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## Quarterly Report – For the period ending 31 March 2014

30 April 2014

### HIGHLIGHTS FOR 1<sup>st</sup> QUARTER

- Estimated oil & gas net revenue for the period US\$5.8 million (4Q2013: US\$6.1 million).
- Unaudited Field EBITDAX of US\$3.9 million (4Q2013: US\$4.2 million).
- Gross production
  - Oil: 61,291 Bbl (4Q2013: 60,843) +0.7%
  - Gas: 540,197 Mcf (4Q2013: 616,300) -12.3%
- 2 discovery oil wells drilled and producing in Allegany County, New York. Up to a further 40 wells can be drilled on Empire leases in this area. Drilling will recommence following the winter thaw. Additional leases have been identified.
- In Kansas the drilling of 2 proved undeveloped wells were completed with 2 more wells scheduled and drilling locations prepared.
- Unaudited USA subsidiary EBITDAX was \$2 million, which was around \$1 million below budget due to significant one-off non-recurring expenses of around \$550,000 spent on behind pipe recompletions, a polymer gel treatment, tubing and wellhead upgrades. Estimated payback periods for these work programs is between 20 to 270 days. In addition \$318,000 was utilized in potential acquisition related costs.
- Estimated Group EBITDAX was US\$1.73 million (4Q2013: US\$2.34 million).
- Mr Jim Farthing assumed the position, VP Mid-Con Operations during the quarter. Mr Farthing has 33 years' experience with Conoco-Phillips in North America. Experience includes onshore production operations, drilling and completions experience, twenty years' in a supervisory capacity operating shallow low pressure wells in Kansas, deep high pressure wells in Texas, gathering systems, pipelines, booster stations, water floods and associated facilities and plants. He held positions as both a member and lead on various Conoco-Phillips supervisory/leadership teams.
- Over the period the Company undertook due diligence and evaluation of 4 separate acquisition opportunities. At the date of this report all 4 projects remain active.
- During the quarter Imperial Oil and Gas retained the full time services of a Geophysicist and a Field Geologist on a short term contract in preparation for the upcoming on ground exploration activities in the Northern Territory.

## OPERATING REVIEW

### A. EMPIRE ENERGY USA, LLC (100%)

The Company's operations are based in the Central Kansas (oil) and in the Appalachian Basin (gas).

#### Financials:

Estimates have been made for the last 2 production months of the quarter under review due to customer payment/invoice cycles. As such, there may be changes to production, revenues and operating ratios for the previous quarter as final production statements are received.

Description – US\$	31/03/2014 3 months to	31/03/2013 3 months to	31/03/2014 Year-to-Date	31/03/2013 Year-to-Date
<b><u>Net Revenue:</u></b>				
Oil Sales	3,381,592	3,492,393	3,381,592	3,492,393
Natural Gas Sales	2,302,388	2,593,249	2,302,388	2,593,249
Working Interest	5,390	6,385	5,390	6,385
Net Admin Income	126,010	103,371	126,010	103,371
Other Income	21,722	31,992	21,722	31,992
<b>Total Revenue</b>	<b>5,837,102</b>	<b>6,227,390</b>	<b>5,837,102</b>	<b>6,227,390</b>
<b><u>Production costs:</u></b>				
Lease operating expenses - Oil	943,133	756,244	943,133	756,244
Lease operating expenses - Gas	728,161	711,487	728,161	711,487
Taxes - Oil	154,556	168,654	154,556	168,654
Taxes - Natural Gas	123,057	154,287	123,057	154,287
<b>Total</b>	<b>1,948,907</b>	<b>1,790,672</b>	<b>1,948,907</b>	<b>1,790,672</b>
<b>Field EBITDAX</b>	<b>3,888,195</b>	<b>4,436,718</b>	<b>3,888,195</b>	<b>4,436,718</b>
<b><u>Less:</u></b>				
Inventory adjustment	13,226	3,000	13,226	3,000
Nonrecurring expenses	698,887	330,645	698,887	330,645
Field Overhead	180,000	180,000	180,000	180,000
<b>Total</b>	<b>892,113</b>	<b>513,645</b>	<b>892,113</b>	<b>513,645</b>
<b>Operating EBITDAX</b>	<b>2,996,082</b>	<b>3,923,073</b>	<b>2,996,082</b>	<b>3,923,073</b>
<b><u>Operating Margin</u></b>				
<b><u>Less:</u></b>				
Field G & A	183,668	220,329	183,668	220,329
Corporate G & A	401,540	388,801	401,540	388,801
Acquisition related expenses	318,357	21,214	318,357	21,214
Delay rental payments	75,797	72,933	75,797	72,933
Land Overhead & Non-leasing costs	1,096	76,726	1,096	76,726
<b>Total</b>	<b>980,458</b>	<b>780,003</b>	<b>980,458</b>	<b>780,003</b>
<b>EBITDAX</b>	<b>2,015,624</b>	<b>3,143,070</b>	<b>2,015,624</b>	<b>3,143,070</b>

## Exploration Expenses:

Description – US\$	31/03/2014 3 months to	31/03/2013 3 months to	31/03/2014 Year-to-Date	31/03/2013 Year-to-Date
<b>Less:</b>				
Geological Services	16,647	2,025	16,647	2,025
Dry hole expenses	18,406	211	18,406	211
Total	35,053	2,236	35,053	2,236
<b>EBITDA</b>	1,980,571	3,140,834	1,980,571	3,140,834

## Production Statistics

The table summarises Operating Statistics with a brief description of field operations for the last quarter.

