

POST PLACEMENT



ACHIEVING SIGNIFICANCE IN THE OIL & GAS INDUSTRY

April 2011



EMPIRE ENERGY GROUP LIMITED

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Mission Statement



Build a 'Low Risk' E&P business

- Opportunistic upstream acquisitions
- Target production assets with attached low risk development
- Hedging to 2015: 75% Oil @ \$90/Bbl; Gas 75% @ \$5.85/Mcf
- US\$150mm+ Macquarie Bank credit facility drawn to ~\$71mm
- Debt deleverage from internally generated cash flow
- Seek internal generated funding of acquisitions
- Low cost, technology focused, operator
- Balanced exploration exposure
- North American Listing

Production Targets

- **By 2012** 2,500+ Boe/d
- **By 2015** 10,000 Boe/d
 - **70% oil production (currently 36%)**
 - **Top 10 Australian oil & gas producers**

How?

- **Existing** 1,520 Boe/d
- **Drill bit** 4,000 Boe/d from existing and farm-in
- **Acquisitions** 4,500 Boe/d through acquisition and merger

Corporate Snapshot



Corporate Structure	
Australian Securities Exchange	ASX:EEG (previous ASX:IMP)
Shares on issue (pre placement)	162.3 mm
Shares issued in placement	110.0mm
Share Price (pre placement)	A\$0.145
EBITDA – 2011	A\$17.5 mm
Market Cap (pre placement)	A\$23.5 mm
Debt	A\$72.1 mm
Enterprise Value (pre placement)	A\$91.5 mm
Total Assets	A\$112.4 mm
PV10 (3P)	A\$190 mm
Debt/PV10	38%
Debt/Total Assets	64%
3 month VWAP	A\$0.14
Options Outstanding (\$0.16)	40.2mm



Capital Expenditure Programs

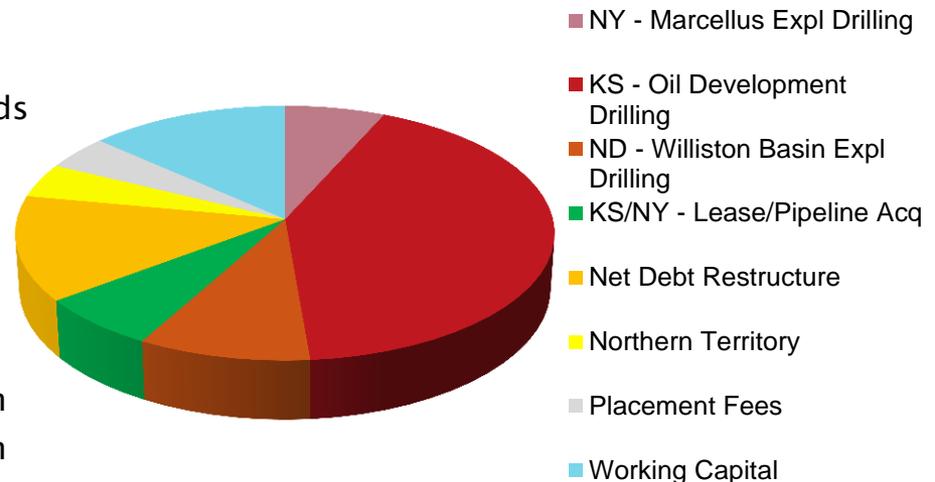


- The proceeds of the recent placement will be utilised to accelerate the Company's plans to reach production targets for 2012 and 2015. Specifically the majority of the funds will be used to conduct development drilling on the Company's oil prospects in Kansas. In addition, funds will be allocated to exploration drilling in the Company's oil shale projects in Appalachia and Williston Basin.

Use of Funds:

Kansas Drilling – oil	\$6.50mm
Williston Basin – oil shale	\$1.40mm
Appalachia – oil shale	\$1.00mm
Leasing / pipelines	\$1.00mm
Working Capital	\$2.20mm
Net Debt Repayment	\$2.00mm
Nth Territory	\$0.65mm
Fees	<u>\$0.65mm</u>
	\$15.2mm

Utilisation of funds raised



Key Milestones

Over last 12 month period, US\$120 million in oil and gas transactions



2006 –
Initial USA entry
in gas JV: 20 wells
drilled, PA

Dec 2007 –
US\$8.85MM
acquisition: 160 gas
wells Hawthorne, PA

Dec 2009 –
US\$38.0MM
acquisition: 1,800 gas
wells, Mayville PA /NY

July 2010 –
US\$24.6MM
partial sale of shale
assets, PA

Dec 2010 –
US\$56.25MM
acquisition: 245 oil
wells, Kansas +
18,000 (gross) acres
Nth Dakota



