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26 March 2015

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

Prospectus – Rights Offer to raise \$10.2 m

Please find attached an Empire Oil & Gas NL (ASX: EGO) ASX Announcement containing a prospectus for a non-renounceable entitlement offer of 1 New Share for every four (4) Shares held by Eligible Shareholders at an issue price of A\$0.005 per New Share, together with one (1) free New Option for every four (4) New Shares subscribed to raise A\$10,204,954.

Yours sincerely
For Empire Oil & Gas NL

Rachel Rees
Company Secretary

Media

For further information, contact:
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Read Corporate
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EMPIRE OIL & GAS NL

ACN 063 613 730

Prospectus

For a non-renounceable entitlement offer of 1 New Share for every four (4) Shares held by Eligible Shareholders at an issue price of A\$0.005 per New Share, together with one (1) free New Option for every four (4) New Shares subscribed to raise A\$10,204,954 (**Offer**).

This Offer is fully underwritten by Morgans Corporate Limited. Refer to section 9 of this Prospectus for details regarding the terms of the underwriting arrangement.

IMPORTANT NOTICE

This document is important and should be read in its entirety before deciding whether to apply for New Securities under this Prospectus. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, solicitor, banker, financial adviser, accountant or other professional adviser.

You should have regard to all publicly available information concerning the Company.

An investment in the Securities of the Company, including the New Shares and New Options offered by this Prospectus, should be considered speculative.

Underwriter & Lead Manager



Legal Adviser to Empire



Corporate Directory

Board of Directors

Mr Antonino (Tony) Iannello
Chairman and Non-Executive Director

Mr Stuart Brown
Independent Non-Executive Director

Mr Brett Heading
Independent Non-Executive Director

Chief Financial Officer & Company Secretary

Ms Rachel Rees

Registered Office

229 Stirling Highway
Claremont WA 6010

Telephone: + 61 8 9284 4600
Facsimile: + 61 8 9284 6588

Website: www.empireoil.com.au

Share Registry

Link Market Services Limited
Central Park Level 4
152 St Georges Terrace
Perth WA 6000

Telephone:
1300 554 474 (within Australia)
+61 1300 554 474 (outside Australia)
Facsimile: +61 2 9287 0303

Solicitors to the Offer

Clayton Utz
Level 27
QV.1 Building
250 St Georges Terrace
Perth WA 6000

Telephone: +61 8 9426 8000
Facsimile: + 61 8 9481 3095

Underwriter & Lead Manager

Morgans Corporate Ltd
Level 3
1292 Hay St
West Perth WA 6005

Telephone: +61 8 6160 8700

Important notes

You should read this entire Prospectus carefully before deciding whether to invest in New Securities. In particular, you should consider the key risks that could affect the performance of the Company or the value of an investment in the Company, details of which are outlined in section 4 of this Prospectus.

The information provided in this Prospectus is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Before deciding whether to apply for New Securities, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading this Prospectus, you have any questions about the Offer, you should contact your stockbroker, solicitor, banker, financial adviser, accountant or other professional adviser.

Regulatory information

This Prospectus is dated 26 March 2015 and was lodged with ASIC on that date. ASIC and ASX take no responsibility for the content of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with the Offer.

Applications for New Securities offered pursuant to this Prospectus can only be submitted on an original Application Form, which accompanies this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities and options over continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been given to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Disclaimer

Except as required by law, and only then to the extent so required, neither the Company nor any other person warrants the future performance of the Company or any return on any investment made under this Prospectus. An investment in the New Securities offered by this Prospectus should be considered speculative.

The Company has prepared this document based on information available to it at the time of preparation.

Forward-looking statements

This Prospectus contains forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions many of which are outside the control of the Company and that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

In particular, this Prospectus details some important factors and risks that could cause the Company's actual results to differ from the forward-looking statements in this Prospectus (details of which are outlined in section 4 of this Prospectus).

The pro-forma financial information provided in this Prospectus is for illustrative purposes only and is not represented as being indicative of the Company's view on its future financial condition and/or performance.

Neither the Company nor any other person guarantees the repayment of capital or the payment of income. Investors should note that the past performance of the Company provides no guidance to its future performance.

Key risks

Subscribing for New Securities the subject of this Prospectus involves a number of risks. The risk factors set out in section 4 of this Prospectus and other general risks applicable to all investments in listed securities not specifically referred to may in the future affect the value of the Securities. Some of these factors can be mitigated by appropriate commercial action. However, many are outside the control of the Company, dependent on the policies adopted and approaches taken by regulatory authorities or cannot otherwise be mitigated.

If any Shareholder is unsure about subscribing for Securities, the Shareholder should first seek advice from its stockbroker, solicitor, banker, financial adviser, accountant or other professional adviser.

The following sets out a summary of some of the key risks relevant to the Company and its operations:

Risk	Details
Production	Exposure to production decrease or stoppage, which may be the result of facility shut-downs, mechanical or technical failure and other unforeseeable events. Gas and condensate production is sourced from one well (Red Gully-1). Should a significant failure result in a production decrease or stoppage from this well, production can be sourced from the significantly smaller Gingin West well for a brief period.
Sales of product	A severe decline in the price of oil or gas may have a material adverse effect on the Company's financial performance. All gas produced is sold under an exclusive agreement with Alcoa of Australia Limited. This contract allows for limited variation in delivery volumes. A contractual dispute that resulted in interrupted deliveries of gas for a period of time would adversely affect the profitability and cash reserves of the Company.
Reserves and resources	Underground oil and gas reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which are valid at a certain point in time may alter significantly or become uncertain when new oil and gas reservoir information becomes available through additional drilling or reservoir performance over the life of the field.
Security of tenure	All petroleum licences held by the Company are subject to the granting and approval of relevant government bodies. Government regulatory authorities generally require the holder of the licences to undertake certain proposed exploration commitments and the failure to meet these obligations could result in loss of exploration rights. Any renewal or extension of licence terms is subject to agreement by the government; potential lack of approval may result in a financial loss for the Company. Defaulting joint venture party, Allied Oil & Gas Plc (Allied), is currently still on title with 10% in each of three permits (EP 416, 426, 432). Empire is currently in the process of enforcing the withdrawal of Allied from these permits.

Risk	Details
Changes in government policy and laws	Changes in government policy (such as in relation to taxation) or statutory changes may affect the Company's business operations and its financial position.
Ability to access credit and financial markets	If cash flows decrease or the Company is unable to raise necessary financing, this may result in a reduction in planned capital expenditures. Any such reduction could have a material adverse effect on the Company's ability to expand its business and/or maintain operations at current levels, which in turn could have a material adverse effect on the Company's business, financial condition and operations.
Exploration	Exploration can be hampered by force majeure circumstances and cost overruns for unforeseen events, including unexpected variations in location, disputes with contractors including the drilling contractor, reserves estimates, quality of oil & gas and facility malfunction.

In addition, there are a number of general risks that are common to all investments in shares and are not specific to the business model and operations of the Company. Further details regarding risks that affect the Company in the future are set out in section 4.

The Securities offered under this Prospectus carry no guarantee of profitability, dividends, return of capital or the price at which they may trade on ASX. The past performance of the Company should not necessarily be considered a guide to its future performance.

Prospectus availability

Eligible Shareholders can obtain a copy of this Prospectus during the Offer Period on the Company's website at www.empireoil.com.au or by contacting the Share Registry by telephone on 1800 187 991 (within Australia) or +61 2 8767 1015 (outside Australia) during the Offer Period. If you access the electronic version of this Prospectus, you should ensure that you download and read the entire Prospectus.

The electronic version of this Prospectus on the Company's website will not include a personalised Application Form. You will only be entitled to accept the Offer by completing and returning your personalised Application Form, which accompanies this Prospectus, or by making a payment via BPAY® using the information provided on your personalised Application Form (refer to section 6 of this Prospectus for further information).

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a hard copy of this Prospectus or a complete and unaltered electronic version of this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Foreign jurisdictions

This Prospectus has been prepared to comply with the requirements of the laws of Australia and is being sent to Eligible Shareholders. No action has been taken to register the New Securities in any jurisdiction outside of Australia.

See section 1.11 of this Prospectus for further details in relation to persons in other jurisdictions.

Glossary

Terms and abbreviations used in this Prospectus are explained in the Glossary in section 11 of this Prospectus.

A reference in this Prospectus to time is a reference to the local time in Perth, Western Australia, unless otherwise stated.

All financial amounts in this Prospectus are expressed in Australian dollars, unless otherwise stated.

Governing law

This Prospectus and the contracts that arise from acceptance of the Applications are governed by the laws applicable in Western Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of Western Australia.

Enquiries

If you have any questions in relation to the Offer, please contact your stockbroker, solicitor, banker, financial adviser, accountant or other professional adviser.

If you have any enquiries in relation to the Application Form, please contact the Share Registry by telephone on 1800 187 991 (within Australia) or +61 2 8767 1015 (outside Australia).

Table of Contents

Table of Contents	1
Chairman's letter.....	2
Key Offer information.....	4
Key dates.....	4
Frequently asked questions (FAQs)	5
1. Details of the Offer	8
2. Overview of the Company.....	15
3. Company information	21
4. Risk factors.....	24
5. Purpose and effect of the Placement and the Offer.....	32
6. Action required by Eligible Shareholders	35
7. Rights of the New Shares	39
8. Rights of the New Options	41
9. Additional information.....	42
10. Directors' authorisation	51
11. Glossary	52
Schedule 1 - Terms and conditions of New Options	55
Application Form.....	56

Chairman's letter

26 March 2015

Dear Eligible Shareholder

On behalf of the directors of Empire Oil and Gas NL ACN 063 613 730 (**Empire or Company**), I am pleased to invite you to participate in a fully underwritten traditional non-renounceable entitlement offer to subscribe for 1 New Share for every 4 existing Shares held at an issue price of 0.5 cents per New Share, together with 1 free New Option for every 4 New Shares subscribed (**Entitlement Offer**).

You may also apply for additional New Shares in excess of your Entitlement as set out in section 1.7 of this Prospectus (**Oversubscription Offer**). The Oversubscription Offer is an opportunity for smaller Shareholders to take positive action and increase their shareholding ahead of a likely non-marketable parcel share sale facility to be conducted later this year.

The funds raised by this underwritten Entitlement Offer, in conjunction with the A\$5.5 million placement to sophisticated investors and institutions announced on 26 March 2015 and the cash surplus generated by the Red Gully production facility will provide the Company with sufficient financial resources to advance its long awaited exploration activities. This will commence with the Black Swan airborne geophysical survey over the Company's Perth Basin permits in April 2015 and the drilling of the highly prospective 'Red Gully North' well (previously named 'Gingin Updip' well) in EP 389, planned for the December quarter.

The funds will also be applied to repay the A\$1.5 million short term credit facility provided by ERM Power Limited (ASX: EPW).

The Record Date for the Entitlement Offer is 4:00 pm (Perth time) on 1 April 2015.

The issue price of 0.5 cents per New Share represents a 28.7% discount to the closing price of Empire shares (**Shares**) on ASX on 23 March 2015, which was the last day Shares traded on the ASX before the announcement of the Entitlement Offer, a 23.3% discount to the 30 day VWAP to the closing price of the Shares on ASX on 23 March 2015 and a 17.1% discount to the theoretical ex rights price.¹ Participants in the Entitlement Offer will receive one free attaching Option for every four New Shares subscribed, with the Options exercisable at 0.9 cents and expiring 29 April 2018.

The Entitlement Offer will raise approximately A\$10.2 million. New Shares issued under the Entitlement Offer will rank equally with existing Shares. All Board members will be accepting the Entitlement Offer in respect of their own entitlements and the entitlements of their associated entities.

I, Tony Iannello, will also participate as a general sub-underwriter for up to 20,000,000 additional New Shares, noting that applications for Shortfall Securities by Shareholders will be dealt with in priority to the allotment of Oversubscription Securities to myself.

Now that the Company is well funded, the Board believe it is appropriate to conduct a capital restructure (share consolidation) at or before the next general meeting of Shareholders.

The Closing Date for the receipt of Application Forms and application money for the Entitlement Offer is 3:00 pm (Perth time) on 22 April 2015. If you decide to take this opportunity to increase your investment in the Company please ensure that, before this time, your completed Application Form and your Application Money are received by the Share Registry, or you have paid your Application Money

¹ The theoretical ex-rights price (**TERP**) is the theoretical price at which Shares should trade immediately after the ex date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which Shares trade immediately after the ex date for the Entitlement Offer will depend on many factors and may not be equal to the TERP.

by BPAY® in accordance with the instructions set out in the enclosed Application Form and the "Action required by Eligible Shareholders" section of this Prospectus.

If you do not wish to take up any of your Entitlement, you do not have to take any action.

Full details on the Entitlement Offer are set out in this Prospectus, which you should read carefully and in its entirety. Additionally, you can call our share registry Link Market Services on 1800 187 991 (within Australia) and +61 2 8767 1015 (outside Australia) between 8:30 am and 5:30 pm (AEDT time) Monday to Friday.

