



EMPIRE ENERGY GROUP LIMITED
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ASX Announcement

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ACQUISITION OF GAS WELLS & ACREAGE – APPALACHIA, NEW YORK

The Directors are pleased to announce that the Company has completed the purchase of 84 gas wells and approximately 9,500 held by production net acres in Western New York State. The wells were acquired from a party seeking to exit gas production in the region.

Details of the acquisition are as follows:

- The wells are generally located within the Company's existing acreage.
- The purchase price is \$42,000.
- Estimated recoverable net reserves are up to 1.0 Bcf of natural gas, or at an acquisition cost of around \$0.04/Mcf.
- Once Empire gets all the new wells back on line, the payback period is estimated to about 3 months.
- In several locations the leases and rights of way provide Empire access to alternate gas transmission lines. This will allow the Company to redirect gas from existing wells to alternate transmission lines thereby obtaining improved pricing for existing gas wells.
- The acreage is for all formations. Although there is a high volume water fracking ban in New York State, alternative fracking methods appear to be acceptable, including the utilisation of frack energisers. As such the Company is seeking to continue to accumulate acreage at minimal cost, if held by production.
- The new wells will be integrated into existing Empire operations with minimal additional resources required.

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), Central Kansas Uplift and Oklahoma. Current normalised production is around 1,250Boe/d. The Company also holds Exploration Licences and Applications over 14.6 million acres in the McArthur Basin, Northern Territory, Australia, which is considered highly prospective for oil and gas shale.

Empire Energy holds a US\$200 million credit facility with Macquarie Bank Limited, which can be utilised for the acquisition and development of oil and gas assets in the USA. This facility has around US\$41.2m of the debt facility currently drawn.