2009 Actual:
Net Oil : 0 Bbbls
Net Gas: 0.4 Bcf

Net Oil Rev: \$0
Net Gas Rev:\$2.3mm

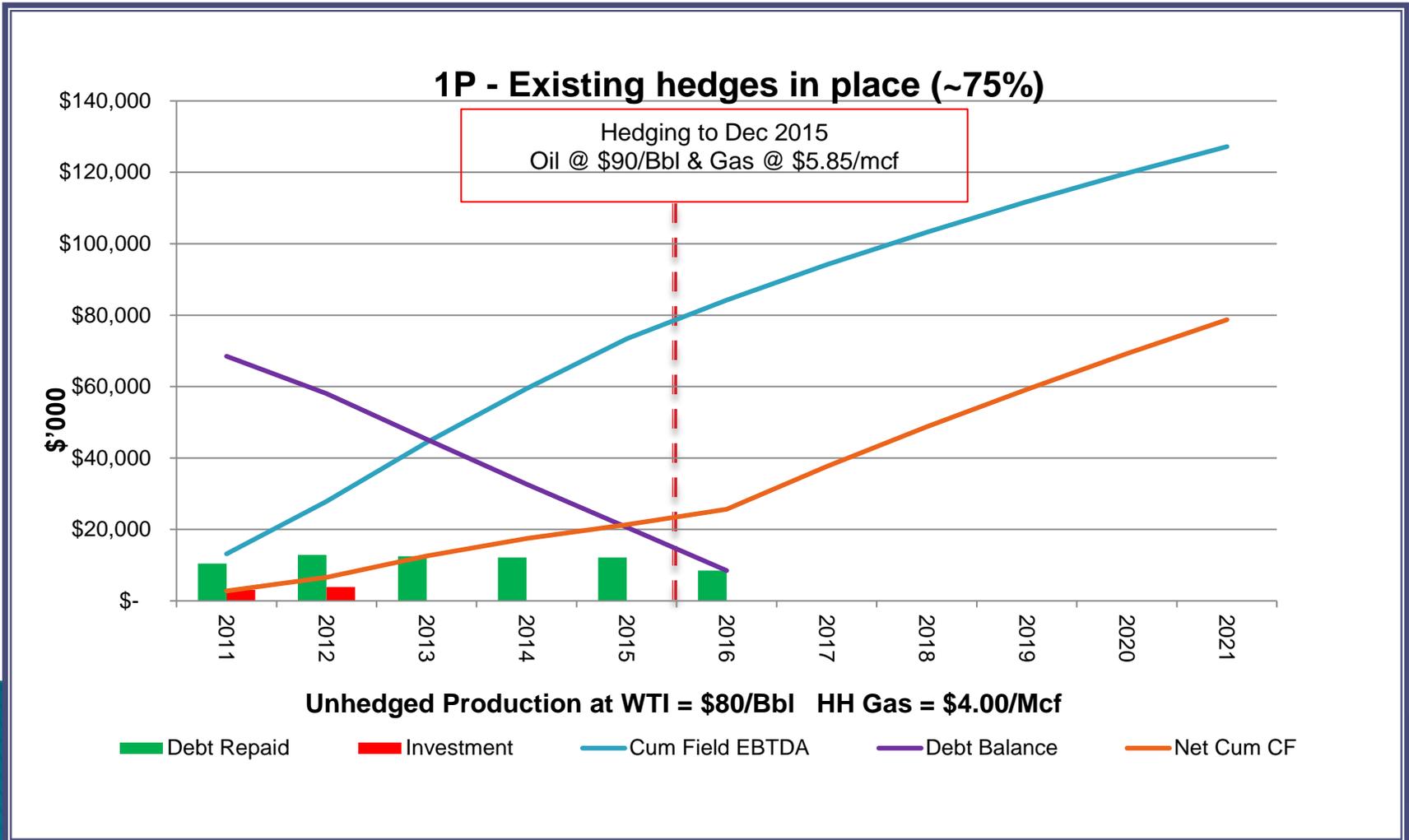
2010 Preliminary:
Net Oil : 48 mBbbls
Net Gas: 2.0 Bcf

Net Oil Rev: \$4.5mm
Net Gas Rev:\$12.6mm

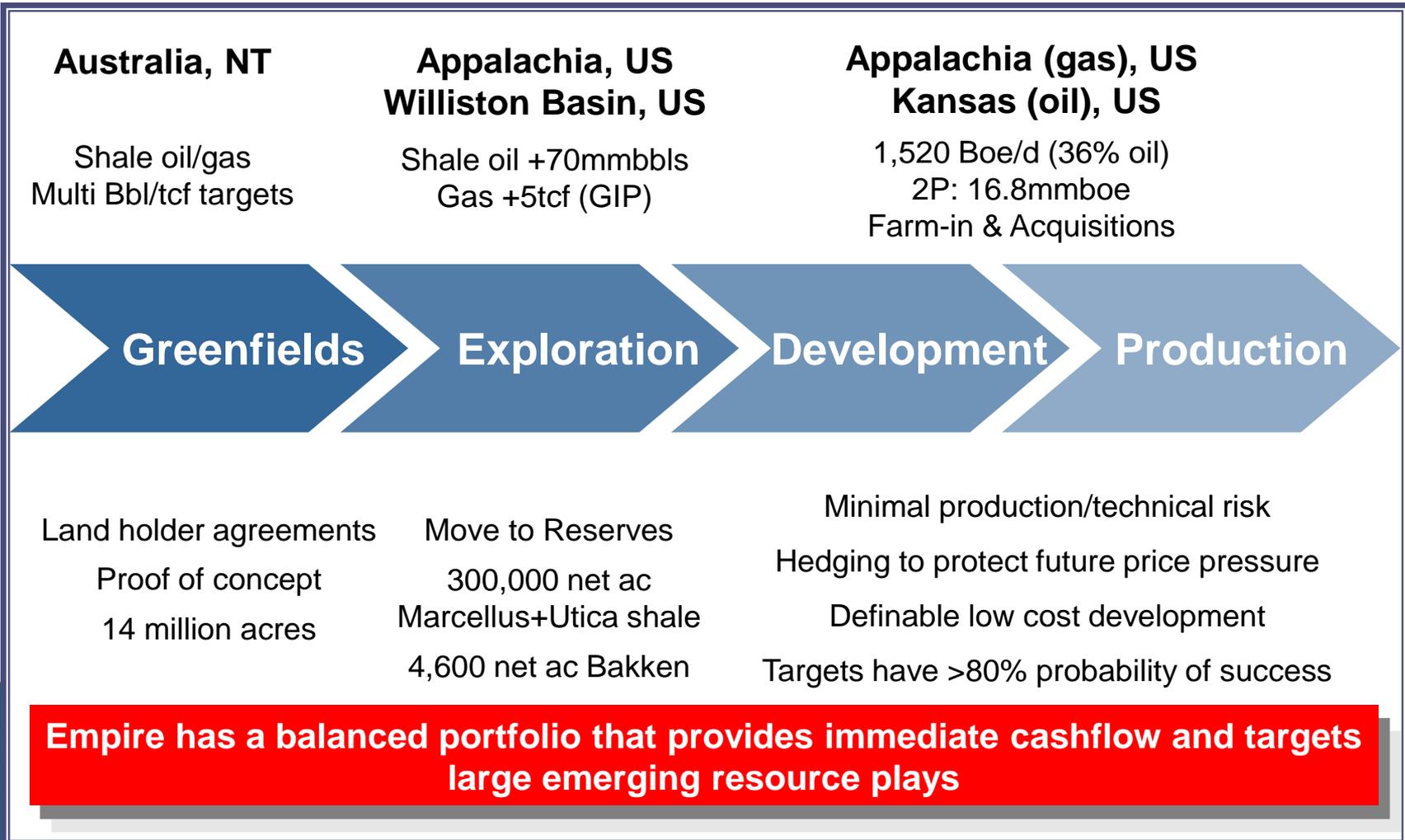
2011 Forecasts:
Net Oil : 232 mBbbls
Net Gas: 2.1 Bcf

