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30 January, 2009

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

QUARTERLY ACTIVITIES AND CASHFLOW REPORT – DECEMBER 31, 2008

Please find attached the Quarterly Activities Report and Appendix 5B Quarterly Cashflow Report for the quarter ended December 31, 2008.

Yours sincerely,

JOHN HANNAFORD

Director – Finance

Emerald OIL & GAS NL

ASX Release

30 January 2009

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Directors/Officers:

Jeremy Shervington (Chairman)
John Hannaford
Bob Berven

Issued Capital:
115,481,534 Shares (EMR)
6,486,639 Unlisted options

Market Capitalisation:
Undiluted $5.8m (@ 5 cents)

Cash on hand 31.12.08
$4.97m

QUARTERLY ACTIVITIES REPORT FOR THREE MONTHS ENDED 31 December 2008

Highlights

USA

- ***Appalachian Basin Gas Development Project***, Kentucky & West Virginia. 8 gas wells to date: 6 wells in Kentucky about to be fracture treated and hooked up for production. 2 new wells in West Virginia awaiting frac stimulation and hook-up for production.
- MOU to acquire 25% interest in 50 existing wells in Kentucky – completion deferred until Q1 2009. Due Diligence continuing.
- Extension of Marcellus shale play present on West Virginia leases, major players anticipated to increase activities in 2009 on surrounding leases.
- ***Greenbush Project,*** Ward & Renville Counties, North Dakota. Encore Operating LP drilling Brekhus 2-14H horizontal Bakken well, to earn a 75% working interest. Emerald received $1.3m cost reimbursement and retains a 3.75% interest after payout (APO).
- ***NW Alice Project,*** Jim Wells County, Texas. The operator has advised that the 3-D seismic interpretation confirmed an extensive anticlinal structure with Yequa sands intersected in discovery well in March 2007. Leasing additional acreage underway and follow up well to be drilled in Q2, 2009.

Canning Basin WA

- ***EP104 JV, Stokes Bay #1*** well – Nitrogen stimulation flow test of well was inconclusive. Awaiting pressure data results. More tests planned mid 2009.
- ***New Offshore Blocks Awarded*** – Emerald's total acreage over 14,000 km^2 following notification it has been awarded EP463 and TP24 (Lacapede Islands) and WA-419-P (Offshore).

USA Projects

Appalachian Basin, Kentucky and West Virginia
(Emerald earning 80% Working Interest; Operator: P&J Resources Inc)

Overview

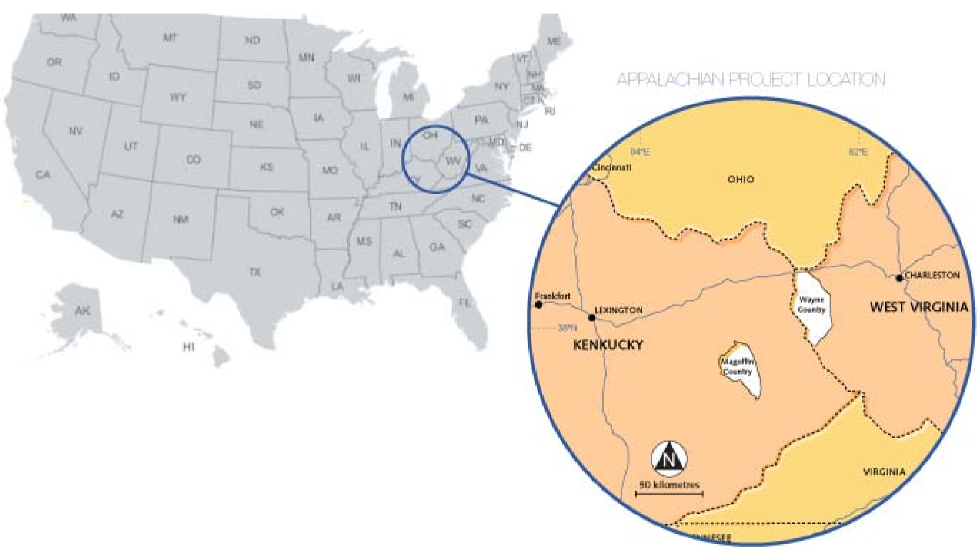
During the quarter Emerald progressed its Appalachian Basin Gas Development Project with the current status as at the date of this report:

- 6 gas wells in Magoffin County, Kentucky awaiting frac
- 2 gas wells in Wayne County, West Virginia awaiting frac
- MOU to acquire a 25% interest in 50 existing wells in Magoffin County and associated 35 mile pipeline (25%) and Amine plant (50%)
- MOU to acquire an interest in a 10 mile pipeline (12.5%) and connection tap (25%) in Wayne County, West Virginia to secure gas trunkline access.
- Operator secured gas marketing agreement in both Kentucky and West Virginia to enable firm sales once wells fracced.
- Emerald is currently negotiating the acquisition of interests in additional wells in West Virginia to augment gas production pressures to enable sales through the El Paso trunkline.

A review of the wells in Magoffin County by Emerald and the operator, P&J Resources during the quarter concluded that the most efficient path to production would be to case and frac the ‘sweet gas’ zones which could then be put onto production into the new gas sales contract with United Energy. This would ensure no contamination of gas with H_2S. Emerald and P&J Resources have committed to a 6 well frac and completion program due to start in Feb 2009, weather permitting.

Extreme weather conditions in the area including a ‘26 year’ storm and recent ice storms have resulted in delays in completing the Chiarenzelli well in West Virginia and in completion of pipeline infrastructure.

Location



P&J Resources’ acreage covering over 90,000 acres is located in Magoffin County, Kentucky and Wayne County, West Virginia.

Operations

Magoffin County, Kentucky

Emerald and P&J Resources reviewed the well data for these wells and concluded to frac and complete the Big Six formation (sweet gas) for each of the 6 wells, planned to commence in February.

Well	Emerald NRI *	Date Drilled	Depth (feet)	Form-ation	Fracture Stimulated	Status
JD Vander-pool #5	70%	Completed May 2008	4,000	Big Six	Planned Q 1 2009	Awaiting frac
J Montgomery-1	70%	Sep 06	2,976	Big Six	" "	" "
J Montgomery-2	70%	Sep 06	3,147	Big Six	" "	" "
Thomas Keeth-1	70%	Sep 06	2,280	Big Six	" "	" "
Don Cecil-1	70%	Sep 06	2,446	Big Six	" "	" "
Timothy Franklin-2	70%	Sep 06	~3,000	Big Six	" "	" "

** Emerald has an effective 90% equity interest in the entity that holds the Appalachian project*

No production was recorded during the quarter as the wells were shut in pending fracture stimulation.

All infrastructure is currently in place for the sweet gas and production can be sold immediately into the new gas marketing arrangements with United Energy Trading LLC.

Wayne County West Virginia

The two wells drilled in Wayne County will be fracture stimulated in Q1 2009. A third well Ferguson #4 is planned to be drilled during February, 2009 weather permitting.

Well	Emerald NRI *	Date Drilled	Depth (feet)	Form-ation	Fracture Stimulated	Status
Myrtle Crum #4	66%	Aug 08	5,200	Big Six	Planned Q 1 2009	Awaiting frac
Chiarenzelli 1	66%	Sept-Oct 08	5,200	Big Six	" "	Awaiting frac
Ferguson #4	66%	Feb 09	4,000	Big Six	" "	Awaiting rig

** Emerald has an effective 90% equity interest in the entity that holds the Appalachian project.*

A minimum of 5 wells will be needed to provide sufficient flow rate and pressure to enable sales through the El Paso line. Emerald is currently negotiating with P&J Resources to bring 3-4 other shut in wells onto production, whereby Emerald will finance frac and completion in return for an interest in the wells. Emerald anticipates completion of this frac program by around the end of Q1 2009, weather permitting.

At the completion of these frac programs Emerald will have an interest in 6 producing wells in Kentucky and 6-7 producing wells in West Virginia, by Q2 2009.

50 well and associated infrastructure acquisition

Emerald progressed its due diligence on the acquisition of a 25% interest in 50 existing wells in Magoffin County Kentucky. Emerald and the vendor, P&J Resources have agreed to defer completion until early in 2009 to allow for satisfactory completion of due diligence.

