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31 October 2012

Company Announcements Platform
Australian Securities Exchange

QUARTERLY ACTIVITIES AND CASHFLOW REPORT
September 30, 2012

Please find attached the Quarterly Activities Report and Appendix 5B Quarterly Cashflow Report for the quarter ended September 30, 2012.

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

**QUARTERLY ACTIVITIES REPORT
FOR THREE MONTHS ENDED
30 September 2012**

ASX Release

31 October 2012

EMERALD OIL & GAS NL

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Ph: 08 9389 2111
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Contact:

MIKE KRZUS

Managing Director
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GRAEME SMITH

Company Secretary
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Directors/Officers:

Jeremy Shervington – Non Exec Chairman
Mike Krzus – Managing Director
McAndrew Rudisill – Non Exec Director

Issued Capital (30 Oct 12):

943,651,304 Shares (EMR)
172,600,000 Unlisted options

Market Capitalisation (30 Oct 12):

Undiluted ~\$10.4m (@ 1.1 cents)

Cash on hand (30 Sept 12)

~\$2.2m

ASX Codes:

EMR

Highlights

CORPORATE

- ❖ Transaction completed with Voyager Oil and Gas, a US publicly listed company, to acquire wholly owned US subsidiary Emerald Oil Inc for 11.6 million shares of Voyager Oil & Gas (1.66 million shares after subsequent 7 for 1 reverse split), with \$2.5m cash returned to Emerald under a pre-existing arrangement.
- ❖ Approximately \$1m cash balance after repaying short term loans, transaction fees and remaining US subsidiary liabilities.
- ❖ Director responsibilities and management practices re-structured to reflect reduced operational activity.

Projects

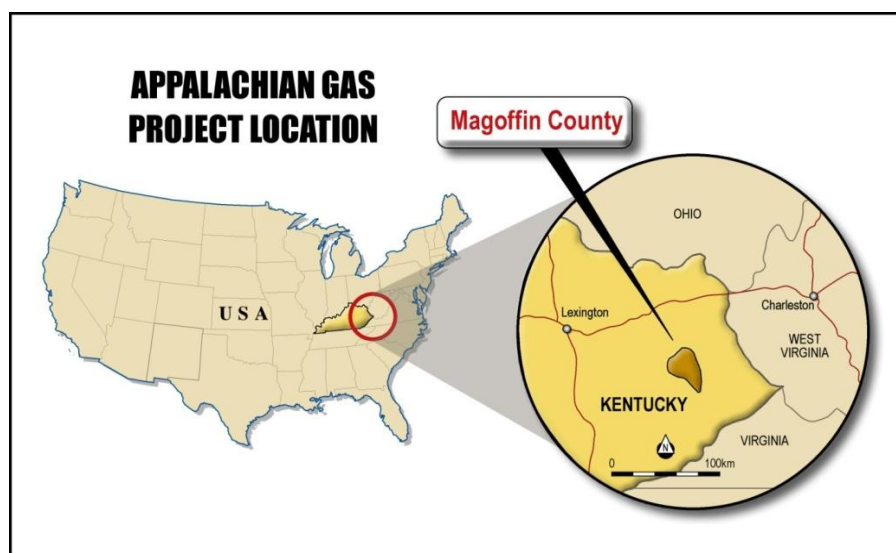
Appalachian Gas - Magoffin County, Kentucky

(Emerald 75% Equity Interest in Kentucky Energy Partners LLC)

Highlights:

- ❖ **Discussions ongoing with several parties regarding sour gas processing/gathering infrastructure and potential gas sales arrangements.**

LOCATION



Emerald's Appalachian gas operations are operated through Kentucky Energy Partners, a company 75% owned by Emerald. KEP currently holds 2,500 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. Over 2 MMcfd wellhead production potential has been identified to date from flow tests on KEP wells, but this will require a sour gas plant to bring it to market.

Discussions are ongoing with several parties to provide a sour gas processing and gas gathering infrastructure and to negotiate gas sales terms for KEP's sour gas production.

