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

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

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

The Board of Directors is responsible for the determination of the investment policy 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; however, since the Board members are all non-executive, in order to fulfil these obligations, the Board has delegated operations 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.

Committees

Audit Committee

The Audit Committee is a sub-committee of the Board, currently consisting of Mark Connelly, Robert Wrixon and Ed McDermott. The Audit Committee has met at least twice since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive Directors and external auditors of the Group:

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

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

Remuneration Committee

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

To date it has held one inaugural meeting.

Nomination Committee

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

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

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

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

The management team continues to have close dialogue with local landowners and ensure any concerns are addressed. The management team has met with the Minister of Mines in Morocco and maintains a strong working relationship with its office.

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

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

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.

The Board considers the annual report and financial statements, taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

On behalf of the Board

Mark Connelly

Mark Connelly
Chairman
29 April 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMMERSON PLC

Opinion

We have audited the financial statements of Emmerson Plc for the year ended 31 December 2018 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 a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the group's affairs as at 31 December 2018 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements 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 and parent company 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 public interest 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Financial Statements are authorised for issue.

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 £150,000, based on 2% of gross assets. The performance materiality was £90,000. For each component in the scope of our Group audit, we allocated a materiality that was less than our overall Group materiality.

An overview of the scope of our audit

As part of 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 and judgement 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 three significant components identified, two of which were subject to a full scope audit conducted directly by PKF Littlejohn LLP. The remaining component is located in Morocco and was audited by a component auditor within the PKF network under our instruction. The Senior Statutory Auditor interacted regularly with the component audit team during all stages of the audit and was 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 of intangible assets (refer note 9)	
The Group has reported intangible assets of £3,699,000 in its Statement of Financial Position as at 31 December 2018 which comprise exploration and evaluation assets. The carrying value and recoverability of these intangible assets are tested annually for impairment. The estimated recoverable amount of this balance is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows.	We tested the Group's exploration licences to confirm good title and standing, including the likelihood of renewal on future expiry. We note that there are key exploration licences due for renewal as explained within note 9 to the financial statements. We draw the users' attention to the fact that this renewal is currently outstanding and is dependent on acceptance by the Ministry of Mines. We reviewed and evaluated the impairment assessment prepared by management in relation to the Khemisset project. Our procedures included an assessment of the exploration and evaluation project with reference to the criteria listed within IFRS 6, to include whether: • exploration and evaluation work to date indicates that the carrying amount is unlikely to be recovered from further development or sale; and • substantive expenditure on further exploration and evaluation is not budgeted or planned. We assessed the impairment review in conjunction with the scoping study report prepared by Golder Associates Limited ("Golder"), together with the competent persons report and mineral resource statement prepared by SRK. We 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.

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. Our opinion on the 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Isle of Man Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company'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 the parent company 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.

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.

Other matters which we are required to address

We were appointed by the Board of Directors on 22 November 2018 to audit the financial statements for the year ended 31 December 2018. Our total uninterrupted period of engagement is 1 year, covering the year ended 31 December 2018.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussions with the directors. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

We communicated identified laws and regulations throughout our audit and remained alert to any indications of non-compliance throughout the audit.

As with any audit, there remained a higher risk of non-detection irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

Our audit opinion is consistent with the additional report to the audit committee.

Other matter

Without qualifying our opinion, we draw attention to note 2.4 to these financial statements and the fact that the comparative information in these financial statements was unaudited as the MSL Group was not required to have an audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with the Isle of Man Companies Act 2006. 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.

PKF Littlejohn LLP

David Thompson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

1 Westferry Circus
Canary Wharf
London E14 4HD

29 April 2019

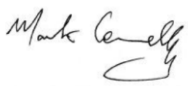
	Note	2018 £'000	2017 £'000
Continuing Operations			
Administrative expenses	4	(1,131)	(265)
Net foreign exchange gain		196	-
Reverse acquisition cost	3	(698)	-
Operating loss		**(1,633)**	**(265)**
Finance income		7	16
Finance costs	6	(158)	(86)
Loss before tax		**(1,784)**	**(335)**
Income tax	7	-	-
Loss for the year attributable to equity owners		**(1,784)**	**(335)**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange gain/(loss) on translating foreign operations		81	(135)
Total comprehensive income attributable to equity owners		**(1,703)**	**(470)**
Earnings per share (pence)			
Basic and diluted	8	**(0.49)**	**(0.14)**

