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ASX Announcement – Kansas Drilling Update

13 January 2012

DEVELOPMENT WELL DRILLING PROGRAM DEVELOPMENT WELL 10

Empire Energy Group Limited (Empire) is pleased to announce that the Schmeid Ranch #16-1 well has been spudded. Empire holds a 50% working interest in the well.

This is the last well of the 2011, 10 well drilling program. A 2012 drilling program is currently being finalised but is expected to be at least a further 10 wells.

Current progress can be summarised as follows:

Well Name	Field	County, KS	WI	Status
Boxberger – Solomon #14	Hall-Gurney	Russell	70.70%	Flow rate at 2 BO/d
C L Newcomer #9	Hall-Gurney	Russell	90.13%	Flow rate at 7 BO/d
Kollman #15	Bemis-Shutts	Ellis	86.00%	Flow rate at 10 BO/d
Carmichael/Kollman West Unit #4	Bemis-Shutts	Ellis	90.13%	Flow rate at 7 BO/d
Esfeld #9	Kraft-Prusa	Barton	58.48%	Flow rate at 28 BO/d
Krankenbergs #5-19	Krankenbergs	Stafford	73.90%	Flow rate at 20 BO/d
Driscoll #31-8	Hall-Gurney	Russell	37.50%	Plugged
Helmerts Unit #3	Max	Stafford	86.00%	Flow rate at 35 BO/d
Wokatys #7	Max	Stafford	86.00%	Plugged
Schmeid Ranch #16-1	Bemis-Shutts	Ellis	50.00%	Spudded 11/01/2012

CENTRAL KANSAS UPLIFT

Historically, Kansas has been a very prolific oil and gas producing state with cumulative production exceeding 6.1 billion barrels of oil (BBO) and 37.5 trillion cubic feet of gas. Current yearly production is approximately 33 million barrels of oil and 342 billion cubic feet of gas from over 60,000 wells. The most prolific oil reservoirs are the Arbuckle (Ordovician) and Lansing-Kansas City (Pennsylvanian) formations particularly from fields located on the Central Kansas Uplift (CKU). Arbuckle reservoirs have produced over 2 billion BO statewide. Of the 31 counties in which the Arbuckle has been productive, over 70% of the production has come from 10 counties situated on the Central Kansas Uplift in which Empire Energy operates.

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 and also operates a small oil and gas field service operation. It has operations in Appalachia (New York and Pennsylvania) and the Central Kansas Uplift (Kansas).

Empire Energy implemented a US\$100 million credit facility with Macquarie Bank Limited in early 2008 for the sole purpose of acquiring and developing oil and gas assets in the USA. This facility has been increased to US\$150 million.

For more information:

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