



**ACHIEVING SIGNIFICANCE IN THE OIL & GAS INDUSTRY
PRESENTATION**

August 2012



EMPIRE ENERGY GROUP LIMITED

www.empireenergygroup.net

Regions of Operation



❑ Empire Energy Group Limited (EEG)

- ❑ Group Head Office - Sydney, NSW
- ❑ US Headquarters – Canonsburg, PA



In addition

EMPIRE ENERGY REPRESENTS AN OPTION ON

.....THREE MAJOR UNCONVENTIONAL SHALE PLAYS

Marcellus Shale (~200,000 ac) – Appalachia, USA

Utica Shale (~140,000 ac) – Appalachia, USA

Barney Creek Shale (~14.5 mm ac) – Australia

Corporate Snapshot



Ticker	ASX:EEG	OTCQX:EEGNY
Shares Issued	298.2 million (Insiders 11.4mm)	
Options Outstanding	27.2 million (Insiders 13.8mm)	
52 weeks range	US\$0.10 – \$0.33	
Current Share Price	US\$0.20	
Market Cap	US\$60 million	
Av. Daily Trades (90 days)	ASX: 525,000 shares	
Enterprise Value	US\$108 million	
Available Credit Facility	US\$98 million (Acquisition/development)	

Overview & Guidance



❑ Conventional E & P Operations

- ❑ 1,390 Boe/d (36% oil)
- ❑ Field EBITDAX (2012) = US\$17.6 million
- ❑ EBITDAX (2012) = US\$14+ million
- ❑ Net Debt/EBITDAX = 3.2x
- ❑ 2P = 11.6 mmBoe
- ❑ 3P+3C = 264.7 MMBoe
- ❑ Current Production – long life, slow decline oil and gas
- ❑ Strategic hedging of cash flow risk

❑ Unconventional Shale Basins – USA

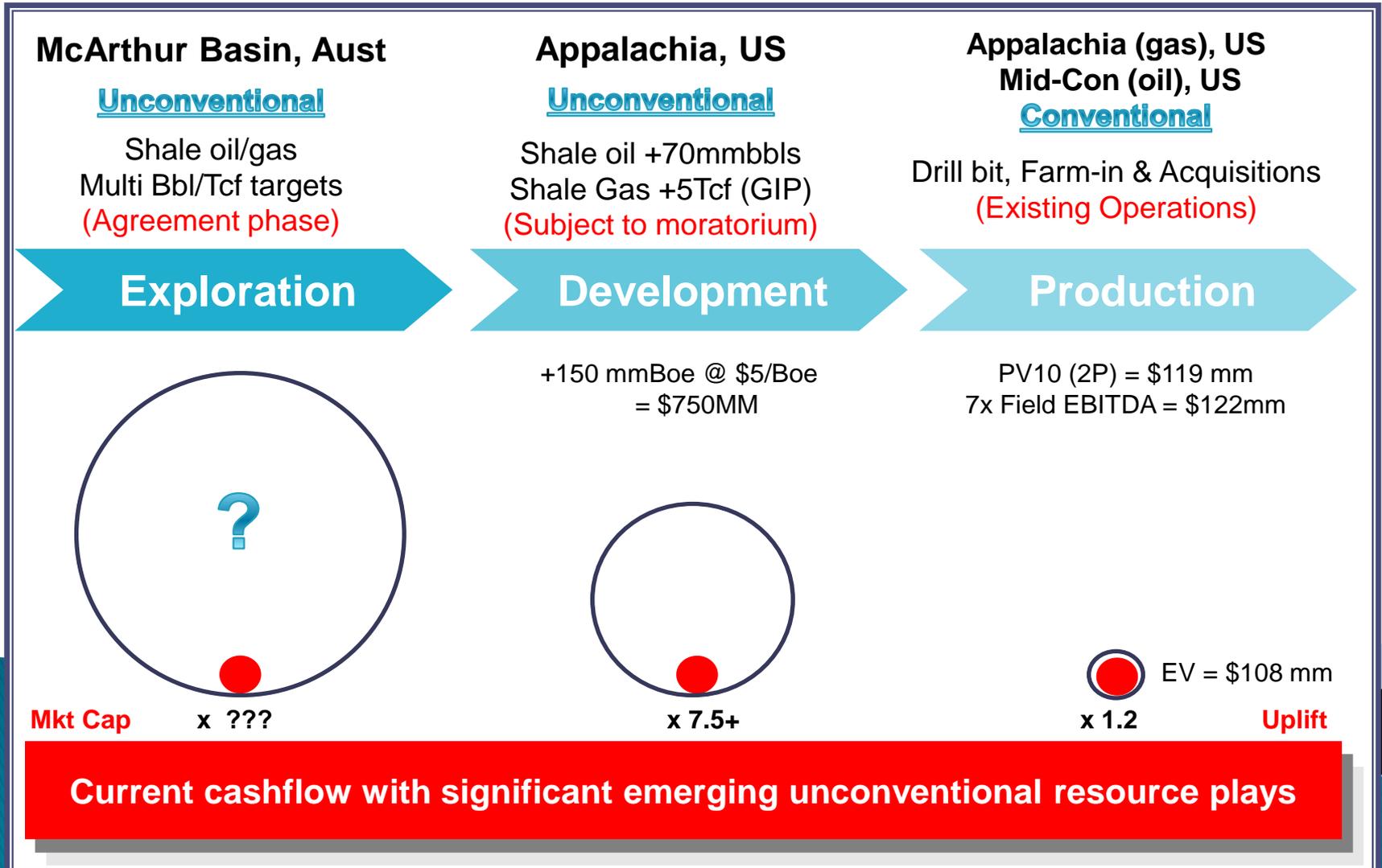
- ❑ Marcellus Shale – 200,000 ac (96% NY State)
- ❑ “Target “– Oil and condensate transition zones
- ❑ Contingent Resource – 70+ million Bbls (on 100,000 ac)

