



## EMPIRE OIL & GAS NL

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The Manager  
Company Announcements Office  
Australian Securities Exchange  
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### ASX RELEASE

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### Empire delivers \$7.6M maiden profit for the year ending 30 June 2015

- **Net Profit After Tax of \$7.6M up 430%** (FY2014: (\$2.3M))
- **Record Gross Profit of \$6.9M up 73%** (FY2014: \$4.0M)
- **Gas and condensate sales revenue up 54% to \$19.1M** (FY2014: \$12.4M)
- **Average daily gas production increased to 7.9TJ/day** (FY2014: 5.1TJ/day)
- **Operating costs reduced by 30%**
- **30 June cash balance of \$11.5M**
- **Exploration strategy advanced ahead of drilling campaign**

Empire Oil & Gas NL (ASX: EGO) ('Empire' or the 'Company') is pleased to report a FY2015 net profit after tax of \$7.6 million (M), reflecting a strong operating performance at the Company's Red Gully Processing Facility and a stringent cost control strategy.

The total comprehensive income of \$7.6M for FY2015 was made up of \$2.3M profit before tax and the recognition of a \$5.3M income tax benefit due to tax losses being recognised by the Company. Gross profit increased 73% to \$6.9M up from \$4M in FY2014, primarily as a result of increased sales revenue and the completion of the ERM transaction in February 2015, securing Empire's 100% ownership of the Red Gully Processing Facility, up from 76.39%.

The excellent production results were due to a full 12 months of stable production from the Red Gully-1 B Sands following their successful perforation and testing program in June 2014. The strong and reliable Red Gully reservoir and facility performance resulted in an average daily gas production rate of 7.9 Terajoules per day (TJ/day) up from 5.1 TJ/day in FY2014. Subsequently, revenue from gas sales increased 88% to \$12.2M, up from \$6.5M in FY2014.

Despite substantially lower oil prices during challenging market conditions, condensate revenue increased by 17% to \$6.9M, up from \$5.9M in FY2014, with production volumes increasing by 55%. The average realised oil price declined from US\$91.50 (A\$99.46) in FY2014 to US\$55.50 (A\$66.87) in FY2015.

In addition to the improved well performance, continuing efficiency improvements at the plant led to a 30% reduction in costs and an increase in plant uptime, which averaged over 96% (excluding planned downtime), a best in class figure for an onshore facility of this size.

The recently announced increases in gas (1P up 64%) and condensate (1P up 29%) reserves have the potential to extend the life of the Red Gully Project by approximately two years, giving Empire the ability to generate further cashflow improvements from the extra 2PJ of uncontracted proven gas.



Another major successful accomplishment during the last financial year was the completion of the state of the art Black Swan Airborne Geophysical Survey, the largest survey of its type in the Perth Basin. The 12,777 line kilometres of data collected is currently being integrated with the existing seismic database with results, due in December 2015, to assist with defining and prioritising new targets.

Empire also advanced its strategy of increasing the value of its exploration portfolio by maturing three material prospects over the year, Red Gully North, Lockyer Deep and Raven. The Red Gully North prospect, situated only 4kms from the Red Gully Processing Facility, is a low risk exploration well adjacent to Red Gully and Gingin West Fields, and will be drilled in November and December 2015. The Lockyer Deep prospect also lies along trend from the recent AWE Waitsia discovery.

Commenting on the year, Ken Aitken, Empire's Chief Executive Officer, said, "Our maiden profit result confirms the remarkable turnaround in performance achieved in all areas of our business over the last year. Empire is now generating significant cashflows from our efficient production facility, providing a firm foundation for an exciting year of exploration and growth ahead."

Yours sincerely

**For Empire Oil & Gas NL**

A handwritten signature in black ink, appearing to read 'Ken Aitken'.

**Ken Aitken**

Chief Executive Officer

**For further information, please contact:**

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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 150kms 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 5,000 Terajoules (TJ) of gas. Gas produced to date has been contracted to Alcoa and delivered through the Dampier to Bunbury Natural Gas Pipeline (DBNGP), which lies next to the Processing Facility. Condensate produced is transported via road to BP.

EGO is the holder of the largest net acreage in the highly prospective Perth Basin with its production licenses and permits covering more than 10,000km<sup>2</sup>, representing 48% of the currently granted acreage in the Perth Basin. Close to pipeline infrastructure and with rapid commercialisation opportunities, the Company has significant exploration potential in an underexplored, proven petroleum system.

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, enabling Empire to attract quality farm-in partners to assist in accelerating growth plans.