



**EMPIRE OIL & GAS NL**

ABN 55 063 613 730

**NOTICE OF ANNUAL GENERAL MEETING**  
**and**  
**EXPLANATORY MEMORANDUM**

Notice is given that an Annual General Meeting of the shareholders of Empire Oil & Gas NL will be held at the University Club of Western Australia  
2 Hackett Drive  
Crawley WA

at 2.00pm (WST) on Thursday, 17 November 2016.

**This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or professional advisers prior to voting.**

**Should you wish to discuss the matters in this Notice of Annual General Meeting, please do not hesitate to contact the Company Secretary on +61 8 9286 4600.**

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## **Time and place of Meeting and how to vote**

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The Annual General Meeting of Shareholders of Empire Oil & Gas NL which this Notice of Annual General Meeting relates to will be held at 2.00pm WST on Thursday, 17 November 2016 at:

The University Club of Western Australia  
2 Hackett Drive  
Crawley WA

### **Voting entitlements**

The Corporations Act permits the Company to specify a time, not more than 48 hours before the Meeting, at which a 'snap shot' of Shareholders will be taken for the purposes of determining Shareholder entitlement to vote at the Meeting.

The Company's Directors have determined that the shareholding of each Shareholder for the purposes of determining voting entitlements at the Annual General Meeting will be as it appears in the share register at 4.00pm (WST) on Tuesday, 15 November 2016.

### **Voting by proxy**

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

Please note that:

- a Shareholder of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on behalf of the Shareholder;
- the proxy need not be a Shareholder of the Company, but must be a natural person (not a corporation). A proxy may also be appointed by reference to an office held by the proxy (e.g. "the Company Secretary"); and
- where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the Shareholder's voting rights. If no such proportion is specified, each proxy may exercise half of the Shareholder's votes.

To be valid, the appointment of a proxy must be received at least 48 hours prior to the Meeting, being prior to 2.00pm (WST) on Tuesday, 15 November 2016. The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

### **Questions from shareholders**

Shareholders may submit their questions electronically online to the Company's share registry by visiting [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au). Select 'Investor & Employee Login'. Refer to 'Single Holding' and enter Empire Oil & Gas NL or the ASX code (EGO) in the Issuer name field, your Security Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the front of your proxy form), postcode and security code which is shown on the screen and click 'Login'. Select 'Ask Question' under the 'Action' header and then follow the prompts to submit your question online.

### **Corporate representative**

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

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## Notice of Annual General Meeting

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Notice is given that the Annual General Meeting of Shareholders of Empire Oil & Gas NL ACN 063 613 730 will be held at the University Club of Western Australia, 2 Hackett Drive, Crawley WA at 2.00pm WST on Thursday, 17 November 2016.

The Explanatory Memorandum that accompanies this Notice of Annual General Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form are part of this Notice of Annual General Meeting.

Terms and abbreviations used in this Notice of Annual General Meeting and the Explanatory Memorandum are defined in the Glossary.

**The Board unanimously recommends that Shareholders vote FOR Resolutions 1-2 and 6-8.**

**The Board unanimously recommends that Shareholders vote AGAINST Resolutions 3-5 as it considers that the proposed Resolutions are not in the best interests of the Company or the vast majority of Shareholders.**

## Agenda

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### 1. Financial Report

To receive and consider the financial report, Directors' report and auditors report for the Company and its controlled entities for the year ended 30 June 2016.

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### 2. Resolution 1 - Adoption of Remuneration Report

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

*"That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the financial year ended 30 June 2016 be adopted."*

Please note that the vote on this Resolution is advisory only and does not bind the Directors or the Company.

**Voting exclusion:** In accordance with section 250R(4) of the Corporations Act, the Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the Key Management Personnel (details of whose remuneration are included in the Remuneration Report) or their Closely Related Parties. However, a person described above may vote on this Resolution 1 if the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution or the person is the chair of the Meeting and the appointment of the chair as proxy does not specify the way the person is to vote on the Resolution, and expressly authorises the chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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### 3. Resolution 2 - Re-election of Mr Stuart Brown

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

*"That, Mr Stuart Brown, who retires in accordance with article 47(b) of the Constitution and Listing Rule 14.4, and being eligible and offering himself for re-election, is hereby re-elected as a Director of the Company with effect from the date of this Meeting."*

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### 4. Resolution 3 - Election of Mr Peter Griffiths

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

*"That, in accordance with article 47(f) of the Constitution and for all other purposes, Mr Peter Griffiths, who was nominated as a candidate for election as a Director of the Company by a Shareholder, be appointed as a Director of the Company with effect from the date of this Meeting."*

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### 5. Resolution 4 - Election of Mr Kent Quinlan

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

*"That, in accordance with article 47(f) of the Constitution and for all other purposes, Mr Kent Quinlan, who was nominated as a candidate for election as a Director of the Company by a Shareholder, be appointed as a Director of the Company with effect from the date of this Meeting."*

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### 6. Resolution 5 - Election of Dr John Brough

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

*"That, in accordance with article 47(f) of the Constitution and for all other purposes, Dr John Brough, who was nominated as a candidate for election as a Director of the Company by a Shareholder, be appointed as a Director of the Company with effect from the date of this Meeting."*

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### 7. Resolution 6 - Ratification of prior issue of Options

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

*"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 7,500,000 Options to Mineral Resources Limited (or its nominees) on the terms and conditions in the Explanatory Memorandum."*

**Voting exclusion:** The Company will disregard any votes cast on this Resolution by Mineral Resources Limited (or its nominees) and any of their Associates. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form or it is cast by the chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 8. Resolution 7 - Approval of 10% Placement Facility

To consider and if thought fit to pass, with or without amendment, the following as a **special resolution**:

*"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."*

**Voting exclusion:** The Company will disregard any votes cast on this Resolution by a person who may participate in the 10% Enhanced Placement Facility (and any Associates of such a person) and a person who might obtain a benefit (and any Associates of such a person), except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form or it is cast by the chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 9. Resolution 8 - Approval of Rights Share Trust Plan

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

*"That, pursuant to and in accordance with Listing Rule 7.2 exception 9(b) and for all other purposes, Shareholders approve the establishment of an employee incentive scheme of the Company to be known as the "Empire Oil & Gas NL Rights Share Trust Plan" and the issue of Equity Securities under that plan, on the terms and conditions in the Explanatory Memorandum."*

**Voting exclusion:** The Company will disregard any votes cast on this Resolution by a Director (except one who is ineligible to participate in any employee incentive scheme of the Company) and any Associates of such a person. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form or it is cast by the chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**DATED: 18 October 2016**

**BY ORDER OF THE BOARD**



**Rachel Rees**  
**Company Secretary**  
**Empire Oil & Gas NL**

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## **Explanatory Memorandum**

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This Explanatory Memorandum has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at The University Club of Western Australia, 2 Hackett Drive, Crawley Western Australia at 2.00pm WST on Thursday, 17 November 2016.

