



EMPIRE OIL & GAS NL

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9 July 2012

The Manager
The Australian Securities Exchange
The Company Announcements Office
Level 4/20 Bridge Street
SYDNEY NSW 2000

Dear Sir,

RE: PLANNED DRILLING FOR OIL IN THE NORTH PERTH BASIN, WESTERN AUSTRALIA

Please find details of Empire and the its Joint Ventures planned drilling of shallow oil prospects in its North Perth Basin permit EP 432, EP 454 and EP 437.

The ASX Parties to this Release are as follows:

Empire Oil & Gas NL (Empire Oil Company (WA) Limited) (Operator)

ERM Power Limited (ERM Gas Pty Ltd)

Key Petroleum Limited

Yours faithfully

JL CRAIG MARSHALL
Managing Director
EMPIRE OIL & GAS NL

9 July 2012

Planned Drilling for oil in the North Perth Basin, Western Australia

EP 432, North Perth Basin, Western Australia

Drilling of Black Arrow-1

Pursuant to an Empire Oil Company (WA) Limited ("Empire") and ERM Gas Pty Ltd ("ERM") Farm-in Agreement (previously announced), ERM has farmed into 12 graticular blocks in northern EP 432 (Area A) to earn an additional 35% interest by funding 60% of Empire's share of the exploration well, Black Arrow-1, to be drilled to at least 1,000 metres to evaluate the Arranoo Sandstone reservoirs.

Interest after Farm-out in Area A:

<i>Empire Oil Company (WA) Limited</i>	<i>42.5% (Operator)</i>
<i>ERM Gas Pty Ltd</i>	<i>47.5%</i>
<i>Allied Oil & Gas Plc</i>	<i>10%</i>

Empire retains its current conventional interests in southern EP 432 called Area B that contains the conventional 3D seismic defined prospects Cooljarloo and Woolka.

The Interest in Area B:

<i>Empire Oil Company (WA) Limited</i>	<i>77.5% (Operator)</i>
<i>ERM Gas Pty Ltd</i>	<i>12.5%</i>
<i>Allied Oil & Gas Plc</i>	<i>10%</i>

Black Arrow-1

The drilling programme, environmental management plan and safety case have been lodged with the DMP. Upon approval, drilling of Black Arrow-1 is planned with DCA Rig 7. The appropriate well heads and tubulars are within Empire's inventory.

The Black Arrow structure is a north-south trending tilted fault block located on the Cadda Terrace in the northern portion of the onshore North Perth Basin (within Area A). The tilted fault block contains two highs. Arrow Petroleum drilled the high to the north in the adjacent permit as Gairdner-1 in 1990 where live oil shows in the Triassic aged Arranoo Sandstone reservoir were not validly tested.

The high to the south is the Black Arrow Prospect with the reservoir objectives also in the Arranoo Sandstone, which are sealed by 50 metres of marine shales at the top Kockatea Shale. The source is the organic rich marine shales of the base Kockatea Shale, a proven source rock in the northern Perth Basin.

The Black Arrow structure covers 3,600 hectares and has estimated potential recoverable oil for the Arranoo of 10 million barrels. The Black Arrow-1 well will be drilled to test the Arranoo Sandstone reservoirs interpreted to be between 900-935 metres in depth. The total well depth is 1000 metres.

Area A is also recognised as having a very large unconventional shale gas resource. This is the subject of an independent evaluation which will provide an estimate of this potential recoverable resource.

EP 454, North Perth Basin, Western Australia

The Shallow Rights Interest in EP 454 after Farm-in:

<i>Empire Oil Company (WA) Limited</i>	<i>83.33% (Operator)</i>
<i>ERM Gas Pty Ltd</i>	<i>16.66%</i>

Charger-1 Oil Prospect

Empire has farmed into the shallow rights for EP 454 being the interval down to the Yarragadee Formation to earn an additional 33.33% interest by funding ERM's 50% share of the exploration well. The Company is progressing further venture participation to drill this exciting oil prospect.

The Company aims to drill this well after drilling Black Arrow-1 with DCA Rig 7 after settling a farm-out of some of its drilling expenditure.

