



EMPIRE ENERGY GROUP LIMITED



**Underwritten, Prorata Renounceable Rights Offer
December 2016**

“for astute investors the best thing for oil prices, is oil prices!”



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1. Terms of Offer
2. Executive Summary
3. USA Assets
4. Australian Assets
5. Financials
6. Appendices

Capital Raising Overview



The Offer Document dated 14 December 2016 contains all necessary information in relation to the capital raising.

Action	Description
Issue Type	<ul style="list-style-type: none"> Underwritten 11:5 renounceable rights issue to all eligible shareholders
Amount raised	<ul style="list-style-type: none"> Approximately A\$6.1 million
Offer Price	<ul style="list-style-type: none"> A\$0.008 per share Discount of 42.8% to Empire Closing share price of A\$0.014 on 13 Dec 2016 Discount of 46.7% to Empires 30 day VWAP of A\$0.0146
Closing Date	<ul style="list-style-type: none"> 20 January 2017
Shares to be issued	<ul style="list-style-type: none"> 764,090,529 fully paid shares in Empire Energy Group Limited New shares will rank equally with existing Empire shares
Advisor & Manager	<ul style="list-style-type: none"> Sanston Securities Australia Pty Ltd, AFSL Authorised Representative #423523
Underwriter	<ul style="list-style-type: none"> 153 Fish Capital Pte Ltd, UEN 201542670D

Use of Proceeds



The Offer Document dated 14 December 2016 contains all necessary information in relation to the capital raising.

Action	Description
Acquisition of Working Interest in acreage	<ul style="list-style-type: none"> Exercise option to acquire up to a 40% operated working interest in 60,000 acres, plus 78sq miles of newly acquired 3D seismic in Butler Co, Kansas, ~US\$1.0 mm Acquisition of leases and facilities in Kay Co, Oklahoma, ~US\$0.75 million
Initial Drilling Program	<ul style="list-style-type: none"> Existing Puds drilling 6 wells over 2017 Kay Co, OK (WI = 50% and operator): <ul style="list-style-type: none"> 3D completed with 2 wells D&C by March 2017
Continued drilling program	<ul style="list-style-type: none"> Results from the initial drilling program will significantly de-risk the assets Continued drilling funded by a combination of bank debt & equity Acquire Butler Co, KS rights (WI = ~40% and existing operator): <ul style="list-style-type: none"> Completion of 3D interpretation early 2017 4 to 6 wells D&C by June 2017
Acquisitions	<ul style="list-style-type: none"> Regional assets identified and reviewed (see later section)
Other	<ul style="list-style-type: none"> for negotiations and work programs undertaken in the Northern Territory the repayment of US\$1.5 million to either the existing debt facility or to be allocated to the acquisition of assets subject to the lenders approval; General working capital purposes

Timetable*



The Offer Document dated 14 December 2016 contains all necessary information in relation to the capital raising.

Date	Action
14 Dec 2016	<ul style="list-style-type: none"> Announcement of Offer
14 Dec 2016	<ul style="list-style-type: none"> Appendix 3B, Offer Booklet lodged with ASX Letter to option holders
15 Dec 2016	<ul style="list-style-type: none"> Notice to shareholders
19 Dec 2016	<ul style="list-style-type: none"> “Ex” date for eligibility to participate in the Offer Rights trading commences
20 Dec 2016	<ul style="list-style-type: none"> Record date for eligibility to participate in the Offer
23 Dec 2016	<ul style="list-style-type: none"> Offer Document and Entitlement Acceptance Form to eligible shareholders
23 Dec 2016	<ul style="list-style-type: none"> Opening date for Entitlement Offer
13 Jan 2017	<ul style="list-style-type: none"> Rights Trading ends
16 Jan 2017	<ul style="list-style-type: none"> New Shares quoted on a deferred settlement basis
17 Jan 2017	<ul style="list-style-type: none"> Last day to extend Offer
20 Jan 2017	<ul style="list-style-type: none"> Closing Date for Entitlement Offer
23 Jan 2017	<ul style="list-style-type: none"> ASX notified of undersubscriptions and placement of shortfall to Underwriter
27 Jan 2017	<ul style="list-style-type: none"> Allotment of New Shares to shareholders and Underwriter
30 Jan 2017	<ul style="list-style-type: none"> Trading of New Shares
30 Jan 2017	<ul style="list-style-type: none"> Holding Statements for New Shares dispatched

* This timetable is indicative and may change



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Corporate Snap - Shot

ASX:EEG

OTC-QX:EEGNY

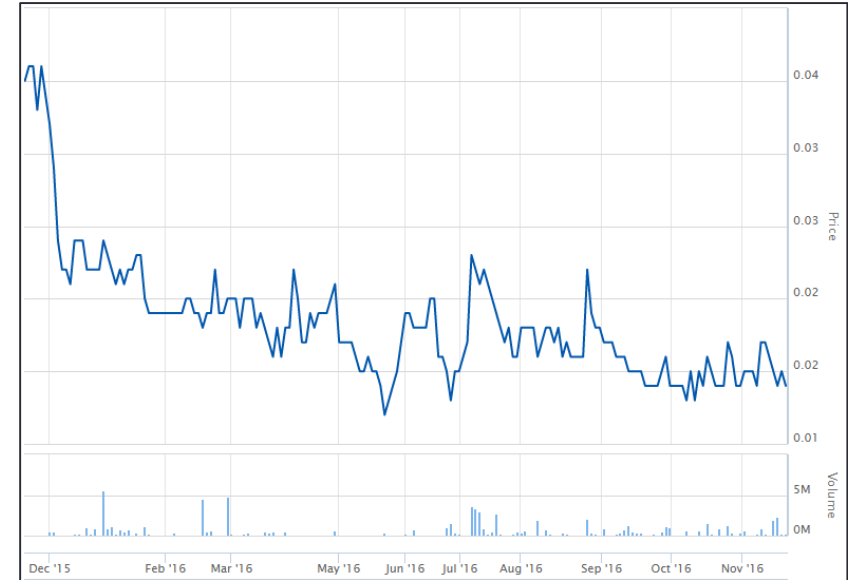
- Share Price (pre Offer announcement)= A\$0.014
- Mkt Cap = A\$4.9mm
- EV⁽¹⁾ = US\$43.7mm
- Est. EBITDA (2016) = US\$3.3mm
- 2P PV10⁽²⁾ (June 2016) = US\$71mm
- 2P Reserves⁽³⁾ = 13.7mmBoe
- EV/2P = US\$3.20/Boe
- Reserves + Prospective Resources⁽³⁾ = 2,360mmBoe
- Daily Production (June 2016) = ~1,100Boe/d
- Interest coverage (current) = 2.0x
- Credit Facility Availability⁽⁴⁾ = \$160mm

(1) Does not include any value from NT Farmout

(2) Includes swaps of US\$6.7mm

(3) Reserves & Resources: USA- Ralph E Davis & Associates, Inc; Pinnacle Energy Services, LLC; Australia:- Muir & Associates P/L

(4) Subject to headroom availability



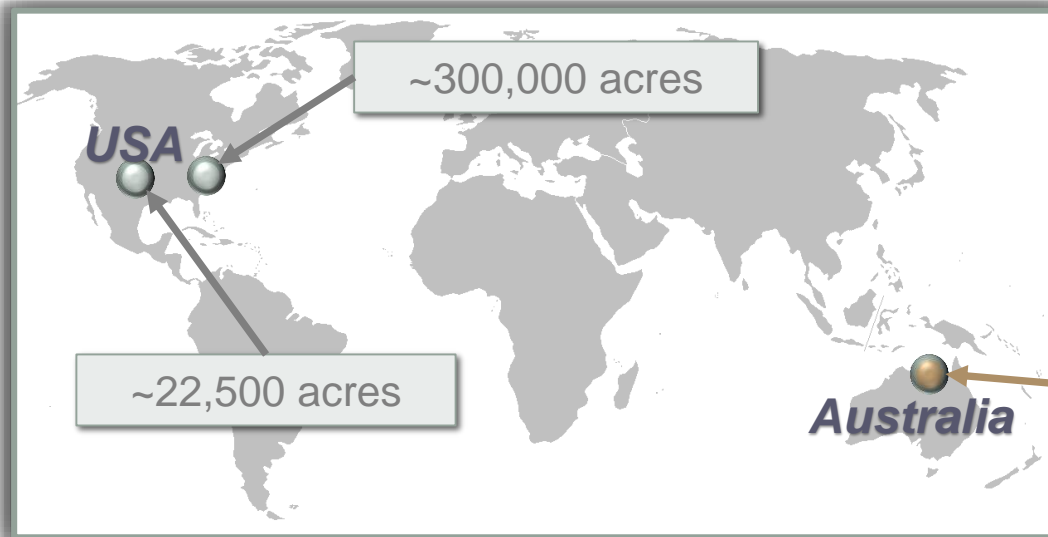
- Shares issued = 347.3 mm
- Options issued = 7.5 mm
- Shareholders:

Macquarie Bank	15.6%
Chifley Portfolios	3.6%
Insiders	4.6%
Total Shareholders	~2,789

Unless specified as A\$'s all dollar values are US\$



Operations - Snap Shot



Australia



14.6mm acres

Conventional & unconventional
oil & gas exploration

Prospective P(50) (unrisked)
2,068 MMBoe (~12 Tcfe)

Existing US\$175 million farm-out with
American Energy Partners, Oklahoma City, USA
currently held by McClendon Estate and unlikely to
proceed

Prospective Resource – ‘Those quantities of petroleum estimated, as at a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and chance of development.’

USA



Conventional oil & gas production

- NY, PA, KS, OK - 2P ~13.7 MMBoe

Future unconventional development for farmout*

- NY* - 3P/Prospective Resource ~109 MMBoe

* NY State fracking has been banned. Under future Governance this may change. Also current State guidelines concerning the use of frack energizers is unclear, as such propane gel fracks, nitrogen foam fracks etc may be acceptable.



