



EMPIRE OIL & GAS NL

ASX RELEASE

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ANNUAL GENERAL MEETING 2016 – PRESENTATION

Please find attached the Empire Oil & Gas NL (ASX:EGO) (Empire) 2016 Annual General Meeting presentation which will be presented at the Annual General Meeting of Empire which commences at 2pm (WST) today.

– ENDS –

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About Empire Oil & Gas

Empire Oil & Gas NL ('Empire' or the 'Company') is an onshore conventional gas and condensate producer and explorer listed on the Australian Securities Exchange (ASX: EGO) with key assets in the Perth Basin in Western Australia.

The Company's producing assets at Red Gully are less than 150 kms from the city of Perth where there is a strong gas market. Since commencing operations in 2013, the 100% owned Red Gully Processing Facility has produced and delivered over 8,350 Terajoules (TJ) of gas. Gas produced to date has been contracted to Alcoa of Australia (Alcoa) and delivered through the Dampier to Bunbury Natural Gas Pipeline (DBNGP), which runs close to the Red Gully Processing Facility (RGPF). Condensate is transported via road to BP.

Empire is the holder of the largest net onshore acreage in the highly prospective Perth Basin with its production licenses and permits covering more than 9,000 km², representing 48% of the currently granted acreage in the onshore Perth Basin. Close to pipeline infrastructure and with rapid commercialisation opportunities, the Company has significant exploration potential in an underexplored, proven petroleum basin.

Empire's vision is to sustainably grow the business into a mid-tier exploration and production company. Empire's strategy is to be the Perth Basin operator of choice, safely supplying WA domestic gas by growing the Red Gully production hub, delivering reserves and production growth by drilling material quality exploration prospects in the high profit margin onshore Perth Basin and, enabling Empire to attract quality farm-in partners to assist in accelerating growth plans.



2016 AGM Presentation

ASX: EGO

NOVEMBER 2016



EMPIRE OIL & GAS NL

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- 7 Forward work program
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Empire is an established Perth Basin domestic gas producer

Company overview

- Onshore Perth Basin conventional gas and condensate producer and explorer
- Stable production and CPI-linked gas revenue streams** through secure Sales Agreements with Alcoa and BP
- Supportive equity cornerstone shareholder in Mineral Resources** (ASX: MIN, A\$2.4bn market capitalisation), an integrated mining services company
- Near term **commercialisation of Red Gully North-1, potential to boost existing production** from the 100%-owned Red Gully Processing Facility

Financial information

Share price (14-Nov-16)	A\$0.310
Number of shares ¹	102.4m
Market capitalisation	A\$31.7m
Cash (30-Sep-16)	A\$4.2m
Debt (30-Sep-16) ²	A\$15.1m
Enterprise Value	A\$42.6m

Source: IRESS

Notes:

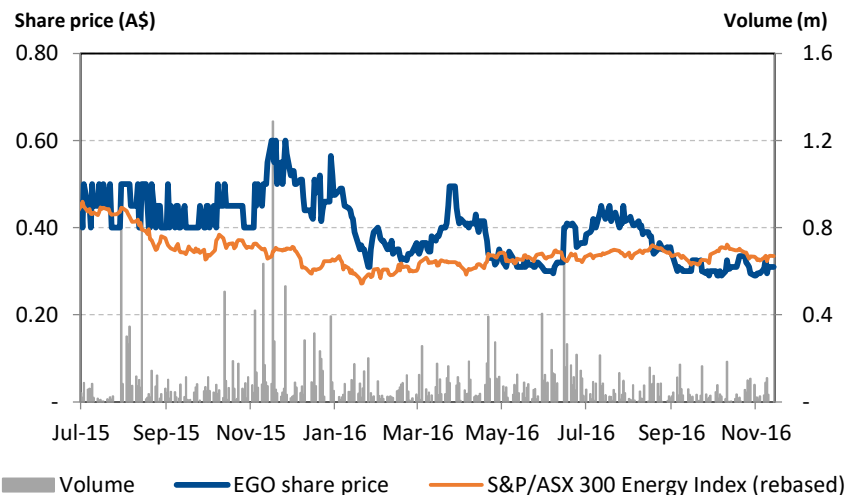
- Excludes 7.5m unlisted options with exercise price of A\$0.50 expiring 11 August 2018 and 7.9m listed options with exercise price A\$0.90 expiring 29 April 2018
- Mineral Resources 3 year revolving working capital facility

Top shareholders

Mineral Resources	19.4%
Philip Garratt	7.0%
Dynamic Supplies	4.5%
Robert Hutchfield	1.8%
Vincent Family	0.9%
Board and management	8.5%

Source: Link Market Services (Sep 2016)

