

RIU Good Oil Conference Presentation

ASX: EGO

SEPTEMBER 2016



EMPIRE OIL & GAS NL

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- High margin, CPI-linked **onshore Perth Basin domestic gas production and revenue streams**
 - Approx. 83% of total Empire revenue based on gas production
- **Red Gully North-1 commercialisation rapidly progressing** with remediation planning underway and interest from several parties in securing gas supply
- Strong competitive position with **material exploration prospects which could deliver reserves to meet potential growth in WA domestic gas demand**
 - Lockyer Deep / North Erregulla Deep represent **one of the largest gas prospects remaining in the Perth Basin**
- **Owner of significant infrastructure assets** including the 100% owned Red Gully Processing Facility
- Shareholders are well placed to benefit from **successful corporate and operational turnaround initiatives undertaken over the last 2 years**
- **Well aligned board and management team with 8.5% shareholding and supportive equity cornerstone shareholder in Mineral Resources**

Emerging gas producer with high margin domestic **gas revenues and a substantial exploration portfolio**

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\$2.1bn market capitalisation), an integrated mining services company
- Near term **commercialisation of Red Gully North-1 boosts the existing production** from the 100%-owned Red Gully Processing Facility

Financial information

Share price (9-Sep-16)	A\$0.30
Number of shares ¹	102.4m
Market capitalisation	A\$30.7m
Cash (30-Jun-16)	A\$2.9m
Debt (30-Jun-16) ²	A\$15.1m
Enterprise Value	A\$42.9m

Source: IRESS

Notes:

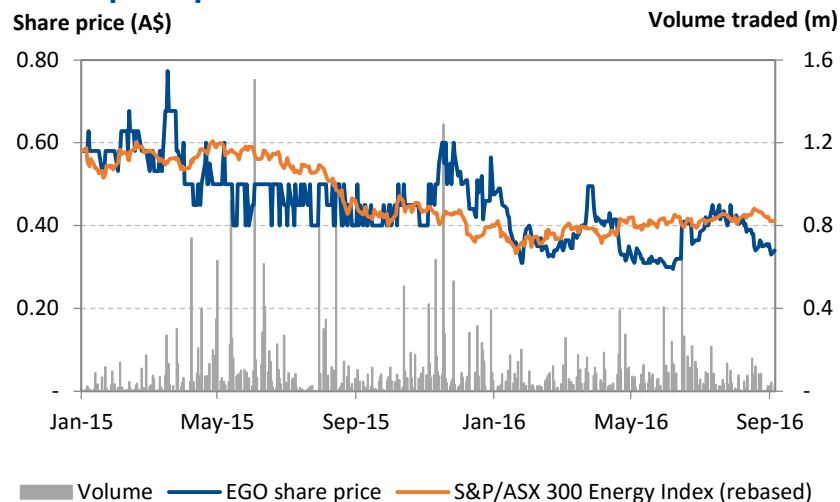
- Excludes 7.85m listed options (exercise price A\$0.90, expiry date Apr-18) and 1.7m unlisted employee share options on issue
- Mineral Resources 3 year revolving working capital facility

Top shareholders

Mineral Resources Limited	19.4%
Philip Garratt	6.9%
Dynamic Supplies Pty Ltd	4.5%
Robert Hutchfield	1.8%
Vincent Family	0.9%
Board and management	8.5%

Source: Link Market Services (Sep 2016)

Share price performance



Agile and entrepreneurial Board and management team with a strong track record of Perth Basin exploration and development success

- Empire has assembled a highly experienced Board and management team with specific experience in **unlocking shareholder value** from the Perth Basin
- **Significant operational knowledge of the Perth Basin** will allow Empire to **optimise the performance of the Red Gully project** and explore for new discoveries over our 9,070km² Perth Basin tenement holding

Management

Ken Aitken – CEO

- 30+ years E&P technical and executive experience
- Extensive knowledge of WA's energy industry including 7 years as Manager of Origin's Perth Basin Assets
- Part of the team that discovered and developed the Redback field
- Previously held senior roles with Origin, Mitsui and Apache

Milton Schmedje – Exploration Manager

- 30+ years experience with ASX-listed E&P Companies including Ampolex, Origin, AWE and Tap Oil
- Includes 15 years operating experience in Australian onshore Permian-Jurassic petroleum basins

John Mastrocinque – Operations and Engineering Manager

- 25+ years industry experience with Australian and international operators and FPSO providers
- Significant operations, engineering and project management experience

Rachel Rees – Chief Financial Officer and Company Secretary

- 25+ years of senior financial experience across multiple sectors
- Chartered Accountant with commercial, strategic and risk management, corporate governance and financial management experience

Board

Antonino (Tony) Ianello – Chairman

- 30+ years of experience in banking and energy
- Previously Managing Director of Western Power Corporation
- Currently Non-Executive Chairman of D'Orsogna Ltd and a Director ERM Power Limited (ASX: EPW)

Stuart Brown – Non-Executive Director

- 35+ years experience at technical, managerial and board levels
- Previously Vice-President Strategic Planning at Woodside (ASX: WPL)

Philip Garratt – Non-Executive Director

- 30+ years of senior management experience in the oil and gas industry
- Previous Chief Executive Officer of IDM International

