



**ASX Announcement**

**30 October 2014**

**QUARTERLY ACTIVITIES AND CASHFLOW REPORT  
30 September 2014**

The Board of Emerald Oil and Gas NL (**EMR** or **Company**) is pleased to announce the Quarterly Activities Report and Appendix 5B Quarterly Cashflow Report for the period ended 30 September 2014.

Yours sincerely,

**MORGAN HART**  
**Managing Director**

**Appalachian Gas - Magoffin County, Kentucky**  
*(Emerald 75% Equity Interest in Kentucky Energy Partners LLC)*

Emerald's Appalachian gas operations are operated through Kentucky Energy Partners ("KEP"), a company 75% owned by Emerald. KEP currently holds approximately 1,000 lease acres with 12 existing wells potentially capable of gas production, and an 8 mile long gas gathering pipeline.

During the period, the Board continued to evaluate the strategy with respect to the core operating asset in Magoffin County, Kentucky and actively analysed more significant opportunities in the energy and broader resources sector.

**Corporate****Directors**

|                  |   |
|------------------|---|
| Mr Simon Lee AO  | - Chairman (Appointed 20 August 2014)               |
| Mr Morgan Hart   | - Managing Director (Appointed 30 July 2014)        |
| Mr Ross Stanley  | - Non Executive Director (Appointed 20 August 2014) |
| Mr Ross Williams | - Non Executive Director                            |

**Board Restructure**

On 20 August 2014 the Company announced the appointment of Mr Simon Lee AO as Chairman and Mr Ross Stanley as Non-Executive Director of the Company. As a result of this appointment, Mr Ross Williams stepped down as Chairman but remained as a Non-Executive Director of the Company. As part of the Board restructure, Mr Morgan Hart was appointed as Managing Director of the Company and Mr Peter Pynes and Mr Tim Kestell resigned as directors. Mr Mark Clements was appointed Company Secretary following the resignation of Ms Amanda Burgess.

**Cash Position**

At 30 September 2014 the Group had \$18,097,477 cash on hand.

**Issued Capital**

Issued capital as at 30 September 2014 was 1,306,594,114 fully paid ordinary shares. The Company's market capitalisation as at 30 September 2014 was approximately \$30.05m (@ \$0.023).

On 11 June 2014 the Company announced its intention to raise approximately \$5.7m through a placement to sophisticated investor clients of Euroz Limited including Mr Morgan Hart. It was also proposed that Mr Hart become a Director of the company. This proposal was subject to shareholder approval which was gained at a general meeting on 30 July 2014. The placement of 457,307,940 shares was fully subscribed at 1.25 cents per share, raising a total of \$5,716,349 before costs and completed on 5 August 2014. Mr Hart was appointed as Non-Executive Director on 30 July 2014 and appointed Managing Director on 20 August 2014.

On 20 May 2014 the Company announced its intention to offer for sale unmarketable holdings on 1 August 2014. On 5 September 2014 the Company announced 6,143,272 fully paid ordinary shares were sold on market for 2.6 cents per share generating proceeds from the sale of \$159,725 before costs. The net proceeds of the sale were distributed on a proportional basis to those shareholders who participated in the process.

**Public Announcements**

The Company made the following announcements since 1 July 2014 to the date of this report:

| Date       | Headline  |
|------------|---|
| 24/10/2014 | Notice of Annual General Meeting/Proxy Form                 |
| 22/10/2014 | Change of Director's Interest Notice                        |
| 16/10/2014 | Change in substantial holding                               |
| 15/10/2014 | Change of Director's Interest Notice                        |
| 1/10/2014  | Change of Registered Office                                 |
| 1/10/2014  | Annual Report   |
| 23/09/2014 | Change of Director's Interest Notice                        |
| 16/09/2014 | Becoming a substantial holder                               |
| 16/09/2014 | Change of Director's Interest Notice                        |
| 5/09/2014  | Completion of Sale of Unmarketable Parcels                  |
| 22/08/2014 | Initial Director's Interest Notices                         |
| 22/08/2014 | Final Director's Interest Notices                           |
| 20/08/2014 | Board Restructure   |
| 6/08/2014  | Becoming a substantial holder - Morgan Hart                 |
| 6/08/2014  | EMR Secondary trading notice pursuant to section 708a(5)    |
| 6/08/2014  | Change in substantial holding - Confederate Capital Pty Ltd |
| 5/08/2014  | Initial Director's Interest Notice                          |

For more information please contact:

**MORGAN HART**  
**Managing Director**

# 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")

30 September 2014

### Consolidated statement of cash flows

|   | Current quarter<br>\$A'000 | Year to date<br>(3 months)<br>\$A'000 |
|---|----------------------------|---------------------------------------|
| <b>Cash flows related to operating activities</b>               |                            |                                       |
| 1.1 Receipts from product sales and related debtors             | -                          | -                                     |
| 1.2 Payments for (a) exploration & evaluation                   | -                          | -                                     |
| (b) development   | (69)                       | (69)                                  |
| (c) production  | -                          | -                                     |
| (d) administration  | (150)                      | (150)                                 |
| 1.3 Dividends received  | -                          | -                                     |
| 1.4 Interest and other items of a similar nature received       | 106                        | 106                                   |
| 1.5 Interest and other costs of finance paid                    | -                          | -                                     |
| 1.6 Income taxes paid   | -                          | -                                     |
| 1.7 Other (provide details if material)                         | -                          | -                                     |
| <b>Net Operating Cash Flows</b>                                 | <b>(113)</b>               | <b>(113)</b>                          |
| <b>Cash flows related to investing activities</b>               |                            |                                       |
| 1.8 Payment for purchases of:                                   |                            |                                       |
| (a) prospects   | -                          | -                                     |
| (b) equity investments  | -                          | -                                     |
| (c) other fixed assets  | (4)                        | (4)                                   |
| 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)                        | -                          | -                                     |
| <b>Net investing cash flows</b>                                 | <b>(4)</b>                 | <b>(4)</b>                            |
| 1.13 Total operating and investing cash flows (carried forward) | <b>(117)</b>               | <b>(117)</b>                          |

+ See chapter 19 for defined terms.

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

|      |  |        |        |
|------|--|--------|--------|
| 1.13 | Total operating and investing cash flows (brought forward) | (117)  | (117)  |
|      | <b>Cash flows related to financing activities</b>          |        |        |
| 1.14 | Proceeds from issues of shares, options, etc.              | 5,716  | 5,716  |
| 1.15 | Proceeds from sale of forfeited shares                     | -      | -      |
| 1.16 | Proceeds from borrowings                                   | -      | -      |
| 1.17 | Repayment of borrowings                                    | -      | -      |
| 1.18 | Dividends paid   | -      | -      |
| 1.19 | Other (costs of share issue)                               | (71)   | (71)   |
|      | <b>Net financing cash flows</b>                            | 5,645  | 5,645  |
|      | <b>Net increase (decrease) in cash held</b>                | 5,528  | 5,528  |
| 1.20 | Cash at beginning of quarter/year to date                  | 12,572 | 12,572 |
| 1.21 | Exchange rate adjustments to item 1.20                     |        |        |
| 1.22 | <b>Cash at end of quarter</b>                              | 18,100 | 18,100 |

**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<br>\$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 46                         |
| 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.

**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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+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

|                                 | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | Nil                         | Nil                    |
| 3.2 Credit standby arrangements | Nil                         | Nil                    |

### Estimated cash outflows for next quarter

|                                | \$A'000    |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | -          |
| 4.2 Development                | 50         |
| 4.3 Production                 | -          |
| 4.4 Administration             | 150        |
| <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<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                     | 200                        | 72                          |
| 5.2 Deposits at call                             | 17,900                     | 12,500                      |
| 5.3 Bank overdraft                               | -                          | -                           |
| 5.4 Other (provide details)                      | -                          | -                           |
| <b>Total: cash at end of quarter (item 1.22)</b> | <b>18,100</b>              | <b>12,572</b>               |

### Changes in interests in mining tenements

|     | Tenement<br>reference   | Nature of interest<br>(note (2)) | Interest at<br>beginning<br>of quarter | Interest at<br>end of<br>quarter |
|-----|---|----------------------------------|--|----------------------------------|
| 6.1 | Interests in mining tenements relinquished, reduced or lapsed | N/A                              |  |                                  |
| 6.2 | Interests in mining tenements acquired or increased           | N/A                              |  |                                  |

+ See chapter 19 for defined terms.

**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><br><i>(description)</i>   | N/A           |               |   |  |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |               |               |   |  |
| 7.3 <b>+Ordinary securities</b>  | 1,306,594,114 | 1,306,594,114 |   |  |
| 7.4 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              | 457,307,940   | 457,307,940   |   |  |
| 7.5 <b>+Convertible debt securities</b><br><i>(description)</i>  | N/A           |               |   |  |
| 7.6 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              |               |               |   |  |
| 7.7 <b>Options</b><br><i>(description and conversion factor)</i>   | N/A           |               |   |  |
| 7.8 Issued during quarter  |               |               |   |  |
| 7.9 Exercised during quarter   |               |               |   |  |
| 7.10 Expired during quarter  |               |               |   |  |
| 7.11 <b>Debentures</b><br><i>(totals only)</i>   | N/A           |               |   |  |
| 7.12 <b>Unsecured notes</b><br><i>(totals only)</i>  | N/A           |               |   |  |

+ See chapter 19 for defined terms.

## 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.

**MARK CLEMENTS**  
Company Secretary

30 October 2014

## 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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+ See chapter 19 for defined terms.