On behalf of the Board, I thank you for your continued support as a shareholder and I commend the Entitlement Offer to you.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Antonino Iannello', written in a cursive style.

Antonino (Tony) Iannello
Chairman

Key Offer information

Eligible Shareholders Entitlement	1 New Share for every 4 Shares held by Eligible Shareholders, together with 1 free New Option for every 4 New Shares subscribed
Offer Price per New Share	\$0.005
Maximum amount to be raised under the Offer before costs	A\$10,204,954
Maximum number of New Shares to be issued	2,040,990,719
Maximum Number of New Options to be issued	510,247,680
Maximum Number of Shares on issue on completion of the Offer (including Shares issued under the Placement)	10,204,953,594

Key dates

Announcement of Placement and Entitlement Offer	26 March 2015
Lodgement of Prospectus with ASIC and ASX	26 March 2015
Notice to Shareholders	27 March 2015
Placement settlement	31 March 2015
Record Date	4.00 pm (Perth time) on 1 April 2015
Despatch of Prospectus and Application Forms commences	8 April 2015
Offer opens	8 April 2015
Offer closes	3.00 pm (Perth time) on 22 April 2015
ASX notified of under-subscriptions	27 April 2015
Allotment of New Securities under the Offer	29 April 2015
Despatch of holding statements in relation to New Securities issued under the Offer	29 April 2015
Normal trading of New Securities issued under the Offer expected to commence on ASX	30 April 2015

Note: These dates (other than the date of this Prospectus and date of lodgement of this Prospectus with ASX and ASIC) are indicative only. The Company reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary the dates of the Offer, including extending the Closing Date or accepting late applications, either generally or in particular cases, without notice.

Frequently asked questions (FAQs)

What is the Offer?	The Offer is a pro-rata non-renounceable entitlement offer to Eligible Shareholders to apply to purchase 1 New Share for every 4 existing Shares held as at the Record Date, together with 1 free New Option for every 4 New Shares subscribed.	Section 1.1
What is my Entitlement?	Each Eligible Shareholder is entitled to subscribe for 1 New Share for every 4 Shares held on the Record Date, together with 1 free New Option for every 4 New Shares subscribed. Fractional entitlements will be rounded up to the nearest whole number of New Shares.	Application Form and section 1.2
What is the Offer Price?	The Offer Price is A\$0.005 per New Share.	Section 1.1
Am I an Eligible Shareholder?	Eligible Shareholders are those Shareholders who, as determined by the Company at its absolute discretion: <ul style="list-style-type: none"> • are a Shareholder as at the Record Date; • has a registered address on the Company's Register in Australia or New Zealand; • are not in the United States or acting for the account or benefit of a person in the United States; and • are eligible under all applicable securities laws to receive an offer under the Offer. 	Section 1.3
What happens if I am a Shareholder on the Record Date but not an Eligible Shareholder?	You will not be entitled to subscribe for New Securities under the Entitlement Offer. Ineligible Shareholders will have their percentage shareholding in the Company (held at the Record Date) diluted as a result of the Offer.	
How much will be raised from the Offer?	The Offer will raise A\$10.2 million (before costs).	Section 1.9
What is the purpose of the Offer and how will the funds raised be used?	The purpose of the offer is to raise funds to allow the Company to continue the exploration and development of the Company's assets, especially those within the vicinity of its production facility and to evaluate its extensive acreage position within the Perth Basin. The funds raised under the Offer, net of expenses of the Offer, together with existing cash reserves and future cash operating surpluses will be used for the following purposes: <ul style="list-style-type: none"> • a comprehensive airborne geophysical survey (the 'Black Swan' survey) over its prospective Perth Basin acreage to help generate leads and prospects; • drill a well targeting the Red Gully North exploration prospect located in EP 389, approximately 4kms from the production facility; 	Section 1.9

	<ul style="list-style-type: none"> • repayment of ERM credit facility; and • general working capital. 	
Is the Offer underwritten?	Yes, the Offer is fully underwritten by Morgans Corporate Limited. Morgans Corporate Limited has entered into sub-underwriting arrangements with sophisticated investors and institutions. This includes ERM and Tony Iannello (or entities associated with him).	Sections 1.8 and 9
What are the tax implications of participating in the Offer?	Taxation implications will vary depending upon the specific circumstances of individual Shareholders. Investors should obtain their own professional advice as to the particular taxation treatment which will apply to them.	Section 9.16
Are there any risks?	There are risks associated with an investment in the Company. These include risks relating to the Company's business, risks relating to the Offer and risks associated with financial investments generally. These risks are set out in more detail in section 4 of this Prospectus.	Section 4
What effect will the issue of New Securities under the Offer have on the control of the Company?	<p>The potential effect that the issue of the New Securities under the Offer will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including investor demand.</p> <p>Further details of the effect on control are set out in section 5.</p>	Sections 1.17 and 5
Where can I find more information about the Company?	For more information on the Company and its projects please see the Company's website (www.empireoil.com.au) and the Company's ASX announcements (also available on the Company's website and the ASX's website (www.asx.com.au)).	

Actions for Eligible Shareholders

How do Eligible Shareholders find out what their Entitlement is?	Your Entitlement is set out on the personalised Application Form accompanying this Prospectus.	Application Form
What can I do with my Entitlement?	<p>You can do the following:</p> <ul style="list-style-type: none"> • take up all or part of your Entitlement; • take up more than your Entitlement; or • do nothing, in which case your Entitlement will lapse. 	Section 6.1
How do I accept the Offer?	<p>If you wish to take up all or part of your Entitlement, you must either:</p> <ul style="list-style-type: none"> • complete and return the personalised Application Form to the Share Registry together with a cheque, bank draft or 	Sections 6.2 and 6.3

	<p>money order for the full Application Monies so that it is received by the Share Registry by no later than 3:00 pm (Perth time) on the Closing Date; or</p> <ul style="list-style-type: none"> • pay the full Application Monies via BPAY® by no later than 3:00 pm (Perth time) on the Closing Date. 	
Can I sell or transfer my Entitlement?	No, the Offer is non-renounceable, meaning you cannot sell or transfer your Entitlement.	Section 1.5
What happens if I do not take up my Entitlement, or take up only part of my Entitlement?	If you do not take up all of your Entitlement by the Closing Date, then any Entitlements not taken up will form part of the Shortfall. This will likely result in your interest in the Company being diluted.	Section 6.1
Can I take up more than my Entitlement?	Shareholders may apply for New Securities above their Entitlement by applying to participate in the Oversubscription Offer.	Section 1.7
How do I participate in the Oversubscription Offer?	<p>Entitlements that form the Shortfall will be available for subscription through the Oversubscription Offer.</p> <p>Shareholders who wish to apply for New Securities above their Entitlement and participate in the Oversubscription Offer can complete the relevant section of the Application Form (titled "Additional New Shares" and return it, together with the Application Monies for the value of those Oversubscription Securities (at A\$0.005 per New Share).</p>	Section 1.7
How will the Oversubscription Offer be allocated?	<p>The Underwriter, in consultation with the Directors reserve the right to place the Oversubscription Securities at their absolute discretion.</p> <p>If the Oversubscription Offer is oversubscribed by Shareholders, the Company intends to scale back, pro-rata, applications for Oversubscription Securities.</p> <p>To the extent that any Oversubscription Securities remain after the above allocations, any remaining Oversubscription Securities will be taken up by the Underwriter.</p>	Section 1.7
Enquiries	If you have any enquiries in relation to the Application Form or your Entitlement, please contact the Share Registry by telephone on 1800 187 991 (within Australia) or +61 2 8767 1015 (outside Australia) or consult your professional adviser.	

1. Details of the Offer

The information set out in this section is not intended to be comprehensive and should be read in conjunction with the full text of this Prospectus.

1.1 Overview of the Offer

Under the Offer, Eligible Shareholders are being offered the opportunity to purchase 1 New Share for every 4 Shares held as at 4:00 pm (Perth time) on 1 April 2015 (the **Record Date**), at the Offer Price of A\$0.005 per New Share, together with 1 free New Option for every 4 New Shares subscribed.

The New Shares offered under this Prospectus will be issued on a fully paid basis and will rank equally in all respects with the Shares on issue at the date of this Prospectus. Please refer to section 7 for further information regarding the rights and liabilities attaching to the New Shares.

The New Options offered under this Prospectus will be issued on the terms and conditions set out in Schedule 1 and summarised in section 8 of this Prospectus.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 2,040,990,719 New Shares and 510,247,680 New Options will be issued pursuant to this Offer to raise A\$10.2 million.

The purpose of the Offer and the intended use of funds raised are set out in section 1.9 of this Prospectus.

1.2 Entitlement

Each Shareholder who is registered as the holder of Shares at 4:00 pm (Perth time) on the Record Date is entitled to participate in the Offer. The number of New Securities to which you are entitled is shown on your personalised Application Form accompanying this Prospectus.

Shareholders who do not take up all of their Entitlement will have their percentage shareholding in the Company diluted as a result of the Offer.

If you have more than one holding of Shares, you will be sent more than one personalised Application Form and you will have a separate Entitlement for each separate holding. It is the responsibility of Applicants to determine their allocation prior to trading in the New Securities. The sale by Applicants of New Securities prior to the receipt of a holding statement is at the Applicant's own risk.

1.3 Eligible Shareholders

An Eligible Shareholder is a Shareholder who, as determined by the Company at its absolute discretion:

- is a Shareholder as at the Record Date;
- has a registered address on the Company's Register in Australia or New Zealand;
- are not in the United States or acting for the account or benefit of a person in the United States; and
- is eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

1.4 **Opening Date and Closing Date**

The Offer will be open for receipt of Applications on the Opening Date, 8 April 2015.

The Company will accept Applications, including Application Money, until 3:00 pm (Perth time) on the Closing Date, 22 April 2015, subject to the Company varying the Closing Date in accordance with the Corporations Act and ASX Listing Rules.

1.5 **Non-renounceable**

The Offer is non-renounceable. This means that Eligible Shareholders are unable to sell or transfer their Entitlements to subscribe for New Securities.

Any New Securities not subscribed for by Eligible Shareholders will form part of the Shortfall.

1.6 **Application Money**

Application Money will be held in trust in a subscription account established and held by the Company on behalf of each Eligible Shareholder until the New Securities are issued. If necessary, Application Money will be refunded as soon as reasonably practicable, without interest. Interest earned on any Application Money will be for the benefit of the Company and will be retained by the Company regardless of whether New Securities are issued under the Offer.

1.7 **Oversubscription Offer**

Entitlements that are not sold through the Offer will be available for subscription through the Oversubscription Offer.

Shareholders who wish to apply for New Securities above their Entitlement (and participate in the Oversubscription Offer) can complete the relevant section of the Application Form (titled "Additional New Shares") and return it, together with the Application Monies for the value of those Oversubscription Securities (at A\$0.005 per New Share) to the Company.

If the Oversubscription Offer is oversubscribed by Shareholders, the Company intends to scale back, pro-rata, applications for Oversubscription Securities.

The Underwriters, in consultation with the Directors reserve the right to place the Oversubscription Securities at their absolute discretion.

To the extent that any Oversubscription Securities remain after the above allocations, any remaining Oversubscription Securities will be taken up by the Underwriter.

The Offer is fully underwritten, and hence the Shortfall will be placed shortly following the Closing Date. The purpose of offering the Oversubscription Securities pursuant to this Prospectus is to comply with section 708A(11) of the Corporations Act so that investors issued with Oversubscription Securities pursuant to the placement of the Oversubscription Securities can sell their Oversubscription Securities within the next 12 months without the issue of a prospectus.

In any event, the Underwriters, in consultation with the Directors reserve the right to place the Oversubscription Securities at their absolute discretion.

The Director, Tony Iannello (or entities associated with him) is participating in the sub-underwriting as set out in Section 1.9. Applications for Shortfall Securities by Shareholders will be dealt with in priority to the allotment of Oversubscription Securities to this related party sub-underwriter.

1.8 Underwriting

The New Securities to be issued under the Offer are fully underwritten by the Underwriter.

A summary of the Underwriting Agreement, including the events whereby the Underwriter may be released from its obligations under the Underwriting Agreement, is set out in section 9 of this Prospectus.

1.9 Sub-underwriting and other commitments

The Underwriter has appointed sub-underwriters to subscribe for the Oversubscription Shortfall. Each sub-underwriter will not by sub-underwriting to increase its relevant interest in Shares to 20% or more.

ERM and Tony Iannello (or an entity associated with him) have agreed to participate as sub-underwriter in the Offer. Further details are set out in sections 1.17 and 9.2

1.10 Purpose of the Offer and intended use of funds

The Offer is proposed to raise A\$10.2 million and the Placement raised A\$5.5 million for an aggregate of A\$15.7 million (before costs).

