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## ASX Announcement – NT Hydraulic Fracturing Implementation Plan Released and NT Update

17 JULY 2018

### **NORTHERN TERRITORY HYDRAULIC FRACTURING IMPLEMENTATION PLAN RELEASED**

The Directors of Empire Energy Group Limited (“Empire” or “the Company”) are pleased to provide shareholders an update on the implementation of regulations for hydraulic fracturing in the Northern Territory.

On 27 March 2018, the Scientific Inquiry into Hydraulic Fracturing in the Northern Territory (“the Fracking Inquiry”) released its Final Report, which found that *“provided that all of the recommendations made in this Report are adopted and implemented in their entirety, not only should the risks associated with an onshore shale gas industry be minimised to an acceptable level, in some instances, they can be avoided altogether.”*

The Fracking Inquiry made 135 recommendations for the implementation of regulations to ensure that the onshore shale gas industry could be appropriately regulated.

On 17 April 2018, the Chief Minister of the Northern Territory, the Honourable Michael Gunner MLA, announced that the Government had accepted all 135 recommendations of the Inquiry.

This morning the Northern Territory Government announced the release of the Scientific Inquiry Into Hydraulic Fracturing Implementation Plan (“the Implementation Plan”).

The Implementation Plan can be found online at the following link: <https://hydraulicfracturing.nt.gov.au/>

The Implementation Plan outlines the process by which the recommendations of the Inquiry will be implemented.

Empire is pleased to note that the Plan highlights that *“We all have a role in implementation”*.

To that end, Empire has been actively involved in discussions with the Northern Territory Government to ensure that the implementation of regulations is carried out in a manner which ensures that the Northern Territory’s unique environment is protected and local jobs and skills are created, while ensuring that small companies such as Empire can operate efficiently and effectively to unlock the substantial shale resource potential of the Northern Territory under the new regulatory environment.

Empire is committed to supporting local Northern Territory businesses, supporting local Northern Territory jobs and skills creation, operating in a safe and environmentally responsible manner and actively engaging and partnering with Traditional Owners, pastoralists and all Northern Territorians on whose land Empire operates.

Empire has been very pleased with the level of consultation and engagement offered by the Northern Territory Government and the Implementation Taskforce to the onshore shale industry, and looks forward to continuing to build strong, long-term relationships with all key stakeholders in the Northern Territory.

## **NORTHERN TERRITORY UPDATE**

Empire's 100% owned subsidiary, Imperial Oil & Gas Pty Limited ("Imperial"), recently carried out Baseline Environmental Monitoring activities in EP184 and EP187. Baseline Environmental Monitoring activities are a crucial preparatory activity which are carried out as a precursor to the commencement of petroleum drilling activities.

Imperial is currently in discussions with the Northern Land Council ("NLC") to organise an on-country meeting with Traditional Owners in the area covered by EP187. Imperial intends to visit with Traditional Owners to notify them of, and where necessary, seek approvals for, the recommencement of seismic and drilling activities in EP187.

## **JOINT VENTURE DISCUSSIONS**

In 2015, Imperial entered into Joint Venture agreement with American Energy Partners ("AEP").

AEP was a US oil and gas company founded by Mr Aubrey McClendon. Mr McClendon had previously been the co-founder and CEO of Chesapeake Energy, a leading US shale oil and gas producer which grew to become the 2<sup>nd</sup> largest producer of natural gas and the 7<sup>th</sup> largest producer of oil in the United States, with a market capitalisation at one point of over US\$27 billion.

Under the terms of the Imperial / AEP Joint Venture agreement, AEP committed to paying A\$20,000,000 cash to Imperial and free-carrying Imperial through A\$80,000,000 of exploration and appraisal expenditure, in exchange for an 80% working interest in Imperial's Northern Territory tenements. On a results driven basis, AEP committed to procuring JV financing for up to an additional US\$560,000,000 for exploration, appraisal and development expenditure.

Due to Mr McClendon's passing in 2017, AEP was wound up and the Joint Venture agreement was terminated.

There was a period of corporate inactivity in the Northern Territory onshore shale industry during the Northern Territory fracking moratorium which commenced in 2016 until the Northern Territory Government announced that the moratorium would be lifted in April 2018.

Interest by potential joint venture partners in investing in Imperial's Northern Territory tenements has significantly increased following the Northern Territory Government's announcement that the moratorium would be lifted.

Today's announcement by the Northern Territory Government further validates its commitment to the resumption of industry activities and provides further impetus for joint venture discussions with potential partners.

Empire remains in active discussions with potential joint venture partners which would fund exploration and appraisal activities required to unlock the substantial resource potential of the Company's acreage in the Northern Territory.

The Company will provide further updates to shareholders as further information becomes available.

**Northern Territory Chief Minister Media Release: Protecting the environment and creating local jobs**

The Northern Territory Chief Minister's media release can be found attached and also at the following link:  
<http://newsroom.nt.gov.au/mediaRelease/26873>

**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).

The Company has over 14.5 million acres in the McArthur & Beetaloo Basins, Northern Territory, both of which are considered highly prospective for large shale oil and gas 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 highly prospective, with key similarities to those extending through Oman, Siberia and Southern China and which contain resources of billions of barrels of oil equivalent.

Michael Gunner

Chief Minister of the Northern Territory

Media Release

## Protecting the environment and creating local jobs

17 July 2018

The Northern Territory Government has released its plan to implement the recommendations of the independent scientific inquiry into unconventional hydraulic fracturing.

This delivers on our promise to release the plan within three months of the initial response to the inquiry.

The plan details how each of the recommendations will be implemented and is grouped under the six themes of Strengthening Regulation, Ensuring Accountable Industry Practise, Safeguarding Water and the Environment, Respecting Community and Culture, Maximising Regional Benefits and Local opportunities, and Planning for Industry.

To increase transparency the Government will develop an online portal to ensure the community has real time access to data on industry activity and environmental, social, health and cultural baseline impacts.

The Onshore Shale Gas Community and Business Reference Group were consulted on the implementation plan which can be found at [hydraulicfracturing.nt.gov.au](http://hydraulicfracturing.nt.gov.au)

### Quotes from the Chief Minister:

“This is a plan to protect our environment, create local jobs and ensure the actions of Government and industry are transparent and accountable.

“The independent scientific report into hydraulic fracturing found that risks could be mitigated if all the recommendations of their report were implemented.

“This implementation plan is a comprehensive response to these recommendations.

“We will be making sure that any fracking that occurs ensures our unique natural environment is protected and creates local jobs.

“The Onshore Shale Gas Community and Business Reference Group, the independent officer Dr David Ritchie who is overseeing the implementation, and the development of a new online portal, will ensure industry and Government actions are transparent and accountable.”