



EMPEROR ENERGY
L I M I T E D

Emperor Energy Limited

ABN 56 006 024 764

Annual Report - 30 June 2023

For personal use only

Emperor Energy Limited
Contents
30 June 2023

Corporate directory	2
Review of Operations	3
Directors' report	8
Auditor's independence declaration	16
Statement of profit or loss and other comprehensive income	17
Statement of financial position	18
Statement of changes in equity	19
Statement of cash flows	20
Notes to the financial statements	21
Directors' declaration	44
Independent auditor's report to the members of Emperor Energy Limited	45
Shareholder information	49

The group's 2023 Corporate Governance Statement has been released to ASX on 27 September 2023 and is available on the group's website.

For personal use only

Emperor Energy Limited
Corporate directory
30 June 2023

Directors	Carl Dumbrell Nigel Harvey Philip McNamara
Company secretary	Carl Dumbrell
Registered office & Principal place of business	Level 4, 55 York Street Sydney NSW 2000
Share register	Automic Pty Ltd Level 5, 126 Phillip Street Sydney NSW 2000 Telephone: 1300 288 664
Lawyer	Thomson Geer Exchange Tower Level 27, 2 The Esplanade Perth, WA 6831
Auditor	Byrons Audit Pty Ltd Suite 2 Level 14, 9 Castlereagh Street Sydney NSW 2000
Stock exchange listing	Emperor Energy Limited shares are listed on the Australian Securities Exchange (ASX code: EMP)
Website	www.emperorenergy.com.au

For personal use only

Review of Operations

Highlights:

- Successful capital raising
- Revised Resource Statement
- Memorandum of Understanding Executed with Cooper Energy
- Application for Extension of the Vic/P47 Exploration Permit Term Judith Gas Field

1. Successful Capital Raising

On 25 October 2022 the group raised \$1,122,000 by issuing 35,062,500 new shares at 3.2 cents per share. The net proceeds strengthen the group's balance sheet and provides important funding for the group's exploration activities.

2. About the Judith Gas Field (Vic/P47)

Emperor Energy is focused on the development of the Judith Gas Field Project located 40km offshore from the Orbost Gas Plant in the Gippsland Basin, Victoria. The project objective is to establish a sales gas capacity of 80TJ per day equivalent to 28PJ per year over a minimum production period of 15 years.

The project requires drilling of a successful Judith-2 appraisal well in 2023 to prove Gas Reserves and subsequently provide economic justification for gas field and processing plant development leading to targeted commercial production of sales gas in 2027.

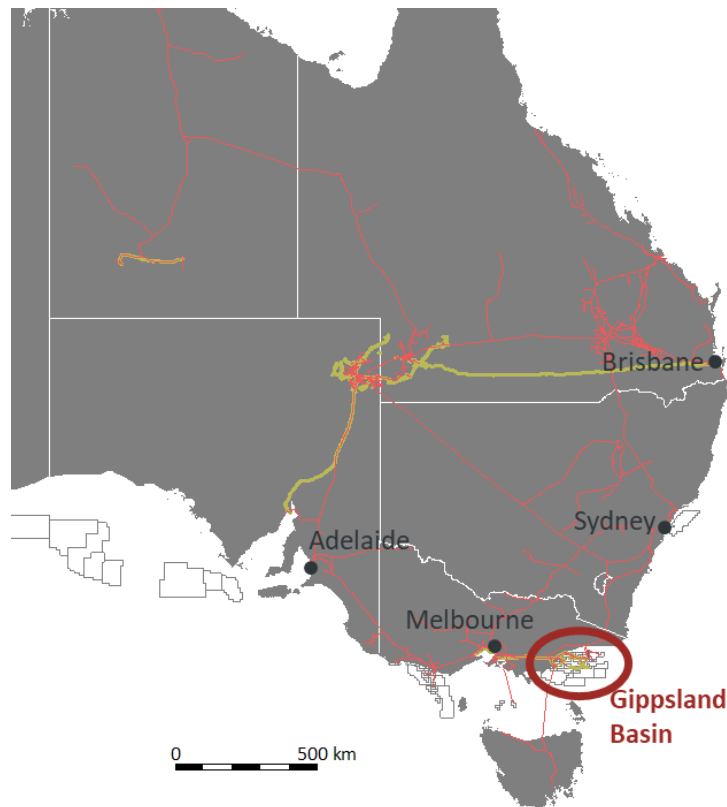


Figure 1: Gippsland Basin Location, Gas pipelines shown in Red and Yellow.

For personal use only

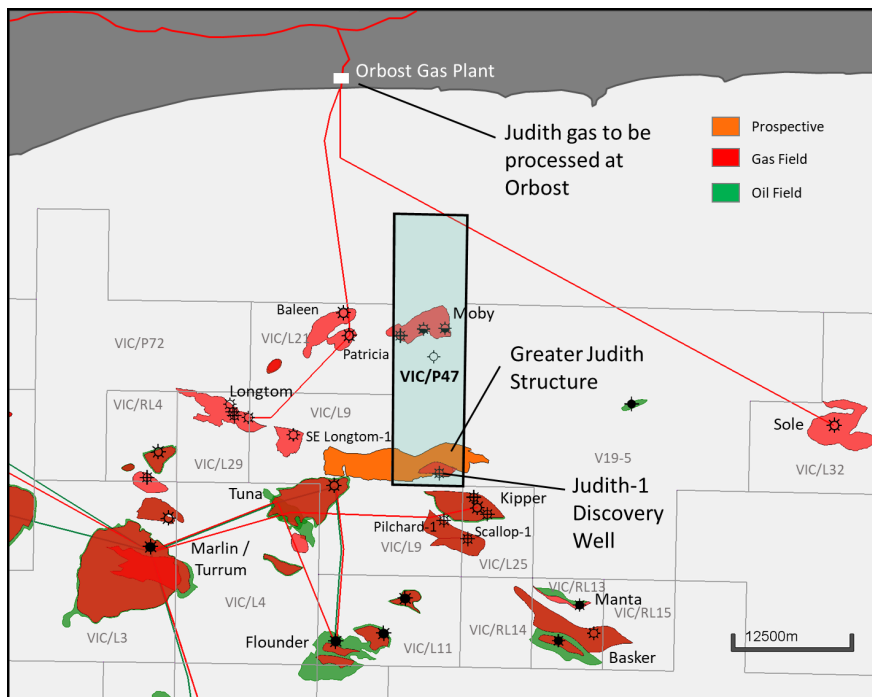


Figure 2: Location of 100% Emperor Energy owned Vic/P47 in the offshore Gippsland Basin, showing the Judith Gas Field and proximity to Orbest Gas Plant, along with nearby oil and gas fields

Emperor Energy has systematically analysed all available data from the Judith-1 Well (drilled by Shell in 1989) to define a very large Prospective Resource and smaller Contingent Resource.

