

Empire Signs USD \$5M Convertible Loan Agreement for Bellevue #1 Drilling, Gas to Liquids & FASER Technology Development MOU, and Pursues Legal Action against Smart Win in New York Court & Other Miscellaneous Legal Matters

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LEAWOOD, Kan.--(BUSINESS WIRE)-- Empire Energy Corporation International (Empire) (Pink Sheets:[EEGC.pk](#) - [News](#)) and its wholly owned subsidiary, Great South Land Minerals Limited (GSLM), announced today Empire has secured several strategic commercial partners in the United Kingdom to complement Empire's development and expansion of its international oil and gas and technology businesses while retaining a 51% majority interest. Libertas Capital Corporate Finance Ltd, a UK private investment bank, Nomad broker and partnership, has been retained to assist Empire with financing the Bellevue #1 oil and gas well, the gas to liquids and FASER technology and other related projects of Empire.

Empire has sought to implement a key industry partnership to fund and assist in the drilling of GSLM's lead oil and gas prospect, Bellevue #1 well, through an Alternative Investment Market (AIM) listed London entity which holds established producing international oil and gas assets and interests in a waste oil processing business that may benefit from our technology. Empire has sold a 49% stake in return for USD \$5 million funding by way of a convertible loan agreement that is part of the larger joint venture partnership. As part consideration and in exchange for the partnership interest, Empire is to be advanced approximately USD \$1 million to supplement operational costs and GSLM's current drilling program, and USD \$100,000 was paid upon the signing of the agreement. It is proposed that in exchange for the 49% stake, Empire will be able to exploit the technical and exploration know how of its joint venture partner in addition to approximately USD \$4 million in order to recommence on-site drilling operations at the Bellevue #1 site.

Simultaneously, Empire has executed a MOU in respect to funding for early stage development and market implementation of a gas to liquids (GTL) process technology for which Empire holds exclusive marketing and development rights in North, South and Central America. The transaction to finance and develop the gas to liquids technology allows Empire to retain a 51% interest in the project, while facilitating ready to market commercial application of the technology. Empire has previously validated the business case and has obtained an independent opinion providing forecast revenues based on an estimated regional market of approximately USD \$2.7 billion per year. The joint venture will enable Empire to implement the business plan within 3 years. Empire considers the business case for the patented process technology to reside within its ability to convert gas to liquids at substantially lower capital and operating costs than are currently being experienced using the standard Fischer Tropsch process, including a smaller plant footprint and the inherent mobility of a 40 foot container.

Empire is also intending to develop its FASER (Force Amplification by Stimulated Electron Resonance) technology that has many applications, including as a possible application supporting the enhancement of the power supply and the productivity of the gas to liquids technology. Another exciting application for this revolutionary power supply under development is that it can be used in a method as a treatment system for chronic disease conditions. The invention has been designed using theoretical concepts of quantum biology. The principles of operation are based on the device's ability to stimulate a Bose-Einstein condensate and excitation of the Frolich resonance in living tissue. The wave numbers necessary for this excitation are derived from the solution to the equations for optical photon scattering in living tissue generated by optical photon excitation. The establishment of this superconducting state facilitates DNA replication, transcription, and translation, thereby allowing the proper formation or regeneration of healthy tissue. This superconducting state provides the conditions necessary for establishing the violation of time reversal invariance in living tissue. Arrangements are currently underway to do supervised medical trials of the technology both within the USA and Europe as a precursor for the global commercialization of the unit.

Empire and GSLM CEO Malcolm Bendall said, "First and foremost I would like to assure shareholders that Empire's board has remained focused with success on the two top priorities, to protect and fund its Bellevue and Thunderbolt wells. Empire has determined to fearlessly and aggressively deal with and make accountable those who have conspired to delay and detour our single-minded objective to complete the drilling of the Bellevue well; those who continue to stand in the way of the drilling program can be assured that Empire will strike back and will not go silently into the night as our complaint to the integrity commission clearly demonstrates. Empire has undergone a significant review of all platforms for potential financing and development of assets under management, including the FASER and gas to liquids process technology. As a result of the last six months' review, London was identified, and has since proved, as a more successful early stage exploration and technology funding source. The Company now has the necessary resources in place and at its disposal to advance the development of those assets, with strategic partnerships playing a key part, along with a proactive methodical approach to risk reduction and management that has been adopted and funded. These actions have called for a renewed commitment from management and the alignment of the Board of Empire with these new directions which has prompted some recent changes with the acknowledgment and acceptance of resignations from James Leach, David Villarreal Jr. and Tad Ballantyne from their respective positions as Directors of Empire Energy Corporation International to focus on other personal business interests. Empire thanks

them for their contributions and wishes them every success in their new endeavors on which they will now be able to exclusively focus."

