EMPIRE OIL & GAS NL

2019 ANNUAL REPORT

DIRECTORS' REPORT

In accordance with the Corporations Act 2001, your Directors present their report on the Company. 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 year ended 30 June 2018.

Empire Oil & Gas NL is incorporated and domiciled in Australia.

PRINCIPAL ACTIVITIES

On 28 September 2017, the Company was placed into voluntary administration following a notice on demand received from Mineral Resources Ltd. Until that date the Company was principally engaged in oil and gas exploration and production.

Subsequent to the effectuation of a deed of company arrangement ("DOCA"), and return of control of the Company to the Directors on 14 December 2018, the Company has sought to evaluate new assets and opportunities with a view to completing an acquisition.

RESULTS OF OPERATIONS

Financial Performance

The net profit/(loss) for the Company for the year ended 30 June 2019 is $10,513,464 (2018: loss of $29,516,114).

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 Cattamarra 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").

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.

In December 2018, the capital of the Company was consolidated on a 1 for 20 basis.

In December 2018, a total of 46.75m shares were issued at $0.02 each, raising $935,000 to assist with the recapitalisation of the Company and effectuation of the DOCA.

In 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, raising $15,000.

In March 2019, 1,000,000 shares at $0.02 each were issued, raising $20,000.

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

DIVIDENDS

Since the end of the previous financial year, no dividend has been paid or declared.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as outlined above in the review of operations, there were no significant changes in the state of affairs of the Company.

FUTURE DEVELOPMENTS

Following effectuation of the DOCA in December 2018, the Company has sufficient capital to allow it to effectively evaluate new assets and opportunities with a view to completing an acquisition.

PROCEEDINGS ON BEHALF OF THE COMPANY

Under section 237 of the Corporations Act (2001), no person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party.

SIGNIFICANT POST BALANCE DATE EVENTS

There have been no other events subsequent to reporting date which would have a material effect on the Company's financial statements as at 30 June 2019.

On 26 August 2019 the Company announced the conditional binding acquisition of 100% of the issued capital of Venator Cooper 1196 Pty Ltd (Venator Cooper) and Venator Surat 1186 Pty Ltd (Venator Surat).

Venator Surat holds title to Authority to Prospect (ATP) 1186P in Queensland's Surat Basin, while Venator Cooper holds preferred bidder status over ATP 1196(A) in Queensland's Cooper-Eromanga basin.

It is intended that Empire will undertake a $5,500,000 capital raising (with ability to accept up to $7,500,000 in total) in conjunction with the proposed acquisition.

SHARE OPTIONS

As of the date of this report there are 6,750,000 unlisted options and 69,000 employee options outstanding.

DIRECTORS & COMPANY SECRETARY

The names and details of the Company's Directors in office during the financial year and until the date of this report are set out below. Unless otherwise indicated, the Directors were in office for the entire period.

<u>Directors</u>

Sean McCormick	Non-Executive Director (Appointed 20 March 2018)
Stephen Hewitt-Dutton	Non-Executive Director (Appointed 20 March 2018)
John Gilfillan	Non-Executive Director (Appointed 20 March 2018)

<u>Company secretary</u>

Stephen Hewitt-Dutton	Non-Executive Director (Appointed 20 March 2018)

Information on Directors and Company Secretary

Sean McCormick

Non-Executive Director since 20 March 2018

Skills, experience and expertise

Sean has a Bachelor of Economics (Hons) from the University of Western Australia and a Bachelor of Laws from the University of Sydney. Sean has experience in mergers & acquisitions, capital raisings and reconstructions. Sean has worked in the restructuring division of a big four professional services firm and previously worked as an associate advisor for a national stockbroker.

Current Directorships	
	Rision Limited (From November 2018)
Former Directorships	Hughes Drilling Limited (Appointed 16 August 2017, Resigned 19 September 2019)
	Symbol Mining Limited (Appointed 27 April 2017, Resigned 18 December 2017)

Stephen Hewitt-Dutton

Non-Executive Director and Company Secretary since 20 March 2018

Skills, experience and expertise

Stephen is an Accountant and an Associate Director of Trident Capital Pty Ltd and holds a Bachelor of Business from Curtin University. He has over 25 years of experience in corporate finance, accounting and company secretarial matters.

Before joining Trident Capital, Stephen was an Associate Director of Carmichael Corporate where he assisted clients by providing equity market, IPO and M&A advice and assistance. He has also held Financial Controller and Company Secretary positions for both public and private companies for in excess of 20 years.

Current Directorships	Hughes Drilling Limited (from August 2017)
	Dragontail Systems Limited (From June 2018)
Former Directorships	Symbol Mining Limited (Appointed 27 April 2017, Resigned 18 December 2017)

Information on Directors and Company Secretary (cont'd)

John Gilfillan

Non-Executive Director since 20 March 2018

Skills, experience and expertise

John Gilfillan has worked in the Financial Services for the last 24 years including operating and owning his own practice for the last 18 years. He has also consulted to various corporate advisors and been involved in numerous ASX transactions. John is an experienced Company Director having been involved in both technology and resource sectors.

Current Directorships	Rision Limited (From November 2018)
Former Directorships	Symbol Mining Limited (Appointed 27 April 2017, Resigned 18 December 2017)
	Scandivanadium Limited (appointed 19 November 2015, resigned 13 November 2018)

DIRECTORS' INTERESTS

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the Directors in the shares and options of Empire Oil & Gas NL were:

Directors Name	Number of ordinary shares	Number of options over ordinary shares
S McCormick	-	-
S Hewitt-Dutton	-	-
J Gilfillan	-	-

Directors' meetings

The number of meetings of Directors held during the year and the number of meetings attended by each Director were as follows:

	Directors Meetings	
Directors	**Held**	**Attended**
S McCormick	1	1
S Hewitt-Dutton	1	1
J Gilfillan	1	1

The Board of Directors also approved six (6) circular resolutions during the year ended 30 June 2019 which were signed by all Directors of the Company.

The Company does not have a formally constituted audit committee as the board considers that the Company's size and type of operation do not warrant such a committee.