Implied Valuation by Asset – Post Offer

Notes: Lines represent Post-Offer cents/share with asset values by bar chart

- 1P PV10 (Puds @ 90% Confidence Factor) = 5.7 cents/share
- 2P PV10 (Probs @ 50% Confidence Factor) = 8.6 cents/share
- Total assets (risked) = 12.4 cents/share, which includes:
 - NT Farmout risked by 50%; and
 - New York State shale acreage risked (refer to p17) and represents approx. book value
 - No value on New York State oil & gas reserves and resources
- Deducted face value of net debt = 4.4 cents/share

Net Asset Value Post-Offer = 8.0 cents/share



USA Operations - Conventional

Operator of Mid-Con and Appalachia assets

- Current production ~1,100Boe/d
- Stable cash flow with +2,000, slow decline, long life oil & gas wells
- R/P ~14 years on PDP + PDNP
- ~3,500 leases, 700 miles of pipeline, 14 compressor stations with 400 points of delivery; ~1,850 gas wells and ~220 oil wells; 48 employees & contractors
- LOE+Taxes (Appalachia) ~\$1.55/Mcf
- LOE+Taxes (Mid-Con) ~\$21.05/Bbl

Short Term Growth

- **Acquisitions** - USA onshore MidCon
- **KS**: existing water-flood
- **KS**: +30 net PUD drill locations ⁽¹⁾
- **OK**: +100 net drill locations ⁽¹⁾
- **KS**: option over WI ~40% with 78sqm 3D & est +100 gross drill locations ⁽¹⁾

⁽¹⁾ See pages 15 & 16 for detail

Australian Operations - Unconventional



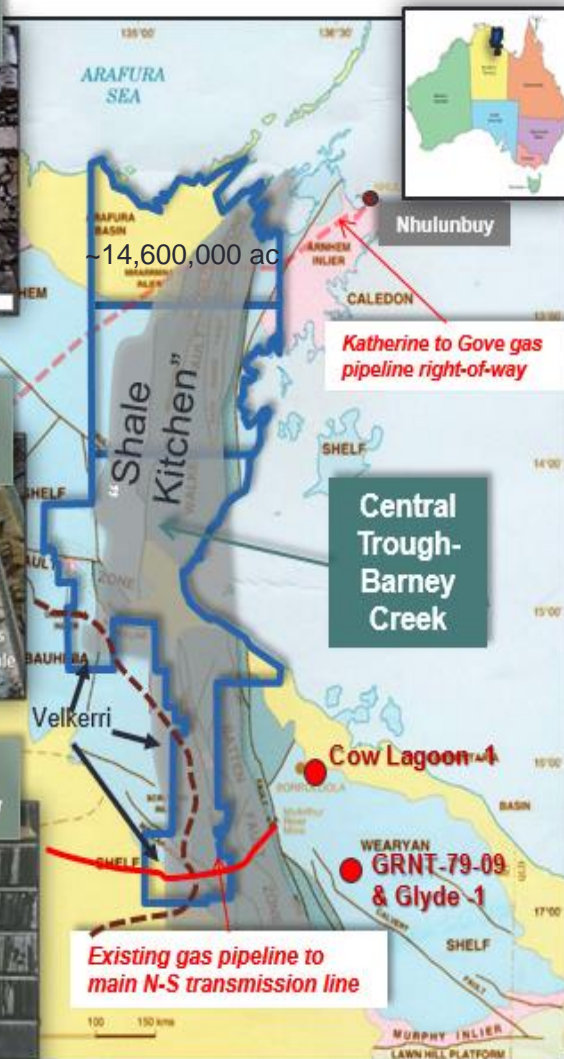
Velkerri
• 1.43 Billion yr old



Barney Creek
• 1.64 Billion yr old



Tawallah
• 1.72 Billion yr old



- 14.6mm acres - WI =100%, NRI = ~87%
- Farmout - American Energy Partners ⁽¹⁾
 - Currently held by the McClendon Estate
 - 80% farmout for 2 payments of US\$7.5mm cash + US\$60mm Stage 1 funding + US\$100mm provided for Stage 2 project funding

⁽¹⁾ Farmout is unlikely to proceed following the untimely death of the Founder of AEP, Mr Aubrey McClendon, also the Founder of Chesapeake Energy

- Prospective Resource:
 - Targets – 5 shale formations
 - Strong analogy with Marcellus/Utica shales (p24)
- Early commercialisation:
 - Velkerri shale - 250,000ac on pipeline
 - Unrisked P50 = ~1.2Tcf + ~24MMBbl
 - Existing markets serviced by existing pipeline
- Prospective P(50) = 2,068MMBoe
- NT Government fracking review underway

History of value creation



			PA - Sold Land for \$24.6mm			80% Farmout for \$75mm⁽¹⁾ + \$100mm⁽²⁾	
PA - gas \$8.2mm + Land \$1.1mm		NY & PA – gas & oil \$38mm	KS – oil \$56.6mm	Assets too expensive, failing to meet acquisition metrics	NY & KS – small bolt on	OK – Miss Lime acreage \$1.1mm	KS – agreement over 70,000ac
		NT Aust – 14.6mm ac shale \$5.5mm					
	Credit Facility - \$150mm	Credit Facility - increased to \$200mm	Max debt drawdown ~\$91.0mm				Debt drawdown ~\$40.0mm
2007	2008	2009	2010	2011 - 2013	2014	2015	2016

⁽¹⁾ Farmout with American Energy Partners, LP not settled due to the death of Founder ⁽²⁾ Plus project financing provided for Phase 2. refer to previous page.



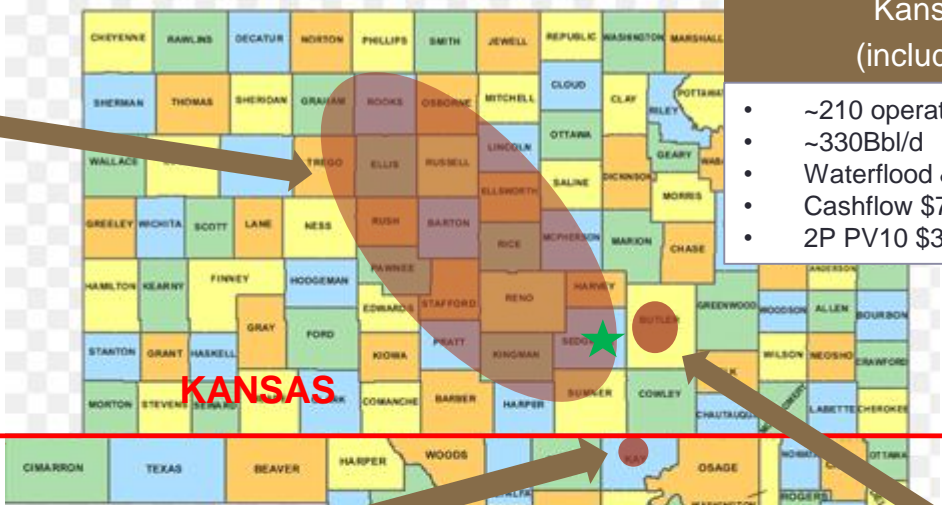
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USA – Proven Oil Field Development



Existing Kansas Puds (included in reserves)

- +30 Puds ready for drilling
- Puds based on 3D
- Waterflood project
- Funded from ~\$2.0mm equity
- Performance based on type curve/s
- Then cash flow neutral
- Average Return (see later section)
 - Av D&C for Pud \$325K
 - Unlevered IRR 52%
 - ROI (undisc) 3.4x
 - PV10 \$6.5mm



Kansas Production (included in reserves)

- ~210 operating wells
- ~330Bbl/d
- Waterflood & PBP PV10 \$8.0mm
- Cashflow \$75.5mm
- 2P PV10 \$33.3mm

Kay Co, Oklahoma Probs (included in reserves)

- +25 gross locations ready for drilling
- ~200 gross locations
- Limited 3D targets
- Funded from ~\$1.0mm equity
- Performance based on type curve
- Then cash flow neutral
- Typical well (single) D&C \$375K
 - Unlevered IRR 60%
 - ROI (undisc.) 3.6x
 - PV10 \$0.4mm
 - Payout 1.5 yrs
 - WTI \$50/bbl flat
 - PV10 \$18.3mm



Appalachia Production (included in reserves)

- Operations in Western NY & PA
- ~1,800 operating wells
- ~4,700mcf/d (785boe/d)
- No development/drilling planned
- Total Cashflow \$70.7mm
- 2P PV10 \$21.2mm

Butler Co, Kansas (option) (not included in reserves)

- 78 sq mile new 3D
- ~30 projects identified
- Expected +100 well locations
- Lying within largest oil region in KS
- Performance based on type curve
- Typical well (single) D&C \$300K
 - Unlevered IRR 58%
 - ROI (undisc.) 2.7x
 - PV10 \$0.22mm
 - Payout 2.2 yrs
 - WTI \$50/bbl flat

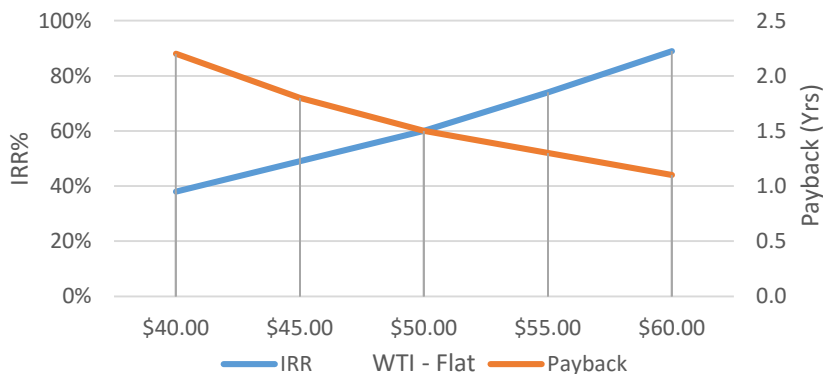


Mid Con Development Program

Kay Co, OK

(included in 2P reserves)

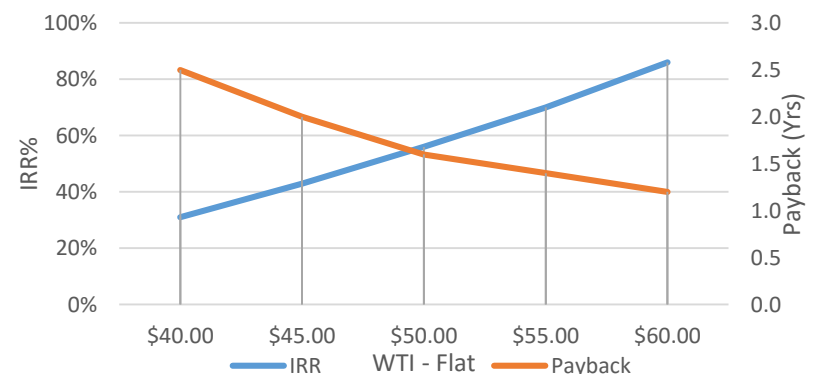
- Drill sites ~200 gross
- ~5,000 gross acres
- WI = 50%
- Net 2P = 5.4mmBoe
- 2P PV10 = US\$14mm (7/2016)
- Type Curve – Miss. Lime (OK)
- EUR 60mBoe
- D&C ~\$375,000/well
- F&D ~\$7.00/boe
- Differential -\$1.50 & +30%/Mcf
- LOE ~\$500/month + \$5.00/Bbl



