



# **NOTICE OF ANNUAL GENERAL MEETING**

**An Annual General Meeting of  
Empire Energy Group Limited  
ABN 29 002 148 361  
will be held Tuesday, 14 July 2020 at 11.00 am**

**via**

Digital videoconference (Online) &

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

## **IMPORTANT INFORMATION**

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

---

Dear Shareholder,

I am pleased to invite you to attend an Annual General Meeting (**AGM**) of Empire Energy Group Limited (the **Company**).

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

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

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

Proxies must be received no later than 11:00 am on Sunday, 12 July 2020 to be valid for the AGM.

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

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

Yours faithfully,

Paul Espie, AO  
Non-Executive Chairman

---

## **NOTICE OF ANNUAL GENERAL MEETING EMPIRE ENERGY GROUP LIMITED**

Notice is hereby given that an AGM of the members of Empire Energy Group Limited ABN 29 002 148 361 ("**Company**") will be held at the offices and online via a digital teleconference at the time and date listed below to consider and vote on the resolutions specified in this notice.

**Time and date of meeting:** 11.00 am on Tuesday, 14 July 2020  
**Place of meeting:** Boardroom 1, Level 19,  
20 Bond Street, Sydney NSW  
And online at <https://web.lumiagm.com>

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

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

### **AGENDA**

---

#### **1. ORDINARY BUSINESS**

##### **1.1. Financial Report, Directors' Report and Auditor's Report**

To receive and consider the Financial Report, Directors' Report and Auditor's Report for the financial year ended 31 December 2019.

Note: No resolution is required for this item of business.

##### **1.2. Resolution 1: Adoption of Remuneration Report**

To consider and, if thought fit, to pass the following resolution as a non-binding resolution:

*"That, for the purposes of section 250R(2) of the Corporations Act 2001 (Cth) and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 31 December 2019."*

The vote on Resolution 1 is advisory only and does not bind the directors of the Company.

**Note:** The Remuneration Report, which forms part of the Directors' Report, is included in the Company's Annual Report.

---

## **2. SPECIAL BUSINESS**

---

### **2.1. Resolution 2: Election of Mr Peter Cleary as a Director**

To consider and, if thought fit, to pass with or without amendment the following resolution as an ordinary resolution:

*“That Mr Peter Cleary, having retired from office as a Director of the Company in accordance with ASX Listing Rule 14.4 and Article 48.2 of the Company’s constitution and, being eligible, offers himself for election, be elected as a Director of the Company.”*

Information about Mr Cleary and his election is included in the Explanatory Statement.

---

### **2.2. Resolution 3: Re-election of Professor John Warburton as a Director**

To consider and, if thought fit, to pass with or without amendment the following resolution as an ordinary resolution:

*“That Professor Warburton, having retired from office as a Director of the Company in accordance with ASX Listing Rule 14.5 and Article 50.1 of the Company’s constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.”*

Information about Professor Warburton and his re-election is included in the Explanatory Statement.

---

### **2.3. Resolution 4: Ratify previous issue of Unlisted Options**

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

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the past issue of 2,800,000 unlisted options on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”*

---

### **2.4. Resolution 5: Ratify previous issue of Shares**

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

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the past issue of 104,348 fully paid ordinary shares on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”*

---

### **2.5. Resolution 6: Ratify previous issue of Performance Rights**

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

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the past issue of 962,811 Performance Rights on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”*

---

**2.6. Resolution 7: Ratify previous issue of Shares**

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

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the past issue of 30,000,000 fully paid ordinary shares issued on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

---

**2.7. Resolution 8: Grant of Performance Rights to Managing Director**

To consider and, if thought fit, to pass with or without amendment the following resolution as an ordinary resolution:

*"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given to the grant of Performance Rights to the Managing Director, Mr. Alexander Underwood, for the purposes of long term incentive (LTI), under the EEG Limited Rights Plan, and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

---

**2.8. Resolution 9: Grant of Restricted Rights to Managing Director**

To consider and, if thought fit, to pass with or without amendment the following resolution as an ordinary resolution:

*"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given to the grant of 750,000 Restricted Rights under the EEG Limited Rights Plan to the Managing Director, Mr. Alexander Underwood, in lieu of cash, to recognise the STI achievements as described in the Explanatory Statement accompanying this Notice of Meeting."*

---

**2.9. Resolution 10: Grant of Service Rights to Professor Warburton**

To consider and, if thought fit, to pass with or without amendment the following resolution as an ordinary resolution:

*"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given to the issue of 600,000 Service Rights under the EEG Limited Rights Plan to Professor John Warburton on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

---

**2.10. Resolution 11: Grant of Director Fee Restricted Rights to Mr Espie**

To consider and, if thought fit, to pass with or without amendment the following resolution as an ordinary resolution:

*"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given to the grant Director Fee Restricted Rights under the EEG Limited Rights Plan to*

*Mr. Paul Espie AO in-lieu of director fees on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

---

#### **2.11. Resolution 12: Approval of 10% Placement Facility**

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

*"That the Company have the additional capacity to issue equity securities of up to 10% of its issued capital, as provided for in Listing Rule 7.1A and as set out in the Explanatory Statement accompanying this Notice of Meeting."*

As a special resolution, the above resolution requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

---

#### **2.12. Resolution 13: Amendments to Constitution**

To consider, and if thought fit, to pass the following resolution as a Special Resolution.

*"That, for the purpose of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to amend the Constitution in the manner set out in the accompanying Explanatory Statement accompanying this Notice of Meeting, with effect from the close of the Meeting."*

As a special resolution, this resolution requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

---

#### **2.13. Resolution 14: Renewal of proportional takeover provisions**

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

*"That, pursuant to and in accordance with section 648G of the Corporations Act and for all other purposes, the proportional takeover provisions in the form of Article 14 of the Constitution be renewed for a period of three years commencing from the date of this Meeting, on the terms and conditions described in the Explanatory Memorandum accompanying this Notice of Meeting."*

---

#### **2.14. Resolution 15: Conditional Spill Resolution**

Note: this Resolution will only be considered and voted on if the outcome of Resolution 1 of this Notice of Meeting is such that at least 25% of the votes cast are against the adoption of the Remuneration Report. See the Explanatory Statement for further details.

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

*"That, subject to at least 25% of the votes cast on Resolution 1 (Adoption of Remuneration Report) being cast against the adoption of the Remuneration Report:*

- (a) an extraordinary general meeting of the Company (Spill Meeting) be held within 90 days after the date of this AGM;*

- (b) *all of the Non-Executive Directors in office when the resolution to approve the Directors' Report for the financial year ended 31 December 2019 was approved and who remain Directors at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and*
- (c) *resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote at the Spill Meeting."*

### Voting Exclusion Statements

<b>Resolution 1 (Adoption of Remuneration Report)</b>	<p>The Company will disregard any votes cast on the resolutions by or on behalf of:</p> <ul style="list-style-type: none"> <li>(a) any Director;</li> <li>(b) a member of the Company's Key Management Personnel named in the Remuneration Report or their Closely Related Parties, regardless of the capacity in which the vote is cast; or</li> <li>(c) as a proxy by a member of the Company's KMP at the date of the AGM or a closely related party of such a member; or</li> <li>(d) an Associate of those persons.</li> </ul>
<b>Resolution 6</b>	<p>The Company will disregard any votes cast in favour of the resolutions by or on behalf of:</p> <ul style="list-style-type: none"> <li>(a) any named person that were recipients of the issue;</li> <li>(b) a member of the Company's Key Management Personnel named in the Remuneration Report or their Closely Related Parties, regardless of the capacity in which the vote is cast; or</li> <li>(c) as a proxy by a member of the Company's KMP at the date of the AGM or a closely related party of such a member; or</li> <li>(d) an Associate of those persons.</li> </ul>
<b>Resolution 15 (Conditional Spill Resolution)</b>	<p>The Company will disregard any votes cast on the resolutions by or on behalf of:</p> <ul style="list-style-type: none"> <li>(a) a member of the Company's Key Management Personnel named in the Remuneration Report or their Closely Related Parties, regardless of the capacity in which the vote is cast; or</li> <li>(b) as a proxy by a member of the Company's KMP at the date of the AGM or a Closely Related Party of such a member.</li> <li>(c) an Associate of those persons</li> </ul>
<b>Resolutions 4, 5 and 7 (ratification of previous issues)</b>	<p>The Company will disregard any votes cast in favour of the resolutions by or on behalf of:</p> <ul style="list-style-type: none"> <li>(a) a person who would participate in the issue; or</li> <li>(b) an Associate of those persons.</li> </ul>

<b>Resolution 8, 9, 10 and 11 (approval for issue to a related party)</b>	<p>The Company will disregard any votes cast in favour of the resolutions by or on behalf of:</p> <ul style="list-style-type: none"> <li>(a) a person referred to in ASX Listing Rules 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the EEG Limited Rights Plan;</li> <li>(b) as a proxy by a member of the Company's KMP at the date of the AGM or a closely related party of such a member; or</li> <li>(c) an Associate of those persons.</li> </ul>
<b>Resolution 12 (approval of 10% Placement Facility)</b>	<p>The Company will disregard any votes cast in favour of this resolution by a person, or an Associate of that person, who is entitled to participate in, or who will obtain a material benefit as a result of, the proposed issues (except a benefit solely in the capacity of a holder of shares).</p> <p>In accordance with ASX Listing Rule 14.11.1 and the relevant note under that rule concerning ASX Listing Rule 7.1A, as at the date of this Notice of Meeting it is not known who may participate in the issue of equity securities (if any). On that basis, no Shareholders are currently excluded from voting.</p>

However, with regards to all the above resolutions, the Company need not disregard a vote cast in favour of a resolution if:

1. a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
2. the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
3. a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met;
  - a. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - b. the holder votes on the resolution in accordance with directions given to the beneficiary to the holder to vote in that way.

### **Chair's voting intentions**

The Chair of the Meeting intends to vote any undirected proxies:

- (a) against Resolution 15 (if required);
- (b) in favour of all other Resolutions.



---

### **3. OTHER BUSINESS**

To transact any other business that might be legally brought before the AGM.

**By Order of the Board of Directors**

**Julian Richard Rockett**

**Secretary**

**8 June 2020**

This Notice of Meeting is accompanied by an explanatory statement to Shareholders which explains the purpose of the AGM and the resolutions to be considered at that meeting.

### **Voting Eligibility**

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the AGM are those who are registered Shareholders as at 11.00 am (AEST) on Sunday, 12 July 2020.

### **How to Vote**

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

### **Virtual participation**

In accordance with the Corporations Act (as modified by the *Corporations (Coronavirus Economic Response) Determination (No. 1) 2020*), to facilitate Shareholder participation, the Board has determined that Shareholders will have the opportunity to participate in the AGM through an online platform.

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

- from their computer, by entering the URL in their browser:  
<https://web.lumiagm.com/385295670>
- from their mobile device by either entering the URL in their browser:  
<https://web.lumiagm.com/385295670> or by using the Lumi AGM app, which is available by downloading the app from the Apple App Store or Google Play Store.
- If you choose to participate in the AGM online, you can log in to the meeting by entering the meeting ID for the online AGM, which is ID: **385-295-670**
- your username is your Computershare internal Security reference number, which is located on your Proxy Form; and
- your password, which is the postcode registered to your holding if you are an Australian Shareholder. Overseas Shareholders will need to enter their country of their registered holding address.

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

Shareholders participating in the Meeting using the online platform will be able to cast direct votes between the commencement of the AGM 11 am (AEST) on Tuesday, 14 July 2020, and the closure of voting as announced by the Chairman during the AGM.

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

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

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

### **Voting in Person**

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

### **Voting by Proxy**

To vote by proxy, please complete and sign the Proxy Form enclosed within this Notice of Meeting, so that it is received no later than 11.00 am (AEST) on Sunday, 12 July 2020, being at least 48 hours prior to the Meeting. Proxy forms received later than this time will be invalid. Two proxy forms accompany this Notice of Meeting.

