EMPIRE ENERGY GROUP LIMITED

and its controlled entities

ABN 29 002 148 361

HALF YEAR
FINANCIAL REPORT
30 JUNE 2018

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CORPORATE DIRECTORY

Directors
A Underwood (Chief Executive Officer & Managing Director)
D H Sutton (Interim Chairman)
L Tang

Registered Offices
Australian Office
Level 7
151 Macquarie Street
Sydney NSW 2000

US Office
380 Southpointe Boulevard
Suite 130
Canonsburg PA 15317

Auditors
Nexia Australia
Level 16,1 Market Street
Sydney NSW 2000

US Auditors
Schneider Downs & Co. Inc
One PPG Place, Suite 1700
Pittsburgh PA 15222

Share Registry
Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
Sydney NSW 2000
Telephone: 1300 85 05 05

Bankers
Macquarie Bank Limited
50 Martin Place
Sydney NSW 2000

Australia & New Zealand Banking Group Limited
242 Pitt Street
Sydney NSW 2000

PNC Bank
249 Fifth Avenue
One PNC Plaza
Pittsburgh PA 15222

Company Secretary
L Dadswell

Australian Solicitors
Clifford Chance
Level 16
1 O'Connell Street
Sydney NSW 2000

US Solicitors
K&L Gates LLP
K&L Gates Center
210 Sixth Avenue
Pittsburgh PA 15222-2613

Barry Conge Harris LLP
700 Milam St, Suite 1100
Houston, TX 77002

Stock Exchange Listings

Australia
Australian Securities Exchange
(Home Exchange Sydney, New South Wales)

ASX Code: EEG - Ordinary Shares

United States of America
New York OTC Market:
Code: EEGNY
OTC#: 452869103
Sponsor: Bank of New York
1 ADR for 20 Ordinary shares

www.empireenergygroup.net

Chief Executive Officer's Review of Operations

KEY POINTS FOR THE 6 MONTHS ENDING 30 JUNE 2018

- Group Revenue $6.9 million (30 June 2017: $6.7 million).
- US EBITDAX $2.0 million (30 June 2017: $1.9 million).
- Group EBITDA $1.0 million (30 June 2017: $1.2 million).
- Net production 1,157 Boe/d (30 June 2017: 1,170 Boe/d).
- 1P Reserves as at 31 December 2017 were 8.3 MMBoe, (2016: 7.9 MMBoe) with 1P PV10 of $45.3 million (2016: $56.5 million).
- On 30th August, 2018, Empire Energy Group Limited ("the Company") announced that its long-standing Executive Chairman and Chief Executive Officer, Mr Bruce McLeod, had resigned from his role on the Board of Directors of Empire Energy Group Limited and that he would take an indefinite leave of absence from his executive roles while he deals with health issues. Unfortunately, since that announcement, Mr McLeod passed away. The Company acknowledges Mr McLeod's long period of service to the Company. Mr McLeod was responsible for the Company's entry into the oil and gas sector in 2006 when it acquired its first oil and gas assets in Pennsylvania, USA. He also had the vision to recognise early that shale oil and gas potential exists outside of the USA, resulting in the Company's acquisition of its acreage holding in the Northern Territory, which has the potential to become a major producer of oil and gas in years to come. The Company offers its deepest condolences to the McLeod family during this difficult time.
- On 30th August 2018, Mr Alex Underwood was appointed Chief Executive Officer and Managing Director of Empire Energy Group Limited. Mr David Sutton was appointed Interim Chairman of the Board of Directors of Empire Energy Group Limited on the same date.
- On 6th August 2018, the Company announced a major recapitalisation, which consisted of the refinancing of its existing loan facility with Macquarie Bank Limited with a new 3 year facility, a partial debt-for-equity conversion by Macquarie Bank Limited and a two-tranche placement to sophisticated and institutional investors. Key terms of the refinancing and the second tranche of the placement are subject to shareholder approval which will be sought at an EGM to be conducted on 20th September 2018. If shareholder approval is received, total indebtedness under the Macquarie Bank facility is expected to fall from US$38m to ~US$26.5m and the company will have pro-forma cash on hand of approximately A$4m.
- On 17th April 2018, the Chief Minister of the Northern Territory, The Honourable Michael Gunner MLA, announced that the moratorium on fracture stimulation of onshore unconventional gas reservoirs in the Northern Territory would be lifted. The Northern Territory Government's Fracking Inquiry Implementation Taskforce is proactively implementing regulations to allow industry activity including the drilling and completion of unconventional onshore gas reservoirs to recommence in the 2019 dry season. The Chief Minister's wise decision was a watershed moment for Empire Energy Group Limited. Implementation of the regulations will allow the industry to unlock the substantial resource potential of the Northern Territory's onshore shale basins, particularly in and around the Company's areas of operation.

Chief Executive Officer's Review of Operation (Continued)

OPERATIONS OVERVIEW

1. **Appalachia (Western New York and Pennsylvania):**
Two small acquisitions were completed during June 2018 at an aggregate cost of approximately US$50,000. The first acquisition was 42 wells located in southern Chautauqua County, NY producing from the Glade formation. Production predominantly consists of oil with limited amounts of brine and natural gas. All wells are produced into central tanks batteries with artificial lift. The second acquisition was 26 Medina wells located in Cattaraugus County. Pipelines for these wells crossed existing Empire pipelines, allowing the new wells to be connected to Empire's sales points with minimal cost.

Dry weather has allowed the Company to start repairing lease roads, pipelines, and casing leaks earlier than normal. In addition, 4000 feet of pipeline that was prone to leaking has been repaired.

2. **Mid-Continent (Kansas and Oklahoma):**
Six wells remain on the drilling schedule for the year. The seismically identified locations are classified as infield wells. The Company is also considering a well recompletion program which, if carried out, is likely to increase production rates with low capital investment and short payback periods. Bolt on acquisitions continue to be reviewed in the region.

3. **Independent Review of Oil & Gas Reserves:**
The Company reports its US reserves based on a discount rate of 10%, for Australian reporting purposes the Company has also utilised a discount rate of 10% to align its Australian accounts (IFRS reporting) with its US accounts (GAAP reporting).

4. **McArthur Basin (Northern Territory):**
The Northern Territory Fracking Moratorium was lifted in April 2018. In July 2018, the Northern Territory Government released its Implementation Plan for the regulation of fracture stimulation of unconventional onshore reservoirs and related activities.

The company is engaged in active and positive discussions with the government to ensure that the implementation of regulations is done in a manner which ensures that the environment, community and key stakeholder groups' interests are protected while ensuring that the industry can recommence exploration and appraisal activities in a timely and efficient manner. The Company has been very pleased with the pro-active approach that the government is taking to ensure that regulations can be put in place before the 2019 dry season, during which major industry players are expected to recommence drilling and fracture stimulation activities to appraise the shale potential of the Beetaloo sub-Basin.

The Company is progressing with preparations required for the next stage of its Northern Territory exploration program which will be focused on EP187. The Company plans to acquire 2D seismic data following which it will drill a core hole and take rock core from the Middle Velkerri Shale in the Beetaloo sub-Basin.

The exploration program is expected to yield very important geological information such as the aerial extent, thickness, rock composition and hydrocarbon composition of its Beetaloo sub-Basin acreage. The information acquired will inform the next stage of the Company's exploration and appraisal program which is likely to include the drilling and completion of fracture stimulated horizontal appraisal and development wells.

The Company continues to carry out discussions with potential joint venture partners which would fund the exploration and appraisal activities required to unlock the substantial resource potential of the Company's Northern Territory acreage.

Chief Executive Officer's Review of Operation (Continued)

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Empire Energy Group Limited's ('Empire', 'the Group' or 'the Company') oil and gas production is operated by the wholly owned US subsidiary, Empire Energy E&P, LLC. The Company maintains a small Head Office in Australia and manages the exploration program in the McArthur Basin, Northern Territory, under its 100% owned subsidiary Imperial Oil & Gas Pty Ltd ('Imperial').