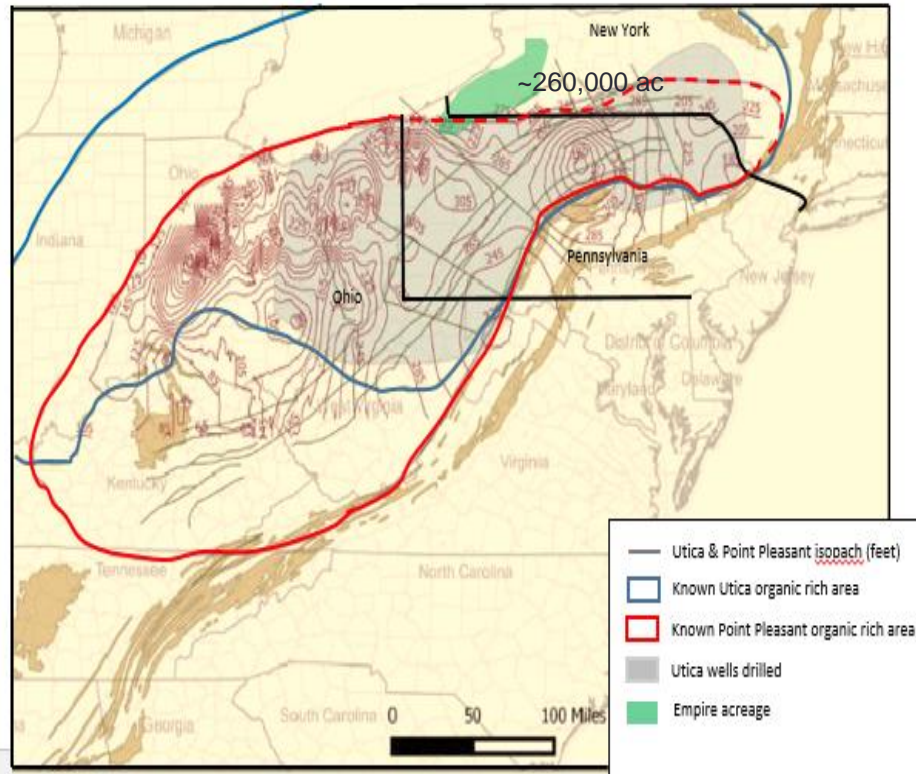
Butler Co, KS

(not included in reserves)

- 3D >29 projects, est. drill sites >100 gross
- ~60,000 gross acres
- WI = ~40% (option to acquire)
- Net Target = 1.0mmBoe
- 2P PV10 = not calculated
- Type Curve – Miss. Lime (KS)
- Expected EUR ~30mBbl
- D&C ~\$300,000/well
- F&D ~\$11.00/Boe
- Differential -\$1.25
- LOE ~\$500/month + \$4.00/Bbl



Assets – Unconventional (NY & PA)



- Shale geology of Western NY is relatively unknown as few wells drilled into the Utica & Point Pleasant Formation. Maps detail to NY/PA border only
- A fracking ban is currently in place in New York State

Land assets are primarily in New York State which is currently subject to a fracking ban

	Total Acres	Acres Valued	% acreage valued	Value		
				\$1,000	\$5,000	\$10,000
Assumed Value \$US/ac*						
Marcellus	258,000	150,000	58%	\$150,000	\$750,000	\$1,500,000
Utica	131,000	110,000	84%	\$110,000	\$550,000	\$1,100,000
Total Acres	389,000	260,000	67%			
Total Shale Value \$M				\$260,000	\$1,300,000	\$2,600,000

Risked Value \$m	Risked	\$260,000	\$1,300,000	\$2,600,000
	%			
	0%			
	25%	\$195,000	\$975,000	\$1,950,000
	50%	\$130,000	\$650,000	\$1,300,000
	75%	\$65,000	\$325,000	\$650,000
	100%	\$0	\$0	\$0

Risked Value/share \$A/\$US = \$0.74	Risked	\$0.32	\$1.58	\$3.16
	%			
	0%			
	25%	\$0.24	\$1.19	\$2.37
	50%	\$0.16	\$0.79	\$1.58
	75%	\$0.08	\$0.40	\$0.79
	100%	\$0.00	\$0.00	\$0.00

Shares Post Issue (m)

1,111,404 1,111,404 1,111,404

* Values are for indications only and are based on recent Marcellus & Utica transactions in PA, WV & OH

• Marcellus:

- 3P proved reserves 92.8MMBoe
- Prospective Resource P(50) of 407MMBoe (unrisked)

• Utica-Point Pleasant:

- Utica resources not measured as very few wells drilled into the Utica & Point Pleasant in Western NYS
- Fracking ban currently in place.

Buyer	Year	Acres	State	US\$/ac	US\$
Shell	2010	950,000	NY/PA	\$4,476	\$4,252,200,000
SouthWestern	2014	413,000	PA	\$12,000	\$4,956,000,000
EQT	2016	59,600	PA	\$11,450	\$682,420,000
Rice	2016	85,000	PA/OH	\$24,700	\$2,100,000,000
Undisclosed	2016	10,900	PA	\$10,275	\$111,997,500
Empire Energy	2009	330,000	NY/PA	\$7	\$2,455,000





Reserves / Resources

Empire Energy Group Reserves & Resources*

NET RESERVES & CASH FLOW - NYMEX STRIP, JUN 30, 2016

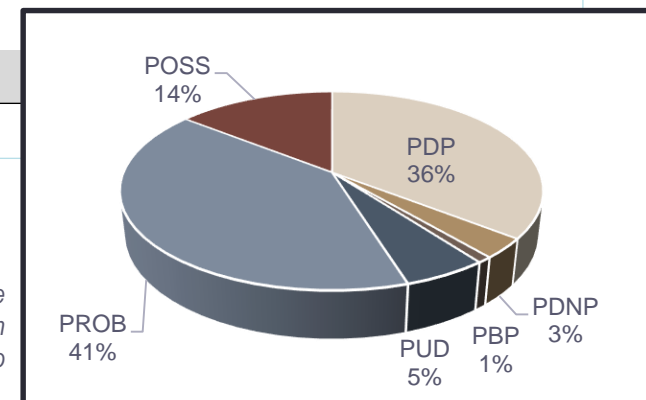
Reserves - As of June 30, 2016	Oil (Mbbbls)	Gas (MMcf)	MBoe	Gross Wells	Capex US\$M	PV0 US\$M	PV10 US\$M
Region (Reserves) - USA							
Proved Developed Producing	1,495	25,187	5,693	1,991	\$0	\$70,133	\$29,725
Proved Developed Non-producing	517	0	517	28	\$2,434	\$13,156	\$6,517
Proved Behind Pipe	146	38	152	15	\$575	\$5,372	\$1,467
Proved Undeveloped	861	95	877	36	\$9,023	\$26,770	\$9,226
Total 1P	3,019	25,320	7,239	2,070	\$12,032	\$115,431	\$46,935
Probable	2,772	22,314	6,491	149	\$51,839	\$96,783	\$23,862
Total 2P	5,791	47,634	13,730	2,219	\$63,871	\$212,214	\$70,797
Possible	1,660	3,820	2,297	225	\$28,116	\$77,143	\$12,112
Possible - NY Shale	90,740	12,460	92,817				
Total 3P	98,191	63,914	108,843	2,444	\$91,987	\$289,357	\$82,909
Prospective Resource New York Shale P(50)	203,500	1,221,000	407,000				
Prospective Resource P(50) - Australia (NT)	222,000	11,076,000	2,068,000				
Total Reserves & Resources	523,691	12,360,914	2,583,843				

USA Reserves by: RE Davis Associates, Inc & Pinnacle Energy Services, LLC.

Northern Territory Resources by: Muir & Associates P/L and Fluid Energy Consultants

* Refer to reserve disclosures at the end of this presentation

** Prospective Resource P(50) - unrisked, is the estimated quantities of petroleum that may potentially be recovered by the application of future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.





Management - USA

<p>Bruce W. McLeod Chairman & CEO</p>	<ul style="list-style-type: none"> • 25 years experience in managing and financing resource and property projects in Australasia/Asia/USA • Prior, Executive Director for BA Australia Limited a subsidiary of Bank of America, responsible for the financial and capital markets operations • B.Sc., B.Com., M.Com University of Auckland.
<p>Allen C. Boyer, SVP Operations</p>	<ul style="list-style-type: none"> • Extensive experience in all operational aspects of the oil and gas industry, including well site activities, leasing and land agreements, pipeline and compressor construction. • Previous experience with US Energy Exploration, EOG Resources Appalachia, Inc., Rochester & Pittsburgh Coal Company (Fortune 500 Company), Canyon Natural Gas Inc., Turm Oil, Inc., and Peoples Natural Gas Company.
<p>Susan Gasper Financial Controller</p>	<ul style="list-style-type: none"> • Joined as Accounting Manager in 2009. Experienced in acquisitions, integration of new software, liaison and financial statements for reviews and audits, all reporting. • 12 years audit experience, previously Schneider Downs, Pittsburgh working with oil & gas clients, non-profit and profit corporations • Consultant MDS Energy, an oil & gas corporation. Trained staff on accounting processes.
<p>Denise Cox Senior Geologist</p>	<ul style="list-style-type: none"> • Exploration & development geoscientist specializing in the application of technology to carbonate reservoirs and unconventional resources. Leadership in project design, implementation & evaluation. • 1984 to 2004 with Marathon Oil resigning as Advanced Senior Geologist. Based in Denver and Houston worked throughout the Mid-Con and Gulf regions. • Received 13 Marathon Oil Company Excellence Awards • M.S. Geology, University of Colorado; Association for Women Geologists Scholarship, B.S. Geology (Honors), State University of New York, Binghamton, NY