The purpose of this Explanatory Memorandum is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Annual General Meeting.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting.

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### **1. Financial Report**

In accordance with section 317 of the Corporations Act, the financial report, Directors' report and auditor's report for the Company for year end 30 June 2016 will be laid before the Meeting. There is no requirement for Shareholders to approve these reports.

The Chairman of the Meeting will allow a reasonable opportunity for Shareholders to:

- (a) discuss the reports;
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions relevant to:
  - (i) the conduct of the audit;
  - (ii) the preparation content of the auditor's report;
  - (iii) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
  - (iv) the independence of the auditor in relation to the conduct of the audit.

Further written questions to the Chairman about the management of the Company or to the Company's auditor about the matters listed above may be submitted by no later than 2.00pm WST on Thursday, 10 November 2016 to:

Company Secretary  
Empire Oil & Gas NL  
Ground Floor  
229 Stirling Highway  
Claremont  
WA 6010

or by email to:

[admin@empireoil.com.au](mailto:admin@empireoil.com.au)

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### **2. Resolution 1 - Remuneration Report**

#### **2.1 Background**

The Remuneration Report is set out in the Directors' report in the Company's 2016 Annual Report, which is available from the Company's website at [www.empireoil.com.au](http://www.empireoil.com.au).

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and executives of the Company.

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company at the Annual General Meeting. However, Shareholders should note that the vote on Resolution 1 is advisory only and is not binding on the Company or its Directors. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

Part 2G.2, Division 9 of the Corporations Act provides Shareholders with the opportunity to remove the whole Board except the managing director if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings.

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2015 annual general meeting. If the Remuneration Report receives a Strike at this Meeting (2016 annual general meeting), Shareholders should be aware that if a second Strike is received at the 2017 annual general meeting, this may result in the re-election of the Board.

The chair of the Meeting will allow reasonable opportunity for Shareholders to ask questions about, or comment on, the Remuneration Report at the Meeting.

If the chair of the Meeting is appointed as your proxy and you have not specified the way the chair of the Meeting is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the chair of the Meeting with an express authorisation for the chair of the Meeting to vote the proxy in accordance with the chair of the Meeting's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

## 2.2 Recommendation

The Directors recommend that Shareholders **VOTE IN FAVOUR** of Resolution 1.

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## 3. Resolution 2 - Re-election of Mr Stuart Brown

### 3.1 Background

Listing Rule 14.4 and article 47(a) of the Constitution require that a Director must retire from office no later than the longer of the third annual general meeting of the Company or three years, following that Director's latest election or appointment. Article 47(b) of the Constitution states that if no Director would otherwise be required to retire pursuant to article 47(a) of the Constitution, but the Listing Rules require that an election of Directors be held at an annual general meeting, then the Director to retire at that meeting is any Director who wishes to retire and offer themselves for re-election, otherwise it is:

- (a) the Director who has held office as Director the longest period of time since their last election or appointment to that office; or
- (b) if two or more Directors have held office for the same period of time, the Director determined by lot, unless those Directors agree otherwise.

A Director who retires by rotation under articles 47(a) and 47(b) of the Constitution is eligible for re-election.

Mr Stuart Brown was re-elected as a Director as a result of the 2014 annual general meeting and has held office for the longest period of time of all of the other Directors since re-election. Consequently, Mr Brown must retire by rotation pursuant to article 47(b) of the Constitution, and seeks re-election, as outlined in Resolution 2.

Mr Brown was appointed as a Director on 20 January 2014 and is a petroleum geologist with over 35 years' experience at technical, managerial, executive and board levels in international oil and gas companies including Woodside and Shell.

Mr Brown held the position of Vice-President Strategic Planning at Woodside from 2007 to 2012. In this role he was responsible for the management of Woodside's corporate strategic, planning and investment reviews. He is Managing Director of his own petroleum consultancy business, International Oil & Gas Strategies Pty Ltd. Mr Brown was also the chairman of ASX-listed company WHL Energy Limited until 17 November 2015, and a director of ASX-listed company Cue Energy Resources Limited until 4 March 2016.

### **3.2 Recommendation**

The Directors, other than Mr Stuart Brown, unanimously recommend that Shareholders **VOTE IN FAVOUR** of Resolution 2.

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## **4. Resolution 3 - Election of Mr Peter Griffiths**

### **4.1 Background**

On 26 September 2016, the Company received a letter from Shareholder Mr Peter Griffiths attaching his nomination for election as a Director of the Company and his consent to act as a Director of the Company in accordance with article 47(f) of the Constitution.

Pursuant to Listing Rule 14.3 the Company is required to accept a nomination for the election of directors up to 35 business days before the date of a general meeting at which directors may be elected. In compliance with Listing Rule 14.3, the Company accordingly includes Mr Griffiths' nomination and the resolution for Shareholders to consider and vote on the proposed appointment of Mr Griffith.

The biography set out in item 1 of Schedule 4 is presented to Shareholders in the form that it was presented by Mr Griffiths. The biography was not prepared by the Company and the Company makes no comment as to the accuracy of the claims or material included in the biography.

### **4.2 Recommendation**

The Directors unanimously recommend that you **VOTE AGAINST** Resolution 3 for the following reasons:

- (a) as set out in Company's Nomination Committee Charter, when a Board vacancy occurs, the Board (acting as the nomination committee) will identify the particular skills, experience and expertise that will best complement the Board effectiveness. The Board then undertakes a rigorous recruitment process to identify candidates who can meet those criteria and have the time necessary to fulfil the responsibilities. The Board has not undertaken such a process with respect to Mr Griffiths. A board needs to have the right group of people having particular regard to each individual's background, skills and experience, and how the addition of an individual builds the collective capability and effective functioning of the board, and the Board has opted for the persons considered the best fit for the collective capability and effective functioning of the Board; and

- (b) whilst the Board acknowledges Mr Griffiths' skills, expertise and experience, the Board believes that it has access to those skills, expertise and experience already through its current Board members, the management team and, where necessary, external consultants. The Board considers that it is currently fully utilising those skills and expertise through constructive engagement with current Board members, the management team and, where necessary, external consultants.

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## 5. Resolution 4 - Election of Mr Kent Quinlan

### 5.1 Background

On 27 September 2016, the Company received a letter from Shareholder Mr Kent Quinlan attaching his nomination for election as a Director of the Company and his consent to act as a Director of the Company in accordance with article 47(f) of the Constitution.

