



## EMPIRE OIL & GAS NL

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1 July 2014

The Manager  
Company Announcements Office  
Australian Securities Exchange  
20 Bridge Street  
**SYDNEY NSW 2000**

***Back-payment of condensate revenue and increase and extension of the term of the Credit Facility***

Please find attached an Empire Oil & Gas NL (ASX: EGO) ASX Announcement regarding the receipt of back-payments for condensate revenue from the Red Gully project and the increase and extension of the term of the Credit Facility provided by ERM Power Limited.

**Yours faithfully**

**Kent Quinlan**  
**Company Secretary**

1 July 2014

# **Empire receives US\$594,000 back-payment for condensate sales**

## ***Plus, ERM agrees to increase and extend the term of the Credit Facility***

Empire Oil & Gas (ASX: EGO) is pleased to advise that it has received US\$594,059 in cash, which represents its share of the condensate sales revenue for the period up until the end of May 2014 that was held in escrow pending resolution of its dispute with Wharf Resources Plc (Wharf).

In May 2014 the Supreme Court of Western Australia recognised that Empire had increased its stake in the Red Gully oil and gas project in WA as the result of last year's withdrawal of Wharf from the EP 389 Joint Venture (see ASX release dated 23 May 2014).

The Court's decision meant that the register of interests kept by the Department of Mines and Petroleum now shows Empire's stake in Red Gully has increased from 68.75 per cent to 76.39 per cent and ERM Gas Pty Ltd.'s (ERM) (a wholly owned subsidiary of ERM Power ASX: EPW) stake has increased from 21.25 per cent to 23.61 per cent.

This is because on its withdrawal, Wharf's 10 per cent stake in the joint venture was split on a pro-rata basis between Empire and fellow joint venture partner ERM.

Prior to the court decision, Empire and ERM were funding 100 per cent of the operating costs of the Red Gully Facility but had been receiving only 90 per cent of the revenue from condensate sales.

The payment announced today represents Empire's share of the balance of that revenue. From June 2014, Empire and ERM will receive all the revenue from condensate sales.

Empire also advises that ERM Power has agreed to increase the amount available under the Credit Facility it has provided to Empire by \$1 million to \$3 million and to extend the term of the facility from 30 June 2014 to 31 August 2014. The Credit Facility was provided in December 2013.

Empire Chairman Tony Iannello said the back-payment for condensate and the increase and extended term of the Credit Facility strengthened Empire's financial position while it completed the assessment of the Red Gully-1 B Sands gas condensate test.

"The results so far suggest that the recoverable reserves from the B Sands will be significantly greater than those from the D Sands," Mr Iannello said.

"However, we need to conduct further tests and analysis to establish the extent to which the B Sands will help us further strengthen our financial position.

"The back-payment for the condensate and the increase and extended term of the Credit Facility give us financial strength and flexibility while we undertake this work and assess longer term options."

### **Media**

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