



EMPIRE ENERGY GROUP LIMITED

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23 December 2016

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

**RE: PRO-RATA RENOUNCEABLE RIGHTS ISSUE
DESPATCH OF OFFER DOCUMENTS**

On the 14 December 2016, the Company announced a 11 for 5 Renounceable Rights Issue ('Offer').

The Company advises that it has now despatched the Offer document along with the entitlement and acceptance forms which relate to the Offer to all eligible shareholders.

Shareholders who have questions relating to the Offer should call the Company's share registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between the hours of 8:30am – 5:00pm (AEDT) on business days during the offer period.

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



OFFER DOCUMENT FOR AN UNDERWRITTEN, PRO-RATA RENOUNCEABLE RIGHTS ISSUE

to Eligible Shareholders of approximately 764,090,529 New Shares (subject to rounding) on the basis of eleven (11) New Shares for every five (5) existing Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.008 per New Share to raise approximately A\$6.1 million (before costs) (“Offer”).

The Offer opens on 23 December 2016 and closes at 5.00pm (Sydney time) on 20 January 2017 (unless it is extended). Valid acceptances must be received before that time.

Applications for New Shares by Eligible Holders can only be made by using or following the instructions on an Entitlement and Acceptance Form, as sent with the Offer Document. The Entitlement and Acceptance Form sets out the Eligible Shareholders’ Entitlement to participate in the Offer.

Please read the instructions in this Offer Document and on the accompanying Entitlement and Acceptance Form.

The Offer is fully underwritten.

IMPORTANT NOTICE

This document is important and requires your immediate attention. It should be read in its entirety. Shareholders should refer to the risk factors set out in Section 7 of this Offer Document.

This Offer Document is provided for information purposes and is not a prospectus or other form of disclosure document. It does not contain all of the information that an investor may require in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered by this Offer Document or the information that would be otherwise required by Australian law or any other law to be disclosed in a prospectus.

If you are unsure as to how to deal with this Offer, you should seek independent financial, taxation or other professional advice.

The New Shares offered by this Offer Document should be considered speculative.



1. KEY STATISTICS

Offer price for New Shares	\$0.008 per share
Maximum New Shares to be issued ⁽¹⁾⁽²⁾	Approx. 764,090,529
Entitlement	11 New Shares for 5 existing Shares
Maximum gross proceeds of issue ⁽¹⁾⁽²⁾	Approx. \$6,112,730
Record Date	7.00pm (Sydney time) on 20 December 2016
Offer Closes	5.00pm (Sydney time) on 20 January 2017

⁽¹⁾ Assumes no Options or Performance Rights are exercised to take up the Entitlement.

⁽²⁾ Rounding up of Entitlements may alter the final number of New Shares issued.

2. TIMETABLE

The following are key indicative dates relating to the Offer that you need to be aware of:

Event	Date
Announcement of Offer	14 th December 2016
Appendix 3B, Offer booklet lodged and cleansing statement lodged with ASX	14 th December 2016
Notice sent to shareholders	15 th December 2016
Ex-date	19 th December 2016
Record date for eligibility to participate in offer	20 th December 2016
Offer booklet and Entitlement and Acceptance Form despatched to Eligible Shareholders and lodged with the ASX	23 rd December 2016
Opening date for Entitlement offer	23 rd December 2016
Rights trading ends	13 th January 2017
Securities quoted on a deferred settlement basis	16 th January 2017
Last Date to extend the offer closing date	17 th January 2017
Closing date for acceptances	20 th January 2017
Entity notifies ASX of under subscriptions	23 rd January 2017
Allotment of new shares	27 th January 2017
Allotment statements despatched	30 th January 2017
Trading of new securities on ASX	30 th January 2017

Note: This timetable is indicative only and subject to change. Subject to the Corporations Act and ASX Listing Rules, Empire Energy Group Limited reserves the right to vary the dates and times in connection with the Rights Issue, including the Closing Date, without prior notice.

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3. CHAIRMAN'S LETTER

Dear Shareholder

On behalf of Empire Energy Group Limited (the "**Company**" or "**Empire**") I am pleased to invite you to participate in a eleven (11) for five (5) renounceable rights issue of new fully-paid ordinary shares in Empire ("**New Shares**") at an offer price of \$0.008 per New Share ("**Offer**") to raise approximately \$6.1 million (before costs). New Shares issued under the Offer will rank equally with existing Shares.

The Offer is being made to all Eligible Shareholders who are registered as a holder of Empire's shares as at 7.00pm (Sydney time) on 20 December 2016. ("**Record Date**").

The Offer is fully underwritten by 153 Fish Capital Pte Ltd ("**Underwriter**") pursuant to an underwriting agreement dated 7 December 2016 ("**Underwriting Agreement**"). Please refer to Section 8.1 for further information in relation to the Underwriting Agreement.

If Eligible Shareholders do not take up their pro rata entitlements under the Offer, the shortfall will be allocated (at the absolute discretion of the Directors in consultation with the Underwriter) as follows:

- First, to Eligible Shareholders who apply to take additional New Shares in accordance with the terms of the Shortfall Offer; and
- Next to the Underwriter and Sub-Underwriters.

The Company intends to utilise the funds raised:

- for the repayment of US\$1.5 million to either the existing debt facility or to be allocated to the acquisition of assets subject to the lenders approval;
- to provide equity for the acquisition of undervalued USA oil assets that would be considered bolt-on opportunities for the Company's existing Mid-Con operations;
- to undertake development of existing Kansas and Oklahoma assets held by the Company;
- for negotiations and work programs undertaken in the Northern Territory;
- for general working capital purposes; and
- to pay the costs of the Offer.

All shareholders with a registered address in Australia and New Zealand as at the Record Date are eligible to participate in the Offer.