### **Green Proxy Form**

The green proxy form accompanying this Notice of Meeting is a pre-completed form appointing the Chair of the Meeting as your proxy and is completed to direct the Chair of the Meeting to vote all undirected proxies in favour of each resolution except Resolution 15 (if required), of which it votes against.

If you wish to support the Board's recommendation and would like to appoint a representative of the Board as your proxy, then you may simply use the green proxy form.

### **White Proxy Form**

Alternatively, you may complete the white proxy form accompanying this Notice of Meeting, which is an open form, by appointing up to two proxies to attend and vote on your behalf or by appointing the Chair as your proxy.

If you wish to appoint two proxies, a second open proxy form can be obtained from the Company's share registry or you may copy the proxy form provided. Both forms should be completed with the nominated number of voting rights each proxy is appointed to exercise. If you appoint two proxies and the appointment does not specify the number of votes the proxies may exercise, each proxy may exercise one half of the Shareholder's votes.

<b>Hand deliveries</b>	<b>Postal address</b>
Computershare Investor Services Pty Limited Yarra Falls, 452 Johnston Street Abbotsford VIC 3067	Computershare Investor Services Pty Limited GPO Box 242 Melbourne VIC 3001

Alternatively, you can fax your proxy form so that it is received no later than 11.00 am (AEST) on Sunday, 12 July 2020 on the fax number listed below.

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

Similarly, a shareholder who wishes to appoint their proxy electronically through [www.investorvote.com.au](http://www.investorvote.com.au) (or [www.intermediaryonline.com](http://www.intermediaryonline.com) for relevant intermediaries who participate in the Intermediary Online service) must do so by no later than 11.00 am (AEST) on Sunday, 12 July 2020.

**Your Proxy Form is Enclosed**

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

**Votes of Members**

On a show of hands, each Shareholder present in person or by proxy (or, in the case of a body corporate, by a representative) at the AGM shall have one vote.

On a poll, every member present in person or by attorney or by proxy (or, in the case of a body corporate, by a representative) at the AGM shall have one vote for each share held provided that all shares are fully paid.

The Chair of the Meeting intends to put all resolutions to a poll.

## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for shareholders of Empire Energy Group Limited (“**Company**”) in connection with the business to be transacted at the AGM to be held at 11.00 am (AEST) on Tuesday, 14 July 2020 at Boardroom 1, Level 19, 20 Bond Street, Sydney, NSW and contains explanatory and other information for Shareholders in relation to the resolutions set out in the attached Notice of Meeting.

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

The Directors intend to cast all votes controlled by them and any undirected proxies they hold in favour of Resolutions 2 – 14, to the extent they are not precluded from voting on a resolution.

Unless an individual Director is conflicted, the Directors recommend that Shareholders vote in favour of each resolutions, **except**

- Resolution 1; and
- Resolution 15 (if applicable).

for which the Board abstains from making any recommendation.

Further:

- Mr Cleary abstains from making any recommendation that Shareholders vote in favour of Resolution 2;
- Prof. Warburton, abstains from making any recommendation that Shareholders vote in favour of Resolution 3 and 10;
- Mr. Underwood abstains from making any recommendation that Shareholders vote in favour of Resolution 6, 8 and 9; and
- Mr. Espie AO abstains from making any recommendation that Shareholders vote in favour of Resolution 11.

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

## Financial Statements

The financial report, Directors’ Report and auditor’s report for the Company for the financial year ended 31 December 2019 will be laid before the AGM.

There is no requirement for Shareholders to approve these reports.

The AGM provides a forum for Shareholders to ask questions and make comments on the Company’s reports and accounts and on the management, business and operations of the Company.

In addition, Shareholders will be allowed a reasonable opportunity at the AGM to ask questions of the auditor (or the auditor’s representative) relevant to:

- the conduct of the audit;
- the content of the auditor’s report;
- the accounting policies adopted by the Company for the preparation of the financial statements; and

- the auditor's independence in relation to the above items.

Shareholders may view the Company's annual financial report on the Company's website [www.empireenergygroup.net](http://www.empireenergygroup.net).

### **Resolution 1: Adoption of Remuneration Report**

Pursuant to section 250R(2) of the Corporations Act, a resolution that the remuneration report be adopted must be put to vote at the Company's AGM. The vote on this Resolution is advisory only and does not bind the Directors or Company.

The remuneration report is set out in the Company's FY2019 Annual Report which is available from the Company's website [www.empireenergygroup.net](http://www.empireenergygroup.net).

The remuneration report:

- describes the policies behind, and the structure of, the remuneration arrangements of the Company and the link between the remuneration of executives and the Company's performance;
- sets out the remuneration arrangements in place for each Director and for certain members of the senior management team; and
- explains the difference between the bases for remunerating Non-Executive Directors and senior executives, including the Managing Director.

Under the Corporations Act, if at least 25% of the votes cast on a resolution to adopt the remuneration report are voted against in two consecutive AGMs, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of Directors of the Company at the second AGM (**Spill Resolution**).

At the Company's previous AGM, the votes cast against the remuneration report were greater than 25%.

Accordingly, if at least 25% of the votes cast on Resolution 1 (adoption of the Remuneration Report) are voted against the Resolution, Shareholders will be asked to vote on Resolution 15, which is a Spill Resolution.

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene an extraordinary general meeting (**Spill Meeting**) within 90 days of the second AGM. All of the Non-Executive Directors who were in office when the Directors' Report was approved, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting, those persons whose election or re-election as Directors of the Company is approved by the Shareholders will be the Directors of the Company.

The Chairman of the Meeting proposes to vote any undirected proxies in favour of Resolution 1.

### **Resolution 2: Election of Mr Peter Cleary as a Director**

At the Annual General Meeting, Mr Peter Cleary will retire in accordance with ASX Listing Rule 14.4 and Article 48.2 of the Company's constitution.

Being eligible, Mr Cleary will offer himself for election at the AGM.

Mr Cleary's was appointed on 25 May 2020.

Mr Cleary is currently a Senior Consultant with Diamond Gas International, Mitsubishi Corporation's LNG marketing and business development subsidiary as well as Shinka Management, a group that advises on the application of Japanese productivity practices to clients in 26 countries.

Mr Cleary held two key roles in the Senior Leadership Team at Santos from 2010 to 2015, first as Vice President Strategy and Corporate Development and then as Vice President LNG Markets and Eastern Australia Commercial.

Prior to joining Santos, Mr Cleary enjoyed a 24-year career with BP where he held senior management positions in Australia, Indonesia, Korea, Hong Kong, Abu Dhabi and the United Kingdom.

While a senior executive with BP, he was the President of North West Shelf Australia LNG, the LNG marketing company for the North West Shelf Joint Venture ("NWSV"). During this time the NWSV delivered the first cargo of LNG into China. He developed senior Venture relationships with LNG buyers and governments in all external markets particularly China, Japan and Korea, as well as with the Australian and Western Australian Governments.

Mr Cleary earned a Bachelor of Commerce and LLB from the University of Melbourne. He is currently a member of the Executive Committee of the Australia Japan Business Co-operation Committee and the Australia Korea Business Council. He is Chair and Fellow of the Australian Institute of Energy – SA Branch and the President of Water Polo South Australia. He previously held positions as a Board member of the Australian Petroleum Production & Exploration Association (APPEA), the Australia China Council and the Australia Japan Foundation. He is a Graduate of the Australian Institute of Company Directors.

The Chairman of the Meeting proposes to cast any undirected proxies in favour of Resolution 2.

### **Resolution 3: Re-election of Professor Warburton as a Director**

At the AGM, Professor Warburton will retire in accordance with ASX Listing Rule 14.5 and Article 50.1 of the Company's constitution.

Being eligible, Professor Warburton will offer himself for re-election at the AGM.

Professor Warburton was first appointed to the board of the Company on 6 February 2019 and is a member of the Remuneration Committee. Professor Warburton has 37 years of professional oil and gas experience in operated and non-operated conventional and unconventional petroleum discovery, development and in new business delivery.

During his career Professor Warburton has worked in Western Europe, West Africa, Central Asia, Middle East, Pakistan, Papua New Guinea and throughout the Asia Pacific Region including Australia and New Zealand. He has resided as an expatriate in a number of these regions where his values demand continuous focus on people, safety, cultural heritage and environment.

Professor Warburton's career includes 14 years of senior technical and leadership roles at BP. He was Executive General Manager for Exploration & New Business at Eni in Pakistan and was the Chief of Geoscience & Exploration Excellence at Oil Search Ltd until March 2018.

Professor Warburton has been a director of the Company's wholly owned Northern Territory subsidiary, Imperial Oil & Gas Pty Limited ("**Imperial**"), since 2011 and was its Chief Executive Officer from 2011 to 2014. He continues to serve as a Non-Executive Director of Imperial.

Professor Warburton is a Non-Executive Director of ASX listed Senex Energy Limited where he also serves on the People & Remuneration Committee. Senex operates conventional oil and gas production and exploration activities onshore South Australia in the Cooper Basin and Coal Seam Gas developments in the Queensland Surat Basin.

Professor Warburton is a Visiting Professor in the School of Earth & Environment at Leeds University UK where he has also served for 10 years on the External Advisory Board of 'Petroleum Leeds', the centre for excellence in Petroleum Engineering & Geoscience.

The Chairman of the Meeting proposes to cast any undirected proxies in favour of Resolution 3.

#### **Resolutions 4, 5, 6 and 7: Ratification of previous issues**

The Company is seeking Shareholder approval under Resolutions 4, 5, 6 and 7 to ratify the issue of Shares and Unlisted Options pursuant to ASX Listing Rule 7.4.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The securities subject to Resolution 4, 5, 6 and 7 were made did not fit within any of these exceptions, and as it had not yet been approved by the Company's shareholders, it effectively uses most of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without shareholder approval under Listing Rule 7.1 for the 12 month period following each relevant Issue Date(s).

ASX Listing Rule 7.4 allows for a company to ratify an issue of equity securities issued under its placement capacity under Listing Rule 7.1 if the Company did not breach the ASX Listing Rule 7.1 placement limit at the time of issue and the holders of ordinary shares subsequently approve the issue. The Company is now seeking approval for the issue of these securities in the manner provided by ASX Listing Rule 7.4.

For each of resolutions 4, 5, 6 and 7, if each respective resolution **is passed**, then each relevant issue will be **excluded** in calculating the Company's 15% limit, in Listing Rule 7.1, **effectively increasing the number** of equity securities it can issue without shareholder approval over the 12 months period following from each respective Issue Date.

For each of resolutions 4, 5, 6 and 7, if each respective resolution is **not passed**, then each relevant issue will **continue to be included** in calculating the Company's 15% limit, in Listing Rule 7.1, **effectively decreasing** the number of equity securities it can issue without shareholder approval over the 12 months period following from each respective Issue Date.

The allottees of the Shares and Unlisted Options were either Joint Lead Managers of a capital raising, professional advisors to the company, or professional and/or sophisticated investors (as the case may be) for the purposes of section 708(8) or 708(11) of the Corporations Act or employees (excluding the Managing Director) in the case of the Performance Rights.



The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain shareholder approval for such issues under Listing Rule 7.1. To that end, for Resolutions 4, 5, 6 and 7, the Company seeks approval to each relevant Issue under and for the purposes of Listing Rule 7.4.

