



NOTICE OF GENERAL MEETING

**A General Meeting of
Empire Energy Group Limited
ABN 29 002 148 361
will be held on Tuesday, 3 August 2021 at 2.00pm (AEST)**

via

Digital videoconference (Online) &

Boardroom 1, Level 19,
20 Bond Street, Sydney NSW 2000

IMPORTANT INFORMATION

This document is important. Please read it carefully
and if you require assistance, consult your legal or
financial adviser.

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Dear Shareholder,

I am pleased to invite you to attend a general meeting (**Meeting**) of Empire Energy Group Limited (the **Company**).

Due to the rapidly evolving coronavirus (COVID-19) situation, the Company encourages shareholders participate in the Meeting virtually through an online platform at <https://web.lumiagm.com> or voting by proxy rather than attending the Meeting in person.

We are pleased to provide Shareholders with the opportunity to participate in the Meeting virtually through an online platform at <https://web.lumiagm.com>. Further information on how to do this is set out in the voting section of this Notice. Shareholders will be able to hear and view the Meeting on their own computer, vote on Resolutions and ask questions all on the same basis as Shareholders physically present at the Meeting.

Shareholders can vote by proxy by completing the enclosed Proxy Form and returning it in person, by fax or in the envelope provided. Instructions on how to appoint a proxy are detailed on the Proxy Form.

Proxies must be received no later than 2:00pm on Sunday, 1 August 2021 to be valid for the Meeting.

In the event that the Company is required to make alternative arrangements for the Meeting, we will lodge an ASX announcement and update our website.

Please read the Notice and accompanying Explanatory Statement carefully before deciding how to vote.

Yours faithfully,

Paul Espie, AO
Non-Executive Chairman

NOTICE OF GENERAL MEETING
EMPIRE ENERGY GROUP LIMITED (ABN 29 002 148 361)

Notice is hereby given that a general meeting (**Meeting**) of the members of Empire Energy Group Limited ABN 29 002 148 361 (**Company**) will be held at the place listed below and online via a digital teleconference, at the time and date listed below, to consider and vote on the Resolutions.

Time and date of meeting: 2.00pm (AEST) on Tuesday, 3 August 2021
Place of meeting: Boardroom 1, Level 19,
20 Bond Street, Sydney NSW
and online at <https://web.lumiagm.com>

The business to be considered at the Meeting is set out below.

Terms and abbreviations used in this Notice are defined in the Glossary.

This Notice should be read in its entirety in conjunction with the accompanying Explanatory Statement, which contains information in relation to the Resolutions and forms part of this Notice. If you are in any doubt as to how you should vote on the Resolutions set out in this Notice, you should consult your financial or other professional adviser.

AGENDA

1. Resolution 1: Approval of issue of Pangaea Consideration Securities to Pangaea

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

"That, subject to the passing of Resolution 2, for the purpose of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 140,000,000 Shares and 8,000,000 Pangaea Consideration Options to Pangaea under the Sale and Purchase Agreement, on the terms and conditions set out in the Explanatory Statement."

Voting exclusion

The Company will disregard votes cast in favour of Resolution 1 by or on behalf of Pangaea or any of its associates.

However, this does not apply to a vote cast in favour of Resolution 1 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.
-

2. Resolution 2: Approval of issue of EMG Consideration Securities to EMG

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

"That, subject to the passing of Resolution 1, for the purpose of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 29,696,970 Shares and 1,696,970 EMG Consideration Options to EMG under the Sale and Purchase Agreement, on the terms and conditions set out in the Explanatory Statement."

Voting exclusion

The Company will disregard votes cast in favour of Resolution 2 by or on behalf of EMG or any of its associates.

However, this does not apply to a vote cast in favour of Resolution 2 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;
 - (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
 - (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.
-

3. Resolution 3: Grant of Performance Rights to Managing Director

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

"That, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given to the grant of 1,015,625 Performance Rights to the Managing Director, Mr Alexander

Underwood, for the purposes of granting a long term incentive under the Empire Energy Group Limited Rights Plan, and otherwise on the terms and conditions set out in the Explanatory Statement."

Voting exclusion

The Company will disregard any votes cast in favour of Resolution 3 by or on behalf a person referred to in Listing Rules 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the EEGLRP, or any associate of any of those persons.

However, this does not apply to a vote cast in favour of Resolution 3 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

By order of the Board

Andrew Phillips
Company Secretary
2 July 2021

This Notice is accompanied by the Explanatory Statement to Shareholders which explains the purpose of the Meeting and the Resolutions to be considered at the Meeting.

Voting Eligibility

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 Shareholders as at 7.00pm (AEST) on Sunday, 1 August 2021.

How to Vote

You may vote by attending the Meeting virtually, in person, by proxy or corporate representative. **Shareholders are encouraged to attend virtually to mitigate the risk of transmission of COVID-19.**

Virtual Participation

To facilitate Shareholder participation, the Board has determined that Shareholders will have the opportunity to participate in the Meeting through an online platform.

Shareholders who wish to participate in the Meeting online may do so:

- from their computer, by entering the URL in their browser: <https://web.lumiagm.com/352717426>;
- If you choose to participate in the Meeting online, you can log in to the meeting by entering the meeting ID for the online Meeting, which is ID: **352-717-426**;
- your username is your Computershare internal Security reference number, which is located on your Proxy Form; and
- your password, which is the postcode registered to your holding if you are an Australian Shareholder. Overseas Shareholders will need to enter their country of their registered holding address.

If you choose to participate in the meeting this way, you will be able to view the Meeting live, lodge a direct vote in real time and ask questions online.

Shareholders participating in the Meeting using the online platform will be able to cast direct votes between the commencement of the Meeting at 2.00pm (AEST) on Tuesday, 3 August 2021, and the closure of voting as announced by the Chairman during the Meeting.

Shareholders who elect to participate at the Meeting using the online platform (instead of attending the physical meeting at the address specified in this Notice) will also be entitled to the same rights of those Shareholders attending the meeting, including:

- to be counted as being present at the meeting for any purpose, including for the purpose of determining whether there is a quorum;
- to ask questions or make comments; and

- to vote on the Resolutions they are entitled to vote on.

More information regarding online participation at the Meeting (including how to vote and ask questions online during the Meeting) is available in the User Guide. The User Guide will be lodged with the ASX and will also be available from our website.

Voting in Person

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

Voting by Proxy

A Shareholder entitled to vote at the Meeting is entitled to appoint a proxy. A proxy need not be a Shareholder.

The appointment of one or more proxies will not preclude a Shareholder from being present and voting at the Meeting.

A Shareholder entitled to cast more than one vote on a Resolution may appoint two proxies, in which case the Shareholder should specify the proportion or number of votes that each proxy is appointed to exercise. If no proportions or numbers are specified, each proxy may exercise half of the Shareholder's votes.

To vote by proxy, please complete and sign the Proxy Form enclosed within this Notice of Meeting, so that it is received no later than 2.00pm (AEST) on Sunday, 1 August 2021, being at least 48 hours prior to the Meeting. Proxy forms received later than this time will be invalid.

Hand deliveries	Postal address
Computershare Investor Services Pty Limited Yarra Falls, 452 Johnston Street Abbotsford VIC 3067	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 2.00pm (AEST) on Sunday, 1 August 2021 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 (or www.intermediaryonline.com for relevant intermediaries who participate in the Intermediary Online service) must do so by no later than 2.00pm (AEST) on Sunday, 1 August 2021.

Your Proxy Form is Enclosed

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

Votes of Shareholders

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.

The Chair intends to put all Resolutions to a poll.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for Shareholders in connection with the business to be transacted at the Meeting to be held at 2.00pm (AEST) on Tuesday, 3 August 2021 at Boardroom 1, Level 19, 20 Bond Street, Sydney, NSW and online via a digital teleconference, and contains explanatory and other information for Shareholders in relation to the Resolutions set out in the attached Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the proposed Resolutions.

The Directors intend to cast all votes controlled by them and any undirected proxies they hold in favour of the Resolutions, to the extent they are not precluded from voting on a Resolution.

It is noted that no Director is conflicted from making any recommendation in relation to any of the Resolutions. The Directors unanimously recommend that Shareholders vote in favour of each of the Resolutions.

If you are in doubt about what to do in relation to the Resolutions, you should consult your financial or other professional adviser.

1. OVERVIEW OF THE ACQUISITION

1.1 Background

On 14 April 2021, the Company announced that it and its wholly-owned subsidiary, Imperial Oil & Gas A Pty Limited (ACN 649 305 411) (**Imperial**), had entered into a sale and purchase agreement with Pangaea to acquire its 82.5% interest in five tenements across the Beetaloo Sub-basin onshore in the Northern Territory (**Tenements**).

The Tenements are operated by Pangaea and jointly owned by Pangaea and EMG Northern Territory Holdings Pty Limited (ACN 605 501 059) (**EMG**) in accordance with a joint venture operating agreement between the entities dated 28 December 2015 (**JV Agreement**).

On 26 April 2021, the Company announced that Pangaea had received a notice from EMG of the exercise of its tag along right under the JV Agreement, requiring Imperial to acquire EMG's remaining 17.5% interest in the Tenements, on the same pro rata terms as the sale of Pangaea's interest. Accordingly on 26 May 2021, the Company, Imperial, Pangaea and EMG entered into a deed of amendment and restatement relating to the sale and purchase agreement, to include EMG as a party and for the Company to acquire EMG's, remaining 17.5% interest in the Tenements, and was further amended by way of a side letter on 10 June 2021 (the **Sale and Purchase Agreement**).

Under the terms of the Sale and Purchase Agreement, the Company has agreed to acquire the Tenements in consideration for:

- to Pangaea:
 - \$5,000,000 cash;
 - the issue of 140 million Shares; and

- the issue of 8 million Pangaea Consideration Options; and
- to EMG:
 - \$1,060,606 cash;
 - the issue of 29,696,970 Shares; and
 - the issue of 1,696,970 EMG Consideration Options.

The Beetaloo Sub-basin is a relatively under-explored, world-class shale gas resource within the greater McArthur Basin, onshore Northern Territory. The Tenements, which include exploration permits EP167, EP168, EP169, EP198 and EP305, cover more than 14 million acres and contain multiple drill-ready targets across a range of hydrocarbon windows. The Tenements contain best estimate prospective resources of 27.6 TCF gas and 764 MMbbls oil. The Prospective Resources have been certified by Netherland, Sewell & Associates, Inc. (NSAI), one of the leading global oil & gas independent reserve and resource certifiers.

Pangaea is an independent exploration company controlled by Mr Paul Fudge. In addition to the Tenements, Mr Fudge also holds interests in oil and natural gas projects in the Surat Basin in Queensland. Pangaea was a first mover in the exploration for oil and gas in the Beetaloo Sub-basin and has been a key player in the discovery and development of the Beetaloo Sub-basin. Mr Fudge is dealing with health issues and believes that the sale of these key assets to Empire largely in exchange for equity in the Company provides the best way to progress their development while retaining a significant personal interest in the successful discoveries he is confident will be achieved.

EMG, a member of The Energy & Minerals Group, is a private investment firm based in Houston, Texas, USA, focused on the natural resources sector with regulatory assets under management of approximately US\$12 billion as at 31 December 2020.

Upon completion of the Sale and Purchase Agreement the Company will acquire full ownership of the Tenements (**Acquisition**). Refer to Section 1.5 for a summary of the material terms of the Sale and Purchase Agreement.