Operations - USA

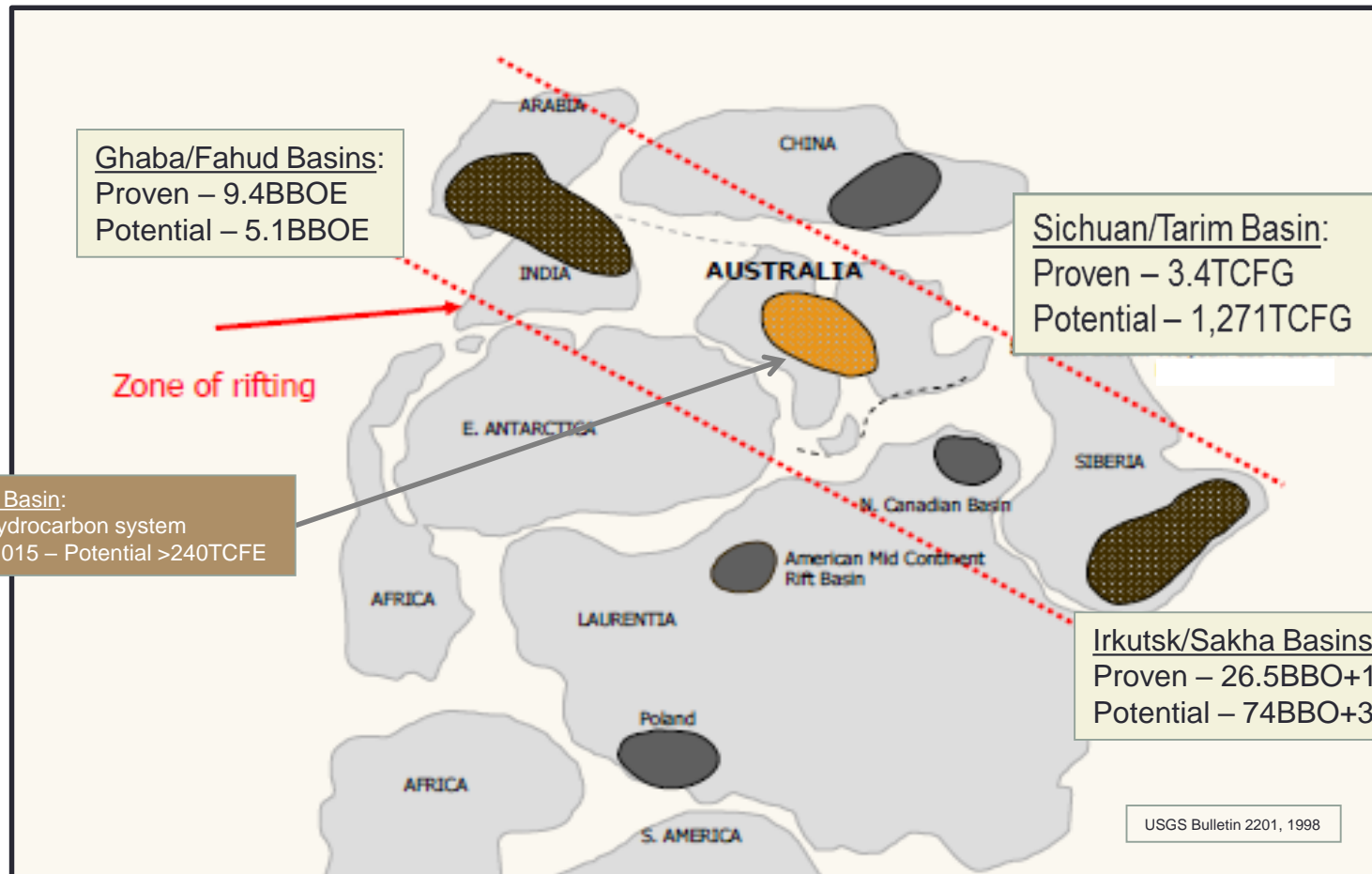
<p>Jim Farthing, VP Mid-Con Region</p>	<ul style="list-style-type: none"> • 1979 to 2012 with Conoco-Phillips in North America. • Retired - 2012 as Ops Manager Conoco-Phillips L48 E&P Central Region/Gulf Coast. • 20 years in a supervisory capacity operating shallow low pressure wells in Kansas, deep high pressure wells (18000' / 13000# BHP) in Texas, gathering systems, pipelines, booster stations, water floods and associated facilities and plants
<p>Tim Hull, VP Appalachia Region</p>	<ul style="list-style-type: none"> • Involved in all aspects of the oil and gas exploration, production and transportation sector in North Eastern USA for over 25 years. • Previously District Manager for Range Resources LLC., responsible for day to day management of all New York State oil and gas operations. • Prior gained experience as a lease operator in 1983 working for Envirogas, Dest Exploration, Chautauqua Energy and Berea Oil & Gas
<p>Shawn Streker Senior Landman</p>	<ul style="list-style-type: none"> • 6 years as an independent landman covering 42 Kansas Counties • Since 2012 Empire Energy Landman for Mid-Continent Region specializing in lease acquisitions, joint operating agreements, farmout, surface agreements, due diligence and title curative • B.Sc Wichita State University
<p>David Hale, Geologist & Geophysicist</p>	<ul style="list-style-type: none"> • Lead geologist and manager of geosciences for Kansas assets held by Empire Energy. • Extensive experience in many aspects of Mid-Con geology and plays • Developed prospects, designed and supervised 3-D seismic acquisition, interpreted seismic and incorporated geological models to develop prospects. • B.S. Geology, Midwestern State University (Awarded outstanding graduating geologist)



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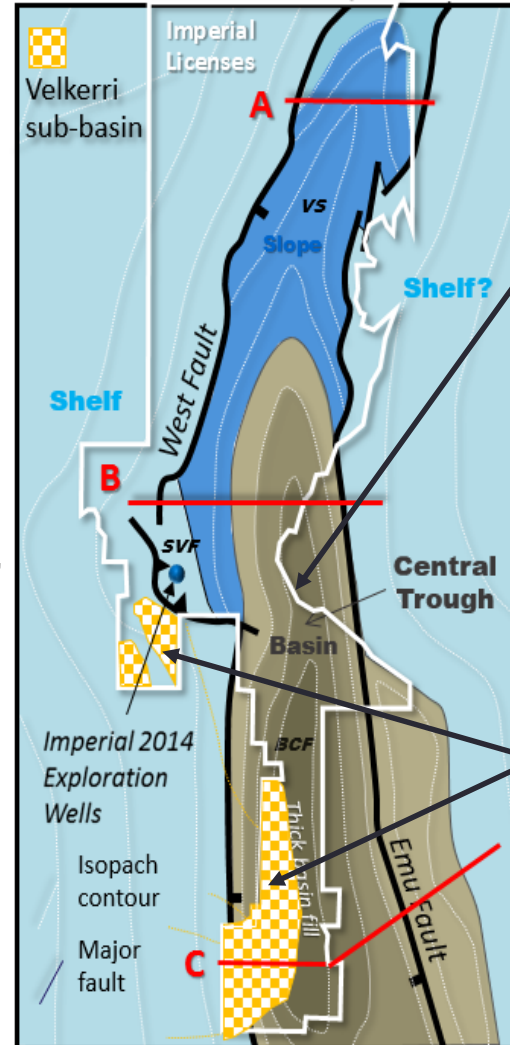
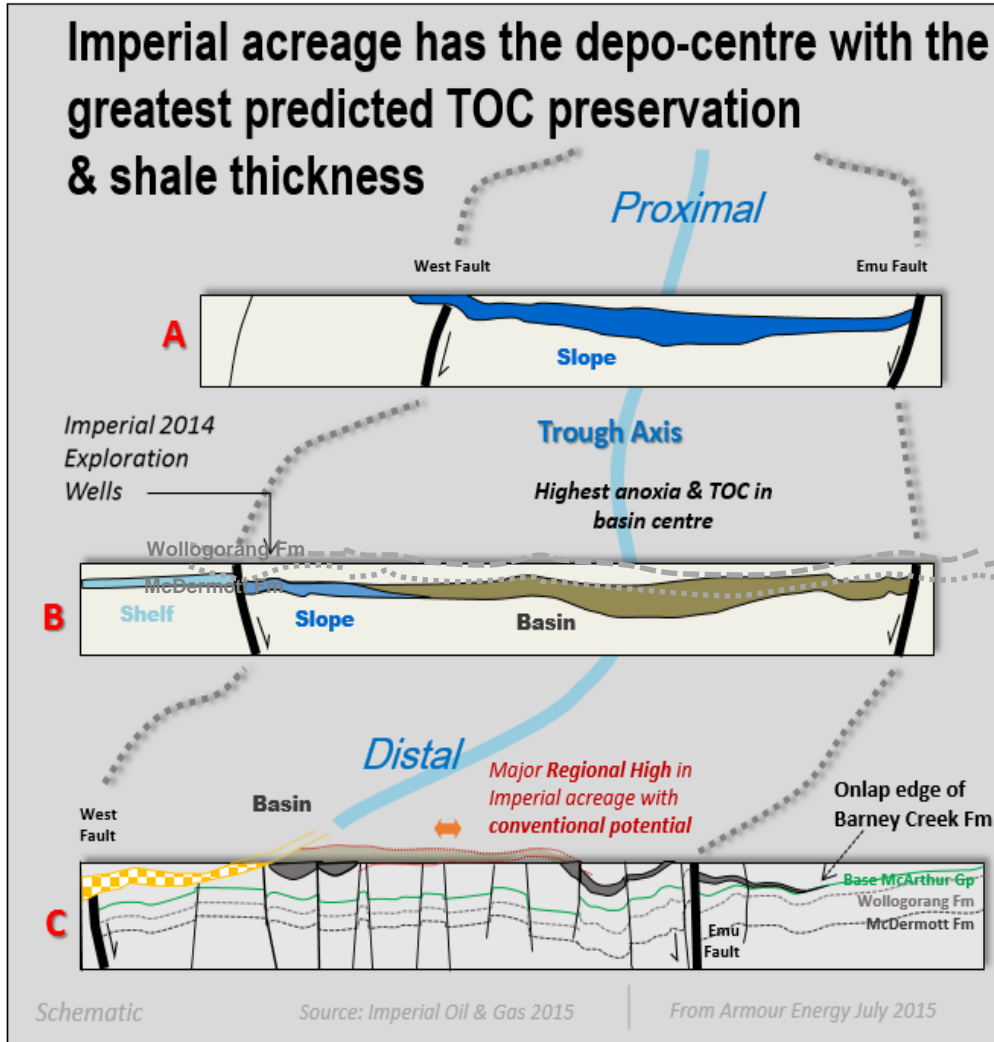
McArthur Basin Palaeogeography

Compared to similar Major Mid-Proterozoic Petroleum Producing Basins



Overall Basin Architecture

Imperial acreage has the depo-centre with the greatest predicted TOC preservation & shale thickness

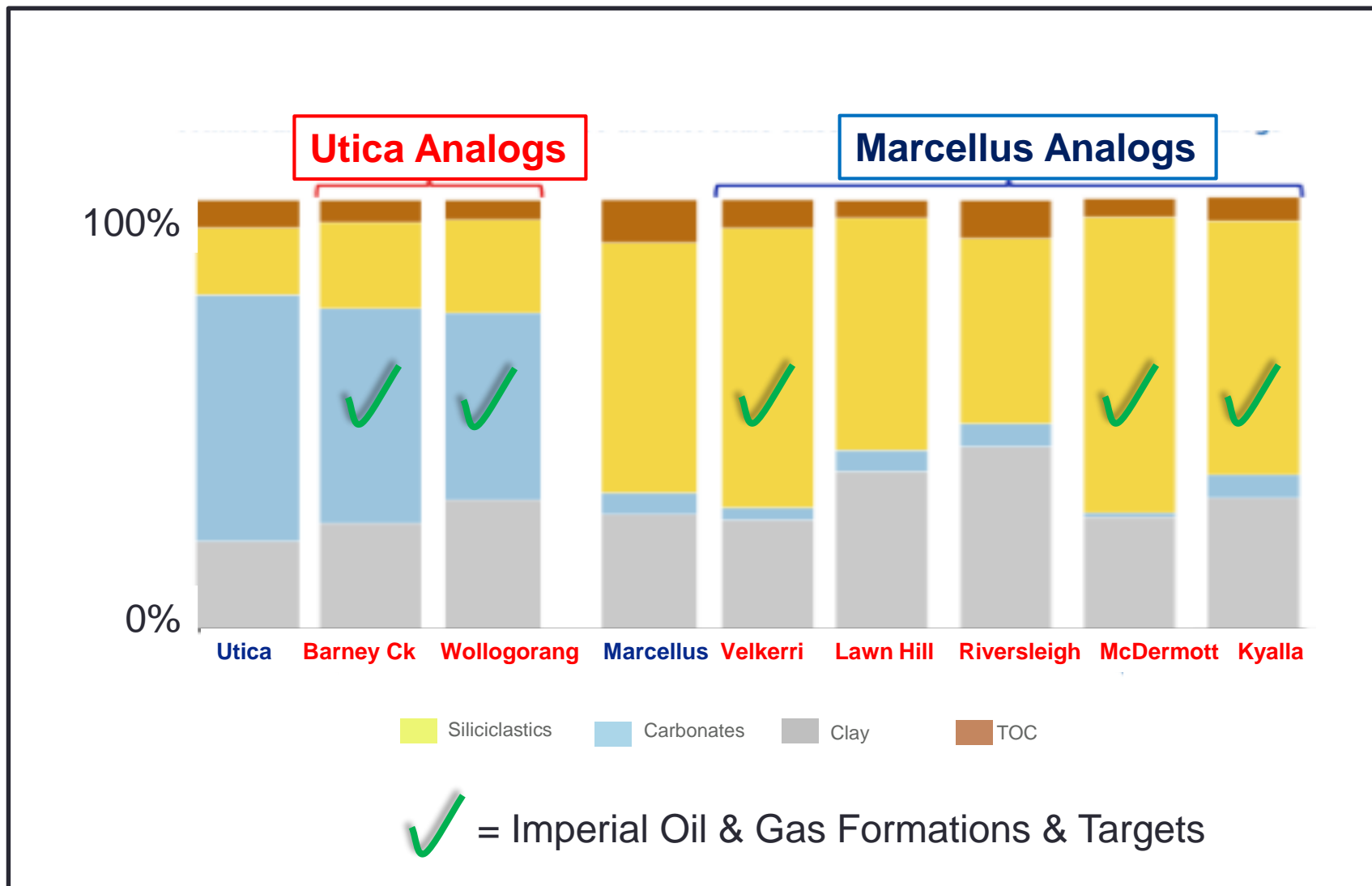


Barney Creek Shale up to 2km thick in Central Trough axis

Drill ready commercial Velkerri Shale resource adjacent to existing pipeline

The Seven Shale Mineralogy

Mineralogical analysis reveals the McArthur Basin holds two distinct shale classics with clearly identified US analogs



