

## Appendix 5B

### Mining exploration entity quarterly report

Introduced 01/07/96. Origin: Appendix 8. Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10.

Name of entity

Empire Energy Group Limited

ABN

29 002 148 361

Quarter ended ("current quarter")

31 March 2011

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A	Year to date (3 months) \$A
1.1 Receipts from product sales and related debtors	4,924,466	4,924,466
1.2 Payments for (a) exploration and evaluation	(120,934)	(120,934)
(b) development	(271,150)	(271,150)
(c) production	(1,596,024)	(1,596,024)
(d) administration	(762,149)	(762,149)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	8,666	8,666
1.5 Interest and other costs of finance paid	(907,078)	(907,078)
1.6 Income taxes (including production & land tax)	(331,380)	(331,380)
1.7 Other sundry revenue	-	-
<b>Net Operating Cash Flows</b>	<b>944,417</b>	<b>944,417</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	(36,439)	(36,439)
(b) equity investments	(26,650)	(26,650)
(c) other fixed assets	(381,871)	(381,871)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	126,230	126,230
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(318,730)</b>	<b>(318,730)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>625,687</b>	<b>625,687</b>

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	625,687	625,687
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(16,257)	(16,257)
1.18	Dividends paid	-	-
1.19	Proceeds from promissory notes	-	-
	<b>Net financing cash flows</b>	<b>(16,257)</b>	<b>(16,257)</b>
	<b>Net increase (decrease) in cash held</b>	<b>609,430</b>	<b>609,430</b>
1.20	Cash at beginning of quarter/year to date	2,552,048	2,552,048
1.21	Exchange rate adjustments to item 1.20	(25,683)	(25,683)
1.22	<b>Cash at end of quarter</b>	<b>3,135,795</b>	<b>3,135,795</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A
1.23	Aggregate amount of payments to the parties included in item 1.2	149,316
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

- Consultant fees paid to Eastern & Pacific Capital Pty Ltd of which B W McLeod is Director
- Non-Executive directors fees and superannuation guarantee levy payments

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$USD	Amount used \$USD
3.1 Loan facilities	150 million	73 million
3.2 Credit standby arrangements	Nil	Nil

### Estimated cash outflows for next quarter

	\$A
4.1 Exploration and evaluation	200,000
4.2 Development	500,000
4.3 Production	2,200,000
4.4 Administration	550,000
<b>Total</b>	<b>3,450,000</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A	Previous quarter \$A
5.1 Cash on hand and at bank	484,012	432,573
5.2 Deposits at call	2,651,783	2,119,475
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,135,795</b>	<b>2,552,048</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements acquired or increased	-	-	-	-

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

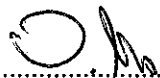
*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>	Nil	Nil		
7.2 Changes during quarter				
(a) Increases through issues	Nil	Nil		
(b) Decreases through returns of capital, buy-backs, redemptions	Nil	Nil		
7.3 <b>+Ordinary securities</b>	162,623,254	162,623,254		
7.4 Changes during quarter				
(a) Increases through issues	Nil	Nil	Nil	
(b) Decreases through returns of capital, buy-backs	Nil	Nil	Nil	
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	Nil	Nil		
7.6 Changes during quarter				
(a) Increases through issues	Nil	Nil		
(b) Decreases through securities matured, converted	Nil	Nil		
7.7 <b>Options</b> <i>(description and conversion factor)</i>	40,199,998		Refer to attached schedule	
7.8 Issued during quarter	3,500,000	Nil	\$0.15	1 July 2013
	1,650,000	Nil	\$0.17	1 July 2013
	1,650,000	Nil	\$0.18	31 December 2013
7.9 Exercised during quarter	Nil	Nil		
7.10 Expired during quarter	Nil	Nil		
7.11 <b>Debentures</b> <i>(totals only)</i>	Nil	Nil		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	Nil	Nil		

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  ..... Date: 29 April 2011  
(Company Secretary)

Print name: David Hughes  
.....

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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**Appendix 5B**  
**Mining exploration entity quarterly report**

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<b>7.7 Options</b>	<b>Total Number</b>	<b>Number quoted</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
	66,666 executive	Nil	\$0.1575	5 March 2013
	6,666,666	Nil	\$0.165	22 December 2012
	6,666,666	Nil	\$0.18	22 December 2012
	6,666,667	Nil	\$0.12	22 December 2011
	6,666,667	Nil	\$0.135	22 December 2011
	6,666,666	Nil	\$0.15	22 June 2012
	3,500,000	Nil	\$0.15	1 July 2013
	1,650,000	Nil	\$0.17	1 July 2013
	1,650,000	Nil	\$0.18	31 December 2013
	40,199,998			