How to take up the offer

Eligible Shareholders should read and refer to the instructions and information contained within this Offer Document in its entirety and have regard to the timetable in Section 2 for the timing of specific actions. A personalised Entitlement and Acceptance Form accompanies this Offer Document. You should read and refer to the instructions and information in the personalised Entitlement and Acceptance Form in their entirety and have regard to the timing in the Entitlement and Acceptance Form for specific actions.

As this is a pro-rata renounceable issue and Shareholders may trade their rights, it is important to review Section 5 of this Offer Document.

If you are unsure about any aspects of the Offer or its merits, we would encourage you to consult with your financial, taxation or other professional adviser.

Yours Sincerely

A handwritten signature in black ink, appearing to read "Bruce McLeod". The signature is written in a cursive style with a period at the end.

Bruce McLeod
Chairman

4. IMPORTANT INFORMATION

This Offer Document is for a renounceable rights issue of continuously quoted securities (as defined in the Corporations Act) of the Company and is provided for information purposes. The information in this Offer Document is not intended to be comprehensive and should be read in conjunction with the more detailed information released by Empire under its continuous disclosure obligations.

4.1 Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not contained in this Offer Document may not be relied on as having been authorised by the Company in connection with the Offer.

Neither the Company nor any other person warrants the future performance of the Company nor any return on any investment made under this Offer Document, except as required by law and then only to the extent so required. You should note that past performance, including past share performance, cannot be relied upon as an indicator of, and provides no guidance as to, future Company performance, including future share price performance.

The Offer Document is not an Offer under the Corporations Act and has not been lodged or registered with ASIC. This Offer Document is not a prospectus and does not contain all of the information which would be found in a prospectus, or which may be required by an investor to make a decision regarding the Offer.

You should read the Offer Document carefully and in its entirety before deciding whether to invest in New Shares. In particular, you should consider the risk factors as described in “Risk Factors” in Section 7.

Eligible Shareholders should rely on their own knowledge of the Company, refer to disclosures made by the Company to the ASX and consult their professional advisers before deciding to accept the Offer. Announcements made by the Company to the ASX are available from the ASX website at www.asx.com.au. The Company may release further announcements after the date of this Offer Document and before the Closing Date. You should check whether announcements have been released by the Company after the date of this Offer Document before taking action or deciding to do nothing in relation to the Offer. These announcements will be available from the ASX website at www.asx.com.au.

The information in this Offer Document does not constitute investment or financial product advice and does not take into account your investment objectives, financial situation or particular needs. The potential tax effects of the Offer will vary between investors. Before applying for New Shares, you should consider whether such an investment, and the information contained in this Offer Document, are appropriate to your needs, and considering your individual risk profile for speculative investments, investment objectives and individual financial circumstances. If you have any questions in relation to the Offer, you should contact your financial, taxation or other professional advisor.

4.2 Eligible Shareholders

The Offer is renounceable and is available to all Eligible Shareholders who are Shareholders with a registered address in Australia or New Zealand and who are registered as holders of Shares as at the Record Date, as detailed in the 'Timetable' in Section 2.

The New Shares being offered to residents of New Zealand under this Offer Document are offered in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand). This Offer Document is not an investment statement or Offer under New Zealand law and may not contain all the information that an investment statement or Offer under New Zealand law is required to contain.

4.3 Other foreign jurisdictions and restrictions on the distribution of this Offer Document

This Offer Document and accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of New Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer, invitation or issue. By applying for New Shares, including submitting the Entitlement and Acceptance Form or making a payment using BPAY®, you represent and warrant that there has been no breach of such laws.

The distribution of this Offer Document and the accompanying Entitlement and Acceptance Form outside of Australia or New Zealand may be restricted by law and persons who come into possession of this Offer Document and the accompanying Entitlement and Acceptance Form should seek advice on and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws. The Company disclaims all liability to persons.

No action has been taken to register or qualify this Offer Document, the New Shares or the Offer, or otherwise to permit a public offering of the New Shares, in any jurisdiction outside Australia and New Zealand.

The Offer does not constitute an offer in the United States of America, nor does it constitute an offer to a person who is a US Person or someone who is acting on behalf of a US Person. The New Shares have not been, and will not be, registered under the US Securities Act 1933 and may not be offered or sold in the United States of America or to, or for the account or benefit of, US Persons (as defined in Rule 902 under the US Securities Act) except under an available exemption from registration under the US Securities Act. The New Shares may only be resold or transferred if registered under the US Securities Act or pursuant to an exemption from registration under the US Securities Act and in compliance with state securities laws. The Company is under no obligation and has no intention to register the New Shares in the United States of America.

4.4 Notice to nominees and custodians

Shareholders resident in Australia and New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. By applying for New Shares, including submitting the Entitlement and Acceptance Form or making a payment using BPAY®, you represent and warrant that there has been no breach of such regulations.

4.5 Ineligible Shareholder nominee

Pursuant to ASX Listing Rule 7.7.1(c), the Company has appointed a nominee in Australia, Sanston Securities Australia Pty Ltd (ABN 61 156 057 064) ("**Sanston**"), to arrange the sale of the Entitlements to which Ineligible Shareholders are entitled. Sanston will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale.

Any interest earned on the proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, and any balance will accrue to the relevant Ineligible Shareholders as described below.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company. Notwithstanding that, Sanston may arrange the sale of the Entitlements. Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

Neither the Company nor Sanston will be subject to any liability for failure to sell the Entitlements or to sell them at a particular price. If, in the reasonable opinion of Sanston, there is no viable market for the Entitlements of the Ineligible Shareholders, or a surplus over the expenses of the sale cannot be obtained the Entitlements that would have been offered to the Ineligible Shareholders, then those Entitlements will be allowed to lapse. The New Shares not taken up will form part of the New Shares to be taken up by the Underwriter pursuant to the Underwriting Agreement.

