

Emperor Energy Limited

ABN 56 006 024 764

Half-year Financial Report - 31 December 2018

Emperor Energy Limited
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31 December 2018

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Emperor Energy Limited
Corporate directory
31 December 2018

Directors	Carl Dumbrell (Non-Executive Director) Daniel Justyn Douglas Peter (Non-Executive Director) Vazrick (Vaz) Hovanessian (Non-Executive Chairman) Raymond Douglas Shaw (Non-Executive Director) Natt Arian (Non-Executive Director)
Company secretary	Vazrick (Vaz) Hovanessian
Registered office	15 Whiting Street Artarmon NSW 2064
Principal place of business	15 Whiting Street Artarmon NSW 2064 Telephone: (02) 8188 2555 Fax: (02) 9425 0099
Share register	Automic Pty Ltd Level 5, 126 Phillip Street Sydney NSW 2000 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

Emperor Energy Limited
Directors' report
31 December 2018

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 half-year ended 31 December 2018.

Directors

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

Mr Carl Dumbrell (Non-Executive Director)
Mr Daniel Justyn Douglas Peters (Non-Executive Director)
Mr Vazrick (Vaz) Hovanessian (Non-Executive Chairman)
Raymond Douglas Shaw (Non-Executive Director) appointed 8 December 2018
Natt Arian (Non-Executive Director) appointed 8 December 2018

Principal activities

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$274,886 (31 December 2017: \$761,287).

Financial Position

The net assets of the consolidated entity decreased by \$94,886 to \$3,572,710 as at 31 December 2018 (30 June 2018: \$3,667,596).

The consolidated entity's working capital, being current assets less current liabilities was in deficit as at 31 December 2018 by \$84,827 (30 June 2018: surplus \$266,811). The consolidated entity had a negative cash flows from operating activities of \$175,994 for the six months (31 December 2017: deficit of \$336,049) and expended \$256,752 (31 December 2017: \$72,500) in relation to exploration and evaluation activities.

Significant changes in the state of affairs

On 17 December 2018, the consolidated entity issued 60,000,000 fully paid ordinary shares. The shares were issued to directors in lieu of directors fees as approved by shareholders at the Company's Annual General meeting held on 22 November 2018.

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

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 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.

Emperor Energy Limited
Directors' report
31 December 2018

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 immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Carl Dumbrell
Non-Executive Director

15 March 2019

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

15 March 2019

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 review of the financial statements of Emperor Energy Limited for the half-year ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely


DELOITTE TOUCHE TOHMATSU



Craig Bryan
Partner
Chartered Accountant

Emperor Energy Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018

		Consolidated	
	Note	31 December 2018	31 December 2017
		\$	\$
Revenue		1,515	2,988
Other income	3	-	9,900
Expenses			
Corporate expenses		(113,839)	(623,575)
Employee benefits expense		(162,562)	(150,600)
Loss before income tax expense		(274,886)	(761,287)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Emperor Energy Limited		(274,886)	(761,287)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year attributable to the owners of Emperor Energy Limited		<u>(274,886)</u>	<u>(761,287)</u>
		Cents	Cents
Basic earnings per share	11	(0.03)	(0.10)
Diluted earnings per share	11	(0.03)	(0.10)

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 31 December 2018

		Consolidated	
		31 December	
	Note	2018	30 June 2018
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		46,527	229,273
Trade and other receivables		19,277	20,039
Other financial assets		46,005	266,575
Total current assets		<u>111,809</u>	<u>515,887</u>
Non-current assets			
Available-for-sale financial assets		540	540
Petroleum exploration expenditure	4	<u>3,656,997</u>	<u>3,400,245</u>
Total non-current assets		<u>3,657,537</u>	<u>3,400,785</u>
Total assets		<u>3,769,346</u>	<u>3,916,672</u>
Liabilities			
Current liabilities			
Trade and other payables		<u>196,636</u>	<u>249,076</u>
Total current liabilities		<u>196,636</u>	<u>249,076</u>
Total liabilities		<u>196,636</u>	<u>249,076</u>
Net assets		<u>3,572,710</u>	<u>3,667,596</u>
Equity			
Issued capital	5	25,262,639	25,082,639
Reserves	6	266,710	266,710
Accumulated losses		<u>(21,956,639)</u>	<u>(21,681,753)</u>
Total equity		<u>3,572,710</u>	<u>3,667,596</u>