Canning Basin – Western Australia

(Emerald 75% Equity Interest in Kentucky Energy Partners LLC)

EP104/R1 (Emerald 14.15% Working Interest; Operator: Buru Energy Ltd)

An airborne gravity gradiometry and magnetic survey was conducted over EP104 during 2011. This will be used to inform decisions regarding future exploration activity and permit renewal/relinquishment in the coming permit year.

Production Licence L15 (Emerald option to acquire 12.75% Working Interest; Operator Buru Energy Ltd)

Emerald holds an option to farm in to the West Kora Production Licence L15 (two rectangular blocks, 6054 and 6126 containing the West Kora-1 oil discovery) by paying 13% of West Kora #1 work over costs to earn a 12.75% WI. Emerald is awaiting advice from Buru regarding the activity plans to re-establish oil production from West Kora #1.

Corporate

Cash Position

At 30 September 2012 the Group had \$2,240,297 cash on hand.

EMR received \$2.5m in cash owed to Emerald as part of the Voyager transaction under a pre-existing inter-company arrangement between Emerald and its subsidiary company.

Short term loans totalling \$250,000 were raised and subsequently repaid after the reporting period with funds from the \$2.5m cash returned to the Company as part of the Voyager transaction. Other loans and interest totalling \$383,000 were also repaid from the funds received from the Voyager transaction.

Johnson Rice was paid \$658,000 in transaction fees for facilitating the Voyager transaction.

After settling transaction fees, final liabilities attached to the US subsidiary and repaying short term loans, the Company currently has approximately \$1,000,000 in cash and is debt free.

Voyager Transaction

On 9 July 2012, the Group reached agreement with Voyager Oil and Gas Inc. (NYSE MKT: VOG) ("Voyager"), a publicly listed company in the United States, to acquire Emerald Oil Inc. ("Emerald US"), the Company's wholly owned subsidiary, which holds its US shale oil assets. In this transaction, the Company exchanged its 100% interest in Emerald US for 11,635,217 shares in the combined entity. The transaction was subsequently completed on 26 July 2012, with 500,000 shares being held in escrow pending fulfillment of certain conditions. Voyager began conducting business as Emerald Oil, Inc., with the new trading symbol EOX on September 4, 2012. On 23 October, 2012, EOX effected a 1 for 7 reverse split of their common stock. EMR currently holds 1,590,745 EOX shares, post-split, with an additional 71,429 shares in escrow.

Mike Krzus and McAndrew Rudisill accepted roles as CEO and President, respectively, of EOX, and each will serve as a director of EOX. They both remain EMR directors.

EOX assumed the \$17m of debt carried by Emerald prior to the transaction. Emerald will have no further direct funding requirements for ongoing exploration & development of the Dunn County assets in the Williston Basin or Sandwash Niobrara assets in the Green River Basin, both of which would have required significant additional funding to implement their drilling programs.

Emerald exchanged its direct interests in its two US shale assets for a substantial ownership interest in a larger, US listed company with a much deeper and more diverse shale oil

portfolio. This changes the risk profile of the Company significantly. Activity plans and consequent outcomes of the drilling and well completion activities in Dunn County and Sandwash Niobrara assets remain unchanged by the transaction and EMR shareholders will still be exposed to these projects through the Company's holding in EOX.

As EOX is a publicly listed US company, ASX reporting for EMR's holding in EOX is limited to restating public announcements issued by EOX under US SEC regulations ("SEC Regulations") and other publicly available information.

EMR remains an active ASX listed company with its main assets being the EOX shareholding, i.e. US shale oil holdings, as was the case before the transaction. The Company will continue to progress its existing oil and gas interests in the US and Australia and is actively seeking other substantial oil and gas opportunities.

Alternatives to optimally extract value from the EOX holding for Emerald shareholders include:

1. holding the EOX shares for their value growth potential;
2. trading all or a portion of the EOX holding either for cash or in shares as part of a new transaction to re-position EMR, or;
3. distributing EOX shares in specie to EMR shareholders

In response to written requests from several substantial EMR shareholders requesting that EOX shares be distributed in specie to EMR shareholders, directors plan to put this proposition to an EMR shareholder vote as soon as practical, provided however, that any EOX share distribution will be subject to compliance with all applicable SEC Regulations, including, among other things, potential registration of any EOX transactions with the United States Securities and Exchange Commission.

