Morgans IN ALLIANCE WITH CIMB

# Empire Oil & Gas

EGO AU / EGO.AX

| Market Cap | Avg Daily Turnover | Free Float |
|---|---|---|
| US$39.53m | US$0.06m | 100.0% |
| A$51.02m | A$0.08m | 10,205 m shares |

| | |
|---|---|
| Current | A$0.005 |
| Target | A$0.007 |
| Up/Downside | 42.3% |

STOCK RATING: **ADD** / HOLD / REDUCE

Morgans Analyst(s)

**James LAWRENCE**
**T** (61) 7 3334 4547
**E** james.lawrence@morgans.com.au

**Adrian PRENDERGAST**
**T** (61) 3 9947 4134
**E** adrian.prendergast@morgans.com.au

### Share price info

| Share price perf. (%) | 1M | 3M | 12M |
|---|---|---|---|
| Relative | 0.3 | -21.1 | -28.9 |
| Absolute | 0.0 | -26.5 | -26.5 |

| Major shareholders | % held |
|---|---|
| ERM Power | 19.9 |

# Rebuilding the Empire

*Empire Oil & Gas (EGO) has a significant Perth Basin acreage position, experienced management team, recapitalised balance sheet, contracted gas revenues and a number of upcoming catalysts that we expect will drive the share price higher. The company now appears to be on a strong footing and positioned for growth. We initiate coverage with an Add recommendation and 0.7cps target price.*

## Back on track

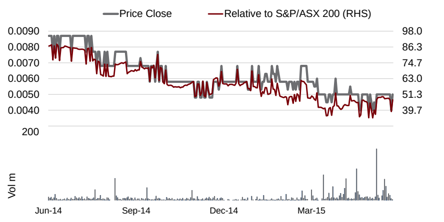
A new management team, coupled with a strong balance sheet post the recent ~A$15m raising, has put EGO back on solid footing. The Red Gully production facility has performed well under this new team, and with the impending receipt of cash flow under Tranche 2 of the Alcoa pre-payment, the company appears to be on solid footing. EGO is currently undertaking a small shareholder sale facility and we expect the next step to be a share consolidation.

## Plenty of upcoming catalysts

EGO plans to drill the Red Gully North-1 well in the December quarter of CY15, and while defined as an exploration well, given it is targeting structures previously drilled and intersected, we view it more as an appraisal well. Success here is worth 0.15 cents/share on our estimates. We also expect EGO will benefit from continued drilling success by those around it in the Northern part of the Perth Basin. The recent seismic survey should result in the definition of drill ready targets and we expect EGO to look to bring in a partner to fund this drilling.

## Initiate with an Add recommendation, 0.7cps target price

We initiate coverage of EGO with an Add recommendation and 0.7cps target price. Our risked valuation offers ~40% upside from the current share price, while our unrisked valuation of 1.1cps offers considerably more upside for investors. We value EGO using a risked sum of the parts (SOTP) methodology comprising a DCF of production assets and a mixture of resource multiples and expected farm-in values for the exploration assets. Key risks to our price target include exploration/farm-out success as well as currency and commodity prices.




Source: Bloomberg

**52-week share price range**

0.004 — 0.009 — 0.010

0.007

Current — Target

### Financial Summary

| | Jun-14A | Jun-15F | Jun-16F | Jun-17F | Jun-18F |
|---|---|---|---|---|---|
| Revenue (A$m) | 12.38 | 18.62 | 24.48 | 26.63 | 28.11 |
| Operating EBITDA (A$m) | 2.50 | 7.32 | 12.11 | 13.92 | 15.11 |
| Net Profit (A$m) | -1.60 | 1.36 | 6.39 | 8.23 | 7.49 |
| Normalised EPS (A$) | (0.000) | 0.000 | 0.001 | 0.001 | 0.001 |
| Normalised EPS Growth | 0% | NA | 370% | 29% | (9%) |
| FD Normalised P/E (x) | NA | 37.52 | 7.99 | 6.20 | 6.81 |
| DPS (A$) | - | - | - | - | - |
| Dividend Yield | 0% | 0% | 0% | 0% | 0% |
| EV/EBITDA (x) | 11.78 | 7.45 | 4.47 | 2.91 | 1.82 |
| P/FCFE (x) | 21.47 | NA | NA | 9.09 | 4.59 |
| Net Gearing | (5.1%) | 5.8% | 4.8% | (14.5%) | (29.7%) |
| P/BV (x) | 0.86 | 0.82 | 0.77 | 0.71 | 0.65 |
| ROE | | 2.8% | 10.0% | 11.9% | 9.9% |
| % Change In Normalised EPS Estimates | | | | | |
| Normalised EPS/consensus EPS (x) | | 0.13 | 0.63 | 0.81 | |

