UNLOCKING AUSTRALIA'S ENERGY FUTURE

EQUITY RAISING PRESENTATION

Transformational Equity Raising

Empire Energy is executing on its strategy to reduce debt and unlock the significant potential of its 14.5 million acre Greater McArthur Basin shale asset

- ✓ Transformational equity raising to de-leverage and return to growth
- ✓ Cornerstone support from Macquarie Bank, with 14.58% shareholding upon completion
- ✓ Empire US assets significantly de-levered with new 3 year debt facility in place
- ✓ Empire now has the funding to commence its Northern Territory exploration program
- ✓ Strategically positioned to benefit from significant increase in Northern Territory exploration expenditure by industry heavyweights in 2019
- ✓ Empire believes the Greater McArthur Basin (including the Beetaloo sub-Basin) has the potential to replicate the US shale boom
- ✓ Empire is the only ASX listed junior with a material foothold in the Beetaloo sub-Basin

Equity Raising - Overview

Key elements	Details
Offer Size and Structure	The transcation consists of the following components: • Two Tranche Institutional Placement ("Institutional Placement") to raise approximately A$15.0m via the issue of 750m new Empire Energy shares; - Tranche 1 – ~189.8m shares utilizing the company's capacity under ASX LR 7.1 to raise ~A$3.8m; - Tranche 2 – ~560.2m shares to raise ~A$11.2m, subject to shareholder approval; • Macquarie Bank to convert US$4m debt to equity (~A$5.4m) via the issue of ~233.8m shares subject to shareholder approval ("Debt to Equity Conversion")[1], together the Equity Raising ("Equity Raising"). • Participants in the Tranche 1 and Tranche 2 Institutional Placement will be granted one option for every two shares subscribed for with an exercise price of A$0.03 and expiry date of two years from date of allotment. The grant of the options is subject to shareholder approval
Pricing	• A$0.020 per share, representing a discount of: - 13.0% to closing price of Empire Energy's shares on 1 August 2017; - 21.5% to 5 day VWAP; and - 30.3% to 15 day VWAP
Ranking	• New shares will rank equally with existing shares
Use of funds	• Funds raised from the Equity Raising will be applied towards: - Partial repayment of existing Macquarie Bank debt facility; - Ramping up the work program for Empire's Northern Territory acreage in the Greater McArthur Basin; and - General working capital
Pro Forma Capital Structure	• Post completion of the Equity Raising and Debt to Equity Conversion Empire's debt will be reduced from US$38m to ~US$27m with ~A$5m cash at bank post-raising
Joint Lead Managers	• Baillieu Holst Limited and Bell Potter Securities Limited
Co-Managers	• Bizzell Capital Partners Pty Limited and Sanston Securities Australia Pty Limited

1: Macquarie Bank to receive an additional 12.3m shares pursuant to underwriting the Debt to Equity Conversion

Sources and Use of Funds

The Equity Raise will materially reduce gearing levels and provide Empire with the financial capacity to return to growth

Sources	A$m
Institutional Placement	15.0
Debt to Equity Conversion[1]	5.4
TOTAL	**20.4**

Uses	A$m
Partial Macquarie Debt Repayment from Placement proceeds	10.1
Macquarie Debt to Equity Conversion[1]	5.4
Northern Territory Work Program and Working Capital	3.3
Macquarie Debt Facility Fees	0.7
Costs and expenses of the Equity Raise	0.9
TOTAL	**20.4**

Commentary

- A$15m secured from existing shareholders and new institutional and sophisticated investors
- Support from Macquarie Bank which has agreed to extend loan by 3 years and convert US$4m debt to equity
  - Debt to reduce from US$38m to ~US$27m
- A$3.3m additional funding available for growth activities with ~A$5m pro-forma cash at bank post-raising

1: AUDUSD rate used 0.744 for Macquarie US$4million conversion

Refinanced Credit Facility

Empire's new facility has been reduced from US$38m to US$26.5m with additional equity support from Macquarie