Description – US\$	31/03/2014 3 months to	31/03/2013 3 months to	31/03/2014 Year-to-Date	31/03/2013 Year-to-Date
<b>Gross Production:</b>				
Oil (Bbls)	61,291	67,315	61,291	67,315
Natural gas (Mcf)	540,197	607,998	540,197	607,998
<b>Net Production by Region:</b>				
<b>Oil (Bbls)</b>				
Appalachia	539	820	539	820
Mid-Con	38,755	42,309	38,755	42,309
Total Oil	39,294	43,129	39,294	43,129
<b>Weighted Avg Sales Price (/Bbl)</b>				
Before Hedge	\$91.86	\$84.24	\$91.86	\$84.24
After Hedge	\$86.06	\$80.98	\$86.06	\$80.98
<b>Natural gas (Mcf)</b>				
Appalachia	413,564	470,622	413,564	470,622
Mid-Con	4,324	2,307	4,324	2,307
Total Natural Gas	417,888	472,929	417,888	472,929
<b>Weighted Avg Sales Price (/Mcf)</b>				
Before Hedge	\$4.71	\$3.69	\$4.71	\$3.69
After Hedge	\$5.52	\$5.50	\$5.52	\$5.50
<b>Oil Equivalent (Boe):</b>				
Appalachia	69,466	79,257	69,466	79,257
Mid-Con	39,475	42,693	39,475	42,693
Total Boe	108,941	121,950	108,941	121,950
<b>Boe/d</b>	1,197	1,340	1,197	1,340

Description – US\$	31/03/2014 3 months to	31/03/2013 3 months to	31/03/2014 Year-to-Date	31/03/2013 Year-to-Date
<b>Weighted Avg Sales Price (/Boe)</b>				
Before Hedge	\$51.19	\$44.09	\$51.19	\$44.09
After Hedge	\$52.22	\$49.95	\$52.22	\$49.95
<b><u>Lifting Costs (incl. taxes):</u></b>				
Oil - Midcon (/Bbl)	\$28.97	\$23.74	\$28.97	\$23.74
Natural gas - Appalachian (/Mcf)	\$2.34	\$2.33	\$2.34	\$2.33
Oil Equivalent (/BOE)	\$19.42	\$17.44	\$19.42	\$17.44

## **Operations Overview – USA**

### **1. Appalachia (Western New York and Pennsylvania):**

- The extreme cold weather in the Northeast caused an increased demand for gas but also made well tending and servicing the wells much more challenging. Due to snow depths a number of wells could not be accessed. As such production volumes were lower than budgeted.
- Downtime was used to perform maintenance on service equipment. When town highways can be used water hauling and swabbing will begin.
- The Eddy #1 and #6, are recently completed oil wells drilled in a newly identified extension to the Bradford Oil Field (Emerald Leases). Both have surface equipment set and are being pumped. They are producing 7-8 bbl/day along with 10Mcf/d high btu gas. Wells in this formation are generally very long life and produce little water. Negotiations for right of way to a National Fuel Gas natural gas pipeline are ongoing.
- Well costs in the Emerald Leases are around \$100,000 per completed well due to the shallow depths. Around 40 well sites have been identified. Additional acreage is being negotiated.
- A prospective Bass Island oil target in the Town of Clymer, Chautauqua County has been identified. This is an offset to an existing Medina gas well and is situated close to existing pipelines and lease roads. It is expected that this well will be drilled over the current quarter. Bass Island wells are generally over-pressured and can be prolific oil producers.
- A considerable amount of effort has gone into opposing fracking bans and moratoriums. The Company was successful in stopping the passage of a written moratorium in the Town of Chautauqua. Meetings with Town Boards in North Harmony, Portland, and Westfield have all lead to the regions no longer entertaining any form of moratorium. Similarly for Chautauqua County, Legislators and County Executives are being briefed.

- The Company is working closely with the Public Service Commission and the EPA on proposed new regulations. The regulators have become comfortable enough with Empire to act as a source for background data on which to base or interpret regulations.

## 2. Mid-Continental (Kansas):

- New Well data:
  - The “Driscoll Heirs #5” well began producing from the Lower Arbuckle (20 feet pay zone) late December 2013. It has reached 90 days production and continues to produce 13 Bopd. An additional 37 feet of up-hole pay has been identified. Other potential drilling locations in the area are being considered.
  - The “Staab #1” well was considered high risk for completion and so was P&A’d. The data will be re-examined and updated to reflect the newly acquired drilling information so that future technical and management improvements can be made.
- A successful polymer treatment was performed on a well outside our normal geographical treatment area. The well is currently producing 23 Bopd and payout was reached in approximately 20 days. The area is being studied for other potential candidates.
- The recompletion of the Apel #4 benefited in initial incremental rates of 23 Bopd and continues to produce 12 Bopd, 72 days post start up.
- Finished acquiring seismic data over Prospects in Gove County (2,040 acres during first quarter). Interpretation continues to determine potential new drill sites.
- Extended, abnormal winter weather conditions continued to cause problems with equipment and flow lines resulting in lower than budgeted production numbers. All wells are now up and running and production has been restored. Well down time was approximately 10%.
- Well servicing rigs spent the majority of the quarter satisfying State regulations addressing the plugging of wells (4), temporary abandonment (4) and mechanical integrity casing tests (3).
- Acquired new leases, covering 560 acres.

