



EMPIRE OIL & GAS NL

ABN 55 063 613 730
SUITES 7 & 8
154 HAMPDEN ROAD
NEDLANDS 6009 WESTERN AUSTRALIA
TELEPHONE 61 8 6389 2687
FACSIMILE 61 8 9386 6812
EMAIL info@empireoil.com.au
WEBSITE www.empireoil.com.au

12 February 2009

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

Dear Sir

RE: EMPIRE OIL & GAS N.L. TO PROGRESS DRILLING THE NORTH ERREGULLA PROSPECT LOCATED ON THE BORDER OF EXPLORATION PERMITS EP 426 AND EP 368 ONSHORE NORTH PERTH BASIN, WESTERN AUSTRALIA BY A SWAP OF EQUITY WITH HOLDERS OF ITS EP 426 PERMIT AND WITH THE HOLDERS OF ADJOINING EP 368 PERMIT

Please find the details of the Empire Oil & Gas N.L. equity swap proposal of the EP 426 and EP 368 Permits with Norwest Energy N.L.

Yours faithfully

JL CRAIG MARSHALL
Managing Director
EMPIRE OIL & GAS NL



EMPIRE OIL & GAS N.L.

STOCK EXCHANGE RELEASE

12 February 2009

DETAILS OF THE EMPIRE OIL & GAS N.L. TO PROGRESS DRILLING THE NORTH ERREGULLA PROSPECT LOCATED ON THE BORDER OF EXPLORATION PERMITS EP 426 AND EP 368 ONSHORE NORTH PERTH BASIN, WESTERN AUSTRALIA BY A SWAP OF EQUITY WITH HOLDERS OF ITS EP 426 PERMIT AND WITH THE HOLDERS OF ADJOINING EP 368 PERMIT

Empire Oil & Gas N.L. advises that its wholly owned subsidiary, Empire Oil Company (WA) Limited ("Empire"), has on 6 February 2009, executed a Heads of Agreement with Westranch Holdings Pty Ltd ("Westranch"), a wholly owned subsidiary of Norwest Energy N.L. that, subject to the consent of the Western Australian Department of Mines and Petroleum ("WADMP"), Westranch and Empire will swap equities in onshore Perth Basin Exploration Permits EP 368 and EP 426 that will result in Westranch holding a 20% interest in each Permit and Empire holding an 80% interest in EP 368 for the EP 426 Joint Venture. The EP 426 Joint Venture currently consists of Empire Oil Company (WA) Limited (Operator) with 44.4%, Allied Oil & Gas Plc with 27.78% and ERM Gas Pty Ltd with 27.78%.

Westranch currently holds a 10% interest in EP 368. The other parties in the permit are ARC Energy Limited ("ARC") a wholly owned subsidiary of Australian Worldwide Exploration Limited, 75% and Origin Energy Developments Pty Limited ("Origin"), 15%.

ARC, the operator of the EP 368 joint venture, has notified the WADMP that they and Origin intend to assign their interests to Westranch resulting in Westranch having 100% interest in EP 368. Conditional upon the WADMP approval to the assignment from ARC and Origin, and also conditional upon the WADMP's approval of the proposed equity swap between Westranch and Empire, Westranch has applied for the renewal of EP 368 for a further five year period. The current EP 368 Permit period expired on 10 February 2009.

ARC has also sought a three month Suspension and Extension of the Permit to provide the necessary time to facilitate the negotiations for the proposed renewal of the EP 368 Permit.

The North Erregulla Oil Prospect straddles the two permits and the proposed unitisation of interests in both the EP 426 and EP 368 Permits now provides for the new joint venture parties the opportunity to carry out further exploration to mature the North Erregulla Prospect for drilling.

Based on the current mapping, Empire has calculated that the entire North Erregulla Oil Prospect has the potential to have entrapped economic quantities of recoverable oil reserves. The majority of the North Erregulla Prospect is located in EP 426 with the North Erregulla-1 well, drilled by WAPET in 1967, being located in EP 368. Drill stem tests within the well confirmed a live oil system with a DST recovering 72.5 litres of 38⁰ API oil from the Arrano Member (a sandy member within the Lower aged Triassic Kockatea Shale) and a DST recovered 30 litres 38⁰ API from the Permian aged Dongara Sandstone located immediately beneath the known source rock, the Hovea Member, of the Kockatea Shale. There were additional oil shows in the Wagina Sandstone lying directly beneath the Dongara Sandstone. These North Erregulla oil reservoir objectives are oil productive elsewhere in the onshore North Perth Basin, Western Australia

Empire, the proposed new Operator of the new joint venture, now has the opportunity, with the unitisation of the EP 368 and EP 426 permit interests, to develop an updip well location from North Erregulla-1 to drill a North Erregulla-2 well.

For further information, please contact:

Mr Craig Marshall
BSc (Hons), F.Aus. IMM, CPGeo
Managing Director
Empire Oil & Gas NL
Suite 7
154 Hampden Road
NEDLANDS WA 6009
Phone: 61 8 6389 2687
Facsimile: 61 8 9386 6812
E-mail: cmarshall@empireoil.com.au