

Empire Energy Group Ltd: Annual Report to Shareholders

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Sydney, Australia - [Empire Energy Group Ltd.](#) (ASX:EEG) (OTCMKTS:EEGUF) continues progress to first commercial gas in the Beetaloo with the Carpentaria Pilot project. We anticipate commencing pilot production and sales in the first half of 2025 (subject to a final investment decision by the Board) which would make Empire the first company to sell gas from the Beetaloo Basin.

The critical shortage of new gas supply in Australia is most acute in the Northern Territory where declining supply from the Blacktip Gas Field and other sources is putting extreme pressure on alternative sources of gas to power their network. The Beetaloo Basin enjoys existing infrastructure to connect the enormous Beetaloo resource to markets in dire need.

We continue to process data acquired through our drilling and stimulation of four wells in EP187 as we progress our pilot project. Flow rates from C2 and C3 indicate to us that the resource is likely commercially viable and we expect further productivity gains as we apply and continue to build upon the valuable IP we have developed to date. Independent third-party reservoir engineering consultants Subsurface Dynamics, Inc. have assessed our results and predict that 3km horizontal development wells can generate EUR of 6-8 BCF of gas per well.

Netherland Sewell & Associates, Inc. has upgraded the 2C contingent resource to 1,739 PJ (>1.5 Tcf), over an area of less than 1% of our leasehold position.

Late in 2023, an opportunity arose to acquire a fit for purpose gas plant that had been processing gas for AGL near Sydney. Empire acquired the plant for A\$2.5 million utilising existing cash at bank, a small fraction of the cost of an equivalent new build plant. The plant was relocated to Roma in Queensland and is in the process of being refurbished ahead of transport and reassembly as the Carpentaria Pilot Gas Plant (CPGP). Empire believes the cost of acquisition, refurbishment and relocation will result in saving ~\$30m when compared with new build alternatives. Perhaps more importantly due to current global supply chain issues we may save ~12 months to first commercial gas.

We have managed this without dilution of capital. The receipt of \$15.6m in R&D and the final Beetaloo Cooperative Drilling Program funds of \$7.7m has meant we have not approached the capital markets since June 2022. The Empire team is focused on being a careful steward of your capital.

At the Annual General Meeting in May 2023, former Chairman Paul Espie AO announced his retirement from the Board of Empire Energy. We thank Paul for his substantial contribution to the Company's strategic direction as Chairman over the last five years and for his support as a shareholder, and wish him the best for his retirement.

The Board welcomed Karen Green to its ranks upon the retirement of Paul Fudge and his alternate Jacqui Clarke. Karen's deep knowledge of the Northern Territory where she has lived and worked since 1991 brings valuable experience and relationships as we move into the next phase of our development. We thank Paul and Jacqui for their service to the Board and we look forward to continuing our important relationship with them.

Late 2023 saw some extraordinary M&A transactions in global oil and gas, particularly in relation to the US shale industry. The Exxon Mobil takeover of Pioneer Natural Resources and Chevron's acquisition of Hess continues a consolidation trend amongst large oil and gas companies as the world transitions to lower carbon dioxide emissions while continuing to satisfy the developed and emerging world's insatiable demand for energy.

The future for gas in Australia's energy security is bright. Governments both Federal and State / Territory are productively engaging with the industry to ensure supply to underwrite gas supply for manufacturing and energy for decades to come.

As Empire progresses towards pilot production, we are focused on financing options that will maximise shareholder value while minimizing dilution of your interests in the Company. We have commenced a farmout process. Non-disclosure agreements have been signed with multiple global upstream energy

companies and discussions are proceeding well. We are also exploring options for financing including project finance that, in the success case, will provide efficient capital solutions as we push towards production and cash flow.

*To view the Annual Report, please visit:
<https://abnnewswire.net/lnk/713Y8G0N>

About Empire Energy Group Ltd:

Empire Energy (ASX:EEG) (OTCMKTS:EEGUF) is a Sydney based Australian oil and gas company holding 100%-owned and operated assets with unconventional targets in the Northern Territory Beetaloo Sub-basin and central trough of the McArthur Basin.

Empire is an active Beetaloo Sub-basin operator, focused on maturing its assets to production. Following the successful appraisal drilling and flow testing of the Carpentaria-2H and 3H wells in Empire's EP187, Empire is targeting first gas flow in H1 2025 at its Carpentaria Pilot Project. The Pilot has a targeted sales gas rate of up to 25 TJ per day utilising the existing McArthur River Pipeline.

Source:

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