

ASX:EEG

Successful Capital Raising

6 June 2022



Level 19, 20 Bond Street
Sydney NSW 2000

Empire successfully raises \$27.5 million via a Placement

Highlights:

- **Commitments received from existing and new institutional and sophisticated investors for a strongly supported \$27.5 million Placement**
- **Strategic investor Bryan Sheffield provided cornerstone support with a \$7 million investment. Bryan was previously Chairman, CEO & Founder of Parsley Energy Inc., a major independent shale player in the Permian Basin, Texas**
- **Empire Directors have demonstrated their continuing support for the Company by committing to invest an additional \$520,000 (subject to shareholder approval)**
- **A Share Purchase Plan to raise circa \$2.5 million on the same terms as the Placement will be launched shortly to ensure all shareholders can participate**
- **The fracture stimulation and flow testing of Empire's Carpentaria-2H well, which is fully funded from existing cash at bank, is expected to commence late this month**
- **Empire is now fully funded for the drilling, fracture stimulation and flow testing of the Carpentaria-3H well in EP187 in H2 2022 with all NT environmental approvals already in place**

Empire Energy Group Limited ("**Empire**") is pleased to announce that it has received binding firm commitments to raise \$27.5 million (before costs) via a strongly supported single-tranche placement of new fully paid ordinary shares ("**Shares**") to institutional and sophisticated investors at \$0.22 per Share ("**Placement**").

Subject to shareholder approval, Empire will issue one free attaching unlisted option for every two shares subscribed for by participants under the Placement ("**Attaching Options**"). The Attaching Options will be exercisable at \$0.35 and expire two years from the date of allotment of Shares under the Placement.

Comments from Managing Director Alex Underwood:

The Company is grateful to the investors in this capital raise, with strong support shown for this transaction from our existing shareholders and cornerstone support from Bryan Sheffield, an experienced investor in the US shale space. From the outset of this transaction, it was critical to the Board that all shareholders be given the chance to participate. To that end, we will shortly launch a Share Purchase Plan on the same terms as the placement.

I recognise that the market conditions in which we have carried out this capital raising are challenging. However, the capital resources we now have provide the company with the opportunity to maintain strong momentum as we seek to become the first Beetaloo Basin player to commence commercial production. If we have success in our upcoming drilling and fracture stimulation appraisal programs, the Company will seek a production license over portions of EP187, negotiate gas sale agreements with parties seeking additional gas supply in the tight NT gas market, and commence planning for field development including surface facilities and pipeline connections. The value in becoming the first company to commence in the basin to commence production is highly strategic for Empire and its shareholders.

Widely reported extreme gas pricing on Australia's east coast underscores the critical importance of new sources of low CO2 gas supply. The Empire team is working hard to address this challenge.

Placement Details

Empire will issue a total of 125,000,000 Shares at an issue price of \$0.22 per Share to raise \$27.5 million (before costs) under the Placement. The issue price represents a discount of:

- 15.4% to Empire's closing share price on 1 June 2022;
- 14.5% to the 5-day VWAP prior to the trading halt; and
- 16.4% to 15-day VWAP prior to trading halt.

Funds raised from the Placement will be applied towards:

- Drilling, stimulation and production testing of Carpentaria-3H;
- Western Beetaloo 2D seismic acquisition and civil works to prepare for future appraisal drilling;
- NT Operations (including NT bonding requirements); and
- Head office expenses until at least June 2023.

The Shares will be issued under Empire's existing placement capacity, with 63,604,631 Shares to be issued under ASX Listing Rule 7.1 and 61,395,369 Shares to be issued under ASX Listing Rule 7.1A. It is anticipated that settlement of the Placement will occur on Friday, 10 June 2022 with the Shares being allotted on Tuesday, 14 June 2022. All new Shares will rank equally with existing Shares on issue.

Empire Directors have also demonstrated their continued support for the Company by committing to invest an additional \$520,000, on the same terms as the Placement (including Attaching Options) for an issue price of \$0.22 per Share. The issue of Shares and Attaching Options to Empire Directors will be subject to shareholder approval.

Share Purchase Plan

Empire also intends to launch a \$2.5 million Share Purchase Plan ("**SPP**"), which will give eligible shareholders the opportunity to apply for Shares at the same price as Shares issued under the Placement, without incurring brokerage fees. The terms and conditions of the SPP will be set out in an SPP Offer Booklet which will be dispatched to eligible shareholders shortly.

Eligible shareholders, being shareholders on Empire's register at 7.00pm (AEST) on Friday, 3 June 2022 with an address in Australia or New Zealand, will have the opportunity to apply for up to \$30,000 worth of new Shares under the SPP. It is intended that, subject to shareholder approval, participants under the SPP will also be entitled to receive Attaching Options on the same terms as the Placement.

The offer and issue of Attaching Options to investors under the Placement and SPP will be made under a prospectus to be issued by Empire in due course.

Carpentaria-2H Fracture Stimulation Update

Empire's forthcoming Carpentaria-2H ("C-2H") fracture stimulation across a 1,250 metre horizontal section is expected to commence on or around 29 June 2022 and encompass approximately 25 fracture stimulation stages and production testing. The C-2H fracture stimulation and production testing will seek to improve fracture stimulation fluid selection and perforation strategy, help refine the lateral target window, provide a production type curve for development planning, better understand gas composition and enhance Beetaloo specific completion strategies.

