



31 January, 2019

ASX Market Announcements
Australian Stock Exchange Limited
20 Bridge Street,
Sydney, NSW 2000

December 2018 Quarterly Activities Report

Appointment of New Directors

As announced on 13th December 2018 the Company agreed to appoint of two new directors to its Board; Drs Natt Arian and Raymond Shaw.

Change of Registered Office

As announced on 13th December 2018 the Company agreed to change the location of its Registered Office to 15 Whiting Street, Artarmon, New South Wales, 2064.

Change of Company Secretary

As announced on 13th December 2018 the Company removed Mr Carl Dumbrell as Company Secretary and appointed Mr Vaz Hovanessian in his stead.

Appointment of Chairman

As announced on 13th December 2018 the Company agreed to appoint Mr Vaz Hovanessian as its Non-Executive Chairman.

General Meeting (GM)

Following disclosure on 6th December 2018 that a general meeting of shareholders would be called for 4th January 2019 by director, Carl Dumbrell, to consider the removal of certain directors and appointment of new directors, the Company issued an announcement on 21 December 2018 cancelling that meeting and proposing to replace it with a meeting to be held in February on a date to be announced. The Company now expects that a Notice of General Meeting will be lodged in the next two weeks to address the issues raised in the meeting requisitioned on 6 December, 2018, unless the matter is resolved internally before that date.

Finance

At the end of the quarter, 31 December 2018, Emperor Energy had a cash balance of approximately \$47,000. A summary of the cash flow for the quarter are attached in the Appendix 5B. As previously indicated, Emperor Energy has capacity to raise capital under ASX listing rules 7.1 and 7.1A and intends to re-capitalise the Company to undertake the next 12 months work program now that the Resource Certification for the Judith Gas Field in Vic/P47 by RISC and to meet administration and related expenses.



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Placement of Shares

The Board is therefore mindful of the Company's position and has since early December 2018 embarked on a fundraising exercise to secure a placement to the full capacity available to the Company. The Board is pleased to confirm that it has draft proposals from two brokers to fund such a placement and expects to finalise an agreement with at least one of them by Monday, 4 February, 2019 to raise approximately \$650 - \$700K. The Board believes that amount will be adequate to meet its expenditure for the foreseeable future and at least for the next two quarters.

The Board has also received an offer for a placement of 50 million shares for an amount of \$175,000, which it will consider in line with the Broker offers.

Technical Overview

During the December 2018 Quarter Emperor Energy Limited ("Emperor Energy" or the "Company"; ASX : EMP) released the results of two significant technical studies involving its 100% owned Vic P/47 located in the offshore Gippsland Basin, Victoria (Figure 1) :

- an independent Resource Statement undertaken by RISC of the Judith Gas Field; and
- dynamic modelling of gas production from the Judith Gas Field, undertaken by 3D-GEO.

1. Independent Resource Statement

Highlights

Highlights of RISC's Independent Resource Statement of the Judith Gas Field, located in Vic P/47, and announced on 12 November 2018 are:

- 2C Contingent Resource (Sales Gas) of 122 Bcf; and
- P50 Unrisked Prospective Resource (Sales Gas) of 844 Bcf.

Background

RISC's Resource Assessment is based on

- Judith-1 well data;
- Merged and reprocessed 3D seismic data interpretation undertaken by 3D-GEO in 2016/17;
- Longtom gas field analogue; and



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- Interpretation of public domain 3D seismic volumes including the G01 Northern Fields 3D seismic surveys.