REMUNERATION REPORT *(Sections A to C – Audited)*

This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of Empire Oil & Gas NL's directors and its senior management for the financial year ended 30 June 2019. The Company was in administration from 28 September 2017. On entering administration, the administrator was responsible for the remuneration policies of the Company.

The information disclosed sets out the remuneration information for the Company's non-executive directors following effectuation of the DOCA on 14 December 2018.

The Directors who are in office at the date of this report had no involvement in adopting, implementing or complying with the prior remuneration policies, and accordingly they have not been disclosed in this report.

The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

Remuneration Philosophy

The performance of the Company depends on the quality of its Directors and other Key Management Personnel and therefore the Company must attract, motivate and retain appropriately qualified industry personnel. The Company embodies the following principles in its remuneration framework:

- Provides competitive rewards to attract and retain high calibre Directors and other Key Management Personnel;
- Link executive rewards to shareholder value (by the granting of share options);
- Link reward with the strategic goals and performance of the Company; and
- Ensure total remuneration is competitive by market standards.

Remuneration Governance

Due to its size, the Company does not have a remuneration committee. The Board has not used remuneration consultants in determining the remuneration of Key Management Personnel. The compensation of Directors is reviewed by the Board annually. The compensation of other Key Management Personnel is also reviewed by the Board annually.

The Board assesses the appropriateness of the nature and amount of remuneration of such persons on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from retention of high quality Directors and other Key Management Personnel. External advice on remuneration matters is sought whenever the Board deems it necessary but has not been sought during the reporting period.

The remuneration of the Directors and other Key Management Personnel is not dependant on the satisfaction of a performance condition other than set out in this report. Share options have been issued to Key Management Personnel in prior years and do not have any performance conditions.

Non-Executive Director Remuneration
The Board seeks to set remuneration of Non-Executive Directors at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is appropriate at this stage of the Company's development.

The previous Directors have resolved that Non-Executive Directors' fees are $75,000 per annum for each Non-Executive Director and $100,000 per annum for the Non-Executive Chairman. Since 28 September 2017 no director received any remuneration.

In addition, Non-Executive Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred as a consequence of their attendance at meetings of Directors and otherwise in the execution of their duties as Directors.

A. Details of remuneration (audited)

As detailed in note 2, to prepare the financial report, the Directors have reconstructed the financial records of the group using 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 accounts. These financial statements do 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.

A. Details of remuneration (audited)

No remuneration was paid to former or current Directors for the period 29 September 2017 to 30 June 2019.

The table below discloses the remuneration of key management personnel for the year ended 30 June 2018.

	Short Term				Post Employ-ment		Share Based Payments (2)				
	Salary & Fees	Consultant Fees	Bonus	Other	Super-annuation	Termin-ation Benefits	Options	Shares	Total	Perfor-mance related	Remune-ration consisting of share options
	$	$	$	$	$	$	$		$	%	%
Non-Executive Directors											
A M Iannello		The Company is unable to ascertain the amount of remuneration paid to its Directors and Key Management Personnel from 1 July 2017 to 28 September 2017.							Not known		
S A Brown									Not known		
P Garratt (1)									Not known		
T Vincent									Not known		
Senior Executives											
K J Aitken									Not known		
R J Rees									Not known		
T M Schmedje									Not known		
J Mastrocinque									Not known		
Total Current KMP											

B. Additional disclosures relating to options and shares (audited)

As detailed in note 2, to prepare the financial report, the Directors have reconstructed the financial records of the group using 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 accounts. These financial statements do 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.

Option Holdings

The table below discloses the option holdings, relating to options issued under the Long Term Incentive Plan ("LTIP"), of the key management personnel.

						Vested at 30 June 2019	
30 June 2018	**Balance at 1 July 2018**	**Reconstruction***	**Options exercised**	**Options lapsed**	**Balance at 30 June 2019**	**Exercisable**	**Not exercisable**
Senior executives							
K J Aitken	900,000	(855,000)	-	-	45,000	45,000	-
R J Rees	240,000	(228,000)	-	-	12,000	12,000	-
T M Schmedje	240,000	(228,000)	-	-	12,000	12,000	-
J Mastrocinque	240,000	(228,000)	-	-	12,000	12,000	-
	1,620,000	(1,539,000)	-	-	81,000	81,000	-

* In December 2018, these employee options were reconstructed on a 1:20 basis.

Treasury Shares

The Company granted a number of treasury shares to executives, which vest based on continuous employment for a period of 12 months from grant date. These "in-substance options" (see note 10) were issued for no consideration to the following executives:

	Financial year awarded	**No. of options awarded during the year**	**Award date**	**Fair value per options at grant date ($)**	**Value of options granted ($)**	**Vesting date**	**Exercise price ($)**	**Expiry date**	**No. vested during year**	**No. lapsed during year**
Senior executives										
K J Aitken	2016	-	-	0.40	17,604	24-Sept-16	0	24-Sept-19	44,009	-
R J Rees	2016	-	-	0.40	9,423	24-Sept-16	0	24-Sept-19	23,557	-
T M Schmedje	2016	-	-	0.40	12,889	24-Sept-16	0	24-Sept-19	32,223	-
J Mastrocinque	2016	-	-	0.40	5,104	24-Sept-16	0	24-Sept-19	12,760	-

The value of the options that lapsed during the year in respect of former executives was nil.

B. Additional disclosures relating to options and shares (audited) (cont'd)

Ordinary Shares
Key management personnel in Empire Oil & Gas NL did not hold any shares at any time during the financial year.

C. Transactions and balances with KMP and their related parties

As detailed in note 2, to prepare the financial report, the Directors have reconstructed the financial records of the group using 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 accounts. These financial statements do 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.

The current Directors are unable to ascertain any transactions with KMP or their related parties prior to 28 September 2017. No transactions with KMP or their related parties occurred during the period 29 September 2017 until 30 June 2019.

