



ACHIEVING SIGNIFICANCE IN THE OIL & GAS INDUSTRY

March 2011



EMPIRE ENERGY GROUP LIMITED

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Mission Statement



Build a 'Low Risk' E&P business

- Opportunistic upstream acquisitions
- Target production assets with attached low risk development
- Hedging to 2015: 75% Oil @ \$90/Bbl; Gas 75% @ \$5.85/Mcf
- Debt deleverage from internally generated cash flow
- Seek internal generated funding of acquisitions
- Leverage of US\$150mm+ credit facility
- Low cost, technology focused, operator
- Balanced exploration exposure
- North American Listing

Production Targets

- **By 2012** 2,500+ Boe/d
- **By 2015** 10,000 Boe/d
 - **70% oil production (currently 36%)**
 - **Top 10 Australian oil & gas producers**

How?

- **Existing** 1,520 Boe/d
- **Drill bit** 4,000 Boe/d from existing and farm-in
- **Acquisitions** 4,500 Boe/d through acquisition and merger

Corporate Snapshot



Corporate Structure	
Australian Securities Exchange	ASX:EEG (previous ASX:IMP)
Shares on issue (SOI)	162.3 mm
Share Price	A\$0.14
EBITDA – 2011	A\$17.5 mm
Market Capitalisation	A\$22.7 mm
Cash & liquids	A\$3.5 mm
Debt	A\$72.1 mm
Enterprise Value	A\$91.3 mm
Total Assets	A\$112.4 mm
PV10	A\$190 mm
Debt/PV10	38%
Debt/Total Assets	64%
3 month VWAP	A\$0.137
Options Outstanding (\$0.16)	40.2mm
Liquidity (Vol 6 mths/SOI)	30%



**The above are based on preliminary accounts*

Key Milestones

Over last 12 month period, US\$120 million in oil and gas transactions



2006 –
Initial USA entry
in gas JV: 20 wells
drilled, PA

Dec 2007 –
US\$8.85MM
acquisition: 160 gas
wells Hawthorne, PA

Dec 2009 –
US\$38.0MM
acquisition: 1,800 gas
wells, Mayville PA /NY

July 2010 –
US\$24.6MM
partial sale of shale
assets, PA

Dec 2010 –
US\$56.25MM
acquisition: 245 oil
wells, Kansas +
18,000 (gross) acres
Nth Dakota



2009 Actual:
Net Oil : 0 Bbls
Net Gas: 0.4 Bcf

Net Oil Rev: \$0
Net Gas Rev:\$2.3mm

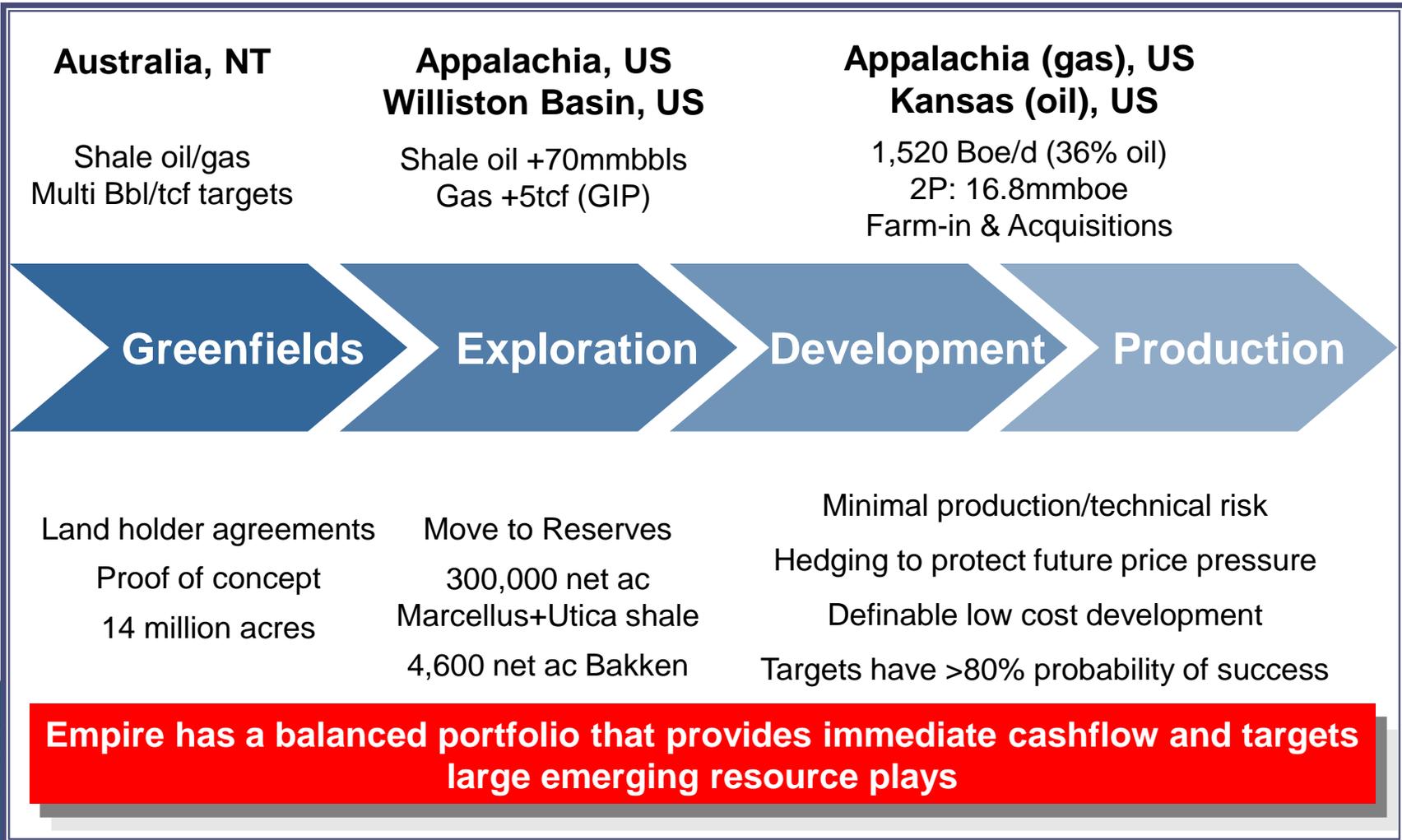
2010 Preliminary:
Net Oil : 48 mBbls
Net Gas: 2.0 Bcf

