



# 2024 HALF YEAR FINANCIAL REPORT

**EMPIRE ENERGY GROUP LIMITED**

AND ITS CONTROLLED ENTITIES

ABN 29 002 148 361

ON THE COVER:  
FLOWBACK TANK AT  
CARPENTARIA WELL PAD

# **Empire Energy Group Limited and its controlled entities**

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**30 June 2024**

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**Empire Energy Group Limited and its controlled entities**  
**Corporate directory**  
**30 June 2024**

Directors	Peter Cleary (Chairman) Alexander Underwood (Managing Director) Louis Rozman Prof John Warburton Karen Green
Company Secretary	Ben Johnston
Registered Office	Level 5 6-10 O'Connell Street Sydney NSW 2000
Share Registry	Computershare Investors Services Pty Limited Level 3 60 Carrington Street Sydney NSW 2000
Auditor	Ernst & Young Level 34 200 George Street Sydney NSW 2000
Australian Solicitors	Baker McKenzie Level 46, Tower One International Towers Sydney 100 Barangaroo Avenue Barangaroo NSW 2000
US Solicitors	Hodgson Russ LLP 140 Pearl Street, Suite 100 Buffalo, NY 14202
Bankers	Macquarie Bank Limited 1 Elizabeth Street Sydney NSW 2000  Australia & New Zealand Banking Group Limited 1 Chifley Plaza Sydney NSW 200  PNC Bank 249 Fifth Avenue One PNC Plaza Pittsburgh PA 15222
Stock Exchange Listing	Empire Energy Group Limited shares are listed on: Australian Securities Exchange (ASX code: EEG)
Website	<a href="http://www.empireenergygroup.net">www.empireenergygroup.net</a>

**Empire Energy Group Limited**  
**Report of Chairman and Managing Director to shareholders**  
**30 June 2024**

Dear Shareholders,

The half year to 30 June 2024 has been focussed on advancing to first commercial gas production from the Beetaloo.

The Northern Territory economy runs on gas. The continuing production problems at the offshore Blacktip Gas Field, while impacting NT energy supply, have put the spotlight on new gas availability in Australia. In March the Australian Energy Market Operator (AEMO) forecast a gap in gas supply for the southern states from 2028 and in June AEMO warned that the market has tightened substantially amid supply disruptions.

Now is the time to bring gas to an energy short market. Empire's Beetaloo gas resources contain less than 1% CO<sub>2</sub> in situ, providing the potential for a reduction in the carbon intensity of Australian gas supply.

Consistent with Empire's strategy focused on developing the Beetaloo Basin, in April we announced the sale of the remaining US based operating assets for up to US\$9.1 million in cash, while retaining a 3.75% carried working interest in all shale formations below the Medina Sandstone. The proceeds repaid the US debt facility and released US\$3.6 million in cash to support Empire's Carpentaria development.

We are now a Beetaloo / McArthur Basin pure play.

In late April we raised \$46.8 million through a well-supported capital raise, and sale of a royalty over EP187, cornerstoned by Bryan Sheffield and Liberty Energy (NYSE:LBRT), strongly supported by existing shareholders and we welcomed new US institutional investors to the register. Bryan Sheffield has an enviable history, founding Parsley Energy Inc in 2008 and which was acquired by Pioneer Natural Resources in 2020 (in turn acquired by ExxonMobil in 2024), he then established Formentera Partners active in E&P in the USA. In 2022 he established Daly Waters Energy in Australia acquiring half of Origin Energy's Beetaloo operations.

The Sheffield group recognises the enormous opportunity that the Beetaloo Basin presents.

While we appreciate the capital support provided by Bryan Sheffield and Liberty Energy, we also recognise and value the extraordinary experience they bring to shale gas development.

In the first half of the year Empire completed a peer review of Carpentaria-2H & 3H in preparation for our first Carpentaria Pilot Project ("CPP") development well, Carpentaria-5H ("C-5H"), a targeted 3,000 metre horizontal stimulated section with 60 stimulated stages in the Velkerri B shale. A multi-disciplinary approach arrived at a new C-5H drill and development design using best in class large diameter drill and larger pressured hydraulic stimulation. A combination of further learnings in choke management and selection of hydraulic stimulation fluid all combine with the aim of achieving greater Estimated Ultimate Recovery ("EUR") per well and flow rates.

C-5H will be connected to the CPP and run over an Extended Production Test ("EPT") to refine the Carpentaria production type-curve. The EUR and EPT will be key elements in future funding scenarios. C-5H drilling is expected to commence in Q4 2024. It is anticipated that drilling will take approximately 40 days. Hydraulic stimulation should be completed prior to the wet season, the well will then be shut-in and soaked as we did with C-2H & 3H. Empire has contracted Ensign Australia to drill and Haliburton Services to fracture stimulate the well.

In early July Chris White joined the team as Chief Operating officer. Chris joins Empire following 18 years at Origin Energy in the roles of General Manager Upstream Growth, General Manager Exploration and New Ventures, Group Manager Field Development Optimisation, Production Optimisation Manager and Petroleum Engineering Team Leader. Prior to Origin, Chris was a Project Manager for gas infrastructure projects at Laing O'Rourke UK, and a Petroleum Engineer at Queensland Gas Company. He has been instrumental in proving the commerciality of onshore unconventional gas resources in Queensland, driving rapid reserves growth and building production to export scale.

Chris has a deep Beetaloo knowledge acquired in his role at Origin Energy.

Also, in July we signed a binding 10-year gas sales agreement with the Northern Territory Government to supply 25 Terajoules (TJ) per day from the CPP. Over the life of the agreement this equates to approximately 75 Petajoules, barely 5% of the 2C discovered resource in EP187. An additional 10 TJ+ per day for 10 years,

**Empire Energy Group Limited**  
**Report of Chairman and Managing Director to shareholders**  
**30 June 2024**

at the option of the buyer, is to be made available by Empire if production levels from the project exceed 100 TJ per day.

Gas will be delivered to the Power and Water Corporation ("PWC") operated McArthur River Pipeline ("MRP") on an ex-field take-or-pay basis at market-competitive gas prices, escalating at 100% of the Consumer Price Index. The additional 10 TJ per day Option Supply would be at a slightly lower price than the Initial Supply, providing the potential for long-term affordable energy supply for the people of the Northern Territory if larger scale development occurs. A T-piece connection has already been installed into the MRP by PWC at the proposed location of the Carpentaria Gas Plant ("CGP") to allow for delivery of gas from the CPP into the MRP.

We are working closely with the Traditional Owners of the land on which we operate, building on a greater than 12 year relationship and following their full and informed prior consent gained in 2014. Our Beetaloo projects have the potential to improve indigenous lives through economic development, an opportunity that we are proud to be involved with.

We are targeting commercial gas sales in mid-2025.

