

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Empire Energy Group Limited

ABN

29 002 148 361

Quarter ended ("current quarter")

December 2017

Consolidated statement of cash flows	Current quarter \$US	Year to date (12 months) \$US
1. Cash flows from operating activities		
1.1 Receipts from customers	4,068,519	16,872,395
1.2 Payments for		
(a) exploration & evaluation	(292,162)	(1,020,273)
(b) development	(535,328)	(1,751,433)
(c) production	(1,776,839)	(6,726,577)
(d) staff costs	(166,237)	(689,341)
(e) administration and corporate costs	(652,473)	(3,099,739)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	454	2,734
1.5 Interest and other costs of finance paid	(748,086)	(2,946,417)
1.6 Income taxes paid	(188,390)	(391,715)
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(290,542)	249,634

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(56,463)	(195,141)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	(4,398)	(14,208)

Consolidated statement of cash flows	Current quarter \$US	Year to date (12 months) \$US
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	(232,274)
2.6 Net cash from / (used in) investing activities	(60,861)	(441,623)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	4,449,130
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(346,854)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(273,920)	(3,668,244)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(273,920)	434,032

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,544,026	640,669
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(290,542)	249,634
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(60,861)	(441,623)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(273,920)	434,032
4.5 Effect of movement in exchange rates on cash held	(647)	35,344
4.6 Cash and cash equivalents at end of period	918,056	918,056

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US	Previous quarter \$US
5.1 Bank balances	246,190	870,028
5.2 Call deposits	671,866	673,998
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	918,056	1,544,026

6. Payments to directors of the entity and their associates	Current quarter \$US
6.1 Aggregate amount of payments to these parties included in item 1.2	77,415
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Fees paid to Eastern & Pacific Capital Pty Ltd for which B Mcleod is a Director.
Non-Executive Directors fees and superannuation guarantee levy payments.

7. Payments to related entities of the entity and their associates	Current quarter \$US
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US	Amount drawn at quarter end \$US
8.1 Loan facilities	200 million	37.9 million
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The company has in place a \$200 million credit facility with Macquarie Bank Limited which matures in February 2019. The Facility is secured against oil and gas assets held by the Company's US subsidiaries. Average cost of drawn funds on the facility is LIBOR + 6.5%.

9. Estimated cash outflows for next quarter	\$US
9.1 Exploration and evaluation	400,000
9.2 Development	-
9.3 Production	1,700,000
9.4 Staff costs	220,000
9.5 Administration and corporate costs	580,000
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	2,900,000

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Refer to attached schedule.			
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Company secretary)

Date: 31 January 2018

Print name: Rachel Ryan

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

Q10. Changes in tenements

Changes to Lease holdings 1 October 2017 through to 31 December 2017

<u>State</u>	<u>Minerals</u>	<u>Operator</u>	<u>Empire ID</u>	<u>WI</u>	<u>NRI</u>	<u>Acres</u>	<u>Maturity</u>	<u>Status</u>	<u>Formation</u>
OK	O&G	Empire Energy (MidCon) LLC	350710001	1.00	0.81	154.25	20/11/2017	Expired	All Horizons
OK	O&G	Empire Energy (MidCon) LLC	350710002	1.00	0.81	160	13/11/2017	Expired	All Horizons
OK	O&G	Empire Energy (MidCon) LLC	350710003	1.00	0.81	80	14/11/2017	Expired	All Horizons
OK	O&G	Empire Energy (MidCon) LLC	350710004	1.00	0.81	160	14/11/2017	Expired	All Horizons
OK	O&G	Empire Energy (MidCon) LLC	350710005	1.00	0.81	205	23/12/2017	Expired	All Horizons
OK	O&G	Empire Energy (MidCon) LLC	350710005A	1.00	0.81	-	14/11/2017	Expired	All Horizons
OK	O&G	Empire Energy (MidCon) LLC	350710006	1.00	0.81	280	14/11/2017	Expired	All Horizons
OK	O&G	Empire Energy (MidCon) LLC	350710007	1.00	0.81	320	2/12/2017	Expired	All Horizons
OK	O&G	Empire Energy (MidCon) LLC	350710008	1.00	0.81	280	13/11/2017	Expired	All Horizons
OK	O&G	Empire Energy (MidCon) LLC	350710009	1.00	0.81	40	13/11/2017	Expired	All Horizons
OK	O&G	Empire Energy (MidCon) LLC	350710010	1.00	0.81	160	20/11/2017	Expired	All Horizons
OK	O&G	Empire Energy (MidCon) LLC	350710011	1.00	0.81	160	20/11/2017	Expired	All Horizons
OK	O&G	Empire Energy (MidCon) LLC	350710012	1.00	0.81	160	19/11/2017	Expired	All Horizons
OK	O&G	Empire Energy (MidCon) LLC	350710013	1.00	0.81	320	19/11/2017	Expired	All Horizons
OK	O&G	Empire Energy (MidCon) LLC	350710014	1.00	0.81	319	21/11/2017	Expired	All Horizons
OK	O&G	Empire Energy (MidCon) LLC	350710015	1.00	0.81	160	19/11/2017	Expired	All Horizons
OK	O&G	Empire Energy (MidCon) LLC	350710016	1.00	0.81	150	19/11/2017	Expired	All Horizons
OK	O&G	Empire Energy (MidCon) LLC	350710017	1.00	0.81	80	21/11/2017	Expired	All Horizons
OK	O&G	Empire Energy (MidCon) LLC	350710018	1.00	0.81	148.53	14/11/2017	Expired	All Horizons
NY	O&G	Empire Energy E&P, LLC	311170471	0.50	0.85	91.1	12/2/2017	Expired	All Horizons
NY	O&G	Empire Energy E&P, LLC	311210003	0.50	0.85	140.5	25/10/1999	Sold	All Horizons
NY	O&G	Empire Energy E&P, LLC	311210001	1.00	0.85	285.83	27/07/1995	Sold	All Horizons
NY	O&G	Empire Energy E&P, LLC	311210002	0.50	0.85	52.5	18/10/1999	Sold	All Horizons
NY	O&G	Empire Energy E&P, LLC	311210004	1.00	0.85	242	17/10/1999	Sold	All Horizons
KS	O&G	Empire Energy E&P, LLC	150090006	0.90	0.73	320	7/04/1995	Sold	All Horizons
KS	O&G	Empire Energy E&P, LLC	151670005	0.71	0.60	80	3/06/1934	Sold	All Horizons

Note: For a full list of petroleum tenements held by the Company and its subsidiaries please refer to the ASX Announcement dated 17 March 2017 titled 'Petroleum Tenements'.