- ❑ Utica Shale – 140,000 ac (94% NY State)
- ❑ “Target “– Condensate & dry gas zones
- ❑ Contingent Resource – 4.6 Tcf GIP (on 40,000 ac)

❑ Unconventional Shale Basin – Australia

- ❑ Barney Creek Shale – 14.5 million gross ac (Northern Territory)
- ❑ Includes ~70% of the McArthur Basin Trough (Batten & Walker Troughs)
- ❑ “Target “– the carbonaceous (organic rich) black oil & gas shale
- ❑ Resource Objective multi – mmBbl/Tcf’s

Value Pipeline



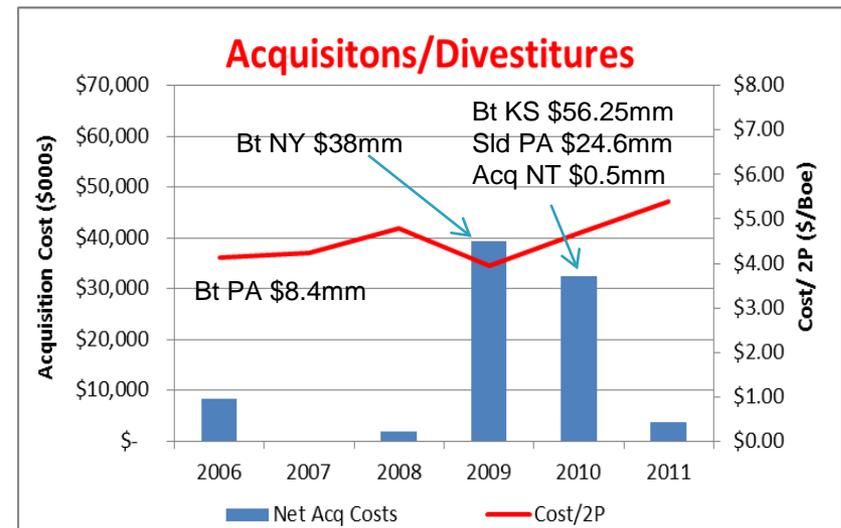
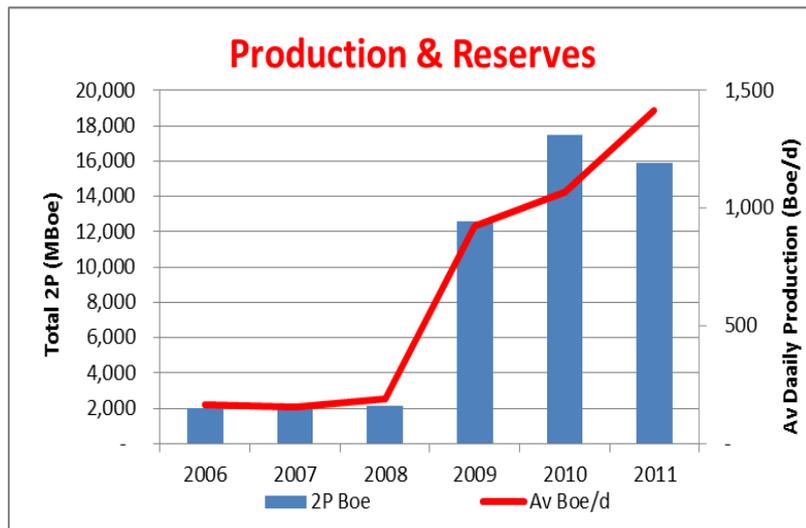
Growth Strategy



- ❑ Provide long term, low risk cash flow increases, through:
 - ❑ Accretive acquisitions, meaning a regional focus
 - ❑ Operate in areas where comfortable and have operating base
 - ❑ Upside potential by acquiring probable and possible reserves
 - ❑ Acquired production hedged to mitigate cash flow risk
 - ❑ Drilling programs to increase production
- ❑ Actions:
 - ❑ Accretive PDP acquisitions ranging from +\$1 million **negotiations**
 - ❑ Development acreage – reserve increase through drill-bit **Capex programs**
 - ❑ Commence ground work in McArthur Basin, NT **exploration licences**

