



EMPEROR ENERGY
LIMITED

Emperor Energy Limited

ABN 56 006 024 764

Half-year Financial Report - 31 December 2020

For personal use only

Emperor Energy Limited
Contents
31 December 2020

Corporate directory	2
Directors' report	3
Auditor's independence declaration	5
Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	17
Independent auditor's review report to the members of Emperor Energy Limited	18

For personal use only

Emperor Energy Limited
Corporate directory
31 December 2020

Directors	Carl Dumbrell Nigel Harvey Philip McNamara
Company secretary	Carl Dumbrell
Registered office & Principal place of business	Level 21, 201 Sussex Street Sydney NSW 2000 02 9275 8878
Share register	Automic Pty Ltd Level 5, 126 Phillip Street Sydney NSW 2000 Telephone: 1300 288 664
Auditor	ICP Assurance Services Pty Ltd Suite 2109 Level 21 233 Castlereagh Street Sydney NSW 2000
Lawyer	Hopgood Ganim Level 27, Allendale Square 77 St Georges Tce Perth, WA 6000
Stock exchange listing	Emperor Energy Limited shares are listed on the Australian Securities Exchange (ASX code: EMP)
Website	www.emperorenergy.com.au

Emperor Energy Limited
Directors' report
31 December 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Emperor Energy Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

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

Carl Dumbrell (Non-Executive Director)
Nigel Harvey (Non-Executive Director)
Philip McNamara (Non-Executive Director)

Principal activities

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$303,494 (31 December 2019: \$1,339,013).

Financial Position

The net assets of the consolidated entity increased by \$717,951 to \$3,320,812 as at 31 December 2020 (30 June 2020: \$2,602,861).

The consolidated entity's working capital, being current assets less current liabilities was in surplus as at 31 December 2020 by \$223,810 (30 June 2020: deficit \$319,076). The consolidated entity had a negative cash flows from operating activities of \$411,305 for the six months (31 December 2019: deficit of \$187,231) and expended \$83,721 (31 December 2019: \$110,530) in relation to exploration and evaluation activities.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial half-year

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, results of those operations, or the consolidated entity's state of affairs in future financial years, other than:

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Tenement holding summary

Below is a list of the tenements held by Emperor Energy Limited as of 31 December 2020:

Petroleum Tenement	Location	Beneficial Percentage held
Vic/P47	Victoria	100% / Operator
Backreef Area	Western Australia	100% / Operator

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

Emperor Energy Limited
Directors' report
31 December 2020

On behalf of the directors



Carl Dumbrell
Director

16 March 2021

For personal use only



Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Emperor Energy Limited and Its Controlled Entities

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2020, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

ICP Assurance Services Pty Ltd

A handwritten signature in black ink, appearing to read 'Chris Wong', is written over a light grey rectangular background.

Christopher Wong
Director

16th March 2021

Sydney NSW 2000

Liability limited by a Scheme approved under Professional Standards Legislation

T: +61 2 7200 0800

E: irene@icpassurance.com.au

W: icpassurance.com.au

A: Suite 2109, Level 21 233 Castlereagh Street, Sydney, NSW 2000

For personal use only

Emperor Energy Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020

		Consolidated	
	Note	31 December 2020	31 December 2019
		\$	\$
Revenue		13,318	397
Expenses			
Corporate expenses		(188,630)	(220,556)
Employee benefits expense		(90,000)	(127,823)
Exploration costs written off		-	(10,100)
Finance costs		(38,182)	-
Loss before income tax expense		(303,494)	(358,082)
Income tax expense		-	(980,931)
Loss after income tax expense for the half-year attributable to the owners of Emperor Energy Limited		(303,494)	(1,339,013)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year attributable to the owners of Emperor Energy Limited		<u>(303,494)</u>	<u>(1,339,013)</u>
		Cents	Cents
Basic earnings per share	14	(0.27)	(1.88)
Diluted earnings per share	14	(0.27)	(1.88)

