



EMPIRE OIL & GAS NL

## Interim Financial Report

For the Half Year ended 31 December 2018

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Corporate Directory

**Registered Office & Principal Place of Business**

Empire Oil & Gas NL  
C/- Trident Capital Pty Ltd  
24/44 St Georges Terrace  
Perth Western Australia 6000  
Telephone: +61 8 6211 5099  
Facsimile: +61 8 9218 8875  
Email: [admin@empireoil.com.au](mailto:admin@empireoil.com.au)  
Web: [www.empireoil.com.au](http://www.empireoil.com.au)  
ASX code: EGO (ordinary shares)  
EGOO (options)

**Company Secretary**

Stephen Hewitt-Dutton

**Share Registry**

Link Market Services Limited  
Level 4 Central Park  
152 St Georges Terrace  
Perth Western Australia 6000  
Telephone: +61 1300 554 474  
Facsimile: +61 2 9287 0303  
Email: [registry@linkmarketservices.com.au](mailto:registry@linkmarketservices.com.au)  
Web: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

**Auditors**

Ernst & Young  
11 Mounts Bay Road  
Perth Western Australia 6000

## Directors' Report

Your Directors present their report on Empire Oil & Gas NL for the half year ended 31 December 2018.

### Directors

The names of the directors in office during the half-year and until the date of this report are set out below. All of the company's directors are non-executive directors. Directors were in office for the entire period unless otherwise stated:

Sean McCormick  
Stephen Hewitt-Dutton  
John Gilfillan

### Results of Operations

The Company realised a net profit of \$10,635,877 (2017: loss of \$29,340,858) for the half-year ended 31 December 2018. The net profit for the half-year was a result of the Company being released from its liabilities due to the effectuation of the Deed of Company Arrangement on 14 December 2018.

### Review of Operations

On 16 August 2017, Empire announced a downgrade in the certified gas and condensate reserves for the Red Gully Project, applicable 1 July 2017. The reserves were included in assessing the carrying value of the Red Gully Project as at 30 June 2017, resulting in \$21,652,759 in impairment charges recognised.

On 14 September 2017, the Board resolved to appoint Martin Bruce Jones, Andrew Michael Smith and Peter Damian McCluskey as Joint and Several Voluntary Administrators ("Administrators") of Empire Oil Company (WA) Limited ("EOC"), a wholly owned subsidiary of the Company.

Prior to EOC being placed into Administration, on 13 September 2017, Matthew Donnelly and Jason Tracy of Deloitte Restructuring Services were appointed Receivers and Managers over the Red Gully Project assets under the terms of a loan facility agreement provided by Mineral Resources Limited.

On 28 September 2017, the Board also resolved to appoint Martin Bruce Jones, Andrew Michael Smith and Peter Damian McCluskey as Administrators of the Company, and its other subsidiary Empire Services Pty Ltd.

At the second meeting of the Company's creditors held on 2 November 2017 the creditors of the EGO Group resolved to accept the DOCA proposal by Mineral Resources Ltd (MIN) (EOC DOCA) which was subsequently executed on 6 November 2017.

As a result:

- The EOC DOCA was effectuated on 8 November 2017 and EOC (including the Red Gully Project and shares held in Cattamara Farms Pty Ltd) was transferred to MIN.
- EMS was placed into liquidation on 8 November 2017 in accordance with the MIN DOCA.
- The EGO DOCA remained on foot as the Deed Administrators sought proposals for the recapitalisation of the Company.

On 22 February 2018, the Company, the Deed Administrators and Trident Capital Pty Ltd ("Trident Capital") entered into an Amended and Restated Deed ("Amended DOCA"), which, among other things, embodied a proposal by Trident Capital for the recapitalisation of the Company ("Reconstruction Proposal").

On 7 December 2018, a General Meeting of shareholders was held where shareholders approved all resolutions to facilitate the recapitalisation of the Company. Following the completion of a capital raising of \$935,000 through the issue of 46,750,000 fully paid ordinary shares at an issue price of \$0.02 per share and payment of \$750,000 required under the Amended DOCA, the Amended DOCA was wholly effectuated on 14 December 2018 and control of the Company was returned to the Directors.