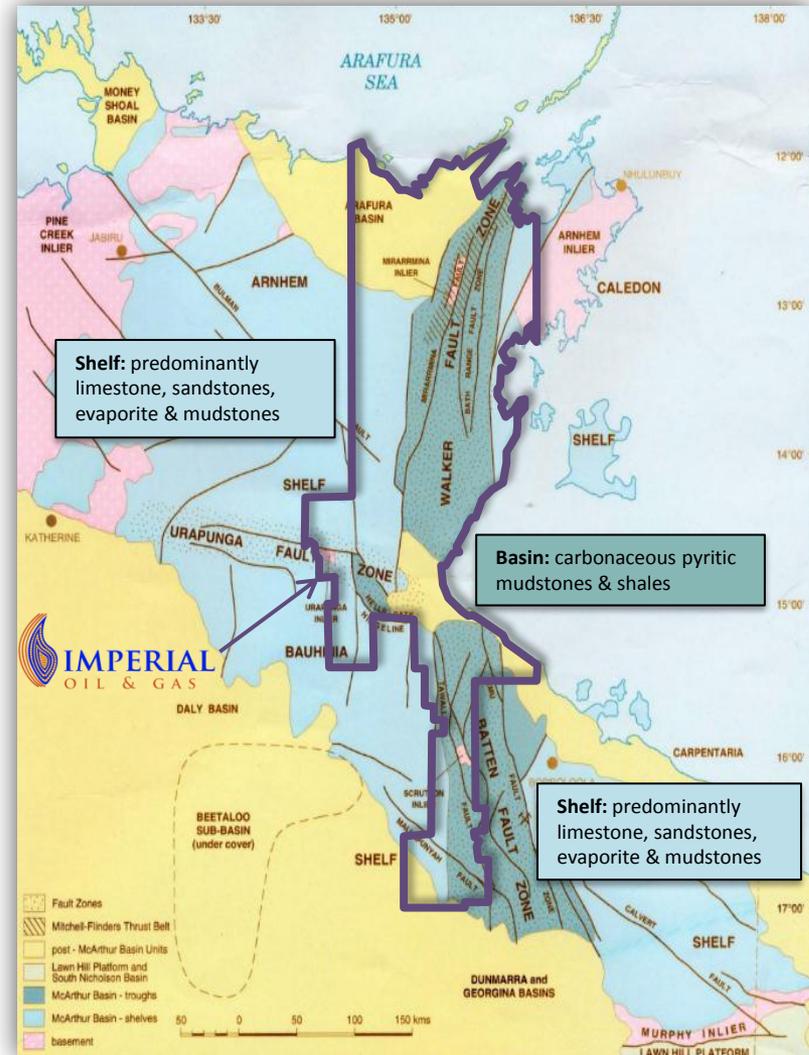
Key Objectives & Growth

- ❑ Targets:
 - ❑ Double oil production & then double again
 - ❑ 1P acquisitions with 2&3P opportunities
 - ❑ Drilling programs
 - ❑ JV/Farm-in arrangements
- ❑ Milestones:
 - ❑ US listing with +5,000 Boe/d
 - ❑ Dividend Flow
- ❑ Growth:



Unconventional – McArthur Basin

- ❑ Held by Imperial Oil & Gas (100% subsidiary)
- ❑ Large scale shale oil & gas exploration play
- ❑ Negotiations with Traditional Land Owners
- ❑ Target first Licences 4Q 2012 ?
- ❑ 95% Working Interest
- ❑ 14.5 mm gross acres (59,000km²)
- ❑ “Target “– the carbonaceous (organic rich) black oil & gas shale of the Barney Creek Formation
