Research as a Service

Empire Energy Group Ltd

Capital Raising Update

Working through the timeline to first gas in 2025

Energy

Empire Energy Group Limited (ASX:EEG) is an oil and gas producer/developer, with onshore Northern Territory (NT) gas exploration and development assets. EEG has the largest tenement position in the highly prospective Greater McArthur Basin, which includes the Beetaloo Sub-basin. Following the recent announcement of the divestment of its US assets for up to $9.1m, EEG has successfully completed a further capital raising through a placement of shares and sale of royalty interests to generate some $46.8m. Although the company has yet to deliver a formal final investment decision (FID) for its proposed Carpentaria Pilot Project, we interpret the recent raisings as effectively being the equity component of the project financing, enabling the in-ground works underpinning first gas in 1H'25. The company has indicated it is hopeful of receiving all requisite regulatory approvals and finalising gas sales and financing over the next few months – the end game remains tantalisingly close. Test results from other operators support a growing confidence in the Beetaloo commercial case and gas production at any scale has beneficial look-through impacts for all Beetaloo ventures…'a rising tide lifts all boats'. Quite simply, more gas supply at scale is required for domestic requirements; growing Gladstone LNG ullage; and as a potential supply source for Darwin's LNG export opportunities. We continue to view EEG as the low-cost, strongly-leveraged exposure in the play, with a significant early-mover advantage. The company looks covered from an equity capital perspective to first gas, pending regulatory approvals and debt financing.

Business model

Empire Energy Group Limited (EEG), is an oil and gas development and production company, now funded for in-grounds works ahead of an anticipated project sanction on its Carpentaria Pilot Project in the world-class McArthur-Beetaloo basins, in the next few months. Prevailing and new contract pricing highlights the apparent disconnect between a demand constrained gas market and share prices. There is a material commercial prize to be won by defining and progressing a clear timeline to production and we believe Empire should be considered as being in a pre-development phase with a material first-mover advantage. With asset divestment and equity raisings completed, the company appears well funded to maintain its accelerated path to first gas. Beneficially, Empire holds its licences at 100% providing the ability to control project timing and provide financing options through partnering.

In ground works now fully funded

Cleaning up the portfolio and balance sheet; and securing equity financing are important precursors to delivering a project sanction in the next few months. In a sector where progressing gas discoveries to production has been somewhat glacial, we see EEG as the most advanced of the Beetaloo plays. EEG commenced drilling and evaluation activity from late 2020, drilling four wells in its Carpentaria area, whilst trialling multiple frack designs and styles, delivering proof of technical concept and building significant 2C volumes, materially de-risking the play. Complimentary works have delivered varying degrees of success but all wells in the play have delivered gas to surface, adding to the pool of technical and operational knowledge - the look-through results continue to provide additional derisking benchmarks.The path to scale and growth begins with the first petajoule (PJ) and cashflow can be a game changer – importantly EEG is now in this zone.

A first financing step is completed - closing the value gap

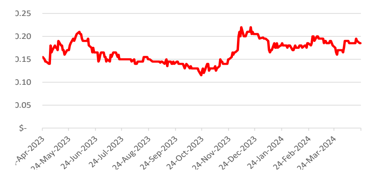
We have revised our NAV estimates after adjustments from asset divestment, an equity capital raising, quarterly commodity price revisions and risk weightings. Our NAV now stands at $0.82-1.25 **with a mid-point (base case) of $0.93/share** (previously $1.01-**1.17**-1.54/share). We see likely impending re-rating events associated with the move to first gas production in early -2025. We anticipate the share price to better reflect the lower risk and higher value nature of gas reserves.

24 April 2024

Share Details

ASX code	EEG
Share price (23-Apr)	$0.185
Market capitalisation post issue	$188M
Shares on issue post issue	1,017M
Cash (est)	$56M
Free float	~49.5%

Share Performance (12 months)



Upside Case

- Upside results from the anticipated development well drilling starting in August
- Securing a binding off-take agreement and/or a farm-in partner to complete pilot project financing
- Securing regulatory approvals - this absolutely defines the production case

Downside Case

- Capex inflation impacts project returns potentially slowing progress to first gas
- Slower progress through FEED and delays to securing regulatory approvals could push back the timing of first gas
- Under expectation results from upcoming development drilling operations

Board of Directors

Alex Underwood	Managing Director / CEO
Peter Cleary	Chair
Dr John Warburton	Non-Executive Director
Louis Rozman	Non-Executive Director
Karen Green	Non-Executive Director

Latest Company Interview

Empire Energy Group RaaS Interview 8 April 2024

Company Contacts

Alex Underwood +61 2 9251 1846
info@empiregp.net

RaaS Contacts

Andrew Williams +61 417 880 680
andrew.williams@raasgroup.com

Finola Burke* +61 414 354 712
finola.burke@raasgroup.com

*Analyst holds shares

Securing equity financing on the way to first gas

Empire Energy has raised some $46.8mn through an equity issue at 16cps ($39m) and the sale of a 4.5% royalty interest ($7.7m) over the proposed 25TJd Carpentaria Pilot Gas Project (*ASX release – 17-April*).