In accordance with the requirements of ASX Listing Rule 7.5, the following information is provided in relation to the securities the subject of the ratification:

Unlisted Options in relation to Resolution 4:

Date of issue	30 December 2019
Number of securities issued	2,800,000
Terms of Securities	<p>Unlisted Options issued to Joint Lead Managers as partial consideration for a capital raising.</p> <p>The Unlisted Options are exercisable at A\$0.60 per option, expiring on 30 December 2022.</p> <p>The Shares issued on exercise of the Unlisted Options will be fully paid and rank equally in all respects with all other fully paid ordinary shares.</p>
Names of persons who received securities or basis on which those persons were determined.	Berne No 132 Nominees Pty Ltd and L39 Pty Ltd, being subsidiaries of Morgans Financial Limited and Blue Ocean Equities Pty Limited.
Issue Price of Securities	Nil
Use of funds raised	<p>Any funds raised as a result of the options being exercised is anticipated to be used for business and for general working capital.</p> <p>The allottees under Resolution 4 were not related parties of the Company.</p>

Shares in relation to Resolution 5:

Date of issue	30 December 2019
Number of securities issued	104,348
Terms of Securities	<p>Shares issued to a financial advisor as partial consideration for financial advice given to the Company in lieu of cash.</p> <p>The Shares are fully paid and rank equally in all respects with all other fully paid ordinary Shares.</p>
Names of persons who received securities or basis on which those persons were determined	Flightspeed Pty Ltd, as a financial advisor entity to the Company.
Issue Price of Securities	Nil

Use of funds raised	N/A  Shares issued as partial consideration for capital raising and other financial advisory services.
---------------------	--

Performance Rights in relation to Resolution 6:

Date of issue	30 December 2019
Number of securities issued	962,811
Terms of Securities	Performance Rights, with each Performance Right able to be converted subject to Ordinary Shares on a 1:1 basis, subject to vesting conditions.
Persons who received securities or basis on which those persons were determined	The Performance Rights were issued to the following Senior Executives of the Company (excluding the Managing Director) <ul style="list-style-type: none"> <li>• Mr David Evans,</li> <li>• Mr Ben Johnston; and</li> <li>• Ms Kylie Arizabaleta</li> </ul> according to seniority as an incentive for long term performance thereby increasing the alignment between their interests and that of Shareholders.
Issue Price of Securities	Nil
Use of funds raised	N/A

Shares in relation to Resolution 7:

Date of issue	26 November 2019
Number of securities issued	30,000,000
Terms of Securities	On 21 November 2019, the Company announced the successful completion of capital raising through a placement to institutional and sophisticated investors. This represented approximately 12.9% of the shares on issue (on a pre-placement basis), pursuant to its existing capacity under ASX Listing Rule 7.1.  The Shares are fully paid and rank equally in all respects with all other fully paid ordinary Shares.
Names of persons who received securities or basis on which those persons were determined	Institutional and Sophisticated Investors were approached by professional brokers on the basis of their clients' investment strategy and prior relationships. Many were existing shareholders of the Company. None of the above shareholders meet the criteria described in Guidance Note 21, 7.4, to determine that disclosure of any of the above investors would be considered material and warrant disclosure due to the relationship and/or quantity of Shares purchased.
Issue Price of Securities	\$0.40 per Share

Use of funds raised	Funds raised from the placement are being used to progress exploration activities in the Company's 100% owned EP187 tenement in the Beetaloo Basin including the drilling of the Company's first exploration well in EP187 targeting the Velkerri Shale. The balance of the funds raised are being used for working capital.
---------------------	--

The Chairman of the Meeting proposes to cast any undirected proxies in favour of Resolution 4, 5, 6 and 7.

### **Resolutions 8 and 9: Grant of Equity Securities to Managing Director**

Resolutions 8 and 9 seek Shareholder approval for the purposes of ASX Listing Rule 10.14 for the proposed grant of Equity Securities to the Company's Managing Director, Mr Alexander Underwood. The grant of these Equity Securities will occur under the Company's employee incentive plan, the **"EEG Limited Rights Plan"** or **"EEGLRP"**. The EEGLRP was approved by Shareholders at the Company's 2019 AGM.

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- a director of the Company;
- an associate of a director of the Company; or
- a person whose relationship with a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders

unless it obtains the approval of its shareholders.

The Issue falls within Listing Rule 10.14.1 above and therefore requires the approval of Empire Energy Group Limited's shareholders under Listing Rule 10.14.

Resolution 8 and 9 seek the required shareholder approval to each of the two (2) respective grants under and for the purposes of Listing Rule 10.14.

If Resolutions 8 and 9 are passed, Empire Energy will be able to proceed with the issue these Performance Rights (Resolution 8) and Restricted Rights (Resolution 9).

If Resolution 8 and 9 is not passed, Empire Energy will not be able to proceed with the issue of the above rights and the Company intends to compensate him from its cash reserves.

It is the policy of the Board, that the interests of the Managing Director should be aligned with the interests of shareholders to the greatest extent possible. The Managing Director's remuneration package is comprised of a cash base salary, eligibility to participate in a long-term incentive plan primarily tied to total shareholder return, and eligibility for short term incentives to be paid if pre-determined annual key performance indicators ("KPIs") are achieved. Short term incentives may be payable in equity securities or cash. Given the Company's need to preserve its cash balances, and to further align the interests of the Managing Director with those of shareholders, payment of short-term incentives to the Managing Director for his performance against 2019 Financial Year KPIs are comprised only of equity securities (subject to shareholder approval).

Further details regarding each grant are set out below.

For the purposes of ASX Listing Rule 10.15, the following details regarding the proposed grants of Equity Securities to Mr Underwood are provided:

1. The Performance Rights and Restricted Rights the subject of Resolutions 8 and 9 will (if those Resolutions are approved by Shareholders) be granted to Mr Alexander Underwood, who is the current Managing Director of the Company.
2. Mr Underwood is a Director of the Company and therefore Resolutions 8 and 9 are required for the purpose of ASX Listing Rule 10.14.1.
3. The following Equity Securities are proposed to be granted to Mr Underwood:
  - (a) 1,427,089 Performance Rights (Resolution 8); and
  - (b) 750,000 Restricted Rights (Resolution 9),
 (together, the **Proposed Equity Securities**).
4. Mr Underwood's total remuneration in 2019 was as follows:

<b>Base salary</b>	<b>Bonus payments</b>	<b>Non-monetary benefits</b>	<b>Super contributions</b>	<b>Share/option-based payments</b>	<b>Total remuneration</b>
US\$279,286	US\$0	US\$13,185	US\$7,137	US\$99,540*	US\$399,148

\* As approved in 2019 AGM - 3,150,000 Performance Rights; and 1,000,000 Service Rights

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

The terms of Mr Underwood's employment contract have not changed since the end of the 2019 Financial Year.

5. The material terms of issue of the Proposed Equity Securities and the terms of the EEGLRP are summarised below. The Company values the Proposed Equity Securities as follows:
  - (a) A\$70,336 for Performance Rights; and
  - (b) A\$220,725 for Restricted Rights.
6. The Proposed Equity Securities will be granted within one month of the AGM.
7. The Proposed Equity Securities will be granted for nil consideration, though in lieu of cash consideration.
8. No loans will be made in connection with the grant of the Proposed Equity Securities.

Details of the Proposed Equity Securities and any other Equity Securities issued under the EEGLRP (including the Equity Securities the subject of Resolutions 10 and 11) will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14.

Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the EEGLRP after this Resolution is approved and who are not named in the Notice of Meeting will not participate until Shareholder approval is obtained.

## **Chapter 2E of the Corporations Act**

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

Mr Underwood is a related party of the Company for the purposes of section 228(2) Corporations Act as he is a Director. Therefore, the grant of the Proposed Equity Securities will constitute the

giving of a financial benefit to a related party for the purposes of section 229(3)(e) Corporations Act.

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

It is the view of the Board (other than Mr Underwood) that the terms of the financial benefit, being the grant of the Proposed Equity Securities, in conjunction with other components of Mr Underwood's remuneration, comprises reasonable remuneration having regard to the Company's and Mr Underwood's circumstances (including his responsibilities as Managing Director), and would therefore fall within an exemption set out in section 211 of the Corporations Act. The Proposed Equity Securities will (if Resolutions 8 and 9 are approved) be granted to Mr Underwood for the sole purpose of remunerating him for his services as the Managing Director of the Company.

### ***Resolution 8 - Grant of Performance Rights to Managing Director***

The purpose of the grant of the Performance Rights the subject of this Resolution 8 is to provide the Managing Director with appropriate long-term incentives as part of his remuneration package.

The Performance Rights have challenging vesting conditions. The Tranche 1 Performance Rights (which comprises the majority of the Performance Rights proposed to be issued to the Managing Director) will vest proportionately in accordance with Absolute Total Shareholder Return over the Measurement Period (being until the end of 2022 unless extended in accordance with the terms of the EEGLRP). Performance Rights to be issued to the Managing Director which are tied to Total Shareholder Return will only vest in full if Absolute Total Shareholder Return exceeds 40% per annum compounded over the Measurement Period.

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

Aspect	Details
Number of Performance Rights	<p>The MD will be issued 1,427,089 Performance Rights across two tranches. The number of Performance Rights when added to the other remuneration elements produces a total remuneration package that in the opinion of the Board and professional external remuneration advice is market competitive and reasonable given the Company's circumstances.</p> <p>(Tranche 1) = Stretch LTI Value ÷ Right Value</p> <p>Number of Performance Rights = A\$360,000 ÷ A\$0.2943</p> <p>= 1,223,242</p> <p>(Tranche 2) = A\$60,000 ÷ A\$0.2943</p> <p>Performance Right Value = 203,874</p> <p>Share Price A\$0.2943 (being the 2019 VWAP.)</p> <p>Stretch LTI Value = A\$ calculated by multiplying the Base Package of A\$400,000 by the Target LTI of 60%, multiplied by 3 and divided by the Target vesting percentage for scaled tranches (50% for the TSR tranche), assuming a weighting of 75% on TSR and 25% on the binary milestone conditions.</p>

	<b>As 100% of Performance Rights to be granted will only vest when stretch performance goals are achieved it is expected that a lesser percentage will actually vest unless exceptional performance outcomes occur. The Target is 50% vesting for scaled conditions.</b>																					
Term	Rights will have a term of 15 years and if not exercised within the term the Rights will lapse.																					
Terms & Conditions	The Performance Rights offered will be subject to the Vesting Conditions (summarised below). The conditions are intended to be challenging and linked to growth in shareholder value. The Performance Rights are subject to the terms and conditions of the EEGLRP, which include those aspects legally required as well as a method for calculating the appropriate number to vest in the circumstances of a change of control, a major return of capital to shareholders and the treatment of Rights on termination of employment.																					
Amount Payable on Grant	No amount will be payable by the Managing Director for the grant of the Performance Rights.																					
Exercise Price	No amount will be payable by the Participant to exercise a Performance Right that has vested.																					
Vesting and Exercise of Performance Rights	Following the satisfaction of the Vesting Conditions (summarised below), the Rights may be exercised by the holder submitting a Notice of Exercise. Once exercised, the value of Rights that vest will be evaluated and will be paid by way of an issue of Restricted Shares. Rights will lapse if not exercised prior to the end of the Term.																					
Measurement Period	The Measurement Period will be the three (3) financial years from the beginning of 2020 to the end of 2022, subject to the Measurement Period Modifier which may in some circumstances increase the Measurement Period to four years.																					
Vesting Conditions	<p>In order for Performance Rights to vest, the performance conditions must be satisfied.</p> <p>The proposed grant will be subject to:</p> <ul style="list-style-type: none"><li>• Tranche 1: Absolute Total Shareholder Return (ATSR),</li><li>• Tranche 2: a determination by the Board at the end of the 2022 financial year that during the 3 year measurement period, material value has been added to the Company's assets through delivering on the Company's strategy including exploration results, increasing reserves, operating cash flow and production rates.</li></ul> <p>The vesting of the Tranche 1 ATSR Performance Rights will be determined by reference to the following scale:</p> <table><tr><th>Performance Level</th><th>Company's Absolute TSR</th><th>% of Stretch/ Grant/ Tranche/ Maximum Vesting</th></tr><tr><td>Stretch</td><td>≥40% per annum</td><td>100%</td></tr><tr><td>Between Target and Stretch</td><td>&gt;25 &amp; &lt; 40% per annum</td><td>Pro-rata</td></tr><tr><td><b>Target</b></td><td><b>25% per annum</b></td><td><b>50%</b></td></tr><tr><td>Between Threshold and Target</td><td>&gt;10% &amp; &lt; 25% per annum</td><td>Pro-rata</td></tr><tr><td>Threshold</td><td>= 10% per annum</td><td>25%</td></tr><tr><td>Below Threshold</td><td>&lt; 10% per annum</td><td>0%</td></tr></table> <p>The base price against Absolute Total Shareholder return will be assessed is A\$0.2943 per share, being the volume weighted average price of the Company's ASX listed securities in the 2019 Financial Year.</p> <p>The Board retains discretion to modify vesting in the case that the circumstances that prevailed over the Measurement Period materially differed from those expected at the time the vesting scale was determined, which is intended to be used when the application of the vesting scale would lead to an outcome that may be viewed as inappropriate.</p>	Performance Level	Company's Absolute TSR	% of Stretch/ Grant/ Tranche/ Maximum Vesting	Stretch	≥40% per annum	100%	Between Target and Stretch	>25 & < 40% per annum	Pro-rata	<b>Target</b>	<b>25% per annum</b>	<b>50%</b>	Between Threshold and Target	>10% & < 25% per annum	Pro-rata	Threshold	= 10% per annum	25%	Below Threshold	< 10% per annum	0%
Performance Level	Company's Absolute TSR	% of Stretch/ Grant/ Tranche/ Maximum Vesting																				
Stretch	≥40% per annum	100%																				
Between Target and Stretch	>25 & < 40% per annum	Pro-rata																				
<b>Target</b>	<b>25% per annum</b>	<b>50%</b>																				
Between Threshold and Target	>10% & < 25% per annum	Pro-rata																				
Threshold	= 10% per annum	25%																				
Below Threshold	< 10% per annum	0%																				

