



EMPIRE ENERGY CORPORATION INTERNATIONAL (USA)
4500 College Blvd
STE 240 LEAWOOD KANSAS USA 66211
Phone: +877-663-2310 Facsimile: +913-663-2239
Web: www.empireenergy.com

19 April 2010

Registrar of Mines
Mineral Resources Tasmania
PO BOX 56
ROSNY PARK TAS 7018

Dear Sir/Madam,

RE: Special Exploration Licence Application (SEL) 13/2009 – Formal Appeal

I refer to the Director of Mines letter on 23 March 2010. This is formal notification that Empire Energy Corporation International appeals the decision made by the Director of Mines not to reinstate Application SEL13-2009.

Reason for Appeal:

Empire Energy Corporation International (Empire) only requested the 'temporary' withdrawal of SEL13/2009 on the basis of our understanding and agreement of the meeting on the 21 December 2009 and a letter sent to you on 15 January 2010. My letter of 15 January 2010 states that, *'...if Empire/GSLM were to nominate one of its two applications, then MRT confirmed the evidence of, and proceeds to be derived from the USD\$9 million Rights Issue will be sufficient to fund one of its Licence applications, which is represented by application EL14/2009.* These minutes were sent to you on 23 December 2009 and your corrections to these minutes were sent back on 5 January 2010. At no time were the accuracy of the minutes questioned other than the points made in your letter of 5 January 2010. I note the acceptance of my letter of 15 January 2010 to you in your response of 25 January 2010.

I refer the EL14/2009 Public Notice in the Mercury and Examiner and note the Director of Mines had dishonored GSLM's agreement of 15 January 2010. In particular, the Director of Mines had reduced GSLM's application area and discarded 83 percent of our Great South Land Minerals Ltd discovered prospective structures that were applied for within EL14/2009. On 17 March 2010, Empire requested that Mineral Resources Tasmania reinstates application SEL13/2009 based on the dishonored agreement. Our application fees are still held with MRT. A letter from MRT on 23 March 2010 stated *'there are no provisions in the Mineral Resources Developments Act 1995 to reinstate an application once it has been withdrawn.'* Empire is intending to appeal this decision.

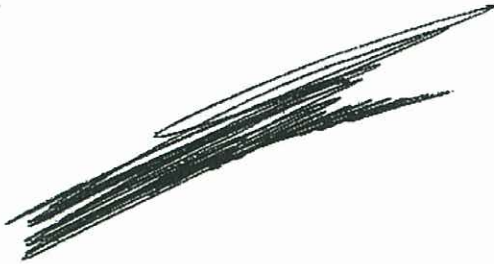
It should be noted that the requirement of 'financial capacity' was met prior to the expiry of Special Exploration Licence 13/98 (SEL13/98) on 30 September 2009. GSLM carried out an

independent valuation by WHK Denison over the prospective structures within SEL13/98, which equated to AUD\$3.3 billion. This report was attached to our EL14/2009 application and was the sole prerequisite from correspondence forwarded by the Deputy Secretary of DIER on 17 July 2009. GSLM owned this AUD\$3.3 billion asset, which applies to companies in an exploration mode.

Empire Energy requests MRT to advise the formal process now required to continue with this appeal.

Should you require any further information to this, please do not hesitate to contact Paul Heath on (03) 6231 3529 or paul.heath@gslm.com.au.

Yours Sincerely,

A handwritten signature in dark ink, appearing to read 'Malcolm Bendall', with a stylized, sweeping flourish extending from the end of the name.

Malcolm Bendall
Chief Executive Officer
Empire Energy Corporation International

Encl.

- Copy of Final Minutes of Meeting which includes a letter from the Director of Mines on 5 January 2010.
- Letter of 25 January 2010 by the Director of Mines.

COPY



Great South Land
Minerals Limited

Great South Land Minerals Limited ABN 54 068 650 386

Final Minutes

Present:

Mineral Resources Tasmania -

Michael Leonard (Director of Mines)

Carol Bacon

Matthew Fitzgerald

GSLM/Empire -

Paul Heath (Chief Operations Officer)

Todd Goebel (consultant / casual employee)

Nicole Chesterman (advisor)

Dean Lisson (shareholder / advisor)

Meeting Scheduled with Mineral Resources Tasmania 21st December 2009 at 3pm

AGENDA

- 1.0 Valuation of the Bellevue and Thunderbolt Prospects
- 2.0 Rights Issue - update
- 3.0 Status of EL 14/2009
- 4.0 Status of SEL 13/2009

Meeting commenced at 3.15pm.

