



EMPIRE ENERGY GROUP LIMITED

Australian Office

A.B.N 29 002 148 361
Level 7, 151 Macquarie Street
Sydney NSW 2000 Australia
T: +61 2 9251 1846
F: +61 2 9251 0244

29 April 2016

Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

RE: ANNUAL GENERAL MEETING

Please be advised that the Annual General Meeting of Empire Energy Group Limited will be held at the office of Nexia Australia, Level 16, 1 Market Street Sydney on Tuesday 31 May 2016 at 10.00am.

A copy of the Notice of Annual General Meeting together with an Explanatory Statement and proxy form as despatched to shareholders is attached.

In addition, we confirm that the year 2015 Annual Report of the Company comprises only those documents previously provided to the ASX.

Yours faithfully

A handwritten signature in black ink, appearing to read 'R Ryan', with a long horizontal flourish extending to the right.

R Ryan
Company Secretary



NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

*The Annual General Meeting of
Empire Energy Group Limited
ABN 29 002 148 361
will be held at
Level 16, 1 Market Street,
Sydney NSW 2000
On Tuesday, 31 May 2016 at 10.00am*

IMPORTANT INFORMATION

This document is important. Please read it carefully and if you require assistance, consult your legal or financial adviser.

NOTICE OF ANNUAL GENERAL MEETING

Notice ("**Notice**" or "**Notice of Meeting**") is hereby given that the 2016 annual general meeting ("**Meeting**" or "**AGM**") of Empire Energy Group Limited ("**Company**") will be held at the offices of Nexia Australia, Level 16, 1 Market Street Sydney NSW at 10.00am on Tuesday 31 May 2016.

1. ORDINARY BUSINESS:

1.1 Financial Statements and reports

To receive and consider the financial statements of the Company and the consolidated group of which the Company is the ultimate holding company for the year ended 31 December 2015 and the reports of the directors and auditors thereon.

1.2 Resolution 1: Adoption of remuneration report

To consider and, if thought fit, to pass with or without amendment the following resolution as a non-binding resolution:

"That for the purposes of section 250R(2) of the Corporations Act 2001 (Cth) and for all other purposes approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ended 31 December 2015."

The vote on Resolution 1 is advisory only and does not bind the directors' of the Company.

Note: The remuneration report, which forms part of the directors' report is set out in the Company's 2015 annual report.

Voting exclusion statement

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) any member of the key management personnel, details of whose remuneration are included in the remuneration report (**Key Management Personnel**); and
- (b) a closely related party of Key Management Personnel.

However, a person (the voter) described in paragraph (a) or (b) above may cast a vote on the resolution as a proxy if the vote is not cast on behalf of a person described in paragraph (a) or (b) above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) the voter is the chair of the meeting and the appointment of the chair as proxy:
 - a. Does not specify the way the proxy is to vote on the resolution; and
 - b. Expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

1.3 Resolution 2: Re-election of K Torpey as a director

To consider and, if thought fit, to pass with or without amendment the following resolution as an ordinary resolution:

"That Kevin Torpey, having retired from office as a director of the Company in accordance with article 50.1 of the Company's constitution and, being eligible, having offered himself for re-election, be re-elected as a Director of the Company."

1.4 Resolution 3: Pre-approval for the issue of options

To consider and, if thought fit, to pass with or without amendment the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 7.1 and all other purposes, shareholders approve and authorise the issue of options equivalent to 7.5% of the total current number of the Company's outstanding shares, to AEGP Australia Pty Ltd or their nominee in relation to the farm-out of the Company's Northern Territory assets, as set out in the explanatory statement accompanying this notice."

Voting exclusion statement

The Company will disregard any votes cast on Resolutions 3 by any person who may participate in the proposed issue of options and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, if this Resolution is passed and votes cast by each of their respective associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

2. SPECIAL BUSINESS

2.1 Resolution 4: Approve the participation of Mr B W McLeod in the Employee Share Option Plan.

To consider and, if thought fit, to pass with or without amendment the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 10.14 of the ASX Listing Rules and all other purposes, shareholders approve the granting of 4,000,000 options on the terms outlined in the attaching explanatory statement, subject to the terms and conditions of the Empire Energy Group Limited Employee Share Option Plan 2014 to Mr Bruce W McLeod, a director of the Company be approved."