Gate	A Gate of no major Health, Safety or Environmental (HSE) incidents occurring during the Measurement Period applies to the proposed grant. A Gate is a performance hurdle which must be satisfied before any Performance Rights can vest.
Measurement Period Modifier	The EEGLRP Rules allow for the Measurement Period to be extended by 12 months, if the Participant is still employed, and nil vesting occurred at the first test. The start of the Measurement Period would not be affected by this, and modification of the Measurement Period can only apply to vesting scales that are expressed on an annualised basis, which ensures the adjustment does not make vesting easier (i.e. will not apply to milestone conditions, only TSR). The Measurement Period would be extended from 3 years to 4 years. The purpose of this feature is to address short-term anomalies that arise at the relevant calculation points, and to motivate management to strive for improvement if the LTI fails to vest at the end of the Measurement Period.
Disposal Restrictions	Rights may not be disposed of at any time, but can be exercised following vesting, at any time before the end of their Term. Shares acquired on exercise of vested Rights ( <b>Restricted Shares</b> ) will may subject to Specified Disposal Restrictions (see below), as well as restrictions or prohibitions imposed by: <ul style="list-style-type: none"> <li>a) the Company's share trading policy, and</li> <li>b) the Corporations Act insider trading provisions.</li> </ul>
Specified Disposal Restrictions	No Specified Disposal Restrictions will apply to the Performance Rights, or the Restricted Shares that may be issued on exercise of the Performance Rights.
Disposal Restriction Release at Taxing Point	In the event that a taxing point arises in relation to Restricted Shares and the disposal restrictions applicable to such Restricted Shares have not ceased to apply then disposal restrictions, other than those arising under the Corporations Act, will cease to apply to 50% of such Restricted Shares.
Cessation of Employment	On termination of Mr Underwood's employment, a portion of Performance Rights granted in the financial year in which the termination occurs will be forfeited. The proportion that will be forfeited will be equal to the remainder of the financial year following the termination as a proportion of the full financial year. This provision recognises that grants of Performance Rights are part of the remuneration for the year of grant and that if part of the year is not served then some of the Performance Rights will not have been earned.  If Performance Rights vest subsequent to a termination of employment and their value is less than the Company's Share price at the date of the termination, then such Rights will be settled in cash on exercise.  If Mr Underwood is no longer employed by or otherwise engaged with any Group Company and holds unvested Rights those Rights will be automatically exercised on the earlier of the end of the Term of the Rights and one month following the date when the Participant has ceased to hold unvested Rights.
Change of Control of the Company	In the event of a change of control a portion of Performance Rights granted in the financial year in which the change of control occurs will be forfeited. The proportion is that which the remainder of the financial year following the change of control represents as a proportion of the full financial year.  Unvested Performance Rights will vest in the same proportion as the Company's Share price has increased since the beginning of the Measurement Period. Remaining Performance Rights will either lapse or some or all may vest at the Board's discretion.  In relation to Restricted Shares that have been issued on exercise of Performance Rights, the Company's securities trading policy and the Corporations Act would continue to apply. Performance Rights are unaffected by a change of control event.
Major Return of Capital	The EEGLRP contains provisions that provide for vesting in the proportion of capital returned to shareholders, or in the proportion that the Share price increased over the Measurement Period, with Board discretion regarding the remainder.

Voting and Dividend Rights	The Performance Rights do not carry voting or dividend entitlements. Restricted Shares will rank equally in all respects with other Shares then on issue (save for any Disposal Restrictions imposed on the Restricted Shares), including voting and dividend rights.
Lapse and Forfeiture of Performance Rights	Performance Rights will lapse if the Vesting Conditions are not satisfied within the Measurement Period, subject to modification of the Measurement Period, or if they are not exercised prior to the end of the Term.
Fraud, Gross Misconduct etc.	In the event that the Board forms the opinion that Mr Underwood has committed an act of fraud, defalcation or gross misconduct in relation to the Company, Mr Underwood will forfeit all unvested Performance Rights.
Competition and Other Actions That May Harm the Company	If Mr Underwood engages in any activities or communications that, in the opinion of the Board, may cause harm to the operations or reputation of the Company or the Board all unvested Performance Rights held by Mr Underwood will lapse and be forfeited, unless otherwise determined by the Board.  If Mr Underwood either directly or indirectly competes with the Company including becoming an employee of a competitor, supplier or customer, without the prior written consent of the Company, all unvested Performance Rights will lapse and be forfeited, unless otherwise determined by the Board.
Issue or Acquisition of Shares	Restricted Shares may be issued by the Company or acquired on or off market by the Company or its nominee. The nominee may be a trust, the purpose of which is to facilitate the operation of the plan.
Cost and Administration	The Company will pay all costs of issuing and acquiring Restricted Shares for the purposes of satisfying vested Performance Rights which are exercised, as well as any brokerage on acquisitions of such Shares for this purpose and all costs of administering the EEGLRP.
Other terms of the EEGLRP	The EEGLRP also contains customary and usual terms having regard to Australian law for dealing with winding up, administration, variation, suspension and termination of the EEGLRP. The full terms of the EEGLRP are summarised in the Company's notice of meeting for its 2019 AGM.
Hedging	The Company prohibits the hedging of Performance Rights by Mr Underwood.

### ***Resolution 9 - Grant of Restricted Rights to Managing Director***

The purpose of the grant of the Restricted Rights the subject of this Resolution 9 is to pay the Managing Director the earned short-term incentive bonus provided for under his remuneration package while preserving the Company's cash in the current environment.

Early in 2019, the Remuneration Committee established a series of Key Performance Indicators against which the Managing Director's performance for the 2019 Financial Year would be assessed. These included tests of operational health and safety performance, balance sheet performance (i.e. reducing debt and enhancing cash balances to fund growth projects), Northern Territory work program performance (including execution of the 2D seismic program in EP187) and Total Shareholder Return performance during the 2019 Financial Year.

The Remuneration Committee assessed the Managing Director's performance against the Key Performance Indicators and formed the view that the Managing Director had achieved a high level of performance having regard for the alignment of the Managing Director's interests with those of shareholders.

In recognition of current market conditions, the Company's need to preserve its cash balances, and the desirability of further aligning the Managing Director's interests with those of shareholders, the Remuneration Committee formed the view that the payment of a cash short term incentive payment to the Managing Director would not be appropriate.



Therefore, the Remuneration Committee recommended to the Board (excluding the Managing Director) that the Managing Director should be awarded a Short-Term Incentive for performance against 2019 Key Performance Indicators of 750,000 Restricted Rights (subject to shareholder approval). The Board endorsed that view.

If shareholder approval is not granted for the awarded of Restricted Rights to the Managing Director, the Board has the discretion to pay the Managing Director's 2019 Short Term Incentive payment in cash.

Details of the approach taken to calculate the number of Restricted Rights to be granted are set out below.

Aspect	Details
Number of Restricted Rights	<p>Mr Underwood will be issued a total of 750,000 Restricted Rights in the 2020 financial year to compensate him for actual performance against pre-determined 2019 Key Performance Indicators. The number of Restricted Rights reflects the Remuneration Committee and the Board's evaluation (excluding Mr Underwood) of Mr Underwood's execution of the Company's publicly-stated strategy, in particular:</p> <ol style="list-style-type: none"> <li>1. operational health and safety performance across the Company's operations;</li> <li>2. increasing Shareholder value;</li> <li>3. the sale of the Kansas assets on attractive terms; and</li> <li>4. improvement in cash balance as a result of the November 2019 capital raising,</li> </ol> <p>which have placed the Company in a stronger position than in any recent period.</p> <p>The number of Service Rights was calculated by applying the following formula:</p> $\begin{aligned} \text{Number of Rights} &= \text{Foregone Value} \div \text{Right Value} \\ &= \text{A\$220,725} \div \text{A\$0.2943} \\ &= 750,000 \end{aligned}$ $\begin{aligned} \text{Right Value} &= \text{Share Price} - (\text{Annual Dividend} \times \text{Measurement Period in Years}) \\ &= \text{A\$0.2943} - (\text{A\$0} \times 3) \end{aligned}$ <p>Share Price                      A\$0.2943 (being the volume weighted average price of the Company's ASX listed securities in the 2019 Financial Year.</p> <p>The maximum number of Restricted Rights to be granted are 750,000, subject to Shareholder approval.</p>
Term	Restricted Rights will have a term of 15 years and if not exercised within the term the Restricted Rights will lapse.
Terms & Conditions	The Restricted Rights are subject to Vesting Conditions (summarised below). The Restricted Rights are subject to the terms and conditions of the EEGLRP, which include those aspects legally required as well as a method for calculating the appropriate number to vest in the circumstances of a change of control, a major return of capital to shareholders and the treatment of Rights on termination of employment.
Amount payable on grant	No amount will be payable by Mr Underwood for the Restricted Rights as they are being granted in lieu of a payment of his short-term incentive bonus.
Exercise Price	<p>No amount will be payable by Mr Underwood to exercise a Restricted Right that has vested.</p> <p>The deemed issuance price for the Restricted Rights will be A\$0.2943 per Restricted Rights, being the volume weighted average price of the Company's ASX listed shares in the 2019 Financial Year.</p>
Vesting and Exercise of Restricted Rights	Following the satisfaction of the Vesting Conditions, the Rights may be exercised by Mr Underwood submitting a Notice of Exercise. Once exercised, the value of Restricted Rights that vest will be evaluated and will be paid by way of an issue of Restricted Shares. The Restricted Rights will lapse if not exercised prior to the end of the Term.