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 half-year ended 31 December 2018

Consolidated	Contributed equity \$	Accumulated losses \$	Reserves \$	Total equity \$
Balance at 1 July 2017	23,249,367	(20,510,209)	267,370	3,006,528
Loss after income tax expense for the half-year	-	(761,287)	-	(761,287)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	(761,287)	-	(761,287)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	1,707,272	-	-	1,707,272
Balance at 31 December 2017	<u>24,956,639</u>	<u>(21,271,496)</u>	<u>267,370</u>	<u>3,952,513</u>
Consolidated	Contributed equity \$	Accumulated losses \$	Reserves \$	Total equity \$
Balance at 1 July 2018	25,082,639	(21,681,753)	266,710	3,667,596
Loss after income tax expense for the half-year	-	(274,886)	-	(274,886)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	(274,886)	-	(274,886)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 5)	180,000	-	-	180,000
Balance at 31 December 2018	<u>25,262,639</u>	<u>(21,956,639)</u>	<u>266,710</u>	<u>3,572,710</u>

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 half-year ended 31 December 2018

	Consolidated	
	31 December 2018	31 December 2017
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(177,509)	(989,567)
R&D Tax Incentive Concession	-	650,530
	<u>(177,509)</u>	<u>(339,037)</u>
Interest received	1,515	2,988
Interest and other finance costs paid	-	-
	<u>-</u>	<u>-</u>
Net cash used in operating activities	<u>(175,994)</u>	<u>(336,049)</u>
Cash flows from investing activities		
Net receipts from/ (payments) for other financial assets	250,000	(500,000)
Payments for exploration and evaluation	<u>(256,752)</u>	<u>(72,500)</u>
Net cash used in investing activities	<u>(6,752)</u>	<u>(572,500)</u>
Cash flows from financing activities		
Proceeds from issue of shares	-	1,457,747
Cost for issue of shares	-	(97,795)
Net cash from financing activities	<u>-</u>	<u>1,359,952</u>
Net increase/(decrease) in cash and cash equivalents	(182,746)	451,403
Cash and cash equivalents at the beginning of the financial half-year	<u>229,273</u>	<u>58,686</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>46,527</u></u>	<u><u>510,089</u></u>

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 half-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
15 Whiting Street Artarmon NSW 2064	15 Whiting Street Artarmon NSW

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 15 March 2019. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost. Historical cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian Dollars, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

The amendments to AASB 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and simultaneous realisation and settlement'.

Note 2. Significant accounting policies (continued)

AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'

AASB 134 Interim Financial Reporting– clarifies that certain information required by the Standard can be given either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement (such as management commentary or risk report) that is available to users of the financial statements on the same terms as the interim financial statements and at the same time.

AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101.'

Amends AASB 101 Presentation of Financial Statements to provide clarification regarding the disclosure requirements in AASB 101, including narrow-focus amendments to address concerns about existing presentation and disclosure requirements and to ensure entities are able to use judgements when applying a Standard in determining what information to disclose in their financial statements.

The amendments provide additional guidance in the following areas:

- **Materiality** - The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information (2) materiality considerations apply to the all parts of the financial statements and (3) even when a standard requires a specific disclosure, materiality considerations still apply, i.e. a specific disclosure is not required to be included in the financial report if it is not material to the entity
- **Statement of financial position and statement of profit or loss and other comprehensive income** - The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of other comprehensive income (OCI) of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss
- **Notes** - The amendments add additional examples of possible ways of ordering the notes to clarify that understand ability and comparability should be considered when determining the order of the notes rather than being presented in the order previously included in AASB 101.