Thomas Vincent – Non-Executive Director

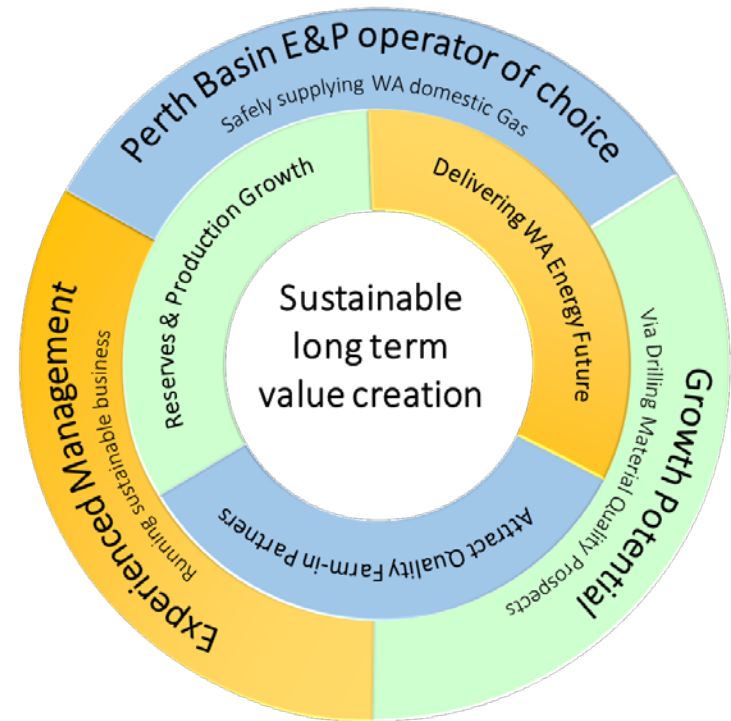
- Highly experienced lawyer and investment banker with experience in Australia and the UK
- Previously worked for Deutsche Bank as Vice President of Credit Trading

Board and management are focused on transforming Empire from a producing small-cap to a producing mid-cap within 5 years

Near term strategic focus

- Current focus is to build reserves around the Red Gully hub to expand or extend existing production facility via Red Gully North-1 and future prospects identified by 2D seismic
- Corporate opportunities are being actively considered in order to expand Perth Basin production
- Strategy is to expand production with another hub through acquisition or from drilling multiple material high impact exploration targets

Empire's long term value creation strategy



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

Portfolio overview

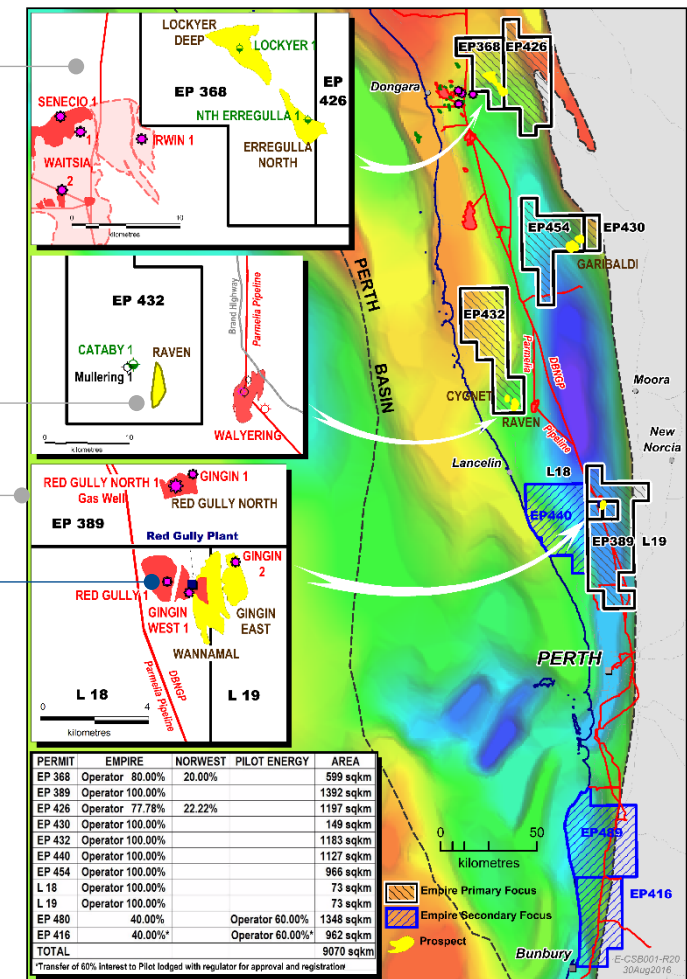
Exploration

- 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 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

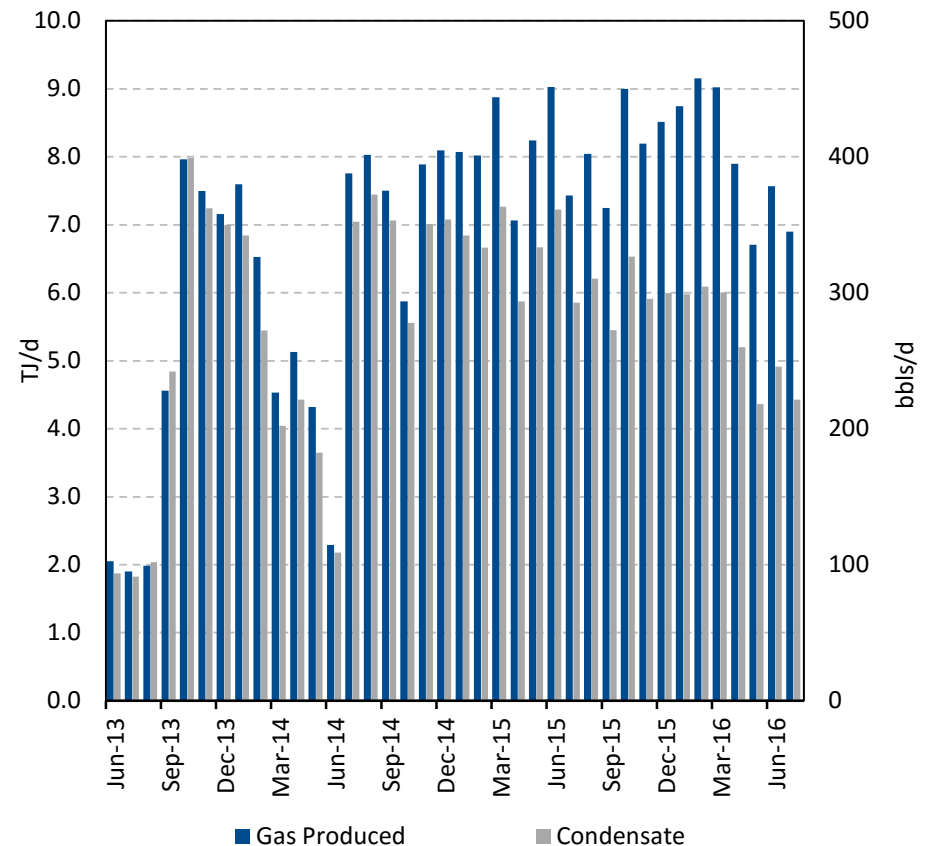


Empire’s owns 100% of its processing infrastructure and has successfully operated the plant with best in class uptime and safety performance