End of the Remuneration Report

INDEMNIFYING OFFICERS OR AUDITOR

Under the Constitution the Company is obliged, to the extent permitted by law, to indemnify an Officer (including Directors) of the Company against liabilities incurred by the Officer in that capacity, against costs and expenses incurred by the Officer in successfully defending civil or criminal proceedings, and against any liability which arises out of conduct not involving a lack of good faith.

Since the Company entered voluntary administration on 28 September 2017, the Company has not paid an insurance premium to insure Directors and Officers of the Company against certain liabilities arising out of their conduct while acting as a Director or Officer of the Company.

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The auditor's independence letter is included on page 9 of the financial report.

The following non-audit services were provided by the Company's auditor, HLB Mann Judd. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act (2001). The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

HLB Mann Judd received or are due to receive the following amounts for the provision of non-audit services for the year ended 30 June 2019:

	$
Tax compliance services	-
Tax advisory services	-
Other advisory fees	-
	-

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

S. McCormick

Sean McCormick
Non-Executive Director
Perth, 4 December 2019

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Empire Oil & Gas NL for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

Perth, Western Australia	**B G McVeigh**
4 December 2019	**Partner**

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HLB MANN JUDD
ADVISORY AND ACCOUNTING

INDEPENDENT AUDITOR'S REPORT

To the members of Empire Oil & Gas NL

Report on the Audit of the Financial Report

Qualified opinion

We have audited the financial report of Empire Oil & Gas NL ("the Company") which comprises the statement of financial position as at 30 June 2019, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the 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 Company is, except for the matter described in the Basis for Qualified Opinion section of our report, in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for qualified opinion

As disclosed in Note 2 to the financial statements, the Directors of Empire Oil & 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 & Gas NL have been unable to conclude without qualification within the Director's declaration, that the financial statements of the Company for the financial year ended 30 June 2019 have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards, to give a true and fair view of the financial position of the Company as at 30 June 2019 and of its performance for the period ended on that date.

As a result of these matter, we were unable to obtain sufficient appropriate audit evidence or determine whether any adjustments might have been found 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

We draw attention to Note 2 b. in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. Other than the matters described in the *Material uncertainty related to going concern* and *Basis for qualified opinion* section, we have determined that there are no key audit matters to communicate in our report.

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Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, 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 accordingly 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 Company 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 Company or to cease operations, or have 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 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 Company'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 Company'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 Company 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.

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

Qualified Opinion on the remuneration report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2019.

We do not express an opinion, the Remuneration Report of Empire Oil & Gas NL for the year ended 30 June 2019. Because of the significance of the matters described in the *Basis for qualified opinion – remuneration report* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on this financial report.

Basis for qualified opinion – Remuneration report

As disclosed in Note 2 to the financial statements, the Directors of Empire Oil & 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 & Gas NL have been unable to conclude without qualification, within their Director's declaration, that the Remuneration Report of the Company for the financial year ended 30 June 2019 has been prepared in accordance with section 300A of the Corporations Act 2001.

As a result of the above matters, we are unable to determine the completeness and accuracy of the information related to the Remuneration Report presented to us for audit.

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.

HLB Mann Judd

B M'Vy

HLB Mann Judd
Chartered Accountants

B G McVeigh
Partner

Perth, Western Australia
4 December 2019

STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Parent 30 June 2019 $	Consolidated 30 June 2018 $
Other income	3	383	51,224
Gain on effectuation of DOCA		10,738,377	-
General and administrative expenses		(170,218)	(572,864)
Operating profit/(loss)		**10,568,542**	**(521,640)**
Profit/(loss) before income tax		**10,568,542**	**(521,640)**
Income Tax (Expense) / Benefit	4	(55,078)	(2,099,567)
Profit/(loss) for the year after income tax from continuing operations		**10,513,464**	**(2,621,207)**
Discontinued operations			
Profit/(loss) from discontinued operations	15	-	(26,894,907)
Profit/(loss) for the year		**10,513,464**	**(26,894,907)**
Other comprehensive income		-	-
Total comprehensive profit/(loss)for the year		**10,513,464**	**(29,516,114)**
Earnings/(loss) per share attributable to the ordinary equity holders of the Company			
		Cents	**Cents**
Basic earnings/(loss) per share	12	33.6	(28.8)
Diluted profit/(loss) per share	12	30.4	(28.8)

The accompanying notes form part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	Parent 30 June 2019 $	Parent 30 June 2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	13(a)	84,919	268,508
Trade and other receivables	5	9,598	-
		94,517	**268,508**
TOTAL ASSETS		**94,517**	**268,508**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	68,560	11,781,093
		68,560	**11,781,093**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	4	55,078	
		55,078	
TOTAL LIABILITIES		**123,638**	**11,781,093**
NET DEFICIENCY OF ASSETS		**(29,121)**	**(11,512,585)**
EQUITY			
Issued capital	10	96,827,327	95,857,327
Treasury shares	10	(87,337)	(87,337)
Reserves	11	4,033,984	4,033,984
Accumulated losses		(100,803,095)	(111,316,559)
TOTAL EQUITY/(LIABILITIES)		**(29,121)**	**(11,512,585)**

The accompanying notes form part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

Parent	Issued capital	Treasury Shares	Share option reserve	Accumulated losses	Total	Non-controlling interests	Total Equity/ (Liabilities)
	$	$	$	$	$	$	$
As at 1 July 2018	95,857,327	(87,337)	4,033,984	(111,316,559)	(11,512,585)	-	(11,512,585)
Profit for year	-	-	-	10,513,464	10,513,464	-	10,513,464
Other comprehensive loss	-	-	-	-	-	-	-
Total comprehensive profit for the year	-	-	-	10,513,464	10,513,464	-	10,513,464
Issue of shares	970,000	-	-	-	970,000	-	970,000
Share-based payments	-	-	-	-	-	-	-
At 30 June 2019	**96,827,327**	**(87,337)**	**4,033,984**	**(100,803,095)**	**(29,121)**	**-**	**(29,121)**

