



EMPIRE OIL & GAS NL

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18 August 2011

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

Dear Sir

RE: *ORIGIN ENERGY LIMITED HAVE AGREED FARMIN TERMS IN A LETTER AGREEMENT INTO NORTH PERTH BASIN PERMITS EP 368 AND EP 426 AND THE NORTH ERREGULLA PROSPECT*

Please find the details of the Origin Energy Limited Letter Agreement providing the Farmin terms on Empire's and other parties to the EP 368 and EP 426 Joint Ventures in the North Perth Basin Permits, Western Australia.

The Parties to this ASX Release are:

Empire Oil & Gas N.L.
ERM Power Limited
Allied Oil & Gas PLC
Norwest Energy NL
Origin Energy Limited

Yours faithfully

JL CRAIG MARSHALL
Managing Director
EMPIRE OIL & GAS NL



STOCK EXCHANGE RELEASE

18 August 2011

ORIGIN ENERGY LIMITED HAS AGREED FARMIN TERMS IN A LETTER AGREEMENT INTO NORTH PERTH BASIN PERMITS EP 368 AND EP 426

Following the approval of this ASX Release dated today 18 August 2011, Empire Oil & Gas N.L. ("Empire"), is pleased to announce the execution of a conditional Farmin Letter Agreement with Origin Energy Developments Pty Ltd (a wholly owned subsidiary of Origin Energy Limited) ("Origin"). The farmin will provide an important means of progressing assessment of the North Erregulla prospect. The parties to the Letter Agreement are Origin, Empire, ERM Gas Pty Ltd ("ERMG") and Allied Oil & Gas PLc ("Allied"). Origin has agreed the key commercial terms of a Farmin Agreement to earn a 40% interest in each of two petroleum exploration permits ("EP") located in the North Perth Basin, being EP 426 and EP 368. The interest is to be earned by Origin operating and paying 80% of the costs of a 100 square kilometre 3D Seismic Survey over an area within EP 426 and EP 368 ("3D Seismic Survey"). Empire, ERMG and Allied will have their costs fully carried by Origin for the 3D Seismic Survey. The commencement of the 3D Seismic Survey is subject to and conditional upon the satisfaction of several condition precedents.

Norwest Energy N.L. ("Norwest") has elected to maintain its current 20% working interest and will contribute 20% to the cost of this 3D Seismic Survey. Formal documentation of a full Farmin Agreement consistent with the terms of the Letter Agreement is now being progressed. Execution of the Farmin Agreement is subject to and conditional upon the approval of the boards of Origin, Empire, ERMG and Allied.

Empire will retain the operatorship of EP 426 and EP 368 following the 3D Seismic Survey and conduct the drilling programmes upon maturing drilling locations where structural closures are confirmed by the new 3D Seismic Survey. Empire will retain operatorship until such time as a decision to undertake an appraisal and development programme by Origin, Empire, ERMG, Allied and Norwest is made. Upon a decision to undertake an appraisal and development programme being made, Origin will assume the operatorship.

The North Erregulla Prospect is located approximately 28 kilometres east of the Dongara Gasfield and the Hovea/Jingemial Oilfields and 30 kilometres north west of the Beharra Springs Gasfield. It is considered by Empire that the North Erregulla Structure is the largest untested Permian fault block remaining in the Northern Perth Basin.

Empire has mapped from the existing seismic data set and the 400 line kilometre airborne gravity survey recorded in September 2009, that the majority of the North Erregulla Structure is located within the EP 368 Permit where Empire will retain a 40% interest after the farmout.

The North Erregulla-1 well, drilled by WAPET in 1967, is located in the EP 368 Permit, and is interpreted to have missed the crest of the structure due to the poor quality of the seismic acquired in the 1960's. Drill stem tests within the well confirmed a live oil system with a DST recovering 72.5 litres of 38° API oil from one sand in the Arranoo Member (a sandy member within the Lower Triassic Kockatea Shale) and a DST recovered 30 litres 38° API oil from the Permian aged Dongara Sandstone located immediately beneath the known "hot shale" source rock, the Hovea Member, of the Kockatea Shale. The Kockatea Shale is 260 metres thick in North Erregulla-1, supplying excellent vertical and lateral fault seals for the Arranoo, Dongara and Wagina Sands.