## Net Earnings:

Unaudited earnings for the period are shown below:

Description – US\$	31/03/2014 3 months to	31/03/2013 3 months to	31/03/2014 Year-to-Date	31/03/2013 Year-to-Date
Dep, Depl, Amort & ARO	1,436,934	1,756,725	1,436,934	1,756,725
Interest	497,704	578,328	497,704	578,328
State taxes	172	755	172	755
	<u>1,934,810</u>	<u>2,335,808</u>	<u>1,934,810</u>	<u>2,335,808</u>
<b>Earnings before Tax</b>	<u>44,436</u>	<u>805,026</u>	<u>44,436</u>	<u>805,026</u>
EBITDA/Interest (times)	3.98	5.43	3.98	5.43

## Capital Expenditure:

Description – US\$	31/03/2014 3 months to	31/03/2013 3 months to	31/03/2014 Year-to-Date	31/03/2013 Year-to-Date
<b>Capital Expenditures</b>				
Acquisition Capital	-	500	-	500
New Wells - IDC	374,155	189,546	374,155	189,546
New Wells - Capital	177,333	152,539	177,333	152,539
Undeveloped Leases	185,186	129,249	185,186	129,249
Capital Expenditures	736,674	471,834	736,674	471,834

## Credit Facilities:

Minimal debt was repaid over the quarter (4Q2013: \$817,505). Generated cash flow were utilized for drilling and property acquisitions and \$1.35 million was utilized for potential acquisition deposits (in escrow) and a company parent loan repayment.

At the end of the quarter the Company had US\$42.6 million drawn at an average cost of LIBOR + 4.35%. Empire Energy retains Credit Facility availability of ~US\$107 million, which can be utilized for acquisitions and development drilling subject to normal energy borrowing base requirements.

	Drawdown End of Qtr US\$M	Interest Rate LIBOR+	Interest Qtr US\$M	Interest YTD US\$M
Term	\$39,686	4.50%		
Revolver	\$3,000	2.50%		
	\$42,686	4.35%	\$400	\$400

## Hedging:

A hedging policy has been implemented by the Company with the underlying objective to ensure the cash flows are protected over the period the Credit Facility is drawn for the funding of a defined set of assets. Hedge contracts are a component of Empire's Credit Facility and no cash margins are required if contracts are outside the marked to market price for each commodity hedged.

The following table summarizes current hedging in place based on NYMEX – Henry Hub and WTI Contracts:

Year	Est. Net mmBtu	Hedged mmBtu	%	Average \$/mmBtu	Est. Net Bbl	Hedged Bbl	%	Average \$/Bbl
2014	1,850,000	1,003,212	54.2%	\$5.93	141,058	78,840	55.9%	\$90.00
2015	1,790,000	1,166,000	65.1%	\$5.45	133,280	98,160	73.6%	\$90.00
2016	1,730,000	1,200,000	69.4%	\$4.43	126,000	42,000	33.3%	\$85.67
2017	1,675,000	570,000	34.0%	\$4.57	119,500	39,600	33.1%	\$85.23
2018	1,620,000	510,000	31.5%	\$4.75				
Total	8,665,000	4,449,212	51.3%	\$5.09	519,838	258,600	49.7%	\$88.57

## B. IMPERIAL OIL & GAS PTY LTD (100%):

The Company's wholly owned subsidiary, Imperial Oil & Gas Pty Ltd holds exploration permits in the Northern Territory comprising a total of 14,600,000 acres (or 59,172km<sup>2</sup>) and covering approximately 75% of the petroleum-prospective central trough of the onshore McArthur Basin in the Northern Territory, Australia.

### McArthur Basin Project Progress:

The Company's policy is to expense all exploration costs. Current quarter actual and accrued expenses:

Description – US\$	31/03/2014 3 months to	31/03/2013 3 months to	31/03/2014 Year-to-Date	31/03/2013 Year-to-Date
Exploration Expenses - NT	129,282	377,923	129,282	377,923

### Tenements:

Through the quarter the Northern Land Council (NLC) advised they have completed the required ethnographic survey across EP(A)183 and that the majority of the EP(A)180, and EP(A)181 have also been surveyed. This ethnographic survey data has been sent to the NLC GIS department for mapping. The NLC advises that some areas of these exploration permits have been marked as non-consent for the purpose of the Local Aboriginal Groups.

Exploration Work program submissions for the granted EP184 were made to the NLC for site clearance approvals to commence work within the permit as soon as practical at the end of the current tropical 'wet' season.

### Preliminary exploration program:

Final analyses of field samples from Imperial's October 2013 mapping program were received during the quarter. The analyses comprised Total Organic Carbon % ("TOC"), Source Rock Analysis ("SRA"), major, trace and rare earth element (REE) analyses, and petrography.