When we filed our half yearly report 12 months ago our share price was tracking at multi year lows, the process of de-risking the balance sheet and raising sufficient capital was daunting. But we have enjoyed success in being in the right place at a fortuitous time. The Beetaloo Basin is being recognised as potentially the largest resource of yet to be developed onshore gas in the country. Increasingly, the role of gas is recognised as being crucial to the transition but more so with our society's increasing demand for electricity, let alone industrial scale energy requirements, manufacturing feedstock and heating, gas is critical to our energy security.

Thank you for your continued support.

Yours sincerely,



Peter Cleary  
Chairman  
Empire Energy Group Limited



Alex Underwood  
Managing Director  
Empire Energy Group Limited

## **A. 2024 OVERVIEW & HIGHLIGHTS**

Empire Group's functional currency is Australian Dollars. All references to dollars are Australian Dollars unless otherwise stated.

### **GROUP FINANCIAL HIGHLIGHTS**

- Group Revenue \$2.0 million (June 2023: \$3.2 million)
- Net production 2,098 Mcfe per day (June 2023: 3,329 Mcfe per day)
- Outstanding debt facility of \$1.8 million and \$4.4 million of bank guarantees (December 2023: \$8.8 million)
- Cash at bank \$51.5 million (December 2023: \$13.0 million)

### **AUSTRALIA – NORTHERN TERRITORY**

- Empire holds a 100% working interest and operatorship in approximately 28.9 million acres of petroleum exploration tenements across the McArthur Basin and its Beetaloo Sub-basin in onshore Northern Territory, Australia.
- Also during April 2024, Empire completed a \$46.8 million capital raise, and sale of a royalty over EP187, cornerstoned by Bryan Sheffield and Liberty Energy Inc (NYSE: LBRT). Commitments were received from existing and new institutional and sophisticated investors for a strongly supported two-tranche placement to raise \$39 million. In addition, Daly Waters, a subsidiary of Formentara Partners (a US based private equity firm founded by Bryan Sheffield) and Liberty Energy who each independently acquired a 2.25% royalty interest in EP187 for US\$2.5 million raising an additional US\$5 million (~\$7.7 million).
- In July 2024, Empire signed a binding long-term Gas Sales Agreement to supply the Northern Territory Government up to 25 TJ/d for 10 years (~75PJ total) from Empire's Beetaloo Basin properties commencing in 2025 and an additional 10TJ/d for up to 10 years at the option of the Northern Territory Government to be made available by Empire if production levels from Carpentaria project exceed 100 TJ/d.
- During the half year, the Empire team continued to advance Front-End Engineering and Design and regulatory approvals for the proposed Carpentaria Pilot Project in EP187.

### **USA – APPALACHIA**

- In April 2024, Empire completed the sale of its US oil & gas assets located in the Appalachian region for US\$8.2 million, comprising: Upfront Cash Payment: US\$5.9 million and Deferred Payments: US\$2.3 million. Empire has also retained 3.75% carried working interest over shale formations with negligible holding costs and US\$0.9m in Deferred Solar Payments under its Mutual Use Agreement with ConnectGen. On completion of the transaction, Empire repaid its US Macquarie Bank credit facility in full.
- Net gas production of 380,833 Mcf to 31 March 2024 (June 2023: 596,168 Mcf).
- Net oil production of 171 Bbls to 31 March 2024 (June 2023: 1,058 Bbls).

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**Operations review**  
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**B. CREDIT FACILITIES**

The outstanding balance of the USA Macquarie Bank Limited Credit Facility as at 30 June 2024 was US\$0 million (31 December 2023: US\$4.75 million) having been fully repaid during the half-year.

The Company has a credit facility with Macquarie Bank Limited to support its activities in the Northern Territory. The outstanding balance as at 30 June 2024 of Tranche A of the credit facility was \$1,827,000. During the period the Company has also executed bank guarantees in favour of Northern Territory government for \$4,397,865. Key terms of this credit facility are set out below:

Principal Amount	\$7.25 million comprising: <ul style="list-style-type: none"> <li>Facility A (Revolving Credit Facility, \$2.25 million)</li> <li>Facility B (Performance Bond Facility, \$5 million)</li> </ul>
Borrowers	Imperial Oil & Gas Pty Limited Imperial Oil & Gas A Pty Limited
Guarantor	Empire Energy Group Limited, Imperial Oil & Gas Pty Limited and Imperial Oil & Gas A Pty Limited
Security	First ranking security over all present and after-acquired property of each Borrower First ranking security
Fees	Utilisation Fee: 1.5% of utilisation Commitment Fee: 40% of margin Margin Facility A (5.5% p.a.), Facility B (10% p.a.)
Interest Rate	Margin plus BBSW
Financial Covenants	Ratio of current assets to current liabilities of at least 1.00 to 1.00 Minimum cash balance in the Borrowers and Guarantor of at least \$5 million (or its equivalent in any other currency or currencies)
Repayment date	31 December 2025
Repayment arrangements	Facility A: on receipt of relevant R&D Tax Incentive payment Facility B: on release of environmental bonds after rehabilitation

**C. BUSINESS RISK**

**Exploration risk** – Empire and its subsidiaries have interests in assets at various stages of exploration, appraisal and development. Many leases have had very low levels of exploration undertaken to date and may not yield commercial quantities of hydrocarbons. Oil and gas exploration is inherently subject to numerous risks, including the risk that drilling will not result in commercially viable oil and gas production.

**Application risk** – Several of Empire's Northern Territory assets are in application stage requiring native title and / or regulatory approvals to be granted as leases capable of being explored on. Such approvals may or may not be granted which could adversely impact the value of the Company.

**Regulatory risk** – Empire has operations in the Northern Territory, Australia. Regulatory approvals are required to explore, appraise, develop and produce from the assets. Where such regulatory approvals are already in place, there is a risk that they could be revoked. Where such regulatory approvals are not in place, there is a risk that they may not be granted.

**Debt facility risk** – Empire, through its subsidiaries, has a debt facility in place with Macquarie Bank Limited. Whilst Empire has financial flexibility and expects to repay its debts in full, there is a risk in the future that financial and other covenants under the debt facilities could be breached, which could result



in Macquarie exercising its security rights under the facilities. The debt facility matures in December 2025 and will need to be repaid or refinanced prior to maturity.

**Commodity price risk** – Empire, through its Australian subsidiary, explores for oil and gas in Australia and may be subject to domestic Australian gas price risk, LNG price risk and oil price risk. The gas sales agreement between Empire and the Northern Territory Government is at a fixed price, 100% CPI, take-or-pay contract meaning that Empire is not exposed to commodity price risk for these volumes.

**Reliance on key personnel and contractors** – Empire's success depends in large measure on certain key personnel and its project managers at InGauge Energy Pty Limited. The loss of the services of such key personnel or contractors may have a material adverse effect on the business, financial condition, operational results and prospects.

**Economic risk** – General economic conditions, movements in interest rates, inflation rates and foreign exchange rates, investor sentiment, demand for, and supply of capital and other general economic conditions may have a negative impact on Empire and its subsidiaries ability to carry out its exploration, appraisal, development and production plans.

