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ASX Announcement – 2014 Year End Reserves Review

5 March 2015

2014 FULL YEAR RESERVE REVIEW

Following the independent valuation of reserves, the Company is pleased to release a summary of the Company's reserve reports for the year-end 2014 and note the following:

- In summary, reserves and cash flow as at January 1, 2015 are:
 - o 2P reserves total 14.3MMBoe
 - o Cashflow remains oil weighted which accounts for ~58% 2P reserves
 - o PV10 for 1P Reserves total US\$53MM
 - o PV10 for 2P reserves total US\$87MM
- Due to the significant fall in oil prices over the last quarter of 2014 the Company has reported its reserves using the NYMEX strip price as at December 31, 2014, as opposed to SEC pricing. The Company believes this is a better reflection of current market conditions as the SEC pricing as at December 31, 2014 was \$94.99/Bbl and \$4.35/Mcf. The more realistic NYMEX strip price is shown in the table below.
- Lower oil prices have a significant effect on reserves as wells reach the end of their economic life earlier which effects both cash flow and estimated ultimate recoveries (EUR).
- The Company relinquished a number of Mid-Con leases over the last six months of 2014 to focus on regions where higher returns are expected in this new oil price environment. This meant a reduction in exiting reserves and future cash flow.
- Although there was a significant fall in oil prices over 2014, by seeking more attractive development opportunities, the Company has been able to increase both probable and possible reserves over 2014, at minimal capital cost. New reserves included for the first time in the Reserve Review, but as previously announced:
 - o Empire Energy/Raya Group Joint Venture in northern Oklahoma (5.3MMBoe, net 2P); and
 - o Emerald Oil Project in New York (0.52MMBoe, net 2P or 1.8MMBoe, net 3P).
- With the NYMEX strip utilised in the end of year valuations these new projects have to a degree offset both the oil price declines and the relinquishment of acreage.
- The Company has completed its initial stage of delineating a resource in its Northern Territory MacArthur Basin acreage. Over the past 3 years this program has included on ground exploration (where possible under Aboriginal Land requirements), review of existing well and log data, assaying of core and 3D geological modelling of the entire basin. Based on this data, the Company has had completed an independent Prospective Resource P(50) estimate of 1,846MMBoe, unrisked.
- In December 2014 the New York Governor announced that New York State would implement a high volume water fracking ban. The ban is yet to be implemented although there is some expectation that this will occur in the near term. In the meantime significant activity is underway

for mineral owners to be compensated for losses or allow alternative methods to be utilised for the extraction of hydrocarbons from the Marcellus and Utica shale. As such the Company has continued to include the Possible Reserves and Probable Resource calculations but has allocated no value to those assets.

RESERVE ESTIMATES AND CASH FLOW

The following table provides a summary of the Company's reserves as at 31 December 2014.

Reserves - As of Jan 1, 2015	Oil (Mbbbls)	Gas (MMcf)	MBoe	Capex US\$M	PV0 US\$M	PV10 US\$M
Proved Developed Producing	1,792	26,716	6,245	\$0	\$107,108	\$45,556
Proved Developed Non-producing	324	26	328	\$2,334	\$12,733	\$5,471
Proved Behind Pipe	0	38	6	\$31	\$188	\$35
Proved Undeveloped	393	2,145	751	\$11,971	\$10,380	\$2,239
Total 1P	2,509	28,925	7,330	\$14,336	\$130,409	\$53,301
Probable	2,954	24,189	6,986	\$73,135	\$144,295	\$33,621
Total 2P	5,463	53,114	14,315	\$87,471	\$274,704	\$86,922
Possible	1,436	3,820	2,072	\$31,248	\$37,586	\$7,941
Possible - Shale (NY)	90,740	12,600	92,840			
Total 3P	97,639	69,534	109,228	\$118,719	\$312,290	\$94,863
Prospective Resource P(50) - Australia (NT)	198,000	9,891,000	1,846,500			
Prospective Resource P(50) - Shale (NY)	0	1,221,000	203,500			
Total Reserves & Resources	295,639	11,181,534	2,159,228	\$118,719	\$312,290	\$94,863

Prospective Resource P(50) - unrisksed

USA Reserves by: RE Davis Associates, Inc; LaRoche Petroleum Consultants Ltd & Pinnacle Energy Services LLC.

Northern Territory Resources by: Muir & Associates P/L and Fluid Energy Consultants