Consolidated	Issued capital	Treasury Shares	Share option reserve	Accumulated losses	Total	Non-controlling interests	Total Equity/ (Liabilities)
	$	$	$	$	$	$	$
As at 1 July 2017	95,857,327	(87,337)	4,031,074	(81,787,665)	18,013,399	(12,780)	18,000,619
Loss for year	-	-	-	(29,516,114)	(29,516,114)	-	(29,516,114)
Other comprehensive loss	-	-	-	-	-	-	-
Total comprehensive (loss) for the year	-	-	-	(29,516,114)	(29,516,114)	-	(29,516,114)
Share-based payments	-	-	2,910	-	2,910	-	2,910
Reallocation from non-controlling interest	-	-	-	(12,780)	(12,780)	12,780	-
At 30 June 2018	**95,857,327**	**(87,337)**	**4,033,984**	**(111,316,559)**	**(11,512,585)**	**-**	**(11,512,585)**

The accompanying notes form part of these Financial Statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Parent 2019 $	Consolidated 2018 $
Operating activities			
Receipts from customers		383	4,065,643
Payments to suppliers, contractors and employees		(145,937)	(4,806,143)
Other income		-	51,224
Net cash (outflows)/inflows from operating activities	13(b)	**(145,554)**	**(689,276)**
Investing activities			
Net (cash)/ overdraft disposed on de-consolidation		-	(185,978)
Cash disposed on effectuation of DOCA		(258,035)	-
Exploration and evaluation asset expenditure		-	(909,609)
Net cash outflows from investing activities		**(258,035)**	**(1,095,587)**
Financing activities			
Proceeds from issue of shares		970,000	-
Repayment of borrowings		-	-
Payment to administrator under DOCA		(750,000)	(248,664)
Net cash (outflows)/inflows from financing activities		**220,000**	**(248,664)**
Net decrease in cash and cash equivalents		(183,589)	(2,033,527)
Cash and cash equivalents at the beginning of the year		268,508	2,302,035
Cash and cash equivalents at the end of the year	13(a)	**84,919**	**268,508**

The accompanying notes form part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1. CORPORATE INFORMATION

The financial statements of Empire Oil & Gas NL (the "Company") for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the directors on 4 December 2019.

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

The Company is principally engaged in oil & gas exploration and production. Further information on the nature of the operations and principal activities of the Company is provided in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Financial Report are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. In the comparative period, the Financial Report includes financial statements for the Company consisting of Empire Oil & Gas NL.

a. Basis of Preparation

Statement of Compliance

The Financial Report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, where possible (refer "Incomplete Records" below).

The Financial Report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, where possible (refer "Incomplete Records" below).

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.

The Financial Report is presented in Australian Dollars unless otherwise stated. The consolidated financial statements provide comparative information in respect of the previous period.

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.

Prior to 14 December 2018 the directors were not parties involved with the Company and did not have oversight or control over the 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 30 June 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

a. Basis of Preparation (cont'd)

To prepare the financial report, the Directors have reconstructed the financial records of the Company 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 year ended 30 June 2019 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 $10,513,465 for the year ended 30 June 2019. In addition, the company had net liabilities of $29,121. However, at 4 December 2019, the date of signing this report, the company had cash and cash equivalents of $13,960 and creditors of $69,509.

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 DOCAs referred to in Note 15 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.

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 has raised $205,000, and intends to raise a total of approximately $450,000, 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 4 December 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 a matter of uncertainty that may cast significant doubt as to 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c. Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if the Group has:

- Power of the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including;

- The contractual arrangement with the other vote holders if the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the course of the year are included in the Statement of Comprehensive Income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of the Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary;
- De-recognises the carrying value of any non-controlling interests;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parents share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d. Current versus non-current classification

The Company presents assets and liabilities in the Statement of Financial Position based on current and non-current classifications. As asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

e. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

f. Revenue Recognition

The Company has considered the application of AASB 15 Revenue from Contracts with Customers. Given the Company's current operations there are no implications in relation to recognition of any Company revenues.

Interest

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be reliably measured. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that assets' net carrying amount on initial recognition.

g. Income Tax

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from, or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit or Loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of 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 profit nor taxable profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Tax consolidation legislation

Empire Oil & Gas NL and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2005.

The head entity, Empire Oil (WA) Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Empire Oil (WA) Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- When receivables and payables are stated with the amount of GST included the net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

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

h. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

i. Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured.

Plant and equipment are depreciated at rates based upon their expected useful lives with depreciation rates of:

Plant and equipment	10% to 36%
Camp and accessories	20% to 40%
IT hardware and software	33% to 40%
Furniture, fittings & improvements	40%

As landowners any excess payments for land, over the agricultural land fair value, are depreciated over the expected life of the Red Gully Processing Facility.

Property, plant and equipment transferred from customers is initially measured at fair value at the date on which control is obtained. Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recorded in OCI and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the Statement of Profit or Loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

j. Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- The entity business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets
- All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Subsequent measurement financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding
- After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital.

Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI.

Impairment of financial assets

AASB 9's impairment requirements use more forward looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Company has nil trade receivables as at 30 June 2019.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Company's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

The Company's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

k. Share-based payments

Share-based compensation benefits may be granted to the Directors, Employees and Consultants as a reward for service or fulfilling performance conditions. Share-based compensation benefits to the Chief Executive Officer and Directors are subject to the consent of the shareholders.

The Company provides benefits to employees of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value at grant date is independently determined using a Black-Scholes or Binomial 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.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of comprehensive income with a corresponding adjustment to equity.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

l. Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

m. Provisions

Provisions are recognised when the Company has a present obligation, either legal or constructive, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. The provisions relate to site restoration and are measured at the expected outflow to restore the site. The provisions are shown as current liabilities because claims from land owners or government regulatory agencies usually require immediate resolution.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

n. Issued Capital

Ordinary shares are classified as equity.

Any directly attributable transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

o. Earnings per Share (EPS)

Basic Earnings per Share

Basic EPS is calculated as the profit attributable to equity holders of the Parent Entity, excluding any costs of servicing equity other than ordinary shares, divided by the weighted average number of ordinary shares outstanding during the Financial Year, adjusted for any bonus elements in ordinary shares issued during the year.

