



OIL & GAS NL

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29 April 2011

Centralised Company Announcements Platform  
Australian Stock Exchange  
10<sup>th</sup> floor, 20 Bond Street  
Sydney NSW 2000

**QUARTERLY ACTIVITIES AND CASHFLOW REPORT**  
**MARCH 31, 2011**

Please find attached the Quarterly Activities Report and Appendix 5B Quarterly Cashflow Report for the quarter ended March 31, 2011.

Yours sincerely,

A handwritten signature in black ink that reads "Mike Krzus".

**MIKE KRZUS**

**Chief Executive Officer**

[mkrzus@emeraldoilandgas.com](mailto:mkrzus@emeraldoilandgas.com)

## ASX Release

29 April 2011

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**Directors/Officers:**  
Jeremy Shervington – Non Exec Chairman  
Mike Krzus – Managing Director  
John Hannaford – Non Exec Director  
Laurie Shervington – Alternate Director

**Issued Capital (29 Apr 11):**  
559,409,196 Shares (EMR)  
78,744,568 Listed options (EMRO)  
94,461,115 Unlisted options

**Market Capitalisation (29 Apr 11):**  
Undiluted \$29.1m (@ 5.2 cents)

**Cash on hand (31 Mar 11)**  
\$0.9m

**ASX Codes:**  
EMR, EMRO

## QUARTERLY ACTIVITIES REPORT FOR THREE MONTHS ENDED 31 MARCH 2011

### Highlights

#### USA

- ❖ ***Appalachian Basin Gas Development Projects, Magoffin County, Kentucky***
  - 1,700 Mcfd sour gas production potential demonstrated from well testing program to date

#### AUSTRALIA

- ❖ ***Canning Basin, WA***
  - Seeking farm-in partner for 100% exploration permits

#### CORPORATE

- ❖ **Green River Basin Shale Oil**
  - In final stages of closing transaction to acquire New Frontier Energy Inc's 45% interest in the GRBJV, which includes over 60,000 lease acres prospective for Niobrara shale oil and CBM, existing CBM production and an 18 mile gas gathering pipeline for a consideration of \$US10m cash and issue of 125 million shares to NFE.
- ❖ Finalising \$18.75m capital raising to fund NFE transaction and provide approximately \$9m working capital.

# USA Projects

## Green River Basin - Colorado/Wyoming

### Highlights:

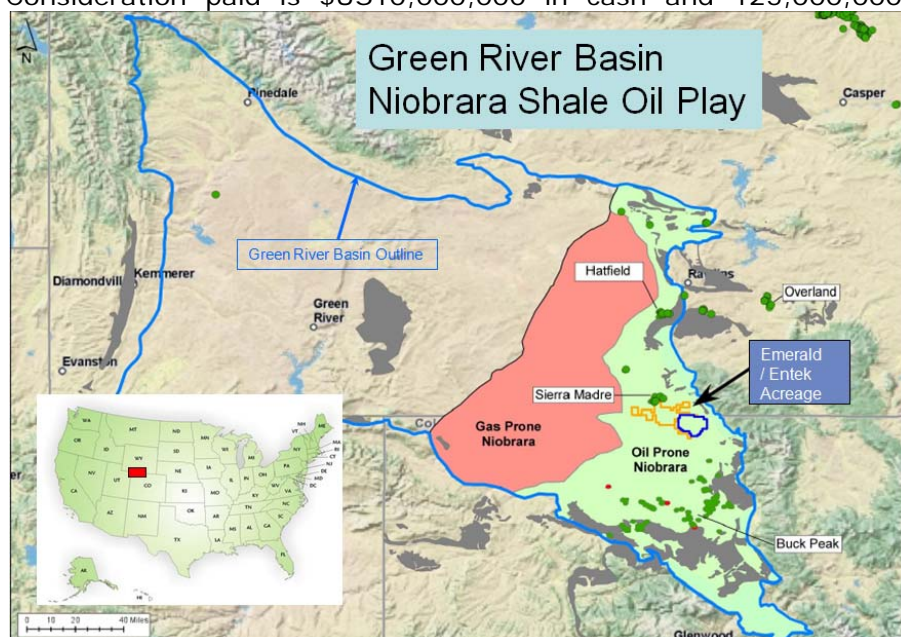
- ❖ **Finalising transaction to acquire New Frontier Energy Inc's 45% working interest in the Green River Basin JV with assets including over 60,000 lease acres prospective for Niobrara shale oil and CBM, existing CBM production and 18 mile gas gathering pipeline for consideration of \$US10m cash and 125 million EMR shares.**

During the quarter, Emerald signed an MOU with US listed public oil and gas company New Frontier Energy Inc (US OTCBB:NFEI) to acquire 100% of New Frontier's interest in the Green River Basin JV. The Green River Basin JV holds over 60,000 acres of highly prospective Niobrara Shale formation of which New Frontier holds a 45% working interest. Entek Energy (ASX: ETE) operates the Joint Venture holds the remaining 55% working interest in the Green River Basin JV.

