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31 January 2013

Company Announcements Platform  
Australian Securities Exchange

**QUARTERLY ACTIVITIES AND CASHFLOW REPORT**  
**December 31, 2012**

Please find attached the Quarterly Activities Report and Appendix 5B Quarterly Cashflow Report for the quarter ended December 31, 2012.

Yours sincerely,

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

**MIKE KRZUS**  
Director  
[mkrzus@emeraldoilandgas.com](mailto:mkrzus@emeraldoilandgas.com)

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## ASX Release

31 January 2013

### EMERALD OIL & GAS NL

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Contact:

### MIKE KRZUS

Director

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

### GRAEME SMITH

Company Secretary

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### Directors/Officers:

Jeremy Shervington – Chairman

Mike Krzus – Director

McAndrew Rudisill – Director

Davide Bosio - Director

Dino DiCosta - Director

### Issued Capital (31 Jan 13):

943,651,304 Shares (EMR)

172,600,000 Unlisted options

### Market Capitalisation (31 Jan 13):

Undiluted ~\$8.5m (@ 0.9 cents)

### Cash on hand (31 Dec 12)

\$740,000

### ASX Code:

EMR

## QUARTERLY ACTIVITIES REPORT FOR THREE MONTHS ENDED 31 December 2012

### Highlights

- ❖ Initial sour gas production expected to commence in Q1 2013 in Kentucky, with sour gas plant currently being commissioned.
- ❖ Approximately \$740,000 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.
- ❖ Dino Di Costa and Davide Bosio appointed as Non-Executive Directors

## Projects

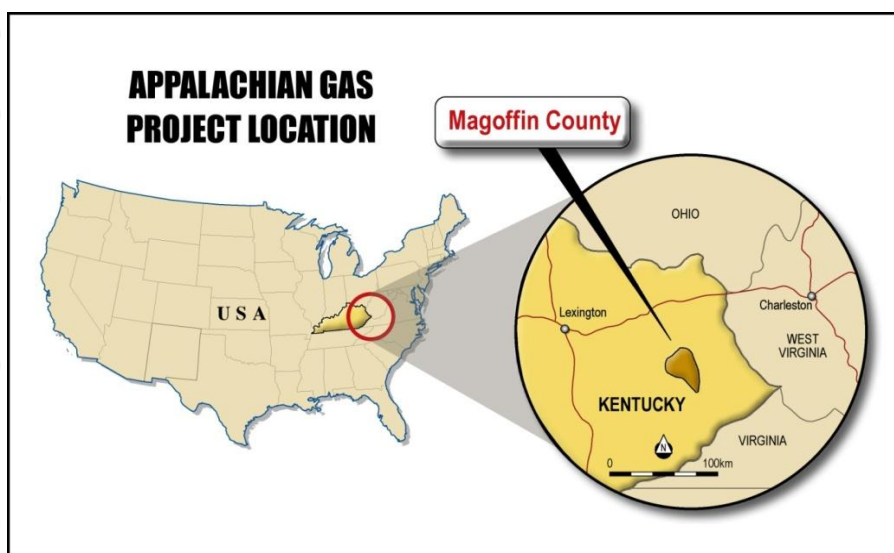
### Appalachian Gas - Magoffin County, Kentucky

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

#### Highlights:

- ❖ **Sour gas processing plant and gas gathering infrastructure currently being commissioned with sour gas sales anticipated to commence in Q1 2013.**

#### 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 H<sub>2</sub>S from the gas stream in KEP wells with low levels of H<sub>2</sub>S 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.

A sour gas processing plant and gas gathering infrastructure is currently being commissioned with KEP gas and sour gas production operations are expected to commence in the coming quarter. Initial KEP sour gas production rates are expected to range between 500 and 1000 Mcfd. This will be in addition to the approximately 200Mcfd of sweet gas currently being produced through KEP's existing facilities.

## **Canning Basin – Western Australia**

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

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

Future exploration activity and permit renewal/relinquishment is currently under discussion with Joint Venture participants.

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 the Operator regarding the activity plans to re-establish oil production from West Kora #1.

## **Corporate**

### **Cash Position**

At 31 December 2012 the Group had \$740,000 cash on hand.