Pursuant to Listing Rule 14.3 the Company is required to accept a nomination for the election of directors up to 35 business days before the date of a general meeting at which directors may be elected. In compliance with Listing Rule 14.3, the Company accordingly includes Mr Quinlan's nomination and the resolution for Shareholders to consider and vote on the proposed appointment of Mr Quinlan.

The biography set out in item 2 of Schedule 4 is presented to Shareholders in the form that it was presented by Mr Quinlan. The biography was not prepared by the Company and the Company makes no comment as to the accuracy of the claims or material included in the biography.

### 5.2 Recommendation

The Directors unanimously recommend that you **VOTE AGAINST** Resolution 4 for the following reasons:

- (a) as set out in Company's Nomination Committee Charter, when a Board vacancy occurs, the Board (acting as the nomination committee) will identify the particular skills, experience and expertise that will best compliment the Board effectiveness. The Board then undertakes a rigorous recruitment process to identify candidates who can meet those criteria and have the time necessary to fulfil the responsibilities. The Board has not undertaken such a process with respect to Mr Quinlan. A board needs to have the right group of people having particular regard to each individual's background, skills and experience, and how the addition of an individual builds the collective capability and effective functioning of the board, and the Board has opted for the persons considered the best fit for the collective capability and effective functioning of the Board;
- (b) ASX Corporate Governance Guidelines take into account any executive roles a director has had with a company and assessing that director's independence. As a previous acting-CEO and Company Secretary of the Company, the Board does not consider it to be best corporate practice for Mr Quinlan to be appointed as a Director of the Company; and
- (c) whilst the Board acknowledges Mr Quinlan's technical skills, expertise and experience, the Board believes that it has access to those skills, expertise and experience already through its current Board members, the management team and, where necessary, external consultants. The Board considers that it is currently fully utilising those skills and expertise through constructive engagement with current Board members, the management team and, where necessary, external consultants.

- (d) Mr Quinlan's current nomination for election as a Director of the Company follows his nomination for a board position at the last AGM. Shareholders unequivocally rejected Mr Quinlan's nomination with 4,031,909,374 votes (76% of shareholders that voted) AGAINST his election as a director at the 2015 AGM. The Board is of the view that Mr Quinlan has again failed to detail any future intentions or plans for the Company other than restating his previous historical ties to the Company. For the reason articulated at (b) above the Board considers that the appointment of Mr Quinlan's as a non-executive director is not appropriate nor is it in the best interests of the vast majority of shareholders; and
- (e) Mr Quinlan references the significant decrease in the Empire share price in recent times as part of his nomination. The Empire Board and management team share the disappointment of fellow shareholders with the recent share price performance of Empire. However, during the FY2016 period the Empire share price outperformed relevant indices, Brent Oil and average of its small-mid cap ASX-listed energy peer group (refer to the table below for further details). The Board also notes the volatility in the Empire share price in the FY2017 period to date and seeks to address market concerns with the successful remediation of Red Gully North-1 in 2Q FY2017 and progress with several strategic opportunities with cornerstone shareholder and funding partner Mineral Resources (ASX: MIN). The Empire Board and management has maintained its focus to deliver long term shareholder value in line with our five year strategy to build a respected mid cap producer.

Company	Ticker	Close price 30-Jun-2015 (A\$) <sup>1</sup>	Close price 30-Jun-2016 (A\$) <sup>1</sup>	FY2016 change (%)
<b>Empire Oil &amp; Gas</b>	<b>EGO</b>	<b>0.450</b>	<b>0.365</b>	<b>(19%)</b>
S&P/ASX 300 Energy	XEK	11,121	8,349	(25%)
Brent (US\$/bbl)	n.a.	63	50	(21%)
<b>Small-mid cap ASX-listed energy peers</b>				
Sundance Energy	SEA	0.505	0.100	(80%)
Tap Oil	TAP	0.300	0.093	(69%)
New Standard Energy	NSE	0.012	0.004	(67%)
Norwest Energy	NWE	0.004	0.002	(52%)
Transerv Energy	TSV	0.026	0.015	(43%)
Otto Energy	OEL	0.069	0.044	(36%)
Buru Energy	BRU	0.375	0.250	(33%)
AWE Limited	AWE	1.210	0.830	(31%)
Cooper Energy	COE	0.245	0.215	(12%)
Senex Energy	SXY	0.280	0.255	(9%)
<b>Peer average</b>	<b>n.a.</b>			<b>(43%)</b>

Source: IRESS

<sup>1</sup> Historical closing share prices adjusted for changes in share capital due to share consolidations, splits, buy-backs and capital raisings

## 6. Resolution 5 - Election of Dr John Brough

### 6.1 Background

On 28 September 2016, the Company received a letter from Shareholder Dr John Brough (in his individual capacity and as director of a corporate Shareholder) attaching his nomination for election as a Director of the Company and his consent to act as a Director of the Company in accordance with article 47(f) of the Constitution.

Pursuant to Listing Rule 14.3 the Company is required to accept a nomination for the election of directors up to 35 business days before the date of a general meeting at which directors may be elected. In compliance with Listing Rule 14.3, the Company accordingly includes Dr Brough's nomination and this resolution for Shareholders to consider and vote on the proposed appointment of Dr Brough.

The biography set out in item 3 of Schedule 4 is presented to Shareholders in the form that it was presented by Dr Brough. The biography was not prepared by the Company and the Company makes no comment as to the accuracy of the claims or material included in the biography.

## 6.2 Recommendation

The Directors unanimously recommend that you **VOTE AGAINST** Resolution 5 for the following reasons:

- (c) as set out in Company's Nomination Committee Charter, when a Board vacancy occurs, the Board (acting as the nomination committee) will identify the particular skills, experience and expertise that will best compliment the Board effectiveness. The Board then undertakes a rigorous recruitment process to identify candidates who can meet those criteria and have the time necessary to fulfil the responsibilities. The Board has not undertaken such a process with respect to Dr Brough. A board needs to have the right group of people having particular regard to each individual's background, skills and experience, and how the addition of an individual builds the collective capability and effective functioning of the board, and the Board has opted for the persons considered the best fit for the collective capability and effective functioning of the Board; and
- (d) whilst the Board acknowledges Dr Brough's technical skills, expertise and experience, the Board believes that it has access to those skills, expertise and experience already through its current Board members, the management team and, where necessary, external consultants. The Board considers that it is currently fully utilising those skills and expertise through constructive engagement with current Board members, the management team and, where necessary, external consultants.