Key terms	Details
Lender	• Macquarie
Facility Availability	• US$26.5m
Maturity Date	• February 2022
Security	• First lien security over US assets • Guarantee from Empire Energy Group Ltd • Share pledge over Empire Energy Group Ltd shareholding in Imperial Oil & Gas Pty Limited
Upfront Fee	• 2% of Facility Availability
Interest Rate	• LIBOR + 6.5% pa
Financial Covenants	• PDP Reserves NPV10 : Net Debt >= 1.30x • Total Proved Reserves NPV10 : Net Debt >= 1.50x • Interest Coverage Ratio >= 1.80x
Options	• 120m options • Maturity date - December 2021 • Exercisable at a 60% premium to the capital raising price
Repayment	• 100% of US net operating cash flow • Subject to minimum US$625,000 per quarter • After US$43,000 per month G&A allowance to Empire Energy Group Ltd to help fund corporate overheads

Equity Raising – Pro Forma Balance Sheet

	As at 30 June, 2018	Changes due to capital raising	Pro-forma post-capital raising
ASSETS	**A$000's**		**A$000's**
Cash and cash equivalents	1,545	3,374	4,919
Trade and other receivables	5,107	-	5,107
Oil and gas properties	94,504	-	94,504
Other	562	-	562
TOTAL ASSETS	**101,718**	**3,374**	**105,092**
LIABILITIES			
Trade and other payables	4,130	-	4,130
Interest-bearing liabilities	50,927	(15,457)	35,470
Other	21,801	-	21,801
TOTAL LIABILITIES	**76,858**	**(15,457)**	**61,401**
EQUITY	**24,860**	**18,831**	**43,691**

Commentary

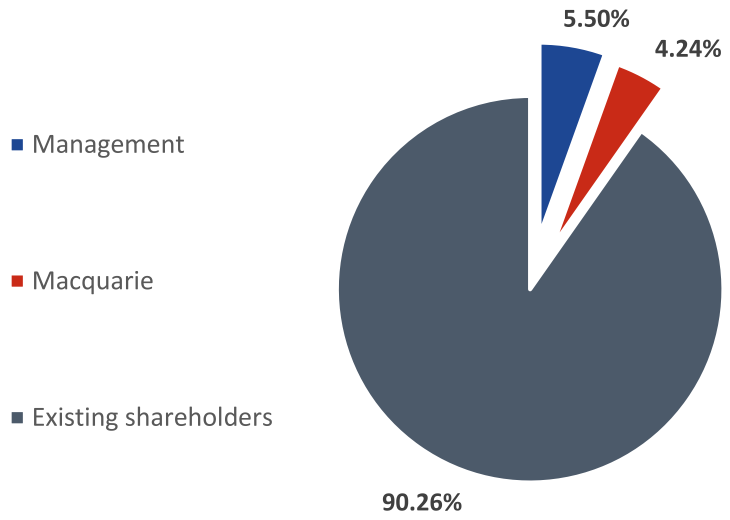
- Pro forma cash of ~A$5m (aligns with 30 June 2018 cash balance as per Quarterly Cashflow Report of US$1.1m)
- Pro forma debt of A$35.5m, a reduction of >A$15m
- Trade receivables fully offset trade payables (standard 60 day trade cycle for the industry)

1: Empire's functional currency is USD. AUSUSD equivalent used for illustrative purposes. Assumed AUD:USD FX rate used is 0.744

