

Empire Energy Group Ltd: Sale of USA Assets

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Sydney, Australia - [Empire Energy Group Ltd.](#) (ASX:EEG) (OTCMKTS:EEGUF) has entered into an unconditional agreement to sell its US oil & gas assets located in the Appalachian region for up to US\$9.1 million, comprising: Upfront Cash Payment: US\$5.9 million and Contingent and Solar Deferred Payments: US\$3.2 million

Upon completion, Empire's US Macquarie Bank credit facility will be repaid in full and US\$2.2 million in cash will be available to support the development of Empire's Beetaloo Basin assets.

Empire will retain a 3.75% carried working interest over shale formations with negligible holding costs.

There are no conditions precedent to completion and completion is expected to occur by 5pm US Eastern Time on Friday, 12 April 2024.

Following completion, Empire will be a 'pure-play' Beetaloo / McArthur Basin player listed on the ASX.

Comments from Managing Director Alex Underwood:

"The Empire team is delighted to have successfully executed its US asset divestment program.

Empire will be a pure-play Beetaloo / McArthur Basin focused developer while retaining a freecarried interest in shale rights in the United States at little to no cost to shareholders.

In 2018, Empire was carrying US\$38 million of debt against its US assets, supported by only US\$4 million of EBITDA to service that debt. Empire sold its Kansas assets in 2019 which reduced the US debt, and this transaction results in full repayment of the US debt and return of over US\$2 million in cash to support Empire's Beetaloo-focused strategy.

Empire's Board and management thank our US employees for their loyal service over the years and we wish them the best.

Empire can now focus its full attention on the development of the world class Beetaloo Basin, which in the success case will provide the people of the Northern Territory with sorely needed energy security and employment, royalty income to the Northern Territory Government, deliver large volumes of gas into the chronically undersupplied Australian East Coast market, and provide energy security for the broader Asian region via LNG export."

[Empire Energy Group Ltd.](#) ("Empire") has entered into an unconditional agreement to sell Empire Energy E&P LLC ("Empire E&P") to PPP Future Development, Inc ("PPP") for up to US\$9.1 million.

Empire E&P is the operating entity for all of Empire's US oil & gas assets. PPP is a privately owned, existing producer of oil & gas in New York State.

There are no conditions precedent to completion and completion is expected to occur by 5pm US Eastern Time today.

The total sale proceeds, payable in cash, are comprised of:

- Upfront Cash Payment: US\$5.9 million (received by Empire);
- Contingent Deferred Payments: Up to US\$2.3 million depending on future gas prices as described in Appendix A*; and
- Deferred Solar Payments: US\$0.9 million.

Deferred Solar Payments

On 28 November 2022, Empire executed a Mutual Use Agreement ("MUA") with Connect Gen, a developer and operator of renewable energy projects across the United States, for the use of surface rights over 2,056

acres of land which Empire holds oil & gas leases in Chautauqua County, New York State (the South Ripley Solar Project). Consideration payable by Connect Gen included deferred payments. Empire will continue to receive the outstanding cash payments under the MUA as follows:

- US\$200,000 on the earlier of commencement of construction or June 2024;
- US\$200,000 on the earlier of commencement of construction or September 2024; and
- US\$500,000 on the earlier of commencement of commercial operations or June 2026.

Retained Carried Working Interest

Empire will retain an economic interest in the shale formations sitting below Empire E&P's New York State conventional producing oil & gas wells via the retention of a 3.75% free carried working interest on all formations below the base of the Medina Sandstone formation. The retained interest will be held at negligible cost to Empire's shareholders.

*To view further details, please visit:
<https://abnnewswire.net/lnk/J57GC0P3>

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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