Net Oil Rev: \$4.5mm
Net Gas Rev:\$12.6mm

2011 Forecasts:
Net Oil : 232 mBbls
Net Gas: 2.1 Bcf

Net Oil Rev: \$20.6mm
Net Gas Rev:\$12.1mm

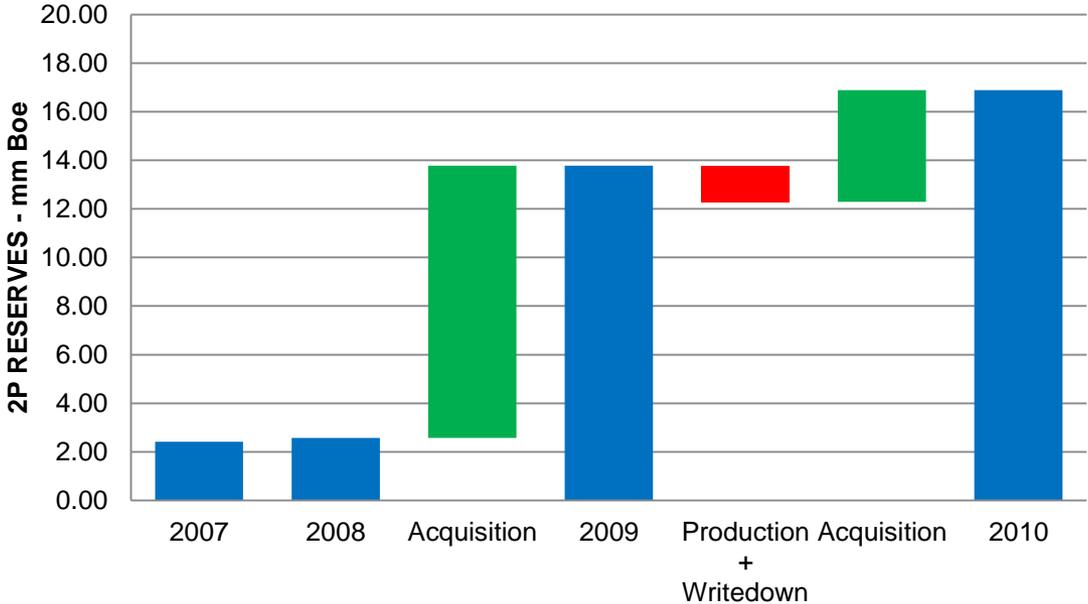
Empire Development Pipeline



2P Reserve Growth

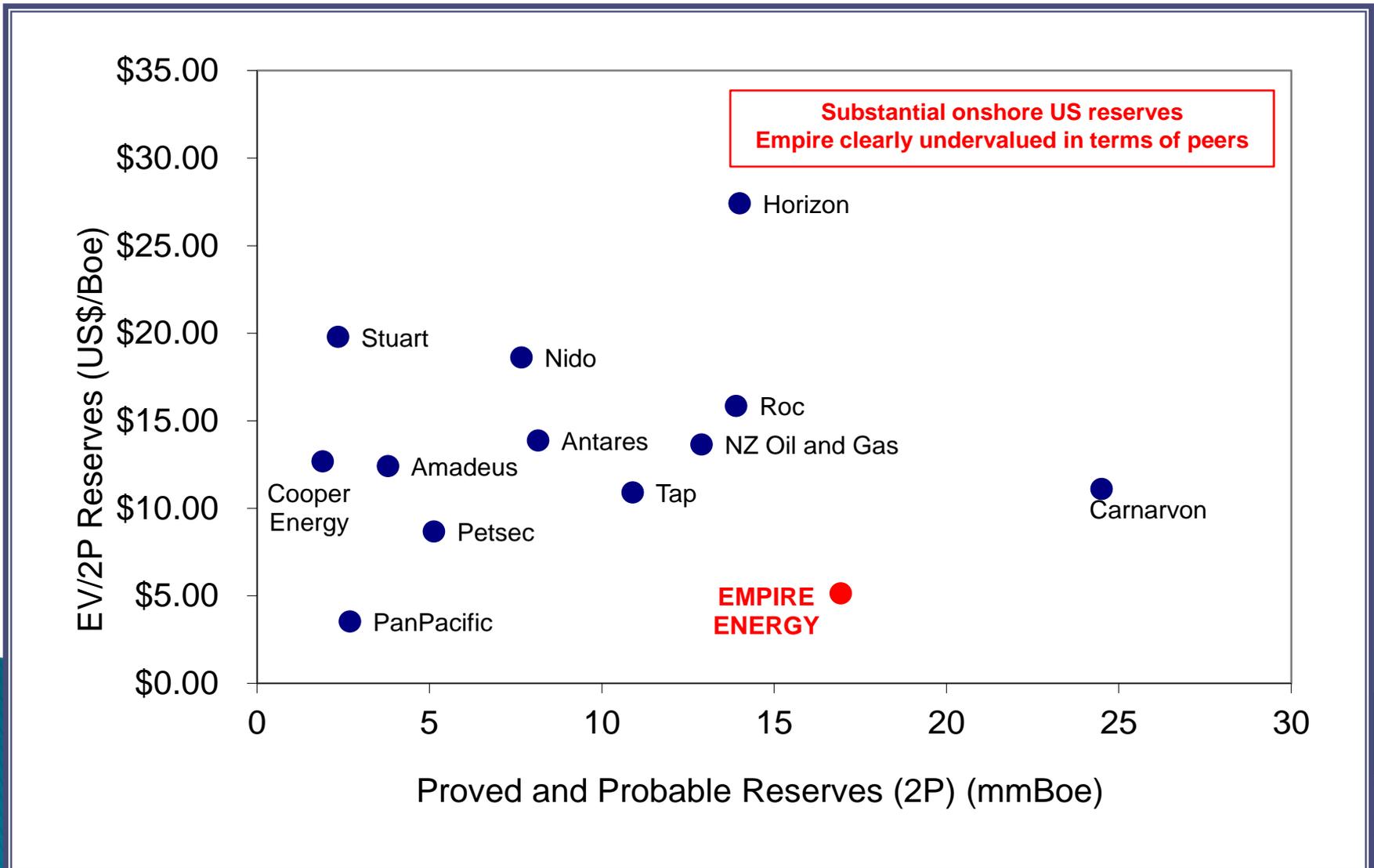


2P RESERVES - mmBoe



Oil:gas ratio utilised is energy equivalence ratio of 6:1

ASX Comparables

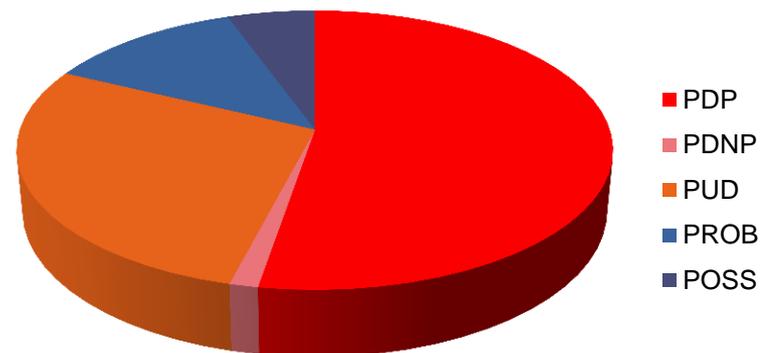


Reserves & Operations



- Current Average Equiv Production (6:1 oil:gas)
 - 1,520 Boe/d (36% Oil)
- Current Average Net Production:
 - KS – 550 Bbl/d
 - PA, NY – 5,800 Mcf/d
- Lifting Costs
 - \$21.47 /Bbl
 - \$1.86 /Mcf (2010)
- Preliminary EBITDA = \$17.5mm (2011)
- Empire Energy operator of ~99% of all assets
- Utica & Marcellus Shale, Pennsylvania & New York
