



**EMPIRE ENERGY GROUP LIMITED**  
Level 7, 151 Macquarie Street  
Sydney NSW 2000  
T: 02 9251 1846  
F: 02 9251 0244  
(ASX: EEG) (OTCQX: EEGNY)

**15 December 2016**

Dear Shareholder

**UNDERWRITTEN, PRO-RATA RENOUNCEABLE RIGHTS ISSUE – APPENDIX 3B NOTICE**

Empire Energy Group Limited (“Empire” or the “Company”) announced on the 14 December 2016 a renounceable pro-rata rights issue (“Offer”) that does not require shareholder approval. In accordance with the Australian Securities Exchange Listing Rules (“ASX Listing Rules”) the Company provides the following information about the offer.

Only holders of shares in the Company with a registered address in Australia or New Zealand as at 7:00pm Sydney time on 20 December 2016 (“Record Date”) will be eligible to participate in the Entitlement Offer (“Eligible Shareholders”).

The Offer will issue up to 764,090,529 new fully paid ordinary shares (“New Shares”) to raise up to approximately \$6,112,730 (before costs). Each Eligible Shareholder will be entitled to subscribe for eleven (11) New Shares for every five (5) shares held by Eligible Shareholders at the record date (“Existing Shares”) at an offer price of \$0.008.

The Offer is fully underwritten by 153 Fish Capital Pte Ltd who will receive a fee of 5% of the underwritten amount. Sanston Securities Australia Pty Ltd is the advisor to the issue and will receive a corporate advisory fee of \$150,000 and a management fee of 2% of the underwritten amount.

Under the Offer, Eligible Shareholders who take up their Entitlement in full will also be able to apply for additional New Shares under a Shortfall Offer. New Shares that have been initially offered to Eligible Shareholders under the Offer, but have not taken up, will be allocated 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.

Directors intend to participate and take up all or part of their entitlement under the Offer.

The Company intends to utilise the funds raised as follows:

- 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.

Eligible Shareholders may take any of the following actions:

- (a) Take up all or part of your entitlement and/or apply for additional new shares by returning the Application Form to the share registry before the closing date;
- (b) Sell all or part of your entitlement by contacting your stockbroker. Any sale of entitlement must be completed before the close of rights trading on 13 January 2017;
- (c) Transfer all or part of your entitlement by completing and returning a renunciation form (obtained through your stockbroker or the share registry) together with your Application Form to the share registry before the close of rights trading on 13 January 2017.

An Offer Booklet will be sent to Eligible Shareholders together with a personalised Entitlement and Acceptance form on 23 December 2016. A copy of the Offer Booklet is available for review on the ASX website ([www.asx.com.au](http://www.asx.com.au)) and on the Company's website ([www.empireenergygroup.net](http://www.empireenergygroup.net)). The Offer Booklet should be read in entirety before deciding whether to apply for new shares. If you do not understand any part of the Offer Booklet, or are in any doubt as to how to deal with it or your entitlement, you should consult your financial or other professional adviser.

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

| <b>Contributed Equity</b>  | <b>Shares</b>        |
|--|----------------------|
| 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          |
| <b>Total Shares of the Company when Offer is closed</b>                      | <b>1,111,404,406</b> |

(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.*

Pursuant to the timetable below the Company's shares will be quoted on an "ex" entitlement basis from 19 December 2016. Any shares acquired on market on or after that date will not be entitled to participate in the Offer. The Opening date for the Offer is 23 December 2016 and it is currently scheduled to Close at 5.00pm (AEST) 20 January 2016.

#### **Indicative Timetable**

| <b>Event</b>  | <b>Date</b> |
|---|-------------|
| Announcement of Offer   | 14-Dec-2016 |
| Cleansing Notice, lodgement of Appendix 3B and Offer Document lodged with ASX                 | 14-Dec-2016 |
| Notice sent to Shareholders   | 15-Dec-2016 |
| Ex-date   | 19-Dec-2016 |
| Record Date   | 20-Dec-2016 |
| Offer Document and Acceptance Form despatched to Eligible Shareholder and lodged with the ASX | 23-Dec-2016 |
| Opening date for Entitlement Offer  | 23-Dec-2016 |
| Rights trading ends   | 13-Jan-2017 |
| Last day to extend the Offer Closing Date   | 17-Jan-2017 |
| Closing Date for acceptances  | 20-Jan-2017 |

|   |             |
|---|-------------|
| Notify ASX of any under subscriptions   | 23-Jan-2017 |
| Allotment of New Shares                 | 27-Jan-2017 |
| Despatch of holding statements          | 30-Jan-2017 |
| Normal trading for New Shares commences | 30-Jan-2017 |

**Note:** This timetable is indicative only and subject to change. Subject to the Corporations Act 2001 (Cth) and ASX Listing Rules, Empire reserves the right to vary the dates and times in connection with the Rights Issue, including the Closing Date, without prior notice.

The Company also reserves the right not to proceed with the whole or part of the Offer at any time prior to the issue date. In that event, application monies will be refunded in full without interest.

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



Bruce McLeod  
Executive Chairman



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**15 December 2016**

Dear Shareholder

**UNDERWRITTEN PRO-RATA RENOUNCEABLE RIGHTS ISSUE  
NOTICE TO INELIGIBLE SHAREHOLDERS**

Empire Energy Group Limited (“Empire” or the “Company”) announced on the 14 December 2016 a renounceable pro-rata rights issue (“Offer”) that does not require shareholder approval.

The Offer will issue up to 764,090,529 new fully paid ordinary shares (“New Shares”) to raise up to approximately \$6,112,730 (before costs). Each Eligible Shareholder will be entitled to subscribe for eleven (11) New Shares for every five (5) shares held by Eligible Shareholders at the record date (“Existing Shares”) at an offer price of \$0.008.

The Offer is fully underwritten by 153 Fish Capital Pte Ltd who will receive a fee of 5% of the underwritten amount. Sanston Securities Australia Pty Ltd (‘Sanston’) is the advisor to the issue and will receive a corporate advisory fee of \$150,000 and a management fee of 2% of the underwritten amount.

Only holders of shares in the Company with a registered address in Australia or New Zealand as at 7:00pm Sydney time on 20 December 2016 (“Record Date”) will be eligible to participate in the Entitlement Offer (“Eligible Shareholders”).

The Company has decided that it is unreasonable to extend the Offer to shareholders with a registered address outside Australia or New Zealand as at the record date (“Ineligible Shareholders”), having regard to the number of such shareholders, their holdings and the compliance costs required to extend the Offer to those shareholders.

The purpose of this letter is to inform you that no offer is being made to you and the Offer document will not be sent to you as you are an Ineligible Shareholder.

The Company has appointed Sanston to facilitate the sale of all Ineligible Shareholders’ rights under the Offer. The proceeds of the sale (in Australian dollars), if any, will be distributed to the Ineligible Shareholders in proportion to their shareholdings as at the record date (after deducting the costs of the sale and the distribution of the proceeds), unless the costs of doing so are more than the net proceeds.

This letter is neither an offer to issue securities to you nor an invitation for you to apply for the new securities under the Offer. You do not have to take any action in relation to the Offer.

Should you have any questions relating to the Offer please 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 'Bruce McLeod'.

Bruce McLeod  
Executive Chairman