



**EMPIRE ENERGY GROUP LIMITED**

Level 7, 151 Macquarie Street

Sydney NSW 2000

T: 02 9251 1846

F: 02 9251 0244

(ASX: EEG)

17 August 2018

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

**GENERAL MEETING**

Dear Sirs

Please be advised that a General Meeting of Empire Energy Group Limited will be held at the office of Nexia Australia, Level 16, 1 Market Street, Sydney on Thursday, 20 September 2018 at 11.00am.

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

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Lisa Dadswell'.

Lisa Dadswell  
Company Secretary

For personal use only

For personal use only

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**EMPIRE ENERGY GROUP LIMITED**

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**NOTICE OF GENERAL MEETING**

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**The General Meeting will be held at  
Nexia Australia, Level 16, 1 Market Street, Sydney NSW 2000  
at 11.00am (AEST) on 20 September 2018.**

**Shareholders are urged to attend the meeting or vote by lodging the proxy form attached to this Notice.**

*This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

**Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 2 9251 1846.**

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# EMPIRE ENERGY GROUP LIMITED

ABN 29 002 148 361

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## NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of Shareholders of Empire Energy Group Limited (ABN 29 002 148 361) (the "**Company**") will be held at Nexia Australia, Level 16, 1 Market Street, Sydney NSW 2000 on 20 September 2018 at 11.00 am (AEST) (the "**Meeting**").

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 18 September 2018 at 11.00am (AEST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

### How to Vote

You may vote by attending the meeting in person, by proxy or corporate representative.

### Voting in Person

To vote in person, attend the Meeting on the date and place as set out in this Notice of Meeting.

### Voting by Proxy

To vote by proxy, please complete and sign the Proxy Form enclosed with this Notice of Meeting, so that it is received no later than 11.00am (Sydney time) on 18 September 2018, being 48 hours prior to the Meeting. Proxy forms received later than this time will be invalid.

### Hand deliveries:

Computershare Investor  
Services Pty Limited  
Yarra Falls, 452 Johnston Street  
Abbotsford VIC 3067

### Postal address:

Computershare Investor  
Services Pty Limited  
GPO Box 242,  
Melbourne VIC 3001

Alternatively, you can fax your proxy form so that it is received no later than 11.00am (Sydney time) on 18 September 2018 on the fax number listed below.

Fax Number: 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

Similarly, a shareholder who wishes to appoint their proxy electronically through [www.investorvote.com.au](http://www.investorvote.com.au) (or [www.intermediaryonline.com](http://www.intermediaryonline.com) for relevant intermediaries who participate in the Intermediary Online service) must do so by no later than 11.00am on Tuesday, 18 September 2018.

### Your Proxy Form is Enclosed

This is an important document. Please read it carefully. If you are unable to attend the Meeting please complete the enclosed Proxy Form and return it in accordance with the instructions set out on that form.

### Votes of Members

On a show of hands, each Shareholder present in person or by proxy (or, in the case of a body corporate, by a representative) at the 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 Meeting shall have one vote for each share held provided that all shares are fully paid.

# AGENDA

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## Part A – Ratification of prior issues

### Resolution 1 – Ratification of issue of Tranche 1 Shares

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify and approve the prior issue of 189,785,575 Shares to certain sophisticated and professional investors at an issue price of A\$0.02 per Share, for the purposes and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

#### **Voting Exclusion**

*The Company will disregard any votes cast in favour of this Resolution 1 by any person who participated in the issue of Tranche 1 Shares (as defined in the Explanatory Memorandum) and any of their associates. However, the Company will not disregard a vote if:*

- (a) *it is cast by the 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 a direction on the Proxy Form to vote as the proxy decides.*

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## Part B – Approval of Issue of Tranche 2 Shares

### Resolution 2 – Approval of issue of Tranche 2 Shares under Listing Rule 7.1

To consider and, if thought fit, to pass the following resolution as a special resolution:

"That pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve that the Company may issue 560,214,424 Shares, at an issue price of A\$0.02 per Share, on the terms and conditions set out in the Explanatory Memorandum."

#### **Voting Exclusion**

*The Company will disregard any votes cast in favour of this Resolution 2 by a person who may participate in the issue of Tranche 2 Shares (as defined in the Explanatory Memorandum) and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if this Resolution 2 is passed, and by any associates of such persons.*

*However, the Company will not disregard a vote if:*

- (a) *it is cast by the 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 a direction on the Proxy Form to vote as the proxy decides.*

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## Part C - Approval of Grant of Placement Options

### Resolution 3 – Approval of grant of Options under Listing Rule 7.1

To consider and, if thought fit, to pass the following resolution as a special resolution:

"Subject to the passing of Resolution 2, that pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve that the Company may grant (or entry into agreements to grant) one Option for every two Shares subscribed for on the terms and conditions set out in the Explanatory Memorandum."

#### **Voting Exclusion**

*The Company will disregard any votes cast in favour of this Resolution 3 by a person who may participate in the grant of Options (as defined in the Explanatory Memorandum) and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if this Resolution 3 is passed, and by any associates of such persons.*

*However, the Company will not disregard a vote if:*

- (a) *it is cast by the 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 a direction on the Proxy Form to vote as the proxy decides.*

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## **Part D – Approval of Issue of certain Tranche 2 Shares and Options to Related Party – Linda Tang**

### **Resolution 4 – Issue of certain Tranche 2 Shares and Placement Options to Related Party – Linda Tang**

To consider and, if thought fit, to pass the following resolution as a special resolution:

“Subject to the passing of Resolutions 2 and 3, that, for the purposes of Listing Rules 7.1 and 10.11 and for all other purposes, Shareholders approve that the Company may issue 50,000,000 Tranche 2 Shares and 25,000,000 Options to Global Energy & Resources Development Limited, a related entity of Linda Tang (being a director of the Company), at an issue price of A\$0.02 per Share, on the terms and conditions set out in the Explanatory Memorandum.”

#### **Voting Exclusion**

*The Company will disregard any votes cast in favour of this Resolution 4 by or on behalf of Linda Tang (or her nominee), if this Resolution 4 is passed, and by any associates of such persons.*

*However, the Company will not disregard a vote if:*

- (a) *it is cast by the 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 a direction on the Proxy Form to vote as the proxy decides.*

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## **Part E – Approval of Issue of certain Tranche 2 Shares and Options to Related Party – Bruce McLeod**

### **Resolution 5 – Issue of certain Tranche 2 Shares and Placement Options to Related Party – Bruce McLeod**

To consider and, if thought fit, to pass the following resolution as a special resolution:

“Subject to the passing of Resolutions 2 and 3, that, for the purposes of Listing Rules 7.1 and 10.11 and for all other purposes, Shareholders approve that the Company may issue 5,000,000 Tranche 2 Shares and 2,500,000 Options to Bruce McLeod (being a director of the Company) or an entity controlled by Bruce McLeod, at an issue price of A\$0.02 per Share, on the terms and conditions set out in the Explanatory Memorandum.”