The final confirmed SRA of the samples identified that two samples, one of the St Vidgeon Formation and another of the Barney Creek Formation, reported calculated Reflectance values of 1.76 & 1.57% respectively. This is well within the prospective gas range, and the T<sub>max</sub><sup>0</sup>C values of these samples of 495<sup>0</sup>C & 485<sup>0</sup>C respectively, places them within the thermogenic production zone of gas. TOC%, were corrected to 0.22%, 0.13% & 0.27% respectively which are in line with geological expectations due to the intensely weathered nature of surface samples in this area. This supports Imperials plan to acquire fresh unweathered formation samples through the drilling of a number of core holes through the tenements in 2014.

Previous research has been conducted by the Adelaide Research Institute on core samples taken throughout the McArthur Basin. This research demonstrates the primary target formation of the Barney Creek to contain significant TOC% values. These results have been confirmed for the Barney Creek Formation by the recent results from core and open hole drilling conducted by Armour Energy to the south east of Imperial's tenements. Additionally, the work done by Armour and others has proved the existence of a mature petroleum system within the McArthur Basin with the discovery of live oil in the Lamont Pass 3 well and with significant gas in the Cow Lagoon 1 well and the Glyde 1 ST well.

#### **Hydrocarbon Targets – Drilling program 2014**

Since December 2013, Imperial has undertaken a review of open-file 2D seismic data acquired historically throughout the McArthur Basin. Selected lines have been sent for reprocessing to improve the quality of the data and to optimize subsurface mapping of prospective structures identified during Imperial's 2013 field studies in the St Vidgeon region of EP184.

This work, in conjunction with the Common Risk Segment mapping undertaken in 2013, has identified a number of zones within EP184 and EP187 of high prospectivity for conventional and shale oil and gas in the initial target depth zone from 500m to 2,500m below ground level.

These observations demonstrate the need not only for a geographic spread of low cost shallow depth shale core samples from immediately beneath the weathered zone but also for deeper drilling and core sampling to confirm their petroleum content in the subsurface. These objectives form the backbone of the Imperial 2014 planned exploration program.

Accordingly Imperial Oil and Gas plans to drill a number of wells at various depths in the 2014 drilling season within the McArthur basin to gather fresh samples from the key shale target zones both to constrain stratigraphy and quantify shale quality.

The principal objective is to gather additional information to better quantify the potential of the Barney Creek and the Velkerri Formations present within the companies southern tenements of EP184 and EP187. The target shale formations are present in outcrop and at shallow depth within both tenements allowing for relatively shallow drilling to obtain fresh core samples for further geochemical analysis.

The objectives of the exploration wells are to better define the source rock thickness, richness and other important characteristics within the targeted prospects. This will allow for estimation of the amount of gas that was originally generated within the shales, the amount that remains and the amount that may have migrated into conventional reservoirs within Imperial's acreage. Gas samples will be obtained where available for the analysis of gas composition.

In addition the company proposes to undertake further detailed Geological Field Mapping and shale sampling in key areas. Through the 2014 mapping, coring and exploration drilling program the company expects to further define the high potential zones, prospects and leads within the



basin. The initial drilling targets exist in areas proximal to existing live oil and gas finds and to existing gas pipeline infrastructure.

