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31 October 2011

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

**QUARTERLY ACTIVITIES AND CASHFLOW REPORT
SEPTEMBER 30, 2011**

Please find attached the Quarterly Activities Report and Appendix 5B Quarterly Cashflow Report for the quarter ended September 30, 2011.

Yours sincerely,

A handwritten signature in black ink, appearing to read "M Krzus". The signature is fluid and cursive, with the first letter "M" being particularly large and stylized.

MIKE KRZUS
Chief Executive Officer
mkrzus@emeraldoilandgas.com

ASX Release

31 October 2011

EMERALD OIL & GAS NL

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Contact:

MIKE KRZUS

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Directors/Officers:

Jeremy Shervington – Non Exec Chairman
Mike Krzus – Managing Director
John Hannaford – Non Exec Director
McAndrew Rudisill – Non Exec Director
Nathan Featherby – Non Exec Director
Laurie Shervington – Alternate Director

Issued Capital (29 Oct 11):

785,309,196 Shares (EMR)
78,744,568 Listed options (EMRO)
184,261,115 Unlisted options

Market Capitalisation (31 Oct 11):

Undiluted ~\$22m (@ 2.8 cents)

Cash on hand (30 Sep 11)

\$5.4m

ASX Codes:

EMR, EMRO

QUARTERLY ACTIVITIES REPORT FOR THREE MONTHS ENDED 30 SEPTEMBER 2011

Highlights

USA

- ❖ ***Green River Basin Shale Oil, Colorado/Wyoming***
 - Drilling operations completed on 3 well Niobrara Shale Oil appraisal program, with multiple hydrocarbon shows indicated above, below and within the targeted Niobrara formation and intense natural fracturing in Niobrara sections. Currently sequentially completing and stimulating individual zones with hydraulic fracture treatments.
- ❖ ***Appalachian Gas, Kentucky***
 - KEP wells flow 600Mcf/d during commissioning test for new sour gas plant.

CORPORATE

- ❖ McAndrew Rudisill and Nathan Featherby appointed to EMR Board of Directors.
- ❖ 2011 Annual Report released.

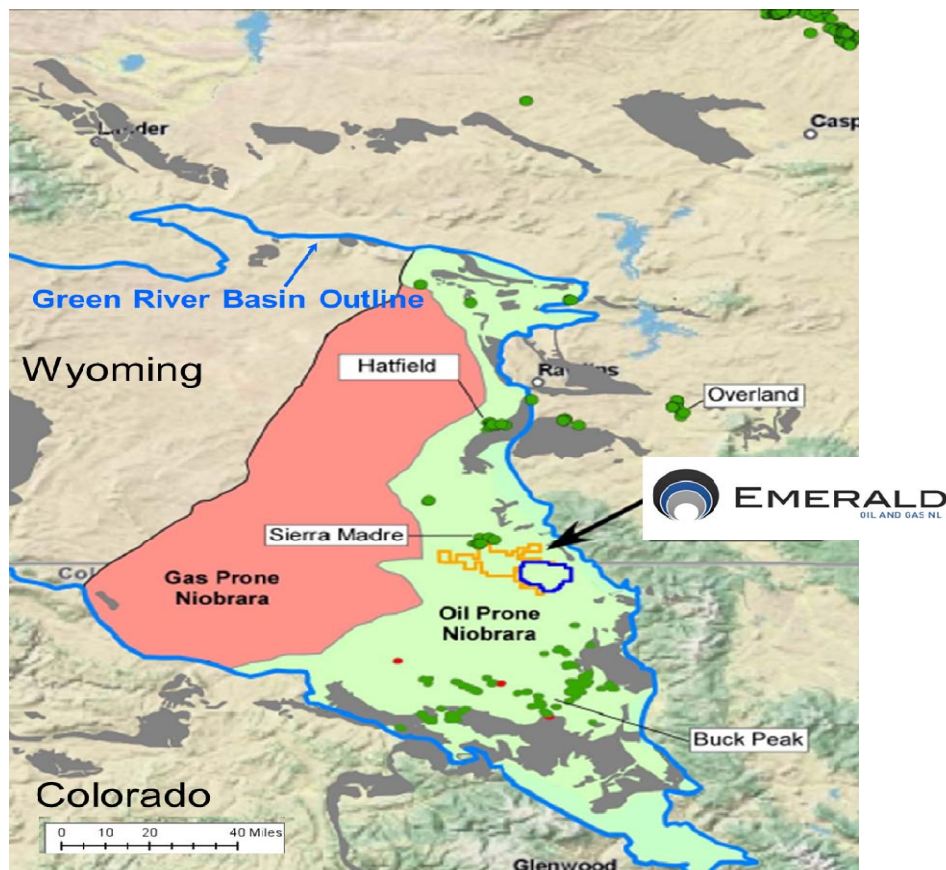
USA Projects

Green River Basin - Colorado/Wyoming USA (Emerald 45% Interest)