The purpose of the offer is raise funds to allow the Company to continue the exploration and development of the Company's assets, especially those within the vicinity of its production facility and to evaluate its extensive acreage within the Perth Basin. The funds raised under the Offer, net of expenses of the Offer, together with existing cash reserves and future cash operating surpluses will be used for the following purposes:

- undertake an airborne geophysical survey over most of the Company's permits to assist in generating a prioritized leads and prospects inventory. The 'Black Swan' airborne geophysical survey will cover approximately 10,000 square kilometres across the following permits; EP 389, EP 368, EP 426, EP 432, EP 454, EP 440, EP 480, EP 430 and EP 416 and is scheduled to commence in April 2015;
- drill a well targeting the Red Gully North exploration prospect located in EP 389, approximately 4kms north of the production facility. Drilling of the well, expected to be approximately 4,000m in depth, is scheduled to commence in the December quarter of this year;
- repayment of ERM credit facility (A\$1.5 million plus interest and fees); and
- general working capital.

However, in the event that circumstances change, business opportunities vary from expected or other beneficial opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise the benefit to Shareholders. Please refer to section 2 for further information regarding the Company's strategy.

1.11 Treatment of foreign Shareholders

This Prospectus and the accompanying Application Form does not constitute an offer of New Securities in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer.

Return of a duly completed Application Form or BPAY® payment will be taken by the Company to constitute a representation by the Applicant that there has been no breach of applicable securities laws.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and anyone who receives this Prospectus should seek advice on and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the New Securities or the Offer, or otherwise permit a public offering of New Securities, in any jurisdiction outside Australia.

It is the responsibility of any Applicant to ensure compliance with any laws of the country relevant to their Application. Return of a duly completed Application Form and/or payment of Application Money will be taken by the Company to constitute a representation that there has been no breach of such laws.

This document does not constitute an offer of New Securities of the Company in any jurisdiction in which it would be unlawful. New Securities may not be offered or sold in any country outside Australia except to the extent permitted below.

New Zealand

The New Securities are not being offered or sold to the public in New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of New Securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). The offer of New Securities is non-renounceable in favour of members of the public.

This Prospectus contains an offer to eligible shareholders of continuously quoted securities and has been prepared in accordance with section 713 of the Australian Corporations Act. This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (New Zealand). This Prospectus is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

1.12 Ineligible Shareholders

The Company is of the view that it is unreasonable to extend the Offer to Ineligible Shareholders, having regard to:

- the number of Ineligible Shareholders;
- the number and value of the New Securities which would be offered to Ineligible Shareholders if they were Eligible Shareholders; and
- the cost of complying with the legal requirements, and requirements of the regulatory authorities, in the respective overseas jurisdictions.

Accordingly, the Offer is not being extended to Ineligible Shareholders. The Company will send all Ineligible Shareholders details of the Offer and advise that the Company is not extending the Offer to them.

1.13 **ASX waivers and ASIC relief**

The Company has confirmed that no waivers from the ASX Listing Rules are required in relation to the Offer. The Company is not relying on any specific ASIC relief in order to conduct the Offer.

1.14 **Expenses of the Offer**

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately A\$553,290 (excluding GST) and are expected to be applied towards the items set out in the table below:

Expenses	Maximum subscription (A\$)
ASIC fees	2,290
ASX fees	40,000
Legal fees	60,000
Offer Management and Underwriting Fees	376,000
Printing and despatch	60,000
Miscellaneous	15,000
Total	553,290

1.15 **Allotment of New Securities**

New Securities issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date.

Holding statements for New Securities issued under the Offer will be despatched to Shareholders in accordance with the requirements of the ASX Listing Rules and the timetable set out at the commencement of this Prospectus.

1.16 **ASX listing**

Application for Official Quotation by ASX of the New Securities offered pursuant to this Prospectus will be made as soon as possible and in any event within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of this Prospectus, (or such period as varied by ASIC), the Company will not issue any New Securities and will repay all Application Money for the New Securities within the time prescribed under the Corporations Act, without interest.

The anticipated date of commencement of Official Quotation of the New Securities issued in accordance with this Prospectus is 29 April 2015, subject to ASX's discretion and compliance with the ASX Listing Rules. The fact that ASX may grant Official Quotation to the New Securities is not to be taken in any way as an indication of the merits of the Company or the New Securities now offered for subscription.

1.17 **Effect on control**

The potential effect that the issue of the New Securities under the Offer will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including investor demand.

The maximum number of New Shares to be issued pursuant to the Offer is 2,040,990,719 Shares. If each Eligible Shareholder elects to subscribe for all of the New Securities offered to them the issued capital of the Company will comprise 10,204,953,594 Shares.

The Offer is fully underwritten by Morgans Corporate Limited. Morgans Corporate Limited has entered into sub-underwriting arrangements with ERM, Tony Iannello (or entities associated with him) and other sophisticated investors and institutions.

The Underwriter's underwriting commitment will not have any effect on the control of the Company. Further information regarding the underwriting arrangements is set out in section 9.

ERM (and associates) has a current relevant interest in 1,412,086,178 Shares representing a 19.99% interest in the current Shares of the Company. ERM and their associates will subscribe for all the New Shares and New Options the subject of their entitlement and will sub-underwrite 274,862,501 New Shares and 68,715,626 New Options, provided that ERM's relevant interest in the Company will not increase to 20% or above.

In the event that all the sub-underwriting is called upon, ERM and their associates will have a relevant interest in 2,039,970,225 Shares (being 19.99% in the Shares in the Company).

Further details regarding the relevant interests of substantial holders is set out in section 9.10.

1.18 **Withdrawal of the Offer**

The Company reserves the right to withdraw the Offer at any time, in which case the Company will refund Application Monies in accordance with the Corporations Act and will do so without interest.

1.19 **CHESS**

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). ASX Settlement, a wholly-owned subsidiary of ASX, operates CHESS in accordance with the ASX Listing Rules and ASX Settlement Operating Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Securities.

If your shareholding is held on a broker sponsored sub-register, ASX Settlement will send you a CHESS statement. The CHESS statement will set out the number of New Securities issued to you under this Prospectus, and provide details of your holder identification number and the participant identification number of the sponsor.

If your shareholding is held on the CHESS Company-sponsored sub-register, your statement will be despatched by the Share Registry and will contain the number of New Securities issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Company statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time. However, a charge may be incurred for additional statements.

1.20 Enquiries

If you have any enquiries in relation to the Application Form or your Entitlement, please contact the Share Registry by telephone on 1800 187 9914 (within Australia) or +61 2 8767 1015 (outside Australia) or consult your professional adviser.

2. Overview of the Company

2.1 Status of Company projects

The Company is involved in oil and gas exploration and production in the Perth and Carnarvon Basins of Western Australia.

Production

The Company operates and produces gas and condensate from the Red Gully processing facility situated in Production Licences L18/L19 in the Perth Basin. The Red Gully processing facility commenced producing gas on 7 June 2013 and was commissioned on 16 September 2013.

The Red Gully production facility is a high profit margin gas and condensate producer with the gas sold under a fixed price contract with Alcoa and condensate sold to BP under a contract linked to the Brent oil price. During the six months to 31 December 2014, the Company's share (76.39%) of revenue was up 71% to A\$9.28 million stemming from increased well production and improved plant performance and a gross profit (revenue less cash cost of sales) of A\$6.4 million was recorded.

Following Board and Management renewal over the past 18 months, the Company has focused on reviewing its exploration portfolio. Empire's new exploration strategy is to focus on the Perth Basin leaving the Carnarvon Basin assets to be sold or relinquished.

On 11 December 2014, Shareholders voted overwhelmingly in favour of a proposal to acquire ERM's Western Australian gas assets for A\$15 million, funded via an interest-free vendor loan from ERM.

The assets included ERM's interests in eight exploration permits and its 23.61% interest in the two Red Gully production licences, including the production facility and the pipeline licence. Empire also acquired ERM's shareholding in Cattamarra Farms Pty Ltd, holder of the land upon which the Red Gully production facility is located.

The interest-free vendor loan is repayable by 31 August 2016 with the loan principal partially indexed to future share price increases.

The acquisition is part of Empire's strategy to create wealth for its shareholders by discovering more gas and oil on its acreage in the Perth Basin. Owning 100% provides the means to attract strategic partners and / or equity, to enable the Group to carry out the required exploration and development to drive shareholder wealth.

The acquisition of ERM's Western Australian gas assets was completed on 27 February 2015;

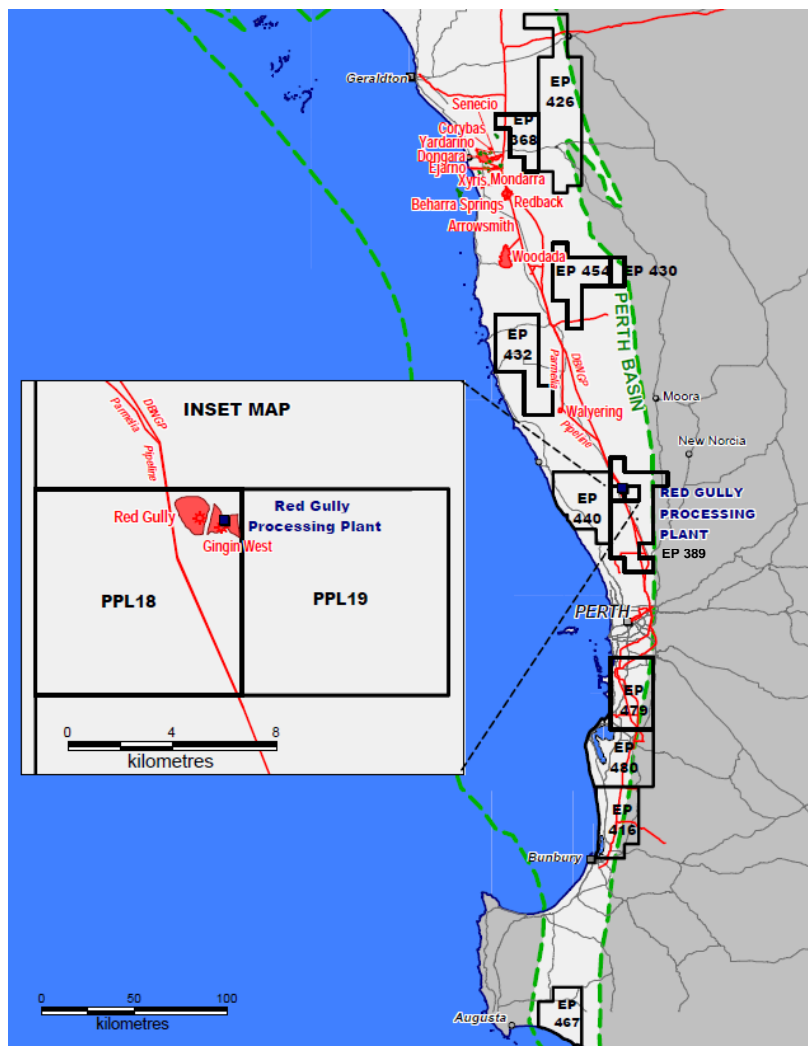
In October 2014 a reserve assessment was undertaken by RISC Advisory (**RISC**) in consultation with an Independent Expert Report to value Empire's purchase of ERM's Western Australian gas assets. A further independent review was carried out by RISC in January 2015, certifying reserves as at 1 January 2015, which had been planned to be conducted six months after the start of Red Gully B Sands production.

The January 2015 reserve certification resulted in an increase of 46% in Red Gully 2P sales gas reserves to 14.65 PJ and an increase of 21% in Red Gully 2P condensate reserves to 561.5 mbbbls. The increase in reserves is measured against the October 2014 reserve assessment, and the reserves are stated at a 100% interest basis for the Red Gully Project.

Exploration

Empire Oil and Gas is the largest holder of acreage in the Perth Basin. Currently Empire holds acreage covering around half of the Basin with 11 exploration tenements over 12,000 square kilometres. The permits are broadly classified into four play areas that cover a variety of hydrocarbon target types. These include the northeast Basin oil and gas plays (EP's 368, EP 426 and EP 454), the western margin shallow oil plays (EP 432 and EP 440), the central basin wet gas plays (EP 389) and the higher risk southern Basin plays.

The areas of primary focus are the northern and central areas in the Perth Basin with the southern acreage constituting a secondary focus area. Empire holds operatorship in all permits and has 100%*² of each permit, except in EP 368 and EP 426 (where it holds 80% and 77.78% respectively). Empire will acquire the Black Swan airborne geophysical survey during the June quarter this year. This survey will acquire state of the art gradiometric gravity data to image the subsurface across all Empire's Perth basin Permits with the exception of EP 479 and EP 467.