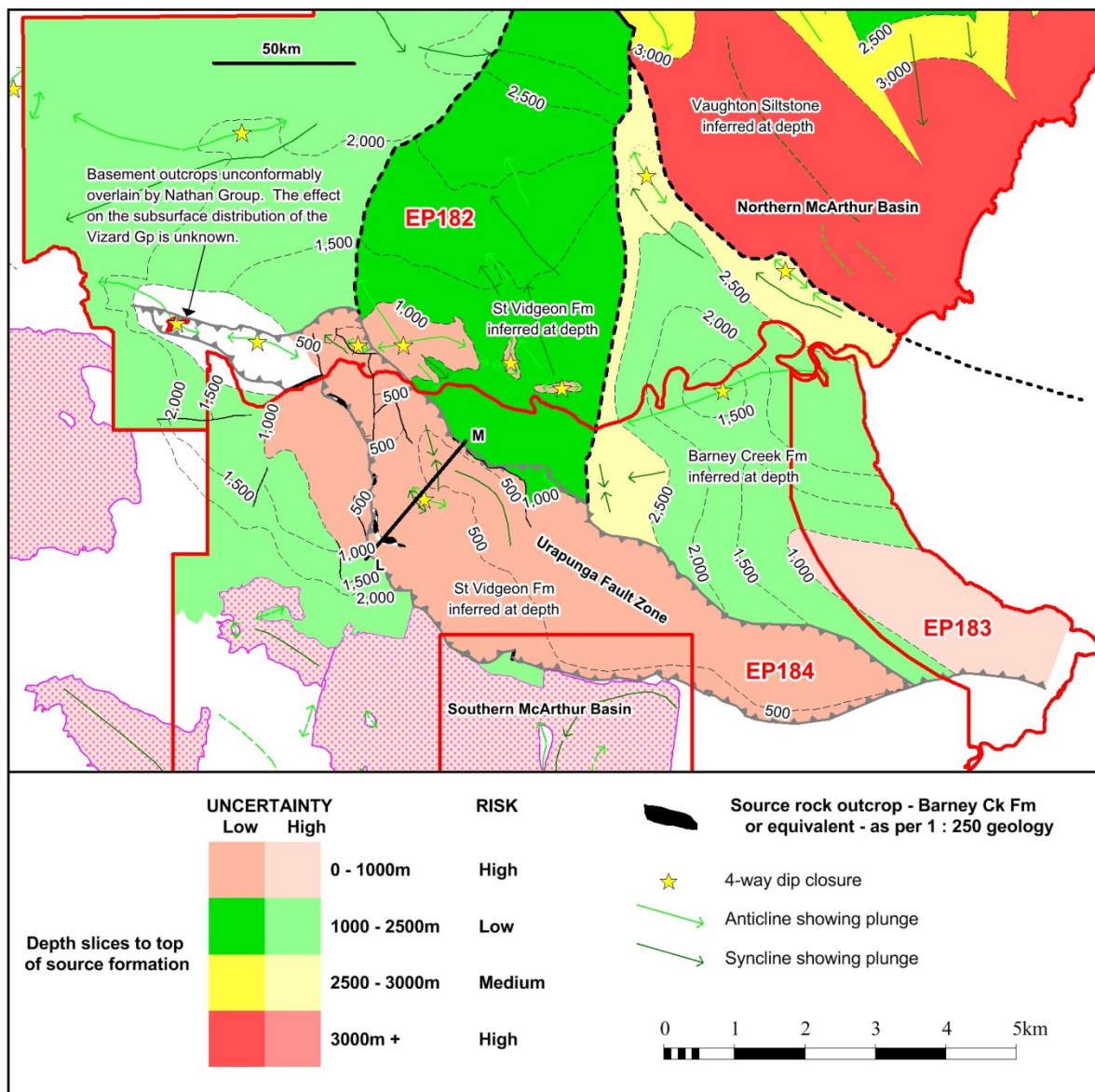
**Common Risk Segment mapping**

A Common Risk Segment (CRS) map has been developed and refined for the target regions. The CRS maps qualify where the optimum quality shale targets are likely to be located.

A number of significant anticlines have been identified within the region that have the potential to be conventional four-way dip-closed structural traps in the subsurface. These structures require additional seismic data to confirm their subsurface geometry.

Correlation of existing historical well data throughout the McArthur Basin has been undertaken and this data has been used to generate a thermal model of the target areas within the basin. This thermal model clearly establishes the majority of the region covered by the CRS map to contain segments prospective for oil and others predominantly for gas.

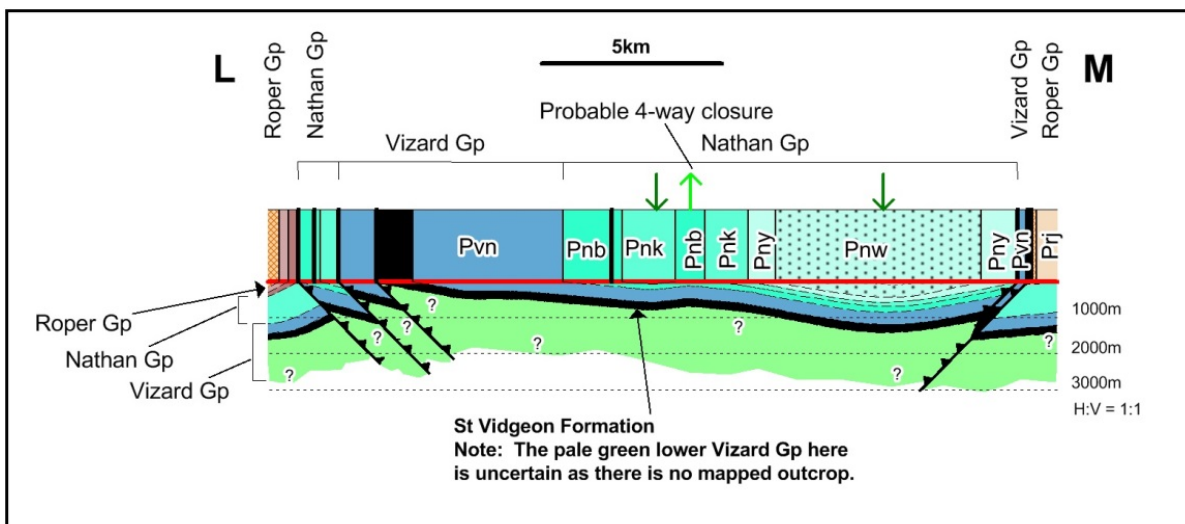
**Figure 1:** Depth map for the Barney Creek and the St Vidgeon Formations (likely Barney Creek equivalent) within the northern portion of EP184.



The green areas on the map (figure 1) are predicted to contain high organic rich Barney Creek Formation (and equivalent) shales that achieved maturity in the oil/gas window and which are most likely to be viable source rocks and shale oil and gas targets. These areas bear the highest chance of encountering hydrocarbons. In contrast the red areas bear the lowest chance of locating petroleum reserves due either to excessive (or insufficient burial) depth, formation absence across major sequence boundaries, or due to under or over-maturity.

The cross section in figure 2 identifies the potential horizon of the Barney Creek Formation in the St Vidgeon area within the northern part of EP184. The section identifies two potential significant structures within the 1000m to 2000m depth interval as well as the potential for hanging wall anticlinal closures in proximity to the fault zones.