Drilling

Emerald has committed to drill the Ferguson #4 well in West Virginia during Q1 2009. Additional wells will be located and drilled with the benefit of new production performance data obtained from newly completed and producing wells.

Funding

Based on the results of the frac programs in Kentucky and West Virginia and subsequent production, Emerald will assess its funding options for a multi-well development program.

Greenbush Project, Ward & Renville Counties, North Dakota

(Emerald 3.75% Working Interest after payout; Operator: Encore Operating LP)

During the quarter Emerald announced that the Operator of the Greenbush Project reached agreement to farm-out the project to Encore Operating LP on the following terms:

- Encore to fund the drilling of a horizontal well from the Brekhus#2 well location to test the Bakken and Three Forks formations;
- Encore to earn 75% by drilling the Bakken/Three Forks well and providing production infrastructure through to the storage tanks, with Greenbush partners being free carried for a 25% working interest after payout (APO).
- Encore to reimburse Greenbush project partners for previous sunk costs in the project;

Emerald received $1.3 million in cash reimbursement during the quarter and retains a free carried 3.75% working interest after payout in the project.

Encore is currently drilling the Brekhus 2-14H horizontal Bakken well. Current depth of 8¾ inch hole is 7,636 feet.

North West Alice, Jim Wells County, Texas

(Emerald 10% Working Interest; Operator: Noble Energy Inc.)

The Operator, Noble Energy, has completed processing and interpretation of the 3D seismic data covering the large 100 Bcf anticline structure where the Hunter No 1 discovery well was drilled in March 2007. The operator is completing the acquisition of further leases in the Area of Mutual Interest. A follow up well is planned for Q2 2009.

Emerald's estimated 3P reserves (10%WI) based on results from the Hunter No 1 are:

	Undeveloped			
	Proved	**Probable**	**Possible**	**Total**
Middle Yegua – Y15				
Gas (MMcf)	169	292	1,232	1,693
Condensate (Bbls)	4,235	7,392	29,260	40,887
Lower Yegua – Y21 *				
Gas (MMcf)	0	0	5,621	5,621
Condensate (Bbls)	0	0	92,400	92,400

** Lower Yegua not flowed due to mechanical problems in well, therefore Proved and Probable reserves not attributed at this stage.*

New Projects – USA

The Company continues to review and assess several new oil and gas exploration project opportunities in the USA which have been sourced through current partners and other industry participants.

Australian Projects

EP104/R1, Canning Basin WA
(Emerald 12.75% Working Interest; Operator: Arc Energy Ltd)

During the quarter the EP104 JV Partners completed a testing programme involving an initial circulation of fresh water and swabbing of the wellbore before using nitrogen in an attempt to lift the heavy drilling fluids above the Nullara Formation carbonate reservoir and reduce the pressure on the formation. The test programme was designed to induce flow of formation fluids from the cavernous Nullara Formation reservoir.

The swabbing and nitrogen lifting operations recovered an additional 190 barrels ("bbls") of drilling fluid. This brings the total drilling fluids recovered to 3,834 bbls and represents some 38% of the estimated 10,000 bbls of drilling fluid lost to the formation during drilling operations.

At the commencement of the testing programme the well head pressure was noted to be 1,200 psi. On opening of the well to the flare pit gas was bled down and the well flowed an estimated 15 bbls of drilling mud. At the conclusion of the test programme, fluid samples were taken, with no definitive formation fluids recovered from the Nullara Formation.

The swabbing and nitrogen operations were proposed to lift sufficient drilling mud from the well bore to allow an influx of formation fluids into the wellbore. However, these options rely on there being either sufficient gas already available within the system or sufficient reservoir energy to continue to lift fluids from the well. The additional 190 bbls of drilling fluids recovered in this recent operation have not been enough to assist this influx and other methods will now need to be evaluated to determine whether hydrocarbons are present and the extent of the reservoir.

The EP104/R1 Joint Venture parties are awaiting pressure results data before determining any future testing of the wellbore.

