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ASX Announcement – Drilling Update

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DEVELOPMENT WELL DRILLING PROGRAM - KANSAS DEVELOPMENT WELLS 1 TO 9

The Directors wish to update shareholders on drilling costs for the first 6 completed wells of the initial 10 well drilling program in the Central Kansas Uplift, Kansas.

Average cost for the first 6 wells completed and brought onto production by the Company has been finalised at \$202,000/well compared to an estimated cost of \$326,000/well. Savings have been achieved through economies of implementing a 10 well drilling program, selective purchasing of plant and equipment, sharing of tank batteries and efficient utilisation of drilling and completion resources.

In addition, the Company's share of costs for the Driscoll #31-8 which was not completed was \$42,000. Some minor site rehabilitation costs are still to be incurred.

In addition, the Wokaty #7 well which was spudded on 25/10/2011 is under review for completion. Although several potentially productive Lansing-Kansas City (LKC) zones have been encountered, the Arbuckle zone targeted has not been intersected. As the Company has producing wells on either side of the Wokaty #7 well it is unlikely it would be stranding oil in place. A further review is being undertaken of the formations encountered.

EXPLORATION WELL DRILLING PROGRAM - NORTH DAKOTA JOINT VENTURE (EMPIRE WI=35%)

A completion rig has been contracted for the Nesham #26-1 well and this is expected to be on site within the next 10 days. This will be the first of the two wells to be completed.

ABOUT EMPIRE ENERGY GROUP LIMITED

In early 2007, the Company established Empire Energy USA, LLC and currently holds around 95% of its issued capital. Empire Energy USA is an oil and natural gas producer and also operates a small oil and gas field service operation. It has operations in Appalachia (New York and Pennsylvania) and the Central Kansas Uplift (Kansas).

Empire Energy implemented a US\$100 million credit facility with Macquarie Bank Limited in early 2008 for the sole purpose of acquiring and developing oil and gas assets in the USA. This facility has been increased to US\$150 million.

For more information:

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