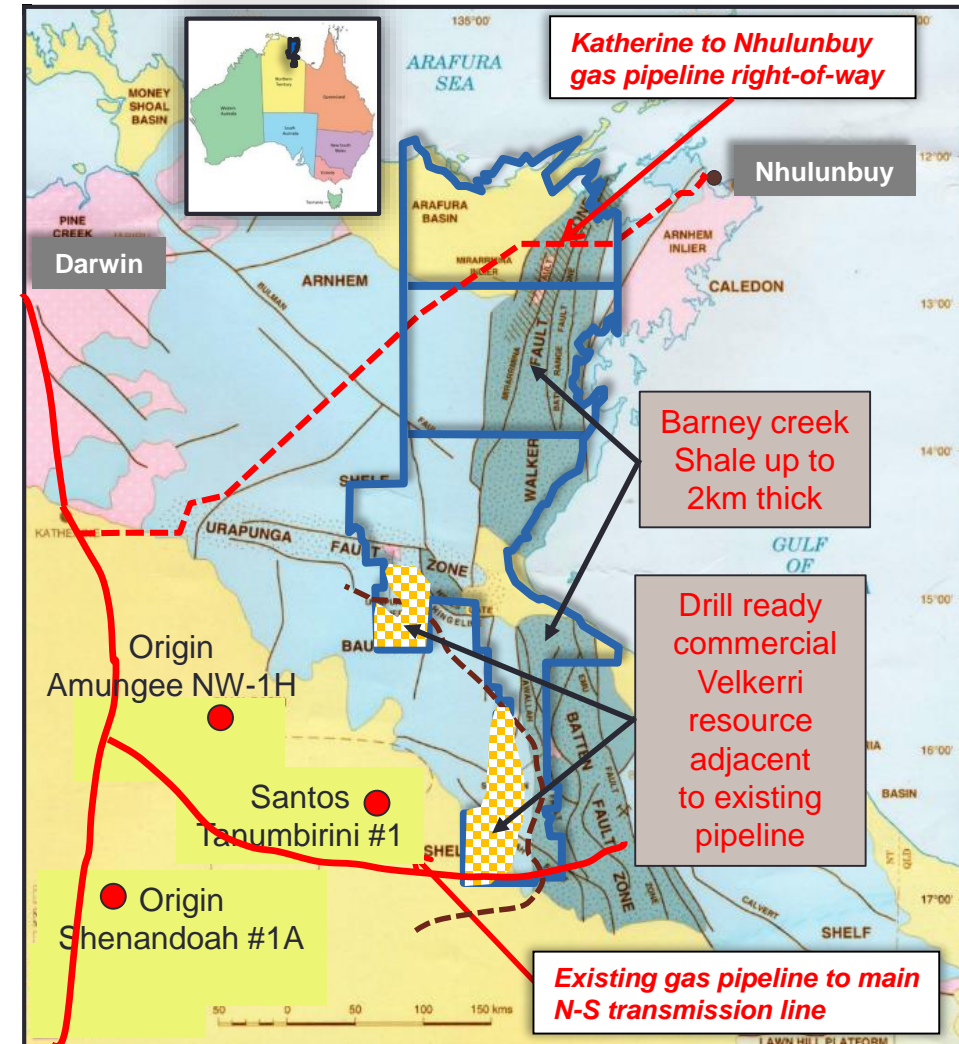
Velkerri Shale – early commercialisation

“Tanumbirini #1 - The best shale well I have seen”

Aubrey McClendon, AELP

Metric	Marcellus	Velkerri (Mid-Velkerri)	Velkerri ¹ (Mid-Velkerri)
Region	Appalachia - NE USA	Beetaloo / McArthur	Beetaloo/ McArthur
Well	Generic	Amungee NW-1H	Tanumbirini #1
Primary Hydrocarbon	Dry Gas	Dry Gas	Dry Gas
Average TOC	4%	4%	4%
Organic Carbon	3-10%	3.7%	2-10%
Ro	0.8-3.0%	1.5-2.5%	1.1-1.8%
Thickness (m)	15-100m	50-400m	50-500m
Porosity	6-8%	4-8%	4-8%
Permeability (nD)	0-70	50-500	50-500
Water Risk	No	No	No
Pressure (psi/ft)	0.4-0.6	0.53	0.5-0.7
Hydrocarbon Stage	Yes	Yes	Yes
Stacked Play	No	Yes	Yes
TVD (m)	1,600-3,500	1,000-2,500	1,500-4,000
Frackability (1-clay)%	65%	51%	65%
Gas in Place (Bcf/sqm)	260	252	780
Methane		~95%	~94%
CO ₂		<1.0%	<1.0%
Entry Cost/ac (\$US)	\$2,000-\$15,000	~\$1.00	~\$1.00

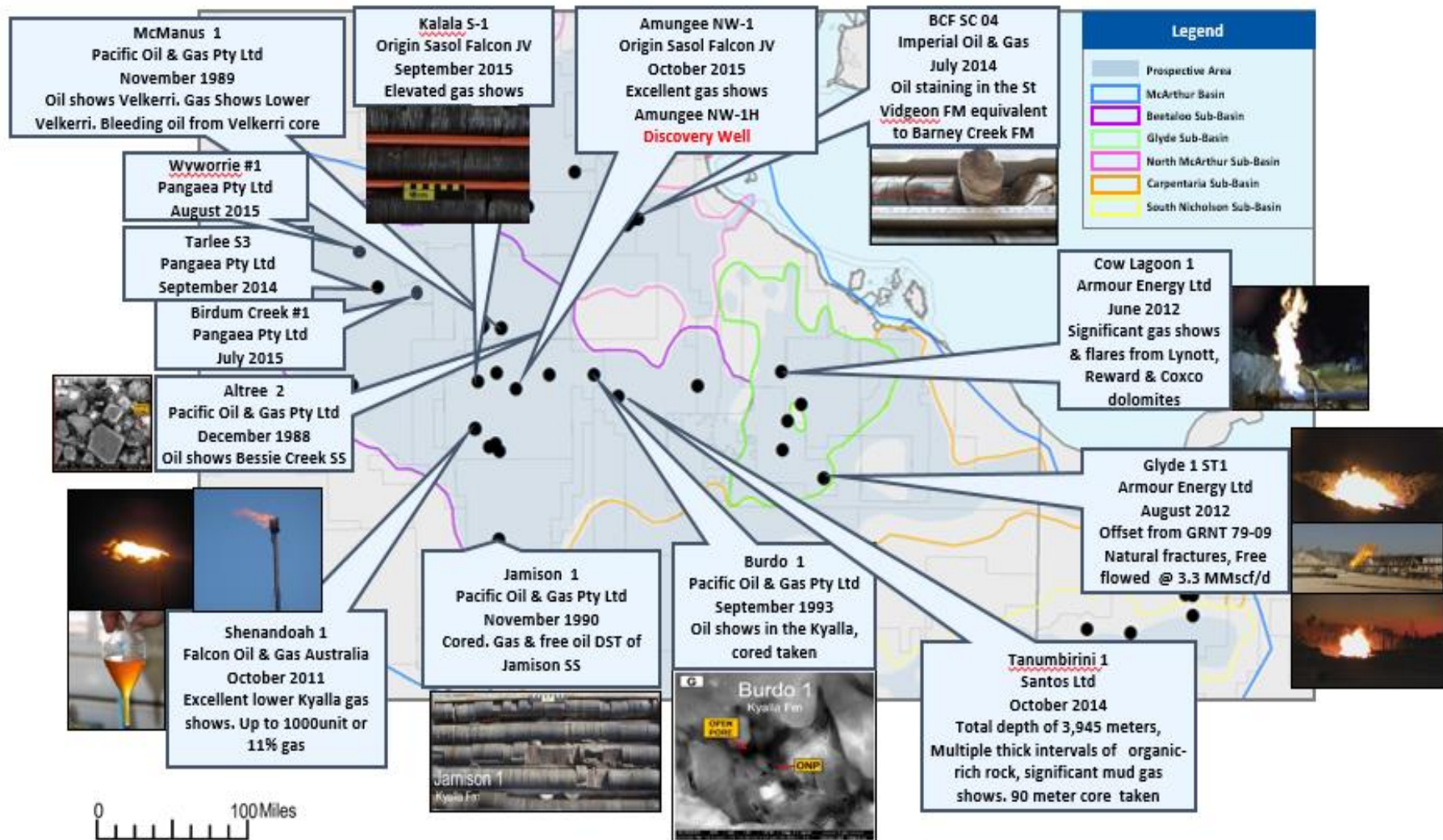
¹ Chromograph indicates dry gas



Wells drilled and completed confirm live petroleum system

Vast and Proven Hydrocarbon System

Multiple well tests and cores acquired over numerous horizons across the Basin



Resource Estimate*

- Empire WI = 100%
- NRI = ~87%
- **Independent Prospective Resource estimate considered to be conservative:**
 - Total av. thickness of Velkerri & Barney Creek Shale assumed ~150m, but in some sections up to +1,000m thick
 - Geological Factor Discount to take account of variation in rock quality and data shortfall
 - No inclusion of conventional reservoirs in underlying or overlying formations
- **Barney Creek is the primarily target and is the only formation in McArthur Basin that has delivered commercial quantities of natural gas in wells drilled to date**

Estimated Prospective Resource (Unrisked)

INDEPENDENTLY CERTIFIED ESTIMATED PROSPECTIVE RESOURCE (Unrisked)						
IDENTIFIED		Geological Factor Discount	AREA M acres	P90	P50	P10
Barney Creek Formation	Bcf	50-90%	3,559	3,304	8,699	20,172
	MMBO	50-90%		66	174	403
Velkerri Formation	Bcf	50%	315	383	1,192	3,086
	MMBO	50%		8	24	62
Wollogorang Formation	Bcf	90%	1,384	524	1,185	2,371
	MMBO	90%		10	24	47
TOTAL	MMBO			786	2,068	4,784