A. OPERATIONS REVIEW – USA

TABLE A

Operating Statistics	Notes	Jun 30, 2018	Jun 30, 2017	% change
Gross Production:				
Oil (MBbls)		93	93	-
Natural gas (MMcf)		1,115	1,148	-3%
Net Production:				
Oil (MBbls)		63	61	3%
Natural gas (MMcf)		890	916	-
Net production (MBoe):	1.0	**211**	**214**	**-**
Net Daily Production (Boe/d):		**1,157**	**1,170**	**-1%**
Average sales price per unit (after hedging):				
Oil ($/Bbl)		$60.51	$62.08	-2.5%
Natural gas ($/Mcf)		$ 3.19	$ 3.00	6.3%
Oil Equivalents ($/Boe)		$31.43	$30.57	2.8%
Average sales price per unit (before hedging):				
Oil ($/Bbl)		$60.51	$45.02	34%
Natural gas ($/Mcf)		$ 2.51	$ 2.54	-1%
Oil Equivalents ($/Boe)		$28.54	$23.72	20%
Lifting Costs (incl taxes):	1.1			
Oil ($/Bbl)		$21.45	$20.73	3%
Natural gas ($/Mcf)		$ 1.18	$ 1.61	-27%
Oil Equivalents ($/Boe)		$11.33	$12.80	-11%
2P Reserves (MMBoe):		**11.6**	**14.03**	**-23%**

Notes to Table A

1.0 **BOE** - based on SEC guidelines of an oil:gas ratio of 1:6.

1.1 **Lifting Costs** - includes lease operating expenses, production and ad valorem taxes.

Chief Executive Officer's Review of Operation (Continued)

B. NET PRODUCTION BY REGION - USA

TABLE B

Operating Statistics	Notes	Jun 30, 2018	Jun 30, 2017	% change
Oil (MBbls)				
Appalachia		1	2	-50%
Mid-Con		62	59	3%
Total (MBbls)		**63**	**61**	**3%**
Natural gas (MMcf)				
Appalachia		885	911	-3%
Mid-Con		5	5	-
Total (MMcf)		**890**	**916**	**-3%**

C. REVIEW OF OPERATING RESULTS

USA OPERATIONS

In addition to the information presented in this financial report, to assist stakeholders in gaining a more comprehensive understanding of the operations the financial results have also been prepared with reference to an EBITDAX format.

The presentation of "EBITDAX" accounting, which is a non-IFRS or statutory financial measure, may therefore not be comparable to similar measures presented by other companies. Management have attempted to ensure that EBITDAX accounting presented is consistent with reporting by other similar E&P companies, so a useful production and financial comparison can be made. The EBITDAX accounts, based on the production date, are not meant to reconcile to the statutory accounts as the latter have been prepared on an accrual basis (effective date). However, if the EBITDAX accounts are prepared on an effective date basis they can then be reconciled to the statutory accounts.

EBITDAX represents net income (loss) before interest expense, taxes, and depreciation, amortization, development and exploration expenses. Nonrecurring expenses have been included in EBITDAX. In summary, all revenues and operating expenses of the Company's business are included in EBITDAX. All non-cash expenses, which may distort the presentation of operations as shown in the statutory accounts, have been either eliminated or reallocated and aggregated below the EBITDAX line.

In summary, we believe that:

- EBITDAX provides stakeholders with a much simpler and clearer measure of operating performance.
- EBITDAX is an important supplemental measure of operating performance because it eliminates items that have little bearing on operating performance and so highlights trends in the core business that may not otherwise be apparent when relying solely on current statutory accounting and financial measures.
- EBITDAX is the material component of the covenants that are imposed on the Company under credit agreements.
- Securities analysts and investors generally use EBITDAX (cash flow modelling) in the comparative evaluation of companies.
- Management and external users of financial statements, rely on the use of EBITDAX to assess:
    - the financial performance of assets without regard to financing methods, capital structure or historical cost basis;

Chief Executive Officer's Review of Operation (Continued)

- the ability of assets to generate cash sufficient to pay interest costs and support indebtedness;
- operating performance and return on capital as compared to those of other companies in the industry, without regard to financing or capital structure; and
- the feasibility and effectiveness of acquisitions and capital expenditure projects; and
- the overall rates of return on alternative investment opportunities.

Other companies may calculate EBITDAX differently than as presented. Based on the premises set out above, the following schedules present comparative operating statistics and financials on an EBITDAX basis:

RECONCILIATION OF EBITDAX ACCOUNTS TO STATUTORY ACCOUNTS

For the EBITDAX report actual numbers for production, income and expenses have been utilised. This method generates differences between what is shown in the EBITDAX accounts and that represented in the statutory accounts.

The table below provides a reconciliation EBITDAX to the financial statements.

Net Earnings – Effective Date (In $ thousands)	Jun 30, 2018	Jun 30, 2017
EBITDAX- production date	**$2,079**	**$1,868**
Net Earnings- effective date	**$(2,167)**	**$(2,962)**
Intergroup management fee	$75	$75
Revenue and expenses (remaining Empire Group)		
Other Income	$3	$7
Unrealised derivative movements*	$(678)	$(145)
General and administration – head office	$(3)	$(7)
General and administration – other*	$(177)	$76
Write-back/Impairment of asset *	-	$(7,551)
Net (loss)/profit before income tax expense	**$(2,947)**	**$(10,507)**
* Indicates non-cash items		

EBITDAX in Table C relates to Empire Energy E&P and Net Earnings in Table D reports operational activities of Empire Energy Group.

Chief Executive Officer's Review of Operation (Continued)

TABLE C

US Operations only (In $ thousands)	Notes	Jun 30, 2018	Jun 30, 2017	% change
Net Revenue:				
Oil Sales	1.0	3,793	3,780	1%
Natural Gas Sales	1.0	2,782	2,745	1.%
Other		344	212	62%
		6,919	6,737	3%
Production costs:				
Lease operating expenses – Oil		1,329	1,214	9%
Lease operating expenses – Gas		1,000	1,349	-26%
Taxes - Oil		16	51	-69%
Taxes - Natural Gas		49	120	-60%
Total		2,394	2,734	-12%
Field EBITDAX		**4,525**	**4,003**	**13%**
Field & Workover Costs		1,315	953	38%
G&A	1.1	1,131	1,182	-4%
EBITDAX		**2,079**	**1,868**	**11%**

Notes to Table C:

1.0 Sales includes realised net hedges of $0.61 million for natural gas and oil.

1.1 G&A includes Canonsburg, PA offices and regional field offices KS and NY. Significant USA expenses for the period were - salaries and wages $217,666; audit/tax and accounting $126,828; travel and accommodation $52,141; rent and accommodation costs $60,088; Professional Services $21,742 and Management and Director fees $119,101 (of which $75,000 was paid to Empire Energy Group Limited).

TABLE D

Net Earnings (In $ thousands)	Notes	Jun 30, 2018	Jun 30, 2017	% change
EBITDAX		**2,079**	**1,868**	**11%**
Net Earnings:				
Geo/Exploration/Acquisitions	1.2	295	116	59%
Australia Head Office	1.3	768	599	28%
EBITDA		**1,016**	**1,153**	**-12%**
Depn, Amort, Depletion		1,023	1,151	-11%
EBIT		**(7)**	**2**	**-450%**
Interest (cash)		1,756	1,537	14%
(Gain) on assets		(68)	-	-
Bad debt (benefit)/expense		(56)	383	-115%
Net Earnings before tax		**(1,639)**	**(1,918)**	**-15%**

Chief Executive Officer's Review of Operation (Continued)

Notes to Table D:

1.2 Geological and engineering expenses directly associated with actual and potential exploration and development project or acquisitions and may include legal, tax and financial advice, fees and mobilisation costs.

1.3 Net cost of Australian operations (expenses are net of income received). Major expenses were consultants $219,725; salaries $105,879; audit & accounting $26,341; listing related expenses $24,704; rent, communications, IT hardware and support services $84,347 Australian expenses currency translation at AUD/USA 0.7716.

D. CAPITAL EXPENDITURE

Capex *(In $ thousands)*	Notes	Jun 30, 2018	Jun 30, 2017	% change
Capital Expenditures				
Acquisition Capital		47	-	100%
New Wells - IDC		307	206	49%
New Wells - Capital		58	52	2%
Undeveloped Leases		-	-	-
Northern Territory, Australia		295	584	-49%
Total		**707**	**842**	**-51%**

E. CREDIT FACILITY

At the end of the half year the Company had US$37.9 million drawn at an average cost of LIBOR + 6.5%. Empire Energy retains Credit Facility availability of US$162.05 million, which can be utilized for acquisitions and development drilling subject to normal energy borrowing base requirements.

	Drawdown End of period US$M	Interest Rate LIBOR+
Term	$34,925	6.50%
Revolver	$3,000	6.50%
	$37,925	6.50%

F. HEDGING

Due to the risk/growth model implemented by Empire, a comprehensive hedging strategy has been adopted to ensure a reduction in commodity risk over the period that a major portion of debt financing is repaid. The portion of production hedged will naturally reduce as drill bit production comes on line or on the other hand increase as non-economic wells are shut-in.