Diluted Earnings per Share

Diluted EPS adjusts the figures used in the determination of basic EPS 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.

p. Comparatives

Where required by accounting standards, comparative figures have been restated to reflect changes in presentation for the current year financial year.

q. Significant Accounting Judgements, Estimates and Assumptions

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimation, which have the most significant effect on the amount recognised in the financial statements.

Recovery of Deferred Tax Assets

Judgment is required in determining whether deferred tax assets are recognised on the Statement of Financial Position. Deferred tax assets, including those arising from un-utilised tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

Share based payments

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

r. New and amended standards adopted by the Company

The Company has applied the following standards and amendments for first time for their annual reporting period commencing 1 July 2018:

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

The impact of the adoption of these standards and the new accounting policies are disclosed in Note 4(f) and (k). None of these standards have altered any amounts in the current or prior periods and are not likely to impact future periods.

s. New accounting standards not yet mandatory or adopted early

Reference	**Title**	**Summary**	**Application date**	**Expected Impact**
AASB 16	*Leases*	AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117.	Financial years beginning on or after 1 January 2019	No expected impact

	Parent 2019	**Consolidated 2018**
	$	**$**
3. OTHER INCOME		
Other Income	383	51,224
	383	51,224

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

4. INCOME TAX

a. Income tax expense

	Parent 2019 $	Consolidated 2018 $
The major components of income tax expense in the Statement of Comprehensive Income are:		
Current income tax benefit		
Current income tax charge	-	-
	-	-
Deferred income tax benefit		
(Reversal)/Origination of temporary differences	55,078	(2,099,567)
	55,078	(2,099,567)
Income tax benefit / (expense)	55,078	(2,099,567)
Petroleum Resource Rent Tax		
Current tax charge	-	-
Deferred tax charge	-	-
Total tax (charge) / benefit	55,078	(2,099,567)
Numerical reconciliation between tax expense and pre-tax net profit		
Accounting profit/(loss) before tax from continuing operations	10,568,542	(1,721,651)
Income tax using the domestic corporation tax rate of 30% (2018: 30%)	3,170,563	(516,495)
(Increase) decrease in income tax expense due to:		
Other non-deductible expenses	-	-
Adjustment in respect of deferred income tax of prior years	-	-
Deferred tax liability resulting from forgiveness of loans under DOCA	55,078	-
Deferred tax assets not bought to account	(3,170,563)	516,495
Derecognition of previously recognised deferred tax asset	-	(2,099,567)
	55,078	(2,099,567)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

6. INCOME TAX (cont'd)

b. Deferred income tax movement recognised in profit or loss

The Company recognised a net deferred tax asset of $2,099,567 at 30 June 2017. The net deferred tax asset was only recognised based on the assumption that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised in future. The amount was derecognised in year ended 30 June 2018 due to the uncertainty of the status of the tax losses.

The company is unable to determine the value of unrecognised deferred tax assets at 30 June 2018 for the reasons stated in Note 2.

Owing to being placed into administration and the subsequent recapitalisation, the Company will have failed the Continuity of Business and Continuity of Ownership tests in relation to the carrying forward of tax losses. Accordingly no deferred tax asset has been recognised.

	Parent 2019	Consolidated 2018
	$	$
5. TRADE AND OTHER RECEIVABLES		
Trade receivables	-	-
Other receivables	9,598	-
	9,598	-

6. PROPERTY PLANT AND EQUIPMENT

The Company held no property, plant and equipment during the year ended 30 June 2019. The table below shows the movements in the year ended 30 June 2018.

	Land	Plant & Equipment	Camp & Accessories	Furniture & Fittings	IT Hardware & Software	Total
	$	$	$	$	$	$
Cost	1,437,916	260,914	823,495	526,727	305,473	3,354,525
Accumulated depreciation	(247,217)	(155,513)	(571,529)	(262,152)	(136,858)	(1,373,269)
Disposal of subsidiaries	(1,190,699)	(105,401)	(251,966)	(262,562)	(12,497)	(1,823,125)
Impairment	-	-	-	(2,013)	(156,118)	(158,131)
Net carrying amount at 30 June 2018	-	-	-	-	-	-
Reconciliation:						
Opening net carrying amount at 1 July 2017	1,213,315	116,273	268,717	278,105	198,077	2,074,487
Disposal of subsidiaries	(1,190,699)	(105,401)	(251,966)	(262,562)	(12,497)	(1,823,125)
Impairment	-	-	-	(2,013)	(156,118)	(158,131)
Depreciation	(22,616)	(10,872)	(16,751)	(13,530)	(29,462)	(93,231)
Closing net carrying amount at 30 June 2018	**-**	**-**	**-**	**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

7. OIL AND GAS PROPERTIES

The Company held no oil and gas properties during the year ended 30 June 2019. The table below shows the movements in the year ended 30 June 2018.

	Red Gully Processing Facility	Development	Projects in Development	Total
	$	$	$	$
Cost	19,356,244	14,108,153	2,713,063	36,177,460
Accumulated depreciation and amortisation	(10,706,722)	(14,108,153)	-	(24,814,875)
Disposal of subsidiaries	(8,649,522)	-	(2,713,063)	(11,362,585)
Net carrying amount at 30 June 2018	**-**	**-**	**-**	**-**
Reconciliation:				
Opening net carrying amount at 1 July 2017	9,684,085	-	1,803,454	11,487,539
Additions / improvements	-	-	909,609	909,609
Depreciation	(1,034,563)	-	-	(1,034,563)
Disposal of subsidiaries (Note 15)	(8,649,522)	-	(2,713,063)	(11,362,585)
Closing net carrying amount at 30 June 2018	**-**	**-**	**-**	**-**

	Parent 2019 $	Consolidated 2018 $
8. EXPLORATION AND EVALUATION ASSETS		
Opening net carrying amount at 1 July	-	17,488,306
Additions exploration and evaluation expenditure	-	318,604
Farm-out of interests in exploration permits	-	-
Disposal of subsidiaries (Note 15)	-	(17,806,910)
Exploration impairment losses / write-downs	-	-
Closing net carrying amount at 30 June	**-**	**-**
9. TRADE AND OTHER PAYABLES		
Trade payables	58,560	11,696,412
Accruals and other payables	10,000	84,681
Accrued interest	-	-
	68,560	**11,781,093**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

