

EMERALD OIL AND GAS NL
ABN 72 009 795 046

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

AND

PROXY FORM

Date of Meeting

20 November 2012

Time of Meeting

4:30pm

Place of Meeting

52 Ord Street
WEST PERTH WA 6005

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

*The **2012 Annual Report** may be viewed on the Company's website at www.emeraldoilandgas.com*

EMERALD OIL AND GAS NL
ABN 72 009 795 046
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Emerald Oil and Gas NL (**Company**) will be held at 52 Ord Street, West Perth, Western Australia on 20 November 2012 at 4.30 pm (**Meeting**) for the purpose of transacting the following business.

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the meeting. The Explanatory Memorandum and the Proxy Form are part of this Notice.

Terms used in this Notice will, unless the context otherwise requires, have the same meaning given to them in the glossary contained in the Explanatory Memorandum.

2012 Financial Statements

To receive the financial statements of the Company for the year ended 30 June 2012, consisting of the annual financial report, the Directors' report and the auditor's report.

Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following **advisory only resolution**:

"That, for the purposes of Section 250R(2) of the Corporations Act, and for all other purposes, the Remuneration Report forming part of the Company's 2012 Annual Report be and is hereby adopted."

Short Explanation: Section 250R of the Corporations Act requires a listed company to put to Shareholders at each AGM a resolution adopting the report on the remuneration of the Company's Directors, executives and senior managers included in the Company's Annual Report. The above Resolution is being proposed to comply with this requirement. The vote on this Resolution is advisory and neither binds the Company's Directors nor the Company.

However, if more than 25% of votes cast on this Resolution are against the Resolution, then the Board Spill Meeting Resolution below will be put to shareholders for their consideration and vote. A reasonable opportunity will be provided to Shareholders for discussion of the Remuneration Report at the AGM.

Voting Exclusion: The Company will, in accordance with the Corporations Act, disregard any votes cast on Resolution 1 by a member of the Key Management Personnel or a Closely Related Party of such a member.

However, the Company will not disregard a vote if it is cast by such a person if:

- (a) the person is acting as proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chair voting an undirected proxy which expressly authorises the Chair to vote the proxy on a Resolution connected with the remuneration of a member of the key management personnel.

Resolution 2 - Board Spill Meeting – this Resolution will only be put to the AGM if at least 25% of the votes cast on the Resolution to adopt the Remuneration Report (Resolution 1) are cast against the adoption of the Remuneration Report.

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That:

- (a) *another meeting of the Company (the 'Spill Meeting') be held within 90 days of the passing of this Resolution;*
- (b) *all of the Directors who were Directors when the Board resolution to make the directors' report for the financial year ended 30 June 2012 was passed, other than the managing director of the Company who may, in accordance with the Listing Rules, continue to hold office indefinitely without being re-elected to office, and who remain in office at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and*
- (c) *resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote of shareholders at the Spill Meeting."*

Short Explanation: If a Company has more than 25% of votes cast against the Remuneration Report, for 2 years in a row, Section 250V of the Corporations Act requires a listed company to put to Shareholders at the second AGM a resolution that a meeting of the Company be held to consider the composition of the board.

Voting Exclusion: The Company will, in accordance with the Corporations Act, disregard any votes cast on Resolution 2 by a member of the Key Management Personnel or a Closely Related Party of such a member.

However, the Company will not disregard a vote if it is cast by such a person if:

- (a) the person is acting as proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chair voting an undirected proxy which expressly authorises the Chair to vote the proxy on a Resolution connected with the remuneration of a member of the key management personnel.

Resolution 3 – Re-election of Jeremy Shervington as a Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, Jeremy Shervington, having retired as a Director of the Company in accordance with the Company's Constitution and, being eligible, having offered himself for re-election, be re-elected a Director of the Company."

Short Explanation: Pursuant to the Company's Constitution, one-third of the Directors of the Company (other than the Managing Director) must retire at each AGM and, being eligible, may offer themselves for re-election at that AGM.

Resolution 4 – Ratification of Issue and Allotment of Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.4 of the Listing Rules and for all other purposes, the Company approves and ratifies the issue and allotment of 44,849,635 fully paid ordinary shares issued on terms and conditions set out in the Explanatory Memorandum accompanying this Notice to Hartz Energy Capital LLC"

Short Explanation: Approval is sought under Listing Rule 7.4 to allow the Company to ratify the issue and allotment of these securities. Please refer to the Explanatory Memorandum for details.