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## 7. Resolution 6 - Ratification of prior issue of Options

### 7.1 General

On 30 June 2016, the Company announced it had executed a binding term sheet with Mineral Resources in relation to a \$15.1 million revolving working capital facility (**Facility**) to refinance the Company's existing \$15 million ERM Power Limited debt obligation. As a condition precedent of the Facility, the Company agreed to issue Mineral Resources 7.5 million Options with an exercise price of \$0.50 each and a term of 2 years.

Mineral Resource Limited has been a substantial shareholder of the Company since 13 June 2016 and currently holds a voting power in the Company of approximately 19.36%. Mineral Resources also holds a relevant interest in 8,926,359 Options (including the Options to be ratified under this Resolution 6).

On 11 August 2016 the Company announced that it had executed final documentation with Mineral Resources regarding the Facility and issued 7,500,000 Options to Mineral Resources.

### 7.2 Listing Rule 7.1 and Listing Rule 7.4

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides an exception to Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1), those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

The 7,500,000 Options were issued to Mineral Resources within the 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval.

The effect of Shareholders passing Resolution 6 by ratifying the issue of the Options to Mineral Resources will be to restore the Company's ability to issue further securities, to the extent of 7,500,000 Equity Securities, during the next 12 months.

### 7.3 Specific information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of Options to Mineral Resources:

- (a) 7,500,000 Options were issued on 11 August 2016;
- (b) the Options were issued at an issue price of nil;
- (c) the Options were issued on the terms and conditions set out in Schedule 1;
- (d) the Options were issued to Mineral Resources;
- (e) no funds were raised from the issue of the Options as the Options were issued for nil cash consideration; and
- (f) a voting exclusion statement is included in the Notice.

### 7.4 Recommendation

The Directors recommend that Shareholders **VOTE IN FAVOUR** of Resolution 6.

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## 8. Resolution 7 - Approval of 10% Placement Facility

### 8.1 General

Listing Rule 7.1A enables an eligible entity to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Enhanced Placement Facility**). The 10% Enhanced Placement Facility is in addition to the Company's 15% placement capacity without shareholder approval under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less as at the date of the annual general meeting. Based on the closing price of Shares on ASX on 3 October 2016, the Company has a market capitalisation of approximately \$30.7 million. The Company is an eligible entity as at the time of this Notice and expects to remain so at the date of the AGM.

The Company is seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Enhanced Placement Facility. The exact number of Equity Securities to be issued under the 10% Enhanced Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see Section 8.2(c) below).

The effect of Resolution 7 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 7 is a special resolution and therefore 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).

## 8.2 Listing Rule 7.1A

### (a) Shareholder Approval

The ability to issue Equity Securities under the 10% Enhanced Placement Facility is subject to Shareholder approval by way of a special resolution at the AGM.

### (b) Equity Securities

Any Equity Securities issued under the 10% Enhanced Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of the Notice, the Company has on issue two quoted classes of Equity Securities: Shares and Options.

### (c) Formula for calculating 10% Enhanced Placement Facility

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 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

#### **(A x D) – E**

- (i) **A** is the number of Shares on issue 12 months before the date of issue or agreement;
- (ii) plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
- (iii) plus the number of partly paid Shares that became fully paid in the 12 months;
- (iv) plus the number of fully paid Shares issued in the 12 months with Shareholder approval under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without Shareholder approval; and
- (v) less the number of fully paid Shares cancelled in the 12 months.

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

**D** is 10%; and

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

### (d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity without shareholder approval under Listing Rule 7.1.

At the date of this Notice, the Company has 102,404,989 Shares on issue. Therefore subject to Shareholder approval the Company will have a capacity to issue:

- (i) 15,360,748 Equity Securities under Listing Rule 7.1 (subject to Shareholder approval being sought under Resolution 6); and
- (ii) 10,240,499 Equity Securities under Listing Rule 7.1A.1.

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 (see Section 8.2(c) above) and so is subject to change.

(e) **Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within five 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% Enhanced Placement Facility under 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; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period).

### 8.3 **Specific information required by Listing Rule 7.3A**

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

(a) **Minimum price of securities issued under the 10% Enhanced Placement Facility**

The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within five Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

If the Equity Securities are issued for non-cash consideration the Company will provide to the market in accordance with the Listing Rules a valuation of the non-cash consideration that demonstrates that the issue price of the securities complies with Listing Rule 7.1A.3.

(b) **Risk of economic and voting dilution**

If Resolution 7 is approved by Shareholders and the Company issues Equity Securities under the 10% Enhanced Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

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

The table below shows the potential dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities (being variable "A" as calculated in accordance with the formula in Listing Rule 7.1A.2) on issue as at the date of this Notice.

The table shows:

- (i) two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities 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 scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved 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.

The table has been prepared on the following assumptions:

- (i) the Company issues the maximum number of Equity Securities available under the 10% Enhanced Placement Facility;
- (ii) no convertible securities (such as Options or performance rights) are exercised or converted into Shares before the date of the issue of the Equity Securities;
- (iii) 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%;
- (iv) the table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Enhanced Placement Facility, based on the Shareholder's holding at the date of the Meeting;

- (v) the table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1;
- (vi) the issues of Equity Securities under the 10% Enhanced Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders; and
- (vii) the issue price is \$0.30, being the closing price of the Shares on ASX on 3 October 2016.

Variable A in Listing Rule 7.1A.2		Dilution		
		\$0.15 50% decrease in Issue Price	\$0.30 Issue Price	\$0.60 100% increase in Issue Price
Current Variable A 102,404,989 Shares	10% voting dilution	10,240,499 Shares	10,240,499 Shares	10,240,499 Shares
	Funds raised	\$1,536,075	\$3,072,150	\$6,144,299
50% increase in current Variable A 153,607,484 Shares	10% voting dilution	15,360,748 Shares	15,360,748 Shares	15,360,748 Shares
	Funds raised	\$2,304,112	\$4,608,225	\$9,216,449
100% increase in current Variable A 204,809,978 Shares	10% voting dilution	20,480,998 Shares	20,480,998 Shares	20,480,998 Shares
	Funds raised	\$3,072,150	\$6,144,299	\$12,288,599

(c) **The final date for issue**

The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 7 for the issue of the Equity Securities will cease to be valid in the event the Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

(d) **Purpose of issue under 10% Enhanced Placement Facility**

The Company may seek to issue the Equity Securities for the following purposes:

- (i) non-cash consideration for the acquisition of the new resources, assets or investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards continued exploration and expenditure on the Company's portfolio of assets and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Enhanced Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the 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, rights issues or other issues in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities 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% Enhanced Placement Facility have not yet been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or Associates of a related party of the Company.