AVO Analysis of recently acquired 3D Seismic data shows direct hydrocarbon indicators extending throughout the entire Judith Structure adding further confidence to the resource scale and resulting in a resource upgrade in October 2022.

3. Revised Independent Resource Statement

On 13 October 2022 Emperor Energy advised that an Independent Resource Statement has been completed for the full Latrobe sequence (Golden Beach and Emperor Sub-groups) within the 100% Emperor Energy owned Vic/P47 Exploration Permit located in the offshore Gippsland Basin, Victoria. (Figure 2).

Independent geological consultants 3D-GEO Pty Ltd had previously (March 2022) assessed the gas-in-place and recoverable gas volumes in the Kipper and Golden Beach sands overlying the Judith-1 gas discovery and more recently has revised the resource estimates within the Judith and Longtom sandstones within Vic/P47. This revision for the Judith and Longtom reservoir sands follows receipt of additional reservoir and development engineering data from the nearby Longtom and Kipper analogue gas fields and subsequent further interpretive analysis undertaken.

3D-GEO then completed its revised assessment of the Prospective Resources contained in the Judith and Longtom sands. The resources presented are 100% attributable to Vic/P47, of which Emperor Energy holds 100% equity.

An Independent Technical Specialist's Report comprising the Judith and Longtom Sand revised Contingent and Prospective Resources was provided to Emperor Energy on 11 October 2022 by 3D-GEO Pty Ltd.

3D-GEO has apportioned resources in accordance with the Society of Petroleum Engineers' internationally recognised Petroleum Resources Management System (SPE-PRMS 2018). The results are provided in the Tables below.

For personal use only

Judith Gas Discovery		Contingent Resources		
		Low 1C	Best 2C	High 3C
GIIP	Bcf	204	322	463
Sales gas	Bcf	118	198	297
Condensate	MMbbl	1.7	2.9	4.6

Table 1.1: Summary of Contingent Resources for Judith area of VIC/P47 (3D-GEO, October 2022)

Greater Judith Area		Unrisked Prospective Resources		
		P90	P50	P10
Judith Deep	Bcf	56	100	157
West	Bcf	102	166	244
Central	Bcf	46	430	859
North	Bcf	36	208	410
North East	Bcf	67	379	701
North West	Bcf	18	126	293
South	Bcf	21	218	788
Total	Bcf	346	1627	3452

Table 1.2: Summary of Prospect Prospective Resources for Judith area of VIC/P47 Judith and Longtom Sandstones (3D-GEO, October 2022)

Greater Judith Area		Unrisked Prospective Resources		
		P90	P50	P10
New Resource Statement				
Kipper Sand	Bcf	194	314	478
Upper Golden Beach Sandstone Sequence	Bcf	70	143	247
Lower Golden Beach Sandstone Sequence	Bcf	9	21	40
Golden Beach Basal Sand	Bcf	83	144	231
Total	Bcf	356	622	996

Table 1.3: Summary of PLead Prospective Resources for Judith area of VIC/P47 Kipper and Golden Beach Sandstones (3D-GEO, March 2022)

4. Memorandum of Understanding Executed with Cooper Energy

On 7 October 2022, Emperor Energy Limited announced that it has executed a Memorandum of Understanding (MOU) with Cooper Energy Ltd (ASX:COE), a leading South-east Australian exploration and production company, with processing capabilities at the Athena Gas Plant and Orbost Gas Processing Plant.

The MOU is non-binding with the purpose of facilitating discussions between the two companies regarding potential cooperation on the utilisation of Cooper Energy's Orbost Gas Processing Plant and adjacent sites, for the processing and transfer of gas from a development of the Judith Gas Field. The Judith Field is located within the 100% Emperor Energy owned Vic/P47 Exploration Permit, 40km offshore to the south of the Orbost Gas Processing Plant.

5. Application for Extension of the Vic/P47 Exploration Permit Term Judith Gas Field

On 8 August 2023 an application was submitted to the National Offshore Petroleum Titles Administrator (NOPTA) for a 24-month extension of the Vic/P47 Exploration Permit Year 1-3 work program commitments, along with a corresponding 24-month extension of the permit term.

Emperor Energy application for the permit extension is justified on the basis of a 'Force Majeure' event following the decision in the Federal Court of Australia on 21 September 2022 Tipakalippa v National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) (No 2) [2022] FCA 1121 (Santos Barossa project).

It is expected that the outcome of the application decision will become available by mid-October 2023.

6. Environmental Plan

Contract Well Management Company AGR are managing the Judith-2 Well approval process for Emperor Energy. Exodus work with AGR as environmental consultants for development and preparation of the Environmental Plan that will be submitted to NOPSEMA for approval.

Preparation of the Environmental Plan is now essentially complete. Submission of the Environmental Plan to NOPSEMA will now occur after completion of the Stakeholder Consultation process and clarification on the permit extension from NOPTA.

Emperor Energy has directly engaged with an array of stakeholders from Victoria, NSW and Tasmania and placed advertisements in relevant news publications as required by the revised consultation process.

7. Tenement holding summary

Below is a list of the tenements held by Emperor Energy Limited as of 30 June 2023:

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

Emperor Energy did not acquire or dispose, farm in or farm out, or incur any change any beneficial interest in any petroleum tenements during the year.

We thank shareholders and our team for their ongoing support and welcome any questions they may have.

On behalf of the board of directors.



Carl Dumbrell
Company Secretary/Director

For personal use only

Competent Persons Statement

The Resources information in this ASX release is based on, and fairly represents, data and supporting documentation supplied in an Independent Technical Specialist's Report (ITSR) prepared by 3D-GEO Pty Ltd. The preparation of the relevant resources report has been managed by Mr Keven Asquith who is Chairman and Director of 3D-GEO Pty Ltd.

Mr Asquith holds an Honours BSc. Geological Sciences – University of Western Ontario, Canada, 1978, and a Diploma in Project Management from the University of New England, Australia - 2000. Mr Asquith has over 35 years' experience in the sector and is a long-time member of the American Association of Petroleum Geologists (AAPG).

Mr Asquith is a qualified Petroleum Reserves and Resources Evaluator as defined by ASX listing rules. The Resources information in this ASX announcement was issued with the prior written consent of Mr Asquith in the form and context in which it appears.

3D-GEO Pty Ltd is an independent oil and gas consultancy firm. All the 3D-GEO staff engaged in this assignment are professionally qualified engineers, geoscientists or analysts, each with many years of relevant experience and most have in excess of 25 years of industry experience. 3D-GEO was founded in 2001 to provide geotechnical evaluations to companies associated with the oil and gas industry. 3D-GEO services domestic and international clients with offices in Melbourne and Madrid, Spain.

Reserves and resources are reported in accordance with the definitions of reserves, contingent resources and prospective resources and guidelines set out in the Petroleum Resources Management System (PRMS) approved by the Board of the Society of Petroleum Engineers in 2018.

The Independent Technical Specialist's Report (ITSR) has been prepared in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports 2005 Edition ("The VALMIN Code") as well as the Australian Securities and Investment Commission (ASIC) Regulatory Guides 111 and 112.