SOURCE: MORGANS, COMPANY REPORTS

### Figure 1: EGO - Financial summary

## Empire Oil & Gas - Financial Summary — Energy

| | |
|---|---|
| **Share price:** | $0.0050 |
| **Date published:** | 22 Jun 15 |
| **Year end:** | 30 Jun 15 |

| | |
|---|---|
| **Recommendation:** | ADD |
| **Valuation:** | $0.0071 |
| **Target price:** | $0.0071 |
| **Upside/downside to target:** | 42% |

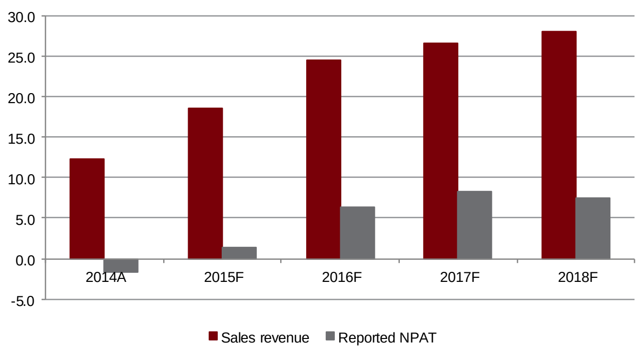
| Profit & Loss (A$m) | 2014A | 2015F | 2016F | 2017F | 2018F |
|---|---|---|---|---|---|
| Sales revenue | 12.4 | 18.6 | 24.5 | 26.6 | 28.1 |
| Total revenue | 12.6 | 18.6 | 24.5 | 26.6 | 28.1 |
| **EBITDAX** | **2.5** | **7.3** | **12.1** | **13.9** | **15.1** |
| EBITDA | 2.5 | 7.3 | 12.1 | 13.9 | 15.1 |
| Exploration expensed | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| D&A | -3.9 | -5.9 | -5.7 | -5.7 | -5.7 |
| **EBIT** | **-1.4** | **1.5** | **6.4** | **8.2** | **9.4** |
| Net interest expense | -0.1 | -0.1 | 0.0 | 0.0 | 1.3 |
| **Net profit before tax** | **-1.6** | **1.4** | **6.4** | **8.2** | **10.7** |
| Tax expense | 0.0 | 0.0 | 0.0 | 0.0 | -3.2 |
| **Reported NPAT** | **-1.6** | **1.4** | **6.4** | **8.2** | **7.5** |
| Abnormals - post-tax | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Adjusted NPAT** | **-1.6** | **1.4** | **6.4** | **8.2** | **7.5** |

| Cash flow statement | 2014A | 2015F | 2016F | 2017F | 2018F |
|---|---|---|---|---|---|
| EBITDA | -6.2 | -3.4 | 12.1 | 13.9 | 15.1 |
| **Operating cash flow** | **-5.9** | **-3.4** | **13.2** | **14.1** | **13.5** |
| Capex | 0.0 | -3.7 | -12.3 | -0.4 | -0.5 |
| Disposals | 0.7 | 0.0 | 0.0 | 0.0 | 0.0 |
| Acquisitions | -4.0 | -15.1 | 0.0 | 0.0 | 0.0 |
| **Investing cash flow** | **-3.3** | **-18.8** | **-12.3** | **-0.4** | **-0.5** |
| Incr/(decr) in equity | 0.2 | 18.7 | 0.0 | 0.0 | 0.0 |
| Incr/(decr) in debt | 2.0 | 11.4 | -3.5 | -8.0 | -1.9 |
| Ordinary dividend paid | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other financing cash flow | 0.0 | -0.1 | 0.0 | 0.0 | 0.0 |
| **Financing cash flow** | **2.2** | **30.0** | **-3.5** | **-8.0** | **-1.9** |
| Inc/(decr) cash | 1.6 | 18.6 | -2.6 | 5.6 | 11.1 |
| **Equity FCF** | **-5.9** | **-7.1** | **0.9** | **13.6** | **13.0** |

