



EMPIRE ENERGY GROUP LIMITED
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Exercise of Options

13 June 2012

EXERCISE OF OPTIONS AT \$0.15

The Directors are pleased to announce that Empire Energy Group Limited (the “Company”) has been notified that Macquarie Bank Limited will exercise 6,666,666 options at \$0.15 (“Options”). The maturity date of the Options is June 22, 2012. The exercise of the Options will raise a total of A\$1,000,000.

The Company will utilise the funds raised through the exercise of the Options to reduce existing debt.

After the exercise of the Options, Macquarie Bank will increase its shareholding in the Company from 13.84% to 15.76%.

BACKGROUND

Empire Energy’s Executive Chairman Mr Bruce McLeod stated *“although the markets are experiencing considerable volatility, the exercise of the second tranche of options by Macquarie Bank confirms the underlying value of the Company and its USA operating subsidiary. The Company’s US producing assets continue to generate strong cash flows and additional opportunities to increase production are being targeted. The Directors believe that the Company’s current share price suggests little value is being placed on the two potential very significant shale assets the Company currently controls.*

Although the fracking moratorium in New York State has been extended until later in 2012, it is becoming more clear that the concerns about fracking have been over-estimated and that the need for jobs and long term regional community development based on the responsible development of shale resources will ultimately prevail. As an example, States such as Ohio, Pennsylvania, North Dakota and Texas continue to demonstrate how the energy sector, if responsibly managed can benefit all stakeholders.

In Australia, the recent entry of a number of large multinational oil and gas companies into the Shale Sector clearly demonstrates the potential for a completely new energy sector to develop over the short to medium term. The many benefits of shale gas over coal seam gas is likely to see more attention from the international majors as they seek to position themselves in the few remaining shale basins. The Company’s 14.6 million acres of lease applications in the McArthur Basin, Northern Territory, are moving towards the licensing stage with the first 3 to 4 licences expected by the end of 2012. This will open a very exciting third dimension to the Company’s activities.

The Directors welcome Macquarie Bank’s continued support and see this exercise of Options as an ongoing endorsement of the operations of the Company”.

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 with operations in Appalachia (New York and Pennsylvania) and the Central Kansas Uplift (Kansas). Total combined 2P reserves are estimated at 14.8 million Boe.

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 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 with around US\$50m of the debt facility currently drawn.