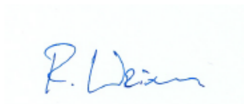
The notes on pages 21 to 36 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £'000
Non-current assets			
Intangible assets	9	3,699	2,304
Property, plant and equipment		40	1
Total non-current assets		**3,739**	**2,305**
Current assets			
Trade and other receivables	10	352	8
Cash and cash equivalents	12	3,351	417
Total current assets		**3,703**	**425**
Total assets		**7,442**	**2,730**
Current liabilities			
Trade and other payables	11	440	767
Convertible loans	15	-	785
Total current liabilities		**440**	**1,552**
Net assets		**7,002**	**1,178**
Shareholders equity attributable to equity owners			
Share capital	13	8,265	1,391
Share reserve	14	229	1,227
Reverse acquisition reserve	3	1,651	-
Retained earnings		(3,087)	(1,303)
Translation reserve		(56)	(137)
Total equity		**7,002**	**1,178**

These financial statements were approved by the Board on 29 April 2019 and signed on their behalf by





Mark Connelly
Chairman

Robert Wrixon
Director

The notes on pages 21 to 36 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 DECEMBER 2018

	Share Capital £'000	Share reserve £'000	Reverse Acquisition reserve £'000	Retained earnings £'000	Translation reserve £'000	Total equity £'000
Balance as at 1 January 2017	1,391	1,227	-	(968)	(2)	1,648
Loss for the year	-	-	-	(335)	-	(335)
Other comprehensive income: Exchange loss on translating foreign operations	-	-	-	-	(135)	(135)
Total comprehensive income	**-**	**-**	**-**	**(335)**	**(135)**	**(470)**
Balance as at 31 December 2017	**1,391**	**1,227**	**-**	**(1,303)**	**(137)**	**1,178**
Balance as at 1 January 2018	**1,391**	**1,227**	**-**	**(1,303)**	**(137)**	**1,178**
Loss for the year	-	-	-	(1,784)	-	(1,784)
Other comprehensive income: Exchange gain on translating foreign operations	-	-	-	-	81	81
Total comprehensive income	**-**	**-**	**-**	**(1,784)**	**81**	**(1,703)**
Issue of shares held in share reserve	1,227	(1,227)	-	-	-	-
Transfer to reverse acquisition reserve	(2,618)	-	2,618	-	-	-
Recognition of Emmerson Plc equity at reverse acquisition	967	-	117	-	-	1,084
Issue of shares for acquisition of subsidiary	1,084	-	(1,084)	-	-	-
Issue of shares for cash	7,338	-	-	-	-	7,338
Share issue costs	(1,124)	-	-	-	-	(1,124)
Issue of share options and warrants	-	229	-	-	-	229
Total transactions with owners recognised directly in equity	6,874	(998)	1,651	-	-	7,527
Balance as at 31 December 2018	**8,265**	**229**	**1,651**	**(3,087)**	**(56)**	**7,002**

i. The Ordinary Shares issued by the Company have a no par value and all fully paid. Further information on share capital is in note 13 to the financial statements.
ii. The share reserve arises on the grant of share options and warrants to Directors and employees under the share option plan. Disclosures of share-based payments to Directors and employees is in note 5.
iii. The Reverse acquisition reserve arose from the reverse takeover detailed in note 3.
iv. The Retained earnings are cumulative earnings since incorporation less any dividends declared.
v. The translation reserve comprises translation differences arising from the translation of financial statements of the Group's foreign entities into Sterling (£).

The notes on pages 21 to 36 are an integral part of these consolidated financial statements.

	Notes	**2018 £'000**	**2017 £'000**
Cash flows from operating activities			
Loss before tax		(1,784)	(335)
Finance cost		158	86
Share based payment	14	229	-
Reverse acquisition expense	3	698	-
Changes in working capital			
Increase in trade and other receivables		(139)	(2)
(Decrease)/increase in trade and other payables		(327)	2
Net cash flows used in operating activities		**(1,165)**	**(249)**
Cash flows from investing activities			
Exploration expenditure		(1,258)	(107)
Cash acquired on acquisition	3	181	-
Deferred consideration paid		-	(150)
Net cash flow used in investing activities		**(1,077)**	**(257)**
Cash flows from financing activities			
Shares issued (net of issue costs)	13	5,254	-
Convertible loan note issued (net of issue costs)	15	-	703
Net cash flow generated from financing activities		**5,254**	**703**
Increase in cash and cash equivalents		**3,012**	**197**
Cash and cash equivalents at beginning of year		417	176
Foreign exchange on cash and cash equivalents		(78)	44
Cash and cash equivalents at end of year		**3,351**	**417**

Major non-cash transactions
Significant non-cash transactions in respect of share issues are disclosed within note 14.