That EEG would be raising capital as part of the financing requirement was widely expected, however, the timing if anything was a little surprising to us, but perhaps the sector is now operating under a new development and financing model.

Heading into FID point for the Carpentaria Pilot Gas Project, the historical model has been to raise equity capital as part of the overall financing package at the time the project sanction was announced, however, as outlined by management, in order to deliver the drilling operations associated with the path to first gas in early-2025, long lead drilling items (casing, securing a rig etc) needed to be ordered and financed now or the project would run the risk of missing the NT drilling window for this year and the timeline to first gas.

We believe the at-risk part of the project is not the technical (in ground) aspect per se, but rather the pace and timing of the regulatory approvals process which in turn impacts the progress of finalising unconditional, bankable gas sales which in turn impacts debt financing discussions – there's a different quantum of debt that can be secured selling gas at $15/gj rather than $12 or $10.

So, from that perspective we think it is understandable and practical that an equity capital raising (and royalty sale) was undertaken now.

We may be over extrapolating, but we believe it is likely that the current raise represents the equity component of the project capex, which would imply a gross capital cost of say, A$100m (RaaS estimate only). In broad terms that is not an unreasonable estimate which would equate, at a high level to ~$1/gj in capital costs assuming 25TJd * 365days * 10 years and a debt-equity ratio of ~50%.

This estimate may even be on the high side given how inexpensive the purchase and refurbishment of the Rosalind Park Gas Plant was ($2.5m) compared to a plant new-build and anything less than A$100m as a total capital cost would be a material bonus in our view.

We read into the raising, that the company holds strong, inherent confidence in being able to tick all the remaining project boxes – **it is still calling its shot – 'first gas in early 2025'.**

We have noted previously for EEG and the Carpentaria Pilot Project (RaaS Update Report- 29-Jan) -

- *The keystone, locking the commercial plan in place has been the purchase of the Rosalind Park Gas Plant for $2.5m – it's the right size* (with 'overs' at 42TJd nameplate capacity) *and right design* (on gas-spec parameters).
- *APA Group (APA.ASX) is looking to build an open access pipeline linking to east coast markets – eventually the pathway to market will be open ended.*

The company is continuing to progress through the regulatory process -

- *Gas sales discussions are continuing, fielding enquires from as distant as Melbourne;*
- *Financing options – debt,* **equity (completed?)** *and partnering options are being considered;*
- *Regulatory submissions have been made and are working through the system;*
- *Production applications have been submitted; and*
- *Indigenous agreements are being negotiated.*

The company says it is hopeful of receiving all requisite regulatory approvals and finalising gas sales and financing over the next few months and in that regard the end game remains tantalisingly close.

The raise

The announced financing was completed in two parts –

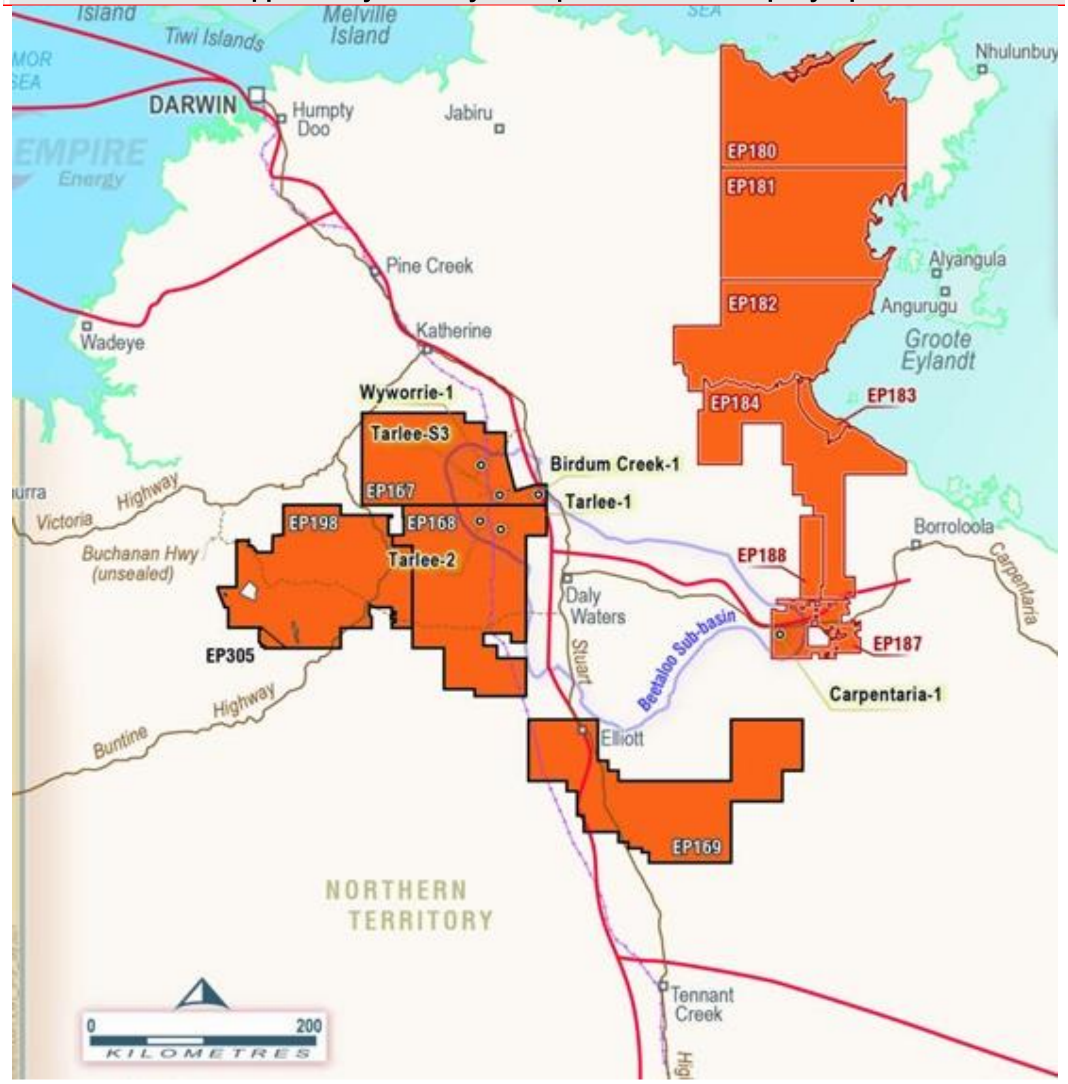
- $39m in equity via a placement of new ordinary shares issued at 16cps, issuing ~243.75m new shares. The total issued capital will be ~1,017m shares , representing a 32% increase over the previous balance; and
- The sale of a 4.5% Over-Riding Royalty (ORR) across EP187, generating a further $7.7m.

