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ASX Announcement – US Joint Venture

2nd December 2014

EMPIRE ENERGY GROUP & RAYA GROUP JOINT VENTURE USA MID-CONTINENT OIL & GAS PROJECT

Empire Energy Group Limited (ASX:EEG) through its US based subsidiary has executed a Letter of Intent (LOI) with the USA subsidiary of Raya Group Limited (ASX:RYG) to jointly identify, acquire and develop oil and gas leases in an exclusive Area of Mutual Interest (AMI) in Northern Oklahoma.

The LOI is non-binding with both parties to work toward finalising the Joint Venture Agreement (JVA) and Joint Operating Agreement (JOA) prior to 31 December 2014. Empire will be the designated operator of the JV.

Both parties are to contribute oil and gas leases within the AMI on a 50/50 basis with approximately 4,000 gross acres leased and with an initial target of up to 6,400 acres in the original project area. Leases are being acquired with a 3 year primary term and 2 year bonus term with 100% Working Interest and ~81.25% Net Revenue Interest under competitive commercial terms. A number of the Empire leases are contiguous with the Raya leases.

The companies are proposing to undertake a low cost vertical well program targeting known oil and gas producing horizons in the area including the Mississippi Lime and Wilcox formations. Funding for the proposed wells is to be shared equally on a 50/50 basis. There is current oil and gas production in offsetting leases from both formations and subject to final agreements, drilling is expected to commence within the first quarter of 2015.

The Chairman and CEO of Empire Energy, Mr McLeod noted *“with the highly productive oil fields of Northern Oklahoma just a short distance from the Company’s Mid-Con regional office, the Company has been seeking opportunities to enter the region for several years. Targeted areas had been identified and with the recent declines in land values we believe there is now an attractive entry price opportunity whereas entry costs just 6 months ago appeared over-valued. By combining resources with Raya Group, operating economies of scale can be achieved, assisting both parties to generate attractive project returns, even given today’s oil & gas prices”*.

A further update will be released to the market once final agreements have been executed.

ABOUT EMPIRE ENERGY GROUP LIMITED

In early 2007, the Company established Empire Energy USA, LLC a wholly owned subsidiary. Empire Energy USA is an oil and natural gas producer with operations in Appalachia (New York and Pennsylvania) and the Central Kansas Uplift (Kansas).

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\$200 million credit facility with Macquarie Bank Limited, other than for the recent amendment to the facility, can be utilised for the sole purpose of acquiring and developing oil and gas assets in the USA. This facility has around US\$43m of the debt facility currently drawn.