Classification of Resources - SPE-PRMS Society of Petroleum Engineer's Petroleum Resource Management System

Petroleum resources are the estimated quantities of hydrocarbons naturally occurring on or within the Earth's crust. Resource assessments estimate total quantities in known and yet-to-be discovered accumulations, resources evaluations are focused on those quantities that can potentially be recovered and marketed by commercial projects. A petroleum resources management system provides a consistent approach to estimating petroleum quantities, evaluating development projects, and presenting results within a comprehensive classification framework. PRMS provides guidelines for the evaluation and reporting of petroleum reserves and resources.

Under PRMS "**Reserves**" are those quantities of petroleum which are anticipated to be commercially recoverable from known accumulations from a given date forward. All reserve estimates involve some degree of uncertainty. The uncertainty depends chiefly on the amount of reliable geologic and engineering data available at the time of the estimate and the interpretation of these data. The relative degree of uncertainty may be conveyed by placing reserves into one of two principal classifications, either proved or unproved. Unproved reserves are less certain to be recovered than proved reserves and may be further sub-classified as probable and possible reserves to denote progressively increasing uncertainty in their recoverability.

"**Contingent Resources**" are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development or gaining access to existing infrastructure or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

"**Prospective Resources**" are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both a chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.

The estimated quantities of petroleum that may potentially be recovered by the application of future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Emperor Energy Limited
Directors' report
30 June 2023

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity or group') consisting of Emperor Energy Limited (referred to hereafter as the 'company ' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

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

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

Principal activities

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

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$969,162 (30 June 2022: \$892,508).

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

Financial Position

The net assets of the consolidated entity increased by \$365,518 to \$5,427,280 as at 30 June 2023 (2022: \$5,061,762).

The consolidated entity's working capital position, (being current assets less current liabilities) was in surplus at 30 June 2023 by \$172,035 (2022: \$155,363). During the period, the consolidated entity had negative cash flows from operating activities and exploration activities of \$1,257,634 (2022: \$2,075,384).

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

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

Information on directors

Name: Carl Dumbrell
Title: Non-Executive Director
Qualifications: BCom MTAX CA FCA (England & Wales) CTA MAICD JP
Experience and expertise: Carl is CEO of London Listed Herencia Resources Plc. He has been a partner of accounting firms for over 20 years in Australia and England. Carl has extensive experience with Mining, and Oil & Gas companies. He is actively involved in capital market transactions globally.
Other current directorships: Herencia Resources Plc (AIM: HER)
Former directorships (last 3 years): Nil
Special responsibilities: Nil
Interests in shares: 12,578,686 fully paid ordinary shares

Name: Phil McNamara
Title: Non-Executive Director
Qualifications: BEng (Mining)
Experience and expertise: Phil is a Mining Engineer with 36 Years of experience in the Resources Industry. He is a qualified Coal Mine Manager having managed 3 underground coal mines across a 13 year period. He has held corporate roles with Junior Exploration Companies across the last 10 Years and was the Founding CEO and Managing Director of ASX listed Armour Energy (ASX: AJQ).

Phil has been providing consulting services to Emperor Energy since 2016 and has played a key role in Emperor Energy's progress to redefine the Judith gas prospect in the Company's key Exploration Permit Vic/P47.

Other current directorships: Nil
Former directorships (last 3 years): Nil
Special responsibilities: Nil
Interests in shares: 8,534,146 fully paid ordinary shares

Name: Nigel Harvey
Title: Non-Executive Director
Qualifications: BA (Hons) MAICD
Experience and expertise: Nigel is an experienced ASX Director and has previously been a Director of Emperor Energy. He is Chairman of a mid sized not for profit organisation and holds a wholesale Australian Financial Services Licence. Nigel operates a market consulting practice predominantly on AFSL compliance. Nigel is a Non Executive Director of Mosman Oil & Gas Limited.

Early in his career he was a business and finance journalist predominantly in London and the Middle East and subsequently worked as an investment banker in Sydney for several decades predominantly covering the Asia Pacific region for energy derivatives and hedging. He has held roles with large banks including JP Morgan and Macquarie.

He has undertaken the Australian Institute of Company Directors course including two update courses.

Other current directorships: Mosman Oil & Gas Limited (AIM: MSMN)
Former directorships (last 3 years): Nil
Special responsibilities: Nil
Interests in shares: 7,750,395 fully paid ordinary shares

Emperor Energy Limited
Directors' report
30 June 2023

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

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

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

Geological Consultant

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

Company secretary

Refer to C Dumbrell's bio in the information on directors above.

Meetings of directors

The number of meetings of the group's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
C Dumbrell	8	8
N Harvey	8	8
P McNamara	8	8

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

Remuneration report (audited)

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

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

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- alignment of executive compensation
- transparency

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

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

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

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

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

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

Non-executive directors remuneration

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

Executive remuneration

The consolidated entity has no executives.

Director and senior management details

The following persons acted as directors of the group during or since the end of the financial year:

- C Dumbrell
- N Harvey
- P McNamara

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

- C Dumbrell, Director / Company Secretary
- G Geary, Geological Consultant
- M King, Consultant
- P McNamara, Director / Engineering Consultant

Voting and comments made at the group's 30 November 2022 Annual General Meeting ('AGM')

The group received 78% of 'for' votes in relation to its remuneration report for the year ended 30 June 2022. The group did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

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

2023	Short- term benefits	Post Employment Superannuation	Share based payments	Total
	Cash salary and fees		Equity Settled***	
	\$	\$	\$	\$
<i>Non-Executive Directors:</i>				
C Dumbrell*	87,500	-	75,000	162,500
N Harvey	-	-	75,000	75,000
P McNamara**	81,150	-	75,000	156,150
<i>Other Key Management</i>				
M King^	55,625	-	20,000	75,625
G Geary ^^	134,250	-	20,000	154,250
	<u>358,525</u>	<u>-</u>	<u>265,000</u>	<u>623,525</u>

Includes amounts in respect of company secretarial fees.

** Amount consists of fees paid to McNamara Advisory in respect of Consulting services provided.

*** The equity settled remuneration above relates to shares issued in lieu of directors fees as approved by shareholders throughout the year. Share based payments noted above includes \$90,000 of Directors fees accrued as at 30 June 2022 and \$225,000 expensed in 30 June 2023.

^ Amount consists of fees paid to Malcolm King in respect of consulting services provided.

^^ Amount consists of fees paid to Focus on Australia Pty Ltd in respect of consulting services provided.

