



EMPIRE ENERGY GROUP LIMITED
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(ASX: EEG)

ASX Announcement

24 February 2014

CONSULTANCY SERVICES DEED

Pursuant to Listing Rule 3.16.4 the Company advises that it has extended its Consultancy Services Deed with its Executive Chairman, Mr Bruce McLeod. The new deed is an extension of a 2006 agreement, plus other supplemental agreements implemented from that date. The material terms of the deed, effective January 1, 2013 are as follows:

Annual Fee:	\$398,000 per annum for the provision of services as set out in the deed.
Incentive payments:	The incentive payments have not changed from the previous agreement and are subject to defined milestones being met. The milestones are based on a Total Return to Shareholders ("TRS") over a financial year. The TSR is calculated on the combination of the following components; (1) share price performance in comparison to a selected group of 20 Australian and US Peer Group companies (the benchmark has been changed from performance measured against the S&P/ASX 200 Energy Index to performance measured against 20 Listed Peer Group companies); (2) growth in Net assets; (3) growth in 2P Reserves; and (4) growth in EBITDAX. At the discretion of the Board the payment can be made in a combination of cash and fully paid ordinary shares in the Company. The issue of any shares will be subject to shareholder approval.
Exceptional Event Payment:	A long term incentive ("LTI"), whereby a payment will occur upon the monetisation of an asset (therefore not included in the TRS) as defined and approved by the Board. The incentive payment is calculated on a prorate basis from a zero incentive if the disposal of an asset achieves less than a 25% return through to a 4.5% incentive being paid if the Company receives a +500% return over book value on the defined asset. The LTI will be assessed bi-annually by the Board following the issue of the Company's half year and full year report to the ASX. The LTI will continue beyond the terms of the deed.
Term of Deed:	5 years
Other:	Bruce McLeod, in the role of Executive Chairman is entitled to participate in the Company's Employee Share Option Scheme.
Termination:	The deed can be terminated with 3 months' notice by either Mr McLeod or the Company. Usual payments of termination benefits apply other than for gross misconduct.