Map showing Empire's permits in the Perth Basin

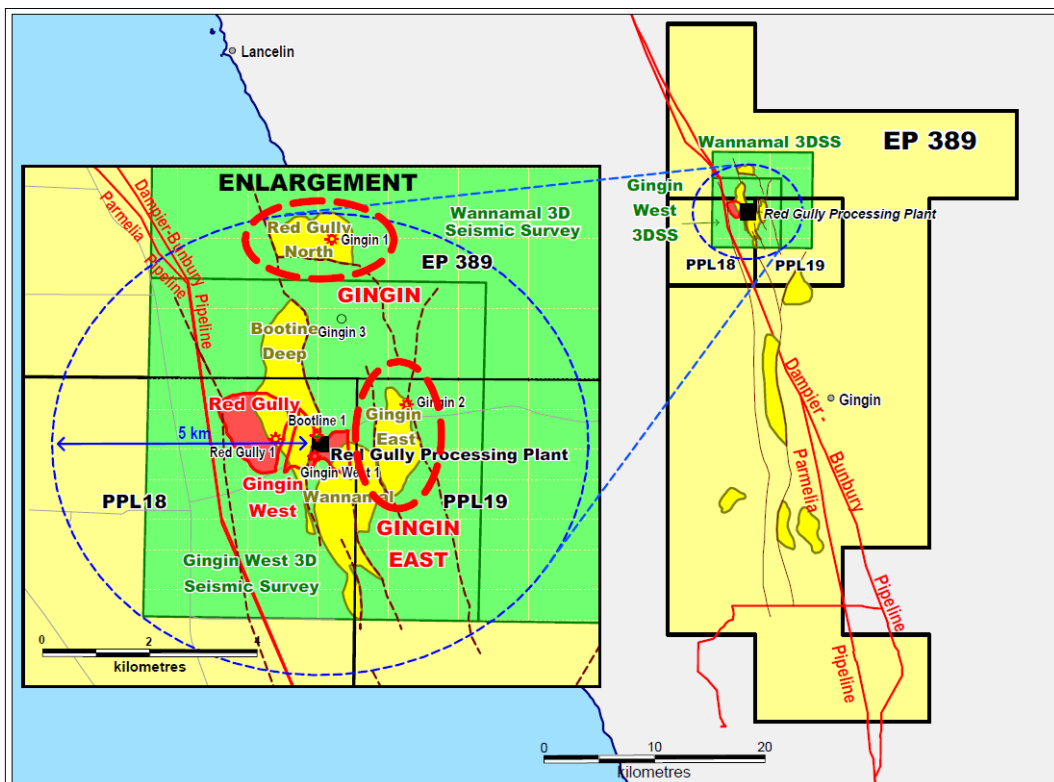
² * Defaulting joint venture party, Allied Oil & Gas Plc (**Allied**), currently remains on title with 10% in each of three permits (EP 416, 426, 432). Empire is currently in the process of enforcing the withdrawal of Allied from these permits.

Perth Basin Permits

The Black Swan airborne geophysical survey will be the largest survey of its type to be undertaken in the Perth Basin to date and will allow an expedient, non-intrusive and cost effective means to commence the exploration of such a large acreage portfolio. The data will be acquired on a one kilometre grid spacing and will cover the entirety of all of Empire's permits except EP 479 and EP 467 which are assessed to have unacceptably low prospectivity to warrant further significant expenditure.

The interpretation of the acquired processed data is expected to be largely completed towards the end of 2015 and will be integrated into the existing seismic database to assist in strengthening the lead and prospect inventory. This is anticipated to lead to the maturation of further drilling targets or the acquisition of additional targeted infill seismic.

In the EP 389 production hub (defined by the area within 5 km of the Red Gully production facility) and within easy tie-back distance, four prospects have been identified; Red Gully North, Gingin East, Wannamal and Bootline Deep. These prospects have been defined by recently acquired quality 3D seismic data of the Wannamal and Gingin West 3D seismic surveys.



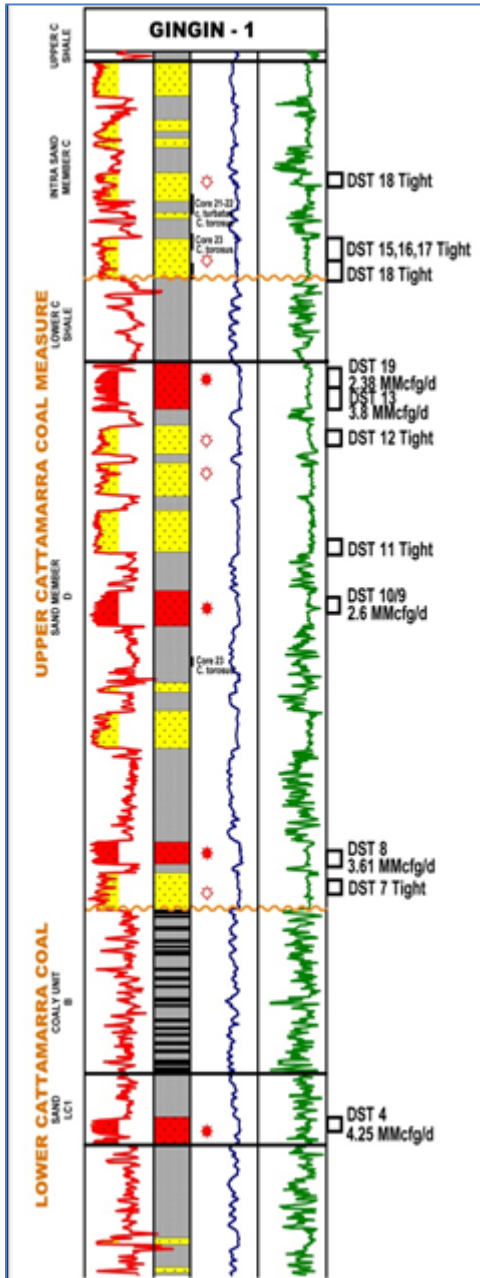
Map of Red Gully production hub and its location within EP 389

EP 389 Location Prospects, Gas Field and Infrastructure

Empire is progressing the drilling of a well to be located structurally up dip of the Gingin-1 gas discovery made by WAPET in 1963. Gingin-1 was one of the first wells drilled in the Perth Basin. The well will be called Red Gully North-1. It will target approximately 7.9 PJ of contingent resources and 4.9 PJ of prospective resource.

This represents a low risk, near field opportunity located within an easy 4km tie-back to the Red Gully production facility.

It should be noted that the original discovery well on the structure (Gingin -1) was drilled before 3D seismic data was acquired and using now-dated 1960's drilling, cementing, testing and completion technologies. Despite the old technology used, the well still flowed gas and condensate from four sands at a combined rate of 16 MMcf/d.



Gingin-1 well – flow log interval

Empire is aiming for a significant increase in reserves by drilling Red Gully North-1 and is planning this well to be drilled in the December quarter this year.

The ensuing period will be an active time for Empire with an extensive geophysical survey to identify leads and mature prospects to be undertaken across the majority of permits, in addition to near-field drilling at Red Gully North-1 in EP 389. Furthermore, exploration drilling is planned in some of the most prospective exploration acreage in the Company's North Perth Basin primary focus area, including EP 368 and EP 432.

Significant effort has been made to ensure that the majority of Empire's acreage holding, particularly the areas regarded as being most prospective, are in compliance with government work commitments.

The following table provides a summary of the Company's permits interests and a brief description of their status.

PERMIT	BASIN	STATUS[#]
Primary Focus Area		
L18 / L19	North Perth	Compliant
EP 389	North Perth	Compliant
EP 368	North Perth	Compliant
EP 426	North Perth	Compliant
EP 432	North Perth	Compliant
EP 454	North Perth	Compliant
EP 430	North Perth	Compliant
Secondary Focus Area		
EP 440*	North Perth	Compliant
EP 480*	South Perth	Compliant
EP 416*	South Perth	Compliant
EP 467 **	South Perth	Non-compliant
EP 479***	South Perth	Non-compliant

Compliant denotes that the permit is in compliance with the conditions imposed by the Western Australian Department of Mines and Petroleum. Non-compliant denotes that the permit is not in compliance with the conditions imposed by the Western Australian Department of Mines and Petroleum.

EP 440 *, EP 480 *and 416* - will be reviewed post the interpretation Black Swan airborne geophysical survey to ascertain the merit of acquiring additional seismic data or exiting these permits.

EP 467** - has low interpreted prospectivity and will be likely surrendered following a final technical review to be undertaken ahead of any expenditure on acquiring new data.

EP 479*** has low prospectivity and is in the final stage of being exited.

2.2 Use of funds

The purpose of the offer is raise funds to allow the Company to aim to grow its reserves and resources within the vicinity of its production facility and to evaluate its extensive acreage within the Perth Basin.

The funds raised under the Offer and the Placement, net of expenses of the Offer, together with existing cash reserves and future cash operating surpluses will be used for the following purposes for the remainder of 2015 (calendar year):

Source of funds (A\$m)	
Placement & Rights Issue	15.7
Red Gully cash operating surplus ¹	6.0
Total source of funds	21.7
Use of funds (A\$m)	
Black Swan airborne geophysical survey/other	3.0
Drill Red Gully North well (EP389)	10.0
Red Gully North well completion/test	2.0
Corporate costs (\$2.5m) + capital raising costs (\$0.8m)	3.3
Repay ERM credit facility	1.7
Working capital	1.7
Total use of funds	21.7
Comments	
¹ \$6m Red Gully cash operating surplus assumes that Tranche 1 deliveries (no cash received) will be completed by August 2015 and cash sales from Tranche 2 will then commence, based on Alcoa GSA fixed pricing and assuming Brent benchmark condensate price of \$50 USD/bbl; and exchange rate of \$1 AUD = \$0.80 0USD.	

- undertake an airborne geophysical survey over the most of the Company's permits to assist in generating a prioritized leads and prospects inventory. The 'Black Swan' airborne geophysical survey will cover approximately 10,000 square kilometres across the following permits; EP 389, EP 368, EP 426, EP 432, EP 454, EP 440, EP 480, EP 430 and EP 416 and is scheduled to commence in April 2015;
- drill a well targeting the Red Gully North exploration prospect located in EP 389, approximately 4kms north of the production facility. Drilling of the well, expected to be approximately 4,000m in depth, is scheduled to commence in the December quarter of this year;
- repayment of ERM Credit Facility (A\$1.5 million principal plus interest and fees); and
- general working capital.

However, in the event that circumstances change, business opportunities vary from expected or other beneficial opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise the benefit to Shareholders. Please refer to this section 2 for further information regarding the Company's strategy.

3. Company information

3.1 Board of Directors

The Directors of the Company bring to the Board relevant expertise and skills, including industry and business knowledge, financial management and corporate governance experience.

The following persons are Directors of the Company as at the date of this Prospectus:

Mr Antonino (Tony) Iannello BCom FCPA, SFFin FAICD
Chairman and Non-Executive Director

Tony was appointed as a director and chairman on 22 November 2013 and brings to the business over 30 years' experience in energy and finance. Tony is the Non-Executive Chairman of HBF Health Ltd, MG Kailis Group and D'Orsogna Ltd. He is a director of the Water Corporation of Western Australia, and a member of the Murdoch University Senate. Tony was the Managing Director of Western Power until its separation into four separate business units in 2006. Tony also held a number of executive positions in BankWest. Tony is also a director of the following listed companies:

- ERM Power Limited since July 2010; and
- Ausnet Services* since June 2006.

* The Ausnet Services "stapled group" of companies comprises Ausnet Australia Networks (Distribution) Ltd, Ausnet Networks (Transmission) Ltd and Ausnet Networks (Finance) Trust.

Tony has also held a directorship at Energia Minerals Limited until October 2014.

Mr Brett Heading BCom LLB (Hons) FAICD
Independent Non-Executive Director

Brett was appointed as a director on 22 November 2013 and brings experience as a corporate lawyer and company director to the Company. He has been a partner of McCullough Robertson Lawyers since 1985 and was the Chairman of Partners from 2004 to early 2014. In addition to roles on Federal Government boards, a previous member of the Takeovers Panel (1998 to 2009), the Board of Taxation (2000 to 2009) and a number of unlisted companies. Brett is also a director of the following listed companies:

- Invion Limited since February 2012; and
- Unity Pacific Group (formerly Trinity Limited) since August 2009.

Brett has also previously held the following directorships in the last three years:

- ERM Power Limited (October 2010 to December 2013); and
- ChemGenex Pharmaceuticals Limited (June 2002 to July 2011).

Mr Stuart Brown BSc Hons (First Class) Geology
Independent Non-Executive Director

Stuart was appointed as a director on 20 January 2014 and is a petroleum geologist with over 30 years' experience at technical, managerial, executive and board levels in international oil and gas companies including Woodside and Shell.

Stuart held the position of Vice-President Strategic Planning at Woodside from 2007 to 2012. In this role he was responsible for the management of Woodside's corporate strategic planning and investment reviews. Stuart is the Managing Director of his own petroleum consultancy business, International Oil & Gas Strategies Pty Ltd. Stuart is also a director of the following listed companies:

- WHP Energy Ltd since December 2013; and
- Cue Energy Ltd since July 2014.

3.2 Directors' interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with ASIC, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- the Offer.

The relevant interest of each of the Directors in the Securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	# of Shares	%	# of Options	New Share Entitlement	New Option Entitlement	\$
Mr Tony Iannello*	13,888,887	0.17%	Nil	3,472,222	868,055	17,361
Mr Stuart Brown	Nil	Nil	Nil	Nil	Nil	Nil
Mr Brett Heading	910,000	0.01%	Nil	227,500	56,875	1,138

*Mr Iannello will also participate as a general sub-underwriter for up to 20,000,000 additional New Shares, noting that applications for Shortfall by Shareholders will be dealt with in priority to the allotment of Oversubscription Securities to him.

