



EMPIRE OIL & GAS NL

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Empire identifies significant upside potential for the Lockyer Deep and North Erregulla Deep prospect trend

On behalf of the EP 368 and EP 426 Joint Venture, Perth Basin domestic gas producer Empire Oil and Gas ("Empire", ASX: EGO) has interpreted the Lockyer Deep and North Erregulla Deep prospects to have significant upside gas potential due to its latest high case interpretation that joins the two prospects into one large prospect for the high case prospective resource estimates. This follows the reprocessing of vintage seismic data in EP 368 and EP 426 and the interpretation of all existing data in these permits.

This high case structural closure effectively combines both prospects into one continuous closure covering a combined area of 39.6km² (refer to Figure 1). This high case estimate indicates potential for a large continuous prospect which remains undrilled at the Kingia/High Cliff sandstone level, in proximity to the recent Waitsia discovery made in adjacent acreage to the west by AWE. The Waitsia discovery has been hailed as one of the potentially largest gas discoveries in the basin since the 1960's.

It should be noted that Lockyer Deep and North Erregulla Deep are still interpreted as separate closures at the low and mid case cases and they are only combined as one prospect for the high case estimates. The prospective resource estimates for Lockyer Deep and North Erregulla Deep have not changed from those previously reported by Empire, apart for the previous high case estimates for both prospects now being combined.

Empire has also completed the interpretation of the Black Swan Airborne geophysical survey received at the end of 2015 (refer to ASX Announcement released 21 January 2016). Structural highs and leads have been interpreted in EP 389, EP 432 and EP 454, and Empire now plans to proceed to acquire infill 2D seismic to mature the identified leads to prospect status for future drilling.

Following the successful Red Gully North-1 drilling program in late 2016, Empire intends to drill the Lockyer Deep well in 2016/17, subject to securing funding.

Empire CEO Ken Aitken said "the Locker Deep and North Erregulla Deep prospects and their possible connection into one large structural closure present the company with an exciting significant gas opportunity adjacent to the large Waitsia gas discovery and we are looking forward to seeing the prospect drilled as soon as funding was in place. This exploration prospect is significant for two reasons - if the structural closure is continuous between the Lockyer Deep and North Erregulla, then there is a reduction in the overall exploration risk and cost to explore the trend as only one exploration well will be required and secondly; the large potential size of the prospective resource. It is seldom that a company gets the chance to target such a large structural closure in a quality, producing onshore Australian basin that is adjacent to a new, large gas discovery (Waitsia).

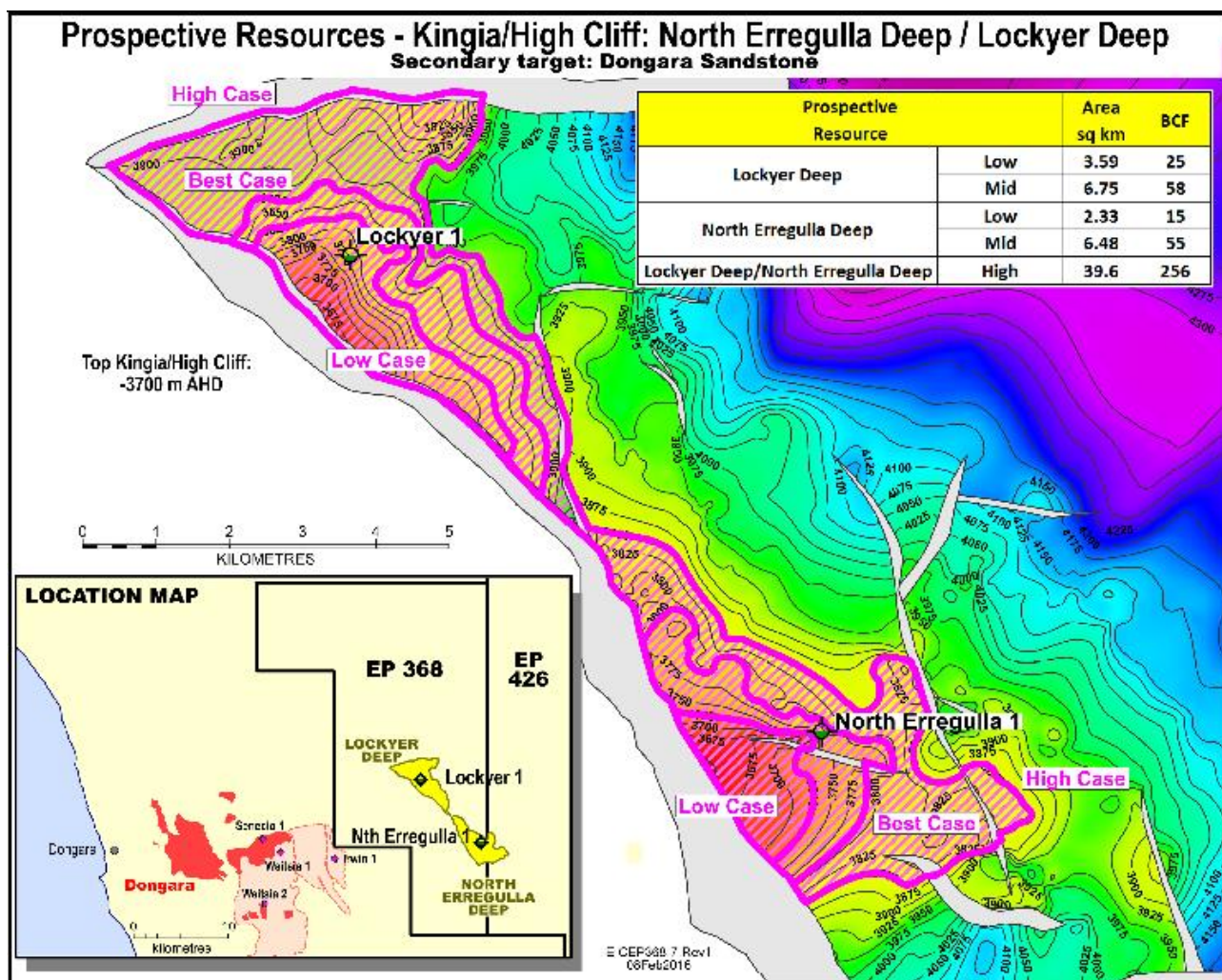
EP 368

Empire Oil company (WA) Limited (Operator)	80.00%
Westranch Holdings Pty Ltd (Norwest Energy NL)	20.00%

EP 426

Empire Oil company (WA) Limited (Operator)	77.78%
Westranch Holdings Pty Ltd (Norwest Energy NL)	22.22%

Figure 1: High case estimates show Locker Deep and North Erregulla Deep as a continuous prospect



-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 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 10,000km², 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.

Qualified Geophysics and Petroleum Engineering Statement

Unless otherwise indicated, the statements contained in this ASX announcement about contingent resources have been compiled in accordance with the definitions and guidelines in the 2007 SPE PRMS. This information is based on, and fairly represents, information and supporting documentation prepared by Mr Milton Schmedje, who has consented to the inclusion of this information in the form and context in which it appears in this report. Mr Schmedje holds a degree in Applied Geology (BSc (Hons)) and has over 30 years of experience as a petroleum geologist. He has extensive experience in petroleum prospect assessment. Mr Schmedje is the Exploration Manager for Empire Oil and Gas to ERM Gas.