- ❑ Substantial drilling & core history in Batten Trough showing oil and bitumen bleeds in core
- ❑ Shales up to 4,000ft thick in Walker Trough
- ❑ Research team headed by Prof Martin Kennedy – extensive experience in Shale Basins with ExxonMobil
- ❑ Increasing interest from global majors in large scale Basin development



McArthur Basin – Regional Activity



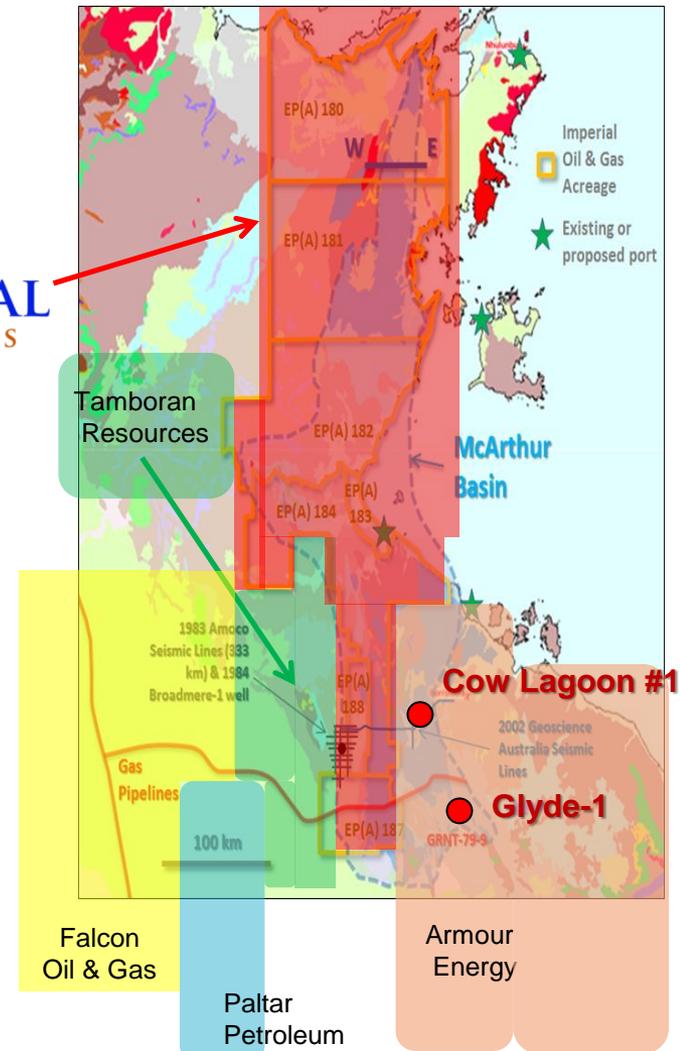
- Advantages of Batten Trough
 - Around 50% cheaper to develop than Cooper Basin, only ~4,500ft deep (cf 11,000ft)
 - Lower frack pressure due to shallower depth
 - Gas composition shows negligible CO₂
 - Oil/wet-gas prone
 - But no infrastructure



