EMPEROR ENERGY LIMITED

Emperor Energy Limited

ABN 56 006 024 764

Annual Report - 30 June 2018

The Company’s 2018 Corporate Governance Statement has been released to ASX on 27 September 2018 and is available on the Company’s website.

Directors	Carl Dumbrell (Non-Executive Director) Daniel Justyn Douglas Peter (Non-Executive Director) Vazrick (Vaz) Hovanessian (Non-Executive Director)
Company secretary	Carl Dumbrell
Registered office	Level 32, 1 Market Street Sydney NSW 2000
Principal place of business	Level 32, 1 Market Street Sydney NSW 2000 Ph: (02) 9275 8878
Share register	Automic Pty Ltd Level 3, 50 Holt Street Surry Hills NSW 2010 Telephone: 1300 288 664
Auditor	Deloitte Touche Tohmatsu Chartered Accountants 550 Bourke Street Melbourne VIC 3000
Stock exchange listing	Emperor Energy Limited shares are listed on the Australian Securities Exchange (ASX code: EMP)
Website	www.emperorenergy.com.au

Review of Operations

Highlights

- Rights issue completed
- Change of Company name
- Vic/P47 Permit Renewed for 5 years
- Petrophysical Studies of Judith-1 well completed
- Vic/P47Certified Resource Statement scheduled for Q3 2018
- Backreef update
- Unmarketable parcel sale facility completed

Rights issue

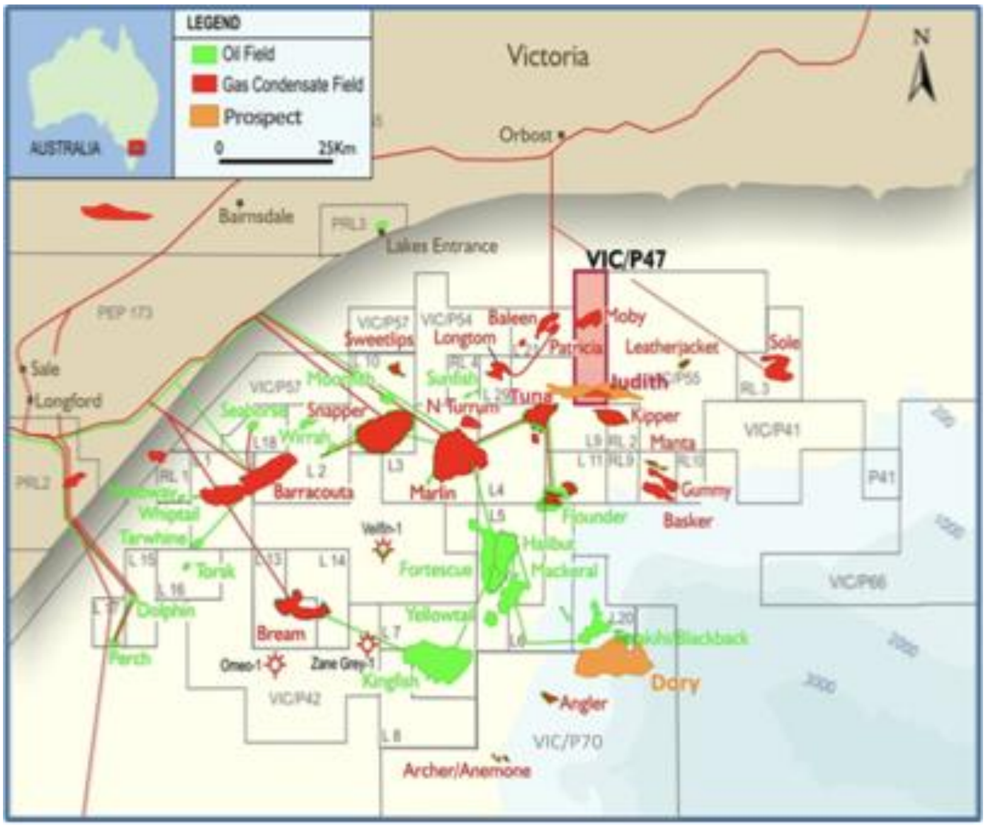
The company completed a pro-rata renounceable rights issue in November 2017, raising $1,554,154.19 (before costs) through the issuance of 518,051,398 fully paid shares and 518,051,398 options.

Change of Company name

Shareholders approved the change of the Company's name at the AGM in November 2017. The Company changed its name to Emperor Energy Limited. The Company has designed a new corporate logo and launched a new web site www.emperorenergy.com.au

Vic/P47 Permit Renewed for 5 years

On 22 February 2018, Emperor Energy Limited (EMP) advised that the National Offshore Petroleum Titles Administrator (NOPTA) for the Commonwealth–Victoria Offshore Petroleum Joint Authority, offered EMP a grant of renewal of the Vic/P47 Permit located in the Gippsland Basin, Bass Strait, Victoria. EMP accepted this Offer and the Grant has been completed.



Petro-physics Studies of Judith-1 well completed

On 26 March 2018, the company released the results of the Petrophysical Study completed by Consulting Petrophysicist Angie Cernovkis. The work included a detailed interpretation of the Judith-1 gas discovery (drilled by Shell in 1989) together with a petrophysical comparison with wells drilled on the Longtom Gas Field.

Certified Resource Statement scheduled for Q3 2018

In June 2018 Emperor Energy Limited engaged respected Independent Resource Certifier RISC to complete a Resource Statement in relation to the Judith Gas Field in the 100% Emperor Energy owned Vic/P47 Permit in the offshore Gippsland Basin, Victoria.

The Resource Statement by RISC is scheduled for delivery in October 2018 following completion of both Static and Dynamic Modelling of the Judith Gas Reservoir Sands by Melbourne based Consultants 3D-Geo.

Backreef - update

The company owns 100% of the Backreef block in the Canning Basin, Western.Australia. Backreef-1 was drilled in October 2010 to a depth of 1800m. Oil was discovered in porous and permeable Laurel dolomites. The well is currently cased and suspended at 1155m.

Following the improvement in global oil prices, the company is monitoring exploration activity in the basin with the intention of undertaking further work at Backreef. Site inspection was carried out by EMP and DMIRS in October 2017, company has lodged the Environmental plan and plans to carry out surface rehabilitation in 2018.

Following the rehabilitation work in Q4, 2018 the company will commence a work program to apply to the DMIRS for approval to re-enter and deepen the Backreef-1 well. A detailed engineering study will need to be completed of the well in Q2, 2019.

Unmarketable parcels sale facility

On 20 February 2018 the company completed its unmarketable parcel sale facility for the sale of ordinary shares for holders who hold less than a marketable parcel (defined in the ASX Listing Rules as a parcel of securities with a market value of not less than $500) ("Less Than Marketable Parcel") ("Facility").

