



## Target Market Determination

### Legal Disclaimer:

This Target Market Determination (**TMD**) is issued by Empire Energy Limited (ACN 002 148 361) (**Empire** or the **Company**) and is required under section 994B of the *Corporations Act 2001* (Cth) (the **Act**). It sets out the class of consumers for unlisted free-attaching options to acquire fully paid ordinary shares in the Company (**Options**). In addition, the TMD outlines the triggers to review the target market and certain other information. It forms part of Empire's design and distribution arrangements in relation to the Options.

A prospectus for the offer of Options (**Prospectus**) will be made available when the Options are offered. The offer of Options is subject to Empire shareholder approval. Assuming Empire shareholder approval is obtained, the Prospectus will be made available as soon as practicable after that time.

Any recipient of this TMD will need to carefully read and consider the Prospectus in full and consult their professional adviser if they have any questions regarding the contents of the Prospectus. Any person who wants to acquire Options will need to complete the application form that will be in, or will accompany, the Prospectus. There will be no cooling off period in respect of the issue of the Options. This TMD is not a disclosure document for the purposes of the Act, and therefore has not been lodged, and does not require lodgement, with the Australian Securities and Investments Commission (**ASIC**).

This TMD does not take into account what investors currently have, or what they want and need, for their financial future. It is important for investors to consider these matters and read the Prospectus before they make an investment decision. This TMD is not intended to provide financial advice or take into account investors' objectives, financial situations or needs. The Company is not licensed to provide financial product advice in relation to the Options.

<b>Issuer</b>	Empire Energy Limited (ACN 002 148 361)
<b>Effective Date</b>	14 June 2022
<b>Product Information</b>	<p>For every two fully paid ordinary shares in the Company (<b>Shares</b>) subscribed for under:</p> <ul style="list-style-type: none"><li>the share purchase plan announced by the Company on 6 June 2022 in which eligible shareholders can subscribe for up to \$30,000 worth of Shares at an issue price of \$0.22 per Share (<b>SPP</b>); and</li><li>a placement announced by the Company on 6 June 2022 of 125,000,000 Shares at \$0.22 per Share (<b>Placement</b>),</li></ul> <p>each participant will be entitled to apply for one free unlisted Option to acquire one Share under the Prospectus, exercisable at \$0.35 and expiring on 14 June 2024.</p> <p>The offer of Options is subject to Empire shareholder approval.</p>