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the allottees under the 10% Enhanced Placement Facility will be the vendors of the new resources, assets or investments.

(f) **Voting exclusion statement**

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not determined its allocation policy for the issue of the Equity Securities under the 10% Enhanced Placement Facility and the proposed allottees of any Equity Securities are therefore not as yet known or identified. The Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

(g) **Issues in the past 12 months**

The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its annual general meeting held on 25 November 2015 (**Previous Approval**). The Company has not issued any Equity Securities pursuant to the Previous Approval.

The following is detailed information required under Listing Rule 7.3A.6 regarding Equity Securities issued in the 12 month period preceding the date of the Meeting:

- (i) the total number of Equity Securities issued since 25 November 2015 is 353,937 Shares and 7,500,000 Options representing 7.04% of the total diluted number of Equity Securities on issue at 25 November 2015, which was 111,624,111 (post-consolidation); and
- (ii) the details of the issued Equity Securities issued since 25 November 2015 are provided in Schedule 2.

## 8.4 Recommendation

The Directors recommend that Shareholders **VOTE IN FAVOUR** of Resolution 7.

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## **9. Resolution 8 – Approval of Rights Share Trust Plan**

### **9.1 General**

ASX Listing Rule 7.1 prohibits the Company issuing equity securities which, in aggregate, exceed 15% of the fully paid ordinary share capital of the Company in any 12 month period.

ASX Listing Rule 7.2 exception 9 provides that ASX Listing Rule 7.1 does not apply to the issue of securities by the Company under an employee incentive scheme if the scheme was established before the entity listed and a summary of the terms were included in the prospectus, or if the scheme has been approved by shareholders within three years from the date of issue of the relevant securities.

The Company considers that it is desirable to maintain an incentive plan pursuant to which the Company can issue Equity Securities to eligible, executive and employees in order to attract, motivate and retain such persons and to provide them with an incentive to deliver growth and value to all Shareholders. The Board also believes that incentivising employees with Equity Securities is a prudent means of conserving the Company's available cash reserves.

Accordingly, Resolution 8 seeks Shareholders' approval for the adoption of the employee incentive plan titled "Empire Oil & Gas NL Rights Share Trust Plan" (**Plan**) in accordance with exception 9(b) of Listing Rule 7.2.

Under the Plan, the Board may offer to eligible persons the opportunity to subscribe for such number and type of Equity Securities in the Company as the Board may decide and on the terms set out in the rules of the Plan, a summary of which is set out at Schedule 3.

The Board's rationale for implementing the incentive plan is to retain high performing employees, incentivise for superior performance, and align remuneration of employees to create greater shareholder value. The Board intends to issue Equity Securities to eligible executives and employees under the Plan as an additional 'at risk' variable award element of their total remuneration package, subject to meeting both challenging Company performance targets set by the Board annually and individual performance targets agreed between the eligible persons and their managers annually. The variable award may be comprised of Equity Securities issued as both short term incentive bonuses and long term incentive bonuses and may be issued subject to vesting conditions determined by the Board, such as the Company's compound annual growth in shareholder value.

In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

### **9.2 Listing Rule 7.1 and Listing Rule 7.2, exception 9(b)**

A summary of Listing Rule 7.1 is contained in Section 7.2 above.

Listing Rule 7.2, exception 9(b) provides an exception to Listing Rule 7.1 by which Equity Securities issued under an employee incentive scheme are exempt for a period of three years from the date on which shareholders approve the issue of Equity Securities under the scheme as an exception to Listing Rule 7.1.

If Resolution 8 is passed, the Company will be able to issue Equity Securities under the Plan to eligible participants over a period of three years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

The Plan is a new employee incentive scheme and has not been previously approved by Shareholders. No Equity Securities have been issued under the current Plan since it was approved by the Board.

Prior Shareholder approval will be required under Listing Rule 10.14 before any Director or related party of the Company can participate in the Plan.

Pursuant to the Listing Rules, Shareholders must re-approve the Plan and all unissued Equity Securities issuable pursuant thereto every three years.

### **9.3 Recommendation**

The Directors recommend that Shareholders **VOTE IN FAVOUR** of Resolution 8.

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## Glossary

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**\$** means Australian dollars.

**10% Enhanced Placement Facility** has the meaning given in Section 8.1.

**Accounting Standards** has the meaning given to that term in the Corporations Act.

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

**Associate** means "associate" as defined in section 9 of the Corporations Act, except that a reference to "Associate" in relation to a Listing Rule has the meaning given to it in Listing Rule 14.11.

**ASX** means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.

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

**Chairman** means the person appointed to chair the Meeting.

**Closely Related Party** of the Key Management Personnel has the meaning given to that term in the Corporation Act.

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

**Constitution** means the constitution of the Company, as amended from time to time.

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

**Directors** means the Directors of the Company from time to time and **Director** means any one of them.

**Equity Securities** has the same meaning as in the Listing Rules.

**Explanatory Memorandum** means this explanatory memorandum which accompanies the Notice.

**Key Management Personnel** has the meaning given in the Accounting Standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

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

**Mineral Resources** means Mineral Resources Limited (ACN 118 549 910).

**Notice** or **Notice of Annual General Meeting** means the notice of annual general meeting accompanying this Explanatory Memorandum.

**Option** means an option to acquire a Share.

**Plan** means the Empire Oil & Gas NL Rights Share Trust Plan.

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

**Remuneration Report** means the remuneration report set out in the Director's report section for the Company's annual financial report for the year ended 30 June 2016.

**Resolution** means a resolution contained in the Notice.

**Section** means a section of this Explanatory Memorandum.

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

**Shareholder** means a holder of Shares.

**Trading Day** has the meaning given to it in the Listing Rules.

**Trinity** means Trinity Management Pty Ltd (ABN 25 118 314 515).

**VWAP** means volume weighted average price.

**WST** means Western Standard Time, Perth, Western Australia.

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## Schedule 1 - Terms and Conditions of Options

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**1. Options**

Each Option confers the right to subscribe for one Share.

**2. Consideration**

Nil.

**3. Exercise Price**

A\$0.50 per Option.

**4. Vesting conditions**

None.

**5. Expiry Date**

2 years from the date of issue.

**6. Ranking of Shares**

Shares issued on exercise of Options will rank pari passu with all existing Shares.

