



EMPIRE OIL & GAS NL



ASX RELEASE

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The Manager
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Australian Securities Exchange
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New Mineral Resources revolving working capital facility

- **Empire and Mineral Resources have executed a binding term sheet in relation to a new A\$15.1m revolving working capital facility**
- **New facility will be used to refinance the ERM Power debt obligation maturing in August 2016**
- **As a result, Empire has ceased progressing arrangements with Viburnum Funds Pty Ltd in relation to their proposed secured loan facility**
- **New facility carries an annual interest rate equal to BBSY plus 5% and a 3-year term**

Oil and gas producer Empire Oil and Gas NL ("**Empire**" or "**Company**", ASX: EGO) is pleased to announce that it has executed a binding term sheet to refinance the existing A\$15m ERM Power Limited ("**ERM Power**", ASX: EPW) debt obligation, through a revolving working capital facility to be provided by Mineral Resources Limited ("**Mineral Resources**", ASX: MIN).

The key terms of the new facility are set out in Appendix A. The funding package remains subject to customary conditions including due diligence and the negotiation and entry into final documentation.

In addition, a condition precedent of the revolving working capital facility is the issuance to Mineral Resources of 7.5m EGO options over new unissued shares, with an exercise price of A\$0.50 and a term of 2 years. The exercise price of the EGO options represents a 37% premium to the last closing price of EGO ordinary shares. The terms of the grant and issue of the EGO options will be set out in the definitive documentation for the facility and will be made in accordance with applicable law. The Company is seeking to obtain a waiver in relation to the requirement for shareholder approval under ASX Listing Rule 10.1 for the working capital facility and issue of EGO options to Mineral Resources.

Tony Iannello, Non-Executive Chairman of Empire, said: "*We are pleased to further strengthen our relationship with Mineral Resources through this revolving working capital facility. The terms of the proposed funding package are attractive to Empire shareholders, superior to any alternative offer, and will provide a stronger funding platform to accelerate Empire's growth.*"



Yours sincerely
For Empire Oil & Gas NL

A handwritten signature in black ink that reads "Rachel Rees".

Rachel Rees
Company Secretary and Chief Financial Officer

Appendix A

Key terms of the binding term sheet:

Facility amount: A\$15.1m, which will be used to repay the existing ERM Power facility and the transaction costs associated with termination of the \$15m secured loan facility from Viburnum Funds Pty Ltd announced to the ASX on 6 June 2016

Term: 3 years

Security: First ranking security comprising mortgages over EP 389 (Red Gully North-1), PL 18 and PL 19 and an unsecured guarantee by Empire

Conditions precedent: Customary conditions for a working capital facility of this nature, including due diligence, the entry into definitive documentation for the facility, the issuance of additional options and the obtaining of a waiver from the ASX in relation to Listing Rule 10.1

Interest rate: BBSY +5% per annum

Interest payments: Quarterly in arrears with the ability to capitalise interest

Voluntary prepayment: Empire will have the right to repay all or a portion of the facility at any time throughout the term, without penalty, with the ability to redraw up to the facility amount

Additional options: Mineral Resources will receive 7.5m unlisted options over new unissued shares with an exercise price of A\$0.50 expiring 2 years from the date of issue

For further information, please contact:

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**About Mineral Resources Limited**

Mineral Resources Limited is a leading, integrated, Australian based mining services company listed on the ASX with a market capitalisation of A\$1.6 billion. The Company has operations in contract crushing, general mine services, infrastructure provision and recovery of base metal concentrate for export. Comprising long standing core businesses PIHA Pty Ltd, Crushing Services International Pty Ltd, Process Minerals International Pty Ltd, Polaris Metals Pty Ltd, Reed Industrial Minerals Pty Ltd and Mesa Mineral Limited, Mineral Resources Limited has developed a strong reputation for the cost effective delivery of its services and products to the resources and infrastructure sectors.

About Empire Oil & Gas

Empire Oil & Gas NL ('Empire' or the 'Company') is an onshore conventional gas and condensate producer and explorer listed on the Australian Securities Exchange (ASX: EGO) with key assets in the Perth Basin in Western Australia. The Company's producing assets at Red Gully are less than 150kms from the city of Perth where there is a strong gas market. Since commencing operations in 2013, the 100% owned Red Gully Processing Facility has produced and delivered over 6,500 Terajoules (TJ) of gas. Gas produced to date has been contracted to Alcoa and delivered through the Dampier to Bunbury Natural Gas Pipeline (DBNGP), which lies next to the Processing Facility. Condensate produced is transported via road to BP.

EGO is the holder of the largest net acreage in the highly prospective Perth Basin with its production licenses and permits covering more than 10,000km², representing 48% of the currently granted acreage in the Perth Basin. Close to pipeline infrastructure and with rapid commercialisation opportunities, the Company has significant exploration potential in an underexplored, proven petroleum system.

Empire's vision is to sustainably grow the business into a mid-tier exploration and production company. Empire's strategy is to be the Perth Basin operator of choice, safely supplying WA domestic gas by growing the Red Gully production hub, delivering reserves and production growth by drilling material quality exploration prospects in the high profit margin onshore Perth Basin, enabling Empire to attract quality farm-in partners to assist in accelerating growth plans.