	Parent 2019 $	Consolidated 2018 $
10. ISSUED CAPITAL		
a. Authorised shares		
Ordinary Shares Fully Paid	96,827,327	95,857,327

Movement in ordinary share capital

	Number of Shares	$
Balance 1 July 2018	102,404,489	95,857,327
Consolidation of capital 1 for 20	(97,286,317)	-
Issue of Shares	48,500,000	970,000
Balance 30 June 2019	53,618,672	96,827,327

Treasury shares

There was no movement in treasury shares issued in years ended 30 June 2018 and 2019.

b. Movement in share options	Parent 2019	Consolidated 2018	Parent 2019	Consolidated 2018
	Number of Listed Options		Number of Employee Options	
Beginning of the financial year	-	7,853,059	1,720,000	1,720,000
Consolidation of Capital 1 for 20	-	-	(1,634,000)	-
Lapsed during the year	-	(7,853,059)	-	-
Balance 30 June 2019	-	-	86,000	1,720,000

The range of exercise prices for the employee options outstanding at 30 June 2019 are $40 to $140. The expiry date of the 86,000 employee options range from 28 July 2019 to 19 April 2020.

The listed options lapsed unexercised on 29 April 2018.

Refer to share based payments Note 22 for the terms of the options issued to employees.

c. Ordinary Shares

Ordinary Shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. No dividends were paid during the current or prior year.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll each share is entitled to one vote.

11. RESERVES

Nature and Purpose of Reserves

Share Option Reserve

The share option reserve reflects the cost of share related share-based payments, based on the fair value of options issued. The reserve comprises the credit to equity for equity-settled share-based payment arrangements under AASB 2 – Share-based payments. The standard requires that the expense be charged to the profit and loss component of the statement of comprehensive income, while a credit needs to be raised against equity over the vesting period.

	Parent 2019	Consolidated 2018
	$	$
Opening balance	4,033,984	4,031,074
Movement for the year	-	2,910
Closing balance	**4,113,984**	**4,033,984**

12. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the profit / (loss) for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit / (loss) for the year attributable to ordinary equity holders of the Parent by the sum of the weighted average number of ordinary shares outstanding during the year and the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Parent 2019	Consolidated 2018
	$	$
Earnings/(loss) attributable to ordinary equity holders of the Parent	10,513,464	(29,516,114)
Weighted average number of ordinary shares used in calculating basic earnings per share	31,292,645	102,404,989
Weighted average number of ordinary shares used in calculating diluted earnings per share	34,602,919	102,404,989

A General Meeting of shareholders was held on 7 December 2018 where the shareholders approved all resolutions to facilitate the recapitalisation of the Company. As part of the recapitalisation a 1 for 20 capital consolidation was approved and effected in December 2018.

There are 86,000 (2018:1,720,000 pre consolidation) employee options excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for the current period presented.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

13. STATEMENT OF CASH FLOWS

a. Cash and cash equivalents

	Parent 2019 $	Consolidated 2018 $
For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:		
Cash at banks and on hand	84,919	268,508
Cash and cash equivalents	**84,919**	**268,508**

Cash and cash equivalents as at 30 June 2018 represents monies held and controlled by the Administrators in a separate bank account.

b. Cash flow reconciliation

	Parent 2019 $	Consolidated 2018 $
Reconciliation of net loss after tax to net cash flows from operations:		
Profit/(Loss) for the year after tax	10,513,465	(29,516,114)
Adjustments to reconcile loss after tax to net cash flows:		
Loss on disposal of subsidiaries	-	27,794,463
Gain on effectuation of DOCA	(10,738,377)	-
Operating loss before changes in working capital	(224,912)	(1,721,651)
Working capital adjustments:		
Movement in deferred tax balances	55,078	-
Change in trade and other receivables	(9,598)	-
Change in trade and other payables	33,878	1,032,375
Net cash flows used in operating activities	**(145,554)**	**(689,276)**

c. Non-cash financing and investing activities

There were no material non-cash financing and investment activities during the year.

14. INFORMATION ABOUT SUBSIDIARIES

During the year ended 30 June 2018, all subisidiaries were disposed of as part of the MIN DOCA (refer Note 15).

The ultimate Parent Entity was Empire Oil & Gas NL, which is based and listed in Australia.

The consolidated financial statements of the Group include the following companies up until their disposal on 6 November 2017:

Name	Country of incorporation
Empire Oil Company (WA) Limited	New Zealand
Empire Services Pty Ltd	Australia
Cattamarra Farms Pty Ltd	Australia

All subsidiaries were unlisted entities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

15. DISPOSAL OF SUBSIDIARIES

Disposal of subsidiaries via Deed of Company Arrangement

Following meetings of creditors held on 2 November 2017, the Company and the Administrators entered into a Deed of Company Arrangement (DOCA) in respect of Empire Oil Company (WA) Ltd (EOC) and Empire Oil Services Pty Ltd (EMS).

The EOC and EMS DOCA were effectuated on 6 November 2017. The effect being that Mineral Resources Ltd (MRL) took ownership of EOC which contains the EOC Petroleum assets and the Red Gully Project.

Pursuant to the EMS DOCA, EMS was placed into liquidation.

The Groups other 90% owned subsidiary, Cattamarra Farms Pty Ltd, was transferred to MRL as part of the EOC DOCA.

Carrying amount of net assets disposed	9,732,869
Consideration	-
Loss on disposal of subsidiary companies	(9,732,869)

Impairment of loans
Upon the sale and liquidation of the Company's subsidiaries, all loans to subsidiary companies were fully impaired as the Company will not recover any of the amounts owed.