Share price performance





EMPIRE OIL & GAS NL

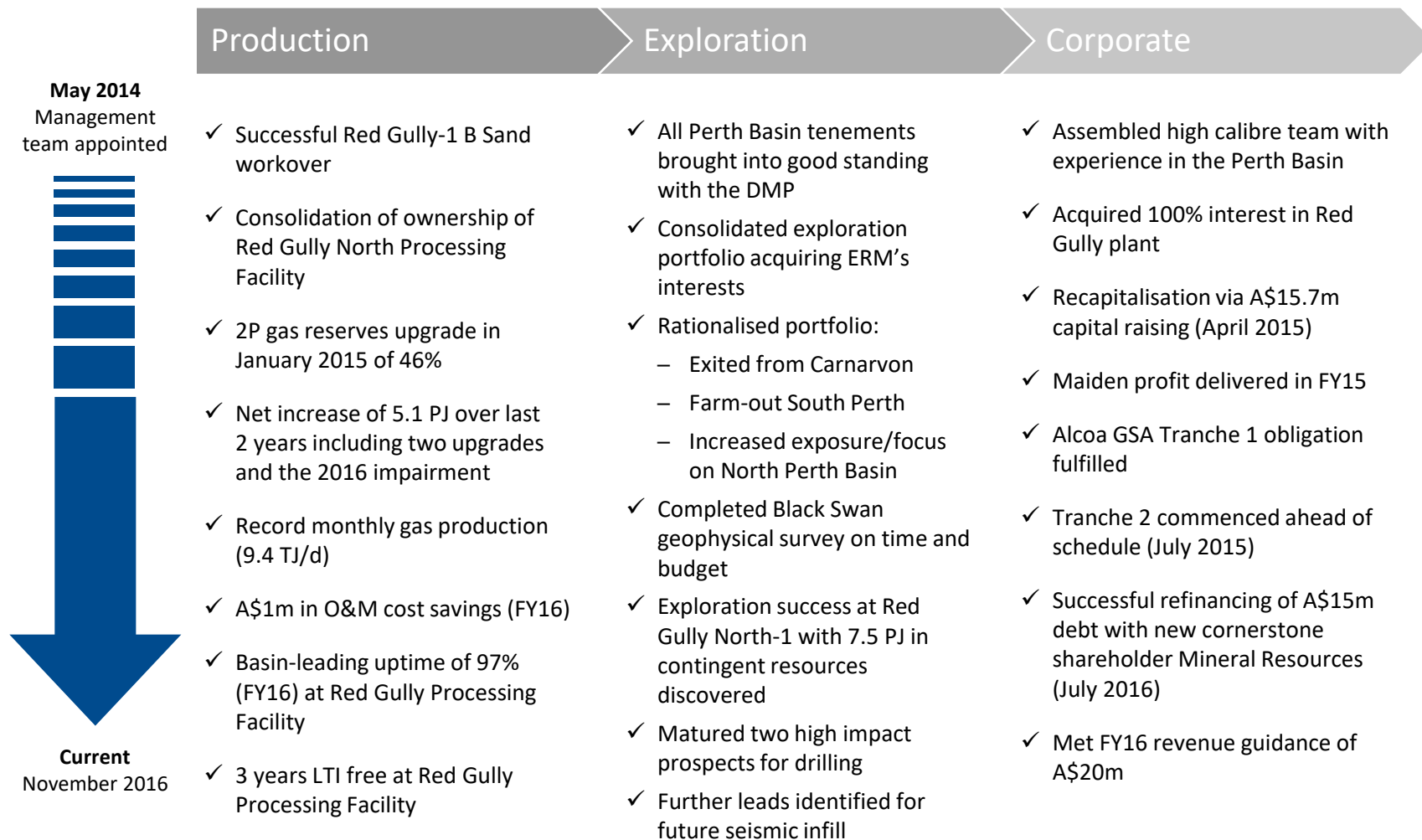
Investment highlights

- High margin **onshore Perth Basin domestic gas and condensate production** from the 100%-owned Red Gully plant
- **83% of current revenues** are CPI-linked
- **Red Gully North-1 commercialisation rapidly progressing** with remediation underway to convert and commercialise 7.5PJ of contingent resources (on success)
- **Material exploration prospects to be drilled in 2017** at Lockyer Deep and/or Raven (shallow, high volume oil play)



Track record of operational achievements since 2014

Substantial operational progress has been made since the new management team was appointed in early 2014

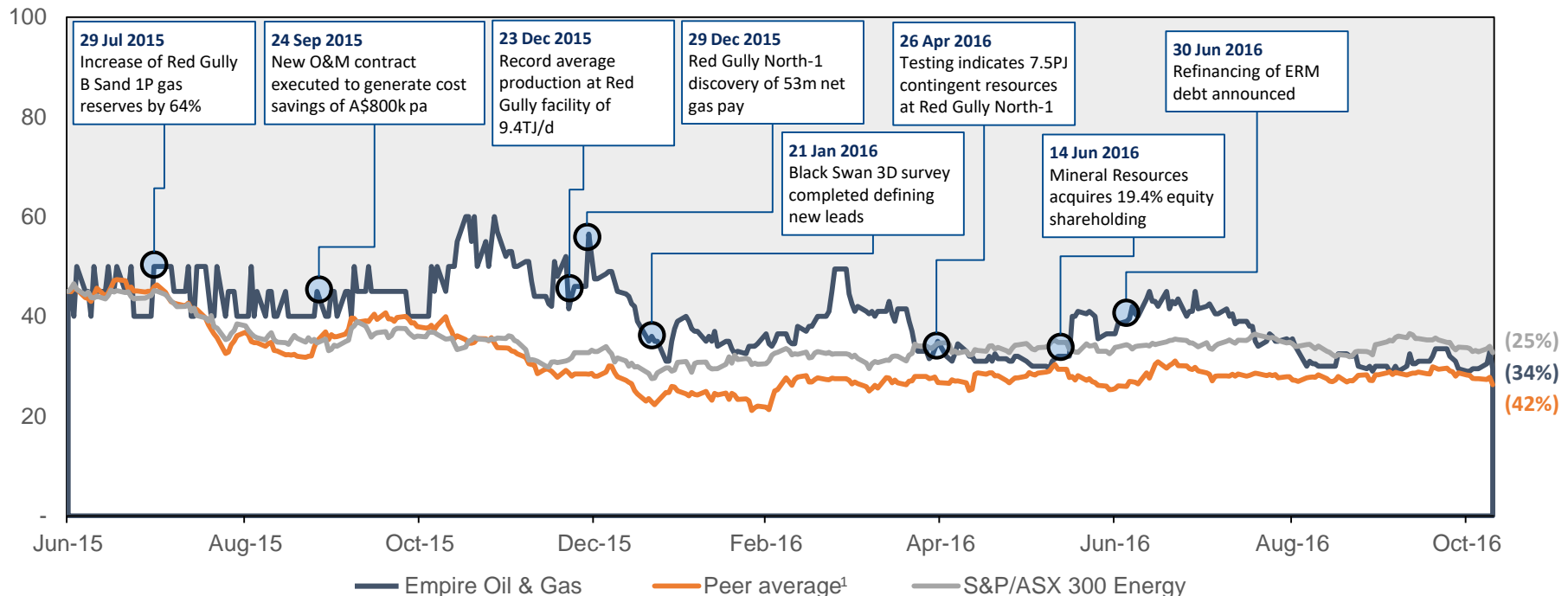


Recent operational and share price performance

Empire discovered 7.5PJ of contingent resources and attracted funding providers (including Mineral Resources) despite adverse market conditions for the sector

- FY17 will build on the platform established in FY16 with remediation and commercialisation of Red Gully North-1 and planning for at least one more exploration well at Raven and/or Lockyer Deep
- Since June 2015, Empire's share price has decreased by 34%, outperforming its ASX-listed small- to mid-cap energy peer group (down 42%) but underperforming the S&P/ASX 300 Energy index (down 25%)

Share price performance (Acps)



Source: IRESS

¹ Peer average is an index based on equal weighted performance of the following ASX-listed small-mid capitalisation oil and gas peers: Buru Energy, Norwest Energy, Otto Energy, AWE Limited, Transerv Energy, Cooper Energy, New Standard Energy, Senex Energy, Sundance Energy, Tap Oil

Record gas and condensate revenues achieved in FY16 despite the depressed oil markets and reduction in condensate prices

Key financials (A\$m)	FY16	FY15	Change	
Gas revenues ¹	16.3	12.2	+34%	Higher plant performance and increased ownership of Red Gully to 100% from 27 February 2015 (from 76.39%)
Condensate revenues	3.6	6.9	(47%)	
Total revenues	20.0	19.1	+5%	Reduction in condensate revenues primarily due to a reduction in the B sand condensate gas ratio (more than forecasted) and lower average realised condensate prices (reduction in Brent oil price)
Cost of sales and other expenses	(10.0)	(9.1)	+10%	
EBITDAX	10.0	10.0	-	Field operating costs have decreased however, the overall costs have increased due to debt refinancing costs and costs associated with a business growth opportunity
Pre-tax impairment / write-offs	(7.2)	(0.3)	n.m.	
EBITDA	2.8	9.7	(72%)	Impairment to oil and gas properties due to reduction in 2P reserves and lower forward oil price assumptions
Depreciation	(7.5)	(7.0)	+7%	
Net finance costs	0.0	(0.3)	n.m.	
Income tax (loss) / gain	1.3	5.3	(75%)	As at 30 June 2016, A\$51.2m in carry-forward tax losses are available for use in Australia
Profit after tax	(3.3)	7.6	n.m.	