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

Emperor Energy Limited
Statement of financial position
As at 31 December 2020

		Consolidated	
	Note	31 December 2020 \$	30 June 2020 \$
Assets			
Current assets			
Cash and cash equivalents	4	480,937	357,018
Trade and other receivables		11,204	4,799
Other financial assets	5	265,987	17,152
Total current assets		<u>758,128</u>	<u>378,969</u>
Non-current assets			
Financial Assets designated as FVTPL		620	620
Petroleum exploration expenditure	6	3,572,832	3,489,111
Total non-current assets		<u>3,573,452</u>	<u>3,489,731</u>
Total assets		<u>4,331,580</u>	<u>3,868,700</u>
Liabilities			
Current liabilities			
Trade and other payables	7	534,318	698,045
Total current liabilities		<u>534,318</u>	<u>698,045</u>
Non-Current liabilities			
Trade and other payables	7	476,450	567,794
Total non-current liabilities		<u>476,450</u>	<u>567,794</u>
Total liabilities		<u>1,010,768</u>	<u>1,265,839</u>
Net assets		<u>3,320,812</u>	<u>2,602,861</u>
Equity			
Issued capital	8	27,554,535	26,533,090
Reserves	9	267,870	267,870
Accumulated losses		(24,501,593)	(24,198,099)
Total equity		<u>3,320,812</u>	<u>2,602,861</u>

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

Emperor Energy Limited
Statement of changes in equity
For the half-year ended 31 December 2020

Consolidated	Contributed equity \$	Accumulated losses \$	Reserves \$	Total equity \$
Balance at 1 July 2019	25,802,639	(22,451,235)	267,870	3,619,274
Loss after income tax expense for the half-year	-	(1,339,013)	-	(1,339,013)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	(1,339,013)	-	(1,339,013)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	255,339	-	-	255,339
Balance at 31 December 2019	<u>26,057,978</u>	<u>(23,790,248)</u>	<u>267,870</u>	<u>2,535,600</u>
Consolidated	Contributed equity \$	Accumulated losses \$	Reserves \$	Total equity \$
Balance at 1 July 2020	26,533,090	(24,198,099)	267,870	2,602,861
Loss after income tax expense for the half-year	-	(303,494)	-	(303,494)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	(303,494)	-	(303,494)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 8)	1,021,445	-	-	1,021,445
Balance at 31 December 2020	<u>27,554,535</u>	<u>(24,501,593)</u>	<u>267,870</u>	<u>3,320,812</u>

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

Emperor Energy Limited
Statement of cash flows
For the half-year ended 31 December 2020

	Note	Consolidated	
		31 December 2020	31 December 2019
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(314,623)	(162,628)
Payments of taxes and other		(110,000)	(25,000)
Other receipts		13,125	-
Interest received		193	397
		<u> </u>	<u> </u>
Net cash used in operating activities		<u>(411,305)</u>	<u>(187,231)</u>
Cash flows from investing activities			
Net receipts/(payments) for other financial assets		(231,000)	-
Payments for exploration and evaluation		(83,721)	(110,530)
		<u> </u>	<u> </u>
Net cash used in investing activities		<u>(314,721)</u>	<u>(110,530)</u>
Cash flows from financing activities			
Proceeds from issue of shares		623,945	79,985
Proceeds from borrowings		231,000	80,000
Repayments of borrowings		(5,000)	-
		<u> </u>	<u> </u>
Net cash from financing activities		<u>849,945</u>	<u>159,985</u>
Net increase/(decrease) in cash and cash equivalents		123,919	(137,776)
Cash and cash equivalents at the beginning of the financial half-year		<u>357,018</u>	<u>155,376</u>
Cash and cash equivalents at the end of the financial half-year	4	<u><u>480,937</u></u>	<u><u>17,600</u></u>

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

Emperor Energy Limited
Notes to the financial statements
31 December 2020

1. General information

Emperor Energy Limited is a listed public company limited by shares, incorporated and domiciled in Australia. The address of the registered office and principal place of business is Level 21, 201 Sussex Street, Sydney, NSW 2000.

