



Suite 2, 12 Parliament Place
West Perth WA 6005
Ph: 08 9482 0510
Fax: 08 9482 0505
Email: info@emeraldoilandgas.com
www.emeraldoilandgas.com

27 July 2012

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

QUARTERLY ACTIVITIES AND CASHFLOW REPORT
June 30, 2012

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

Yours sincerely,

A handwritten signature in black ink, appearing to read "M Krzus". The signature is fluid and cursive, with a long horizontal stroke at the end.

MIKE KRZUS
Chief Executive Officer
mkrzus@emeraldoilandgas.com

ASX Release

27 July 2012

EMERALD OIL & GAS NL

Suite 2, 12 Parliament Place
West Perth WA 6005
Tel: +61 8 9482 0510
Fax: +61 8 9482 0505

Contact:

MIKE KRZUS

Managing Director
mkrzus@emeraldoilandgas.com

MORGAN BARRON

Company Secretary
mbarron@emeraldoilandgas.com

E-MAIL:

info@emeraldoilandgas.com

WEBSITE:

www.emeraldoilandgas.com

Directors/Officers:

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

Issued Capital (27 Jul 12):

943,639,916 Shares (EMR)
78,744,568 Listed options (EMRO)
172,600,000 Unlisted options

Market Capitalisation (27 July 12):

Undiluted ~\$14m (@ 1.5 cents)

Cash on hand (30 June 12)

~\$0.6m

ASX Codes:

EMR, EMRO

QUARTERLY ACTIVITIES REPORT FOR THREE MONTHS ENDED 30 June 2012

Highlights

USA

❖ *Williston Basin, North Dakota*

- Second non-operated Bakken well successfully drilled, completed and producing, with first Emerald operated well planned for late 2012.

❖ *Green River Basin, Colorado/Wyoming*

- Additional 5,360 net lease acres acquired in the Sandwash Basin Niobrara Shale oil play (Green River Basin), located in Colorado
- Multi-zone fracture stimulation treatments in existing wellbores planned to commence in July

CORPORATE

- ❖ Emerald's wholly owned US subsidiary Emerald Oil Inc. acquired by Voyager Oil & Gas Inc., a US publicly listed company, for approximately 20% of the shares of the combined company, with \$2.5m cash to be returned to Emerald under pre-existing arrangement
- ❖ John Hannaford resigns as Director
- ❖ Existing credit facility increased by \$5m with term extended to November, 44,849,635 shares issued as consideration
- ❖ Short term loans of \$620,000 secured for general working capital

USA Projects

Voyager Transaction - Acquisition of Emerald's Shale Oil Assets by Voyager Oil and Gas Inc

(Emerald 19.9% Ownership interest in US listed Combined Entity renamed Emerald Oil Inc)

Highlights:

- ❖ **Emerald's wholly owned US subsidiary Emerald Oil Inc. acquired by Voyager Oil & Gas Inc., a US publicly listed company, for approximately 20% of the combined company, with \$2.5m cash to be returned to Emerald under a pre-existing arrangement**
- ❖ **Mike Krzus and McAndrew Rudisill will remain Emerald directors and will serve as CEO and President, respectively, in the Combined Entity**
- ❖ **Emerald's value underpinned and downside risks managed with the 20% holding in the combined company, Emerald's forward strategy is to use its access to US shale oil and gas deal flow to identify and secure the Company's next investment opportunity**

Voyager Transaction

On July 11, 2012 the Company announced it had reached agreement with Voyager Oil & 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. The transaction closed on 26 July, 2012.

In this transaction, the Company exchanged 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.

Emerald post transaction

Emerald exchanged its direct interests in 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. Voyager has over 900 BOE/d in production currently and substantial audited oil and gas reserves. This hard underpinning of cash flow and reserves provides a valuation foundation upon which a large Rocky Mountain focused oil producer can be built.

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 Emerald high returns driven by production and reserves growth and offers drilling risk mitigation previously not available to the Company.

The Combined Entity has 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 its Dunn County asset in the Williston Basin or its Sandwash Niobrara assets in the Green River Basin, both of which would have required significant additional funding to implement their drilling programs. The Company will be debt free once \$620,000 in short term loans are repaid with the \$2.5m in cash owed to Emerald as part of the transaction under pre-existing inter-company arrangement between Emerald and its subsidiary company. This cash will provide working capital to fund Emerald while it works to secure its next opportunities.

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.

The Company is now actively considering new opportunities, separate from its shareholding in the Combined Entity, to provide additional company growth potential.

Obvious opportunities exist to provide the Company with direct access to US oil and gas deal flow. Mike Krzus and McAndrew Rudisill will remain Emerald directors and are reviewing potential US oil and gas acreage, producing assets and oil drilling opportunities with optimal scale, type and risk profile for Emerald's next projects. In addition, Emerald directors will actively consider any other opportunities in Australia or elsewhere with the potential to add substantial value for Emerald shareholders.