Net Oil Rev: \$20.6mm
Net Gas Rev:\$12.1mm

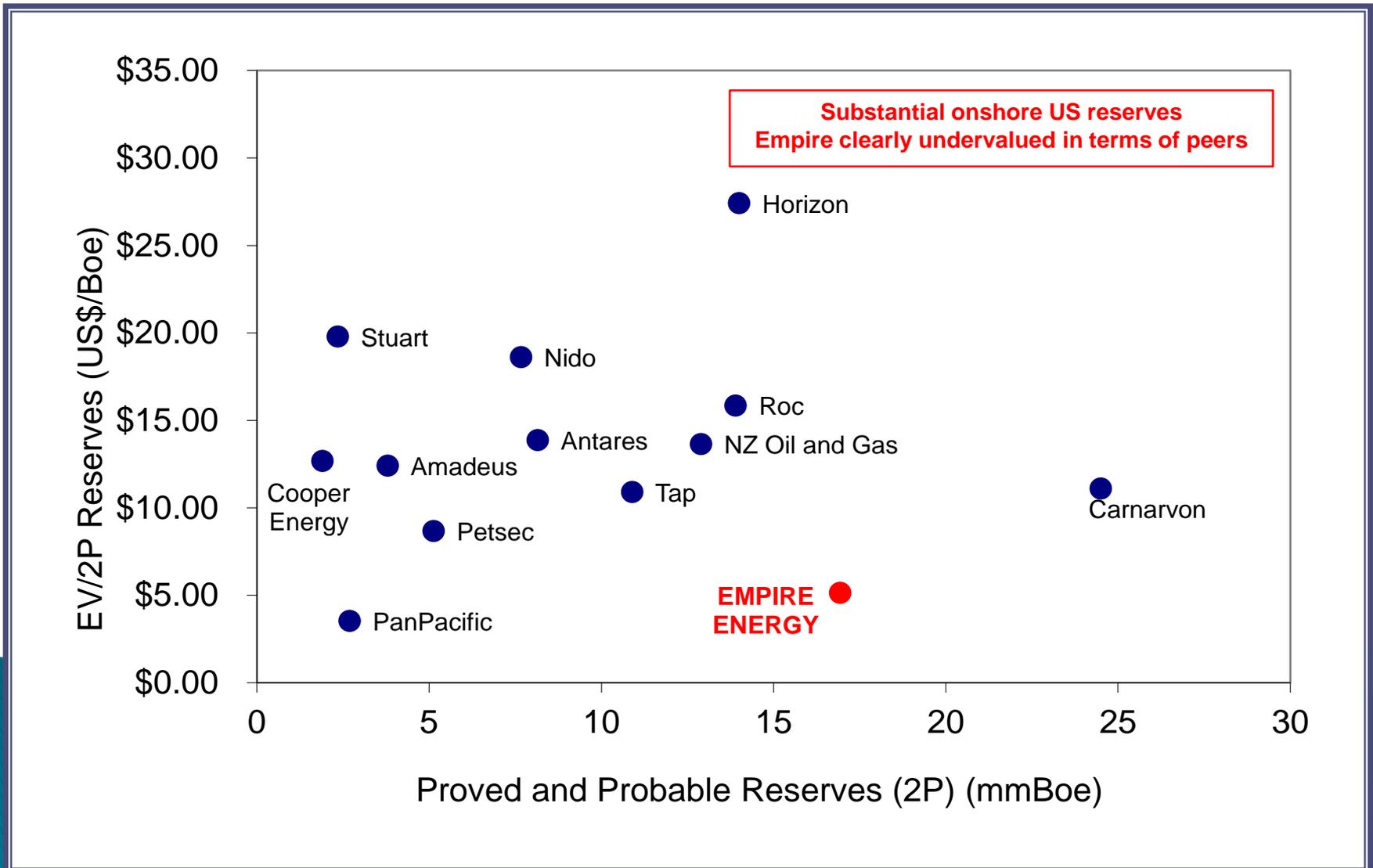
Controlled Debt Structure



Empire Development Pipeline



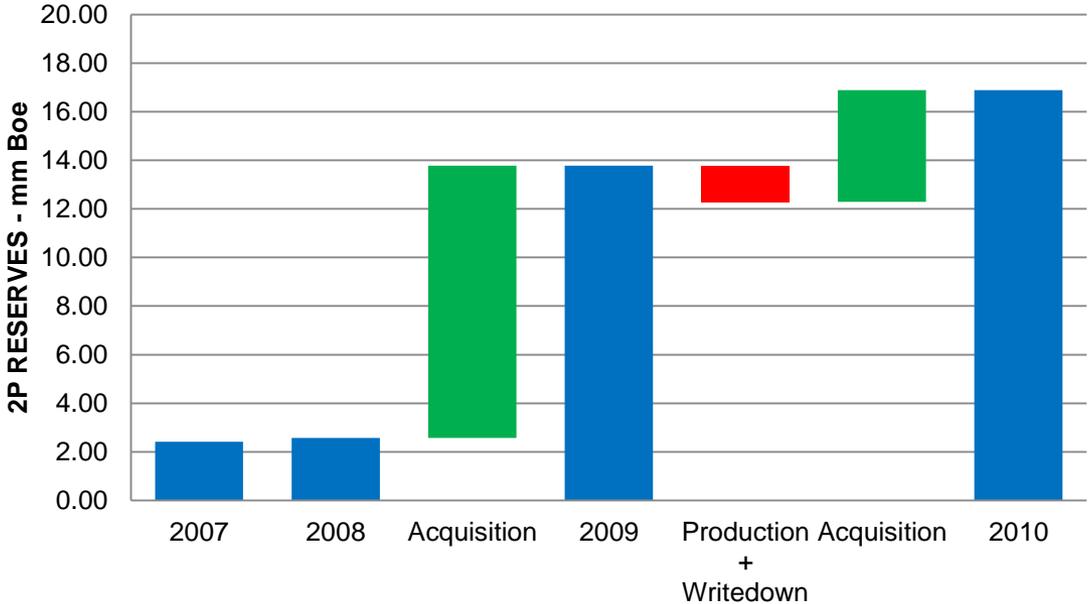
ASX Comparables



2P Reserve Growth



2P RESERVES - mmBoe



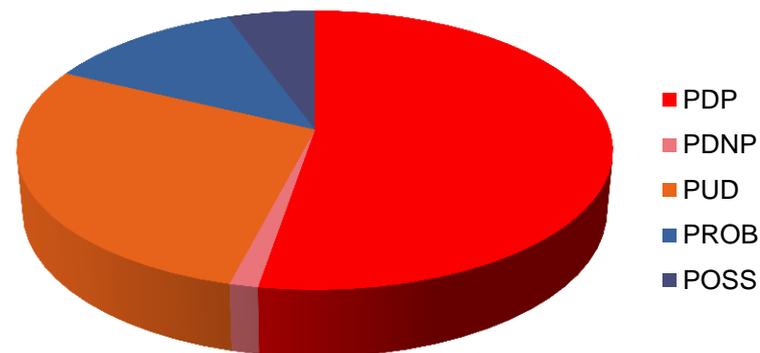
Oil:gas ratio utilised is energy equivalence ratio of 6:1

Reserves & Operations



- Current Average Equiv Production (6:1 oil:gas)
 - 1,520 Boe/d (36% Oil)
- Current Average Net Production:
 - KS – 550 Bbl/d
 - PA, NY – 5,800 Mcf/d
- Lifting Costs
 - \$21.47 /Bbl
 - \$1.86 /Mcf (2010)
- Preliminary EBITDA = \$17.5mm (2011)
- Empire Energy operator of ~99% of all assets
- Utica & Marcellus Shale, Pennsylvania & New York
 - Prospective Resource – Marcellus Oil 70 MMBbls+ (RF = 3%)
 - Prospective Resource – Utica Gas 5Tcf+ (GIP unrisked)