**7. Issue of Shares during Permitted Windows**

Where an Option holder exercises Options during a "Permitted Window", within two business days after receipt of both a valid Option exercise notice and receipt (or deemed receipt) of payment of the Exercise Price, the Company will issue:

- (a) Shares pursuant to the exercise of the Options and apply for the Shares to be quoted on ASX; and
- (b) a notice in accordance with section 708A(5)(e) of the Corporations Act,

where "Permitted Window" refers to each of:

- (c) the period of 10 business days (or a shorter period as determined by the Board) following each of the following:
  - (i) the release of the Company's quarterly reports to ASX;
  - (ii) the release of the Company's half-year financial statements to ASX; and
  - (iii) the release of the Company's full-year financial statements to ASX,provided that the release of the relevant financial statements occurs before the Expiry Date; and
- (d) any other period that the Board may determine from time to time is a "Permitted Window" which is notified to the Option holder.

The Company will notify the Option holder in writing as soon as reasonably practicable following the determination of a Permitted Window by the Board.

## **8. Duration of Permitted Window**

If, either prior to or during a Permitted Window (**Affected Window**), other than the Permitted Windows after the release of the Company's half-year and full-year financial statements to ASX, the Company becomes aware of any "excluded information" in respect of the Company within the meaning of subsection 708A(7) of the Corporations Act, the Company may provide written notice to an Option holder that the Affected Window will either not commence or will end on the date specified in such notice and, for the avoidance of doubt, the Company will not be required to issue Shares or a notice in accordance with section 708A(5)(e) of the Corporations Act during the Affected Window.

## **9. Issue of Shares outside Permitted Windows**

Where an Option holder exercises Options outside of the Permitted Windows, within 10 business days after receipt of both a valid Option exercise notice and receipt (or deemed receipt) of payment of the Exercise Price, the Company will issue:

- (a) new Shares pursuant to the exercise of the Options and apply for the new Shares to be quoted on ASX; and
- (b) a notice in accordance with section 708A(5)(e) of the Corporations Act,

unless it is aware of any "excluded information" in respect of the Company within the meaning of subsection 708A(7) of the Corporations Act, in which case it must issue the new Shares (and apply for them to be quoted on ASX) and the notice under section 708A(5)(e) of the Corporations Act as soon as it ceases to be aware of any excluded information.

## **10. Quotation of Options**

Options will be unquoted.

## **11. Nominee**

An Option holder may specify in the Option exercise notice that the Shares to be issued on exercise of the Options be issued to a nominee, provided that nominee is a related body corporate of the Option holder.

## **12. Minimum number of Options exercisable**

1,000,000 or the whole of the Options not yet exercised.

## **13. Dividends**

No entitlement to participate in dividends of the Company.

## **14. Participation in new issues**

No right to participate in new issues of securities in the Company without exercising the Option before the record date for the new issue (and the Company must notify the Option holder of any new issue within the timeframe required by the Listing Rules).

**15. Effect of corporate restructure following the issue of the Options**

Following any reconstruction, consolidation, subdivision, reduction (by a cancellation of paid up capital that is lost or not represented by available assets where no securities are cancelled), return or pro rata cancellation of the issued capital of the Company:

- (a) the number and/or Exercise Price of Options will be adjusted in compliance with the Listing Rules; and
- (b) subject to provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders approving a reconstruction of capital, in all other respects the terms of exercise of the Options will remain unchanged.

This provision is subject to the Listing Rules and in the event of an inconsistency, the Listing Rules will prevail.

## Schedule 2 - Issue of Equity Securities since 25 November 2015

Date of issue	Number of Securities	Type of Security	Recipient of Securities	Issue price and any discount to Market Price (if applicable) <sup>1</sup>	Form of consideration/ use of funds
14 December 2015	182,484	Shares <sup>2</sup>	Antonino Iannello, Stuart Brown, Philip Garratt and Brett Heading – as approved at the Shareholder meeting held on 25 November 2015	Nil issue price (non-cash consideration)	Consideration: additional director payment Current value <sup>3</sup> = \$54,745 The Shares were issued for nil cash consideration and therefore no funds were raised as a result of the issue.
14 December 2015	171,453	Shares <sup>2</sup>	Company employees - held on trust by Trinity	Nil issue price (non-cash consideration)	Consideration: performance-based services provided to the Company. Current value <sup>3</sup> = \$51,436 The Shares were issued for nil cash consideration and therefore no funds were raised as a result of the issue.
11 August 2016	7,500,000	Unquoted Options <sup>4</sup>	Mineral Resources Limited	Nil issue price (non-cash consideration)	Consideration: revolving working capital facility. Current value <sup>3</sup> = \$1,928,460 The Options were issued for nil cash consideration and therefore no funds were raised as a result of the issue.

### Notes:

- Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last Trading Day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
- Shares, ASX Code: EGO (terms are set out in the Constitution).
- In respect of the quoted Equity Securities, the value is based on the closing price of the Shares (\$0.30) or Options (\$0.30) as the context requires on the ASX on the Trading Day prior to the date of this Notice. In respect of the unquoted Equity Securities, the value of the Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).
- Unquoted Options, exercisable at \$0.50 each on or before 11 August 2018.

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## Schedule 3 - Summary of Rights Share Trust Plan

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### 1. Eligible Participants

Directors, employees and contractors of the Company or an entity controlled by or which controls the Company (**Group**) or any other person who is declared by the Board to be eligible to receive a grant of securities in the Company under the Plan are "Eligible Participants" under the Plan.

### 2. Offers

The Board may, from time to time, in its absolute discretion invite Eligible Participants to participate in a grant of Securities upon the terms set out in the Plan and upon such additional terms, including performance conditions (if any), as the Board determines (**Offer**).

Securities may not be offered to a Director or his or her associates except where approval is given by the Shareholders in general meeting in accordance with the Listing Rules.

### 3. Securities and trust arrangements

Shares or "Convertible Securities" representing rights to acquire one or more Shares, such as Options or performance rights, (**Securities**) may be granted either directly or as referable to "Units" issued by the trustee of any trust established for or in connection with the holding of Securities on behalf of, or granting Securities in the form of Units to, Eligible Participants under the Plan in accordance with a trust deed.

### 4. Limit on grant of Securities

The Company must have reasonable grounds to believe, at the time of making an Offer in reliance on ASIC Class Order [CO14/1000] (**Class Order**), that the number of Shares to be issued or received upon exercise of Convertible Securities offered under an Offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous three year period under an employee incentive scheme covered by the Class Order or a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issued at the date of the Offer.

### 5. Performance Conditions

Grants of Securities may be made subject to one or more milestones, time frames, performance, vesting or other conditions determined by the Board specified in an Offer which must be satisfied or circumstances which must exist before a Security vests (**Performance Conditions**).