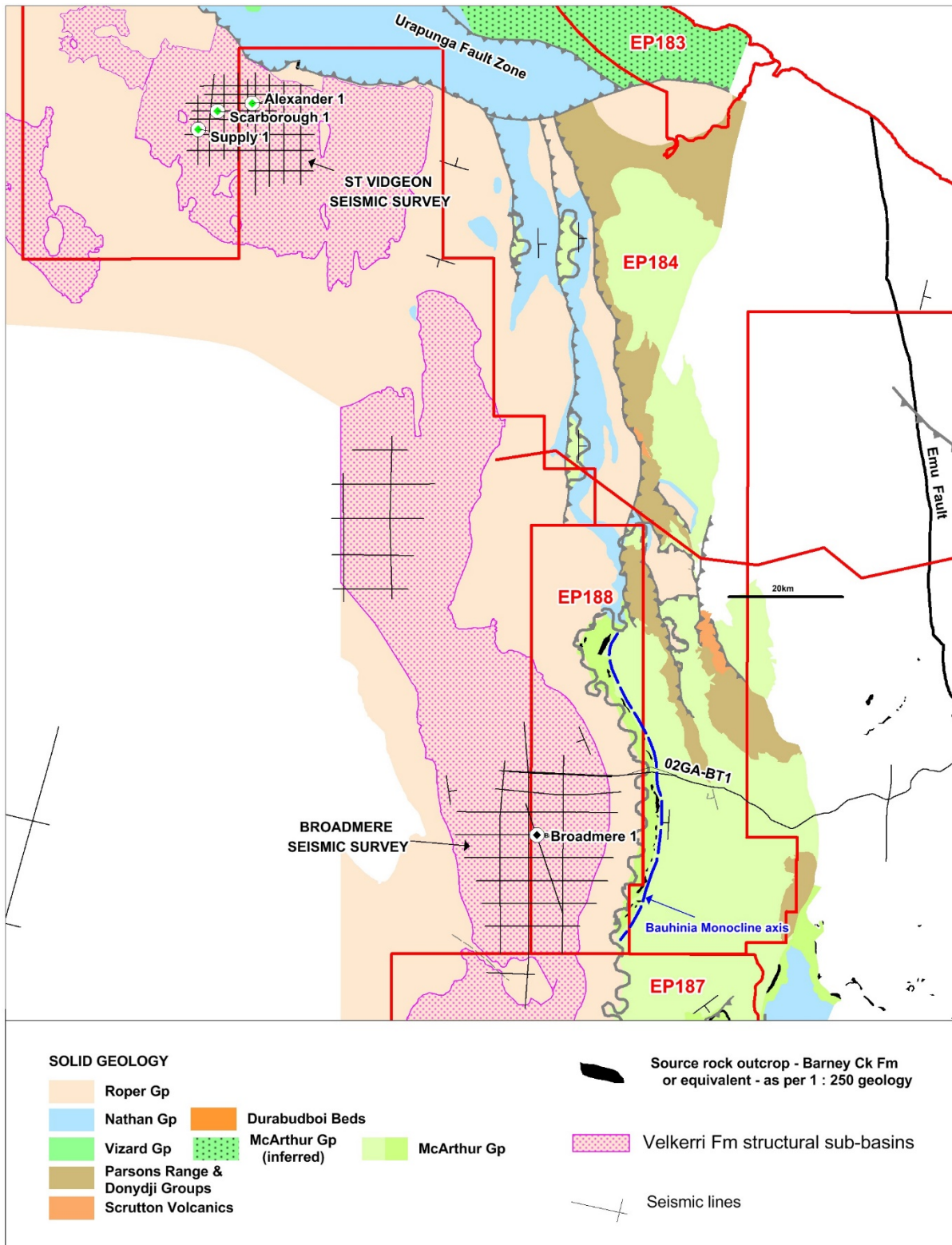
**Figure 2** Cross section EP184 running SW ('L') to NE ('M') across the St Vidgeon region Scale 1:250,000 (location shown in Figure 1)