Voting exclusion statement

The Company will disregard any votes cast on Resolution 4 by any directors of the Company and any associates of those persons -who is eligible to participate in the Employee Share Option Plan of which the approval is sought.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

2.2 Resolution 5: Approval of 10% Placement Facility

To consider and, if thought fit, to pass with or without amendment the following resolution as a special resolution:

"That for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of equity securities totalling up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the accompanying explanatory statement."

Voting exclusion statement

The Company will disregard any votes cast on Resolution 5 by a person who may participate in the issue of 10% placement facility the subject of Resolution 5 and any person who might obtain a benefit if Resolution 5 is passed, except a benefit solely in the capacity of a holder of shares, together with votes cast by any of their respective associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

In accordance with Listing Rule 14.11.1 and the relevant note under that rule concerning Listing Rule 7.1A, as at the date of this Notice of Meeting it is not known who may participate in the proposed issue (if any). On that basis, no security holders are currently excluded from voting.

3. OTHER BUSINESS

To transact any other business which, in accordance with the Company's constitution and the Corporations Act 2001 (Cth), may be legally brought before an Annual General Meeting.

By Order of the Board of Directors



**R Ryan
Secretary**

DATED 21 April 2016

This Notice of Meeting is accompanied by an explanatory statement to shareholders which explains the purpose of the Meeting and the resolutions to be considered at the Meeting.

EXPLANATORY STATEMENT

This explanatory statement ("**Explanatory Statement**") is intended to provide shareholders of Empire Energy Group Limited ("**Company**") with sufficient information to assess the merits of the resolutions contained in the accompanying Notice of Meeting relating to the AGM of the Company.

Capitalised terms which are not otherwise defined in this Explanatory Statement have the meanings given to them in the accompanying Notice of Meeting. References in this Explanatory Statement and the accompanying Notice of Meeting to the "**Listing Rules**" or "**ASX Listing Rules**" are references to the listing rules of ASX Limited, applicable to entities listed on the Australian Securities Exchange ("**ASX**").

Directors recommend that shareholders read this Explanatory Statement in full before making any decision in relation to the proposed resolutions.

Financial Statements

The financial report, directors' report and auditor's report for the Company for the financial year ended 31 December 2015 will be laid before the Annual General Meeting.

There is no requirement for shareholders to approve these reports.

The Meeting provides a forum for shareholders to ask questions and make comments on the Company's reports and accounts and on the management, business and operations of the Company.

In addition, shareholders will be allowed a reasonable opportunity at the Meeting to ask questions of the auditor (or the auditor's representative) relevant to:

- the conduct of the audit;
- the content of the auditor's report;
- the accounting policies adopted by the Company for the preparation of the financial statements; and
- the auditor's independence in relation to the above items.

Shareholders may view the Company's annual financial report on the Company's website www.empireenergygroup.net.

Resolution 1: Adoption of Remuneration Report

Pursuant to section 250R(2) of the Corporations Act 2001(Cth) ("**Corporations Act**") a resolution that the remuneration report be adopted must be put to vote at the Company's AGM. The vote on this Resolution is advisory only and does not bind the directors or Company. The remuneration report is set out in the Company's year 2015 Annual Report which is available from the Company's website www.empireenergygroup.net.

The remuneration report:

- describes the policies behind, and the structure of, the remuneration arrangements of the Company and the link between the remuneration of executives and the Company's performance;
- sets out the remuneration arrangements in place for each director and for certain members of the senior management team; and
- explains the difference between the bases for remunerating non-executive directors and senior executives, including the Chief Executive Officer.

If Resolution 1 receives a 'no' vote of 25% or more of votes cast at the Meeting, then the Company's subsequent remuneration report will include a report on actions taken by the

board in connection with the Company's remuneration policy in the Company's next annual report.