- Williston Shale (Bakken), North Dakota
 - Target = +100 MBbl/well

3P Reserves = 18 mmBoe



**Natural gas and oil reserves/resources have been certified Ralph E Davis Associates, Inc, Houston, petroleum engineers .*

Acquisition – Dec 2010



(1) Acquisition Detail – Kansas

- ❑ Alloc. Price \$ = \$54.2 mm
- ❑ \$/(2P) = \$11.82/Bbl
- ❑ PV10 = \$115.5 mm
- ❑ \$/PV10 (1P) = 76%
- ❑ \$/flowrate = ~\$97,000
- ❑ Reserves/Production = 18.4 yrs

❑ HBP = 100% properties

❑ Oil Production = 99%

❑ Production = 550 Bbls/d (net)

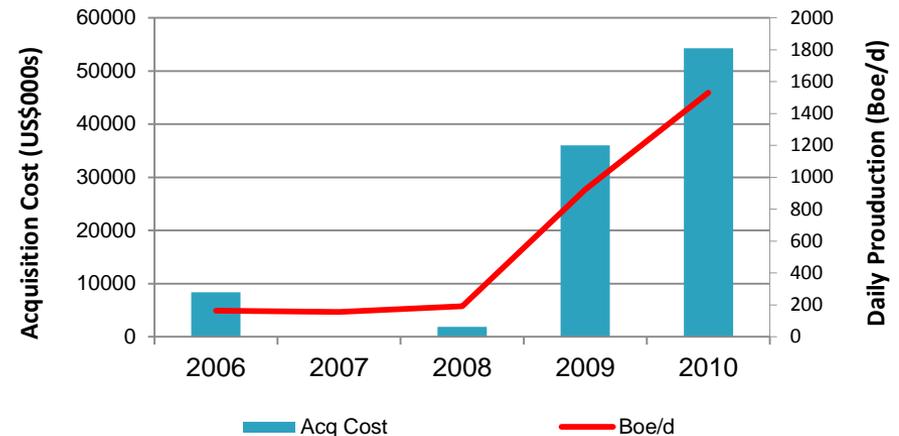
❑ Reserves

- ❑ 1P = 3.6 mm Boe (79% PDP)
- ❑ 2P = 4.4 mm Boe

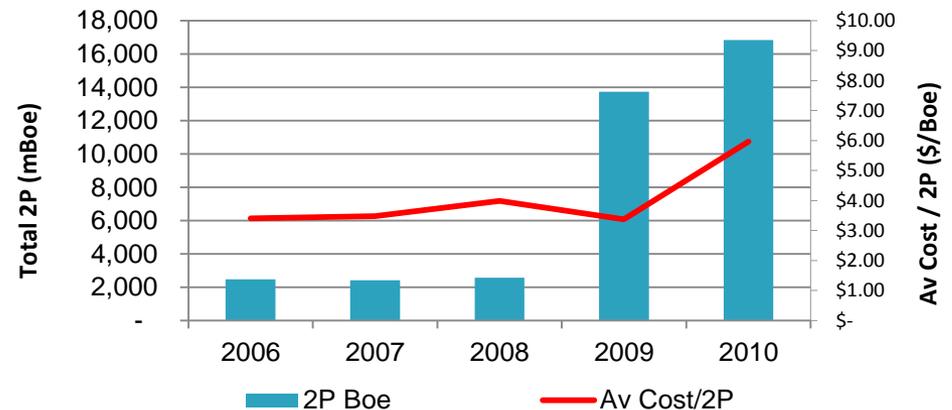
(2) Acquisition Detail – Nth Dakota

- ❑ Alloc. Price \$ = \$500,000
- ❑ 4,590 net acres = \$109/ac
- ❑ Market value ~ \$400/ac
- ❑