On 14 December 2018, the Company completed a share and options consolidation on a 1:20 basis as noted in the Amended DOCA. Upon completion of the consolidation and subsequent capital raising, the Company had 51,868,672 fully paid ordinary shares and 86,000 unlisted options on issue.

## Subsequent Events

On 3 January 2019, a total of 750,000 shares at \$0.02 each and 6.75m options exercisable at \$0.04 each on or before 3 January 2023 were issued to Trident Capital Pty Ltd, raising \$15,000. The issue of shares and options was approved at a General Meeting of shareholders held on 7 December 2018.

On 7 March 2019, 1,000,000 shares at \$0.02 each were issued, raising \$20,000 for costs related to the reconstruction of the Company and ongoing working capital.

As at the date of this report, there are 53,618,672 ordinary fully paid shares on issue.

There have been no other events subsequent to reporting date which would have a material effect on the Company's financial statements as at 31 December 2018.

## Auditor's Independence Declaration

A copy of the auditor's independence declaration is set out on page 5.

This report is made in accordance with a resolution of the Board of Directors.



**Sean McCormick**  
**Non-Executive Director**

Perth, 9 August 2019



**Building a better  
working world**

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## **Auditor's Independence Declaration to the Directors of Empire Oil & Gas NL**

As lead auditor for the review of the half-year financial report of Empire Oil & Gas NL for the half-year ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

Ernst & Young

M P Cunningham  
Partner  
9 August 2019

**Statement of Profit or Loss and Other Comprehensive Income**  
 For the 6 months ended 31 December 2018

	Note	2018 \$	2017 \$
<b>Continuing Operations</b>			
Other income	3	10,738,760	36,497
General and administrative expenses		(102,883)	(392,140)
<b>Profit/(Loss) before tax</b>		<b>10,635,877</b>	<b>(355,643)</b>
Income tax expense		-	(2,099,567)
<b>Profit/(Loss) for the period after income tax from continuing operations</b>		<b>10,635,877</b>	<b>(2,455,210)</b>
<b>Discontinued Operations</b>			
(Loss)/Profit from discontinued operations		-	(26,885,648)
<b>Loss for the Period</b>		<b>-</b>	<b>(26,885,648)</b>
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
<b>Total comprehensive income/(loss) for the period</b>		<b>10,635,877</b>	<b>(29,340,858)</b>
Earnings per Share		<b>Cents</b>	<b>Cents</b>
Basic and Diluted Earnings/(Loss) per Share		20.51	(28.65)

*The accompanying notes form part of these Financial Statements.*

## Statement of Financial Position

As at 31 December 2018

	Note	31 Dec 2018 \$	30 June 2018 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		130,955	268,508
<b>Total Current Assets</b>		<b>130,955</b>	<b>268,508</b>
<b>Non-Current Assets</b>			
<b>Total Non-Current Assets</b>		-	-
<b>Total Assets</b>		<b>130,955</b>	<b>268,508</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables		72,663	11,781,093
<b>Total Current Liabilities</b>		<b>72,663</b>	<b>11,781,093</b>
<b>Non-Current Liabilities</b>			
<b>Total Non-Current Liabilities</b>		-	-
<b>Total Liabilities</b>		<b>72,663</b>	<b>11,781,093</b>
<b>Net Assets</b>		<b>58,292</b>	<b>(11,512,585)</b>
<b>Equity</b>			
Issued Capital	4	96,792,327	95,857,327
Treasury shares	4	(87,337)	(87,337)
Share-based payment reserve		4,033,984	4,033,984
Accumulated losses		(100,680,682)	(111,316,559)
<b>Total Equity</b>		<b>58,292</b>	<b>(11,512,585)</b>

*The accompanying notes form part of these Financial Statements.*

## Statement of Changes in Equity

For the 6 months ended 31 December 2018

	Issued Capital	Treasury Shares	Accumulated Losses	Share-based Payment Reserve	Total
As at 1 July 2018	95,857,327	(87,337)	(111,316,559)	4,033,984	(11,512,585)
Profit / (loss) for the period	-	-	10,635,877	-	10,635,877
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>10,635,877</b>	<b>-</b>	<b>10,635,877</b>
Issue of shares during the period	935,000	-	-	-	935,000
Share based payment	-	-	-	-	-
<b>At 31 December 2018</b>	<b>96,792,327</b>	<b>(87,337)</b>	<b>(100,680,682)</b>	<b>4,033,984</b>	<b>58,292</b>