EPA 4/05-6 Canning Basin, WA
(Emerald 100% Working Interest and operator)

Emerald's application EPA 4/05-6 lies immediately to the west of the EP104 permits and, is currently proceeding through the Native Title process. The permit covers a significant extension of the Pinnacle Fault to the west of the EP104/R1 permit and includes several structures similar to that intersected at Stokes Bay mapped from existing seismic data. (See Canning Basin map at Appendix A).

EP463 & TP24 (LACAPEDE ISLANDS) AND WA-419-P (OFFSHORE) CANNING BASIN, WESTERN AUSTRALIA
(Emerald 100% Working interest, Operator)

During the quarter Emerald announced that it has been notified by the WA Department of Industry and Resources (DoIR) that it has been awarded exploration permits EP463 and

TP24 over the Lacapede Islands, and WA-419-P offshore Canning Basin WA. The award of these tenements further consolidates Emerald's strategic holdings along the structurally significant Pinnacle Fault zone and its projection offshore. The Pinnacle Fault is a key structural element between the Fitzroy Sub-Basin and the Lennard Shelf. It is believed to be the conduit for oil and gas migration from the Fitzroy Sub-Basin into structural and stratigraphical traps on the adjacent Lennard Shelf to the north.

In view of the successful discovery of Devonian "reefal" reservoir rocks in the Stokes Bay 1 well at EP104/R1, which is to be further tested in mid 2009, Emerald believes there is significant potential to discover several similar prospects along the western extension of the Pinnacle Fault (map attached). Woodside Petroleum was awarded adjacent offshore blocks WA-415-P, WA-416-P and WA-417-P. Proposed work programs are shown on the map included at Appendix A.

Emeralds current tenement holdings in the Canning Basin are:

Exploration Permit / Retention Licence / Applications	Emerald Net Working Interest	Permit Size (approx sq km)
EP 104 (R5)	12.75%	700
Retention Lease R1	12.75%	290
Application L98-1 (option)	12.75%	200
Application EP 4/05-6	100%	4,600
EP463	100%	200
TP24	100%	400
WA-419-P	100%	8,000
Total		14,390

Emerald is pleased to have secured such an extensive contiguous package covering several hundred kilometres of the Pinnacle Fault. Emerald will assess the optimal means to fund exploration programs following award of the permits after completing native title negotiations.

Drilling Program

Project	Emerald Interest	Emerald attributable potential resource (unrisked)	Timing
* **Appalachian Basin,** (Kentucky and West Virginia, USA) - 6 well frac program Kentucky, 6-7 well frac program West Virginia.	Up to 70% WI	TBC	Q1 09
* **Greenbush project** (Nth Dakota, USA) - free carried through horizontal Bakken Well.	3.75% APO	TBC	Q1 09
* **NW Alice** (Texas USA) – seismic interpretation, further drilling likely in 2nd quarter, 2009	10.0%	7 BCF 133,000 BO (3P)	Q2 09
* **Stokes Bay #1** (Canning Basin WA) – re-testing well drilled in Nov 07	12.75%	20-40 BCF, condensate potential	Q3 09

Corporate

At 31 December 2008 the consolidated entity had $4.97m cash on hand.

Sale of Unmarketable Parcels of Shares

During the quarter the Company closed its Small Share Parcel Facility. A total of 382 Shareholders took advantage of the facility, which has resulted in the Company being able to reduce its share register from 1,860 down to a more manageable 1,478 shareholders.

Placement of the 75,555 shares under the Small Share Parcel Sale Facility was completed at a price of 10.5 cents each. Cheques were remitted accordingly to shareholders who took part in the scheme.

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

14/01/2009	GREENBUSH PROJECT UPDATE
18/12/2008	PROJECTS UPDATE
28/11/2008	Appendix 3B - Issue of Options
28/11/2008	AGM Presentation
27/11/2008	Results of Meeting
04/11/2008	Stokes Bay-1 Well Testing Programme
31/10/2008	QUARTERLY ACTIVITIES AND CASHFLOW REPORT
24/10/2008	Annual Report to shareholders
23/10/2008	Notice of Annual General Meeting/Proxy Form
21/10/2008	Stokes Bay Update
10/10/2008	New Canning Basin Acreage
07/10/2008	Stokes Bay Update
07/10/2008	Update on the Testing Programme for Stokes Bay-1
06/10/2008	Small Share Parcel Sale Facility Completed
03/10/2008	GREENBUSH PROSPECT, USA