### 6. Vesting of Securities

Securities granted under the Plan will vest, and in the case of Convertible Securities may be exercised, when a vesting notice in respect of those Securities is given to the participant by the Company.

The Board may provide the participant with a vesting notice upon:

- (a) satisfaction of any Performance Conditions;
- (b) a change of control occurring, or the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company; or
- (c) the participant being transferred to work in another country, as a result of which they would suffer a tax disadvantage in relation to their Securities or would become subject to restrictions on their ability to hold or deal in Securities.

## **7. Exercise of Convertible Securities**

Subject to the terms of any Offer and the Plan, a participant may exercise any vested Convertible Security at any time after the Convertible Security has vested and before it lapses.

## **8. Allocation of Shares**

On the exercise of vested Convertible Securities, the Company must issue to, procure the transfer to or procure the setting aside for the participant the number of Shares in respect of which the Convertible Securities have been exercised or, if the Convertible Securities take the form of Units, the Company must direct the trustee to redeem the Units in exchange for a beneficial entitlement to a Share and to deal with the Share in accordance with the terms of the trust deed and the Offer.

## **9. Lapse and forfeiture**

Unless the Board otherwise determines, a Security will lapse upon the earlier to occur of:

- (a) an unauthorised dealing in, or hedging of, the Security;
- (b) in respect of an unvested Security only, where a relevant person ceases to be an Eligible Participant, unless the Eligible Participant is a "good leaver" (e.g. leaves due to redundancy, permanent retirement, total and permanent disability, death or fundamental change to the participant's role in the previous six months);
- (c) in respect of a vested Security only, where a relevant person ceases to be an Eligible Participant and the Security granted is not exercised within two months of the date the relevant person ceases to be an Eligible Participant;
- (d) the Board deems that the participant has acted fraudulently or dishonestly, or has materially breached his or her obligations to the Group;
- (e) the participant becoming insolvent;
- (f) the Board determining that any applicable Performance Conditions have not been met or cannot be met by a date specified by the Board; and
- (g) the expiry date of the Security.

## **10. Restrictions on dealing with Securities**

Securities are only transferrable in special circumstances with the prior written consent of the Board or by force of law upon death to the participant's legal personal representative or upon bankruptcy or the participant's trustee in bankruptcy.

Subject to any requirements imposed under the Listing Rules, the Board may, at its discretion, impose a restriction on transferring or dealing any Shares issued under the Plan (including Shares acquired on exercise of Convertible Securities or on redemption of Units).

## **11. Convertible Security rights**

Prior to a Convertible Security being exercised, a participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security other than those expressly set out in the Plan and is not entitled to notice of, or to vote or attend at, a meeting of Shareholders or to receive any dividends declared by the Company, by virtue of holding the Convertible Security.

## **12. Convertible Security quotation**

Unless determined otherwise by the Board in its absolute discretion, a Convertible Security granted under the Plan will not be quoted on the ASX or any other recognised exchange.

## **13. Adjustment of Convertible Securities**

- (a) (Reorganisation): If there is a reorganisation of the issued share capital of the Company, the rights of each participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.
- (b) (Bonus issues): If Shares are issued by the Company pro rata to Shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive, in addition to the Shares in respect of which the Convertible Securities are exercised and without the payment of any further consideration, an allotment of as many additional Shares as would have been issued to a shareholder who, on the date for determining entitlements under the bonus issue, held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised. Additional Shares to which the holder of Convertible Securities becomes so entitled will, as from the time Shares are issued pursuant to the bonus issue and until those additional Shares are allotted, be regarded as Shares in respect of which the Convertible Securities are exercised for the purposes of subsequent bonus issues, and any adjustments which, after the time just mentioned, are made pursuant to a reorganisation to the number of Shares will also be made to the additional Shares.
- (c) (Rights issues): Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or to sell renounceable rights.
- (d) (No other participation): Subject to the above, during the currency of any Convertible Securities and prior to their exercise, the holders of Convertible Securities are not entitled to participate in any new issue of Shares of the Company as a result of their holding of Convertible Securities. Unless otherwise provided in the Plan, a participant has no right to an adjustment to the amount payable (if any) on the exercise of a Convertible Security or the number of Shares over which the Convertible Security can be exercised.

## **14. Deferred taxation**

Subdivision 83A-C of the Income Tax Assessment Act 1997 applies to Securities granted under the Plan except to the extent an Offer provides otherwise.

## **15. Share ranking**

Any Shares issued under the Plan will rank equally in all respects with other Shares for the time being on issue by the Company except as regards any rights attaching to such Shares by reference to a record date prior to the date of their issue.

## **16. Share quotation**

The Company will apply for quotation of Shares issued under the Plan within the period required by ASX.

## **17. Administration of the Plan**

The Plan is administered by the Board which has power to determine appropriate procedures for administration of the Plan (including so as to implement a Trust for the purposes of delivering and holding Securities on behalf of Participants) and delegate to any one or more persons for such period and on such conditions as it may determine the exercise of any of its powers or discretions arising under the Plan.

Except as otherwise expressly provided in the Plan, the Board has absolute and unfettered discretion to act or refrain from acting under or in connection with the Plan and in the exercise of any power or discretion under the Plan.

## **18. Amendments**

Subject to express restrictions set out in the Plan and compliance with the Corporations Act and the Listing Rules, the Board may at any time by resolution amend any or all of the provisions of the Plan or the terms or conditions of any Securities granted under the Plan, or suspend or terminate the operation of the Plan, including giving any amendment retrospective effect.

Without the consent of the participant, no amendment may be made to the terms of the Plan or any granted Security which reduces the rights of the participant in respect of any Security already granted other than an amendment introduced primarily:

- (a) for the purpose of complying with or conforming to present or future laws governing or regulating the maintenance or operation of the Plan or similar Plans, in any jurisdiction in which invitations under the Plan have been made;
- (b) to correct any manifest error or mistake;
- (c) to enable a member of the Group to comply with the Corporations Act, the Listing Rules, applicable foreign law, or a requirement, policy or practice of the ASIC or other foreign or Australian regulatory body; or
- (d) to take into consideration possible adverse tax implications in respect of the Plan arising from, amongst others, adverse rulings, changes to tax legislation and/or changes in the interpretation of tax legislation by a court of competent jurisdiction.