Vesting Conditions	The Restricted Rights will vest ninety (90) days from their date of grant (subject to the EEGLPR and the terms regarding Cessation of Employment, below).
Disposal Restrictions	<p>The Restricted Rights may not be disposed of at any time, but can be exercised at any time following vesting before the end of the Term. Shares acquired on exercise of vested Rights (<b>Restricted Shares</b>) will be subject to disposal restrictions until all of the following cease to restrict disposals:</p> <ul style="list-style-type: none"> <li>a) the Company's share trading policy,</li> <li>b) the Corporations Act insider trading provisions, and</li> <li>c) temporary Specified Disposal Restriction of one (1) year from their date of issue.</li> </ul>
Specified Disposal Restrictions	No Specified Disposal Restriction additional to the above are intended to apply to this grant of Restricted Rights, or the Restricted Shares that may be issued on exercise of a Restricted Right.
Disposal Restriction Release at Taxing Point	In the event that a taxing point arises in relation to Restricted Shares and the disposal restrictions applicable to the Restricted Shares have not ceased to apply then disposal restrictions, other than those arising under the Corporation Act, will cease to apply to 50% of such Restricted Shares.
Cessation of Employment	<p>In the case of a termination by the Company for cause, any unvested Restricted Rights will lapse.</p> <p>In the case of a termination by the Company for reasons other than cause, the Board has determined to exercise its discretion to determine that the service condition has been fulfilled at the end of the Measurement Period i.e. no forfeiture may apply.</p> <p>In the case of voluntary termination of employment by Mr Underwood, all unvested Restricted Rights will immediately vest.</p> <p>If Mr Underwood is no longer employed by or otherwise engaged with any Group Company and holds unvested Restricted Rights, those Restricted Rights will be automatically exercised on the earlier of the end of the Term and one month following the date when Mr Underwood has ceased to hold unvested Rights.</p>
Change of Control of the Company	<p>In the event of a change of control, 100% of unvested Restricted Rights will vest.</p> <p>In relation to Restricted Shares that have resulted from the vesting of Restricted Rights, restrictions in the Company's securities trading policy and the Corporations Act will continue to apply. Restricted Rights are unaffected by a change of control event.</p>
Voting and Dividend Rights	Restricted Rights do not carry voting or dividend entitlements. Restricted Shares issued on exercise of Restricted Rights will rank equally in all respects with Shares then on issue, including voting and dividend rights.
Lapse and Forfeiture of Restricted Rights	Restricted Rights will lapse if the Vesting Conditions are not satisfied within the prescribed Measurement Period (subject to the above exceptions), or if they are not exercised prior to the end of the Term.
Fraud, Gross Misconduct etc.	In the event that the Board forms the opinion that Mr Underwood has committed an act of fraud, defalcation or gross misconduct in relation to the Company, Mr Underwood will forfeit all unvested Restricted Rights.
Competition and Other Actions that May Harm the Company	<p>If Mr Underwood engages in any activities or communications that, in the opinion of the Board, may cause harm to the operations or reputation of the Company or the Board all unvested Restricted Rights held by Mr Underwood will lapse and be forfeited, unless otherwise determined by the Board.</p> <p>If Mr Underwood either directly or indirectly competes with the Company including becoming an employee of a competitor, supplier or customer, without the prior written consent of the Company, all unvested Restricted Rights held by Mr Underwood will lapse and be forfeited, unless otherwise determined by the Board.</p>
Issue or Acquisition of Shares	Restricted Shares may be issued by the Company or acquired on or off market by the Company or its nominee. The nominee may be a trust, the purpose of which is to facilitate the operation of the plan.
Cost and Administration	The Company will pay all costs of issuing and acquiring Restricted Shares for the purposes of satisfying vested Restricted Rights which are exercised, as well as any brokerage on acquisitions of such Shares for this purpose and all costs of administering the EEGLRP.

Other terms of the EEGLRP	The EEGLRP also contains customary and usual terms having regard to Australian law for dealing with winding up, administration, variation, suspension and termination of the EEGLRP. The full terms of the EEGLRP are summarised in the Company's notice of meeting for its 2019 AGM.
Hedging	The Company prohibits the hedging of Restricted Rights by Mr Underwood.

## Resolution 10: Grant of Service Rights to Professor Warburton

The Company is proposing to issue 600,000 Service Rights to Professor John Warburton based on the terms of a project consultancy service contract entered into between the Company and Professor Warburton ("**Consultancy Contract**"). The proposed issue would occur under the employee incentive scheme "**EEG Limited Rights Plan**" or "**EEGLRP**" approved at the 2019 AGM.

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- a director of the Company;
- an associate of a director of the Company; or
- a person whose relationship with a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders

unless it obtains the approval of its shareholders.

The Issue falls within Listing Rule 10.14.1 above and therefore requires the approval of Empire Energy Group Limited's shareholders under Listing Rule 10.14.

Resolution 10 seeks the required shareholder approval to the Issue under and for the purposes of Listing Rule 10.14.

If Resolution 10 is passed, Empire Energy will be able to proceed with the issue these Service Rights.

If Resolution 10 is not passed, Empire Energy will not be able to proceed with the issue of Service Rights and will compensate him instead from its cash reserves.

For the purposes of ASX Listing Rule 10.15, the following details regarding the proposed grants of Equity Securities to Professor Warburton are provided:

1. The Service Rights the subject of this Resolution 10 will (if this Resolution is approved by Shareholders) be granted to Professor John Warburton, who is a Non-Executive Director of the Company.
2. Professor Warburton is a Director of the Company and therefore Resolution 10 is required for the purpose of ASX Listing Rule 10.14.1.
3. It is proposed that 600,000 Service Rights to be granted to Professor Warburton subject to the terms and conditions described in the table of Terms of the Service Rights shown below.
4. Professor Warburton has not previously been granted or issued any securities under the EEGLRP.
5. The material terms of issue of the Service Rights and the terms of the EEGLRP are summarised in the Terms of the Service Rights table below. Each of the Service Rights will have a deemed issue price of \$0.2943 (being the VWAP of EEG securities during the 2019 financial year).
6. The Service Rights will be granted within one (1) month of the AGM.

7. The Service Rights will be granted for nil consideration, though in lieu of cash consideration.
8. No loans will be made in connection with the grant of the Service Rights.
9. Professor Warburton's remuneration in 2019 as a Non-Executive Director was as follows:

<b>Cash Salary and Fees</b>	<b>Bonus payments</b>	<b>Non-monetary benefits</b>	<b>Super contributions</b>	<b>Total cash remuneration</b>
US\$50,024	Nil	Nil	US\$2,335	US\$52,359

Professor Warburton is currently remunerated for his services as a non-executive director at approximately A\$50,000 per annum, excluding superannuation.

10. Details of the Service Rights and any other Equity Securities issued under the EEGLRP (including the Equity Securities the subject of Resolutions 8, 9 and 11) will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14.
11. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the EEGLRP after this Resolution is approved and who are not named in the Notice of Meeting will not participate until Shareholder approval is obtained.

Professor Warburton has played a key role in the Company since 2011. He was one of the first people in the oil and gas industry to realise the potential of the Beetaloo and McArthur Basins for shale petroleum development, which enabled the Company to acquire its tenement holdings in the Northern Territory in 2011.

Professor Warburton also provides technical services to the Company under the terms of a Consultancy Contract with the Company. This work includes technical studies, Northern Territory government and stakeholder relations work, and consultation with Traditional Owners in the areas in which the Company operates. Professor Warburton has attended 26 On Country meetings across the Company's Northern Territory work program areas since 2011 and has excellent working relationships with Traditional Owners and stakeholders across the Northern Territory.

Professor Warburton's income as a contractor of technical services in 2019 was A\$35,100.

The Service Rights to be issued to Professor Warburton form part of his remuneration under his Consultancy Contract. It is the view of the Board (excluding Professor Warburton) that it is desirable and appropriate for part of his remuneration under the Consultancy Contract to be in Service Rights, as it reduces the amount of cash the Company is spending on his services and increases the alignment of his interests with the interests of shareholders.

## **Chapter 2E of the Corporations Act**

Professor Warburton is a related party of the Company for the purposes of section 228(2) Corporations Act as he is a Director. Therefore, the grant of the Service Rights will constitute the giving of a financial benefit to a related party for the purposes of section 229(3)(e) Corporations Act.

Section 211 of the Corporations Act provides an exemption to the restrictions in Chapter 2E on the giving of financial benefits to related parties, if the financial benefit is remuneration to an officer or employee of a public company and the remuneration is reasonable given the circumstances of the

public company and the officer or employee (including the responsibilities involved in the office or employment).

It is the view of the Board (other than Professor Warburton) that the terms of the financial benefit, being the grant of the Service Rights as part of his Consultancy Contract, in conjunction with other components of Professor Warburton's remuneration as a Director, comprises reasonable remuneration having regard to the Company's and Professor Warburton's circumstances (including his responsibilities as a Director), and would therefore fall within an exemption set out in section 211 of the Corporations Act. The Service Rights will (if Resolution 10 is approved) be granted to Professor Warburton for the sole purpose of remunerating him for his services as a Director of the Company.

A summary of the Terms of the Service Rights is included in the table below.

Aspect	Details
Number of Service Rights	Professor Warburton will be issued 600,000 Service Rights. The Service Rights in the opinion of the Board and is market competitive and reasonable based on Professor Warburton's demonstrable skills and experience to provide the various services required under the terms of the Consultancy Agreement.
Term	The Service Rights will have a term of 15 years and if not exercised within the Term the Service Rights will lapse.
Terms & Conditions	The Service Rights are subject to Vesting Conditions (summarised below). The Service Rights are subject to the terms and conditions of the EEGLRP, which include those aspects legally required as well as a method for calculating the appropriate number to vest in the circumstances of a change of control, a major return of capital to shareholders and the treatment of Service Rights on termination of employment.
Amount payable for Service Rights	No amount will be payable by Professor Warburton for the Service Rights as they are part of the intended total remuneration package for the 2020 financial year.
Exercise Price	No amount will be payable by Professor Warburton to exercise a Service Right that has vested.
Vesting and Exercise of Service Rights	Following the satisfaction of the Vesting Conditions, the Service Rights may be exercised by Professor Warburton submitting a Notice of Exercise. Once exercised, the value of Service Rights that vest will be evaluated and will be paid by way of an issue of Restricted Shares. The Service Rights will lapse if not exercised prior to the end of the Term.
Measurement Period	The Measurement Period is the 2020 calendar year, subject to the Measurement Period Modifier which may in some circumstances increase the Measurement Period to two years.
Vesting Conditions	In order for Restricted Rights to vest, the Measurement Period is one year (365 days) (subject to the EEGLRP and the terms regarding Cessation of Employment, below), with the intention for the Restricted Rights to vest upon completion of the Measurement Period.  The Board retains the discretion to modify vesting in the case that the circumstances that prevailed over the Measurement Period (or as extended) materially differed from those anticipated by the service contract, should an alternative lead to an outcome that may be viewed as inappropriate.
Measurement Period Modifier	The EEGLRP Rules allow for the Measurement Period to be extended by 12 months, if Professor Warburton is still engaged by the Company, and nil vesting occurred at the first test. The start of the measurement period would not be affected by this, and modification of the Measurement Period can only apply to vesting scales that are expressed on an annualised basis, which ensures the adjustment does not make vesting easier (i.e. will not apply to milestone conditions, only TSR). The Measurement Period would be extended from one year to 2 years. The purpose of this feature is to address short-term anomalies that arise at the relevant calculation points, and to motivate management to strive for improvement if the Service Rights fail to vest at the end of one year.

Disposal Restrictions	<p>Service Rights may not be disposed of at any time, but can be exercised following vesting, up to the end of their Term. Shares acquired on exercise of vested Service Rights (<b>Restricted Shares</b>) will be subject to disposal restrictions until all of the following cease to restrict disposals:</p> <ul style="list-style-type: none"> <li>a) the Company's share trading policy,</li> <li>b) the Corporations Act insider trading provisions, and</li> <li>c) Specified Disposal Restrictions, if any (as outlined below).</li> </ul>
Specified Disposal Restrictions	No Specified Disposal Restriction additional to the above are intended to apply to this grant of Service Rights, or the Restricted Shares that may be issued on exercise of a Service Right.
Disposal Restriction Release at Taxing Point	In the event that a taxing point arises in relation to Restricted Shares and the disposal restrictions applicable to the Restricted Shares have not ceased to apply then disposal restrictions, other than those arising under the Corporations Act, will cease to apply to 50% of such Restricted Shares.
Cessation of Employment	<p>On termination of employment a portion of Service Rights granted in the financial year in which the termination occurs will be forfeited. The proportion is that which the remainder of the financial year following the termination represents as a proportion of the full financial year. This provision recognises that grants of Service Rights are part of the remuneration for the year of grant and that if part of the year is not served then some of the Service Rights will not have been earned.</p> <p>If the Service Rights vest subsequent to a termination of Professor Warburton's engagement and their value is less than the Share Price at the date of the termination, then the Service Rights will be settled in cash on exercise.</p> <p>If Professor Warburton is no longer employed by or otherwise engaged with any Group Company and holds unvested Service Rights those Service Rights will be automatically exercised on the earlier of the end of the Term and one month following the date when Professor Warburton has ceased to hold unvested Service Rights.</p>
Change of Control of the Company	<p>In the event of a change of control, a portion of Service Rights granted in the financial year in which the change of control occurs will be forfeited. The proportion is that which the remainder of the financial year following the change of control represents as a proportion of the full financial year.</p> <p>Unvested Service Rights will vest in the same proportion as the Company's Share price has increased since the beginning of the Measurement Period. Remaining Service Rights would either lapse or some or all may vest at the Board's discretion.</p> <p>In relation to a Restricted Shares that is issued on exercise of a Service Right, the Specified Disposal Restrictions will also be lifted. Restrictions under the Company's securities trading policy and the Corporations Act will continue to apply. Service Rights are unaffected by a change of control event.</p>
Major Return of Capital	The EEGLRP contains provisions that provide for vesting in the proportion of capital returned to shareholders, or in the proportion that the Company's Share price increased over the Measurement Period, with Board discretion regarding the remainder.
Voting and Dividend Rights	Service Rights do not carry voting or dividend entitlements. Restricted Shares issued on exercise of a Service Right will rank equally in all respects with other Shares then on issue, including with respect to voting and dividend rights.
Lapse and Forfeiture of Service Rights	Service Rights will lapse if the prescribed Vesting Conditions are not satisfied within the Measurement Period, subject to modification of the Measurement Period, or if they are not exercised prior to the end of the Term.
Fraud, Gross Misconduct etc.	In the event that the Board forms the opinion that Professor Warburton has committed an act of fraud, defalcation or gross misconduct in relation to the Company, Professor Warburton will forfeit all unvested Service Rights.

