



## EMPIRE OIL & GAS NL

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The Manager  
Company Announcements Office  
Australian Securities Exchange  
20 Bridge Street  
**SYDNEY NSW 2000**

### **Update on Corporate Transaction**

Please find attached an Empire Oil & Gas NL (ASX: EGO) ASX Announcement concerning the corporate transaction between Empire and ERM Power Limited (ASX: EPW).

**Yours faithfully**

**Ken Aitken**  
Chief Executive Officer

30 October 2014

## Empire and ERM Power agree reduced price for ERM's Perth Basin assets

Empire Oil & Gas (ASX: EGO) is pleased to advise that its strategy to unlock the value of its extensive exploration acreage in WA's highly prospective Perth Basin has received a significant boost with ERM Power (ASX: EPW) agreeing to reduce the price Empire pays for ERM's share of their joint ventures.

Under the revised terms of the agreement, ERM will sell its interests in EP 389, including the Red Gully gas and condensate project, and seven other tenements to Empire for \$15.1 million, down from the \$16.34 million price contained in the original agreement (see ASX release dated 1 September 2014).

ERM has also agreed to amend the terms of the credit facility it has provided to Empire. Under the revised terms, should the transaction not be approved by Empire shareholders, Empire will have an additional six months to repay the loan, taking the repayment date to 30 June 2015. For each month (or part thereof) that the loan is outstanding after 1 January 2015, Empire will pay ERM an additional fee of \$25,000 per month.

All other elements of the transaction remain as outlined in the ASX statement of 1 September 2014.

Empire Chief Executive Ken Aitken said the lower price being paid for Empire's share of the joint ventures made the transaction even more compelling for Empire shareholders.

"This deal which is the first step, is the key to unlocking the true value of our exploration acreage because it will pave the way for Empire for its second step, which is to secure high quality farm-in partners and investors," Mr Aitken said. "This is crucial to maximising our chances of exploring and developing our vast acreage portfolio in the Perth Basin.

"It will also give Empire 100 per cent ownership of our flagship Red Gully project and the growing cashflow it is expected to generate when it starts delivering gas to Alcoa under Tranche 2 of its Gas Supply Agreement.

"The fact that we now stand to secure these highly valuable assets and all their upside for a lower price represents a significant windfall for Empire shareholders."

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