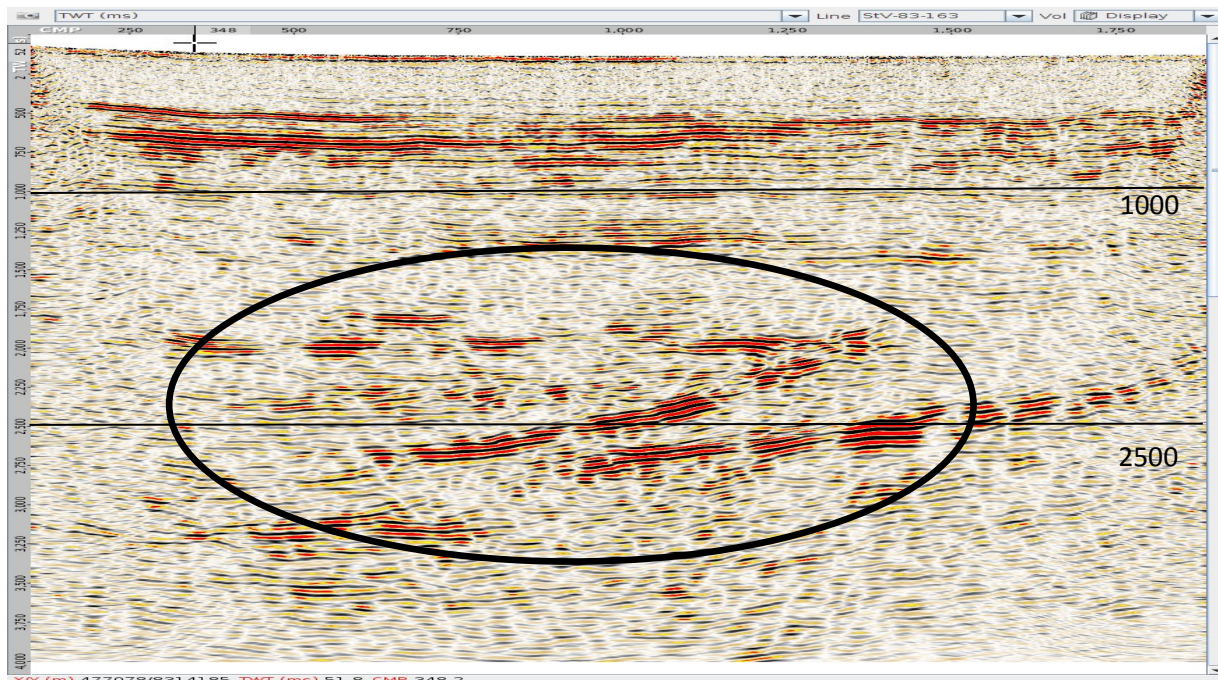
The regional thrust fault in the NE end of the cross section (figure 2) at the right hand end of the figure (M) displays a dip in the footwall panel. This dip is consistent with the strong persistent south-eastward trend of the Emu Fault. The western faults (L) are consistent with the thrust inversion of the central faulted zone of the Batten Trough against the Urupunga Ridge /Hells gate hinge line. The magnitude of the dip of the thrust faults remains to be confirmed to better understand the structural geometry and whether a viable trap is present in these locations.

The existing historical seismic grid is insufficient to demonstrate whether viable structural traps are present or the configuration of the target shale intervals in the subsurface.

**Figure 3:** Location of historically acquired seismic within EP184



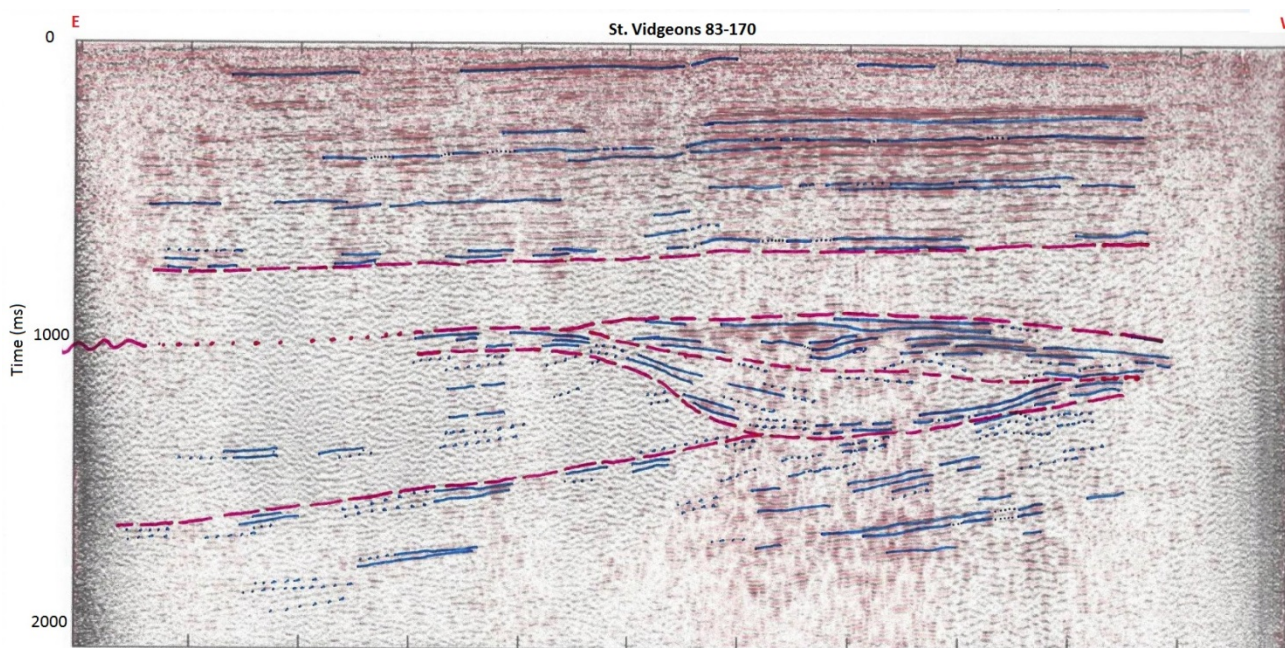
**Figure 4:** Seismic line L83-163 running W-E across the St Vidgeon region of EP184



X/Y (m) 477078/8314185 TWT(ms) 51.8 CMP 348.2

The seismic line presented in Figure 4 indicates two zones of interest that are present within the St Vidgeon region of EP184. The first of these can be seen at approximately 1000m depth and the second between 2200 and 2500m. There appears to be a significant unconformity at the deeper second zone though reprocessing of the line may help better define the subsurface structural and stratigraphic possibilities. The cross line of the seismic line L83-170 (Figure 5) that runs N- S displays the same seismic geometry as line L83-163.