 - Prospective Resource – Marcellus Oil 70 MMBbls+ (RF = 3%)
 - Prospective Resource – Utica Gas 5Tcf+ (GIP unrisked)
- Williston Shale (Bakken), North Dakota
 - Target = +100 MBbl/well

3P Reserves = 18 mmBoe



**Natural gas and oil reserves/resources have been certified Ralph E Davis Associates, Inc, Houston, petroleum engineers .*

Proposed Expenditure – 2011

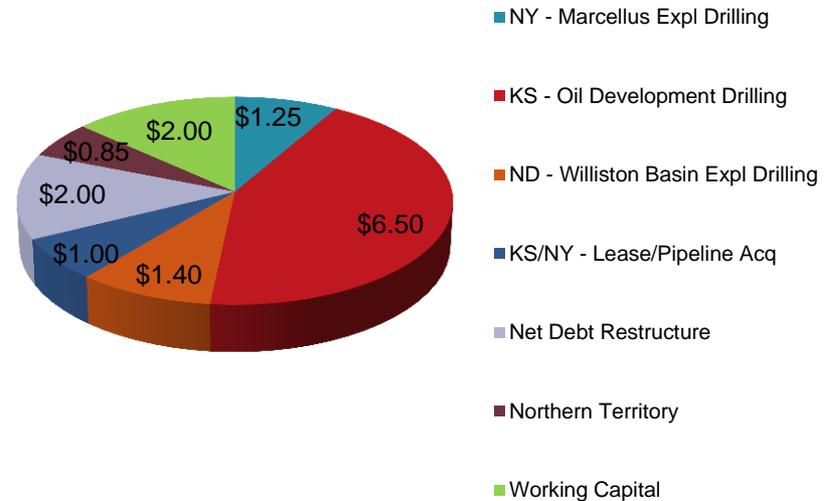


Summary of Expenditure

State	Type	Wells	Capex \$mm	ROI (undisc)	Av payout Years
NY	Expl.	2 to 3	\$ 1.25	n/a	n/a
KS	PDNP	14	\$ 1.00	6.5x	0.4
	PUD	20	\$ 5.50	7.1x	1.7
	Leasing		\$ 0.50		
ND	JV commit 100+MBbl	2	\$ 1.40	target oil shale	target oil shale
NY	Pipeline	n/a	\$ 0.50	n/a	1.0
Nth Terr	Expl.	n/a	\$ 0.85	n/a	n/a
Total Capex			\$ 11.00		