	Issued Capital	Treasury Shares	Accumulated Losses	Share-based Payment Reserve	Total	Non- Controlling Interest	Total Equity
As at 1 July 2017	95,857,327	(87,337)	(81,787,665)	4,031,074	18,013,399	(12,780)	18,000,619
Profit / (loss) for the period	-	-	(29,340,858)	-	(29,340,858)	-	(29,340,858)
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>	<b>(29,340,858)</b>	<b>-</b>	<b>(29,340,858)</b>	<b>-</b>	<b>(29,340,858)</b>
Share based payment	-	-	-	2,910	2,910	-	2,910
Reallocation from non-controlling interest	-	-	(12,780)	-	(12,780)	12,780	-
<b>At 31 December 2017</b>	<b>95,857,327</b>	<b>(87,337)</b>	<b>(111,141,303)</b>	<b>4,033,984</b>	<b>(11,337,329)</b>	<b>-</b>	<b>(11,337,329)</b>

The accompanying notes form part of these Financial Statements.

## Statement of Cash Flows

For the 6 months ended 31 December 2018

	2018 \$	2017 \$
<b>Cash flows from operating activities</b>		
Condensate and gas revenue received	-	4,065,643
Other income	383	36,497
Payments to suppliers, contractors and employees	(114,901)	(4,085,136)
<b>Net cash provided by operating activities</b>	<b>(114,518)</b>	<b>17,004</b>
<b>Cash flows from investing activities</b>		
Net (cash)/overdraft disposed on de-consolidation	-	(185,978)
Net (cash)/overdraft disposed on effectuation of DOCA	(958,035)	-
<b>Net cash used in investing activities</b>	<b>(958,035)</b>	<b>(185,978)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	935,000	-
Payment to Administrator under DOCA	-	(169,929)
<b>Net cash provided by financing activities</b>	<b>935,000</b>	<b>(169,929)</b>
Net increase/(decrease) in cash and cash equivalents	(137,553)	(338,903)
Cash and cash equivalents at the beginning of the period	268,508	2,302,035
Cash and cash equivalents at the end of the period	130,955	1,963,132

*The accompanying notes form part of these Financial Statements.*

## Notes to the Financial Statements

### For the 6 months ended 31 December 2018

#### **1. Corporate Information**

The financial statements of Empire Oil & Gas NL (the Company) for the six months ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 9 August 2019.

Empire Oil & Gas NL is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

#### **2. Summary of Significant Accounting Policies**

##### **a) Basis of Preparation**

These half-year financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134: Interim Financial Reporting.

The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at 30 June 2018 and any public announcements made by the Company during the interim period in accordance with the continuous disclosure requirements of the Corporations Act 2001. The annual report of the Company as at and for the year ended 30 June 2018 is available on request from the Company's registered office.

In the comparative period, the entity was a Group comprised of the Company and the entities it controlled at the end of, or during, the financial half-year ended 31 December 2017 until 8 November 2017.

##### **Incomplete Records**

On 14 September 2017, the Board resolved to appoint Martin Bruce Jones, Andrew Michael Smith and Peter Damian McCluskey as Joint and Several Voluntary Administrators ("Administrators") of Empire Oil Company (WA) Limited ("EOC"), a wholly owned subsidiary of the Company.

Prior to EOC being placed into Administration, on 13 September 2017, Matthew Donnelly and Jason Tracy of Deloitte Restructuring Services were appointed Receivers and Managers over the Red Gully Project assets under the terms of a loan facility agreement provided by Mineral Resources Limited.

On 28 September 2017, the Board also resolved to appoint Martin Bruce Jones, Andrew Michael Smith and Peter Damian McCluskey as Administrators of the Company, and its other subsidiary Empire Services Pty Ltd.

Following appointment of the Administrator, the powers of the Company's officers (including directors) were suspended and the Administrator assumed control of the Company's business, property and affairs.