| Balance sheet | 2014A | 2015F | 2016F | 2017F | 2018F |
|---|---|---|---|---|---|
| Cash & deposits | 1.9 | 9.8 | 6.7 | 12.3 | 23.5 |
| Intangible assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Fixed assets | 2.1 | 2.0 | 2.0 | 2.0 | 2.0 |
| Other assets | 51.8 | 68.8 | 73.4 | 65.7 | 59.9 |
| **Total assets** | **56.7** | **81.5** | **83.1** | **80.9** | **86.2** |
| Interest bearing debt | 0.0 | 13.4 | 9.9 | 1.9 | 0.0 |
| **Total liabilities** | **20.1** | **19.6** | **16.7** | **8.8** | **7.2** |
| Share capital | 77.1 | 95.8 | 95.8 | 95.8 | 95.8 |
| Other reserves | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Retained earnings | -43.9 | -37.6 | -33.1 | -27.4 | -20.5 |
| **Total equity** | **36.6** | **61.9** | **66.3** | **72.1** | **79.0** |
| Minority interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total shareholders' equity | 36.6 | 61.9 | 66.3 | 72.1 | 79.0 |
| Total liabilities & SE | 56.7 | 81.5 | 83.1 | 80.9 | 86.2 |

| Key assumptions | 2015F | 2016F | 2017F | 2018F |
|---|---|---|---|---|
| **Pricing:** | | | | |
| - Gas pricing | 5.0 | 6.0 | 6.5 | 6.8 |
| - Condensate pricing | 63.3 | 63.5 | 71.5 | 76.2 |
| **Production:** | | | | |
| - Gas production (PJ) | 1.4 | 2.9 | 2.9 | 2.9 |
| - Condensate production (kbbl) | 56.2 | 113.6 | 113.3 | 113.3 |
| **- Kboe production** | **296.0** | **598.7** | **597.1** | **597.1** |

| Valuation breakdown (A$m) | Unrisked | Risked |
|---|---|---|
| Red Gully - Production 2P | 41.36 | 41.36 |
| Red Gully North | 19.22 | 9.61 |
| Gingin East | 39.98 | 9.99 |
| Other Exploration (2C Resource multiple) | 2.45 | 2.45 |
| North Perth Basin (Farm-in Valuation) | 16.00 | 16.00 |
| **Subtotal** | **119.02** | **79.42** |
| Net Cash | 5.50 | 5.50 |
| Corporate & Other Expenses | -12.29 | -12.29 |
| **Valuation Total** | **112.22** | **72.63** |
| **Per share valuation (cps)** | 1.10 | 0.71 |




SOURCE: MORGANS, COMPANY REPORTS

## 1. KEY POINTS

- A new management team and re-capitalised balance sheet (post the recent A$15.7m capital raising) have positioned EGO well to focus on the highly prospective Perth Basin, Western Australia.
- Significant exploration activity by adjacent permit holders has been positive to date and should assist EGO with farm-out discussions on its own acreage.
- EGO is about to commence delivering gas into Tranche 2 of the gas agreement with Alcoa, which will result in a large step-up in cash flow.
- The company is drilling the Red Gully North-1 well in the December quarter of 2015, which if successful, we value at A$15.3m (0.15 cents/share).
- EGO has commissioned an independent reserves review of the Red Gully Gas Field given strong production performance.