Infrastructure overview




- **100% ownership of Red Gully gas and condensate processing plant located 150km north of Perth** which is close to end-users and exploration assets
 - Plant is currently capable of processing 10TJ/d of gas and 400bbl/d of condensate
 - **Plant operating efficiently with best in class uptime(93.5%) & safety (3 years LTI free)**
 - **Operating cost reduction of \$1mill (18%) over the last financial year.**
 - **100% ownership of the pipeline infrastructure connecting Red Gully and the major Dampier-Bunbury pipeline**
 - Plan to install compressor and additional separator to maximise reserves recovery
- Room for plant expansion subject to project economic viability
- Average production in FY16 financial year of 8.2 TJ/d gas and 287.2 bbl/d condensate meeting revenue forecast of A\$20m

Monthly average production FY14 - FY16



Empire has a secure gas sales agreement with Alcoa and a condensate agreement with BP

- **De-risked revenue stream** through fixed price Gas Sales Agreements (“GSA”)
 - Fixed price agreements, with any changes linked to CPI
 - Additional sales beyond Tranche 2 underway
- **Certainty of bringing product to market**
 - Empire is the owner of processing infrastructure (plant and spur pipeline)
 - Key customer has a 20 year access agreement to use the Dampier-Bunbury pipeline
- **Customers are large listed multinational companies with investment grade ratings and low credit risk**

Gas contracts	Counterparty	Terms
<i>Tranche 1 gas (completed)</i>		<ul style="list-style-type: none"> – 5PJ for a total of A\$25m in revenue (pre-paid) – Price increase reflecting removal of pre-payment risk
<i>Tranche 2 gas</i>		<ul style="list-style-type: none"> – Up to 8TJ/d of gas at undisclosed price for a total of 10 PJ – Commenced production in 3Q15
<i>Condensate</i>		<ul style="list-style-type: none"> – Provider of c.300 bpd of condensate – Condensate is processed and trucked to the Kwinana BP refinery

Empire has been collaborating with new cornerstone shareholder Mineral Resources to assess opportunities to integrate with their LNG supply chain strategy

LNG and gas power strategy

MRL's LNG supply chain solution is fully vertically integrated providing certainty of supply and energy costs



- MRL has a 19.4% equity stake and provided a \$15.1m working capital loan to Empire Oil & Gas to secure in-ground gas supply to control LNG costs

- MRL will convert natural gas to LNG at its LNG operations located at Kwinana

- MRL will transport LNG to its operating sites across the state

- LNG down loaded to dedicated storage vessels on-site for consumption in operations

- On-site, gas fuelled resources including power stations, mobile equipment, mineral processing facilities



Reserves and resources underwrite current contracts, as well as providing a strong platform for growth

Current supply arrangements

- Empire has c. 7PJ of 1P Reserves and c. 11PJ of 2P Reserves
- Reservoir life of approximately 4 years based on 2P Reserves with significant extension with potential reserves at RGN-1

2016 Reserves Review

- The 2016 Reserves Review saw a reduction in Red Gully reserves remaining due to:
 - Reservoir production of 2.98 PJ of gas and 104.8Mstb of condensate
 - A higher than expected decrease in bottom-hole pressure as measured by a static gradient survey
 - The onset of formation water production of the Red Gully B sand in late March 2016
- Empire has approved and initiated two upgrade projects to maximise ultimate reserve recovery
- Since 4Q 2014, Red Gully 2P reserves have increased by 5PJ on a net positive basis following two increases to reserves totalling c.9PJ

Reserves and resources^{1,2,3,4}

Reserves		1P	2P	3P
Gas	PJ	6.9	10.9	15.4
Condensate	MSTB	215.3	340.4	485.3
Gas	mmboe	1.1	1.8	2.5
Condensate	mmboe	0.2	0.3	0.5
Total	mmboe	1.3	2.1	3.0

Resources		1C	2C	3C
Gas	PJ	9.2	15.7	22.0
Condensate	MSTB	261.1	432.8	672.6
Gas	mmboe	2.3	3.7	5.5
Condensate	mmboe	0.3	0.5	0.7
Total	mmboe	2.2	3.6	5.7

Notes:

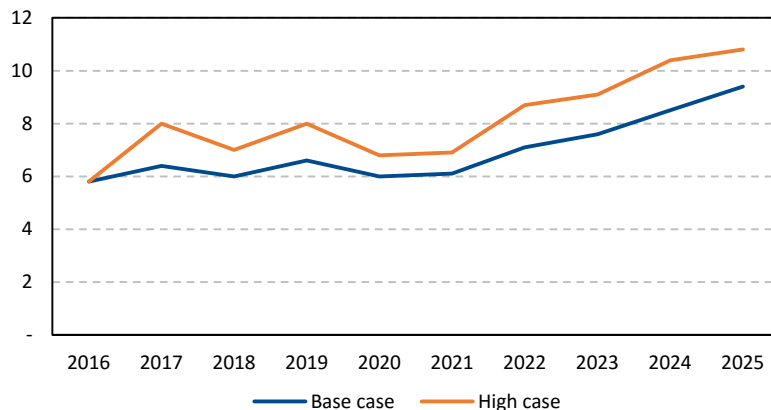
1. Red Gully and Gingin West Reserves at 1 July 2016
2. Contingent resources updated for Red Gully North-1 as at September 2016
3. PJ to mmboe converted at 0.17194, MSTB to mmboe converted at 0.0009
4. See disclaimer for full notes

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)