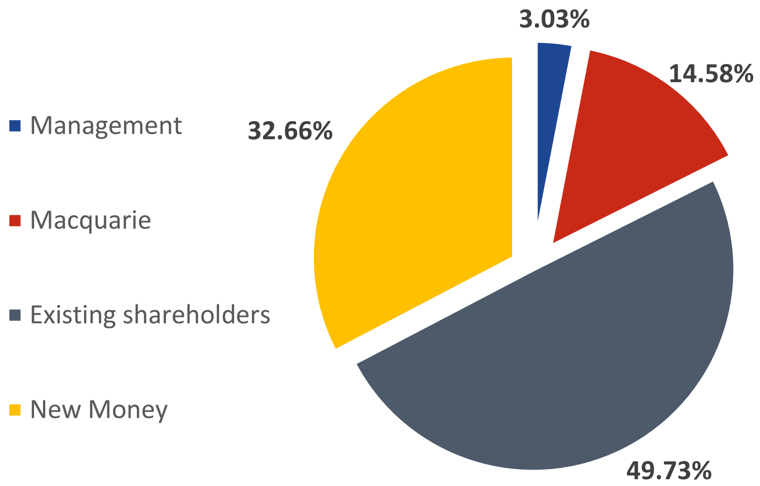
Impact on Shareholder Register

The transformational raise from new and existing investors, combined with cornerstone support from Macquarie creates a strong register with increased liquidity

Existing Register



Pro Forma Register [1]



1: Assumes a capital raise of A$15m at A$0.020 plus Macquarie US$4m debt to equity conversion (AUD:USD – 0.744)

Equity Raising Timetable

Key Event	Date[1]
Trading Halt	9.45am, Thursday 2nd August 2018
Offer Closes	12pm, Friday 3rd August 2018
Trading Halt Lifted, Capital Raising Announced and Resume Trading	Monday 6th August 2018
Announcement of EGM	Monday 6th August 2018
Settlement of Tranche 1 of New Placement Shares	Thursday 9th August 2018
Issue and Quotation of Tranche 1 of New Placement Shares	Friday 10th August 2018
EGM to approve Tranche 2 and to approve Macquarie Debt to Equity Conversion	Thursday 20th September 2018
Settlement of Tranche 2 of New Placement Shares	Tuesday 25th September 2018
Issue and Quotation of Tranche 2 of New Placement Shares and conversion of Macquarie Debt to Equity	Wednesday 26th September 2018

1: These dates are indicative and are subject to change without notice.

Summary of resolutions at EGM

Key Resolutions

1. Ratification of Tranche 1 share issue
2. Shareholder approval for Tranche 2 share issue
3. Approval of Placement options
4. Approval of issue of certain Tranche 2 Shares to a related party (being a related entity of Linda Tang, a Director of the Company)
5. Approval of issue of certain Tranche 2 Shares to a related party (being a related entity of Bruce McLeod, a Director of the Company)
6. Approval of issue of certain Tranche 2 Shares to a related party (being a related entity of Alexander Underwood, a Director of the Company)
7. Approval of Macquarie debt to equity conversion and the issue of Shares and Options to Macquarie
8. Approval of grant of Options to Joint Lead Managers
9. Approval of Management Incentive Scheme

Commentary[1]

- Notice of meeting expected to be despatched by Friday 17th August 2018
  - EGM Notice period from 22 August to 19 September
  - EGM expected to be held on Thursday 20 September
- Resolutions 2 - 8 are inter-conditional

1: These dates and resolutions are indicative and are subject to change without notice.

APPENDICES

Key Risks

- **Exploration Risk** – Empire and its subsidiaries have interests in assets at various stages of exploration, appraisal and development. Many leases have had very low levels of exploration undertaken to date and may not yield commercial quantities of hydrocarbons. Oil and gas exploration is inherently subject to numerous risks, including the risk that drilling will not result in commercially viable oil and gas production.

- **Application Risk** – A number of Empire's Northern Territory assets are in application stage requiring native title and / or regulatory approvals to be granted as Leases capable of being explored on. Such approvals may or may not be granted which could adversely impact the value of the Company.

- **Regulatory Risk** – Empire has operations spanning several States in the USA and the Northern Territory, Australia. Regulatory approvals are required to explore, appraise, develop and produce from the assets. Where such regulatory approvals are already in place, there is a risk that they could be revoked. Where such regulatory approvals are not in place, there is a risk that they may not be granted.

