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ASX Announcement –Farm-out Agreement Update

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UPDATE ON FARM-OUT WITH AFFILIATE OF AMERICAN ENERGY PARTNERS, LP

In December 2015 Empire Energy Group Limited (the “Company”) announced the signing of the Imperial Farm-out Agreement (“Agreement”) between Imperial Oil & Gas Pty Ltd (“Imperial”), a 100% owned subsidiary of the Company and AEGP Australia Pty Ltd (“AEGP”), an affiliate of American Energy Partners LP (“AELP”) for the farm-out and development of the Company’s Northern Territory petroleum tenements. AEGP has the right to acquire up to an 80% interest in Imperial’s 14.6 million acres in the McArthur Basin by spending US\$60 million over a 3 year period. Imperial will be paid US\$7.5 million at closing and a further US\$7.5 million subject to defined benchmarks being achieved.

The Directors of the Company are now pleased to announce that the Foreign Investment Review Board condition has been satisfied and that AEGP has lodged the Agreement with the Minister for approval and registration in accordance with section 96 of the Northern Territory Petroleum Act. The Company is in the process of seeking to complete its permit assignment closing obligations in relation to the assignment of EPs 184 & 187. Completion of all conditions set out in the Agreement must be on or before 20 April 2016 unless extended by mutual consent.

Approval for a seismic and drilling program has been lodged and is planned to commence in 2016.

ABOUT AMERICAN ENERGY PARTNERS, LP (“AELP”)

AELP is an oil and natural gas operating and asset management company located in Oklahoma City, Oklahoma. AELP was founded in April 2013 by Aubrey K. McClendon. Mr. McClendon was widely credited with leading the U.S. energy oil and natural gas unconventional resource revolution. AELP’s first major move outside the USA is the McArthur Basin due to the expectation that it is comparable to the Utica and Marcellus Shales in the Appalachian Basin, USA. Through its industry leading capabilities in developing and managing oil and natural gas assets in premier onshore basins, AELP expects to identify and unlock significant resources on Imperial’s Tenements.

ABOUT EMPIRE ENERGY GROUP LIMITED

Empire Energy is a conventional oil and natural gas producer with operations in Appalachia (New York and Pennsylvania) and the MidCon (Kansas and Oklahoma). In 2010 the Company secured ~14.6 million acres in the McArthur Basin, Northern Territory, which is considered highly prospective for large shale oil and gas conventional and unconventional resources. Work undertaken by the Company over the past 5 years demonstrates that the Central Trough of the McArthur Basin, of which the Company holds around 80%, is a major Proterozoic depo-centre that forms one segment of a series of extensive prolific hydrocarbon basins similar to those extending through Oman, Siberia and Southern China and which contain resources of billions of barrels of oil equivalent.