The application of these amendments does not have any material impact on the disclosures or the amounts recognised in the Company's consolidated financial statements.

AASB 1031 'Materiality', AASB 2013-9 'Amendments to Australian Accounting Standards' – Conceptual Framework, Materiality and Financial Instruments' (Part B: Materiality), AASB 2014-1 'Amendments to Australian Accounting Standards' (Part C: Materiality)

The revised AASB 1031 is an interim standard that cross-references to other Standards and the 'Framework for the Preparation and Presentation of Financial Statements' (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations. Once all of these references have been removed, AASB 1031 will be withdrawn. The adoption of AASB 1031, AASB 2013-9 (Part B) and AASB 2014-1 (Part C) does not have any material impact on the disclosures or the amounts recognised in the Company's financial statements.

Note 2. Significant accounting policies (continued)

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.

For the six months ended 31 December 2018, the consolidated entity incurred a loss after tax of \$274,886 (31 December 2017: \$761,287) and had net cash outflows from operating and exploration activities of \$432,746 (31 December 2017: \$408,549). Additionally as at 31 December 2018 the consolidated entity had a net current asset deficiency of \$84,827 (30 June 2018: net current assets \$266,811) and net assets of \$3,572,710 (30 June 2018: \$3,667,596).

During and since the end of the financial period, the directors have maintained the policies outlined in the 2018 financial report. These policies ensure the consolidated entity can continue to fund its operations and further explore and develop the consolidated entity's tenements. These steps comprise:-

1. Ongoing review of suppliers and costs
2. Investing in the most prospective projects
3. Paying all directors fees in equity rather than cash.

The consolidated entity currently does not have any production income and in order to continue as a going concern is therefore reliant on achieving a combination of the following matters before 31 March 2019 to complete its planned business activities:-

- a) Raising additional equity capital or debt funding;
- b) Receiving the proceeds from either the full or partial sale of its existing tenement portfolio; and/or
- c) Securing farm-out arrangements of its existing tenement portfolio or obtaining approval for the deferral of the current work programs.

The directors have prepared a detailed cash flow forecast through to 30 September 2020 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 of \$1,900,000 before capital raising costs by 30 September 2020.

The company has raised \$150,000 from shareholders in March 2019 to address the immediate working capital requirements of the group. The company will be required to undertake a further capital raise in May 2019 for at least \$500,000 based on existing cash resources. At a minimum the company would require cash of \$0.25m until planned exploration works commence in Oct-19, with an additional raise of \$0.75m post Oct-19 to fund the exploration activities until Mar-20.

Cash flow forecasts prepared by management which include the capital raisings described above demonstrate that the consolidated entity will have sufficient funds to meet its commitments over the next twelve months and for this reason the financial statements have been prepared on the basis that the consolidated entity is a going concern.

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.

Note 3. Other income

	Consolidated	
	31 December 2018	31 December 2017
	\$	\$
Other Income	-	9,900
Other income	-	9,900

Note 4. Non-current assets - petroleum exploration expenditure

	Consolidated	
	31 December 2018	30 June 2018
	\$	\$
Exploration and evaluation - at cost	3,656,997	3,400,245

Reconciliations

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

Consolidated	Exploration \$
Balance at 1 July 2018	3,400,245
Expenditure during the half-year	256,752
Balance at 31 December 2018	3,656,997

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.

Note 5. Equity - issued capital

	Consolidated			
	31 December 2018	30 June 2018	31 December 2018	30 June 2018
	Shares	Shares	\$	\$
Ordinary shares - fully paid	967,859,728	907,859,728	25,262,639	25,082,639
	967,859,728	907,859,728	25,262,639	25,082,639

Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$
Balance	1 July 2018	907,859,728		25,082,639
Issue of shares in lieu of directors' fees	17 December 2018	60,000,000	\$0.003	180,000
Balance	31 December 2018	967,859,728		25,262,639

Emperor Energy Limited
(Formerly known as Oil Basins Limited)
Notes to the financial statements
31 December 2018

Note 5. Equity - issued capital (continued)

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.