Year	Est. Net mmBtu	Hedged mmBtu	%	Average $/mmBtu	Est. Net Bbl	Hedged Bbl	%	Average $/Bbl
2018	810,000	504,000	62.2%	$4.11	-	-	-	-
2019	1,550,000	498,000	32.1%	$3.45	-	-	-	-
Total	**2,360,000**	**1,002,000**	**42.5%**	**$3.78**	**-**	**-**	**-**	**-**

The fair value (marked to market) of combined oil and gas hedges in place as at June 30, 2018 was $0.9 million. Oil and gas hedge contracts were valued based on NYMEX Henry Hub and WTI forward curves at market close on June 30, 2018.

Chief Executive Officer's Review of Operation (Continued)

G. RESERVES – USA

The Company's reserves are reviewed annually by independent third-party reservoir engineers. The scope of the reviews is to prepare an estimate of the proved, probable and possible reserves attributable to Empire's ownership position in the subject properties.

After the Balance Date of this Report, the Company has elected to reduce the Possible reserves and P(50) Prospective Resource estimate pertaining to its New York State, US, shale assets to zero.

This decision has been made due to uncertainty around any potential change in the regulatory environment in that jurisdiction which might facilitate the exploration and development of those assets. Consequently, the Company has formed the view that incurring the expense to prepare an updated New York State shale asset reserves and resources report is not justified at the current time.

This decision is not a reflection of management's positive view of the prospectivity of the New York shale rights that it holds.

The Company continues to monitor the political situation in New York State and will update shareholders as and when the regulatory environment changes.

The Company notes that it will continue to hold its New York State shale assets at no cost for so long as it continues to produce oil and gas from the shallow conventional assets (known in the industry as "held by production" acreage).

Reserves as at December 31, 2017 – USA (NYMEX Strip Dec 31, 2017)

Reserves - As of Dec 31, 2017	Gross Wells	Oil (Mbbls)	Gas (MMcf)	MBoe	Capex US$M	PV0 US$M	PV10 US$M
Reserves (Reserves)							
Proved Developed Producing	2,211	1,606	26,787	6,070	$0	$62,547	$31,800
Proved Developed Non-producing	19	476	-	476	$907	$10,085	$5,094
Proved Behind Pipe	6	132	39	139	$484	$4,488	$1,257
Proved Undeveloped	79	1,015	3,396	1,581	$14,627	$27,305	$7,134
Total 1P	**2,315**	**3,229**	**30,222**	**8,266**	**$16,018**	**$104,425**	**$45,285**
Probable	84	1,259	12,654	3,368	$19,981	$47,201	$13,687
Total 2P	**2,399**	**4,488**	**42,876**	**11,634**	**$35,999**	**$151,626**	**$58,972**
Possible	208	1,749	3,772	2,378	$24,589	$54,848	$11,225
Total 3P	**2,607**	**6,237**	**46,648**	**14,012**	**$60,588**	**$206,474**	**$70,197**
Prospective Resource P(50) - Aust (NT)		222,000	11,076,000	2,068,000			
Total Reserves & Resources		**228,267**	**11,122,648**	**2,082,012**			

USA Reserves by: Graves & Co Consulting & Pinnacle Energy Services, LLC
Northern Territory Resources by: Muir & Associates P/L and Fluid Energy Consultants

Notes to Reserves

- "Prospective Resources" is the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.
- The scope of the Reserve Studies reviewed basic information to prepare estimates of the reserves and contingent resources.
- The quantities presented are estimated reserves and resources of oil and natural gas that geologic and engineering data demonstrate are "In-Place" and can be recovered from known reservoirs.
- Oil prices are based on NYMEX West Texas Intermediate (WTI).
- Gas prices are based on NYMEX Henry Hub (HH).
- Prices were adjusted for any pricing differential from field prices due to adjustments for location, quality and gravity, against the NYMEX price. This pricing differential was held constant to the economic limit of the properties.
- All costs are held constant throughout the lives of the properties.

Chief Executive Officer's Review of Operation (Continued)

- The probabilistic method was used to calculate P50 reserves.
- The deterministic method was used to calculate 1P, 2P & 3P reserves.
- The reference point used for measuring and assessing the estimated petroleum reserves is the wellhead.
- "PV0" Net revenue is calculated net of royalties, production taxes, lease operating expenses and capital expenditures but before Federal Income Taxes.
- "PV10" is defined as the discounted Net Revenues of the company's reserves using a 10% discount factor.
- "1P Reserves" or "Proved Reserves" are defined as Reserves which have a 90% probability that the actual quantities recovered will equal or exceed the estimate.
- "Probable Reserves" are defined as Reserves that should have at least a 50% probability that the actual quantities recovered will equal or exceed the estimate.
- "Possible Reserves" are defined as Reserves that should have at least a 10% probability that the actual quantities recovered will equal or exceed the estimate.
- "Bbl" is defined as a barrel of oil.
- "Boe" is defined as a barrel of oil equivalent, using the ratio of 6 Mcf of Natural Gas to 1 Bbl of Crude Oil. This is based on energy conversion and does not reflect the current economic difference between the value of 1 Mcf of Natural Gas and 1 Bbl of Crude Oil.
- "M" is defined as a thousand.
- "MMBoe" is defined as a million barrels of oil equivalent.
- "Mcf" is defined as a thousand cubic feet of gas.
- All volumes presented are net volumes and have had subtracted associated royalty burdens.
- Utica shale gas potential resources have only been calculated for the region where drill data is available.
- Very few wells have been drilled into the Utica in Western NY and NW Pennsylvania. Estimates for GIP have been made were the few existing wells have been drilled. Empire holds additional acreage outside the current potential resource region. It is expected that as with shale characteristics, the shale formations will continue within the remaining acreage. The potential GIP should increase if more data was available.
- Reserve estimates have been prepared by the following independent reserve engineers:
- New York & Pennsylvania (Appalachia) and Kansas (Mid-Con) – Graves & Co Consulting.
- Oklahoma (Mid-Con) - Pinnacle Energy Services, LLC.
- Northern Territory - Muir & Associates P/L and Fluid Energy Consultants.
- The following NYMEX prices, as at December 31, 2017, were used to calculate reserves and cash flow:

Year	$/Bbl	$/Mcf
2018	59.06	2.80
2019	55.92	2.80
2020	53.78	2.81
2021	52.56	2.84
2022	52.13	2.88
2023	51.86	2.92
2024	51.90	2.89
2025	52.20	2.82
2026+	52.57	2.84

Chief Executive Officer's Review of Operation (Continued)

H. NORTHERN TERRITORY – A LARGE EMERGING PETROLEUM PLAY

Empire Energy Group Limited, through its 100% owned subsidiary Imperial Oil & Gas Pty Ltd ("Imperial"), holds a 100% interest in 59,000 square km (14.5 million acres) of prospective shale oil and gas exploration acreage, in the central depositional trough of the Proterozoic McArthur Basin. The McArthur Basin is an underexplored petroleum frontier basin.

- In 2016, the Northern Territory Government announced a moratorium preventing the fracture stimulation of unconventional gas reservoirs onshore Northern Territory. It appointed Justice Rachel Pepper to carry out the Independent Scientific Inquiry into Fracture Stimulation of Unconventional Gas Reservoirs in the Northern Territory ("the Fracking Inquiry").
- The Fracking Inquiry carried out an exhaustive process of public submissions, independent expert's reports, consultation with industry, government and environmentalist groups and other key stakeholder groups.
- In March 2018, the Fracking Inquiry released its final report, which found that, if its 135 recommendations were followed, that the risks associated with fracture stimulation could be adequately managed, and in some cases removed altogether.
- In April 2018, the Chief Minister of the Northern Territory, the Honourable Michael Gunner MLA, announced that the moratorium would be lifted and that the Government would implement all of the recommendations of the Inquiry.
- The Government established the Fracking Inquiry Implementation Taskforce, which is comprised of representatives of key Government Departments.
- The Fracking Inquiry Implementation Taskforce is proactively implementing regulations to allow for the resumption of industry activity in 2019 including the drilling and fracture stimulation of unconventional reservoirs in the Beetaloo sub-Basin.
- The Company notes that major industry players including Origin Energy and Santos have publicly stated that they intend to make substantial financial investments to appraise their assets, which lie in close proximity to the Company's EP187, EP(A)188 and EP 184 tenements.
- The Company welcomes the Northern Territory Government's wise decision and its proactive approach to regulatory implementation, which stands to benefit the people of the Northern Territory for decades to come if the Greater McArthur Basin can be commercially developed following the exploration and appraisal stage.
- The Company has commenced preparations for the resumption of activity.
- The Company's initial focus will be on the exploration and appraisal of its Beetaloo sub-basin prospective area in the Western portion of EP187. This is likely to include acquiring 2D seismic data and drilling an exploration well to take core for analysis for properties including rock composition and hydrocarbon content.
- The Company has received significant interest from potential industry partners since the announcement that the moratorium would be lifted and continues discussions with potential industry partners.