**Environmental risk** – The upstream oil and gas industry is exposed to environmental risks, including the risk of oil and chemical spills, the risk of uncontrolled gas venting, and other material environmental risks. If an environmental incident was to occur, it may result in Empire's subsidiaries' licenses being revoked, its rights to carry on its activities suspended or cancelled, or rectification costs, and significant legal consequences.

**Title risk** – Interests in onshore tenements in Australia are governed by the respective state legislation and are evidenced by the granting of licenses or leases. Each license or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in the Tenements if license conditions are not met or if insufficient funds are available to meet expenditure commitments. The Northern Territory Government has declared proposed Reserved Blocks over parts of Empire's tenements which are likely to impact the Company's ability to carry out petroleum exploration and development activities on those areas.

**Native title and Aboriginal land** - The Tenements extend over areas in which legitimate common law native title rights of indigenous Australians exist. The ability of the Company to gain access to its Tenements and to conduct exploration, development and production operations remains subject to native title rights and aboriginal land rights and the terms of registration of such title agreements.

**Reserves risk** – Reserves assessment is a subjective process that provides an estimate of the volume of recoverable hydrocarbons. Oil and gas estimates are not precise and are based on knowledge, experience, interpretation and industry practices. There is a risk that the Company's reserves do not generate the actual revenues and cashflows that are currently being budgeted which could adversely impact the Company.

**Services risk** – Empire engages the services of third party service providers to carry out exploration, appraisal, development and operating activities. The cost of such services is subject to very high price volatility, particularly in remote areas. There is a risk that such services may not be able to be provided at a reasonable price, thereby preventing exploration, appraisal, development and operations activities from occurring.

**Insurance risk** – The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance against all risks associated with exploration and production is not always available and where available the costs can be prohibitive.

**Acquisitions** – The Company may decide to pursue potential acquisitions in the future. This may give rise to various operational and financial risks, including, but not limited to, poor integration resulting in higher than expected integration costs, and financial underperformance of the acquired assets.

**Funding risk** – The Company may need capital in the future to progress the development of its acreage.

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There can be no guarantee that future capital, debt or equity, will be available or available on suitable terms. It could adversely impact the value of the Company.

**Climate change risk** – Empire recognises the science supporting climate change and that the world is transitioning to a lower carbon economy in which gas has a crucial role to play. Climate change and management of future carbon emissions may lead to increasing regulation, activism, and costs. Climate change may also have a direct physical impact on our operations e.g. through changing climate patterns such as wet seasons and increased frequency of large storms.

## **Empire Energy Group Limited and its controlled entities**

### **Directors' report**

**30 June 2024**

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'Empire Group') consisting of Empire Energy Group Limited (referred to hereafter as the 'Company' or 'Parent entity' or 'Empire') and the entities it controlled at the end of, or during, the half-year ended 30 June 2024.

#### **Directors**

The following persons were Directors of the Company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Peter Cleary	Non-Executive Director and Chairman
Alexander Underwood	Managing Director
Louis Rozman	Non-Executive Director
Prof John Warburton	Non-Executive Director
Karen Green	Non-Executive Director

#### **Principal activities**

During the financial half-year the principal continuing activities of the Group consisted of:

- The progression of appraisal work programs in Empire's wholly owned and operated exploration tenements located in the highly prospective Northern Territory Beetaloo Sub-Basin.
- The production and sale of oil and natural gas in the United States of America. The Empire Group sold its oil and gas products primarily to owners of domestic pipelines, utilities and refiners located in Pennsylvania and New York. These assets were divested during the half-year.

#### **Dividends**

The Directors have not recommended the payment of an interim dividend.

#### **Business risks**

Refer to the Operations review for details of the Group's business risks.

#### **Review of operations**

The loss for the Group after providing for income tax amounted to \$2,312,655 (30 June 2023: \$8,308,421).

For information on a review of the Empire Group's operations refer to the Operations review prior to the Directors' report.

#### **Significant changes in the state of affairs**

On 1 March 2024, Empire issued 276,275 ordinary fully paid shares for the conversion of Vested Performance Rights belonging to former employees under the Empire Energy Group Limited Rights Plan for no consideration.

On 12 April 2024, Empire completed the sale of Empire Energy E&P LLC ("Empire E&P") to PPP Future Development, Inc for US\$8.2 million, comprising upfront cash payment of US\$5.9 million and Deferred Payments of US\$2.3 million. Empire E&P was the operating entity for all of Empire's USA Appalachia oil & gas assets.

On 17 April 2024, Daly Waters, a subsidiary of Formentera Partners (a US based private equity firm founded by Bryan Sheffield) and Liberty Energy each acquired a 2.25% royalty interest in the gross value of petroleum produced from EP187 for a consideration of US\$2.5m per party.

On 5 June 2024, Empire completed a \$39 million capital raise (before share issuance costs) from existing and new institutional and sophisticated investors for a strongly supported two-tranche placement.

There were no other significant changes in the state of affairs of the Group during the financial half-year ended 30 June 2024.

**Empire Energy Group Limited and its controlled entities**  
**Directors' report**  
**30 June 2024**

**Matters subsequent to the end of the financial half-year**

On 26 July 2024, Empire signed a 10-year binding Gas Sales Agreement ("GSA") with the Northern Territory Government to supply:

- up to 25 Terajoules (TJ) of gas per day for 10-years (~75 Petajoules total, 100% Empire) from Empire's Beetaloo Basin properties commencing in 2025 ("Initial Supply") and
- an additional 10 TJ+ per day for up to 10 years at the option of the Buyer to be made available by Empire if production levels from the Carpentaria project exceed 100 TJ per day ("Option Supply")

Under the agreement, gas will be delivered to the Power and Water Corporation ("PWC") operated McArthur River Gas pipeline ("MRP") on an ex-field take-or-pay basis at market-competitive gas prices, escalating at 100% of the Consumer Price Index. The Option Supply would be at a slightly lower price than the Initial Supply, providing the potential for long-term affordable energy supply for the people of the Northern Territory if larger scale development occurs. A T-piece connection has already been installed into the MRP by PWC at the proposed location of the Carpentaria Gas Plant ("CGP") to allow for delivery of gas from the CGP into the MRP.

The binding GSA is conditional on customary conditions for an agreement of this nature including Empire reaching a final investment decision for the Carpentaria Pilot Project, NT regulatory approvals for the installation of the CGP and sale of gas under the Beneficial Use of Test Gas provisions of the NT Petroleum Act. These regulatory approval processes are well advanced.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



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Alexander Underwood  
Managing Director

13 September 2024  
Sydney

## Auditor's Independence Declaration to the Directors of Empire Energy Group Limited

As lead auditor for the review of the half-year financial report of Empire Energy Group Limited for the half-year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Empire Energy Group Limited and the entities it controlled during the financial period.