The Board will take the outcome of the vote, even if it receives a less than 25% 'no' vote into consideration when reviewing the Company's remuneration policy. A 'no' vote of 25% or more was not received at the Company's 2015 Annual General Meeting.

The Chairman of the Meeting proposes to cast any undirected proxies in favour of Resolution 1.

Resolution 2: Re-election of Kevin Torpey as a Director

At the Annual General Meeting, Mr Kevin Torpey will retire in accordance with Article 50.1 of the Company's constitution.

Being eligible, Mr Torpey will offer himself for re-election at the AGM.

Mr Torpey's qualifications, experience, other directorships and shareholding in the Company are detailed in the Directors' report forming part of the Company's 2015 annual financial report which can be accessed on the Company's website at www.empireenergygroup.net.

The Directors (including the Chairman of the Meeting) unanimously recommend that shareholders vote in favour of Resolution 2 and propose to cast all votes controlled by them and any undirected proxies they hold in favour of Resolution 2.

Resolution 3: Pre-approval for the issue of options

In 2010 the Company's wholly owned subsidiary Imperial Oil & Gas Pty Ltd ("**Imperial**") completed a regional opportunity screening program and proactively secured 100% working interest in 59,000 square km (14.6 million acres) of prospective shale gas exploration acreage, including a majority of the central trough of the Proterozoic McArthur Basin.

In December 2015 Definitive Agreements were signed between Imperial and AEGP Australia Pty Ltd ("**AEGP**"), an affiliate of American Energy Partners, LP ("**AELP**") for the farm-out and development of the Company's Northern Territory oil and gas tenements. The transaction was scheduled to close April 20, 2016. Subject to the fulfilment of the farm-out conditions by both parties the closing date for the farm-out agreement will be activated when all conditions have been met.

Key terms of the transaction include:

- 100% of Imperial's petroleum tenements covering 14.6 million net acres of the McArthur Basin ("**Tenements**").
- Imperial is to receive an upfront cash payment of US\$7.5million to offset expenditure undertaken to date.
- AEGP will carry 100% of Imperial's working interest of expenditure during the first phase work program of US\$60 million over a 3 year period ("**Phase One**").
- On completion of Phase One, AEGP will earn an 80% working interest in the Tenements and the parties will enter into an industry standard Joint Operating Agreement.
- Imperial will receive a further US\$7.5 million in cash payments subject to a series of benchmarks being achieved.
- AEGP will assume operatorship upon closing. Imperial has the option to assume operatorship if AEGP does not earn at least a 50% working interest in the Tenements over Phase One.

- Over the Phase One period AEGP will maintain the Tenements in good standing with an estimated expenditure requirement of up to US\$15 million over the first 2 years.
- At the end of Phase One, Imperial has the option to either fund its 20% working interest in the project or request AEGP to arrange the financing of Imperial's share for the next US\$500 million in project funding.
- At closing of the Definitive Agreements, Empire will issue to AEGP options equivalent to 7.5% of the total current number of Empire outstanding shares. The Empire options will be exercisable at \$0.125 per share, expiring 5 years after the date of issue.

Under Listing Rule 7.1, a listed Company is prohibited from issuing or agreeing to issue shares without shareholder approval if, in doing so, it would mean that the number of shares issued in the preceding 12 month period would exceed 15% of the number of fully paid ordinary shares on issue at the beginning of the 12 month period.

The Company seeks to retain the ability to issue up to 15% of its capital under ASX Listing Rule 7.1. This will enable the Company to have the flexibility to issue such shares without the requirement to obtain prior shareholder approval. Shareholder approval of Resolution 3 will therefore enable:

- the Company to complete the farm-out of its Northern Territory assets held by Imperial and to further develop the assets;
- consideration for the farm-out to be paid to AEGP or their nominee by the issue of options to AEGP or their nominee equivalent to 7.5% of the Company's outstanding shares; and
- the Company to preserve its ability to issue new shares up to the 15% threshold prescribed by Listing Rule 7.1.

In accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 3:

1. The maximum number of options which the Company will issue to AEGP or their nominee if Resolution 3 is approved will be the equivalent of 7.5% of the Company's outstanding shares. ("**Consideration Options**"). The Agreed Number of options to be issued will be determined in accordance with the following formula:

$$X = 0.075Y$$

Where:

X means the Agreed number (which shall be rounded up to the nearest whole number); and

Y means the number of Shares on issue as at the date of grant of options.

2. In accordance with Listing Rule 7.3.3. the Consideration Options will be issued for nil cash consideration in satisfaction of the terms of the farm-out agreement.
3. In accordance with Listing Rule 7.3.5 the terms of the securities are set out in Annexure A.
4. The Consideration Options will be issued as soon as practicable upon closing of the Definitive Agreements which is April 20, 2016. In the case that the closing date is extended, the Company (having regard to Listing Rule 7.3.2) is confident that the transaction will be finalised within 3 months of the date of the Meeting.
5. The allottee is AEGP or their nominee. Neither AEGP or their nominee is a related party of the Company.

6. The Consideration Options will be unlisted options exercisable at \$0.125 expiring 5 years after the date of issue. The options are convertible to ordinary shares on a 1 for 1 basis.
7. No funds will be raised from the issue of the Consideration Options, which are being issued as the consideration payable to AEGP as part of the Farm-out Agreement.

The Directors unanimously recommend that shareholders vote **in favour** of Resolution 3 and propose to cast all votes controlled by them in favour of Resolution 3.

Resolution 4: Approve the participation of Mr B W McLeod in an issue of options under the Employee Share Option Plan

Listing Rule 10.14 requires shareholder approval for the issue of securities under an employee incentive scheme to a related party of the Company.

Shareholder approval is now being sought under Listing Rule 10.14 to grant the following options to a director (and related party) of the Company under the Company's Employee Share Option Plan (the "**Plan**") which was approved by shareholders at the Company's 2014 AGM:

Resolution	Director	Exercise Price	No of options to be granted	Expiry Date
4	Mr B W McLeod	3 cents	2,000,000	30 December 2019
	Mr B W McLeod	4 cents	2,000,000	30 December 2019

The purpose of granting options to Mr McLeod pursuant to the Plan is to provide an incentive for him to continue within the Company and achieve predetermined goals.

The following information is provided to shareholders for the purposes of Listing Rule 10.15.

- a) The maximum number of options to be granted under Resolution 4 is:

Director	Maximum No of Options
Mr B W McLeod	4,000,000

- b) The options will entitle the holder to subscribe for one fully paid ordinary share in the Company at the exercise price per share set out in the table (3 cents for 2,000,000 shares and 4 cents for a further 2,000,000 shares) prior to the expiry date and subject to the minimum term of employment vesting conditions and the other terms and conditions of the Plan.

The exercise price of the options has been calculated at a price which represents a premium of at least an average of 50% and 100% over the closing price of the Company's shares on the ASX on 19 April 2016, being the last date on which the ASX was open prior to the date of issue of this Notice of Meeting. The closing price of the Company's shares on that date was 2 cents.

- c) The names of all persons referred to in Listing rule 10.14 who received securities under the scheme since its last approval on 30 May 2014 are:

	No. of options	Vesting date	Exercise price*	Expiry date
Mr B W McLeod – Executive Chairman				
Tranche 1	1,500,000	15 July 2016	\$0.169	31 December 2016
Tranche 2	1,500,000	15 July 2016	\$0.179	31 December 2016

* Price adjusted following pro rata rights issue in August 2015.

The options were granted as an incentive and accordingly were granted for nil consideration.