<b>Target Market</b>	<p><b>Description of target market</b></p> <p>The Company expects that an investment in Options will be suitable to investors who:</p> <ul style="list-style-type: none"> <li>a) wish to gain exposure to equities in a small-cap oil and gas company listed on the Australian Securities Exchange (<b>ASX</b>),</li> <li>b) wish to profit from gains in the market price of Shares; and</li> <li>c) are comfortable to participate in speculative investments.</li> </ul> <p>Particularly, it will be those investors who wish to have the right, but not the obligation, in the short to medium term (until June 2024) to acquire Shares.</p> <p><b>Description of product, including key attributes</b></p> <p>Each Option will confer on the holder the right to subscribe for one Share at an exercise price of \$0.35, exercisable on or before 14 June 2024. The offer of Options is subject to Empire shareholder approval.</p> <p>An Option not exercised before the expiry date of 14 June 2024 will automatically lapse at that time. The Options will be exercisable at any time on or prior to the expiry date.</p> <p>Shares issued on exercise of the Options will rank equally in all respects with the then issued ordinary shares in the Company.</p> <p>The Options will not be transferable and will not be quoted on the ASX.</p> <p>A key feature to the Options is expected to be that the exercise price of each Option is at a premium to the market price of Shares as at the date of the Prospectus. There is a risk that the Options may become worthless in value if the Share price on the expiry date of the Option is less than the exercise price of the Options.</p> <p><b>Description of likely objectives, financial situation and needs of consumers in the target market</b></p> <p>The target market of investors will take a short to medium term outlook on their investment.</p> <p>Investors with a short-term outlook for their investment will benefit from an ability to exercise Options and trade the underlying Shares issued on exercise should the Option exercise price of the Options be lower than the trading price of Shares. Investors with a medium-term outlook will benefit from an ability to exercise Options within the term of the Options and increase their shareholding and exposure to the potential upside in the Company's Shares into the future.</p> <p>Given the need to pay the exercise price in order to acquire Shares, investors in the target market are in a financial position that is sufficient for them to invest their funds through exercise of the Options over an approximate 2 year time horizon, during which their ability to liquidate their Options may be limited by a lack of liquidity in the Options and by the trading price of Shares.</p> <p><b>Investor suitability metrics</b></p> <p>While the Company does not have an established eligibility framework for investors based on metrics such as employment status, income levels, age or an expected return or volatility, it is expected that the target market of investors will those seeking optionality in relation to their investment in the Company.</p> <p>The Options offer no guaranteed income or capital protection.</p> <p><b>Classes of consumers for whom the product is clearly unsuitable</b></p>
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	<p>Investors who are not suitable to make investments in relation to the Options include:</p> <ul style="list-style-type: none"> <li>• those investors ineligible to receive the Options;</li> <li>• those seeking a tradeable investment, as the Options will not be quoted for trading on ASX;</li> <li>• inexperienced investors, especially those who do not understand the risks of investing in options as an asset class or in Shares; and</li> <li>• investors looking for immediate returns or those not seeking to have the potential to increase their investment in the Company.</li> </ul>
<p><b>Distribution Conditions</b></p>	<p>Only:</p> <ul style="list-style-type: none"> <li>• existing shareholders of the Company who subscribed for Shares under the SPP: <ul style="list-style-type: none"> <li>a) who were a registered holder of Shares as at 7.00pm (Sydney time) on Friday 3 June 2022 (being the record date for the SPP);</li> <li>b) whose registered address was in Australia or New Zealand;</li> <li>c) who is not in the United States nor acting for the account or benefit of a person in the United States; and</li> <li>d) who do not hold Shares on behalf of another person who resides outside Australia or New Zealand (unless they hold Shares in an eligible capacity); and</li> </ul> </li> <li>• participants in the Placement that are 'exempt' investors or 'sophisticated' investors who satisfy the requirements of either s708(8), s708(10) or s708(11) of the Act,</li> </ul> <p>will be entitled to participate in the offer of Options under the Prospectus.</p> <p>Investors will be provided with a copy of the Prospectus and access to this TMD before they apply for the Options.</p> <p>The Company considers that these distribution conditions will ensure that persons who invest in Options fall within the target market in circumstances where personal advice is not being provided to those persons by the Company.</p>
<p><b>Review Triggers</b></p>	<p>The Options will be offered for a limited offer period set out in the Prospectus, after the conclusion of which the Options will no longer be available for investment. It follows that the TMD will only apply in the period between 14 June 2022 and the issue of the Options after the close of the offer of the Options (<b>Review Period</b>), after which the TMD will be withdrawn.</p> <p>To allow the Company to determine whether circumstances exist that indicate this TMD is no longer appropriate and that distribution of the Options should cease, the following review triggers will apply for the Review Period:</p> <ul style="list-style-type: none"> <li>a) there is a material change to the Options' key attributes that make it no longer consistent with the likely objectives, financial situation and needs of clients in the target market;</li> <li>b) the Company lodges with ASIC a supplementary or replacement prospectus in relation to the Prospectus;</li> <li>c) the occurrence of a significant dealing in Options that is not consistent with this TMD;</li> <li>d) the Company identifies a substantial divergence in how the Options are being distributed and purchased from this TMD;</li> <li>e) an unexpectedly high number of complaints are received from customers that indicate the Options are not suitable for the target market or the product is not being distributed to the target market; and</li> <li>f) material changes to the regulatory environment that applies to an investment in the Options.</li> </ul> <p>The Company may also amend this TMD at any time.</p>
<p><b>Review Periods</b></p>	<p>If a review trigger occurs during the Review Period, the Company will undertake a review of the TMD in light of the review trigger as soon as reasonably practicable and, in any case, within 10 business days of the review trigger occurring.</p>

	<p>As the offer of Options will only be made to a discrete class of persons and the Company is subject to continuous disclosure requirements, the Company considers it is not necessary or appropriate to implement the requirement of periodic review of this TMD.</p>
<p><b>Distribution Information Reporting Requirements</b></p>	<p>As the Company is not appointing external distributors of the Options, the Company will consider any of the following matters on a continuous basis:</p> <ul style="list-style-type: none"> <li>a) complaints received by the Company in relation to the Options;</li> <li>b) significant dealings in the Options which are inconsistent with this TMD;</li> <li>c) any dealings outside the target market (to the extent that the Company is aware of such dealings); and</li> <li>d) the conduct of the Company under this TMD.</li> </ul> <p>The Company considers that it is not necessary or appropriate to monitor for significant dealings as the Options will be unlisted. As such, the Company will not be in a position to determine any dealings that occur upon exercise of the Options or on-sale of any resultant Shares, as it has no capacity to identify the objectives, financial situation and needs of investors who exercise the Options or acquire the resultant Shares.</p> <p>Where relevant, the Company will consider any of the above matters and determine appropriate steps that will be taken including, where appropriate, reporting of matters to ASIC.</p>

Contact details in respect of this TMD for the Company are:

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This TMD has been authorised for release by the board of directors of Empire Energy Limited.