

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

**Name of entity**

Empire Energy Group Limited

**ABN**

29 002 148 361

**Quarter ended ("current quarter")**

September 2019

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$US</b>	<b>Year to date (9 months) \$US</b>
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers		3,382,333	10,732,632
1.2 Payments for			
(a) exploration & evaluation		(420,151)	(776,452)
(b) development		(282,302)	(733,622)
(c) production		(2,082,601)	(5,929,086)
(d) staff costs		(369,521)	(905,875)
(e) administration and corporate costs		(503,445)	(1,990,302)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		743	3,053
1.5 Interest and other costs of finance paid		(561,805)	(1,713,292)
1.6 Income taxes paid		(1,478)	(176,739)
1.7 Research and development refunds		-	-
1.8 Other (provide details if material)		-	-
<b>1.9 Net cash from / (used in) operating activities</b>		<b>(838,227)</b>	<b>(1,489,683)</b>

<b>2. Cash flows from investing activities</b>			
2.1 Payments to acquire:			
(a) property, plant and equipment		(1,860)	(3,460)
(b) tenements (see item 10)		-	-
(c) investments		-	-
(d) other non-current assets		(6,004)	(31,994)
2.2 Proceeds from the disposal of:			
(a) property, plant and equipment		-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$US</b>	<b>Year to date (9 months) \$US</b>
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	17,254,670	17,254,670
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material) <sup>a</sup>	(3,000)	1,997,000
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>17,243,806</b>	<b>19,216,216</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(17,296,493)	(17,935,656)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(17,296,493)</b>	<b>(17,935,656)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4,826,182	4,155,777
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(838,227)	(1,489,683)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	17,243,806	19,216,216
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(17,296,493)	(17,935,656)
4.5	Effect of movement in exchange rates on cash held	(41,756)	(53,144)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,893,512</b>	<b>3,893,512</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$US</b>	<b>Previous quarter \$US</b>
5.1 Bank balances	3,800,407	4,771,620
5.2 Call deposits	93,105	54,562
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,893,512</b>	<b>4,826,182</b>

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$US</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	82,809
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

- Wages paid to a Director, A. Underwood, in his capacity as an employee of the Company.
- Non-Executive Directors fees.

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$US</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>		<b>Total facility amount at quarter end \$US</b>	<b>Amount drawn at quarter end \$US</b>
8.1	Loan facilities	7.5 million	7.5 million
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The company has a US\$7.5 million debt facility with Macquarie Bank Limited which matures in September 2024.

The Facility is secured against oil and gas assets held by the Company's US subsidiaries which comprise the Appalachia gas production assets.

During the quarter, principal repayments of \$17,858,259 were made from US operations free cash flow and from the sale of the Kansas assets. The facility was refinanced into a new 5 year facility with Macquarie on improved terms.

As at 30 September 2019, there was a one-off breach to the Interest Coverage Ratio due to a number of one-off costs associated with the Kansas sale. Macquarie agreed to waive the one-off breach in writing in conjunction with documentation for the new credit facility. As at 30 September 2019 the facility was in compliance with all other covenants.

<b>9. Estimated cash outflows for next quarter</b>		<b>\$US</b>
9.1	Exploration and evaluation *	1,000,000
9.2	Development	-
9.3	Production	450,000
9.4	Staff costs	250,000
9.5	Administration and corporate costs	350,000
9.6	Other (Interest and closing of Wichita office)	660,000
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>2,710,000</b>

\* Primarily related to Northern Territory Seismic Program

<b>10.</b>	<b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	There were no expired/new leases during the quarter.			
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

**Note:** For a full list of petroleum tenements held by the Company and its subsidiaries please refer to the ASX Announcement dated 29 March 2019 titled 'Petroleum Tenements'.

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  .....

Managing Director

Date: 30 October 2019

Print name: Alexander Underwood

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.