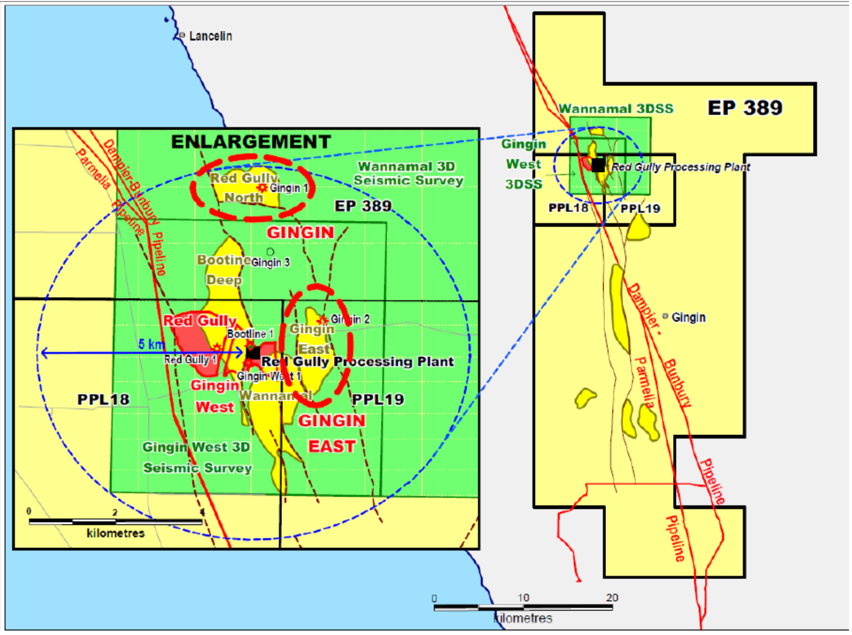
## 2. INVESTMENT THESIS

### 2.1 Building out a gas hub

EGO's management team has spent the last 12 months re-focusing EGO as a Perth Basin oil and gas company following the sale or withdrawal of the company's Carnarvon Basin interests. The company has the largest operated acreage position in the Perth Basin with over 12,000 square kilometers of acreage. EGO has producing gas and condensate assets in the Central part of the Basin in addition to attractive exploration acreage in the Northern part which is adjacent to recent gas discoveries.

The company plans to drill the highly prospective Red Gully North-1 well in the December quarter of 2015. The company also has a number of exploration targets that include the Gingin East, Bootine Deep and Wannamal prospects. EGO has signed a rig agreement to drill the Red Gully North-1 well and has an option to drill an additional four wells in 2016.

Figure 2: Location of the Red Gully Production Facility and prospective gas fields




SOURCES: MORGANS, COMPANY REPORTS

EGO had 2P gas reserves of 14.85 PJ and 2C Contingent Resources of 14.51 PJ of gas (as at 1 January 2015), which are outlined in the table below. EGO has commissioned an independent reserves review of the Red Gully Gas Field, which is due in July. We would anticipate a reserve upgrade following the strong production performance witnessed recently.

**Figure 3: Reserves around the Red Gully Facility**

| | Sales Gas (PJ) | | | Condensate (Mstb) | | |
|---|---|---|---|---|---|---|
| **Reserves** | **1P** | **2P** | **3P** | **1P** | **2P** | **3P** |
| Red Gully | 8.4 | 14.7 | 17.2 | 340.0 | 561.5 | 621.0 |
| Gingin West | 0.0 | 0.2 | 0.3 | 0.5 | 10.4 | 15.6 |
| **Total** | **8.4** | **14.9** | **17.5** | **340.5** | **571.9** | **636.6** |

SOURCES: MORGANS, COMPANY REPORTS

Additionally, EGO has significant Contingent and Prospective Resources, which are all located within 5km of the Red Gully Processing Plant, and defined by 3D seismic. We believe that if the company is successful with the Red Gully North-1 well later this year, it will likely undertake further drilling in the region, with the Gingin East prospect the target. Success here would support the expansion of the processing plant from the current gas capacity of 10TJ/d (and 400bbl/d of condensate) to 15TJ/d of gas and associated condensate. There is also potential for the plant to be upgraded to process the LPG which is currently not generating revenue for the company.

**Figure 4: Contingent and Prospective Resources around the Red Gully Facility**

| | Sales Gas (PJ) | | | Condensate (Mstb) | | |
|---|---|---|---|---|---|---|
| **Contingent Resources** | **1C** | **2C** | **3C** | **1C** | **2C** | **3C** |
| Red Gully | 0.3 | 1.1 | 7.6 | 13.1 | 53.2 | 273.9 |
| Red Gully North | 4.0 | 7.9 | 13.7 | 50.0 | 90.0 | 160.0 |
| Gingin East | 3.0 | 5.5 | 9.1 | 140.0 | 240.0 | 410.0 |
| **Total** | **7.3** | **14.5** | **30.4** | **203.1** | **383.2** | **843.9** |