Excludes potential acquisitions

Uses of Funds - \$15 mm



Acquisition – Dec 2010



(1) Acquisition Detail – Kansas

- ☐ Alloc. Price \$ = \$54.2 mm
- ☐ \$/(2P) = \$11.82/Bbl
- ☐ PV10 = \$115.5 mm
- ☐ \$/PV10 (1P) = 76%
- ☐ \$/flowrate = ~\$97,000
- ☐ Reserves/Production = 18.4 yrs

☐ HBP = 100% properties

☐ Oil Production = 99%

☐ Production = 550 Bbls/d (net)

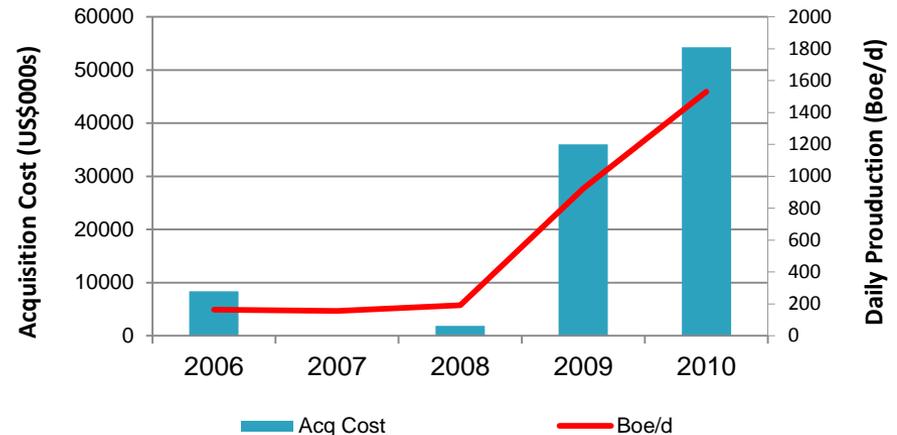
☐ Reserves

- ☐ 1P = 3.6 mm Boe (79% PDP)
- ☐ 2P = 4.4 mm Boe

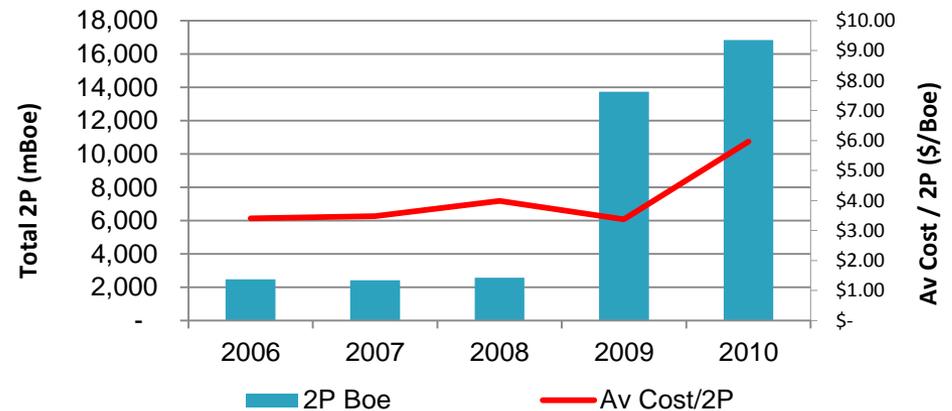
(2) Acquisition Detail – Nth Dakota

- ☐ Alloc. Price \$ = \$500,000
- ☐ 4,590 net acres = \$109/ac
- ☐ Market value ~ \$400/ac
- ☐

Acquisition History



2P Boe Growth



** Oil : Gas equivalents on a 6:1 basis

Central Kansas Uplift

Oil Production



- ❑ Net production=~550 Bbls/d
- ❑ Water driven reservoir
- ❑ ~18,000 gross acres
- ❑ Reservoirs: Shawnee, Arbuckle & Lansing–Kansas City, Mississippian

- ❑ Average WI = 74.5%; NRI = 63%
- ❑ HBP = ~100% properties
- ❑ Operator = ~99% properties
- ❑ ~75% production hedged at \$90/Bbl