Acquisition History



2P Boe Growth



*** Oil : Gas equivalents on a 6:1 basis*

Central Kansas Uplift

Oil Production



- ❑ Net production=~550 Bbls/d
- ❑ Water driven reservoir
- ❑ ~18,000 gross acres
- ❑ Reservoirs: Shawnee, Arbuckle & Lansing–Kansas City, Mississippian
- ❑ Average WI = 74.5%; NRI = 63%
- ❑ HBP = ~100% properties
- ❑ Operator = ~99% properties
- ❑ ~75% production hedged at \$90/Bbl

Reserves

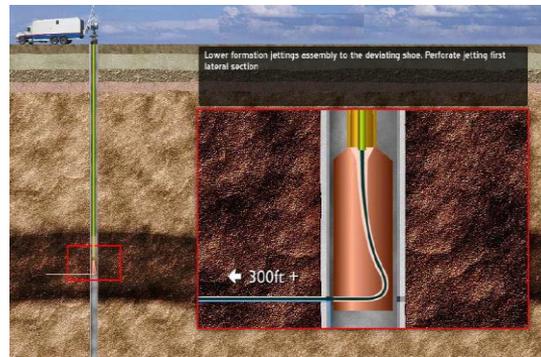
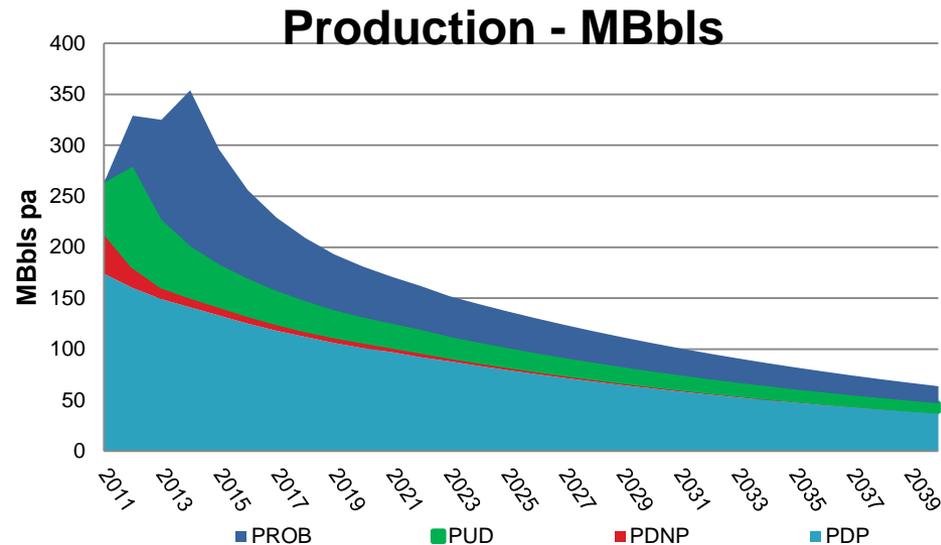
- ❑ 1P = 3.6 mm Bbls (71% PDP)
- ❑ 2P = 4.4 mm Bbls

Drilling upsides identified

- ❑ 16 PDNPs; 29 Puds; +50 Probable
- ❑ 3D seismic to pinpoint structural closures
- ❑ Leasing program underway

Operational enhancements:

- ❑ Ongoing polymer treatment
- ❑ Water flooding opportunities
- ❑ Down hole radial water jetting
- ❑ High volume submersible pumps



Water jetting



High volume submersible pump

Appalachia

Gas Production



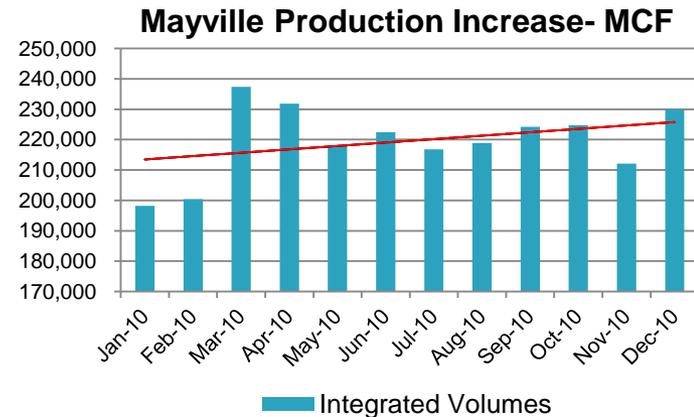
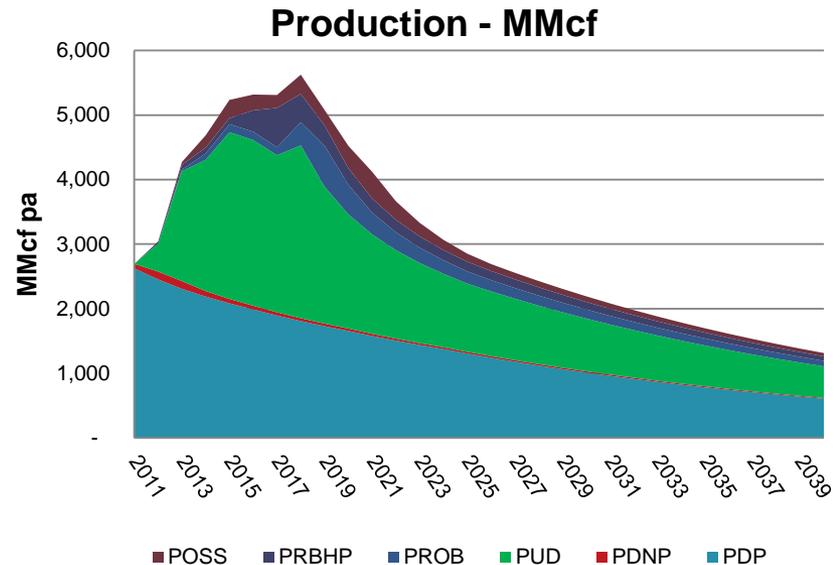
- ❑ Net production=5,800 Mcf/d
- ❑ ~312,000 acres (NY, PA)
- ❑ Reservoirs: Medina, Queenston, Speechley

