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Company Announcements Platform  
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### **Implementation Deed for "Merger" entered into with Ochre Group Holdings Limited ("OGH")**

The Board of Emerald Oil & Gas NL ("**EMR**") advises that EMR has entered into an Implementation Deed ("**the Deed**") with OGH. The Deed sets out the steps in implementing a scheme of arrangement under which, if determined to be in the best interests of the EMR shareholders and subsequently approved by EMR shareholders, EMR shares would be acquired by OGH in exchange for an issue of shares in OGH.

The obligations of EMR under the Deed are subject to there being no "Superior Proposal" being made by a third party to EMR and a corresponding provision applies to OGH.

The intent of the Deed is, in essence, that, pursuant to a scheme of arrangement ("**the proposed Scheme**"), EMR shareholders would receive one fully paid ordinary share in OGH in exchange for each 2.75 ordinary fully paid shares held in EMR. The proposed Scheme does not include any terms for the acquisition of the existing unlisted options in EMR (117,600,000 5 cent 30 April 2014 options and 50,000,000 5 cent 28 June 2014 options).

It will be a condition of the proposed Scheme that OGH raises between \$500,000 and \$1,000,000 by an issue of shares at a price of \$0.04 per share. It is also a term of the Deed that from the date the Deed is entered into, OGH will restructure its board and company secretarial remuneration arrangements such that the non executive directors' fees (chairman and two non executive directors) will be reduced to \$120,000 per annum in total and the company secretarial services will incur a fee of no more than \$80,000 per annum.

Under the proposed Scheme Mr Bosio, a director of EMR, would be invited to join the board of OGH at Completion, OGH nominees would become directors of EMR, EMR would become a wholly owned subsidiary of OGH and EMR would cease to be a listed entity.

OGH is currently the largest single shareholder of EMR with a holding of approximately 16% of the issued capital of EMR. It is listed on ASX and has a current market capitalisation of approximately AUD\$9.57million. Mr Rudisill, a director of EMR is also a director of OGH. OGH's main asset is a granted mining lease (the Wonmunna Project) located in the Pilbara region in Western Australia. EMR is informed by OGH that the current book value of the Wonmunna Project is approximately A\$50 million.

Mr Bosio and Mr DiCosta are shareholders and directors of Pareto Capital Pty Ltd a corporate advisory business which has recently entered into a memorandum of understanding with OGH as announced to ASX by OGH on the 5<sup>th</sup> of April 2013.

Based upon a 90 day VWAP (EMR - \$0.0073) and (OGH - \$0.0226) the consideration under the proposed Scheme represents a 12.9% premium to EMR shareholders. However, it is noted that the EMR share price trades at a significant discount to the cash backing of EMR if the EOX shares held by EMR were to be liquidated at current market prices and that this discount has been accentuated in recent times due to the fall in the Australian dollar compared to the US dollar.

While the Board of EMR (with the exception of Mr Rudisill who has removed himself from discussions or decisions in relation to the matter because of his dual roles as a director of each company) are divided as to the merits of the proposed Scheme, EMR will, under the Deed, seek an appropriate Independent Expert's report on the proposed Scheme and, if determined in the report to be in the best interests of EMR shareholders, will put the proposed Scheme forward for approval of shareholders pursuant to the requirements of Section 411 of the Corporations Act.

Below are the comments of the four directors of EMR other than Mr Rudisill in relation to the Proposal:

### **Jeremy Shervington, Chairman**

Mr Shervington is currently of the view that EMR, as a focused oil and gas explorer and producer with a valuable holding in EOX shares (1,662,174 fully paid ordinary shares) currently having a market value of approximately A\$13,058,000 US\$12,101,000 (based on the 27/07/13 closing price of US\$7.28 and a \$A/\$US conversion rate of 0.9267) is uniquely placed to rebuild its oil and gas asset base by consummating a suitable transaction or transactions in that sector. He considers that investors in EMR would be better placed if they considered OGH as having undervalued assets, in investing directly in OGH and does not consider there are adequate synergies between the two asset bases of the companies to deliver meaningful benefits to EMR shareholders.

However, Mr Shervington recognises that two of the four eligible Board members consider the proposed Scheme does have sufficient merit and that OGH has made a significant investment in EMR and is, therefore, of the view that EMR should seek the views of an Independent Expert and, if the conclusion of that Expert is that the proposed Scheme is in the best interests of shareholders that the proposed Scheme be put before shareholders for approval in the terms provided for under the Corporations Act.

Mr Shervington suggests that shareholders do nothing in response to the proposed Scheme until the relevant Independent Expert's report has been obtained and made available to them.

### **Davide Bosio, Director**

Davide Bosio supports the merger proposal on the basis that it serves to potentially deliver value to shareholders who have invested in significant assets that are arguably undervalued as a result of global financial market conditions and poor investor sentiment. A successful merger may serve to create a new entity with greater diversification of assets and a lower cost structure, key attributes to enable value creation for shareholders.

The merger enables shareholders to spread asset risk geographically and into unique sectors that have proven robust over the long term.

Given the current state of financial markets it is prudent to improve the quality of assets / projects, manage risk and reduce costs to enable shareholders to achieve

favourable returns as these assets mature. A successful merger will aim to achieve this key criteria and value for all shareholders.

**Mike Krzus, Director**

Mr Krzus agrees with and restates the views expressed above by Mr Shervington in relation to the proposal. Further, Mr Krzus is of the view that with the recent clarity that the Board has gained as a result of the decision by shareholders not to endorse a distribution of the Company's holdings in EOX shares, the Board will be free to examine and where appropriate pursue the various opportunities in the energy sector which have been and, he expects, will continue to be available for consideration by the Company.

**Dino DiCosta, Director**

Dino Di Costa supports the proposal of a merger on the basis that it represents an opportunity for shareholders to gain exposure to a potentially undervalued asset, currently held on the balance sheet of OGH. Merging the entities provides upside to shareholders via the combined asset bases, whilst diversifying the exposure to any single asset exposure within the resources sector. The current single asset exposure is a significant risk to shareholders in an economic environment where investor sentiment remains very poor.

Furthermore synergies will be delivered to shareholders in the form of a reduced cost base, an important consideration in the current capital constrained environment, but also via the delivery of management and leadership structure which will seek to maximise the value of the combined asset bases. The current economic environment provides a unique opportunity to combine two undervalued assets, both of which provide upside to the delivery of strong shareholder returns in the long term.

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**About Emerald Oil & Gas NL**

Emerald Oil & Gas NL (ASX: EMR) was listed on the ASX in June 2006. Emerald Oil & Gas NL is a petroleum exploration and production company based in Perth, Australia. The Company's major asset consists of approximately 1.66 million common shares in Emerald Oil Inc (NYSE MKT:EOX), an active Williston Basin operating company listed on the New York Stock Exchange. In addition, Emerald holds exploration and production interests in Kentucky, USA and Canning Basin, Western Australia.