#### **Voting Exclusion**

*The Company will disregard any votes cast in favour of this Resolution 5 by or on behalf of Bruce McLeod (or his nominee), if this Resolution 5 is passed, and by any associates of such persons.*

*However, the Company will not disregard a vote if:*

- (a) *it is cast by the 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 a direction on the Proxy Form to vote as the proxy decides.*

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## **Part F – Approval of Issue of certain Tranche 2 Shares and Options to Related Party – Alexander Underwood**

### **Resolution 6 – Issue of certain Tranche 2 Shares and Placement Options to Related Party – Alexander Underwood**

To consider and, if thought fit, to pass the following resolution as a special resolution:

“Subject to the passing of Resolutions 2 and 3, that, for the purposes of Listing Rules 7.1 and 10.11 and for all other purposes, Shareholders approve that the Company may issue 5,000,000 Tranche 2 Shares and 2,500,000 Options to Alexander Underwood (being an alternate director of the Company), or an entity controlled by Alexander Underwood at an issue price of A\$0.02 per Share, on the terms and conditions set out in the Explanatory Memorandum.”

#### **Voting Exclusion**

*The Company will disregard any votes cast in favour of this Resolution 6 by or on behalf of Alexander Underwood (or his nominee), if this Resolution 6 is passed, and by any associates of such persons.*

*However, the Company will not disregard a vote if:*

- (a) *it is cast by the 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 a direction on the Proxy Form to vote as the proxy decides.*

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## **Part G – Approval of Issue of Shares and Options to Macquarie**

### **Resolution 7 – Approval of Issue of Shares and Options to Macquarie under Listing Rule 7.1**

To consider and, if thought fit, to pass the following resolution as a special resolution:

“Subject to the passing of Resolutions 2, 3, 4, 5 and 6, that pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve that the Company may issue 285,847,000 Shares and grant 120,000,000 Options, on the terms and conditions set out in the Explanatory Memorandum.”

#### **Voting Exclusion**

*The Company will disregard any votes cast in favour of this Resolution 7 by or on behalf of Macquarie and by any associates of Macquarie.*

*However, the Company will not disregard a vote if:*

- (a) *it is cast by the 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 a direction on the Proxy Form to vote as the proxy decides.*

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## Part H – Approval of Grant of Options to Joint Lead Managers

### Resolution 8 – Approval of grant of Options to Joint Lead Managers under Listing Rule 7.1

To consider and, if thought fit, to pass the following resolution as a special resolution:

“Subject to the passing of Resolutions 2, 3, 4, 5 and 6, that pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve that the Company may grant (or entry into agreements to grant) up to 10,000,000 Options on the terms and conditions set out in the Explanatory Memorandum.”

#### **Voting Exclusion**

*The Company will disregard any votes cast in favour of this Resolution 8 by a person who may participate in the grant of Options (as defined in the Explanatory Memorandum) and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if this Resolution 8 is passed, and by any associates of such persons.*

*However, the Company will not disregard a vote if:*

- (a) *it is cast by the 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 a direction on the Proxy Form to vote as the proxy decides.*

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## Part I – Approval of Executive Incentive Plan

### Resolution 9 – Approval of Executive Incentive Plan under Listing Rule 7.2

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That for the purposes of Listing Rule 7.2, exception 9 and for all other purposes, the Executive Incentive Plan and future issues to Eligible Persons under the Executive Incentive Plan from the date of this Meeting for the next 3 years, as described in the Explanatory Memorandum, be approved.”

#### **Voting Exclusion**

*The Company will disregard any votes cast in favour of this Resolution 9 by any Director of the Company (except one who is ineligible to participate in any incentive scheme in relation to the Company) and any associates of such Director.*

*However, the Company will not disregard a vote if:*

- (a) *it is cast by the 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 a direction on the Proxy Form to vote as the proxy decides.*

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## OTHER BUSINESS

To consider any other business which may properly be brought before the Meeting in accordance with the Company’s Constitution and the Corporations Act.

### BY ORDER OF THE BOARD



**Lisa Dadswell**  
Company Secretary

Dated: 17 August 2018

# EMPIRE ENERGY GROUP LIMITED

ABN 29 002 148 361

## EXPLANATORY MEMORANDUM

### Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the General Meeting to be held at Nexia Australia, Level 16, 1 Market Street, Sydney NSW 2000 on 20 September 2018 at 11.00am (AEST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice.

This Explanatory Memorandum includes information to assist Shareholders in deciding how to vote on each of the Resolutions contained in the Notice.

### Background

As announced to ASX on 6 August 2018, the Company has successfully conducted a private placement to sophisticated, professional or exempt investors ("**Investors**") of 750,000,000 new Shares in the Company and intends to convert US\$4,000,000 (A\$ 5,431,093.01) of debt held by Macquarie into 271,554,650 new Shares in the Company at an issue price of \$0.02 per Share (the "**Placement**"). Baillieu Holst Ltd and Bell Potter Securities Ltd acted as joint lead managers (the "**Joint Lead Managers**"). Sanston Securities Australia Pty Ltd and Bizzell Capital Partners Pty Limited acted as co-managers (the "**Co-Managers**").

The Company has issued 189,785,575 Shares to the Investors in accordance with Listing Rule 7.1 (the "**Tranche 1 Shares**") on 10 August 2018 on an unconditional basis.

The issue by the Company of a further 560,214,424 Shares to the Investors (the "**Tranche 2 Shares**") is subject to Shareholder approval.

The Company proposes to grant each Investor participating in the Placement one Option for every two Shares subscribed for under the Placement, which may have been by way of subscription for Tranche 1 Shares or Tranche 2 Shares (the "**Placement Options**"). The Placement Options will have a strike price of A\$0.03 and an expiry date of two years from the date of allotment. The grant of Placement Options is subject to Shareholder approval.

Certain of the Tranche 2 Shares and Placement Options are intended to be issued to each of (i) Global Energy & Resources Development Limited, a related entity of Linda Tang, being a Director of the Company, (ii) Bruce McLeod (or an entity controlled by him), being a Director of the Company, and (iii) Alexander Underwood (or an entity controlled by him), being an alternate director of the Company, and each such issue is also subject to Shareholder approval.

In total, the capital raising pursuant to the issue of Tranche 1 Shares and Tranche 2 Shares will raise \$15,000,000 in new capital (before costs) for the Company.

Funds raised under the Placement will be used to bring about a sustainable capital structure for the business and provide capital to commence exploration activities in the Northern Territory, to provide growth capital for the Company's U.S. business and for general working capital.

Subject to approval being obtained under Resolutions 2, 3, 4, 5, and 6, the Company intends to (i) convert US\$4,000,000 (A\$5,431,093.01) of debt held by Macquarie into equity by way of issue of 271,554,650 Shares to Macquarie (the "**Conversion Shares**"), (ii) in consideration of the conversion an underwriting fee will be payable to Macquarie. The Company will issue 14,292,350 Shares to Macquarie in satisfaction of payment of such underwriting fee (the "**Macquarie Shares**"), and (iii) issue 120,000,000 Options to Macquarie with a strike price of \$0.032 and an expiry date of 31 December 2021 (the "**Macquarie Options**"). Each such action is subject to Shareholder approval.



As the Company has successfully raised A\$15,000,000 or more of equity capital, in accordance with the mandate letter, the Company proposes to issue (subject to shareholder approval) up to 10,000,000 Options in aggregate to the Joint Lead Managers (being an issue of up to 5,000,000 Options to each Joint Lead Manager) with a strike price of A\$0.032 and an expiry date of 31 July 2020 (the "**JLM Options**"). The grant of the JLM Options by the Company is subject to Shareholder approval and subject to the passing of Resolutions 2, 3, 4, 5 and 6.

The Company is now seeking approval of the issue of the Tranche 1 Shares in accordance with Listing Rules 7.4, approval to issue the Tranche 2 Shares, the Placement Options, the Conversion Shares, the Macquarie Shares, the Macquarie Options and the JLM Options under Listing Rule 7.1, approval to issue Tranche 2 Shares to related parties under Listing Rule 10.11.

The Company also intends to implement a new Executive Incentive Plan. The adoption of the Executive Incentive Plan is subject to Shareholder approval and the passing of Resolution 9.

## **ASX Listing Rules, Chapter 7**

### **Listing Rule 7.4**

Listing Rule 7.4 provides that, where holders of ordinary securities approve a previous issue of securities made without approval under Listing Rule 7.1, and provided that the previous issue of securities did not breach the 15 per cent. limit under Listing Rule 7.1, those securities shall be deemed to have been issued with shareholder approval for the purpose of Listing Rule 7.1. By ratifying a previous issue, the Company will retain the flexibility to issue Equity Securities in the future up to the 15 per cent. limit set out in Listing Rule 7.1 without the requirement to obtain shareholder approval.

Pursuant to Listing Rule 7.4, Shareholder approval of the prior issue of the Tranche 1 Shares is sought under Resolution 1 in order to reinstate the Company's capacity to issue up to 15 per cent. of its ordinary issued capital under Listing Rule 7.1, if required, over a 12-month period without seeking further Shareholder approval.

### **Listing Rule 7.1**

Listing Rule 7.1 restricts the number of Equity Securities that an entity can issue or agree to issue without Shareholder approval. Generally, an entity cannot, in any 12-month period, issue a number of Equity Securities which is more than 15 per cent. of its fully paid ordinary shares on issue without Shareholder approval unless an exception applies.

Pursuant to Listing Rule 7.1, Shareholder approval to issue the Tranche 2 Shares is sought under Resolution 2; Shareholder approval to grant the Placement Options is sought under Resolution 3; Shareholder approval to issue the Conversion Shares, Macquarie Shares and the Macquarie Options is sought under Resolution 7; and Shareholder approval to grant the JLM Options is sought under Resolution 8.

### **Listing Rule 7.2**

As set out above, Listing Rule 7.1 limits the number of Equity Securities that may be issued in a 12-month period to 15% of the Company's capital unless Shareholder approval is obtained or an exception applies. Listing Rule 7.2, exception 9(b) provides that issues under an employee incentive scheme do not count towards this limit for the three-year period after from the date on which Shareholders approve issues under the scheme as an exception to the 15% limit.

As such, Resolution 9 seeks Shareholder approval for the issue of Rights to Eligible Persons under the terms of the Executive Incentive Plan for 3 years so that the Company retains the ability to manage its capital requirements efficiently by ensuring that the 15% limit is not diminished by issues of Shares under the Executive Incentive Plan. The Board believes this will provide the Company with additional flexibility to raise capital as and when appropriate.

## Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Shares and Options constitutes giving a financial benefit. Global Energy & Resources Development Limited is a related party of the Company pursuant to section 228(4) of the Corporations Act. This is as Global Energy & Resources Development Limited is an entity controlled by a relative of Linda Tang, a Director of the Company.

Bruce McLeod is a related party of the Company pursuant to section 228(2) of the Corporations Act as he is a Director of the Company, and an entity controlled by him is a related party of the Company pursuant to section 228(4) of the Corporations Act.

Alexander Underwood is a related party of the Company pursuant to section 228(2) of the Corporations Act as he is an alternate director of the Company, and an entity controlled by him is a related party of the Company pursuant to section 228(4) of the Corporations Act.

The Directors (other than Linda Tang who has a material personal interest in Resolution 4) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Tranche 2 Shares and Placement Options to Global Energy & Resources Development Limited because the agreement to issue the Tranche 2 Shares and Placement Options was undertaken at the same price and on the same basis as the issue of the Shares under the Tranche 1 Shares, Tranche 2 Shares and Placement Options to sophisticated and professional investors and is therefore on an arm's length basis.

The Directors (other than Bruce McLeod who has a material personal interest in Resolution 5) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Tranche 2 Shares and Placement Options to Bruce McLeod (or an entity controlled by him) because the agreement to issue the Tranche 2 Shares and Placement Options was undertaken at the same price and on the same basis as the issue of the Shares under the Tranche 1 Shares, Tranche 2 Shares and Placement Options to sophisticated and professional investors and is therefore on an arm's length basis.

The Directors (other than Alexander Underwood who has a material personal interest in Resolution 6) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Tranche 2 Shares and Placement Options to Alexander Underwood (or an entity controlled by him) because the agreement to issue the Tranche 2 Shares and Placement Options was undertaken at the same price and on the same basis as the issue of the Shares under the Tranche 1 Shares, Tranche 2 Shares and Placement Options to sophisticated and professional investors and is therefore on an arm's length basis.

### Listing Rule 10.11

Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies.

As the grant of the Shares involves the issue of securities to related parties of the Company, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances.

Pursuant to Listing Rule 10.11, Shareholder approval to issue certain Tranche 2 Shares and Placement Options to related parties is sought under Resolutions 4, 5 and 6.

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## Part A – Ratification of prior issues

### Resolution 1 – Ratification of issue of Shares under August Placement

Shareholder approval is being sought for the purposes of Listing Rule 7.4 to approve the issue of the 189,785,575 Shares by the Company to certain sophisticated and professional investors in accordance with Listing Rule 7.1 on 10 August 2018.

For the purposes of Listing Rule 7.5, the following information is provided to Shareholders in relation to the issue of the Tranche 1 Shares:

- (a) the total number of Shares issued was 189,785,575 to raise a total of \$3,795,711.50 (before costs);
- (b) the Shares were issued for \$0.02 each and were issued on the same terms as the other Shares on issue;
- (c) the Shares were issued to sophisticated and professional investors;
- (d) as announced to ASX on 6 August 2018, funds raised under the issue of Tranche 1 Shares were used to bring about a sustainable capital structure for the business and provide capital to commence exploration activities in the Northern Territory, to provide growth capital for the Company's U.S. business and for general working capital; and
- (e) a voting exclusion statement in respect of Resolution 1 is set out in the Notice.

#### **Directors recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

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## Part B – Approval of Tranche 2 Shares

### Resolution 2 – Approval of issue of Tranche 2 Shares under Listing Rule 7.1

Shareholder approval is being sought for the purposes of ASX Listing Rule 7.1 to the issue by the Company of 560,214,424 Shares to Investors.

For the purposes of ASX Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 2:

the maximum number of securities to be issued is 560,214,424 Shares to raise a total of \$11,204,288.48 (before costs);

- (a) it is intended that the Tranche 2 Shares will be issued on a single date within one month after the Meeting, and no later than three months after the date of the Meeting;
- (b) the Tranche 2 Shares will be issued at price of \$0.02 per Share;
- (c) the Tranche 2 Shares will be issued to sophisticated, professional or exempt investors, being clients of, and arranged by, the Joint Lead Managers and Co-Managers;
- (d) the Tranche 2 Shares will be fully paid ordinary shares and will rank equally in all respects with the Company's existing ordinary shares on issue;
- (e) the funds raised from the issue of the Tranche 2 Shares will be used to bring about a sustainable capital structure for the business and provide capital to commence exploration activities in the Northern Territory, to provide growth capital for the Company's U.S. business and for general working capital; and
- (f) a voting exclusion applies to this item of business, as set out in the Notice of Meeting.

#### **Directors recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolution 2.

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## Part C – Approval of Placement Options

### Resolution 3 – Approval of grant of Options to Investors under Listing Rule 7.1

Subject to the passing of Resolution 2, Shareholder approval is being sought for the purposes of ASX Listing Rule 7.1 to the grant by the Company of one Option for every two Shares subscribed for under the Placement to Investors.

For the purposes of ASX Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 3:

- (a) the maximum number of securities to be granted is 375,000,000 Options;
- (b) it is intended that the Placement Options will be granted on a single date within one month after the Meeting, and no later than three months after the date of the Meeting;
- (c) the Placement Options will have a nil deemed issue price;
- (d) the Placement Options will be granted to the Investors;
- (e) the Placement Options will be granted on the following terms:
  - a. expiry date – two years from the date of allotment;
  - b. exercise price - A\$0.03 per Placement Option;
  - c. exercise period - at the discretion of the option holder at any time, other than during nominated blackout periods that relate to the release of the Company's periodic ASX financial reports;
  - d. exercise quantity – in tranches of not less than 1,000,000 (or such other number as approved by the Company);
  - e. the Placement Options will be unlisted and non-transferable; and
  - f. on exercise of the Placement Options, the option holder will be issued fully paid ordinary shares which will rank equally in all respects with the Company's existing ordinary shares on issue;
- (f) the funds raised from the issue of the Placement Options will be used to bring about a sustainable capital structure for the business and provide capital to commence exploration activities in the Northern Territory, to provide growth capital for the Company's U.S. business and for general working capital; and
- (g) a voting exclusion applies to this item of business, as set out in the Notice of Meeting.

#### **Directors recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolution 3.

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## Part D – Approval of Issue of Tranche 2 Shares and Placement Options to Related Party – Linda Tang

### Resolution 4 – Approval of issue of Tranche 2 Shares and Placement Options to a Related Party under Listing Rule 10.11

Subject to the passing of Resolutions 2 and 3, Shareholder approval is being sought for the purposes of ASX Listing Rules 7.1 and 10.11 to the issue by the Company of 50,000,000 Tranche 2 Shares and 25,000,000 Placement Options to Global Energy & Resources Development Limited, a related party of the Company pursuant to section 228(4) of the Corporations Act.

For the purposes of ASX Listing Rule 10.13, the following information is provided to Shareholders in relation to Resolution 4:

- (a) the Tranche 2 Shares and Placement Options referred to in this Resolution 4 will be issued to Global Energy & Resources Development Limited, a related entity of Linda Tang;
- (b) the number of Tranche 2 Shares to be issued to Global Energy & Resources Development Limited is 50,000,000;
- (c) the number of Placement Options to be issued to Global Energy & Resources Development Limited is 25,000,000;
- (d) such number of Tranche 2 Shares and Placement Options will be issued no later than 1 month after the date of the Meeting;
- (e) such Tranche 2 Shares will be issued at price of \$0.02 per Share and will be fully paid ordinary shares and will rank equally in all respects with the Company's existing ordinary shares on issue;
- (f) such Placement Options will be granted on the following terms:
  - a. expiry date – two years from the date of allotment;
  - b. exercise price - A\$0.03 per Placement Option;
  - c. exercise period - at the discretion of the option holder at any time, other than during nominated blackout periods that relate to the release of the Company's periodic ASX financial reports;
  - d. exercise quantity – in tranches of not less than 1,000,000 (or such other number as approved by the Company);
  - e. the Placement Options will be unlisted and non-transferable; and
  - f. on exercise of the Placement Options, the option holder will be issued fully paid ordinary shares which will rank equally in all respects with the Company's existing ordinary shares on issue;
- (g) the funds raised from the issue of the Tranche 2 Shares and Placement Options will be used to bring about a sustainable capital structure for the business and provide capital to commence exploration activities in the Northern Territory, to provide growth capital for the Company's U.S. business and for general working capital; and
- (h) a voting exclusion applies to this item of business, as set out in the Notice of Meeting.

#### **Directors recommendation**

The Board other than Linda Tang recommends that Shareholders vote in favour of Resolution 4.

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## Part E – Approval of Issue of Tranche 2 Shares and Placement Options to Related Party – Bruce McLeod

### Resolution 5 – Approval of issue of Tranche 2 Shares and Placement Options to a Related Party under Listing Rule 10.11

Subject to the passing of Resolutions 2 and 3, Shareholder approval is being sought for the purposes of ASX Listing Rules 7.1 and 10.11 to the issue by the Company of 5,000,000 Tranche 2 Shares and 2,500,000 Placement Options to Bruce McLeod (or an entity controlled by him), a related party of the Company pursuant to section 228 of the Corporations Act.

For the purposes of ASX Listing Rule 10.13, the following information is provided to Shareholders in relation to Resolution 5:

- (a) the Tranche 2 Shares and Placement Options referred to in this Resolution 5 will be issued to Bruce McLeod or an entity controlled by him;
- (b) the number of Tranche 2 Shares to be issued to Bruce McLeod (or an entity controlled by him) is 5,000,000;
- (c) the number of Placement Options to be issued to Bruce McLeod (or an entity controlled by him) is 2,500,000;
- (d) such number of Tranche 2 Shares and Placement Options will be issued no later than 1 month after the date of the Meeting;
- (e) such Tranche 2 Shares will be issued at price of \$0.02 per Share and will be fully paid ordinary shares and will rank equally in all respects with the Company's existing ordinary shares on issue;
- (f) such Placement Options will be granted on the following terms:
  - a. expiry date – two years from the date of allotment;
  - b. exercise price - A\$0.03 per Placement Option;
  - c. exercise period - at the discretion of the option holder at any time, other than during nominated blackout periods that relate to the release of the Company's periodic ASX financial reports;
  - d. exercise quantity – in tranches of not less than 1,000,000 (or such other number as approved by the Company);
  - e. the Placement Options will be unlisted and non-transferable; and
  - f. on exercise of the Placement Options, the option holder will be issued fully paid ordinary shares which will rank equally in all respects with the Company's existing ordinary shares on issue;
- (g) the funds raised from the issue of the Tranche 2 Shares and Placement Options will be used to bring about a sustainable capital structure for the business and provide capital to commence exploration activities in the Northern Territory, to provide growth capital for the Company's U.S. business and for general working capital; and
- (h) a voting exclusion applies to this item of business, as set out in the Notice of Meeting.

#### **Directors recommendation**

The Board other than Bruce McLeod recommends that Shareholders vote in favour of Resolution 5.

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## Part F – Approval of Issue of Tranche 2 Shares and Placement Options to Related Party – Alexander Underwood

### Resolution 6 – Approval of issue of Tranche 2 Shares and Placement Options to a Related Party under Listing Rule 10.11

Subject to the passing of Resolutions 2 and 3, Shareholder approval is being sought for the purposes of ASX Listing Rules 7.1 and 10.11 to the issue by the Company of 5,000,000 Tranche 2 Shares and 2,500,000 Placement Options to Alexander Underwood (or an entity controlled by him), a related party of the Company pursuant to section 228 of the Corporations Act.

For the purposes of ASX Listing Rule 10.13, the following information is provided to Shareholders in relation to Resolution 6:

- (a) the Tranche 2 Shares and Placement Options referred to in this Resolution 6 will be issued to Alexander Underwood or an entity controlled by him;
- (b) the number of Tranche 2 Shares to be issued to Alexander Underwood (or an entity controlled by him) is 5,000,000;
- (c) the number of Placement Options to be issued to Alexander Underwood (or an entity controlled by him) is 2,500,000;
- (d) such number of Tranche 2 Shares and Placement Options will be issued no later than 1 month after the date of the Meeting;
- (e) such Tranche 2 Shares will be issued at price of \$0.02 per Share and will be fully paid ordinary shares and will rank equally in all respects with the Company's existing ordinary shares on issue;
- (f) such Placement Options will be granted on the following terms:
  - a. expiry date – two years from the date of allotment;
  - b. exercise price - A\$0.03 per Placement Option;
  - c. exercise period - at the discretion of the option holder at any time, other than during nominated blackout periods that relate to the release of the Company's periodic ASX financial reports;
  - d. exercise quantity – in tranches of not less than 1,000,000 (or such other number as approved by the Company);
  - e. the Placement Options will be unlisted and non-transferable; and
  - f. on exercise of the Placement Options, the option holder will be issued fully paid ordinary shares which will rank equally in all respects with the Company's existing ordinary shares on issue;
- (g) the funds raised from the issue of the Tranche 2 Shares and Placement Options will be used to bring about a sustainable capital structure for the business and provide capital to commence exploration activities in the Northern Territory, to provide growth capital for the Company's U.S. business and for general working capital; and
- (h) a voting exclusion applies to this item of business, as set out in the Notice of Meeting.

#### **Directors recommendation**

The Board other than Alexander Underwood recommends that Shareholders vote in favour of Resolution 6.

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## Part G – Approval of Issue of Shares and Options to Macquarie

### Resolution 7 – Approval of issue of Shares and Options to Macquarie under Listing Rule 7.1

Subject to the passing of Resolutions 2, 3, 4, 5 and 6, Shareholder approval is being sought for the purposes of ASX Listing Rule 7.1 to: (i) the conversion by the Company of US\$4,000,000 (A\$ 5,431,093.01) of debt held by Macquarie into 271,554,650 Shares; the issue of 14,292,350 Shares to Macquarie in satisfaction of payment of an underwriting fee; and (iii) the grant of 120,000,000 Options to Macquarie.

For the purposes of ASX Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 7:

- (a) the maximum number of securities to be issued to Macquarie is 285,847,000 Shares (comprising 271,554,650 Conversion Shares and 14,292,350 Macquarie Shares) and 120,000,000 Options to raise a total of \$5,431,093.01 (before costs);
- (b) it is intended that the Conversion Shares, the Macquarie Shares and the Macquarie Options will be issued on a single date within one month after the Meeting, and no later than three months after the date of the Meeting;
- (c) the Conversion Shares will be issued at price of \$0.02 per Share;
- (d) the Macquarie Shares will be issued at price of \$0.02 per Share;
- (e) the Macquarie Options will have a nil deemed issue price;
- (f) the Conversion Shares, the Macquarie Shares and the Macquarie Options will be issued to Macquarie or a nominee;
- (g) the Conversion Shares and the Macquarie Shares will be fully paid ordinary shares and will rank equally in all respects with the Company's existing ordinary shares on issue;
- (h) the Macquarie Options will be granted on the following terms:
  - a. expiry date - 31 December 2021;
  - b. exercise price – \$0.032;
  - c. exercise period - at the discretion of the option holder at any time, other than during nominated blackout periods that relate to the release of the Company's periodic ASX financial reports;
  - d. exercise quantity – in tranches of not less than 1,000,000 (or such other number as approved by the Company);
  - e. the Macquarie Options will be unlisted and non-transferable; and
  - f. on exercise of the Macquarie Options, the option holder will be issued fully paid ordinary shares which will rank equally in all respects with the Company's existing ordinary shares on issue;
- (i) the funds raised from the issue of the Conversion Shares and Macquarie Shares will be used to repay debt and fees owed by the Company to Macquarie;
- (j) the funds raised from the issue of Macquarie Options may be used to repay debt and fees owed by the Company to Macquarie at Macquarie's election, or otherwise to bring about a sustainable capital structure for the business and provide capital to commence exploration activities in the Northern Territory, to provide growth capital for the Company's U.S. business and for general working capital; and
- (k) a voting exclusion applies to this item of business, as set out in the Notice of Meeting.

#### **Directors recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolution 7.



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## Part H – Approval of Options to Joint Lead Managers

### Resolution 8 – Approval of grant of Options to Joint Lead Managers under Listing Rule 7.1

Subject to the passing of Resolutions 2, 3, 4, 5 and 6, Shareholder approval is being sought for the purposes of ASX Listing Rule 7.1 to the grant by the Company of up to 10,000,000 Options to the Joint Lead Managers or their nominees.

For the purposes of ASX Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 8:

- (a) the maximum number of securities to be granted is 10,000,000 Options;
- (b) it is intended that the JLM Options will be granted on a single date within one month after the Meeting, and no later than three months after the date of the Meeting;
- (c) the JLM Options will have a nil deemed issue price;
- (d) the JLM Options will be granted to the Joint Lead Managers or their nominees;
- (e) the JLM Options will be granted on the following terms:
  - a. expiry date - 31 July 2020;
  - b. exercise price - A\$0.032 per JLM Option;
  - c. exercise period - at the discretion of the option holder at any time, other than during nominated blackout periods that relate to the release of the Company's periodic ASX financial reports;
  - d. exercise quantity – in tranches of not less than 1,000,000 (or such other number as approved by the Company);
  - e. the JLM Options will be unlisted and non-transferable; and
  - f. on exercise of the JLM Options, the option holder will be issued fully paid ordinary shares which will rank equally in all respects with the Company's existing ordinary shares on issue;
- (f) the JLM Options are granted as part of the consideration for services rendered by the Joint Lead Managers in connection with the Placement with a nil deemed issue price; and
- (g) a voting exclusion applies to this item of business, as set out in the Notice of Meeting.

#### **Directors recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolution 8.

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## Part I – Approval of Executive Incentive Plan

### Resolution 9 – Approval of Executive Incentive Plan under Listing Rule 7.2

Shareholder approval is being sought for the purposes of ASX Listing Rule 7.2, exception 9(b) to the issue by the Company of Rights to Eligible Persons from time to time under the Executive Incentive Plan for the purposes of Listing Rule 7.2, exception 9(b).

For the purposes of ASX Listing Rule 7.2, exception 9(b), the following information is provided to Shareholders in relation to Resolution 9:

- (a) A summary of the terms of the Executive Incentive Plan is set out in Schedule 2 of this Explanatory Memorandum.
- (b) As at the date of this Notice, no Shares have been issued under the Executive Incentive Plan.
- (c) A voting exclusion statement has been included for the purposes of Resolution 9.

A full copy of the terms of the Executive Incentive Plan will be sent to Shareholders on request.

#### **Directors recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolution 9.

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## Action to be taken by Shareholders

Shareholders should read this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

### Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "**proxy**") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions provided. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

If you appoint the Chairman as your proxy, or the Chairman is appointed as your proxy by default, please note that the Chairman intends to vote all undirected proxies held by him, and which are able to be voted, **in favour** of all Resolutions.

### Voting Exclusions

To the extent required by section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolutions 1 to 9 if the person is either a member of the Company's key management personnel or a closely related party of such a member and the appointment does not specify the way the proxy is to vote on Resolutions 1 to 9 (as applicable). However, the proxy may vote if the proxy is the Chairman and the appointment expressly authorises the Chairman to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Company's key management personnel.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on any of Resolutions 1 to 9, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of a Group Company's key management personnel.

## Schedule 1 - Definitions

In this Explanatory Memorandum, Notice and Proxy Form:

**AEST** means Australian Eastern Standard Time, being the time in Sydney, New South Wales.

**Article** means an article of the Constitution.

**Associates** has the same meaning as given in the Corporations Act.

**ASX** means ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

**Board** means the board of Directors.

**Chairman** means the person appointed to the chair of the Meeting convened by this Notice.

**Company** means Empire Energy Group Limited ABN 29 002 148 361.

**Constitution** means the constitution of the Company.

**Conversion Share** has the meaning given in the introductory paragraph of the Explanatory Memorandum.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**Eligible Person** means a full time or part-time employee (including an executive director but excluding a non-executive director), a casual employee of a Group Company or a contractor to a Group Company or a person who will prospectively fill one of the foregoing roles.

**Equity Securities** has the same meaning as in the Listing Rules.

**Executive Incentive Plan** means the Executive Incentive Plan under which Eligible Persons may be granted Rights at the determination of the Board on the terms set out in Schedule 2.

**Explanatory Memorandum** means the explanatory memorandum to the Notice.

**Group** means the Company and its Related Bodies Corporate.

**Group Company** means any body corporate within the Group.

**Investor** has the meaning given in the introductory paragraph of the Explanatory Memorandum.

**Listing Rules** means the Listing Rules of ASX.

**Macquarie** means Macquarie Bank Limited.

**Meeting** has the meaning given in the introductory paragraph of this Notice.

**Notice** means this notice of meeting.

**Options** means options granted by the Company to acquire Shares.

**Proxy Form** means the proxy form attached to this Notice.

**Related Body Corporate** has the meaning in section 50 of the Corporations Act.

**Resolution** means a resolution contained in this Notice.

**Restricted Shares** means Shares acquired by exercise of vested Rights and which are subject to disposal restrictions.

**Right** means an entitlement to the value of a Share which may be settled in the form of cash, or a Share (including a Restricted Share), as determined by the Board in its discretion.

**Schedule** means a schedule to this Notice.

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

**Shareholder** means a shareholder of the Company.

**Tranche 1 Share** has the meaning given in the introductory paragraph of the Explanatory Memorandum.

**Tranche 2 Share** has the meaning given in the introductory paragraph of the Explanatory Memorandum.

In this Explanatory Memorandum, Notice and Proxy Form, unless the context requires otherwise:

- (a) a reference to a word includes the singular and the plural of the word and vice versa;
- (b) a reference to a gender includes any gender;
- (c) if a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;
- (d) a term which refers to a natural person includes a company, a partnership, an association, a corporation, a body corporate, a joint venture or a governmental agency;
- (e) headings are included for convenience only and do not affect interpretation;
- (f) a reference to a document includes a reference to that document as amended, novated, supplemented, varied or replaced;
- (g) a reference to a thing includes a part of that thing and includes but is not limited to a right;
- (h) the terms "included", "including" and similar expressions when introducing a list of items do not exclude a reference to other items of the same class or genus;
- (i) a reference to a statute or statutory provision includes but is not limited to:
  - i. a statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision;
  - ii. a statute or statutory provision which has been amended, extended, consolidated or replaced by the statute or statutory provision; and
  - iii. subordinate legislation made under the statute or statutory provision including but not limited to an order, regulation, or instrument;
- (j) reference to "\$", "A\$", "Australian dollars" or "dollars" is a reference to the lawful tender for the time being and from time to time of the commonwealth of Australia; and
- (k) a reference to an asset includes all property or title of any nature including but not limited to a business, a right, a revenue and a benefit, whether beneficial, legal or otherwise.

## Schedule 2 Executive Incentive Plan

The Company has adopted an Executive Incentive Plan called the "Empire Energy Group Limited Rights Plan" under which the Board may invite Eligible Persons, to apply for Rights to be issued in accordance with, and subject to the terms of, the rules of the Executive Incentive Plan (the "**Plan Rules**"). Each Right is an entitlement, upon vesting and exercise, to the value of a Share which may be settled in the form of a Share (including a Restricted Share) or in cash. Eligible Persons whose applications have been accepted and have been granted Rights will be referred to as Participants.

A summary of key terms is set out below:

<b>Rights</b>	<p>A Participant may be granted the following Rights:</p> <p><b>Tranche 1 Performance Rights</b> (0-25% weighting at Target) with a Producing Reserves compound annual growth rate condition;</p> <p><b>Tranche 2 Performance Rights</b> (50-100% weighting at Target) with an indexed TSR (iTSR) vesting condition;</p> <p><b>Tranche 3 Performance Rights</b> (0-25% weighting at Target) with a 2C Contingent Resource compound annual growth rate condition;</p> <p><b>Tranche 4 Performance Rights</b> (25% weighting at Target) with a FY18 Capital Raising condition,</p> <p>in each case, or with such other performance hurdles or vesting criteria as may be determined by the Board from time to time.</p>
<b>Plan Limit</b>	The proposed grant of Rights covered by this Executive Incentive Plan qualifies under ASIC Class Order 14/1000 for various forms of relief from provisions of the Corporations Act, noting the limit of total grants relying upon such relief not exceeding 5% of issued shares over a rolling 3-year period. Grants that qualify for relief under S708 of the Corporations Act relating to grants of Securities to Senior Managers and Directors do not count towards the calculation of this limit and are excluded.
<b>Term</b>	Each Right has a term of 15 years and if not exercised within that term the Rights will lapse.
<b>Measurement Period</b>	The measurement period for Performance Rights from 1 July 2018 to 30 June 2020.
<b>Measurement Period Extender</b>	A measurement period extender will only apply if nil vesting occurs for the relevant tranche of Rights (a " <b>Tranche</b> ") at the end of the initial measurement period and will only occur once at the end of the extended measurement period. A measurement period extender may only be applied to vesting conditions where the extended measurement period does not empirically reduce the difficulty of achieving vesting relative to the intended difficulty at the start of the measurement period.
<b>Vesting of EPSG Performance Rights</b>	<p>The vesting of the Tranche 1 Producing Reserves Rights will be determined by reference to the compound annual growth rate ("<b>CAGR</b>") applicable to the change in producing reserves over the Measurement Period starting with the producing reserves for the year immediately prior to the commencement of the measurement period, against the producing reserves in the final year of the measurement period, excluding increases arising from the acquisition of reserves during the period funded by debt.</p> <p>The following vesting scale will be applied, subject to an overriding discretion held by the Board:</p>

Performance Level	Empire Energy's Producing Reserves CAGR Over the Measurement Period	Vesting % of Max/Tranche/Stretch
Stretch	≥10%	100%
>Target & <Stretch	>5% & <10%	Pro-rata
Target	5%	50%
>Threshold & <Target	>3% & <5%	Pro-rata
Threshold	3%	25%
<Threshold	≤3%	Nil

CAGR is compound annual growth rate (annualised).

The vesting of the **Tranche 2 iTSR Performance Rights** will be determined by reference to the following scale:

Performance Level	TSR of the Company vs S&P/ASX 300 Energy Total Return Index	Vesting % of Max/Tranche/Stretch
Stretch	≥Index TSR + 10% TSR p.a.	100%
Between Target and Stretch	>Index TSR + 5% TSR p.a., <Index TSR + 10% TSR p.a.	Pro-rata
Target	Index TSR + 5% TSR p.a.	50%
Between Threshold and Target	>TSR of the Index, < Index TSR + 5% TSR p.a.	Pro-rata
Threshold	=Index TSR	25%
Below Threshold	<TSR of the Index, or negative TSR	0%

"**TSR**" is the sum of Share price appreciation and dividends (assumed to be reinvested in Shares) during the measurement period. It is annualised for the purposes of the above vesting scale. The company's Share Price at the end of the measurement period will be calculated on a volume weighted average price ("**VWAP**") over the fourteen (14) days (i.e. 10 trading days) up to and including the last day of the measurement period.

The vesting of the **Tranche 3 2C Contingent Resource Performance Rights** will be determined by reference to the compound annual growth rate ("**CAGR**") applicable to the change in 2C Contingent Resources attributable to the Company over the measurement period starting with the 2C Contingent Resources for the year immediately prior to the commencement of the measurement period, against the 2C Contingent Resources at the end of the final year of the measurement period, **excluding increases arising from the acquisition of 2C Contingent Resources during the period funded by debt.**

Performance Level	Empire Energy's 2C Contingent Resources CAGR Over the Measurement Period	Vesting % of Max/Tranche/Stretch
Stretch	≥20%	100%
>Target & <Stretch	>5% & <20%	Pro-rata
Target	5%	50%
>Threshold & <Target	>3% & <5%	Pro-rata
Threshold	3%	25%
<Threshold	≤3%	Nil

CAGR is compound annual growth rate (annualised).

The vesting of the **Tranche 4 Capital Raising Performance Rights** will be determined by reference to whether or not the capital raising planned for FY18 was completed as planned and prior to the end of FY18. This condition is binary and will either be met or not met, there is no vesting scale applicable, and vesting will either be nil or 100% of the tranche.

**It should be noted that vesting above the Target outcome is not likely, nor should it be expected. The Board retains discretion to modify vesting in the case that the circumstances that prevailed over the measurement period materially differed from those expected at the time the vesting scale was determined, which is intended to be used when the application of the vesting scale would lead to an outcome that may be viewed as inappropriate.**

**Gates**

**Tranche 2 iTSR Performance Rights** are subject to a gate of TSR being positive. Other tranches are not subject to a gate.

<b>Vesting Notice</b>	A Participant will be notified in writing when Rights vest (" <b>Vesting Notice</b> ").
<b>Vesting Date</b>	Will be the date advised in writing (i.e. in a Vesting Notice) by the Board following consideration of performance during the measurement period.
<b>Exercise</b>	<p>When Rights vest they will not be automatically exercised. Rights may be exercised by a Participant at any time between the vesting date and the end of the term, by submitting a Notice of Exercise to the Company. The exercise price for the Rights that are the subject of an invitation to participate in this Executive Incentive Plan is nil.</p> <p>On exercise of vested Rights, the Board will determine the value of the Rights and the extent to which that value is to be provided in the form of cash, and/or Shares.</p> <p>To the extent that the value of the vested Rights is to be delivered in Shares, the Board will arrange for Shares to be obtained and subsequently transferred to the Participant. They may be provided by a new issue directly to the Participant or via an employee share trust (EST) which may involve on-market purchases.</p> <p>Any portion of the value of the vested Rights that is to be delivered in the form of cash will be paid through payroll with PAYG tax being deducted (as well as any other deductions that may be applicable or required by law).</p>
<b>Board Discretion</b>	The Board has discretion to increase or reduce vesting including to nil when the Board forms the view that it is appropriate to do so given the circumstances that prevailed on the measurement period.
<b>Service Condition</b>	Continued service during the whole measurement period is <b>not a requirement</b> in order for Rights to vest. See below regarding termination during the year of grant.
<b>Termination of Employment</b>	<p>Unvested performance rights held at the date of termination and granted in the financial year of the termination will be forfeited in the proportion that the remainder of the financial year following the termination bears to the full financial year, unless otherwise determined by the Board.</p> <p>All other unvested performance rights will be retained for possible vesting based on performance during the measurement period, to be assessed following the completion of the measurement period.</p> <p>If at the time of vesting subsequent to termination of employment the share price is lower than at the date of cessation of employment the value of the Rights will be paid in cash only, not Shares, unless otherwise determined by the Board.</p>
<b>Fraud, Gross Misconduct etc.</b>	If the Board forms the view that a Participant has committed an act of fraud, defalcation or gross misconduct in relation to the Company then all unvested performance rights held by that Participant will be forfeited.
<b>Competition and Other Actions that May Harm the Company</b>	<p>If a Participant engages in any activities or communications that, in the opinion of the Board, may cause harm to the operations or reputation of the Company or the Board, all unvested performance rights held by that Participant will be forfeited, unless otherwise determined by the Board.</p> <p>If a Participant either directly or indirectly competes with the Company including becoming an employee of a competitor, supplier or customer, without the prior written consent of the Company, all unvested performance rights held by that Participant will be forfeited, unless otherwise determined by the Board.</p>
<b>Dealing/ Disposal Restrictions</b>	<p><b>Rights</b> Rights may not be disposed of or otherwise dealt with.</p> <p><b>Shares</b> By default, Shares acquired by Participants as a consequence of exercising vested Rights, shall be Restricted Shares which may not be disposed of or otherwise dealt with until;</p> <p>(a) the time specified by the Company's share trading policy with regards to when the Participant may deal in the securities of the Company, and</p>

- (b) the time at which dealing in the securities of the Company by the Participant is permitted under the Corporations Act 2001 having regard to Division 3 of Part 7.10 (which prohibits insider trading).

Under the Plan Rules, the Board may determine that Specified Disposal Restrictions (i.e. period for which Restricted Shares may not be disposed of or transferred or otherwise dealt with (including encumbered or made subject to any interest in favour of any other person) unless the transfer is effected by operation of law on death or legal incapacity to the Participant's legal personal representative) apply to Restricted Shares, however no such restrictions apply in the case of the Rights/Shares that are the subject of an invitation to participate in this Executive Incentive Plan.

**Release of Disposal Restriction**

Disposal restrictions may be released early in two circumstances being:

- i. in cases of hardship the Board has discretion to waive the Specified Disposal Restrictions, and
- ii. if a taxing point arises in relation to Restricted Shares then disposal restrictions, other than those that arise under the Corporations Act having regard to Division 3 of Part 7.10 (which prohibits insider trading), will be automatically lifted in respect of 50% of such Shares.

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**No Hedging** A Participant must not enter into an arrangement with anyone if it would have the effect of limiting the Participant's exposure to risk in relation to Rights (vested or unvested) or Restricted Shares. This is a Corporations Act requirement.

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**Change of Control** Unless otherwise determined by the Board, in the event of a Change of Control including a takeover, the vesting conditions attached to the Tranche at the time of the application will cease to apply and:

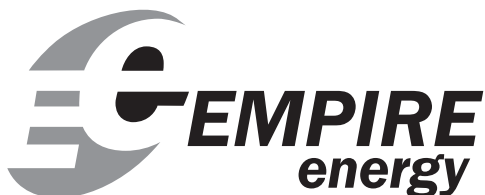
- (a) unvested performance rights granted in the financial year of the Change of Control will lapse in the proportion that the remainder of the financial year bears to the full financial year,
- (b) all remaining unvested performance rights will vest in accordance with the application of the following formula (noting that negative results will be taken to be nil and vesting cannot exceed 100%):

$$\begin{array}{rclcl} \text{Number of} & & \text{Unvested} & & \text{(Share Price at the Change} \\ \text{Performance} & = & \text{Performance} & \times & \text{of Control – Share price at} \\ \text{Rights to Vest} & & \text{Rights} & & \text{measurement period} \\ & & & & \text{commencement)} \\ & & & & \hline & & & & \text{Share price at Measurement} \\ & & & & \text{Period commencement} \end{array}$$

- (c) any remaining unvested Rights will vest to the extent, if any, determined by the Board having regard to performance over the measurement period prior to the Change of Control,
- (d) any unvested performance rights that do not vest pursuant to (b) and (c) will lapse,
- (e) all unvested service rights will vest,
- (f) the date of automatic exercise of any unexercised restricted rights will be brought forward to a date determined by the Board, and
- (g) disposal restrictions applied to Restricted Shares by the Company and specified in the invitation (Specified Disposal Restrictions) will be lifted, including the removal of any Company initiated CHES holding lock, if applicable.

A "Change of Control" is defined as when the Board advises Participants that one or more persons acting in concert have acquired or are likely to imminently acquire "control" of the Company as defined in section 50AA of the Corporations Act.





ABN 29 002 148 361

EEG

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

### Lodge your vote:

**Online:**  
www.investorvote.com.au

**By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) www.intermediaryonline.com

**For all enquiries call:**  
(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

## Proxy Form

XX



### Vote online

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

### Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I999999999

PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



**For your vote to be effective it must be received by 11am (AEST) on Tuesday, 18 September 2018**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** 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 or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

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

**Power of Attorney:** If you have not already lodged the 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 jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** ➔

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MR SAM SAMPLE  
 FLAT 123  
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 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Empire Energy Limited hereby appoint

the Chairman of the Meeting OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting 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) at the General Meeting of Empire Energy Group Limited to be held at Nexia Australia, Level 16, 1 Market Street, Sydney NSW 2000 on Thursday, 20 September 2018 at 11am (AEST) and at any adjournment or postponement of that meeting.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Ratification of Issue of Tranche 1 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Approval of Issue of Tranche 2 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval of Grant of Placement Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval of Issue of certain Tranche 2 Shares and Options to Related Party – Linda Tang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval of Issue of certain Tranche 2 Shares and Options to Related Party – Bruce McLeod	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Approval of Issue of certain Tranche 2 Shares and Options to Related Party – Alexander Underwood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Approval of issue of Shares and Options to Macquarie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 Approval of Grant of Options to Joint Lead Managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 Approval of Executive Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date / /