The Charger Prospect is a seismically defined simple anticline with four way dip closure and is mature for drilling to a total depth of 1000 metres. The main reservoir objectives are sandstones of the late Yarragadee Formation sealed by shales of the Otorowiri Member of the late Jurassic aged, Parmelia Formation.

The oil prospectivity of the Yarragadee is demonstrated in the oil recovery from the Dandaragan-1 well located to the south. Oil and gas is sourced from lacustrine shales of the early Jurassic Cattamarra Coal Measures in the deeply buried Dandaragan Trough. Empire's Gingin West-1 and Red Gully-1 discoveries were charged from the same source rocks.

If the Charger Structure is oil charged, the volume of oil in place could be a very large 205 million barrels of oil. Empire has used a conservative recovery factor of 10% with recoverable oil estimated at 20 million barrels if hydrocarbons are discovered and the structure is filled to its spill point.

EP 437, North Perth Basin, Western Australia

The Interests in EP 437:

<i>Empire Oil Company (WA) Limited</i>	<i>50% (Operator) * beneficial interest</i>
<i>Key Petroleum Limited</i>	<i>50% * beneficial interest</i>

** The transfers of all interests are subject to the registration by the DMP*

Empire has increased its interest in EP 437 from 22.5% interest to 50% upon the withdrawal of CalEnergy (Australia) Limited from this Permit.

The Company and the EP 437 Joint Venture has undertaken a technical evaluation of all the comprehensive data sets within the EP 437 permit, which is located due north of Dongara and its nearby oil and gas fields.

This evaluation has identified conventional oil prospects within sandstones of the Triassic aged Kockatea Shale. These sandstone reservoirs are called the Bookara Sandstone and the Arranoo Sandstone, which are oil productive elsewhere in the North Perth Basin.

There are a number of prospects identified within EP 437 including a large structure in the north and the Waugh Prospect. The likely candidate is Waugh-1, located updip from the Dunnart-1 well, which had untested oil shows and hydrocarbon anomalies on the electric wireline logs. The depth of Waugh-1 is 700 metres to test the reservoir objectives.

There is also potential for unconventional play types within the Jurassic aged sequences in the Permit.

The EP 437 JV is in receipt of confirmation by the DMP that the work commitment programme for Year 6, before the Permit is renewed, has been varied from recording seismic to drilling one well. The operator, Empire, is negotiating a rig slot to drill the well with the DCA Rig 7 to drill Waugh-1 in late 2012.

Competent Person's Statement

Information in this ASX Release relates to exploration results that are based on information compiled by Mr J L Craig Marshall who is a full time employee of Empire Oil & Gas NL. JL Craig Marshall is a Fellow of the Australian Institute of Mining and Metallurgy and is a Certified Practising Geologist BSc (Hons), F.Aus.Imm, CPGEO, and has more than 30 years' experience relevant to oil and gas exploration and production.

For more information contact:
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SUMMARY OF PERTH BASIN SHALLOW OIL DRILLING PROGRAMME

PERMIT BASIN	PLANNED WELL/ LOCATION	SIGNIFICANT SHOWS	AGE OF RESERVOIR	STYLE OF PLAY/ WELL DEPTH	POTENTIAL	RIG
EP 432 North Perth Basin	Black Arrow-1 (near Jurien Bay)	Gairdner-1 - untested live oil shows in the Arranoo Sandstone	Triassic Arranoo Sandstone with Kockatea Shale	Tilted fault block T.D. 1000m	10 MMBO	DCA Rig 7 2012
EP 454 North Perth Basin	Charger-1 (east of Eneabba)	Dandaragon-1 - recovered oil on test from Upper Yarragadee Warro Gasfield - reservoir in Lower Yarragadee	Upper Jurassic Upper Yarragadee Formation	Simple anticline with 4 way dip closure T.D. 1000m	20MMBO	DCA Rig 7 2012
EP 437 North Perth Basin	Waugh-1 (115kms north of Dongara)	Wye-1 – gas flow Bookara Sandstone Dongara Gasfield, Hovea Oilfield and others Dunnart-1 – recorded good oil shows in the Bookara Sandstone and log anomalies	Lower Triassic Bookara Sandstone Member of the Kockatea Shale	Fault dependent closure T.D. 700m	2-5 MMBO	DCA Rig 7 2012