As at the date of this Prospectus the Directors intend to take up some or all of their Entitlement.

3.3 Directors' fees

Other than as set out below, no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner or director, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or the Offer.

Directors are entitled to Directors' fees and other payments, which are disclosed in the Company's annual financial reports. The Directors' current annual remuneration is as follows:

Name	Remuneration			
	Year ended 30 June 2013		Year ended 30 June 2014	
	Short term A\$	Long term A\$	Short term A\$	Long term A\$
Mr Tony Iannello ¹	NA	NA	27,711	2,563
Mr Stuart Brown ¹	NA	NA	20,313	1,878
Mr Brett Heading ²	NA	NA	30,274	Nil

Notes:

1. Mr Iannello and Mr Heading were appointed on 22 November 2013.
2. Mr Brown was appointed on 20 January 2014.

The Constitution of the Company provides that the Non-Executive Directors may be paid for their services as Directors, a fee in an amount or value determined by the Board which does not in any financial year exceed in aggregate the amount last determined by the Company in general meeting (or until so determined, as the Board determines) (**Remuneration Pool**). The total Remuneration Pool for Non-Executive Directors currently being A\$500,000.

In addition, no Director shall be paid as whole or part of his remuneration a commission on or percentage of operating revenue, or in the case of Non-Executive Directors, profits.

If any Director, with the approval of the Board, performs extra or special services, the Company may subject to the Corporations Act and the Company's Constitution, pay additional remuneration or provide benefits to that Director as the Board resolves.

The Directors may also be paid all travelling, accommodation and other expenses that they or an alternate director properly incurs in attending meetings of the Board, committees of the Board, meetings of Shareholders, or otherwise in connection with the business of the Company.

4. Risk factors

4.1 Introduction

The New Securities offered by this Prospectus should be considered speculative.

Prior to deciding whether to take up their Entitlement, Shareholders should read this Prospectus and review announcements made by the Company to ASX (at www.empireoil.com.au, ASX: EGO) in order to gain an appreciation of the Company, its activities, operations, financial position and prospects. In addition, the Directors strongly recommend that investors examine the contents of this Prospectus and consult their professional advisers before deciding whether to take up their Entitlement.

There are a number of factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance and position of the Company and the outcome of an investment in the Company. Shareholders should consider the summary risk factors set out in this section 4 of this Prospectus when evaluating the Company and deciding whether to increase their shareholding in the Company.

The Directors consider that the following summary represents the principal risk factors which Shareholders need to be aware of in evaluating the Company and deciding whether to increase their investment in the Company, but is not intended to be an exhaustive list.

Some of the risks may be mitigated by the Company using safeguards and appropriate systems and taking certain actions. Some of the risks may be outside the control of the Company and not capable of mitigation.

4.2 Company-specific risks

(a) Contractual dispute with gas buyer

All gas produced is sold under an exclusive agreement with Alcoa of Australia Limited. A contractual dispute which resulted in interrupted deliveries of gas for a period of time, would adversely affect the profitability and cash reserves of the Company. The contract also allows for limited variation in delivery volumes.

(b) Production dependent on Red Gully-1 well (B-sands)

Presently, gas and condensate production is sourced from one well (Red Gully-1). Should a catastrophic failure result in a production decrease or stoppage from this well, production would have to be sourced from the significantly smaller Gingin West well for a brief period.

(c) Bush fire risk in Gingin locale

The production facility is located on cleared ground and surrounded predominantly by cleared farmland. However the Boonanarring Nature Reserve is located to the east of the facility and it contains trees and native scrub, which present a fire hazard.

(d) Defaulting minority interest holder

Defaulting joint venture party, Allied Oil & Gas Plc (**Allied**), currently remains on title with 10% in each of three permits (EP 416, 426, 432). Empire is currently in the process of enforcing the withdrawal of Allied from these permits. The process to remove Allied from the permits could take some time and ultimately result in being unsuccessful.

(e) **Repayment of ERM A\$15m vendor loan by August 2016**

As part of the settlement terms for the acquisition of ERM Power Limited's (**ERM**) Western Australian gas assets, ERM provided an interest-free A\$15 million vendor loan, repayable by Empire on the earlier of a disposal of the Red Gully production facility or 31 August 2016. The terms also provide that ERM may receive a 'top-up' payment, based on gains in the Company's share price.

4.3 **Industry-specific risks**

(a) **Exploration and development**

Oil and gas exploration and development involves a certain degree of risk. In the normal course of business, the Company depends on the following factors: successful exploration; establishment of commercial oil and gas reserves; finding commercial solutions to exploitation of reserves; ability to design and construct efficient producing, gathering and processing facilities; efficient transportation and marketing of hydrocarbons; and sound management of operations.

In particular, oil and gas exploration is a speculative endeavour and the nature of the business carries a degree of risk associated with failure to find hydrocarbons in commercial quantities or at all. Exploration and development operations can be hampered by force majeure circumstances and cost overruns for unforeseen events, including, unexpected variations in location, reserves estimates, quality of oil and gas, and facility malfunction.

Exploration and development projects may be delayed or unsuccessful for many reasons, including cost overruns, lack of qualified and available personnel and contractors, lack of drill rigs, equipment shortages, power shortages and mechanical difficulties.

Certain projects may also require the use of new and advanced technologies, which can be expensive to develop, purchase and implement, and may not function as expected.

The Company is engaged in exploration and development of conventional resources in the Perth Basin in Australia. The area is a well-established oil and gas production region with existing infrastructure; however development challenges associated with conventional resource projects in Australia include the ability to:

- correctly determine the size of resource and scale of development;
- access existing facilities (through other joint ventures) or build new ones;
- access rigs which can drill to the depth required;
- secure off-take customers;
- obtain experienced and qualified personnel including those with relevant experience;
- gain access to appropriate technology; and
- gain the required landholder and regulatory approvals.

The Company also conducts exploration activities and the cost of drilling, completing and operating wells is often uncertain. These activities as a result, may incur cost

overruns or may be required to curtail, delay or cancel drilling operations because of a variety of factors, including unexpected drilling conditions, dry holes, pressure or irregularities in geological formations, equipment failures or accidents, adverse weather conditions, compliance with governmental requirements, including those relating to environmental protection, and shortages or delays in the availability of drilling rigs and the delivery of equipment.

(b) **Production risks**

Any oil and gas project may be exposed to production decrease or stoppage, which may be the result of facility shut-downs, mechanical or technical failure and other unforeseeable events. A significant failure to maintain production could result in the Company lowering production forecasts, loss of revenue and additional operational costs to bring production online. There may be occasions where loss of production may incur significant capital expenditure, resulting in the requirement for the Company to seek additional funding, through equity or debt issuance.

(c) **Exposure to oil and gas prices**

A severe decline in the price of oil and gas may have a material adverse effect on the Company's financial performance. Historically, international crude oil prices have been very volatile. Although the Company has a management policy for hedging oil price and currency risks, a sustained period of low or declining crude oil prices could adversely affect the Company's operations, financial position and ability to finance developments.

The factors which impact volatility are beyond the control of the Company. Lower price expectations may reduce future margins or the economic viability of projects planned or in development (thereby reducing the size of recoverable reserves). The risk factors which may impact the Company include:

- global and regional supply and demand and expectations regarding future supply and demand for crude products;
- the status of the Australian domestic gas market supply and demand and international LNG demand;
- the associated impacts of major development projects within the region (e.g. current Australian LNG projects);
- the cost of exploring for, developing, producing, processing and marketing crude oil, natural gas and associated products;
- the ability and willingness of the Organisation of Petroleum Exporting Countries (**OPEC**) and other producing nations to influence global production levels and prices;
- the international political environment and any potential hostilities and acts of terrorism in resource-producing regions;
- prices and availability of alternative and competing fuels;
- global and regional economic conditions;
- unexpected failure in infrastructure;
- prices and availability of new technology; and

- weather and climate conditions and natural disasters.

It is impossible to predict future crude oil and natural gas price movements with certainty. However, the Company engages in limited hedging transactions to manage cash flows. A decline in crude oil, natural gas or associated product prices for protracted periods could have a material adverse effect on the Company's business, financial condition, operational results, prospects and ability to finance planned capital expenditures.

(d) **Ability to access and develop infrastructure**

The Company will require the ability to access infrastructure to economically exploit any reserves discovered. Specifically, the ability to access or build gas pipeline infrastructure at the Perth Basin would drive the commerciality and value of existing unconventional resources. In addition, the Company may undertake exploration in other locations where access to infrastructure to exploit discovered reserves may not currently exist and, as a result, may be challenging to develop and require significant capital investment which may impact the economic viability of the discovered reserves.

Primary risks include future capacity availability, tariff charges, regulation changes and the ability to obtain approvals for pipeline expansions / constructions from governments.

The ability to develop, manage and transport products successfully relies on accessible and efficient supply chains and logistics. The Company operates in a number of geographic locations which increase the complexity of the Company's supply chain and logistics requirements. Failure to manage said requirements could result in project delays and additional capital expenditure outlays.

(e) **Material change to reserves and resources**

Underground oil and gas reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which are valid at a certain point in time may alter significantly or become uncertain when new oil and gas reservoir information become available through additional drilling or reservoir performance over the life of the field. As reserve and resource estimates change, development and production plans may be altered in a way that may adversely affect the Company's operations and / or financial results.

The Company's reported reserves are hydrocarbons which can be economically recovered, hence certain assumptions are made, including those relating to future oil and gas prices, rates of production, future net revenues, royalty and tax payments, cost of recovery and the timing of development based on existing economic and operating conditions. In addition, estimates necessarily depend upon a number of variable factors and assumptions, including the following:

- historical production from the area;
- interpretation of geological and geophysical data; and
- the assumed effects of regulations by governmental agencies.

Therefore, if these assumptions change, or are no longer relevant, the estimates may need to be revised.

Ongoing results from continued drilling, testing and production may cause upward or downward revisions in reported reserves and resources. Additionally, oil and gas

reserves and resources assume that the Company continues to be entitled to production licences over the fields and that the fields would be produced until the economic limit of production is reached. If any production licences for fields are not renewed or cancelled, estimated oil and gas reserves and resources may materially decrease.

(f) **Negotiation with third parties**

Various aspects of the Company's future performance and profitability may depend on the outcome of future negotiations with third parties. In addition to sales negotiations, these include the outcome of negotiations on land access arrangements, terms of access to third-party facilities, native title issues and discussions with government regulatory bodies in relation to:

- licence renewals and work obligations; and
- security for rehabilitation of areas of operation within the Company's tenements.

If the outcomes of these negotiations are not favourable to the Company, the Company's financial performance may be adversely impacted.

(g) **Land access and Native Title**

Immediate and continuing access to tenements cannot in any case be guaranteed. The Company is required to obtain the consent of owners and occupiers of land within its licence areas. Compensation may be required to be paid to the owners and occupiers of land in order to carry out exploration activities.

The Company operates in a number of areas, within Australia, which are or may become subject to claims or applications for native title determinations. Although, the Company has experience in dealing with a number of native title claims in Australia in relation to some of its existing Perth Basin licences, native title claims have the potential to introduce delays in the granting of petroleum and other licences and, consequently, may have an effect on the timing and cost of exploration, development and production.

(h) **Health, safety and environmental impact constraints**

The business of exploration, development, production and transportation of hydrocarbons involves a variety of risks which may impact the health and safety of personnel, the community and the environment. It is conceivable that an incident could occur which might negatively impact on the Company's business and reputation.

Oil and natural gas production and transportation can be impacted by natural disasters, operational error or other occurrences which can result in hydrocarbon leaks or spills, loss of containment of hazardous materials, fires, equipment failure and loss of well control. Potential failure to manage these risks could result in injury or loss of life, damage or destruction of wells and production facilities pipelines and other property and damage to the environment.

Losses and liabilities arising from such events could significantly reduce revenues or increase costs and have a material adverse effect on the operations and/or financial conditions of the Company.

Ongoing production and development of any of the Company's properties, will be dependent upon meeting environmental laws and regulatory guidelines. From time to

time, laws and regulations are subject to amendment or change, which may require the Company to undertake changes to its operational procedures. The results of non-compliance, or alleged non-compliance, may result in sanctions that include administrative, civil and criminal fines and penalties, the loss of licences or permits or corrective action orders.

The Company and its contractors operate under a safety management system. However, there is a risk that the Company's operations could lead to injuries or loss of life for its workforce and the public and could result in regulatory action, legal liability and damage to the Company's reputation. Security threats require continuous oversight and control. A breach of security, such as an act of terrorism, against facilities and offices, pipelines, transportation or computer systems could severely disrupt operations and could cause harm to people.

(i) **Sufficient insurance coverage**

The Company maintains insurance, either through its corporate entity or through a joint venture, for certain activities within ranges of coverage that it believes to be consistent with industry practice. The occurrence of an event that is uninsurable, not covered or partially covered by insurance could have a material adverse effect on the Company's business and financial position.

