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ASX Announcement

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NORTHERN TERRITORY FARM-IN

Energy Empire Group Limited (ASX:EEG) ("**the Company**") is pleased to announce that it has signed a non-binding letter of intent with a USA Operator, setting out a farm-in proposal to further undertake the exploration and development of the McArthur Basin Project in the Northern Territory, Australia.

In 2010 Empire Energy Group Limited, through its 100% owned subsidiary Imperial Oil & Gas Pty Ltd ("**Imperial**"), completed a regional opportunity screening program and proactively secured 100% working interest in 59,000 square km (14.6 million acres) of prospective shale gas exploration acreage, including a majority of the central trough of the Proterozoic McArthur Basin.

The McArthur Basin is an underexplored petroleum frontier basin with direct positive indications of oil and gas. Exploration wells drilled in the nearby Southern McArthur Basin in 2012 discovered gas in the same thick carbon-rich black prolific shales that are widespread in Imperial's acreage.

The farm-in is subject to definitive, long form documentation to be completed over the next 120 days. If the transaction proceeds in accordance with the terms of the letter of intent, it will enable the third party to earn a working interest of up to 80% in the McArthur Basin Project.

Empire Energy Chairman and CEO, Mr Bruce McLeod stated, "this is an exciting time for the Company as it moves a step further towards bringing to fruition this potential world class petroleum project identified over 5 years ago. Following ongoing discussions with a number of parties over the past 24 months, the Company has now entered into a non-binding letter of intent with one of the most experienced unconventional oil and gas operating teams in North America.

The Company, through its wholly owned subsidiary, Imperial, holds a majority of the substantial anoxic segment of the Central Trough of the McArthur Basin. Given the complexity, potential and size as this major hydrocarbon producing 'kitchen', the Company considered it beneficial to develop a relationship with a third party that is able to bring world class technical and operating experience to the project. To optimise the development of this potentially significant resource, the Company is now working towards completion of the farm-in documentation".

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.