Total performance fees paid to related parties for the year ended 30 June 2023 was nil (2022: nil)

2022	Short- term benefits	Post Employment Superannuation	Share based payments	Total
	Cash salary and fees		Equity Settled***	
	\$	\$	\$	\$
<i>Non-Executive Directors:</i>				
C Dumbrell*	60,000	-	60,000	120,000
N Harvey	-	-	60,000	60,000
P McNamara**	64,575	-	60,000	124,575
<i>Other Key Management</i>				
M King^	42,000	-	15,000	57,000
G Geary ^^	165,880	-	15,000	180,880
	<u>332,455</u>	<u>-</u>	<u>210,000</u>	<u>542,455</u>

For personal use only

Emperor Energy Limited
Directors' report
30 June 2023

- * Includes amounts in respect of company secretarial fees.
- ** Amount consists of fees paid to McNamara Advisory in respect of Consulting services provided.
- *** The equity settled remuneration above relates to shares issued in lieu of directors fees as approved by shareholders throughout the year. Share based payments noted above includes \$120,000 of Directors fees accrued as at 30 June 2021 and \$90,000 expensed in 30 June 2022.
- ^ Amount consists of fees paid to Malcolm King in respect of consulting services provided.
- ^^ Amount consists of fees paid to Focus on Australia Pty Ltd in respect of consulting services provided.

Total performance fees paid to related parties for the year ended 30 June 2022 was nil (2021: nil)

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

Name	Fixed remuneration		At risk - STI	
	2023	2022	2023	2022
<i>Non-Executive Directors:</i>				
C Dumbrell	100%	100%	-	-
N Harvey	100%	100%	-	-
P McNamara	100%	100%	-	-
<i>Other Key Management Personnel:</i>				
G Geary	100%	100%	-	-
M King	100%	100%	-	-

Share-based compensation

Issue of shares

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2023 are set out below:

Name	Date	Shares	Issue price	\$
C Dumbrell	8 August 2022	2,343,750	\$0.032	75,000
N Harvey	8 August 2022	2,343,750	\$0.032	75,000
P McNamara	8 August 2022	2,343,750	\$0.032	75,000
M King	8 August 2022	625,000	\$0.032	20,000
G Geary	8 August 2022	625,000	\$0.032	20,000

On 2 August 2022 shareholder's approved the issue of shares to directors in lieu of directors' fees at an Extraordinary General Meeting of which a total of 7,031,250 fully paid shares were issued as noted above.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2023.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2023 are summarised below:

	2023 \$	2022 \$	2021 \$	2020 \$	2019 \$
Revenue (Including other income)	9,278	55	13,518	756	1,988
Net loss before tax	(969,162)	(892,508)	(665,803)	(765,935)	(768,322)
Net loss after tax	(969,162)	(892,508)	(665,803)	(1,746,864)	(768,322)

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

	2023	2022	2021	2020	2019
Share price at financial year start (\$)	0.029	0.035	0.026	0.003	0.003
Share price at financial year end (\$)	0.015	0.029	0.035	0.026	0.003
Basic earnings per share (cents per share)	(0.378)	(0.445)	(0.527)	(2.153)	(0.081)

Additional disclosures relating to key management personnel

Shareholding

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

	Balance at the start of the year	Received as part of remuneration (equity settled)	Additions	Disposal	Balance at the end of the year
Ordinary shares					
C Dumbrell	10,234,936	2,343,750	-		12,578,686
N Harvey	5,406,645	2,343,750	-		7,750,395
P McNamara	6,190,396	2,343,750	-		8,534,146
M King	2,084,756	625,000	-		2,709,756
G Geary	503,334	625,000	-	(1,008,334)	120,000
	<u>24,420,067</u>	<u>8,281,250</u>	<u>-</u>	<u>(1,008,334)</u>	<u>31,692,983</u>

This concludes the remuneration report, which has been audited.

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the group

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

Non-audit services

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

Officers of the group who are former partners of Byrons Audit Pty Ltd (formerly Moore Australia (NSW) Audit Pty Ltd)

There are no officers of the group who are former partners of Byrons Audit Pty Ltd (Formerly Moore Australia (NSW) Audit Pty Ltd).

Auditor's independence declaration

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

Auditor

Byrons Audit Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

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

On behalf of the directors



Carl Dumbrell
Non-Executive Director

25 September 2023

For personal use only



Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Board of Directors of Emperor Energy Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the year ended 30 June 2023, there have been:

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

Byrons

Byrons Audit Pty Ltd
(Formerly Moore Australia (NSW) Audit Pty Ltd)

Irene

Irene Wang
Director

26th September 2023
Sydney NSW 2000

For personal use only

Emperor Energy Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	Consolidated 2023 \$	2022 \$
Other income	5	9,348	55
Net fair value (Loss) on financial assets designated as FVTPL	11	(120)	(520)
Expenses			
Administration	6	(950,471)	(822,934)
Finance costs		(6,709)	(33,349)
Impairment of exploration & evaluation assets		(21,210)	(35,760)
		(969,162)	(892,508)
Loss before income tax benefit			
Income tax expense	7	-	-
Loss after income tax benefit for the year attributable to the owners of Emperor Energy Limited		(969,162)	(892,508)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of Emperor Energy Limited		(969,162)	(892,508)
		Cents	Cents
Basic earnings per share	28	(0.378)	(0.445)
Diluted earnings per share	28	(0.378)	(0.445)

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

For personal use only

Emperor Energy Limited
Statement of financial position
As at 30 June 2023

	Note	Consolidated 2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	8	313,070	572,044
Trade and other receivables	9	46,248	24,882
Other financial assets	10	<u>30,227</u>	<u>28,741</u>
Total current assets		<u>389,545</u>	<u>625,667</u>
Non-current assets			
Financial assets designated as FVTPL	11	160	300
Petroleum exploration expenditure	12	<u>5,255,085</u>	<u>4,906,099</u>
Total non-current assets		<u>5,255,245</u>	<u>4,906,399</u>
Total assets		<u>5,644,790</u>	<u>5,532,066</u>
Liabilities			
Current liabilities			
Trade, financial and other payables	13	<u>217,510</u>	<u>470,304</u>
Total current liabilities		<u>217,510</u>	<u>470,304</u>
Non-current liabilities			
Trade and other payables	13	<u>-</u>	<u>-</u>
Total non-current liabilities		<u>-</u>	<u>-</u>
Total liabilities		<u>217,510</u>	<u>470,304</u>
Net assets		<u>5,427,280</u>	<u>5,061,762</u>
Equity			
Issued capital	14	31,744,732	30,550,302
Reserves	15	140,250	-
Accumulated losses		<u>(26,457,702)</u>	<u>(25,488,540)</u>
Total equity		<u>5,427,280</u>	<u>5,061,762</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 year ended 30 June 2023

Consolidated	Issued capital \$	Accumulated losses \$	Reserves \$	Total equity \$
Balance at 1 July 2021	28,649,535	(24,863,902)	267,870	4,053,503
Loss after income tax expense for the year	-	(892,508)	-	(892,508)
Total comprehensive loss for the year	-	(892,508)	-	(892,508)
Transfer of options reserve	-	267,870	(267,870)	-
<i>Transactions with owners in their capacity as owners:</i>				
Share placement to creditors, directors & other parties	486,700	-	-	486,700
Contributions of equity, net of transaction costs (note 14)	1,414,067	-	-	1,414,067
Balance at 30 June 2022	<u>30,550,302</u>	<u>(25,488,540)</u>	<u>-</u>	<u>5,061,762</u>