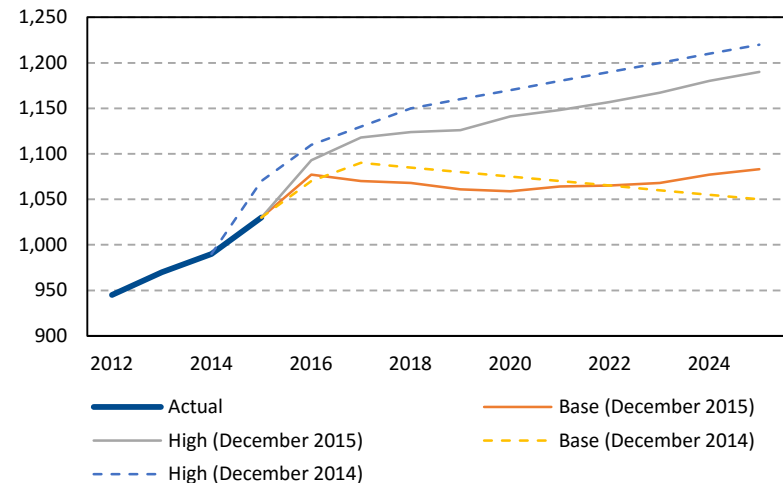
Note

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)

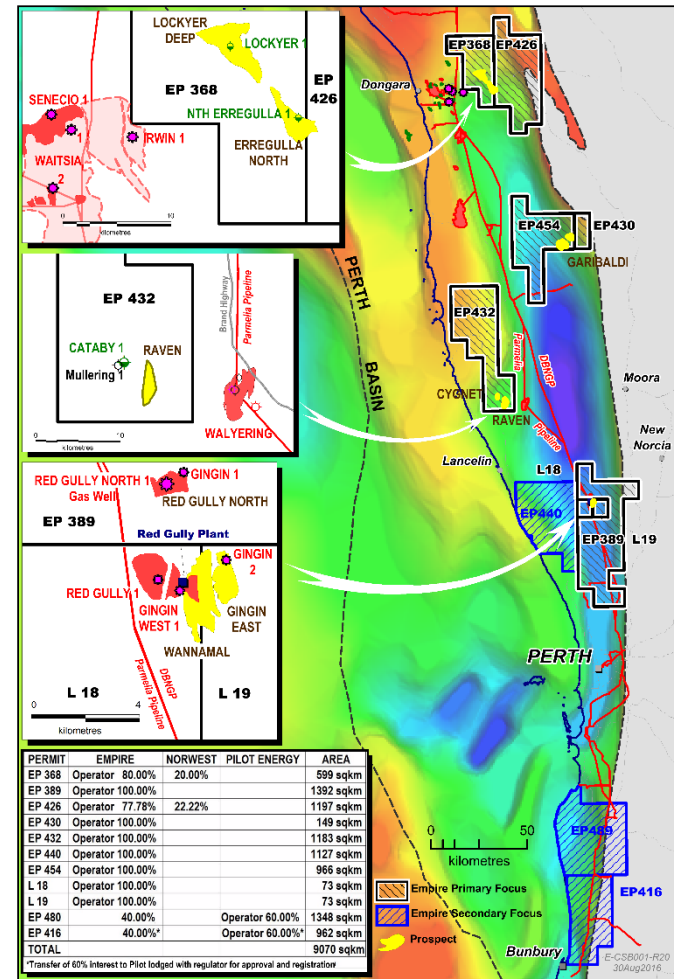


Empire has a focused pipeline of high quality exploration prospects

Portfolio overview

- Lockyer Deep/North Erregulla Deep prospect strengthened by recent AWE discovery of 2P+2C of 630 bcf in adjacent field
- Waitsia (adjacent to Lockyer Deep/North Erregulla Deep): “Has the potential to be the largest onshore conventional gas discovery in Western Australia in the last 50 years” — AWE

Location of prospects



Prospect	Location	Commentary
<i>Red Gully North</i> (Discovery Dec 2015)	EP 389	Situated only 4kms from Red Gully Processing Facility 2C contingent gas resources of 7.5PJ (Valmap 2016)
<i>Lockyer Deep/North Erregulla Deep</i>	EP 368	Significant gas prospect adjacent to AWE’s Waitsia gas discovery
<i>Raven</i>	EP 432	New oil play down dip of the Cataby-1 oil discovery Recently matured to prospect status

The Black Swan geophysical survey over Empire's Perth Basin tenements identify significant upside exploration potential

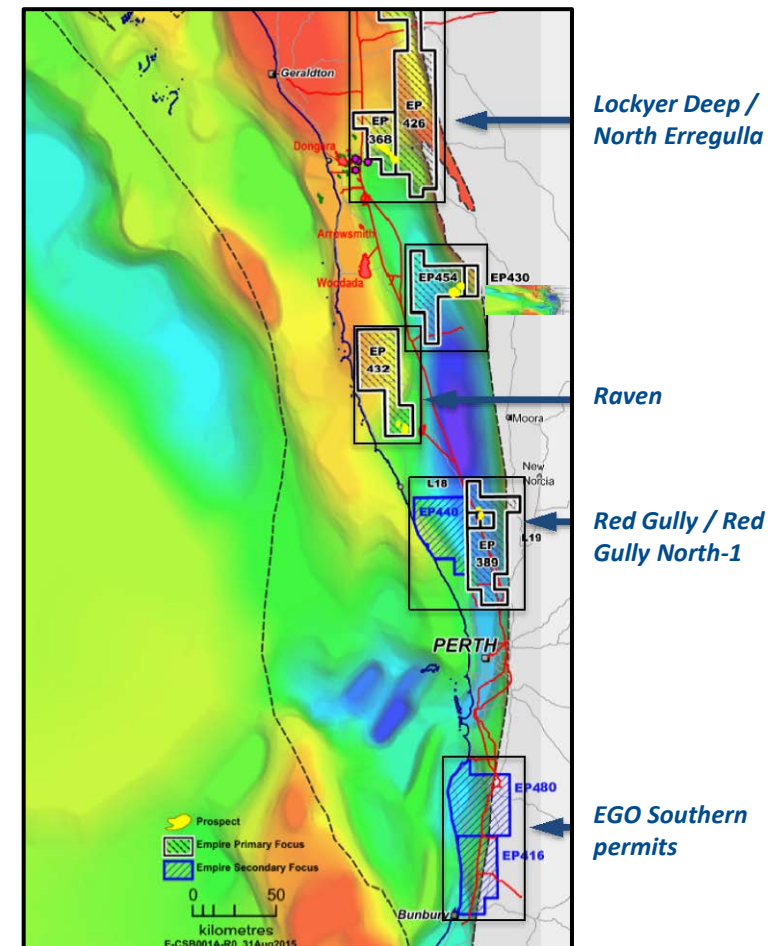
Exploration overview

- The Black Swan airborne geophysical survey was completed in January 2016 on time and budget
 - It presents the basis for future lead generation across Empire's extensive tenement portfolio
- Empire is in the early stages of planning a 2D seismic survey to mature leads identified by the Black Swan Airborne Geophysical Survey