- Cow Lagoon #1 drilled June 2012⁽¹⁾
 - Vertical well drilled to ~5,500ft
 - At ~3,800ft a prospective 200ft Barney Creek Shale formation was intersected
 - Gas also in the Lynott and Rewards Formations
 - Well suspended

- Glyde-1 drilled Aug 2012⁽¹⁾
 - Well was drilled laterally through the Barney Creek Shale at a depth of 2,500ft
 - Gas flowed at high rates 3.3mmscf/d from natural fractures in the rock (unusual for shales)
 - The gas flow confirms that the Barney Creek Shale holds hydrocarbons at this location
 - Uniformity of shale formations should mean commercial gas flows throughout the Batten Trough

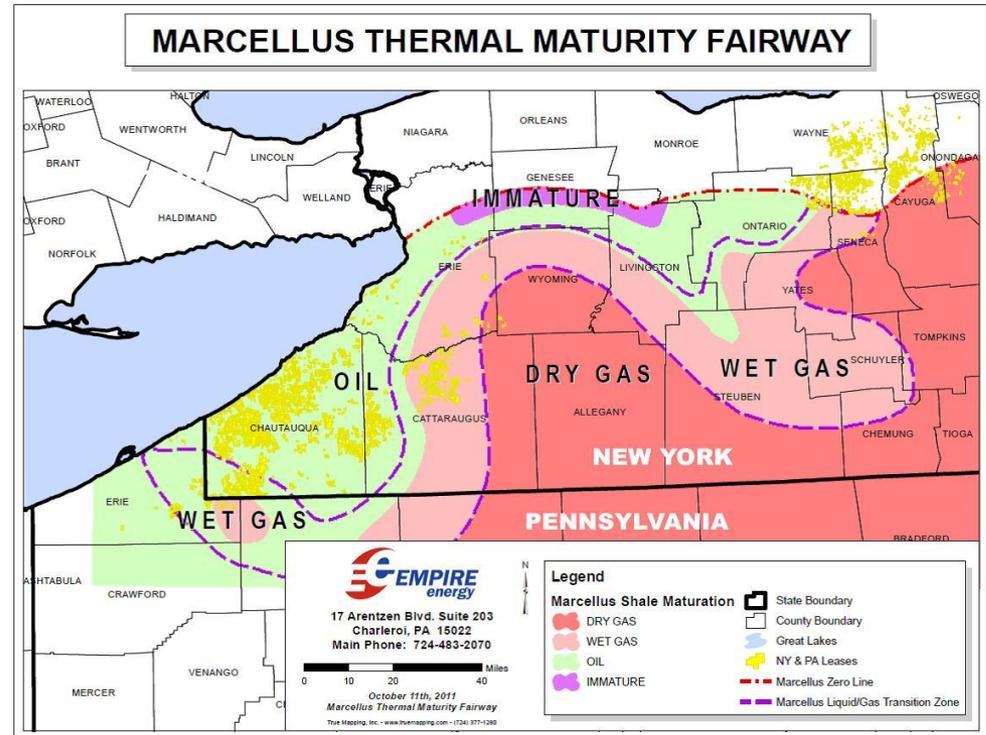
⁽¹⁾ Wells drilled by Armour Energy Limited