Ernst & Young



Siobhan Hughes  
Partner  
Sydney  
13 September 2024

**Empire Energy Group Limited and its controlled entities**  
**Interim condensed consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 30 June 2024**

		Consolidated Half-year ended 30 June 2024 \$	Consolidated Half-year ended 30 June 2023 (restated <sup>1</sup> ) \$
	Note		
<b>Revenue from continuing operations</b>			
Other income	4	1,008,072	-
Finance income		579,576	1,996
<b>Expenses</b>			
Exploration expenses		(5,718,973)	(2,612,201)
General and administration expenses	5	(3,604,611)	(3,151,104)
Depreciation, depletion and amortisation	5	(140,582)	(141,984)
Finance costs	5	(422,313)	(560,372)
<b>Loss before income tax expense from continuing operations</b>		(8,298,831)	(6,463,665)
Income tax expense		(136,539)	(129,605)
<b>Loss after income tax expense from continuing operations</b>		(8,435,370)	(6,593,270)
Profit/(loss) after income tax expense from discontinued operations	6	6,122,715	(1,715,151)
<b>Loss after income tax expense for the half-year attributable to the owners of Empire Energy Group Limited</b>	17	(2,312,655)	(8,308,421)
<b>Other comprehensive loss</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Reclassified to income statement <sup>2</sup>		(63,050)	-
Translation of foreign operations		6,803	(4,532)
<b>Other comprehensive loss for the half-year, net of tax</b>		(56,247)	(4,532)
<b>Total comprehensive loss for the half-year attributable to the owners of Empire Energy Group Limited</b>		<u>(2,368,902)</u>	<u>(8,312,953)</u>
<b>Total comprehensive loss for the half-year is attributable to:</b>			
Continuing operations		(8,428,567)	(6,597,802)
Discontinued operations		6,059,665	(1,715,151)
		<u>(2,368,902)</u>	<u>(8,312,953)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	7	(0.27)	(1.07)
Diluted earnings per share	7	(0.27)	(1.07)

(1) Note that the comparatives have been restated to reflect the profit/(loss) from discontinued operations due to sale of US subsidiary in April 2024. Refer to note 6.

(2) Relates to foreign currency translation reserve gain recycled to the income statement as a result of the sale of US subsidiary.

*The above interim condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Empire Energy Group Limited and its controlled entities**  
**Interim condensed consolidated statement of financial position**  
**As at 30 June 2024**

		Consolidated 31 December 2023 (restated)
	Note	30 June 2024 \$
		\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents		51,456,183
Trade and other receivables	8	507,093
Other assets	9	1,754,276
Inventories		-
Financial assets	10	241,004
Total current assets		<u>53,958,556</u>
<b>Non-current assets</b>		
Oil and gas properties		-
Property, plant and equipment	11	3,251,822
Exploration and evaluation assets	12	101,164,586
Right-of-use assets		544,178
Intangibles		-
Financial assets	10	2,052,850
Total non-current assets		<u>107,013,436</u>
<b>Total assets</b>		<u>160,971,992</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	13	5,875,253
Borrowings	14	1,827,000
Lease liabilities		244,867
Provisions		334,530
Total current liabilities		<u>8,281,650</u>
<b>Non-current liabilities</b>		
Lease liabilities	6	304,369
Provisions		4,441,805
Total non-current liabilities		<u>4,746,174</u>
<b>Total liabilities</b>		<u>13,027,824</u>
<b>Net assets</b>		<u>147,944,168</u>
<b>Equity</b>		
Contributed equity	15	293,576,849
Reserves	16	11,481,058
Accumulated losses	17	(157,113,739)
<b>Total equity</b>		<u>147,944,168</u>

*The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes*

**Empire Energy Group Limited and its controlled entities**  
**Interim condensed consolidated statement of changes in equity**  
**For the half-year ended 30 June 2024**

<b>Consolidated</b>	<b>Issued Capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 January 2023	255,945,973	10,399,487	(132,737,670)	133,607,790
Loss after income tax expense for the half-year	-	-	(8,308,421)	(8,308,421)
Other comprehensive loss for the half-year, net of tax	-	(4,532)	-	(4,532)
Total comprehensive loss for the half-year	-	(4,532)	(8,308,421)	(8,312,953)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	189,923	-	189,923
Balance at 30 June 2023	<u>255,945,973</u>	<u>10,584,878</u>	<u>(141,046,091)</u>	<u>125,484,760</u>
<b>Consolidated</b>	<b>Issued Capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 January 2024	255,945,973	11,177,030	(154,819,586)	112,303,417
Loss after income tax expense for the half-year	-	-	(2,312,655)	(2,312,655)
Other comprehensive loss for the half-year, net of tax	-	(56,247)	-	(56,247)
Total comprehensive loss for the half-year	-	(56,247)	(2,312,655)	(2,368,902)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 15)	37,630,876	-	-	37,630,876
Share-based payments	-	378,777	-	378,777
Reclass within equity	-	(18,502)	18,502	-
Balance at 30 June 2024	<u>293,576,849</u>	<u>11,481,058</u>	<u>(157,113,739)</u>	<u>147,944,168</u>

*The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes*



**Empire Energy Group Limited and its controlled entities**  
**Interim condensed consolidated statement of cash flows**  
**For the half-year ended 30 June 2024**

		<b>Consolidated</b>	
		<b>Half-year</b>	<b>Half-year</b>
		<b>ended 30</b>	<b>ended 30</b>
	<b>Note</b>	<b>June 2024</b>	<b>June 2023</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		1,568,874	5,613,573
Payments to suppliers and employees (inclusive of GST)		(14,059,649)	(19,158,551)
Government grants (Beetaloo Cooperative Drilling Program)		-	7,697,880
Interest received		354,463	54,523
Interest and other finance costs paid		(637,814)	(998,843)
Income taxes paid		(136,539)	(129,605)
Net cash used in operating activities		<u>(12,910,665)</u>	<u>(6,921,023)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		-	(2,315,251)
Payments for exploration and evaluation assets		(634,295)	(42,601)
Proceeds from sale of royalties	12	7,757,367	-
Proceeds from the sale of discontinued operation	19	8,958,180	-
Proceeds from release of security deposits	14, 19	4,398,257	-
Net cash from/(used in) investing activities		<u>20,479,509</u>	<u>(2,357,852)</u>
<b>Cash flows from financing activities</b>			
Net proceeds from issue of shares	15	39,000,000	-
Net proceeds from interest-bearing liabilities		-	7,085,219
Share issue transaction costs		(1,369,125)	-
Repayment of interest bearing liabilities	6	(7,061,421)	-
Repayment of lease liabilities		(454,589)	(189,659)
Net cash from financing activities		<u>30,114,865</u>	<u>6,895,560</u>
Net increase/(decrease) in cash and cash equivalents		37,683,709	(2,383,315)
Cash and cash equivalents at the beginning of the financial half-year		13,626,753	21,880,311
Effects of exchange rate changes on cash and cash equivalents		145,721	117,828
Cash and cash equivalents at the end of the financial half-year		<u><u>51,456,183</u></u>	<u><u>19,614,824</u></u>

*The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes*

**Empire Energy Group Limited and its controlled entities**  
**Notes to the interim condensed consolidated financial statements**  
**30 June 2024**

**Note 1. General information**

The financial statements cover Empire Energy Group Limited as a Group consisting of Empire Energy Group Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Empire Energy Group Limited's functional and presentation currency.