A General Meeting of shareholders was held on 7 December 2018 where the shareholders approved all resolutions to facilitate the recapitalisation of the Company. Following the completion of a capital raising and payment of the amount required under the Amended DOCA, the Amended DOCA was wholly effectuated on 14 December 2018 and control of the Company was returned to the Directors.

The Directors who prepared this financial report were appointed on 20 March 2018. The Directors did not have control of the company until control was transferred to them on the effectuation of the deed of company arrangement on 7 December 2018 and exit from administration on 14 December 2018.

## Notes to the Financial Statements

### For the 6 months ended 31 December 2018

#### 2. Summary of Significant Accounting Policies (cont'd)

##### a) Basis of Preparation (cont'd)

Prior to 14 December 2018 the directors were not parties involved with the Company and did not have oversight or control over the group's financial reporting systems including but not limited to being able to obtain access to complete accounting records of the Company. In addition, the Directors have not been able to source detailed financial records for subsidiary companies. Reasonable effort has been made by the Directors to ascertain the true position of the Company as at 31 December 2018.

To prepare the financial report, the Directors have reconstructed the financial records of the Group using limited financial information only, which was available to the Directors through the Administrator or from data extracted from the accounting system. However, there may be information that the current Directors have not been able to obtain, the impact of which may or may not be material on the financial report.

These financial statements may not contain all the required information or disclosures in relation to transactions undertaken by the Company as this information is unascertainable due to the administration process and/or the change in directorships and key management personnel.

Consequently, although the Directors have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report (with the exception of the statement of financial position) has been prepared in accordance with Australian Accounting Standards including Australian interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Directors are of the view however that the statement of financial position has been prepared in accordance with Australian Accounting Standards including Australian interpretations, other authoritative pronouncements of the Australian Accounting Standard Board and the Corporations Act 2001. Furthermore, the Directors are of the opinion that it is not possible to state this financial report gives a true and fair view of the company's performance for the half year ended 31 December 2018 and cannot form a view as to whether the financial statements comply with International Financial Reporting Standards (IFRS).

##### b) Going Concern

The Company has recorded a profit of \$10,635,877 for the half year ended 31 December 2018. In addition, the company had net assets of \$58,292 and cash of \$130,955. At 9 August 2019, the date of signing this report, the company had cash and cash equivalents of \$170,757 and creditors of \$150,935.

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors believe it is appropriate to prepare these accounts on a going concern basis as the effectuation of the DOCA's referred to in Note 25 of the Annual Report extinguished all liabilities associated with the previous operations of the Company, effective 14 December 2018.

The Company received Shareholder approval on 7 December 2018 to raise up to \$1,000,000 (the "Recapitalisation"). \$750,000 of the Recapitalisation funds were used to establish a Creditors' Trust. The remaining funds to be used to pay expenses of effectuating the DOCA and ongoing running costs. Following the completion of the Recapitalisation, the Company has commenced a process to identify and assess potential acquisition opportunities of a material asset and undertake a reverse takeover. In doing so, the Company will likely be required to re-comply with Chapters 1 and 2 of the Listing Rules and be reinstated to the Official List. Upon reinstatement to the Official List, the Company's securities will be released from suspension and will resume trading on the ASX.

## Notes to the Financial Statements

### For the 6 months ended 31 December 2018

#### 2. Summary of Significant Accounting Policies (cont'd)

##### b) Going Concern (cont'd)

It is the current intention of the company to continue to fund working capital for general corporate activities through equity capital from strategic investors and existing shareholders. In the short term the Company also intends to raise approximately \$300,000 by way of a loan, which may be convertible to equity at a later date subject to regulatory and shareholder approvals being received to assist with payment of administrative and corporate expenses.

Whilst the balance of cash and cash equivalents as at 9 August 2019 is not sufficient to meet the company's planned expenditures over the next 12 months, the projected use of the funds intended to be raised indicates that the Company will have sufficient cash to meet all commitments and working capital requirements for a period of at least 12 months from the signing of this financial report. Accordingly, the Directors are satisfied that the going concern basis of preparation is appropriate

Should the Company not achieve the matters set out above, there is significant uncertainty whether the company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

No adjustments have been made in relation to the recoverability of assets and classification of liabilities that might be necessary should the Company not continue as a going concern.