This offer applied to shareholders who at 7:00pm (AEST) on 4 January 2018 ("Record Date") were holders of shares in EMP with a market value of less than $500 based on the issue price of EMP shares trading on ASX of $0.003 per share on the Record Date (166,666 shares).

EMP offered this Facility as it provides the following benefits:

- Holders of a Less Than Marketable Parcel have the opportunity to sell their shares without incurring any brokerage or handling costs which, in proportion to the value of their holding, may otherwise render a sale unattractive or uneconomical; and
- The Company's expenses and administration involved in maintaining shareholdings of less than a marketable parcel is reduced.

As at the Record Date, the Company had approximately 2,000 shareholders of which approximately 1,732 hold a Less Than Marketable Parcel of shares that in aggregate represent approximately 3.07% of all issued shares. The company has sold 18,922,547 shares on the market, reducing the company's shareholders by 1,238 to a current total of 569 holders.

We thank shareholders for their ongoing support.

On behalf of the board of directors.

Carl Dumbrell
Company Secretary / Managing Director

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Emperor Energy Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2018.

Directors
The following persons were directors of Emperor Energy Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Carl Dumbrell (Non-Executive Director and Company Secretary)
Mr Daniel Justyn Douglas Peters (Non-Executive Director)
Mr Vazrick (Vaz) Hovanessian (Non-Executive Director)

Principal activities
During the financial year the principal activities of the consolidated entity consisted of investment in selected exploration, production and development opportunities in the upstream oil and gas sector.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $1,171,544 (30 June 2017: $1,549,207).

A detailed review of operations is presented on the previous pages.

Financial Position

The net assets of the consolidated entity increased by $661,068 to $3,667,596 as at 30 June 2018 (2017: $3,006,528).

The consolidated entity's working capital position, (being current assets less current liabilities) was in surplus at 30 June 2018 by $266,811 (2017: deficit $131,031). During the period, the consolidated entity had negative cash flows from operating activities of $972,867 (2017: $490,092) and expended $263,886 (2017: $272,392) in relation to exploration and evaluation activities.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
The likely developments in the consolidated entity's operations in future years and the expected result from those operations are dependent on exploration success in the permit areas in which the consolidated entity currently holds an interest and the ability to fund the ongoing operations.

Environmental regulation
The company holds participating interests in a number of exploration tenements. The various authorities granting such tenements require the tenement holder to comply with the terms of the grant of the tenement and all directions given to it under those terms. There have been no known breaches of the tenement conditions, and no such breaches have been notified by any government agencies, during the year ended 30 June 2018.

Information on directors

Name:	Mr Carl Dumbrell
Title:	Non-Executive Director
Qualifications:	BCom MTAX CA FCA (England & Wales) CTA MAICD JP
Experience and expertise:	Mr. Dumbrell is CEO of London Listed Herencia Resources Plc. He has been a partner of accounting firms for over 20 years in Australia and England. Mr Dumbrell has extensive experience with Mining, and Oil & Gas companies. He is actively involved in capital market transactions in Australia, Asia and London. Mr Dumbrell has a Bachelor of Commerce and Masters of Taxation Law, he is a Chartered Accountant in Australia and England & Wales, as well as being a Chartered Tax Advisor , Member of the Australian Institute of Company Directors, Justice of Peace, Registered Company Auditor in Australia.
Other current directorships:	Herencia Resources Plc (AIM: HER)
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	48,247,101 fully paid ordinary shares as at 30 June 2018 52,247,101 fully paid ordinary shares as at 20 September 2018
Interests in options:	11,666,666

Name:	Daniel Justyn Douglas Peters
Title:	Non-Executive Director (appointed 12 August 2016)
Qualifications:	BLaw, BA (politics/jurisprudence) GDLP
Experience and expertise:	Mr Peters – has graduate law and politics degrees and is Executive Chairman of ASX listed Leigh Creek Energy Limited which is advancing the development of the Leigh Creek Energy Project in South Australia. Previously he was Executive General Manager for Linc Energy and held a wide range of senior executive appointments for over 6 years. His experience across a broad range of onshore development activities will prove invaluable in assisting EMP developing the Company's projects. Previously Justyn was employed at the Queensland EPA as Head of Investigations and Compliance and then as acting Director of Central and Northern Regions. He earlier managed the integration of the environmental regulation of Queensland mining into the EPA.
Other current directorships:	Leigh Creek Energy Limited (ASX: LCK), Allied Resource Partners Pty Ltd (ASX: ARP)
Former directorships (last 3 years):	Nil
Interests in shares:	25,962,954 Fully Paid Ordinary Shares
Interests in options:	Nil

Name:	Vazrick Hovanessian
Title:	Non-Executive Director (appointed 12 August 2016)
Qualifications:	B.Bus., M.App.Fin, CPA, FCSA, FGIA
Experience and expertise:	Mr Hovanessian has graduate and postgraduate degrees in Accounting and Finance with over 25 years' experience with junior oil & gas and mining companies and has held directorship, secretarial and finance roles in several of them. He has served on the Boards or had Company Secretarial/CFO roles in ASX listed Beach Petroleum, Stirling Resources, Capital Energy, Zephyr Minerals, and Silver Mines and currently is an executive director on Mandalong Resources Ltd and Broad Investments Ltd. Vaz has extensive corporate advisory, finance and property and tourism experience and in the ASX listed junior resources area, and has been instrumental in or assisted with the ASX listing by IPO or back-door listing of such companies.
Other current directorships:	Broad Investment Ltd (ASX: BRO), Mandalong Resources Limited (ASX: MDD)
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	79,421,287 fully paid ordinary shares
Interests in options:	33,333,333

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

All shares and options noted in the directors report are holdings at the date of this report.

Geological Consultant
The company's geological and geophysical technical team since the company's requotation on the ASX in 2006 has been headed by Geoff Geary a consultant petroleum geologist (formerly with Oil Company of Australia and Mobil Oil) with over 30 years in the profession. He has had significant experience in company mergers, acquisitions, acreage promotion and farmouts in his career, both with junior, national and with major multi-nationals oil companies. He is experienced in sedimentary basin analysis, sequence stratigraphy, structural geology, seismic interpretation, basin modelling and oil and gas field evaluation and development.

Company secretary
Refer to Mr Dumbrell's Bio in the information on directors above.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2018, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Mr C Dumbrell	6	6
Mr V Hovanessian	6	6
Mr J Peters	5	6

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)
The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity's and company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- alignment of executive compensation
- transparency

The Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives ('program participants'). The performance of the consolidated entity and company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Remuneration Committee.