Reserves

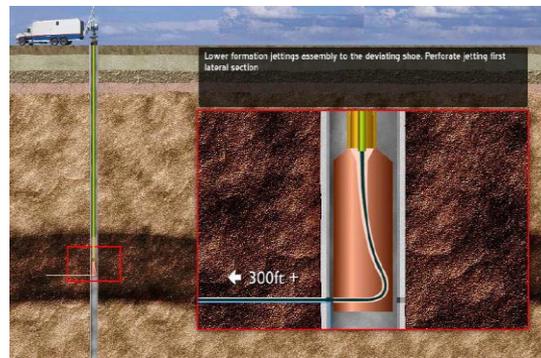
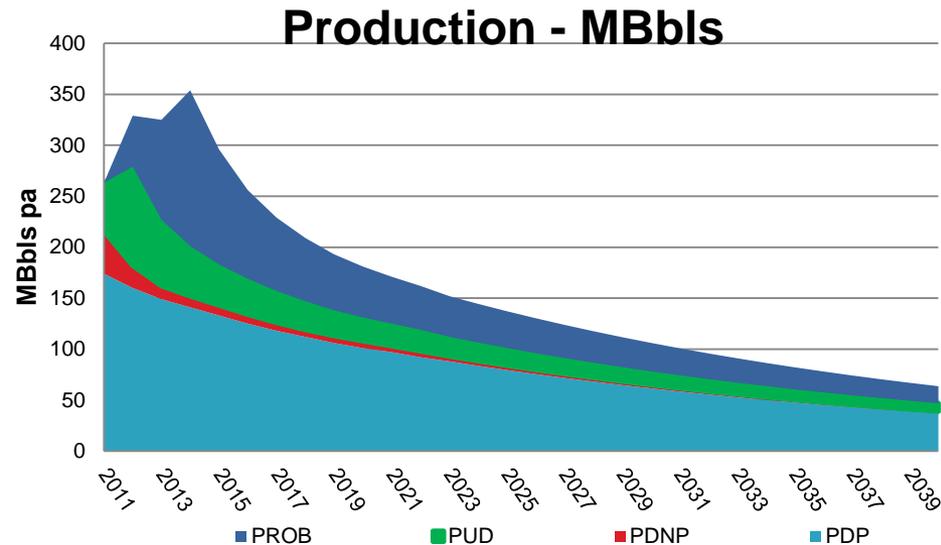
- ❑ 1P = 3.6 mm Bbls (71% PDP)
- ❑ 2P = 4.4 mm Bbls

Drilling upsides identified

- ❑ 16 PDNPs; 29 Puds; +50 Probable
- ❑ 3D seismic to pinpoint structural closures
- ❑ Leasing program underway

Operational enhancements:

- ❑ Ongoing polymer treatment
- ❑ Water flooding opportunities
- ❑ Down hole radial water jetting
- ❑ High volume submersible pumps



Water jetting



High volume submersible pump

Appalachia

Gas Production



- ❑ Net production=5,800 Mcf/d
- ❑ ~312,000 acres (NY, PA)
- ❑ Reservoirs: Medina, Queenston, Speechley

- ❑ WI = 96.5%; NRI = 76.5%
- ❑ HBP = 75% properties
- ❑ Operator = ~99% properties
- ❑ ~80% production hedged at \$5.85/Mcf

Reserves

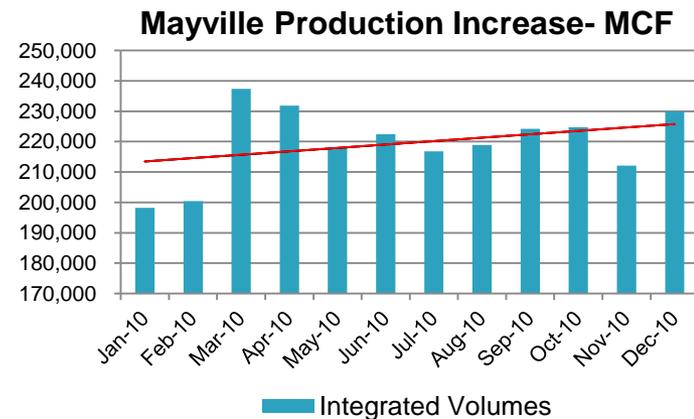
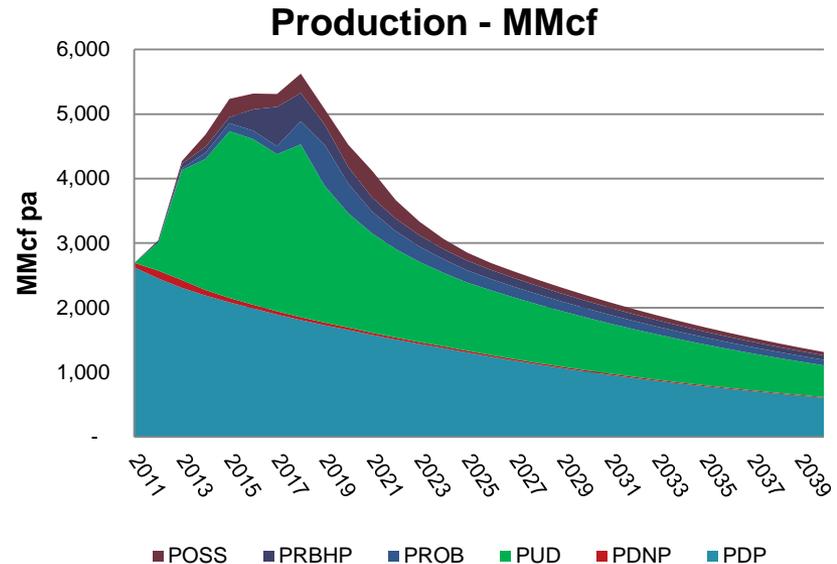
- ❑ 1P = 65.0 Bcf (60% PDP)
- ❑ 2P = 73.3 Bcf
- ❑ 3P = 79.6 Bcf

Drilling potential

- ❑ 100's Drillable locations
- ❑ 150,000+ ac Marcellus/Utica shale

Operational enhancements:

- ❑ Rework existing wells for increased production
- ❑ Implement daily electronic analysis of field data for immediate management
- ❑ Acquiring pipelines & gathering networks to control production & increase margins



North Dakota – Williston Basin

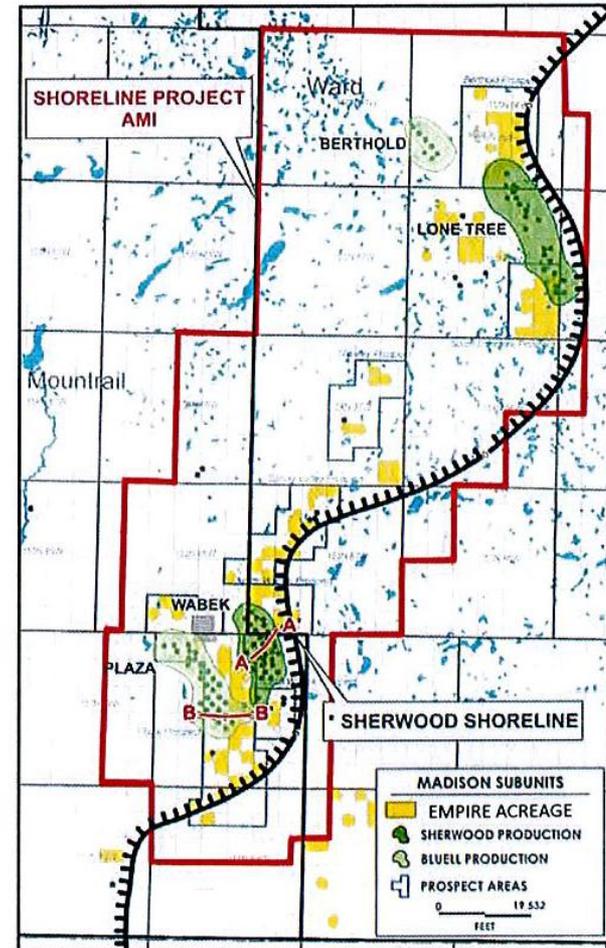
Shale Oil Resource



- Area: 17,000 acres
- AMI: 247,000 acres
- WI/NRI: 35%/27.0%+
- Reservoirs: Sherwood & Bluell
- Trap: Stratigraphic- updip pinchout
- Depth: 7,000ft
- Active wells: 2 well commitment
- Est AFE: \$1.3MM (Empire share for 2 wells)
- Drilling: Mid 2011
- Target : 100 MBbl+/well (based on analogous fields)
- Operator: Vecta Oil & Gas Ltd



Portions of Mountrail and Ward Counties, ND

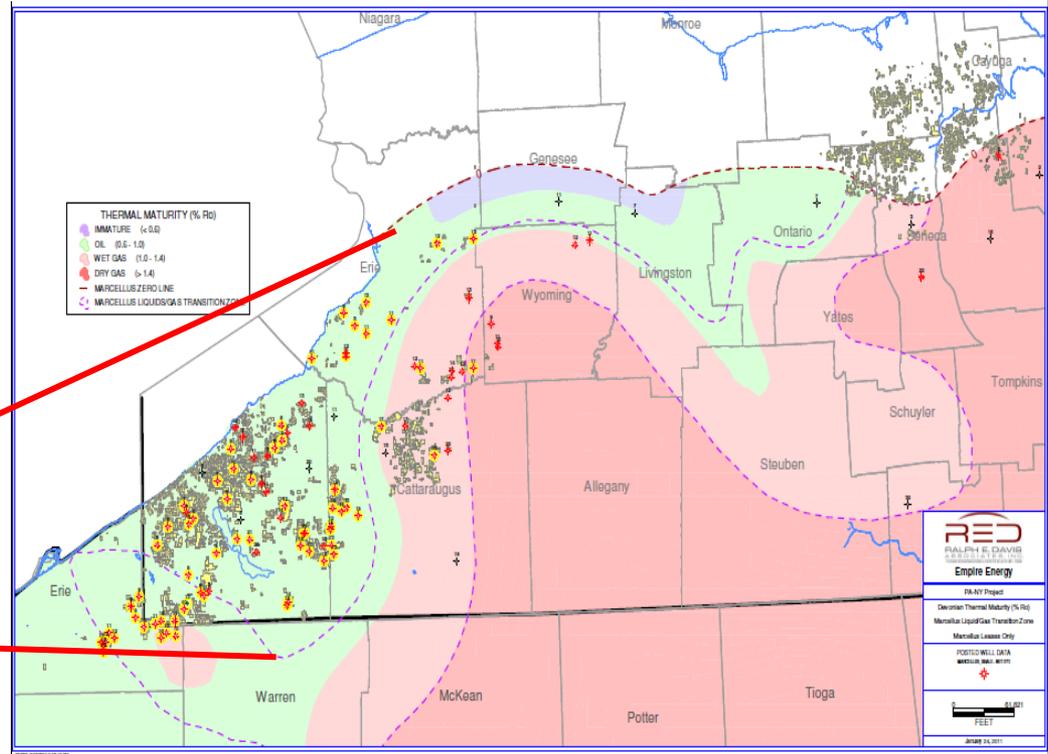
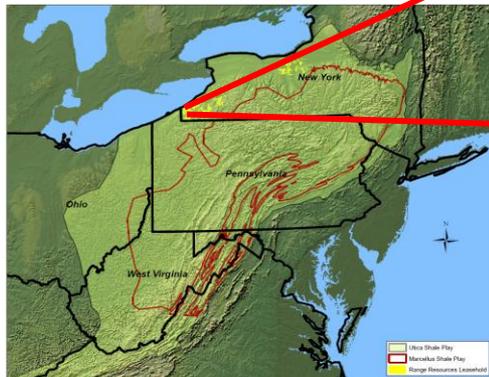