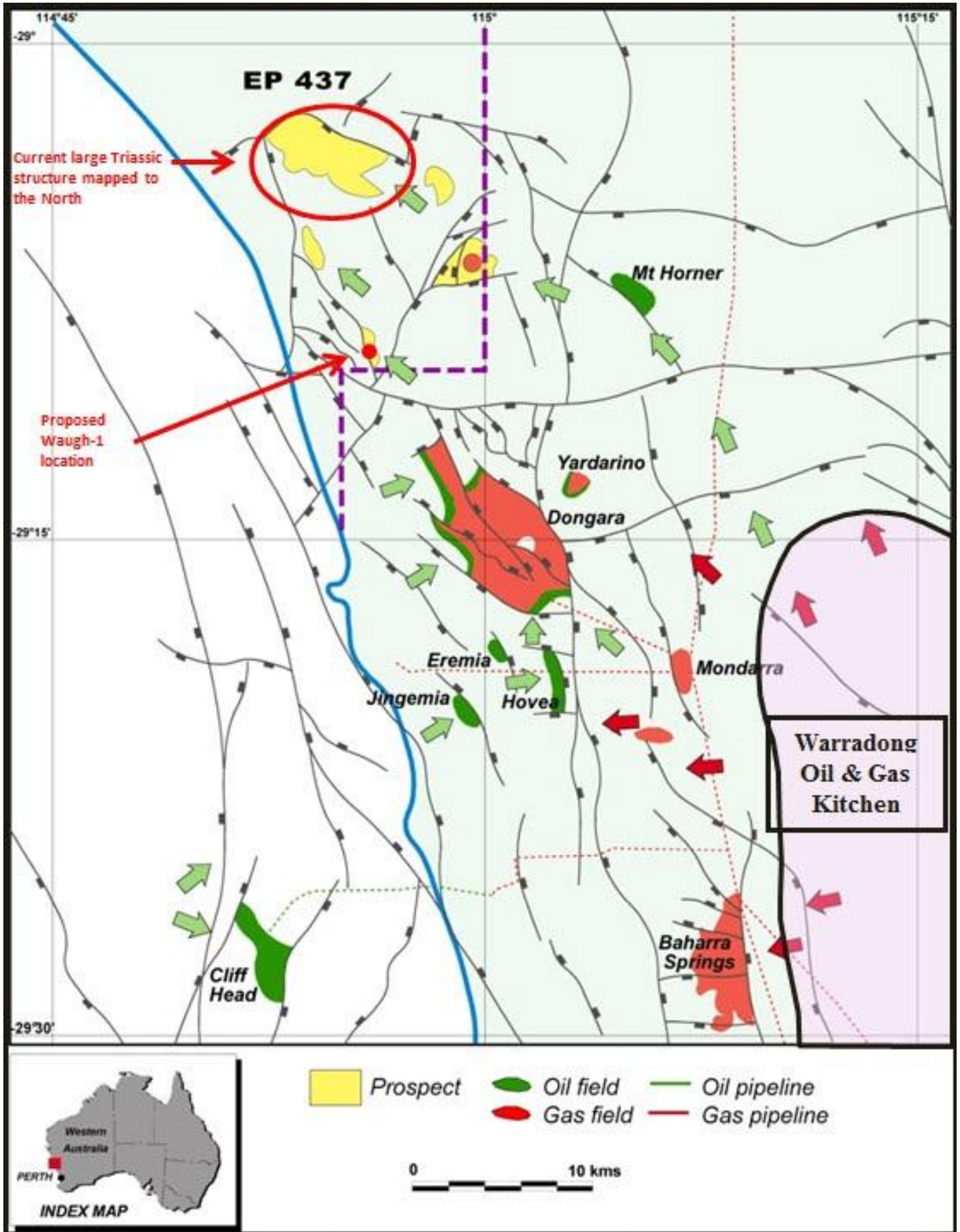
BCF: Billion cubic feet

FARO: Flowed at a rate of