For more information please contact:

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BOB BERVEN
Executive Director – Technical
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About Emerald Oil & Gas NL

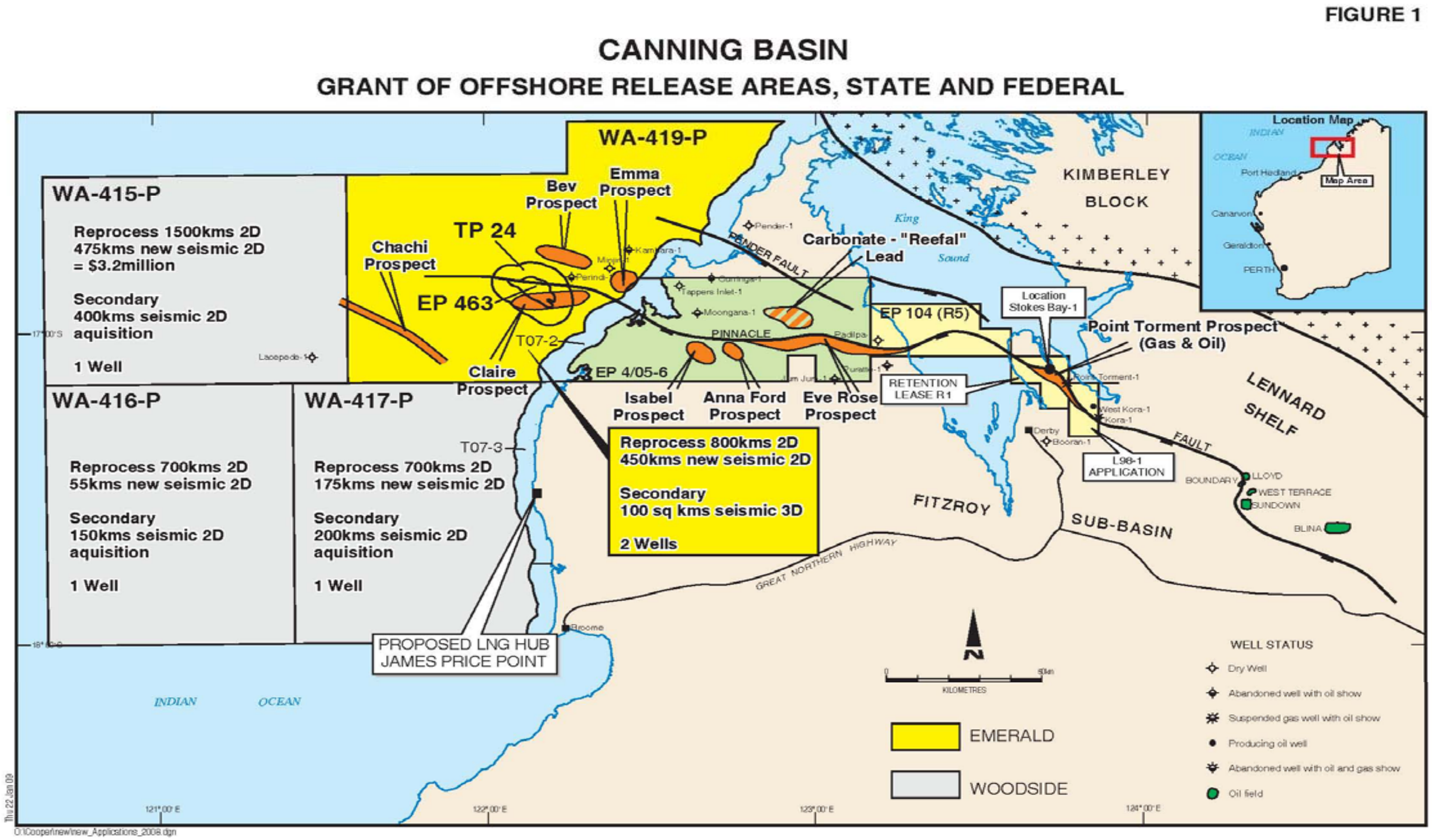
Emerald Oil & Gas NL (ASX: EMR) was listed on the ASX in June 2006. Emerald is an oil and gas exploration and production company with project interests in Kentucky, West Virginia, North Dakota and Texas in the USA and in the Canning Basin of Western Australia. Emerald's focus is on both conventional and non-conventional reservoir targets for oil and gas prospects. Its primary objective is to achieve near term production and cashflow to build shareholder value and provide funds to fuel further growth. Emerald's strategy is to take modest but meaningful positions in exploration projects that can be swiftly brought into production.