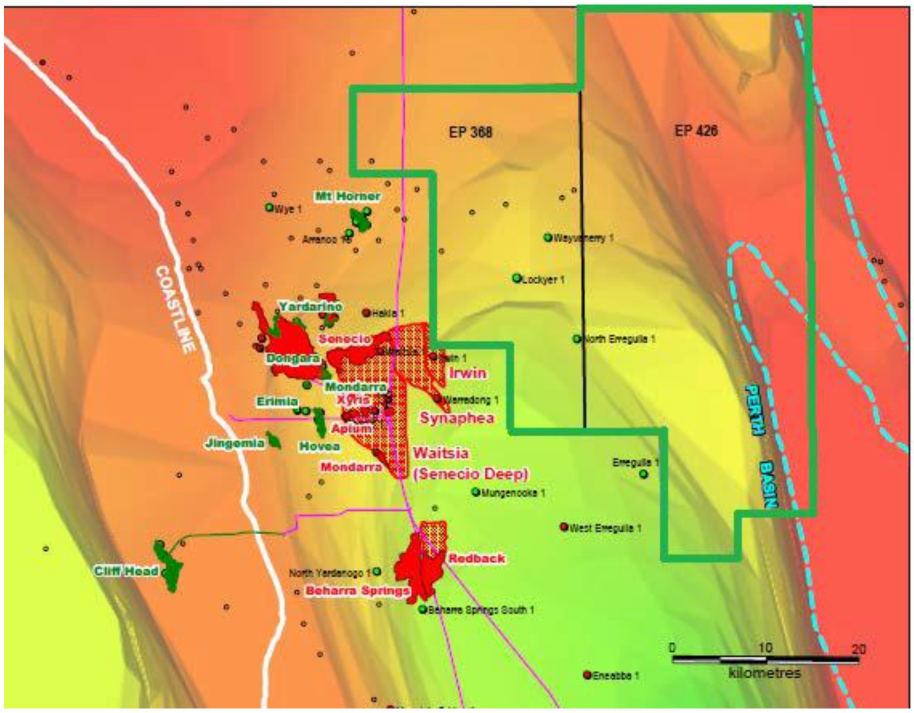
| | Sales Gas (PJ) | | | Condensate (Mstb) | | |
|---|---|---|---|---|---|---|
| **Prospective Resources** | **Low** | **Best** | **High** | **Low** | **Best** | **High** |
| Red Gully North | 2.4 | 4.9 | 9.0 | 30.0 | 60.0 | 110.0 |
| Gingin East | 16.8 | 24.4 | 45.7 | 740.0 | 1270.0 | 2060.0 |
| Bootine Deep | 16.1 | 26.4 | 38.2 | 533.0 | 1189.0 | 1908.0 |
| Wannamal | 16.9 | 27.6 | 44.4 | 507.0 | 912.0 | 1996.0 |
| **Total** | **52.2** | **83.3** | **137.3** | **1,810.0** | **3,431.0** | **6,074.0** |

SOURCES: MORGANS, COMPANY REPORTS

## 2.2 North Perth Basin – a nice neighbourhood

EGO recently completed the Black Swan Airborne Survey, which was conducted over the majority of the company's tenements in the Perth Basin. The interpreted results are expected to be released in the December quarter of 2015. Following receipt of the results, and given the positive exploration results from AWE Limited (ASX: AWE (not rated)) on neighbouring blocks, we would expect EGO to look to bring in a partner to drill some of the targets identified.

Figure 5: EGO's North Perth Basin blocks




SOURCES: MORGANS, COMPANY REPORTS

Recently, EGO has benefitted from drilling by AWE where it has announced multiple gas discoveries in the area adjacent to EP368 and EP426 where EGO holds interests of 80% and 77.8% respectively. AWE has reported 2C Contingent Resources of 15Bcf and 134Bcf of gas at the Irwin and Synaphea fields. A further positive development for EGO is that the deeper Kingia reservoir that was found in the Irwin-1 well is of a similar quality and thicker than that found in the Waitsia-1 well. This suggests that the reservoir gets larger heading east toward EP368 and potentially may extend into EGO's acreage. AWE has released a 2C Contingent Resource estimate of 290Bcf of gas in this large lateral reservoir.