The Company will pay Sanston a fee of 1.5% on the total gross dollar value of all Entitlements sold or \$1,500 (plus applicable GST), whichever is the greater.

4.6 Cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application once it has been accepted by the Company.

4.7 Governing Law

The Offer Document, the Offer, the Shortfall Offer and the contracts formed on acceptance of the Entitlement and Acceptance Form are governed by the laws applicable in New South Wales, Australia.

4.8 Forward-looking statements

This Offer Document contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Offer Document, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Offer Document will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Offer Document, except where required by law (including the ASX listing rules). These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7.

4.9 Offer document and section 708AA of the Corporations Act

This Offer Document is issued pursuant to section 708AA of the Corporations Act, which allows rights issues to be conducted without a prospectus or other form of offer document.

Accordingly, this Offer Document and the Entitlement and Acceptance Form are not required to be lodged or registered with ASIC and no prospectus will be prepared.

This document is not a prospectus and does not contain all of the information which would be found in a prospectus, or which may be required by an investor to make a decision regarding the Offer.

Pursuant to the conditions imposed on the Company by section 708AA of the Corporations Act, the Company provided ASX with a notice that complied with the requirements of section 708AA(7) on 14 December 2016. In addition to certain minor and technical matters that notice was required to:

- set out any information that had been excluded from a continuous disclosure notice in accordance with the Listing Rules and that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, to make an informed assessment of:
 - assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - the rights and liabilities attaching to the New Shares; and
- state the potential effect of the issue of the New Shares on the control of the Company and the consequences of that effect.

4.10 Currency

All references in this Offer Document to "\$", "AUD" or "dollar" are references to Australian currency unless otherwise indicated.

4.11 References to Time

All references to time in this document relate to Australian Eastern Standard Time or Australian Eastern Daylight Time (as the case may be) in Sydney, New South Wales.

4.12 Defined terms

Terms and abbreviations used in this Offer Document are defined in Section 10.

5. DETAILS OF THE OFFER

5.1 The Offer

The Offer is a renounceable rights issue of eleven (11) New Shares for every five (5) Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$0.008 per Share.

Based on the capital structure of the Company as at the date of this Offer (and assuming no existing Options or Performance Rights are exercised prior to the Record Date (refer to Section 6.3)) the following table summarises the key terms of the Offer:

Issue price per New Share	\$0.008
Entitlement	11 New Shares for every 5 Shares held
Record Date	20 December 2016
Discount to the last closing price before the announcement of the rights issue	42.86%
Discount to the 30 day VWAP before the announcement of the rights issue	46.67%
Approximate number of New Shares to be issued	764,090,529
Approximate amount to be raised (before costs)	\$6,112,724
Approximate number of Shares following the Offer	1,111,404,406

New Shares issued under the Offer will be fully paid and will rank equally with existing Shares on issue.

The Company will apply to the ASX for the New Shares offered pursuant to this Offer to be granted Official Quotation on ASX.

The purpose of the Offer and the intended use of funds raised are set out in Section 6.1.

5.2 What Eligible Shareholders may do

The number of New Shares to which Eligible Shareholders are entitled is shown on the accompanying personalised Entitlement and Acceptance Form. Eligible Shareholders may:

- (a) take up all their Entitlement (refer to Section 5.3);
- (b) sell all their Entitlement on ASX (refer to Section 5.4);
- (c) take up a proportion of their Entitlement and sell the balance on ASX (refer to Section 5.5);
- (d) take up a proportion of their Entitlement and allow the balance to lapse (refer to Section 5.6);
- (e) sell all or a proportion of their Entitlement other than on ASX (refer to Section 5.7);
- (f) allow all or part of their Entitlement to lapse (refer to Section 5.8); or
- (g) Take up additional New Shares in accordance with the terms of the Shortfall Offer (refer to Section 6.7).

5.3 Taking up all of your Entitlement

Should you wish to accept all of your Entitlement, then Applications for New Shares under this Offer must be made on the Entitlement and Acceptance Form which accompanies this Offer Document or by completing a BPAY® payment, in accordance with the instructions referred to in this Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque (refer to Section 5.10) for the Application Monies indicated on the Entitlement and Acceptance Form.

If you wish to pay via BPAY®, payment may be made in accordance with Section 5.11.

5.4 Selling all your Entitlement on ASX

The Entitlements under the Offer are renounceable, which means that all or part of an Eligible Shareholder's rights to subscribe for New Shares under the Offer may be traded on ASX. If you wish to sell all of your Entitlement on ASX, please provide instructions to your stockbroker regarding the Entitlement you wish to sell on ASX. Trading of Entitlements will commence on ASX on 19 December 2016 and will cease on 13 January 2017. In the event that the Closing Date is extended, the period in which Entitlements may be traded will also be extended.

There is no guarantee that an Eligible Shareholder will be able to sell all or any part of their Entitlement on ASX or that any particular price will be paid for the Entitlements sold on ASX.

5.5 Taking up a proportion of your Entitlement and selling the balance on ASX

If you wish to take up only part of your Entitlement, complete the accompanying Entitlement and Acceptance Form for the number of New Shares you wish to take up and follow the steps in Section 5.3, or make a payment by BPAY® in accordance with Section 5.11.

Subsequently, provide instructions to your stockbroker regarding the proportion of your Entitlement you wish to sell on ASX and follow the steps in Section 5.4.

5.6 Taking up a proportion of your Entitlement and allowing the balance to lapse

If you wish to take up only part of your Entitlement and allow the balance to lapse, complete the accompanying Entitlement and Acceptance Form for the number of New Shares you wish to take up and follow the steps in Section 5.4 or make a payment by BPAY® in accordance with Section 5.11. If you take no further action, the balance of your Entitlement will lapse and you will have forfeited any potential benefit to be gained from taking up or selling that part of your Entitlement.

