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Emerald's US shale oil subsidiary to be acquired by Voyager Oil & Gas Inc.

Highlights:

- ❖ **Emerald's wholly owned US subsidiary Emerald Oil Inc. to be acquired by Voyager Oil and Gas Inc., a US publicly listed company**
- ❖ **Consideration to Emerald is a shareholding of approximately 20% in the Combined Entity**
- ❖ **\$2.5m in cash to be returned to Emerald from US Subsidiary as part of a separate, pre-existing inter-company arrangement**
- ❖ **Transaction provides a range of benefits to Emerald shareholders, including a potential US asset value re-rating and no further direct funding requirements for its US shale assets**
- ❖ **Although assuming executive roles in the Combined Entity as CEO and President, respectively, Mike Krzus and McAndrew Rudisill will remain Emerald directors**
- ❖ **Emerald's forward strategy is to use its access to US shale oil and gas deal flow and identify other opportunities to secure further value accretive investments**
- ❖ **Full details of the Combined Entity in the attached US press release and investor presentation**

Emerald Oil & Gas NL (ASX: EMR, EMRO) ("Emerald" or the "Company") is pleased to announce that it has reached agreement with Voyager Oil and Gas Inc. (AMEX: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. The Company is exchanging its 100% interest in Emerald US for 19.9% of the combined entity, which will be re-named Emerald Oil Inc. (the "Combined Entity"). The Combined Entity will retain Voyager's listing on the NYSE AMEX.

The transaction was announced simultaneously in the USA and Australia. A copy of the USA press release and investor presentation is attached, which provide detail on the Combined Entity's management, asset portfolio, valuation and forward strategy.

It is currently anticipated that the transaction will be completed toward the end July, 2012, with closing subject to customary environmental and lease title due diligence and the Combined Entity is expected to commence trading on the NYSE AMEX shortly thereafter.

Transaction Value implications for Emerald

The transaction terms imply that the Combined Entity will have a proforma market capitalisation of US\$123m, with Emerald's 19.9% holding in the Combined Entity.

Benefits to Emerald

Emerald has exchanged its direct interests in two US shale assets for a substantial ownership interest in a larger vehicle with a much deeper and more diverse shale oil portfolio.

The scale, quality and diversity of the asset portfolio and combined capability of the new management team provides the asset base and oil business management capability to deliver high returns and manage downside risks in a way previously not available to the Company.

Based on the pre-transaction share price, Voyager traded at a substantial discount to Rocky Mountain peer comparables. An attached investor presentation illustrates this on slide 19. Benefits of any value re-rating as a result of combining the two companies will flow directly to Emerald through its 19.9% ownership interest in the Combined Entity.

Emerald will have no further direct funding requirements for ongoing exploration & development of its Williston Basin/Green River Basin assets. The Combined Entity currently has access to \$US15m of credit for operations, with access to more debt funding under existing credit facilities, and as a public US company going forward, the Combined Entity will have access to US capital markets to fund drilling programs.

\$2.5m in cash will be returned to Emerald as part of a separate, pre-existing inter-company arrangement between Emerald and its subsidiary company. This will provide working capital to fund Emerald while working to establish positions in its next value accretive opportunities.

Emerald post transaction

Emerald will remain an active ASX listed company with its main assets being US shale oil holdings, as was the case before the transaction, and the Company will continue to progress its other existing oil and gas interests in the US and Australia.

Emerald is now well positioned for the next phase of its evolution, with core company value underpinned and de-risked by the Combined Entity's broad asset portfolio and new business model. Emerald is now ideally placed to capture new opportunities, separate from its shareholding in the Combined Entity, to provide additional value potential for shareholders.

Mike Krzus and McAndrew Rudisill will assume executive roles in the Combined Entity as CEO and President, respectively, and will remain Emerald directors. This presents a natural opportunity for a strategic alliance with the Combined Entity to introduce Emerald as a direct partner in joint US shale opportunities and/or other US oil and gas opportunities where interests of the two companies do not conflict. Emerald is now uniquely positioned as an ASX listed oil and gas company with direct access to US oil and gas deal flow and market intelligence.

Emerald will be exposed to a stream of US oil and gas acreage and oil drilling entries to select opportunities with optimal scale, type and risk profile to maximise value for Emerald shareholders.

In addition to this obvious strategic opportunity, Emerald directors will actively consider any other opportunities in Australia or elsewhere.

US Shale Strategy Delivered

In October, 2011, the Company announced its US shale strategy, which involved selectively pursuing value accretive oil shale acquisitions by accessing the global capital markets to fund acquisitions and related drilling programs and to establish its subsidiary as an active operating US oil company focussed on unconventional oil plays in the Rocky Mountain region.

This transaction delivers this strategy by combining Emerald's direct interests in two US shale oil projects and the Company's management capability into a publicly listed US oil company focused on unconventional oil assets in the Rocky Mountain region. The Combined Entity is now positioned to build its production and reserves base through both operated and non-operated drilling programs.

Managing Director Comment

Mike Krzus, Managing Director of Emerald said: "This landmark transaction creates a robust Rocky Mountain focused operating platform for Emerald and substantially delivers the US shale strategy we announced some 10 months ago. We are excited about the future of Emerald, given its access to a full suite of technical, land management and oil and gas development staff in the US. "

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