The new scrip is expected to be issued on 26-April.

We say, **"never say 'definitely never' "**, but that magnitude of financing suggests EEG is probably covered **<u>from an equity finance perspective</u>** **(RaaS assumption only)** to first gas <u>on the basis that all field works are completed to time and budget without material issues or delays.</u> We also assume a project specific debt tranche can be secured that will be dependent on pricing under a bankable gas sales agreement (GSA).

<u>We do not preclude the potential for further recourse to equity capital prior to first production notwithstanding the magnitude of any debt facilities that may be secured.</u>

Exhibit 1: The ORR applies only to a very small portion of the company's portfolio



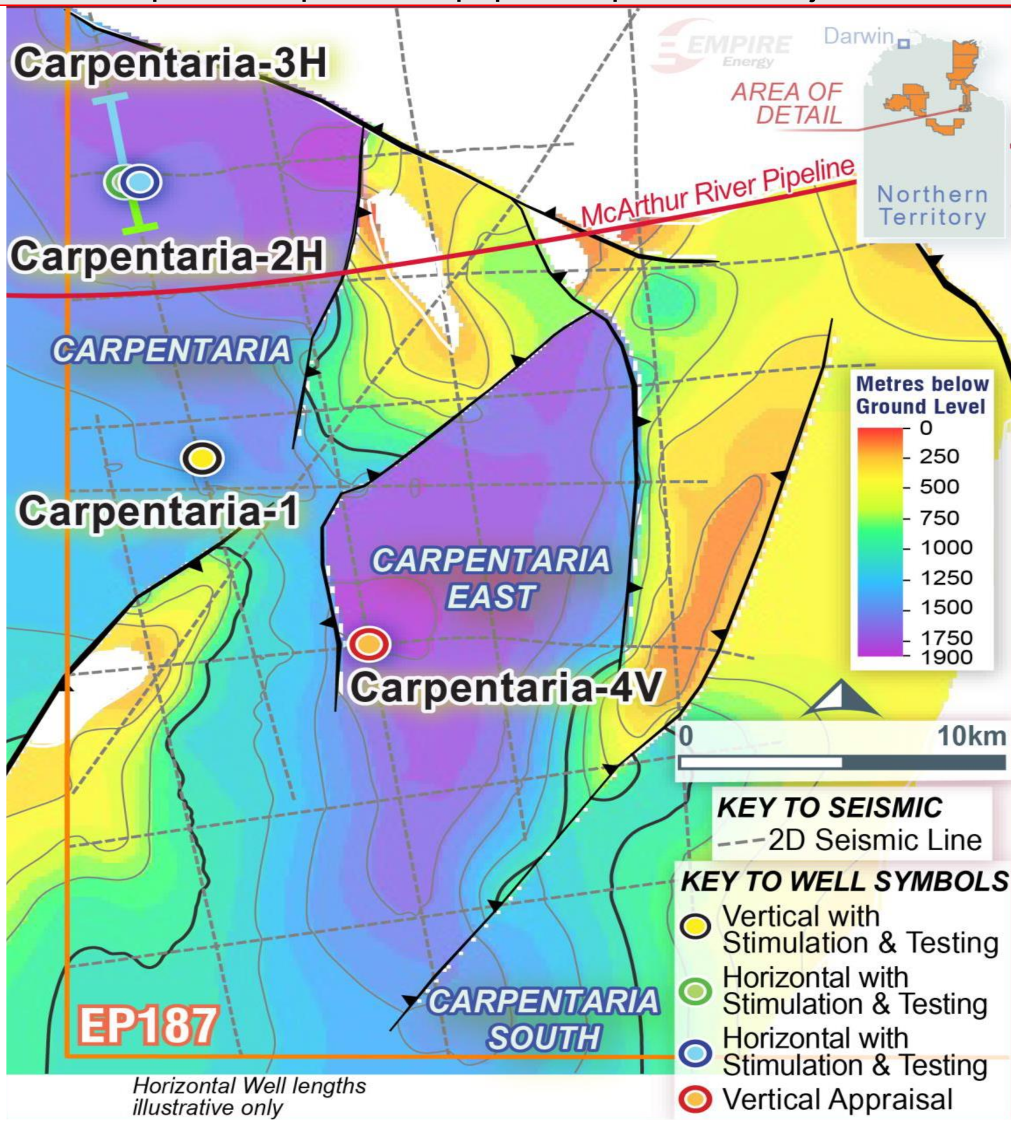
Source: Company data

We note the raising also included the sale of a 4.5% ORR on the same terms as calculated for the NT Government* (revenue less certain operating costs) covering EP187 only.

* *Royalties on petroleum are charged on the gross value at the wellhead of petroleum production from a project area. However, as petroleum is not usually sold at the wellhead, a netback methodology is used to recognise the costs incurred after the wellhead to the point of sale. Only those expenditures essential to produce the petroleum are allowable as deduction.* (Source-NT Petroleum Royalty | Department of Treasury and Finance)

Although EP187 is only a small and specific part of the greater Beetaloo-McArthur basins portfolio, this is where the commercial progress is going to be through the foreseeable investment window as planned and it doesn't preclude that future works leading to production in other areas of the portfolio will not be financed similarly.

Exhibit 2: The permit area specific to the proposed Carpentaria Pilot Project



Source: Company data

As a general rule, we are not overly enthusiastic on ORRs as a primary financing mechanism, simply because they preference those royalty owners over ordinary shareholders. However, as a common financing option in the US onshore gas industry, this may be pointing to the evolution of financing in the Australian context as 'the cost of doing business' to deliver high capital development opportunities to first gas, particularly if that means tapping US financing.

Private royalty payments, whilst significantly less common in an Australian oil and gas business context have existed in the local industry. Most famously the 2.5% ORR interest that was granted to Dr Lewis Weeks in Dec-1960 by BHP Ltd for personal services related to the discovery of the Bass oil and gas fields.