Based on the current mapping and the reservoir parameters in the North Erregulla-1 well and the volume of the currently mapped structure, Empire has calculated that the entire North Erregulla tilted fault block structure has the potential to have estimated recoverable oil in the order of 22 million barrels of oil in the Dongara Sandstone and 3 million barrels of oil in the Arranoo Member.

There is also the potential to trap a further 100 billion cubic feet gas in the deeper Irwin River Coal Measures and High Cliff Sandstone.

There is, in addition to the conventional oil and gas potential in the two permits, the potential for shale gas plays in the Hovea Member and Carynginia Formation. The Hovea Member of the Kockatea Shale is a proven oil-prone

source rock and is 35 metres thick in North Erregulla-1 where it is in the oil generation window. However, in the down thrown side of the North Erregulla fault block, it is in the gas generation window. Four wells in the northern part of EP 368 intersected the Permian section where gas shows were encountered in the Early Permian Carynginia Formation and the Early Permian Irwin River Coal Measures.

The pre and post farmin equities of the parties are as follows:

<i>Exploration Permit</i>	<i>Current Parties</i>	<i>Current %</i>	<i>Parties % after Farmin</i>	
EP 368 North Perth Basin	Empire Oil & Gas NL *Norwest Energy NL	80% 20%	Empire Oil & Gas NL Norwest Energy NL Origin Energy Developments Pty Ltd	40% 20% 40%
EP 426 North Perth Basin	Empire Oil & Gas NL ERM Power Limited *Norwest Energy NL Allied Oil & Gas PLC	42.22% 27.78% 20% 10%	Empire Oil & Gas NL ERM Power Limited *Norwest Energy NL Allied Oil & Gas PLC Origin Energy Developments Pty Ltd	21.11% 13.89% 20% 5% 40%

*Norwest Energy NL is not a party to the Farmin and will contribute pro-rata its 20% interest.

Competent Person's Statement

Information in this ASX Release relates to exploration results that are based on information compiled by Mr JL 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 further information, please contact:

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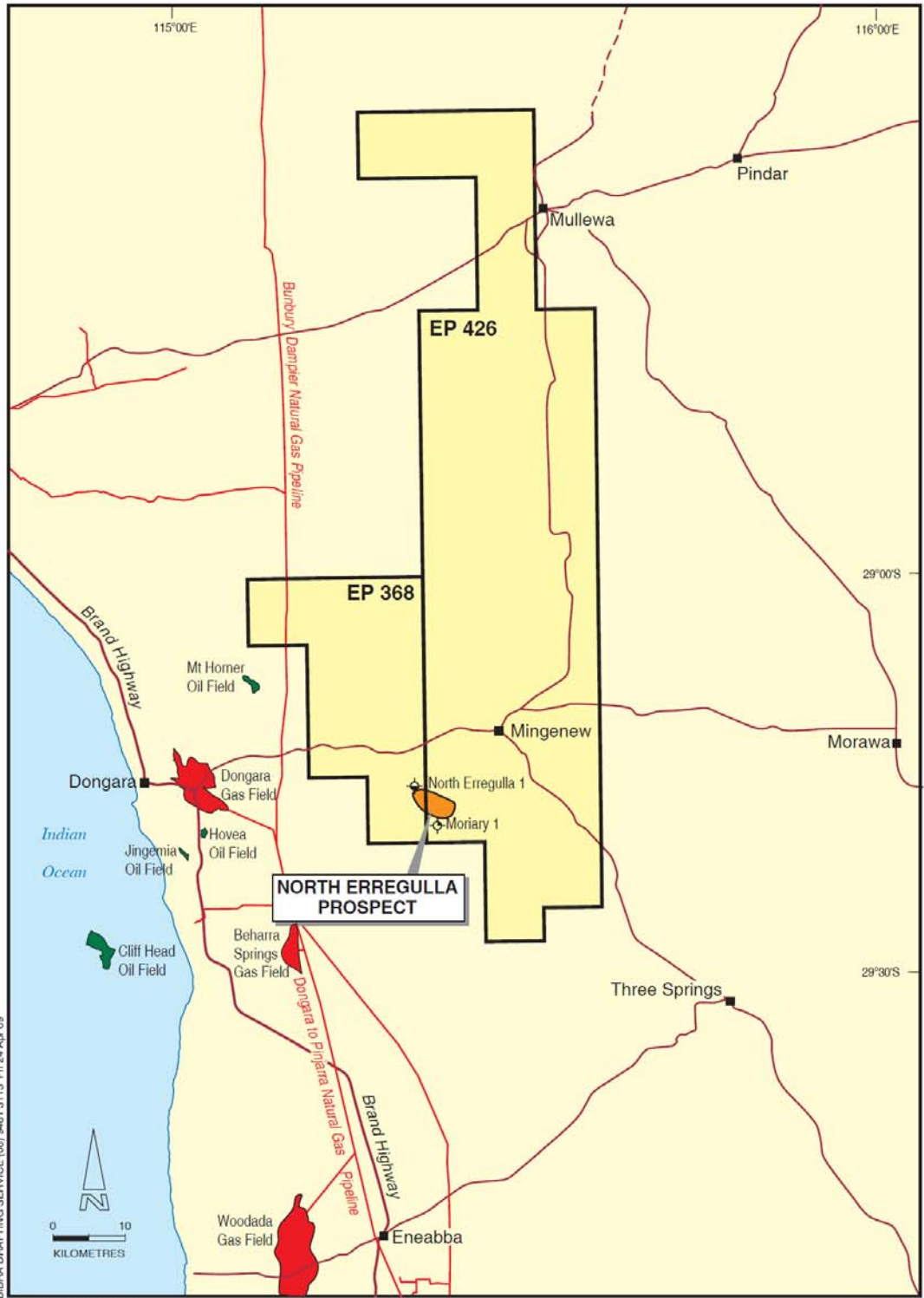