The Company is in the process of restructuring its board, management and operating practices to adjust to the lower level of activity, now that it no longer needs to manage direct interests in its US shale assets, which were previously the Company's primary activity focus.

Value Proposition of Emerald's Holding in the Combined Entity

The Voyager transaction changes the risk profile of the Company significantly. The 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 shareholders will still benefit through the Company's holding in the Combined Entity. Although Emerald shareholders are no longer exposed to the relatively more leveraged upside from successful outcomes associated with a direct interest, the potentially severe downside risk of negative well outcomes in the Sandwash Niobrara or Dunn County is now mitigated by the diversity and size of the combined US company's portfolio.

The Company's core value is now underpinned and significantly de-risked by the Combined Entity's broad asset portfolio including:

Williston Basin Bakken/Three Forks - 43,500 net acres with 6,900 net operated acres in the largest and most prolific proved shale oil play in the USA (see map below), with current net production of approximately 1000 boe/d and 3.5m barrels of proved oil reserves (as at 31 December 2011)

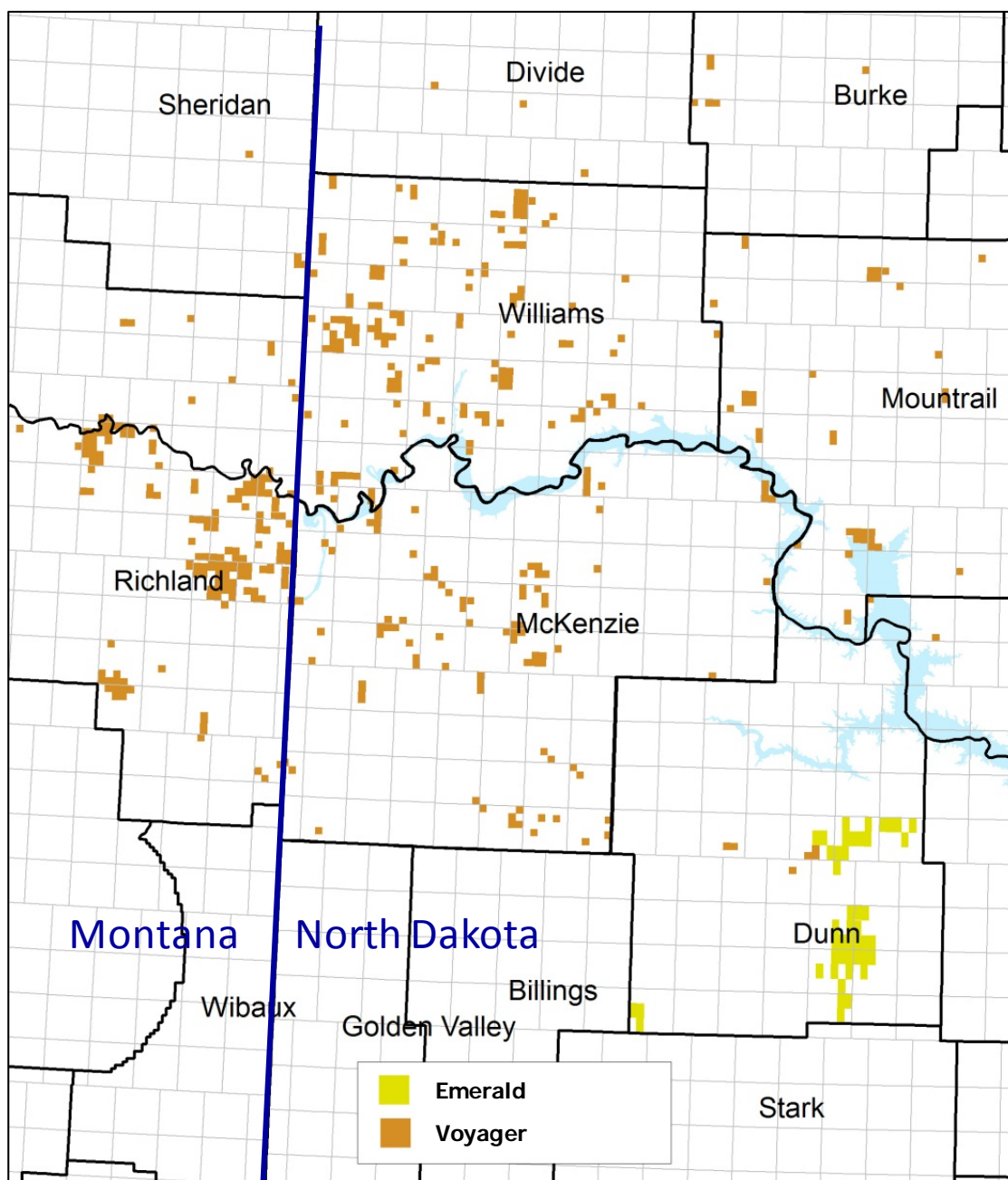
Sandwash Niobrara - 45,000 net acres, emerging shale oil play