ASX listing rules requires that the aggregate non-executive directors remuneration shall be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 25 November 2009, where the shareholders approved an aggregate remuneration of $500,000.

Executive remuneration
The consolidated entity has no executives. Non-Executive directors, other key management personnel and other senior employees have been granted options over ordinary shares. The recipients of options are responsible for growing the Company and increasing shareholder value. The options provide an incentive to the recipients to remain with the Company and to continue to work to enhance the Company's value.

Director and senior management details
The following persons acted as directors of the company during or since the end of the financial year:

- Mr C Dumbrell (Non-Executive Director)
- Mr Daniel Justyn Douglas Peters (Non-Executive Director)
- Mr Vazrick (Vaz) Hovanessian (Non-Executive Director)

The term 'senior management' is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current positions for the whole of the financial year and since the end of the financial year:

- Mr C Dumbrell (Company Secretary)
- Mr G Geary (Geological Consultant)
- Mr P McNamara (Engineering Consultant)

Voting and comments made at the company's 21 November 2017 Annual General Meeting ('AGM')
The company received 98% of 'for' votes in relation to its remuneration report for the year ended 30 June 2017. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2018	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled *** $	Total $
Non-Executive Directors:							
Mr C Dumbrell **	60,000	-	-	-	-	48,644	108,644
Mr J Peters	-	-	-	-	-	48,644	48,644
Mr V Hovanessian	-	-	-	-	-	48,644	48,644
Mr G Geary *	93,562	-	-	-	-	15,000	108,562
Mr P McNamara****	44,475	-	-	-	-	15,000	59,475
	198,037	-	-	-	-	175,932	373,969

* Amount consists of fees paid to Focus on Australia Pty Ltd in respect of Consulting services provided.
** Includes amounts in respect of directors fees and company secretarial fees.
*** The equity settled remuneration above relates to shares issued in lieu of directors fees and bonus payments to G Geary and P McNamara as approved by shareholders throughout the year.
**** Amount consists of fees paid to McNamara Advisory in respect of Consulting services provided.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2017	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled *** $	Total $
Non-Executive Directors:							
Mr N Harvey	4,855	-	-	427	-	-	5,282
Mr C Dumbrell **	80,000	-	-	3,990	-	42,000	125,990
Mr J Peters	-	-	-	3,507	-	36,919	40,426
Mr V Hovanessian	-	-	-	3,507	-	36,919	40,426
Executive Directors:							
Mr K McGrath****	76,310	-	-	7,249	-	-	83,559
Mr N Doyle****	76,310	-	-	7,249	-	-	83,559
Other Key Management Personnel:							
Mr G Geary *	33,500	-	-	-	-	-	33,500
	270,975	-	-	25,929	-	115,838	412,742

* Amount consists of fees paid to Focus on Australia Pty Ltd in respect of Consulting Fees provided.
** Includes amounts in respect of directors fees and company secretarial fees. Includes $22,500 relating to the prior year company secretarial fees.
*** The equity settled remuneration noted above relates to shares issued in lieu of directors fees as approved by shareholders throughout the year.
**** Included in the amounts above for Mr Doyle and Mr McGrath are their remuneration entitlements in accordance with their respective contracts.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2018	Fixed remuneration 2017	At risk - STI 2018	At risk - STI 2017
Non-Executive Directors:				
Mr C Dumbrell	55%	58%	45%	42%
Mr J Peters	-	9%	100%	91%
Mr V Hovanessian	-	9%	100%	91%
Mr N Harvey	-	100%	-	-
Executive Directors:				
Mr K McGrath	-	100%	-	-
Mr N Doyle	-	100%	-	-
Other Key Management Personnel:				
Mr G Geary	86%	100%	14%	-
Mr G Geary	86%	100%	14%	-
Mr P McNamara	75%	-	25%	-

Share-based compensation

Issue of shares
Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2018 are set out below:

Name	Date	Shares	Issue price	$
Mr C Dumbrell	24 November 2017	20,000,000	$0.0024	48,644
Mr J Peters	24 November 2017	20,000,000	$0.0024	48,644
Mr V Hovanessian	24 November 2017	20,000,000	$0.0024	48,644
Mr G Geary	24 November 2017	5,000,000	$0.0030	15,000
Mr P McNamara	24 November 2017	5,000,000	$0.0030	15,000

On 21 November 2017 shareholders approved the issue of shares to directors in lieu of directors fees at the company's 2017 Annual General Meeting of which a total of 60,000,000 fully paid shares were issued as noted above. Issue of shares to G Geary and P McNamara was approved by the board and ratified by shareholders at the company’s 2017 AGM.

Options
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2018.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2018.

Additional information
The earnings of the consolidated entity for the five years to 30 June 2018 are summarised below:

	2018 $	2017 $	2016 $	2015 $	2014 $
Revenue (Including other income)	26,245	49,142	540,607	383,660	14,551
Net loss before tax	(1,171,544)	(2,451,403)	(2,367,411)	(1,157,113)	(6,312,040)
Net loss after tax	(1,171,544)	(1,549,207)	(2,367,411)	(1,157,113)	(6,312,040)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2018	2017	2016	2015	2014
Share price at financial year start ($)	0.003	0.006	0.003	0.010	0.010
Share price at financial year end ($)	0.003	0.003	0.006	0.003	0.010
Basic earnings per share (cents per share)	(0.178)	(0.717)	(2.055)	(1.257)	(0.950)

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Balance at the end of the year
Ordinary shares				
Mr V Hovanessian	26,087,954	20,000,000	33,333,333	79,421,287
Mr J Peters	5,962,954	20,000,000	-	25,962,954
Mr C Dumbrell	14,080,435	20,000,000	14,166,666	48,247,101
Mr G Geary	-	5,000,000	-	5,000,000
Mr P McNamara	-	5,000,000	10,000,000	15,000,000
	46,131,343	70,000,000	57,499,999	173,631,342

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Emperor Energy Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
November 2015	17 November 2018	$0.0465	6,700,000
November 2017	31 March 2020	$0.0050	518,051,398
			524,751,398

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options
There were no ordinary shares of Emperor Energy Limited issued due to the exercise of options during the year ended 30 June 2018 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors of the company for costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

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

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of Deloitte Touche Tohmatsu

There are no officers of the company who are former partners of Deloitte Touche Tohmatsu.

Auditor's independence declaration

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

Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the Corporations Act 2001.

Rounding of amounts

Emperor Energy Limited is a type of Company that is referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest dollar.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Carl Dumbrell
Non-Executive Director

27 September 2018

Deloitte Touche Tohmatsu
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27 September 2018

The Board of Directors
Emperor Energy Limited
Level 32, 1 Market Street
SYDNEY NSW 2000

Dear Board Members

Emperor Energy Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Emperor Energy Limited.

