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ASX Announcement

24 June 2013

ACQUISITION OF GAS PIPELINE - CHAUTAUQUA COUNTY, NEW YORK

The Directors are pleased to announce that after over 2 years of negotiation with a NY State Utility Company, Empire Energy has been able to acquire approximately 100 miles of gas pipelines and gathering networks in Chautauqua County, New York State.

This is a strategic acquisition for the Company as it:

- Allows Empire to manage its own pipelines through to the pay meter for this region. Previously Empire was dependent on a third party to make repairs to the pipeline. If this did not happen, gas would be lost prior to it being sold.
- At present Empire is estimating that it is losing over 10,000Mcf/m. This is expected to be reduced to a minimal loss when repairs are completed.
- With minimal cost, Empire will also be able to redirect additional gas in this region between two sales points, based on price and the ability to move gas to other utilities, allowing gas to be directed to sales meters providing higher prices. This is generally based on winter or summer pricing and can make a difference of up to \$0.50/Mcf.
- At least 34 wells shut in waiting action for pipeline repairs can be bought back on line. Some of these wells have been shut in for over 3 years.
- Included in the acquisition is around \$140,000 of meters. These meters will be used to replace failing meters.

Repairs to the pipeline acquired are expected to be completed by the end of USA summer. Full terms of the acquisition are confidential however payback for the acquisition and repairs, based on reduction of gas shrinkage and excluding the value of the meters acquired, is expected to be less than 12 months.

ABOUT EMPIRE ENERGY GROUP LIMITED

In early 2007, the Company established Empire Energy USA, LLC and currently holds around 96% 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). Total combined 2P reserves are estimated at 14.8 million Boe.

The Company holds approximately 220,000 acres of Marcellus Shale and 180,000 acres of Utica Shale in western New York State and Pennsylvania. In addition, the Company has Exploration Licence Applications over 14.6 million acres in the McArthur Basin, Northern Territory, Australia, which is considered prospective for oil and gas shale.

Empire Energy holds a US\$150 million credit facility with Macquarie Bank Limited for the sole purpose of acquiring and developing oil and gas assets in the USA. This facility has around US\$45m of the debt facility currently drawn.