Directors and Company Officers

Nathan Featherby resigned as Director effective 2 August, 2012.

Morgan Barron resigned as Secretary effective 4 September, 2012.

From 4 September 2012, the Board has adjusted the Board and company secretarial functions of the Company to reflect the current status of the Company. In particular, Mr Mike Krzus' duties have been condensed to reflect the Company's reduced operational requirements and to reflect the Company's principal asset being its shareholding in Emerald Oil Inc, which was the subject of the securitization transaction as announced on 11 July 2012. Mr Krzus' remuneration has been adjusted so that he is remunerated as a Non-Executive Director and will be paid a time based fee at a set rate for services over and above those ordinarily expected of a Non-Executive Director from time to time. Company secretarial services are now being provided by DWCorporate since the resignation of Mr Morgan Barron as announced on 4 September 2012.

Public Announcements

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

Date	Headline
22/10/2012	Notice of Annual General Meeting/Proxy Form
28/09/2012	Full Year Statutory Accounts
28/09/2012	Change in substantial holding
28/09/2012	Change in substantial holding

27/09/2012 Emerald Oil Inc. - Equity Raising
21/09/2012 Becoming a substantial holder
18/09/2012 Ceasing to be a substantial holder
04/09/2012 Secretary Change and Change of Registered Office
03/09/2012 Expiry of Listed Options and Appendix 3B
17/08/2012 Appendix 3B
15/08/2012 Unsolicited Offer Received and Subsequently Withdrawn
13/08/2012 Trading Halt
02/08/2012 Resignation of Director & Appendix 3Z
30/07/2012 Option Expiry Notice - EMRO
27/07/2012 Quarterly Activities & Cashflow Report

For more information please contact:

MIKE KRZUS
Managing Director

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mkrzus@emeraldoilandgas.com

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 a substantial equity interest in Emerald Oil Inc (NYSE: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.

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 2012

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	21	21
1.2 Payments for:		
(a) exploration and evaluation	(65)	(65)
(b) development	(52)	(52)
(c) production	-	-
(d) administration (including US subsidiary company liabilities)	(620)	(620)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	1	1
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
- US legal expenses	(307)	(307)
Net Operating Cash Flows	(1,022)	(1,022)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
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)		
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(1,022)	(1,022)

1.13	Total operating and investing cash flows (brought forward)	(1,022)	(1,022)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1	1
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from transactions	2,450	2,450
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other - Capital Raising Costs		
1.20	Other - Short term loans	250	250
	Net financing cash flows	2,701	2,701
	Net increase (decrease) in cash held	1,679	1,679
1.20	Cash at beginning of quarter/year to date	566	566
1.21	Exchange rate adjustments to item 1.20	(4)	(4)
1.22	Cash at end of quarter	2,241	2,241

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	73
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 Mike Krzus, Jeremy Shervington, Nathan Featherby and McAndrew Rudisill for this quarter.

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	-
4.2 Development	-
4.3 Production	27
4.4 Administration & Company dealing costs	750
4.5 Repayment of loans	646
Total	1,423

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	2,241	566
5.2 Deposits at call		-
5.3 Bank overdraft		-
5.4 Other (provide details)		-
Total: cash at end of quarter (item 1.22)	2,241	566

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	943,651,304	943,651,304		
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	44,849,635 11,388	44,849,635	Shares in lieu of fees at 1.7 cent 5 cent	
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>	5,000,000 117,600,000 50,000,000	- - -	<i>Exercise price</i> \$0.10 \$0.05 \$0.05	<i>Expiry date</i> 31/03/14 30/04/14 28/06/14
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	78,744,568	-	\$0.05	31/08/12
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 give a true and fair view of the matters disclosed.



Sign here:

Date: 31 October 2012

(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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