Several hydraulic stimulation fluids will be utilised across the multiple ~50 metre length stimulation stages, including slickwater, high viscosity friction reducer ("HVFR"), and cross-linked gel. Along with the type of stimulation fluid, various perforation designs and pumping strategies will be utilised throughout the wellbore to accelerate Empire's basin specific learning curve.

Drilling, Fracture Stimulation and Flow Testing of Carpentaria-3H

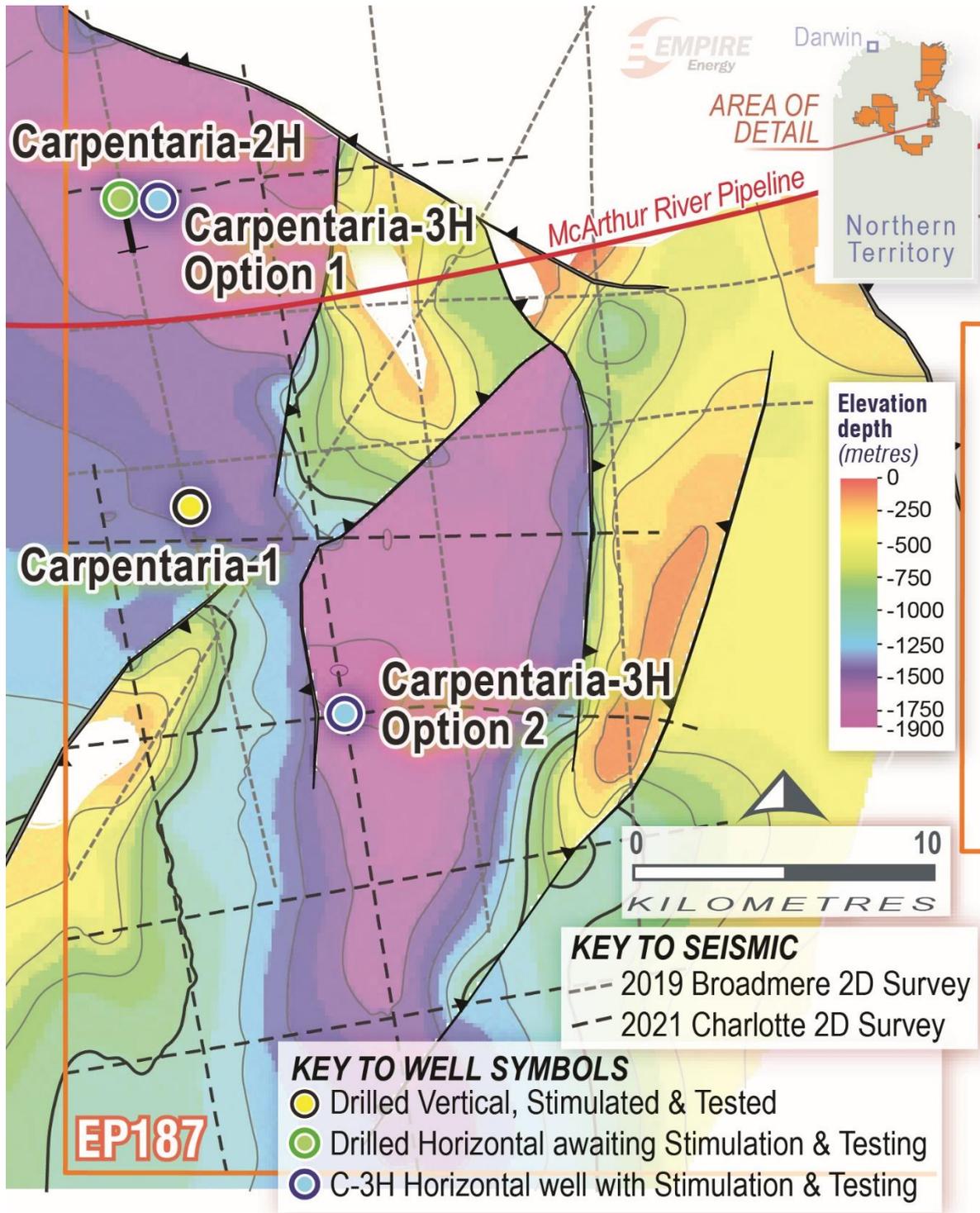
The proceeds from the Placement will support the drilling, fracture stimulation and flow testing of the planned horizontal Carpentaria-3H ("C-3H") well during 2022 for which Empire has Northern Territory Government environment approval. Long lead items including drilling pipe and a wellhead have been ordered in preparation for the commencement of drilling in Q4 2022. Fracture stimulation and extended production testing are expected to commence shortly after drilling.

C-3H will either be drilled from the same surface wellpad location as C-2H or in the Carpentaria East area of EP187. The C-3H program aims to refine drilling, completion and hydraulic stimulation techniques, and further refine Empire's early production type curve for field development. In the success case, C-3H will be a future production well.

Empire drilled C-2H comprising both a vertical and horizontal hole section for less than the cost of the vertical only Carpentaria-1 and we expect to generate further cost efficiencies at C-3H.

Techniques and knowledge developed in C-2H such as refined Velkerri B Shale target interval selection, stimulation fluid selection, perforation and pumping strategy will be applied at C-3H to test commercial well deliverability. The objective of C-3H will be to progress EP187 from the appraisal / delineation phase towards pilot production as Empire progresses its rapid commercialisation strategy and positions for the award of a production licence in 2023.

Discussions with the Northern Territory Government regarding the potential award of a production license have already commenced.



This ASX release has been authorised by the Empire Board of Directors.

For queries about this release, please contact:

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