Competition and Other Actions that May Harm the Company	<p>If Professor Warburton engages in any activities or communications that, in the opinion of the Board, may cause harm to the operations or reputation of the Company or the Board all unvested Service Rights held by Professor Warburton will lapse and be forfeited, unless otherwise determined by the Board.</p> <p>If Professor Warburton either directly or indirectly competes with the Company including becoming an employee of a competitor, supplier or customer, without the prior written consent of the Company, all unvested Service Rights held by Professor Warburton will lapse and be forfeited, unless otherwise determined by the Board.</p>
Issue or Acquisition of Shares	Restricted Shares may be issued by the Company or acquired on or off market by the Company or its nominee. The nominee may be a trust, the purpose of which is to facilitate the operation of the plan.
Cost and Administration	The Company will pay all costs of issuing and acquiring Restricted Shares for the purposes of satisfying vested Restricted Rights which are exercised, as well as any brokerage on acquisitions of such Shares for this purpose and all costs of administering the EEGLRP.
Other terms of the EEGLRP	The EEGLRP also contains customary and usual terms having regard to Australian law for dealing with winding up, administration, variation, suspension and termination of the EEGLRP. The full terms of the EEGLRP are summarised in the Company's notice of meeting for its 2019 AGM.
Hedging	The Company prohibits the hedging of Restricted Rights by Mr Warburton.

### **Resolution 11: Grant of Director Fee Restricted Rights to Mr Espie AO**

The Company is proposing to issue Restricted Rights to Mr Paul Espie AO in lieu of Director's fees under the employee incentive scheme, defining them as the Director Fee Restricted Rights.

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- a director of the Company;
- an associate of a director of the Company; or
- a person whose relationship with a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders

unless it obtains the approval of its shareholders.

The Issue falls within Listing Rule 10.14.1 above and therefore requires the approval of Empire Energy Group Limited's shareholders under Listing Rule 10.14.

Resolution 11 seeks the required shareholder approval to the Issue under and for the purposes of Listing Rule 10.14.

If Resolution 11 is passed, Empire Energy will be able to proceed with the issue these Restricted Rights.

If Resolution 11 is not passed, Empire Energy will not be able to proceed with the Issue and will compensate Mr Espie AO instead from its cash reserves.

The grant of these Director Fee Restricted Rights will occur under the Company's employee incentive plan, the "**EEG Limited Rights Plan**" or "**EEGLRP**". The EEGLRP was approved by Shareholders at the Company's 2019 AGM.

For the purposes of ASX Listing Rule 10.15, the following details regarding the proposed grants of Equity Securities to Mr Espie AO are provided:

1. The Director Fee Restricted Rights the subject of this Resolution 11 will (if this Resolution is approved by Shareholders) be granted to Mr Paul Espie, who is the Chairman and Non-Executive Director of the Company.
2. Mr Espie is a Director of the Company and therefore Resolution 11 is required for the purpose of ASX Listing Rule 10.14.1.
3. The number of Director Fee Restricted Rights to be granted to Mr Espie is set out in the table of Summary of Terms Table below.
4. Mr Espie's remuneration in 2019 was follows:

<b>Director's fees</b>	<b>Bonus payments</b>	<b>Non-monetary benefits</b>	<b>Super contributions</b>	<b>Total cash remuneration</b>
US\$36,115	Nil	Nil	US\$3,435	US\$39,590

Mr Espie AO is currently remunerated for his services as the Non-Executive Chairman at a rate of A\$75,000 per annum.

5. Mr Espie AO has not previously been granted securities under the EEGLRP.
6. The material terms of issue of the Director Fee Restricted Rights and the terms of the EEGLRP are summarised in the Summary of Terms Table below.
7. The Director Fee Restricted Rights will be granted within one month of the AGM.
8. The Director Fee Restricted Rights will be granted for nil consideration (though in lieu of cash consideration).
9. No loans will be made in connection with the grant of the Director Fee Restricted Rights.
10. The issue is intended to remunerate the Mr Espie AO through the issue of securities instead of cash.

Details of the Director Fee Restricted Rights and any other Equity Securities issued under the EEGLRP (including the Equity Securities the subject of Resolutions 8, 9 and 10) will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14.

Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the EEGLRP after this Resolution is approved and who are not named in the Notice of Meeting will not participate until Shareholder approval is obtained.

## **Chapter 2E of the Corporations Act**

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

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

It is the view of the Board (other than Mr Espie) that the terms of the financial benefit, being the grant of the Director Fee Restricted Rights in lieu of Director's fees, in conjunction with other components of Mr Espie's remuneration as a Director, comprises reasonable remuneration having



regard to the Company's and Mr Espie's circumstances (including his responsibilities as a Director), and would therefore fall within an exemption set out in section 211 of the Corporations Act.

A summary of the terms of the Restricted Rights is included in the table below.

Aspect	Details																				
Number of Restricted Rights	<p>The Restricted Rights proposed to be issued shall be calculated in accordance with the VWAP of the Company's Shares in each respective quarter (i.e. 3 monthly) of service, based on the relevant deferred Chairman's fees for each period, as follows:</p> <table><tr><td>Calc. Period</td><td>Q3 2019</td><td>Q4 2019</td><td>Q1 2020</td><td>Q2 2020</td></tr><tr><td>\$A Remuneration</td><td>A\$18,750</td><td>A\$18,750</td><td>A\$18,750</td><td>A\$18,750</td></tr><tr><td>VWAP over Period</td><td>\$0.21</td><td>\$0.40</td><td>\$0.32</td><td>\$X</td></tr><tr><td>No. of Restricted Rights (each period)</td><td>89,285</td><td>46,875</td><td>58,593</td><td>[\$18,750/\$X] <b>If \$0.25, then 75,000</b></td></tr></table>	Calc. Period	Q3 2019	Q4 2019	Q1 2020	Q2 2020	\$A Remuneration	A\$18,750	A\$18,750	A\$18,750	A\$18,750	VWAP over Period	\$0.21	\$0.40	\$0.32	\$X	No. of Restricted Rights (each period)	89,285	46,875	58,593	[\$18,750/\$X] <b>If \$0.25, then 75,000</b>
Calc. Period	Q3 2019	Q4 2019	Q1 2020	Q2 2020																	
\$A Remuneration	A\$18,750	A\$18,750	A\$18,750	A\$18,750																	
VWAP over Period	\$0.21	\$0.40	\$0.32	\$X																	
No. of Restricted Rights (each period)	89,285	46,875	58,593	[\$18,750/\$X] <b>If \$0.25, then 75,000</b>																	
Term	Restricted Rights will have a term of 15 years and if not exercised within the term the Rights will lapse.																				
Terms & Conditions	The Restricted Rights are subject to Vesting Conditions (summarised below). The Restricted Rights are subject to the terms and conditions of the EEGLRP, which include those aspects legally required as well as a method for calculating the appropriate number to vest in the circumstances of a change of control, a major return of capital to shareholders and the treatment of Rights on termination of employment.																				
Amount payable on grant	No amount will be payable by the Mr Espie for the Restricted Rights as they are being granted in lieu of Director's fees.																				
Exercise Price	No amount will be payable by Mr Espie to exercise a Restricted Right that has vested.																				
Vesting and Exercise of Restricted Rights	Following the satisfaction of the Vesting Conditions, the Restricted Rights may be exercised by Mr Espie submitting a Notice of Exercise. Once exercised, the value of Restricted Rights that vest will be evaluated and will be paid by way of an issue of Restricted Shares (including Restricted Shares). Restricted Rights will lapse if not exercised prior to the elapsing of the Term.																				
Vesting Conditions	In order for Restricted Rights to vest, the Measurement Period is ninety (90) days (subject to the EEGLRP and the terms regarding Cessation of Employment, below).																				
Disposal Restrictions	<p>The Restricted Rights may not be disposed of at any time, but can be exercised following vesting, up to the end of their Term. Shares acquired on exercise of vested Restricted Rights (<b>Restricted Shares</b>) will be subject to disposal restrictions until all of the following cease to restrict disposals:</p> <ul style="list-style-type: none"><li>a) the Company's share trading policy,</li><li>b) the Corporations Act insider trading provisions, and</li><li>c) Specified Disposal Restriction of one (1) year from their date of issue.</li></ul>																				
Disposal Restriction Release at Taxing Point	In the event that a taxing point arises in relation to Restricted Shares and the disposal restrictions applicable to such Restricted Shares have not ceased to apply then disposal restrictions, other than those arising under the Corporations Act, will cease to apply to 50% of the Restricted Shares.																				
Change of Control of the Company	<p>In the event of a change of control, 100% of unvested Restricted Rights will vest.</p> <p>In relation to Restricted Shares that have resulted from the vesting of Restricted Rights, the Specified Disposal Restriction will also be lifted. Restriction under the Company's securities trading policy and the Corporations Act will continue to apply. Restricted Rights are unaffected by a change of control event.</p>																				

Voting and Dividend Rights	Restricted Rights do not carry voting or dividend entitlements. Restricted Shares issued on exercise of Restricted Rights will rank equally in all respects with Shares then on issue, including voting and dividend rights.
Lapse and Forfeiture of Restricted Rights	Restricted Rights will lapse if the Vesting Conditions are not satisfied (subject to the above exceptions), or if they are not exercised prior to the end of the Term.
Fraud, Gross Misconduct etc.	In the event that the Board forms the opinion that Mr Espie AO has committed an act of fraud, defalcation or gross misconduct in relation to the Company, Mr Espie will forfeit all unvested Restricted Rights.
Issue or Acquisition of Shares	Restricted Shares may be issued by the Company or acquired on or off market by the Company or its nominee. The nominee may be a trust, the purpose of which is to facilitate the operation of the plan.
Cost and Administration	The Company will pay all costs of issuing and acquiring Restricted Shares for the purposes of satisfying vested Restricted Rights which are exercised, as well as any brokerage on acquisitions of such Shares for this purpose and all costs of administering the EEGLRP.
Other terms of the EEGLRP	The EEGLRP also contains customary and usual terms having regard to Australian law for dealing with winding up, administration, variation, suspension and termination of the EEGLRP. The full terms of the EEGLRP are summarised in the Company's notice of meeting for its 2019 AGM.
Hedging	The Company prohibits the hedging of Restricted Rights by Mr Underwood.

## Resolution 12: Approval of 10% Placement Facility

### 1. General

ASX Listing Rule 7.1A enables an eligible entity to seek shareholder approval issue up to 10% of its issued share capital over a 12-month period after the annual meeting at which the approval is sought (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1. An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of A\$300 million or less. The Company is an eligible entity.

