



EMERALD OIL & GAS NL
ACN 009 795 046

NOTICE OF EXTRAORDINARY GENERAL MEETING

AND

**EXPLANATORY MEMORANDUM
TO SHAREHOLDERS**

FOR AN EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON
MONDAY 2 JULY 2007 AT THE EMERALD HOTEL PERTH,
24 MOUNT STREET,
PERTH, WESTERN AUSTRALIA AT 9.00 AM

You are encouraged to attend the meeting, but if you cannot, you are requested to
complete and return the enclosed Proxy Form without delay to
PO Box 902, West Perth, Western Australia, 6872,
or by facsimile on facsimile number +618 9482 0505.

EMERALD OIL & GAS NL
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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that an extraordinary meeting of the members of Emerald Oil & Gas NL ("**Emerald**" or "**the Company**") will be held on the date and at the location and time specified below:

DATE: MONDAY 2 JULY 2007
LOCATION: The Emerald Hotel, 24 Mount Street, Perth, Western Australia
TIME: 9.00 am

BUSINESS

The business to be transacted at the Extraordinary Meeting is the proposal of the Resolutions set out below:

RESOLUTION 1 ~ Ratification of Share and Option Issue

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That for the purposes of ASX Listing Rule 7.4 and all other purposes, the Shareholders hereby ratify and authorise the allotment and issue of

(a) 4,000,000 fully paid ordinary shares; and

(b) 2,000,000 options for nil consideration and exercisable at 20 cents each at any time on or before 31 May 2008,

to clients of Capital Investment Partners Pty Ltd on such terms and conditions as set out in Section 1 of the Explanatory Memorandum.

Voting Exclusion Note:

In accordance with ASX Listing Rule 7.5.6, the Company will disregard any votes cast on this resolution by any person who has participated in the issue and who has obtained a benefit from the issue, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, or any associate of a participant.

Where a voting exclusion applies, the Company need 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.

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NOTICE OF MEETING

RESOLUTION 2 ~ Approval for Share and Option Issue

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That for the purposes of Listing Rule 7.1, the Shareholders hereby approve and authorise the issue of:

(a) up to 12,750,000 fully paid ordinary shares; and

(b) up to 6,375,000 options for nil consideration and exercisable at 20 cents each at any time on or before 31 May 2008,

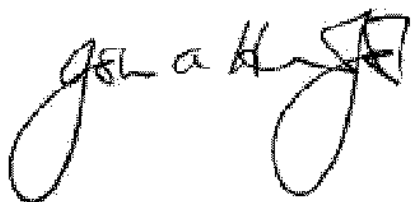
on such terms and conditions as set out in Section 1 of the Explanatory Memorandum.

Voting Exclusion Note:

The Company will disregard any votes cast on this resolution by any person who may participate in the issue and who might obtain a benefit from the issue, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, or any associate of a participant.

Where a voting exclusion applies, the Company need 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.

DATED 31 May, 2007.

A handwritten signature in black ink, appearing to read 'John Hannaford', with a stylized flourish at the end.

JOHN HANNAFORD

Director

NOTES

A member entitled to vote at this Extraordinary Meeting is entitled to appoint a proxy to attend and vote for the member at the Extraordinary Meeting. A proxy need not be a member. If the member is entitled to cast 2 or more votes at the Extraordinary Meeting the member may appoint 2 proxies. If a member appoints 2 proxies and the appointment does not specify the proportion or number of the members votes each proxy may exercise, each proxy may exercise half of the votes. A proxy form is attached at the back of this booklet.

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**EXPLANATORY MEMORANDUM
TO SHAREHOLDERS**

This Explanatory Memorandum forms part of a Notice convening an Extraordinary Meeting of Shareholders of the Company to be held on Monday 2 July 2007. This Explanatory Memorandum is to assist Shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the Resolutions proposed.

1. RESOLUTION 1 – Ratification of Prior Securities Issue

On 21 May 2007 the Company announced it had agreed to issue a total of 16,750,000 shares at 18 cents per share, with 8,375,000 free attaching options. The shares and options were to be issued in two tranches:

1. placement of 4,000,000 shares at \$0.18 and 2,000,000 options to raise \$720,000 (within the 15% share issue capacity) - which took place on 31 May 2007.
2. placement of 12,750,000 shares at \$0.18 and 6,375,000 options to raise \$2,295,000 - subject to shareholder approval.

The shares and options under tranche one were issued on 31 May 2007, to sophisticated investors, existing shareholders and other clients of Capital Investment Partners Pty Ltd. None of the allottees were related parties of the Company.

These shares were issued within the 15% limit permitted under Listing Rule 7.1 without shareholder approval. Ratification of this issue by shareholders is now sought under listing rule 7.4.

The Company raised \$720,000 before costs from this issue. The funds will be used to continue the exploration and development of the Company's oil and gas projects in the United States of America and Western Australia.

The terms of these shares are the same as the terms of all other ordinary shares in the capital of the Company and they rank, from the date of allotment, *pari passu* in all respects with all other shares in the capital of the Company.