Voting Exclusion: The Company will, in accordance with the Listing Rules, disregard any votes cast on Resolution 4 by any person who participated in the issue and an associate of that person.

However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 5 – Approval of 10% Placement Facility

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."

Short Explanation: Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the AGM. The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1. Please refer to the Explanatory Memorandum for details.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associates of any such person.

However, the Company will not disregard a vote cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

Resolution 6 – Election of Davide Bosio as a Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

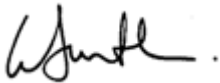
“That, Davide Bosio, being eligible and having consented to act, be elected a Director of the Company, effective immediately.”

A Proxy Form is attached.

To be valid, properly completed Proxy Forms must be received by the Company no later than 4:30 pm (WST) on 18 November 2012:

- by post at PO Box 1153 WEST PERTH WA 6872
- by facsimile on +618 9389 2199
- by email to proxy@dwcorporate.com

By order of the Board



Graeme Smith
Company Secretary
Date: 18 October 2012

PROXIES

A Shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights.

A proxy may, but need not be, a Shareholder of the Company.

The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, either under seal or under hand of an officer duly authorised.

The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and reach the registered office of the Company at least 48 hours prior to the meeting. For the convenience of Shareholders a Proxy Form is enclosed.

ENTITLEMENT TO VOTE

For the purposes of regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding Shares at 4:00 pm WST on 19 November 2012 will be entitled to attend and vote at the AGM.

CORPORATIONS

A corporation may elect to appoint a representative in accordance with the Corporations Act, in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to the Company before the meeting.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the Shareholders of Emerald Oil and Gas NL ABN 72 009 795 046 (**Company**) in connection with the business to be conducted at the Annual General Meeting of the Company to be held at 52 Ord Street, West Perth, Western Australia, on 20 November 2012 commencing at 4:30 pm.

This Explanatory Memorandum should be read in conjunction with, and form part of, the accompanying Notice.

The Directors recommend that Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum will, unless the context otherwise requires, have the same meaning given to them in the glossary as contained in this Explanatory Memorandum.

At the AGM, Shareholders will be asked to consider the following Resolutions:

- adopting the Remuneration Report;
- a board spill meeting resolution (if required);
- re-electing Mr Jeremy Shervington as a Director, who retires by rotation in accordance with the Company's Constitution;
- ratifying the issue and allotment of shares;
- approving a 10% Placement Facility; and
- electing Mr Davide Bosio as a Director.

Financial and Other Reports

As required by Section 317 of the Corporations Act, the financial statements for the year ended 30 June 2012 and the accompanying Directors report, Directors' declaration and auditor's report will be laid before the meeting.

Neither the Corporations Act, nor the Company's Constitution requires a vote on the reports. However, the Shareholders will have an opportunity to ask questions about the reports at the AGM.

Resolution 1 – Remuneration Report

1.1 Introduction

As required by the Corporations Act, the Board is presenting the Remuneration Report to Shareholders for consideration and adoption by a non-binding vote. The Remuneration Report contains:

- information about the Board's policy for determining the nature and amount of remuneration of the Directors and senior executives of the Company;
- a description of the relationship between the Company's remuneration policy and the Company's performance;
- a summary of performance conditions for each of the Directors and senior executives, including a summary of why they were chosen and how performance is measured against them; and
- remuneration details for each Director and for each of the Company's specified executives.

The Remuneration Report, which is part of the Annual Report, has been sent to Shareholders who have made an election to receive the Annual Report. Copies of the Annual Report are available by contacting the Company's share register or visiting the Company's web site www.emeraldoilandgas.com.

1.2 Voting on the Remuneration Report

In accordance with the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (c) the person does so as a proxy appointed in writing that directs how the proxy is to vote on Resolution 1; or
- (d) the person is the Chairman and the appointment of the Chairman as proxy:
 - (i) does not specify the way the proxy is to vote on Resolution 1; and
 - (ii) expressly authorises the Chairman to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of the Key Management Personnel.

The Chairman will cast available proxies in favour of Resolution 1. A voting exclusion statement is included in the Notice.

1.3 Directors' Recommendation

The Directors make no recommendation in relation to Resolution 1.

Resolution 2 - Board Spill Meeting

2.1 Introduction

At last year's AGM, 34.4% of the votes cast in respect of the resolution to adopt the 2011 Remuneration Report were voted "against" that resolution. Because the votes "against" exceeded 25% of the votes cast, Emerald received what is known as a "first strike" under the new executive remuneration laws, which applied for the first time last year.