Notes:

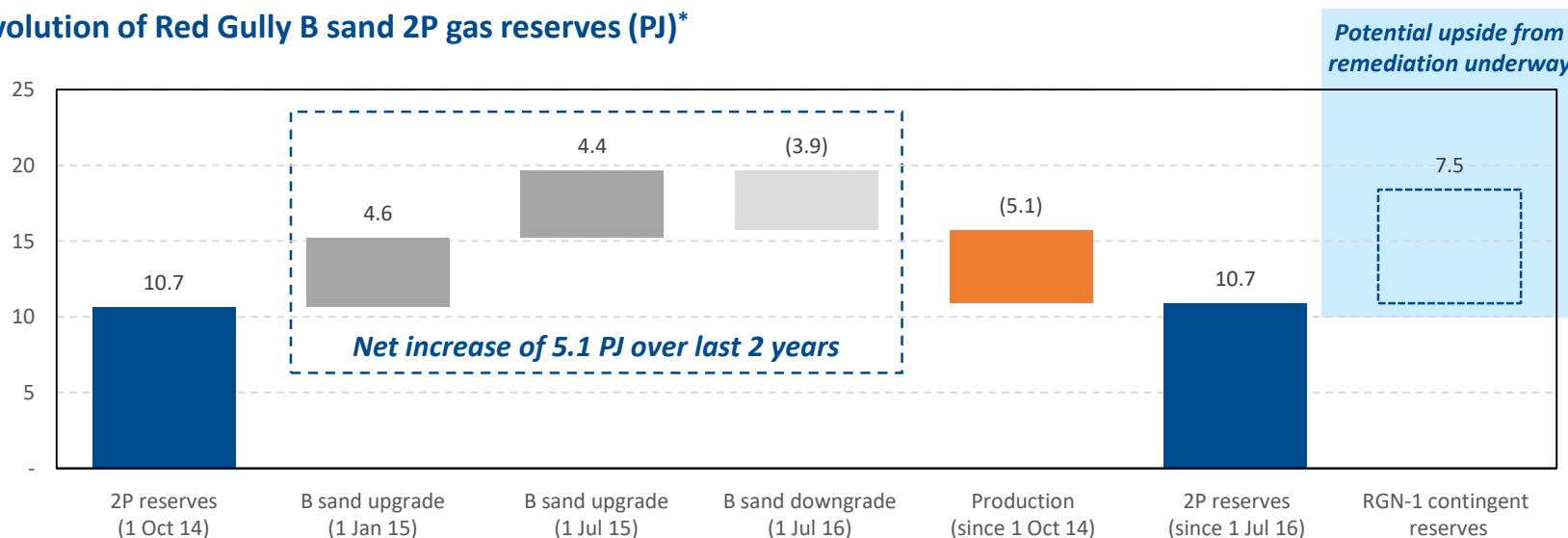
1 Prior to 31 July 2015 receipts from gas sales were paid to Alcoa for the 5PJ tranche 1 gas pre-payment but were recognised as revenues to Empire in FY15 and FY16

Red Gully Reserves have seen a net positive 5.1 PJ increase since Q4 2014

Overview

- July 2016 reserve assessment resulted in a reduction of 2P reserves of 3.9 PJ
 - This reduction was due to the onset of water production from Red Gully-1 and a change in assumed reservoir drive mechanism resulting in a lower ultimate recovery for the field
- This reduction follows two increases in Red Gully 2P gas reserves since 2014 totalling c. 9PJ
 - Resulting in a net change of 5.1 PJ 2P gas reserve increase since Q4 2014
- Red Gully field continues to perform well and deliver stable revenue to the business
 - Red Gully remains a high margin producing field
- Successful RGN-1 workover and test planned for later this year will increase 2P reserves
- The total production license reserves include volumes associated with the Red Gully B and D sands and the Gingin West wells

Evolution of Red Gully B sand 2P gas reserves (PJ)*

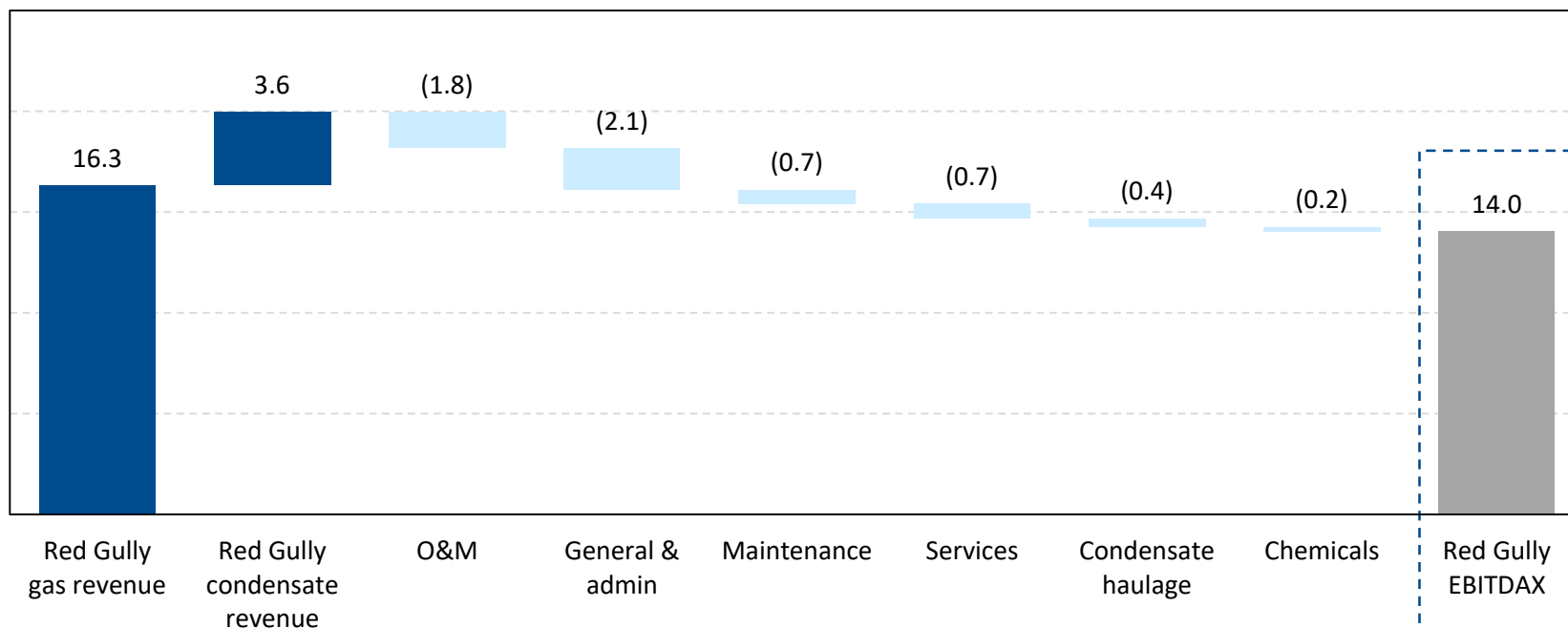


* See slide 23 notes

Red Gully – a high margin field

Red Gully is a high margin operation with substantial gas and condensate production

Red Gully FY16 Revenue to EBITDAX bridge (A\$m)



Red Gully generates material EBITDAX at a high margin

(Noting that the A\$14.0m does not include corporate costs)

Potential additional volumes from Red Gully North-1 will increase revenue and EBITDAX margin given the fixed cost base

Empire is upgrading the water handling facilities at Red Gully to process the increase in formation water and ultimately increase hydrocarbon recoveries