Unconventional – Marcellus Shale



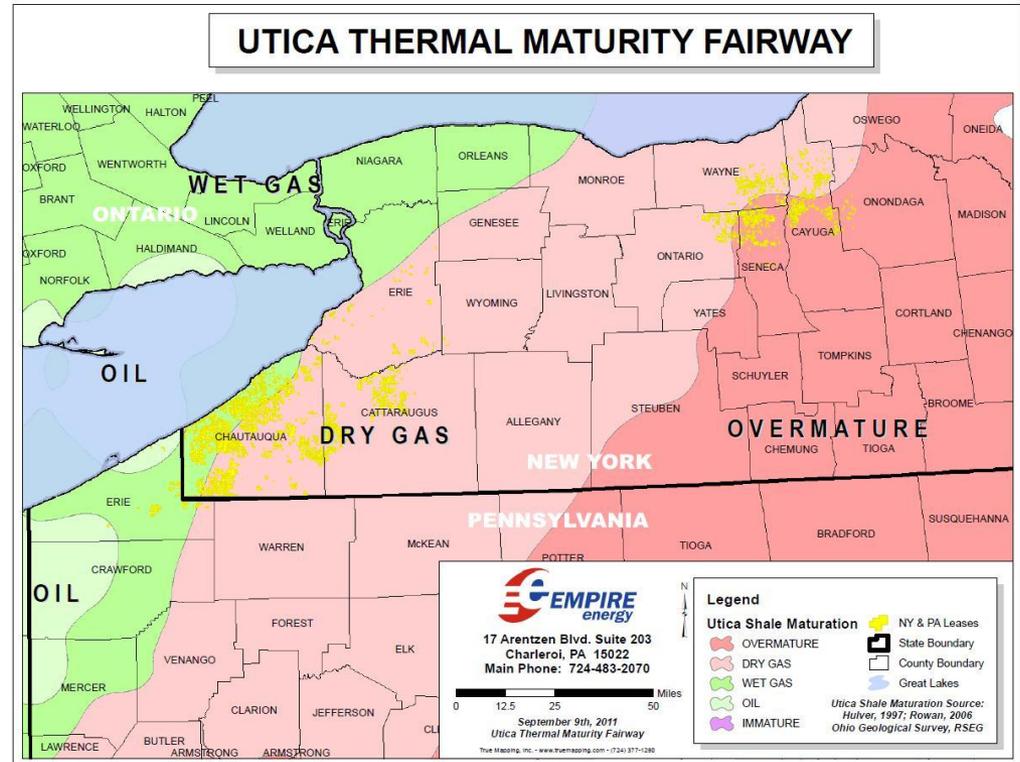
- ❑ Oil/wet gas transition zone
- ❑ ~200,000 gross ac
- ❑ Leases under staged renewal
- ❑ ~140,000 ac held by production
- ❑ Oil - Resource P50* = 70.3 MMBbls
 - ❑ 2-5 Mbbs/5ac-ft
 - ❑ 3% recovery factor
 - ❑ Based on 100,000 ac
- ❑ Gas - Resource P50* GIP = 200 Bcf
 - ❑ 70 to 150Mcf/ac-ft
 - ❑ Recovery factor 25%
 - ❑ Based on 40,000 ac
- ❑ Net Marcellus thickness up to 150'
- ❑ Depth 2,500' to 5,000'
- ❑ Fracking Moratorium currently in place



*Reserves/resources have been certified by Ralph E Davis Associates, Inc, Houston, petroleum engineers

