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## ASX Announcement – Hedging Update

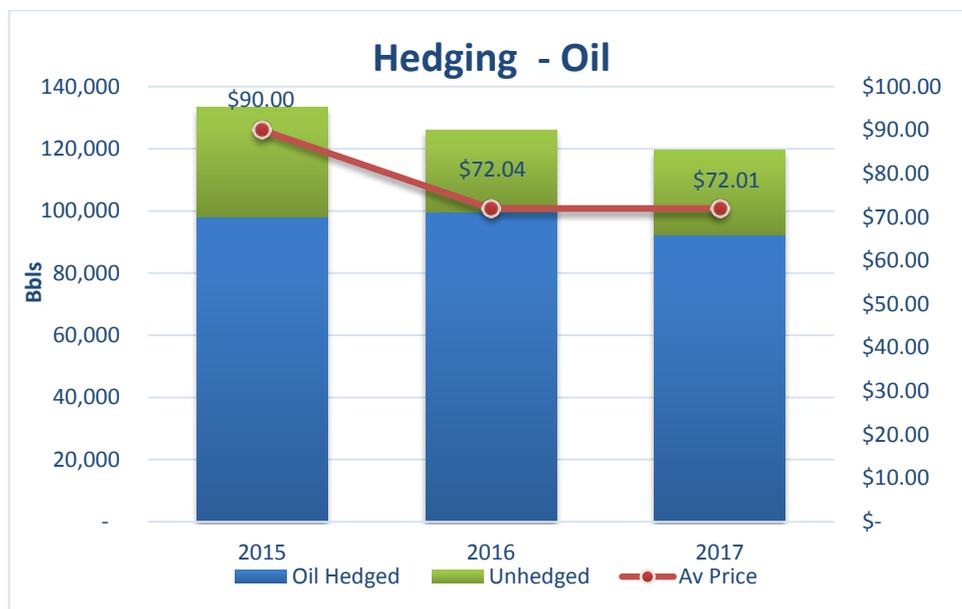
20 May 2015

### OIL & GAS HEDGING PROGRAM

Empire Energy Group Limited (“Company”) has continued the proactive management of its hedging portfolio in line with capital operating parameters and the recent volatility being experience in the energy markets.

Over May 2015 the Company has added to its existing oil hedging program. At no cash cost to the Company, oil production hedged through to 2017 has increased from around 33% to over 72% coverage with an average price of just over \$72.00/BO, based on NYMEX WTI. Gas hedging remains at 70% hedged at over \$4.00/Mcf through to 2018/19.

The following summarises the oil hedging program now in place:



The implementation of these hedges provides commodity downside risk protection and allows the Company to manage its capital allocation with more certainty over the next 2.5 years.

The Company has significant in ground oil reserves in the Mid-Con which can be inexpensively drilled if there is any unexpected spike in oil prices.

## **ABOUT EMPIRE ENERGY GROUP LIMITED**

In early 2007, the Company established upstream oil and gas operations in the USA. Current operations are based in Appalachia (New York and Pennsylvania) and the Mid-Con (Kansas and Oklahoma). Daily production is ~1,200Boe/d.

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 two Exploration Licences and five Exploration Licence Applications over 14.6 million acres in the McArthur Basin, Northern Territory, Australia. Work undertaken by the Company has shown this region to be 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 sole purpose of acquiring and developing oil and gas assets in the USA. This facility has ~US\$41mm of the debt facility currently drawn.