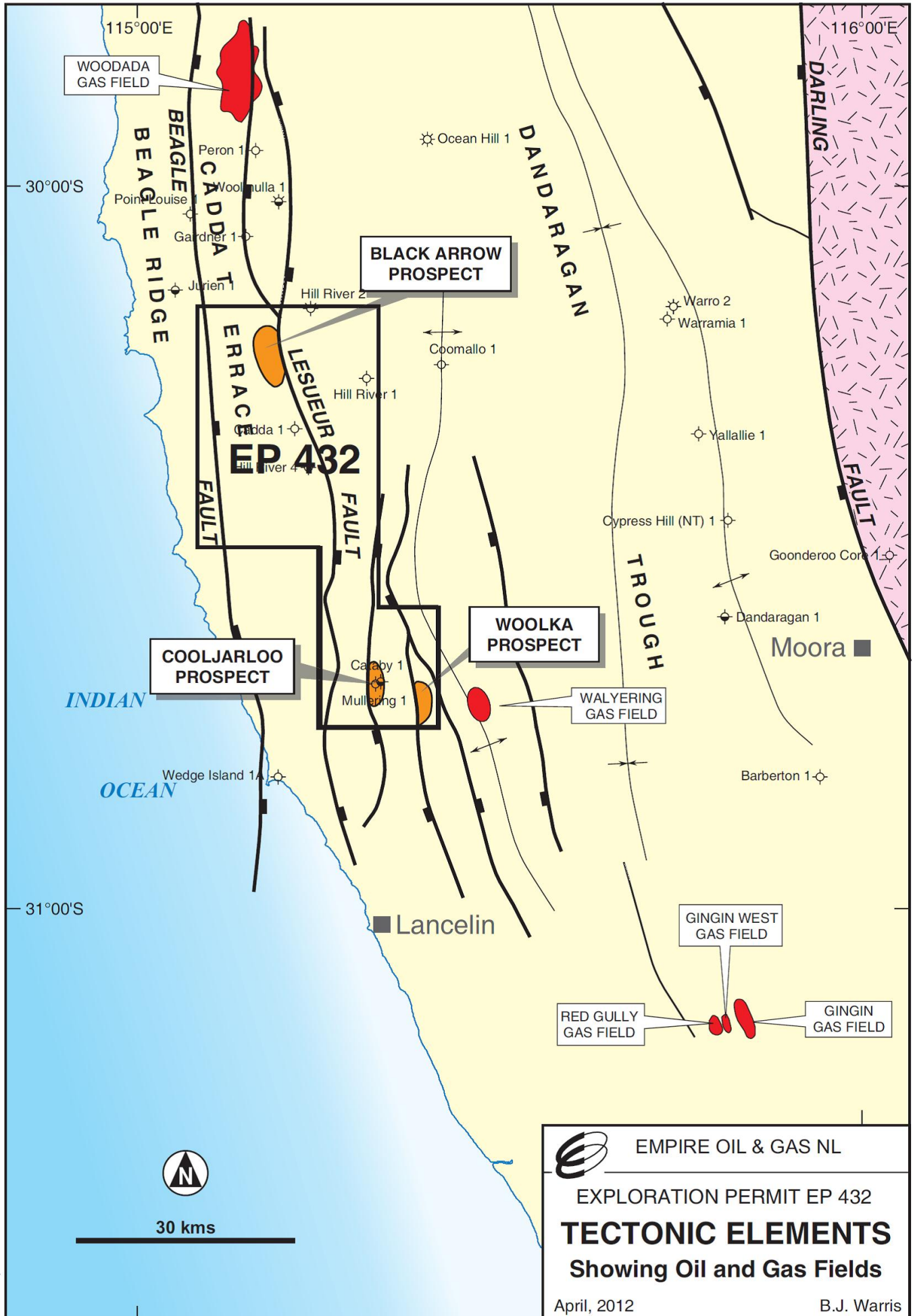
MMCFGD: Million cubic feet of gas per day