Of course, royalties only get paid on revenue, so bear a different set of financial risks to ordinary shares. The alternatives, for example additional share dilution directly or through option and/or Convertible Notes, likely leads to approximately the same outcome, we suggest.

EEG has indicated that these private royalties will sit equally with existing government and indigenous imposts in the Northern Territory being calculated on a 'net-back' basis.

As per the ASX release, an important thing to note in this raising is that US investors Brian Sheffield and Liberty Energy have directly invested in the ordinary share offering (as well as being the purchasers of the ORR interests).

Mr Sheffield was recently declared as a substantial shareholder (*ASX announcement - 13-Mar*) with a 5.27% direct holding which we estimate will increase to ~8.80% after following his money with a further US$5m cornerstone commitment in the current raise.

Liberty Energy is a major US service company, providing hydraulic fracture stimulation services in the shale market and will be relocating a large frack spread to Australia specifically to service the Beetaloo Basin.

As commented by EEG in the ASX release *"(w)orking with Liberty will facilitate improved well productivity and cost efficiency as we move from the exploration phase into the production phase"*.

Divesting the US gas assets

The company has announced the sale of its legacy US oil and gas production assets for up to US$9.1m (~A$14m at spot AUD) with US$5.9m as an upfront cash receipt (*ASX announcements - **12** and **15** April*). The remainder of the purchase consideration is deferred and contingent, subject to prevailing gas settlement prices and receipt of payments associated with the use of oil & gas surface rights by solar proponents.. The deal, whilst modest, is strategic and cleans up the Balance Sheet through the repayment of an associated Macquarie Bank credit facility in full whilst focussing the investment story on EEG as a 'pure' Beetaloo shale gas play.

At completion (announced 15-April), the existing US Macquarie Bank loan of ~US$4.6m was repaid in full and the company netted some US$2.2m in cash.

The company has retained a 3.75% carried working interest in all geological formations below the base of the Medina Sandstone (the primary production target) with negligible holding costs.

Still on the path to pilot production

The story hasn't changed although the timing has been somewhat fluid. However, the commitment to development (semi-appraisal) drilling has been made with the financing in place, targeting August for spudding of the next Carpentaria well – a 3,000m, horizontally fractured development well.