- ❑ WI = 96.5%; NRI = 76.5%
- ❑ HBP = 75% properties
- ❑ Operator = ~99% properties
- ❑ ~80% production hedged at \$5.85/Mcf

- ❑ Reserves
 - ❑ 1P = 65.0 Bcf (60% PDP)
 - ❑ 2P = 73.3 Bcf
 - ❑ 3P = 79.6 Bcf

- ❑ Drilling potential
 - ❑ 100's Drillable locations
 - ❑ 150,000+ ac Marcellus/Utica shale

- ❑ Operational enhancements:
 - ❑ Rework existing wells for increased production
 - ❑ Implement daily electronic analysis of field data for immediate management
 - ❑ Acquiring pipelines & gathering networks to control production & increase margins



North Dakota – Williston Basin

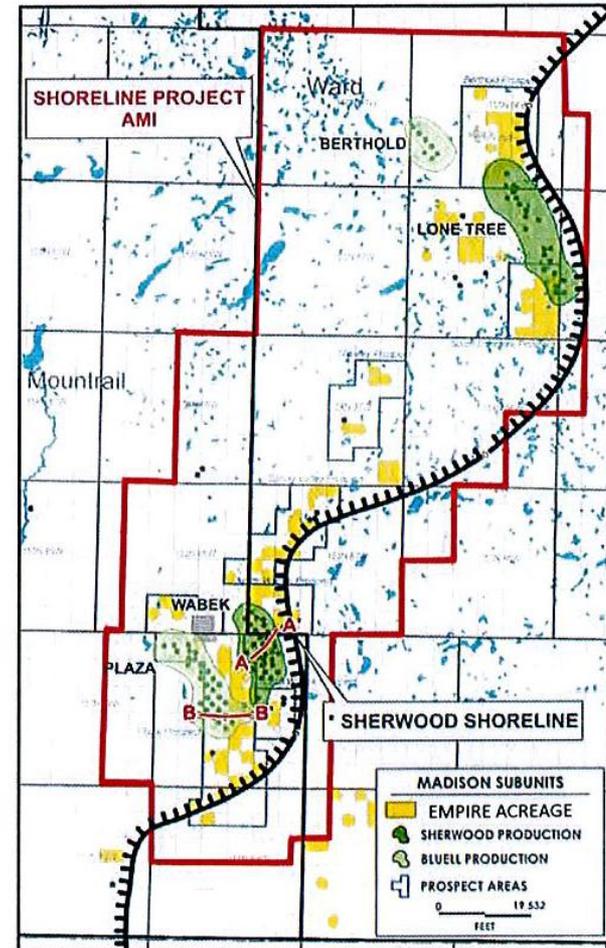
Shale Oil Resource



- Area: 17,000 acres
- AMI: 247,000 acres
- WI/NRI: 35%/27.0%+
- Reservoirs: Sherwood & Bluell
- Trap: Stratigraphic- updip pinchout
- Depth: 7,000ft
- Active wells: 2 well commitment
- Est AFE: \$1.3MM (Empire share for 2 wells)
- Drilling: Mid 2011
- Target : 100 MBbl+/well (based on analogous fields)
- Operator: Vecta Oil & Gas Ltd



Portions of Mountrail and Ward Counties, ND

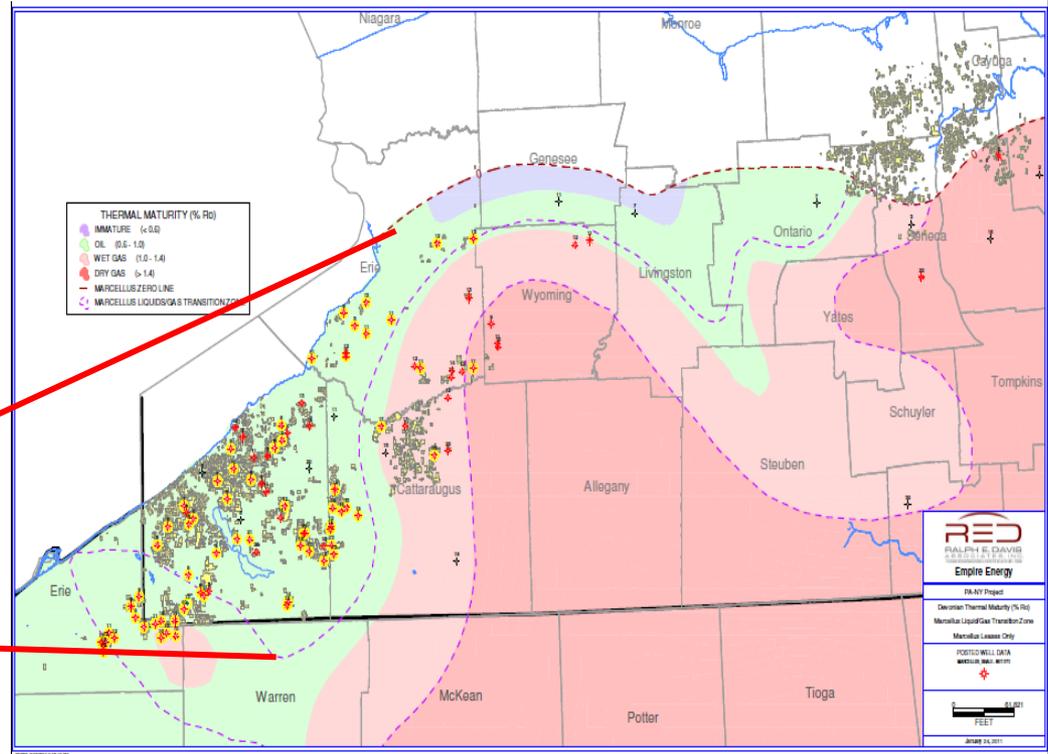
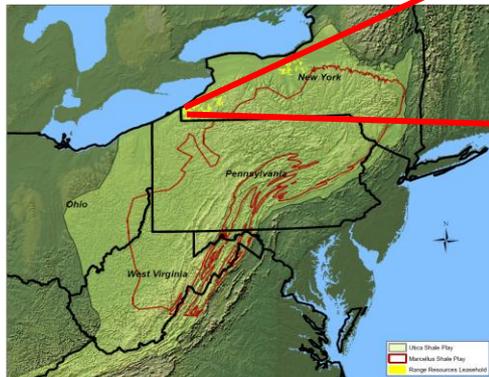