As lead audit partner for the audit of the financial statements of Emperor Energy Limited for the financial year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Craig Bryan
Partner
Chartered Accountants

	Note	Consolidated 2018 $	2017 $
Other income	5	26,245	49,142
Expenses			
Corporate expenses		(677,886)	(593,903)
Administration expenses		(91,727)	(26,589)
Employee benefits expense	6	(244,740)	(363,598)
Share based payments	6	(175,932)	(115,838)
Depreciation and amortisation expense	6	-	(1,109)
Exploration costs written off	12	-	(856,962)
Net loss on financial derivatives		-	(255,194)
Loss on disposal of exploration and evaluation asset		-	(107,501)
Finance costs		(7,504)	(179,851)
Loss before income tax benefit		(1,171,544)	(2,451,403)
Income tax benefit	7	-	902,196
Loss after income tax benefit for the year attributable to the owners of Emperor Energy Limited		(1,171,544)	(1,549,207)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Loss on the revaluation of available-for-sale financial assets, net of tax		(660)	(500)
Other comprehensive income for the year, net of tax		(660)	(500)
Total comprehensive income for the year attributable to the owners of Emperor Energy Limited		(1,172,204)	(1,549,707)
		Cents	**Cents**
Basic earnings per share	29	(0.178)	(0.717)
Diluted earnings per share	29	(0.178)	(0.717)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Emperor Energy Limited
Statement of financial position
As at 30 June 2018

	Note	Consolidated 2018 $	2017 $
Assets			
Current assets			
Cash and cash equivalents	8	229,273	58,686
Trade and other receivables	9	20,039	683,726
Other financial assets	10	266,575	172,483
Total current assets		515,887	914,895
Non-current assets			
Available-for-sale financial assets	11	540	1,200
Petroleum exploration expenditure	12	3,400,245	3,136,359
Total non-current assets		3,916,672	3,137,559
Total assets		3,916,672	4,052,454
Liabilities			
Current liabilities			
Trade and other payables	13	249,076	1,045,926
Total current liabilities		249,076	1,045,926
Total liabilities		249,076	1,045,926
Net assets		3,667,596	3,006,528
Equity			
Issued capital	14	25,082,639	23,249,367
Reserves	15	266,710	267,370
Accumulated losses		(21,681,753)	(20,510,209)
Total equity		3,667,596	3,006,528

The above statement of financial position should be read in conjunction with the accompanying notes

Emperor Energy Limited
Statement of changes in equity
For the year ended 30 June 2018

Consolidated	Contributed equity $	Accumulated losses $	Reserves $	Total equity $
Balance at 1 July 2016	22,460,115	(18,961,002)	267,870	3,766,400
Loss after income tax expense for the year	-	(1,549,207)	-	(1,549,207)
Other comprehensive income for the year, net of tax	-	-	(500)	(500)
Total comprehensive income for the year	-	(1,549,207)	(500)	(1,549,707)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 14)	789,252	-	-	789,252
Balance at 30 June 2017	23,249,367	(20,510,209)	267,370	3,005,945

Consolidated	Contributed equity $	Accumulated losses $	Reserves $	Total equity $
Balance at 1 July 2017	23,249,367	(20,510,209)	267,370	3,005,945
Loss after income tax benefit for the year	-	(1,171,544)	-	(1,170,961)
Other comprehensive income for the year, net of tax	-	-	(660)	(660)
Total comprehensive income for the year	-	(1,171,544)	(660)	(1,171,621)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 14)	1,833,272	-	-	1,833,272
Balance at 30 June 2018	25,082,639	(21,681,753)	266,710	3,667,596

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

Emperor Energy Limited
Statement of cash flows
For the year ended 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(1,649,644)	(744,651)
Interest received		10,345	2,893
Other receipts		15,900	-
R&D Tax Incentive Concession		650,532	251,666
Net cash used in operating activities	28	(972,867)	(490,092)
Cash flows from investing activities			
Payments for other financial assets		(250,000)	-
Payments for exploration and evaluation		(263,886)	(272,392)
Net cash used in investing activities		(513,886)	(272,392)
Cash flows from financing activities			
Proceeds from issue of equity securities		1,755,135	570,549
Payments of share issue costs		(97,795)	(18,687)
Net proceeds from borrowings		121,000	400,000
Repayment of borrowings		(121,000)	(155,000)
Net cash from financing activities		1,657,340	796,862
Net increase in cash and cash equivalents		170,587	34,378
Cash and cash equivalents at the beginning of the financial year		58,686	24,308
Cash and cash equivalents at the end of the financial year	8	229,273	58,686

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Emperor Energy Limited as a consolidated entity consisting of Emperor Energy Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Emperor Energy Limited's functional and presentation currency.

Emperor Energy Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office & Principal place of business

Level 32
1 Market Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 19 August 2018. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Amendments to Accounting Standards that are mandatorily effective for the current reporting period

The entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for an accounting period that begins on or after 1 July 2017.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the entity include:

- *AASB 1057 Application of Australian Accounting Standards and AASB 2015-9 Amendments to Australian Accounting Standards – Scope and Application Paragraphs*
- *AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation*
- *AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle*
- *AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*

New Accounting Standards and Interpretations not yet mandatory or early adopted Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2018. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below. With the exception AASB 9, AASB 15 and AASB 16, these new or amended accounting standards and interpretations are not expected to have a material impact on the Company's financial performance.

Note 2. Significant accounting policies (continued)

Standard/amendment	Effective for annual reporting periods beginning on or after
AASB 9 *Financial Instruments*	1 July 2018
AASB 15 Revenue from Contracts with Customers, 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15,* 2015-8 *Amendments to Australian Accounting Standards – Effective date of AASB 15,* 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*	1 July 2018
AASB 16 *Lease*	1 July 2019
AASB 2015-*10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*	1 July 2018
AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions	1 July 2018

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

During the financial year ended 30 June 2018, the consolidated entity incurred a loss after tax of $1,171,544 (2017: $1,549,207) and had net cash outflows from operating and exploration activities of $1,236,753 (2017: $762,484). The consolidated entity's current assets also exceeded its total current liabilities by $266,811 as at 30 June 2018. At 30 June 2018 the consolidated entity had net assets of $3,667,596 (30 June 2017: $3,006,528).

During and since the end of the financial year, the directors have taken a number of actions to ensure the consolidated entity can continue to fund its operations and further explore and develop the consolidated entity’s tenements. These steps comprise:

1. Capital raising in November 2017
2. Settlement of various legal disputes
3. Payment of directors’ fees in shares
4. Completing work across each of our permits in accordance with the approved work programs. The company is focused on the delivery of results to shareholders.

The consolidated entity currently does not have any production income and in order to continue as a going concern is reliant on achieving a combination of the following matters before 31 October 2018:
a) Raising additional equity capital or debt funding;
b) Receiving the proceeds from either the full or partial sale of its existing tenement portfolios;

The directors have prepared a detailed cash flow forecast through to 31 September 2019 and based on the budgeted expenditure the consolidated entity will be required to raise additional funds (through the methods set out above) with a minimum overall raising by 31 October 2018 of approximately $1,500,000 before capital raising costs to fund the budgeted explorations plan as well as corporate operating costs.

Note 2. Significant accounting policies (continued)

In the event that the consolidated entity is unsuccessful in the matters set out above, there is material uncertainty whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for the revaluation of available-for-sale financial assets.

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

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 24.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Emperor Energy Limited ('company' or 'parent entity') as at 30 June 2018 and the results of all subsidiaries for the year then ended. Emperor Energy Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Note 2. Significant accounting policies (continued)

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle, it is held primarily for the purpose of trading, it is expected to be realised within 12 months after the reporting period, or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Financial Assets
All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Note 2. Significant accounting policies (continued)

Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Petroleum exploration and evaluation expenditures
Petroleum exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

(b) exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

Financial Liabilities
Financial liabilities are classified as other financial liabilities.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or they expire.

Note 2. Significant accounting policies (continued)

Compound instruments
The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Conversion options that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Exploration and evaluation costs
Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production include the level of reserves and resources, future technology changes, which could impact the cost of extraction, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made. Refer to Note 12 for further details.

Note 4. Operating segments

The consolidated entity is organised into one segment: petroleum exploration and investment within Australia. The operating segment is based on the internal reports that are reviewed by the directors (who are identified as Chief Decision Makers) in assessing performance and allocation of resources.

Accounting policy for operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 5. Other income

	Consolidated	
	2018	**2017**
	$	**$**
Interest	10,345	2,893
Other income	15,900	46,249
Other income	26,245	49,142

Note 6. Expenses

	Consolidated	
	2018	**2017**
	$	**$**
Loss before income tax includes the following specific expenses:		
Depreciation		
Depreciation of non-current assets	-	1,109
Employment Benefits:		
Post employment benefit - Contribution plans	957	41,092
Other employee benefits	59,364	239,936
Consultant fees	184,419	82,570
Total Employment Benefits	244,740	363,598
Share-based payments		
Equity settled share based payments	175,932	115,838

Note 6. Expenses (continued)

The share based payments listed above relate to share issued to directors in lieu of directors fees and bonus payments to G Geary and P McNamara as approved by shareholders at the company's Annual General Meeting held on 21 November 2017.

Note 7. Income tax benefit

	Consolidated 2018 $	Consolidated 2017 $
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(1,171,544)	(2,451,403)
Tax at the statutory tax rate of 30%	(351,463)	(735,421)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	52,780	34,751
Other permanent differences	136	568,612
Movements in provisions	(287)	25,483
Movements in accrued expenditure	(26,338)	426,677
Capitalised deductible exploration expenditure	-	-
Capital raising costs	41,521	37,965
Other deductible expenses	-	(902,196)
	(283,651)	(544,129)
Current year tax losses not recognised	283,651	-
Benefit of prior year losses recognised	-	(358,067)
Income tax benefit	-	(902,196)

	Consolidated 2018 $	Consolidated 2017 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	21,810,968	19,674,669
Potential tax benefit @ 30%	6,543,290	5,902,401

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

	Consolidated 2018 $	Consolidated 2017 $
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Tax losses	6,543,290	5,902,401
Temporary differences	(1,211,089)	(1,090,162)
Total deferred tax assets not recognised	5,332,201	4,812,239

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 7. Income tax benefit (continued)

The taxation benefits of tax losses and temporary differences not brought to account will only be obtained if:

(i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised.

(ii) the consolidated entity continues to comply with the conditions for deductibility imposed by law, and

(iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2018	2017
	$	$
Cash at bank	229,273	58,686

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

Note 9. Current assets - trade and other receivables

	Consolidated	
	2018	2017
	$	$
Other receivables	250	650,530
GST receivable / (payable)	19,789	33,196
	20,039	683,726

The average credit period on trade and other receivables is 30 days. Due to the short term nature of the receivables their carrying value is assumed to approximate their fair value. No collateral or security is held. No interest is charged on the receivables. The consolidated entity has financial risk management policies in place to ensure that all receivables are received within the credit timeframe.

Accounting policy for trade and other receivables
Other receivables are recognised at amortised cost, less any provision for impairment.

Note 10. Other financial assets

	Consolidated	
	2018	2017
	$	$
Term deposit	250,000	-
Prepayments	16,575	8,278
Funds held on trust	-	164,205
	266,575	172,483

Note 11. Non-current assets – available-for-sale financial assets

Investment in Strategic Energy Resources Limited (ASX: SER)	400	500
Investment in Octanex N.L (ASX : OXX)	140	700
	540	1,200

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	1,200	1,700
Revaluation decrements	(660)	(500)
Closing fair value	540	1,200

Refer to note 18 for further information on fair value measurement.

Investments in SER and OXX held by the consolidated entity at fair value are valued in accordance AASB 13, using Level 1 of the fair value hierarchy - quoted prices (unadjusted) in active markets for identical assets or liabilities. The fair values of the financial assets held have been determined by reference to the quoted price on the ASX at 30 June 2018 and 30 June 2017.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised directly in the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Note 12. Non-current assets - Petroleum exploration expenditure

	Consolidated	
	2018	2017
	$	$
Petroleum Exploration Expenditure	3,400,245	3,136,359

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Petroleum Exploration $
Balance at 1 July 2016	4,277,963
Expenditure during the year	222,858
Disposal of exploration and evaluation asset	(507,500)
Impairment of assets	(856,962)
Balance at 30 June 2017	3,136,359
Expenditure during the year	263,886
Balance at 30 June 2018	3,400,245

Note 12. Non-current assets - Petroleum exploration expenditure (continued)

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

A review of the company's tenement areas was undertaken at the end of December 2016 and management made the decision to write off the carrying value of exploration expenditure totalling $856,962 in relation to EP487 Derby Block JV where OBL has disposed its interest to Rey Resources Ltd/Rey Lennard Shelf Pty Ltd.

Accounting policy for exploration and evaluation assets
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Note 13. Current liabilities - trade and other payables

	Consolidated	
	2018	**2017**
	$	**$**
Trade payables	120,129	310,547
Other payables	128,947	735,379
	249,076	1,045,926

Refer to note 17 for further information on financial instruments.