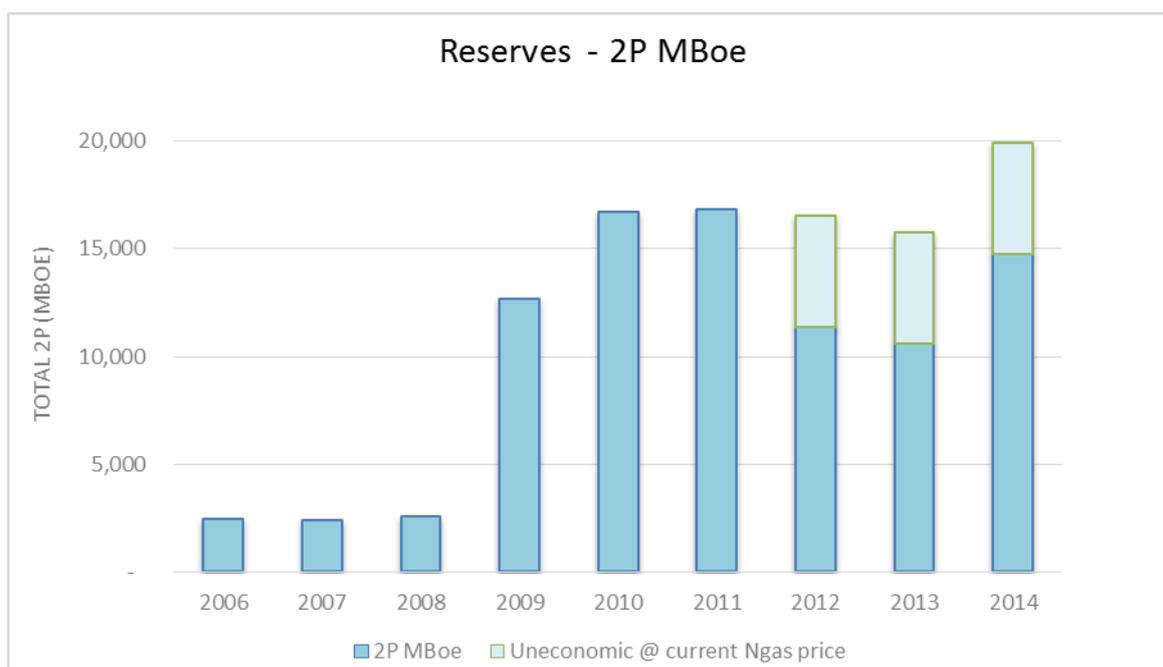
NYMEX PRICING

The following NYMEX price strip, as at December 31, 2014, was used to calculate reserves and cash flow:

Year	\$/Bbl	\$/Mcf
2015	56.26	3.03
2016	62.63	3.46
2017	66.55	3.76
2018	68.50	3.96
2019	69.75	4.12
2020	70.58	4.25
2021	71.28	4.37
2022	71.57	4.49
2023	71.62	4.61
2024	71.62	4.69

PROVED PLUS PROBABLE RESERVES (2P)

The following chart shows movement in Company 2P reserves since 2006.



In 2012-31.0MMcf of Appalachia Ngas was placed Into Contingent Category as non-economic at current prices

HEDGING

The reserve estimates table above does not include the Company's hedge program. A summary of the hedging in place is a follows:

Hedging - As at Dec 31, 2014 (US\$M)	Mid-Con	Appal	Total
2013	-\$1,957	\$6,080	\$4,123
Realised 2014	-\$389	\$2,025	\$1,636
2014	\$5,036	\$4,873	\$9,909
Change	\$6,604	\$818	\$7,422

DESCRIPTIONS & DEFINITIONS

- 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.
- "PVO" 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.
- “Prospective Resources” are defined as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity. Prospective Resources under this classification are as yet undiscovered and as such carry exploration risk.
- “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.
- Reserve estimates have been prepared by the following independent reserve engineers:
 - New York & Pennsylvania (Appalachia) - Ralph E. Davis Associates, Inc.
 - Kansas (Mid-Con) - LaRoche Petroleum Consultants Ltd.
 - Oklahoma (Mid-Con) - Pinnacle Energy Services, LLC.
 - Northern Territory - Muir & Associates P/L and Fluid Energy Consultants.

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 5.11:

- Mr Allen C Barron, President of Ralph E Davis Associates Inc, Houston. Ralph E Davis Associates Inc a Texas registered engineering firm.

- Mr William Kazmann, Licensed Professional Engineer, LaRoche Petroleum Consultants, Ltd a Texas registered engineering firm.

- Mr John Paul Dick, Petroleum Engineer, Pinnacle Energy Services, LLC. Mr Dick is a registered professional Engineer in the states of Oklahoma and Texas.

- Mr Wal Muir, Principal Geophysicist, Muir and Associates, qualified petroleum reserves and resources evaluator.

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.

ABOUT EMPIRE ENERGY GROUP LIMITED

In early 2007, the Company established upstream oil and gas operations in the USA. Current operations are based in Appalachia (New York and Pennsylvania) and the Mid-Con (Kansas and Oklahoma). Daily production is ~1,300Boe/d.

The Company holds approximately 220,000 acres of Marcellus Shale and 180,000 acres of Utica Shale in western New York State and Pennsylvania. In addition, the Company has two Exploration Licences and five Exploration Licence Applications over 14.6 million acres in the McArthur Basin, Northern Territory, Australia. Work undertaken by the Company has shown this region to be highly prospective for oil and gas shale.

Empire Energy holds a US\$200 million credit facility with Macquarie Bank Limited which can be utilised for the sole purpose of acquiring and developing oil and gas assets in the USA. This facility has ~US\$42mm of the debt facility currently drawn.