Consolidated	Issued capital \$	Accumulated losses \$	Reserves \$	Total equity \$
Balance at 1 July 2022	30,550,302	(25,488,540)	-	5,061,762
Loss after income tax expense for the year	-	(969,162)	-	(969,162)
Total comprehensive loss for the year	-	(969,162)	-	(969,162)
Issue of options	-	-	140,250	140,250
<i>Transactions with owners in their capacity as owners:</i>				
Share placement to directors & other parties	285,000	-	-	285,000
Contributions of equity, net of transaction costs (note 14)	909,430	-	-	909,430
Balance at 30 June 2023	<u>31,744,732</u>	<u>(26,457,702)</u>	<u>140,250</u>	<u>5,427,280</u>

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

For personal use only

Emperor Energy Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	Consolidated 2023 \$	2022 \$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(630,510)	(689,322)
Interest received		9,347	55
Interest and other finance costs paid		(6,709)	(33,349)
Income taxes paid		<u>(197,270)</u>	<u>(422,802)</u>
Net cash used in operating activities	27	<u>(825,142)</u>	<u>(1,145,418)</u>
Cash flows from investing activities			
Receipts/ (Payments for) for other financial assets		-	231,000
Payments for exploration and evaluation		<u>(432,492)</u>	<u>(929,966)</u>
Net cash used from investing activities		<u>(432,492)</u>	<u>(698,965)</u>
Cash flows from financing activities			
Proceeds from issue of equity securities		1,122,000	1,500,000
Payments of share issue costs		(79,552)	(45,233)
Repayment / (Proceeds)of borrowings		<u>(43,788)</u>	<u>26,485</u>
Net cash from financing activities		<u>998,660</u>	<u>1,481,252</u>
Net (decrease)/increase in cash and cash equivalents		(258,974)	(363,131)
Cash and cash equivalents at the beginning of the financial year		<u>572,044</u>	<u>935,175</u>
Cash and cash equivalents at the end of the financial year	8	<u><u>313,070</u></u>	<u><u>572,044</u></u>

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

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 4, 55 York 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 25 September 2023. 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. Summary of significant accounting policies

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

Adoption of new and revised Accounting Standards

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year and they have had no material impact. Any new and revised Standards or Interpretations that are not yet mandatory have not been early adopted.

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 adopted by the consolidated entity for the period ended 30 June 2023.

The group has also reviewed all new Standards and Interpretations that have been issued but not yet effective for the year ended 30 June 2023. As a result of this review the Directors have determined that there is no material impact, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to the group's accounting policies.

3.1 Basis of preparation – general purpose financial statements

These financial statements have been prepared in accordance with International financial Reporting standards (IFRSs) as adopted by Australian Accounting Standard Board (AASB) and the *Corporations Act 2001*. The financial statements have been prepared on the historical cost basis except for certain assets which are stated at their fair value.

3.2 Going concern

The consolidated financial statements have been prepared on the going concern basis.

During the financial year ended 30 June 2023, the consolidated entity incurred a loss after tax of \$969,162 (2022: loss \$892,508) and had net cash outflows from operating and exploration activities of \$1,257,634 (2022: \$2,075,384). The consolidated entity's current assets exceeded current liabilities by \$172,035 (2022: \$155,363) as at 30 June 2023. At 30 June 2023 the consolidated entity had net assets of \$5,427,280 (2022: \$5,061,762).

In considering the appropriateness of this basis of preparation, the directors have reviewed the group's working capital forecasts for a minimum of 12 months from the date of the approval of this financial statement. At 30 June 2023, the group had \$313,070 of available cash.

3. Summary of significant accounting policies (Continued)

3.2 Going concern (Continued)

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

1. Successful Capital raise in October 2022;
2. Payment of directors' fees in shares;
3. Global search to secure a farm-in partner for Vic/P47.

The directors have prepared a detailed cash flow forecast through to 30 June 2023 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 approximately \$1,500,000 (before costs) to fund the budgeted exploration plan as well as corporate operating costs.

The consolidated entity currently does not have any production income and in order to continue as a going concern is reliant on achieving a capital raising of at least \$1,500,000 over the 12 months to 30 June 2024.

Based on the current management plan, management believes that these funds will be sufficient for the expenditure to date as well as the planned forecast expenditure for the forthcoming twelve months. As a result of that review the Directors consider that it is appropriate to adopt the going concern basis of preparation.

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.

3.3 Basis of consolidation

The consolidated financial statements comprise the financial information of the Company and its subsidiaries (the "Group or consolidated entity") made up to the end of the reporting period. 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.

The consolidated financial statements present the results of the Company and its subsidiaries and joint arrangements as if they formed a single entity. Inter-company transactions and balances between group companies are therefore eliminated in full. The financial information of subsidiaries is included in the Group's financial statements from the date that control commences until the date that control ceases.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests (NCI). When necessary, adjustments are made to the financial information of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.4 Parent entity information

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

3. Summary of significant accounting policies (Continued)

3.5 Financial instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Classification of Financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the group may make the following irrevocable election / designation at initial recognition of a financial asset:

- the group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. 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.

Subsequent measurement of financial assets

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

- Financial assets at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at FVTOCI
- Financial assets at FVTPL

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

3. Summary of significant accounting policies (continued)

3.5 Financial instruments (Continued)

(iii) Equity instruments at fair value through other comprehensive income (Equity FVTOCI)

Investments in equity instruments at FVTOCI are initially measured at fair value. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not to be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

(iv) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "Net gain/(loss) arising on financial assets measured at FVTPL" line.

Impairment of financial assets

The group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Trade and other receivables and contract assets

The group 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 group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Financial liabilities

Financial liabilities, including trade and other payables, are initially measured at fair value, net of transaction costs. All financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.6 Petroleum exploration and evaluation expenditures

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

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

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

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

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

3.7 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported on comprehensive income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Group and its subsidiaries operate by the end of the financial period.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Consolidated Statement of Comprehensive Income, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

3.8 Share based payments

The group has applied AASB 2 Share-based Payment for all grants of equity instruments, including for the payment of creditors for goods & services received by the group. Fair value is measured using an appropriate fair value model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The inputs to the model include: the share price at the date of grant, exercise price expected volatility, risk free rate of interest.

Note 4. Operating segments

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

Accounting policy for operating segments

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

Note 5. Other income

	Consolidated	
	2023	2022
	\$	\$
Interest	9,347	55
Other income	-	-
	<u>9,347</u>	<u>55</u>

Note 6. Expenses

	Consolidated	
	2023	2022
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Employment Benefits:</i>		
Consultant fees	<u>225,000</u>	<u>90,000</u>
Total Employment Benefits	<u>225,000</u>	<u>90,000</u>
<i>Share-based payments</i>		
Equity settled share based payments	<u>285,000</u>	<u>175,000</u>

The share-based payments listed above relate to shares issued to directors in lieu of directors fees and KMP as approved by shareholders at the group's Extraordinary General Meeting held on 2 August 2022.

