



EMPIRE ENERGY GROUP LIMITED

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ASX Announcement

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OIL FIELD OPERATIONS CONTRACT – MARION COUNTY, KANSAS

Directors are pleased to announce that the Company has been selected by a group of high net worth investors to assume the operatorship of 16 relatively new wells along with one disposal well and storage facilities located in Marion County, Kansas. The 16 wells are in varying stages of production and completion. However, all wells have been shut-in under the directions of the Kansas Corporation Commission while a legal dispute between the investors and the original operator was resolved. The investors now own and control the assets.

The project consists of a total of 2,400 acres including 3 square miles of 3D seismic data and associated process equipment. Additional acreage is available to increase the foot print depending on the success of the existing operations. The acreage overlays the existing Lost Springs Oil Field which has produced around 11MMBO and consists of a number of oil producing formations, including the Mississippi Lime, the Hunton and Viola Limestones which are all prolific oil producers. The major productive zones for the 16 wells are the Hunton and the Mississippian Lime or “Chat” reservoirs, the later a high porosity, low resistivity chert and cherty carbonate that is highly productive in parts of Kansas and Oklahoma.

Due to the shallow depth and non-complicated vertical well bores, drilling, completion and operating costs in the region are low and in close proximity to Empire’s existing operations. Previously three of the producing wells had been producing up to 25Bbl/d. A preliminary review of the operations by Empire has shown that this production should easily be doubled shortly after taking over operations along with the other wells being bought on line. In addition there appear to be productive horizons behind pipe.

For managing the assets Empire will receive compensation based on industry standard COPAS operating rates along with 20% of the net revenue from the existing wells. On average, there is a 12 ½% royalty burden. The agreement allows Empire to farm into new wells and includes an option to purchase the assets outright if the existing owners wish to sell.

ABOUT EMPIRE ENERGY GROUP LIMITED

In early 2007, the Company established Empire Energy USA, LLC a wholly owned subsidiary. Empire Energy USA is an oil and natural gas producer with operations in Appalachia (New York and Pennsylvania), Central Kansas Uplift and Oklahoma. Current normalised production is around 1,250Boe/d. The Company also holds Exploration Licences and Applications over 14.6 million acres in the McArthur Basin, Northern Territory, Australia, which is considered highly prospective for oil and gas shale.

Empire Energy holds a US\$200 million credit facility with Macquarie Bank Limited, which can be utilised for the acquisition and development of oil and gas assets in the USA. This facility has around US\$41.2m of the debt facility currently drawn.