5.7 Selling all or a proportion of your Entitlement other than on ASX

You may elect to transfer all or a proportion of your Entitlement to another person other than on ASX. If the purchaser of your Entitlement is an Ineligible Shareholder or a person that would be an Ineligible Shareholder if they were a registered holder of Shares, that purchaser will not be able to take up the Entitlement they have purchased.

5.11 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form and the representations outlined in Section 5.9; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application Monies.

Make sure that you use the specific Biller Code and unique Customer Reference Number (CRN) on your personalised Entitlement and Acceptance Form. If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those shareholdings only use the CRN specific to that shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same CRN for more than one of your shareholdings. This can result in your Application Monies being applied to your Entitlement in respect of only one of your shareholdings (with the result that any Application in respect of your remaining shareholdings will not be valid).

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5:00pm (Sydney time) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any Application Monies received for more than your final allocation of New Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any Application Monies received or refunded.

5.12 Minimum subscription

There is no minimum subscription for the Offer.

5.13 Underwriting

The Offer is fully underwritten by the Underwriter.

5.14 Rights attaching to Shares

New Shares issued pursuant to the Offer will be fully paid and rank equally with all other issued Shares including in respect of dividends.

The rights attaching to Shares are set out in the Company's constitution and are regulated by the Corporations Act, the ASX Listing Rules and general law.

5.15 Issue and despatch

New Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules. The expected dates for issue of New Shares offered by this Offer Document and despatch of holding statements is expected to occur on the dates specified in the Timetable.

New Shares issued pursuant to the Shortfall Offer will be issued on a progressive basis.

Pending the issue of the New Shares pursuant to this Offer Document, all Application Monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company will be entitled to retain all interest that accrues on the bank account and you waive the right to claim interest by completing and returning the Entitlement and Acceptance Form.

It is your responsibility to determine the allocation prior to trading in the New Shares. If you sell New Shares before you receive your holding statement, you do so at your own risk.

5.16 ASX quotation

Application for official quotation by ASX of the New Shares offered pursuant to this Offer Document will be made within 7 days after the date of this Offer Document. If approval is not obtained from ASX before the expiration of 3 months after the date of this Offer Document (or such period as varied by the ASIC) the Company will not issue any New Shares and will repay all Application Monies for the New Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits (if any) of the Company or the New Shares.

5.17 Withdrawal of the Offer

The Company reserves the right to withdraw the Offer at any time before the issue of New Shares in which case the Company will refund any Application Monies received by it in accordance with the Corporations Act and will do so without interest being paid to applicants.

5.18 Information availability

Shareholders can obtain a copy of this Offer Document on the Company's website at www.empireenergygroup.net or by calling the Company Secretary on +61 2 9251 1846.

Persons who access the electronic version of this Offer Document should ensure that they download and read the entire Offer Document and the other relevant information to which it refers.

The electronic version of this Offer Document provided on the Company's website and the ASX website will not include an Entitlement and Acceptance Form. Shareholders will be able to download a copy of their Entitlement and Acceptance Form from the Computershare Investor Services Pty Limited Investor Centre (by going to www.investorcentre.com).

6. PURPOSE AND EFFECT OF THE OFFER

6.1 Purpose of the Offer

Completion of the Offer will result in an increase in cash in hand of approximately \$6.1 million (before the payment of costs associated with the Offer which are estimated to be approximately A\$585,000 (exclusive of GST)).

The Company intends to utilise the funds raised:

- for the repayment of US\$1.5 million to either the existing debt facility or to be allocated to the acquisition of assets subject to the lenders approval;
- to provide equity for the acquisition of undervalued USA oil assets that would be considered bolt-on opportunities for the Company's existing Mid-Con operations;
- to undertake development of existing oil assets held by the Company in Kansas and Oklahoma;
- for negotiations and work programs undertaken in the Northern Territory;
- for general working capital purposes; and
- to finance expenses of the Offer.

The above statement is a statement of current intentions as at the date of this Offer Document. Intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

6.2 Underwriting and sub-underwriting

The Offer is fully underwritten by the Underwriter. Refer to Section 8.1 of this Offer Document for a summary of the Underwriting Agreement.

The Company will pay to the Underwriter an underwriting fee equal to 5% of the amount underwritten (being approximately A\$305,000) ("**Underwriting Fee**").

The Underwriter may appoint one or more sub-underwriters ("**Sub-Underwriters**"). Any Sub-Underwriters may receive part of the Underwriting Fee.

6.3 Effect on Capital Structure

Following the completion of the Offer, the capital structure of the Company will be as follows:

Contributed Equity	Shares
Shares on issue prior to the Offer (i)	347,313,877
Approximate number of New Shares to be issued under this Offer Document (ii)	764,090,529
Total Shares of the Company when Offer is closed	1,111,404,406

(i) *It is assumed that no existing Options or Performance Rights are exercised and that no further Shares are issued by the Company on or before the Record Date.*

(ii) *This number of New Shares may vary slightly due to rounding of Entitlements and may increase as a result of the rounding up of New Shares offered under the Offer.*

The Company has the following Options and Performance Rights on issue:

Number of Options	Exercise Price \$AUD	Expiry Date
3,500,000	\$0.149	31 December 2016
1,500,000	\$0.169	31 December 2016
1,500,000	\$0.179	31 December 2016
1,000,000	\$0.03	25 August 2019
7,500,000		

Performance Rights

2,500,000	Unquoted Performance Rights subject to preconditions being met
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The Options and Performance Rights on issue carry no right to participate in the Offer unless the Options and Performance Rights are exercised before the Record Date.

6.4 Effect on control of the Company and potential dilution to Shareholders

The Underwriter is not a shareholder of the Company. Any New Shares which are issued to the Underwriter may increase the Underwriter's voting power in the Company. The Underwriter is not a related party of the Company for the purposes of the Corporations Act.