The company's broad strategy to production at scale remains as a three-phase plan -

1. A 25TJd start up pilot project to provide early cashflow and proof of commerciality, targeting first gas in early 2025;
2. …a second phase expansion to ~200TJd servicing east coast markets; and
3. LNG supply (feed stock or equity product).

The gas supply-demand macro hasn't changed in quantum terms although there are slightly different takes on the specifics of the future outlook depending on what company is giving a presentation, but broadly –

- Up to 50% shortfall in east coast supply by 2030 (*Source: EEG Coffee Microcaps Presentation transcript – 14-Feb*);
- …(that) realistically can only be made up in scale by the development of new gas provinces (e.g. the Beetaloo Basin) or via LNG imports, which would increasingly align the domestic pricing mechanism with import parity equivalence.

Whether it's a 50% shortfall or another estimate, the magnitude is what is important – the expected shortfall will be not be at the margin and at these volumes it will represent baseload gas supply that is at risk. With reference to domestic east coast gas supply (inc. NT and SA) of ~1,100TJd, that's a big shortfall number to be concerned about.

Let's put that in context - a 50% shortfall (~550TJd) is approximately Moomba + Bass Strait output as per current Australian Energy Market Operator (AEMO) daily data (19-April), that translates to a multitude of new wells and new gas at scale.

Now it doesn't automatically work that a strengthening supply squeeze and rising price applies to longer-term demand assumptions, there will be alternate energy supply and demand destruction, but even with the most optimistic outlook we think that's highly unlikely to reduce the forecast, nominal deficit to zero.

At some point and quite rapidly, we believe new supply at scale is going to be needed and unless there's massive and rapid progress in Qld CSG developments, there's no obvious current alternatives other than the Beetaloo and LNG imports.

A high-level look at what the Carpentaria Pilot Project could deliver

We can only project a very wide and speculative range at this stage as to what the proposed pilot project could deliver in terms of margins and returns given the remaining uncertainties associated with gas sales pricing and terms; and the sales point (ownership transfer) of the product.

Our scenario range around the planned throughput could deliver on a net operating basis, somewhere between $47-118m – effectively the cash operating margin.

We have added a growth scenario to the nameplate limit of the processing plant to demonstrate the intrinsic capacity of the operations and advantage EEG holds, having secured a processing plant at an advantageous capital cost with throughput upside above planned pilot production.

We caution that RaaS assumptions are based on broad parameters that <u>may vary materially in an operating case both to the upside and downside</u>, particularly with respect to well efficiency and realised gas prices. These scenario outcomes are indicatively only and simply provide a demonstration of the potential magnitude of free cash generation.

What is important to note is that the commencement of net operating cashflow provides reinvestment capital options that can minimise further equity dilution through future raisings.

Exhibit 3: A scenario matrix highlights the leverage provided by low-cost operations

Production Range	Gas Price	Production Costs	Royalties	NRI*	Implied Operating margin		Operating Margin	
TJd / PJpa	$/gj	$	$	$	$	%	A$m	
20 / 7.3	$10		$1.50		$6.50	65%	$47.5	**Low case** on below expectation well performance and gas sales price
25 / 9.1	**$12**	**$2.00**	**$1.80**	**85%**	$8.20	68%	$74.6	**Base operating case** on targeted production rates and floor gas price as regulated
30 / 11.0	$15		$2.25		$10.75	72%	$118.3	**Upside case** on above expectation flow rates and higher gas prices – eg. diesel fuel replacement benchmarks
40 / 14.6	$12 / $15	$3.00 / $3.50	$1.80 / $2.25		$7.20 / $9.25	60% / 62%	$105.1 / $135.0	Growth scenario - assuming wells are sequentially added to nameplate capacity

Source: RaaS estimates; * NRI = Net revenue Interest = (sales – royalties)

Assumptions

Our scenario analyses assumes the point of sale is ex-plant, effectively assuming revenue minus production costs and royalties as an indicative operating margin.

We have chosen an ex-delivery point and excluded transport tariffs and costs, treating revenue on a quasi-netback basis for simplicity.

On a simple gas spec, raw gas will require minimal processing – low CO_2 should mean no removal requirement and the high calorific nature of the gas should obviate any requirement for liquids stripping.

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We believe the well to ex-plant costs should be absolutely low.

The oil and gas industry is notably a high capital cost, but (relatively and at times absolutely) low operating cost business which are dominantly fixed in nature – a simple, low processing plant should also mean, the fixed cost ratio should be high and we assume 80%.

For scenario purposes we assume $2/gj in production and processing costs as a working model at this stage. At 25TJd (~9PJ pa) this equates to ~$18m, which may in fact be on the high side but feels reasonable.

We have excluded corporate costs (head office allocation) and debt servicing.

Our Risk-Adjusted Valuation Is Lower On Dilution

We have adjusted our value range for EEG to $0.82-1.25 **with a mid-point (base case) of $0.93/share** (from $1.01-**1.17**-1.54/share) based on the divestment of the US assets, issued capital dilution, commodity price forecasts and net cash adjustment; and revision of risk weightings against the proposed Carpentaria Pilot Project. We highlight that the closing share price of $0.185/share (22-Apr) represents a 77% discount to the low end of the NAV range and in isolation can be considered a risk weighting of ~68% to our assigned value of the 2C resources.