The Company completed at its request, an independent Prospective Resource as set out below:

INDEPENDENTLY CERTIFIED ESTIMATED PROSPECTIVE RESOURCE (Unrisked)					
IDENTIFIED		**AREA M ac**	**P90**	**P50**	**P10**
Barney Creek Formation	Bcf	2,982	3,304	8,699	20,172
	MMBO		66	174	403
Velkerri Formation	Bcf	635	383	1,192	3,086
	MMBO		8	24	62
Wollogorang Formation	Bcf	1,384	524	1,185	2,371
	MMBO		10	24	47
TOTAL	**MMBOE**		**786**	**2,068**	**4,783**

Conversion Factor oil:gas is 1:6. Refer to page 11 for definition of Prospective Resource

Chief Executive Officer's Review of Operation (Continued)

I. COMPONENT PERSONS STATEMENT

The information in this report which relates to the Company's reserves is based on, and fairly represents, information and supporting documentation prepared by or under the supervision of the following qualified petroleum reserves and resources evaluators, all of whom are licensed professional petroleum engineer's, geologists or other geoscientists with over five years' experience and are qualified in accordance with the requirements of Listing Rule 5.42:

Name	*Organisation*	*Qualifications*	*Professional Organisation*
Mel Hainey	*Graves & Co. Consulting LLC*	*BSc*	*SPE*
John P Dick	*Pinnacle Energy Services, LLC*	*BPE*	*SPE*
Wal Muir	*Muir and Associate P/L*	*BSc,MBA*	*PESA*

** SPE: Society of Petroleum Engineers*
**PESA: Petroleum Exploration Society of Australia*
None of the above evaluators or their employers have any interest in Empire Energy E&P, LLC or the properties reported herein. The evaluators mentioned above consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Note Regarding Forward- Looking Statements
Certain statements made and information contained in this press release are forward-looking statements and forward looking information (collectively referred to as "forward-looking statements") within the meaning of Australian securities laws. All statements other than statements of historic fact are forward-looking statements.

DIRECTORS' REPORT
For the half-year ended 30 June 2018

In respect of the half-year financial year ended 30 June 2018, the Directors of Empire Energy Group Limited ("Company") present their report together with the Financial Report of the Company and of the consolidated entity ("Empire Group"), being the Company and its controlled entities, and the Auditor's Review Report thereon.

DIRECTORS

The following persons held office as Directors of Empire Energy Group Limited at any time during or since the end of the financial period:

A Underwood	Chief Executive Officer / Managing Director – appointed 30 August 2018
B W McLeod	Executive Chairman – resigned 30 August 2018
D H Sutton	Non-Executive Director Interim Chairman – appointed 30 August 2018
L Tang	Non-Executive Director

All the Directors have been in office since the start of the financial year unless otherwise stated.

PRINCIPAL ACTIVITIES

During the half-year the principal continuing activities of the consolidated entity consisted of:

The acquisition, development, production, exploration and sale of oil and natural gas. The Empire Group sells its oil and gas products primarily to owners of domestic pipelines and refiners located in Pennsylvania, New York and Kansas.

Reviewing new exploration, development and business opportunities in the oil and gas sector to enhance shareholder value.

The Company holds two exploration licences and five licence applications over 14.6 million acres in the McArthur Basin, in the Northern Territory. Work undertaken to date has shown this region to be highly prospective for oil and gas shale.

CONSOLIDATED RESULTS

The consolidated net loss of the Empire Group for the half-year ended 30 June 2018 after providing for income tax was US$2,992,307 compared to a consolidated net loss for the previous corresponding reporting period of US$10,534,694.

REVIEW OF OPERATIONS

For information on a review of the Empire Group's operations refer to the Chief Executive's Officer's Review of Operations Report contained on pages 4 to 14 of this annual report.

DIVIDENDS

The Directors have not recommended the payment of a final dividend.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Directors' Report
for the half-year ended 30 June 2018

LIKELY DEVELOPMENTS

Except for information disclosed on certain developments and the expected results of those developments included in this report under review of operations, further information on likely developments in the operations of the consolidated entity and the expected results of those operations have not been disclosed in this report because the Directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

MATTERS SUBSEQUENT TO BALANCE DATE

1) On 17 July 2018, the Northern Territory Government released its Implementation Plan for the regulation of fracture stimulation of unconventional onshore reservoirs and related activities. The company is engaged in active and positive discussions with the government to ensure that the implementation of regulations is done in a manner which ensures that the environment, community and key stakeholder groups' interests are protected while ensuring that the industry can recommence exploration and appraisal activities in a timely and efficient manner.

2) On 23 July 2018 the Company announced the appointment of Mr Alex Underwood as an Alternate Director for Mr Bruce McLeod, the Executive Chairman and CEO of the company. Mr Underwood is an Executive of Empire and the Chief Executive Officer of the company's wholly-owned subsidiary, Imperial Oil & Gas Pty Limited.

3) On 6 August 2018 the Company announced that it has successfully refinanced its existing credit facility with Macquarie Bank Limited and executed a two tranche placement to sophisticated and institutional investors, with strong support from existing major shareholders. As part of the credit facility refinancing, Macquarie has agreed to convert US$4 million of the existing credit facility to equity at the Equity Raising price ("the Debt to Equity Conversion") and provide a new 3 year credit facility.

   In conjunction with the New Credit Facility and Debt to Equity Conversion, the Company has successfully carried out a two-tranche A$15 million placement of shares to sophisticated and institutional investors. The Equity Raise received strong support from existing major shareholders, new sophisticated investors and new institutional investors.

   The two tranche institutional placement is to raise A$15 million via the issue of 750 million Empire Energy Group Limited shares at A$0.02 per share:
   - Tranche 1: 189,785,576 million shares utilizing the Company's existing ASX LR 7.1 capacity to raise A$3,795,711.
   - Tranche 2: 560,214,424 shares to raise A$11,204,289 subject to shareholder approval.

   The Company also agreed to issue 5,000,000 options to each of the Joint Lead Managers exercisable at A$0.032 per share expiring on 31st July 2020, in partial consideration for services provided in connection with the Equity Raise (subject to shareholder approval).

   The funds raised from the Equity Raise will be applied towards:
   - Partial repayment of the existing Macquarie debt facility;
   - Ramping up the work program for Empire's Northern Territory acreage in the Greater McArthur Basin; and
   - General working capital

4) On 17 August 2018 the Company announced that a General Meeting will be held to seek shareholder approvals to effect the recapitalisation.

5) On 30 August 2018 the Company announced that Mr Bruce McLeod is resigning from his position on the Board of the Company and will take an indefinite leave of absence from his executive roles as Chief Executive Officer and Executive Chairman while he deals with health issues.

Directors' Report
for the half-year ended 30 June 2018

MATTERS SUBSEQUENT TO BALANCE DATE (continued)

Mr Alex Underwood has been appointed as the Company's new CEO and Managing Director. Mr Underwood joined the company in February 2018 and has been acting as an Alternate Director for Mr McLeod since July 2018. He is currently an Executive of Empire and the Chief Executive Officer of the Company's wholly-owned subsidiary, Imperial Oil & Gas Pty Limited.

Mr David Sutton, a non-executive director of the Company, will take on the role of interim Chairman.

6) On 12 September 2018 the Company advised its shareholders the unfortunate news that Mr Bruce McLeod, the former Executive Chairman and Chief Executive Officer passed away after a period of illness. The Company wish to convey their sincerest condolences to the McLeod family during this difficult time.

The Company acknowledges Mr McLeod's long period of service to the Company. Mr McLeod was the driving force behind the Company's acquisitions of producing oil and gas assets in Pennsylvania, New York State, Kansas and Oklahoma, USA. Mr McLeod also had the vision and foresight to recognise the commercial potential of shale basins outside the USA, which led to the establishment of Imperial Oil & Gas Pty Limited and its acquisition of 14.5 million acres of highly prospective shale oil and gas tenements in the Northern Territory, Australia.

Mr McLeod will be sorely missed he is survived by his wife Patricia and four children Jackson, Lewis, Natasha and Savannah.

7) There were no other matters or circumstances that have arisen since 30 June 2018 that has significantly affected or may significantly affect:
- the operations, in financial years subsequent to 30 June 2018, of the Empire Group; or
- the results of those operations; or
- the state of affairs in financial years subsequent to 30 June 2018 of the Empire Group.