Highlights:

- ❖ **Successfully drilled 3 appraisal wells with strong hydrocarbon shows indicated above, below and within the targeted Niobrara formation.**
- ❖ **Intense natural fracturing indicated in main Niobrara benches**
- ❖ **Sequentially completing and stimulating a total of 12 separate prospective intervals in the 3 wells with hydraulic fracture stimulation treatments**

During the previous quarter, Emerald acquired a 45% working interest in the Green River Basin JV (GRBJV.) The GRBJV holds approximately 80,000 gross acres (30,000 net EMR) over a highly prospective Niobrara Shale oil play, a partially developed Coal Bed Methane field and an 18 mile long gas gathering pipeline.



In early July, the GRBJV commenced a 3 well Niobrara shale oil appraisal drilling program. The wells were drilled vertically to intersect and appraise multiple reservoirs in the Niobrara Shale Oil section which can be up to 1,100 ft thick in the area.

The wells encountered intensely fractured reservoirs in the Niobrara benches and strong hydrocarbon shows over the total Niobrara section, as well as in formations above and below the Niobrara. Fractured igneous intrusives were also encountered, as anticipated.

The primary objectives of the 2011 vertical well appraisal program are to:

1. assess reservoir performance of individual reservoir intervals and establish production from the Niobrara Shale Oil section;
2. identify the most prospective Niobrara intervals to target with both vertical and horizontal wells in 2012 as part of the continued appraisal and development program; and
3. gather technical information necessary to design and execute effective fracture stimulation treatments for the different reservoir rock types.

A total of 11 individual reservoir sections were selected and are currently being separately completed and stimulated with different types of hydraulic fracture stimulation treatments to determine optimal stimulation treatments for horizontal development wells in 2012. The fracture stimulation treatments will continue to mid-November, after which the wells will be placed on production with production comingled from all zones.



Battle Mountain 14-10L Preparing for Hydraulic Fracture Stimulation

Although oil is being recovered from the wells, it is not possible to provide estimates of oil flowrates from individual zones, as insufficient time is available between completions to fully recover frac fluid. Reliable flow rate estimates are therefore not expected to be available until the wells are placed on production after the completion program is concluded in early December.



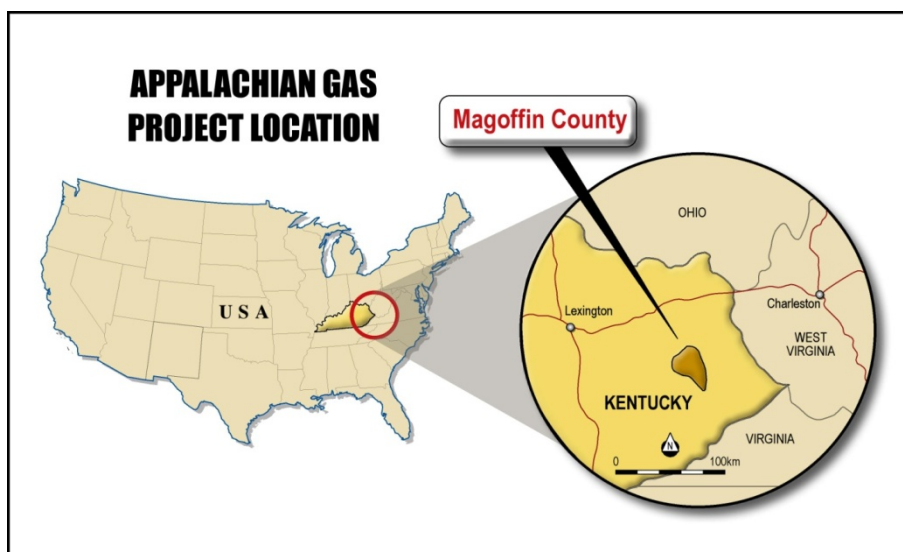
Niobrara Oil flowing into tank during operations to recover frac fluid

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

Highlights:

- ❖ 600Mcf/d produced from 6 KEP wells during commissioning test of new sour gas plant.
- ❖ Additional KEP wells awaiting hookup in anticipation of sour gas plant operation.