Overview

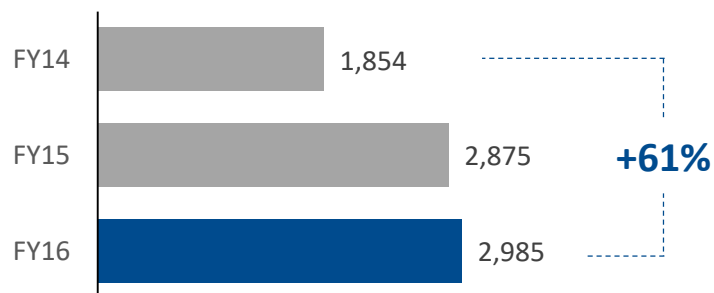
- During the 2016 September quarter the water-gas-ratio at Red Gully-1 gradually increased from a rate of 4.0bbls/MMscf to a stable rate of 9.0bbls/MMscf
 - Water production indicates that the reservoir drive mechanism is not solely depletion but has aquifer support
 - Has not impacted our ability to meet Alcoa gas nominations
- Empire initiated the Produced Water Handling Upgrade Project during the September quarter
 - Designed to increase Red Gully's water handling capacity
 - Further increases in the water-gas-ratio without the water handling capacity may impact Empire's ability to meet Alcoa gas nominations
- The project will increase the produced water handling capacity from the current 50bbls to 500bbls of formation water per day
 - Upgrade will divert formation water away from the Red Gully Processing Facility ("RGPF") condensate stabilisation heater
 - Ultimately will allow the heater to operate more efficiently and provide better stabilised Red Gully condensate throughout winter months
- Project is on schedule to be operational by 1 January 2017
- A geological and vertical lift production model is being built to predict future reservoir performance

Production test separator

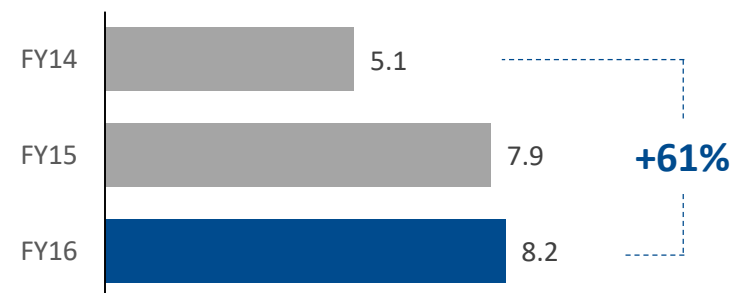


FY16 saw the continued optimisation of Empire's production operations at the Red Gully Processing Facility with record production and plant uptime

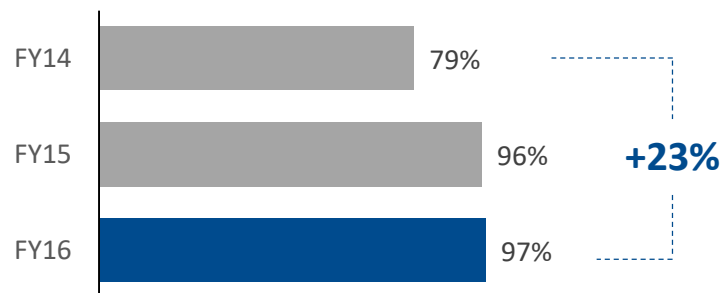
Annual gas production (TJ)



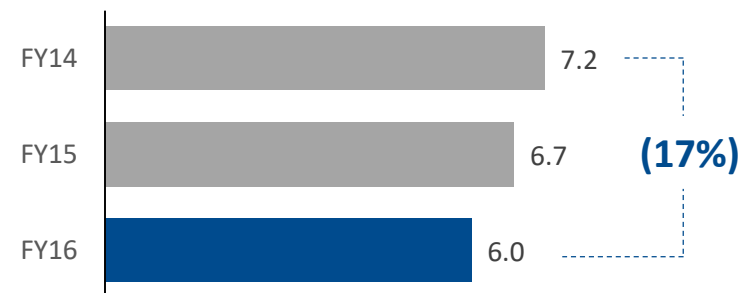
Average daily gas production (TJ/d)



Plant uptime (% , excluding planned downtime)



Operating costs (A\$m)¹



Notes:

1 Includes downhole intervention costs

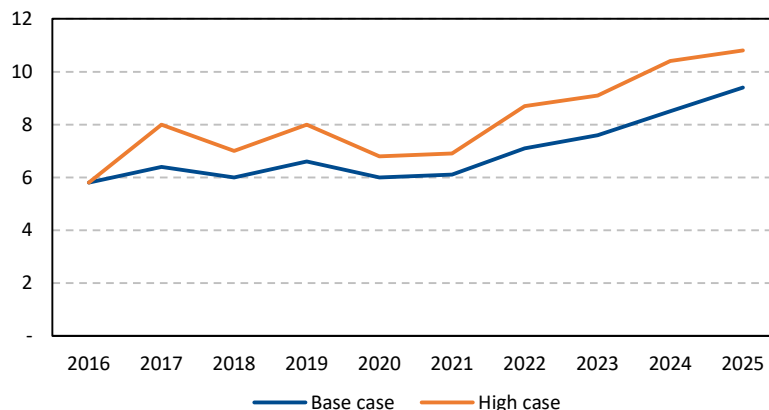
WA domestic gas market – positive outlook

Empire's strong competitive position is supported by favourable long term WA domgas market dynamics

WA domgas price expectations

- WA domgas market is transitioning to new supply sources and opportunities are arising for Empire
- New WA domgas supply is priced significantly higher than historical supply, due to cost base
- WA domgas market experiencing short term volatility
- Gas prices forecast to increase from A\$5.68/GJ to A\$9.43/GJ (+63%) from 2016 to 2025

WA domgas prices (A\$/GJ)¹



Source: From IMO report (NIEIR forecasts 2016 to 2025)

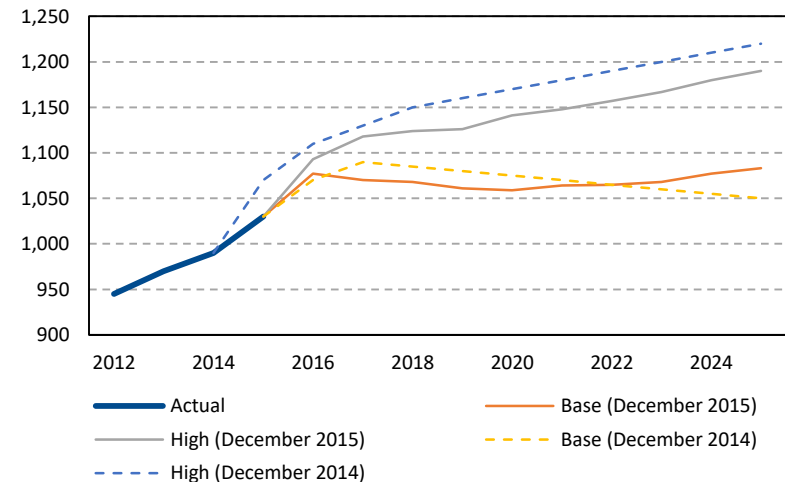
Note

1. New term gas contracts ex-plant

WA domgas supply constraints

- Domgas consumption forecast to grow slowly in base and high scenarios
- Long term demand fundamentals of WA domgas market remain largely unchanged
- New projects coming online expected to boost demand:
 - Connection of the Sunrise Dam and Tropicana gold mines
 - Restart of the Newman Power Station (supply to Roy Hill)
 - South Hedland and Pilbara temporary power stations

WA domgas gas demand forecasts (TJ/day)



Red Gully North-1 results and remediation

53 metres of net gas pay found - moveable gas and condensate produced via test compromised by water production due to poor 7" casing cement job