The notes on pages 21 to 36 are an integral part of these consolidated financial statements.

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.

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

2. Basis of preparation

2.1 General

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations) (“IFRS”) in force at the reporting date, and their interpretations issued by the International Accounting Standards Board (“IASB”) as adopted for use within the European Union. 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.

The financial statements have been rounded to the £’000.

2.2 Functional and presentational currency

The financial information of the Group is presented in UK Sterling, which is also the functional currency of the Company. 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 it operates (its functional currency).

2.3 Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Company, Moroccan Salts Limited and Moroccan Salts Limited’s subsidiaries (the “MSL Group”) following the business combination which took place on 4 June 2018 (see note 3).

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 Comparative information

The Group's accounting treatment for the business combination, as described in full within note 3 to these financial statements, is to account for a reverse acquisition along with a share based payment. Therefore, the comparative figures for 31 December 2017 are those of the legal subsidiary, the MSL Group, and do not include the results of the Company, which is in accordance with reverse acquisition accounting in IFRS 3 *Business Combinations*.

The MSL Group financial statements have been translated into Pound Sterling in accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates. This standard requires that assets and liabilities be translated using the exchange rate at year end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e. the average rate for the year). The foreign exchange differences on translation of MSL Group are recognised in other comprehensive income.

The comparative information in these financial statements was unaudited as the MSL Group was not required to have an audit. The Report of the Independent Auditor draws attention to this by way of an Other Matter paragraph.

2.5 Going concern

In assessing the going concern basis of preparation of the consolidated financial statements for the year ended 31 December 2018, the Directors have prepared cash-flow forecasts, and stress-tested the assumptions in those forecasts.

The operations of the Group are currently financed from funds which the Group has raised from shareholders. The Group has not yet earned revenues and is still in the exploration phase of its business. In common with many exploration entities, the Group will need to raise further funds in order to progress the Group from the exploration phase into feasibility and eventually into production of revenues. The Group has cash and cash equivalents of £3,351,000 at 31 December 2018.

The Directors have assessed the current cash levels together with the cash-flow forecast and have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, and for a period of at least 12 months from the date of signing of these financial statements.

2.6 Changes in accounting policies

Interpretations and amendments to published standards effective in 2018

The following standards, interpretations and amendments were adopted by the Group during the year:

- IFRS 9 (2014) - Financial instruments (effective 1 January 2018)
- Amendments to IFRS 2: Classification and measurement of Share-based Payment Transactions (effective 1 January 2018)
- Annual improvements to IFRS Standards 2014-2016 Cycle (effective 1 January 2018)
- IFRIC Interpretation 22 – Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)

IFRS 9 Financial Instruments replaced IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied IFRS 9 retrospectively, with the initial application date of 1 January 2018, and determined that there was no material impact on the comparative balances other than a change in classification and terminology. There was no impact on hedging as the Group does not apply hedge accounting.

Standards, amendments and interpretations to published standards not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations, were in issue but not yet effective, and have not been early adopted by the Group:

- IFRS 16 – Leases (effective 1 January 2019)
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle (1 January 2019)
- Amendments to References to the Conceptual Framework in IFRS Standards (effective 1 January 2020)

The directors have reviewed the IFRS standards in issue which are effective for annual accounting years ending on or after the stated effective date. In their view, none of these standards would have a material impact on the financial statements of the Group.

2.7 Segment reporting

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

The Directors are of the opinion that the Group is engaged in a single segment of business being the exploration activity of potash in one geographical area, being Morocco.

2.8 Financial instruments

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

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through OCI, or fair value through profit and loss.

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

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

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

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

Derecognition

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

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

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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.

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

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

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

(b) Financial liabilities

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

Loans and borrowings and trade and other payables

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

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

This category generally applies to trade and other payables.

