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ASX Announcement – NT Fracking Moratorium Lifted

17 APRIL 2018

NORTHERN TERRITORY FRACKING MORATORIUM LIFTED

The Directors of Empire Energy Group Limited (“Empire” or “the Company”) are pleased to provide shareholders with an update on the lifting of the fracking moratorium in the Northern Territory.

This morning the Northern Territory Government announced that the moratorium on fracture stimulation of unconventional onshore gas reservoirs is to be lifted.

The Chief Minister, Michael Gunner, announced that the Government had accepted all 135 recommendations of the Scientific Inquiry into Fracture Stimulation in the Northern Territory.

Mr Gunner said that the implementation of the recommendations of the Final Report would now begin so that Territorians could benefit from the creation of new jobs while protecting the Territory’s unique natural environment.

Empire’s 100% owned subsidiary, Imperial Oil & Gas Pty Limited (“Imperial”), has over 14.5 million acres in the McArthur and Beetaloo Basins, Northern Territory, both of which are considered highly prospective for large shale oil and gas resources. The Company has been operating in the Northern Territory since 2010.

The Government will now commence to undertake a process of implementing new rules and regulations pertaining to the industry. This is likely to include certain areas where development can occur, and other areas which have been described as ‘potential reserved areas’. Such areas are likely to include national parks and areas of significant cultural heritage to Traditional Owners. The Company intends to proactively engage with the appropriate Government department and Traditional Owner groups to define areas which are appropriate for continued development. The implementation timetable is currently unknown.

Empire welcomes the Northern Territory Government’s decision which, following implementation of regulations, will facilitate the responsible development of the Company’s highly prospective shale acreage position.

Some of the key elements of these new laws and regulations will include:

- Ensuring all Environmental Management Plans for fracking must be assessed by the EPA and signed off by the Minister for the Environment;

- Strict new requirements that must be met before exploration approval is granted including codes of practice for well integrity and well decommissioning, development of wastewater management frameworks, the requirement for gas companies to obtain a water license;
- Strict new requirements that must be met before production can take place including the development of robust and transparent monitoring strategies, discussions with industry and pastoralists regarding land access requirements and compensation, and release of all environmental management plans for public comment;
- Broad standing to seek judicial and merits review of statutory decisions;
- Broad new powers to sanction non-compliance, civil enforcement proceedings and increased criminal penalties for environmental harm.

The Company continues to carry out advanced discussions with potential joint venture partners which would fund the exploration and appraisal activities required to unlock the substantial resource potential of the Company's acreage in the Northern Territory.

The Company will provide further updates to shareholders as further information becomes available.

Northern Territory Chief Minister Media Release: Fracking Moratorium Lifted

The Northern Territory Chief Minister's media release can be found attached and also at the following link: <http://newsroom.nt.gov.au/mediaRelease/25488>

ABOUT EMPIRE ENERGY GROUP LIMITED

Empire Energy is a conventional oil and natural gas producer with operations in Appalachia (New York and Pennsylvania) and the MidCon (Kansas and Oklahoma).

The Company has over 14.5 million acres in the McArthur & Beetaloo Basins, Northern Territory, both of which are considered highly prospective for large shale oil and gas resources. Work undertaken by the Company over the past 5 years demonstrates that the Central Trough of the McArthur Basin, of which the Company holds around 80%, is highly prospective, with key similarities to those extending through Oman, Siberia and Southern China and which contain resources of billions of barrels of oil equivalent.

Michael Gunner

Chief Minister of the Northern Territory

Media Release

FRACKING MORATORIUM LIFTED – STRICT LAWS TO BE IN PLACE BEFORE EXPLORATION OR PRODUCTION CAN OCCUR

17 April 2018

Chief Minister Michael Gunner today announced the Northern Territory Government had accepted all 135 recommendations of the independent fracking inquiry.

Mr Gunner said implementation of the recommendations of the Final Report of the Inquiry would now begin so that Territorians could benefit from the creation of new jobs while protecting our unique natural environment for generations to come.

“We promised to be a Government that restores trust, listens to the community and creates jobs,” Mr Gunner said.

“We promised an independent, scientific inquiry after which we would either ban fracking or allow it in highly regulated circumstances in tightly prescribed areas.

“We have kept our promise.

“We have accepted the key finding of the report – that if all the recommendations are implemented the risk from fracking can be reduced to an acceptable level.

“We have also accepted the Inquiry’s advice about no go zones and coupled with areas where there is no petroleum potential, 49% of the Territory will be frack free, including in National Parks, Conservation Areas, Indigenous Protected Areas, towns, residential and strategic assets, and areas of high cultural, environmental or tourism value.

“In the remainder of the Territory, strict new laws and regulations will be put in place to ensure that when fracking takes place, we protect the environment, the cultures and lifestyles that rely on it, and the many tourism, pastoral and agricultural jobs that depend on it.

Some of the key elements of these new laws and regulations include:

- Ensuring all Environmental Management Plans for fracking must be assessed by the EPA and signed off by the Minister for the Environment;
- Strict new requirements that must be met before exploration approval is granted including codes of practice for well integrity and well decommissioning, development of wastewater management frameworks, the requirement for gas companies to obtain a water license;

- Strict new requirements that must be met before production can take place including the development of robust and transparent monitoring strategies, discussions with industry and pastoralists regarding land access requirements and compensation, and release of all environmental management plans for public comment;
- Broad standing to seek judicial and merits review of statutory decisions;
- Broad new powers to sanction non-compliance, civil enforcement proceedings and increased criminal penalties for environmental harm.

An independent officer will be appointed to oversight the implementation of all 135 recommendations.

“We understand that many Territorians are concerned about increased greenhouse gas emissions from fracking and as recommended by the inquiry, I have written to the Prime Minister and the Federal Leader of the Opposition seeking their agreement to partner with us in offsetting all additional emissions,” Mr Gunner said

“In addition, this Government will soon be seeking comment on draft Climate Change and Environmental Offset policies which we want to finalise before the end of the 2018.”

“These reforms will require significant additional resources and we have approved \$5.33 million over three years to implement the 135 recommendations. This will ensure that our unique environment is protected while much needed new jobs are created – particularly in remote and regional parts of the Territory.

“In line with the recommendations of the report, the Government will be ensuring industry pays its fair share through an appropriate cost recovery model.

“I understand that many Territorians feel passionately about fracking and were hoping for a different announcement today.

“I want to assure all Territorians that we will faithfully implement all the recommendations of the report and I encourage those who are passionate about protecting our precious natural environment to stay engaged through this process of reform,” Mr Gunner said.

Work on a detailed implementation plan for the 135 recommendations of the Final Report will begin immediately and be completed and released to the public in July this year.

As part of the ongoing implementation a community and industry reference group will be created to ensure Territorians continue to have a formal voice in the process.

Further information on the Government’s response to the Final Report of the Inquiry and fact sheets can be found at hydraulicfracturing.nt.gov.au