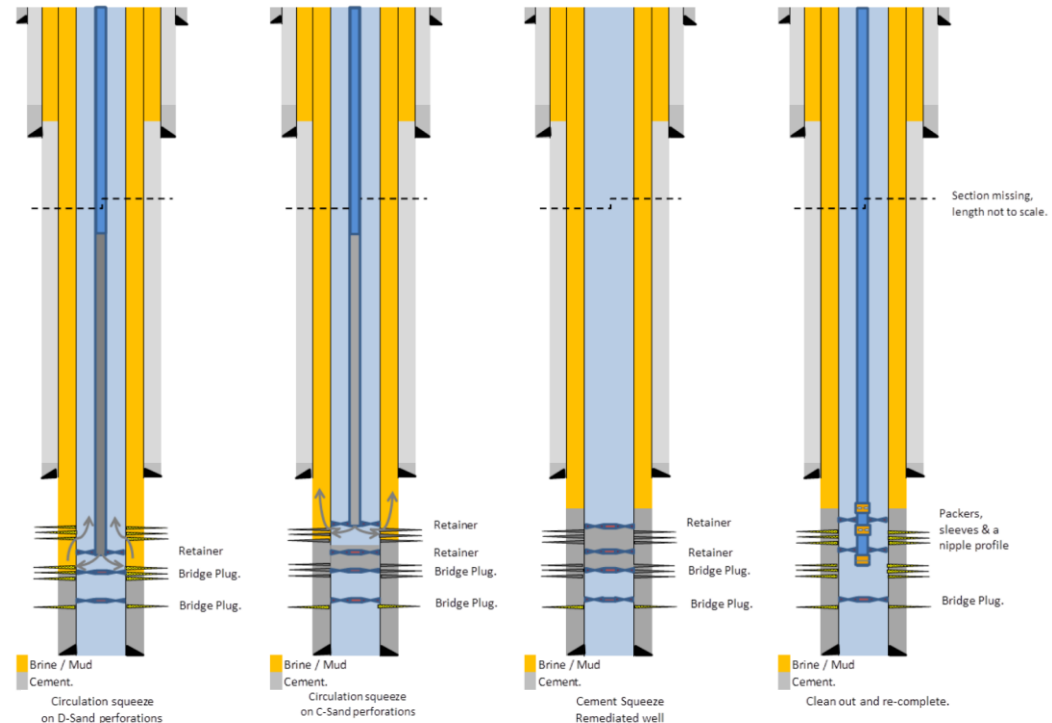
Red Gully North-1 discovery

- Initial Red Gully North-1 drilling results in December 2015 delivered 53m net gas pay
- Red Gully North-1 is an immediate opportunity to expand the reserves and field life of Red Gully

Remediation plan

- Diagnostic testing was completed in September and confirmed the remedial cementing solution as the optimal design
 - Tests confirmed communication between the C and D sands
 - High chance of success based on pressure and flow data
- Long lead equipment purchased
- Workover rig is on site and operations have started – 13 November 2016
- Successful remedial cementing and testing will result in an updated reserves assessment in Q1 2017 to convert some or all of the 7.5PJ in contingent resources to reserves
- A reserve update will allow fast commercialisation of RGN-1 reserves due to close proximity to the Red Gully Production Facility

RGN-1 D and C sand perforation circulation squeezes



Empire portfolio overview

Empire is one of the leading hydrocarbon producers in the Perth Basin and is the largest acreage holder in the region

Portfolio overview

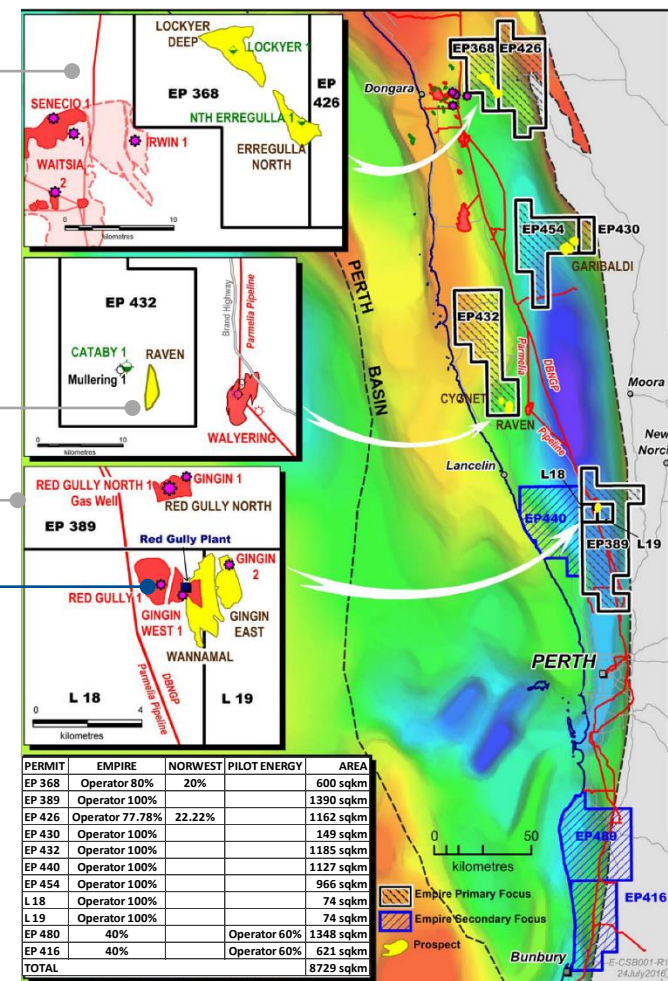
Exploration

- Lockyer / North Erregulla Deep:**
 - **Major gas prospect** located 15km from AWE's Waitsia gas discovery
 - Aiming to be **drilled in 2017**
- Raven:**
 - **New oil play** down dip of the Cataby-1 oil discovery
 - Recently **matured to prospect status**
- Red Gully North:**
 - Situated 4km from Red Gully
 - **Intersected 53m net gas pay (2016)**
 - 2C resources of 7.5PJ (Valmap 2016)

Production (conventional gas and condensate)

- Red Gully:**
 - Produces both conventional gas and condensate
 - 83% of current revenues under a CPI-linked long term gas contract
 - Production capacity of 10TJ/day gas and 300bbl/day conds
 - **10PJ gas sales contracted to Alcoa** under the "Tranche 2" agreement
 - **100% ownership of Red Gully gas and condensate processing plant**

Perth Basin acreage



Red Gully – Exploration overview

The Black Swan survey has identified encouraging structural leads which could extend the life of the Red Gully production hub

Red Gully overview

- Close proximity to existing facilities
- Large leads identified by the Black Swan Survey north of the Red Gully Plant in areas where there is little or no seismic coverage
- Tie back potential to existing processing plant at Red Gully