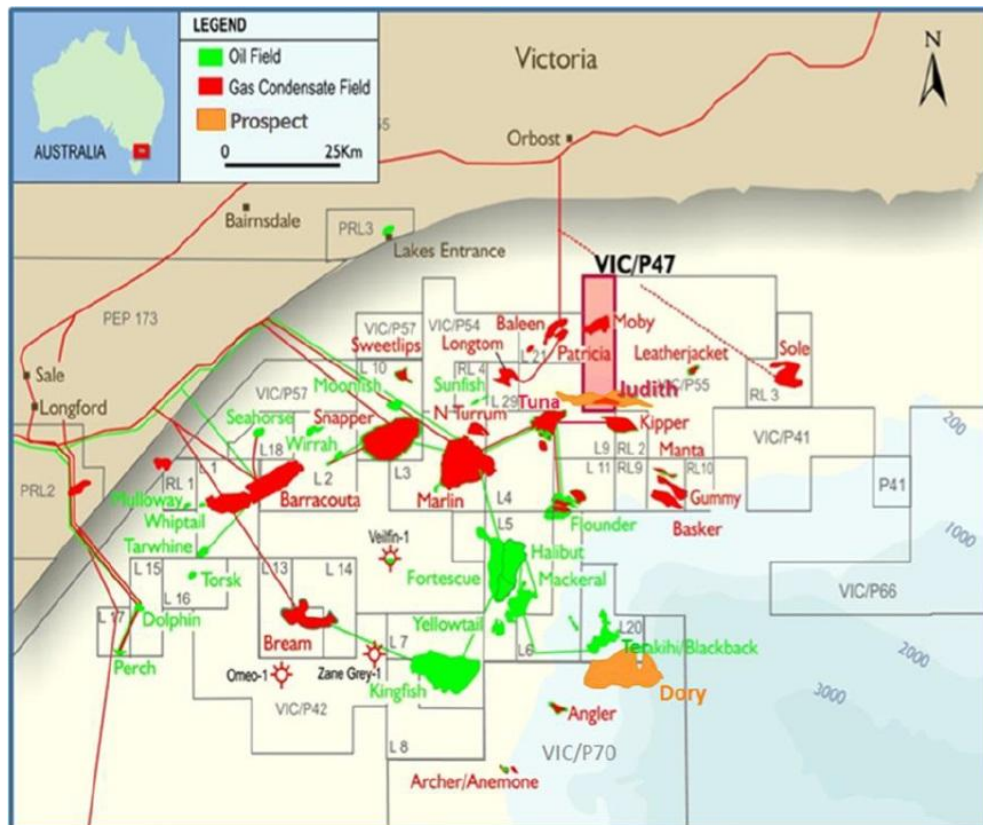


Figure 1 Location of 100% Emperor Energy owned Vic P/47 showing distribution of oil (green) & gas (red) fields and associated pipeline infrastructure.

RISC reviewed the Gas-Initially-in-Place, previously estimated by 3D-GEO for the “Greater Judith Structure” and classified the resources in the different structural blocks which had been identified following the interpretation of reprocessed seismic data (Figure 2). Net pay and other reservoir parameters were calculated by RISC following its review of a log analysis previously undertaken by 3D-GEO.

RISC apportioned resources in accordance with the Society of Petroleum Engineer’s internationally recognised Petroleum Resources Management System (SPE-PRMS 2007) identifying a 2C Contingent Resource of 122 Bcf recoverable Sales Gas within the Judith-1 discovery block and an additional P50 prospective Resource of 844 Bcf Sales Gas within the remainder of the Greater Judith Structure of Vic P/47.

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Figure 2 Structural configuration of the Greater Judith Structure within Vic P/47



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Judith Prospective Resources

As shown in Figure 2, and based on the seismic interpretations, several discrete fault compartments are mapped across the Greater Judith Structure. RISC undertook a probabilistic assessment for each of these prospects to calculate the P90, P50 and P10 unrisks prospective gas resources of each, the results of which are as shown in Table 1.

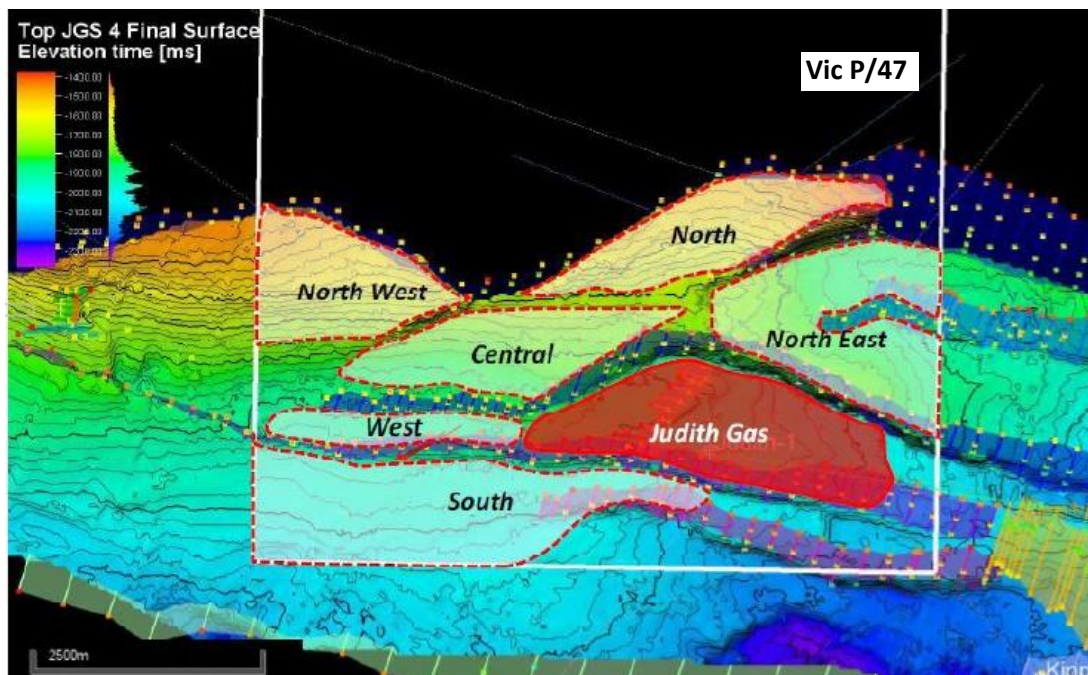


Figure 2 - Structure compartmentalisation of the Greater Judith Structure, Vic P/47.