## 3. CATALYSTS

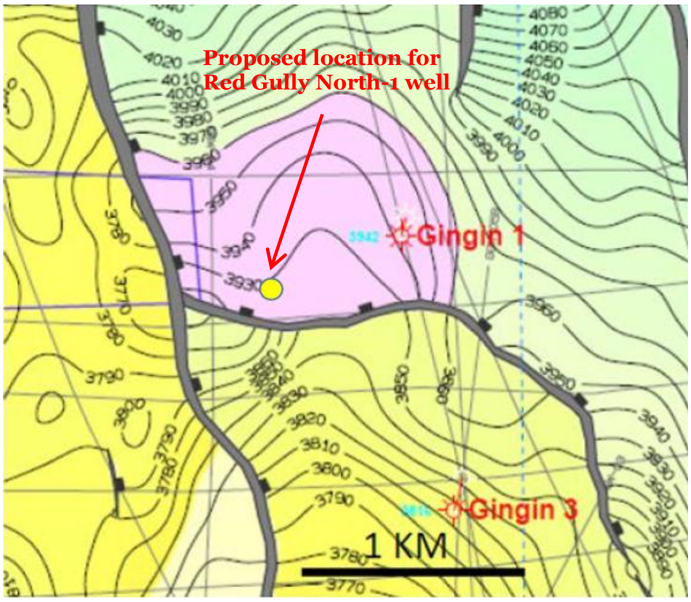
We expect a number of potential positive catalysts for EGO over the next 6-12 months. These include:

- Drilling of the prospective Red Gully North-1 well in December 2015;
- Upgrade of reserves at Red Gully;
- Impending step-up in cash flow as the company begins delivering gas into Tranche 2 of the Alcoa pre-payment agreement;
- Further exploration success in neighbouring blocks as AWE undertakes additional drilling; and
- A successful farm-out to a joint-venture partner to undertake further exploration (including drilling) on some of the company's North Perth Basin acreage.

### 3.1 Drilling Red Gully North-1

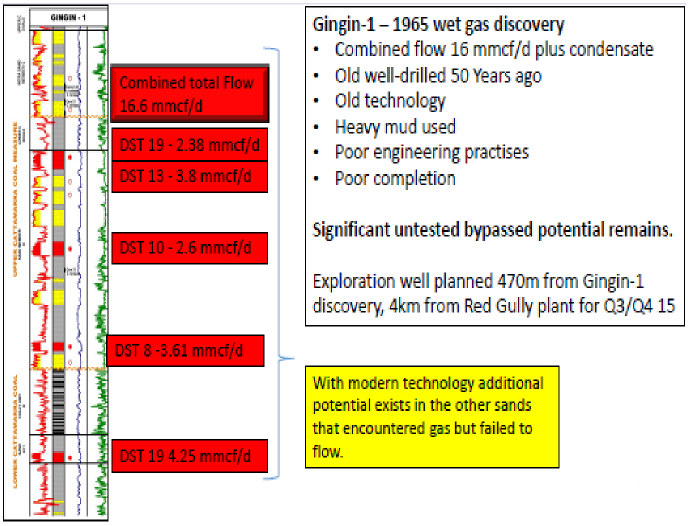
EGO has signed a rig to drill the Red Gully North-1 well in the December quarter of 2015. The well will be drilled up-dip of the Gingin-1 well, which was drilled in 1965 and flowed gas to surface at a rate of 16mmcf/d (plus condensate).

Figure 6: Location of the Red Gully North-1 well




SOURCES: MORGANS, COMPANY REPORTS

Figure 7: Gingin-1 well performance




SOURCES: MORGANS, COMPANY REPORTS

We expect the well (on a success case) would cost A$14.0m to drill, test and connect to the Red Gully production facility. The Red Gully North-1 well is located within 5km facility so tying it back into the facility should be straight forward and EGO has already been looking into suitable pipeline options. If successful, we generate a NPV for this prospect of A$15.3m (0.15 cents/share).

## 3.2 Upgrade of reserves at Red Gully

EGO has announced a planned independent review of the company's reserves at Red Gully following excellent reservoir performance. While we are not going to speculate as to what this upgrade could be, any increase in 2P reserves would be positive for our valuation given we calculate a NPV/GJ of A$2.80 at Red Gully.

## 3.3 Impending step-up in cash flow generation

Since production at the Red Gully Processing Facility was commissioned in 2H13 EGO has not received any payments from the gas sold to Alcoa. This is due to Alcoa entering an agreement to provide funding for the development of the Red Gully Processing Facility. This funding was in the form of a pre-payment for the delivery of 7,500 TJ of gas. Once the 7,500 TJ of gas has been delivered, which we expect to occur by August 2015 at the latest, EGO will begin receiving cash from Alcoa from the gas. This cash would be in addition to the current condensate revenues being received by the company. Based on our forecasts, we estimate EGO will generate gas revenues of A$17.3m in FY16.