Shareholder approval is being sought pursuant to Resolutions 1 and 2 for the purposes of Listing Rule 7.1 for the issue of (i) 140,000,000 Shares and 8,000,000 Pangaea Consideration Options (**Pangaea Consideration Securities**) to Pangaea and (ii) 29,696,970 Shares and 1,696,970 EMG Consideration Options (**EMG Consideration Securities**) to EMG.

Resolutions 1 and 2 are inter-conditional, meaning that each of them will only take effect if the requisite majority of Shareholders' votes at the Meeting approve all of them. If either of the Resolutions are not approved at the Meeting, none of the Resolutions will take effect and the Acquisition and other matters contemplated by Resolutions 1 and 2 will not be completed.

The Directors consider that the terms of the Sale and Purchase Agreement, the value of the Consideration Securities to be issued and the extent of Voting Power Pangaea and EMG will acquire upon Completion are appropriate and in the best interest of Shareholders, and unanimously recommend Shareholders vote in favour of Resolutions 1 and 2.

1.2 Overview of Empire's Tenements

Empire's Northern Territory tenements and the Tenements are shown in the map below.

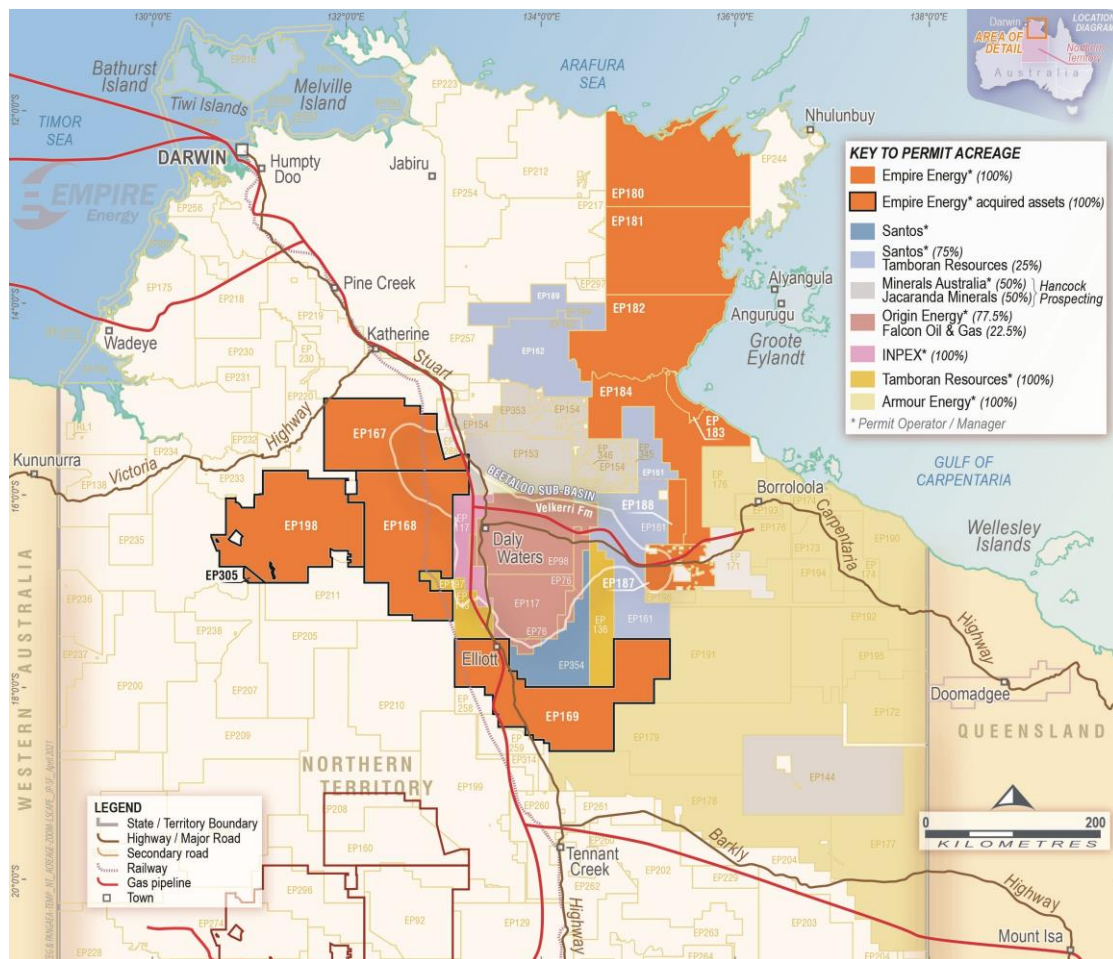


Figure 1 – Location of existing Empire permits and the Tenements

Empire currently holds more than 14.5 million acres of exploration permits and exploration permit applications in the onshore Northern Territory.

In October 2020 Empire announced that its Carpentaria-1 well in EP187 had intersected liquids rich gas in the Velkerri Shale, which was almost 1km thick. The proportion of liquids rich gas materially exceeded Empire's pre-drill estimate.

In February 2021, Empire announced that NSAI had prepared an updated independent resource report for Empire's EP187 tenement. Best estimate prospective gas resource increased by 47% to 3.5TCF, and a maiden best estimate prospective condensate resource of 27MMbbls was also booked. Maiden best estimate contingent gas resources of 41BCF in the immediate vicinity of the Carpentaria-1 well were also booked.¹

These prospective and contingent resources are in addition to NSAI's Barney Creek best estimate prospective gas resource of 11.1TCF announced by Empire on 18 May 2020.

Empire has commenced its 2021 Beetaloo Work Program, which involves the 4-stage hydraulic fracture stimulation and flow testing of Carpentaria-1 as announced to ASX 1

¹ Empire ASX release dated 22 February 2021

June 2021. Further 2D seismic acquisition and horizontal appraisal drilling is planned for later in 2021 (subject to regulatory approvals).

1.3 Overview of the Tenements

Pangaea and EMG hold approximately 14.3 million acres across five exploration permits in the onshore Northern Territory.

NSAI have certified best estimate contingent resources for the Tenements of 3.5 MMbbls oil and 157.5 BCF gas. NSAI has also certified best estimate prospective resources of 27.6 TCF gas and 764 MMbbls oil and condensate.²

Pangaea and EMG undertook an extensive work program across the Tenements prior to the Northern Territory moratorium on hydraulic fracture stimulation coming into force. More than \$110m was spent by the parties, with key work items including:

- four appraisal wells and one exploration well drilled;
- 2 stratigraphic holes drilled;
- 1,800km of 2D seismic acquired;
- 29,000km of high-resolution airborne surveys; and
- more than 3,500m of core samples analysed.

The Tenements contain multiple hydrocarbon windows, including dry gas, liquids rich gas and oil windows. The excellent reservoir properties and relatively shallow depth of key shale targets in the Tenements will be important to the potential economics of the resource.

² Detailed Contingent and Prospective Resource table is set out in the Empire ASX release dated 27 May 2021, 2021 AGM Managing Director's Presentation

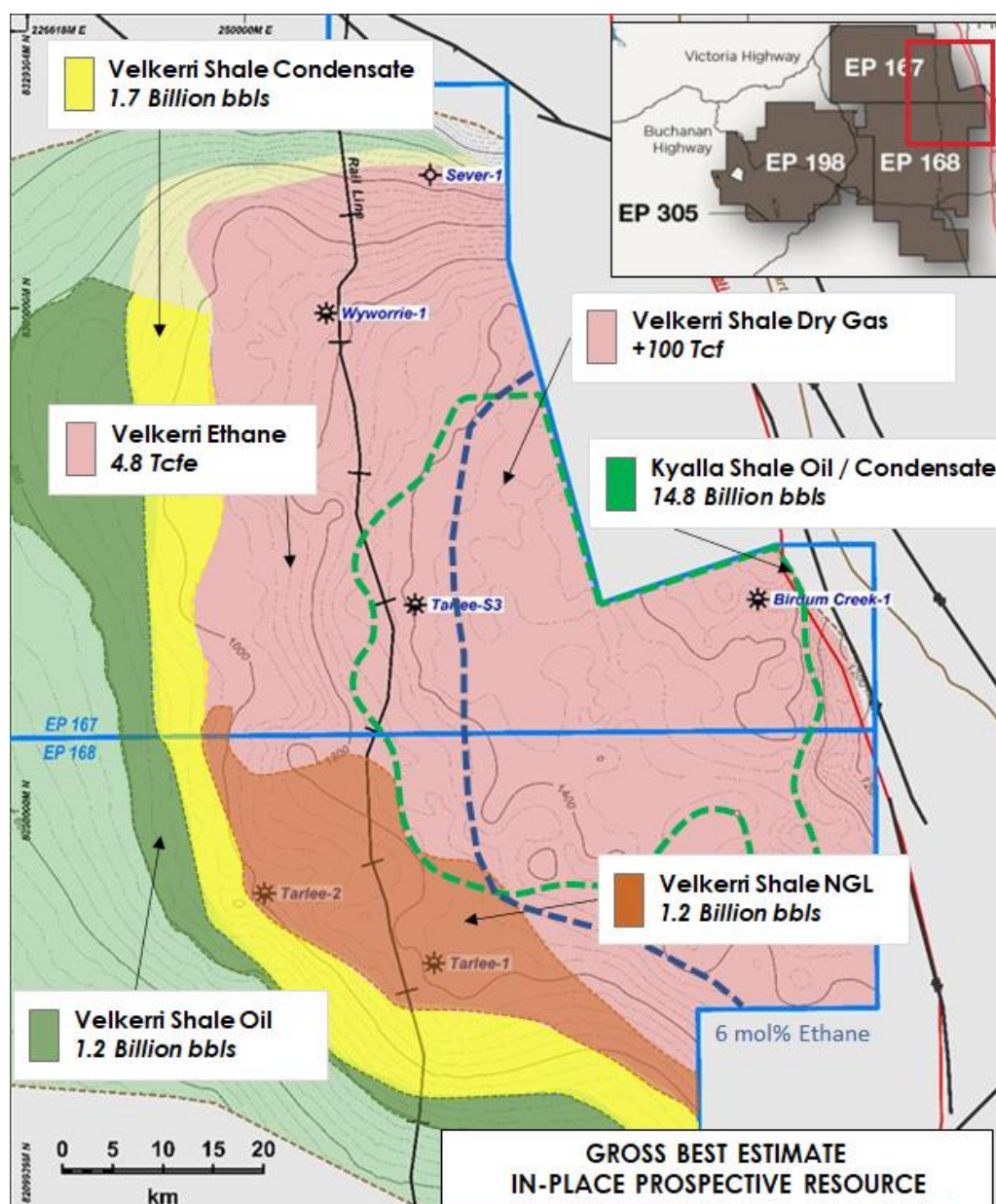


Figure 2 – Identified Hydrocarbon Plays in the Tenements (Source: Pangaea Analysis)

Empire's Resource Position Post Acquisition

		Contingent Resource			Unrisked Prospective Resource		
		1C	2C	3C	1U	2U	3U
Gas	TCF	0.1	0.2	0.5	12.0	42.1	138.0
Liquids	MMbbls	0.9	3.5	14.1	168.2	790.7	3,608.0
Total	TCFe	0.1	0.2	0.6	13.0	46.9	159.7

Source: Netherland, Sewell & Associates, Inc.³

³ Detailed Contingent and Prospective Resource table is set out in the Empire ASX release dated 27 May 2021, 2021 AGM Managing Director's Presentation

1.4 Empire's Intentions for the Tenements

Empire is undertaking a detailed analysis of Pangaea's extensive dataset. The Company intends to reprocess the acquired 2D seismic data using updated processing technology in order to provide a more detailed subsurface profile. Empire has already identified multiple potential drill-ready targets that are well suited to horizontal drilling.