For personal use only

Note 7. Income tax expense

	Consolidated	
	2023	2022
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(969,162)	(892,508)
Tax at the statutory tax rate of 25%	(242,290)	(223,127)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	71,250	75,000
Other permanent differences	-	-
Movements in prepayments	372	3,697
Movements in accrued expenditure	-	-
Capital raising costs	(14,014)	(15,288)
Unrealised market value movement in FVTPL assets	5	140
	(184,677)	(159,578)
Current year tax losses not recognised	184,677	159,578
Benefit of prior year losses recognised	-	-
Income tax (expense)	-	-

	Consolidated	
	2023	2022
	\$	\$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	25,872,697	24,903,536
Potential tax benefit @ 25% (2022: 25%)	6,468,174	6,225,884

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

	Consolidated	
	2023	2022
	\$	\$
<i>Deferred tax assets not recognised</i>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Tax losses	6,468,174	6,225,884
Temporary differences	57,241	63,549
Total deferred tax assets not recognised	6,525,415	6,289,433

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

Note 7. Income tax benefit (continued)

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

- (i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised.
- (ii) the consolidated entity continues to comply with the conditions for deductibility imposed by law, and
- (iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

Note 8. Current assets - cash and cash equivalents

	Consolidated 2023	2022
	\$	\$
Cash at bank	<u>313,070</u>	<u>572,044</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 9. Current assets - trade and other receivables

	Consolidated 2023	2022
	\$	\$
Other receivables	20,112	59
GST receivable	26,136	24,823
	<u>46,248</u>	<u>24,882</u>

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

Accounting policy for trade and other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

Note 10. Other financial assets

	Consolidated 2023 \$	2022 \$
Prepayments	30,227	28,741
	<u>30,227</u>	<u>28,741</u>

Note 11. Non-current assets – Financial assets designated as FVTPL

Investment in Strategic Energy Resources Limited (ASX: SER)	160	120
Investment in Octanex N.L (ASX : OXX)	-	180
	<u>160</u>	<u>300</u>

Reconciliation

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

Opening fair value	300	820
Loss on disposal	(120)	-
Revaluation (decrement)	(20)	(520)
Closing fair value	<u>160</u>	<u>300</u>

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

Investments in OXX held by the consolidated entity at fair value are valued in accordance AASB 13, using Level 1 of the fair value hierarchy - quoted prices (unadjusted) in active markets for identical assets or liabilities. The fair values of the financial assets held have been determined by reference to the quoted price on the ASX at 30 June 2023 and 30 June 2022.

Note 12. Non-current assets - Petroleum exploration expenditure

	Consolidated 2023 \$	2022 \$
Petroleum Exploration Expenditure	<u>5,255,085</u>	<u>4,906,099</u>

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

Reconciliations

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

Consolidated	Petroleum Exploration \$
Balance at 1 July 2021	3,986,893
Add: Expenditure during the year	954,966
Less: Impairment during the year	<u>(35,760)</u>
Balance at 30 June 2022	<u>4,906,099</u>
Add : Expenditure during the year	370,196
Less: Impairment during the year	<u>(21,210)</u>
Balance at 30 June 2023	<u>5,255,085</u>

Accounting policy for exploration and evaluation assets

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

Impairment exploration and evaluation assets

The estimated quantities of Proven and Probable hydrocarbon reserves reported by the group are integral to the calculation of the amortisation expense relating to exploration assets, and to the assessment of possible impairment of these assets. Estimated reserve quantities are based upon interpretations of geological and geophysical models and assessments of the technical feasibility and commercial viability of producing the reserves. These assessments require assumptions to be made regarding future development and production costs, commodity prices, exchange rates and fiscal regimes. The estimates of reserves may change from period to period as the economic assumptions used to estimate the reserves can change from period to period, and as additional geological data is generated during the course of operations. Reserves estimates are prepared in accordance with the Company's policies and procedures for reserves estimation which conform to guidelines prepared by the Society of Petroleum Engineers.

Note 13. Trade, financial and other payables

Current liabilities	Consolidated	
	2023	2022
	\$	\$
Trade payables	92,450	118,375
Financial liability	-	26,485
Other payables	125,060	325,444
	<u>217,510</u>	<u>470,304</u>

Refer to note 17 for further information on financial instruments.

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

Note 13. Current liabilities - trade and other payables (continued)

Accounting policy for trade and other payables

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

Note 14. Equity - Issued Capital

	2023 Shares	Consolidated 2022 Shares	2023 \$	2022 \$
Ordinary shares - fully paid	268,862,478	224,893,728	31,744,732	30,550,302

Movements in ordinary share capital

Details	Date	Shares	\$	
Balance	1 Jul 2022	224,893,728		30,550,302
Issue of shares in lieu of directors & management bonus	8 Aug 2022	8,906,250	\$0.032	285,000
Issue of shares	25 Oct 2022	35,062,500	\$0.032	1,122,000
Less Cost of capital raising	25 Oct 2022	-	-	(212,570)
Balance	30 June 2023	268,862,478		31,744,732

Ordinary shares

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

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

Capital risk management

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

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

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

Note 14. Equity - issued capital (continued)

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

Accounting policy for issued capital

Ordinary shares are classified as equity.

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

Note 15. Equity – reserves

	Consolidated 2023 \$	2022 \$
Options reserve	140,250	-

Movements in reserves

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

Consolidated	Options reserve \$
Balance at 1 July 2021	267,870
Movement transfer to retained earnings	<u>(267,870)</u>
Balance at 30 June 2022	<u><u>-</u></u>
Balance at 1 July 2022	-
Movement ASX: EMPO	<u>140,250</u>
Balance at 30 June 2023	<u><u>140,250</u></u>

Note 16. Equity - dividends

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

Note 17. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk.

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

Market risk

Price risk

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

Consolidated - 2023	Average price increase	Average price decrease
	% change	% change
Fair value through profit or loss carried at fair value - quoted shares	10%	10%
	<u>Effect on equity</u> 16	<u>Effect on equity</u> (16)
Consolidated - 2022	Average price increase	Average price decrease
	% change	% change
Fair value through profit or loss carried at fair value - quoted shares	10%	10%
	<u>Effect on equity</u> 30	<u>Effect on equity</u> (30)

Interest rate risk

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

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

Consolidated	2023		2022	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Cash at bank	2.75%	313,070	0.40%	572,044
Net exposure to cash flow interest rate risk		<u>313,070</u>		<u>572,044</u>

The impact would not be material on bank balances held at 30 June 2023 or 30 June 2022.

Note 17. Financial instruments (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk framework for the management of the Group's short-, medium- and longer-term funding and liquidity management requirements.