AUDITOR'S INDEPENDENCE DECLARATION

Under section 307 of *The Corporations Act 2001.*

A copy of the Auditors' Independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 18 and forms part of the Director's Report for the six-month period ended 30 June 2018.

AUDITOR

Nexia Australia continues in office in accordance with Section 327 of the *Corporations Act 2001*. No officers of the Empire Group were previously partners of the audit firm.

This report is made in accordance with a resolution of the Directors.

A Underwood
Managing Director
Sydney 13 September 2018

Nexia Australia

The Board of Directors
Empire Energy Group Limited
Level 7, 151 Macquarie Street
SYDNEY NSW 2000

13 September 2018

To the Board of Directors of Empire Energy Group Limited

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

As lead audit partner for the review of the financial statements of Empire Energy Group Limited for the six-month period ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) any applicable code of professional conduct in relation to the review.

Yours sincerely

Nexia Sydney Partnership

Lester Wills
Partner

Sydney Office
Level 16, 1 Market Street
Sydney NSW 2000
PO Box H195
Australia Square NSW 1215
p +61 2 9251 4600
f +61 2 9251 7138
e info@nexiasydney.com.au
w nexia.com.au

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the half-year ended 30 June 2018

	Note	Half-year ended 30 June 2018 US$	Half-year ended 30 June 2017 US$
Sales Revenue		6,939,788	6,817,064
Cost of Sales		(4,184,190)	(3,981,589)
Gross Profit		2,755,598	2,835,475
Other income		124,264	64,911
General and administration expenses		(1,681,035)	(1,545,680)
Exploration expenses		(140,992)	(11,848)
Other non-cash expenses	4	(2,416,134)	(10,266,304)
Operating Loss before interest costs		(1,358,299)	(8,923,446)
Net interest expense		(1,588,476)	(1,583,113)
Loss before income tax expense		(2,946,775)	(10,506,559)
Income tax expense	3	(45,532)	(28,135)
Loss after income tax expense from continuing operations		(2,992,307)	(10,534,694)
Other comprehensive income/(loss)			
Items that will subsequently be reclassified to profit and loss:			
Exchange differences on translation of foreign operations		132,467	(66,854)
Other comprehensive income/(loss) for the year, net of tax		132,467	(66,854)
Total comprehensive loss for the year		(2,859,840)	(10,601,548)
		Cents per share	Cents per share
Basic loss per share	11	(0.25)	(1.36)
Diluted loss per share	11	(0.25)	(1.36)

The above statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2018

	Note	30 June 2018 US$	31 December 2017 US$
CURRENT ASSETS			
Cash and cash equivalents		1,113,814	908,318
Trade and other receivables		2,305,082	2,397,842
Prepayments		366,015	237,237
Inventories		657,222	540,706
Financial assets, including derivatives		729,341	1,265,784
TOTAL CURRENT ASSETS		5,171,474	5,349,887
NON-CURRENT ASSETS			
Financial assets, including derivatives		175,877	316,935
Oil and gas properties	6	67,294,376	69,614,396
Property, plant and equipment	6	535,445	493,663
Intangible assets		68,217	68,217
TOTAL NON-CURRENT ASSETS		68,073,915	70,493,211
TOTAL ASSETS		73,245,389	75,843,098
CURRENT LIABILITIES			
Trade and other payables		3,076,817	3,405,031
Interest-bearing liabilities	7	37,312,085	36,976,225
Provisions	8	14,063	12,289
TOTAL CURRENT LIABILITIES		40,402,965	40,393,545
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	7	69,036	-
Provisions	8	14,012,763	15,186,576
TOTAL NON-CURRENT LIABILITIES		14,081,799	15,186,576
TOTAL LIABILITIES		54,484,764	55,580,121
NET ASSETS		18,760,625	20,262,977
EQUITY			
Contributed equity	9	79,690,760	78,415,335
Reserves		5,367,168	5,152,638
Accumulated losses		(66,297,303)	(63,304,996)
TOTAL SHAREHOLDERS' EQUITY		18,760,625	20,262,977

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half-year ended 30 June 2018

Consolidated	Issued Capital	Fair Value Reserve	Foreign Currency Translation Reserve	Options Reserve	Accumulated Losses	Attributable to owners of equity parent	Total Equity
Balance at 31 December 2017	**78,415,335**	**127,396**	**(98,333)**	**5,123,575**	**(63,304,996)**	**20,262,977**	**20,262,977**
Total Comprehensive income for year							
Loss after income tax from continuing operations	-	-	-	-	(2,992,307)	(2,992,307)	(2,992,307)
Exchange differences on translation of foreign operations	-	-	132,467	-	-	132,467	132,467
Total comprehensive income for the year	**-**	**-**	**132,467**	**-**	**(2,992,307)**	**(2,859,840)**	**(2,859,840)**
Transactions with owners, recorded directly in equity							
Issue of ordinary shares	1,516,678	-	-	-	-	1,516,678	1,516,678
Less: share issue transaction costs	(241,253)	-	-	-	-	(241,253)	(241,253)
Options issued during the period – share-based payments	-	-	-	82,063	-	82,063	82,063
Total transactions with owners	**1,275,425**	**-**	**-**	**82,063**	**-**	**1,357,488**	**1,357,488**
Balance at 30 June 2018	**79,690,760**	**127,396**	**34,134**	**5,205,638**	**(66,297,303)**	**18,760,625**	**18,760,625**

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half-year ended 30 June 2018

Consolidated	Issued Capital	Fair Value Reserve	Foreign Currency Translation Reserve	Options Reserve	Accumulated Losses	Attributable to owners of equity parent	Total Equity
Balance at 31 December 2016	**74,239,177**	**127,396**	**(69,343)**	**5,117,418**	**(43,197,750)**	**36,216,898**	**36,216,898**
Total Comprehensive income for year							
Loss after income tax from continuing operations	-	-	-	-	(10,534,694)	(10,534,694)	(10,534,694)
Exchange differences on translation of foreign operations	-	-	(66,854)	-	-	(66,854)	(66,854)
Total comprehensive income for the year	**-**	**-**	**(66,854)**	**-**	**(10,534,694)**	**(10,601,548)**	**(10,601,548)**
Transactions with owners, recorded directly in equity							
Issue of ordinary shares	4,635,835	-	-	-	-	4,635,835	4,635,835
Less: share issue transaction costs	(459,677)	-	-	-	-	(459,677)	(459,677)
Options lapsed in period, transferred to retained earnings	-	-	-	-	-	-	-
Options issued during the period	-	-	-	1,500	-	1,500	1,500
Warrants issued during the year	-	-	-	-	-	-	-
Total transactions with owners	**4,176,158**	**-**	**-**	**1,500**	**-**	**4,177,658**	**4,177,658**
Balance at 30 June 2017	**78,415,335**	**127,396**	**(136,497)**	**5,118,918**	**(53,732,444)**	**29,793,008**	**29,793,008**

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the half-year ended 30 June 2018

	Half-year ended June 2018 US$	Half-year ended June 2017 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	7,186,053	6,937,413
Payments to suppliers and employees	(6,619,651)	(5,950,173)
Interest received	1,610	1,908
Interest paid	(1,588,476)	(1,583,113)
Income taxes paid	(45,531)	(28,135)
Net cash flows used in operating activities	(1,065,995)	(622,100)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of oil and gas assets	28,700	63,864
Payments for oil and gas assets	(60,559)	(342,028)
Payments for property, plant and equipment	(35,706)	(55,547)
Net cash flows used in investing activities	(67,565)	(333,711)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuing of shares	1,275,425	4,176,158
Repayment of interest bearing liabilities	(21,708)	(1,869,145)
Finance lease payments	(7,390)	(2,031)
Net cash flows from financing activities	1,246,327	2,304,982
Net increase in cash and cash equivalents	112,767	1,349,171
Cash and cash equivalents at beginning of financial year	908,318	641,493
Effect of exchange rate changes on cash and cash equivalents	92,729	(94,800)
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	1,113,814	1,895,864

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 30 June 2018

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

CORPORATE INFORMATION

Empire Energy Group Limited ("Company") is a Company domiciled in Australia. The condensed consolidated interim financial report of the Company for the half-year ended 30 June 2018 comprises the Company and its controlled entities ("Consolidated Entity").

These general purpose financial statements for the interim half-year reporting period ended 30 June 2018 have been prepared in accordance with complied Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2017 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Due to international operations, the Company's cash flows and economic returns are denominated in US dollars ("US$").

GOING CONCERN

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

The Empire Group's Statement of Financial Position reflects an excess of current liabilities over current assets of $35.23m. This is primarily due to the Board determining the debt facilities be classified as current liabilities as the current credit facility expires on 17 February 2019. Net assets are $18.76m.