MMBCPD: Million barrels of condensate per day

T.D.: Total Depth



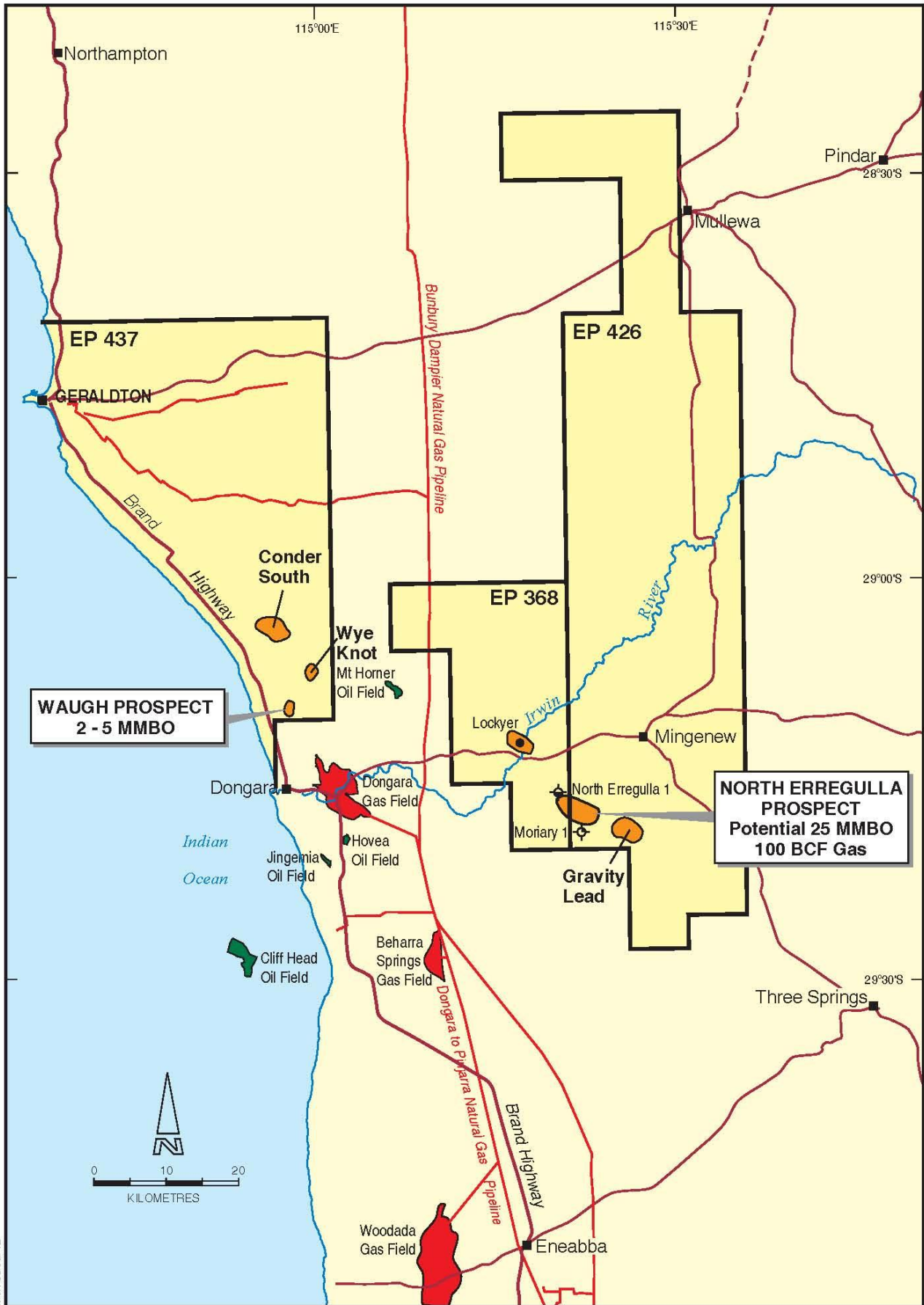
EP 437, NORTH PERTH BASIN, WESTERN AUSTRALIA