## 3.4 Further exploration success by neighbours

There is further drilling planned by companies on adjacent acreage to EGO's Perth Basin interests, which if successful, should result in increased interest in EGO's blocks and position the company better for farm-out discussions.

- AWE is undertaking follow-up work at the Waitsia discovery with the drilling two wells. The first of the two wells, Waitsia-1 has been announced as a discovery by the company.
- Alcoa and joint venture partner Transerv Energy (ASX: TSV (not rated)) are scheduled to drill and stimulate two wells in the Worro field post completion of the two appraisal wells currently being drilled by AWE. Timing is expected to be around August.
- Warrego Energy (Unlisted) and two Dutch farm-in partners are understood to be drilling a lateral well in late 2015 to test the West Erregulla field.

### 3.5 A successful farm-out

Post completion and interpretation of the Black Swan airborne survey, we would expect to see EGO look to bring in a joint venture partner. Our expectation would be that EGO seeks to bring in a party to fund a number of wells, while EGO would likely seek to retain a significant interest in the farmed out acreage.

The prime blocks EP368 (EGO 80%) and EP426 (EGO 77.78%) which are adjacent to AWE's recent discoveries and would likely form the backbone of any deal done, in our view. We have forecast a two well farm-in costing A$20.0m for a 50% interest which would value EGO's interest in these permits at ~A$16.0m (on a post farm-out basis). We would expect the delineation and drilling of targets in 2016 when EGO has the option for a further four wells with Enerdrill (the contractor being used to drill the Red Gully North-1 well).

Using a farm-in partner to drill these permits would free up capital which could be deployed to drill further targets within the Red Gully Hub, increasing reserves, and also funding the upgrade of the processing plant to increase production.

## 4. VALUATION

We value EGO using a risked sum of the parts (SOTP) methodology comprising a DCF of production assets and a mixture of resource multiples and expected farm-in values for the exploration assets.

The company's key asset is Red Gully where it is currently producing gas and condensate. Our DCF of the asset is A$41.4m which underpins the current market capitalisation of EGO.

While the Red Gully North-1 well is defined as an exploration well, we view it more as an appraisal well given it is targeting structures previously drilled and intersected. We ascribe an unrisked value of A$19.2m to this prospect, but have applied a 50% discount to this value due to risks associated with drilling, completing and producing the well.

We value the company's North Perth Basin acreage at A$16m which is based on the expectation of a A$20m farm-in for a 50% interest in these blocks. While other exploration is calculated using a resource multiple.

Our risked valuation is 0.7cps while our unrisked valuation is 1.1cps.

**Figure 8: Valuation**

| NPV OF ASSETS | Unrisked A$m | Risking | Risked A$m | Risked A$ps |
|---|---|---|---|---|
| Red Gully - Production 2P | 41.36 | 100% | 41.36 | 0.0041 |
| Red Gully North | 19.22 | 50% | 9.61 | 0.0009 |
| Gingin East | 39.98 | 25% | 9.99 | 0.0010 |
| Other Exploration (2C Resource multiple) | | | 2.45 | 0.0002 |
| North Perth Basin (Farm-in Valuation) | 16.00 | 100% | 16.00 | 0.0016 |
| **Subtotal** | **119.02** | | **79.42** | **0.0078** |
| Net Cash | 5.50 | 100% | 5.50 | 0.0005 |
| Corporate & Other Expenses | -12.29 | 100% | -12.29 | -0.0012 |
| Valuation Total | **112.22** | | **72.63** | **0.0071** |

SOURCES: MORGANS

## 5. RISKS

In addition to the exploration, regulatory, financing, geological and technical risks associated with investing in oil and gas companies, specific risks include:

- Failure with the Red Gully North-1 well which we forecast to cost ~$10.0m on a dry hole basis.
- Inability or delay in executing a farm-out on the Northern acreage.