In early 2008, a Chinese company, Smart Win International Limited, entered into commercial agreements with Empire for the financing of exploration and drilling in Tasmania, which included the funding of Bellevue #1 well and other identified, undiscovered prospective resources as located within GSLM's former tenement Special Exploration License (SEL) 13/98.

Empire alleges that in 2009, Smart Win breached its contractual and fiduciary obligations to Empire after failing in its continuing obligation to provide finance for drilling. In 2010, Smart Win lodged a motion of summary judgment against Empire and Empire's CEO, claiming events of default in respect of the 2008 agreements and the call on monies advanced under those arrangements.

On May 20, 2011, Empire confirmed the filing of affidavits in support of legal action against Smart Win International Limited and its corporate officers in the Supreme Court of the State of New York. Empire is alleging that Smart Win has materially breached its contracts with Empire which resulted in significant delays and economic costs. Empire is committed to pursuing Smart Win and any and all related parties and is seeking damages. However, Empire has received an offer to settle the matter and is considering its legal rights and is performing financial and legal due diligence prior to accepting any offer. Empire, mindful of the need to conserve finances for drilling, has also sold the rights to 50% of the proceeds of the Smart Win action in return for an obligation to fund, up to a certain level, the costs of the action, relieving Empire of the stress of funding the ongoing case.

Further, today GSLM lodged with the Tasmanian Integrity Commission documentation representing a summary of matters GSLM believes worthy of investigation, concerning our belief that there has been collusion in the act of improperly allocating a portion of our Tasmanian oil and gas assets, in part now Exploration Licence Application (ELA) 30/2011. GSLM has a right in contract and in law to this property and the allocation may constitute a loss which we believe will be subject to the outcome of current legal action over the 10 structures defined and valued by Empire. This action now quantifies a loss to GSLM, which is a pending matter of legal claims in the Magistrates Court in Tasmania. The 10 structures are outside of granted exploration licence area 14/2009 covering our most prospective areas, the Bellevue and Thunderbolt structures. GSLM has proceeded to summarize those beliefs in documents which have been lodged with the Tasmanian Integrity Commission detailing several complaints. The Commission was formed on the basis of legislation passed in Tasmania to raise the standard of conduct, ethics and propriety within the public sector and applies to state & local government levels, including Parliament. The investigation is being initiated to ensure that appropriate discretionary and ethical conduct has been observed concerning these issues. The Tasmanian Integrity Commission has acknowledged that many complaints have been reported about members of the Tasmanian government, with over 100 complaints being lodged with the Commission in its first six months of operation.

As a separate legal matter, and in part, as related to the improper sale of the Empire GEFCO Drill Rig and other matters by previous management in 2008 and in an ongoing effort to protect the integrity of Empire's assets and for the protection of its officers, directors and its corporate oil and gas assets held by GSLM, Empire has directed its retained legal counsel to file civil actions against certain entities and individuals relating to acts of tortious business interference both within the United States of America and overseas. Additionally evidence is being gathered which we intend to use to lodge complaints with the appropriate USA authorities against certain corporations and individuals relating to the US Federal Foreign Corrupt Practices Act of 1977 (FCPA) and the US Federal Racketeer Influenced and Corrupt Organizations Act (RICO). Empire is also investigating the nondisclosure of the selling and exchange of securities by disqualified persons and entities in California, and the accumulation of an undisclosed position by the same group acting in concert.

Empire Energy Corporation is an international oil and gas exploration company, focusing on developing assets in one of the world's last virgin basins and to become a leading low-cost finder of hydrocarbons. The Company is currently operating in Tasmania's central basin.

This press release contains forward-looking statements based on our current expectations about our company and our industry. You can identify these forward-looking statements when you see us using the words such as "expect," "anticipate," "estimate," "believes," "plans" and other similar expressions. These forward-looking statements involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of our ability to complete required financings and other preconditions to the completion of the transactions described herein and Empire's ability to successfully acquire reserves and produce its resources among other issues. We undertake no obligation to publicly update any forward-looking statements for any reason, even if new information becomes available or other events occur in the future. We caution you not to place undue reliance on those statements. For a more detailed discussion of risks and other factors related to Empire Energy Corporation International, please refer to 10-K and 10-Q reports filed with the U.S. Securities and Exchange Commission.

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