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FIGURE 2

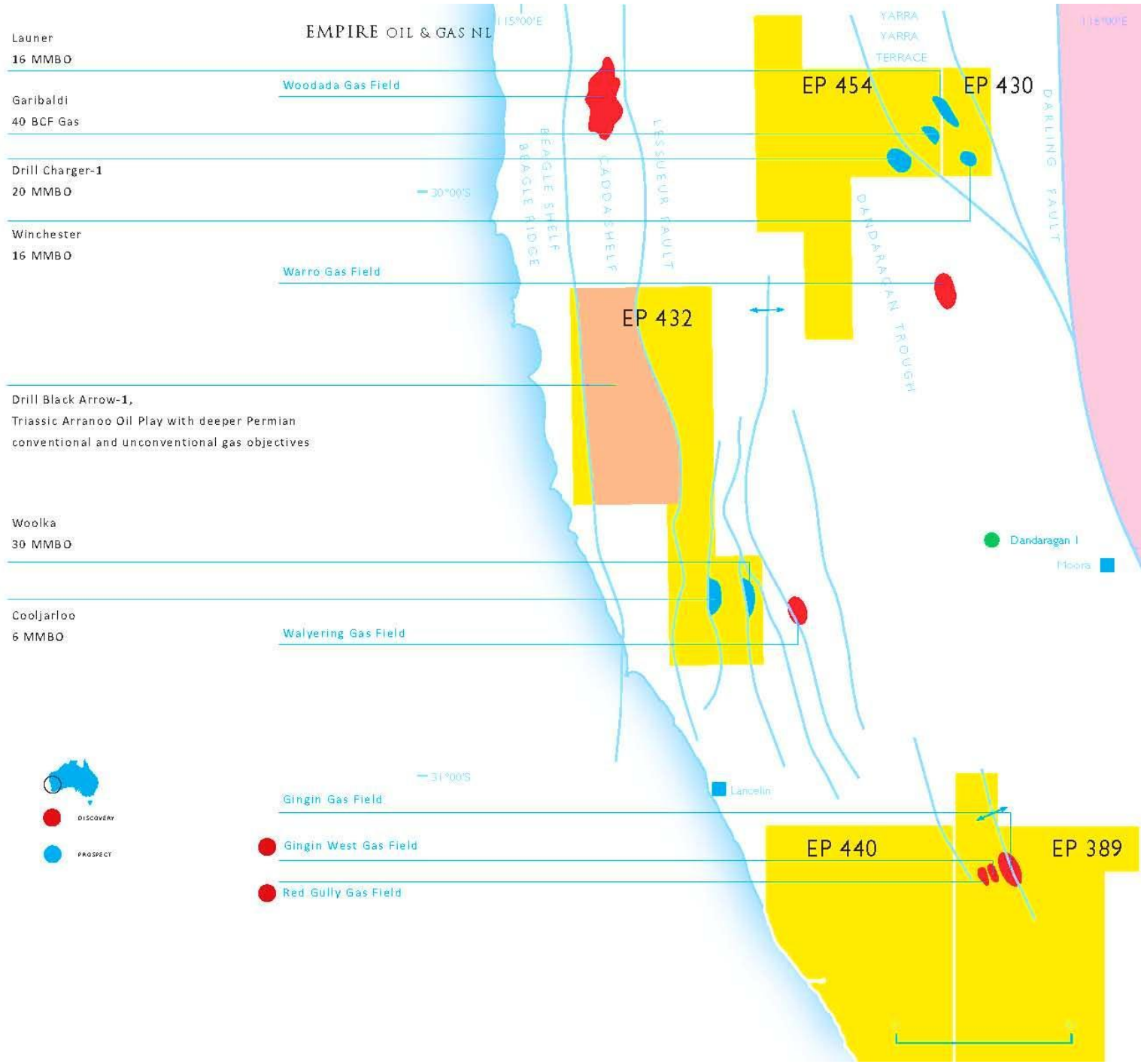


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FIGURE 1

LOCATION OF EP 426, EP 367 AND EP 437, NORTH PERTH BASIN, WESTERN AUSTRALIA



Launer
16 MMBO

Garibaldi
40 BCF Gas

Drill Charger-1
20 MMBO

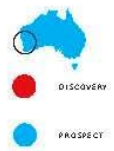
Winchester
16 MMBO

Drill Black Arrow-1,
Triassic Arranoo Oil Play with deeper Permian
conventional and unconventional gas objectives

Woolka
30 MMBO

Cooljarloo
6 MMBO

EP 432, 454 and 430
Location of Prospects
and Plays



Gingin West Gas Field

Red Gully Gas Field

Dandaragan I
Floors