**Based on P10 calculations

Conversion Factor 6:1 for Mcf to Boe

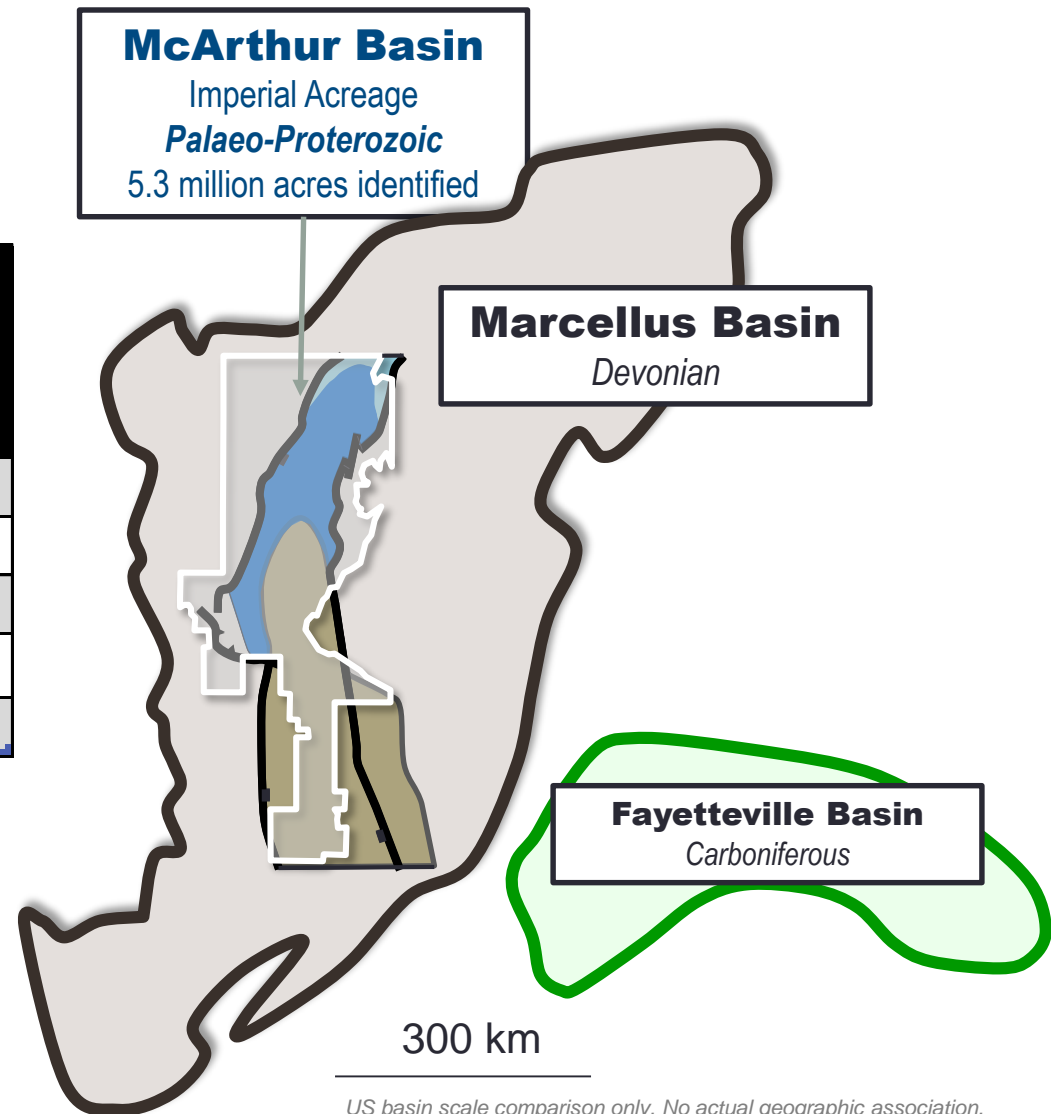
* The estimate of Prospective Resources must be read in conjunction with the cautionary statement on page 9

World Class Resource

Basin	Prospective (million ac)	Un-risked Prospective Recoverable Resources
McArthur P50*	5.3 mm	12 Tcfe**
Marcellus	66.0 mm	262 Tcfe
Fayetteville	6.0 mm	42 Tcf
Barnett	3.2 mm	44 Tcf
Haynesville	5.8 mm	75 Tcf

*Barney Creek, Velkerri & Wollongorang Formations only.

**Considered conservative estimates as resources based on ~150m shale formations, whereas in some regions shales up to 600m.



US basin scale comparison only. No actual geographic association.

Modified after Modern Shale Gas Development in the US; a Primer. US Department of Energy April 2009

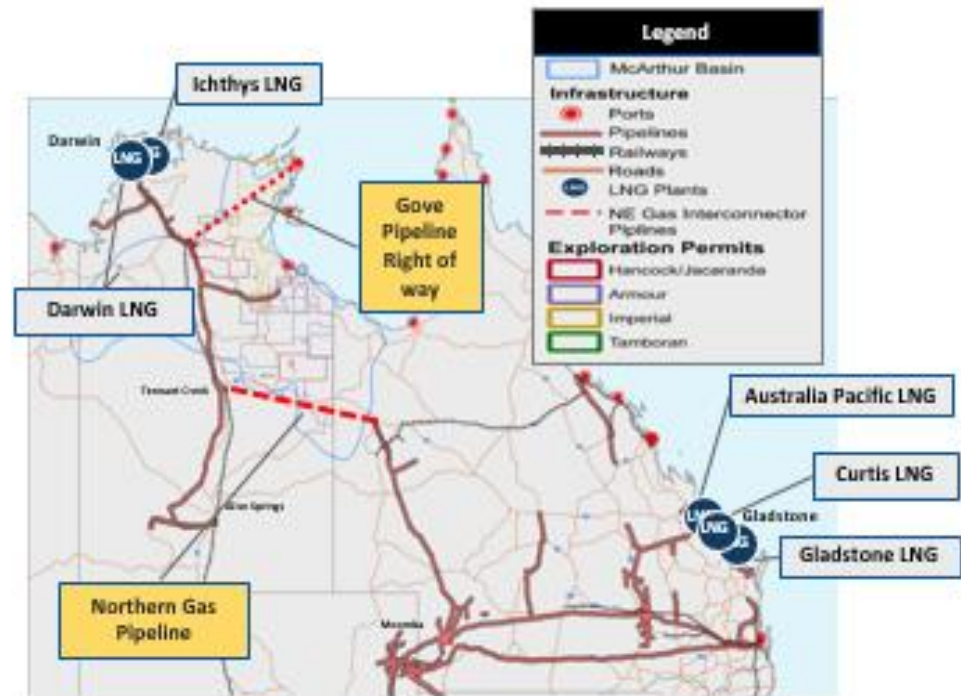
“Prospective Resource”– This estimate of prospective petroleum resources must be read in conjunction with the cautionary statement on page 9.

Demand for NT Shale Gas



EXISTING LARGE SCALE MARKETS

- Australian pipeline infrastructure divides the country:
 - Northern Territory: Amadeus/Darwin pipeline network running from Alice Springs to Darwin carrying conventional production
 - Eastern Australia: onshore conventional/CSG sources supplies power, industrial, residential & LNG
- New NT gas production would be:
 - Sold locally to mines and power plants
 - Imperial's EP 187, drill ready, has gas pipeline connecting to the Amadeus/Darwin pipeline
- When \$800m Northern Gas Pipeline ("NGP") is completed, NT gas can be directed to Gladstone LNG plants, which are expected to suffer from CSG production shortfalls.
- East Coast forecast domestic and commercial gas supply shortfall
- Larger quantities of gas would necessitate the construction of an ~500 mile pipeline to Darwin for LNG processing (1.0 Bcf/d pipeline would cost roughly \$1.5Bn, and could be expanded to 2.0 - 3.0 Bcf/d with compression).



LNG Plants Online or Coming Online

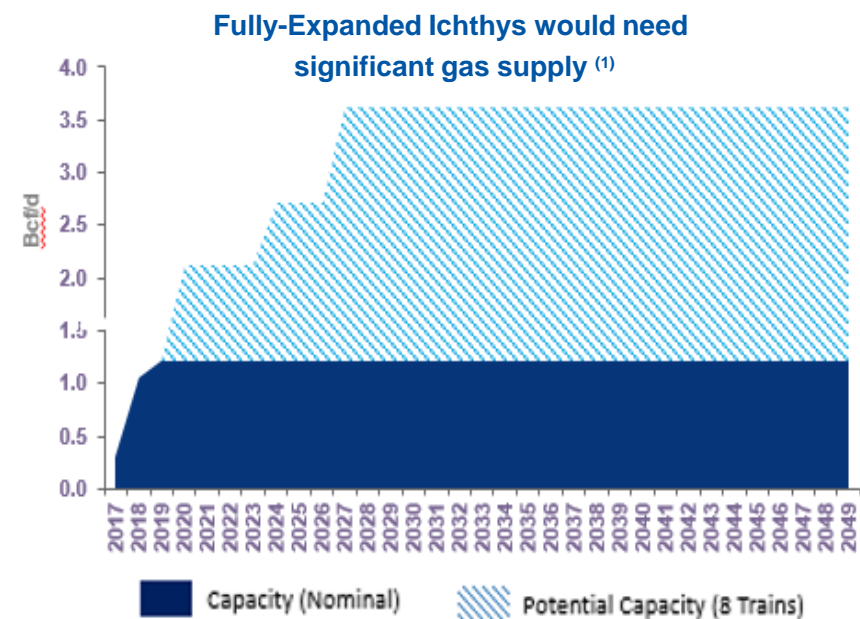
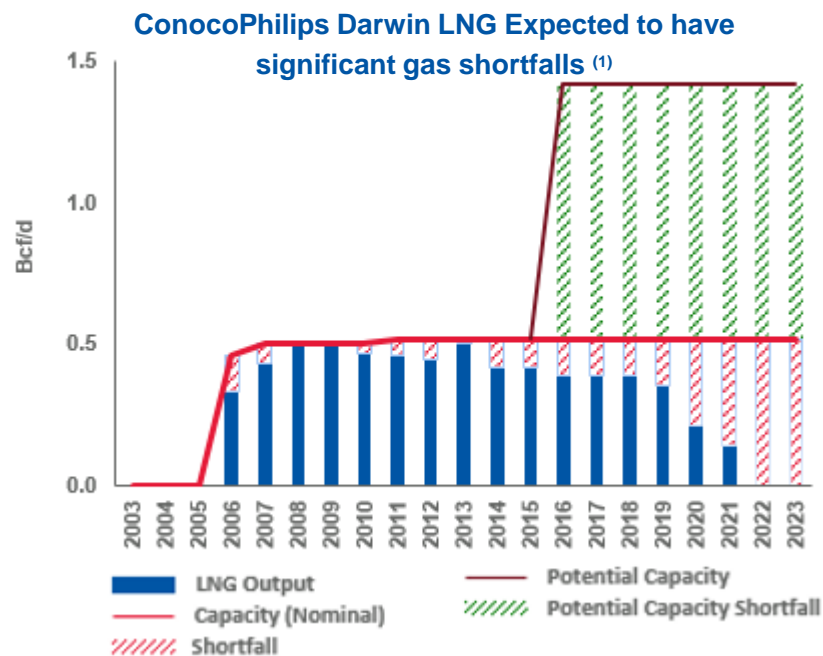
Plant	Status	Operator	Capacity
COP's Darwin	Online	ConocoPhillips	0.5 Bcf/d to 1.4 Bcf/d
QCLNG	Online	8 BG GROUP	1.2 Bcf/d to 1.8 Bcf/d
GLNG	Online	Santos	1.1 Bcf/d to 1.4 Bcf/d
APLNG	Online	RED HILL PACIFIC LNG	1.3 Bcf/d to 2.6 Bcf/d
Inpex's Ichthys	Q2 2017	INPEX	1.2 Bcf/d to 3.6 Bcf/d
Total			5.3 Bcf/d to 10.8 Bcf/d