Financial performance of discontinued operations

	Consolidated 30 June 2018 $
Discontinued Operations (to 28 September 2017)	
Revenue	1,551,375
Cost of goods sold	(3,324,107)
	(1,772,732)
Finance income	5,868
Other income	17,184
Other expenses	(33,155)
Finance costs	(145,508)
General and administrative expenses	(950,351)
Selling and marketing expense	-
Operating Profit / (Loss)	(2,878,694)
Liability for guarantee of loan for subsidiary	(11,100,000)
Other	(2,878,356)
Loss on disposal of subsidiary companies	(9,732,869)
Impairment expenses	(304,988)
Profit for the period before income tax	(26,894,907)
Income tax (expenses)/benefit	-
Profit/(Loss) after income tax expenses from discontinued operations for the period	**(26,894,907)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

16. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Up until the date of appointment of the Administrator, the information reported to the Board for the purpose of resource allocation and assessment of performance was more specifically focused on oil and gas exploration, development and production in Western Australia. There were no activities in relation to this segment during the period. All activities were in relation to the finalisation of the recapitalisation of the Company. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results in this segment are equivalent to the financial statements of the Group as a whole.

Up until the date of appointment of the Administrator, the Group operates in only one business and geographical segment being predominantly in the area of oil and gas exploration, development and production in Western Australia. The Group considers its business operation in oil and gas exploration, development and production to be its primary and only reporting segment.

17. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no contingent assets or liabilities.

18. SUBSEQUENT EVENTS

There have been no events subsequent to reporting date which would have a material effect on the Company's financial statements as at 30 June 2019.

19. KEY MANAGEMENT PERSONNEL COMPENSATION

a. Details of Key Management Personnel

After consideration of the nature of each employee's role within the Company, in the opinion of the Board the Company had the following key management personnel during the financial year:

Non-Executive Directors

S McCormick	Appointed 20 March 2018
S Hewitt-Dutton	Appointed 20 March 2018
J Gilfillan	Appointed 20 March 2018

b. Compensation of Key Management Personnel by Category

	Parent 2019 $	Consolidated 2018 $
Short-term employee benefits	-	*
Post-employment benefits	-	*
Other long-term benefits	-	*
Share-based payments	-	*
	-	*

Details of key management personnel compensation are disclosed in the remuneration report, which forms part of the Directors report.

* The Company is unable to ascertain the amount of remuneration paid from the Company to its Directors and Key Management Personnel from 1 July 2017 to 28 September 2017. Since 29 September 2017, no Director received any remuneration.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

20. RELATED PARTY TRANSACTIONS

a. Empire Group

The ultimate Parent Entity is Empire Oil & Gas NL, which is based and listed in Australia. The Company lost control of all subsidiaries upon the appointment of Administrators on 28 September 2017 (refer note 15 for details). The financial statements from that date are those of the Company only.

Related parties within the Empire consolidated group include the parent entity, joint operations in which the entity is a venturer and subsidiaries. Amounts receivable from and payable to parties within the Empire Group eliminate on consolidation.

b. Other related parties

The Company is unable to ascertain the nature and amount of related party transactions in the period 1 July 2017 to 28 September 2017 for the reasons stated in Note 2. There were no related party transactions in the period 29 September 2017 to 30 June 2019.

21. FINANCIAL INSTRUMENTS

(a) General objectives, policies and processes

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The Company's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Company. The Company also has other financial instruments such as other debtors and creditors which arise directly from its operations. For the current financial year, it has been the Company's policy not to trade in financial instruments.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk and credit risk. There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Company’s risk management objectives and policies. The Company's risk management policies and objectives are designed to minimise the potential impacts of these risks on the results of the Company where such impacts may be material.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Company’s competitiveness and flexibility. Further details regarding these policies are set out below:

(b) Market Risk

Market risk arises from the use of interest bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Interest rate risk

The Company is exposed to movements in market interest rates on short term deposits. The Directors monitor the Company's cash position relative to the expected cash requirements. Where appropriate, surplus funds are placed on deposit earning higher interest. The Company does not have short or long term debt, and therefore this risk is minimal. The Company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table:

	Interest Rate	1 year or less $	1 to 5 years $	Total $
Company				
30 June 2019				
Financial assets				
Cash and cash equivalents	0.1%	84,919	-	**84,919**
Trade receivables and other receivables		9,598	-	**9,598**
Total financial assets		**94,517**	**-**	**94,517**
Financial liabilities				
Trade and other payables		(68,560)	-	**(68,560)**
Total financial liabilities		**(68,560)**	**-**	**(68,560)**
Company				
30 June 2018				
Financial assets				
Cash and cash equivalents	0.1%	268,508	-	**268,508**
Total financial assets		**268,508**	**-**	**268,508**
Financial liabilities				
Trade and other payables		(11,781,093)	-	**(11,781,093)**
Total financial liabilities		**(11,781,093)**	**-**	**(11,781,093)**

Company sensitivity

At 30 June 2019, a change in interest rate would have no bearing on profits as no interest earned during the year.

(a) Credit Risk

Credit risk is managed on a group basis. Credit risk arises mainly from cash and cash equivalents, and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk. As at 30 June 2019, the Company held cash at bank with financial institutions with an S&P rating of AA.

(b) Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments. The Company actively manages its operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Company maintains sufficient levels of cash to meet its working capital requirements. The Company does not have any overdraft, loans or borrowings facilities from financial institutions as at reporting date.

Maturity analysis for financial liabilities

Financial liabilities of the Company include trade and other payables. As at 30 June 2019 and 30 June 2018 trade payables are contractually due within 60 days.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

(c) Fair Values

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The same applies to the carrying value of cash and cash equivalents.

(d) Foreign exchange risk

The Company transacts in Australian dollars and therefore does not participate in the use of derivative financial instruments. Minor exposure to foreign exchange transactions may occur if the Company transacts in other jurisdictions arising from variations in the Australian exchange rate. The impact of these foreign exchange rate differences are not material, therefore the Company considers there is no material foreign exchange risk present.

22. SHARE BASED PAYMENTS

Employee Options

The Company provides long-term incentive ("LTI") rewards to employees in the form of share options at the discretion of the Board. The contractual term of the options is five years and the options vest over a period of 3 years based on the attainment of the options' exercise prices. Options carry no dividend or voting rights. When exercised, each option is convertible into one ordinary share in the capital of the Company with full dividend and voting rights.