Item 1.0) Draft RPS Report - overview, Todd Goebel (Valuation of the Bellevue & Thunderbolt Prospects).

Todd Goebel gave brief introduction to Michael Leonard and briefed the meeting on the purpose and intent behind the economic evaluation of Bellevue and Thunderbolt prospects as defined by recent draft compiled by RPS Energy. The means of the prospect base resources were determined for both Bellevue and Thunderbolt, and then developed from a conceptual analysis of the potential for the fields, modelled to create a production profile with development of the fields over time. Prospective resources of 359 / 88 millions of oil barrels potential are represented at Bellevue and Thunderbolt respectively, as potential oil accumulations. Cost to develop is considerable, and RPS qualified estimates using QUESTOR™ modelling industry data (to verify as an independent data source) to output a production profile to determine reasonable recovery of resources. Oil has been used as the base case for the analysis and report, but this does not preclude the possibility of a gas discovery or a combination of gas and oil.

Details of evaluation were summarised for purposes of the meeting and the final report will be issued shortly.

Results of the draft report indicate values as follows:

- Assigned to Bellevue Prospect, an un-risked NPV 10% of US\$2,972.9 million and
- Thunderbolt Prospect, an un-risked NPV 10% of US\$990.6 million.
- On a risked basis, the Expected Monetary Value (EMV) is the sum of the risked NPV's for all outcomes of success and failure. The EMV risk assessed value for Bellevue and Thunderbolt Prospects is a positive US\$50.9 million. This is a very positive outcome for Empire Energy and gives the company further confidence to proceed with drilling (subject to EL rights being granted).

Michael Leonard asked Todd Goebel who has been defined as the audience for the report to which Paul Heath and Todd Goebel responded shareholders, investors & financial supporters. It was further added that the report is designed to define and summarise the company's previous exploration over SEL13/98 and was, and is, viewed as an independent; commercial validation and expression for the recently submitted EL14/2009 submission.

Item 2.0) Rights Issue (and other funding) - Update

Paul Heath briefed the meeting advising that confirmation had been received by GSLM on 21/12/09 from the US Empire office that the US Securities Form S-1/A3 Registration Statement had been lodged with the SEC (www.sec.gov) and that this would be available for public viewing via the SEC website the following US business day (Monday 21st US time/Tuesday AEST). Michael Leonard acknowledged that this was positive and is needed to support, in part, the applications as submitted by Empire and GSLM although it was made clear by Mr Leonard that the US\$9.3 million raised via the Right Issue was by no means viewed by their department as sufficient capital needed to fund both applications and operations. It was further noted that at the time of making an application for an EL or SEL, that these financial instruments should be in place prior to the application being lodged (as noted on the application form).

Paul Heath explained his recent absence due to Annual Leave and acknowledged that a response was issued on behalf of the company on 27/11/09 to which the company responded on 08/12/09 and asked of Mr Leonard if further information was required to satisfy that response to proceed with the assessment of those applications.

To which Michael Leonard confirmed the following:

- 1) The projected, month-by-month cash flow was not provided;
- 2) The application form requires that applying entities are required to have available sufficient funds to cover the programmes.
- 3) That between the two applications, EL14/2009 & SEL13/2009 that the rights issue proceeds of USD\$9.3 million are insufficient to meet those programmes and service the liabilities of Empire and GSLM; as SEL13/2009 alone requires AUD\$7.5 million.
- 4) The Director and the Minister are to be satisfied that sufficient cash flow and funds are available.

- 5) That the Abbey International letter requires an irrevocable agreement/option to MR Bendall; and that MR Bendall is to provide an irrevocable agreement to A) drawn funds down & B) provide funds, by way of undertaking, to the company.

Dean Lisson asked of the Director the status as to the funding requirements for the EL & SEL, and whether there are sufficient funds evidenced, to cover, in his opinion, one or both of the applications, to which it was confirmed only one application may be covered.

Paul Heath asked of the relevance of the WHK Accountants opinion and the satisfaction of that document being procured at the time, meeting the Departments request for further substantiation of funding sources and claims, from an independent accountant. Matthew Fitzgerald responded advising that there was no undertaking from WHK provided, but that it appeared to be a dictated response, and not independent. Paul Heath further advised that statement is not correct and emphasised that independent inquiry was made by WHK into the validity of funding statements, such as Abbey International and that at the time, the WHK opinion sought was to satisfy the Department's information request.