Empire Energy Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 5  
6 - 10 O'Connell Street  
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 13 September 2024.

**Note 2. Material accounting policy information**

The interim condensed consolidated financial statements for six months ended 30 June 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The Group has prepared the financial statements on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

These interim condensed financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial half-year ended 30 June 2024 and are not expected to have a significant impact for the full financial year ending 31 December 2024.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Note 3. Operating segments**

*Identification of reportable operating segments*

The Group is organised into two operating segments:

- (1) Northern Territory - includes all exploration and drilling activity of the Group in the Northern Territory, conducted through Imperial Oil & Gas Pty Limited and Imperial Oil & Gas A Pty Limited; and
- (2) Corporate - includes all centralised administration costs, minor other income and investments/loans in Imperial Oil & Gas Pty Limited and Imperial Oil & Gas A Pty Limited (eliminated on consolidation).

**Empire Energy Group Limited and its controlled entities**  
**Notes to the interim condensed consolidated financial statements**  
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**Note 3. Operating segments (continued)**

These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Intersegment revenue relates to Corporate overhead charges only. Included in Other income are gains disclosed separately of the face of the Statement of Profit or Loss and Other Comprehensive Income. Information reported to the CODM allows resources to be allocated and subsequent performance to be analysed. This is reviewed on a monthly basis.

Other operating expenses represents the profit/(loss) earned by each segment without allocation of central administration costs and share-based payments, finance income and finance expense, gains or losses on disposal of associates and discontinued operations. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

*Operating segment information*

<b>Consolidated - Half-year ended 30 June 2024</b>	<b>Northern Territory</b> \$	<b>Corporate</b> \$	<b>Eliminations</b> \$	<b>Total</b> \$
<b>Intersegment Transactions</b>				
Intersegment charges	(2,649,271)	2,649,271	-	-
Intersegment interest	(3,097,119)	3,097,119	-	-
<b>Total</b>	<b>(5,746,390)</b>	<b>5,746,390</b>	<b>-</b>	<b>-</b>
Other income	-	1,008,072	-	1,008,072
Interest Income (external)	6,511	573,065	-	579,576
Depreciation and amortisation	(9,938)	(130,644)	-	(140,582)
Share-based payments expense!	-	(279,774)	-	(279,774)
Finance costs (net)	(413,150)	(9,163)	-	(422,313)
Other operating expenses	(6,002,579)	(3,041,231)	-	(9,043,810)
<b>Profit/(loss) before income tax expense</b>	<b>(12,165,546)</b>	<b>3,866,715</b>	<b>-</b>	<b>(8,298,831)</b>
Income tax expense				(136,539)
<b>Loss after income tax expense</b>				<b>(8,435,370)</b>
Income tax expense				-
<b>Assets</b>				
Segment assets	106,282,435	133,471,265	(78,781,708)	160,971,992
<b>Total assets</b>				<b>160,971,992</b>
<b>Liabilities</b>				
Segment liabilities	9,762,570	3,265,254	-	13,027,824
<b>Total liabilities</b>				<b>13,027,824</b>

**Empire Energy Group Limited and its controlled entities**  
**Notes to the interim condensed consolidated financial statements**  
**30 June 2024**

**Note 3. Operating segments (continued)**

	Northern Territory	Corporate	Eliminations	Total
Consolidated - Half-year ended 30 June 2023 (restated)*	\$	\$	\$	\$
<b>Intersegment Transactions</b>				
Intersegment charges	(2,301,070)	2,301,070	-	-
Intersegment interest	(3,543,286)	3,543,286	-	-
<b>Total</b>	<b>(5,844,356)</b>	<b>5,844,356</b>	<b>-</b>	<b>-</b>
Interest income (external)	1,406	590	-	1,996
Depreciation and amortisation	(10,065)	(131,919)	-	(141,984)
Share-based payments	-	(189,923)	-	(189,923)
Finance costs (net)	(546,669)	(11,707)	-	(558,376)
Other operating expenses	(2,705,149)	(2,870,229)	-	(5,575,378)
<b>Profit/(loss) before income tax expense</b>	<b>(9,104,833)</b>	<b>2,641,168</b>	<b>-</b>	<b>(6,463,665)</b>
Income tax expense				(129,605)
<b>Loss after income tax expense</b>				<b>(6,593,270)</b>
<b>Consolidated - 31 December 2023 (restated)</b>				
<b>Assets</b>				
Segment assets	116,741,749	84,951,678	(75,841,867)	125,851,560
<b>Total assets</b>				<b>125,851,560</b>
<b>Liabilities</b>				
Segment liabilities	9,474,438	3,367,351	-	12,841,789
<b>Total liabilities</b>				<b>12,841,789</b>

\* The number of segments changed from three segments in the prior year to two segments due to the sales of its US oil and gas assets.

Historically, all of the Group's producing oil and gas assets were located in the USA. Since the company sold its producing US subsidiary during the reporting period (refer to Note 6), the Group didn't have producing assets as at 30 June 2024.

All the Group's exploration oil and gas tenements are in the Northern Territory, Australia.

The loss generated by disposed US operations up to the disposal date was \$830,907 (excluding the gain on disposal of \$6.9 million).

**Empire Energy Group Limited and its controlled entities**  
**Notes to the interim condensed consolidated financial statements**  
**30 June 2024**

**Note 4. Other income**

	Consolidated Half-year ended 30 June 2024 \$	Half-year ended 30 June 2023 \$
Deferred US solar payments	1,008,072	-
Other income	1,008,072	-

**Note 5. Expenses**

	Consolidated Half-year ended 30 June 2024 \$	Half-year ended 30 June 2023 (restated) \$
Loss before income tax from continuing operations includes the following specific expenses:		
<i>Depreciation and depletion</i>		
Depreciation - property, plant and equipment	22,039	23,441
Depreciation - right-of-use assets	118,543	118,543
Total depreciation and depletion	140,582	141,984
<i>General and administration expenses</i>		
Salaries and wages - Australia	1,553,799	1,698,267
Other advisory fees	276,125	323,323
Other overhead	1,317,150	709,345
Insurance including NT work programs	177,763	230,246
Shared-based payments*	279,774	189,923
	3,604,611	3,151,104
Finance costs		
Interest paid/payable on financial liabilities	321,375	12,297
Commitment fees (Facility - AU)	100,938	210,575
Establishment fees (Facility - AU)	-	337,500
Finance costs expensed	422,313	560,372

\*There were no changes to the Empire Energy Group Limited Rights Plan as compared to the prior period. During the period 5,760,245 Performance Rights, 1,867,053 Restricted Rights and 1,248,161 Service Rights were granted to employees and independent directors.

**Empire Energy Group Limited and its controlled entities**  
**Notes to the interim condensed consolidated financial statements**  
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**Note 6. Discontinued operations**

*Description*

On 12 April 2024, the Group sold its oil & gas assets in the USA for US\$8.2m (AU\$12.5m), comprising of upfront cash payment of US\$5.9m (AU\$9.0m) and deferred payments of US\$2.3m (AU\$3.5m). The fair value of deferred consideration at the date of disposal was US\$0.9m (AU\$1.4m).

