

ASM:MF:TR:A1
T Rose

26 November 2018

To Creditors

Empire Oil & Gas NL ACN 063 613 730 (Subject to Deed of Company Arrangement) (the Company)

Update to Creditors

I refer to our appointment as Voluntary Administrators of the Company on 28 September 2017 and to our subsequent appointment as Deed Administrators of the Company on 6 November 2017.

I also refer to our announcement to the Australian Securities Exchange (**ASX**) on 14 November 2018 confirming that the Australian Securities and Investments Commission (**ASIC**) had granted an order pursuant to Subsection 340(1) of the Corporations Act 2001 (the **Act**) dated 13 November 2018 providing the Company with individual financial reporting relief in respect of its obligations under Part 2M.3 of the Act (the **Order**).

In accordance with Part 6(f) of the Order, I am required to report to creditors providing an update to the Deed Administrators' Report pursuant to section 445A of the Act dated 22 January 2018 for the period up to the date of the Order.

Timeline of Events

Please find below a summary of events that have occurred for the period 22 January 2018 to 13 November 2018 in the Deed Administration of the Company.

Date	Event
22 January 2018	Deed Administrators' Report pursuant to section 445A of the Act was distributed to the Company's creditors and published on the ASX and the Ferrier Hodgson website.
7 February 2018	At a meeting of the Company's creditors, it was resolved by creditors to accept a recapitalisation/reconstruction proposal put forward by Trident Capital Pty Ltd (Trident) and to vary the Mineral Resources Limited Deed of Company Arrangement (MIN DOCA) pursuant to section 445A of the Act as outlined in the Deed Administrators' Report dated 22 January 2018.
23 February 2018	The Trident recapitalisation proposal was implemented into the 'Varied DOCA' which was signed and executed.
29 March 2018	The Company's individual reporting relief pursuant to section 340(1) of the Act was extended to 30 June 2018.
9 May 2018	Trident dispatched a Notice of General Meeting and proxy form for a meeting of the Company's shareholders to be held on 8 June 2018 to approve the recapitalisation of the Company.
8 June 2018	Trident held a General Meeting of Shareholders with all seven (7) resolutions proposed declared passed.
19 June 2018	The ASIC granted an extension of time to hold the Company's 2017 Annual General Meeting pursuant to section 250P(4) of the Act to the earlier of 30 June 2018 or the end of the Deed Administration.
20 June 2018	The ASX advised that the votes cast by MIN in favour of Resolution 3 at the meeting

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Affiliated through:
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CARIBBEAN
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CHINA
HONG KONG

Date	Event
	held on 8 June 2018 should have been excluded pursuant to the Exclusion Statement, stating that in addition to being a shareholder of the Company, MIN would receive a proposed material benefit in its capacity as a creditor as a result of the proposed issue. As a result of this exclusion resolution 3 would not pass.
28 June 2018	The Deed Administrators and the proponent of the DOCA, Trident, agree to extend the 'End Date' of the DOCA from 30 June 2018 to 30 September 2018.
29 June 2018	The Company's individual reporting relief pursuant to section 340 of the the Act was extended to 30 September 2018.
17 September 2018	The Deed Administrators and Trident agree to further extend the 'End Date' of the DOCA from 30 September 2018 to 14 December 2018.
26 October 2018	Trident released an announcement to the ASX regarding the amended results of the General Meeting of Shareholders held on 8 June 2018 following the ASX's instruction to exclude EGO's largest shareholder from Resolution 3 pursuant to the Exclusion Statement. As a result, resolution 3 was not passed.
2 November 2018	Trident released a Notice of General Meeting and proxy form for a meeting to be held on 7 December 2018.
13 November 2018	EGO's financial reporting relief End Date was extended to the earlier of 30 September 2020 or the date that the Company ceases to be under external administration, with the Company's requirement to hold the 2017 and 2018 AGMs to be held two (2) months after this date.

Next Steps

Subject to all resolutions being passed at the upcoming meeting of the Company's shareholders which is scheduled for 7 December 2018, the Deed Administrators and Trustees of the EGO Creditors Trust will be in a position to pay a second and final dividend to the unsecured creditors of the Company and finalise the Deed Administration.