### **Shareholding in Emerald Oil Inc (EOX)**

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 held 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 December 4, 2012. On 23 October, 2012, EOX effected a 1 for 7 reverse split of their common stock. EMR currently holds 1,662,174 EOX shares, post-split, including 71,429 shares which have now been released from escrow.

### **Director Appointments**

Davide Bosio was appointed a Director effective 20 November, 2012. Mr Bosio is the Managing Director of Pareto Capital which specialises in offering professional customised fundraising solutions to corporate clients and investment services to professional investors.

Mr Bosio has over 10 years experience in the finance industry as an Investment Advisor providing financial product advice and dealing to wholesale and retail clients. Mr Bosio is currently a Fellow Member of the Financial Services Institute of Australia (Finsia) and a Graduate Member of Australian Institute of Company Directors (GAICD). Davide holds a Bachelor of Commerce (Marketing) degree and a Graduate Diploma in applied Finance and Investment.

Dino DiCosta was appointed a Director effective 27 December, 2012. Mr Di Costa is a Director of Pareto Capital, a firm which offers fundraising assistance to corporate clients seeking growth in the microcap and junior sectors of the share market.

Mr Di Costa is a member of The Institute of Chartered Accountants and holds a Bachelor of Commerce (Accounting and Business Law) from Curtin University. He was recently the treasurer of The Strike a Chord for Cancer foundation.

## Public Announcements

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

Date	Headline
27/12/2012	Director Appointment & App 3X - D Di Costa
24/12/2012	Revocation of Requisition of a Meeting of Members
13/12/2012	Update on Requisitioned Meeting of Members
03/12/2012	Meeting Requisition
22/11/2012	Initial Director's Interest Notice
21/11/2012	Results of Meeting
13/11/2012	In Specie distribution of holding in Emerald Oil Inc.
31/10/2012	Quarterly Activities & Cash Flow Report
24/10/2012	Annual Report to shareholders
22/10/2012	Notice of Annual General Meeting/Proxy Form

For more information please contact:

**MIKE KRZUS**  
Director

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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 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

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

**Emerald Oil & Gas NL**

ABN

009 795 046

Quarter ended ("current quarter")

31 December 2012

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	36	57
1.2 Payments for (a) exploration & evaluation	(1,619)	(1,684)
(b) development	(68)	(120)
(c) production	-	-
(d) administration	(455)	(1,382)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	5
1.5 Interest and other costs of finance paid	(33)	(33)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(2,135)</b>	<b>(3,157)</b>
<b>Cash flows related to investing activities</b>		
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	(204)	2,246
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(204)</b>	<b>2,246</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(2,339)</b>	<b>(911)</b>

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**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(2,339)	(911)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	1
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	1,625	1,875
1.17	Repayment of borrowings	(363)	(363)
1.18	Dividends paid	-	-
1.19	Other (provide details if material) Share issue transaction costs	(103)	(103)
<b>Net financing cash flows</b>		1,159	1,410
<b>Net increase (decrease) in cash held</b>		(1,180)	499
1.20	Cash at beginning of quarter/year to date	2,241	504
1.21	Exchange rate adjustments to item 1.20	(340)	(282)
1.22	<b>Cash at end of quarter</b>	721	721

**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	66
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

The amount above includes payments to directors and to companies associated with the directors 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

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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

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**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	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

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**Estimated cash outflows for next quarter**

		\$A'000
4.1	Exploration and evaluation	-
4.2	Development	-
4.3	Production	40
4.4	Administration	160
<b>Total</b>		<b>200</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	721	2,241
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>721</b>	<b>2,241</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		

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**Appendix 5B**  
**Mining exploration entity quarterly report**

**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 (see note 3) (cents)	Amount paid up per security (see note 3) (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>	943,651,304	943,651,304		
7.4 Changes during quarter (a) Increases through issues (b) 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>	117,600,000 50,000,000 5,000,000	- - -	<i>Exercise price</i> 5 cents 5 cents 10 cent	<i>Expiry date</i> 30 April 2014 28 June 2014 31 March 2013
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>				

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## 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 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

(Director)

Date: 31 January 2013

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: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting 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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