- d) The names of people referred to in Listing Rule 10.14 entitled to participate in the Plan:

B W McLeod	Executive Chairman
K A Torpey	Non-Executive Director
D H Sutton	Non-Executive Director

- e) The options will be issued as soon as practicable but in any case no later than twelve months after the date of the Annual General Meeting, unless extended by way of ASX granting a waiver to the Listing Rules.
- f) The options will be granted as incentive options and hence are granted for no consideration. As the options will be granted for nil consideration no loan has been extended with regard to the options.
- g) The options proposed to be granted to Mr McLeod pursuant to Resolution 4 are part of his director's remuneration and considered by the board to be reasonable in the circumstances. As such the Board considers that approval is not required under Chapter 2E of the Corporations Act as the exemption in section 211(1) of the Corporations Act applies.
- h) The Directors (other than Mr McLeod who has a material personal interest in the outcome of Resolution 4) unanimously recommend that shareholders vote **in favour** of Resolution 4.
- i) A voting exclusion statement has been included for the purposes of Resolutions 4. The Directors and their associates are excluded from voting on Resolution 4.

Resolution 5: Approval of 10% Placement Facility

1. General

Under Listing Rule 7.1 a listed company may (in general terms) only issue new equity securities up to 15% of its capital (calculated on a rolling 12 month basis). For the purposes of the Company this is the equivalent of approximately 51.7 million ordinary shares based on the current capital of 344,313,877 ordinary shares. Exceptions to the Listing Rule 7.1 15% limit include issues of equity securities approved by ordinary shareholders.

Listing Rule 7.1A permits eligible entities, which have obtained ordinary shareholder approval by special resolution at the Company's annual general meeting to issue an additional 10% of issued ordinary securities through placements in a 12 month period ("**10% Placement Facility**"). The 10% Placement Facility operates in addition to the Company's 15% placement capacity under Listing Rule 7.1 as discussed above.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is, as at the date of the relevant special resolution passed for the purposes of Listing Rule 7.1A, not included in the S&P/ASX 300 Index *and* has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue additional equity securities over the forthcoming 12 month period under the 10% Placement Facility.

The exact number of equity securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 2 (c) below).

The purposes of any issue of shares pursuant to the additional capacity would be to fund exploration drilling, working capital or the equity component of the acquisition cost of oil and gas assets in the United States.

2. Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue equity securities under the 10% Placement Facility is subject to ordinary shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity securities

Any equity securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of equity securities of the Company. In the case of the Company, its quoted equity securities are ordinary shares.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained ordinary shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of equity securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of fully paid ordinary shares on issue 12 months before the issue date or date of agreement to issue:

- plus the number of fully paid ordinary shares issued in the 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid ordinary shares that became fully paid in the 12 months;
- plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- less the number of fully paid ordinary shares cancelled in the 12 months.

Note that "A" has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are *not* issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue equity securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

Issues under the placement capacities provided for in each of Listing Rule 7.1 and Listing Rule 7.1A are made and calculated separately. An issue or agreement to issue equity securities under Listing Rule 7.1 without shareholder approval uses up part of the Listing Rule 7.1 15% capacity. As a separate matter, any issue or agreement to issue equity securities under Listing Rule 7.1A uses up part of the Listing Rule 7.1A 10% capacity.

The actual number of equity securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the equity securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 2(c) above).

(e) Minimum issue price

The issue price of the equity securities issued under Listing Rule 7.1A must be not less than 75% of the volume weighted average market price ("**VWAP**") for securities in the same class calculated over the 15 trading days in which trades in that class were recorded immediately before:

- (i) the date on which the price at which the equity securities are to be issued is agreed; or
- (ii) if the equity securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the equity securities are issued.

(f) 10% placement period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; and
- (ii) the date of the approval of shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX ("**10% Placement Period**").

3. Specific Information Required by Listing Rule 7.3A.6(a)

The table below shows the total number of all equity securities issued in the 12 months preceding the date of the meeting, and the percentage they represent of the total number of equity securities on issue at the commencement of the 12 month period.

Equity securities issued in the prior 12 month period	35,450,195 ordinary shares under LR7.2 Exception 1
Percentage previous issues represent of total number of equity securities on issue at the commencement of 12 month period	11.48% of fully paid ordinary shares

4. Specific Information Required by Listing Rule 7.3A.6(b)

The tables below set out specific details for each issue of equity securities that have taken place in the 12 month period preceding the date of the Annual General Meeting.