The deferred consideration is payable under the following terms:

- The deferred consideration is paid in monthly instalments due on the first day of each month commencing 1 June 2024, until such amount is paid in full (i.e. the "Deferred Payment")
- The monthly Deferred Payment amount shall be based on the Henry Hub settlement price from the second preceding month. It shall constitute a single payment determined by the maximum amount, based on the following tiered payment amounts that depend on the gas price, as shown below:

Gas price (US dollar per Million Btu)	Amount Payable (US dollar)
0.00 - 3.50	-
3.50 - 3.99	25,000
4.00 - 4.49	50,000
4.50 - 4.99	75,000
5.00 - 5.49	100,000
5.50 - 5.99	125,000
6.00 and above	150,000

*Financial performance information*

	Consolidated YTD Period ended 12 April 2024 \$	Half-year ended 30 June 2023 \$
Discontinued revenue	2,048,253	3,233,510
Discontinued cost of sales	(1,422,930)	(3,007,145)
Discontinued gross profit	625,323	226,365
Discontinued other (loss)/income	(27,157)	201,605
Discontinued interest income	2,904	54,523
Total other income	(24,253)	256,128
Discontinued expense	(1,431,977)	(2,197,644)
Loss before income tax expense	(830,907)	(1,715,151)
Income tax expense	-	-
Loss after income tax expense	(830,907)	(1,715,151)
Gain on disposal before income tax	6,953,622	-
Income tax expense	-	-
Gain on disposal after income tax expense	6,953,622	-
Profit/(loss) after income tax expense from discontinued operations	6,122,715	(1,715,151)
Translation reserve reclassified to income statement	(63,050)	-
Total comprehensive income/(loss)	6,059,665	(1,715,151)

**Empire Energy Group Limited and its controlled entities**  
**Notes to the interim condensed consolidated financial statements**  
**30 June 2024**

**Note 6. Discontinued operations (continued)**

*Cash flow information*

	Consolidated Half-year ended 30 June 2024 \$	Half-year ended 30 June 2023 \$
Net cash used in operating activities	(625,323)	(193,037)
Net cash from investing activities	-	-
Net cash from financing activities	215,501	897,321
Net (decrease)/increase in cash and cash equivalents from discontinued operations	<u>(409,822)</u>	<u>704,284</u>

*Carrying amounts of assets and liabilities disposed*

	Consolidated As at 12 April 2024 \$	Half-year ended 30 June 2023 \$
Cash and cash equivalents	54,723	62,356
Trade and other receivables	1,566,819	1,408,726
Inventories	54,433	74,372
Prepayments	330,596	241,548
Property, plant and equipment	547,054	502,757
Right-of-use asset	296,728	254,637
Oil & gas properties	38,715,069	36,218,907
Total assets	<u>41,565,422</u>	<u>38,763,303</u>
Trade and other payables	114,637	2,518,794
Provisions	37,742,956	32,596,724
Other liabilities	299,214	7,835,981
Total liabilities	<u>38,156,807</u>	<u>42,951,499</u>
Net assets/(liabilities)	<u>3,408,615</u>	<u>(4,188,196)</u>

Of the upfront cash payment of US\$5.9 million (A\$9.0 million), US\$4.6 million (A\$7.1 million) has been used to repay the external loan facility in the Group's US business, immediately before sale (refer note 14). As such, the balances above exclude this debt (as it had been repaid before divestment).

**Empire Energy Group Limited and its controlled entities**  
**Notes to the interim condensed consolidated financial statements**  
**30 June 2024**

**Note 6. Discontinued operations (continued)**

*Details of the disposal*

	<b>Consolidated</b>	
	<b>Half-year</b>	<b>Half-year</b>
	<b>ended 30</b>	<b>ended 30</b>
	<b>June 2024</b>	<b>June 2023</b>
	<b>\$</b>	<b>\$</b>
Total sale consideration	10,384,370	-
Carrying amount of net (assets)/liabilities disposed	(3,408,615)	4,188,196
Disposal costs	(85,183)	-
Gain on disposal before income tax	6,890,572	4,188,196
Reclassified to income statement	63,050	-
Gain on disposal after income tax	<u>6,953,622</u>	<u>4,188,196</u>

The total sale consideration is comprised of US\$5.9 million in cash (A\$9.0 million) and US\$2.3 million in deferred consideration (A\$3.5 million). The deferred consideration has been fair valued at the date of sale as US\$0.9 million (A\$1.4 million).

In determining the fair value of the deferred consideration on initial recognition, an expected cash flow profile has been determined based on the terms of the agreement which stipulate how much is receivable by the Group each month based on the Henry Hub gas price at that time. A Henry Hub forward curve at the date of sale has therefore been used to estimate the timing of cash flows which have then been discounted based on a 14.49% discount rate. This rate incorporates both the risk-free rate and counterparty credit risk.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

**Note 7. Earnings per share**

	<b>Consolidated</b>	
	<b>Half-year</b>	<b>Half-year</b>
	<b>ended 30</b>	<b>ended 30</b>
	<b>June 2024</b>	<b>June 2023</b>
	<b>\$</b>	<b>\$</b>
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of Empire Energy Group Limited	<u>(8,435,370)</u>	<u>(6,593,270)</u>
	<b>Consolidated</b>	
	<b>Half-year</b>	<b>Half-year</b>
	<b>ended 30</b>	<b>ended 30</b>
	<b>June 2024</b>	<b>June 2023</b>
	<b>\$</b>	<b>\$</b>
<i>Earnings per share for profit/(loss) from discontinued operations</i>		
Profit/(loss) after income tax attributable to the owners of Empire Energy Group Limited	<u>6,122,715</u>	<u>(1,715,151)</u>



**Empire Energy Group Limited and its controlled entities**  
**Notes to the interim condensed consolidated financial statements**  
**30 June 2024**

**Note 7. Earnings per share (continued)**

	Consolidated Half-year ended 30 June 2024 \$	Half-year ended 30 June 2023 \$
<i>Earnings per share for loss</i>		
Loss after income tax attributable to the owners of Empire Energy Group Limited	<u>(2,312,655)</u>	<u>(8,308,421)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	851,832,146	773,121,148
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>851,832,146</u>	<u>773,121,148</u>
	Cents	Cents
Basic earnings per share	(0.27)	(1.07)
Diluted earnings per share	(0.27)	(1.07)

9,696,970 Options (30 June 2023: 78,924,528), 13,348,568 Performance Rights (30 June 2023: 10,888,807), 3,686,719 Service Rights (30 June 2023: 2,438,558) and 6,758,313 Restricted Rights (30 June 2023: 4,287,119) have been excluded from the above calculation as their inclusion would be anti-dilutive.