Emerald will acquire all of NFEI's Green River Basin interests including:

- Leasehold interests in over 60,000 acres of leases located in north western Colorado and south western Wyoming
- Associated equipment and property located on these leases used for production
- Partnership interests in a company which owns and operates an 18 mile, 6" gas export pipeline with associated access rights connected to the greater Rocky Mountain natural gas pipeline grid
- Legal claims in ongoing litigation against certain parties to recover monies from previous joint venture dealings

Consideration paid is \$US10,000,000 in cash and 125,000,000 EMR ordinary shares.



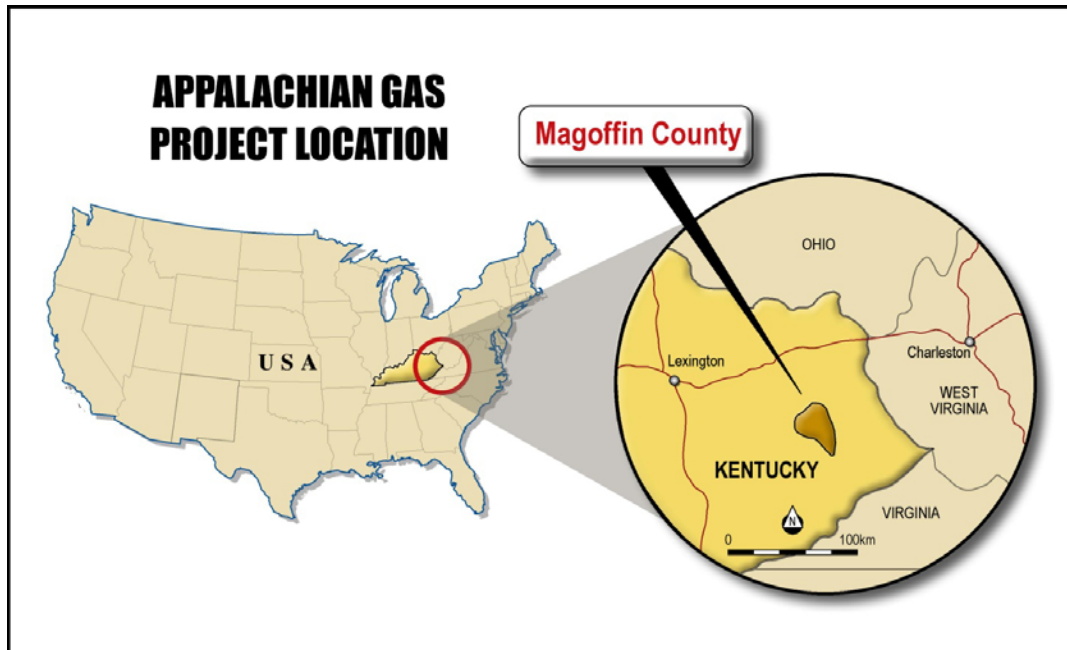
Emerald is in the final stages of closing the transaction with NFEI. Immediately after closing, Emerald and Entek intend to discuss and agree the 2011 GRBJV field activity program for immediate implementation.

**Appalachian Gas - Magoffin County, Kentucky**  
(Emerald 75% Equity Interest in Kentucky Energy Partners LLC)

**Highlights:**

- ❖ Approximately 1,700 Mcfd of sour gas production potential demonstrated to date from well testing

**LOCATION**



**Beetree Project**

Construction was completed and initial production established at end October with production from one well. Production rates as high as 180 Mcfd have been obtained to date.

Operations were severely constrained by winter weather over the quarter and recent severe spring storms affecting the eastern half of the US have resulted in only limited field activity so far this spring. Gas production is expected to increase to over 500Mcfd after additional wells are hooked up and compression is commissioned when weather permits necessary field activities.



### ***Beetree Gas Compression and Sales Gas Treatment Facilities***

#### **Sour Gas**

To date KEP's ongoing well testing program has indicated total sour gas production potential of approximately 1,700 Mcfd. KEP is currently exploring several alternatives to enable this sour gas production to be brought online. KEP's strong competitive operating position in the area positions it well to unlock sour gas potential of several million cubic feet per day, once gas treatment is in place to remove H<sub>2</sub>S from the gas stream.

### **North West Alice, Jim Wells County, Texas (Emerald 35% Working Interest; Operator: OSO Exploration)**

#### ***Project location Jim Wells County, South Texas***

Lake Alice Gas Unit #1 spudded 15 November and was drilled trouble free to TD of 8300 feet on December 7, 2010. Yegua gas sands (main target) were found to be anomalously tight and subsequent testing of shallower Hockley Sands was unsuccessful. The well was subsequently plugged and abandoned.