Heath Shale - 33,500 net acres, emerging shale oil play

Tiger Ridge Gas Play - 74,700 net acres, conventional gas play

The Combined Entity is well positioned for growth with a clear plan to build production and reserves through drilling, in a way not previously possible and with lower cost of capital due to its larger size, ability to access bank debt secured by reserves and access to US capital markets.

Under US securities regulations, Emerald is prohibited from trading shares in the Combined Entity until shares are registered with the relevant US authorities. When the shares are registered in the future, Emerald will take decisions regarding its holding based on market circumstances at that time. No decisions have yet been taken on how to deliver maximum value to EMR shareholders from the Combined Entity shares.



Williston Basin Holdings of Combined Emerald/Voyager Entity

The Combined Entity's main business objective is to transition the company from a non-operator to an active operating oil company focused on its extensive Williston basin holdings.

Voyager was a non-operating company prior to the transaction and Emerald was already well advanced with its plans to drill its first operated Williston Basin well in the Dunn County acreage acquired in February 2012. Combining Emerald's management team and operating capability with Voyager's large Williston Basin acreage holding and land dealing expertise will provide the scale and drilling portfolio depth (both operated and non-operated) to generate higher returns than either company could have expected on their own.

Expected Developments and Reporting

Operated Williston Basin drilling activities will commence in Dunn County by the end of 2012, as previously announced by the company. These plans involve drilling a single well around the end of 2012, followed by a continuous single rig drilling program in 2013, based on a deep drilling portfolio currently being built through active trading of the large non-operated acreage inventory.

The Sandwash Basin Niobrara well activity program is also unchanged, with initial frac operations on existing wells underway. An additional 5,360 acres net to Emerald were acquired during the reporting period under the Area of Mutual Interest provisions of the JV agreements with Entek Energy. The GRBJV now holds approximately 115,000 gross acres, or approximately 45,000 net Emerald acres. If the 2012 GRB Well activities are successful in proving the production potential on the play, this asset will form a substantial part of the Combined Entity's value going forward.

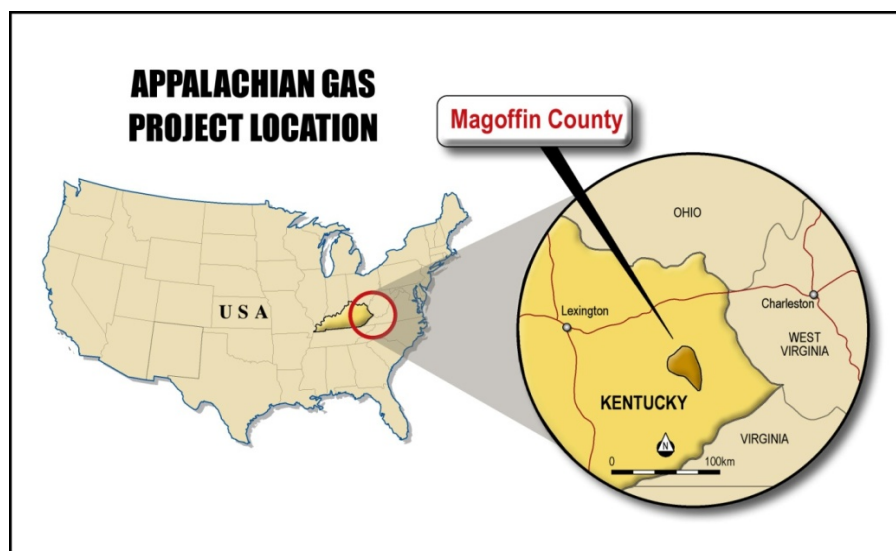
Emerald reporting on its indirectly held US shale assets will now be limited to public announcements made by the listed US company under US SEC regulations. US reporting requirements are significantly different in form and detail relative to ASX requirements. The Company will make every effort to diligently report significant information from the US company as this information becomes available.

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.

Corporate

At 30 June 2012 the Group had \$565,758 cash on hand.

John Hannaford resigned as Director effective 16 July, 2012.

The Company issued 44,849,635 shares to a private US company as consideration for increasing an existing \$15 million debt facility to \$20 million and extending the term from August 2012 to November 2012. This share issue falls within the Company's 15% capacity. The increased debt facility will be used to fund the Company's share of the 2012 GRB Sandwash Basin well program in Colorado and Wyoming, USA and non-operated participation interests in Bakken wells in North Dakota, USA.