**Note 8. Trade and other receivables**

	Consolidated 30 June 2024 \$	31 December 2023 \$
<i>Current assets</i>		
GST receivable	<u>507,093</u>	<u>1,912,220</u>

**Note 9. Other assets**

	Consolidated 30 June 2024 \$	31 December 2023 (restated) \$
<i>Current assets</i>		
Prepayments	1,513,682	791,966
Security deposits	240,594	4,397,896
	<u>1,754,276</u>	<u>5,189,862</u>

**Empire Energy Group Limited and its controlled entities**  
**Notes to the interim condensed consolidated financial statements**  
**30 June 2024**

**Note 10. Financial assets**

	Consolidated 30 June 2024 \$	31 December 2023 \$
<i>Current assets</i>		
Solar deferred payments	241,004	-
<i>Non-current assets</i>		
Solar deferred payments	626,660	-
Deferred consideration (Note 6)	1,426,190	-
	2,052,850	-
	2,293,854	-

Solar deferred payments refer to all remaining payments of US\$900k due to Empire E&P pursuant to the 2022 Mutual Use Agreement with ConnectGen Chautauqua Country LLC for the Ripley Solar Project to be received by the Company.

**Note 11. Property, plant and equipment**

	Consolidated 30 June 2024 \$	31 December 2023 \$
<i>Non-current assets</i>		
Land - at cost	-	7,310
Buildings - at cost	-	329,876
Less: Accumulated depreciation	-	(130,547)
	-	199,329
Equipment - at cost	3,541,283	2,104,781
Less: Accumulated depreciation	(297,499)	(1,961,165)
	3,243,784	143,616
Motor vehicles - at cost	140,460	1,024,460
Less: Accumulated depreciation	(132,422)	(818,150)
	8,038	206,310
	3,251,822	556,565

**Empire Energy Group Limited and its controlled entities**  
**Notes to the interim condensed consolidated financial statements**  
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**Note 11. Property, plant and equipment (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

<b>Consolidated</b>	Land \$	Buildings \$	Equipment \$	Motor vehicles \$	Total \$
Balance at 1 January 2024	7,310	199,329	143,616	206,310	556,565
Disposals	(6,530)	-	(117,220)	(140,493)	(264,243)
Exchange differences	(780)	(199,329)	3,839	(33,384)	(229,654)
Reclass from Exploration (note 12)	-	-	3,227,243	-	3,227,243
Depreciation expense	-	-	(13,694)	(24,395)	(38,089)
Balance at 30 June 2024	-	-	3,243,784	8,038	3,251,822

**Note 12. Exploration and evaluation assets**

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>31 December 2023</b>
	\$	\$
<i>Non-current assets</i>		
Capitalised exploration and evaluation assets	101,164,586	111,514,901

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

<b>Consolidated</b>	Capitalised exploration and evaluation assets \$
Balance at 1 January 2024	111,514,901
Additions	634,295
Government grants and R&D tax incentive	-
Reclass to Property, Plant and Equipment (note 11)	(3,227,243)
Private Royalties*	(7,757,367)
Balance at 30 June 2024	101,164,586

\*On 17 April 2024, Daly Waters Royalty, LP ("Daly Waters") and Liberty Energy Australia Pty. Limited ("Liberty Energy") each acquired a 2.25% royalty interest in the gross value of petroleum produced from the 52 blocks that make up Exploration permit 187 ("EP187") for a consideration of US\$2.5m per party. Under the terms of the royalty interest, a 2.25% royalty interest in the gross value of petroleum produced from the ORRI Lands shall be paid to each party within 60 days of the end of each quarter. The ORRI shall be calculated in largely the same manner as the 10% royalty payable to the Northern Territory government ("NT Government") as set forth in the Petroleum Royalty Act ("the Act"). The sale of royalty has been treated as an effective sale of a portion of rights in EP187 to Liberty Energy and Daly Waters as both Royalty holders will bear the economic risks and benefits related to the success of the project.

**Empire Energy Group Limited and its controlled entities**  
**Notes to the interim condensed consolidated financial statements**  
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**Note 13. Trade and other payables**

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>31 December 2023</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Trade payables	3,214,317	4,459,808
Accruals	955,409	2,281,919
Other payables	1,705,527	1,724,564
	<u>5,875,253</u>	<u>8,466,291</u>

**Note 14. Borrowings**

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>31 December 2023</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Bank loans - secured	<u>1,827,000</u>	<u>8,771,474</u>

*Classification of borrowings*

These financial statements are presented on the basis that all borrowings have been classified as current liabilities on the basis that the Group does not have the unconditional right to defer payment for at least 12 months after the reporting date.

**Empire Energy Group Limited and its controlled entities**  
**Notes to the interim condensed consolidated financial statements**  
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**Note 14. Borrowings (continued)**

*Australian Operations*

The Group established an additional credit facility with Macquarie Bank Limited during the half-year. The outstanding balance as at 30 June 2024 was \$1,827,000. Key terms of this credit facility are set out below:

Principal amount	\$7.25 million comprising: - Facility A (Revolving Credit Facility, \$2.25 million, \$1.827 million drawn as at 30 June 2024) - Facility B (Performance Bond Facility, \$5 million, \$4.398 million provided as bank guarantee as at 30 June 2024)
Borrowers	Imperial Oil & Gas Pty Limited Imperial Oil & Gas A Pty Limited
Guarantor	Empire Energy Group Limited, Imperial Oil & Gas Pty Limited and Imperial Oil & Gas A Pty Limited
Security	First ranking security over all present and after-acquired property of each Borrower First ranking security
Fees	Utilisation Fee: 1.5% of utilisation Commitment Fee: 40% of margin Margin: Facility A (5.5% p.a.), Facility B (10% p.a.)
Interest rate	Margin plus BBSW
Financial covenants	- Ratio of current assets to current liabilities of at least 1.00 to 1.00 - Minimum cash balance in the Borrowers and Guarantor of at least \$5 million (or its equivalent in any other currency or currencies)
Maturity date	31 December 2025
Repayment arrangements	Facility A: on receipt of relevant annual R&D Tax Incentive payment Facility B: on release of environmental bonds after rehabilitation**

*Financing arrangements*

Unrestricted access was available at the reporting date to the following lines of credit:

		Consolidated		
	30 June	31	30 June	31
	2024	December	2024	December
	US\$	2023	\$	2023
		US\$		\$
Total facilities				
Bank loan - US Operations*	-	4,750,020	-	6,944,474
Bank loan - Australia Operations - Facility A	-	-	2,250,000	2,250,000
	-	4,750,020	2,250,000	9,194,474
Used at the reporting date				
Bank loan - US Operations	-	4,750,020	-	6,944,474
Bank loan - Australia Operations - Facility A	-	-	1,827,000	1,827,000
	-	4,750,020	1,827,000	8,771,474
Unused at the reporting date				
Bank loan - US Operations	-	-	-	-
Bank loan - Australia Operations - Facility A	-	-	423,000	423,000
	-	-	423,000	423,000

**Empire Energy Group Limited and its controlled entities**  
**Notes to the interim condensed consolidated financial statements**  
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**Note 14. Borrowings (continued)**

\*The Bank Loan for US Operations was an amortising term loan for the US Business, Empire E&P. On 12 April 2024, the loan facility was repaid in full using proceeds from the sale of the Empire E&P business. Refer to Note 6 for details on the sale.