*After Sperr et al., 1993

Marcellus Shale – Oil Prospective Resource



- ❑ Prospective Resource = 70+mm Bbls
- ❑ 150,000+ acres
- ❑ Calculated to produce 2–5,000 Bbls/5 ac
- ❑ Recovery Factor = 3%
- ❑ WI = ~97%; NRI = ~77%
- ❑ Exploratory drilling 2011
- ❑ Increasing demand for condensate acreage in PA and WV
- ❑ NYS review of fracking moratorium around May 2011

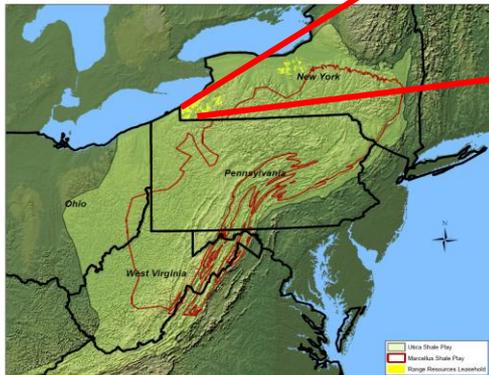
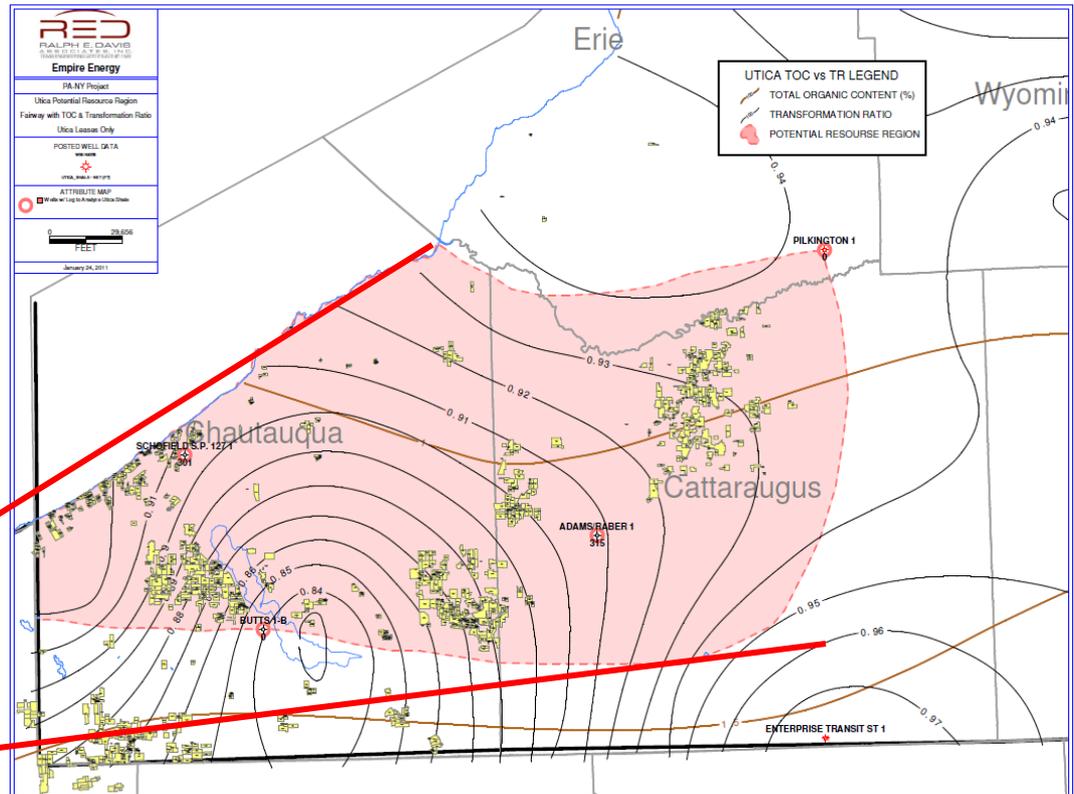


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Utica Shale – Gas Prospective Resource



- Prospective Resource = 5 Tcf+ GIP (unrisked)
- 100,000+ acres
- Additional acreage to be included (Current resource in pink area)
- Successful Utica wells drilled in PA
- NYS review of fracking moratorium around May 2011