Robust Commercial Opportunity for NT Gas



Darwin ~500km from the potential operating gas fields

- With existing pipeline / right-of-way access, NT gas is optimally positioned to be the onshore supply source for Northern LNG needs, such as:
 - The expected gas shortfall from Bayu Undan field supplying ConocoPhilips Darwin LNG
 - The new Icthis LNG plant and its proposed/required expansion
- Development of new turnkey industries, such as:
 - Mini LNG or natural gas processing plants, eg ammonia/urea and methanol
- In September 2016 the Northern Territory Government implemented an onshore fracking moratorium while it undertakes a review of the fracking policies and procedures



⁽¹⁾ Converted to Bcf/d by a factor of 6.95mtpa to 1.0Bcf/d

Management - Australia



<p>Dr John Warburton Director Imperial Oil & Gas</p>	<ul style="list-style-type: none"> • Over 30 years of technical and leadership experience in leading E&P companies including BP and LASMO-Eni. • Sits on Advisory Board of Centre for Integrated Petroleum Engineering & Geoscience, Leeds University, UK • Dr Warburton's expertise covers the Middle East, Kazakhstan, Azerbaijan, North & West Africa, Pakistan, Europe, Australia, New Zealand, PNG, China, Korea and Japan • He has published 28 internationally recognized technical articles
<p>Geoff Hokin Exploration & Operations Imperial Oil & Gas</p>	<ul style="list-style-type: none"> • 12 years experience as a geologist in the unconventional gas and coal sectors, with various geological roles including Armour Energy, Metgasco and Arrow Energy • Background in Geological and Geophysical Exploration and Basin Setting Analysis and has had extensive geological and business experience in other operations • Experience in Aboriginal Culture and Traditions • Works with team of field geologists, 3D mapping geologists, cultural liaison officers and traditional owners throughout the Company's Northern Territory tenements
<p>Rachel Ryan Co. Secretary & Administration</p>	<ul style="list-style-type: none"> • Appointed Joint Company Secretary July 2010 and assumed role of Company Secretary July 2013 • Over 8 years experience with publically listed resource companies including overseas dual listed Companies • Extensive experience in corporate transactions, ASX Listing Rules and corporate governance • Manages production/LOE data base for PHDWin modelling of reserves and development programs



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6. Appendices



Pro Forma Capitalization

Capital raising benefits:

Necessary first stage recapitalisation to increase production, improve reserves and enhance liquidity, by:

- Undertaking accretive acquisitions to boost production and enhance debt ratios
- Continuing EOR opportunities over existing assets to increase production
- Taking advantage of the distressed A&D market
- Enhancing balance sheet and debt ratios
- Improving liquidity to access existing Credit Facility
- For negotiations and work programs undertaken in the Northern Territory

The Company has a well established operating team. Improved stages of capitalisation will result in increased production and thereby value metrics. This will be further enhanced by accessing additional assets at the low point of the commodity cycle

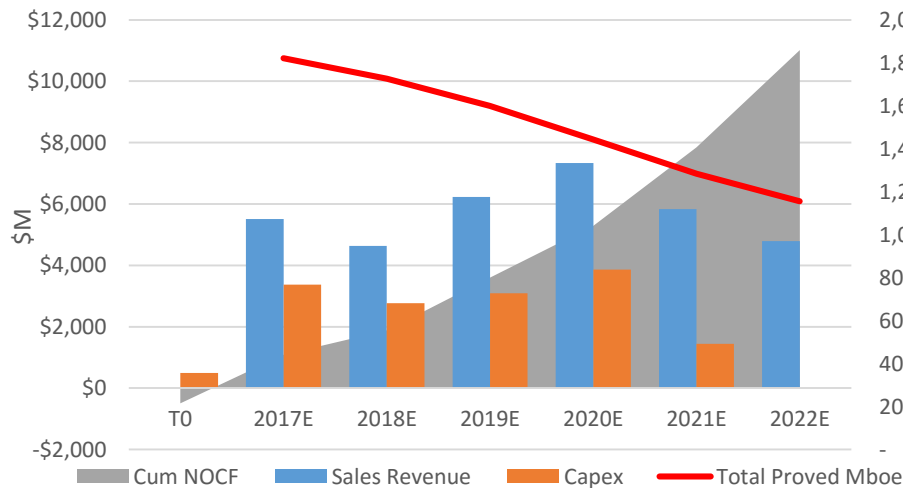
Capital Structure (USA)	Proforma
June 30, 2016	US\$mm
Cash (Net after raising)	\$5.00
Other current assets ⁽¹⁾	\$9.60
	<u>\$14.60</u>
Liabilities	\$3.60
Term Debt	\$37.50
Revolver	\$3.00
Total Indebtedness	<u>\$44.10</u>
Total Shareholder Equity ⁽²⁾	<u>\$37.80</u>
Leverage Ratio ⁽³⁾	7.0 x
Use of Funds ⁽⁴⁾	US\$mm
Loan Repayment or asset acquisition	\$1.50
Drilling of existing assets	\$1.50
Working Capital/Bolt on acquisitions	\$1.50
	<u>\$4.50</u>
<p>(1) Includes hedges of \$6.7mm (2) 1P PV8 + net cash raised (3) Net debt divided by estimated 2016 EBITDAX (4) Excludes underwriting and management fees payable of ~US\$450,000</p>	



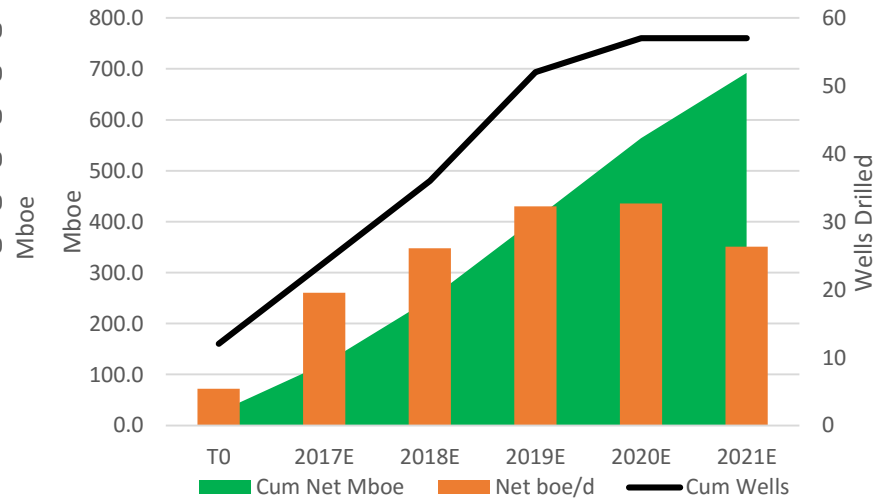
Development Program

All well performance based on field Type Curves (unrisked)									
	IRR	Payout (yrs)	T ₀	2017E	2018E	2019E	2020E	2021E	2022E
Wells Drilled									
KS - Waterflood	66%	2.4		1.0	0.0	0.0	0.0	0.0	0.0
KS - Puds	42%	5.0		4.0	6.0	6.0	10.0	5.0	0.0
OK - Prob	44%	4.0		7.0	6.0	6.0	6.0	0.0	0.0
Total Wells				12.0	12.0	12.0	16.0	5.0	0.0
Cum Net Boe				26.2	121.2	248.2	405.2	564.2	692.2
Net Boe/d				71.8	260.3	347.9	430.1	435.6	350.7
Net Revenue				\$4,963	\$3,560	\$4,811	\$5,552	\$3,997	\$3,165
Capex			-\$500	-\$3,373	-\$2,770	-\$3,091	-\$3,858	-\$1,441	\$0
NOCF			-\$500	\$1,590	\$790	\$1,720	\$1,694	\$2,556	\$3,165
Cum NOCF			-\$500	\$1,090	\$1,880	\$3,601	\$5,294	\$7,850	\$11,016