Empire also intends to engage with stakeholders, pastoralists and traditional owners which Pangaea has been working with across the Tenements in preparation for further appraisal activities and to discuss pathways to commercial production.

1.5 Sale and Purchase Agreement

(a) Material terms:

The material terms of the Sale and Purchase Agreement are as follows:

(i) **(Consideration)** The Company has agreed to acquire the Tenements in consideration for:

- A. to Pangaea: \$5,000,000 cash, the issue of 140 million Shares and 8 million Pangaea Consideration Options; and
- B. to EMG: \$1,060,606 cash, the issue of 29,696,970 Shares and 1,696,970 EMG Consideration Options.

The number of Shares to be issued to Pangaea at Completion will be limited to an amount that will not result in Pangaea or its associates acquiring more than a 20% shareholding in the Company, in breach of section 606 of the Corporations Act. Following Completion and subject to all requisite approvals, Pangaea may call for the issue of any remaining but unissued Pangaea Consideration Shares (**Remaining Pangaea Consideration Shares**), where such issue would not result in Pangaea or its associates breaching section 606 of the Corporations Act. If the Company is unable to obtain the requisite approvals to issue the Remaining Pangaea Consideration Shares, it has agreed to pay Pangaea a cash amount equal to the number of Remaining Pangaea Consideration Shares multiplied by 1.3 times the 90-day volume weighted average price of Shares immediately preceding (but not including) the date Pangaea calls for the issue of the Remaining Pangaea Consideration Shares.

(ii) **(Total assets being acquired)** To acquire each of Pangaea and EMG's total interests in the Tenements, the Company will acquire the following assets in addition to the Tenements:

- A. all wells, information and contracts entered into under the JV Agreement; and
- B. all data in the possession or control of either Pangaea or EMG relating to regulatory approvals, geological, geophysical, exploration, processing geo-scientific, engineering and other technical data and information, plans, logs regarding the operations of the Tenements, whether in electronic, hard copy or original form.

- (iii) **(Conditions precedent)** The Acquisition remains conditional upon the satisfaction or waiver of the following outstanding conditions precedent:
- A. the Northern Land Council consents to the form of a deed of covenant in compliance with clause 13.4 of the Co-Existence and Exploration Deed between Pangaea, the relevant Native Title parties and the Northern Land Council dated 13 December 2012 (and of which EMG became a party on 1 July 2015);
 - B. the Minister for Mining and Industry of Northern Territory (or such other minister as is responsible for administration of the Petroleum Act) provides approval and registration of the Sale and Purchase Agreement in accordance with section 96 of the Petroleum Act;
 - C. ASIC grants the Company relief from Chapter 6 of the Corporations Act in respect of the disposal arrangements to be entered into as described in the voluntary escrow deeds to be entered into by the Company with each of Pangaea and EMG; and
 - D. the Company obtains Shareholder approval for the purposes of the Listing Rules in respect of the issue of the Pangaea Consideration Securities to Pangaea and EMG Consideration Securities to EMG.
- (iv) **(Voluntary escrow)** On or before Completion, each of Pangaea and EMG will enter into Voluntary Escrow Deeds with the Company, under which portions of the Consideration Shares issued to each of Pangaea and EMG will be held in escrow for either 12 or 24 months from the date of Completion. Refer to Section 1.5(c) for a summary of the terms of the Voluntary Escrow Deeds.
- (v) **(Other)** Each of the Company, Imperial, Pangaea and EMG have given warranties, representations and undertakings under the Sale and Purchase Agreement standard for an agreement of its nature.
- (b) Pangaea's right to appoint a Director:

Under the Sale and Purchase Agreement and subject to Completion, for so long as Pangaea and its Related Bodies Corporate (or their respective nominees or custodians) hold in aggregate at least 20% or more of the Shares (taking into account any Consideration Shares which have not been issued), Pangaea may nominate, and the Company must appoint, a representative of Pangaea to the Board as a non-executive Director.

As announced to the ASX on 14 April 2021 and as contemplated under the Sale and Purchase Agreement, Pangaea intends to nominate Mr Paul Fudge as its nominee to be appointed as a non-executive Director (with Ms Jacqui Clarke as his alternate).

Following completion, the Company will appoint Mr Paul Fudge (with Ms Jacqui Clarke as his alternative) as Director to the Board. Mr Fudge is the sole shareholder of Pangaea. Mr Fudge has had extensive experience in exploring for unconventional oil and gas in onshore Australia for over 20 years. He was involved from the very beginning of the Queensland coal seam gas industry and in the exploration of the Beetaloo Sub-basin. Paul achieved major exploration success in discovering valuable coal seam gas reserves south of

Chinchilla which he sold to Origin Energy in 2006 and 2009. Paul considers that his success has come from taking a science-led approach to exploration coupled with the application of contemporary US technology. Paul will bring significant exploration and investment experience to the Board.

(c) Voluntary escrow arrangements

Pangaea and EMG have each agreed to commit a portion of the Consideration Shares (being 125,000,000 Shares and 26,515,152 Shares, respectively) to be issued (**Escrowed Shares**) to voluntary escrow restrictions for the following escrow periods:

Holder	Escrow periods	
	From Completion to 12 months after the date of Completion	From Completion to 24 months after the date of Completion
Pangaea	55,000,000	70,000,000
EMG	11,666,667	14,848,485

Pangaea and EMG will be prevented from dealing in the Escrowed Shares during the applicable escrow period. The restriction on "dealing" is broadly defined and includes, among other things, to dispose of, or agree or offer to dispose of, the Escrowed Shares or any legal, beneficial or economic interest in the Escrowed Shares or to create or agree or offer to create any security interest in the Escrowed Shares. Pangaea and EMG will still be able to vote on resolutions of Shareholders and receive dividends.

Pangaea and EMG may be released early from the escrow obligations to enable:

- (i) them to accept and offer under a bona fide takeover bid in respect of all or a proportion of the Shares, provided that (A) the takeover bid has been recommended by the Board and that recommendation has not been withdrawn or adversely changed, and (B) the holders of at least half of the Shares that are not subject to any voluntary escrow arrangements, and to which the offers under the takeover bid relate, have accepted and offer under the takeover bid;
- (ii) the Escrowed Shares to be transferred or cancelled as part of a scheme of arrangement relating to the Company; and
- (iii) Pangaea and EMG to participate in an equal access share buyback, equal access capital return or equal access capital reduction (in each case made in accordance with the Corporations Act).

During the escrow period, Pangaea and EMG may deal in any of their Escrowed Shares to the extent the dealing is required by applicable law (including an order of court of competent jurisdiction) provided that:

- (i) in the case of a takeover, if the offer is conditional, Pangaea and EMG agree in writing that a holding lock will be re-applied for each Escrowed Share that is not bought by the bidder under the off market takeover bid; or

- (ii) in the case of a merger by scheme of arrangement, Pangaea and EMG agree in writing that a holding lock will be re-applied if the merger does not take effect.

Pangaea and EMG may deal with the remainder of the Consideration Shares at any time without restrictions.

2. ASSESSMENT OF THE ACQUISITION

2.1 Advantages of the Acquisition

The Directors are of the view that the following are some of the reasons why Shareholders may decide to vote in favour of the Acquisition:

- (a) **(Significant increase in Contingent Resources and Prospective Resources)**
The Acquisition will materially increase the volume of oil and gas Prospective Resources and Contingent Resources under the control of the Company. The Acquisition will result in:
 - (i) best estimate Prospective Resources more than doubling to approximately 47 TCFe, comprising 42 TCF gas (which will result in an increase of 191% in best estimate Prospective Gas Resources) and 791 MMbbls liquids (which will result in an increase of 2,830% in best estimate Prospective Liquids Resource); and
 - (ii) 2C Contingent Resources increasing by 435% to 220 BCFe, comprising 199 BCF gas (which will result in an increase of 384% to 2C Contingent Gas Resource) and a maiden 2C Contingent Resource of 3.5 MMbbls liquids.
- (b) **(Significant expansion in drill-ready targets)** The Company has identified multiple potential drilling locations, targeting a range of hydrocarbon windows and plays. This provides the Company with the flexibility to allocate capital to the most attractive drilling prospects with the highest chance of commercial success.
- (c) **(Uplift in maturity of Empire's portfolio)** Pangaea and EMG have invested more than \$110 million in the Tenements since 2013. Five wells (including 1 exploration well and 4 appraisal wells) and 2 stratigraphic holes were drilled, around 1,800km of 2D seismic acquired, 29,000km of airborne surveys completed and more than 3,500m of core samples analysed.
- (d) **(Multiple paths to market)** The acquired Tenements are located adjacent to the Amadeus Gas Pipeline, a bi-directional pipeline running north to south through the Northern Territory which connects Alice Springs to Darwin and into the Northern Gas Pipeline near Tennant Creek. Additionally, the acreage currently owned by Pangaea and EMG is in close proximity to existing road and rail infrastructure, which increases the ease of access to undertake drilling and evaluation work. The acquisition of this additional acreage is highly complementary to the Company's plans to produce gas from its Carpentaria Project into the McArthur River Mine Gas Pipeline, and provides the Company with a second route to market via the Amadeus Gas Pipeline.

- (e) **(Supportive domestic and international natural gas supply-demand outlook)** In its 2021 Gas Statement of Opportunities the Australian Energy Market Operator forecasts emerging gas supply shortage in eastern Australia which will be lessened with the commissioning of the Port Kembla Gas Terminal, a LNG import facility. However, if this project is not sanctioned, supply imbalances could be expected from 2023. Additionally, demand for LNG in the Asian region continues to grow as countries seek a transition path to reliable and clean fuel sources and continue to witness growing industrial and manufacturing sectors requiring energy and gas as a feedstock. Given the Beetaloo Sub-basin's significant resource potential and proximity to key gas transport and processing infrastructure, it is ideally positioned to supply the Australian domestic market via existing and planned pipeline infrastructure and international customers via the Darwin and Gladstone LNG export terminals.
- (f) **(Strong Federal Government support for Basin wide development)** Under the Beetaloo Strategic Basin Plan the Australian Federal Government has committed \$50 million to a Beetaloo Co-operative Drilling Program to support \$200 million of exploration activity before the end of 2022 and \$173.6 million to upgrade strategically important road infrastructure. The Federal Government is also continuing to work with the Northern Territory Government and gas operators to deliver midstream gas infrastructure, including pipelines.
- (g) **(Opportunity to be an early participant in the Beetaloo)** The Beetaloo Sub-basin is a large undeveloped gas resource and remains underexplored relative to more mature producing basins. Exploration and appraisal activity only recommenced in the area after the Northern Territory Government lifted its moratorium on hydraulic fracturing in April 2018.
- (h) **(Increase in scale)** The increase in market capitalisation of the Company following Completion may lead to increased coverage from investment analysts, access to improved equity capital market opportunities and increased share trading liquidity.
- (i) **(Additional funding)** The Acquisition also provides for potential additional funding through the exercise of the Consideration Options, which, if exercised, would raise approximately a further \$6.8 million.