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

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 16 March 2021. The directors have the power to amend and reissue the financial statements.

2. Presentation of financial statements

The financial statements cover Emperor Energy Limited as a consolidated entity consisting of Emperor Energy Limited and the entities it controlled at the end of, or during, the year. The financial statements have been presented in Australian dollars (\$) as this is the currency of the primary economic environment that the group operates in.

3. Significant accounting policies

The general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 '*Interim Financial Reporting*' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with Financial Reporting Standard IAS 34 '*Interim Financial Reporting*'.

The general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

New Accounting Standards and Interpretations adopted

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

New Accounting Standards and Interpretation not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the period ended 31 December 2020.

Emperor Energy Limited
Notes to the financial statements
31 December 2020

Going concern

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

For the six months ended 31 December 2020, the consolidated entity incurred a loss after tax of \$303,494 (31 December 2019: \$1,339,013) and had net cash outflows from operating and exploration activities of \$495,026 (31 December 2019: \$297,761). Additionally, as at 31 December 2020 the consolidated entity had a net current asset surplus of \$223,810 (30 June 2020: net current assets deficit \$319,076) and net assets of \$3,320,812 (30 June 2020: \$2,602,861).

The consolidated entity currently does not have any production income and in order to continue as a going concern is therefore reliant on achieving a combination of the following matters before 16 March 2022 to complete its planned business activities: -

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

The directors have prepared a detailed cash flow forecast through to 31 March 2022 and based on the budgeted expenditure, the consolidated entity will be required to raise additional funds (through the methods set out above) with a minimum overall raising of \$1,300,000 for exploration and operating costs (which excludes any drilling activities) before capital raising costs by 31 March 2022.

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

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

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

Note 4. Current assets - cash and cash equivalents

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Cash at bank	<u>480,937</u>	<u>357,018</u>

Accounting policy for cash and cash equivalents

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

Note 5. Current assets – other financial assets

	Consolidated	Consolidated
	31 December	30 June
	2020	2020
Bank Guarantee	231,000	-
Prepayments	34,987	17,152
	<u>265,987</u>	<u>17,152</u>

Note 6. Non-current assets - petroleum exploration expenditure

	Consolidated	Consolidated
	31 December	30 June
	2020	2020
	\$	\$
Exploration and evaluation - at cost	<u>3,572,832</u>	<u>3,489,111</u>

Reconciliations

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

Consolidated	Exploration \$
Balance at 1 July 2020	3,489,111
Expenditure during the half-year	<u>83,721</u>
Balance at 31 December 2020	<u>3,572,832</u>

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

Note 7. Trade and other payables

	Consolidated	Consolidated
	31 December	30 June
	2020	2020
	\$	\$
Current liabilities		
Trade and other payables	<u>534,318</u>	<u>698,045</u>
	<u>534,318</u>	<u>698,045</u>
Non- Current liabilities		
Trade and other payables	<u>476,450</u>	<u>567,794</u>
	<u>476,450</u>	<u>567,794</u>

Note 8. Equity - issued capital

	Consolidated			
	31 December 2020 Shares	30 June 2020 Shares	31 December 2020 \$	30 June 2020 \$
Ordinary shares - fully paid	<u>136,892,946</u>	<u>99,757,511</u>	<u>27,554,535</u>	<u>26,533,090</u>
	<u>136,892,946</u>	<u>99,757,511</u>	<u>27,554,535</u>	<u>26,533,090</u>

Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$
Balance	1 July 2020	99,757,511		26,533,090
Share Purchase Plan	20 October 2020	23,428,538	\$0.028	656,000
Capital Raising Costs	20 October 2020			(32,055)
Issue of shares in lieu of directors' fees	1 December 2020	6,724,138	\$0.029	195,000
Issue of shares to creditors	1 December 2020	<u>6,982,759</u>	<u>\$0.029</u>	<u>202,500</u>
Balance	31 December 2020	<u>136,892,946</u>		<u>27,554,535</u>