Date of issue	2 October 2015
Number issued	35,450,195 fully paid ordinary shares
Class and type of equity security	Fully paid ordinary shares
Summary of terms	1 for 5 Non-Renounceable Rights Issue at \$0.023 per New Share.
Names of persons who received securities or basis on which those persons were determined	Eligible shareholders, being those: <ul style="list-style-type: none"> - Registered holders of EEG shares at the record date; - Having a registered address in Australia or New Zealand; and - Eligible under all applicable security laws to receive an offer under the offer.
Price	\$0.023
Discount to market price (if any)	20% discount to the last closing price before the announcement of the Rights Issue.
For cash issues	
Total cash consideration received	\$815,355.95
Amount of cash consideration spent	\$815,355.95
Use of cash consideration	Continuation of ongoing work programs in the Northern Territory, general working capital, finance expenses of the Offer.
Intended use for remaining amount of cash (if any)	N/A
For non-cash consideration	
Non-cash consideration paid	N/A
Current value of that non-cash consideration	N/A

5. Specific Information Required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, the following information is provided in relation to the approval of the 10% Placement Facility proposed to be established following passage of Resolution 5:

- (a) The equity securities will be issued at an issue price of not less than that specified in Listing Rule 7.1A.3, as described at paragraph 2(e), above.
- (b) If Resolution 5 is approved by shareholders and the Company issues equity securities under the 10% Placement Facility, the existing shareholders' voting may suffer economic and voting dilution. The table below provides examples of potential dilution effect. There is a risk that:
 - (i) the market price for the Company's equity securities may be significantly lower on the date of the issue of the equity securities than on the date of the Meeting; and
 - (ii) the equity securities may be issued at a price that is at a discount to the market price for the Company's equity securities on the issue date

or the equity securities may be issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the equity securities.

The below table shows the dilution of existing ordinary shareholdings on the basis of the assumptions set out below the table and based on the number of ordinary shares for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table below also shows:

- (i) two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary shares the Company has on issue at the date of this Notice. The number of ordinary shares on issue may increase as a result of issues of ordinary shares that do not require shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary shares has first, decreased by 50% (Dilution first column) and, second, increased by 100% (Dilution third column), as against the current market price of ordinary shares (\$0.018 as at 11 April 2016).

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.009 50% decrease in Issue Price	\$0.018 Issue Price	\$0.036 100% Increase in Issue Price
Current Variable A 344,313,877	10% Voting Dilution	34,431,388 Shares	34,431,388 Shares	34,431,388 Shares
	Funds raised	\$309,882	\$619,765	\$1,239,530
50% Increase in Current Variable A 516,470,816	10% Voting Dilution	51,647,082 Shares	51,647,082 Shares	51,647,082 Shares
	Funds raised	\$464,824	\$929,647	\$1,859,295
100% Increase in current Variable A 688,627,754	10% Voting Dilution	68,862,775 Shares	68,862,775 Shares	68,862,775 Shares
	Funds raised	\$619,765	\$1,239,530	\$2,479,060

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of equity securities available under the 10% Placement Facility.
 - (ii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (iii) The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 10% Placement Facility, based on that shareholder's holding at the date of the Meeting.
 - (iv) The table shows only the effect of issues of equity securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (v) The issue of equity securities under the 10% Placement Facility consists only of shares and excludes the exercise of any options on issue including those on issue under an Employee share plan. The issue price is \$0.018, being the closing price of ordinary shares on ASX on 11 April 2016.
- (c) The Company will only issue and allot the equity securities during the 10% Placement Period. The approval under Resolution 5 for the issue of the equity

securities will lapse after that period. Note that the approval will cease to be valid in the event that holders of the entity's ordinary securities approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).