- **Debt Facility Risk** – Empire, through its US subsidiaries, has debt facilities in place with Macquarie Bank Limited. Whilst Empire has financial flexibility and expects to generate sufficient cash flow to repay the debts in full, there is a risk in the future that financial and other covenants under the debt facilities, could be breached, which could result in Macquarie exercising its security rights under the facilities.

- **Commodity Price Risk** – Empire, through its US subsidiaries, sells oil and gas at market prices to customers who price the products off US benchmark oil and gas markets. Empire is exposed to the risk of material declines in the prices of those commodities. Empire, through its Australian subsidiary, explores for oil and gas in Australia and maybe subject to domestic Australian gas price risk, LNG price risk and oil price risk.

- **Execution Risk on the Conditional Placement** – Completion of the Conditional Placement requires shareholder approval. A significant portion of the proceeds of the overall capital raising are intended to be utilised to reduce leverage. If shareholder approval is not received, then the Company's financial position could be materially adversely impacted.

- **Reliance on Key Personnel** – Empire's success depends in large measure on certain key personnel. The loss of the services of such key personnel may have a material adverse effect on the business, financial condition, results of operation and prospects.

- **Economic Risk** – General economic conditions, movements in interest rates, inflation rates and foreign exchange rates, investor sentiment, demand for, and supply of capital and other general economic conditions may have a negative impact on Empire and its subsidiaries ability to carry out its exploration, appraisal, development and production plans.

- **Environmental Risk** – The upstream oil and gas industry is exposed to environmental risks, including the risk of oil and chemical spills, the risk of uncontrolled gas venting, and other material environmental risks. If an environmental incident was to occur, it may result in Empire's subsidiaries' licenses being revoked, its rights to carry on its activities suspended or cancelled, or significant legal consequences.

- **Title Risk** – Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in the Tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

Key Risks (continued)

- **Native Title and Aboriginal Land** - The Tenements extend over areas in which legitimate common law native title rights of indigenous Australians exist. The ability of the Company to gain access to its Tenements and to conduct exploration, development and production operations remains subject to native title rights and aboriginal land rights and the terms of registration of such title agreements.

- **Reserves Risk** – Reserves assessment is a subjective process that provides an estimate of the volume of recoverable reserves. Oil and gas estimates are not precise and are based on knowledge, experience, interpretation and industry practices. There is a risk that the Company's reserves do not generate the actual revenues and cashflows that are currently being budgeted which could adversely impact the Company.

- **Services Risk** – Empire engages the services of third party service providers to carry out exploration, appraisal, development and operating activities. The cost of such services is subject to very high price volatility, particularly in remote areas. There is a risk that such services may not be able to be provided at a reasonable price, thereby preventing exploration, appraisal, development and operations activities from occurring.

- **Production Risk –** Empire has producing oil and gas assets in the USA. If these assets do not produce the level of production currently budgeted by Empire, then the cashflow they deliver will not materialise. The carrying values of these assets could also be adversely impacted. Production risk has the potential to adversely impact the Company.

- **Insurance Risk** – The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

- **Acquisitions** – The Company may decide to pursue potential acquisitions in the future. This may give rise to various operational and financial risks, including, but not limited to, poor integration resulting in higher than expected integration costs, and financial underperformance of the acquired assets. There is also additional risk associated with the Company's inability to identify suitable acquisitions in the future that meet the Company's criteria. This may potentially have an adverse impact on the financial performance of the Company.

- **Funding Risk** – The Company may need future capital in the future to progress the development of its acreage. There can be no guarantee that future capital, whether it be debt or equity, will be available or will be available on attractive terms. The inability to secure future capital, or in the ability to secure future capital on attractive terms, could adversely impact the value of the Company.

- **Investment Speculative** – **The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this capital raising. Therefore, the Shares to be issued pursuant to this capital raising carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities. Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this capital raising.**

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