At period end, the Group had breached the interest cover financial covenant on its borrowings with Macquarie Bank, which had not been waived at the date of this report.

On the 6 August 2018 the Company announced that it had successfully refinanced its existing credit facility with Macquarie and executed a two tranche placement to sophisticated and institutional investors, with strong support from existing major shareholders. As part of the credit facility refinancing, Macquarie Bank has agreed to convert US$4 million of the existing credit facility to equity at the Equity Raising price ("the Debt to Equity Conversion").

In conjunction with the new credit facility and Debt to Equity Conversion, the Company also announced a two-tranche A$15 million placement of shares to sophisticated and institutional investors. The Equity Raise received strong support from existing major shareholders, new sophisticated investors and new institutional investors.

The finalisation of the refinancing is subject to shareholder approval at the EGM on 20 September 2018.

Based on the above the directors have reviewed the Group's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will finalise the debt refinancing and are able to secure additional funds to meet both working capital and capital expenditure requirements, as and when required. However, if the Group is not successful in finalising the refinance and/or securing sufficient additional funds or through other arrangements when required, there may be uncertainty about whether the Group is able to realise assets and/or extinguish liabilities in the normal course of business at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 30 June 2018

NEW, REVISED OR AMENDING ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

AASB 9 *Financial Instruments*
AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement*. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets. The Group adopted this standard on 1 January 2018.

The Group have evaluated the impacts of the standard and have determined the following:

- The recognition and measurement of derivatives has not changed under AASB 9, being that they are still measured at fair value through profit or loss.

- AASB 9 contemplates an expected credit loss model to reflect the probability and amount of impairment that may be recognised on trade receivables based on anticipated future events. This replaces the 'incurred loss' model under AASB 139, whereby historical events were used to determine the extent of impairment of trade receivables. The transition to an expected credit loss model does not result in a material impact on the Group's provision for trade receivables reflected in the statement of financial position as at 30 June 2018.

Consequently, the adoption of AASB 9 Financial Instruments has not resulted in a material impact on the Group's financial report for the half-year ended 30 June 2018.

AASB 15 Revenue from Contracts with Customers
AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related Interpretations. AASB 15 uses a five-step model to be applied to all contracts with customers.

Under AASB 15, revenue is recognised at an amount that reflects the consideration an entity expects to be entitled to in exchange for providing services or transferring goods to a customer. The Group adopted this standard on 1 January 2018. The Group's new accounting policy is as follows:

Revenue is recognised when the Group transfers the control of goods (being oil and gas) to a customer, at the amount to which the Group expects to be entitled. Revenue from the sale of oil and gas is recognised at a point in time when control of the asset is transferred to the customer, being on delivery of the goods to the customer.

This policy does not result in a material impact arising from the adoption of AASB 15. Accordingly, this does not result in any transitional adjustments to comparative figures.

AASB 15 also requires disclosure to disaggregate revenue to depict the nature, amount, timing and uncertainty of revenue and cash flows and how they affected by economic factors. As the Group's revenue is recognised at a point in time, earned through the Oil & Gas operating segment, and there are no components of variable consideration, disaggregation disclosure is consistent with that made in the Operating Segments note (Note 5).

NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 30 June 2018

NOTE 2 – LEASE EXPIRATION EXPENSES

A charge of $55,400 has been taken against the book value of undeveloped leases which have expired, or are to expire. The Company has an ongoing program to renew expiring leases, to take up options on expiring leases or acquire new leases if and when possible. The charge is a non-cash entry which has no effect on cash-flows.

NOTE 3 – INCOME TAX EXPENSE

Included in the income tax expense for the six-month period is an expense of $45,532 which relates to revising the estimated deferred tax liability to reflect changes made on lodgement of the Income Tax Return for Empire Energy Holdings LLC.

NOTE 4 – OTHER NON-CASH EXPENSE

	June 2018 $	June 2017 $
Depreciation, depletion & amortisation	1,045,578	1,945,373
Lease expiration	55,400	55,400
Non-cash interest	609,452	598,497
Change in fair value of hedges	677,501	144,869
Loss of impaired assets	-	7,626,078
Other	28,203	(103,913)
	2,416,134	10,266,304

NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 30 June 2018

NOTE 5 - OPERATING SEGMENTS

The Empire Group has two reportable segments as described below. Information reported to the Empire Group's chief executive officer for the purpose of resource allocation and assessment of performance is more significantly focused on the category of operations.

	Oil & Gas		Investments		Other		Eliminations		Total	
in USD	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Revenue (external)	6,939,788	6,817,063	-	-	-	-	-	-	6,939,788	6,817,064
Other income (excluding Finance income)	129,922	56,159	-	-	2,545	8,585	-	-	132,467	64,744
Reportable segment profit/(loss) before tax	36,230	(7,634,159)	-	-	(788,878)	(570,823)	-	-	**(752,648)**	**(8,204,982)**
Finance income	1,610	1,908	301,571	251,378	2,190	(121,875)	(301,571)	(251,378)	3,800	(119,967)
Finance costs	(2,495,140)	(2,431,204)	-	-	(4,359)	(1,784)	301,571	251,378	(2,197,928)	(2,181,610)
Profit/(loss) for the period before tax									**(2,946,775)**	**(10,506,559)**
Reportable segment assets	75,529,751	81,971,011	3,656,958	2,785,248	641,728	1,573,004	(3,583,048)	(2,708,326)	73,245,389	83,620,937

The revenue reported above represents revenue generated from external customers. There were no intersegment sales during the period. Included in Other income above are gains disclosed separately of the face of the statement of profit and loss and other comprehensive income.

The Empire Group's reportable segments under AASB 8 are as follows:

- Oil and gas operations - includes all oil and gas operations located in the USA. Revenue is derived from the sale of oil and gas and operation of wells.
- Investments - includes all investments in listed and unlisted entities, including the investment in Empire Energy Group USA LLC, (eliminated on consolidation). Revenue is derived from the sale of the investments.
- Other - includes all centralised administration costs and other minor other income.
  Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of central administration costs and directors' salaries, finance income and finance expense, gains or losses on disposal of associates and discontinued operations. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 30 June 2018

NOTE 6 - OIL AND GAS PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

	Oil & Gas – Proved	Oil & Gas – Unproved	Land	Buildings	Equipment	Motor Vehicles	Total
Cost in US$							
At 1 January 2018	119,028,365	6,443,729	30,591	328,948	896,420	608,376	127,336,429
Additions	128,361	112	-	-	18,069	86,673	233,215
New asset retirement obligation	299,306	-	-	-	-	-	299,306
Write-off of asset retirement obligation	(10,536)	(4,949)	-	-	-	-	(15,485)
Reclassifications	-	(9,411)	-	-	-	-	(9,411)
Sale of wells	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Expiration costs	-	(55,400)	-	-	-	-	(55,400)
Write-off of exploration expense	-	-	-	-	-	-	-
At 30 June 2018	119,445,496	6,374,081	30,591	328,948	914,489	695,049	127,788,654
Accumulated Depreciation in US$							
At 1 January 2018	(55,616,054)	-	-	(86,044)	(717,849)	(542,696)	(56,962,643)
Depreciation and depletion	(986,106)	-	-	(4,410)	(37,982)	(17,080)	(1,045,578)
Write-off sale of wells	-	-	-	-	-	-	-
Write-off plugged wells	6,204	-	-	-	-	-	6,204
Change in ARO discount rate	(1,719,672)	-	-	-	-	-	(1,719,672)
Impairment	-	-	-	-	-	-	-
Write-back of impaired assets	-	-	-	-	-	-	-
At 30 June 2018	(58,315,628)	-	-	(90,454)	(755,831)	(559,776)	(59,721,689)
Opening written down value	**63,412,311**	**6,202,085**	**30,591**	**242,904**	**174,704**	**45,464**	**70,108,059**
Impact of foreign currency adjustments	**-**	**(209,573)**	**-**	**-**	**(4,161)**	**(23,410)**	**(237,144)**
Closing written down value	**61,129,868**	**6,164,508**	**30,591**	**238,494**	**154,497**	**111,863**	**67,829,821**

At 30 June 2018, the Group reassessed the carrying amounts of its non-current assets for indicators of impairment in accordance with the Group's accounting policy. No impairment was recognised at the end of the half-year period.

NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 30 June 2018

NOTE 6 - OIL AND GAS PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT (continued)

	Oil & Gas – Proved	Oil & Gas – Unproved	Land	Buildings	Equipment	Motor Vehicles	Total
Cost in US$							
At 1 January 2017	117,053,631	6,584,445	30,591	328,948	755,900	669,608	125,423,123
Additions	679,398	2,432	-	-	140,520	3,468	825,818
New asset retirement obligation	1,832,503	-	-	-	-	-	1,832,503
Write-off of asset retirement obligation	(58,941)	-	-	-	-	-	(58,941)
Reclassifications	-	-	-	-	-	-	-
Sale of wells	-	-	-	-	-	-	-
Disposals	(478,226)	(648)	-	-	-	(64,700)	(543,574)
Expiration costs	-	(142,500)	-	-	-	-	(142,500)
Write-off of exploration expense	-	-	-	-	-	-	-
At 31 December 2017	119,028,365	6,443,729	30,591	328,948	896,420	608,376	127,336,429
Accumulated Depreciation in US$							
At 1 January 2017	(39,430,683)	-	-	(75,357)	(643,496)	(552,291)	(40,701,827)
Depreciation and depletion	(2,828,980)	-	-	(10,687)	(74,353)	(29,355)	(2,943,375)
Write-off sale of wells	222,075	-	-	-	-	-	222,075
Write-off plugged wells	-	-	-	-	-	-	-
Write-back	-	-	-	-	-	38,950	38,950
Impairment	(13,578,466)	-	-	-	-	-	(13,578,466)
Write-back of impaired assets	-	-	-	-	-	-	-
At 31 December 2017	(55,616,054)	-	-	(86,044)	(717,849)	(542,696)	(56,962,643)
Opening written down value	**77,622,948**	**6,320,225**	**30,591**	**253,591**	**108,086**	**95,604**	**84,431,045**
Impact of foreign currency adjustments	**-**	**(241,644)**	**-**	**-**	**(3,867)**	**(20,216)**	**(265,727)**
Closing written down value	**63,412,311**	**6,202,085**	**30,591**	**242,904**	**174,704**	**45,464**	**70,108,059**

NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 30 June 2018

NOTE 7 - INTEREST BEARING LIABILITIES

Credit Facility Summary

Empire Energy USA, LLC maintains a long-term credit facility with Macquarie Bank Limited (Macquarie), which matures on 17 February 2019, consisting of the following:

Revolver facility (revolving line-of-credit):	$50,000,000
Term Loan facility:	$150,000,000

Uses of credit facility:

Revolver: To refinance existing debt and to undertake acquisitions. The Revolver is subject to a borrowing base consistent with normal and customary oil and gas lending practices of the bank.

Term Loan: As an acquisition and development term credit facility to undertake acquisitions and support capital expenditure under an agreed development plan for oil and gas properties and services companies in the United States. Drawdown on the Term Facility is based on predefined benchmarks and segregated in tranches.

Credit facility structure

Revolver:	Borrowing base limit	$3,000,000
	Interest rate	LIBOR+6.5%
	Availability (1)	Nil
	Maturity	Feb 2019
	Repayment	Feb 2019

(1) the borrowing base limit changes with operations and opportunities with approval of the lender.

Term Loan:	Borrowing base limit	$37,924,852
	Interest rate	LIBOR+6.5%
	Availability (1)	Nil
	Maturity	Feb 2019
	Repayment (2)	Amortization

(1) draw down is based on predefined benchmarks, with approval of the lender.

(2) repayment is monthly from net cash flow and capital transaction proceeds of USA operations, with remaining payable at maturity.

Other features of the credit facility:

- Outstanding borrowings under the facilities are secured by a majority of the assets of the Company. The Revolver and Term Facility are guaranteed by the Company.
- Reserve Assessment of 1P reserves are based on third party reserve engineering consultants.
- Under terms of the facilities, the Company is required to maintain financial ratios customary for the oil and gas industry. These include certain operational and financial covenants for which the Company is required to maintain, the most restrictive of which is the adjusted proved developed producing (PDP) present value (PV).

NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 30 June 2018

NOTE 7 - INTEREST BEARING LIABILITIES (continued)

Key financial covenants:	1.5x 1P PV10 coverage to net loan (after adjustment for cash & hedges). 1.0x PDP PV10 coverage to net loan (after adjustment for cash & hedges). 1.0x Current Ratio. 1.8x EBITDA/Interest Ratio.
Fees:	1.0% on draw down amount.

Amendments to Credit Facility:
On January 19, 2017, the Company entered into a Second Amendment to the Credit Facility rollover of April 2016. The required payment of $1,500,000 was made in in February 2017 in accordance with the Second Amendment. There have been minimal changes to the loan covenants, with the only addition being an adjustment to the Interest Coverage Ratio. For the four most recent fiscal quarters beginning with the four fiscal quarters ending December 31, 2017, and for each four fiscal quarters thereafter, Borrowers and their Subsidiaries shall at all times maintain an Interest Coverage Ratio of at least 1.8 to 1.00. As of June 30, 2018, the Company was not in compliance with the interest coverage ratio covenant.

Under the terms of the Loan Facility ("Facility"), Empire Energy allocates 90% of monthly free cash flow to repay principal outstanding. Principal payments made in 2018 and 2017 were approximately $22,000 and $1,869,000, respectively.

Loan repayments comprise payment of 90% of any monthly free cash flow.

A summary of period end debt is as follows:

	June 2018 $	December 2017 $
Term Facility:		
Tranche A	6,181,553	6,181,553
Tranche B	10,583,403	10,583,403
Tranche C	9,659,896	9,681,605
Tranche D	8,500,000	8,500,000
Revolver	3,000,000	3,000,000
Sub-total	37,924,852	37,946,561
Less discount on debt	-	-
Less deferred financing costs, net	(622,922)	(970,336)
	37,301,930	36,976,225
Finance Lease Liability	10,155	-
Total Current Debt	37,312,085	36,976,225
	-	-
Finance Lease Liability	69,036	-
Total Non Current Debt	69,036	-

On August 16, 2018, the Company announced that as part of the credit facility refinancing, Macquarie has agreed to convert US$4 million of the existing credit facility to equity at the Equity Raising price ("the Debt to Equity Conversion"). Refer to Note 13 for subsequent events in relation to the borrowing facility.

NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 30 June 2018

NOTE 8 - PROVISIONS	June 2018 $	December 2017 $
Current		
Employee entitlements	14,063	12,289
Non-current		
Asset retirement obligations	14,012,763	15,186,576
Movement in Asset Retirement Obligation		
Balance at beginning of period	15,186,576	12,902,647
Additions	299,306	7,467
Write-off of accrued plugging costs	(15,485)	(58,941)
Accretion in the period, included in amortisation expense	262,038	502,900
Change in estimate	(1,719,672)	1,832,503
Balance at end of period	14,012,763	15,186,576

Asset Retirement Obligation

The Empire Group makes full provision for the future costs of decommissioning oil and gas production facilities and pipelines on a discounted basis on the installation or acquisition of those facilities.

The provision represents the present value of decommissioning costs which are expected to be incurred up to 2050. The estimated liability is based on historical experience in plugging and abandoning wells, estimated remaining lives of those based on reserve estimates, external estimates as to the cost to plug and abandon the wells in the future, and regulatory requirements. Assumptions, based on the current economic environment, have been made which management believe are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works. Furthermore, the timing of decommissioning is likely to depend on when the assets cease to produce at economically viable rates. This in turn will depend upon the future oil and gas prices, which are inherently uncertain.

NOTE 9 - CONTRIBUTED EQUITY	CONSOLIDATED 6 months to 30 June 2018	
a) Shares	**No. of shares**	**US$**
Issued Capital		
Balance at beginning of period	1,110,737,176	78,415,335
Movement in ordinary share capital		
- Issue of 73,000,000 fully paid ordinary shares in February 2018 @ $0.0125 as a private placement	73,000,000	726,806
- Issue of 2,000,000 fully paid ordinary shares in February 2018 @ $0.0125 as a private placement	2,000,000	19,515
- Issue of 75,000,000 fully paid ordinary shares in April 2018 @ $0.0125 as a private placement	75,000,000	726,656
- Issue of 4,500,000 fully paid ordinary shares in April 2018 under terms of employment contract with Company.	4,500,000	43,701
Less costs associated with the above mention share issues	-	(241,253)
Balance at 30 June 2018	**1,265,237,176**	**79,690,760**

NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 30 June 2018

NOTE 9- CONTRIBUTED EQUITY (continued)

No shares have been issued since the end of the financial period and the date of this report.