Emerald still holds a 35% Working Interest in approximately 3700 acres of oil and gas leases and 27 square miles of high quality 3D seismic data over the gas bearing NW Alice structure near the town of Alice in Jim Wells County, Texas and will now be reviewing the seismic data to identify potential shallow gas plays.

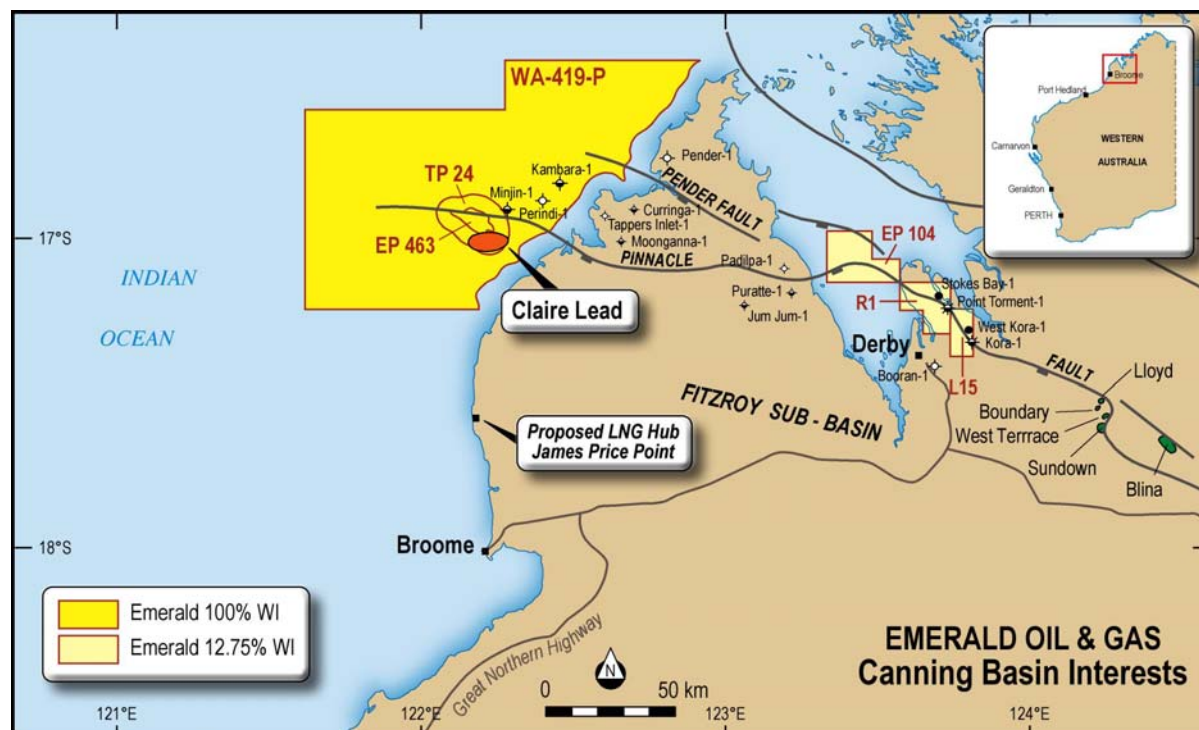
### **NOXXE LLC, Harris County and Galveston County, Texas (Emerald 31.5% Equity Interest)**

Emerald is still pursuing its lawsuit against NOXXE.

## Australian Projects

### EP463 & TP24 (Lacepede Islands) AND WA-419-P (Offshore) Canning Basin, WA (Emerald 100% Working interest, Operator)

Seismic feasibility studies were completed and Emerald is now seeking to farm out a portion its 100% interest in the Claire lead and permit areas in anticipation of new seismic acquisition in 2012.



Exploration Permit/Retention Licence/Applications	Emerald Net Working Interest	Permit Size (approx sq km)
EP 104	12.75%	500
Retention Lease R1	12.75%	300
Production Licence L98-1 (option)	12.75%	200
EP463	100%	200
TP24	100%	400
WA-419-P	100%	8,000
<b>Total</b>		<b>9,600</b>

## Corporate

At 31 March 2011 the Group had \$862,000 cash on hand.

Subsequent to the reporting date EMR initiated a capital raising involving the issue of 375 million new EMR shares to raise \$18,750,000. Approximately \$9,500,000 (\$US10,000,000) will go to discharging the cash consideration of the New Frontier Green River Basin transaction, with the remaining amount being held as working capital.

