



EMPIRE ENERGY GROUP LIMITED

**Australian Office**

A.B.N 29 002 148 361  
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11 July 2016

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

**RE: EXTRAORDINARY GENERAL MEETING**

Please be advised that Empire Energy Group Limited will be holding an Extraordinary General Meeting to be held at the office of Nexia Australia, Level 16, 1 Market Street Sydney on Friday 12 August 2016 at 10.00am.

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

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 EXTRAORDINARY GENERAL MEETING AND EXPLANATORY STATEMENT**

*An Extraordinary 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 Friday, 12 August 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.

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# NOTICE OF EXTRAORDINARY GENERAL MEETING EMPIRE ENERGY GROUP LIMITED

Notice is hereby given that an Extraordinary General Meeting of members of Empire Energy Group Limited ABN 29 002 148 361 ("**Company**") will be held at the offices of Nexia Australia, at the time and date listed below to consider and vote on the resolution specified in this notice.

**Time and date of meeting:** 10.00am Friday, 12 August 2016  
**Place of meeting:** Level 16, 1 Market Street, Sydney NSW

## AGENDA

### **Resolution 1: Approval of issue of Shares to raise up to \$5 million**

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 7.1, and for all other purposes, Shareholder approval is given for the Company to raise up to \$5 million by issuing ordinary shares at a price that is not lower than a 20% discount to the average market price of the Company's ordinary shares over the last five (5) days on which sales were recorded before the issue is made on the terms and conditions set out in the Explanatory Statement."*

### **Voting exclusion statement**

The Company will disregard any votes cast on Resolution 1 by any person who may participate in the proposed issue of shares 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.

As at the date of this Notice of Meeting it is not known who may participate in the proposed issue. On that basis, no security holders are currently excluded from voting.

### **By Order of the Board of Directors**



**R Ryan**  
**Secretary**  
**DATED 28 June 2016**

This Notice of Meeting is accompanied by an explanatory statement to shareholders which explains the purpose of the Meeting and the resolution 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 resolution contained in this Notice of Meeting.

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 resolution.**

### **Resolution 1: Approval of Issue of Placement Shares**

Management believe that the turmoil experienced in the oil and gas E&P industry over the past 2 years will create significant opportunities over the next 24 months to acquire quality oil and gas assets. As companies either sell off non-core assets or restructure balance sheets, Management is seeking to place the Company into a position where it can take advantage of this asset flow. This asset rationalisation process is likely to continue over the medium term, even as oil and gas prices increase due to the lack of global capital expenditure directed to new resource development. Management sees that the current alternatives available to the Company are either:

1. Wait for rising oil and gas prices and the associated incremental increases in equity value at which time the Company may be in a position to acquire additional assets, but so will many other competitors; or
2. Raise equity to enable the Company to increase its oil and gas production through a combination of acquisition and selective drilling over a time of historically low asset prices and what should be an increasing supply of assets available.

Ongoing discussions with the McClendon Estate, following the deferment of the completion of the Northern Territory Farmout Agreement due to the unexpected passing of Mr. Aubrey McClendon, indicate that a resolution should be available over the short term. Interest in the project remains strong and the Company believes a positive outcome will be forthcoming.

The proposed equity raising or recapitalization will incur significant dilution to existing shareholders, but it will, along with the expected future capital flow from the Farmout Agreement:

1. Provide liquidity to acquire assets in a weak, onshore USA merger and acquisition market;
2. Enhance the balance sheet and provide adequate working capital or equity cushion to enable continued accessibility of the existing credit facility; and
3. Provide general working capital

With an expansion of oil and gas production complemented by the acquisition of quality exploration acreage, Management believe that by following this strategy, an accelerated equity value can be achieved during a period of expected increases in oil and gas prices over the next few years.

The Company's Board of Directors have entered into a mandate agreement under which EverBlu Capital Pty Ltd will assist the Company in a capital raising of up to \$5 million (before costs). The funds will be raised via a private placement to a number of parties at an issue price to be determined by market conditions at the time. ("**Proposed**

**Placement Shares**”). This resolution seeks Shareholder approval for the issue of the Proposed Placement Shares pursuant to Listing Rule 7.1.

Under Listing Rule 7.1, subject to certain exceptions, 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 received Shareholder approval at its Annual General Meeting by special resolution for an additional 10% Placement facility under Listing Rule 7.1A bringing the Company’s total placement capacity to 25%. Shareholder approval is sought for Resolution 1 as the Proposed Placement may exceed the Company’s current placement capacity. Approval of Resolution 1 will also enable the Company to retain its current 25% placement capacity.

In accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Proposed Placement Shares which are the subject of Resolution 1:

1. The maximum number of Proposed Placement Shares which the Company may issue is not known at this time. The maximum number will not exceed the number of Shares purchasable with \$5 million at the price(s) per share at which shares are issued. The number of Shares to be issued will be determined in accordance with the following formula:

$$X = \$5 \text{ million}/Y$$

Where:

X means the number of Shares to be issued; and

Y means the issue price of the Proposed Placement Shares

2. The Proposed Placement Shares will be issued on a progressive basis, and in any event, within 3 months of the date of the Meeting.
3. The issue price of the Proposed Placement Shares will be determined by market conditions at the time. The minimum price the Shares may be issued at will be at least 80% of the volume weighted average market price calculated over the last five (5) days on which sales in the Company’s shares were recorded before the day on which the issue will be made.
4. The Proposed Placement Shares will be issued to professional and sophisticated investors.
5. The Proposed Placement Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company’s existing Shares.
6. Funds raised from the Proposed Placement will be used for the following purposes:
  - to enable the Company to undertake small, accretive bolt on acquisitions to increase both reserves and production;
  - to enable the Company to take advantage of the distressed E&P industry, in acquiring new substantive oil and gas assets, thereby increasing the scale and productivity of the business overall;

- Liquidity to strengthen the balance sheet and provide Reserve Based Lending capacity;
- general working capital purposes

7. A voting exclusion statement applies to this resolution, as set out in the Notice of Meeting.

In the event Resolution 1 is approved by Shareholders, but not utilised by the Company, the approval for the Proposed Placement Shares will lapse within 3 months after the date of the Extraordinary General Meeting.

The Directors unanimously recommend that shareholders vote **in favour** of Resolution 1 and propose to cast all votes controlled by them in favour of Resolution 1.

### **Voting Information**

For the purpose of determining a person's entitlement to vote at the Extraordinary General Meeting, 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 7.00pm, Sydney time on 10 August 2016, being the second day prior to the date of the Extraordinary General Meeting.

### **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 Extraordinary General Meeting 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 Extraordinary General Meeting 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.

For your vote to be effective the completed proxy form must be received by 10.00am on 10 August 2016, being 48 hours prior to the Meeting.

**EMPIRE ENERGY GROUP LIMITED**

(ABN 29 002 148 361)

("Company")

**EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS**

**TO BE HELD AT 10.00AM ON FRIDAY 12 AUGUST 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](mailto: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).

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 as set out below.

**ITEMS OF BUSINESS**

Please mark X to indicate your directions.

**RESOLUTIONS**

1. Approval of Issue of Placement Shares

**FOR**

**AGAINST**

**ABSTAIN**

**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 10 August 2016, being 48 hours prior to the Meeting.