The average credit period on purchases is 30 days. No interest is charged on the trade payables. The consolidated entity has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 14. Equity - issued capital

	Consolidated			
	2018	**2017**	**2018**	**2017**
	Shares	**Shares**	**$**	**$**
Ordinary shares - fully paid	907,859,728	277,806,332	25,082,639	23,324,367
Treasury shares	-	-	-	(75,000)
	907,859,728	277,806,332	25,082,639	23,249,367

Note 14. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares		$
Balance	1 July 2016	145,845,718		22,535,115
Issue of conversion shares to Lind	5 July 2016	33,047,843	$0.0046	155,000
Placement	11 August 2016	36,500,000	$0.0070	255,550
Issue of shares on share purchase plan completion	26 October 2016	39,375,000	$0.0080	315,000
Issue of shares in lieu of directors fees	29 December 2016	22,673,093	$0.0036	80,930
Settlement of liabilities with former director	30 June 2017	364,678	$0.0040	1,459
Less cost of capital raising		-	-	(18,687)
Treasury shares		-	-	(75,000)
Balance	1 July 2017	277,806,332		23,249,367
Issue of shares (non-cash)	11 August 2017	10,000,000	$0.0030	30,000
Rights issue	10 November 2017	518,051,398	$0.0031	1,629,135
Less cost of rights issues	10 November 2017	-	-	(97,795)
Issue of shares in lieu of directors fees (non-cash)	24 November 2017	60,000,000	$0.0024	145,932
Issue of shares	30 April 2018	42,001,998	$0.0030	126,000
Balance	30 June 2018	907,859,728		25,082,639

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management
The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

Accounting policy for issued capital
Ordinary shares are classified as equity.

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

Note 15. Equity – reserves

	Consolidated 2018 $	Consolidated 2017 $
Available-for-sale reserve	(1,160)	(500)
Options reserve	267,870	267,870
	266,710	267,370

Available-for-sale reserve
The reserve is used to recognise increments and decrements in the fair value of available-for-sale financial assets.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Available for sale reserve $	Options reserve $	Total $
Balance at 1 July 2016	-	267,870	267,870
Impairment of shares	(500)	-	(500)
Balance at 30 June 2017	(500)	267,870	267,370
Impairment of shares	(660)	-	(660)
Balance at 30 June 2018	(1,160)	267,870	266,710

Note 16. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 17. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by the directors under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks.

Market risk

Price risk
The consolidated entity is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes.

Note 17. Financial instruments (continued)

	Average price increase		Average price decrease	
Consolidated - 2018	**% change**	**Effect on equity**	**% change**	**Effect on equity**
Available-for-sale investments carried at fair value - quoted shares	10%	54	10%	(54)

	Average price increase		Average price decrease	
Consolidated - 2017	**% change**	**Effect on equity**	**% change**	**Effect on equity**
Available-for-sale investments carried at fair value - quoted shares	10%	120	10%	(120)

Interest rate risk
The consolidated entity's main interest rate risk arises from cash deposits. The consolidated entity has no borrowings, and during the year held cash in accessible current accounts for liquidity purposes.

As at the reporting date, the consolidated entity had the following variable interest rates:

	2018		2017	
Consolidated	**Weighted average interest rate %**	**Balance $**	**Weighted average interest rate %**	**Balance $**
Cash at bank	1.40%	229,273	1.40%	58,686
Term deposit	2.39%	250,000	-	-
Net exposure to cash flow interest rate risk		479,273		58,686

The impact would not be material on bank balances held at 30 June 2018 or 30 June 2017.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 17. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2018	Weighted average interest rate %(p.a)	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	249,076	-	-	-	249,076
Total non-derivatives		249,076	-	-	-	249,076

Consolidated - 2017	Weighted average interest rate %(p.a)	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	1,045,926	-	-	-	1,045,926
Total non-derivatives		1,045,926	-	-	-	1,045,926

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 18. Fair value measurement

Fair value hierarchy
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated – 2018	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Ordinary shares	540	-	-	540
Total assets	540	-	-	540

Consolidated – 2017	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Ordinary shares	1,200	-	-	1,200
Total assets	1,200	-	-	1,200

Note 18. Fair value measurement (continued)

There were no transfers between levels during the financial year.

Accounting policy for fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 19. Key management personnel disclosures

Directors
The following persons were directors of Emperor Energy Limited during the financial year:

Mr C Dumbrell (Non-Executive Director)
Mr Daniel Justyn Douglas Peters (Non-Executive Director)
Mr Vazrick (Vaz) Hovanessian (Non-Executive Director)

Other key management personnel
The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Mr C Dumbrell (Company Secretary)
Mr G Geary (Geological Consultant)
Mr P McNamara (Engineering Consultant)

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2018	2017
	$	$
Short-term employee benefits	198,037	270,975
Post-employment benefits	-	25,929
Share-based payments	175,932	115,838
	373,969	412,742

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the company:

	Consolidated 2018 $	Consolidated 2017 $
Audit services - Deloitte Touche Tohmatsu		
Audit or review of the financial statements	48,308	53,200

Note 21. Contingent liabilities

The consolidated entity had no contingent liabilities at 30 June 2018.

Note 22. Commitments

	Consolidated 2018 $	Consolidated 2017 $
Petroleum exploration commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	575,000	575,000
One to five years	37,625,000	37,475,000
More than five years	-	-
	38,200,000	38,050,000

The consolidated entity has interests in exploration and evaluation permits. These interests give rise to expenditure commitments.

Backreef area
Following the increase in global oil prices the company has decided to commence work at Backreef in late 2018. The company will complete an engineering survey of the pre-existing well to determine if the well can be re-entered for further and deeper drilling. The company will continue to consider farmin partners.

Cyrano R3/R1
The consolidated entity has a 100% interest in Cyrano R3/R1 and is the operator. The Company successfully booked 3.0 million barrels oil 2P reserves in May 2015. The permit was renewed by the DMP in January 2017 until October 2021. The approved work program is:

Permit year	Exploration Activity	Estimated Cost
2. October 2018 – October 2019	Reservoir engineering studies	$100,000
3. October 2019 – October 2020	Reservoir engineering studies	$175,000
4. October 2020 – October 2021	Independent engineering assessment	$100,000
5. October 2021 – October 2022	Feasibility study and assessment	$100,000

The company has commenced an EOI program to either sell or farmin a partner for this asset.