(j) **Ability to influence joint venture and manage future work programs and budgets**

The Company and its subsidiaries participate and in the future will look to participate in joint ventures for certain exploration, development and production activities. Under certain joint venture operating agreements, the Company or a subsidiary may not control the approval of work programmes and budgets and a joint venture partner may vote to participate in certain activities without the approval of the Company. As a result, the Company may experience a dilution of its interest or may not gain the benefit of the activity, except at a significant cost penalty later in time. Participating in a joint venture, as a non-operator, may cause difficulty in setting forecast budgets.

Work programme delays may arise due to joint venture partners not reaching agreement on exploration, development and production activities. Neither the Company nor its subsidiaries have any assurance of the financial viability of other joint venture partners and may incur unforeseen costs and losses in the event of default of joint venture participants.

(k) **Security of tenure**

All petroleum licences held by the Company are subject to the granting and approval of relevant government bodies. Government regulatory authorities generally require the holder of the licences to undertake certain proposed exploration commitments and the failure to meet these obligations could result in loss of exploration rights. Any renewal or extension of licence terms is subject to agreement by the government; potential lack of approval may result in a financial loss for the Company.

(l) **Climatic impacts**

Any adverse or extreme climatic conditions could affect the Company's operations through delaying exploration, development and production activities, causing additional expenditure and impacting production levels. For example, the Company encountered fires at its Perth Basin operations in 2014 / 2015 which impacted production volumes, risked infrastructure and delayed the exploration programme.

(m) **Changes in government policy and laws**

Changes in government policy (such as in relation to taxation) or statutory changes may affect the Company's business operations and its financial position. A change in government regime may result in changes to fiscal, monetary, property rights and other issues which may result in a material adverse impact on the Company's business and its operations.

The possible extent of changes to legislation, regulations, guidelines or amendments to existing legislation (including taxation changes) that may affect the Company's business activities cannot be predicted with any certainty. The effects of any such actions may result in increased costs, whether in the nature of capital or operating expenses, through delays or the prevention of certain activities. Recent examples of the introduction of new legislation or policy include the introduction of carbon tax legislation and an extended petroleum resources rent tax in Australia. The impact of those items is yet to be quantified by the Company.

Companies in the oil and gas industry may be subject to pay direct and indirect taxes, royalties and other imposts in addition to normal company taxes.

Changes in the interpretation or application of existing taxation laws by the courts or taxation authorities in Australia, or changes to the laws themselves may affect the taxation treatment of the Company's securities or the holding or disposal of those securities.

(n) **Ability to access credit and financial market risks**

The oil and gas business involves significant capital expenditure, including in exploration and development, production, processing and transportation. The Company relies on cash flows from operating activities or on external sources, including bank borrowings and offerings of debt or equity securities in the Australian and international capital markets to finance capital expenditures.

If cash flows decrease or the Company is unable to raise the necessary financing, this may result in reduction in planned capital expenditures. Any such reduction could have a material adverse effect on the Company's ability to expand its business and/or maintain operations at current levels, which in turn could have a material adverse effect on the Company's business, financial condition and operations.

If the Company incurs unexpected costs or is unable to generate sufficient operating income, further funding may be required. Any additional financing through share issues may dilute shareholdings acquired under this prospectus. Debt financing may not be available to support the scope and extent of proposed developments. If available, it may impose restrictions on operating activities or anticipated expansion of the Company's operations.

(o) **Hedging risks**

The Company is exposed to fluctuations in currency rates, interest rates and oil and gas prices.

The Company may use derivative financial instruments such as foreign exchange contracts, commodity contracts and interest rate swaps to hedge certain risk exposures. The Company is exposed to commodity price fluctuations through the sale of petroleum productions and other oil-linked contracts. The Company has an existing pre-payment agreement with Alcoa.

(p) **Shortage and retention of qualified personnel**

There is a growing global shortage of workers in the oil and gas industry and the shortage is particularly apparent in Australia, where there are a significant number of large oil and gas projects undergoing development. A shortage in the supply of experienced technical and operational staff could impact the ability of the Company to achieve its operational objectives and also result in an increase in salaries which would increase operational costs.

The Company's key resources are its people, many of whom hold significant knowledge and qualifications. Operations could be adversely affected if the Company were to lose certain key people which it was unable to replace with equally qualified personnel. The Company has implemented incentive plans to assist in the recruitment and retention of talented people needed to achieve successful business outcomes.

4.4 **General risks**

(a) **Global economic developments and market conditions**

The Company's operational results may be adversely impacted by factors including significant changes in general economic conditions such as interest rates, inflation, deflation and general market levels. A number of factors affect the performance of stock markets, which could affect the price at which the Company's securities trade on the ASX. Among other things, movements on international and domestic stock markets, interest rates, inflation and inflationary expectations, deflation and deflationary expectations, currency fluctuations, changes in investor sentiment toward particular market sectors and overall economic conditions, as well as government taxation and other policy changes may affect the demand for, and price of, the Company's shares. Volatility in the Australian or international financial markets may influence the trading price of the Company's shares on the ASX.

The economic situation in global markets has in various ways been adversely affected by weakening economic conditions and recent turmoil in the global financial markets. Some countries have experienced declining GDP, reduced industrial production, increasing rates of unemployment and decreasing asset values. A continued downturn in economic conditions may result in lower demand for the Company's products and, in turn, impact negatively on its financial position.

Furthermore, recent volatility in the credit markets and the potential impact on the liquidity of major financial institutions may have an adverse effect on the Company's cost of funding.

4.5 **Investment speculative**

The above list of risk factors ought not to be taken as an exhaustive list of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to take up their Entitlement.

5. Purpose and effect of the Placement and the Offer

5.1 Purpose of the Placement and the Offer

The intended use of funds raised from the Placement and the Offer is detailed in section 1.9.

Further, pursuant to section 708A(11) of the Corporations Act, the Prospectus will have the effect of providing an exemption from the secondary sales provisions in section 707 of the Corporations Act in respect to Securities issued without disclosure to investors on or prior to the date of this Prospectus (provided the conditions of section 708A(11) of the Corporations Act can be met).

In particular, the Company notes that this Prospectus will assist those investors who were issued Securities without disclosure under the Placement and who would otherwise be subject to the secondary sales restrictions attached to their Securities.

5.2 Effect of the Placement and the Offer

The principal effect of the Placement and the Offer will be to:

- (a) increase cash reserves by approximately A\$15.7 million immediately after completion of the Offer, before deducting the estimated expenses of the Offer; and
- (b) increase the total number of Shares on issue from 7,063,962,875 as at the date of this Prospectus to 10,204,953,594 following completion of the Offer.

5.3 Effect on the Company's capital structure

Shares

A comparative table of changes in the capital structure of the Company as a consequence of the Offer is set out below:

Shares	
Shares on issue at date of this Prospectus	8,163,962,875
Issue of New Shares under the Offer	2,040,990,719
Total Shares on issue after completion of the Offer	10,204,953,594
Options	
Unquoted Options on issue as at the date of this Prospectus	399,000,000
Issue of New Options Under the Offer	510,247,680
Total Options on issue after completion of the Offer	909,247,680

5.4 Effect on the Company's financial position

This section provides relevant financial information for Shareholders to consider when assessing whether to participate in the Offer, including details of the potential financial impact of the Offer.

The pro-forma financial information should be read in conjunction with the limitations explained in the "important notes" section of this Prospectus.

Pro-forma Statement of Financial Position

Set out below is the audited Statement of Financial Position for the Company as at 31 December 2014 and an unaudited pro-forma Statement of Financial Position as at 31 December 2014 showing the financial position of the Company following the Offer and the Placement.

The pro-forma Statement of Financial Position illustrates the effect of the Offer and the Placement on the Company. It has been prepared based on the audited Statement of Financial Position as at 31 December 2014, adjusted for certain events that have occurred after the balance date. It is not intended to represent the financial position of the Company upon completion of the Offer and the Placement. It is provided as an illustration of the effect of the Offer and the Placement. The actual impact on the Company is dependent on a range of factors, many of which are outside the control of the Company.

The pro-forma Statement of Financial Position has been prepared to provide Shareholders with information on the pro-forma assets and liabilities of the Company. It has been prepared on the basis of accounting policies normally adopted by the Company. The financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	AUDITED	PROFORMA
	31 DECEMBER 2014	31 DECEMBER 2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,715,415	16,468,976
Receivables	698,285	698,285
Prepayments	19,207	19,207
Inventories	5,720	5,720
TOTAL CURRENT ASSETS	2,438,627	17,192,188
NON-CURRENT ASSETS		
Restricted cash	128,358	128,358
Property, plant and equipment	2,039,528	2,039,528
Oil and gas properties	40,701,360	40,701,360
Exploration and evaluation assets	8,507,763	8,507,763
Deferred tax asset	5,241,644	5,241,644
TOTAL NON-CURRENT ASSETS	56,618,653	56,618,653
TOTAL ASSETS	59,057,280	73,810,840
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	2,812,502	2,812,502
Other liabilities	6,531,731	6,531,731
Shareholder loans	441,438	441,438
Provisions	38,672	38,672
Interest bearing liabilities	123,393	123,393
TOTAL CURRENT LIABILITIES	9,947,736	9,947,736
NON-CURRENT LIABILITIES		
Provisions	2,753,660	2,753,660
Interest bearing liabilities	1,504	1,504
TOTAL NON-CURRENT LIABILITIES	2,755,164	2,755,164
TOTAL LIABILITIES	12,702,900	12,702,900
NET ASSETS	46,354,380	61,107,940
EQUITY		
Issued Capital	80,854,569	95,731,523
Reserves	3,725,559	3,725,559
Accumulated losses	(38,241,808)	(38,241,808)
Non-controlling interest	16,060	16,060
TOTAL EQUITY	46,354,380	61,231,334

6. Action required by Eligible Shareholders

All Applications for New Securities must be made by Eligible Shareholders in accordance with the instructions in this Prospectus and on the Application Form. By returning the Application Form or paying any Application Money for New Securities by BPAY®, you offer to acquire the New Securities on the terms and conditions set out in this Prospectus.

The Company reserves the right to reject any Applications for New Securities that are not made in accordance with the terms of this Prospectus or the instructions on the Application Form.

The Company also reserves the right (in its absolute discretion) to reduce the number of New Securities allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claims prove to be overstated or if they fail to provide information to substantiate their claims.

6.1 Options available to you

If you are an Eligible Shareholder, you may take any of the following actions. Each of these options may have a materially different outcome on any value you receive in respect of your Entitlement.

- take up all or part of your Entitlement (see section 6.1(a));
- take up more than your Entitlement (see section 6.1(b));
- allow all or part of your Entitlement to lapse (see section 6.1(c)).

(a) If you wish to take up all or part of your Entitlement

If you wish to take up all or part of your Entitlement, please either:

- complete and return the Application Form with the requisite Application Monies; or
- pay your Application Monies via BPAY® by following the instructions set out on the Application Form,

in each case, by no later than 3:00 pm (Perth time) on 22 April 2015 (the Closing Date).

If you take up and pay for all or part of your Entitlement before the Closing Date, it is expected that you will be issued New Securities on 29 April 2015. The Company's decision on the number of New Securities to be issued to you will be final.

The Company also reserves the right (in its absolute discretion) to reduce the number of New Securities issued to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if the Company believes their claims to be overstated or if they or their nominees fail to provide information to substantiate their claims to the Company's satisfaction.

(b) **If you wish to take up more than your Entitlement**

If you wish to apply for more Securities than your Entitlement you will need to complete the relevant section of the Application Form (titled “Additional New Shares”) and return it, together with the necessary Application Money to the Company in accordance with the instructions in this Prospectus and on the Application Form.

(c) **If you wish to let some or all of your Entitlement to lapse**

If you decide not to apply for all or part of your Entitlement to New Securities, or fail to apply by the Closing Date, your Entitlement will lapse. The New Securities not subscribed for will form part of the Shortfall.

By allowing your Entitlement to form part of the Shortfall, you will forgo any exposure to future increases or decreases in the value of the New Securities that would have been allotted to you had you taken up your Entitlement. Your percentage shareholding in the Company (held at the Record Date) will also be diluted.

The New Securities not subscribed for under the Offer will be available for subscription through the Oversubscription Offer. Any New Securities which remain after the Oversubscription Offer will be taken up by the Underwriter.

6.2 **Payment**

You can pay your Application Monies in the following ways:

- by BPAY®; or
- by cheque, bank draft or money order.

Cash payments will not be accepted. Receipts for payment will not be issued. The Company will treat you as applying for as many New Securities as your Application Monies will pay for in full up to your Entitlement.

The Entitlement stated on your personalised Application Form may be in excess of your actual Entitlement. Any Application Monies received for more than your final allocation of New Shares will be refunded as soon as practicable after the close of the Entitlement Offer. No interest will be paid to Applicants on any Application Monies received or refunded.