Exhibit 4: The NAV range represents a material premium to the market price

		Risked range (A$m)			
		Low	Mid	High	
Northern Territory					
EP-187					
Contingent Resources		$743	$795	$996	EP-187 contains 2C volumes certified to 1,739PJ of which 1,364PJ are attributed to the Carpentaria area.
Prospective Resources		$43	$107	$229	2U volumes are largely associated with ex EP 187 and ex-Pangaea tenements and represent longer-dated gas potential. The geological confidence level is relatively high on the look-through, but realisation will require extensive drilling campaigns.
		$786	**$902**	**$1,225**	
Net cash/(debt)			$56		Estimated at settlement
Corporate			($11)		
TOTAL		**$831**	**$947**	**$1,270**	
Shares issued (m)	1,017	$0.82	$0.93	$1.25	New shares expected to be issued on 26-Apr

Source: RaaS analysis; Risked ranges based on discretionary RaaS risk adjustments

We would highlight that this magnitude of discount is not unusual compared to the unit values the market is applying to the sector. However, we believe the **finalisation of the Carpentaria Pilot Project FID should go some way to closing the 'value gap'** and underpin a resource rating as commercial outcomes and margins become tangibly demonstrable as per **Exhibit 5**.

Exhibit 5: Reserves/resources metrics highlight the sector has cheap gas

Company	Ticker	Share Price	Capitalisation A$mn	EV A$mn	2P Gas PJ	3P PJ	2C PJ	EV/2P A$/gj	EV/2(P+C) A$/gj
Comet Ridge	COI	0.200	222	209	195	411	211	1.07	0.51
Strike Energy	STX	0.215	615	573	606		640	0.95	0.46
Central Petroleum	CTP	0.058	43	47	75		51	0.63	0.38
Tamboran Resources	TBN	0.165	340	328			2,403		0.14
Empire Energy	EEG	0.190	193	143			1,739		0.08
Vol Weighted Average				882	998			0.88	

Reserves* adjusted against last production data where applicable

Source; Company data, asx.com.au Priced as per close of tradi 19/04/24

Source: Company and ASX data; share prices as of close of trading 19-Apr

Our modelled risked value range is dependent on assumed commodity prices, which we initially set against a Darwin FOB price of ~A$12/gj for gas and the Brent crude forward curve. We overlay a discretionary RaaS risk weighting to account for the remaining uncertainties on timing and operating costs.

Bankable gas sales agreements and a project sanction should underpin an initial declaration of reserves (2P volumes) which may be modest compared to the magnitude of the Contingent Resource base (say 9PJ pa for 10 years) but 2P reserves represent higher value gas with positive look-through implications across the remainder of the contingent volumes.

The magnitude of the potential asset re-rating is outlined in **Exhibit 5** which shows the market pricing of comparable east coast gas plays (and Strike Energy [STX.ASX} as a west coast gas play that has recently become a producer) on a reserves metric basis – EV/2P and EV/(2P+2C).

We highlight that these metrics provide only a relative comparison and should not be considered on an absolute basis in isolation, although indicatively they can point to the quantum of rerating opportunity assuming gas into the east coast market and similar product pricing.

Growing the reserves base (transforming C to P) and derisking gas via defined and funded production outcomes, should in theory translate into a higher price and **Exhibit 5** clearly highlights, that in a potential $12/gj gas market, **EEG is a strongly leveraged gas company, significantly under-priced for its resource potential.**

AEMO - still forecasting a gas shortfall

The recent AEMO Gas Statement of Opportuities (GSOO) report [*March 2024*] continues to highlight the risks of supply shortfalls on the east coast. Importantly the commentary specifically highlighted Beetaloo Basin gas as part of its modelled need for up to *"…7,000 PJ of new northern supply above committed and anticipated projects…during the period to 2043 to meet forecast LNG exports and domestic demand."*

The timing and order of magnitude of the shortfall can still be considered as uncertain in our view, but our long-held view is that the shortfall is likely to be earlier and greater than predicted on the basis of the stronger level of uncertainty associated with operators forecasts as the time line moves forward and potential for field abandonment to be accelerated as production is maximised on rising prices.

The gas 'supply-price' macro hasn't changed, in fact it has only become a stronger investment thematic. The problem has not necessarily been the more complex operating environment although that has nominally affected progress to new production, but rather industry's capacity (and willingness?) to get after their assets.

It could be argued that development delays just make the pricing point stronger, however, we would argue that rising contract and spot gas prices have been offset by pushing back the timing to first gas and capex inflation.

Whilst a nominal NPV of a proposed gas project may be somewhat the same, the need for working capital in the interim has generated per share dilution and the widely anticipated industry rationalisation (M&A) has also largely failed to materialise.

We will highlight some telling sentences from the GSOO *with analyst comments* **and emphasis** as follows-

The projected reduction in daily maximum production is forecast to –

- "…cause challenging gas adequacy conditions for southern regions and require a greater reliance on storage and gas supplied from northern regions."