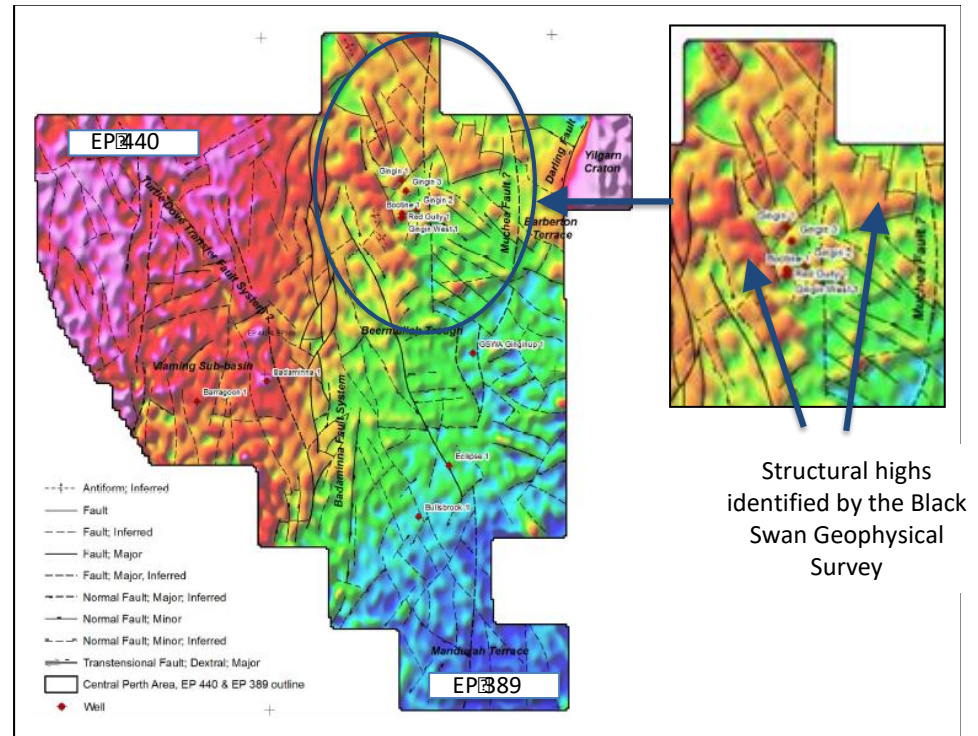
Red Gully North (Previously Gingin Updip)

- Exploration well drilled in November to December 2015
- Contingent (2C) resources of 7.5PJ gas (Valmap 2016)
- Remediation of RGN-1 cement required to allow well test to determine the flow potential of RGN-1 gas condensate discovery

Next steps

- Infill 2D seismic to be used to mature encouraging structural leads north of Red Gully

Red Gully project location (Black Swan survey)



Notes:

- 1 Black Swan airborne survey results released January 2016

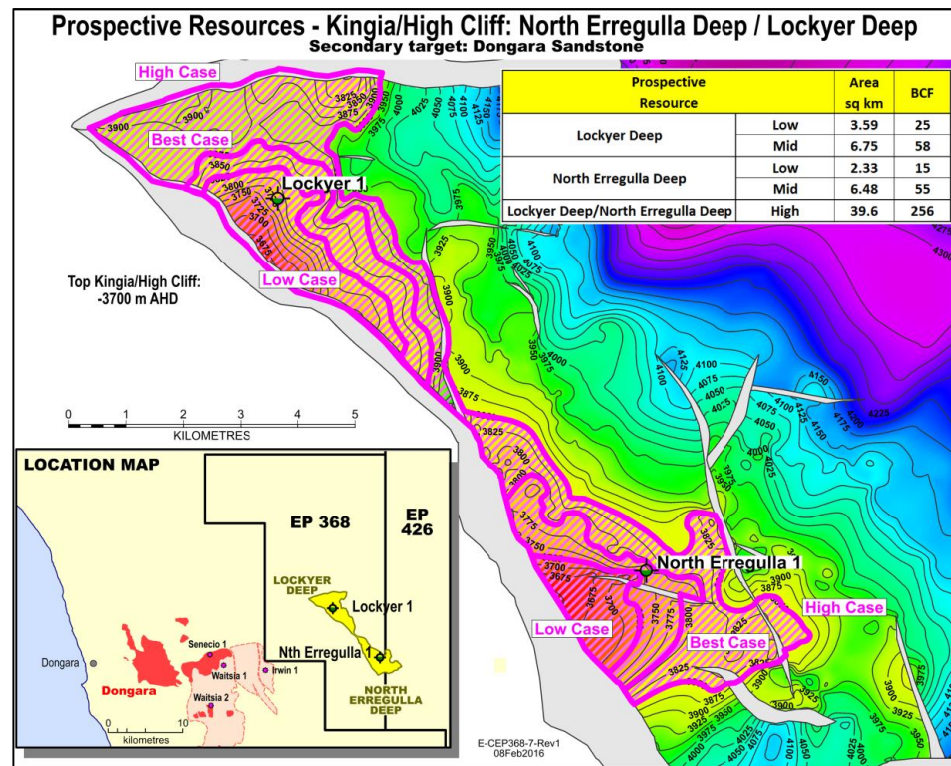
Lockyer Deep / North Erregulla Deep prospect

Lockyer Deep / North Erregulla Deep is a high impact, high volume target located near AWE's recent Waitsia discovery

Lockyer Deep / North Erregulla Deep (EP 368)

- Located near AWE's recent Waitsia discovery
 - This discovery was perhaps the most significant since Dongara field in the 1960's
- Lockyer Deep is proved oil bearing through the historic North Erregulla-1 and Lockyer-1 wells at the Dongara Sandstone level
 - Deeper stratigraphic levels were not drilled and remain untested
- Drilling currently scheduled for 2017
 - Medium risk high impact well targeting the Kingia/High Cliff play
 - Targets a best case/mid case of 58 bcf with a high case potential of 256 bcf
 - Immediate follow-up potential at North Erregulla
- Continuing to assess funding alternatives including potential farm-in partners

Location of Lockyer Deep / North Erregulla Deep

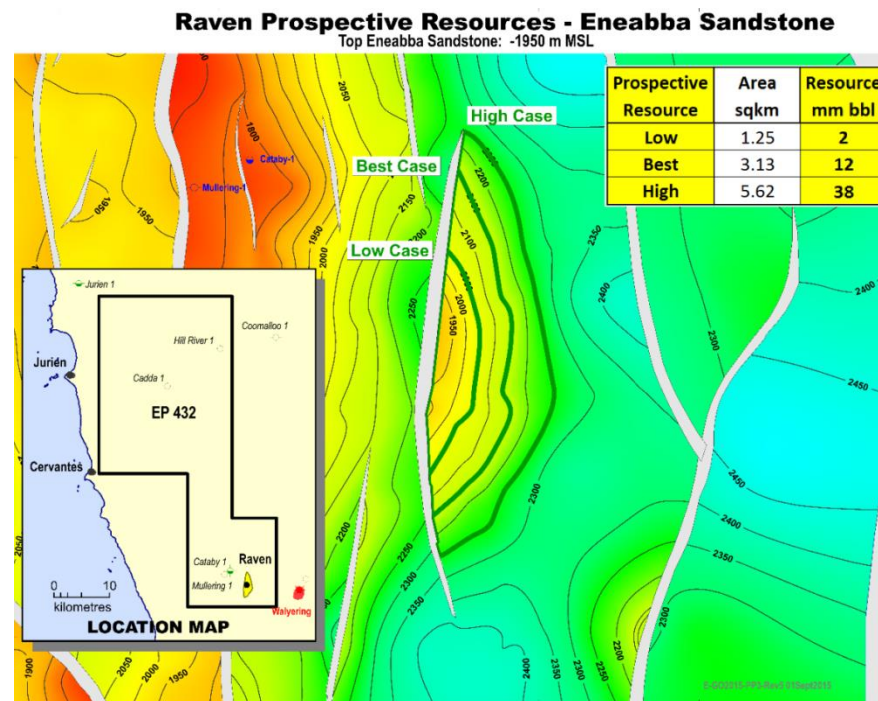


Raven-1 is a shallow, high liquids play that provides an opportunity for near term monetisation pending exploration results

Raven-1 (EP 432)

- Targeting Jurassic sands down-dip of known oil (Cataby-1)
- Discovery target of 12 million barrels (mid/best case)
- Drilling currently anticipated for 2017
 - Medium risk high impact well
 - Drilling will test a large fault block adjacent to a Jurassic source kitchen
 - Success has the potential to open up a new Jurassic oil play
- Currently finalising funding alternatives including potential farm-in partners with a deadline of 3Q FY17 for the process
- Raven presents a strong near term commercialisation opportunity for Empire due to:
 - Relatively low drilling costs compared to deeper Waitsia-style gas targets
 - Oil-rich plays can be commercialised faster compared to gas
 - Geologically de-risked as Raven is down-dip of the Cataby-1 oil well