Remaining contractual maturities

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

	Weighted average interest rate %(p.a)	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Consolidated – 2023						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	217,510	-	-	-	217,510
Total non-derivatives		217,510	-	-	-	217,510
Consolidated - 2022						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	470,304	-	-	-	470,304
Total non-derivatives		470,304	-	-	-	470,304

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

Fair value of financial instruments

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

Note 18. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated – 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Ordinary shares	160	-	-	160
Total assets	160	-	-	160
Consolidated – 2022				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Ordinary shares	300	-	-	300
Total assets	300	-	-	300

There were no transfers between levels during the financial year.

Accounting policy for fair value measurement

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

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

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

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

Note 19. Key management personnel disclosures

Directors

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

C Dumbrell
N Harvey
P McNamara

Other key management personnel

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

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

Compensation

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

	Consolidated 2023 \$	2022 \$
Short-term employee benefits	358,525	322,455
Post-employment benefits	-	-
Share-based payments	<u>265,000</u>	<u>210,000</u>
	<u><u>623,525</u></u>	<u><u>542,455</u></u>

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Byrons Audit Pty Ltd (formerly Moore Australia (NSW) Audit Pty Ltd), the auditor of the group:

	Consolidated 2023 \$	2022 \$
<i>Audit services – Byrons Audit Pty Ltd (formerly Moore Australia (NSW) Audit Pty Ltd)</i>		
Audit or review of the financial statements	<u>30,000</u>	<u>30,000</u>
	<u><u>30,000</u></u>	<u><u>30,000</u></u>

Note 21. Contingent liabilities

The consolidated entity had no contingent liabilities at 30 June 2023 (30 June 2022: Nil).

Note 22. Commitments

	Consolidated 2023 \$	2022 \$
<i>Petroleum exploration commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	725,000	725,000
One to five years	26,250,000	26,250,000
More than five years	-	-
	26,975,000	26,975,000

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

Backreef area

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

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.

3D-GEO resource statements, March 2022 and October 2022 confirm the following Contingent and Prospective Resources:

- **2C Contingent Gas Resource of 198 Bcf**
- **P50 Unrisked Prospective Gas Resource of 2.249 Tcf**

**Summary of Contingent Resources for Judith area of VIC/P47
(3D-GEO, October 2022)**

Judith Gas Discovery		Contingent Resources		
		Low 1C	Best 2C	High 3C
GIIP	Bcf	204	322	463
Sales gas	Bcf	118	198	297
Condensate	MMbbl	1.7	2.9	4.6

**Summary of Prospect Prospective Resources for Judith area of VIC/P47
Judith and Longtom Sandstones (3D-GEO, October 2022)**

Greater Judith Area		Unrisked Prospective Resources		
		P90	P50	P10
Judith Deep	Bcf	56	100	157
West	Bcf	102	166	244
Central	Bcf	46	430	859
North	Bcf	36	208	410
North East	Bcf	67	379	701
North West	Bcf	18	126	293
South	Bcf	21	218	788
Total	Bcf	346	1627	3452

Note 22. Commitments (continued)

Greater Judith Area		Unrisked Prospective Resources		
		P90	P50	P10
New Resource Statement				
Kipper Sand	Bcf	194	314	478
Upper Golden Beach Sandstone Sequence	Bcf	70	143	247
Lower Golden Beach Sandstone Sequence	Bcf	9	21	40
Golden Beach Basal Sand	Bcf	83	144	231
	Total	Bcf	356	622
Judith and Longtom Sands	Bcf	346	1627	3452
	Revised Total	Bcf	702	4448

Summary of Prospective Resources for Judith area of Vic/P47 (3D-GEO, March 2022)

The revised work program is outlined below:

Year	Start Date	End Date	Activity Description	Indicative Expenditure (AUD)	Complete?
1-3	23/02/2018	22/08/2023	Geotechnical studies including detailed resource assessment, preliminary reservoir engineering, target selection and well planning	\$400,000	✓
			Purchase of 45 km ² 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 45 km ² of Multi Client 3D seismic data*	\$150,000	In progress
			Confirmation of drilling target/s and detailed well planning and preparation	\$1,300,000	
			Drill one well	\$25,000,000	
4	23/08/2023	22/08/2024	Post-well evaluation studies	\$500,000	
5	23/08/2024	22/08/2025	Geotechnical studies including commerciality assessment	\$300,000	

The group will need to raise capital, or identify a farm-in a partner before permit year 3 to fund all the planned activities above. On 8 August 2023 the group applied to NOPTA for a two year extension to the work program.

Note 23. Related party transactions

Parent entity

Emperor Energy Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 25.

Key management personnel

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

Note 23. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2023	2022
	\$	\$
Payment for goods and services:		
Payments to CD & TL Accountants & Advisors	87,500	65,000
Payments to McNamara Advisory	81,150	64,575
	<u>168,650</u>	<u>129,575</u>

During the year the consolidated entity paid \$87,500 to CD & TL Accountants & Advisors (an entity associated with C Dumbrell) for accounting and tax services performed during the year.

During the year the consolidated entity paid \$81,150 to McNamara Advisory (an entity associated with P McNamara) for management & exploration services performed during the year.

Receivable from and payable to related parties

There were no trade receivables from related parties at the current and previous reporting date. As 30 June 2023 the group had trade payable to directors and their associated entities P McNamara \$35,231.

Loans to/from related parties

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

Terms and conditions

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

Note 24. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2023	2022
	\$	\$
Loss after income tax	<u>(969,162)</u>	<u>(892,508)</u>
Total comprehensive income	<u>(969,162)</u>	<u>(892,508)</u>

For personal use only

Note 24. Parent entity information (continued)

Statement of financial position

	Parent 2023 \$	2022 \$
Total current assets	389,486	625,608
Total assets	5,637,686	5,524,963
Total current liabilities	217,511	470,306
Total liabilities	217,511	470,306
Net Assets	5,420,175	5,054,657
Equity		
Issued capital	31,744,732	30,550,302
Options reserve	140,250	-
Accumulated losses	(26,464,807)	(25,495,645)
Total equity	<u>5,420,175</u>	<u>5,054,657</u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2022.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2023 and 30 June 2022.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 25. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		2023 %	2022 %
OBL Backreef No.10 Pty Ltd	Australia	100.00	100.00
Emperor Resources Pty Limited	Australia	100.00	100.00
Shelf Oil Pty Ltd	Australia	100.00	100.00
Backreef Energy Pty Ltd	Australia	100.00	100.00

Note 26. Events after the reporting period

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial year.