(a) **Payment by BPAY**

For payment by BPAY®, please follow the instructions on the personalised Application Form. You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please make sure you use the specific Biller Code and your unique Customer Reference Number (**CRN**) on your personalised Application Form. If you have multiple holdings and consequently receive more than one personalised Application Form, when taking up your Entitlement in respect of one of those holdings only use the CRN specific to that holding. If you do not use the correct CRN specific to that holding your Application will not be recognised as valid.

Should you choose to pay by BPAY®:

- you do not need to submit your personalised Application Form but are taken to make the representations, declarations, warranties and agreements on that Application Form and in section 6.4; and

- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Securities which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 3:00 pm (Perth time) on 22 April 2015 (the Closing Date). Your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make payment.

(b) Payment by cheque, bank draft or money order

For payment by cheque, bank draft or money order, complete your personalised Application Form in accordance with the instructions on the form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to “Empire Oil & Gas NL” and crossed “Not Negotiable”.

Your cheque, bank draft or money order must be:

- for an amount equal to A\$0.005 multiplied by the number of New Shares that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution. Payment cannot be made in foreign currency. Eligible Shareholders who reside outside of Australia must arrange for payment to be made in Australian dollars.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheque will be processed on the day of receipt. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Application Form, you will be taken to have applied for such lower whole number of New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your personalised Application Form) and made the representations, declarations, warranties and agreements in section 6.4. Alternatively, at the discretion of the Company, your Application will not be accepted.

6.3 Mail

To participate in the Offer, your payment must be received no later than the Closing Date, being 3:00 pm (Perth time) on 22 April 2015. If you make payment via cheque, bank draft or money order, mail your completed personalised Application Form together with Application Monies to:

Empire Oil & Gas NL
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001
Australia

6.4 Implications of making an Application

Submitting an Application constitutes a binding offer to acquire New Securities on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn. The Application Form does not need to be signed to be binding.

If an Application is not completed or submitted correctly it may still be treated as a valid Application for New Securities. The Company's decision whether to treat an Application as valid and how to construe, amend, complete or submit the Application Form is final.

By completing and returning your personalised Application Form with the requisite Application Money or making a payment by BPAY®, you:

- agree to be bound by the terms of this Prospectus and the provisions of the Constitution;
- authorise the Company to register you as the holder(s) of the New Securities allotted to you;
- declare that all details and statements made in the Application Form are complete and accurate;
- declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Offer;
- acknowledge that once the Company receives the Application Form or your payment by BPAY®, you may not withdraw it except as allowed by law;
- agree to apply for, and be issued with up to, the number of New Securities that you apply for at the issue price of A\$0.005 per New Share and nil consideration per New Option;
- authorise the Company and its officers or agents to do anything on your behalf necessary for the New Securities to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Application Form;
- agree that the allotment of New Securities to you constitutes acceptance of your Application;
- declare that you are the current registered holder(s) of the Shares in your name at the Record Date;
- acknowledge that the information contained in this Prospectus is not investment advice or a recommendation that New Securities are suitable for you, given your investment objectives, financial situation or particular needs;
- represent and warrant that the laws of the country relevant to your Application do not prohibit you from being given this Prospectus or making an Application for New Securities; and
- in the case of an Eligible Shareholder, represent and warrant that you are an Eligible Shareholder and have read and understood this Prospectus and the Application Form and that you acknowledge the matters, and make the warranties and representations and agreements, contained in this Prospectus and the Application Form.

7. Rights of the New Shares

The following is a summary of the more significant rights attaching to the New Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered address.

7.1 Voting rights

Subject to the Constitution and to any rights or restrictions attached to any class or classes of shares, at a general meeting:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every Shareholder present has one vote; and
- (c) on a poll, every Shareholder present has one vote for each share held by the Shareholder entitling the Shareholder to vote, except for partly paid shares, each of which confers on a poll only the fraction of one vote which the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited) on the share. An amount paid in advance of a call is disregarded for this purpose.

7.2 General meetings

Shareholders are entitled to receive written notice of and attend and vote at general meetings of the Company.

7.3 Dividend rights

The Directors may pay any interim and final dividends that, in their judgment, the financial position of the Company justifies. The Directors may pay any dividend required to be paid under the terms of issue of a Share.

Subject to any rights or restrictions attached to any Shares or class of Shares:

- (a) the person entitled to a dividend on a Share is entitled to the entire dividend, irrespective of the amount paid or credited or both on the Share;
- (b) the Company must pay any dividend to the Shareholders in the proportions which the number of Shares held by a Shareholder is of the total number of Shares held by all Shareholders; and
- (c) interest is not payable by the Company on any dividend.

7.4 Winding-up

Subject to the Constitution and the rights or restrictions attached to any Shares or class of Shares, if the Company is wound up, any surplus will be divided amongst Shareholders in proportion to the number of Shares held by them, irrespective of the amount paid or credited as paid on the Shares.

If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders the whole or any part of the property of the Company and

may, for that purpose, determine how the division is to be carried out between the Shareholders.

7.5 Transfer of Shares

Generally, all Shares are freely transferable subject to the procedural requirements of the Constitution and to the provisions of the Corporations Act, ASX Listing Rules and ASX Settlement and Transfer Corporation Pty Limited (**ASTC**) Settlement Rules. If the Company refuses to register a transfer it must give notice of the refusal as required by the Corporations Act and the ASX Listing Rules.

7.6 Variation of rights

The rights attached to any class of Shares may, unless their terms of issue state otherwise, be varied with the written consent of the holders of 75% of the Shares of the class or by a special resolution passed at a separate meeting of the holders of Shares of the class.

8. Rights of the New Options

The rights and liabilities attaching to ownership of New Options arise from a combination of the terms and conditions set out in the New Option terms, Constitution, statute, the ASX Listing Rules and general law.

A summary of the significant rights and liabilities attaching to New Options is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Optionholders.

- **Entitlement** - Each New Option entitles the holder to subscribe for one Share upon exercise of the New Option.
- **Expiry date** - Each New Option will expire at 5:00 pm (Perth time) on 29 April 2018 (**Expiry Date**). Any New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- **Exercise price** - The amount payable upon exercise of each New Option will be A\$0.009 (**Exercise Price**).
- **Exercise notice** - New Options may be exercised at any time before the Expiry Date by notice in writing to the Company in the manner specified in the New Option terms and payment of the Exercise Price for each New Option being exercised by cheque or electronic funds transfer.
- **Ranking** - All Shares issued upon the exercise of New Options will upon allotment rank pari passu in all respects with other Shares.
- **Quotation of New Options** - The Company will apply for Official Quotation by ASX of all New Options issued.
- **Quotation** - The Company will apply for Official Quotation by ASX of all Shares issued upon exercise of the New Options.
- **Reconstruction of capital** - If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- **Participation in new issues** - Holders of New Options will not be permitted to participate in new issues of capital offered by the Company without exercising the New Options.

9. Additional information

9.1 Underwriting

Empire and the Underwriter have entered into an Underwriting Agreement under which it has been agreed that the Underwriter will manage and underwrite the Offer in full. Customary with these types of arrangements:

- (a) Empire has provided various representations and warranties;
- (b) Empire has agreed to indemnify the Underwriter itself and as trustee for its Related Bodies Corporate, together with any sub-underwriters procured in accordance with the Underwriting Agreement, and their respective directors, officers, employees, affiliates, agents and advisers against losses in connection with the Offer;
- (c) The Underwriter has a wide discretion to terminate its obligations under the Underwriting Agreement on the occurrence of a number of events. The Underwriting Agreement includes a number of customary termination events which may be exercised by the Underwriter in certain circumstances. These termination events include, but are not limited to:
 - (1) the S&P/ASX 300 Index or the S&P/ASX Small Resources Index falls for two consecutive trading days 10% or more below its level as at the close of business on the business day before the date of the Underwriting Agreement;
 - (2) default by the Company of any of its obligations under the Underwriting Agreement;
 - (3) any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
 - (4) any information supplied by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or affairs of the Empire Group is or becomes misleading or deceptive or likely to mislead or deceive;
 - (5) an event occurs which gives rise to a material adverse effect on the prospects of the Company, including the outcome of the Offer and the financial position of the Empire Group;
 - (6) certain prescribed occurrences occurring; and
 - (7) there is a delay in any specified date in the Offer timetable which is greater than 2 business days.
- (d) the Underwriter will receive an underwriting fee of 4% of the offer proceeds as consideration for its underwriting obligation in accordance with the Underwriting Agreement. In addition, the Underwriter will receive a management fee comprised of 1% of the proceeds of the offer as consideration for its services in managing the Offer.

9.2 Sub-underwriting and other commitments

The Underwriter has appointed sub-underwriters to subscribe for the Shortfall, which include ERM and Tony Iannello (or entities associated with him). Each sub-underwriter will not by its sub-underwriting increase its relevant interest in Shares to 20% or more.

Tony Iannello (or entities associated with him) is a Director and a related party and agreed to sub-underwrite. Mr Iannello will be sub-underwriting on the same terms as other sub-

underwriters including being paid a fee from the Underwriter of 2.0% of the amount sub-underwritten. The Company considers these to be on reasonable arms lengths terms. An entity associated with Tony Iannello is sub-underwriting 20,000,000 New Shares and 5,000,000 New Options.

The Underwriter is responsible for fees payable to sub-underwriters.

9.3 **ERM credit facility**

On 19 December 2013, Empire announced that it had secured a A\$2 million credit facility from ERM to meet the Company's day-to-day working capital expenses. The facility was originally set to expire after six months or after the Company conducted a capital raising of more than A\$2 million, whichever occurred sooner.

The terms of the credit facility were an interest rate based on the highest of the big-four banks' benchmark overdraft rate plus 1%, secured. The interest rate was fixed for the period of the facility at the time of the first draw-down.

The facility term and limit were varied on several subsequent occasions so that the facility limit is now at \$1.5 million and the facility is repayable by 30 April 2015 or completion of the Offer, whichever occurs first.

Empire has currently drawn down the facility in full and intends to repay the facility in full upon completion of the Offer.

9.4 **ERM vendor loan**

The acquisition of ERM's Western Australian gas assets for A\$15 million, as described in section 2.1 of this Prospectus, was funded via an interest-free vendor loan from ERM.

The Asset Purchase Agreement provides that the purpose of the loan is to fund the purchase of ERM's assets, repayable by Empire on the earlier of a disposal of the Red Gully Processing Facility or 31 August 2016.

The Asset Purchase Agreement also provides that ERM may receive a top-up payment to the purchase price, based on gains in the Company's share price. Under this mechanism, the purchase price ultimately paid by Empire will escalate by 70% of the percentage increase in Empire's share price, from a base price of 0.8 cents per share. For example, if Empire's share price increases by 100 per cent from 0.8 cents per share, then Empire will make the top-up payment to ERM equal to 70% of A\$15 million.

The Company may choose to repay the loan prior to the expiry date by providing 120 days' notice to ERM, subject to certain conditions. The top-up mechanism is determined at the time notice is given, subject to certain conditions.

The Company, Empire Oil Company (WA) Ltd and ERM have executed a general security deed as security for the loan. Pursuant to the general security deed, Empire has granted security to ERM over all of Empire's and Empire Oil Company (WA) Ltd's present and after acquired property (including the assets comprising the Red Gully Processing Facility). The security will rank behind any security granted by Empire or Empire Oil Company (WA) Ltd in favour of Alcoa of Australia Limited over certain assets, but will otherwise be first ranking.

9.5 **Placement**

As part of the Placement, Empire completed a placement to sophisticated investor Vison Pty Ltd. The placement to Vison raised A\$1.76 million before costs. Terms of the placement to Vison Pty Ltd were the same as those of the Placement with each New Share subscribed for

at \$0.005 per Share and one (1) New Option issued for every four (4) New Shares subscribed for 352,000,000 New Shares and 88,000,000 New Options were issued to Vison Pty Ltd.

Vison Pty Ltd has been offered the right to put forward a suitably qualified nominee (who is acceptable to Empire) to be appointed to the board of the Company while Vison and associates maintain a relevant interest in the Company of at least 5% following completion of the Offer.

9.6 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the securities in the Company.