Michael Leonard further advised that the Line of Credit through Abbey International has been made available for the best part of 12 months and asked why this had not been drawn down during the last drilling program? Paul Heath confirmed the timing of that program was not supported by conditions to press through the winter months, and that without speaking directly on behalf of MR Bendall, noted that commercially, perhaps it was not used as a preferred option for financing at the time.

It was further noted by Michael Leonard that MR Bendall was in a way, underwriting the rights issue, which has been observed by the Department.

Item 3.0) & 4.0) EL14/2009 AND SEL13/2009 – Status of Applications

Dean Lisson also noted that during his discussions with MR Bendall, that it is intended to fund the SEL13/2009 application through a Joint Venture; but to confirm previous statements, asked if the proceeds from the rights issue would be sufficient to satisfy the requirements of the work programme of the EL and sought reaffirmation of earlier statements, asking of the Director if the company was to nominate one of the two applications, what affect would that have on the applications, currently under review? Michael Leonard confirmed that the evidence of the ~USD \$9.0 – million from the rights issue may be sufficient to fund one License.

Further, Paul Heath also asked how the applications were being assessed in terms of priority, which the Director confirmed that the SEL13/2009 was being treated as priority (first) given that it was accepted first and that if the company was to prioritise the EL14/2009 application, it would need to provide to the Department with a formal letter of temporary withdrawal of the SEL in order to pursue the EL application first.

It was asked of Paul Heath whether it was possible to re-submit the required information for assessment before the end of December, for advertising the applications in January 2010 in order that the company can re-commence mobilisation and drilling at Bellevue. Michael Leonard confirmed that the sooner the information is in, the sooner it would be assessed, and said that it was possible to meet a late January deadline. Carol Bacon confirmed that the process entails that the Director recommends to the Minister that the License be granted, then 28 days advertising (to which during that time they are able to receive objections) then the documentation is forwarded to

the Minister for signing. It was also confirmed at the meeting that MRT office hours would be open until Christmas Eve; then resuming after the Christmas / New Year break on the 04th January 2010.

Paul Heath discussed with the Director that Michael Roberts was seeking to complete drilling at Westwood during January, and is amenable to consent to moving the drill rig from that site to Bellevue during that month (or early New Year) and asked whether it was possible to re-mobilise the rig at Bellevue outside of the new EL being issued?

Carol Bacon responded advising that if the equipment is not operating, it can be put back on site, providing an agreement is reached with Gunns, to which the Department are provided with relevant consents.

It was further noted that the drilling approval at Bellevue has expired and that a new drilling application is needed, which will require the following in accordance with previous documentation lists/requirements provided by MRT to Paul Heath during 2009:

- 1) Current Gunn's consent (to move back on-site);
- 2) That the Acoustic, Flora, Archeological and Heritage Surveys provided during 2009 are acceptable;
- 3) If the EMP is not changed, this is ok to be re-submitted, but if any aspect is changed, a new EMP is needed.

In closing the meeting, it was confirmed by Paul Heath that the cash flow was outstanding; albeit that Todd Goebel observed within the RPS Report that the company has defined a NPV of over USD\$50 million with Bellevue and Thunderbolt deposits alone, to support the EL application. Michael Leonard confirmed that Balance Sheet items and valuations are not material nor relevant to the liquidity or serviceability of exploration programmes by applying entities and that cash or cash equivalents are acceptable items to fund those programmes, as per the application criteria.

The Director confirmed with Carol Bacon that any outstanding matters in respect to the November request for additional information and the company's response on the 08th December, as discussed during the meeting, would be formally documented and forwarded to the company on the 22nd December 2009.

Paul Heath concluded that the company may prioritise the treatment of EL14/2009 application on the basis of the meetings findings, which would be discussed with the CEO.

Meeting close: 3.50pm

The above Minutes are to include comments in a letter from the Director of Mines on 5 January 2010.

Department of Infrastructure, Energy and Resources

MINERAL RESOURCES TASMANIA

Enquiries: Carol Bacon

Ph: 03 6233 8362 Fax: 03 6233 8338

Email: carol.bacon@dier.tas.gov.au Web www.mrt.tas.gov.au

Our Ref: 9CAB103:RJ



RECEIVED

BY: _____

5 January 2010

Mr Paul Heath
Chief Operating Officer and Executive Geologist
Empire Energy Corporation International and
Great South Land Minerals Ltd
PO Box 1603
HOBART TAS 7000

Dear Mr Heath

SPECIAL EXPLORATION LICENCE APPLICATION 13/2009 AND EXPLORATION LICENCE APPLICATION 14/2009

Your minutes of the meeting of 21 December 2009 are not entirely accurate.