Note 27. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2023 \$	2022 \$
Loss after income tax benefit for the year	(969,162)	(892,508)
Adjustments for:		
Net fair value (gain)/loss on financial assets designated as FVTPL	120	520
Share based payments	285,000	300,000
Impairment of exploration assets	21,210	35,760
Change in operating assets and liabilities:		
Decrease in trade and other receivables	(21,366)	20,652
(Increase) in prepayments	(1,486)	(14,789)
(Decrease)/Increase in trade and other payables	(252,793)	(595,053)
Increase / (decrease) in other assets	113,335	-
Net cash used in operating activities	<u>(825,142)</u>	<u>(1,145,418)</u>

Note 28. Earnings per share

	Consolidated 2023 \$	2022 \$
Loss after income tax attributable to the owners of Emperor Energy Limited	<u>(969,162)</u>	<u>(892,508)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>256,671,639</u>	<u>200,521,558</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>256,671,639</u>	<u>200,521,558</u>
	Cents	Cents
Basic earnings per share	(0.378)	(0.445)
Diluted earnings per share	(0.378)	(0.445)

Accounting policy for earnings per share

Basic earnings per share

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

Diluted earnings per share

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

Note 29. Share-based payments

On 8 August 2022 the consolidated entity issued 8,906,250 fully paid ordinary shares at a deemed issue price of \$0.032 per share to Directors and creditors as approved by shareholders at the group's Extraordinary General meeting held on 2 August 2022.

Name	Date	Shares	Issue Price	Amount
Carl Dumbrell	08-Aug-22	2,343,750	0.032	\$ 75,000
Malcolm King	08-Aug-22	625,000	0.032	\$ 20,000
Nigel Harvey	08-Aug-22	2,343,750	0.032	\$ 75,000
Phil McNamara	08-Aug-22	2,343,750	0.032	\$ 75,000
Geoff Geary	08-Aug-22	625,000	0.032	\$ 20,000
Aaron Howell	08-Aug-22	625,000	0.032	\$ 20,000
Total		8,906,250		\$ 285,000

For personal use only

Accounting policy for share-based payments

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

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

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

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

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

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

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

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

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

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

Emperor Energy Limited
Directors Declaration
30 June 2023

In the directors' opinion:

1. the consolidated financial statements and notes are in accordance with the Corporations Act 2001, including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date, and
2. the consolidated financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 3 to the financial statements, and
3. there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors



Carl Dumbrell, Director

25 September 2023

For personal use only

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

Report on the Audit of the consolidated Financial Report

Opinion

We have audited the financial report of Emperor Energy Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to Note 3.2 in the consolidated financial report, which indicates that the Group incurred a net loss after tax of \$969,162 and had net cash outflows from operating and exploration activities of \$1,257,634 during the year ended 30 June 2023. As stated in Note 3.2, these events or conditions, along with other matters as set forth in Note 3.2, indicate that a material uncertainty exists that may cast significant doubt regarding the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report. 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, however we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Accounting for Exploration and Evaluation Costs	
<p>Refer to Note 12 in the consolidated financial report</p> <p>At 30 June 2023, the carrying value of Exploration and Evaluation Assets totals \$5,255,085. This includes exploration and evaluation expenditure capitalised in current financial year of \$370,196.</p> <p>As all the tenements held by the Group are in the exploration stage, exploration expenditure is capitalised in accordance with Australian Accounting Standard <i>AASB 6 Exploration for and Evaluation of Mineral Resources</i>. Any impairment losses are then measured in accordance with <i>AASB 136 Impairment of Assets</i>.</p> <p>Management is required to exercise judgement in assessing the carrying value of exploration and evaluation assets including:</p> <ul style="list-style-type: none"> • whether the conditions for capitalising exploration and evaluation expenditures are satisfied; • which elements of exploration and evaluation expenditures qualify for capitalisation; and • whether facts and circumstances indicate that the carrying value of exploration and evaluation assets may exceed their recoverable amount, and then measuring any impairment loss. 	<p>Our procedures, amongst others, included:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the internal processes which govern the allocation of exploration and evaluation costs between capital and expenses; • Selecting a sample of capitalised exploration and evaluation expenditure and obtaining documentation to ensure the classification between assets and expenses is appropriate in accordance with AASB 6; • Reviewing management's assessment of impairment indicators for the capitalised exploration and evaluation costs; • assessing management's plans for the development and exploitation of the relevant areas of interest and confirming the group holds current rights to tenure over these areas of interest; • Reviewing the recent valuation report prepared by an independent expert to ensure the carrying values do not exceed the recoverable amounts at 30 June 2023.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's Annual Report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

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

Responsibilities of Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

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



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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 10 to 14 of the Annual Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Emperor Energy Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

A handwritten signature in blue ink that reads "Byrons".

Byrons Audit Pty Ltd
(Formerly Moore Australia (NSW) Audit Pty Ltd)

A handwritten signature in blue ink that reads "Irene".

Irene Wang
Director

26th September 2023
Sydney NSW 2000

Emperor Energy Limited
Shareholder information
30 June 2023

The shareholders information set out below was applicable as at 25 September 2023.

Distribution of equitable securities

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

	Number of holders of ordinary shares	% Issued Share Capital
1 to 1,000	150	0.01%
1,001 to 5,000	29	0.02%
5,001 to 10,000	40	0.13%
10,001 to 100,000	408	6.58%
100,001 and over	266	93.26%
	<u>893</u>	<u>100.00%</u>
Holding less than a marketable parcel	<u>219</u>	

For personal use only

Equity security holders

Twenty largest quoted equity security holders

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

	Ordinary Shares	% of total shares issued
	Number held	
1 Citicorp Nominees Pty Limited	19,875,092	7.39%
2 BNP Paribas Nominees Pty Ltd	17,901,987	6.66%
3 Carl Dumbrell & Controlled Holdings	12,578,686	4.68%
4 Emergent Super Pty Ltd	11,500,000	4.28%
5 Ms Chunyan Niu	9,875,000	3.67%
6 HSBC Custody Nominees (Australia) Limited	9,238,189	3.44%
7 Gotha Street Capital Pty Ltd	9,000,000	3.35%
8 Phil McNamara & Controlled Holdings	8,534,146	3.17%
9 Nigel Harvey & Controlled Holdings	7,750,395	2.88%
10 Slade Technolgies Pty Ltd	7,000,000	2.60%
11 Emile Nessim	5,000,000	1.86%
12 Hix Corp Pty Ltd	4,868,420	1.81%
13 BNP Paribas Noms Pty Ltd	4,683,766	1.74%
14 Mark Nayton	4,000,000	1.49%
15 Benjamin Gordon Price	3,304,391	1.23%
16 Sama Zarah Pty Ltd	3,257,000	1.21%
17 Daniel J Peters	3,064,197	1.14%
18 Acec Superannuation Fund Pty Ltd	3,006,667	1.12%
19 Malcom King & Controlled Holdings	2,709,756	1.01%
20 Buduci Fond Pty Ltd	2,677,541	1.00%

For personal use only

Substantial holders

Substantial holders in the group are set out below:

	Ordinary shares	% of total shares issued
	Number held	
Citicorp Nominees Pty Limited	19,875,092	7.39%
BNP Paribas Nominees Pty Ltd	17,901,987	6.66%

Voting rights

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

Ordinary shares

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

There are no other classes of equity securities.

For personal use only