**Figure 5** Seismic line L83-170 running N-S across the St Vidgeon region EP184



As a cross line to L83-163 (figure 4) the line L83-170 this seismic line at the same depth appears to indicate a structure of significant size sitting on an unconformity such that if two-way closure also exists in an EW orientation then it could represent a four-way closure of substantial size.

## C. EMPIRE ENERGY GROUP LIMITED

Empire Energy Group Limited's head office is located in Sydney, Australia. Operating costs cover all Group overhead, including the costs of listing on both the Australian Securities Exchange and the OTCQX Exchange, New York, USA.

Description – US\$	31/03/2014 3 months to	31/03/2013 3 months to	31/03/2014 Year-to-Date	31/03/2013 Year-to-Date
Revenue	43,572	39,029	43,572	39,029
Less Expenses:				
Consultants	80,684	121,637	80,684	121,637
Directors/Employment Costs	83,675	92,813	83,675	92,813
Listing Expenses	15,982	43,333	15,982	43,333
G&A	149,930	152,553	149,930	152,553
<b>EBITDAX – Head office (EEG)</b>	<b>(286,699)</b>	<b>(371,307)</b>	<b>(286,699)</b>	<b>(371,307)</b>
<b>EBITDAX – (EEUS)</b>	<b>2,015,624</b>	<b>3,143,070</b>	<b>2,015,624</b>	<b>3,143,070</b>
<b>EBITDAX – GROUP</b>	<b>1,728,925</b>	<b>2,771,763</b>	<b>1,728,925</b>	<b>2,771,763</b>

### Issue of options:

During the quarter the Company reached an agreement with Macquarie Bank Limited to amend the terms of the existing US\$150 credit facility to enable additional facility drawdown flexibility for up to US\$2 million.

The Company made an initial drawdown of US\$1 million under the terms of the new amendment. As a component of this initial drawdown the company has issued to Macquarie Bank the following options:

No of options	Exercise price	Expiry date
4,250,000	A\$0.12	26 February 216

## ABOUT EMPIRE ENERGY GROUP LIMITED

Empire Energy USA is an oil and natural gas producer with operations in Appalachia (New York and Pennsylvania) and the Central Kansas Uplift (Kansas). Empire Energy implemented a US\$150 million credit facility with Macquarie Bank Limited for the sole purpose of acquiring and developing oil and gas assets in the USA.

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## Financial Terminology

Statements in this announcement may make reference to the terms “EBITDAX”, Field EBITDAX, “field netback” or “netback”, “cash flow” and “payout ratio”, which are non-IFRS financial measures that do not have any standardised meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. Investors should be cautioned that these measures should not be construed as an alternative to net income calculated in accordance with IFRS. Management believes that these measures provide useful information to investors and management since these terms reflect the quality of production, the level of profitability, the ability to drive growth through the funding of future capital expenditures and sustainability of either debt repayment programs or distribution to shareholders. However, management have attempted to ensure these non-IFRS measures are consistent with reporting by other similar E&P companies so useful production and financial comparisons can be made.

### Note regarding Barrel of Oil Equivalent

Empire Energy has adopted the standard of 6 Mcf to 1 Bbl when converting natural gas to Boe. Boe may be misleading, particularly if used in isolation. A Boe conversion ratio of 6 Mcf to 1 Bbl is based on energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, given that the value ratio based on the current price of oil as compared to natural gas is significantly different from the energy equivalent of six to one, utilizing a Boe conversion ratio of 6 Mcf to 1 Bbl would be misleading as an indication of value.

### Note Regarding Forward- Looking Statements

Certain statements made and information contained in this press release are forward-looking statements and forward looking information (collectively referred to as “forward-looking statements”) within the meaning of Australian securities laws. All statements other than statements of historic fact are forward-looking statements.

## Glossary

<b>Bbl</b>	- One barrel of crude oil, 42 US gallons liquid volume
<b>Boe</b>	- Barrel of oil equivalent, determined using the ratio of six Mcf of natural gas to one Bbl of crude oil, condensate or natural gas liquids
<b>Delay Rentals</b>	- Payments made to Lessor to maintain leases
<b>GIP</b>	- Gas in place
<b>HBP</b>	- Held by production
<b>Mcf</b>	One thousand cubic feet (natural gas volumetric measurement)
<b>M or MM</b>	M = Thousand, MM = Million
<b>NRI</b>	- Net revenue interest
<b>PDNP</b>	- Proved developed non producing
<b>PDP</b>	- Proved, developed producing well
<b>PV10</b>	- Pre-tax value of a cash flow stream, over a defined time period, discounted at 10%
<b>Royalty</b>	- Funds received by the landowner for the production of oil or gas, free of costs, except taxes
<b>Tcf</b>	- Trillion cubic feet
<b>TOC</b>	- Total organic content
<b>WI</b>	- Working interest