The Company made the following announcements during the quarter and up to the date of this quarterly report:

Date	Headline
29/4/2011	Becoming a substantial holder
29/4/2011	Becoming a substantial holder
29/4/2011	Becoming a substantial holder
27/04/2011	Appendix 3B – Exercise of Options
20/04/2011	Appendix 3B - Placement
7/04/2011	Change of Director`s Interest Notice
1/04/2011	Results of Meeting
1/04/2011	Emerald Green River Basin Presentation
30/03/2011	EMR Share Placement Underwritten
30/03/2011	EntekEnergy and Emerald Oil and Gas Green River Basin Update
30/03/2011	ETE: Entek and Emerald 2011 Green River Basin Operations
29/03/2011	Initial Director`s Interest Notice
14/03/2011	Half Year Accounts
1/03/2011	Notice of General Meeting/Proxy Form
23/02/2011	Ceasing to be a substantial holder
17/02/2011	MOU TO ACQUIRE STRATEGIC US UNCONVENTIONAL OIL/GAS ASSETS
17/02/2011	Trading Halt Request
17/02/2011	Trading Halt
31/01/2011	Quarterly Activities and Cash Flow Report
25/01/2011	EXPIRY OF OPTIONS/APPENDIX 3Y
4/01/2011	Director Resignation - Appendix 3Z

For more information please contact:

**MIKE KRZUS**

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**Managing Director**

[mkrzus@emeraldoilandgas.com](mailto:mkrzus@emeraldoilandgas.com)

### **About Emerald Oil & Gas NL**

Emerald Oil & Gas NL (ASX: EMR; EMRO) was listed on the ASX in June 2006. Emerald is an oil and gas exploration and production company with project interests in the Green River Basin (Colorado, Wyoming), Kentucky and Texas in the USA and in the Canning Basin of Western Australia.

*Statements regarding Emerald's plans with respect to its petroleum properties are forward-looking statements. There can be no assurance that Emerald's plans for development of its petroleum properties will proceed as currently expected. There can be no assurance that Emerald will be able to confirm the presence of additional petroleum deposits, that any discovery will prove to be economic or that an oil or gas field will successfully be developed on any of Emerald's petroleum properties.*

## Appendix 5B

### Mining exploration entity quarterly report

Name of entity

Emerald Oil & Gas NL

ABN

009 795 046

Quarter ended ("current quarter")

31 March 2011

#### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	42	106
1.2 Payments for:		
(a) exploration and evaluation	(251)	(775)
(b) development	(53)	(195)
(c) production	(25)	(12)
(d) administration	(230)	(1,115)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5	17
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)		
- R&D rebate	-	18
- US legal expenses	(115)	(241)
<b>Net Operating Cash Flows</b>	<b>(562)</b>	<b>(2,210)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		(255)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Unsolicited return of NOXXE equity contributions	-	633
<b>Net investing cash flows</b>	<b>-</b>	<b>378</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(562)</b>	<b>(1,832)</b>



1.13	Total operating and investing cash flows (brought forward)	(562)	(1,832)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	2,750
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other - Capital Raising Costs	-	(191)
1.20	Other - Subscriptions received		
	<b>Net financing cash flows</b>	-	2,559
	<b>Net increase (decrease) in cash held</b>	(562)	727
1.20	Cash at beginning of quarter/year to date	1,435	172
1.21	Exchange rate adjustments to item 1.20	(11)	(37)
1.22	<b>Cash at end of quarter</b>	862	862

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	185
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

The amount above includes payments to directors and to companies associated with John Hannaford and Jeremy Shervington for this quarter and previous quarters.

Payments to Ventnor Capital, a company associated with John Hannaford relate to the provision of consulting fees, company secretarial services, accounting and bookkeeping, and the provision serviced offices on commercial terms.

Payments to Jeremy Shervington Legal Practice relate to the provision of legal services on commercial terms.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	150
4.3 Production	250
4.4 Administration	270
4.5 Other - Green River Basin acquisition	9,500
<b>Total</b>	<b>10,370</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	862	1,452
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>862</b>	<b>1,452</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased				

## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1 <b>Preference + securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+ Ordinary securities</b>	270,303,764	270,303,764		
7.4 Changes during quarter (a) Increases through issues (b) Increases through conversion of options (c) Release from escrow (d) Decreases through returns of capital, buy-backs				
7.5 <b>+ Convertible debt securities</b> <i>(description)</i>	-	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-		
7.7 <b>Options</b> <i>(description and conversion factor)</i>	661,638 2,000,000 5,000,000 11,661,115 78,750,000	- - - - 78,750,000	<i>Exercise price</i> 17.68 cents 25 cents 10 cents 10 cents 5 cents	<i>Expiry date</i> 23/01/11 31/05/11 31/03/14 30/06/12 31/08/12
7.8 Issued during quarter				
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>	-	-		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	-	-		

**Compliance statement**

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does ~~not~~\* give a true and fair view of the matters disclosed.



Sign here:  
(Director)

Date: 29 April 2011

Print name: Mike Krzus

**Notes**

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Cash Flow Statements* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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