Information in this report pertaining to exploration potential was compiled by Robert Berven, Emerald Oil & Gas NL's Technical Director who is a Member of the Australasian Institute of Mining and Metallurgy and the American Association of Petroleum Geologists CPG # 2498.

Information in this report pertaining to reserve estimates for the NW Alice project was compiled by Allen Kelley of Ralph Davis Associates Inc. who has consented to the inclusion of that information in the form and context in which it appears.

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 A – Canning Basin acreage map



Canning Basin map showing Emerald's EP104 / R1 (yellow, Emerald 12.75%) and EPA 4/05-6 (green, Emerald 100%) interests, and mapped prospects and leads. The new TP 24 &EP 463 (Lacapede Islands) and WA-419-P blocks (Emerald 100%) are shown in yellow. The main feature on all leases is the Pinnacle Fault, the conduit for much of the previous hydrocarbon production on the Lennard Shelf portion of the Canning Basin.

Woodside have been awarded offshore blocks WA-415-P, WA-416-P and WA 417-P.

Appendix 5B

Mining exploration entity quarterly report

Name of entity

Emerald Oil & Gas NL

ABN	Quarter ended ("current quarter")
009 795 046	31 December 2008

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (6 months) $A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for:		
	(a) exploration and evaluation	(310)	(1,288)
	(b) development		
	(c) production		
	(d) administration	(250)	(490)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	69	158
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	Net Operating Cash Flows	(490)	(1,620)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	(115)
	(b) equity investments		
	(c) other fixed assets		
1.9	Proceeds from sale of:		
	(a) prospects	1,298	1,298
	(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)		
	Net investing cash flows	1,298	1,183
1.13	Total operating and investing cash flows (carried forward)	807	(437)

1.13	Total operating and investing cash flows (brought forward)	807	(437)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
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 - Capital Raising Costs		
1.20	Other		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	807	(437)
1.20	Cash at beginning of quarter/year to date	4,163	5,407
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	4,970	4,970

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	138
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 and Jeremy Shervington for this quarter and previous quarters.
The payments to Ventnor Capital, accompany associated with John Hannaford relate to the provision of consulting fees, company secretarial services, accounting and bookkeeping, secretarial services and the provision office accommodation on commercial terms.
The 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	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	500
4.2	Development	800
4.3	Production	
4.4	Administration	200
	Total	1,500

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	2,080	4,163
5.2	Deposits at call	2,890	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	4,970	4,163

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	Greenbush	Emerald 15% working interest sold during quarter	15% Working Interest	3.75% WI after payout
6.2	Interests in mining tenements acquired or increased	W07-12, EP463, TP/24, WA-419P	Emerald 100% working interest	Nil	100% Working Interest

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** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	115,481,534	115,481,534		
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** *(description)*	-	-		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-		
7.7	**Options** *(description and conversion factor)*	 661,638 2,000,000 1,500,000 325,000 2,000,000	 - - - - - -	*Exercise price* 17.68 cents 30 cents 25 cents 25 cents 25 cents	*Exercise date* 23/01/11 31/12/09 28/02/10 31/12/09 31/05/11
7.8	Issued during quarter	2,000,000	-	25 cents	31/05/11
7.9	Exercised during quarter	-	-		
7.10	Expired during quarter	2,000,000	-	25 cents	31/12/08
7.11	**Debentures** *(totals only)*	-	-		
7.12	**Unsecured notes** *(totals only)*	-	-		

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: 30 January 2009

(Director/Company secretary)

Print name: John Hannaford

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.

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