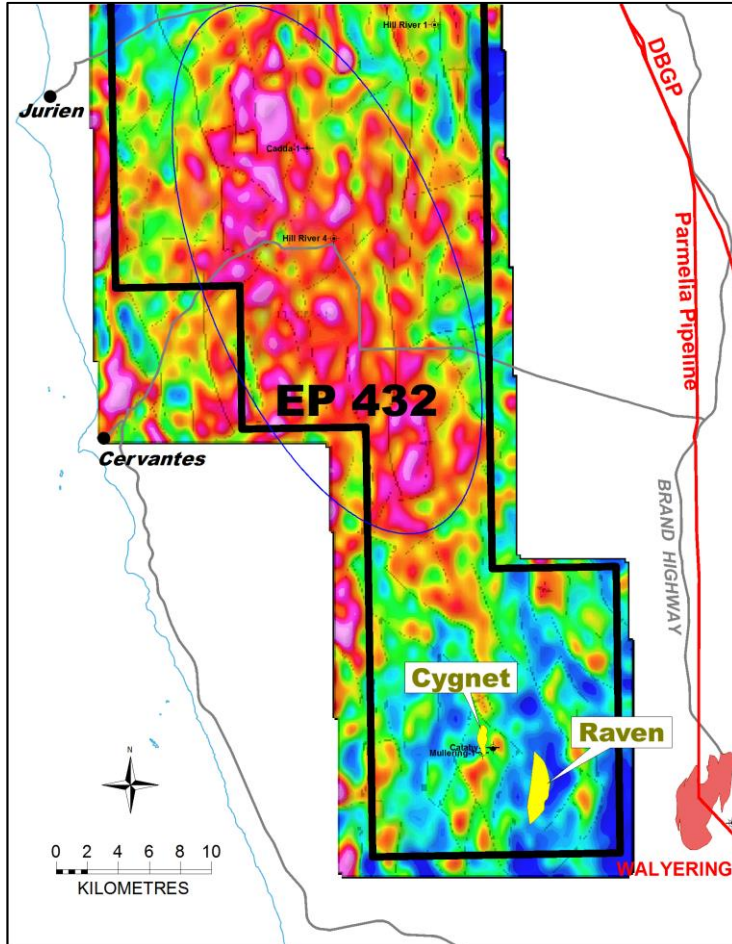
Location of Raven



Potential large Waitsia gas-play in north of EP 432

Black Swan survey in EP 432 highlight major structural trends and prospectivity

EP 432 Black Swan survey

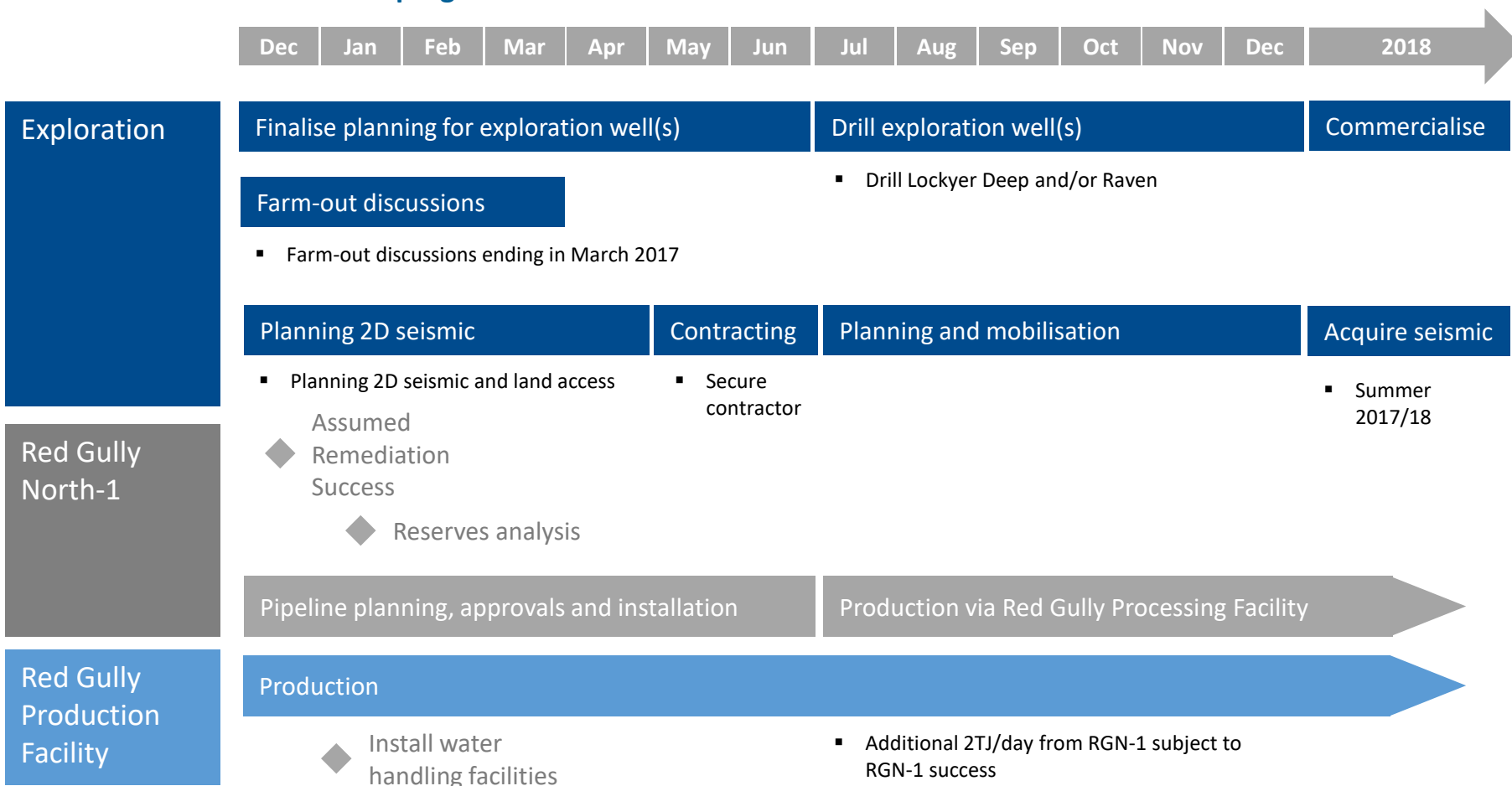


- Extremely limited 2D seismic data coverage
- Black Swan Survey images a large north–south structural trend
- Limited offset well data indicates the High Cliff and Kingia sandstone are present
- Targets are typically less than 3,000m
- Adjacent to mature source rock
- Potential for a Waitsia play but with wet gas potential
- Identified leads are numerous and large
- Leads will be matured with 2D seismic currently being planned
- Adjacent to major gas trunk lines
- At early stage of evaluation but company making potential beyond the Raven Jurassic oil play to the south