2.2 Disadvantages of the Acquisition

The Directors are of the view that the following are some of the reasons why Shareholders may decide to vote against the Acquisition:

- (a) **(Dilution to Voting Power)** Current Shareholders will have their Voting Power in the Company diluted. Upon issue of the Consideration Shares at Completion, the Voting Power of Shareholders not associated with either Pangaea or EMG will be reduced to 75.03% (on an undiluted basis) and further diluted to 71.41% once all Consideration Options are exercised by Pangaea and EMG and all Remaining Pangaea Consideration Shares are issued. If the Company undertook some form of reorganisation which reduced the number of Shares on issue (for example, a buy-back or some forms of capital reduction), the extent of this dilution may be even higher.

(b) **(Impact on Share price)** As a result of the Acquisition, upon Completion:

- (i) Pangaea will obtain a 20.00% shareholding in the Company; and
- (ii) EMG will obtain a 4.97% shareholding in the Company.

Pangaea's and EMG's shareholding in the Company will increase if their respective Consideration Options are exercised. This may dissuade potential acquirers of the Company from making a takeover offer in the future, which may adversely affect the Share price and reduce the opportunity for Shareholders to receive a takeover premium in the future. As at the date of this Notice, the Company is not engaged in any discussions in relation to any potential takeover proposal.

(c) **(Cash payment of Remaining Pangaea Consideration Shares)** As noted above, at Completion, Pangaea will initially be issued a number of Shares that will not result in Pangaea or its associates acquiring more than a 20% shareholding in the Company, in breach of section 606 of the Corporations Act. Following Completion and subject to all requisite approvals, Pangaea may call for the issue of any Remaining Pangaea Consideration Shares, where such issue would not result in Pangaea or its associates breaching section 606 of the Corporations Act. If Pangaea calls for any Remaining Pangaea Consideration Shares to be issued to it more than 3 months after the Meeting, the Company may need to seek further Shareholder approval of the issue under the Listing Rules. If the Company is unable to obtain the requisite approvals to issue the Remaining Pangaea Consideration Shares, it has agreed to pay Pangaea a cash amount equal to the number of Remaining Pangaea Consideration Shares multiplied by 1.3 times the 90-day volume weighted average price of Shares immediately preceding (but not including) the date Pangaea calls for the issue of the Remaining Pangaea Consideration Shares, which will likely be satisfied from the Company's existing cash reserves at the time, thereby limiting its available working capital.

(d) **(Restrictions on resolutions)** Pangaea and EMG will each obtain significant shareholdings in the Company on Completion, and their respective shareholding will be further increased upon exercise of their Consideration Options. Although neither of these shareholdings comprise a majority stake in the Company, the Voting Power of Pangaea will represent a significant portion of the total Voting Power in the Company upon Completion, and the voting power of EMG will also represent a significant portion of the total Voting Power in the Company once EMG exercises its EMG Consideration Options (assuming all EMG Consideration Options are exercised and no other Shares are issued by the Company between Completion and the date of exercise of the EMG Consideration Options). This can affect the passing of ordinary and special resolutions, and will provide Pangaea and EMG with the potential to significantly influence the operations of the Company.

While the Directors acknowledge that there are reasons to vote against Resolutions 1 and 2, they believe the advantages of the Acquisition significantly outweigh the disadvantages.

2.3 Potential risks associated with the Acquisition

The risk profile of the Acquisition (and the Tenements to be acquired under the Sale and Purchase Agreement) is similar to that of the Company's existing projects which have previously been disclosed to Shareholders, as the Company would be continuing with its exploration and early commercialisation of onshore gas shale assets in the Beetaloo Sub-basin.

The Directors have nevertheless identified the following non-exhaustive potential risk factors which may arise following Completion:

- (a) **(Estimates of Contingent Resources and Prospective Resources)** The estimation of hydrocarbon reserves and resources is subject to significant uncertainties associated with technical data and interpretation of that data, future commodity prices and development and operating costs. Prospective Resources are quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by the application of future development projects. Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by the application of development projects not currently considered to be commercial due to one or more contingencies. These estimates may therefore be subject to inaccuracies. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. Any inaccuracies in the estimated quantities of Contingent Resources and Prospective Resources may limit, or negatively impact, the Company's ability to successfully enhance its oil and gas exploration and commercialisation activities in the Beetaloo Sub-basin.
- (b) **(Exploration risk)** Exploration for, and development of, petroleum can involve elements of significant risk with no guarantee of commercial success. There is no guarantee that expenditure on the Tenements will result in discoveries of hydrocarbons that are commercially producible.
- (c) **(Analysis of the Acquisition)** The Company had undertaken financial, business and other analyses of the Tenements in order to determine their attractiveness to the Company and whether to pursue the Acquisition. It is possible that such analysis, and the best estimate assumptions made by the Company, draw conclusions that are inaccurate or which will not be realised in due course. There is also a risk that the best estimate Prospective Resources may be inaccurate or as further information becomes available through additional fieldwork and analysis, the estimates may change. To the extent that the actual quantities of moveable hydrocarbons are different than those estimated by the Company's analysis, there is a risk that the profitability and future operations of those Tenements and the Company in general may be materially different from those disclosed by the Company.

2.4 Board's recommendation

The Directors do not have any personal interests in the outcome of the Acquisition.

The Directors consider that the terms of the Sale and Purchase Agreement, the value of the Consideration Securities to be issued and the extent of Voting Power Pangaea and EMG will acquire upon Completion are appropriate and in the best interest of Shareholders, and unanimously recommend Shareholders vote in favour of Resolutions 1 and 2.

Each Director intends to vote in favour of the Resolutions in respect of all the Shares they hold or control.

3. IMPACT OF THE ACQUISITION ON THE COMPANY

3.1 Capital structure

The impact of the Acquisition on the capital structure of the Company will ultimately depend on a number of factors, including:

- (a) whether all Remaining Pangaea Consideration Shares are issued;
- (b) whether, when and the extent Pangaea and/or EMG exercises their Consideration Options;
- (c) the number of Shares on issue at the time the Pangaea Consideration Options and/or EMG Consideration Options are exercised;
- (d) whether any other convertible securities are issued and exercised or converted, or the Company undertakes any reorganisation of its capital, between the date of the Pangaea Consideration Options and EMG Consideration Options are issued and when they are exercised; and
- (e) the Company's future capital raising activities.

The table below shows the potential impact of the Acquisition on the entire capital structure of the Company (both Shares and other Equity Securities):

Table: Capital structure

	Shares	Options	Rights ¹	Pangaea Interest ²	EMG Interest
Current issued capital	447,882,503	18,400,000	13,852,881	Nil	Nil
Consideration Securities issued	149,091,838 ³	9,696,970	-	-	-
Total issued capital at Completion	596,974,341	28,096,970	13,852,881	20.00%	4.97%
Remaining Pangaea Consideration Shares issued	20,605,132	-	-	-	-
Total issued capital on issue of Remaining	617,579,473	28,096,970	13,852,881	22.67%	4.81%

	Shares	Options	Rights ¹	Pangaea Interest ²	EMG Interest
Pangaea Consideration Shares					
Shares to be issued on exercise of EMG Consideration Options	1,696,970	-	-	-	-
Total issued capital on exercise of EMG Consideration Options (but not Pangaea Consideration Options)⁴	619,276,443	26,400,000	13,852,881	22.61%	5.07%
Shares to be issued on exercise of Pangaea Consideration Options	8,000,000	-	-	-	-
Total issued capital on exercise of Pangaea Consideration Options (but not EMG Consideration Options)⁴	625,579,473	20,096,970	13,852,881	23.66%	4.75%
Shares to be issued on exercise of both Pangaea and EMG Consideration Options	9,696,970	-	-	-	-
Total issued capital exercise of all Consideration Options⁴	627,276,443	18,400,000	13,852,881	23.59%	5.00%

Note:

1. Excludes the Performance Rights the subject of Resolution 3.
2. Pangaea will only be issued such number of Pangaea Considerations Shares, and the Pangaea Consideration Options may only be exercisable in circumstances, which will not result in it or its associates breaching section 606 of the Corporations Act at the time of issue. Pangaea may call for the issue of any Remaining Pangaea Consideration Shares, where such issue would not result in Pangaea or its associates breaching section 606 of the Corporations Act at the time of issue. Assumes no further Shares will be issued and that Pangaea is able to be issued with all of its Consideration Securities without breaching section 606 of the Corporations Act, for example under the 6 month creep provisions.
3. As at the date of this Explanatory Statement, it is expected that 119,394,868 Shares will be issued to Pangaea at Completion, with 20,605,132 Remaining Pangaea Consideration Shares issued at a later date before the exercise of the Consideration Options.
4. Assumes that all Remaining Pangaea Consideration Shares have been issued to Pangaea.

3.2 Changes to Board

The Board currently comprises five members. Under the terms of the Sale and Purchase Agreement, for so long as Pangaea and its Related Bodies Corporate (or their respective

nominees or custodians) hold in aggregate at least 20% or more of the Shares (taking into account any Remaining Pangaea Consideration Shares), Pangaea may nominate one representative of Pangaea to the Board as a non-executive Director.

As announced to ASX on 14 April 2021 and as contemplated under the Sale and Purchase Agreement, Pangaea will nominate Mr Paul Fudge as a non-executive Director (with Ms Jacqui Clarke as his alternate) to the Board.

3.3 Consequences if the Acquisition is not approved

As Resolutions 1 and 2 are inter-conditional, if both of Resolutions 1 or 2 are not approved by Shareholders (or any of the other conditions to completion of the Acquisition are not satisfied or waived) by 30 July 2021 or any other date the parties may agree, the conditions to the acquisition of Pangaea's and EMG's interest in the Tenements will not be satisfied and either the Company or Pangaea will be entitled to terminate the Sale and Purchase Agreement by written notice.

If the Acquisition is not approved and the Sale and Purchase Agreement is therefore terminated by Pangaea or EMG, the Company would not be able to derive the benefits that will become available to the Company as a result of the Acquisition.

The Company would instead continue to operate as it did before proposing the Acquisition. In this situation, the Company will utilise its existing working capital to continue its current business operations, and will continue to seek to identify and review other oil and gas opportunities.

4. RESOLUTION 1

APPROVAL OF ISSUE OF PANGAEA CONSIDERATION SECURITIES TO PANGAEA

4.1 General

As outlined in Section 1, the Company has entered into the Sale and Purchase Agreement, pursuant to which the Company will, amongst other obligations and subject to Shareholder approval, issue to Pangaea 140,000,000 Shares (**Pangaea Consideration Shares**) and 8,000,000 Pangaea Consideration Options (together with the Pangaea Consideration Shares, the **Pangaea Consideration Securities**) in consideration for the acquisition of its 82.5% interest in the Tenements.

The number of Shares to be issued to Pangaea at Completion will be limited to an amount that it will not result in Pangaea or its associates being in breach of section 606 of the Corporations Act. Following Completion and subject to all requisite approvals, Pangaea may call for the issue of any Remaining Pangaea Consideration Shares, where such issue would not result in Pangaea or its associates breaching section 606 of the Corporations Act. Pangaea calls for any Remaining Pangaea Consideration Shares to be issued to it more than 3 months after the Meeting, the Company may need to seek further Shareholder approval of the issue under the Listing Rules (see Section 4.3(d) below). If the Company is unable to obtain the requisite approvals to issue any of the Remaining Pangaea Consideration Shares, it has agreed to pay Pangaea a cash amount equal to the number of Remaining Pangaea Consideration Shares multiplied by 1.3 times the 90-day volume weighted average price of Shares immediately preceding (but not including) the date Pangaea calls for the issue of any of the Remaining Consideration Shares.