##### c) Accounting Standards and Interpretations

###### *New and revised standards and interpretations*

In the half-year ended 31 December 2018, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2018.

###### *Adoption of new and amended accounting standards*

A number of new or amended standards became applicable for the current reporting period and the Company had to change its accounting policies as a result of the adoption of the following standards:

- AASB 9 Financial Instruments; and
- AASB 15 Revenue from Contracts with Customers.

The impact of these standards, and the other new and amended standards adopted by the Company, has not had a material impact on the amounts presented in the Company's financial statements.

## Notes to the Financial Statements

### For the 6 months ended 31 December 2018

#### 3. Other Income

	31 December 2018	31 December 2017
	\$	\$
Gain on effectuation of DOCA	10,738,377	-
Other	383	36,497
	<u>10,738,760</u>	<u>36,497</u>

#### Gain on effectuation of Deed of Company Arrangement

	31 December 2018
	\$
Payment to Creditors' Trust under DOCA	(750,000)
Assets transferred to Creditors' Trust	(208,035)
Liabilities transferred to Creditors' Trust	11,696,412
Gain on effectuation of Deed of Company Arrangement	<u>10,738,377</u>

#### 4. Issued Capital

	31 December 2018		30 June 2018	
	Shares	\$	Shares	\$
a. Shares				
Ordinary shares fully paid	51,860,099	96,704,990	102,233,536	95,769,990
Treasury shares	8,573	87,337	171,453	87,337
<b>End of Financial Period</b>	<b><u>51,868,672</u></b>	<b><u>96,792,327</u></b>	<b><u>102,404,989</u></b>	<b><u>95,857,327</u></b>

	31 December 2018		30 June 2018	
	Shares	\$	Shares	\$
b. Movement in ordinary share capital				
Beginning of the financial year	102,404,989	95,857,327	102,404,989	95,857,327
20 : 1 share consolidation <sup>(i)</sup>	(97,286,317)	-	-	-
Shares issued to exempt investors	46,750,000	935,000	-	-
<b>End of the financial period</b>	<b><u>51,868,672</u></b>	<b><u>96,792,327</u></b>	<b><u>102,404,989</u></b>	<b><u>95,857,327</u></b>

<sup>(i)</sup> A 20 to 1 share consolidation of Empire Oil & Gas NL shares was completed on 14 December 2018.

#### c. Treasury shares

There were no changes to Treasury Shares on issue in the periods ended 30 June 2018 or 31 December 2018.

	31 December 2018	30 June 2018	31 December 2018	30 June 2018
	Number of Listed Options		Number of Employee Options	
d. Movement in share options				
Beginning of the financial period	-	7,853,059	1,720,000	1,720,000
Lapsed during the period	-	(7,853,059)	-	-
20 : 1 share consolidation <sup>(i)</sup>	-	-	(1,634,000)	-
<b>End of the financial period</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>86,000</u></b>	<b><u>1,720,000</u></b>

<sup>(i)</sup> A 20 to 1 share consolidation of Empire Oil & Gas NL shares was completed on 14 December 2018.

## Notes to the Financial Statements

### For the 6 months ended 31 December 2018

#### **4. Issued Capital (cont'd)**

The range of exercise prices for the employee options outstanding at 31 December 2018 are \$40 to \$140. The exercise prices were adjusted from \$2 to \$7 as at 30 June 2018 to \$40 to \$140, reflecting the 20 to 1 share consolidation during the period ended 31 December 2018. The expiry date of the 86,000 employee options range from 5 May 2019 to 19 April 2020.

#### **5. Subsequent Events**

On 3 January 2019, a total of 750,000 shares at \$0.02 each and 6.75m options exercisable at \$0.04 each on or before 3 January 2023 were issued to Trident Capital Pty Ltd, raising \$15,000. The issue of shares and options was approved at a General Meeting of shareholders held on 7 December 2018.

On 7 March 2019, 1,000,000 shares at \$0.02 each were issued, raising \$20,000 for costs related to the reconstruction of the Company and ongoing working capital.

As at the date of this report, there are 53,618,672 ordinary fully paid shares on issue.