\*\*The Group has a \$5 million Performance Bond Facility (Facility B) with Macquarie Bank to meet Empire's Northern Territory environmental bonding obligations. Bank guarantees issued under Tranche B provide financial security to the Northern Territory Government.

**Note 15. Contributed equity**

	<b>Consolidated</b>		
	<b>30 June 2024</b>	<b>31 December 2023</b>	<b>31 December 2023</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>
Ordinary shares - fully paid	<u>1,017,147,423</u>	<u>773,121,148</u>	<u>293,576,849</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 January 2024	773,121,148		255,945,973
Issue of shares on the exercise of options	1 March 2024	276,275	\$0.000	-
Issue of shares on raising capital	24 April 2024	193,321,700	\$0.160	30,931,472
Issue of shares on raising capital	5 June 2024	50,428,300	\$0.160	8,068,528
Share issue transaction costs, net of tax				(1,369,124)
Balance	30 June 2024	<u>1,017,147,423</u>		<u>293,576,849</u>

*Ordinary shares*

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*

There is no current on-market share buy-back.

**Note 16. Reserves**

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>31 December 2023</b>
	<b>\$</b>	<b>\$</b>
Foreign currency translation reserve	(380,043)	(323,796)
Options reserve	11,861,101	11,320,327
Fair value reserve	-	180,499
	<u>11,481,058</u>	<u>11,177,030</u>

*Foreign currency translation reserve*

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

*Options reserve*

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

**Empire Energy Group Limited and its controlled entities**  
**Notes to the interim condensed consolidated financial statements**  
**30 June 2024**

**Note 16. Reserves (continued)**

*Fair value reserve*

The fair value reserve comprises the cumulative net change in the fair value of equity investments until the investment is derecognised.

*Movements in reserves*

Movements in each class of reserve during the current financial half-year are set out below:

<b>Consolidated</b>	Foreign currency translation \$	Options \$	Fair value \$	Total \$
Balance at 1 January 2024	(323,796)	11,320,327	180,499	11,177,030
Foreign currency translation	(56,247)	-	-	(56,247)
Share-based payments	-	378,777	-	378,777
Reclasses within Equity	-	161,997	(180,499)	(18,502)
Balance at 30 June 2024	<u>(380,043)</u>	<u>11,861,101</u>	<u>-</u>	<u>11,481,058</u>

**Note 17. Accumulated losses**

	<b>Consolidated</b>	
	<b>30 June 2024</b>	<b>31 December 2023</b>
	\$	\$
Accumulated losses at the beginning of the financial half-year	(154,819,586)	(132,737,670)
Loss after income tax expense for the half-year	(2,312,655)	(22,081,916)
Transfer from other reserves	18,502	-
Accumulated losses at the end of the financial half-year	<u>(157,113,739)</u>	<u>(154,819,586)</u>

**Note 18. Dividends**

There were no dividends paid, recommended or declared during the current or previous financial half-year.

**Note 19. Contingent liabilities**

The Empire Group is subject to various federal, state and local laws and regulations relating to the protection of the environment. The Empire Group has established procedures for the ongoing evaluation of its operations, to identify potential environmental exposures and to comply with regulatory policies and procedures.

Empire Energy Group Limited together with its subsidiaries Imperial Oil & Gas Pty Limited and Imperial Oil & Gas A Pty Limited have granted Macquarie Bank Limited security over their assets as guarantors of the Australian credit facility to Macquarie the lender.

Environmental expenditures that relate to current operations are expensed or capitalised as appropriate. Expenditures that relate to an existing condition caused by past operations, and do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessment and or clean-up is probable, and the costs can be reasonably estimated. The Empire Group maintains insurance that may cover in whole or in part certain environmental expenditures. At 30 June 2024, the Empire Group had bank guarantees from Macquarie Bank for the total amount of \$4,397,865 (31 December 2023: \$0) under facility B (refer to Note 14).

There have been no other changes in contingent liabilities since the last reporting period.

**Empire Energy Group Limited and its controlled entities**  
**Notes to the interim condensed consolidated financial statements**  
**30 June 2024**

**Note 20. Commitments**

*Exploration and petroleum tenement leases*

In order to maintain current rights of tenure to exploration and mining tenements, the Company and the companies in the Group are required to outlay lease rentals and to meet the minimum expenditure requirements of the various Government Authorities. These obligations are subject to re-negotiation upon expiry of the relevant leases or when application for a mining licence is made. No expenditure commitment exists at 30 June 2024 (31 December 2023: nil).

**Note 21. Events after the reporting period**

On 26 July 2024, Empire signed a 10-year binding Gas Sales Agreement ("GSA") with the Northern Territory Government to supply:

- up to 25 Terajoules (TJ) of gas per day for 10-years (~75 Petajoules total, 100% Empire) from Empire's Beetaloo Basin properties commencing in 1 July 2028 ("Initial Supply") and
- an additional 10 TJ+ per day for up to 10 years at the option of the Buyer to be made available by Empire if production levels from the Carpentaria project exceed 100 TJ per day ("Option Supply")

Under the agreement, gas will be delivered to the Power and Water Corporation ("PWC") operated McArthur River Gas pipeline ("MRP") on an ex-field take-or-pay basis at market-competitive gas prices, escalating at 100% of the Consumer Price Index. The Option Supply would be at a slightly lower price than the Initial Supply, providing the potential for long-term affordable energy supply for the people of the Northern Territory if larger scale development occurs. A T-piece connection has already been installed into the MRP by PWC at the proposed location of the Carpentaria Gas Plant ("CGP") to allow for delivery of gas from the CGP into the MRP.

The binding GSA is conditional on customary conditions for an agreement of this nature including Empire reaching a final investment decision for the Carpentaria Pilot Project, NT regulatory approvals for the installation of the CGP and sale of gas under the Beneficial Use of Test Gas provisions of the NT Petroleum Act. These regulatory approval processes are well advanced.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.



**Empire Energy Group Limited and its controlled entities**  
**Directors' declaration**  
**30 June 2024**

In accordance with a resolution of the Directors of Empire Energy Group Limited (the "Company"), I state that:

In the opinion of the Directors:

- a. the interim financial statements and notes of the Company and its subsidiaries (collectively the Group) are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the half-year ended on that date; and
  - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors



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Alexander Underwood  
Managing Director

13 September 2024  
Sydney

## **Independent auditor's review report to the members of Empire Energy Group Limited.**

### **Conclusion**

We have reviewed the accompanying condensed half-year financial report of Empire Energy Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 30 June 2024, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the condensed half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### **Basis for conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

### **Directors' responsibilities for the half-year financial report**

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibilities for the review of the half-year financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.



A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The Ernst &amp; Young logo, which is a stylized, handwritten-style script of the company name.

Ernst & Young

A handwritten signature in black ink, which appears to read 'Siobhan Hughes'.

Siobhan Hughes  
Partner  
Sydney  
13 September 2024