Note 22. Commitments (continued)

Vic/P47
The consolidated entity has a 100% interest in Vic/P47 and is the operator. The company completed 3D seismic reprocessing and mapping in August 2017. The seismic interpretation and mapping together with Quantitative Inversion outputs from the newly reprocessed 3D seismic data indicates the presence of additional potential in the Judith Block with significant upside in the Judith North Block located up-dip from Judith-1. The presence of gas in the Emperor reservoir sandstones across the prospective blocks is supported by the Quantitative Inversion results.

Input reservoir parameters used by GCA have been used as the basis for calculation of the new Gas-in-Place assessment by 3D-GEO as shown in Table 1.

	Gas-In-Place (Bcf)			Gas Recoverable (Bcf)[1]		
Block	**P90**	**P50**	**P10**	**P90**	**P50**	**P10**
Judith	300	420	550	165	273	413
North	1200	1380	1550	660	897	1163
Total	**1500**	**1800**	**2100**	**825**	**1170**	**1575**

[1] Gas recovery factors from Gaffney Cline & Associates (2008 & 2013)

Table 1: Summary of Gas-in-Place for the Judith and Judith North Blocks- Unrisked, probabilistic conservative case (3D-GEO evaluation, 2017)

The permit was renewed by NOPTA on 21 February 2018 for a period of five years. The company work program was approved and outlined below :

Permit year	Exploration Activity	Estimated Cost
1. February 2018 – February 2019	Geology Studies including detailed resource assessment, preliminary reservoir engineering, target selection and well planning	$400,000
2. February 2019 – February 2020	Confirmation of drilling target/s and detailed well planning and preparation	$1,300,000
3. February 2020 – February 2021	Drill one (1) Exploration Well	$35,000,000
4. February 2021 – February 2021	Post-well evaluation studies	$500,000
5. February 2022 – February 2022	Geology Studies including commerciality assessment	$300,000

The group will need to raise capital, or identify a farmin a partner before permit year 3 to fund all the planned activities above.

Note 23. Related party transactions

Parent entity
Emperor Energy Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 25.

Key management personnel
Disclosures relating to key management personnel are set out in note 19 and the remuneration report included in the directors' report.

Note 23. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated 2018 $	Consolidated 2017 $
Payment for goods and services:		
Payments to Catalyst Partners Pty Ltd	-	52,625
Payments to CD & TL Accountants & Advisors	80,125	-
Payments to Fern Street Partners Pty Ltd	-	12,775
Payments to Raxigi Pty Ltd	40,000	-
	120,125	65,400

During the year the consolidated entity paid $80,125 to CD & TL Accountants & Advisors (an entity associated with Mr Carl Dumbrell) for accounting and tax services performed during the year.

During the year the consolidated entity paid $40,000 to Raxigi Pty Ltd (an entity associated with Mr Vazrick Hovanessian) for corporate services associated with the sale of shares in EMP subsidiary with royalty rights during the year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 24. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2018 $	Parent 2017 $
Loss after income tax	(1,178,064)	(1,041,707)
Total comprehensive income	(1,178,064)	(1,041,707)

Note 24. Parent entity information (continued)

Statement of financial position

	Parent 2018 $	Parent 2017 $
Total current assets	515,637	914,637
Total assets	3,909,568	4,052,446
Total current liabilities	249,076	1,045,926
Total liabilities	249,076	1,045,926
Equity		
Issued capital	25,082,639	23,249,367
Available-for-sale reserve	(1,160)	(500)
Options reserve	267,870	267,870
Accumulated losses	(21,688,857)	(20,510,217)
Total equity	3,660,492	3,006,520

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2018 and 30 June 2017.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at as 30 June 2018 and 30 June 2017.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 25. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %
OBL Backreef No.10 Pty Ltd	Australia	100.00	100.00
Canning Basin Oil Limited	Australia	100.00	100.00
Wantok Oil Limited	Papua New Guinea	100.00	100.00
Shelf Oil Pty Ltd	Australia	100.00	100.00
Backreef Energy Pty Ltd	Australia	100.00	100.00

Note 26. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Emperor Energy Limited
Canning Basin Oil Limited

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Emperor Energy Limited, they also represent the 'Extended Closed Group'.

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

Statement of profit or loss and other comprehensive income	**2018 $**	**2017 $**
Other income	26,245	83,509
Gain on sale of subsidiary	-	399,999
Corporate expenses	(677,886)	(565,567)
Administration expenses	(91,725)	(82,794)
Employee benefits expense	(244,740)	(370,098)
Share based payments	(175,932)	(115,838)
Depreciation and amortisation expense	-	(1,109)
Exploration costs written off	-	(856,962)
Net loss on financial derivatives	-	(255,194)
Finance costs	(7,504)	(179,851)
Loss before income tax benefit	(1,171,542)	(1,943,905)
Income tax benefit	-	902,196
Loss after income tax benefit	(1,171,542)	(1,041,709)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	(1,171,542)	(1,041,709)

Equity – accumulated losses	**2018 $**	**2017 $**
Accumulated losses at the beginning of the financial year	(20,510,211)	(19,468,502)
Loss before income tax benefit	(1,171,542)	(1,041,709)
Accumulated losses at the end of the financial year	(21,681,753)	(20,510,211)

Note 26. Deed of cross guarantee (continued)

Statement of financial position	2018 $	2017 $
Current assets		
Cash and cash equivalents	229,273	58,447
Trade and other receivables	20,039	683,719
Other financial assets	266,575	172,542
	515,887	914,708
Non-current assets		
Available-for-sale financial assets	540	6,993
Petroleum exploration expenditure	3,400,245	3,130,811
	3,916,672	3,137,804
Total assets	3,916,672	4,052,512
Current liabilities		
Trade and other payables	249,076	1,045,985
	249,076	1,045,985
Total liabilities	249,076	1,045,985
Net assets	3,667,596	3,006,527
Equity		
Issued capital	25,082,639	23,249,368
Reserves	266,710	267,370
Accumulated losses	(21,681,753)	(20,510,211)
Total equity	3,667,596	3,006,527

Note 27. Events after the reporting period

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Cyrano is held for sale and all technical data was provided to sales agent in September 2018.