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Frontier shale play

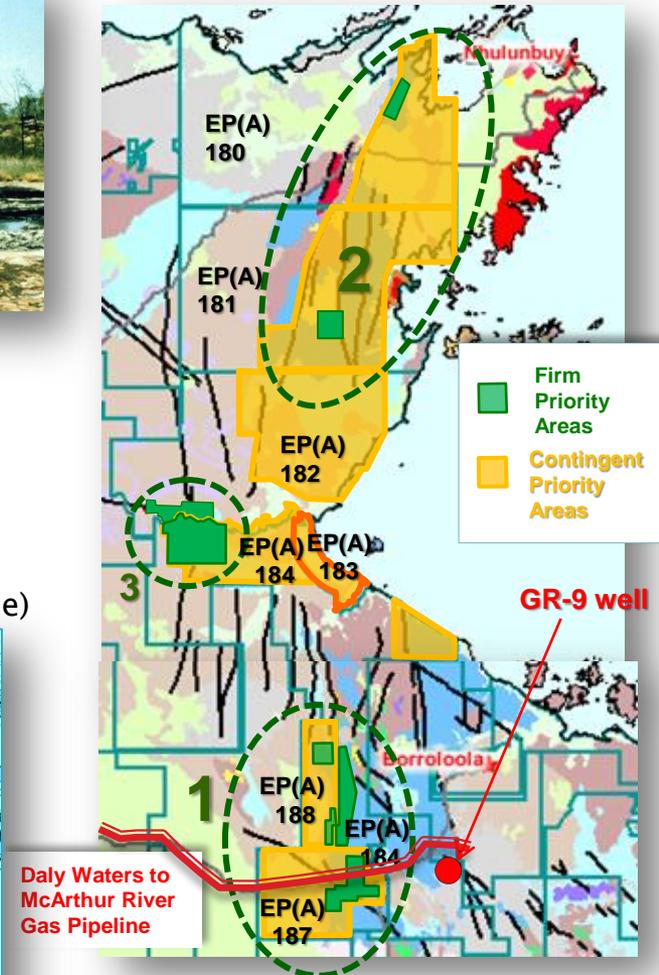
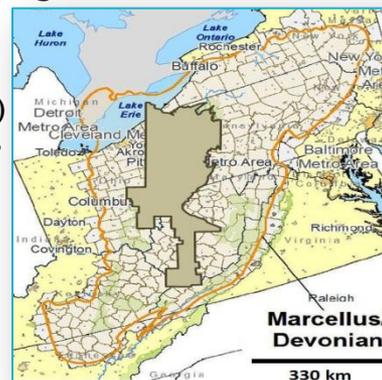
Northern Territory – Australia



- ❑ 100% held by Imperial Oil & Gas (subsidiary)
- ❑ Large scale shale oil & gas exploration play
- ❑ Very low historic exploration maturity
- ❑ 14.6mm acres in the MacArthur Basin
- ❑ Target – organic rich black shales
- ❑ Oil bleeds in core
- ❑ Proven to be gas-prone. A mineral exploration well GR9 ignited and produced a 6m flare for six months. Estimated 0.5Bcf flow over 6 months.



- ❑ Areas of interest identified
- ❑ 1: EP(A) 182, 184, 187, S188 (Aboriginal Land & Native Title)
 - ❑ Gas pipeline passes through EP(A) 187
 - ❑ Potential for grant in 2011–2012
- ❑ 2: EP(A) 180, 181 (Aboriginal Land)
 - ❑ Target initial meeting with Landowners
 - ❑ Access likely to be long term
- ❑ Separate Presentation available



Executive Management

Bruce McLeod – Executive Chairman & CEO, Empire Energy Group

Background in Corporate and Resource Capital markets since mid 1980's. Managed and/or raised over \$1.5bn in resource, property development and portfolio funds. As a director of Imperial Corporation established brown fields mineral sands exploration JV in the Murray Basin, merged into Bemax Resources, and sold in 2008 at an TEV ~\$480 million. Formed Empire Energy in late 2006.

Bill Waller – Chairman & Co-CEO, Empire Energy

Involved with oil and gas exploration, land management and marketing for +35 years, including with Sun Oil Company. Initial Appalachian Basin experience as Senior Executive with Consolidated Natural Gas Company, responsible for doubling CNG's leasehold position to 4,000,000 acres. Helped build Somerset Oil & Gas Inc into an Appalachian natural gas operator with over 2,200 wells, 200,000 acres. Sold to EOG Resources in 2002.

Al Boyer – SVP & COO, Empire Energy

Involved in the natural gas business for +40 years. Operates over 40 privately owned wells. In early 2000's involved in a well drilling program (200 wells in 20 months) and the consolidation of field operations for Somerset Oil & Gas Inc until its takeover by EOG Resources. Has drilled 1,000's of wells in western PA, NY, OH and WV.

Tony Crisafio – Contract CFO, Empire Energy

Mr. Crisafio serves as an independent business consultant, providing financial and operational advice to businesses. Prior he was the Chief Operating Officer of Cinema World, Inc. and a Partner with Ernst & Young. Mr. Crisafio is also a Director and Chairman of the Audit Committee of Petroleum Development Corporation Inc, an oil and gas company with operations in the Appalachians, Michigan and the Rocky Mountain Region.

Dr David Kahn, BE, ME, PhD (Chem. & Petroleum) – Advisor: Empire Energy Group

15 years of diverse experience in the petroleum industry. During the past seven years he has been a principal in companies focused on developing strategies for exploiting unconventional oil and gas assets. He has developed expertise in property evaluations, and development, strategic planning, reservoir engineering with particular emphasis on enhanced oil recovery. Worked for Baker Hughes, Halliburton, Texaco E&P, Gastem and others.

Dr John Warburton, B.Sc. (Geo Sciences), PhD (Structural Geo), FGS, MAICD – Director: Imperial Oil & Gas

27 years of technical experience in the International Petroleum Industry in Europe, Middle East, Kazakhstan, Azerbaijan, Pakistan, PNG, North & West Africa, Australia, New Zealand, SE Asia & China. Includes 11 years for BP, 4 years for LASMO/Eni in Pakistan and 3 years Regional Manager–West Africa with Roc Oil Co.