- (d) The Company may seek to issue the equity securities for the following purposes:
- (i) non-cash consideration for the acquisition of the new resource assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards the exploration activities at its existing projects and/or for acquisition of new assets or investments (including expenses associated with such acquisition) and general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any equity securities under the 10% Placement Facility.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of equity securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the purpose of the issue;
- (ii) the effect of the issue of the equity securities on the control of the Company;
- (iii) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (iv) prevailing market conditions;
- (v) the financial situation and solvency of the Company; and
- (vi) advice from corporate, financial and broking advisers (if applicable)

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice of Meeting but may include existing substantial shareholders and/or new shareholders of the Company who are not related parties or associates of a related party of the Company.

- (e) The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its 2015 Annual General Meeting. The Company has not issued any equity securities pursuant to that Listing Rule 7.1A approval in the preceding 12 month period.
- (f) A voting exclusion statement is included in the accompanying Notice. At the date of this Notice, the Company has not approached any particular existing shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the equity securities. No existing

shareholder's votes will therefore be excluded under the voting exclusion in the accompanying Notice.

Board Recommendation – The Board considers that the approval of the issue of the 10% Placement Facility described above is beneficial for the Company as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under Listing Rule 7.1A in the next 12 months (without further shareholder approval), should it be required. At the date of the notice of this meeting, the Company has no plans to use the 10% Placement Facility should it be approved.

Accordingly, the Directors (including the Chairman of the Meeting) unanimously recommend that Shareholders vote **in favour** of Resolution 5 and propose to cast all votes controlled by them and any undirected proxies they hold in favour of Resolution 5.

Voting Information

Voting entitlement at the annual general meeting of the Company to be held on 31 May 2016 in accordance with regulation 7.11.37 of the Corporations Regulations 2001.

For the purpose of determining a person's entitlement to vote at the AGM, a person will be recognised as a member of the Company and the holder of shares if that person is registered as a holder of those shares at 10.00am, Sydney time on 29 May 2016, being 48 hours prior to the AGM.

Votes of Members

On a show of hands, each member present in person or by proxy (or, in the case of a body corporate, by a representative) at the AGM shall have one vote.

On a poll, every member present in person or by attorney or by proxy (or, in the case of a body corporate, by a representative) at the AGM shall have one vote for each share held provided that all shares are fully paid.

Voting

Please note that for an ordinary resolution to be passed, a simple majority of votes cast (in person, by proxy or, in the case of a body corporate shareholder, by corporate representative) by shareholders entitled to vote on the resolution is required.

For a special resolution to be passed, it must be approved by at least 75% of the votes cast (in person, by proxy or, in the case of a body corporate shareholder, by corporate representative) by shareholders entitled to vote on the resolution.

Resolutions 1, 2, 3 and 4 are ordinary resolutions. Resolution 5 is a special resolution.

Annexure A

Terms and Conditions of Options

Options	Each option entitles the holder to subscribe for 1 fully paid ordinary share in the capital of the Company.
Exercise price	A\$0.125 per option.
Expiry date	5 years from the date of issue.
Ranking	Shares issued on exercise of options will rank pari passu with all existing ordinary shares of the Company.
How to exercise an option	Deliver a duly completed notice of exercise, together with a cheque for the exercise price per option or pay by telegraphic transfer in immediately available funds, to the Company at any time prior to the expiry date.
Transferability	Options may be transferred at any time before the expiry date. Options are transferable by any standard form of transfer.
Listing of options	Options will be unlisted.
Dividends	No entitlement to participate in dividends.
Participation in new issues	No right to participate in new issues of securities in the Company. Optionholders will receive 10 business days' notice prior to the record date (to determine entitlements to an issue) to exercise options.
Effect of corporate restructure following the issue of options	Following any reconstruction, consolidation, subdivision, reduction (by a cancellation of paid up capital that is lost or not represented by available assets where no securities are cancelled), return or pro rata cancellation of the issued capital of the Company: a) the number and/or exercise price of options will be adjusted in compliance with the ASX Listing Rules; and b) subject to provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reconstruction of capital, in all other respects the terms of exercise of the options will remain unchanged. This provision is subject to the ASX Listing Rules and in the event of an inconsistency the ASX Listing Rules will prevail.
Pro rata issues	If there is a pro rata issue (other than a bonus issue), the exercise price of an option will be reduced in accordance with the following formula: $O^n = \frac{O - E [P - (S + D)]}{N + 1}$ Where: O^n = the new exercise price of the option