The Underwriter has agreed to use its best endeavours to allocate any shortfall of New Shares to sub-underwriters such that neither the Underwriter nor any of its Sub-Underwriters will individually have a voting power in the Company in excess of 20%.

The number of New Shares that may be held by the Underwriter and its voting power under several scenarios are set out in the table below.

Event	New Shares held by Underwriter	Voting power of Underwriter
Date of Offer	Nil	0.00%
Completion of The Offer:		
Fully subscribed	Nil	0.00%
75% subscribed	191,022,632	17.2%
50% subscribed	382,045,265	34.4%
25% subscribed	573,067,897	51.6%
0% subscribed	764,090,529	68.8%

The number of New Shares held by the Underwriter and its voting power in the table above show the potential effect of the underwriting of the Offer. However, it is unlikely that no Shareholders will take up Entitlements under the Offer. The underwriting obligation and therefore voting power of the Underwriter will reduce by a corresponding amount for the amount of Entitlements under the Offer taken up by Shareholders.

Further, the Underwriting Agreement gives the Underwriter the right to enter into sub-underwriting agreements to pass on some or all of its obligations to subscribe for the Shortfall under the Underwriting Agreement.

The Company has lodged with the ASX a notice in accordance with section 708AA of the Corporations Act which sets out, amongst other things, the effect of the Offer on the control of the Company. This notice may be viewed on the websites of the Company and the ASX.

The Company expressly disclaims any responsibility for ensuring that any existing Shareholder or new Shareholder does not breach section 606 of the Corporations Act by increasing its voting power in the Company to more than 20% of the Company's issued capital.

6.5 Details of Substantial Holders

As at the date of this Offer Document, the Company's largest Shareholder is Macquarie Bank Limited, which has a voting power of 15.45%. Given that the Offer is fully underwritten, its voting power will remain the same if it accepts its Entitlement (unless it is allocated any Shortfall Shares).

6.6 Director intentions

Each director of the Company has shown their support for the Offer by indicating that they intend to subscribe for part or all of their Entitlements under the Offer.

6.7 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Offer Document and will remain open until the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.008 being the price at which Shares have been offered under the Offer.

Eligible Shareholders who wish to subscribe for New Shares above their Entitlement are invited to apply for additional New Shares under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form.

The Shortfall to the Offer is to be issued at the absolute discretion of the Directors in consultation with the Underwriter and as such there is no guarantee that any Shortfall Shares applied for will be issued to Eligible Shareholders. No Shareholder will be issued any Shortfall Shares if, as a result of such issue, their voting power in the Company would increase from 20% or below to more than 20% or from a starting point that is above 20% and below 90%.

7. RISK FACTORS

7.1 Introduction

An investment in New Shares made under this Offer should be considered speculative. An investment in the Company is not risk free and the Directors strongly recommend investors to consider the risk factors described below, together with information contained elsewhere in this Offer Document and to consult their professional financial advisers before deciding whether to apply for New Shares pursuant to this Offer.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company Specific

a) Potential for significant dilution

Upon implementation of the Offer, assuming no Options or Performance Rights are exercised prior to the Record Date the number of Shares in the Company will increase from 347,313,877 currently on issue to 1,111,404,406. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the development of the Company's business and projects.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the Offer is not a reliable indicator as to the potential trading price of Shares after completion of the Offer.

b) Going concern risk

The Company's financial report for the half-year ended 30 June 2016 (released to ASX on 13 September 2016) includes a note that the financial report had been prepared on a going concern basis which assumes continuity of normal business activities, the realisation of assets and the settlement of liabilities in the ordinary courses of business.

The Company's financial position reflects an excess of current liabilities over current assets of US\$35,049,444. This is primarily due to the policy of the Company of determining that all debt facilities be classified as current liabilities, whereas assets are classified as long term assets. Net assets is US\$33.33 million. In April 2016, the debt facilities were extended for a further three years. The Company was required to make a debt repayment of US\$1,500,000 by 16 September 2016. This repayment date has been extended based on the successful completion of the Offer.

The Directors consider the going concern basis used in the preparation of the financial report is appropriate and upon the successful completion of the Offer, the Company will have sufficient funds to adequately meet the Company's current expenditure commitments and short term working capital requirements. However, it is highly likely that further funding will be required to

meet the medium to long term working capital costs of the Company. Please refer to Section 8.2(d) below for further details.

In the event that the Offer is not completed successfully there may be significant uncertainty as to whether the Company can continue as a going concern and which is likely to have a material adverse effect on the Company's activities.

c) Land holdings

The Company holds over 3,700 leases. Further, the Company may sell and buy leases as the normal course of its business. At present, the Company intends to focus on its existing producing assets in Appalachia and Kansas and development focus on its assets in Kansas and Oklahoma, as it is believed these will provide required returns on capital at current market prices.

d) Funding

The Company's ability to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities and to meet any unanticipated liabilities or expenses which the Company may incur may depend in part on its ability to raise additional funds. The Company may seek to raise further funds through equity or debt financing, production sharing arrangements or other means typical in the USA oil and gas industry. Failure to obtain financing for the Company's activities and future projects may result in delay and indefinite postponement of exploration, development or production on the Company's properties or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

The Company has in place a US\$200 million (drawn to approximately US\$40.5 million) Credit Facility with Macquarie Bank Limited ("**Bank**") which can be utilised for either acquisitions and/or development capital. Any drawdown is subject to the Bank's approval and will be subject to normal lending covenants and conditions.

Loan or credit agreements and other financing rearrangements such as debt facilities, convertible note issues and finance leases (and any related guarantee and security) that may be entered into by the Company may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Company or default under a finance lease could also result in the loss of assets.

Further, the Company, in the ordinary course of its operations and developments, is required to issue financial assurances, particularly insurances and bond/bank guarantee instruments to secure statutory and environmental performance undertakings and commercial arrangements. The Company's ability to provide such assurances is subject to external financial and credit market assessments and its own financial position.

The Company is exposed to risks associated with its financial instruments, which may consist of cash, receivables, accounts payable and accrued liabilities (due to third parties from time to time) and commodity swaps or hedges. This includes the risk that a third party to a financial instrument fails to meet its contractual obligations, the risk that the Company will not be able to meet its financial obligations as they fall due, and the risk that market prices may vary which will affect the Company's income.

e) Reliance on Key Personnel

The responsibility for overseeing day to day operations and the strategic management of the Company is concentrated amongst a small number of key personnel. While it is not currently anticipated, one or any number of these key personnel may cease employment with the Company. The loss of any such key employees of the Company could have the potential to have a detrimental impact on the Company until the skills that are lost are adequately replaced. A change in the individuals which make up the Board of the Company may potentially have a detrimental impact on the Company.

f) Contractual Risk

The Company's ability to efficiently conduct its operations may depend upon a number of contracts. As in any contractual relationship, the ability for the Company to ultimately receive the benefit of the contract is dependent upon the relevant third party complying with its contractual obligations. To the extent that such third parties default in their obligations, it may be necessary for the Company to enforce its rights under any of the contracts and pursue legal action. Such legal action may be costly and no guarantee can be given by the Company that a legal remedy will ultimately be granted on appropriate terms.

7.3 Industry specific

a) Oil & Gas Exploration

The prospects in which the Company has an interest are at various stages of pre-exploration due diligence, exploration or production, and potential investors should understand that exploration and development are high-risk undertakings.

Oil and gas exploration is a high risk, speculative activity that requires a large amount of expenditure over extended periods of time. There is no guarantee that exploration will result in commercial discoveries.

Technical conclusions during exploration, appraisal and production are subject to the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation of geological, geophysical, drilling and other data.

b) Commercialisation

Even if the Company recovers potentially commercial quantities of oil and gas, there is no guarantee that the Company will be able to successfully transport the oil and gas to commercially viable markets or sell the oil and gas to customers to achieve a commercial return. However, where the Company operates in the USA there are significant number of pipelines and refineries for delivery of the Company's products.

c) Oil and gas reserves and commercial law

Oil and gas reserves are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated, may change significantly when new information or techniques becomes available. In addition, by their nature, oil and gas reserves are imprecise and depend to some extent on interpretations which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and commercial flow plans which may, in turn, either benefit or adversely affect the Company's operations.

All the oil and gas reserves of the Company are reviewed by independent reservoir engineers, registered with the USA Securities and Exchange Commission ("**SEC**") and are undertaken at least once a year.

d) Operations

The operations of the Company may be affected by various factors, including failure to locate or identify oil and gas reserves, failure to achieve predicted well production flow rates, operational and technical difficulties encountered in production, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated reservoir problems which may affect field production performance, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

e) Oil and gas volatility and exchange rates

Revenue from oil and gas production is exposed to oil and gas price and exchange rate risks. Oil and gas prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations, technological advancements, forward selling activities and other macro-economic factors.

International prices of oil and gas are denominated in United States dollars, the currency of the accounts of the Company. However, as the Company's shares are denominated in Australian dollars, fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar may affect the share price.

f) Environmental

The operations and proposed activities of the Company are subject to Australian and US laws and regulations concerning the environment. As with most exploration and production operations, the Company's activities are expected to have an impact on the environment. The Company conducts its activities to the highest standard of environmental standards, ensuring compliance with all environmental laws. Nevertheless, there are certain risks inherent in the Company's activities such as accidental leakages or spills, or other unforeseen circumstances which could subject the Company to liability.

g) Sovereign

The Company's projects, both in Australia and USA, are subject to sovereign risk. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, environmental protection, labour relations as well as government control over natural resources or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

Any future material adverse changes in government policies or legislation, in regions in which the Company operates, may affect ownership, and development in oil and gas exploration and production, which in turn may affect the viability and profitability of the Company.

h) Title

The system for obtaining development rights to oil and gas leases in the USA and Australia can be complex given that numerous parties may hold the surface rights or undivided mineral estate to a tract of land. Securing the leases to those mineral estates often requires lengthy negotiation with the various parties.

In the USA to independently verify that the parties with whom a company is dealing are the correct and sole holders of the mineral estate and to analyse the full rights and restrictions applying to the interest held by those parties requires that a company obtain detailed title opinions from appropriately qualified and experienced lawyers. This can be a lengthy and

expensive process and the final opinions are often the subject of numerous qualifications and requirements.

7.4 General risks

a) Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

b) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic conditions in Australia, the USA and elsewhere may have a negative impact on equity markets;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward market sectors;
- the demand for and supply of capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration and production companies. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

c) Taxation

The acquisition and disposal of shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Offer.

d) Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

e) Managing Growth

The Company's success will depend on its ability to expand its operations. If the Company is unable to successfully manage the expansion of its business, its financial condition and results of operations could be materially adversely affected.

7.5 Speculative Investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Offer.

Therefore, the New Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Offer.

7.6 Force Majeure

There are some risks which cannot be prevented by the Company that could impact upon the business of the Company. These risks include earthquakes, storm damage, sabotage and war. The Company has mitigated some of these risks by taking out appropriate insurance cover where reasonably possible.

8. MATERIAL CONTRACTS

8.1 Underwriting Agreement

By an agreement between the Underwriter and the Company ("**Underwriting Agreement**"), the Underwriter has agreed to fully underwrite the Offer.

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter the Underwriting Fee.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement upon or at any time prior to completion if (where not defined in this Offer Document, capitalised terms are defined in the Underwriting Agreement):

- a) (Market fall): after the date of the Underwriting Agreement and up to the later of the Closing Date or lodgment of Valid Applications for the Shortfall:
 - i. S&P/ASX 300 Metals and Mining (Industry) Index (Code: XMM): for three (3) consecutive Business Days the S&P/ASX 300 Metals and Mining (Industry) Index falls to a level that is 15% below the level at the close of trade on the trading day prior to the date of this Agreement;
 - ii. S&P/ASX Small Ordinaries Index (Code: XSO): for three (3) consecutive Business Days the S&P/ASX Small Ordinaries Index falls to a level that is 15% below the level at the close of trade on the trading day prior to the date of this Agreement;
- b) (No Certificate): the Company does not furnish the Certificate or any statement in the Certificate is or becomes false or misleading in a material respect;
- c) (No ASX Approval): ASX approval for Quotation has not been granted by the date the Shortfall Notice is due to be issued to the Underwriter or, the approval is qualified or conditional (other than being conditional upon allotment) or, at any time up to the date advised by ASX when the quoted Shares will be listed, having been granted, is subsequently withdrawn, withheld or qualified;
- d) (Issue of Offer Documents): the Offer Documents are not issued on or by the Offer Document Dispatch Date or by such later date as the Underwriter approves;
- e) (ASIC hearing or investigation): ASIC gives notice of its intention to hold a hearing or examination, inspection, investigation, or it requires information to be disclosed, in connection with the Offer;
- f) (Indictable Offence): a director of the Company or any of its Related Body Corporate is charged with an indictable offence or is the subject to a court proceeding which makes an adverse finding as to the conduct, honesty or ability to manage a corporation or is found to have misused their position as an officer of a corporation;
- g) (Investigation): any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or any of its Related Body Corporate;
- h) (Security): the Company gives security in favour of any person who is not a security holder at the date of this Agreement except in the normal course of the business of the Company in procuring licences and leases, or conducting exploration on existing

held tenements;

- i) (Adverse Events): any of the following events occur:
- i. (Material Contract): a material contract of the Company is terminated or amended or found void or voidable;
 - ii. (Default): default or breach by the Company under this Agreement of any term, condition, covenant or undertaking;
 - iii. (Incorrect or untrue representation): any representation, warranty or undertaking given by the Company in this Agreement is or becomes untrue or incorrect in any material respect;
 - iv. (Contravention of constitution or Act): a contravention by a Relevant Company of any provision of its constitution, the Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - v. (Adverse change): an event occurs which gives rise to a material adverse change of at least \$100,000, including a prospective adverse change after the date of this Agreement, in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company;
 - vi. (Public statements): without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, provided that the Underwriter shall not be entitled to terminate this Agreement if the Company is required by law (including the Listing Rules) to make such public statement;
 - vii. (Misleading information): any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
 - viii. (Default Occurrence): a Default Occurrence occurs, other than as previously disclosed to the Underwriter in writing;
 - ix. (Suspension of debt payments): the Company suspends payment of its debts generally;
 - x. (Event of Insolvency): an Event of Insolvency occurs in respect of a Relevant Company;
 - xi. (Suspension): removal of the Shares from the official list of the ASX or trading in the Shares is suspended for longer than 5 days;
 - xii. (Judgment against a Relevant Company): a judgment is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
 - xiii. (Litigation): litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced against any Relevant Company, other than any Claims or potential Claims previously notified to the Underwriter in writing;
 - xiv. (Board and senior management composition): there is a change in the

composition of the Board or a change in the senior management of the Company before completion without the prior written consent of the Underwriter (such consent not to be unreasonably withheld);

- xv. (Change in shareholdings): there is a material change in the major or controlling shareholdings of a Relevant Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- xvi. (Timetable): except as agreed by the Company and the Underwriter, there is a delay in any specified date in the Timetable which is greater than 7 Business Days;
- xvii. (Hostilities): there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, the United Kingdom, the United States of America, India, Pakistan, or the People's Republic of China, Israel or any member of the European Union, the Middle East, the Russian Federation, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- xviii. (Force Majeure): an event of Force Majeure affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs;
- xix. (Certain resolutions passed): a Relevant Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- xx. (Market Conditions): a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets; or
- xxi. (Change in Laws): there is introduced or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of this Agreement), any of which does or is likely to prohibit or regulate the Offer, capital issues or stock markets.

The Underwriter is not entitled to exercise its rights in relation to the events set out in i) above unless, in the reasonable opinion of the Underwriter reached in good faith, it has or is likely to have, or those events together have, or could reasonably be expected to have, a Material Adverse Effect or could give rise to a material liability of the Underwriter under the Corporations Act.

Consequences of an Event of Termination include:

- a) The Underwriter may at any time by written notice to the Company immediately terminate the Underwriting Agreement if an Event of Termination occurs (but only if

the Underwriter did not have knowledge of the occurrence of such Event of Termination before the date of the Offer Documents).

- b) Termination of the Underwriting Agreement will discharge the parties from their obligations under it except for any obligations which are expressly stated to survive termination, but termination will not limit or prevent the exercise of any other rights and remedies which any party may otherwise have under the Underwriting Agreement in respect of any breach of the Underwriting Agreement prior to its termination.

The Underwriting Agreement also includes a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an arrangement of this type.

8.2 Corporate Advisor Mandate Agreement

On 17 October 2016 the Company entered into an agreement with Sanston to act as Corporate Advisor and Manager to the Offer ("**Mandate**"). For its services, Sanston will receive a total corporate advisory fee of A\$150,000 to be paid from funds raised less any amounts paid monthly and a capital raising management fee of 2.0% of the funds raised.

In addition to the above fees, the Company must reimburse Sanston in respect of any out-of-pocket expenses (together with any applicable GST) directly related to the Offer, though such expenses will be subject to the prior approval of the Company.

The Mandate also includes a number of indemnities, representations and warranties from the Company to Sanston that are considered standard for an arrangement of this type.

9. ADDITIONAL INFORMATION

9.1 Litigation

As at the date of this Offer, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

9.2 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. These obligations require the Company to notify ASX of information about specific events and matters as they arise as well as the lodgment of yearly and half-yearly financial statements, audit or review reports and quarterly reports.

The Company is required to immediately notify ASX of any information concerning the Company which it is or becomes aware and which a reasonable person would expect to have a material effect on the price of value of Shares, subject to certain exceptions.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to the other publicly available information in relation to the Company before deciding whether to invest. All announcements made by the Company are available on the ASX website www.asx.com.au under the Company's ASX code **EEG**.

9.3 Interests of Directors

The relevant interest of each of the Directors in the securities of the Company as at the date of this Offer, together with their respective Entitlements, is set out in the table below.

Director	Shares	New Shares Entitlement
B W McLeod (Executive Chairman)	Direct Interest: Nil Indirect Interest: 8,924,997	Direct Interest: Nil Indirect Interest: 19,634,993
D H Sutton	Direct Interest: 525,962 Indirect Interest: 208,333	Direct Interest: 1,157,116 Indirect Interest: 458,333
K A Torpey	Direct Interest: 118,055 Indirect Interest: 2,073,394	Direct Interest: 259,721 Indirect Interest: 4,561,467

9.4 Expenses of the Offer

The total expenses of the Offer are estimated to be approximately A\$585,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

Cost	A\$
Net Corporate Advisory Fee	\$120,000
Management Fee (2.0%)	\$122,000
Underwriting Fee (5.0%)	\$305,000
Legal Costs	\$15,000
Printing & Mailing	\$8,000
Other Costs	\$15,000

9.5 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares issued to them under this Offer Document. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

9.6 Privacy Act

If you complete an Application for New Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your Application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or the Share Registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application for Shares, the Company may not be able to accept or process your Application.

10. GLOSSARY

Appendix 3B means the document to be prepared by the Company in accordance with Appendix 3B of the ASX Listing Rules in respect of the Offer and lodged by the Company with ASX.

Applicant refers to a person who submits an Entitlement and Acceptance Form.

Application refers to the submission of an Entitlement and Acceptance Form.

Application Monies means moneys received from Applicants in respect of their Applications.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Board means the board of directors of the Company from time to time.

Business Day means a day upon which ASX is open for trading in securities and trading banks in Sydney, New South Wales are open for general banking business.

Closing Date means the date specified in the timetable set out at the commencement of this Offer Document.

Company or **Empire** means Empire Energy Group Limited (ACN 002 148 361).

Corporations Act means the Corporations Act 2001 (Cth) as amended.

Directors means the directors of the Company.

Despatch Date means the date specified in the timetable set out at the commencement of this Offer Document.

Eligible Shareholder means a Shareholder with a registered address in Australia or New Zealand whose details appear on the Company's register of Shareholders as at the Record Date.

Entitlement means the entitlement of an Eligible Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer Document.

Ineligible Shareholder means a Shareholder with a registered address outside of Australia and New Zealand.

Listing Rules means the Listing Rules of the ASX.

Mandate has the meaning given to the term in Section 8.2.

New Share or **New Shares** means a new Share/s proposed to be issued pursuant to this Offer.

Offer means the renounceable pro rata offer of New Shares at an issue price of \$0.008 each on the basis of eleven (11) New Shares for every five (5) Shares held on the Record Date including the Shortfall pursuant to this Offer Document.

Offer Document means this Offer Document dated Wednesday 14 December 2016.

Record Date means the date specified in the timetable set out at the commencement of this Offer Document.

Sanston means Sanston Securities Australia Pty Ltd (ABN 61 156 057 064).

Section means a section of this Offer Document.

Share means an ordinary fully paid share in the capital of the Company.

Shortfall means the Shares not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Offer Document.

Shortfall Offer means any offer of the Shortfall on the terms and conditions set out in Section 6.7 of this Offer Document.

Shortfall Shares means those Shares issued pursuant to the Shortfall.

Shareholder means a holder of Shares.

Sub-Underwriters has the meaning given to the term in Section 6.2.

Underwriter means 153 Fish Capital Pte Ltd (UEN 201542670D) of 111 North Bridge Road #08-19, Peninsula Plaza, Singapore, 179098.

Underwriting Agreement means the Underwriting Agreement between the Company and the Underwriter dated 7 December 2016.

Underwriting Fee has the meaning given to the term in Section 6.2.

11. CORPORATE DIRECTORY

Directors

B W McLeod (Executive Chairman)
D H Sutton
K A Torpey

Registered Offices

Australian Office

Level 7
151 Macquarie Street
Sydney NSW 2000

US Office

380 Southpointe Boulevard
Suite 130
Canonsburg PA 15317

Auditors*

Nexia Australia
Level 16, 1 Market Street
Sydney NSW 2000

US Auditors*

Schneider Downs & Co. Inc
One PPG Place, Suite 1700
Pittsburgh PA 15222

Share Registry*

Computershare Investor Services Pty Ltd
Level 4
60 Carrington Street
Sydney NSW 2000
Telephone: 1300 850 505

Company Secretary

R V Ryan

Australian Solicitors

Kemp Strang
Level 17
175 Pitt Street
Sydney NSW 2000

Advisor and Manager

Sanston Securities Australia Pty Ltd
Level 7
564 St Kilda Road
Melbourne Vic 3004

Stock Exchange Listings

Australia

Australian Securities Exchange
(Home Exchange Sydney, NSW)
ASX Code: **EEG** - Ordinary Shares

United States of America

New York OTCQX Market:
Code: **EEGNY**
OTC#: 452869103
Sponsor: Bank of New York
1 ADR for 20 Ordinary shares

www.empireenergygroup.net

* These parties have been included for information purposes only. They have not been involved in the preparation of this Offer Document.