

26 August 2021

Empire Energy Group - Identifying target zones in Carpentaria-1 ahead of work program approval

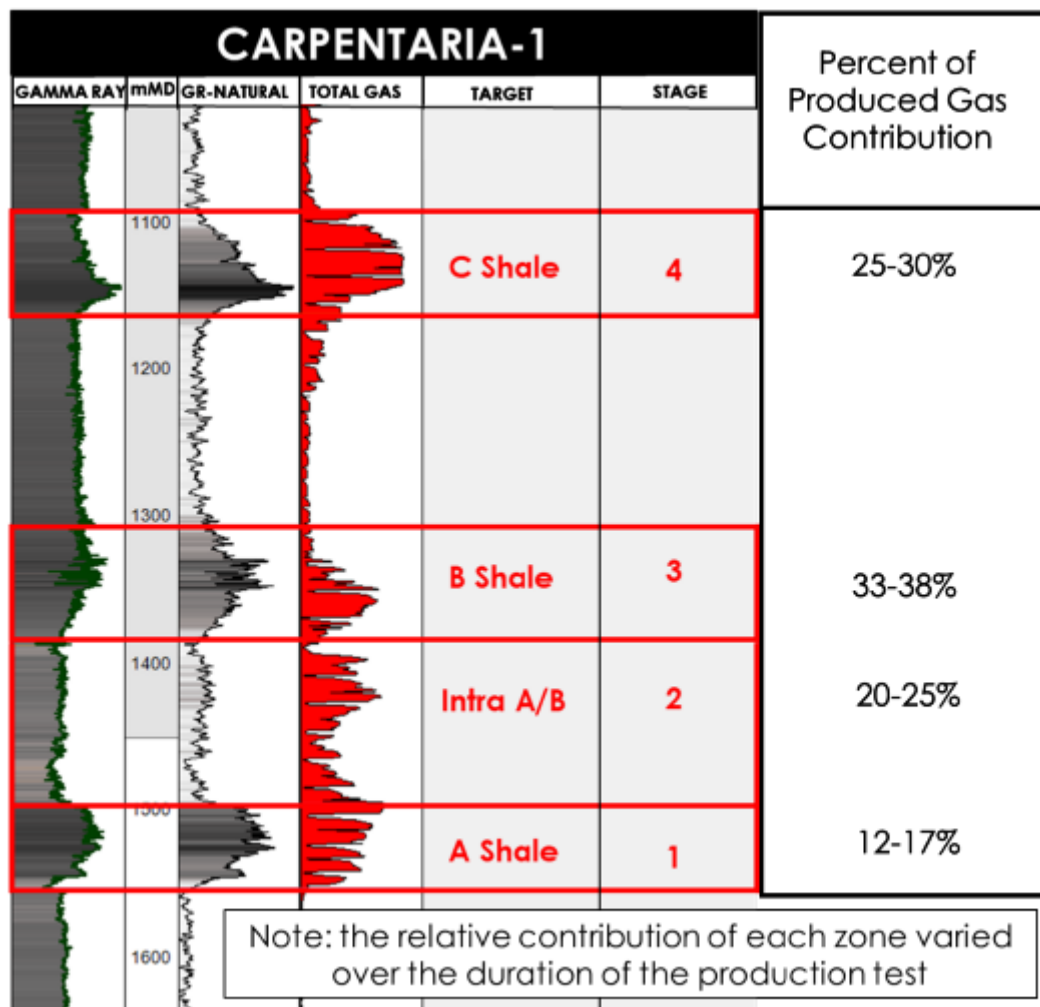
Empire Energy (EEG) – SPECULATIVE BUY, TP \$1.14

Liquids rich gas flows and work program approval is progressing

EEG reports that it has flowed liquids rich gas to surface and it has identified the more promising zones at Carpentaria-1. The company anticipates that work program approvals to perform horizontal appraisal drilling are nearing completion. Additionally the Senate Inquiry into the Beetaloo Cooperative Drilling Program has been completed allowing for EEG to pursue the \$21m of funding that has been earmarked for the company. The gas composition of the Carpentaria-1 well has also been published showing a very low level of inerts (<3%, CO₂ <0.75%) and methane content of ~76%.

We continue to see upside potential in EEG. We do also note though that in addition to the risks of any early stage exploration venture, the sector is facing more intense scrutiny of the ESG implications of developing the Beetaloo basin. Our base case assumption remains that there will continue to be strong market demand for gas over the timeframe that allows EEG to enter production however. We maintain our SPECULATIVE BUY rating and price target of \$1.14.

Zonal Contribution Analysis of Carpentaria-1 flow test



Carpentaria-1 log with relative production contribution of each hydraulic stimulation stage

Source: EEG

Disclosures

Analyst(s) own shares in the following stock(s) mentioned in this report: EEG

Corporate disclosure: Morgans Corporate Limited was Joint Lead Manager to the Placement of Shares in Empire Energy Group Limited and received fees in this regard.