Resolution 1 seeks Shareholder approval pursuant to and in accordance with Listing Rule 7.1 for the Company to issue Pangaea all of the Pangaea Consideration Securities.

Resolution 1 is an ordinary resolution.

4.2 Listing Rule 7.1

Listing Rule 7.1 provides that, subject to specified exceptions set out in Listing Rule 7.2, a company must not, without the approval of its holders of ordinary securities, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The proposed issues of the Pangaea Consideration Securities do not fall within any of the specified exceptions set out in Listing Rule 7.2. Accordingly, the effect of passing Resolution 1 will be to allow the Company to issue the Pangaea Consideration Securities without using the Company's 15% annual placement capacity.

If Resolution 1 is passed and subject to Resolution 2 also being approved, then the issue of the Pangaea Consideration Securities will be excluded when calculating the Company's annual 15% limit under Listing Rule 7.1, which will effectively increase the number of Equity Securities the Company can issue without Shareholder approval over the 12 month period starting from the date of issue of the Pangaea Consideration Securities.

As Resolutions 1 and 2 are inter-conditional, if both or either of Resolutions 1 or 2 are then the Pangaea Consideration Securities will not be issued and the Acquisition will not proceed.

4.3 Information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 1:

- (a) The Pangaea Consideration Securities will be issued to Pangaea.
- (b) A total of 140 million Shares and 8 million Pangaea Consideration Options will be issued.
- (c) The Pangaea Consideration Shares will rank equally with the existing Shares on issue. The terms of the Pangaea Consideration Options are set out in Annexure 1.
- (d) It is expected that initially 119,394,868 Shares and all Pangaea Consideration Options will be issued on Completion, but in any event no later than three months after the Meeting. A further 20,605,132 Remaining Pangaea Consideration Shares will be issued as Pangaea calls for their issue in accordance with the terms of the Sale and Purchase Agreement. If any of the Remaining Pangaea Consideration Shares are not issued within three months after the Meeting, their issue will be subject to all further requisite approvals (including under the Listing Rules).
- (e) The Pangaea Consideration Securities are being issued to Pangaea as partial consideration for the Acquisition and in accordance with the Sale and Purchase Agreement.
- (f) A summary of the material terms of the Sale and Purchase Agreement and Voluntary Escrow Deed is set out in Section 1.5.
- (g) A voting exclusion statement is included in the Notice for Resolution 1.

5. RESOLUTION 2

APPROVAL OF ISSUE OF EMG CONSIDERATION SECURITIES TO EMG

5.1 General

As outlined in Section 1, the Company has entered into the Sale and Purchase Agreement, pursuant to which the Company will, amongst other obligations and subject to Shareholder approval, issue to EMG 29,696,970 Shares (**EMG Consideration Shares**) and 1,696,970 EMG Consideration Options (together with the EMG Consideration Shares, the **EMG Consideration Securities**) in consideration for the acquisition of its 17.5% interest in the Tenements.

Resolution 2 seeks Shareholder approval pursuant to and in accordance with Listing Rule 7.1 for the Company to issue EMG the EMG Consideration Securities.

Resolution 2 is an ordinary resolution.

5.2 Listing Rule 7.1

Listing Rule 7.1 provides that, subject to specified exceptions set out in Listing Rule 7.2, a company must not, without the approval of its holders of ordinary securities, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The proposed issues of the EMG Consideration Securities do not fall within any of the specified exceptions set out in Listing Rule 7.2. Accordingly, the effect of passing Resolution 2 will be to allow the Company to issue the EMG Consideration Securities without using the Company's 15% annual placement capacity.

If Resolution 2 is passed and subject to Resolution 1 also being approved, then the issue of the EMG Consideration Securities will be excluded when calculating the Company's annual 15% limit under Listing Rule 7.1, which will effectively increase the number of Equity Securities the Company can issue without Shareholder approval over the 12 month period starting from the date of issue of the EMG Consideration Securities.

As Resolutions 1 and 2 are inter-conditional, if both or either of Resolutions 1 or 2 are not passed, then the issue of the EMG Consideration Securities will not be issued and the Acquisition will not proceed.

5.3 Information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided:

- (a) The EMG Consideration Securities will be issued to EMG.
- (b) A total of 29,696,970 Shares and 1,696,970 EMG Consideration Options will be issued.
- (c) The EMG Consideration Shares will rank equally with the existing Shares on issue. The terms of the EMG Consideration Options are set out in Annexure 2.

- (d) It is expected that the EMG Consideration Securities will be issued on Completion, but in any event no later than three months after the Meeting.
- (e) The EMG Consideration Securities are being issued to EMG as partial consideration for the Acquisition and in accordance with the Sale and Purchase Agreement.
- (f) A summary of the material terms of the Sale and Purchase Agreement and Voluntary Escrow Deed is set out in Section 1.5.
- (g) A voting exclusion statement is included in the Notice for Resolution 2.

6. RESOLUTION 3

APPROVAL OF GRANT OF PERFORMANCE RIGHTS TO MANAGING DIRECTOR

6.1 General

Resolution 3 seeks Shareholder approval for the purpose of Listing Rule 10.14 for the proposed grant of a total of 1,015,625 Performance Rights to the Company's Managing Director, Mr Alexander Underwood. The grant of the Performance Rights will occur under the EEGLRP, which was approved by Shareholders at the Company's annual general meeting held on 30 May 2019.

It is the policy of the Board that the interests of the Managing Director should be aligned with the interests of Shareholders to the greatest extent possible. The Managing Director's remuneration package is comprised of:

1. cash base salary;
2. eligibility for short term incentives to be paid if the predetermined annual KPIs are achieved; and
3. eligibility to participate in a long term incentive plan primarily tied to total Shareholder returns.

As noted at the Company's 2021 Annual General Meeting held on 27 May 2021, the Managing Director's cash base salary has not changed for two years. At that meeting Shareholders approved the award of 327,381 Restricted Rights to the Managing Director in recognition of meeting the criteria established in his KPIs.

In April 2021 the Remuneration Committee undertook a review of the remuneration levels and package structures for the Managing Director and senior executives. For this reason, the Board agreed to hold back further awards under the third component, the long term incentive plan until the review was completed. This review was completed in June 2021, after the Company's Annual General Meeting held in May 2021. The Remuneration Consultant advised that the structure of total remuneration for the Managing Director (and senior staff) should continue in accordance with the policy of the Board to be composed of cash base pay, short term incentives and long term incentives. However, the report recommended a rebalancing of the three components to total pay. The Board has agreed to phase these recommendations over the coming year starting with a reduction in Performance Rights to be granted under the long term incentive plan compared to prior years.

6.2 Summary of the Performance Rights

The purpose of the grant of the Performance Rights that are the subject of this Resolution 3 is to provide the Managing Director with appropriate long term incentives as part of his remuneration package while preserving the Company's cash in the current environment.

In recognition of current market conditions, the Company's need to preserve its cash balances, and the desirability of further aligning the Managing Director's interests with those of Shareholders, the Remuneration Committee recommended to the Board (excluding the Managing Director) that the Managing Director should be awarded,

amongst other incentives, a long term incentive for the 2020 financial year of a total of 1,015,625 Performance Rights (subject to Shareholder approval). The Board endorsed this recommendation of the Remuneration Committee.

The Performance Rights have challenging vesting conditions. Tranche 1 of the Performance Rights (which comprises the majority of the Performance Rights proposed to be issued to the Managing Director) will vest proportionately in accordance with Absolute Total Shareholder Return (**ATSR**) over the Measurement Period (defined below, being until the end of 2023 unless extended in accordance with the terms of the EEGLRP). Performance Rights to be issued to the Managing Director which are tied to Total Shareholder Return (**TSR**) will only vest in full if the ATSR exceeds 40% per annum compounded over the Measurement Period.

If Shareholder approval is not provided for the grant of the Performance Rights, the Board has the discretion to pay the Managing Director's long term incentive in cash.

6.3 Listing Rule 10.14

Listing Rule 10.14 provides that, subject to a number of limited exceptions, a listed company must not permit any of the following persons to acquire Equity Securities under an employee incentive scheme:

- (a) a director of the listed company;
- (b) an associate of a director of the listed company; or
- (c) a person whose relationship with the listed company or a person referred to above is such that, in ASX's opinion, the acquisition of the Equity Securities should be approved by its shareholders,

unless it obtains the approval of its shareholders.

Given that Mr Underwood is the Managing Director of the Company, the proposed grant of the Performance Rights falls under Listing Rule 10.14. The proposed grant of the Performance Rights does not meet any of the exceptions to Listing Rule 10.14, hence the proposed grant requires the approval of Shareholders.

Accordingly, Resolution 3 seeks Shareholder approval for purposes of ASX Listing Rule 10.14.

If Resolution 3 is passed, the Company will be able to issue the Performance Rights to Mr Underwood.

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of the Performance Rights to Mr Underwood. In such circumstances, the Company intends to compensate the Managing Director from the Company's cash reserves.

6.4 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act provides that a public company must not, without the approval of the company's members, give a financial benefit to a related party, unless it falls within a specified exception in the Corporations Act.

Mr Underwood is a related party of the Company for the purposes of section 228(2)(a) of the Corporations Act as he is a Director. The grant of the Performance Rights will therefore constitute the giving of a financial benefit to a related party for the purposes of section 229(3)(e) of the Corporations Act.

Section 211 of the Corporations Act provides an exemption to the restrictions in Chapter 2E of the Corporations Act on the giving of financial benefits to related parties, if the financial benefit is the provision of remuneration to the related party as an officer or employee of the public company and the remuneration is reasonable given the circumstances of the public company and the officer or employee (including the responsibilities involved in the office or employment).

If Resolution 3 is approved, the Performance Rights proposed to be granted to Mr Underwood will be granted for the sole purpose of remunerating him for his services as the Managing Director of the Company.

It is therefore the view of the Board (excluding Mr Underwood) that the terms of the financial benefit, being the grant of the Performance Rights, in conjunction with other components of Mr Underwood's remuneration, comprises reasonable remuneration having regard to the Company's and Mr Underwood's circumstances (including his responsibilities as Managing Director). The proposed issue of the Performance Rights would therefore fall within the exemption to the financial benefit restrictions, pursuant to section 211 of the Corporations Act.

6.5 Material terms of the Performance Rights

The material terms of the Performance Rights, as well as details of the approach taken to calculate the number of Performance Rights to be granted, are set out below.