Information required under listing rule 7.5:

- a) Issue price was 18 cents per share, with one free attaching option for every two shares issued;
- b) 4,000,000 fully paid ordinary shares and 2,000,000 options were issued.;
- c) Shares rank *pari passu* in all respects with the Company's existing Shares;
- d) Options were issued on the same terms and conditions as the Company's existing listed options;
- e) The purpose of issue was to provide funds for the company's exploration and development activities in USA and Australia; and
- f) The recipients were clients of Capital Investment Partners Pty Ltd.

Other:

The directors recommend that shareholders vote in favour of Resolution 1.

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**EXPLANATORY MEMORANDUM
TO SHAREHOLDERS**

2. RESOLUTION 2 – Approval for Share and Option Issue

The shares and options to be issued under tranche two of the placement are to be issued following shareholder approval.

Listing Rule 7.1 provides that a listed company may not issue securities in any 12 month period which, when aggregated with the value of the other securities issued within that 12 month period, exceed 15% of the value of ordinary shares on issue at the beginning of the 12 month period, unless the issue falls within one of the nominated exceptions or the prior approval of members of the company in general meeting is obtained. Without shareholder approval, the issue of the shares and options under tranche two of the placement would exceed the 15% limit prescribed by Listing Rule 7.1, and consequently, the Company seeks shareholder approval for this issue.

In compliance with Listing Rule 7.3 shareholders are hereby advised as follows:

- a) The total number of securities which may be allotted is up to 12,750,000 ordinary shares and 6,375,000 free attaching options;
- b) The shares and options will be issued pursuant to an excluded offer under section 708 of the Corporations Act;
- c) Shares and options will be issued to clients of Capital Investment Partners Pty Ltd;
- d) The shares and options will be issued as soon as practicable after the general meeting and in any event within three months of the date of the meeting;
- e) The shares will be issued at 18 cents per share. The options will be issued free attaching to shares on a one for two basis. The free attaching options have an exercise price of 20 cents and an expiry date of 31 May 2008;
- f) The shares rank pari passu in all respects with the Company's existing fully paid ordinary shares;
- g) Options will be issued on the same terms and conditions as the Company's existing listed options; and
- h) The purpose of the issue is to raise capital to fund the development of the Company's oil and gas projects in the United States of America and Western Australia.

Other:

The directors recommend that shareholders vote in favour of Resolution 2.

PROXY FORM

Emerald Oil & Gas NL

ACN 009 795 046

All correspondence to:

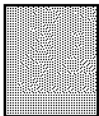
Emerald Oil & Gas NL
PO Box 902
West Perth WA 6872
Phone: 08 9482 0510
Facsimile: 08 9482 0505

I/We _____
(insert name of holder – please print)

Of _____
(insert address of holder – please print)

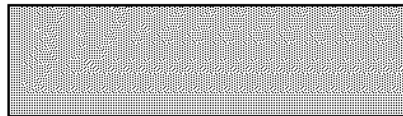
Appointment of Proxy

I/We being member/s of Emerald Oil & Gas NL and entitled to attend and vote hereby appoint



The Chairman
of the Meeting
(mark with an 'X')

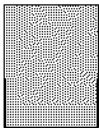
OR



Write here the name of the person
you are appointing if this person is
someone other than the Chairman
of the Meeting

or failing the person named, or if no person 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, as the proxy sees fit) at the Extraordinary Meeting of Emerald Oil & Gas NL to be held at The Emerald Hotel, 24 Mount Street, Perth, Western Australia on Monday 2 July, 2007 at 9.00 am and at any adjournment of that meeting.

IMPORTANT: FOR RESOLUTION 1 BELOW



If the Chairman of the Meeting is to be your proxy and you have not directed your proxy how to vote on Item 1 below, please place a mark in this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of that Item and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item 1 and your votes will not be counted in computing the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of Item 1.

Voting directions to your proxy - X to indicate your directions

**Ordinary
business**

For Against Abstain*

Resolution 1 Ratification for Share and Option Issue

☐☐☐

Resolution 2 Approval for Share and Option Issue

☐☐☐

* If you mark the Abstain box, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

**Individual or
Securityholder 1**



**Sole Director and Sole Company
Secretary**

Securityholder 2



Director

Securityholder 3



**Director/Company
Secretary**

Contact Name

**Contact Daytime
Telephone**

Date

How to complete the Proxy Form

1. Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.

2. Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company.

3. Votes on Item of Business

You may direct your proxy how to vote by placing a mark in one of the boxes. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted by inserting the percentage or number of securities you wish to vote in the appropriate box. If you do not mark any of the boxes, your proxy may vote as he or she chooses. If you mark more than one your vote will be invalid.

4. Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

5. Signing Instructions

You must sign this form as follows in the spaces provided:

- Individual: where the holding is in one name, the holder must sign.
- Joint Holding: where the holding is in more than one name, all of the securityholders should sign.
- Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the meeting scheduled for 9.00 am on Monday 2 July 2007. Any Proxy Form received after that time (5.00pm Thursday 29 June 2007) will not be valid for the scheduled meeting.

Documents may be lodged:

By mail or in person – Emerald Oil & Gas NL Level 2, 16 Altona Street West Perth WA 6005	OR	By facsimile – Within Australia (08) 9482 0505 Outside Australia +618 9482 0505
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