Survey results

- **EP 389 / 440:** Structural leads interpreted in a fairway in northern EP 389
- **EP 432:** Emerging High Cliff/Kingia play fairway with abundant leads
- **EP 454 / 430:** Structural highs and leads identified on the western side of the Yarra Yarra terrace

Black Swan survey 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

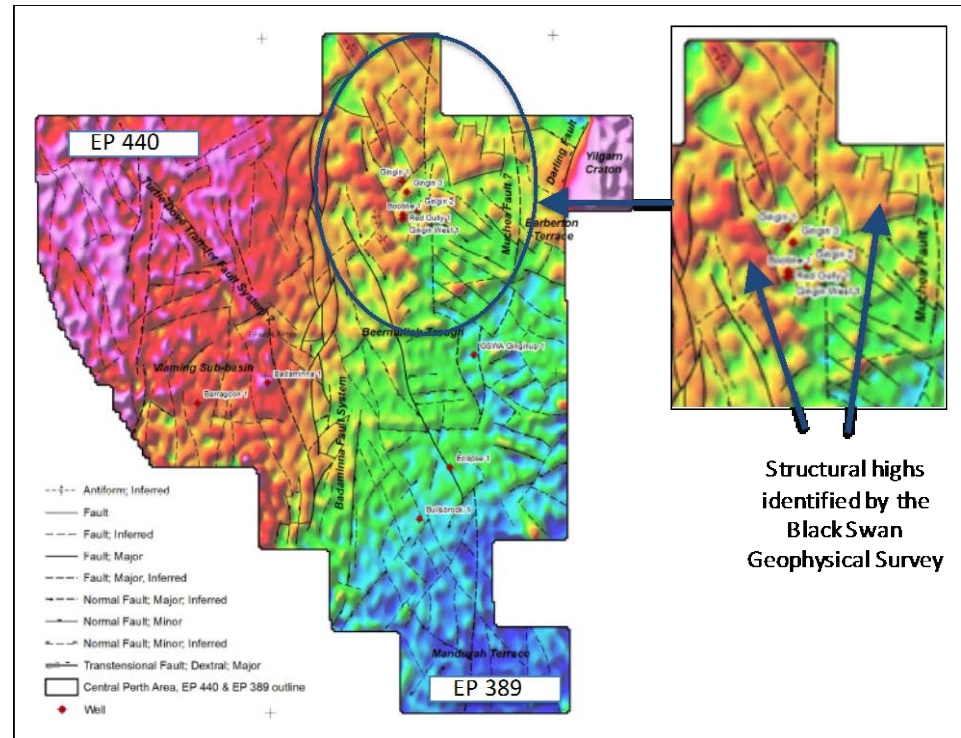
Red Gully North (Previously Gingin Updip)

- Exploration well drilled in Nov – Dec 2015
- Contingent (2C) resources of 7.5PJ gas (Valmap 2016)
- Reduction due to lower D sand proving tight on initial production test
- Remediation of RGN-1 cement required to allow well test to determine the flow potential of RGN-1 gas condensate discovery

Next steps

- Encouraging structural leads north of Red Gully will be matured with infill 2D seismic
- 2D seismic planned for the summer of 2017/2018

Red Gully project location (Black Swan survey)



Notes:

- 1 Black Swan airborne survey results released January 2016

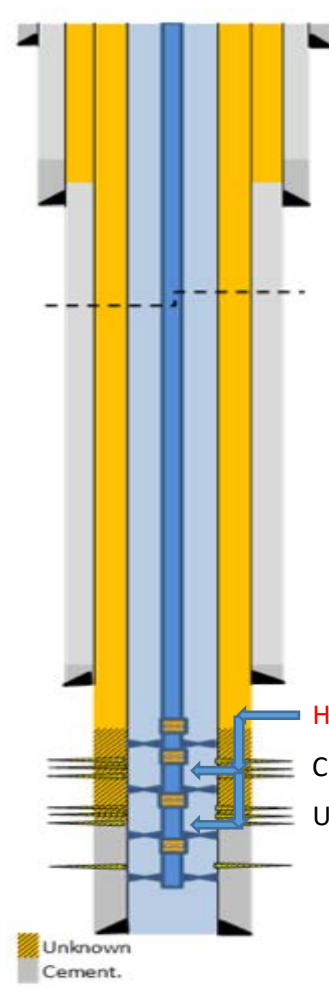
Red Gully North-1 Results

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

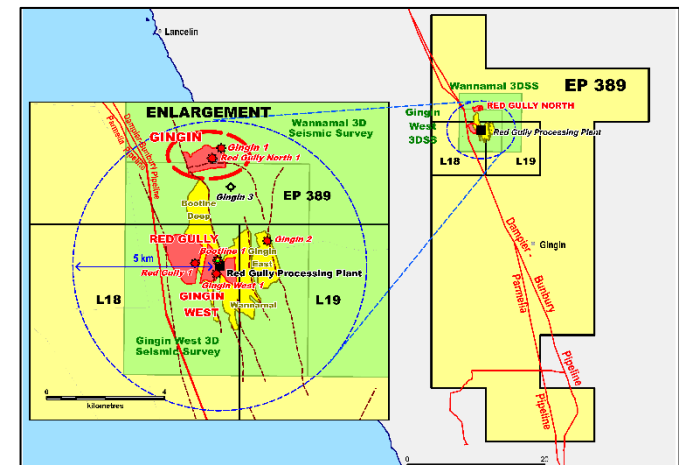
Drilling results / forward work program

- Red Gully North-1 is 100% owned by Empire and located **c.4km north of the Red Gully Processing Facility**
- Initial Red Gully North-1 drilling results successfully delivered **53m net gas pay**
- Red Gully North-1 discovered hydrocarbons however a remedial cement isolation is required to convert to reserves
 - Volume in line with pre-drill expectations
 - Drilling completed **on time and within budget**
 - **Minor gas pay zones discovered beneath** the 53m net gas pay interval
- Well testing in 1H 2016 was compromised and deemed invalid due to high amounts of formation water related to poor 7" casing cement integrity