Ordinary shares

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

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

Note 9. Equity - reserves

	Consolidated	
	31 December 2020 \$	30 June 2020 \$
Options reserve	<u>267,870</u>	<u>267,870</u>
	<u>267,870</u>	<u>267,870</u>

Note 10. Equity - dividends

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

Note 11. Commitments

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
<i>Exploration and evaluation</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	440,000	725,000
One to five years	27,765,000	26,250,000
More than five years	75,000	75,000
	<u>28,280,000</u>	<u>27,050,000</u>

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

Backreef area

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

Vic/P47

The consolidated entity has a 100% interest in Vic/P47 and is the operator. Judith-1 was drilled and operated by Shell Company of Australia in 1989 and is contained within the VIC/P47 Permit held 100% by Emperor Energy and located within close proximity of the Kipper Gas Field operated by Esso (Exxon Mobil).

On 10 August 2017 Emperor Energy announced that the outcomes of seismic reprocessing and subsequent analysis completed during 2017 had resulted in a significant increase in the Gas-in-Place Estimate for the Judith Structure within VIC/P47.

On 22 February 2018 Emperor Energy announced that the VIC/P47 permit had been renewed for 5 years with a work program including drilling of an exploration well in the Judith North Structure by early 2021.

On 26 March 2018 Emperor Energy announced that it had completed a thorough well log evaluation of the Judith-1 well and gas discovery. The Judith-1 results were then compared and contrasted with open file data not previously available from the four wells drilled on the Longtom Gas Field located some 22 km west of Judith-1 and the more recent South East Longtom-1 gas discovery by Esso in 2010. Like Judith-1 and the Longtom wells, the South East Longtom-1 discovered gas in multiple Emperor Reservoir sandstones in a structural closure sealed by the Rosedale Fault.

On 7 June 2018 Emperor Energy Limited announced that it had engaged respected Independent Resource Certifier RISC to complete a Resource Statement in relation to the Judith Gas Field in the 100% Emperor Energy owned VIC/P47 Permit in the offshore Gippsland Basin, Victoria. RISC reviewed Static and Dynamic Modelling of the Judith Gas Reservoir Sands by Melbourne based Consultants 3D-GEO Pty Ltd and a Resource Statement was released on the 12 November 2018.

Note 11. Commitments (continued)

3D-GEO has since reviewed the November 2018 Resource Statement and conducted further technical assessments, leading to submission of a revised Resource Statement to Emperor Energy on the 5 July 2019.

Judith Gas Discovery		Contingent Resources		
		Low Estimate 1C	Best Estimate 2C	High Estimate 3C
GIIP	Bcf	180	278	386
Sales gas	Bcf	97	150	209
Condensate	MMbbl	1.4	2.2	3.2

Greater Judith Area		Unrisked Prospective Resources		
		P90	P50	P10
Judith Deep	Bcf	38	62	92
West	Bcf	83	127	176
Central	Bcf	37	333	628
North	Bcf	29	166	315
North East	Bcf	49	279	494
North West	Bcf	15	102	226
South	Bcf	14	157	565
Total	Bcf	265	1226	2496

Table 1: Summary of Contingent and Prospective Resources for Judith area of VIC/P47 (3D-GEO, July 2019)

The permit was renewed by NOPTA on 21 February 2018. In September 2020 the Company applied to NOPTA to extend the work program due to Covid-19 and the closures of the Victoria borders. On 23 December 2020 NOPTA approved the following variation to the work program:

Permit year	Exploration Activity	Estimated Cost
1-3. February 2018 – August 2023	Geology Studies including detailed resource assessment, preliminary reservoir engineering, target selection and well planning.	\$400,000
	Purchase of 45km of Multi Client 3D seismic from CGG- comprising all available MC3D full-fold coverage in Vic/P47.	\$580,000
	Interpretation and mapping of newly purchased 45km of Multi Client 3D seismic data	\$150,000
	Confirmation of drilling targets and detailed well and preparation.	\$1,300,000
	Drill one (1) Exploration Well.	\$25,000,000
4. August 2023 – August 2024	Post-well evaluation studies	\$500,000
5. August 2024 – August 2025	Geology Studies including commerciality assessment	\$300,000

The consolidated entity will need to raise capital, or identify a farm-in partner to fund all the planned activities above.