The Company is now seeking Shareholder approval by way of a Special Resolution to have the ability to issue securities under the 10% Placement Facility. The exact number of securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (see below for further details).

The Directors believe that this Resolution 12 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of the resolution.

### **Description of ASX Listing Rule 7.1A**

#### (a) **Shareholder approval:**

The ability to issue equity securities (such as Shares) under the 10% Placement Facility is subject to Shareholder approval by way of a Special Resolution at an annual general meeting.

#### (b) **Equity Securities:**

Any equity securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company and must be issued for cash consideration. The Company currently has only one quoted class of Equity Securities, being Shares.

(c) **Formula for calculating 10% Placement Facility:**

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an annual general meeting may issue or agree to issue, during the 10% Placement Period (defined below), a number of equity securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

**A** is the number of fully paid ordinary securities on issue at the commencement of the relevant period:

- plus the number of fully paid ordinary securities issued in the relevant period under an exception in ASX Listing Rule 7.2 (other than exception 9, 16 or 17);
- plus the number of fully paid ordinary securities issued in the 12 months on the conversion of convertible securities (including convertible notes and options) within ASX Listing Rule 7.2 exception 9 where:
  - the convertible securities were issued or agreed to be issued before the relevant period; or
  - the issue of, or agreement to issue, the convertible securities was approved, or taken under these rules to have been approved, under ASX Listing Rules 7.1 or 7.4,
- plus the number of fully paid ordinary securities issued in the relevant period under an agreement within ASX Listing Rule 7.2 exception 16 where:
  - the agreement was entered into before the commencement of the 12 month period; or
  - the agreement or issue was approved, or taken under these rules to have been approved, under ASX Listing Rule 7.1 or ASX Listing Rule 7.4,
- plus the number of fully paid ordinary securities issued in the relevant period with approval under ASX Listing Rule 7.1 or 7.4. This does not include an issue of fully paid ordinary securities under the entity's 15% placement capacity without Shareholder approval. This may include fully paid ordinary securities issued in the relevant period under an agreement to issue securities within ASX Listing Rule 7.2 exception 17 where the issue is subsequently approved under ASX Listing Rule 7.1;
- plus the number of partly paid ordinary securities that became fully paid in the relevant period;
- less the number of fully paid ordinary securities cancelled in the relevant period.

*Note, that A has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.*

**D** is 10%

**E** is the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the relevant period where this issue or agreement has not subsequently been approved by the holders of its ordinary securities under ASX Listing Rule 7.4.

**relevant period** means the 12 month period immediately preceding the date of issue or agreement.

(d) **ASX Listing Rule 7.1 and ASX Listing Rule 7.1A:**

- (i) If approved, Resolution 12 will allow the Board to issue up to an additional 10% of the Company's issued capital during the 10% Placement Period (defined below). This is

in addition to the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

- (ii) The actual number of equity securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the equity securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section (c) above).
- (iii) At the date of this Notice of Meeting, the Company has 263,288,649 Shares on issue. At present, the Company has a capacity to issue 1,110,486 Equity Securities under its placement capacity under ASX Listing Rule 7.1.

**(e) Minimum Issue Price:**

The Equity Securities issued under ASX Listing Rule 7.1A must be issued for cash consideration per security which is not less than 75% of the volume weighted average market price of equity securities in the same class calculated over the 15 trading days on which trades in the relevant class were recorded immediately before:

- (i) the date on which the price at which the equity securities are to be issued is agreed by the entity and the recipient; or
- (ii) if the equity securities are not issued within 10 trading days of the date in paragraph (i) above, the date on which the equity securities are issued.

**(f) 10% Placement Period:**

Shareholder approval of the 10% Placement Facility under ASX Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained;
- (ii) the time and date of the next annual general meeting, if less than 12 months; or
- (iii) the time and date of the approval by Shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), or such longer period if allowed by ASX,

**(10% Placement Period).**

**(g) Special Resolution:**

Resolution 12 is a Special Resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by remote communication or by proxy).

**Specific information required by ASX Listing Rule 7.3A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (h) Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

- (i) Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%,
- (j) An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less and Empire Energy Group Limited is an eligible entity for these purposes.
- (k) Special Resolution 11 seeks shareholder approval by way of special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue equity securities without shareholder approval.
- (l) If Resolution 11 is passed, the Company will be able to issue equity securities up to a combined 25% limit in Listing Rule 7.1 and 7.1A without any further shareholder approval.
- (m) If Resolution 11 is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities up to a combined 25% limit in Listing Rule 7.1 and 7.1A without any further shareholder approval and will remain subject to the 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.
- (n) Any securities issued under the 10% Placement Capacity will be issued by the Company for cash consideration at an issue price of not less than 75% of the volume weighted average market price for the equity securities over the 15 trading days on which trades in the relevant class were recorded immediately before:
  - (i) the date on which the price at which the equity securities are to be issued is agreed by the Company and the recipient; or
  - (ii) if the equity securities are not issued within 10 trading days of the date in paragraph (i) above, the date on which the equity securities are issued.
- (o) If Resolution 12 is approved by Shareholders and the Company issues Shares under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the table below. There is a risk that:
  - (i) the market price for the Company's Shares may be significantly lower on the date of the issue of the Shares than on the date of the AGM; and
  - (ii) the Shares issued under the 10% Placement Facility may be issued at a price that is at a discount to the market price for the Company's Shares on the issue date,

which may have an effect on the amount of funds raised by the issue of the Shares.

The table below shows the dilution of existing Shareholders on the market price of Shares as at 7 May 2020, and the current number of Shares for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A.2 as at the date of this Notice of Meeting.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of Shares the Company has on issue (263,288,649). The number of Shares on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue) or future specific placements under ASX Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable A in ASX Listing Rule 7.1.A.2		Dilution		
		A\$0.125 50% decrease in Issue Price	A\$0.25 Issue Price	A\$0.50 100% increase in Issue Price
<b>Current Variable A</b>  263,288,649	<b>10% Voting Dilution</b>	26,328,864	26,328,864	26,328,864
	<b>Funds Raised</b>	A\$3,291,108	A\$6,582,216	A\$13,164,432
<b>50% increase in current Variable A</b>  394,932,973	<b>10% Voting Dilution</b>	39,493,296	39,493,296	39,493,296
	<b>Funds Raised</b>	A\$4,936,662	A\$9,873,324	A\$19,746,648
<b>100% increase in current Variable A</b>  526,577,298	<b>10% Voting Dilution</b>	52,657,728	52,657,728	52,657,728
	<b>Funds Raised</b>	A\$6,582,216	A\$13,164,432	A\$26,328,864

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Shares available under the 10% Placement Facility.
  - The Shares on issue are 263,288,649 Shares, being the number of Shares as at 9 June 2020.
  - None of the Options that the Company currently has on issue (or will issue if all of the Resolutions in this Notice of Meeting are approved) are exercised into Shares or Shares before the date of the issue of the Shares under the 10% Placement Facility.
  - The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
  - The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual Meeting.
  - The table shows only the effect of issues of equity securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1.
  - The issue of Shares under the 10% Placement Facility consists only of Shares.
  - The issue price is A\$0.25, being the closing price of the Shares on ASX on 7 May 2020.
- (a) The Company may seek to issue Shares under the 10% Placement Facility for the purpose of raising funds to use towards general working capital requirements, ongoing business development activities and/or the acquisition of new business assets or investments (including expenses associated with such acquisition).
- (b) The Company's allocation policy will depend on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility.

The identity of the allottees of equity securities will be determined on a case-by-case basis having regard to factors including, but not limited to, the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, a rights issue or other issue in which existing Shareholders can participate;
- (ii) the effect the issue of Shares might have on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice of Meeting but may include existing Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

- (c) The Company did not obtain Shareholder approval under ASX Listing Rule 7.1A at last year's Annual General Meeting and therefore has issued no securities under that rules over that period.
- (d) At the time of dispatching this Notice of Meeting, the Company is not proposing to make an issue of Shares under ASX Listing Rule 7.1A.2. Accordingly, a voting exclusion statement has not been included in this Notice of Meeting.

## **Resolution 13 – Amendments to Constitution**

### **Restricted Securities**

The ASX has announced changes to the ASX Listing Rules, which came into effect on and from 1 December 2019. The changes include amendments to the ASX escrow regime. The amendments to Listing Rule 9.1(a) require an ASX listed entity to include in its constitution the provisions set out in Listing Rule 15.12. Listing Rule 15.12 prescribes the required clause for the Constitution on Restricted Securities. If this Resolution 13 is approved by Shareholders, a new clause will be included as Article 93 in the Constitution, immediately following Article 92, which will read as follows:

#### ***“93 Restricted Securities***

*If any securities of the Company are classified as restricted securities under the Listing Rules:*

- (a) a holder of restricted securities must not dispose of, or agree or offer to dispose of, the securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;*
- (b) if the securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the restricted securities are to be kept on the entity's issuer sponsored sub register and are to have a holding lock applied for the duration of the escrow period applicable to those securities;*
- (c) the Company will refuse to acknowledge any disposal (including, without limitation, to register any transfer) of restricted securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;*
- (d) a holder of restricted securities will not be entitled to participate in any return of capital on those securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX; and*
- (e) if a holder of restricted securities breaches a restriction deed or a provision of the Company's constitution restricting a disposal of those securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those securities for so long as the breach continues.”*

The Company currently has no restricted securities on issue. These provisions will apply to any securities which are classified as restricted securities in the future.

### **Reasonable fee for the registration of transfers**

ASX Listing Rule 8.14.1 permits a reasonable fee to be charged for registering a paper-based share transfer, commonly known as an “off market transfer”. These fees are intended to cover the costs associated with processing such off market transfers, reducing the risks of errors and enhancing fraud detection practices. Article 13 of the Company's current constitution is

inconsistent with ASX Listing Rule 8.14.1 as it does not expressly permit a fee to be charged for off market transfers.

The Company wishes to amend the Company's Constitution to make it consistent with the ASX Listing Rules by including in Article 13 of the Company's Constitution, immediately after Article 13.4, the following text:

*"13.5 The Company may charge a reasonable fee for the registration of a transfer of shares except where it is not permitted to do so by the Listing Rules."*

Directors unanimously recommend that Shareholders vote in favour of Resolution 13.

Section 136(2) of the Corporations Act provides that the Company may modify its Constitution by Special Resolution. This Resolution 13 is there a Special Resolution and, accordingly, at least 75% of votes cast by Shareholders present and eligible to vote (in person or by proxy) at the Meeting must be in favour of this Resolution for it to be passed.

#### **Resolution 14 - Renewal of proportional takeover provisions**

The proportional takeover provisions are contained in Article 14 of the Constitution. Pursuant to Article 14.8 of the Constitution and section 648G of the Corporations Act, the proportional takeover provisions cease to have effect at the end of three years since the proportional takeover provisions were last renewed. The proportional takeover provisions have not been renewed since the Constitution was adopted in 1999.

Accordingly, the Company seeks Shareholder approval to renew the proportional takeover provisions in Article 14. Shareholder approval will not result in a change to the wording of Article 14 of the Company's current Constitution.

The following information is provided for the purposes of Section 648G of the Corporations Act.

#### **Proportional takeover bid**

A proportional takeover bid is a takeover bid where the offer made to each Shareholder is only for a proportion of the Shareholder's Shares. If a Shareholder accepts, in full, an offer under a proportional takeover bid, the Shareholder will only dispose of a specified portion of their Shares in the Company and retain the balance of the Shares.

The proportional takeover provisions in Article 14 are designed to assist Shareholders to receive proper value for their Shares if a proportional takeover bid is made for the Company by providing, in the Constitution, that:

1. in the event of a proportional takeover bid being made for Shares in the Company, Shareholders are required to vote and collectively decide whether to accept or reject the offer; and
2. the majority decision of the Company's members will be binding on all Shareholders.

#### **Effect of the proposed provisions**

Where offers have been made under a proportional takeover bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional takeover bid is prohibited unless and until a resolution to approve the proportional takeover bid is passed by Shareholders, pursuant to Article 14.