The fair value of the share options granted is estimated at the date of grant using a Black Scholes valuation model, taking into account the terms and conditions upon which the share options were granted.

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, employee share options during the year:

	2019	2019	2018	2018
	Number of options	**WAEP $**	**Number of options**	**WAEP $**
Outstanding at 1 July	1,720,000	3.93	1,720,000	3.93
Consolidation 1 for 20	(1,634,000)	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 30 June	86,000	78.55	1,720,000	3.93

Weighted average remaining contractual life

The weighted average remaining contractual life of the employee share options outstanding as at 30 June 2019 is 6 months (2018: 18 months).

Weighted average fair values

The weighted average fair value of options granted during the year was nil. (2018: nil).

Range of exercise prices

The range of exercise prices for options outstanding at the end of the year is $40 to $140 (2018: $2 to $7).

The expected life of the share options used in the option valuations have been assumed to be equal to the contractual life of the share options; and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the expected life of the options is indicative of future trends, which may not necessarily be the actual outcome. The equity-settled share-based payment expenses recognised during the year was $Nil (2018: $2,910).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

23. AUDITOR'S REMUNERATION

The auditor of Empire Oil & Gas NL is HLB Mann Judd.

	Parent 2019 $	Consolidated 2018 $
Amounts received or due and receivable by Ernst & Young Australia for:		
An audit or review of the financial report of the Company	-	144,190
Other services in relation to the Company:		
- Tax compliance	-	-
- Tax advisory	-	-
- Other advisory	5,247	-
	5,247	144,190
Amounts received or due and receivable by HLB Mann Judd:		
An audit or review of the financial report of the Company	-	-
Other services in relation to the Company:		
- Tax compliance	-	-
- Tax advisory	-	-
- Other advisory	-	-
	-	-

24. GENERAL INFORMATION

Empire Oil & Gas NL is a listed company, incorporated in Australia.

Empire Oil & Gas NL's registered office and principal place of business is:
C/- Trident Capital Pty Ltd
24/44 St Georges Terrace
Perth WA 6000
Ph: +61 8 6211 5099

Directors' Declaration

In the opinion of the Directors of the Company:

(1) the financial statements and notes set out on pages fourteen (14) to forty (40):

- (i) are in accordance with the Corporations Act 2001 and comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001 giving a true and fair view of the Company's financial position as at 30 June 2019.
- (ii) As noted in note 2 to the financial report, owing to the incomplete records the financial performance for the year ended 30 June 2019 may be impacted to the extent that there were any material inaccuracies in the 30 June 2018 financial position; and
- (iii) As noted in note 2 to the financial report, owing to the incomplete records, it is not possible to state that the financial position and financial performance for the year ended 30 June 2018 are in accordance with the Corporations Act 2001.

(2) 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.

(3) The declaration required to be made with Section 259A of the Corporations Act 2001 for the financial year ended 30 June 2019 has been unable to be made due to the reasons set out in Note 2.

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

Sean McCormick
Non-Executive Director
Perth, 4 December 2019

Additional Shareholder Information

SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders listed in the Company register as at 3 December 2019 are as follows:

Shareholder	Shares	%
TAMARIND RESOURCES PTE LTD	7,250,000	13.52
PROSPERION WEALTH MANAGEMENT PTY LTD	6,250,000	11.66
TRIANGLE ENERGY (GLOBAL) LIMITED	5,500,000	10.26

DISTRIBUTION OF SHAREHOLDERS

The distribution of members and their holdings of equity securities in the Company as at 3 December 2019 was as follows:

Range of holding	Shareholders	Number Of Ordinary Shares	%
1 – 1,000	5,761	1,058,087	1.97
1,001 – 5,000	472	999,972	1.86
5,001 – 10,000	66	474,012	0.88
10,001 – 100,000	45	902,210	1.68
100,001 and over	30	50,184,391	93.59
Totals	**6,374**	**53,618,672**	**100.00**

The number of shareholders with less than a marketable parcel of fully paid shares based on a price of $0.02 is 6,334 holding in total 3,023,141 shares.

RESTRICTED SECURITIES

The Company has no restricted securities:

VOTING RIGHTS (ORDINARY SHARES)

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest shareholders of the fully paid ordinary shares of the Company as at 3 December 2019 are as follows:

Name	Number Of Ordinary Fully Paid Shares	% Held Of Issued Ordinary Capital
TAMARIND RESOURCES PTE LTD	7,250,000	13.52
PROSPERION WEALTH MANAGEMENT PTY LTD	6,250,000	11.66
TRIANGLE ENERGY (GLOBAL) LIMITED	5,500,000	10.26
SARAH JESSICA STEINEPREIS	2,500,000	4.66
TALLTREE HOLDINGS PTY LTD	2,500,000	4.66
OSIRIS CAPITAL INVESTMENTS PTY LTD	2,500,000	4.66
MR RICHARD WOLANSKI	2,500,000	4.66
MR DARREN MICHAEL BROMLEY	2,000,000	3.73
MR STEPHEN JOHN LOWE & MRS SUZANNE LEE LOWE	2,000,000	3.73
MANDOLIN PTY LTD	1,500,000	2.80
MR DARREN JOHN HALL	1,500,000	2.80
JARRAD STREET CORPORATE PTY LTD	1,500,000	2.80
MR JOHAN HENDRIK SNYMAN	1,250,000	2.33
ALEX EVES	1,250,000	2.33
CELTIC CAPITAL PTY LTD	1,250,000	2.33
PARHEL PTY LTD	1,000,000	1.87
MR MICHAEL JAMES PRICE & MRS JULIE TERESA CARR	1,000,000	1.87
MR CHRISTOPHER MICHAEL WILLIAMSON	1,000,000	1.87
IML HOLDINGS PTY LTD	1,000,000	1.87
TRIDENT CAPITAL PTY LTD	750,000	1.40
Totals	**46,000,000**	**85.79%**