Red Gully North-1 Completion



Red Gully North-1 location



- 2C Resource of 7.5 PJ (Valmap September 2016)
- Red Gully North-1 test in April indicated **high condensate yield** of 100bbl per mcf of gas

High Permeability Water sand communication

C sand

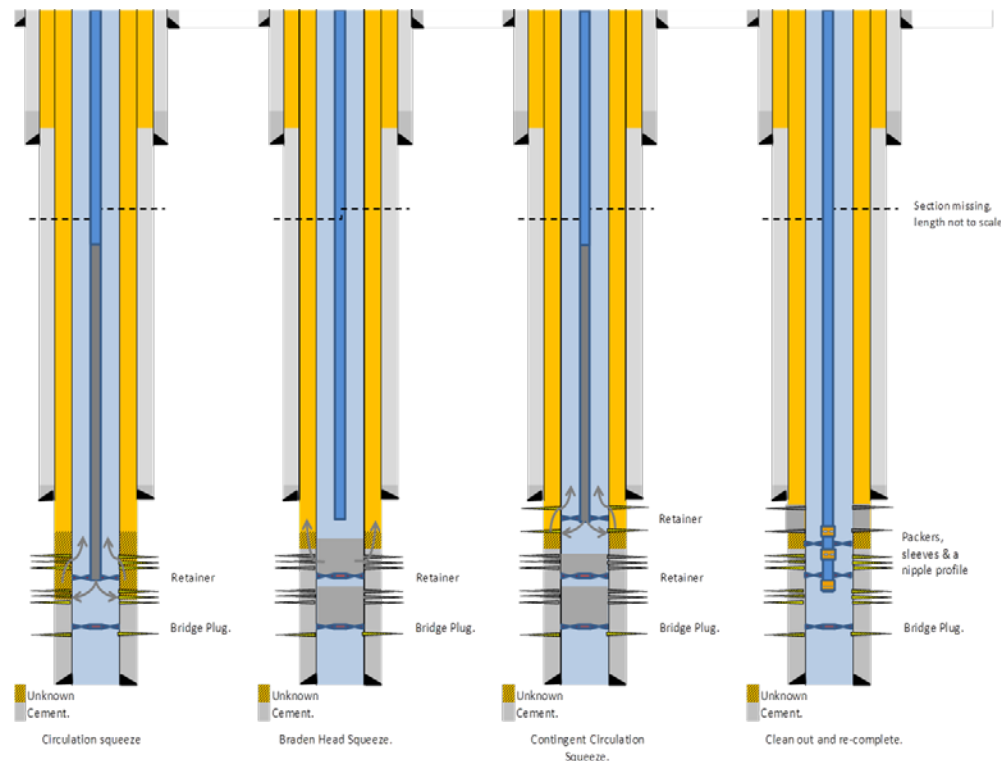
Upper D sand

Red Gully North-1 Planned Remediation

The successful remediation of Red Gully North-1 presents an immediate opportunity to expand the reserves and production life of Red Gully

Remedial cement squeeze & forward work program RGN-1 Remediation Plan

- Diagnostic testing carried out in August and early Sept to finalise the remedial cementing design
- Results to date encouraging for successful cement squeeze with final design underway
- Standard industry techniques to be implemented
- Long lead equipment purchased and planning underway
- Workover rig contract and approval planning underway
- The remedial cementing process is planned for mid Q4 subject to completion equipment delivery
- Reservoir deliverability of the Upper D and C sand remains to be assessed during re-testing
- A successful remediation and test program will allow a fast tieback and commercialization of RGN-1 reserves due to close proximity to Red Gully Plant
- Parties interest in buying gas in 2017

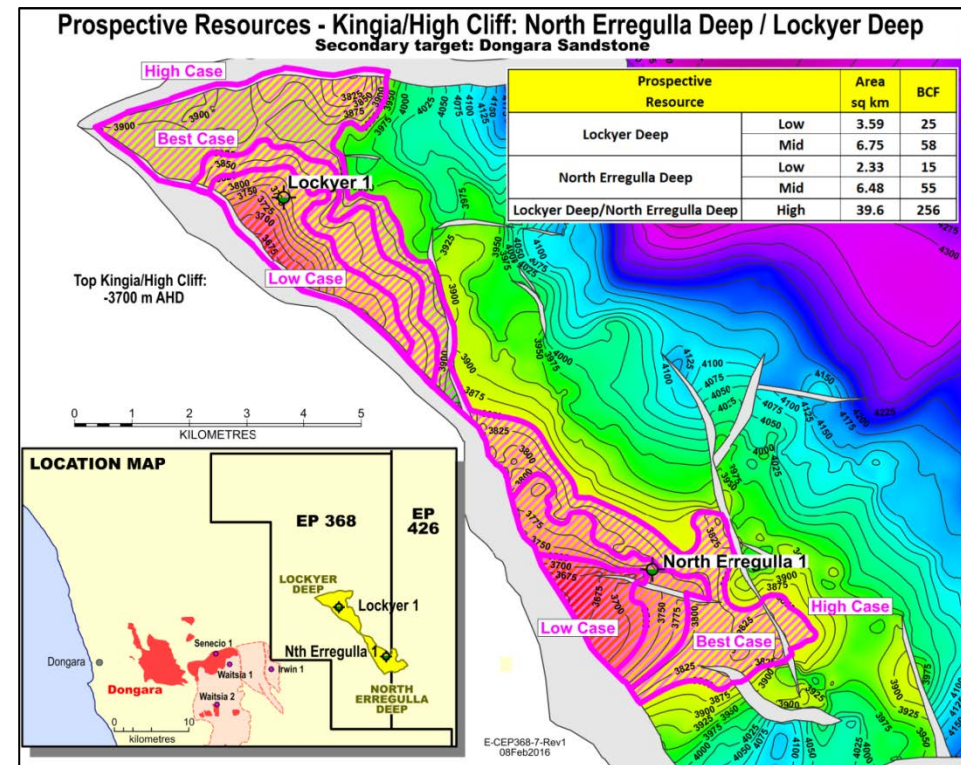


Lockyer Deep / North Erregulla Deep is a high impact, high volume target located near AWE's recent Waitsia discovery