Derecognition

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

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

(c) Financial liabilities

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

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

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

2.9 Taxation

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

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

2.10 Intangible assets – exploration and evaluation expenditure

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

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

In the event of production commencing, exploration costs are amortised through administrative expenses, over the expected life of the mineral reserves on a unit production basis. Other pre-trading expenses are written off as incurred. For the purposes of impairment testing, intangible assets are allocated to specific projects with each licence reviewed annually. Where a project is abandoned or is considered to be of no further interest, the related costs are written off.

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

2.11 Cash and cash equivalents

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

2.12 Foreign currencies

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

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

2.13 Share-based payment arrangements

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

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

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

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

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

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

2.14 Critical accounting estimates and judgements

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

a) Recoverability of intangible assets

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

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

The carrying value of Group's exploration and evaluation intangible assets at 31 December 2018 is £3,699,000 (2017: £2,304,000).

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 14.

The expense charged to the Statement of Comprehensive Income during the year in relation to share based payments was £229,000 (2017: £nil).

Critical accounting estimates and judgements (continued)

c) Going concern

The Group reviews its going concern status, via comparisons to budgets, cash flow forecasts, and access to further financing. At the balance sheet date, the group had £3,351,000 of cash. The Directors have identified that further funding will be required to finance the Group's exploration in Morocco. The Directors are confident that the Company will be able to raise these funds however there is no binding agreement in place to date.

The Directors have prepared a cash flow forecast which assumes that the Group and Company is not able to raise additional funds within the going concern period and if that was the case, the forecasts demonstrate that austerity measures can be implemented or significant project expenditure delayed to reduce the Group and Company's cash outflows to the minimal contracted and committed expenditure while also maintaining the Group's licences and permits. Based on their assessment of the financial position, the Directors have a reasonable expectation that the Group and Company will be able to continue in operational existence for the next twelve months and continue to adopt the going concern basis of accounting in preparing these financial statements.

3. Business combination

On 4 June 2018, the Company acquired the entire issued share capital of MSL, a private company incorporated in the British Virgin Islands, by way of a share for share exchange. MSL acted as the ultimate holding company for four wholly owned Moroccan subsidiaries. MSL Minerals SARL is a wholly owned subsidiary of MSL. MSL Minerals SARL is the shareholder of three further Moroccan subsidiaries, being:

- Unisalts SARL:
- JMS SARL; and
- Mine de Centre SARL

Although the transaction resulted in MSL becoming a wholly owned subsidiary of the Company, the transaction constitutes a reverse acquisition as the previous shareholders of MSL own a substantial majority of the Ordinary Shares of the Company and two out of four members of the Board of Directors of the Company are MSL shareholders and management.

In substance, the shareholders of MSL acquired a controlling interest in the Company and the transaction has therefore been accounted for as a reverse acquisition. As the Company previously had no investment activities and was engaged in acquiring MSL and raising equity financing to provide the required funding for the operations of the acquisition and re-listing on the main market of the LSE, it did not meet the definition of a business according to the definition in IFRS 3.

Accordingly, this reverse acquisition does not constitute a business combination and was accounted for in accordance with IFRS 2 "Share-based Payments" and associated IFRIC guidance. Although, the reverse acquisition is not a business combination, the Company has become a legal parent and is required to apply IFRS 10 and prepare consolidated financial statements. The Directors have prepared these financial statements using the reverse acquisition methodology, but rather than recognising goodwill, the difference between the equity value given up by the MSL shareholders and the share of the fair value of net assets gained by the MSL shareholders is charged to the statement of comprehensive income as a share based payment on reverse acquisition, and represents in substance the cost of acquiring a main market LSE quoted listing.

In accordance with reverse acquisition accounting principles, these consolidated financial statements represent a continuation of the consolidated statements of MSL and its subsidiaries and include:

a. The assets and liabilities of MSL and its subsidiaries at their pre-acquisition carrying amounts and the results for both years; and
b. The assets and liabilities of the Company as at 30 June 2018 and it's results from 4 June 2018 to 30 June 2018.

Business combinations (continued)

On 4 June 2018, the Company issued 333,333,333 ordinary shares to acquire all 2,820 shares of MSL. On 4 June 2018, the investment of Moroccan Salts Limited in the Company was valued at £1,084,000 (not including the £6,000,000 cash placing proceeds on the same date).