There have been no other events subsequent to reporting date which would have a material effect on the Company's financial statements as at 31 December 2018.

**Directors' Declaration**

**31 December 2018**

In accordance with a resolution of the Directors of Empire Oil & Gas NL, I state that:

In the opinion of the Directors

- (a) as set out in Note 2, although the Directors have prepared the interim financial statements and notes thereto to the best of their knowledge based on the information made available to them they are of the opinion, except for the Statement of Financial Position as at 31 December 2018, that it is not possible to state that the Financial Statements and Notes of the Company for the half-year ended 31 December 2018 are in accordance with the Corporations Act 2001; including:
  - (i) giving a true and fair view of the Company's its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.
- (b) Subject to the matters highlighted in Note 2(b), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On Behalf of the Board



**Sean McCormick  
Non-Executive Director**

Perth, 9 August 2019



**Building a better  
working world**

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## **Independent Auditor's Review Report to the Members of Empire Oil and Gas NL**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Empire Oil and Gas NL (the Company), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### **Disclaimer of Conclusion**

Due to the significance of the matters described in the Basis for Disclaimer of Conclusion paragraphs, we are unable, based on our review, which is not an audit, to obtain sufficient appropriate evidence to provide a basis for a review conclusion on the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half year ended 31 December 2018. Accordingly, we do not express a conclusion on the financial performance and cash flows of Empire Oil and Gas NL for the half year ended 31 December 2018.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the statement of financial position of Empire Oil and Gas NL as at 31 December 2018 does not give a true and fair view of the company's financial position as at 31 December 2018.

#### **Basis for Disclaimer of Conclusion**

1. As disclosed in note 2 to the financial statements, the Directors of Empire Oil and Gas NL have identified that they did not have oversight or control over the company's reporting system at any time prior to 14 December 2018 (the date the company exited from administration).

Due to the above, the Directors of Empire Oil and Gas NL have been unable to conclude without qualification, within their Directors declaration, that the financial statements for the half year ended 31 December 2018 have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standard AASB 134 Interim Financial Reporting to give a true and fair view of the financial performance of the Company for the period ended on that date.

The representation letter provided to the auditors by the Company has also been qualified on the basis that the Directors of Empire Oil and Gas NL did not have oversight or control over the reporting system at any time prior to 14 December 2018.

2. We were engaged to audit the financial statements of the company for the financial year ended 30 June 2018, and in our report dated 9 August 2019 we expressed a disclaimer of opinion on that financial report. Since opening balances of assets and liabilities affect the determination of the entity's financial performance for the half year ended 31 December 2018, we were unable to determine whether adjustments to the results of operations for the half year ended 31 December 2018 were necessary.

Further, due to the above, the statement of financial position as at 30 June 2018, along with the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half year ended 31 December 2018, which are presented for the purpose of comparison, are either unreviewed or unaudited.

3. The current Board of Empire Oil and Gas NL has not been able to source and provide to ourselves certain books and records of the company for the period 1 July 2018 to 14 December 2018. Without access to this documentation, we are unable to obtain sufficient appropriate review evidence for the measurement, occurrence, completeness and disclosures relating to the revenues, expenses and cash flows of the company as reflected in the financial statements for the half year ended 31 December 2018.

As a result of this matter, we were unable to determine whether any adjustments might have been necessary in respect of the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows.

## Material Uncertainty Related to Going Concern

Without amendment to our disclaimer of conclusion, we draw attention to Note 2B in the half year financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

## 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 is free from material misstatement, whether due to fraud or error. In Note 2, the directors state that they cannot form a view as to whether the financial statements comply with the above.

## 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, anything has come to our attention that causes us to 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 Company's financial position as at 31 December 2018 and its financial 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 the Company, 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.

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

## Report on Other Legal and Regulatory Requirements

Due to the matters described in the Basis for Disclaimer of Conclusion paragraphs, we have not been given all information, explanation and assistance necessary for the conduct of the review; and we are unable to determine whether the company has kept:

- a. financial records sufficient to enable the financial report to be prepared and reviewed; and
- b. other records and registers as required by the Corporations Act 2001.



Ernst & Young



M P Cunningham  
Partner  
Perth  
9 August 2019