If the votes "against" the 2012 Remuneration Report again exceed 25% of the votes cast, Emerald will receive a "second strike" and Resolution 2 will be put to the meeting. If Resolution 2 is put to the meeting and passed, then it will be necessary for the Board to convene a further general meeting ("**Spill Meeting**") of the Company within 90 days of the AGM in order to consider the composition of the Board.

2.2 Emerald's Remuneration Practices

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.

The Board believes that Emerald's remuneration policy and practices, as described in the 2012 Remuneration Report, are sound, reasonable and appropriate.

2.3 Spill Resolution

This Resolution will only be put to the AGM if at least 25% of the votes cast on the Resolution to adopt the Remuneration Report (Resolution 1) are cast against the adoption of the report.

Section 250V of the Corporations Act, which sets out the statutory requirements of a Spill Meeting resolution, applies to all of the Directors in office when the Board resolution to make the Directors' Report for the financial year (ended 30 June 2012) was passed, other than the managing director of the Company who, under the Listing Rules may continue to hold office indefinitely without being re-elected to the office. Consequently, if a Spill Meeting is held, the following Directors will automatically vacate office at the conclusion of the Spill Meeting unless they are willing to stand for re-election and are re-elected at that meeting:

- Jeremy Shervington
- McAndrew Rudisill
- Mike Krzus

Resolution 3 is for the re-election of Jeremy Shervington as a Director. However, even if Mr Shervington is re-elected at this year's AGM, he will still need to be re-elected at the Spill Meeting (if required) to remain in office after the Spill Meeting.

Resolution 6 is for the appointment of Davide Bosio as a Director. As Mr Bosio may be appointed as a Director of the Company after the date on which the Board resolution was passed to make the Directors' Report for the financial year ended 30 June 2012, he will not be required to vacate office and stand for re-election at the Spill Meeting (if required).

A voting exclusion statement is included in the Notice.

2.4 Directors' Recommendation

The Directors do not make any recommendation in relation to Resolution 2.

Resolution 3 – Re-election of Jeremy Shervington as a Director**3.1 Introduction**

Mr Jeremy Shervington was appointed as a Non-Executive Director on 23 January 2006.

In accordance with Listing Rule 14.4, no director of the Company may hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever period is longer. The Company's Constitution also requires that one third of the Company's directors must retire at each AGM. Accordingly, Mr Shervington will retire by rotation and, being eligible, offers himself for re-election.

Resolution 3 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

3.2 Director's Biography

Mr Shervington operates a legal practice in Western Australia. He specialises in the laws regulating companies and the securities industry in Australia. Mr Shervington has over 30 years' experience as a lawyer, gained since his admission as a Barrister and Solicitor of the Supreme Court of Western Australia. Mr Shervington has since 1983 served as a director of various ASX listed companies as well as a number of unlisted public and private companies. Mr Shervington is, at the date of this Notice, also a director of the following ASX listed companies: Australian Zircon NL, Ridge Resources Limited and Horseshoe Metals Limited.

3.3 Directors' Recommendation

All the Directors except Mr Shervington recommend that Shareholders vote in favour of Resolution 3.

Resolution 4 – Ratification of Issue and Allotment of Shares**4.1 General**

Listing Rule 7.4 permits the ratification of previous issues of shares made without prior shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of such a ratification is to restore a company's maximum discretionary power to issue further shares up to 15% of the issued capital of the company without requiring shareholder approval.

Resolution 4 is required to be approved in accordance with Listing Rule 7.4 to ratify a previous issue of Shares. The Company confirms that the issue and allotment of the Shares, the subject of Resolution 4 did not breach Listing Rule 7.1.

4.2 Listing Rule Requirements

Listing Rule 7.5 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 7.4 and the following information is included in this Explanatory Memorandum for that purpose:

- (a) 44,849,635 Shares were issued by the Company;
- (b) the shares were issued as consideration for amending the terms of a debt finance facility provided to the Company as announced on 12 June 2012;
- (c) the Shares were issued for no cash consideration (but at a deemed issue price of \$0.017 per Share), but were issued to Hartz Energy Capital LLC as consideration for the extension of the debt financing facility and the amendment of the terms thereof as announced on 12 June 2012;
- (d) the Shares were allotted to Hartz Energy Capital LLC, which is not a related party of the Company;
- (e) the Shares rank equally with the existing Shares; and
- (f) a voting exclusion statement is included in the Notice.

4.3 Recommendation

The Board unanimously recommends Shareholders vote in favour of Resolution 4 as it will provide the Company with further flexibility should any Share issue be considered desirable in the next 12 months.

Resolution 5 – Approval of 10% Placement Facility**5.1 General**

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the AGM (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 5.2(c) below).

The Directors of the Company believe that Resolution 5 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

5.2 Description of Listing Rule 7.1A*(a) Shareholder approval*

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an AGM.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue one class of Equity Securities, being listed Shares.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an AGM may issue or agree to issue, during the 12 month period after the date of the AGM, a number of Equity Securities calculated in accordance with the following formula:

(A x D) – E

A is the number of shares on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid shares that became fully paid in the 12 months;
- (iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (iv) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%;

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 943,651,304 Shares and therefore has a capacity, assuming Resolution 4 and 5 are approved, to issue:

- (i) 141,547,695 Equity Securities under Listing Rule 7.1; and

- (ii) 94,365,130 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 5.2(c) above).

- (e) *Minimum Issue Price*

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
(ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

- (f) *10% Placement Period*

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the AGM at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the AGM at which the approval is obtained; or
(ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

5.3 Listing Rule 7.1A

The effect of Resolution 5 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

5.4 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
(ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
(ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table shows:

- (i) two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.006 50% decrease in Issue Price	\$0.012 Issue Price	\$0.024 100% increase in Issue Price
Current Variable A 943,651,304 Shares	10% voting dilution	94,365,130 Shares	94,365,130 Shares	94,365,130 Shares
	Funds raised	\$566,191	\$1,132,382	\$2,264,763
50% increase in current Variable A 1,415,476,956 Shares	10% voting dilution	141,547,695 Shares	141,547,695 Shares	141,547,695 Shares
	Funds raised	\$849,286	\$1,698,572	\$3,397,145
100% increase in current Variable A 1,887,302,608 Shares	10% voting dilution	188,730,260 Shares	188,730,260 Shares	188,730,260 Shares
	Funds raised	\$1,132,382	\$2,264,763	\$4,529,526

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (ii) No Options are exercised into Shares before the date of the issue of the Equity Securities.
 - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
 - (v) The table shows only the effect of issue of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (vi) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or without approval under Listing Rule 7.1.
 - (vii) The issue price is \$0.012, being the closing price of the Shares on ASX on 10 October 2012.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 5 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital; or
 - (ii) non-cash consideration for the acquisition of new resources, assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or Associates of a related party of the Company.

- (e) The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.
- (f) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

Resolution 6 – Election of Davide Bosio as a Director

6.1 General

Resolution 6 proposes the election of Mr Davide Bosio as a Director of the Company.

Mr Bosio's has been nominated by former Director, Mr Nathan Featherby, who resigned as a Director on 2 August 2012. Mr Featherby represents a group of Shareholders.

Resolution 6 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

6.2 Director's Biography

Mr Bosio is the Managing Director of Pareto Capital and specialises in offering corporate advisory services to listed corporations and professional investors. Davide has over 11 years' experience in the finance industry as an Investment Advisor, Institutional Dealer, Responsible Officer and Director specialising in equity capital markets transaction in the Australian Market.

Davide is a Fellow member of the Financial Services Institute of Australia (Finsia) and a Graduate Member of the Australian Institute of Company Directors (GAICD). Davide holds a Bachelor of Commerce (Marketing) degree and a Graduate Diploma in Applied Finance and Investment.

6.3 Directors Recommendation

All the Directors recommend that Shareholders vote in favour of Resolution 6, as it is considered that a second resident Australian Director is appropriate given that Messrs Krzus and Rudisill are ordinarily located in the US.

GLOSSARY

In this Explanatory Memorandum and the Notice, the following terms have the following meanings unless the context otherwise requires:

10% Placement Facility	has the meaning given in Section 5.1.
10% Placement Period	has the meaning given in Section 5.2.
Accounting Standards	has the meaning given to that term in the Corporations Act.
AGM	means an Annual General Meeting
Annual Report	means the Directors' report, the annual financial report and auditors report in respect of the financial year ended 30 June 2012.
Associate	has the same meaning as defined in Section 11 and Sections 13 to 17 of the Corporations Act.
ASX	means ASX Ltd ABN 98 008 624 691 and, where the context requires, the Australian Securities Exchange operated by ASX Ltd.
Board	means the board of Directors of the Company.
Closely Related Party	has the same meaning as defined in Section 9 of the Corporations Act.
Company	means Emerald Oil and Gas NL ABN 72 009 795 046.
Constitution	means the Company's constitution, as amended from time to time.
Corporations Act	means Corporations Act 2001 (Cth).
Director	means a director of the Company.
Equity Securities	has the same meaning as in the Listing Rules.
Explanatory Memorandum	means this information attached to the Notice, which provides information to Shareholders about the Resolutions contained in the Notice.
Key Management Personnel	has the meaning given to it in the Accounting Standards.
Listing Rules	means the listing rules of ASX.
Meeting	has the meaning in the introductory paragraph of the Notice.
Notice or Notice of Meeting	means the Notice of Annual General Meeting accompanying this Explanatory Memorandum.
Option	means an option to acquire a Share in the Company.
Proxy Form	means the proxy form attached to this Notice.
Remuneration Report	means the remuneration report of the Company outlined in the Annual Report.
Resolution	means a resolution contained in the Notice.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means the holder of a share.
Spill Meeting	has the meaning contemplated by Resolution 2.
Trading Day	means a day determined by ASX to be a trading day in accordance with the Listing Rules.
WST	means Australian Western Standard Time.

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The Company Secretary
 Emerald Oil and Gas NL
 PO Box 1153
 WEST PERTH WA 6872

Facsimile: +61 8 9389 2199
Email: proxy@dwcorporate.com

Name of Shareholder (s) _____
 Address of Shareholder (s) _____

STEP 1 Appoint Proxy to Vote on Your Behalf

I / We being a member / s of Emerald Oil and Gas NL hereby appoint

the Chairman of the meeting OR

PLEASE NOTE: leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own names (s)

Or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Emerald Oil and Gas NL to be held at 52 Ord Street, West Perth Western Australia on 20 November 2012 at 4:30 pm (WST) and at any adjournment or postponement of that meeting.

The Chairman intends to vote all available proxies in favour of the Resolutions.

Important – if the Chairman of the meeting is your proxy or is appointed as your proxy by default

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 1 & 2 (if required). If the Chairman of the meeting is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', or 'against' or 'abstain' box in relation to Resolution 1 & 2, you will be authorising the Chairman to vote in accordance with the Chairman's voting intentions on Resolution 1 & 2 even if these Resolutions are connected directly or indirectly with the remuneration of a member of key management personnel.

STEP 2 Resolutions of Business **PLEASE NOTE:** if you mark the **Abstain** box for an Resolution, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Board Spill Meeting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Jeremy Shervington as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of Allotment and Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Election of Davide Bosio as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

This Proxy is appointed to represent _____% of my voting right, or if 2 proxies are appointed Proxy 1 represents _____% and Proxy 2 represents _____% of my total votes. My total voting right is _____ shares.

SIGN Signature of Security holder – Please sign here

Individual or Shareholder 1 <input style="width: 95%; height: 25px;" type="text"/>	Joint Shareholder 2 <input style="width: 95%; height: 25px;" type="text"/>	Joint Shareholder 3 <input style="width: 95%; height: 25px;" type="text"/>
Sole Director & Sole Company Secretary	Director / Company Secretary	Director

Dated this _____ day of _____ 2012

INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A Shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this Annual General Meeting as the Shareholder's proxy. A proxy need not be a Shareholder of the Company.
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the Shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the Shareholder's voting rights. Fractions shall be disregarded.
3. The proxy form must be signed personally by the Shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed in accordance with its constitution or its duly authorised attorney. In the case of joint Shareholders, this proxy must be signed by each of the joint Shareholders, personally or by a duly authorised attorney.
4. If a proxy is executed by an attorney of a Shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
5. To be effective, forms to appoint proxies **must be received by the Company by 4:30 pm on 18 November 2012** by post or facsimile to the respective addresses stipulated in this proxy form.
6. The Chairman will cast all available proxies in favour of the Resolutions.
7. If the proxy form specifies a way in which the proxy is to vote on any of the Resolutions stated above, then the following applies:
 - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
 - (b) if the proxy has 2 or more appointments that specify different ways to vote on the Resolution, the proxy must not vote on a show of hands; and
 - (c) if the proxy is the Chairperson, the proxy must vote on a poll and must vote that way, and
 - (d) if the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.
8. If a proxy is also a Shareholder, the proxy can cast any votes the proxy holds as a Shareholder in any way that the proxy sees fit.