LOCATION



Emerald's Appalachian gas operations are operated through Kentucky Energy Partners, a company 75% owned by Emerald. KEP currently holds 2500 lease acres with 29 existing wells potentially capable of gas production, an 8 mile long gas gathering pipeline and gas conditioning/compression facilities.

Compression and small scale sour gas treatment to remove H₂S from the gas stream in KEP wells with low levels of H₂S currently allows gas production from KEP wells tied into the Beetree pipeline. Gas production is currently approximately 200 Mcfd through KEP's existing facilities.



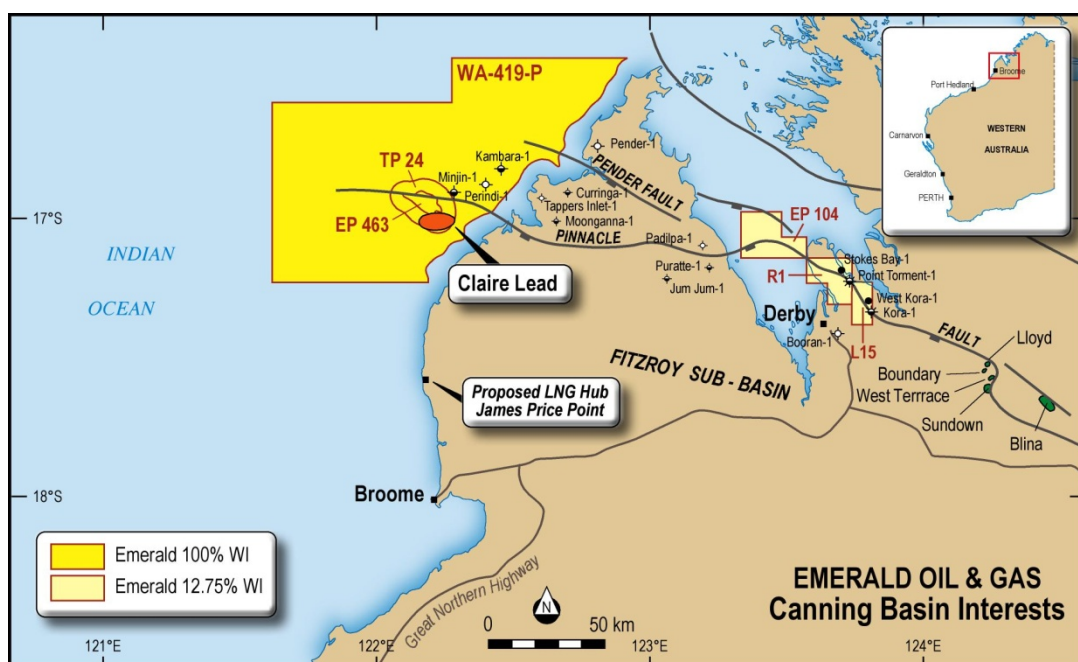
Beetree Gas Compression and Sales Gas Treatment Facilities

A new sour gas plant with the ability to process gas from all KEP wells is being commissioned by another Operator in the area and KEP is currently finalising gas processing and transportation terms. Six KEP wells currently hooked up to the sour gathering system recently produced 600Mcf/d gas during plant commissioning tests. Once the gas plant is operational, remaining KEP wells will be sequentially hooked up to the new plant's sour gas gathering system. Over 2 MMcf/d wellhead production potential has been identified to date from flow tests on KEP wells.

Australian Projects

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

Emerald is seeking to farm out a portion its 100% interest in the Claire lead and permit areas in anticipation of new seismic acquisition in 2012. The Company is also in discussion with the Western Australia Department of Mines and Petroleum regarding potential variation to the work commitment programs over the exploration permits to focus future activity on the area around the Claire lead.



Corporate

McAndrew Rudisill and Nathan Featherby joined the Company's Board of Directors on 3 October, 2011.

McAndrew Rudisill brings 10 years of investment management experience in the US natural resources sector. Mr. Rudisill is the Managing Partner and founder of Pelagic Capital Advisors LP, a US based private investment firm. Pelagic has extensive experience investing in commodities and global natural resources, and often provides strategic advisory to resource companies. Prior to forming Pelagic Capital Advisors LP, McAndrew was a co-founder and Managing Partner of BrightStream Asset Management which focused on investments in natural resources. Before co-founding BrightStream, McAndrew was a Managing Director at North Sound Capital where he was responsible for investments in global natural resources. McAndrew's investment career began at JPMorgan, where he worked as an investment banker. McAndrew graduated cum laude with high honours in economics from Middlebury College in the United States. McAndrew serves as Managing Director of ASX Listed, Rico Resources Ltd. (ASX:RRI)

Nathan Featherby has 9 years of investment banking and natural resource investment experience. Mr Featherby is a co-founder of Ochre Management Pty, a Western Australian merchant bank which focuses on corporate advisory and proprietary investments in small to medium capitalization mining and exploration companies. Prior to joining Ochre Management Pty, Mr. Featherby was a stockbroker and independent financier in Australia with a specialization in resources. Nathan holds a Bachelor of Commerce from Curtin University, Western Australia and serves as a Director of Rico Resources (ASX:RRI).