FIGURE 1

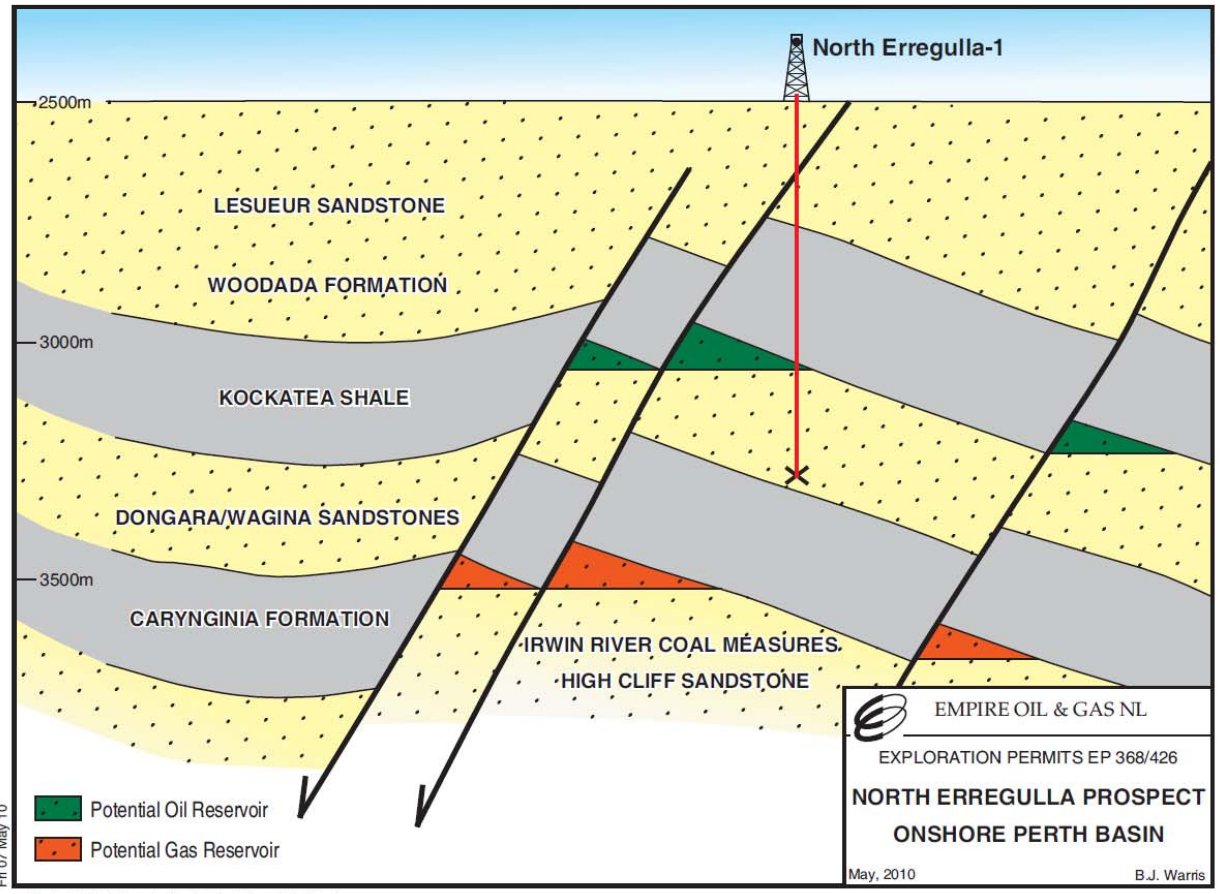
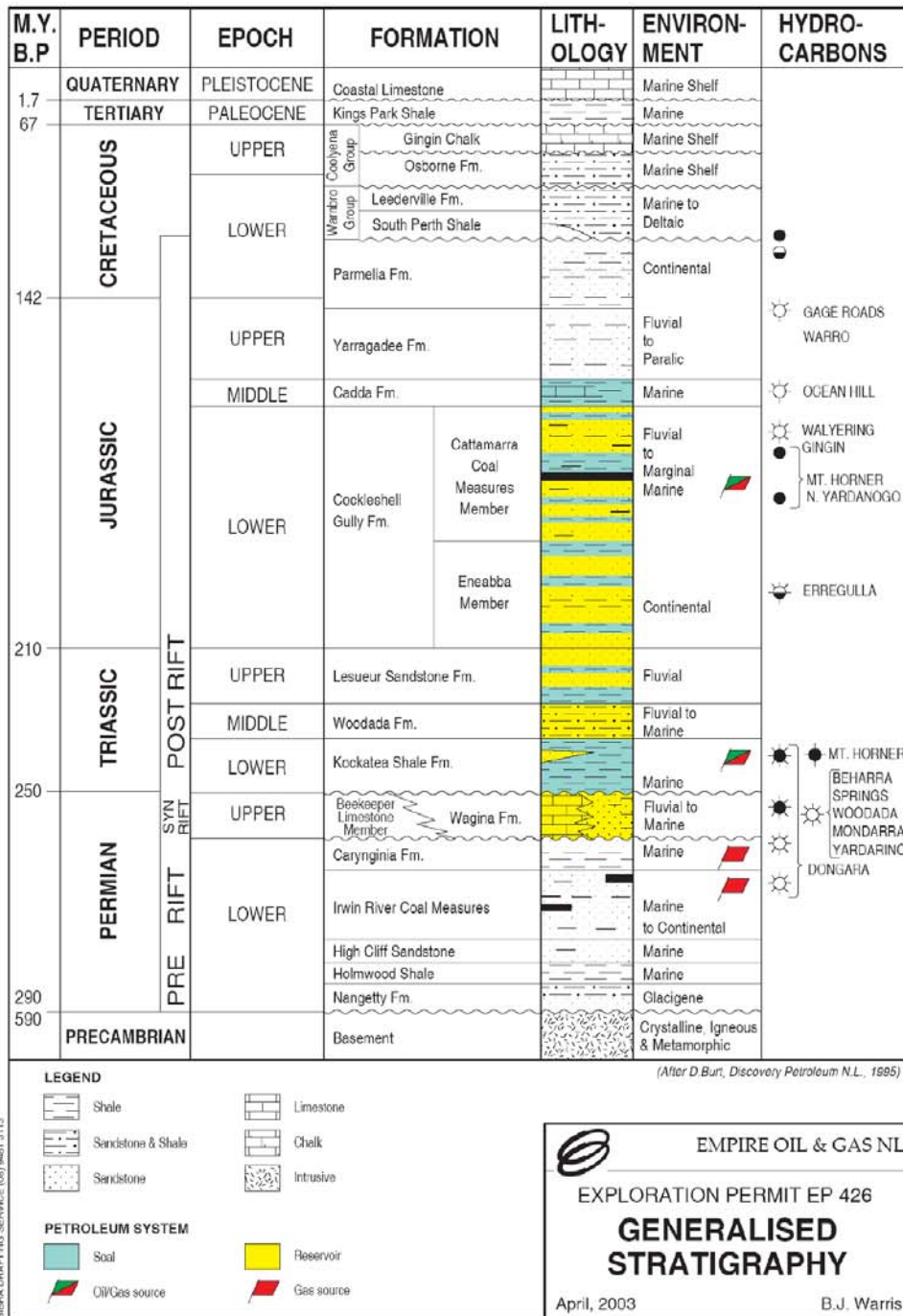


Fig. 07 May 10

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FIGURE 3