	<p>O = the old exercise price of the option</p> <p>E = the number of underlying securities into which one option is exercisable</p> <p>P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date or if there is no such date then the date chosen by the board of directors of the Company</p> <p>S = the subscription price for a security under the pro rata issue</p> <p>D = the dividend (if any) due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue)</p> <p>N = the number of securities with rights or entitlements that must be held to receive a right to one new security.</p>
Bonus issues	If there is a bonus issue to shareholders of the Company, the number of shares over which the option is exercisable will be increased by the number of shares which the option holder would have received if the option were exercised before the record date for the bonus issue.
Listing of resultant shares	The Company will apply to the ASX for official quotation of shares issued on the exercise of options.

EMPIRE ENERGY GROUP LIMITED
 (ABN 29 002 148 361)
 ("Company")
ANNUAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD AT 10.00AM ON TUESDAY 31 MAY 2016
 ("Meeting")
PROXY FORM

Completed proxy forms may be returned in person or by post to the secretary of the Company at the adjacent address
 or
 by email to info@empiregp.net
 or
 by fax to: 02 9251 0244

To: The Secretary
 Empire Energy Group Limited
 Level 7, 151 Macquarie Street
 Sydney NSW 2000

I/We
[please print]

of
[please print]

being a member of Empire Energy Group Limited (ABN 29 002 148 361) appoint:

Name of Proxy:.....

Address of Proxy:

or, failing attendance of the individual or body corporate named above, or if no individual or body corporate is named in this form, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting (and at any adjournment thereof) on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit).

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default) and I/we am/are entitled to vote on the relevant item, I/we expressly authorise the Chairman of the Meeting as my/our proxy to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

If the Chairman of the Meeting is appointed as proxy or appointed as proxy by default, the Chairman of the meeting intends to vote any undirected proxies in favour of Resolutions 1,2,3,4 and 5 as set out below.

Important Note for Item 1: If the Chairman of the meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box below.

ITEMS OF BUSINESS

Please mark **X** to indicate your directions.

RESOLUTIONS

	FOR	AGAINST	ABSTAIN
1. Advisory, non-binding resolution to adopt remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Ordinary resolution to re-elect K Torpey as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Ordinary resolution to pre approve the issue of options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Ordinary resolution to approve director participation in employee share option plan – B McLeod	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Special resolution to approve the 10% placement facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SIGNATURE OF MEMBER (S)

Individual or Member 1

Sole Director/Company Secretary

Member 2

Director

Member 3

Director/Company Secretary

Contact Name _____ Contact daytime Telephone _____ Date ____ / ____ / ____

NOTES ON PROXIES:

1. Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.
2. A member entitled to attend and vote at this Meeting is entitled to appoint not more than two proxies to attend and vote in his stead pursuant to the Constitution.
3. If a member appoints one proxy only, that proxy shall be entitled to vote on a show of hands, but if a Member appoints two proxies neither shall be entitled to vote on a show of hands.
4. Where more than one proxy is appointed, each proxy must be appointed to represent a specified portion of the Member's voting rights. Otherwise each proxy may exercise half of your votes.
5. A proxy need not be a security holder of the Company.
6. Signing instructions:

Individual: Where the holding is in one name, the security holder must sign.

Joint Holding: Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney: If this form is executed under a power of attorney and you have not already lodged the relevant power of attorney with the registry, please attach a certified photocopy of the power of attorney to this form when you return it.

Companies: Where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a company secretary, a sole director can also sign alone. Otherwise this form must be signed by a director or a company secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

For your vote to be effective the completed proxy form must be received by 10.00am on 29 May 2016, being 48 hours prior to the Meeting.

Please advise of any change of address by completion of the section below:

My new address is:
