



EMPIRE ENERGY GROUP LIMITED CORPORATE GOVERNANCE STATEMENT

Overview

Empire Energy Group Limited (the '**Company**') and the Board of Directors (the '**Board**') are committed to achieving and demonstrating the highest standards of corporate governance and aim to comply with the ASX Corporate Governance Council's ('**CGC**') Corporate Governance Principles and Recommendations, 4th Edition ('**CGPR**').

However, given the current size of both the Company's operations and the Board, the Company considers it is not appropriate, cost effective or practical to comply fully with the CGPR. Where a recommendation has not been adopted, this fact has been disclosed together with the reasons for the departure.

Consistent with the CGPR, the Company's corporate governance practices are regularly reviewed and are available on the Company's website.

References in this Statement to the 'Empire Group' include the Company and all of its subsidiaries.

Compliance with ASX CGC CGPR

The ASX Listing Rules require public listed companies to disclose the extent to which they have adopted the CGPR. This statement provides details of the Company's adoption of the CGPR.

This Corporate Governance Statement is current at 31 March 2021.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

A listed entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.

1.1 Board Charter

The Board is accountable to shareholders for the performance of the Company. In carrying out its responsibilities, the Board undertakes to serve the interests of shareholders honestly, fairly and diligently. The Board's responsibilities are reviewed annually to determine whether any changes are necessary or desirable.

The Company has established a Board Charter which includes an overview of:

- a) Board composition;
- b) the Board's role and responsibilities;
- c) the relationship and interaction between the Board and management;



- d) the authority delegated by the Board to management and Board Committees; and
- e) Board process.

The Board Charter can be found on the Company's website <https://empireenergygroup.net/company/corporate-governance/>

1.2 Appointment of Directors and Senior Executives

Prior to the appointment of Directors and Senior Executives, appropriate checks are undertaken into a candidate's character, experience, education, criminal record and bankruptcy history. Shareholders are provided with information on Directors in the relevant Notice of Meeting, including all material information in the Company's possession relevant to their decision regarding as to whether to elect or re-elect a director.

Directors and Senior Executives biographies are provided in each Annual report of the Company.

1.3 Written Agreements

Directors are required to sign letters of appointment and/or service agreements, and senior management are required to sign employment contracts prior to their engagement with the Company.

1.4 Company Secretary

The Company Secretary is accountable to the Board, through the Chairman, on all governance matters. The major functions of the Company Secretary are:

- a) Advising the Board and committee on governance issues;
- b) Monitoring Company policies; and
- c) Ensuring that the business at Board and committee meetings is accurately captured in the minutes.

1.5 Approach to Diversity

The Board recognises the benefits of diversity on the Board and in senior management and within the organisation generally and recognises the organisational strengths, deeper problem-solving ability and opportunity for innovation that diversity brings to an organisation.

The Company has established a Diversity Policy which sets out the beliefs, goals and strategies of the Company and makes reference to all the characteristics that make individuals different from each other. The policy sets out the positive steps taken to ensure that current and prospective employees are not discriminated against, either directly or indirectly on such characteristics as gender, age, disability, marital status, sexual orientation, religion, ethnicity or any other area of potential difference. The Company is committed to gender diversity at all levels of the organisation. Gender equality is a key component of the Company's diversity strategy. The implementation of this policy aims to reflect both the circumstances of the



Company and the industry in which it operates.

The Company's Diversity Policy includes a requirement that the Board:

- a) sets measurable objectives for achieving gender diversity;
- b) assesses annually the objectives set for achieving gender diversity; and
- c) assesses annually the progress made towards achieving the objectives set.

In accordance with this policy and CGPR, the Board has established the following objectives in relation to gender diversity. The aim is to achieve these objectives over the coming 2 to 5 years as director and senior executive positions become vacant and appropriately skilled candidates are available. Representation of female employees in the Company's workforce is as follows:

Actual as at 31 March 2021		Empire Group Objective	Progress towards meeting Objective
	Number	Percentage	Percentage
Whole Organisation	6	15%	25%
Senior Executive Positions	2	29%	40%
Board	0	0%	20%

The Board of Directors does not currently have any female members. The Company recognises the benefits of diversity amongst members of the Board and will take this into consideration together with other highly beneficial qualities when considering future Board candidates. The Board will examine appropriately qualified female Directors over the next 12 months with the view of a potential additional candidate being appointed.

1.6 Evaluation of Board and Committees

The Board regularly reviews the performance of the Board and its Committees. Each year, the Board gives consideration to broad corporate governance matters, including the relevance of existing committees and to reviewing its own and individual directors' performance. The performance of all Directors, the Board as a whole, the Managing Director and Company Secretary are regularly monitored.

The Board's responsibilities are encompassed in a formal letter. Senior Executives have a formal position description. The Managing Director assesses the performance of the Senior Executives on an annual basis. A review was undertaken during the reporting period.

The remuneration committee sets Key Performance Indicators ('KPI') for the Managing Director each year. The remuneration committee has assessed the Managing Director's performance against the 2020 KPIs in a remuneration committee meeting.



1.7 Evaluation of Senior Executives

The Company has policies in place to assess the performance of senior executives. Senior executive performance is judged against KPIs which are designed to optimise operational outcomes and align senior executive outcomes with shareholders.

KPIs are set for all senior executives and approved by the Managing Director each year. The Managing Director has assessed the performance of senior executives against 2020 KPIs.

PRINCIPLE 2 – STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

The board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively to add value.

2.1 Nomination Committee

The Company does not comply with Recommendation 2.1 as it has not formed a separate Nomination Committee. The matters that would normally be the responsibility of a Nomination Committee are dealt with by the full Board.

The Board reviews its composition on an annual basis to ensure it has the appropriate mix of expertise and experience. When a vacancy exists, for whatever reasons, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board will select appropriate candidates with relevant qualifications, skills and experience. External advisors may be used to assist in such a process. The Board will then appoint the most suitable candidate who must stand for election at the next general meeting of shareholders.

For Directors retiring by rotation, the board assesses that director before recommending re-election.

2.2 Board Skills Matrix

The Board collectively has a combination of skills and experience in competencies as set out in the table below:

Skills and experience of Empire Energy Group Limited’s Directors

Area	Competence
Business and Finance	Business Strategy, Corporate Financing, Financial Literacy, Agreement/Fiscal Terms and Risk Management
Leadership	Business Leadership, Executive Management and Mentoring, Public Listed company experience
Sustainability & Stakeholder	Community relations, Corporate Governance, Environmental issues, Government Affairs, Health & Safety, Industrial Relations and Remuneration
Industry Specific	Oil & Gas – Exploration and production, Base Metals – Mining & Resources



2.3 Independent Directors

In determining independence, the Board also takes into account the guidelines of directors' independence contained in the ASX Corporate Governance Principles (4th Edition).

Mr Paul Espie AO is the Managing Director's uncle. According to Recommendation 2.3 this association is a relevant factor when assessing independence. The Board has considered this issue, and has formed the view, that notwithstanding the association, Mr Espie AO brings an independent mind to bear and acts in the interests of the company as a whole.

Each Director's independence is regularly assessed by the Board. The Board's size and composition is subject to limits imposed by the Company's constitution which provides for a minimum of three directors and a maximum of seven.

The Board currently holds scheduled meetings each financial year together with any ad hoc meetings as may be necessary. The Board met 7 times during the year and Directors' attendance is disclosed in the Company's 2020 Annual Report.

The length of service of each Director is as follows:

Director	Length of Service
Mr Paul Espie AO	29 months, since November 2018
Mr Alex Underwood	32 months, since August 2018
Prof. John Warburton	26 months, since February 2019
Mr Peter Cleary	10 months, since May 2020
Mr Louis Rozman	1 month, since March 2021

2.4 Majority Independence

For the reporting period, a majority of the Board was independent.

2.5 Chair Independence

For the reporting period, the Chair of the Board was an Independent Director and was not the CEO.

2.6 Induction and Professional Development of Directors

The Company provides an induction process for providing key information on the nature of the business and its operations. Relevant information are also provided via through Board updates from executives.

All Directors are required to bring an independent judgment to bear on Board decisions. To facilitate this, each Director has the right of access to all relevant Company information from the Company's Executives. The Directors also have access to external resources as required to fully discharge their obligations as Directors of the Company. The use of this resource is co-ordinated through the Chairman of the Board.



PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.

The Board acknowledges the need for continued maintenance of the highest standards of corporate governance practices and ethical conduct by all Directors and employees of the consolidated entity.

3.1 Company Values

The Company's values are set out below:

- a) **Safety & Environmental Stewardship:** are our highest priority;
- b) **Behaviours:** we work creatively with integrity, honesty, accountability, transparency and we deliver on our promises;
- c) **Collaboration:** we listen to our stakeholders, build long-term relationships and share ideas and knowledge; and
- d) **Respect:** we unconditionally respect our employees, stakeholders, local communities, Traditional Owners of the areas in which we operate and their cultural heritage.

3.2 Code of Conduct

The Company has established a Code of Conduct applicable to all Directors and employees. The requirement to comply with the code is mandatory and is communicated to all employees. The code sets out standards of conduct, behaviour and professionalism.

Internal controls exist at the Company to ensure that any material breaches of the Code of Conduct are reported to the Board and the Audit and Risk Committee.

The Code of Conduct, Securities Dealing Policy and Continuous Disclosure Policy collectively form a solid ethical foundation for Empire Group's ethical practices.

3.3 Whistleblower Policy

The Company has a Whistleblower Policy which encourages the reporting of any instances of suspected unethical, illegal, fraudulent or undesirable conduct involving Empire Group's businesses and provides protections and measures so that those persons who make a report may do so confidentially and without fear of intimidation, disadvantage or reprisal.

Empire Group board members and employees are encouraged to report any issue or behaviour under the Whistleblower Policy to the Managing Director in the first instance, or otherwise Empire Group Non-Executive Director Professor John Warburton.



The Company posts a copy of this policy on the Company Overview’s Corporate Governance Section of its website at <https://empireenergygroup.net/company/corporate-governance/>.

Internal controls exist at the Company to ensure that any material breaches of the Code of Conduct are reported to the Board and the Audit and Risk Committee.

3.4 Anti-bribery and Corruption Policy

The Company has adopted an Anti-bribery and Corruption Policy which seek to ensure that the Company’s board and employees conduct themselves in a manner consistent with the current community, ethical and Company standards and in compliance with all relevant legislation.

The Company posts a copy of this policy on the Company Overview’s Corporate Governance Section of its website at <https://empireenergygroup.net/company/corporate-governance/>.

Internal controls exist at the Company to ensure that any material breaches of the Code of Conduct are reported to the Board and the Audit and Risk Committee.

PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS

A listed entity should have appropriate processes to verify the integrity of its corporate reports.

4.1 Audit and Risk Committee

The Company has established a separate Audit and Risk Committee. The Committee is comprised of the following members:

Member	Position	Relevant Qualifications and Experience
Prof. John Warburton	Independent Non-Executive Director and Chair of the Audit and Risk Committee	Geoscientist, career in oil & gas industry
Mr Peter Cleary	Independent Non-Executive Director	Law degree, career in oil & gas industry across commercial, finance, management and strategy functions

The Audit and Risk Committee does not comply with Recommendation 4.1 because it does not have at least 3 members. The Company is satisfied that the Committee can adequately discharge its functions because the Committee is comprised of independent non-executive directors with appropriate skill sets to discharge their responsibilities.

The Committee undertakes the following responsibilities in accordance with its Charter:

- a) reviewing the annual and half year financial reports to ensure compliance with Australian Accounting Standards and generally accepted accounting principles;
- b) monitoring corporate risk management practices;



- c) reviewing and approving the consolidated entity's accounting policies and procedures;
- d) reviewing external audit plans;
- e) reviewing the nomination, performance and independence of the external auditors; and
- f) organising, reviewing and reporting on any special reviews or investigations deemed necessary by the Board.

Attendance is disclosed in the table of Director meetings included in the Company's Annual Report.

The Company posts a copy of the Audit and Risk Committee Charter on the Company Overview's Corporate Governance Section of its website at <https://empireenergygroup.net/company/corporate-governance/>.

4.2 Managing Director and Financial Controller Declaration

The Managing Director and Financial Controller have provided the Board with written assurances that the declaration in the Company's 2020 Annual Report provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material aspects in relation to financial reporting risks.

4.3 External Auditors

The full Board is responsible for the appointment, removal and remuneration of the external auditors, and reviewing the terms of their engagement, and the scope and quality of the audit. In fulfilling its responsibilities, the Board receives regular reports from Management and the external auditors at least once a year, or more frequently if necessary. The external auditors have a clear line of direct communication at any time to the Chairman of the Board.

The current auditors, Nexia Australia, were appointed in 1992. The Australian accounting bodies' statement on professional independence requires mandatory rotation of audit partners for listed companies every five years. Nexia Australia confirms that they conform with the requirements of the statement.

Nexia Australia are required to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

PRINCIPLE 5 – MAKING TIMELY AND BALANCED DISCLOSURE

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

The Company has a Continuous Disclosure Policy on information disclosure that focuses on ensuring compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance.



The Company Secretary, in consultation with the Managing Director and Chairman, is responsible for communication with the ASX. The Company Secretary is responsible for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules, and helps to co-ordinate information to the ASX, analysts, brokers, shareholders, the media and public.

Directors receive copies of all material market announcements before they are released to the ASX for review.

The Company posts a copy of the Continuous Disclosure Policy on the Company Overview's Corporate Governance Section of its website at <https://empireenergygroup.net/company/corporate-governance/>.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.

6.1 Company Website

The Company posts corporate and governance information in the Investor and Governance Sections of its Company website at <http://www.empireenergygroup.net>.

6.2 Investor Relations

The Board recognises and respects the rights of our shareholders as the beneficial owners of the Company. In order to facilitate the effective exercise of those rights, the Company has adopted a shareholder communication policy that aims to empower shareholders by:

- a) communicating effectively with them;
- b) providing easy access to balanced and understandable information about the Empire Group; and
- c) encouraging and facilitating shareholder participation in general meetings.

The Company provides shareholders with copies of all announcements made to the ASX by mail on request. Copies are also available via an electronic link to the ASX website, ensuring that all shareholders are kept informed about the Empire Group.

6.3 General Meetings

All shareholders are invited to attend the Annual General Meeting which is held in Sydney. The full Board, senior executives as well as the Company's external auditor and a representative from the Company's legal advisors are available to answer questions from the floor.

6.4 Substantive Resolutions



All substantive resolutions presented at General Meetings of shareholders are decided by a poll and not a show of hands.

6.5 Electronic Shareholder Communication

Shareholders have the option of receiving a hard copy of the Annual Report each year and can elect to receive communications from the Company electronically.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

7.1 Risk

The Board oversees the establishment, implementation and review of the Company's risk management system. To ensure it meets its responsibilities, the Board has implemented appropriate systems for identifying, assessing, monitoring and managing material risk throughout the organisation, including the Audit and Risk Committee.

The Audit and Risk Committee does not comply with Recommendation 7.1 because it does not have at least 3 members. The Company is satisfied that the Committee can adequately discharge its functions because the Committee is comprised of independent non-executive directors with appropriate skill sets to discharge their responsibilities.

The Company posts a copy of the Audit and Risk Committee Charter on the Company Overview's Corporate Governance Section of its website at <https://empireenergygroup.net/company/corporate-governance/>.

7.2 Risk Management framework

Management provides periodic status reports to the Board which identify potential areas of business risk arising from changes in the financial and economic circumstances of its operating environment. The Board regularly assesses the Company's performance in light of risks identified by such reports. Management is required to design, implement and review the Company's risk management and internal control system. The Board reviews the effectiveness of the implementation of the Company's risk management and internal control system on a regular basis.

The Company has exposure to economic risks, including general economy wide risks and risks associated with the economic cycle which impact on the price and demand of oil and gas. The Company has in place risk management procedures and processes to identify, manage and minimise its exposure to those economic risks where appropriate.

7.3 Internal Audit Function

The Board does not employ an internal auditor, although as part of the Company's strategy to



implement an integrated framework of control, the Board requested the external auditors review internal control procedures. Recommendations once presented are considered by the Board.

In addition as required under the Corporations Act, the Managing Director and Chief Financial Controller have provided statements in writing to the Board that:

- a) The Empire Group's financial reports present a true and fair view in all material respects of the Empire Group's financial position and operating results and are in accordance with relevant accounting standards;
- b) The integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- c) The Company's risk management and internal compliance and control system is operating efficiently in all material respects.

The Board requires this declaration to be made bi-annually and at the end of each financial reporting period.

7.4 Material Exposures to Environmental and Social Risks

Environmental risks which the Company is exposed to, include the drilling of petroleum wells, producing petroleum, transporting petroleum to customers, and associated emissions. The Company has in place a risk management matrix and procedures and processes to identify, manage and minimise exposure to those environmental risks where appropriate.

The Company operates under regulatory frameworks for onshore petroleum in the Northern Territory, Australia and New York and Pennsylvania, USA.

The Company is committed to managing its Environmental, Social and Governance ("ESG") responsibilities through adherence to practises and processes embedded into our culture and risk management framework.

Empire has implemented a Social and Environmental Factors Framework to identify and focus on key current and emerging issues which the Company faces in its operations and markets.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.

8.1 Remuneration Committee

The Board has established a Remuneration Committee. This Committee is comprised of the following members:

Member	Position
Mr Peter Cleary	Independent Non-Executive Director and Chair of the Remuneration Committee
Mr Louis Rozman	Independent Non-Executive Director

The Company does not fully comply with Recommendation 8.1 as the Remuneration Committee does not have at least three members. The Board considers that the function of the Remuneration Committee is not jeopardised by its current structure. Due the present size of the Company, the Board does not presently consider that the appointment is warranted of one or more additional members.

The Company posts a copy of the Remuneration Committee Charter on the Company Overview's Corporate Governance Section of its website at <https://empireenergygroup.net/company/corporate-governance/>.

The main responsibilities of the Remuneration Committee include:

- a) reviewing and approving the Company's policy for determining executive remuneration and any amendments to that policy;
- b) reviewing the on-going appropriateness and relevance of the policy;
- c) considering and making recommendations to the Board on the remuneration of Executive Directors (including base salary, incentive payments, equity awards and service contracts);
- d) reviewing and approving the design of all equity-based plans;
- e) reviewing and approving the total proposed payments under each plan; and
- f) reviewing and approving the remuneration levels for non-executive Directors.

Attendance is periodically disclosed in the table of Director meetings included in the Company's Annual Report.

8.2 Executive Directors and Executive Remuneration

The Remuneration Committee reviews and approves the policy for determining executive remuneration and any amendments to that policy.

Executive remuneration and other terms of employment are reviewed annually having regard to relevant comparative information and independent expert advice.

Remuneration packages include base salary, superannuation and the rights of participation in the Company's Rights Plan.

Remuneration packages are set at levels that are intended to attract and retain executives capable of effectively managing the Company's operations.



Consideration is also given to reasonableness, acceptability to shareholders and appropriateness for the current level of operations.

The Company seeks the advice of a leading independent Australian remuneration consultant to advise the Board (excluding the Managing Director) on the remuneration of the Managing Director and ensure that it is reasonable in comparison to similar ASX-listed companies.

Non-executive Directors remuneration

Remuneration of non-executive directors is determined by the Board based on relevant comparative independent expert advice and the maximum amount approved by shareholders from time to time.

Non-executive Directors have the right to participate in the Company's Rights Plan. Further information on director and executive remuneration are included in the Remuneration Report that forms part of the Annual Directors' Report.

8.3 Equity based remuneration scheme

At the 2019 AGM, shareholders approved the Company's Rights Plan, with the details contained in the relevant Notice of Meeting, dated 1 May 2019, and considers this to be a critical and cost-effective important remuneration mechanism to continue to attract and maintain an appropriate depth of executive talent.

Participants in the Company's Rights Plan are not permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Rights Plan.