*After Sperr et al., 1993

Marcellus Shale – Oil Prospective Resource



- Prospective Resource = 70+mm Bbls
- 150,000+ acres
- Calculated to produce 2–5,000 Bbls/5 ac
- Recovery Factor = 3%
- WI = ~97%; NRI = ~77%
- Exploratory drilling 2011
- Increasing demand for condensate acreage in PA and WV
- NYS review of fracking moratorium around May 2011

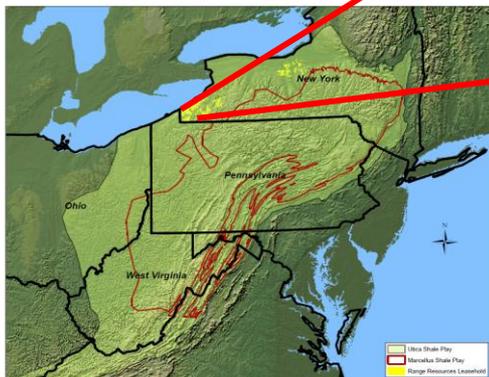
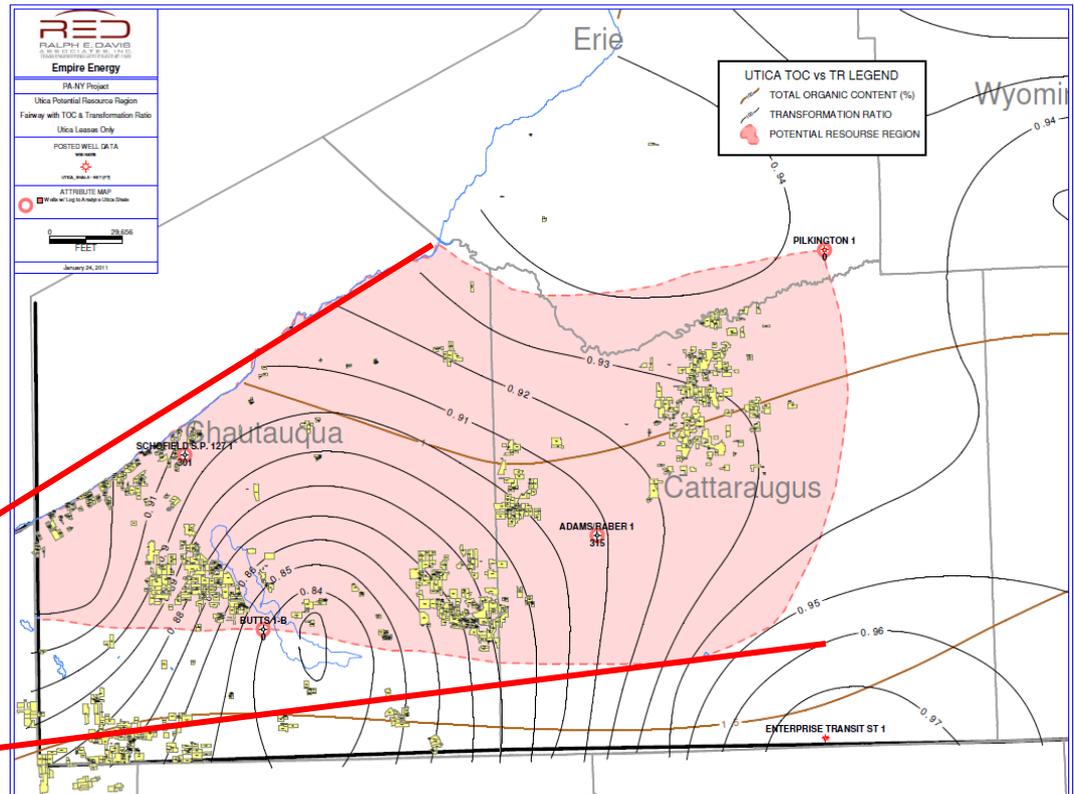


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Utica Shale – Gas Prospective Resource



- Prospective Resource = 5 Tcf+ GIP (unrisked)
- 100,000+ acres
- Additional acreage to be included (Current resource in pink area)
- Successful Utica wells drilled in PA
- NYS review of fracking moratorium around May 2011