Aspect	Details
Number of Performance Rights	<p>The Managing Director will be issued 1,015,625 Performance Rights across two tranches.</p> <p>The number of Performance Rights when added to the other remuneration elements produces a total remuneration package that, in the opinion of the Board and professional external remuneration advice, is market competitive and reasonable given the Company's circumstances.</p> <p>(Tranche 1) = Stretch Long Term Incentive (LTI) Value ÷ Right Value</p> <p>Number of Performance Rights</p> <p>= A\$390,000 x 50% x 75% x 2 = A\$292,500</p> <p>= A\$292,500 ÷ A\$0.336</p> <p>= 870,536</p> <p>(Tranche 2) = A\$390,000 x 50% x 25% = A\$48,750</p>

Aspect	Details
	<p>Number of Performance Rights</p> $= A\$48,750 \div A\0.336 $= \mathbf{145,089}$ <p>Share Price A\$0.336 (being the 2020 VWAP)</p> <p>Stretch LTI Value = A\$ calculated by first estimating the Target LTI Value by multiplying the Base Package of A\$390,000 by the Target LTI of 50%, multiplied by the vesting percentage for the two scaled tranches (weighting of 75% on TSR and 25% on binary milestones). If Stretch LTI performance is achieved multiply the Target LTI Value by 2 to determine Stretch LTI Value.</p> <p>As 100% of Performance Rights to be granted will only vest when stretch performance goals are achieved it is expected that a lesser percentage will actually vest unless exceptional performance outcomes occur. The Target is 50% vesting for scaled conditions.</p>
Term	The Performance Rights will have a term of 15 years. If not exercised within the term, the Performance Rights will lapse.
Terms & conditions	The Performance Rights offered will be subject to the Vesting Conditions (summarised below). The conditions are intended to be challenging and linked to growth in Shareholder value. The Performance Rights are subject to the terms and conditions of the EEGLRP, which include those aspects legally required, as well as a method for calculating the appropriate number to vest in the circumstances of a change of control, a major return of capital to shareholders and the treatment of Performance Rights on termination of employment.
Amount payable on grant	No amount will be payable by the Managing Director for the grant of the Performance Rights.
Exercise price	No amount will be payable by the Managing Director to exercise a Performance Right that has vested.
Vesting and exercise of Performance Rights	Following the satisfaction of the Vesting Conditions (summarised below), the Performance Rights may be exercised by Mr Underwood submitting a 'Notice of Exercise'. Once exercised, the value of the Performance Rights that vest will be evaluated and will be paid by way of an issue of Restricted Shares (defined below). Performance

Aspect	Details																					
	Rights will lapse if not exercised prior to the end of their Term (set out above).																					
Measurement Period	The Measurement Period will be the three financial years from the commencement of 2021 to the end of 2023, subject to the Measurement Period Modifier (see below) which may in some circumstances increase the Measurement Period to four years.																					
Vesting Conditions	<p>In order for Performance Rights to vest, the performance conditions must be satisfied.</p> <p>The proposed grant will be subject to:</p> <ul style="list-style-type: none">• Tranche 1: Absolute Total Shareholder Return (ATSR),• Tranche 2: A determination by the Board at the end of the 2023 financial year that during the three year measurement period, material value has been added to the Company's assets through delivering on the Company's strategy including exploration results, increasing reserves, operating cash flow and production rates. <p>The vesting of the Tranche 1 Performance Rights will be determined by reference to the following scale:</p> <table><tr><th>Performance Level</th><th>Company's Absolute TSR</th><th>% of Stretch/ Grant/ Tranche/ Maximum Vesting</th></tr><tr><td>Stretch</td><td>≥40% per annum</td><td>100%</td></tr><tr><td>Between Target and Stretch</td><td>>25 & < 40% per annum</td><td>Pro-rata</td></tr><tr><td>Target</td><td>25% per annum</td><td>50%</td></tr><tr><td>Between Threshold and Target</td><td>>10% & < 25% per annum</td><td>Pro-rata</td></tr><tr><td>Threshold</td><td>= 10% per annum</td><td>25%</td></tr><tr><td>Below Threshold</td><td>< 10% per annum</td><td>0%</td></tr></table> <p>The base price against which ATSR will be assessed is A\$0.336 per Share, being the volume weighted average price of the Company's ASX listed securities in the 2020 financial year.</p> <p>The Board retains discretion to modify vesting in the case that the circumstances that prevailed over the Measurement Period materially differ from those expected at the time the vesting scale was determined, which is intended to be used when the application of the</p>	Performance Level	Company's Absolute TSR	% of Stretch/ Grant/ Tranche/ Maximum Vesting	Stretch	≥40% per annum	100%	Between Target and Stretch	>25 & < 40% per annum	Pro-rata	Target	25% per annum	50%	Between Threshold and Target	>10% & < 25% per annum	Pro-rata	Threshold	= 10% per annum	25%	Below Threshold	< 10% per annum	0%
Performance Level	Company's Absolute TSR	% of Stretch/ Grant/ Tranche/ Maximum Vesting																				
Stretch	≥40% per annum	100%																				
Between Target and Stretch	>25 & < 40% per annum	Pro-rata																				
Target	25% per annum	50%																				
Between Threshold and Target	>10% & < 25% per annum	Pro-rata																				
Threshold	= 10% per annum	25%																				
Below Threshold	< 10% per annum	0%																				

Aspect	Details
	vesting scale would lead to an outcome that may be viewed as inappropriate.
Gate	A 'Gate' of no major health, safety or environmental incidents occurring during the measurement period applies to the proposed grant. A Gate is a performance hurdle which must be satisfied before any Performance Rights can vest.
Measurement Period Modifier	The EEGLRP Rules allow for the Measurement Period to be extended by 12 months, if Mr Underwood is still employed, and nil vesting occurred at the first test. The start of the Measurement Period would not be affected by this, and modification of the Measurement Period can only apply to vesting scales that are expressed on an annualised basis, which ensures the adjustment does not make vesting easier (i.e. will not apply to milestone conditions, only TSR). The Measurement Period would be extended from three years to four years. The purpose of this feature is to address short term anomalies that arise at the relevant calculation points, and to motivate management to strive for improvement if the LTI fails to vest at the end of the Measurement Period.
Disposal Restrictions	<p>Performance Rights may not be disposed of at any time, but can be exercised following vesting, at any time before the end of their Term. Shares acquired on exercise of vested Performance Rights (Restricted Shares) may be subject to Specified Disposal Restrictions (set out below), as well as restrictions or prohibitions imposed by:</p> <ul style="list-style-type: none"> • the Company's securities trading policy; and • the insider trading provisions in the Corporations Act.
Specified Disposal Restrictions	No Specified Disposal Restrictions will apply to the Performance Rights, or the Restricted Shares that may be issued on exercise of the Performance Rights.
Disposal Restriction release at taxing point	In the event that a taxing point arises in relation to Restricted Shares and the disposal restrictions applicable to such Restricted Shares have not ceased to apply, then disposal restrictions, other than those arising under the Corporations Act, will cease to apply to 50% of such Restricted Shares.
Cessation of employment	On termination of Mr Underwood's employment, a portion of Performance Rights granted in the financial year in which the termination occurs will be forfeited. The proportion that will be forfeited will be equal to the remainder of the financial year following the termination as a proportion of the full financial year. This provision recognises that grants of Performance Rights are part of the remuneration for the year of grant and that if part of the year is not

Aspect	Details
	<p>served then some of the Performance Rights will not have been earned.</p> <p>If Performance Rights vest subsequent to a termination of employment and their value is less than the Share price at the date of the termination, then such Performance Rights will be settled in cash on exercise.</p> <p>If Mr Underwood is no longer employed by or otherwise engaged with the Company or any of its subsidiaries and holds unvested Performance Rights, those Performance Rights will be automatically exercised on the earlier of the end of the Term of the Performance Rights and one month following the date when Mr Underwood has ceased to hold unvested Performance Rights.</p>
Change of control of the Company	<p>In the event of a change of control, a portion of Performance Rights granted in the financial year in which the change of control occurs will be forfeited. The proportion is that which the remainder of the financial year following the change of control represents as a proportion of the full financial year.</p> <p>Unvested Performance Rights will vest in the same proportion as the Share price has increased since the beginning of the Measurement Period. Remaining Performance Rights will either lapse or some or all may vest at the Board's discretion.</p> <p>In relation to Restricted Shares that have been issued on exercise of Performance Rights, the Company's securities trading policy and the Corporations Act would continue to apply. Restricted Shares are unaffected by a change of control event.</p>
Major return of capital	<p>The EEGLRP contains provisions that provide for vesting in the proportion of capital returned to Shareholders, or in the proportion that the Share price increased over the Measurement Period, with Board discretion regarding the remainder of the capital.</p>
Voting and dividend rights	<p>The Performance Rights do not carry voting or dividend entitlements. Restricted Shares will rank equally in all respects with other Shares then on issue (save for any Disposal Restrictions imposed on the Restricted Shares), including voting and dividend rights.</p>
Lapse and forfeiture of Performance Rights	<p>Performance Rights will lapse if the Vesting Conditions are not satisfied within the Measurement Period, subject to modification of the Measurement Period, or if they are not exercised prior to the end of the Term.</p>
Fraud, gross misconduct etc.	<p>In the event that the Board forms the opinion that Mr Underwood has committed an act of fraud, defalcation or gross misconduct in relation</p>

Aspect	Details
	to the Company, Mr Underwood will forfeit all unvested Performance Rights.
Competition and other actions that may harm the Company	<p>If Mr Underwood 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 Mr Underwood will lapse and be forfeited, unless otherwise determined by the Board.</p> <p>If Mr Underwood 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 will lapse and be forfeited, unless otherwise determined by the Board.</p>
Issue or acquisition of Shares	Restricted Shares may be issued by the Company or acquired on or off market by the Company or its nominee. The nominee may be a trust, the purpose of which is to facilitate the operation of the EEGLRP.
Cost and administration	The Company will pay all costs of issuing and acquiring Restricted Shares for the purposes of satisfying vested Performance Rights which are exercised, as well as any brokerage on acquisitions of such Restricted Shares for this purpose and all costs of administering the EEGLRP.
Hedging	The Company prohibits the hedging of Performance Rights by Mr Underwood.
Other terms of the EEGLRP	The EEGLRP also contains customary and usual terms having regard to Australian law for dealing with winding up, administration, variation, suspension and termination of the EEGLRP. The full terms of the EEGLRP are summarised at Annexure 3 .

6.6 Information required by ASX Listing Rule 10.15

Pursuant to and in accordance with Listing Rule 10.15, the following information is provided:

- (a) The Performance Rights are proposed to be issued to Mr Underwood, who is the current Managing Director of the Company.
- (b) Mr Underwood is a Director and therefore Resolution 3 is required for the purpose of Listing Rule 10.14.1.
- (c) A total of 1,015,625 Performance Rights are proposed to be issued to Mr Underwood.

- (d) Mr Underwood's remuneration package comprises a total base salary including superannuation of A\$390,000 and eligibility for short term incentives and long term incentives in accordance with the EEGLRP.

The terms of Mr Underwood's employment contract have not changed since the end of the financial year ended 31 December 2019.

The independently assessed value of the proposed Performance Rights to be awarded to Mr Underwood subject to Resolution 3 is A\$58,761. This indication of value is based on a hypothetical grant date of Wednesday, 23 June 2021 using a weighted probability approach.

- (e) Mr Underwood has previously been issued with total amounts of the following securities under the EEGLRP. No price was payable by Mr Underwood for any of the following securities:
 - (i) 4,577,089 Performance Rights;
 - (ii) 1,077,381 Restricted Rights; and
 - (iii) 1,000,000 Service Rights.
- (f) A summary of the material terms of the Performance Rights is set out in Section 6.5.
- (g) The Company uses Performance Rights because they create alignment between executives and ordinary Shareholders but do not provide the executives with the full benefits of Share ownership (such as dividend and voting rights) unless and until the Performance Right vests.
- (h) The Performance Rights will be granted for nil cash consideration. The Company's methodology for calculating the number of, and value attributed to, the Performance Rights is set out in Section 6.5.
- (i) The Performance Rights are proposed to be granted within one month of the Meeting.
- (j) The key terms of the EEGLRP are summarised at Annexure 3.
- (k) No loans will be made in connection with the grant of the Performance Rights.
- (l) Details of the Performance Rights and any other Equity Securities issued under the EEGLRP will be published in the annual report of the Company relating to the period in which they are issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.
- (m) Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the EEGLRP after this Resolution 3 is approved and who were not named in this Notice will not participate until Shareholder approval is obtained.
- (n) A voting exclusion statement is included in the Notice for Resolution 3.