Because the legal subsidiary, MSL, was treated as the accounting acquirer and the legal Parent Company, Emmerson Plc, was treated as the accounting subsidiary, the fair value of the shares deemed to have been issued by MSL was calculated at £1,084,000 based on an assessment of the purchase consideration for a 100% holding in Emmerson Plc.

The fair value of net assets of Emmerson Plc was £386,000 (not including the £6,000,000 cash placing proceeds on the same date), as follows:

	£'000
Cash and cash equivalents	181
Trade and other receivables[1]	205
	386

1) Trade and other receivables are predominantly comprised of prepayments for transaction costs.

The difference between the deemed cost and the fair value of the net assets acquired therefore amounts to £698,000 and has been expensed in accordance with IFRS 2 as a Share based payment to profit or loss.

Any transaction costs associated with the issuing of shares are deducted from share capital reserve. Mixed costs that relate to both share issuance and listing on the stock exchange are apportioned based number of new shares issued to the total shares.

The reverse acquisition reserve that arose from the reverse takeover is made up as follows:

	£'000
Pre-acquisition losses of Emmerson Plc[1]	(581)
MSL share capital at acquisition[2]	2,618
Investment in Emmerson Plc[3]	(1,084)
Reverse acquisition expense[4]	698
	1,651

The movement on the reverse acquisition reserve is as follows:

1) Elimination of pre-acquisition reserves of Emmerson Plc as at 4 June 2018.
2) MSL had issued share capital of US$ 3,201,000, equivalent to £2,618,000, as at 4 June 2018. As these financial statements present the capital structure of the legal parent entity, the equity of MSL is eliminated.
3) The Company issued 333,333,333 shares, valued at £1,084,000 for the entire issued capital of MSL.
4) The reverse acquisition expense represents the difference between the value of the equity issued by the Company, and the deemed consideration given by MSL to acquire the Company.

4. Expenses by nature

	2018 £'000	**2017 £'000**
Project costs	39	33
Directors' fees (note 5)	284	69
Share based payments (note 14)	229	-
Travel and accommodation	55	36
Listing fees and issue costs expensed	123	-
Auditors remuneration	27	-
Professional and consultancy fees	322	111
Other expenses	52	16
Total	**1,131**	**265**

5. Directors' remuneration

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

	Salaries and fees £'000
Edward McDermott	46
Hayden Locke	154
Mark Connelly	18
Robert Wrixon	66
	284

Certain Directors have also received fees for consultancy services provided which are disclosed within note 17. In addition, the Directors received share options all with an exercise price of 3 pence. There were no options exercised by Directors during the year. Further details on share options are in note 14.

There was no Directors' remuneration in 2017.

6. Finance costs

	2018 £'000	2017 £'000
Convertible loan notes interest (see note 15)	158	86
Total	**158**	**86**

7. Income tax

	2018 £'000	2017 £'000
Current tax:		
Tax	-	-
Total tax	-	-

Reconciliation of income tax

	2018	2017
Loss before tax	(1,784)	(335)
Loss before tax multiplied by domestic tax rates applicable to losses in the respective countries	(14)	-
Effects of:		
Non-taxation income/(non-deductible expenses)	-	-
Losses on which no deferred tax is recognised	14	-
Total tax	-	-

The weighted average applicable tax rate was 1% (2017: 1%). The Isle of Man has a 0% tax rate and Morocco has 23% tax rate.

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 £14,000 (2017: £nil). The unrecognised deferred tax asset relating to Moroccan tax losses amounted to approximately £14,000 (2017: £nil).

8. Earnings per share

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

	2018 £'000	2017 £'000
Earnings		
Loss from continuing operations for the year attributable to the equity holders of the Company	(1,784)	(335)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	361,230,854	231,442,079
Basic and diluted earnings per share (pence)	**(0.49)**	**(0.14)**

The weighted average number of shares is adjusted for the impact of the reverse acquisition as follows:

- Prior to the reverse takeover, the number of shares is based on MSL, adjusted using the share exchange ratio arising on the reverse takeover; and

- From the date of the reverse takeover, the number of share is based on the Company

The potential number of shares which could be issued following the exercise of options and warrants currently outstanding amounts to 53,888,332 (see note 14). Dilutive earnings per share equals basic earnings per share as, due to the losses incurred, there is no dilutive effect from the subsisting share options and warrants.

9. Intangible assets

The intangible assets consist of capitalised exploration and evaluation expenditure, including the cost of acquiring the one mining license and 39 research permits held by the Company's subsidiaries. The potash properties are currently unproved reserves. Once properties are classified as proved reserves, they will be transferred from intangible assets to tangible assets, and amortised over the life of the area according to the rate of depletion of the economically recoverable costs.

	2018 £'000	2017 £'000
Cost:		
At the beginning of the year	2,304	2,483
Additions	1,258	107
Exchange differences	137	(286)
Total	**3,699**	**2,304**

Intangible assets are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

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

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

The Directors note that there are key exploration licences due to expire in August 2019. An application has been made to the Ministry of Mines to combine the individual licence areas held by the Group into one exploration licence in order to obtain renewal. The renewal process is ongoing and the result is uncertain, however the Directors are not aware of any reason why renewal will not be granted. Should the application be unsuccessful, the Directors would pursue the option to convert the exploration licences into mining licences in order to retain title. In either scenario, the Directors are confident that they will retain good title to these exploration licences.

Following their assessment, the Directors concluded that no impairment charge was necessary for the period ended 31 December 2018.

10. Trade and other receivables

	2018 £'000	2017 £'000
Other receivables	282	8
Prepayments	70	-
Total	**352**	**8**

11. Trade and other payables

	2018 £'000	2017 £'000
Other payables	282	767
Accruals	158	-
Total	**440**	**767**

12. Financial instruments

Categories of financial instruments

	2018	2017
Financial assets measured at amortised cost	**£'000**	**£'000**
Other receivables	282	8
Cash and cash equivalents	3,351	417
	3,633	**425**
Financial liabilities measured at amortised cost		
Other payables	**282**	**767**
Financial liabilities measure at fair value through profit or loss		
Convertible loans	**-**	**785**

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:

Financial instruments (continued)
Financial risk management objectives and policies (continued)

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

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

The management's strategy remained unchanged from 2017.

Market price risk
The development and success of any project of the Enlarged 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.

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

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

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

The Directors have prepared cash flow projections on a monthly basis through to 30 April 2020. At the end of the period under review, these projections indicated that the Group is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Foreign exchange risk
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar ("US$") and Morocco Dirham ("MAD"). Foreign exchange risk arises from future commercial transactions, recognised monetary assets and liabilities and net investments in foreign operations.

Net assets denominated in US$ and MAD at the year-end amounted to £1.36 million and net liability of £0.06 million.

At 31 December 2018, had the exchange rate between the Sterling and US$ increased or decreased by 5% with all other variables held constant, the increase or decrease respectively in net assets would amount to approximately £68,000 (2017: £21,000).

At 31 December 2018, had the exchange rate between the Sterling and MAD increased or decreased by 5% with all other variables held constant, the increase or decrease respectively in net assets would amount to approximately £3,000 (2017: £1,300).

The Group does not hedge against foreign exchange movements.

13. Share capital

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

Movements during the year in the issued share capital of MSL and the Company respectively are summarised below.

MSL	**Number of shares**	**US$'000**	**£'000 equivalent**
Brought forward at 1 January 2018	1,958	1,701	1,391
Issued as deferred consideration for the MSL subsidiaries and to various consultants/partners	862	1,500	1,227
Exchanged for shares in Company in RTO	**2,820**	**3,201**	**2,618**

Company	**Number of shares**	**£'000**
Brought forward at 1 January 2018	48,183,344	1,133
Less share issue costs		(166)
		967
Shares issued for cash	200,000,000	6,000
Shares issued in exchange for MSL shares	333,333,333	1,084
Shares issued to consultant Max Capital Private Ltd	14,500,000	435
Shares issue for convertible loan notes (see note 15)	30,115,708	903
Less share issue costs*	-	(1,124)
As at 31 December 2018	**626,132,385**	**8,265**

*The share issue costs of £1,124,000 included non-cash costs of £378,000. The net cash received from the shares issued for cash was therefore £5,254,000.

14. Share based payments

Options

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.

On 4 June 2018 and in conjunction with the business combination, the Placing and Re-Admission of the Company to the London Stock Exchange, the Company granted the following share options all with an exercise price of 3 pence and a maximum life of five years from the date they were issued. The options vest in four equal portions on the date of grant, and on the 6, 12 and 18 month anniversaries.

	Number issued	**Expiry of option year**
Share options		
Hayden Locke (director)	12,000,000	5 years
Robert Wrixon (director)	6,000,000	5 years
Ed McDermott (director)	6,000,000	5 years
Consultants	7,500,000	5 years
Others	11,000,000	5 years
Total	**42,500,000**	

During the year nil share options expired (2017: nil) and nil were forfeited (2017: nil). 21,250,000 options were exercisable at the end of the year (2017: nil).

The weighted average exercise price for all the share options and warrants is 3 pence and the average contractual life is 5 years (2017: nil years).

The weighted average fair value of options granted during the year is 0.98 pence (2017: £ nil).

Share based payments (continued)

The total expense recognised in the State of Comprehensive Income during the year was £156,000 (2017: £nil). This fair value has been calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

	2018
Number of options issued	42,500,000
Share price	3.05 pence
Exercise price	3.00 pence
Expected volatility	34%
Expected life (yrs.)	5 years
Risk free interest rate	1.3%
Dividend yield	nil

Expected volatility was determined with reference to the historical volatility of the Company's share price and adjusted for future expectations.

The weighted average remaining contractual life of the share options outstanding at the end of the period is 4.5 years (2017: nil years).

Warrants

The following options were issued as part of share subscriptions:

	Number issued	**Expiry**
Warrants – 15 February 2017	1,054,999	3 years
Warrants – 4 June 2018	10,333,333	2 years
Total warrants	**11,388,332**	

The total expense recognised in the Statement of Comprehensive Income during the year was £73,000 (2017: £nil). This fair value has been calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

	2018
Number of warrants issued	11,388,332
Share price	3.05 pence
Exercise price	3.00 pence
Expected volatility	34%
Expected life (yrs.)	2-3 years
Risk free interest rate	1.3%
Dividend yield	nil

Expected volatility was determined with reference to the historical volatility of the Company's share price and adjusted for future expectations.

The total share based payment recognised in the Statement of Changes in Equity during the year was £229,000 (2017: £nil).

15. Convertible loan notes

On 30 August 2017, Moroccan Salts Limited adopted a deed poll establishing unsecured convertible loan notes. A total of US$950,000 of loan notes were subscribed for during 2017. They were convertible into ordinary shares at a discount of 25% to the share price paid on issue of new shares as part of an IPO/RTO, and accordingly they were entitled to receive shares in the Company with a value of US$1,266,667. Applying the exchange rate at the date of the issue of the Placing Document and a placing price of 3 pence per Ordinary Share, on 4 June the loan notes were converted into 30,115,708 Emmerson Plc Ordinary Shares with a value of £903,471.

The finance cost recorded in the Statement of Comprehensive Income represents the increase in value of the loan notes from the date of grant up to conversion into Ordinary Shares.

16. 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:

	2018 **£'000**	**2017** **£'000**
Within one year	3	-
More than one year	-	-
As at end of year	**3**	**-**

17. Related party transactions

Details of directors' remuneration during the year are given in note 5.

Phil Cleggett is the only key management personnel other than the Directors. Fees of £137,000 (2017: £18,000) were paid during the year to Bremer Consulting Pty Ltd, a company Phil Cleggett controls and the amount outstanding as at year-end is £61,000 (2017: £ nil).

Hayden Locke is a Director of the Company and is a director of Benson Capital limited and Bentley Capital limited, which provide consulting services to the Company. During the year, Benson Capital limited and Bentley Capital limited received total fees of £134,000 (2017: £nil). The amount outstanding as at year-end is £ nil (2017: £ nil).

Robert Wrixon is a Director of the Company and is a director of Starboard Global Limited which provided corporate services to the Company. Robert is also a director of Good Spirit International Limited which provide corporate services to the Company. During the year, Starboard Global Limited and Good Spirit International Limited received fees of £21,000 (2017: £nil) and £65,000 (2017: £nil) respectively. The amount outstanding to both the companies as at year-end is £ nil (2017: £ nil).

There are no other related party transactions.

18. Ultimate controlling party

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

19. Events after the reporting date

The Company registered for VAT after year-end and has accrued £117,000 input VAT included in trade and other receivables.

There were no other significant subsequent events.

20. Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

Company Information

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Mark Connelly (Non-executive Chairman)
Hayden Locke
Robert Wrixon
Edward McDermott (Non-executive)

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