At 30 September 2011 the Group had \$5,410,000 cash on hand.

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

Date	Headline
28/10/2011	Becoming a substantial holder
21/10/2011	ETE: Niobrara Shale Oil Project Appraisal Program Update
18/10/2011	Revised Proxy Form for Annual General Meeting
12/10/2011	Notice of Annual General Meeting/Proxy Form
6/10/2011	Emerald Implements Growth Strategy
5/10/2011	Emerald Appoint new Directors
30/09/2011	Annual Report to shareholders
22/09/2011	ETE: Entek Niobrara Shale Oil Project Appraisal Program Update
15/09/2011	Entek - Niobrara Shale Oil Project Appraisal Program Update
8/09/2011	Entek - Niobrara Shale Oil Project Appraisal Program Update
1/09/2011	Entek - Niobrara Shale Oil Project Appraisal Program Update
30/08/2011	Ceasing to be a substantial holder
30/08/2011	Change in substantial holding
25/08/2011	Entek - Niobrara Shale Oil Project Appraisal Program Update
18/08/2011	Entek - Niobrara Shale Oil Project Appraisal Program Update
11/08/2011	ETE: Niobrara Shale Oil Project Appraisal Program Update
4/08/2011	ETE: Entek-Niobrara Shale Oil Project Appraisal Prog Update
29/07/2011	Quarterly Activities and Cashflow Report 30 June 2011
28/07/2011	Entek - Niobrara Shale Oil Project Appraisal Program Update
25/07/2011	Updated Emerald Investor Roadshow Presentation
21/07/2011	Entek - Niobrara Shale Oil Project Appraisal Program Update
19/07/2011	Commencement of GRB Niobrara Shale Oil Appraisal Program
19/07/2011	ETE: Entek Commences 2011 Niobrara Shale Oil Program in GRB
13/07/2011	EMR Investor Presentation
6/07/2011	Change in substantial holding

For more information please contact:

MIKE KRZUS
Managing Director

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About Emerald Oil & Gas NL

Emerald Oil & Gas NL (ASX: EMR, EMRO) 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 holds interests in exploration and production operations in the USA (Colorado, Wyoming, Kentucky and Texas) and offshore Western Australia. Emerald's main focus is its large Green River Basin acreage holding over the Niobrara Continuous Shale Oil accumulation in Colorado and Wyoming. Emerald plans to use its position in the Green River Basin as a foundation on which to build a company focused on unconventional resource plays in the Rocky Mountain region.

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")

30 September 2011

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	168	168
1.2 Payments for:		
(a) exploration and evaluation	(2,970)	(2,970)
(b) development	(147)	(147)
(c) production	(318)	(318)
(d) administration	(166)	(166)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	66	66
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
- US legal expenses	(60)	(60)
Net Operating Cash Flows	(3,427)	(3,427)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(19)	(19)
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)		
- Settlement of NOXXE claim	374	374
Net investing cash flows	355	355
1.13 Total operating and investing cash flows (carried forward)	(3,072)	(3,072)

1.13	Total operating and investing cash flows (brought forward)	(3,072)	(3,072)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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	-	-
1.20	Other - Subscriptions received	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(3,072)	(3,072)
1.20	Cash at beginning of quarter/year to date	8,385	8,385
1.21	Exchange rate adjustments to item 1.20	97	97
1.22	Cash at end of quarter	5,410	5,410

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	135
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	4,000
4.2 Development	400
4.3 Production	1,200
4.4 Administration	500
Total	6,100

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	5,410	8,385
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	5,410	8,385

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 Preference + securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	785,309,196	785,309,196		
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 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	5,000,000	-	\$0.10	31/03/14
	11,661,115	-	\$0.10	30/06/12
	78,744,568	78,744,568	\$0.05	31/08/12
	117,600,000	-	\$0.05	30/04/12
	50,000,000	-	\$0.05	20/06/12
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

(1) 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 ~~does not~~* give a true and fair view of the matters disclosed.



Sign here:

Date: 31 October 2011

(Director)

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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