An estimated timeframe is provided below:

Date	Event
7 December 2018	A General Meeting of Shareholders is to be held at Trident's offices to vote on the same resolutions as at the meeting held on 8 June 2018.
14 December 2018	\$700k is to be paid to the Trustees of the EGO Creditors Trust within seven (7) days of the effectuation of the Varied DOCA.
14 December 2018	Assuming all resolutions are passed, effectuation of the Varied DOCA will occur and creditors of the Company will be transferred to a newly established 'EGO Creditors Trust'. Please note that following the effectuation of the Varied DOCA, EGO will revert to the control of the Company's directors Sean McCormick, Stephen Hewitt-Dutton and John Gilfillan.
18 December 2018	Issuances in relation to the resolutions to occur.
January 2019	A Second and Final Dividend to unsecured creditors of the Company is to be declared and paid.
March 2019	Retire as Trustees of the EGO Creditors Trust.

Estimated Return to Creditors

Please find below a statement of position for EGO as at 26 November 2018.

Statement of Position at 26 November 2018		
	Liquidation	Trident Proposal
Current Cash at Bank	268,487	268,487
Add:		
Costs incurred on behalf of Trident Capital	1,991	1,991
Shell Sale Proceeds	-	750,000
Total Realisations	270,478	1,020,478
Less:		
Unpaid Deed Administrator Fees	(163,483)	(163,483)
Creditors Trust Fees	(38,500)	(38,500)
Unpaid Administrator and Trustee Disbursements	(1,000)	(1,000)
Provision for Shell Legal Costs / Contingency	(10,000)	(10,000)
Cash Available for Distribution to Creditors of EGO	57,496	807,496
Less: Creditor debt after first dividend		
MRL Debt Amount	11,471,526	11,471,526
EGO Unsecured Creditors	584,186	584,186
Total Unsecured Claims after First Dividend	12,055,712	12,055,712
Second Interim Dividend Rate	0.0048	0.0670

The estimated second dividend rate to unsecured creditors is higher than what was provided in our report to creditors from 22 January 2018 whereby we estimated a second dividend at a rate of 5.86 cents in the dollar. This was mainly due to the reduction in a contingency relating to legal costs.

The above position confirms that Trident's recapitalisation proposal provides a better return to creditors than if the Company were to be placed into Liquidation. The proposal also provides existing shareholders with equity in the recapitalised Company, albeit on a diluted basis. In the event of liquidation, no form of equity would be available and per our estimated return calculations above, liquidation will provide a lower return to creditors.

Please note that the above estimate is subject to further adjudication of unsecured creditor claims and any unforeseen costs that may arise.

Alternatively, if the resolutions are not passed at the shareholder meeting the Deed Administrators will communicate further with creditors regarding the future of the Company which could entail either a further variation of the DOCA or liquidation of the Company.

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Receipts and Payments

Please find below summary of our receipts and payments for the period 22 January 2018 to 26 November 2018.

Receipts and Payments Summary for the period 22 January 2018 to 26 November 2018		Amount (\$)
Opening Cash at Bank as at 22 January 2018		948,901.90
Receipts		
ASX Shell Sale (Part Proceeds)		49,988.00
GST Received		15,237.00
Insurance Premium		13,637.31
Interest Income		3.76
Pre Appointment Cash at Bank		374.48
Total Receipts		79,240.55
Payments		
Appointee Disbursements		(4,834.29)
Appointee Fees		(73,899.10)
ASIC Fees		(2,030.00)
Bin Hire		(99.00)
Dividend Paid		(625,490.20)
Electricity Charges		(590.45)
GST Paid		(2,459.00)
Insurance		(17,192.67)
IT Expense		(2,200.00)
Legal Fees		(16,196.59)
Legal Disbursements		(992.25)
Royalty Return		(2,176.86)
Share Registry		(5,403.29)
Shire Rates		(6,091.26)
Total Payments		(759,654.96)
Closing Cash at Bank as at 26 November 2018		268,487.49

Creditors are advised that the Deed Administrators' account of receipts and payments can be inspected at the offices of Ferrier Hodgson, Level 28, 108 St Georges Terrace, PERTH WA 6000, during business hours.

Should you have any further queries in relation to the above, please do not hesitate to contact Tim Rose of this office on (08) 9214 1444.

Yours faithfully
Empire Oil & Gas NL



Andrew Smith
Joint and Several Deed Administrator