Note 12. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 December 2020 %	30 June 2020 %
OBL Backreef No.10 Pty Ltd	Australia	100.00%	100.00%
Canning Basin Oil Limited	Australia	100.00%	100.00%
Wantok Oil Limited	Papua New Guinea	100.00%	100.00%
Shelf Oil Pty Ltd	Australia	100.00%	100.00%
Backreef Energy Pty Ltd	Australia	100.00%	100.00%

Note 13. Events after the reporting period

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, results of those operations, or the consolidated entity's state of affairs in future financial years, other than:

Note 14. Earnings per share

	Consolidated	
	31 December 2020 \$	31 December 2019 \$
Loss after income tax attributable to the owners of Emperor Energy Limited	(303,494)	(1,339,013)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	111,222,329	71,332,698
Weighted average number of ordinary shares used in calculating diluted earnings per share	111,222,329	71,332,698
	Cents	Cents
Basic earnings per share	(0.27)	(1.88)
Diluted earnings per share	(0.27)	(1.88)

Note 15. Contingent Liability

The consolidated entity has provided a bank guarantee for \$231,000 to APA Midstream Holdings Pty Limited (APA) in relation to the Early Works Agreement between the consolidated entity and APA. The bank unconditionally and irrevocably undertakes to pay on demand any sum or sums which may from time to time be demanded by APA under the Guarantee, to a maximum sum of \$231,000.00

Emperor Energy Limited
Directors' declaration
31 December 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Carl Dumbrell
Director

16 March 2021



Independent Auditor's Review Report to the members of Emperor Energy Limited and Its Controlled Entities

Conclusion

We have reviewed the accompanying half-year Financial Report of Emperor Energy Limited and its controlled entities, which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

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

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the review. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been provided to the Directors of Emperor Energy Limited.

Material Uncertainty related to Going Concern

Without modifying our conclusion, we draw attention to the Going Concern paragraph under Note 3 in the half-year Financial Report which indicates that the consolidated entity incurred a net loss of \$303,494 and net cash outflows from operating and exploration activities of \$495,026 during the half-year ended 31 December 2020. Strategies are in place to ensure the ongoing financial viability of the consolidated entity however if these are unsuccessful then these conditions, together with other matters as set forth in the Going Concern paragraph under Note 3, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the half year Financial Report.

Liability limited by a Scheme approved under Professional Standards Legislation

T: +61 2 7200 0800

E: irene@icpassurance.com.au

W: icpassurance.com.au

A: Suite 2109, Level 21 233 Castlereagh Street, Sydney, NSW 2000



Independent Auditor's Review Report to the members of Emperor Energy Limited and Its Controlled Entities

Directors' Responsibility for the Half-Year Financial Report

The Directors of the consolidated entity are responsible for:

- the preparation of the half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- for such internal control as the Directors determine is necessary to enable the preparation of the half-year Financial Report that is free from material misstatement, whether due to fraud or error.

Reviewer's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year Financial Report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

ICP Assurance Services Pty Ltd

A handwritten signature in black ink, appearing to read 'Chris Wong', is written over a light grey rectangular background.

Christopher Wong
Director

16th March 2021
Sydney NSW 2000

Liability limited by a Scheme approved under Professional Standards Legislation

T: +61 2 7200 0800

E: irene@icpassurance.com.au

W: icpassurance.com.au

A: Suite 2109, Level 21 233 Castlereagh Street, Sydney, NSW 2000