Lockyer Deep / North Erregulla Deep (EP 368)

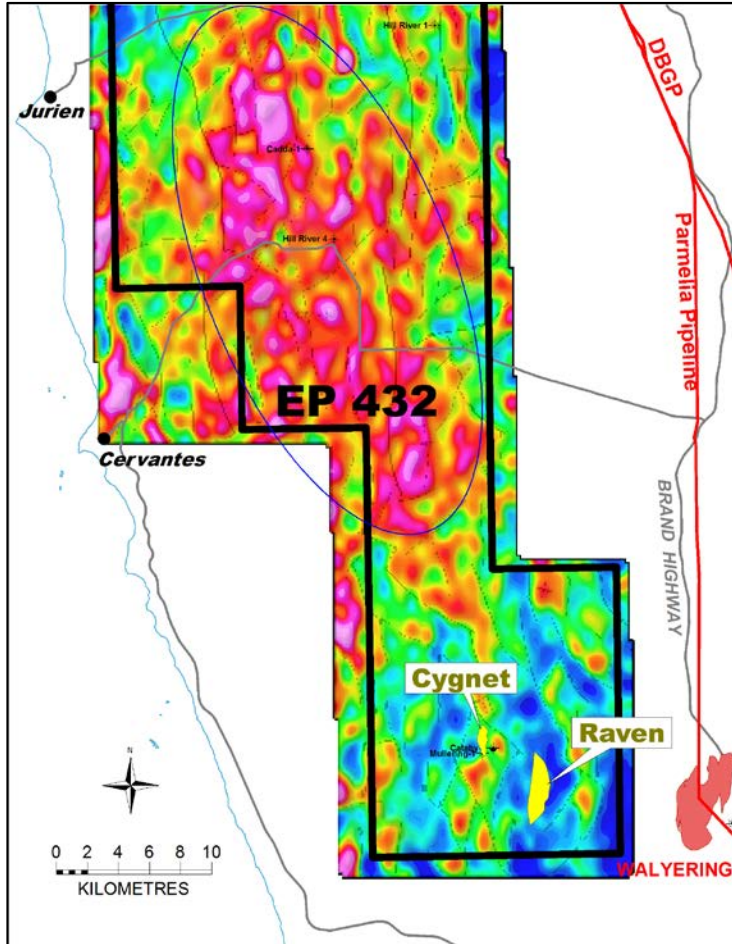
- Located near AWE's recent Waitsia discovery
 - This discovery was perhaps the most significant since Dongara field in the 1960's
- Lockyer Deep is proved oil bearing through the historic North Erregulla-1 and Lockyer-1 wells at the Dongara Sandstone level
 - Deeper stratigraphic levels were not drilled 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



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

EP 432 Black Swan survey



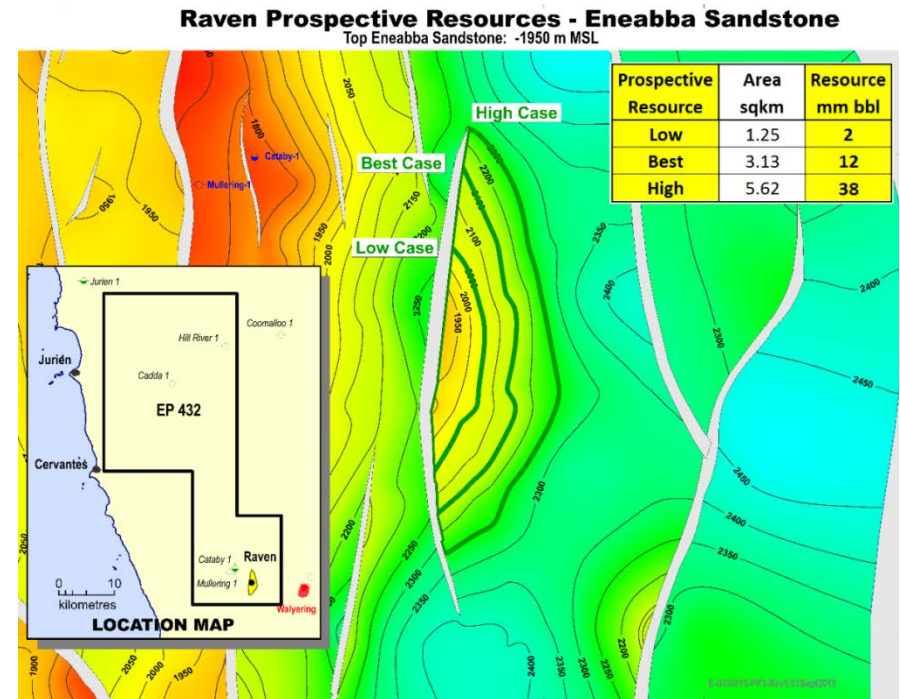
- Black Swan Survey images a large north–south structural trend
- Limited offset well data indicates the High Cliff and Kingia sandstone are present
- Targets are typically less than 3,000m
- Adjacent to mature source rock
- Potential for a Waitsia play but with wet gas potential
- Identified leads are 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

Targeting large oil potential by testing a large structure down dip of the Cataby-1 oil discovery

Raven-1 (EP 432)