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Frontier shale play

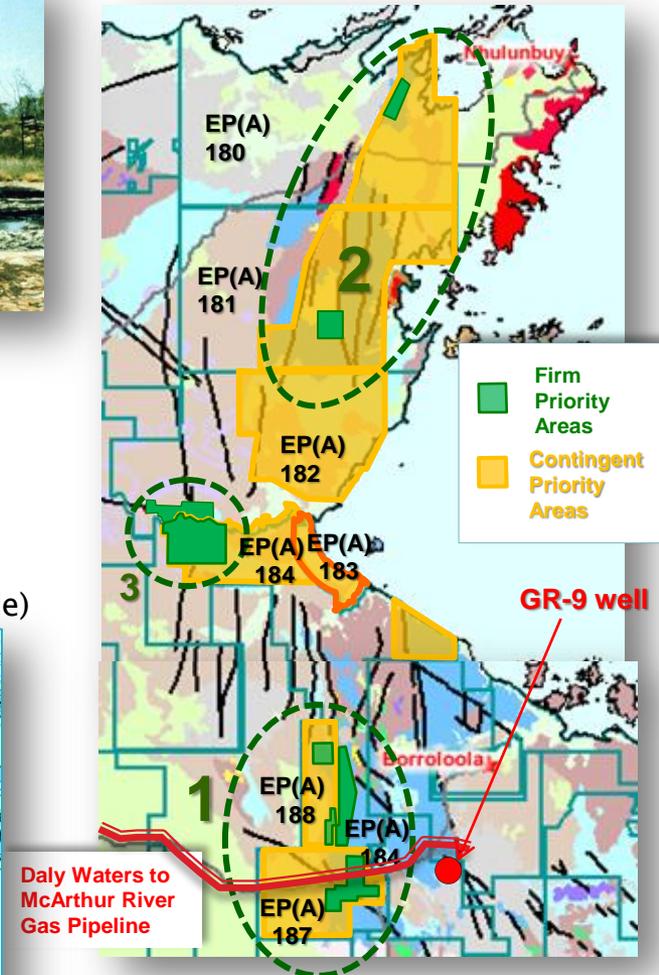
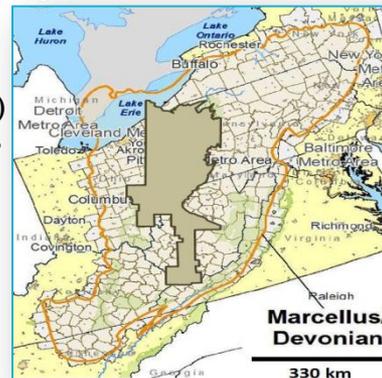
Northern Territory – Australia



- ❑ 100% held by Imperial Oil & Gas (subsidiary)
- ❑ Large scale shale oil & gas exploration play
- ❑ Very low historic exploration maturity
- ❑ 14.6mm acres in the MacArthur Basin
- ❑ Target – organic rich black shales
- ❑ Oil bleeds in core
- ❑ Proven to be gas-prone. A mineral exploration well GR9 ignited and produced a 6m flare for six months. Estimated 0.5Bcf flow over 6 months.



- ❑ Areas of interest identified
- ❑ 1: EP(A) 182, 184, 187, S188 (Aboriginal Land & Native Title)
 - ❑ Gas pipeline passes through EP(A) 187
 - ❑ Potential for grant in 2011–2012
- ❑ 2: EP(A) 180, 181 (Aboriginal Land)
 - ❑ Target initial meeting with Landowners
 - ❑ Access likely to be long term
- ❑ Separate Presentation available



Executive Management

Bruce McLeod – Executive Chairman & CEO, Empire Energy Group

Background in Corporate and Resource Capital markets since mid 1980's. Managed and/or raised over \$1.5bn in resource, property development and portfolio funds. As a director of Imperial Corporation established brown fields mineral sands exploration JV in the Murray Basin, merged into Bemax Resources, and sold in 2008 at an TEV ~\$480 million. Formed Empire Energy in late 2006.

Bill Waller – Chairman & Co-CEO, Empire Energy

Involved with oil and gas exploration, land management and marketing for +35 years, including with Sun Oil Company. Initial Appalachian Basin experience as Senior Executive with Consolidated Natural Gas Company, responsible for doubling CNG's leasehold position to 4,000,000 acres. Helped build Somerset Oil & Gas Inc into an Appalachian natural gas operator with over 2,200 wells, 200,000 acres. Sold to EOG Resources in 2002.

Al Boyer – SVP & COO, Empire Energy

Involved in the natural gas business for +40 years. Operates over 40 privately owned wells. In early 2000's involved in a well drilling program (200 wells in 20 months) and the consolidation of field operations for Somerset Oil & Gas Inc until its takeover by EOG Resources. Has drilled 1,000's of wells in western PA, NY, OH and WV.

Tony Crisafio – Contract CFO, Empire Energy

Mr. Crisafio serves as an independent business consultant, providing financial and operational advice to businesses. Prior he was the Chief Operating Officer of Cinema World, Inc. and a Partner with Ernst & Young. Mr. Crisafio is also a Director and Chairman of the Audit Committee of Petroleum Development Corporation Inc, an oil and gas company with operations in the Appalachians, Michigan and the Rocky Mountain Region.

Dr David Kahn, BE, ME, PhD (Chem. & Petroleum) – Advisor: Empire Energy Group

15 years of diverse experience in the petroleum industry. During the past seven years he has been a principal in companies focused on developing strategies for exploiting unconventional oil and gas assets. He has developed expertise in property evaluations, and development, strategic planning, reservoir engineering with particular emphasis on enhanced oil recovery. Worked for Baker Hughes, Halliburton, Texaco E&P, Gastem and others.

Dr John Warburton, B.Sc. (Geo Sciences), PhD (Structural Geo), FGS, MAICD – Director: Imperial Oil & Gas

27 years of technical experience in the International Petroleum Industry in Europe, Middle East, Kazakhstan, Azerbaijan, Pakistan, PNG, North & West Africa, Australia, New Zealand, SE Asia & China. Includes 11 years for BP, 4 years for LASMO/Eni in Pakistan and 3 years Regional Manager–West Africa with Roc Oil Co.