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## Schedule 4 - Biographies of persons nominated as Directors

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### 1. Mr Peter Griffiths

*"B.Comm Dip. Tertiary Studies*

*Dear fellow Shareholders,*

*I have taken the step of nominating as a Director of our Company. I have been a shareholder for many years and have decided to stand for election to the Board. I am fully employed and have been since leaving school. I have a Commerce Degree, Business Law was my forte. I also have a Diploma of Tertiary Studies and a Certificate IV in Frontline Management.*

*Since 1993 I have worked in Law Enforcement, taking a 2 year break to manage a sector of the Horse Racing Industry. In my first year in that position I reduced overhead costs by 40%, I achieved this by changing the way we did business. I believe I can bring those same skills to Empire.*

*I have never sat on a Board of Directors however have been a School Council President with a Budget in excess of \$1 Million. I do believe that I am well suited to the position. I will bring great experience, and common sense to the Board of Directors of our Company. I am passionate about the success of this company and bring a three point plan to deliver that success being Communication, Planning and Activity.*

*In everything I do in life, which would include my term as a Director I apply the S.E.L.F. test to assist me in my decision making.*

*Scrutiny – Will my decision withstand scrutiny from internal and external stakeholders.*

*Ethical – Is my decision ethical.*

*Lawful – Is my decision Lawful.*

*Fair – Is my decision fair taking into account everything I know at the time.*

*I ask that you, my fellow shareholder, support me for election to the Board of our Company."*

### 2. Mr Kent Matthew Quinlan

*"B Com, MBA*

*I believe in, and am passionate about the potential value of Empire's extensive acreage and as an investor and experienced oil/gas/energy executive I seek to ensure that it can commercialise this potential and increase shareholder wealth by ensuring it has access to the right skills on the Board. I am therefore seeking shareholder support for my election as a Non-Executive Director.*

*My long history with Empire stretches back to my previous CFO role at ERM Power (ERM), a previous JV partner in many of Empire's Perth Basin tenements. I led ERM's successful S249D action in 2013. At the request of both Empire & ERM, I agreed to act as Empire's Acting CEO from Dec 2014 until Ken Aitkens appointment in May 2014, and was responsible for getting Empire under control and stabilised during a very difficult time, managing its poor financial position, undertaking a complex set of strategic/operational reviews and instigating the planning/approvals for the very successful Red Gully-1 B Sands perforation. Leaving ERM in July 2014, I continued to consult to Empire in a contractual capacity (also Company Secretary for a time) until late 2014 when I decided to leave Empire after having knocked back their formal offer to be the CFO a number of times.*

*I believe I can add significant value to the Board through the specific skills/experience/knowledge that I have gained in the gas/energy industry, accounting/finance, legal, business/operational and risk management, commercial negotiations, equity/debt raisings, corporate transactions, strategic planning, investor & shareholder relations and especially corporate governance (Corporations Act/ASX Listing Rules), with significant involvement at executive levels and working with listed ASX Boards.*

*I am a highly experienced and passionate energy executive with a sound knowledge of the Australian energy industry with involvement in the exploration/production of conventional gas/oil/coal seam gas and energy retailing for most of my 27year career, with senior executive/financial roles at ERM, Empire, QGC, Energex Retail, Origin Energy and Santos.*

*In my 2 years as an executive at QGC, once a junior explorer facing the same sort of issues as Empire (good growth prospects but tight funding etc.), the Board/Executive Team led by the MD, through a consistent, planned and executed strategy, oversaw an increase in the market capitalisation from ~\$200m to ~\$2+billion, with most of that increase in FY2007 with a ~5 times increase in the share price.*

*I believe my specific skills, experience and knowledge will assist the Board to turn around the significant decrease in the share price over the past years, particularly the 50% decrease in the last year and I also believe that I will bring not only an independent judgement to bear on issues before the Board but will act in the best interests of both Empire and ALL of its shareholders), and contrary to the Boards reasons last year to vote against me, I do not believe that my previous executive roles will impact in anyway my ability to be an Independent Director, in fact I believe they will only enhance my contribution."*

### **3. Dr John David Brough**

*"I am both a qualified Mechanical Engineer, B.E. (Honours), and Medical practitioner (MBBS, FRACGP).*

*As an engineer I worked for BHP at their manganese mining operation at Groote Eylandt and for Fluor in the construction of the Newlands/Collinsville/Abbott Point project. Within these positions, I was responsible for design, contracts and supervision and liaising with clients, consulting engineers and contractors. My work involved overseeing technical specifications of these contracts and commissioning of new plant and equipment as well as repairs and maintenance, within disciplined budgetary constraints.*

*Although I left the engineering industry and pursued a career in medicine, my interest in and passion for Australia's mining/resources industry has continued. Above and beyond my life as a rural and city GP and medical registrar, I have enjoyed opportunities practising medicine in remote locations including Bayu-Undan oil and gas field in the Timor Sea and Oil Search's operations in the Highlands of New Guinea as well as Tabubil Hospital in the Enga Province of PNG. My responsibilities involved direct patient care in emergency and non-emergency situations, preventative medicine, administration and occupational health.*

*I have over 35 years of engineering and medical experience that has fundamentally involved competent analysis, evaluation and decision-making regarding multifactorial problems involving people and equipment. This has been within strict time constraints and financial and budgetary limitations for the benefit of my clients and employers. Conflict resolution and communication and cooperation continue, now as always, to be pivotal to gaining the best possible outcomes for all types of clients.*

*I have been an EGO continuous shareholder for around 14 years and currently hold over 500,000 shares."*



LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

BY MAIL
Empire Oil & Gas NL
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
+61 2 9287 0309

BY HAND
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138

ALL ENQUIRIES TO
Telephone: +61 1300 554 474

PROXY FORM

I/We being a member(s) of Empire Oil & Gas NL and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at 2:00pm (WST) on Thursday, 17 November 2016 at The University Club of Western Australia, 2 Hackett Drive, Crawley WA (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Resolutions 1 and 8: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1 and 8, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business except Resolutions 3, 4 and 5 where undirected proxies will be voted against the resolutions (if it is put).

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an X

Resolutions

Table with 8 rows of resolutions and 3 columns for For, Against, and Abstain\* for each resolution.



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

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

[Signature box for Shareholder 1]

[Signature box for Joint Shareholder 2]

[Signature box for Joint Shareholder 3]

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).



## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **2:00pm (WST) on Tuesday, 15 November 2016**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

Shareholders may submit their questions electronically online to the Company's share registry by visiting [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au). Select 'Investor & Employee Login'. Refer to 'Single Holding' and enter Empire Oil & Gas NL or the ASX code (EGO) in the Issuer name field, your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the front of your proxy form), postcode and security code which is shown on the screen and click 'Login'. Select 'Ask Question' under the 'Action' header and then follow the prompts to submit your question online.



#### BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

#### QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



#### BY MAIL

Empire Oil & Gas NL  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
1A Homebush Bay Drive  
Rhodes NSW 2138

\* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**