Note 6. Equity - reserves

	Consolidated	
	31 December	30 June 2018
	2018	2018
	\$	\$
Available-for-sale reserve	-	(1,160)
Options reserve	266,710	267,870
	<u>266,710</u>	<u>266,710</u>

Note 7. Equity - dividends

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

Note 8. Commitments

	Consolidated	
	31 December	30 June 2018
	2018	2018
	\$	\$
<i>Exploration and evaluation</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	675,000	575,000
One to five years	26,000,000	37,625,000
	<u>26,675,000</u>	<u>38,200,000</u>

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 decided to re-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.

Note 8. Commitments (continued)

Cyrano R3/R1

The consolidated entity holds 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
1. October 2018 – October 2019	Reservoir engineering studies	\$100,000
2. October 2019 – October 2020	Reservoir engineering studies	\$175,000
3. October 2020 – October 2021	Independent engineering assessment	\$100,000
4. October 2021 – October 2022	Feasibility study and assessment	\$100,000

Note 8. Commitments (continued)

Vic/P47

The consolidated entity holds 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.

Independent Resource Certifiers, RISC completed its assessment in November 2018 of Contingent and Prospective Resources for Judith Field within Vic/P47. The resources are 100% attributable to Vic/P47. Emperor Energy holds 100% equity interest in Vic/P47.

Summary comprising both Contingent and Prospective Resources are provided in Table 1.

Judith Gas Discovery		Contingent Resources		
		Low 1C	Best 2C	High 3C
GIIP	Bcf	85	229	302
Sales gas	Bcf	34	122	202
Condensate	MMbbl	0.6	1.3	3.8

Greater Judith Area Prospects		Unrisked Prospective Resources (Sales Gas)		
		P90	P50	P10
Judith Deep	Bcf	46	63	82
West	Bcf	54	65	77
Central	Bcf	120	183	268
North	Bcf	98	137	180
North East	Bcf	169	239	321
North West	Bcf	63	89	120
South	Bcf	30	68	181
Total	Bcf	580	844	1229

Table 1: Summary of Contingent and Prospective Resources for Judith area of VIC/P47 (RISC, November 2018).

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	\$500,000
3. February 2020 – February 2021	Drill one (1) Exploration Well	\$25,000,000
4. February 2021 – February 2022	Post-well evaluation studies	\$500,000
5. February 2022 – February 2023	Geology Studies including commerciality assessment	\$300,000

Note 8. Commitments (continued)

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

Note 9. 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	
		31 December 2018 %	30 June 2018 %
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 10. Events after the reporting period

No matter or circumstance has arisen since 31 December 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.

Note 11. Earnings per share

	Consolidated	
	31 December 2018 \$	31 December 2017 \$
Loss after income tax attributable to the owners of Emperor Energy Limited	(274,886)	(761,287)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	912,449,892	741,141,613
Weighted average number of ordinary shares used in calculating diluted earnings per share	912,449,892	741,141,613
	Cents	Cents
Basic earnings per share	(0.03)	(0.10)
Diluted earnings per share	(0.03)	(0.10)

Emperor Energy Limited
Directors' declaration
31 December 2018

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Carl Dumbrell
Non-Executive Director

15 March 2019

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

We have reviewed the accompanying half-year financial report of Emperor Energy Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2018, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year [as set out on pages 6 to 18].

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Emperor Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Emperor Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Emperor Energy Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Materiality Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report which indicates that the consolidated entity incurred a net loss of \$274,886 and had net cash outflows from operating and exploration activities of \$432,746 during the half year ended 31 December 2018. These conditions, along with other matters set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the consolidated entity to continue as a going concern. Our conclusion is not modified in respect of this matter



DELOITTE TOUCHE TOHMATSU



Craig Bryan
Partner
Chartered Accountants
Melbourne, 15 March 2019