GLOSSARY

In the Notice and this Explanatory Statement the following defined terms have the following meanings:

2C means best estimate of Contingent Resources.

Acquisition has the meaning given to that term in Section 1.1.

ASX means ASX Limited (ACN 008 624 961) or the exchange operated by it (as the context dictates).

BCF means billion cubic feet.

BCFe means billion cubic feet of gas equivalent.

Board means the board of Directors.

Carpentaria Project means Empire's project activities located in EP187, onshore Northern Territory

Chair means the person chairing the Meeting.

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

Completion means completion of the Acquisition.

Consideration Options means the Pangaea Consideration Options and the EMG Consideration Options.

Consideration Shares means the Shares to be issued to Pangaea and EMG pursuant to the Sale and Purchase Agreement.

Contingent Resource means those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by the application of development project(s) not currently considered to be commercial owing to one or more contingencies.

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

Directors means the directors of the Company.

EEGLRP means the employee incentive plan titled 'Empire Energy Group Limited Rights Plan' approved by Shareholders at the annual general meeting held on 30 May 2019.

EMG means EMG Northern Territory Holdings Pty Limited (ACN 605 501 059).

EMG Consideration Options means the 1,696,970 options to be issued to EMG pursuant to the Sale and Purchase Agreement, on the terms and conditions set out Annexure 2.

EMG Consideration Securities means the EMG Consideration Shares and the EMG Consideration Options.

EMG Consideration Shares means 29,696,970 Shares to be issued to EMG.

Equity Security has the meaning given to that term in Listing Rule 19.12.

Escrowed Shares has the meaning given to that term in Section 1.5(c).

Explanatory Statement means the explanatory statement in the Notice.

Imperial means Imperial Oil & Gas A Pty Limited (ACN 649 305 411).

JV Agreement means the joint venture operating agreement between Pangaea and EMG dated 28 December 2015.

KPI means key performance indicator.

Listing Rules means the listing rules of the ASX.

Meeting means the general meeting convened by the Notice.

MMbbls means million barrels.

Notice means this notice of meeting, including the Explanatory Statement.

Pangaea means Pangaea (NT) Pty Ltd (ACN 159 197 029) as trustee of the Pangaea (NT) Unit Trust (ABN 43 668 671 451).

Pangaea Consideration Option means the 8 million options to be issued to Pangaea pursuant to the Sale and Purchase Agreement, on the terms and conditions set out Annexure 1.

Pangaea Consideration Securities means the Pangaea Consideration Shares and the Pangaea Consideration Options.

Pangaea Consideration Shares means 140 million Shares to be issued to Pangaea.

Performance Right means a performance right granted under the EEGLRP.

Petroleum Act means the *Petroleum Act 1984* (NT).

Prospective Resources means those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by the application of future development projects. Prospective Resources have both an associated chance of geologic discovery and a chance of development. Prospective Resources are further categorised in accordance with the range of uncertainty associated with recoverable estimates, assuming discovery and development, and may be sub-classified based on project maturity.

Related Body Corporate has the meaning given to that term in section 9 of the Corporations Act.

Remaining Pangaea Consideration Shares means at any time after Completion the number of Pangaea Consideration Shares which at that time have not been issued to Pangaea.

Remuneration Committee means the remuneration committee established by the Board.

Remuneration Consultant means Godfrey Remuneration Group.

Resolution means a resolution proposed in the Notice.

Restricted Right means a restricted right granted under the EEGLRP.

Sale and Purchase Agreement means the sale and purchase agreement entered into between the Company, Imperial, EEG and Pangaea dated 13 April 2021, as amended and restated on 26 May 2021 and further amended by way of a side letter on 10 June 2021.

Section means a section of the Explanatory Statement.

Service Right means a service right granted under the EEGLRP.

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

Shareholder means a registered holder of Shares.

TCF means trillion cubic feet of gas.

TCFe means trillion cubic feet of gas equivalents.

Tenements means the five tenements across the Beetaloo Sub-basin onshore in the Northern Territory to be acquired by the Company under the Sale and Purchase Agreement.

Voluntary Escrow Deeds means the voluntary escrow deeds to be entered into between the Company and each of Pangaea and EMG, as summarised in Section 1.5(c).

Voting Power has the meaning given in Chapter 6 of the Corporations Act.

ANNEXURE 1

TERMS AND CONDITIONS OF PANGAEA CONSIDERATION OPTIONS

1. Entitlement

Each Pangaea Consideration Option entitles the holder (**Holder**) to subscribe for one ordinary share (**Share**) in Empire Energy Group Limited (**Company**) upon exercise.

2. Exercise Price and Expiry Date

Each Pangaea Consideration Option will have an exercise price of \$0.70 (**Exercise Price**) and will expire on the date which is 3 years from their date of issue (**Expiry Date**).

3. Exercise Period

Each Pangaea Consideration Option is exercisable at any time before the Expiry Date provided the issue of Shares on such exercise is a Permitted Pangaea Issue (**Exercise Period**).

4. Notice of Exercise

The Pangaea Consideration Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Pangaea Consideration Option being exercised. Any Notice of Exercise of a Pangaea Consideration Option received by the Company will be deemed to be a notice of the exercise of that Pangaea Consideration Option as at the date of receipt.

5. Shares issued on exercise

Shares issued on exercise of the Pangaea Consideration Option will rank equally with the existing Shares on issue.

6. Quotation of Shares on exercise

Application will be made by the Company to ASX (or, if the Company is no longer listed on ASX, to the securities exchange on which its Shares are admitted for quotation) for official quotation of the Shares issued upon the exercise of the Pangaea Consideration Options.

7. Timing of issue of Shares and quotation of Shares on exercise

Within 5 Business Days after the later of the following:

- (a) receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Pangaea Consideration Option being exercised; and
- (b) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information. If there is no such information, the relevant date will be the date of receipt of a Notice of Exercise as set out in clause 6.6(a) above,

the Company will:

- (c) allot and issue the Shares pursuant to the exercise of the Pangaea Consideration Options;
- (d) as soon as reasonably practicable and in any event within 5 Business Days after issuing the Shares, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (e) within 5 Business Days after issuing the Shares, apply for, and use best endeavours to obtain, official quotation on ASX (or, if the Company is no longer listed on ASX, to the securities exchange on which the Company's shares are admitted for quotation) of Shares issued pursuant to the exercise of the Pangaea Consideration Options,

provided that if the Company receives a Notice of Exercise within 2 weeks after the release of its annual financial statements or after the release of its half-year financial statements, it must take the actions set out in clauses (c) to (e) above within 5 Business Days after receiving the Notice of Exercise.

8. Participation in new issues

There are no participation rights or entitlements inherent in the Pangaea Consideration Options and the Holder will not be entitled to participate in new issues of capital offered to shareholders of the Company unless the Holder has exercised the Pangaea Consideration Options before the record date for determining entitlements to the new issue of securities and participates as a result of holding Shares.

9. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing shareholders of the Company (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued upon the exercise of a Pangaea Consideration Option will be increased by the number of Shares which the Holder would have received if the Pangaea Consideration Options had been exercised before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

10. Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing shareholders of the Company (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment) the Exercise Price of a Pangaea Consideration Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P - (S + D)]}{N + 1}$$

Where:

O = Old Exercise Price of the Pangaea Consideration Option.

- E = Number of underlying Shares into which one Pangaea Consideration Option is exercisable.
- P = Average market price per Share weighted by reference to volume of the underlying Shares during the 5 Trading Days ending on the day before the ex rights date or ex entitlements date.
- S = Subscription price of a Share under the pro rata issue.
- D = The dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
- N = Number of Shares with rights or entitlements that must be held to receive a right to one new Share.

11. Adjustment for reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Holder will be varied to comply with the ASX Listing Rules which apply to the reorganisation at the time of the reorganisation.

12. Quotation of Pangaea Consideration Options

No application for quotation of the Pangaea Consideration Options will be made by the Company.

13. Pangaea Consideration Options non-transferable

The Pangaea Consideration Options are non-transferable provided that all or any of them may be transferred by Pangaea to another person within one month prior to the Expiry Date, in circumstances where the issue of Shares upon the exercise of the Pangaea Consideration Options would not be a Permitted Pangaea Issue.

14. Amendments

These terms and conditions of the Pangaea Consideration Options may only be amended by written agreement between the Company and the Holder and subject to compliance with the ASX Listing Rules (or the rules of the relevant securities exchange on which its Shares are admitted for quotation).

15. Lodgement instructions

The Exercise Price may be paid by cheque or electronic funds transfer to an account nominated by the Company. Cheques must be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares upon exercise of the Pangaea Consideration Options with the appropriate remittance should be lodged at the Company's share registry.

ANNEXURE 2

TERMS AND CONDITIONS OF EMG CONSIDERATION OPTIONS

1. Entitlement

Each EMG Consideration Option entitles the holder (**Holder**) to subscribe for one ordinary share (**Share**) in Empire Energy Group Limited (**Company**) upon exercise.

2. Exercise Price and Expiry Date

Each EMG Consideration Option will have an exercise price of \$0.70 (**Exercise Price**) and will expire on the date which is 3 years from their date of issue (**Expiry Date**).

3. Exercise Period

Each EMG Consideration Option is exercisable at any time before the Expiry Date (**Exercise Period**).

4. Notice of Exercise

The EMG Consideration Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each EMG Consideration Option being exercised. Any Notice of Exercise of an EMG Consideration Option received by the Company will be deemed to be a notice of the exercise of that EMG Consideration Option as at the date of receipt.

5. Shares issued on exercise

Shares issued on exercise of the EMG Consideration Option will rank equally with the existing Shares on issue.

6. Quotation of Shares on exercise

Application will be made by the Company to ASX (or, if the Company is no longer listed on ASX, to the securities exchange on which its Shares are admitted for quotation) for official quotation of the Shares issued upon the exercise of the EMG Consideration Options.

7. Timing of issue of Shares and quotation of Shares on exercise

Within 5 Business Days after the later of the following:

- (a) receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each EMG Consideration Option being exercised; and
- (b) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information. If there is no such information, the relevant date will be the date of receipt of a Notice of Exercise as set out in clause 6.6(a) above,

the Company will:

- (c) allot and issue the Shares pursuant to the exercise of the EMG Consideration Options;
- (d) as soon as reasonably practicable and in any event within 5 Business Days after issuing the Shares, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (e) within 5 Business Days after issuing the Shares, apply for, and use best endeavours to obtain, official quotation on ASX (or, if the Company is no longer listed on ASX, to the securities exchange on which the Company's shares are admitted for quotation) of Shares issued pursuant to the exercise of the EMG Consideration Options,

provided that if the Company receives a Notice of Exercise within 2 weeks after the release of its annual financial statements or after the release of its half-year financial statements, it must take the actions set out in clauses (c) to (e) above within 5 Business Days after receiving the Notice of Exercise.

8. Participation in new issues

There are no participation rights or entitlements inherent in the EMG Consideration Options and the Holder will not be entitled to participate in new issues of capital offered to shareholders of the Company unless the Holder has exercised the EMG Consideration Options before the record date for determining entitlements to the new issue of securities and participates as a result of holding Shares.

9. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing shareholders of the Company (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (f) the number of Shares which must be issued upon the exercise of an EMG Consideration Option will be increased by the number of Shares which the Holder would have received if the EMG Consideration Options had been exercised before the record date for the bonus issue; and
- (g) no change will be made to the Exercise Price.

10. Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing shareholders of the Company (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment) the Exercise Price of an EMG Consideration Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P - (S + D)]}{N + 1}$$

Where:

O = Old Exercise Price of the EMG Consideration Option.

E = Number of underlying Shares into which one EMG Consideration Option is exercisable.

P = Average market price per Share weighted by reference to volume of the underlying Shares during the 5 Trading Days ending on the day before the ex rights date or ex entitlements date.

S = Subscription price of a Share under the pro rata issue.

D = The dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = Number of Shares with rights or entitlements that must be held to receive a right to one new Share.

11. Adjustment for reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Holder will be varied to comply with the ASX Listing Rules which apply to the reorganisation at the time of the reorganisation.

12. Quotation of EMG Consideration Options

No application for quotation of the EMG Consideration Options will be made by the Company.

13. EMG Consideration Options non-transferable

The EMG Consideration Options are non-transferable.

14. Amendments

These terms and conditions of the EMG Consideration Options may only be amended by written agreement between the Company and the Holder and subject to compliance with the ASX Listing Rules (or the rules of the relevant securities exchange on which its Shares are admitted for quotation).

15. Lodgement instructions

The Exercise Price may be paid by cheque or electronic funds transfer to an account nominated by the Company. Cheques must be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares upon exercise of the EMG Consideration Options with the appropriate remittance should be lodged at the Company's share registry.

ANNEXURE 3

EMPIRE ENERGY GROUP LIMITED RIGHTS PLAN

SUMMARY OF TERMS

The following is a summary of the key terms of the EEGLRP.

Aspect	Details
Instrument	<p>The EEGLRP uses indeterminate Rights which are entitlements to the value of Shares which may be satisfied either in cash and/or in Shares. Generally, it is expected that vested Rights will be satisfied in Shares. The price to exercise the Rights is nil, however vesting is performance tested. The value that will be realised is then a function of performance against indicators (Vesting Conditions) and the Share price at the time of vesting.</p> <p>No loans are provided under the Plan.</p> <p>The EEGLRP allows for three kinds of Rights which may be appropriate forms of remuneration under various circumstances, being;</p> <ul style="list-style-type: none">• Performance Rights which vest when performance conditions have been satisfied,• Service Rights which vest after the completion of a period of service, and• Restricted Rights which relate to amounts of deferred payments already earned and which are not subject to vesting conditions.
Eligibility	<p>Selected employees and directors as nominated by the Board are eligible to participate. Current directors being Mr Alexander Underwood, Mr Paul Espie AO, Mr Peter Cleary, Mr Louis Rozman and Professor John Warburton will be eligible to participate in the Plan. In addition to the aforementioned persons, participants will be employees, and consultants of the Company and its subsidiaries.</p>
Term	<p>Rights will have a term of 15 years and if not exercised within the term the Rights will lapse. (Note: the Term of Rights is separate to the Measurement Period for vesting of Rights which is described below).</p>
Terms & Conditions	<p>The Board has the discretion to set the terms and conditions on which it will offer Rights under the EEGLRP, including the Vesting Conditions and modification of the terms and conditions as appropriate to ensuring the plan operates as intended. All Performance and Service Rights offered will be subject to Vesting Conditions and in the case of Performance Rights the conditions are intended to be challenging and linked to growth in shareholder value. The terms and conditions of the EEGLRP include those aspects legally required as well as a method for calculating the appropriate number to vest in</p>

Aspect	Details
	the circumstances of a change of control, a major return of capital to shareholders and the treatment of Rights on termination of employment.
Number of Rights	The number of Rights to be offered will be at the discretion of the Board. It is intended that the number of Rights to be granted will be determined annually with regard to the Participant's Base Package, relevant market practices and the relevant policies of the Company regarding their remuneration.
Vesting	<p>Performance Rights will be the form of Right that will be used for LTI and they will vest based on Company performance. Service Rights and Restricted Rights may also be used from time to time to retain key talent, to defer remuneration should the need arise, or to settle previously accrued remuneration entitlements. Upon the satisfaction of the Vesting Conditions, and exercise of vested Rights by the Participant, Rights will be converted into Shares. As part of an Invitation the Board may specify whether vested Rights are automatically exercised upon vesting, or must be exercised manually by the Participant.</p> <p>Under some limited circumstances the Board may exercise its discretion to award the value of vested Rights in the form of cash, such as following a termination of employment. No exercise price is required to convert the Rights into Shares. In the case of Restricted Rights, exercise will be automatic 90 days following grant.</p>
Measurement Period	The Measurement Period may be determined by the Board as part of each Invitation, but for long term incentive purposes it is intended to be three years (starting from the beginning of the financial year in which a grant is made) with no vesting prior to performance being tested at the end of the three years between the start of the financial year in which the grant is made, and the end of the third financial year. Different Measurement Periods may be applied when warranted. The life of the Rights may differ from the Measurement Period and be shorter when shareholder approval for grants cannot be obtained until after the beginning of the Measurement Period.
Vesting Conditions	Vesting Conditions are to be determined by the Board as part of each offer, however, for the purposes of long term incentive, the conditions selected are intended to create alignment with the experiences and expectations of shareholders over the Measurement Period. Initially Vesting Conditions will be related to TSR and possibly strategic milestones.
Gates	A gate is a condition that may apply to a grant if specified in the Invitation, and if not met, will turn off the opportunity for Rights to vest.

Aspect	Details
Measurement Period Extender	<p>The EEGLRP Rules allow for the Measurement Period to be extended by 12 months, if the Participant is still employed, and nil vesting occurred at the first test. The start of the measurement period would not be affected by this, and modification of the Measurement Period can only apply to vesting scales that are expressed on an annualised basis, which ensures the adjustment does not make vesting easier. The Measurement Period would typically be extended from 3 years to 4 years. The purpose of this feature is to address short term anomalies that arise at the relevant calculation points, and to motivate management to strive for improvement if the LTI fails to vest at the end of 3 years. This is not the same as re-testing.</p>
Exercise and exercise price	<p>In the case of manual exercise, Participants may submit an exercise notice at any time between the Vesting Date and the elapsing of the Term of the Rights, otherwise they will lapse at the end of their Term. The exercise price is nil.</p>
Cessation of employment	<p>On termination of employment a portion of Performance Rights granted in the financial year in which the termination occurs will be forfeited. The proportion is that which the remainder of the financial year following the termination represents of the full financial year. This provision recognises that grants of Performance Rights are part of the remuneration for the year of grant and that if part of the year is not served then some of the Performance Rights will not have been earned.</p> <p>The treatment of Service Rights will be specified in Invitations and will relate to the purpose of such a grant.</p> <p>If Performance or Service Rights vest subsequent to a termination of employment and their value is less than the Share Price at the date of the termination, then such Rights will be settled in cash on exercise.</p> <p>If a Participant is no longer employed by or otherwise engaged with the Company or any of its subsidiaries and holds unvested Rights those Rights will be automatically exercised on the earlier of the end of the Term of the Rights and one month following the date when the Participant has ceased to hold unvested Rights.</p>

Aspect	Details
Change of control of the Company	<p>In the event of a Change of Control a portion of Performance Rights granted in the financial year in which the Change of Control occurs will be forfeited. The proportion is that which the remainder of the financial year following the Change of Control represents of the full financial year.</p> <p>Unvested Performance Rights would vest in the same proportion as the Share price has increased since the beginning of the Measurement Period. Remaining Performance Rights would either lapse or some or all may vest at the Board's discretion.</p> <p>In relation to Restricted Shares that have resulted from the vesting of Rights, dealing restrictions, if any, specified in the Invitation would also be lifted, though the Company's securities trading policy and the Corporations Act would continue to apply. Restricted Shares are unaffected by a Change of Control event.</p> <p>All unvested Service Rights will vest.</p> <p>Restricted Rights will be unaffected by a Change of Control, as they are fully vested at grant.</p>
Major return of capital	<p>The EEGLRP contains provisions that provide for vesting in the proportion of capital returned to shareholders, or in the proportion that the Share price increased over the Measurement Period, with Board discretion regarding the remainder.</p>
Disposal Restriction / release at taxing point	<p>In the event that a taxing point arises in relation to Restricted Shares and the disposal restrictions applicable to such Shares have not ceased to apply then disposal restrictions, other than those arising under the Corporation Act, will cease to apply to 50% of such Restricted Shares.</p>
Fraud, Gross Misconduct etc.	<p>In the event that the Board forms the opinion that a Participant has committed an act of fraud, defalcation or gross misconduct in relation to the Company, the Participant will forfeit all unvested Rights.</p>
Competition and other actions that may harm the Company	<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 Rights held by the Participant will lapse and 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 Rights held by the Participant will lapse and be forfeited, unless otherwise determined by the Board.</p>
Voting and dividend rights	<p>Rights do not carry voting or dividend entitlements. Shares issued when Rights vest carry all entitlements of Shares, including voting and dividend rights.</p>

Aspect	Details
No transfer of Rights	Rights may not be sold, transferred, mortgaged, charged or otherwise dealt with or encumbered, except by force of law.
Specified Disposal Restrictions	Invitations may include disposal restrictions that apply for a specified period to Restricted Shares. The Board will decide whether to include such conditions and the period for which they will apply.
Quotation	Rights will not be quoted on the ASX. The Company will apply for official quotation of any Shares issued under the EEGLRP, in accordance with the ASX Listing Rules.
Variation of Terms and Conditions	To the extent permitted by the ASX Listing Rules, the Board retains the discretion to vary the terms and conditions of the EEGLRP. This includes varying the number of Rights to which a Participant is entitled upon a reorganisation of the capital of the Company.
Issue or acquisition of Shares	Shares allocated to a Participant when Rights vest under the EEGLRP may be issued by the Company or acquired on or off market by the Company or its nominee. The nominee may be a trust, the purpose of which is to facilitate the operation of the plan.
Cost and administration	The Company will pay all costs of issuing and acquiring Shares for the purposes of satisfying exercised Rights, as well as any brokerage on acquisitions of Shares for this purpose and all costs of administering the EEGLRP.
Other terms of the EEGLRP	The EEGLRP also contains customary and usual terms having regard to Australian law for dealing with winding up, administration, variation, suspension and termination of the EEGLRP.
Hedging	The Company prohibits the hedging of Rights or Shares subject to dealing restrictions by Participants.
Lapse and forfeiture of Rights	Rights will lapse if the prescribed Vesting Conditions are not satisfied within the prescribed Measurement Period, subject to retesting, or if the Rights are not exercised within their term.



ABN 29 002 148 361

EEG

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

Need assistance?



Phone:

1300 855 080 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **2:00 PM (AEST) on Sunday, 1 August 2021.**

Proxy Form

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.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

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

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



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

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
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

XX

I/We being a member/s of Empire Energy Group 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 via Digital videoconference (Online) & Boardroom 1, Level 19, 20 Bond Street, Sydney NSW 2000 on Tuesday, 3 August 2021 at 2:00 PM (AEST) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 3 (except where I/we have indicated a different voting intention in step 2) even though Resolution 3 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 3 by marking the appropriate box in step 2.

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	Approval of issue of Pangaea Consideration Securities to Pangaea	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of issue of EMG Consideration Securities to EMG	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Grant of Performance Rights to Managing Director	<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.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

EEG

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Computershare