You advised that the US Securities and Exchange Commission (SEC) had given approval for the rights issue to proceed and that a document to this effect would be available on the SEC website shortly. Subsequently, Mineral Resources Tasmania (MRT) was unable to find any evidence to confirm that this was the case and could only find evidence that you had lodged another copy of the Form S-1/A3 Registration Statement.

You were advised that before drilling may be undertaken at the Bellevue site, GSLM must hold a current exploration licence and have been granted approval to drill. You were advised that, should an exploration licence be granted, you will need to submit a new application to drill as per the guidelines provided to you previously and that it may be possible to reuse some of the previous documentation such as acoustic, hydrogeological, archaeological and flora studies and possibly the Environmental Management Plan, provided that the proposed works were exactly the same. Numerous other documents, possibly including the landowners consent, may need updating. This is the consent for GSLM to use the land in question for drilling operations, not an agreement between the landowner and Hunt Energy for the purposes of stacking the rig.

The matter of the location for stacking the Hunt 3 drilling rig when it is not in use is entirely a matter for Hunt Energy and is of no concern to MRT. MRT does not require Hunt Energy to submit to MRT any information as to its agreement with any landowner relating to the use of land for stacking the rig. This is an entirely separate matter to GSLM mobilising the rig for a drilling campaign.

You were advised that if a recommendation is to be made to the Minister that an application be granted, then the application is advertised. There was no indication as to whether or not such a recommendation will be made as this decision has not yet been taken.

I require the additional information as requested in my letter dated 22 December 2009, to further consider the applications before I make any decision relating to a recommendation to the Minister.

Yours sincerely

Mr Michael Leonard
DIRECTOR OF MINES
and **MAJOR INFRASTRUCTURE PROJECTS**

COPY



EMPIRE ENERGY CORPORATION INTERNATIONAL (USA)
4500 College Blvd
STE 240 LEAWOOD KANSAS USA 66211
Phone: +877-663-2310 Facsimile: +913-663-2239
Web: www.empireenergy.com

MINERAL RESOURCES		
FILE REF:	DOC REF:	
15 JAN 2010		
OFFICER	FOR ACTION	FOR INFO

Heath

15 January 2010

Director of Mines
Mineral Resources Tasmania
PO BOX 56
ROSNY PARK TAS 7018

Attn: Michael Leonard

Dear Sir,

RE: Request for the 'temporary' withdrawal of SEL 13/2009

Empire Energy hereby requests the 'temporary' withdrawal of the SEL13/2009 application on the basis of our understanding and agreement of the meeting on the 21 December 2009. That is, if Empire/GSLM were to nominate one of the its two applications, then MRT confirmed the evidence of, and proceeds to be derived from the USD\$9 million Rights Issue will be sufficient to fund one of its Licence applications, which is represented by application EL14/2009.

We look forward to receiving the approval of EL14/2009 soon.

Should you require any further information, please do not hesitate to contact Paul Heath on (03) 6231 3529.

Yours Sincerely,

A handwritten signature in black ink, appearing to read "Malcolm Bendall".

for Malcolm Bendall
CEO
Empire Energy Corporation International
C/O Level 3, 65 Murray Street
HOBART TAS 7000

CC: Minister of Mines

Department of Infrastructure, Energy and Resources

MINERAL RESOURCES TASMANIA



Enquiries: Therese Taylor

Ph: 03 6233 8341 Fax: 03 6233 8338

Email: ttaylor@mrt.tas.gov.au Web www.dier.tas.gov.au

Your Ref: 10TT008:DS SEL13/2009

25 January 2010

Mr Malcolm Bendall
Chief Executive Officer
Empire Energy Corporation International
C/- Level 3, 65 Murray Street
HOBART TAS 7000

Dear Mr Bendall

**SPECIAL EXPLORATION LICENCE APPLICATION 13/2009
WITHDRAWAL OF APPLICATION**

I refer to your letter of 15 January 2010.

You are advised that the Special Exploration Licence Application SEL13/2009 from Empire Energy Corporation International was withdrawn from the Register on 22 January 2010.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. Leonard', is written over a light blue horizontal line.

Michael Leonard
DIRECTOR OF MINES