  "Given the lead time(s) needed to plan, obtain approval for and build new greenfield infrastructure, demand flexibility is likely the best solution to address forecast short-term supply shortfall risks. In extreme gas shortfall conditions, secondary fuels may be needed to operate power generation for short periods, so electricity reliability is not compromised.

…in the absence of coal fired generation, that would then be diesel.

- (AEMO) "…continues to forecast risks of shortfalls on extreme peak demand days from 2025 and the potential for small seasonal supply gaps from 2026, predominantly in southern Australia, ahead of annual supply gaps that will require new sources of supply from 2028. Gas consumption by residential, commercial and industrial consumers is forecast to decline, but production in the south is forecast to decline faster."

The basic supply squeeze premise hasn't changed but maybe the timing is still somewhat fluid - 'spot' shortfalls in gas from as soon as next year in '…extreme peak weather conditions', but in reality, this can be somewhat resolved by stronger-for-longer spot pricing that draws marginal gas into the domestic market. It just means floor prices have to be higher. So, is the current spot floor at around $12/gj sufficient?

- "…deep and shallow gas storages are vital to meeting peak demands."
- "Northern producers need to deliver anticipated supplies and from 2026 investments in **currently uncertain supply** will be needed to meet domestic requirements and export positions."

There are no new storage options (old reservoirs) being pursued for development at this stage that we are aware of, and storage options need excess supply (or diverted gas supply) to work.

*In a practical sense in-ground storage (reinjection) also quarantines a certain volume of gas on a long-dated basis – and the bigger the individual storage 'tank', the more **permanent gas** that will be required to maintain operational pressure.*

"Uncertain" projects need to be delivered to underpin AEMO's supply scenarios and this excludes current proposals such as Mahalo (Comet Ridge (COI.ASX) and Santos (STO.ASX), which is classified as 'anticipated') and Beach Energy's (BPT.ASX) new connections at the Thylacine Project.

By strong implication this means rising supply risk to 2026 forecasts at least, in our view.

We have written in various previous reports about the glacial progress of new gas development options. Uncertain gas is likely to be delivered later than earlier (if at all) and we would add that even anticipated gas comes with elements of timing and capital risk – as COI and BPT projects have been in 'pre-development' for quite some time and have been pushed backwards in AEMO scenarios over the last couple of years.

*Pre-development projects are working through feasibility studies on fewer wells (in the ground) compared to historical norms, so **by definition the sub-surface risks must also be considered as nominally higher.***

- "Production from LNG producers' existing and committed developments, in addition to domestic third-party supply, **will only be sufficient to meet export and domestic supply contracts until the end of 2024**."
- "The development of northern **anticipated supply will only maintain sufficient supply until 2026** and uncertain supply developments will then be required to ensure that northern demand, LNG exports and southern demand can be satisfied."

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Exhibit 6: Financial Summary

EMPIRE ENERGY GROUP LTD		EEG		
YEAR END		Dec		
NAV	A$mn	$0.93		
SHARE PRICE	A$cps	$0.185	close of trading	22-Apr
MARKET CAP	A$mn	143		
ORDINARY SHARES	M	773		
OPTIONS	M	79		

nm = not meaningful
na = not applicable

COMMODITY ASSUMPTIONS		2022	2023	2024E	2025E
Realised oil price	US$/b	94.25	77.64	80.88	75.17
Realised gas price	US$/mcf	6.42	2.58	2.07	3.49
Exchange Rate	A$:US$	0.6946	0.6657	0.6549	0.6570

RATIO ANALYSIS		2022	2023	2024E	2025E
Shares Outstanding	M	773	773	1017	1017
EPS (pre sig items)	UScps	(0.86)	(2.86)	(1.48)	(1.55)
EPS	Acps	(0.86)	(2.86)	(1.48)	(1.55)
PER	x	na	na	na	na
OCFPS	Acps	9.50	(4.80)	(4.32)	(29.69)
CFR	x	na	na	na	na
DPS	Acps	na	na	na	na
Dividend Yield	%				
BVPS	Acps	24.9	21.8	21.1	17.8
Price/Book	x	0.7x	0.8x	0.9x	1.0x
ROE	%	na	na	na	na
ROA	%	na	na	na	na
(Trailing) Debt/Cash	x				
Interest Cover	x				
Gross Profit/share	Acps	10.0	0.2	(4.8)	-6.1
EBITDAX	A$M	6.8	(12.5)	(5.5)	0.0
EBITDAX Ratio	%				

EARNINGS	A$000s	2022	2023	2024E	2025E
Revenue		13,722	6,086	1,131	0
Cost of sales		(5,961)	(5,892)	(6,000)	(6,250)
Gross Profit		**7,762**	**193**	**(4,869)**	**(6,250)**
Other revenue					
Other income		259	576	50	0
Exploration written off					
Finance costs		(2,259)	(3,636)	(1,581)	(1,000)
Impairment		(2,705)	0	0	0
Other expenses		(13,526)	(12,538)	(5,498)	(6,027)
Profit before tax		**(5,765)**	**(21,831)**	**(14,897)**	**(15,625)**
Taxes		(239)	(251)	(171)	(180)
NPAT Reported		**(6,003)**	**(22,082)**	**(15,068)**	**(15,805)**
Underlying Adjustments		0	0	0	0
NPAT Underlying		**(6,003)**	**(22,082)**	**(15,068)**	**(15,805)**