This Prospectus is a “transaction specific prospectus”. In general terms, a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (1) the annual financial report most recently lodged by the Company with ASIC;
 - (2) the half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in (1) and before the lodgement of this Prospectus with ASIC; and

- (3) any continuous disclosure documents given by the Company to ASX in accordance with ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (1) and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with ASIC are set out in the table below:

Date	Description of announcement
24/03/2015	Trading Halt
16/03/2015	Empire Oil & Gas NL - Half Yearly Financials
16/03/2015	Half Year Results and Update
27/02/2015	EPW: ERM Power completes sale of WA gas assets to Empire
27/02/2015	BUY: Carnarvon Basin Acquisition Update
27/02/2015	Update on Carnarvon interests
26/02/2015	Purchase of ERM's WA gas assets - CPs satisfied
20/02/2015	CFO Company Secretary Appointment/Resignation
11/02/2015	Update on ERM transaction
11/02/2015	Investor Presentation
02/02/2015	Empire December 2014 Quarterly Cashflow Report
02/02/2015	Empire December 2014 Quarterly Activities Report
22/01/2015	Update on acquisition of ERM WA gas assets
22/01/2015	Major upgrade in Red Gully B Sand gas reserves
20/01/2015	Trading Halt
02/01/2015	Appendix 3B - issue of ESOP options
22/12/2014	Change of Director's Interest Notice - Brett Heading
19/12/2014	Empire signs geophysical survey contract over Perth Basin
18/12/2014	Change in substantial holding from T.St Baker/EPW
18/12/2014	Change in substantial holding from EPW
18/12/2014	Appendix 3B - Allotment of shares
16/12/2014	Appendix 3B - issue of employee options

15/12/2014	Change of Director's Interest - Tony Iannello
11/12/2014	AGM 2014 - Results of Meeting
11/12/2014	AGM 2014 Presentation
11/12/2014	Chairman's Address to Shareholders
08/12/2014	Empire signs LOI with drilling contractor
01/12/2014	Lapse of unquoted securities
27/11/2014	Minimal disruption to Red Gully production from bush fires
25/11/2014	Empire Oil & Gas NL Corporate Presentation 141125
21/11/2014	Q&A - ERM Power transaction and AGM
20/11/2014	BUY: Carnarvon Basin Acquisition, Onshore WA
20/11/2014	Sale of Carnarvon assets to Bounty Oil & Gas NL
20/11/2014	Company Secretary Appointment/Resignation

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website (www.empireoil.com.au).

9.7 Section 708A(11) Corporations Act

The Company has issued the following Securities (without a disclosure document) in the 12 months prior to the date of this Prospectus under section 708A of the Corporations Act:

Date of issue	Number of Securities
16/12/2014	90,000,000 Options
02/01/2015	34,000,000 Options

In addition, 1,100,000,000 Shares and 275,000,000 Options were issued under the Placement.

If Securities are issued to an investor without a disclosure document then the on-sale of those Securities is generally restricted pursuant to the Corporations Act, unless an exemption applies (such as those under section 708A of the Corporations Act).

These on-sale provisions are an anti-avoidance mechanism that is designed to minimise the opportunity for an issuer of Securities to avoid giving disclosure to retail investors by first issuing the securities to an investor for whom disclosure is not required and then having that investor on sell the securities to a retail investor.

The on-sale provisions seek to ensure that regardless of whether the securities are issued directly or indirectly to retail clients, the retail clients received adequate disclosure for what is indirectly an issue of securities and the issuer remain liable to retail clients for the efficacy of that disclosure.

Section 708A operates as an exemption from the on-sale provisions. If the Company does not fall within one of these exemptions, any securities issued to an exempt investor (pursuant to section 708 of the Corporations Act) may be restricted from on-sale for the first 12 months from the date of issue unless the investor (to whom the securities may be on-sold) also falls within one of the exemptions.

However, section 708A(11) provides that a sale offer of securities would not need disclosure (and therefore would be exempt from the on-sale provisions) if the securities are in a class of securities that are quoted securities and a prospectus is lodged with ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made, or the Shares are issued after the lodgement of a Prospectus at a time when offers under the Prospectus are still open for acceptance.

The Company notes that none of the above listed Shares have been on-sold and as such, the holders of the Shares referred to in the table above may wish to rely on this Prospectus and section 708A(11) of the Corporations Act if they wish to on-sell their Shares.

9.8 Corporate governance

The Board is responsible for the corporate governance of the Company and to ensure that the Empire Group is properly managed and controlled. In this regard, the Board is committed to maintaining and promoting the principles of good corporate governance.

The Directors are of the view that Empire Group has complied in all substantial respects with corporate governance best practice in Australia, including with the ASX Corporate Governance Council Corporate Governance Principles and Recommendations. The Directors believe that any departure from the ASX Corporate Governance Council Corporate Governance Principles and Recommendations is in the best interests of Shareholders, having regard to the size of the Company.

9.9 Related Party disclosure

From time to time the Company may be party to transactions with Related Parties including:

- (a) employment and service arrangements;
- (b) issue of securities to Directors or entities associated with Directors; and
- (c) payment of Directors' fees.

The Company believes that it has made appropriate disclosure of past Related Party transactions and other than any further disclosure made in this Prospectus does not intend to make any further disclosure of such transactions, which will have either proceeded on an "arm's length" basis, reasonable remuneration basis or been approved by Shareholders in general meeting.

9.10 Substantial Shareholders

The following are details of those Shareholders who have a relevant interest in more than 5% of the Shares prior to the date of this Prospectus:

	# of Shares	%
ERM Power Ltd and associates	1,412,086,178	19.99%

Please refer to section 1.17 earlier in this Prospectus for an analysis of the possible effects on control in relation to the Offer.

9.11 **Interests of experts and advisers**

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer pursuant to this Prospectus.

Clayton Utz are acting as solicitors to the Offer and have performed work in relation to this Prospectus. In doing so, Clayton Utz have placed reasonable reliance upon information provided to them by the Company. Clayton Utz does not make any statement in this Prospectus. In respect of this work, the Company estimates that it will pay approximately A\$60,000 (excluding disbursements and GST) to Clayton Utz. Further amounts may be paid to Clayton Utz in accordance with its normal time based charges.

9.12 **Consents**

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Link Market Services Limited has given and has not withdrawn its consent to be named in this Prospectus as the Share Registry for the Company in the form and context in which it is named. It takes no responsibility for any part of this Prospectus other than references to its name.

Clayton Utz has given and has not withdrawn its consent to be named in this Prospectus as solicitors to the Offer in the form and context in which it is named. It takes no responsibility for any part of this Prospectus other than references to its name.

The Underwriter has given and has not withdrawn its consent to be named in this Prospectus as Underwriter to the Offer in the form and context in which it is named. It takes no responsibility for any part of this Prospectus other than references to its name.

9.13 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX in the 3 months up to the date immediately prior to the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

	A\$	Date
Highest	0.008	18/03/2015
Lowest	0.005	05/03/2015
Last	0.007	23/03/2015

9.14 Subsequent events

There has not arisen, at the date of this Prospectus any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus which is likely, in the opinion of the Directors of the Company, to affect substantially:

- (a) the operations of the Company;
- (b) the results of those operations; or
- (c) the state of affairs of the Company.

9.15 Litigation

The Company has brought a claim for approximately A\$440,000 in the Supreme Court of Western Australia against certain former directors of the company. The claim relates to the payment by the Company of legal costs, including costs of court proceedings brought in the names of those former directors in 2012 and 2013. No trial date is presently set. It is anticipated that trial will occur in mid-2015.

9.16 Tax

You should be aware that there may be taxation implications associated with participating in the Offer and receiving New Securities.

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Securities under the Offer, or the disposal of any New Securities allotted and issued. The Company does not accept any responsibility in this regard, and Shareholders should consult with their professional tax adviser.

9.17 Privacy

By submitting an Application Form for New Securities you are providing to the Company personal information about yourself. If you do not provide complete and accurate personal information, your application may not be able to be processed.

The Company maintains the register of members of the Company through the Share Registry, an external service provider. The Company requires the Share Registry to comply with the National Privacy Principles in performing these services. The Company's Register is required under the Corporations Act to contain certain personal information about you such as your

name and address and number of shares and options held. In addition the Company collects personal information from members such as, but not limited to, contact details, bank accounts and membership details and tax file numbers.

This information is used to carry out registry functions such as payment of dividends, sending annual and half yearly reports, notices of meetings, newsletters and notifications to the Australian Taxation Office. In addition, contact information will be used from time to time to inform members of new initiatives concerning the Company.

The Company understands how important it is to keep your personal information private. The Company will only disclose personal information we have about you:

- (a) when you agree to the disclosure;
- (b) when used for the purposes for which it was collected;
- (c) when disclosure is required or authorised by law;
- (d) to other members in the group of companies;
- (e) to your broker; and
- (f) to external service suppliers who supply services in connection with the administration of the Company's Register such as mailing houses and printers, Australia Post and financial institutions.

You have the right to access, update and correct your personal information held by the Company and the Share Registry, except in limited circumstances. If you wish to access, update or correct your personal information held by the Share Registry or by the Company please contact our respective offices.

If you have any questions concerning how the Company handles your personal information please contact the Company.

10. Directors' authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC.

Dated 26 March 2015



Antonino (Tony) Iannello

**For and on behalf of
EMPIRE OIL & GAS NL**

11. Glossary

\$ means Australian dollars.

Applicant means a Shareholder who applies for New Securities pursuant to the Offer.

Application means an application to subscribe for New Securities under this Prospectus.

Application Form means the application form attached to this Prospectus.

Application Money means the aggregate amount of money payable for New Securities applied for in a duly completed Application Form.

ASIC means the Australian Securities and Investments Commission.

Asset Purchase Agreement mean the asset purchase agreement between the Company, ERM, Empire Oil and ERM Gas date 30 October 2014.

ASX means ASX Limited ACN 008 624 691 or, as the context requires, the securities exchange operated by that entity.

ASX Listing Rules means the listing rules of ASX.

ASX Settlement means ASX Settlement Pty Limited ACN 008 504 532.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESSE.

Board means the board of Directors unless the context indicates otherwise.

BPAY® means BPAY Pty Limited (ABN 69 079 137 518).

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

CHESSE means the ASX Clearing House Electronic Subregister System.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended or closed earlier).

Company or **Empire** means Empire Oil & Gas NL ACN 063 613 730.

Constitution means the constitution of the Company as at the date of this Prospectus.

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

Directors mean the directors of the Company at the date of this Prospectus.

Eligible Shareholder means a person who, as determined by the Company at its absolute discretion:

- is a Shareholder as at the Record Date;
- has a registered address on the Company's Register in Australia or New Zealand;

- are not in the United States or acting for the account or benefit of a person in the United States; and
- is eligible under all applicable securities laws to receive an offer under the Offer.

Empire Group means the Company and its controlled entities.

Empire Oil means Empire Oil Company (WA) Limited ACN 009 475 423.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement Offer or Offer means the offer of New Securities referred to in section 1.1 of this Prospectus.

ERM means ERM Power Limited ACN 122 259 223.

ERM Gas means ERM Gas Pty Ltd ACN 126 836 799.

Ineligible Shareholder means a Shareholder on the Record Date who is not an Eligible Shareholder.

New Option means an Option issued pursuant to the Offer and on the terms and conditions set out in Schedule 1 of this Prospectus.

New Securities means a New Share and/or a New Option, as the context requires.

New Share means a new Share to be issued under the Offer.

Offer Period means the period from the date of this Prospectus until (and including) the Closing Date.

Offer Price means A\$0.005 per New Share.

Official Quotation means official quotation on ASX.

Opening Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended or opened earlier).

Option means an option to subscribe for a Share.

Optionholder means the holder of an Option.

Oversubscription Offer means the offer of Oversubscription Securities as described in section 1.7.

Oversubscription Securities means the Shortfall Securities that are offered to Shareholders under the Oversubscription Offer.

Oversubscription Shortfall means such New Securities offered under the Oversubscription Offer for which valid Applications have not been received from Eligible Shareholders before the Closing Date.

Placement means the placement to sophisticated investors and institutions as announced on 26 March 2015. .

Placement Shares means Shares placed to sophisticated investors and institutions as announced on 26 March 2015.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Red Gully North means an exploration well planned in EP 389, previously named Gingin Updip.

Register means the share register of the Company kept pursuant to the Corporations Act.

Related Party has the meaning given to it in the ASX Listing Rules.

Schedule means a schedule to this Prospectus.

Securities means a Share and/or an Option, as the context requires.

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

Shareholder means a registered holder of Shares in the Company.

Share Registry means Link Market Services Limited ABN 54 083 214 537.

Shortfall or Shortfall Securities means such New Securities offered under the Offer for which valid Applications have not been received from Eligible Shareholders before the Closing Date.

Underwriter means Morgans Corporate Limited ACN 010 669 726.

Underwriting Agreement means the underwriting agreement dated 25 March 2015 between the Company and the Underwriter under which the Underwriter has agreed to manage and underwrite the Offer on the terms and conditions contained in that agreement.

Underwriting Fee has the meaning given to it in section 9.1.

Unquoted Option means an Option not quoted on ASX.

Schedule 1 - Terms and conditions of New Options

The New Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each New Option gives the Optionholder the right to subscribe for one Share.
- (b) The New Options will expire at 5:00 pm (Perth time) on 29 April 2018 (**Expiry Date**). Any New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each New Option will be A\$0.009 (**Exercise Price**).
- (d) An Optionholder may exercise their New Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of New Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised,

(Exercise Notice).
- (e) All Shares issued upon the exercise of New Options will upon allotment rank pari passu in all respects with other Shares.
- (f) The Company will apply for Official Quotation of the New Options by ASX.
- (g) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (h) There are no participating rights of entitlements inherent in the New Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their New Options prior to the date for determining entitlements to participate in any such issue.
- (i) A New Option does not confer the right to a change in exercise price or a change in the number of underlying Securities over which the New Option can be exercised.

Application Form