The manner in which the proportional takeover provisions in Article 14 operate are as follows:

1. if a proportional takeover bid is made for Securities of the Company, the Directors must ensure that a meeting of Shareholders is convened to vote on a resolution to approve that bid;
2. the offeror and persons associated with the offeror may not vote;
3. the meeting must take place before the relevant day (Resolution Deadline);
4. approval of the bid will require a majority of the votes cast;
5. if the resolution is rejected, the bid cannot proceed and any transfers giving effect to takeover contracts for the bid will not be registered;
6. if the resolution is approved, the transfers must be registered (subject to other provisions of the Corporations Act and the Constitution); and
7. the bid will be taken to have been approved if, as at the end of the day before the Resolution Deadline, the resolution has not been voted on.

The Proportional Takeover Provisions do not apply to full takeover bids. If the Proportional Takeover Provisions are renewed, they will cease to apply at the end of three years after renewal unless renewed by a Special Resolution of Shareholders.

### **Reasons for the proposed provisions**

In the absence of the proportional takeover provisions, a proportional takeover bid may result in control of the Company changing without Shareholders having an opportunity to dispose of all their Shares. By making a partial bid, an offeror can obtain practical control of the Company by acquiring less than a majority interest. Shareholders could be exposed to the risks of passing control to the offeror without payment of an adequate control premium for all their Shares and being left with a minority interest in the Company. Such Shareholders could suffer potential further loss if the takeover bid were to cause a decrease in the Share price and make the Shares more difficult to sell.

### **Knowledge of any acquisition proposals**

As at the date of this Notice of Meeting, no Director is aware of any proposal to acquire, or to increase the extent of, a substantial interest in the Company.

### **Potential Advantages**

The potential advantages include:

1. providing the right to discuss, in a meeting called specifically for that purpose, and then decide, by majority vote, whether an offer under a proportional takeover bid should proceed;
2. assisting the prevention of Shareholders being locked in as a minority;
3. increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced;
4. potentially increasing the likelihood of a full takeover bid rather than a proportional takeover bid; and/or
5. enabling individual Shareholders to better assess the likely outcome of the proportional takeover bid, by knowing the view of the majority of Shareholders, which may assist in deciding whether to accept or reject an offer under the bid.

## Potential Disadvantages

The potential disadvantages include:

1. imposing a hurdle to, and potentially discouraging the making of, provisional takeover bids which, in turn, may reduce any takeover speculation element in the price of Shares;
2. potentially reducing the likelihood of success of a proportional takeover bid;
3. possible reduction or loss of opportunities for Shareholders sell some or all of their Shares at a premium; and/or
4. potentially causing some Shareholders to form the view that the Proportional Takeover Provisions impose an unreasonable restriction on their ability to freely deal with their Shares.

This Resolution 14 is a Special Resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote (in person or by proxy) at the Meeting must be in favour of this Resolution for it to be passed.

## Resolution 15: Conditional Spill Resolution

The Corporations Act includes a “two strikes” rule in relation to remuneration reports. The two strikes rule provides that, if at least 25% of the votes cast on the resolution to adopt the remuneration report at two consecutive AGMs are against adopting the remuneration report, shareholders will have the opportunity to vote on a Spill Resolution (described below) at the second AGM.

At last year’s AGM, 44.47% of the votes cast on the resolution to adopt the Remuneration Report were against adopting the report (the “first strike”).

Accordingly, Resolution 15 (**Spill Resolution**) is required to be included in this Notice of Meeting by Division 9 of Part 2G.2 of the Corporations Act because the adoption of the Remuneration Report contained in the Company’s 2018 Annual Report was passed by a majority of less than 75% at the 2019 AGM.

*Resolution 15 is a “conditional” resolution. It will only be put to the Meeting if 25% or more of the votes cast on Resolution 1 are cast against the adoption of the Remuneration Report, which will constitute a “second strike”.*

If less than 25% of the votes cast on Resolution 1 are cast against the Resolution, the Spill Resolution will be deemed withdrawn and any votes cast on the Spill Resolution prior to the withdrawal of the Spill Resolution will be treated as invalid.

## Majority required for Spill Resolution

If the Spill Resolution is put to the meeting the Spill Resolution will be carried if it is passed by an ordinary majority of votes cast (more than 50%). If the Spill Resolution is valid and carried, a spill meeting must be held within 90 days of the passing of the Spill Resolution (**Spill Meeting**). If a Spill Meeting is required, the date of the meeting will be notified to Shareholders in due course.

## **The Spill Meeting**

If a Spill Meeting is held, pursuant to section 250V(1)(b)(i) of the Corporations Act, the Non-Executive Directors listed below, being the Directors who were in office when the Board approved Directors' Report for the financial year ending 31 December 2019, will cease to hold office immediately before the end of the Spill Meeting (unless they resign before the Spill Meeting):

1. Mr Peter Cleary;
2. Mr Paul Espie AO;
3. Mr John Gerahty; and
4. Professor John Warburton.

Each of these Directors is eligible to stand for re-election at the Spill Meeting.

The Spill Meeting, if required, will be subject to a separate notice in accordance with the Constitution of the Company and the Corporations Act. Nominations for director appointments at the Spill Meeting may be made in accordance with the Constitution of the Company and may include the Directors listed above.

A voting exclusion applies to Resolution 15. This voting exclusion will not apply to the Spill Meeting and all Shareholders will be entitled to vote on the director appointments at the Spill Meeting.

### **Directors' Recommendation**

The Board unanimously recommends that Shareholders vote **against** this Resolution.

### **Chair's Voting Intention**

**The Chairman of the Meeting intends to vote all available undirected proxies against Resolution 15 (if this item is put to the Meeting).**

## Glossary

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

**AGM** means annual general meeting.

**Annual General Meeting** means the annual general meeting convened by the Notice of Meeting.

**Associate** has the meaning given to it by Division 2 of Part 1.2 of the Corporations Act.

**ASX** means ASX Limited or the exchange operated by it (as the context dictates).

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

**Australian Dollar** or **A\$** means the lawful currency of the Commonwealth of Australia.

**Board** means the board of Directors of the Company.

**Business Day** has the meaning given to that term in the ASX Listing Rules.

**Closely Related Party** has the meaning given to that term in section 9 of the Corporations Act.

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

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

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

**Directors** means the directors of the Company.

**Directors' Report** means the directors' report included in the Company's annual report for the financial year ended 31 December 2019.

**Empire Energy Group Limited Rights Plan** or **EEGLRP** means the employee incentive plan of the same name approved by Shareholders at the 2019 AGM.

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

**Key Management Personnel** or **KMP** has the meaning given to the term "key management personnel" in section 9 of the Corporations Act.

**Non-Executive Directors** means all Directors other than the Managing Director, Mr Alexander Underwood.

**Notice of Meeting** means the notice of meeting that accompanies this Explanatory Statement.

**Ordinary Resolution** means a resolution that can only be passed if more than 50% of the total votes cast by Shareholders entitled to vote on the resolution are voted in its favour at the meeting.

**Remuneration Report** means the remuneration report included with the Company's annual report for the financial year ended 31 December 2019.

**Share** means an ordinary share in the capital of the Company that is fully paid or credited as fully paid (as the case may be).

**Shareholder** means a registered holder of Shares in the Company.

**Special Resolution** means the resolution that can only be passed if at least 75% of the total votes cast by Shareholders entitled to vote on the resolution are voted in its favour at the meeting.

**VWAP** means the volume weighted average market closing price, with respects to the price of Shares.



ABN 29 002 148 361

EEG

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

## Need assistance?



**Phone:**

1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**

[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00am (AEST) on Sunday 12 July 2020**

# Proxy Form

## How to Vote on Items of Business

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

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

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

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

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

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

## ATTENDING THE MEETING

**If you are attending in person, please bring this form with you to assist registration.**

### Corporate Representative

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

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**

**SRN/HIN: I9999999999**

**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

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

### By Fax:

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



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

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



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



I 9999999999

I ND

## Proxy Form

Please mark ☒ to indicate your directions

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

XX

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

☐

the Chairman  
of the Meeting

OR

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Empire Energy Group Limited to be held via Digital videoconference (Online) and at Boardroom 1, Level 19, 20 Bond Street, Sydney NSW 2000 on Tuesday, 14 July 2020 at 11:00am (AEST) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Item/s 1, 6, 8, 9, 10, 11 and 15 (except where I/we have indicated a different voting intention in step 2) even though Item/s 1, 6, 8, 9, 10, 11 and 15 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**The Chairman of the Meeting intends to vote undirected proxies in favour of each Item of business with the exception of Item 15 where the Chairman of the Meeting intends to vote against.**

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Item/s 1, 6, 8, 9, 10, 11 and 15 by marking the appropriate box in step 2.

### STEP 2 Items of Business

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

	For	Against	Abstain		For	Against	Abstain
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8 Grant of Performance Rights to Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Mr Peter Cleary as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Grant of Restricted Rights to Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Professor John Warburton as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Grant of Service Rights to Professor Warburton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Ratify previous issue of Unlisted Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11 Grant of Director Fee Restricted Rights to Mr Espie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Ratify previous issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12 Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Ratify previous issue of Performance Rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13 Amendments to Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Ratify previous issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14 Renewal of proportional takeover provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				15 Conditional Spill Resolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business with the exception of Item 15 where the Chairman of the Meeting intends to vote against. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

### SIGN

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact  
Name

\_\_\_\_\_

Contact  
Daytime  
Telephone

\_\_\_\_\_

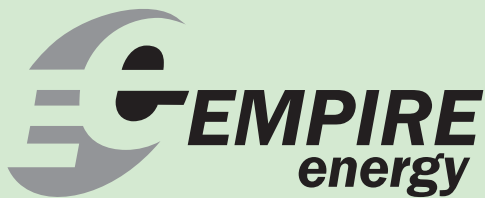
Date / /

EEG

2 6 4 3 3 4 A



Computershare +



ABN 29 002 148 361

EEG

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

## Need assistance?



**Phone:**

1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**

[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00am (AEST) on Sunday 12 July 2020**

# Proxy Form

## How to Vote on Items of Business

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

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

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

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

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

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

## ATTENDING THE MEETING

**If you are attending in person, please bring this form with you to assist registration.**

### Corporate Representative

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

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**

**SRN/HIN: I999999999**

**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

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

### By Fax:

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



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



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



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



I 9999999999

I ND

## Proxy Form

Please mark ☒ to indicate your directions

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

XX

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



the Chairman  
of the Meeting

OR



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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Empire Energy Group Limited to be held via Digital videoconference (Online) and at Boardroom 1, Level 19, 20 Bond Street, Sydney NSW 2000 on Tuesday, 14 July 2020 at 11:00am (AEST) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Item/s 1, 6, 8, 9, 10, 11 and 15 (except where I/we have indicated a different voting intention in step 2) even though Item/s 1, 6, 8, 9, 10, 11 and 15 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**The Chairman of the Meeting intends to vote undirected proxies in favour of each Item of business with the exception of Item 15 where the Chairman of the Meeting intends to vote against.**

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Item/s 1, 6, 8, 9, 10, 11 and 15 by marking the appropriate box in step 2.

### STEP 2 Items of Business



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

	For	Against	Abstain		For	Against	Abstain
1 Adoption of Remuneration Report	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8 Grant of Performance Rights to Managing Director	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Mr Peter Cleary as a Director	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Grant of Restricted Rights to Managing Director	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Professor John Warburton as a Director	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Grant of Service Rights to Professor Warburton	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Ratify previous issue of Unlisted Options	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11 Grant of Director Fee Restricted Rights to Mr Espie	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Ratify previous issue of Shares	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12 Approval of 10% Placement Facility	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Ratify previous issue of Performance Rights	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13 Amendments to Constitution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Ratify previous issue of Shares	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14 Renewal of proportional takeover provisions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				15 Conditional Spill Resolution	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business with the exception of Item 15 where the Chairman of the Meeting intends to vote against. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

### SIGN

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact  
Name

\_\_\_\_\_

Contact  
Daytime  
Telephone

\_\_\_\_\_

Date / /

2 6 4 3 3 4 B



Computershare +