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ASX Announcement – US\$1.7million Acquisition

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Oil producing assets, Gove County, Kansas

The Directors of Empire Energy Group Limited are pleased to announce that its 95% owned subsidiary, Empire Energy E&P, LLC (“Empire Energy”) has entered into a binding agreement to acquire a 97.9% working interest in producing petroleum properties located in Gove County in the Central Kansas Uplift, Kansas (the “Acquired Assets”) for a purchase price of US\$1.7 million, subject to closing adjustments.

The Acquired Assets consist of 3,360 gross (2,648 net) acres on land with total preliminary estimated proved and probable recoverable reserves of 470,000 barrels of oil. As at July 1, 2012 the working interest production from the Acquired Assets was approximately 20 Bbl/d, which Empire Energy expects to quickly increase through targeting 2 behind pipe Mississippian and Pennsylvanian carbonate opportunities identified by 3D seismic, plus an initial 11 seismic identified drilling locations to be targeted over 2012/13.

Bruce McLeod, Chairman & CEO has said:

“Although this is a very small acquisition, it is a component of Empire Energy’s ongoing strategy of acquiring high quality, oil focused assets that lie within the field of current operations. This type of accretive asset can be purchased and operated at no additional G&A cost to Empire Energy. At the right price, these long life, low risk assets represent great value for the Company in one of the most prolific and well established oil weighted basins in the USA. Empire Energy has an active ongoing program constantly reviewing potential acquisitions in the region, with the Acquired Assets closely fitting our acquisition metrics“.

Funding of the Acquired Assets has been completed by existing resources and facilities. Closing of the transaction is expected by the end of July 2012.

Highlights of the Acquisition

The Acquired Assets have a long reserve life and are expected to generate attractive cash flow as development drilling is undertaken. Most development wells will target the usual Central Kansas Uplift formations, including Arbuckle, Lansing-Kansas City and in some cases Mississippian and Pennsylvanian carbonates. All 3,360 acres has been covered by 3D seismic which was acquired as

part of the transaction. Empire Energy expects a number of these development locations will be drilled in 2012.

The Acquired Assets have the following attributes:

- 100% working interest in 3,200 acres and a 55% working interest in 160 acres (2,648 net acres).
- Working interest in 4 gross (2.7 net) producing wells, 2 behind pipe Mississippian carbonate wells (1.1 net); 1 gross (0.8 net) non-producing shut-in well and 1 gross (0.8 net) salt water disposal well.
- Acreage acquired with an allocated value of \$187/ac.
- Producing assets (PDP) acquired at \$26.40/Bbl net reserves.
- Net production was acquired at \$64,062/Bbl/d (per net flowing Bbl).
- Net proved reserves were acquired at US\$10.41/Bbl, or US\$2.03/Bbl per net proved plus probable reserves, with 100% oil.
- For 2012, the estimated field netback for the Acquired Assets is ~\$69.00/Bbl.
- All Acquired Assets will be operated by Empire Energy.
- Preliminary estimated net 2P reserves of 470,000 Bbl.
- 3D seismic surveys covering a total of 12.3 square miles.
- An initial drilling inventory of 11 identified locations.
- Effective date, June 1, 2012.

Empire Energy continues to review potential acquisitions to increase acreage and oil production in the Mid-Con region.

The Central Kansas Uplift

Historically, Kansas has been a very prolific oil and gas producing state with cumulative production exceeding 6.1 billion barrels of oil (BBO) and 37.5 trillion cubic feet of gas. Current yearly production is approximately 33 million barrels of oil and 342 billion cubic feet of gas from over 60,000 wells. The most prolific oil reservoirs are the Arbuckle (Ordovician) and Lansing-Kansas City (Pennsylvanian) formations particularly from fields located on the Central Kansas Uplift (CKU). Arbuckle reservoirs have produced over 2 BBO statewide. Of the 31 counties in which the Arbuckle has been productive, over 70% of the production has come from 10 counties situated on the Central Kansas Uplift in which Empire Energy operates.

Empire Energy's initial focus in the Central Kansas Uplift will be to drill low risk development wells. At the same time the objective is to delineate additional prospects and to convert probable reserves to reserve 1P category.

About Empire Energy Group Limited

In early 2007, the Company established Empire Energy USA, LLC and currently holds around 95% of its issued capital. Empire Energy USA is an oil and natural gas producer with operations in Appalachia (New York and Pennsylvania) and the Central Kansas Uplift (Kansas). In addition it holds approximately 400,000 acres of Marcellus and Utica shale formations in New York State USA.

A 100% owned subsidiary Imperial Oil & Gas holds 14.5 million acres of potential shale formation in the Northern Territory, Australia.

Empire Energy implemented a US\$100 million credit facility with Macquarie Bank Limited in early 2008 for the sole purpose of acquiring and developing oil and gas assets in the USA. This facility has been increased to US\$150 million.

Non-IFRS Financial Measures

Statements in this announcement make reference to the terms such as “field netback” or “netback”, “cash flow”, “per flowing barrel” and “payout ratio”, which are non-IFRS financial measures that do not have a standardised meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. Investors should be cautioned that these measures should not be construed as an alternative to net income calculated in accordance with IFRS. Management believes that this terminology provides useful information to investors and management since these terms reflect the quality of production, the level of profitability, the ability to drive growth through the funding of future capital expenditures and sustainability of either debt repayment programs or potential distributions to shareholders.

Note regarding Barrel of Oil Equivalent

Empire Energy has adopted the standard of 6 Mcf to 1 Bbl when converting natural gas to Boe. Boe may be misleading, particularly if used in isolation. A Boe conversion ratio of 6 Mcf to 1 Bbl is based on energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, given that the value ratio based on the current price of oil as compared to natural gas is significantly different from the energy equivalent of six to one, utilizing a Boe conversion ratio of 6 Mcf to 1 Bbl would be misleading as an indication of value.

Note Regarding Forward- Looking Statements

Certain statements made and information contained in this announcement are forward-looking statements and forward looking information (collectively referred to as “forward-looking statements”) within the meaning of Australian securities laws. All statements other than statements of historic fact are forward-looking statements.

For more information:

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