Table 1 - Summary of Prospective Resources for Greater Judith Structure

Greater Judith Area Prospects	Unrisks Prospective Resources (Sales Gas BCF)		
	P90	P50	P10
Judith Deep	46	63	82
West	54	65	77
Central	120	183	268
North	98	137	180
North East	169	239	321
North West	63	89	120
South	30	68	181
TOTAL	580	844	1229



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Judith Contingent Resources

Deterministic Low, Best and High estimates were generated for the structure tested by the Judith-1 well by applying Best Case reservoir parameters to the Low, Best and High case Gross Rock Volume (GRV) scenarios. The deterministic estimates for each gas reservoir sand were arithmetically summed to calculate the total. The Contingent Resources identified by RISC in the Judith-1 Structure are illustrated in Table 2.

Table 2 - Summary of Contingent Resources for Judith Gas Discovery

Judith-1 Gas Discovery		Contingent Resources		
		Low 1C	Best 2C	High 3C
GIIP	Bcf	85	229	302
Sales Gas	Bcf	34	122	202
Condensate	MMbbl	0.6	1.3	3.8

2. Gas Production Dynamic Modelling – Judith Gas Field

Highlights

Highlights of gas production dynamic modelling, undertaken by 3D-GEO, on the Judith Gas Field located in Vic P/47, the results of which were announced on 21 November 2018 are:

- Simulated Judith Production wells estimated to each deliver 20 to 30 Million Standard Cubic Feet per Day (MMscf/d) (3D-GEO); and
- Production simulation indicates the Judith closure can deliver 29 Billion cubic Feet Per Year (Bcf/year) for 20 years using a simple 5 well development plan (3D-GEO).

Background

3D-GEO completed dynamic modelling in which vertical well production simulation rates of up to 30 MMscf/d, and the adoption a five well development plan would provide 29 Bcf/yr of gas production, totalling 580 Bcf of Raw Gas over a 20-year plateau period. An additional 300 Bcf of gas production is forecast over the subsequent 15 year production decline period for the Judith Gas Field.

Previously 3D-GEO had been engaged by Emperor Energy to produce a static reservoir model for the resources contained within the Judith-1 block and the Greater Judith structure.

The current dynamic model has utilised both this preceding work and the RISC Resource Statement as input, as well as the following assumptions:

- Hydrocarbon flow obtained from seven separate reservoirs, four Judith gas sands and three underlying Longtom gas sands across seven different structural blocks (**Figure 2**).
- Reservoir parameters and fluid properties from the Judith-1 well were used for the Judith gas sands and data from the Longtom Gas Field was used for the underlying Longtom gas sands across the Greater Judith Structure.



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- A maximum 350 m gas column was assumed for each of the seven structural blocks comprising the Greater Judith Structure, save for the Judith-1 Gas block where the contact was defined to be 25 m below the Lowest Known Gas in the Judith-1 well.
- Daily production was limited to a nominal 80 MMscf/d with the purpose of reflecting the available capacity of the Orbest Gas processing plant.
- Five vertical wells were modelled, with one well each in the Judith Gas Block, the Judith Central, Judith Northeast, Judith North and Judith Northwest blocks.
- The simulation assumed wells 1, 2, and 3 are drilled in Year 1, well 4 is drilled in Year 4 and well 5 in Year 8.
- Decline rates for each well are controlled by bottom hole pressures (pressure depletion) in each well.

Results

- 3D-GEO's well simulation results indicated well production rates ranging between 20 to 30 MMscf/d, contributed to a total daily production capped at 80 MMscf/d.
- The simulation showed the production plateau of 80 MMscf/d was maintained for 20 years before declining to 38 MMscf/d at the end of the 35 year production profile (Figure 3).
- Total gas production was forecast to be 880 Bcf which is approximately 48% of the Gas-In-Place contacted by the five wells. Cumulative liquids production was 8.8 MMstb. Given the limited aquifer support there is only limited water production (<30 bwpd).

Significance

In a regional context the results of the dynamic modelling, coupled with those of the Independent Resource Statement, illustrated that the Judith Prospect could potentially operate at a production rate similar to, or greater than, the Cooper Energy Sole Project.

The potential significance of the Judith Gas Field compared with developed or undeveloped gas field accumulations proximal to Vic P/47 are shown in Table 3. Importantly, the Judith-1 gas discovery is located close to nearby petroleum infrastructure including the Esso-operated pipelines connecting with onshore petroleum processing facilities at Longford and the Patricia/Baleen pipeline infrastructure of Cooper Energy, connected to APA Limited's onshore Orbest processing facility. As such the development of the Judith-1 and Greater Judith Structure gas accumulations should be viewed as a brownfields opportunity rather a stand-alone project.

As previously noted, although Gippsland Basin's oil production is in the late stages of decline its gas fields represent a major source for the Eastern Australian domestic market and currently produce around 1,000 Tera joules per day (approximately 1,000 MMscf/day).



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Table 3 Gippsland Basin current and potential future developments -field size.

Field	Tenement	Operator	Reserve/Resource Category	Estimated Initial Resource (Bcf)
Judith	Vic P/47	Emperor	2C Contingent	112
Judith	Vic P/48	Emperor	P50 Prospective	844
Judith Total	Vic P/49	Emperor	Total	966
Sole	Vic/L32	Cooper	2C Contingent	236
Manta	Vic /RL13	Cooper	2C Contingent	101
Manta	Vic /RL14	Cooper	P50 Prospective	499
Manta Total	Vic /RL15	Cooper	Total	600
Kipper	Vic/L09 & Vic L/25	Esso	Uncategorized	588
Turrum	Vic/ L03 & Vic/L04	Esso	Uncategorized	1000
South East Remora	Vic /RL4	Esso	Uncategorized	265
Longtom Wells 3 & 4	Vic /L29	SGH Energy	Uncategorized	20
Longtom Well 5 (proposed)	Vic /L29	SGH Energy	Uncategorized	60
Longtom Total	Vic /L29	SGH Energy	Total	80

About RISC

RISC is an independent oil and gas consultancy firm. RISC has been working in partnership with companies for over 20 years, supporting their interests in the oil and gas industry and offering a broad and innovative perspective on oil and gas projects around the world.

RISC has completed assignments for over 500 clients in 71 countries, and acted as principal advisor on transactions with a total value in excess of US\$200 billion. RISC's clients are located around the world and benefit from RISC's depth and breadth of experience; from exploration to corporate acquisition and from reserves evaluation to strategic planning. RISC's client list ranges from start-ups to publicly traded multi-billion dollar companies and engagements range from one-day consultations to multi-discipline annual projects. (Source RISC Website)

About 3D-GEO

3D-GEO was founded in 2001 to provide technical support to companies associated with the oil and gas industry. The company has successfully completed over 200 projects including evaluations in Australia, NZ, Asia, Sub Continent, Middle East, North and South America. The company currently has offices in Melbourne, Australia and Santa Cruz, Bolivia.



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The Principal of 3D-GEO Mr Asquith holds an Honours BSc. Geology - University of Western Ontario, 1978, and a Diploma in Project Management – University of New England, 2000. Mr Asquith has over 35 years' experience in the sector and is a 30 year member of the AAPG.

Background to the Judith Gas Field

Judith-1 was drilled and operated by Shell Company of Australia in 1989. Excellent gas shows were encountered whilst drilling through sandstones in the Kipper Shale and the upper part of the Admiral Formation within the Emperor Sub Group.

Judith-1 lies within Vic P/47 Permit which is held 100% by Emperor Energy. It is located within close proximity of the Kipper Gas Field operated by Exxon Mobil (Figure 1). During 2017 the Company completed an interpretation of reprocessed seismic data and in March 2018 announced that it had completed a thorough well log evaluation of the Judith-1 well and gas discovery, including pertinent technical open file data from the Longtom Gas Field located some 22 km west of Judith-1.

On 22nd February 2018 Emperor Energy announced that the Vic P/P47 permit had been renewed for 5 years with a work program including drilling of an exploration well in the Judith North structure by early 2021.

Future Studies for Vic P/47.

As disclosed in the September 2018 Quarterly Activities Report, the Company intends to progress with scoping study costings of Field Development for Gas Production and Delivery.

The scoping studies will be carried out with the intention of progressing negotiations both for partnerships and conditional contractual arrangements for the financing, delivery and off-take of gas from the Judith Field. Initial discussions have been held with prospective partners as well as regional and infrastructure stakeholders.

Backreef

Following the Western Australian DMIRS approving the company's Environmental Management Plan for the Backreef Well Site rehabilitation of the well site was completed during the reporting period.

Tenement holding summary

Below is a list of the tenements held by Emperor Energy as at 31 December 2018:

Petroleum Tenement	Location	Beneficial Interest
Vic/P47	Victoria	100% & Operator
Cyrano R3/R1	Western Australia	100% & Operator
Backreef Area	Western Australia	100% & Operator



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Yours faithfully

Emperor Energy Limited

By Order of the Board