CASHFLOW	A$000s	2022	2023	2024E	2025E
Operational Cash Flow		**(9,305)**	**(23,624)**	**2,415**	**0**
Net Interest		(679)	(1,631)	(175)	400
Taxes Paid		(239)	(251)	(250)	(250)
Other					
Net Operating Cashflow		**5,100**	**(2,472)**	**(2,875)**	**(19,843)**
Exploration		(37,356)	(7,025)	0	0
PP&E		0	(137)	(500)	(500)
Petroleum Assets		0	0	(15,000)	0
Net Asset Sales/other		0	404	7,700	0
Net Investing Cashflow		**(37,586)**	**(6,758)**	**(7,800)**	**(500)**
Dividends Paid					
Net Debt Drawdown		(1,035)	674	(850)	(850)
Equity Issues/(Buyback)		29,412	0	37,050	
Other					
Net Financing Cashflow		**28,377**	**674**	**36,200**	**(850)**
Net Change in Cash		**(4,109)**	**(8,556)**	**25,525**	**(21,193)**

BALANCE SHEET	A$000s	2022	2,023	2024E	2025E
Cash & Equivalents		21,880	13,627	39,152	17,960
O&G Properties		36,612	38,206	53,206	53,206
PPE + ROU Assets		1,608	1,540	1,500	1,000
Total Assets		**197,650**	**171,503**	**205,631**	**183,836**
Debt		7,823	8,771	8,768	7,096
Total Liabilities		**64,043**	**59,199**	**65,151**	**65,193**
Total Net Assets/Equity		**133,608**	**112,303**	**140,481**	**118,643**
Net Cash/(Debt)		14,057	4,855	30,384	10,864
Gearing dn/(dn+e)					

NET PRODUCTION		2022	2023	2024E	2025E
Crude Oil	kb	2	3	1	
Nat Gas	mmcf	1,727	1,372	303	0
TOTAL	**kboe**	**290**	**231**	**220**	**0**
Product Revenue	A$mn	13.7	6.1	1.1	
Cash Costs	A$mn	(6.0)	(5.9)	(6.0)	
Ave Price Realised	A$/boe	47.32	26.30	5.15	
Cash Costs	A$/boe	(20.55)	(25.46)	(27.31)	
Cash Margin		**26.76**	**0.83**	**(22.16)**	

RESOURCES and RESERVES	Contingent Resources			Prospective Resources		
	1C	2C	3C	1U	2U	3U
Northern Territory						
EP 187						
Carpentaria				566	1,282	2,284
East Carpentaria				1,020	1,878	3,782
South Carpentaria				204	383	668
TOTAL PJ				**1,790**	**3,543**	**6,734**
Carpentaria						
Velkerri C	113	666	846			
Velkerri B	120	678	844			
Intra Velerri A/B		8	16			
Velkerri A/B		12	24			
TOTAL PJ	**233**	**1,364**	**1,730**			
Carpentaria East						
Velkerri C	35	185	871			
Velkerri B	36	190	906			
Intra Velerri A/B						
Velkerri A/B						
TOTAL PJ	**71**	**375**	**1,777**			
Aggregate PJ	**304**	**1,739**	**3,507**			
US Onshore						
Gas (bcf)	28	38	42			

EQUITY VALUATION	Risked Range			Low	Mid	High
A$mn	Low	Mid	High		A$/share	
Northern Territory						
EP-187						
Scenario Weighting	743	795	996	$0.73	$0.78	$0.98
Prospective Resources	43	107	229	$0.04	$0.10	$0.22
US Onshore						
Appalachian	0	0	0	$0.00	$0.00	$0.00
	786	**902**	**1,225**	**$0.77**	**$0.89**	**$1.20**
Net cash/(debt)		56				
Corporate costs		(11)				
TOTAL	**831**	**947**	**1,270**	**$0.82**	**$0.93**	**$1.25**
Shares on issue (mn)	1,017 mn					as of 26-Apr

Source: RaaS Research Group, company data

FINANCIAL SERVICES GUIDE

RaaS Research Group Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415, of

BR SECURITIES AUSTRALIA PTY LTD; ABN 92 168 734 530; AFSL 456663

Effective Date: 26th March 2024

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Contact Details, BR and RaaS

BR Head Office: Level 1, 160 Edward Street, Brisbane, QLD, 4000 www.brsecuritiesaustralia.com.au

RaaS:. c/- Rhodes Docherty & Co Pty Ltd, Suite 1, Level 1, 828 Pacific Highway, Gordon, NSW, 2072.

P: +61 414 354712

E: finola.burke@raasgroup.com

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Website: www.afca.org.au; Email: info@afca.org.au; Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

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