EMPIRE OIL & GAS NL

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30 August 2012

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

Dear Sir,

RE: ***FARM-OUT OF THE WAUGH-1 WELL IN EP 437, ONSHORE PERTH BASIN, WESTERN AUSTRALIA***

Please find attached the details of the farm-out of the Waugh-1 Well in Exploration Permit EP 437, Onshore Perth Basin, Western Australia.

Empire Oil Company (WA) Limited (Operator)	*50% (35% post Farm-out)*
Key Petroleum Limited	*50%*
Caracal Exploration Pty Ltd	*(15% post Farm-in)*

Yours faithfully

On behalf of the Board of Directors
JL CRAIG MARSHALL
Managing Director
EMPIRE OIL & GAS NL

EMPIRE OIL & GAS NL
ASX RELEASE

30 August 2012

FARM-OUT OF THE WAUGH-1 WELL IN EP 437, ONSHORE PERTH BASIN, WESTERN AUSTRALIA

Empire Oil & Gas NL ("Empire") is pleased to announce it has farmed out a 15% interest in Exploration Permit EP 437, Onshore Perth Basin, to Caracal Exploration Pty Ltd (“Caracal”). Caracal will contribute 30% of the costs of drilling the Waugh-1 exploration well and thereafter Caracal will contribute 15% of any completion and testing of the well.

Following the withdrawal of CalEnergy (Australia) Limited from the Permit, Empire increased its interest in EP 437 from 22.5% to 50%. With Caracal Exploration’s farm-in, Empire’s interest in EP 437 will then be 35%.

The Waugh Prospect is a tilted fault block with the main objectives being the Early Triassic Bookara Sandstone. Secondary objectives are present in the fluvial sandstones of the Early Jurassic Cattamarra Coal Measures.

The Waugh-1 well will be drilled up-dip from Dunnart-1, to a total depth of 700 metres. Dunnart-1 encountered oil shows in the Bookara Sandstone which were never tested. Based on the reservoir parameters of the Bookara Sandstone in Dunnart-1 and if the seismically mapped structure is full to its spill point, Empire calculates that estimated potential recoverable oil is 3 million barrels.

The well will also evaluate the unconventional potential of the carbonaceous shale section in the Cattamarra Coal Measures. This shale had elevated methane and ethane gas reading when drilled in the Dunnart-1 well.

The EP 437 Joint Venture will use DCA Rig 7 and will drill the well upon receipt of all the regulatory approvals.

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 Practicing 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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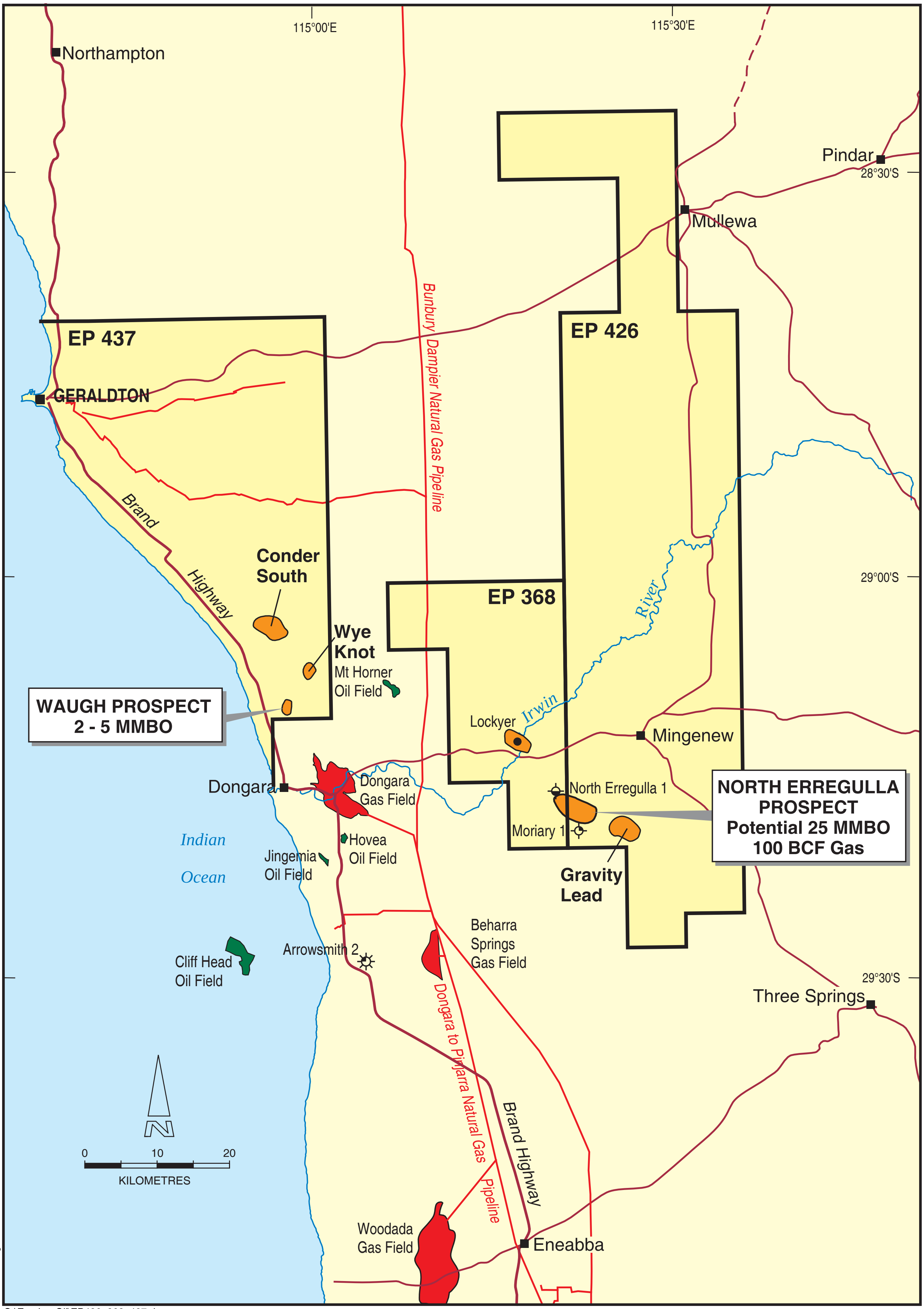

Wed 08 Aug 12

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FIGURE 1