Unconventional –Utica Shale

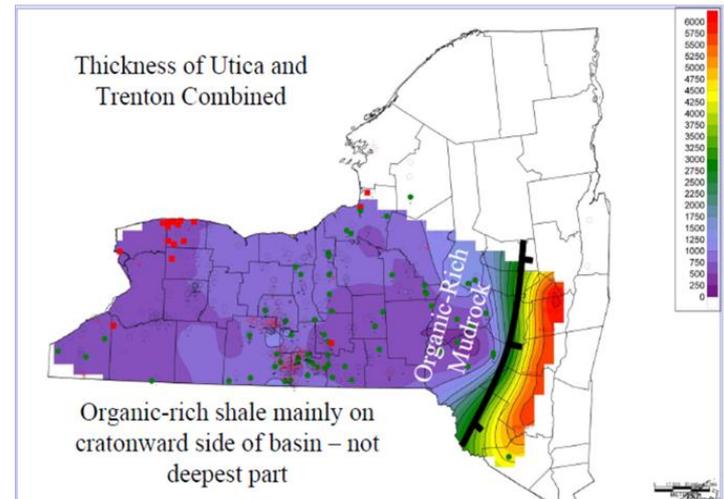
- ❑ Oil/wet gas/dry gas transition zone
- ❑ Utica higher carbonate/less clay than Marcellus (similar to Eagleford)
- ❑ ~140,000 gross ac
- ❑ Leases under staged renewal
- ❑ Oil/Condensates
 - ❑ To be tested in western Counties
- ❑ Gas – Resource P50* GIP = 4.6 Tcf
 - ❑ 70 to 150Mcf/ac-ft
 - ❑ Recovery factor 20–25%
 - ❑ Based on 40,000 ac
- ❑ Utica thickness 250' to 350'
- ❑ Depth 4,000' to 6,500'
- ❑ Potential of the Utica/Trenton–Black River interface 750' to 1250' thick



*Reserves/resources have been certified Ralph E Davis Associates, Inc, Houston, petroleum engineers

Utica – Points to Ponder

- ❑ Utica mineralogy in wells is similar throughout the zone OH-PA-NY-Quebec
- ❑ Utica higher carbonate/less clay than Marcellus (similar to Eagleford)
- ❑ Based on the data available, NY Utica play more structurally complex than other unconventional?
- ❑ In OH, Point Pleasant Formation under Utica shale consists off limestone & shales (up to 80ft thick)
- ❑ Emerging ‘hot play’ with significant oil & liquids in the Utica/Point Pleasant interface in eastern OH
- ❑ In NY Trenton- Black River Formation under Utica shale consists off limestone & shales (up to 1,500ft thick)
- ❑ Is the Utica/TBR going to be similar?
- ❑ TBR Oil to Dry Gas – West NY to Central NY
- ❑ Utica+TBR – 750’ to 1,250’ thick West NY to Central NY
- ❑ Empire to take a “watch and see” since substantial rights are HBP



Early Ohio & PA Utica Wells



Select Utica Activity as of August 7, 2012 * Counties are in Ohio unless otherwise noted.