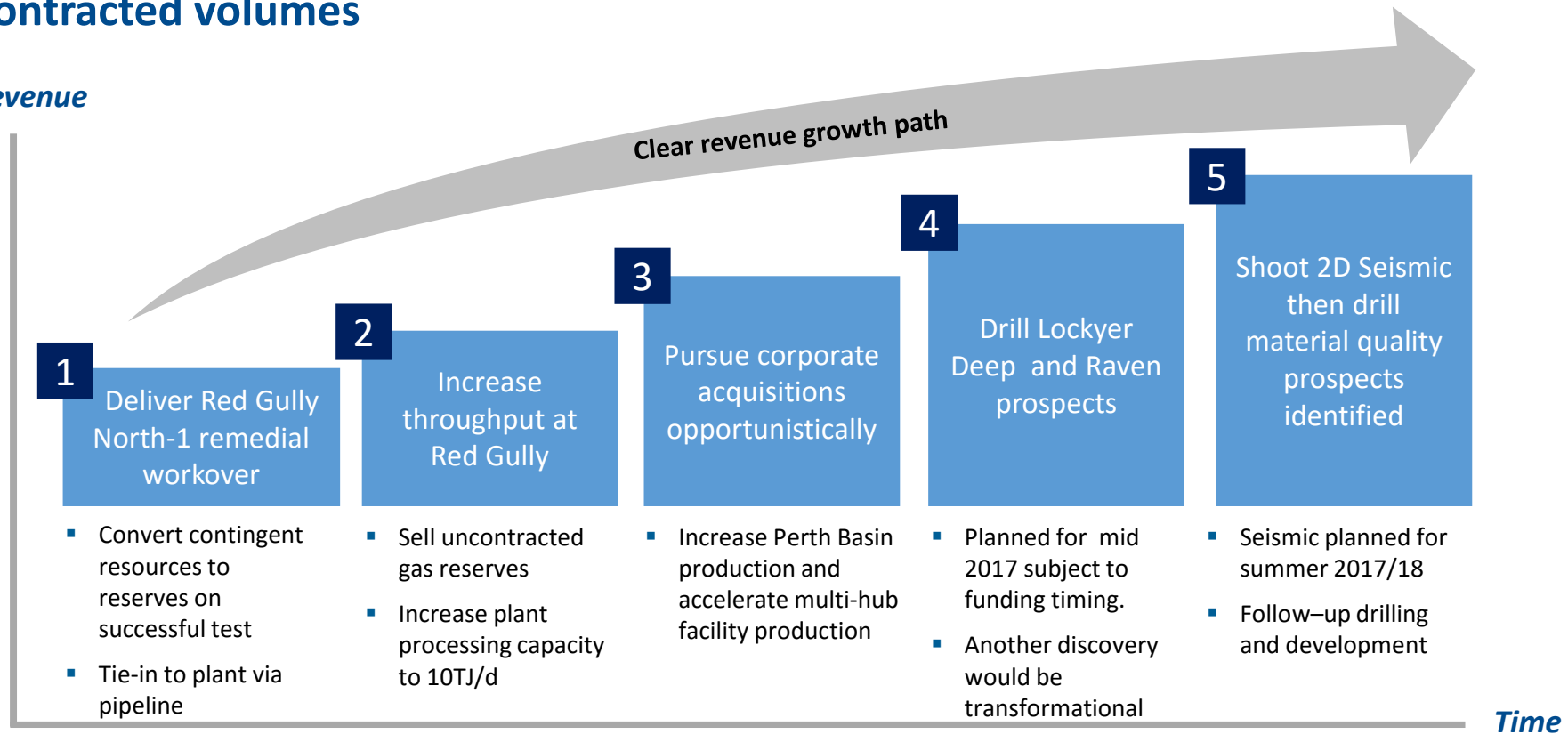
- Targeting Jurassic sands down-dip of known oil (Cataby-1)
- Discovery target of 12 million barrels (mid/best case)
- Drilling currently anticipated for 2017
 - Medium risk high impact well
 - Drilling will test a large fault block adjacent to a Jurassic source kitchen
 - Success has the potential to open up a new Jurassic oil play
- Currently finalising funding alternatives including potential farm-in partners

Location of Raven



Clear and significant upside to current operations including increasing contracted volumes

Revenue



Funding options

Funded through organic cash flow or farm-out / gas prepayment

Potential to be funded through organic cash flows from existing plant and debt facility

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

Majority of funding likely to come from farm-in partners

Near term operational, corporate and macro news flows will provide a number of share price catalysts

RED GULLY NORTH-1 <i>Remediation in 4Q 2016</i>	– Remedial cementing planned for early 4Q 2016
CORPORATE	– Collaboration with cornerstone investor Mineral Resources including the assessment of corporate growth opportunities and LNG supply strategy
PREPAYMENTS / GSA <i>In discussions</i>	– Discussions continue with other potential buyers of surplus gas through either a prepayment arrangement or supply contracts
FARM-OUT TO FUND 2017 EXPLORATION	– Lockyer Deep / North Erregulla Deep high impact large volume gas and oil potential – Raven with large oil potential
DOMGAS PRICES <i>Ongoing</i>	– Further news relating to potential supply constraints post 2020

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**

- 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.
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- 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 Ian 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 Reserve and Resource table

- Red Gully and Gingin West Reserves as of Valmap 2016 evaluation report.
- Contingent resources updated for Red Gully North-1 as at September 2016.
- Red Gully comprises the B and D sand reserves discovered by the Red Gully-1 well. Gingin West comprises the D sand reserves discovered by Gingin West-1 well.
- Red Gully, Gingin West, and Gingin East contingent resources at 1 July 2016.
- Red Gully comprises the B and D sand resources discovered by the Red Gully-1 well. Gingin West comprises the D sand resources discovered by the Gingin West-1 well. Gingin East comprises the resources discovered by the Gingin-2 well.
- Additions beyond the field level have all been made arithmetically, as a result the consultants cautions that 1P and 1C aggregate quantities may be very conservative and the 3P and 3C aggregate quantities may be very optimistic due to portfolio affects.
- Probabilistic and deterministic evaluation methods have been used (in accordance with ASX listing rule 5.28).