Forward work program

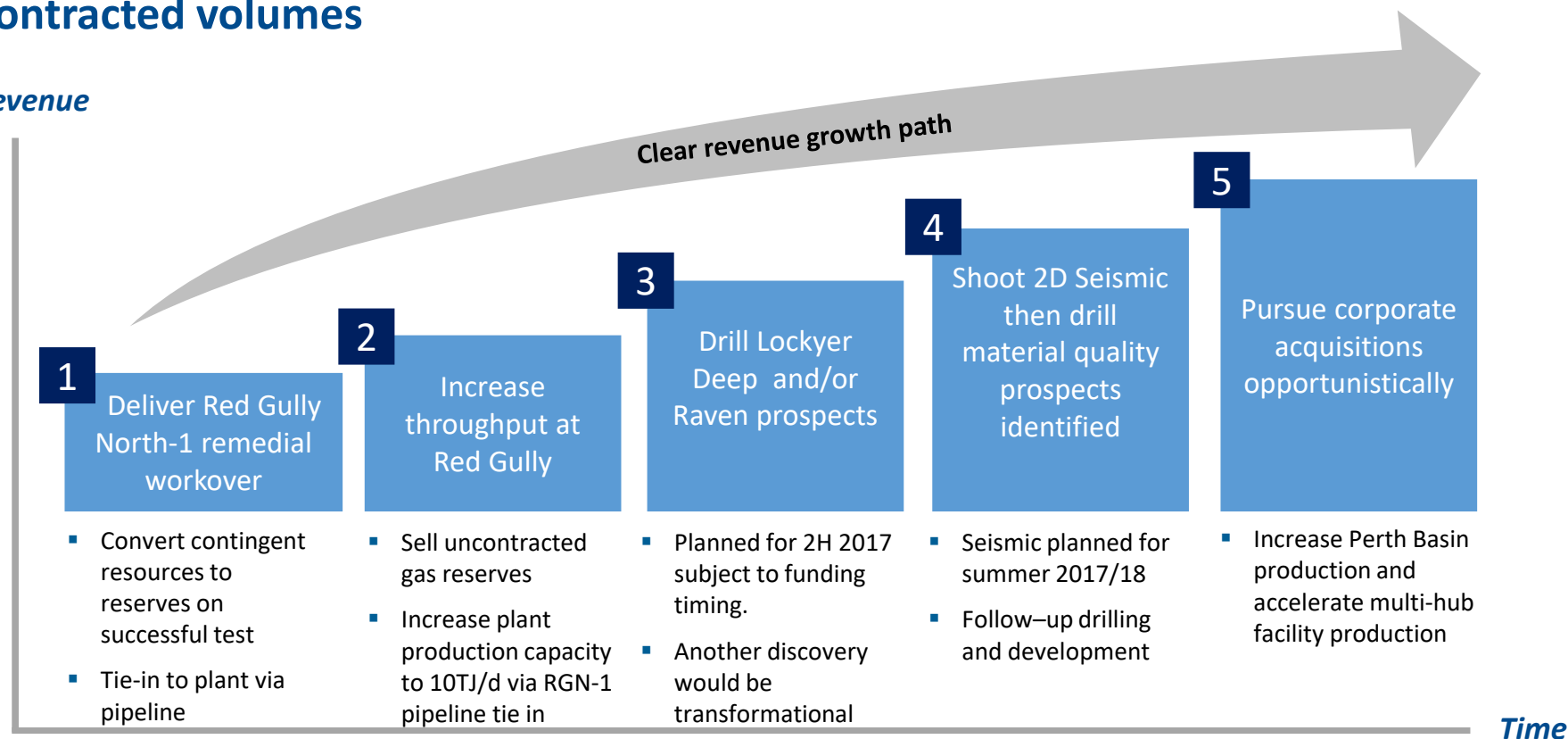
Empire is focused on exploration in CY17 with a priority to plan and drill at least 1 exploration well, conduct seismic program and commence commercialisation of Red Gully North-1

Indicative CY17 forward work program



Clear and significant upside to current operations including increasing contracted volumes

Revenue



Funding options

Funded through organic cash flow or Empire balance sheet

Funded through gas sales arrangements or Empire balance sheet

Funding to come from farm-in partners or Empire balance sheet

Variety of funding structures including debt, equity and tolling/gas prepayment structures

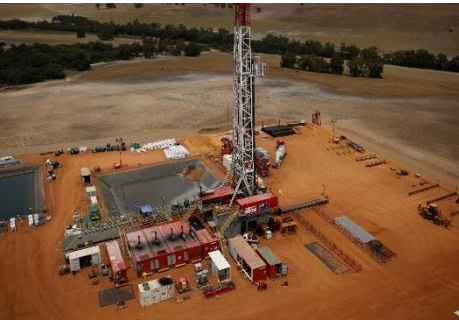
Conclusion – Investment highlights

- 1 High margin, CPI-linked **domestic onshore gas producer with 83% of revenue linked to gas under long term contract**
- 2 **Red Gully North-1 commercialisation rapidly progressing** with remediation planning underway and interest from several parties in securing gas supply
- 3 Strong competitive position with **material exploration prospects which could deliver reserves to meet potential growth in WA domestic gas demand and mini-LNG via Mineral Resources**
- 4 Lockyer Deep / North Erregulla Deep represent **one of the largest gas exploration prospects remaining in the Perth Basin**
- 5 **Owner of significant infrastructure assets** including the 100% owned Red Gully Processing Facility
- 6 Upcoming share price catalysts include **Red Gully North-1 remediation success** and further corporate and organic growth initiatives in collaboration with Mineral Resources
- 7 **Well aligned board and management team** with 8.5% shareholding and **supportive equity cornerstone shareholder in Mineral Resources**

Questions



EMPIRE OIL & GAS NL



- This presentation has been prepared by Empire Oil and Gas NL (“EGO”) for general information purposes only. This presentation may contain certain forward-looking statements which have not been based solely on historical facts but rather on EGO’s current expectations about future events and a number of assumptions which are subject to significant uncertainties and contingencies, many of which are outside the control of EGO and its Directors, Officers and Advisers. Due care and attention has been taken in the preparation of this presentation.
- However, the information contained in this presentation (other than as specifically stated) has not been independently verified for EGO or its Directors and Officers, nor has it been audited. Accordingly, the Company does not warrant or represent that the information contained in this presentation is accurate or complete. To the fullest extent permitted by law, no liability, however arising, will be accepted by EGO or its Directors, Officers or Advisers, for the fairness, accuracy or completeness of the information contained in the presentation. The Company is not under any obligation to update the information contained in this presentation.
- The preparation of the Reserve update report as of 1 July 2016 was undertaken by Mr. Ian Paton, Valmap Pty. Ltd. Ian has over 30 years of Australian and International experience in the Upstream Petroleum business. This experience includes extensive work in asset evaluation, reserve assessment, due diligence in acquisitions and preparation of assessment reports. Mr Paton is a current Member of the SPE and holds B.Sc. Hons (geophysics), M.Pet.Eng Western Australia University and MBA South Australia University. The estimates of reserves presented in this assessment fairly represents the information and supporting documentation prepared by Mr Paton who is a competent petroleum and resources evaluator and has consented to the inclusion of such information in this announcement in the form and context in which it appears. Mr Paton is a part-time Geoscience and Engineering consultant to Empire Oil and Gas

Notes to Red Gully Reserve Update (slide 8)

- Red Gully B sand 2P reserve (1 October 2014) as per RISC’s independent technical specialist report (November 2014) in KPMG’s independent expert report of 3 November 2014 (refer ASX release dated 12 November 2014).
- Red Gully B sand 2P reserve (1 July 2016) as per Valmap report announced 6 September 2016 ASX release.
- Contingent resources updated for Red Gully North-1 as in Valmap September 2016 reserve report.
- Probabilistic and deterministic evaluation methods have been used (in accordance with ASX listing rule 5.28).