Company	Well	County*	Status
Chesapeake	Thompson 3H	Beaver, Pa.	6.4 MMcfd
Chesapeake	Conglio 6H	Columbiana	Peak Rate 5.0 MMcfd, 290 bopd
Chesapeake	Mangun 8H	Carroll	3.1 MMcfd, 1,015 bpd liquids
Chesapeake	Neider 3H	Carroll	3.8 MMcfd, 980 bpd liquids
Chesapeake	Shaw 5H	Carroll	Peak: 2.9 MMcfd, 180 bpd NGL, 770 bopd
Chesapeake	Burgett 8H	Carroll	Peak: 2.1 MMcfd, 140 bpd NGL, 720 bopd
Chesapeake	Snoddy 6H	Carroll	Peak: 4.2 MMcfd, 250 bpd NGL, 320 bopd
Chesapeake	Bailey 3H	Carroll	Peak: 5.7 MMcfd, 270 bpd NGL, 205 bopd
Chesapeake	Brown 10H	Jefferson	Peak: 1,445 boepd (Includes 8.7 MMcfd)
Chesapeake	Buell 8H	Harrison	9.5 MMcfd, 1,425 bpd liquids
Gulfport	Boy Scout 1-33H	Harrison	Completed, Resting
Gulfport	Ryser 1-25H	Harrison	Completing
Gulfport	Groh 1-12H	Guernsey	Completed, Resting
Gulfport	Shugert 1-12H	Belmont	Drilling
Gulfport	Shugert 1-1H	Belmont	Completed, Resting
Gulfport	Wagner 1-28H	Belmont	Peak: 17.1 MMcfd, 432 bpd condensate
Gulfport	BK Stephens 1-16H	Harrison	Drilling
EnerVest	RHDK Invest. 8H	Guernsey	Completed
Anadarko	Spencer A-1H & A-5H	Muskingum	2-Month Prod.: 20,000 bbl oil, 37 MMcf
Anadarko	Brookfield A-3H	Noble	20 Day Prod.: ~9,500 bbl oil, ~12 MMcf
Antero	Miley 5H	Noble	Completed
Antero	Rubel Unit	Noble	Completed
HG Energy	Whitacre Ent 701 N-5H	Monroe	Completed
Hess	Capstone Holdings 2H-9	Belmont	Drilled
Hess/ Marquette	N. American Coal 3H-3	Jefferson	24-Hour Test Rate of 11 MMcfd
Range	Zahn 1H	Beaver, Pa.	7-Day Average Test Rate of 4.4 MMcfd
Rex Energy	Cheeseman 1H	Lawrence, Pa.	24-Hour Test of 11 MMcfd of 9.2 MMcfd
East / Shell	Patterson 2013-1HU	Lawrence, Pa.	Completed

ASX Peer Metrics



Company	Empire Energy Group	Aurora Oil & Gas	Red Fork Energy
ASX Code	EEG	AUT	RFE
Issued Share Capital (MM)	298.20	446.60	384.83
Share Price (A\$)	\$0.19	\$3.38	\$0.68
Market Capitalisation (A\$MM)	\$56.62	\$1,509.51	\$259.76
Net Debt (A\$MM)	\$47.38	\$241.33	-\$67.21
Enterprise Value (A\$MM)	\$104.00	\$1,750.84	\$192.55
EV US\$MM	\$108.16	\$1,820.87	\$200.25
Location of Assets	Kansas, New York, Pennsylvania, Northern Territory	Texas	Oklahoma
North America Plays	Arbuckle, Lansing, Marcellus, Mississippian, Utica	Eagle Ford	Mississippian
Net Acreage Position	330,000	17,700	75,000
Australian Play	McArthur Basin, Barney Creek Shale		
Net Acreage Position (waiting on grant of EL's)	13,870,000		
Key Metrics			
Net Acreage	14,226,000	17,700	75,000
Last Quarter Net Average BOEPD	1,388.43	6,148.00	388.00
1P Reserve (MMBOE)	10.30	58.90	8.00
2P Reserve (MMBOE)	11.30	67.50	17.10
3P Reserve (MMBOE)	11.40	91.10	25.40
3P+3C Reserve (MMBOE)	264.70	Not Disclosed	Not Disclosed

Notes

1. AUD / USD \$1.04
2. EEG 3P+3C subject to lifting fracking moratorium

Attractive Valuations



Company	Empire Energy Group	Aurora Oil & Gas	Red Fork Energy
ASX Code	EEG	AUT	RFE
Trading Multiples			
EV / Boe/d	\$74,927	\$284,782	\$496,258
EV / Acre (\$/acre) ⁽¹⁾ \$7.32 if incl Australia	\$317 ⁽¹⁾	\$98,917	\$2,567
EV / Net Production (\$/BOEPD)	\$63,473	\$284,782	\$496,258
EV / 1P Reserve (\$/BOE)	\$10.10	\$29.73	\$24.07
EV / 2P Reserve (\$/BOE)	\$9.20	\$25.94	\$11.26
EV / 3P Reserve (\$/BOE)	\$7.73	\$19.22	\$7.58
EV / 3P+3C Reserve (\$/BOE)	\$0.39	n/a	n/a