| | |
|---|---|
| **QUEENSLAND** | |
| BRISBANE - HEAD OFFICE | (07) 3334 4888 |
| BRISBANE - EDWARD STREET | (07) 3121 5677 |
| BRISBANE - TYNAN PARTNERS | (07) 3152 0600 |
| BUNDABERG | (07) 4153 1050 |
| CAIRNS | (07) 4222 0555 |
| CALOUNDRA | (07) 5491 5422 |
| EMERALD | (07) 4988 2777 |
| GLADSTONE | (07) 4972 8000 |
| GOLD COAST | (07) 5581 5777 |
| IPSWICH/SPRINGFIELD | (07) 3202 3995 |
| KEDRON | (07) 3350 9000 |
| MACKAY | (07) 4957 3033 |
| MILTON | (07) 3114 8600 |
| MT GRAVATT/CAPALABA | (07) 3245 5466 |
| NOOSA | (07) 5449 9511 |
| REDCLIFFE | (07) 3897 3999 |
| ROCKHAMPTON | (07) 4922 5855 |
| SPRING HILL | (07) 3833 9333 |
| SUNSHINE COAST | (07) 5479 2757 |
| TOOWOOMBA | (07) 4639 1277 |
| TOWNSVILLE | (07) 4725 5787 |
| YEPPOON | (07) 4939 3021 |
| **NEW SOUTH WALES** | |
| SYDNEY | (02) 8215 5055 |
| ARMIDALE | (02) 6770 3300 |
| BALLINA | (02) 6686 4144 |
| BALMAIN | (02) 8755 3333 |
| BOWRAL | (02) 4851 5515 |
| CHATSWOOD | (02) 8116 1700 |
| COFFS HARBOUR | (02) 6651 5700 |
| GOSFORD | (02) 4325 0884 |
| HURSTVILLE | (02) 9570 5755 |
| MERIMBULA | (02) 6495 2869 |
| NEUTRAL BAY | (02) 8969 7500 |
| NEWCASTLE | (02) 4926 4044 |
| NEWPORT | (02) 9998 4200 |
| ORANGE | (02) 6361 9166 |
| PORT MACQUARIE | (02) 6583 1735 |
| SCONE | (02) 6544 3144 |
| SYDNEY – LEVEL 7 CURRENCY HOUSE | (02) 8216 5111 |
| SYDNEY – LEVEL 9 | (02) 8215 5000 |
| SYDNEY – HUNTER STREET | (02) 9125 1788 |
| | (02) 9615 4500 |
| SYDNEY – REYNOLDS EQUITIES | (02) 9373 4452 |
| WOLLONGONG | (02) 4227 3022 |
| **ACT** | |
| CANBERRA | (02) 6232 4999 |
| **VICTORIA** | |
| MELBOURNE | (03) 9947 4111 |
| BRIGHTON | (03) 9519 3555 |
| CAMBERWELL | (03) 9813 2945 |
| CARLTON | (03) 9066 3200 |
| FARRER HOUSE | (03) 8644 5488 |
| GEELONG | (03) 5222 5128 |
| RICHMOND | (03) 9916 4000 |
| SOUTH YARRA | (03) 8762 1400 |
| SOUTHBANK | (03) 9037 9444 |
| TRARALGON | (03) 5176 6055 |
| WARRNAMBOOL | (03) 5559 1500 |
| **WESTERN AUSTRALIA** | |
| PERTH | (08) 6462 1999 |
| WEST PERTH | (08) 6160 8700 |
| **SOUTH AUSTRALIA** | |
| ADELAIDE | (08) 8464 5000 |
| NORWOOD | (08) 8461 2800 |
| **NORTHERN TERRITORY** | |
| DARWIN | (08) 8981 9555 |
| **TASMANIA** | |
| HOBART | (03) 6236 9000 |





## DISCLOSURE OF INTEREST

Morgans may from time to time hold an interest in any security referred to in this report and may, as principal or agent, sell such interests. Morgans may previously have acted as manager or co-manager of a public offering of any such securities. Morgans' affiliates may provide or have provided banking services or corporate finance to the companies referred to in the report. The knowledge of affiliates concerning such services may not be reflected in this report. Morgans advises that it may earn brokerage, commissions, fees or other benefits and advantages, direct or indirect, in connection with the making of a recommendation or a dealing by a client in these securities. Some or all of Morgans' Authorised Representatives may be remunerated wholly or partly by way of commission.

## REGULATORY DISCLOSURES

Morgans Corporate Limited was a Lead Manager and Underwriter to the placement and rights issue for Empire Oil & Gas Limited and received fees in this regard.

## RECOMMENDATION STRUCTURE

For a full explanation of the recommendation structure, refer to our website at https://www.morgans.com.au/research_disclaimer.

**If you no longer wish to receive Morgans' publications please advise your local Morgans office or write to Morgans, Reply Paid 202, Brisbane QLD 4001 and include your account details.**

01.15.15