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

(b) Share Options

Total number of unissued shares under option at 1 January 2018	14,000,000
Movements	
Granted	
The following options were granted during the half-year financial period:	
- 5,000,000 unlisted options exercisable @$0.03 expiring 31 January 2020	5,000,000
- 3,000,000 unlisted options exercisable @$0.03 expiring 30 December 2021	6,000,000
- 17,000,000 unlisted options exercisable @$0.03 expiring 30 December 2022	17,000,000
Exercised	
No other options have been exercised during or since the end of the half-year financial period.	-
Expired	
No other options have expired during or since the end of the half-year financial period.	-
Balance as at 30 June 2018	**42,000,000**

As at the date of these accounts the Company has 42,000,000 unissued shares held under option.

(c) Performance Rights

Total number of unissued shares subject to Performance Rights at 1 January 2018	2,500,000
Movements	
No Performance Rights have been exercised or granted during or since the end of the half-year financial period.	-
Balance as at 30 June 2018	**2,500,000**

At Balance date the Empire Group had the following securities on issue:

Shares

At balance date the Company had 1,265,237,176 listed fully paid ordinary shares – ASX Code EEG

All issued shares are fully paid. The holders of ordinary shares are entitled to receive dividends as declared from time to time are entitled to one vote per share at meetings of the Company. No dividends were paid or declared during the half-year, or since half-year end.

NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 30 June 2018

NOTE 9 - CONTRIBUTED EQUITY (Continued)

Options

At balance date the Company had 42,000,000 unissued shares under option.
These options are exercisable on the following terms:

Number of options		Exercise Price (A$)	Expiry Date
1,000,000	Options	$0.028	25 August 2019
13,000,000	Options	$0.03	20 December 2021
5,000,000	Options	$0.03	31 January 2020
6,000,000	Options	$0.03	30 December 2021
17,000,000	Options	$0.03	30 December 2022
42,000,000			

Performance Rights

At balance date, the Company had 2,500,000 unissued shares subject to Performance Rights. The Performance Rights are subject to certain preconditions being met.

NOTE 10 - DIVIDENDS

No dividends have been declared or paid during the period.

NOTE 11 - EARNINGS PER SHARE

	June 2018	June 2017
Basic loss per share (cents per share)	(0.25)	(1.36)
Diluted loss per share (cents per share)	(0.25)	(1.36)
(Loss)/Profit used in the calculation of basic and diluted loss per share	(2,992,307)	(10,534,694)
Weighted average number of ordinary shares on issue used in the calculation of basic loss per share	1,200,054,984	775,998,354
Weighted average number of potential ordinary shares used in the calculation of diluted loss per share	1,200,054,984	775,998,354

NOTE 12 - CONTINGENT LIABILITIES AND COMMITMENTS

There have been no changes in contingent liabilities, contingent assets or commitments since the last annual reporting date.

NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 30 June 2018

NOTE 13 – EVENTS OCCURING AFTER THE REPORTING DATE

1) On 17 July 2018, the Northern Territory Government released its Implementation Plan for the regulation of fracture stimulation of unconventional onshore reservoirs and related activities. The company is engaged in active and positive discussions with the government to ensure that the implementation of regulations is done in a manner which ensures that the environment, community and key stakeholder groups' interests are protected while ensuring that the industry can recommence exploration and appraisal activities in a timely and efficient manner.

2) On 23 July 2018 the Company announced the appointment of Mr Alex Underwood as an Alternate Director for Mr Bruce McLeod, the Executive Chairman and CEO of the company. Mr Underwood is an Executive of Empire and the Chief Executive Officer of the company's wholly-owned subsidiary, Imperial Oil & Gas Pty Limited.

3) On 6 August 2018 the Company announced that it has successfully refinanced its existing credit facility with Macquarie Bank Limited and executed a two tranche placement to sophisticated and institutional investors, with strong support from existing major shareholders. As part of the credit facility refinancing, Macquarie has agreed to convert US$4 million of the existing credit facility to equity at the Equity Raising price ("the Debt to Equity Conversion") and provide a new 3 year credit facility.

   In conjunction with the New Credit Facility and Debt to Equity Conversion, the Company has successfully carried out a two-tranche A$15 million placement of shares to sophisticated and institutional investors. The Equity Raise received strong support from existing major shareholders, new sophisticated investors and new institutional investors.

   The two tranche institutional placement is to raise A$15 million via the issue of 750 million Empire Energy Group Limited shares at A$0.02 per share:
   - Tranche 1: 189,785,576 million shares utilizing the Company's existing ASX LR 7.1 capacity to raise A$3,795,711.
   - Tranche 2: 560,214,424 shares to raise A$11,204,289 subject to shareholder approval.

   The Company also agreed to issue 5,000,000 options to each of the Joint Lead Managers exercisable at A$0.032 per share expiring on 31st July 2020, in partial consideration for services provided in connection with the Equity Raise (subject to shareholder approval).

   The funds raised from the Equity Raise will be applied towards:
   - Partial repayment of the existing Macquarie debt facility;
   - Ramping up the work program for Empire's Northern Territory acreage in the Greater McArthur Basin; and
   - General working capital

4) On 17 August 2018 the Company announced that a General Meeting will be held to seek shareholder approvals to effect the recapitalisation.

5) On 30 August 2018 the Company announced that Mr Bruce McLeod is resigning from his position on the Board of the Company and will take an indefinite leave of absence from his executive roles as Chief Executive Officer and Executive Chairman while he deals with health issues.

   Mr Alex Underwood has been appointed as the Company's new CEO and Managing Director. Mr Underwood joined the company in February 2018 and has been acting as an Alternate Director for Mr McLeod since July 2018. He is currently an Executive of Empire and the Chief Executive Officer of the Company's wholly-owned subsidiary, Imperial Oil & Gas Pty Limited.

   Mr David Sutton, a non-executive director of the Company, will take on the role of interim Chairman.

NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 30 June 2018

NOTE 13 – EVENTS OCCURING AFTER THE REPORTING DATE (continued)

6) On 12 September 2018 the Company advised its shareholders the unfortunate news that Mr Bruce McLeod, the former Executive Chairman and Chief Executive Officer passed away after a period of illness. The Company wish to convey their sincerest condolences to the McLeod family during this difficult time.

The Company acknowledges Mr McLeod's long period of service to the Company. Mr McLeod was the driving force behind the Company's acquisitions of producing oil and gas assets in Pennsylvania, New York State, Kansas and Oklahoma, USA. Mr McLeod also had the vision and foresight to recognise the commercial potential of shale basins outside the USA, which led to the establishment of Imperial Oil & Gas Pty Limited and its acquisition of 14.5 million acres of highly prospective shale oil and gas tenements in the Northern Territory, Australia.

Mr McLeod will be sorely missed he is survived by his wife Patricia and four children Jackson, Lewis, Natasha and Savannah.

7) There were no other matters or circumstances that have arisen since 30 June 2018 that has significantly affected or may significantly affect:
- the operations, in financial periods subsequent to 30 June 2018, of the Empire Group; or
- the results of those operations; or
- the state of affairs in financial periods subsequent to 30 June 2018 of the Empire Group.

NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 30 June 2018

DIRECTORS' DECLARATION

In the opinion of the directors of Empire Energy Group Limited (the "Company"):

a The financial statements and notes are in accordance with the *Corporations Act 2001,* including:

- **i** Giving a true and fair view of the Company's and Group's financial position as at 30 June 2018 and of their performance, as represented by the results of its operations and its cash flows, for the half-year period ended on that date; and
- **ii** Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

b The financial report also complies with the International Financial Reporting Standards as disclosed in Note 1; and

c There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

A Underwood
Managing Director
Dated: 13 September 2018

Nexia Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF EMPIRE ENERGY GROUP LIMITED

We have reviewed the accompanying half-year financial report of Empire Energy Group Limited, which comprises the consolidated statement of financial position as at 30 June 2018, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Interim Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001,* and for such control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2018 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Empire Energy Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the *Corporations Act 2001*.

Sydney Office
Level 16, 1 Market Street
Sydney NSW 2000
PO Box H195
Australia Square NSW 1215
p +61 2 9251 4600
f +61 2 9251 7138
e info@nexiasydney.com.au
w nexia.com.au

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Empire Energy Group Limited is not in accordance with the *Corporations Act 2001*, including:

a. giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the half-year ended on that date; and

b. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Material Uncertainty Related to Going Concern

We draw your attention to Note 1 'Going concern' of the financial report, which indicates the company has an excess of current liabilities over current assets of $35,231,491 as at 30 June 2018. This is primarily due to the current credit facility expiring on 17 February 2019. In addition, the Group is in breach of its loan covenants.

In Note 1, the directors state why they consider the going concern basis used in the preparation of the financial report is appropriate. As discussed in that note, if the Group is not able to obtain shareholder approval, or is not able to otherwise refinance the debt, there exists a material uncertainty as to whether the Group will be able to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Nexia Sydney Partnership

Lester Wills
Partner

Sydney
13 September 2018