Note 28. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2018	2017
	$	$
Loss after income tax benefit for the year	(1,171,544)	(1,549,207)
Adjustments for:		
Depreciation and amortisation	-	1,109
Exploration costs written off	-	856,962
Loss on disposal of exploration and evaluation asset	-	107,501
Movement in fair value of derivatives	-	(82,555)
Share based payments	175,932	115,838
Amortisation of transaction cost	-	179,851
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	667,150	(621,164)
Decrease/(increase) in prepayments	152,504	112,071
Increase in trade and other payables	(796,909)	496,144
Decrease in employee benefits	-	(106,642)
Net cash used in operating activities	(972,867)	(490,092)

Note 29. Earnings per share

	Consolidated	
	2018	2017
	$	$
Loss after income tax attributable to the owners of Emperor Energy Limited	(1,171,544)	(1,549,207)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	659,137,982	216,158,871
Weighted average number of ordinary shares used in calculating diluted earnings per share	659,137,982	216,158,871
	Cents	**Cents**
Basic earnings per share	(0.178)	(0.717)
Diluted earnings per share	(0.178)	(0.717)

Diluted Earnings Per Share

In the current year, the options held by option holders were not included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they did not meet the requirements for inclusion is AASB 133 "Earnings per Share". The options were non-dilutive as the consolidated entity generated a loss during the financial year.

Accounting policy for earnings per share

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

Note 29. Earnings per share (continued)

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

Note 30. Share-based payments

On 11 August 2017 the consolidated entity issued 10,000,000 fully paid ordinary shares at a deemed issued price of $0.003 (0.3 cents) per share to Mr G Geary (5,000,000) and Mr. P. McNamara (5,000,000).

On 24 November 2017 the consolidated entity issued 60,000,00 fully paid ordinary shares at a deemed issue price of $0.0024 (0.24 cents) per share to Directors in lieu of directors fees as approved by shareholders at the company's general meeting held on 21 November 2017.

Set out below are summaries of options granted:

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Issued	Exercised	Expired/ forfeited/ other	Balance at the end of the year
19/03/2014	14/09/2017	$0.232	800,000	-	-	(800,000)	-
18/11/2015	17/11/2018	$0.0465	6,700,000	-	-	-	6,700,000
09/11/2017	31/03/2020	$0.005	-	518,051,398	-	-	518,051,398
			7,500,000	518,051,398	-	-	524,751,398

2017

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ Other	Balance at the end of the year
19/03/2014	14/09/2017	$0.232	800,000	-	-	-	800,000
18/11/2015	17/11/2018	$0.0465	6,700,000	-	-	-	6,700,000
			7,500,000	-	-	-	7,500,000

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2018 Number	2017 Number
09/11/2017	31/03/2020	518,051,398	800,000
18/11/2015	17/11/2018	6,700,000	6,700,000
		524,751,398	7,500,000

Accounting policy for share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to directors and other key management personnel as part of compensation during the year.

Equity-settled transactions are awards of shares, or options over shares that are provided to directors and other key management personnel in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

Note 30. Share-based payments (continued)

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Emperor Energy Limited
Directors' declaration
30 June 2018

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 26 to the financial statements.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Carl Dumbrell
Non-Executive Director

27 September 2018

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Independent Auditor's Report to the Members of Emperor Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Emperor Energy Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of $1,171,544 and had net cash outflows from operating and exploration activities of $1,236,753 during the year ended 30 June 2018. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our procedures in relation to going concern included, but were not limited to:

- Reviewing management's cash flow forecasts for the next 12 months including understanding the rationale and reasonableness of the assumptions made including inflows from future capital raisings, exploration work program commitments and the basis of the other operating expenditure requirements of the group; and

- assessing the adequacy of the disclosures related to going concern in Note 2.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td>Accounting for exploration and evaluation costs

As at 30 June 2018, the Group's carrying value of the exploration and evaluation assets totals $2,984,720 as disclosed in Note 12. This includes exploration and evaluation expenditure capitalised in the current year of $263,886. Management is required to exercise judgements in assessing the carrying value of exploration and evaluation assets including:

• Whether the conditions for capitalising exploration and evaluation expenditures are satisfied;

• Which elements of exploration and evaluation expenditures qualify for capitalisation; and

• Whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment.</td><td>Our audit procedures included, but were not limited to:

• Obtaining an understanding of the key processes and controls associated with the allocation of exploration and expenditure costs between capital and expense;

• Confirming that the rights to tenure of areas of interest are current and challenging management's consideration of the ability to recoup the capitalised costs through future development or sale of the area of interest;

• Obtaining management's forecast evidencing the ongoing exploration and appraisal activity, including the future intention for each material formation, by reference to the allocation of future budgeted expenditure;

• Evaluating the Group's analysis for assessing impairment indicators of the exploration and evaluation assets;

• Confirming whether exploration activities for the area of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; and

• Testing a sample of capitalised exploration and evaluation expenditure to confirm the nature of the costs incurred and the appropriateness of the classification between asset and expense.

We also assessed the appropriateness of the disclosures in Note 12 to the financial statements.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 11 of the Directors' Report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Emperor Energy Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Craig Bryan
Partner
Chartered Accountants
Melbourne, 27 September 2018

The shareholders information set out below was applicable as at 25 September 2018.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of listed Options	Number of holders of unlisted options
1 to 1,000	88	14	-
1,001 to 5,000	49	27	-
5,001 to 10,000	40	22	-
10,001 to 100,000	100	78	-
100,001 and over	306	130	1
	583	271	1
Holding less than a marketable parcel	271	-	-

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Citicorp Nominees Pty Limited	95,053,158	10.5%
Raxigi Pty Ltd	79,421,287	8.7%
Scintilla Strategic Investments Limited	65,000,000	7.2%
Bond Street Custodians Limited	52,247,101	5.8%
Sama Zaraah Pty Ltd	48,855,000	5.4%
Merrill Lynch (Australia) Nominees Pty Limited	35,000,000	3.9%
Jojo Enterprises Pty Ltd	32,000,000	3.5%
Daniel J Peters	25,962,954	2.9%
Mr Sang Min Kim	25,000,000	2.8%
Littlejohn Embrey Engineering Pty Ltd	19,564,589	2.2%
ACEC Superannuation Fund Pty Ltd	15,100,000	1.7%
Philip McNamara	15,000,000	1.7%
Mr Mark Stephen O'Leary	15,000,000	1.7%
Arlam Pty Ltd	15,000,000	1.7%
Lilyfield Holdings Pty Ltd	12,600,000	1.4%
Mr Colin Robert Searl & Mrs Cynda Searl	12,410,000	1.4%
Buduci Fond Pty Ltd	10,400,950	1.1%
HSBC Custody Nominees (Australia) Limited - A/C 2	10,000,000	1.1%
Mr Matthew Steven Klein	10,000,000	1.1%
Osmetti Pty Ltd	8,333,333	0.9%

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	518,051,398	271

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Citicorp Nominees Pty Limited	95,053,158	10.5%
Raxigi Pty Ltd	79,421,287	8.7%
Scintilla Strategic Investments Limited	65,000,000	7.2%
Bond Street Custodians Limited	52,247,101	5.8%
Sama Zaraah Pty Ltd	48,855,000	5.4%

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.