The Company executed unsecured short term loans totaling \$620,000 to be used for general company funding. The loans will be repaid no later than 21 November 2012, at an interest rate of 20% per annum. Lenders can elect to convert their loan to EMR shares, with the number of shares determined by the loan amount divided by the 10 day volume weighted average price of EMR shares prior to the loan being made available to the Company. Any shares issued on the exercising of the conversion by lenders will fall under the Company's 15% discretionary equity issue limit. Additional loan funds on similar terms may be accepted and will be announced if that occurs. As previously announced on July 11, 2012, \$2.5m in cash will be returned to the Company as part of a pre-existing inter-company arrangement with the Company's wholly owned US subsidiary. The loans will be repaid from these returned funds. Advisor fees in the amount of 2.5% of the total loan value will be payable either in cash or in EMR shares, with the number of shares being 2.5% of the loan amount divided by the 5 day volume weighted average price of EMR shares in the 5 days prior to the loan being made available to the Company.

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

Date	Headline
24/07/2012	EMR Secondary trading notice pursuant to section 708(a)(5)
24/07/2012	Additional Short Term Loan Executed
23/07/2012	Short Term Loans Executed
18/07/2012	Appendix 3B
16/07/2012	Resignation / Final Director's Interest Notice
12/07/2012	Boardroom Radio Interview
11/07/2012	EMR - Voyager US Press Release
11/07/2012	EMR - Voyager Oil & Gas - US Proforma Investor Presentation
11/07/2012	EMR shale oil subsidiary to be acquired by Voyager Oil & Gas
10/07/2012	Request for Trading Halt
10/07/2012	Trading Halt
12/06/2012	Debt refinance and activity update
09/05/2012	Results of Meeting
27/04/2012	Quarterly Cashflow and Activities Report
24/04/2012	Drilling commenced on Williston Basin Bakken Oil Well
13/04/2012	Change in substantial holding
05/04/2012	Notice of General Meeting/Proxy Form

For more information please contact:

MIKE KRZUS
Managing Director

Tel: +618 9482 0510
mkrzus@emeraldoilandgas.com

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's major asset consists of a 19.9% equity interest in Voyager Oil and Gas Inc (AMEX:VOG), 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 June 2012

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	47	344
1.2	Payments for:		
	(a) exploration and evaluation	(831)	(9,319)
	(b) development	(62)	(431)
	(c) production	-	(1,947)
	(d) administration	(672)	(1,486)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	5	94
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	- US legal expenses	(239)	(690)
	Net Operating Cash Flows	(1,752)	(13,435)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	(68)	(12,825)
	(b) equity investments		
	(c) other fixed assets	(39)	(58)
1.9	Proceeds from sale of:		
	(a) prospects		
	(b) equity investments		19
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		374
	- Settlement of NOXXE claim		
	Net investing cash flows	(107)	(12,490)
1.13	Total operating and investing cash flows (carried forward)	(1,859)	(25,925)

1.13	Total operating and investing cash flows (brought forward)	(1,859)	(25,925)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	3,085
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	785	14,653
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other - Capital Raising Costs		
1.20	Other – Shareholder loans	368	368
	Net financing cash flows	1,153	18,106
	Net increase (decrease) in cash held	(706)	(7,819)
1.20	Cash at beginning of quarter/year to date	1,275	8,385
1.21	Exchange rate adjustments to item 1.20	(3)	-
1.22	Cash at end of quarter	566	566

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	255
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, Jeremy Shervington, Nathan Featherby and McAndrew Rudisill for this quarter.

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	19,625	15,504
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	10
4.2 Development	
4.3 Production	15
4.4 Administration & Company dealing costs	1,075
4.5 Emerald Oil Inc (prior to Voyager Dealing)	500
Total	1,600

Note: \$2.5m in cash will be received as part of the Voyager transaction, from a pre-existing arrangement between the Company and its wholly owned US subsidiary. This will be used to repay \$620,000 in short term loans. Administration & Company dealing costs include approximately \$800,000 in transaction fees payable to Johnson Rice Co.

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	566	1,275
5.2 Deposits at call		-
5.3 Bank overdraft		-
5.4 Other (provide details)		-
Total: cash at end of quarter (item 1.22)	566	1,275

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	898,790,281	898,790,281		
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
	78,744,568	78,744,568	\$0.05	31/08/12
	117,600,000	-	\$0.05	30/04/14
	50,000,000	-	\$0.05	28/06/14
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	11,661,115	-	\$0.10	30/06/12
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 ~~does not~~* give a true and fair view of the matters disclosed.



Sign here:

Date: 27 July 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.

== ==