Development Program



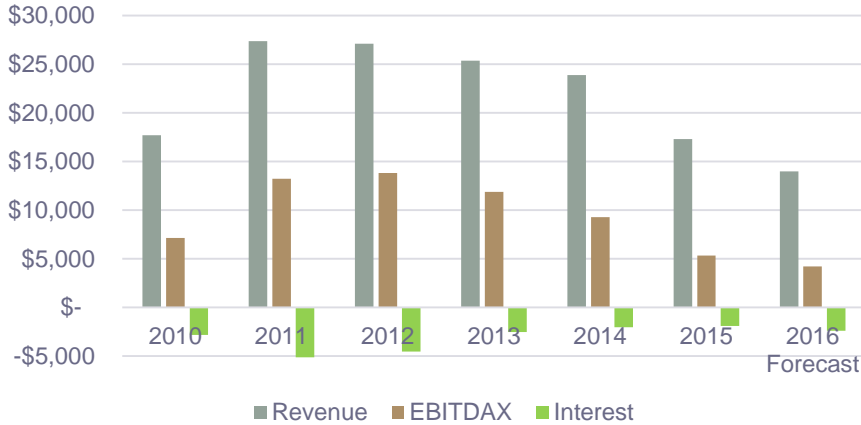
Reserves & Production



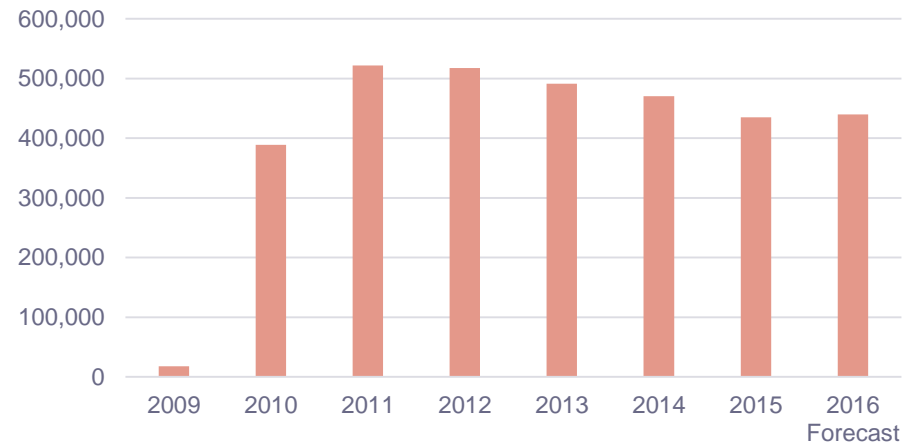


Assets & Operations

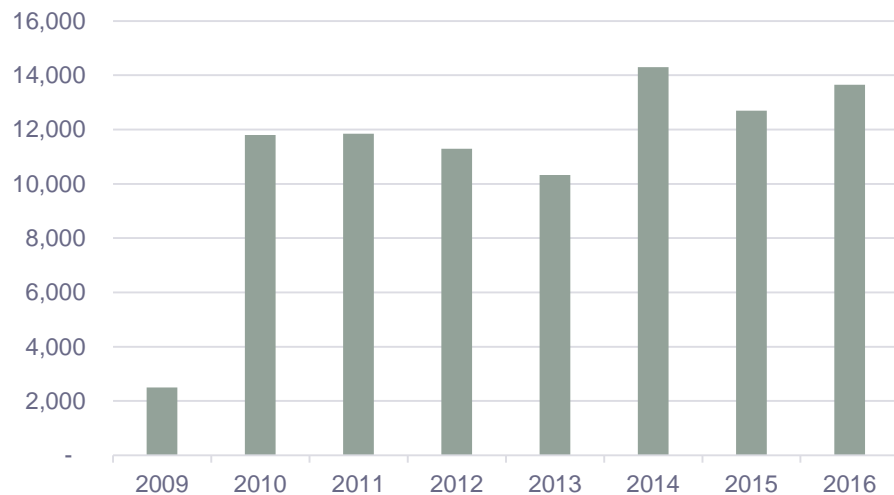
Annual Cash Flow - US\$M



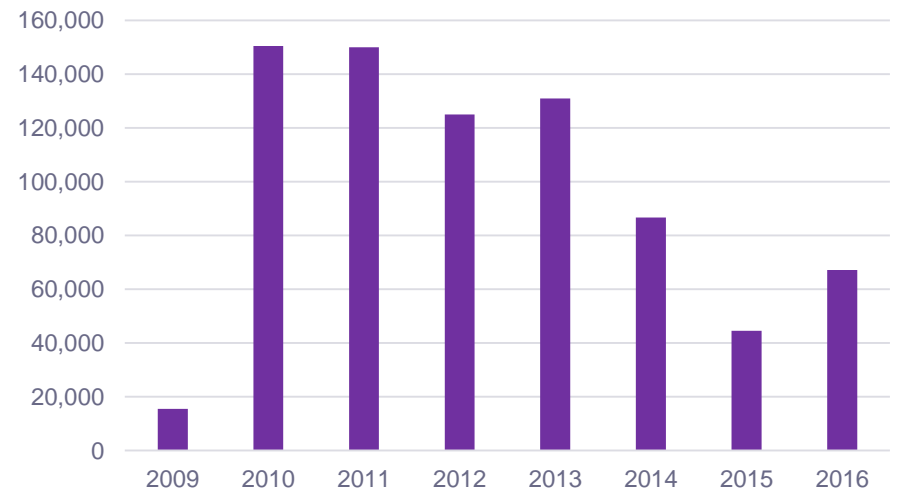
Annual Production - Boe



Reserves – 2P (Mboe)



PV10 – 2P (US\$M)

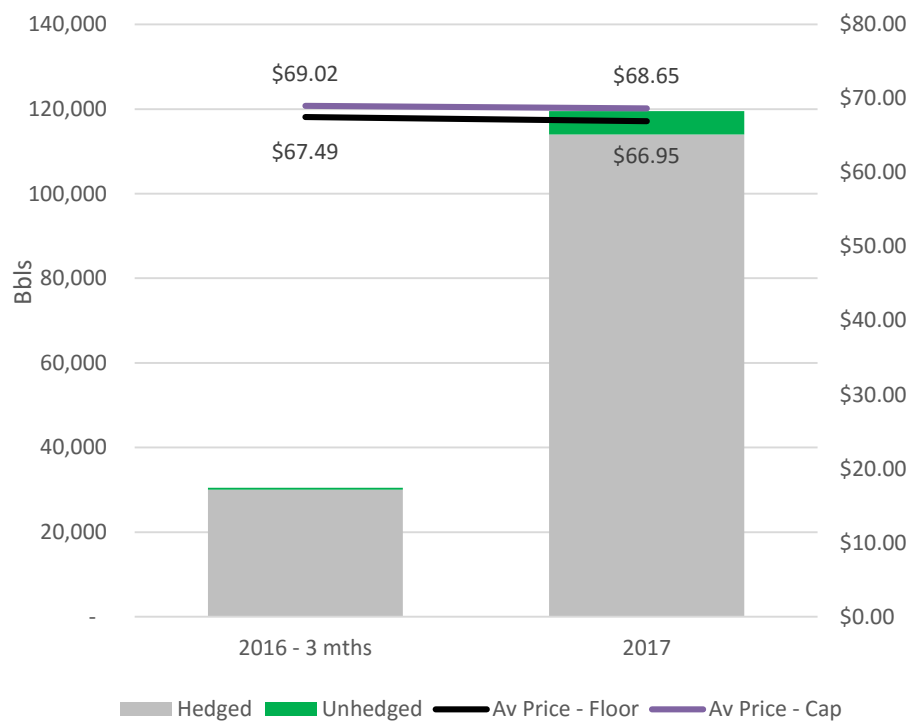




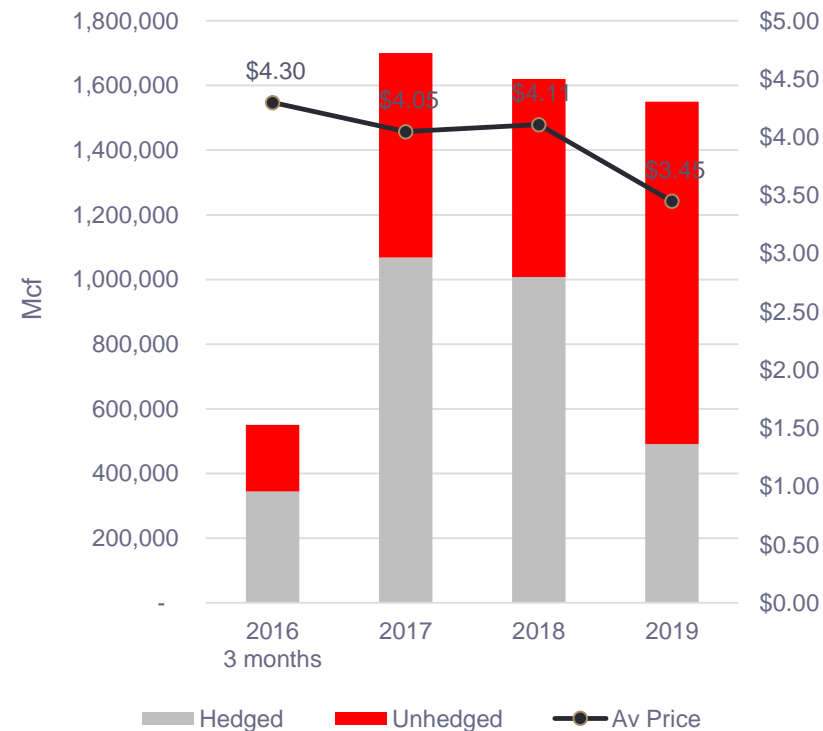
Hedging - Existing PDP Production

Disciplined Risk Reduction - approx 95% oil production hedged through 2017 and 78% gas production to 2018. Market-to-market gain of ~\$6mm at 9/2016

Hedging - Oil Swaps



Hedging - Natural Gas



**Price upside exposure retained:
~0.9 MMBoe hedged compared to 2P = 13.7 MMBoe**



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Definitions & Reserves Information



Notes to Reserves

- The scope of the Reserve Studies reviewed basic information to prepare estimates of the reserves and contingent resources.
- The quantities presented are estimated reserves and resources of oil and natural gas that geologic and engineering data demonstrate are “In-Place”, and can be recovered from known reservoirs.
- Oil prices are based on NYMEX West Texas Intermediate (WTI) as at June 30, 2016.
- Gas prices are based on NYMEX Henry Hub (HH) as at June 30, 2016.
- Prices were adjusted for any pricing differential from field prices due to adjustments for location, quality and gravity, against the NYMEX price. This pricing differential was held constant to the economic limit of the properties.
- All costs are held constant throughout the lives of the properties.
- The probabilistic method was used to calculate P50 reserves.
- The deterministic method was used to calculate 1P, 2P & 3P reserves.
- The reference point used for the purpose of measuring and assessing the estimated petroleum reserves is the wellhead.
- “PV0” Net revenue is calculated net of royalties, production taxes, lease operating expenses, and capital expenditures but before Federal Income Taxes.
- “PV10” is defined as the discounted Net Revenues of the company’s reserves using a 10% discount factor.
- “1P Reserves” or “Proved Reserves” are defined as Reserves which have a 90% probability that the actual quantities recovered will equal or exceed the estimate.
- “Probable Reserves” are defined as Reserves that should have at least a 50% probability that the actual quantities recovered will equal or exceed the estimate.
- “Possible Reserves” are defined as Reserves that should have at least a 10% probability that the actual quantities recovered will equal or exceed the estimate.
- Prospective Resource P(50) - unrisks, is the estimated quantities of petroleum that may potentially be recovered by the application of future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.
- Utica shale gas potential resources have only been calculated for the region where drill data is available. Very few wells have been drilled into the Utica in Western NY and NW Pennsylvania. Estimates for GIP have been made were the few existing wells have been drilled. Empire holds additional acreage outside the current potential resource region. It is expected that as with shale characteristics, the shale formations will continue within the remaining acreage. The potential GIP may increase if more data was available.
- “Bbl” is defined as a barrel of oil.
- “Boe” is defined as a barrel of oil equivalent, using the ratio of 6 Mcf of Natural Gas to 1 Bbl of Crude Oil. This is based on energy conversion and does not reflect the current economic difference between the value of 1 Mcf of Natural Gas and 1 Bbl of Crude Oil.
- “D&C” means drilled and completed and “F&D” means cost of finding and developing a project.
- “LOE” means lease operating expenses.
- “M” is defined as a thousand.
- “MM” is defined as a million & “MMBoe” is defined as a million barrels of oil equivalent.
- “Mcf” is defined as a thousand cubic feet of gas & “MMcf” is defined as a million cubic feet of gas.
- All volumes presented are net volumes and have had subtracted associated royalty burdens which means the Net revenue interest or “NRI”..

Qualified petroleum reserves and resources evaluators

The information in this report which relates to the Company’s reserves is based on, and fairly represents, information and supporting documentation prepared by or under the supervision of the following qualified petroleum reserves and resources evaluators, all of whom are licensed professional petroleum engineer’s, geologists or other geoscientists with over five years’ experience and are qualified in accordance with the requirements of Listing Rule 5.42:

Name	Organisation	Qualifications	Professional Organisation
Allen Barron	Ralph E Davis Associates, Inc	BSc	SPE
John P Dick	Pinnacle Energy Services, LLC	BPE	SPE
Wal Muir	Muir and Associate P/L	BSc, MBA	PESA

* SPE: Society of Petroleum Engineers

* PESA: Petroleum Exploration Society of Australia

None of the above evaluators or their employers have any interest in Empire Energy E&P, LLC or the properties reported herein. The evaluators mentioned above consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.