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

Drilling Update - Lake Alice Gas Unit #1 Well
NW Alice Project, Texas

Highlights:

- ❖ **Currently drilling Yegua gas/condensate sands with gas shows clearly indicated on mudlogs**
- ❖ **Well currently at 7619 ft, expect to reach total depth at 8300 ft within next 48 hours**
- ❖ **Drilling operations trouble free, with no safety or environmental incidents**

At 0600 (local time, Texas) on 1 December 2010, the 'Lake Alice Gas Unit #1' well currently drilling in Jim Wells county, Texas had reached a depth of 7619 feet KB. The operator reports trouble-free operations to date, with no safety or environmental issues.

Preliminary geological correlation indicates the well has entered target Yegua sands as planned at the predicted depth. Good gas shows were indicated on mud logs immediately on penetrating the top of the Yegua interval.

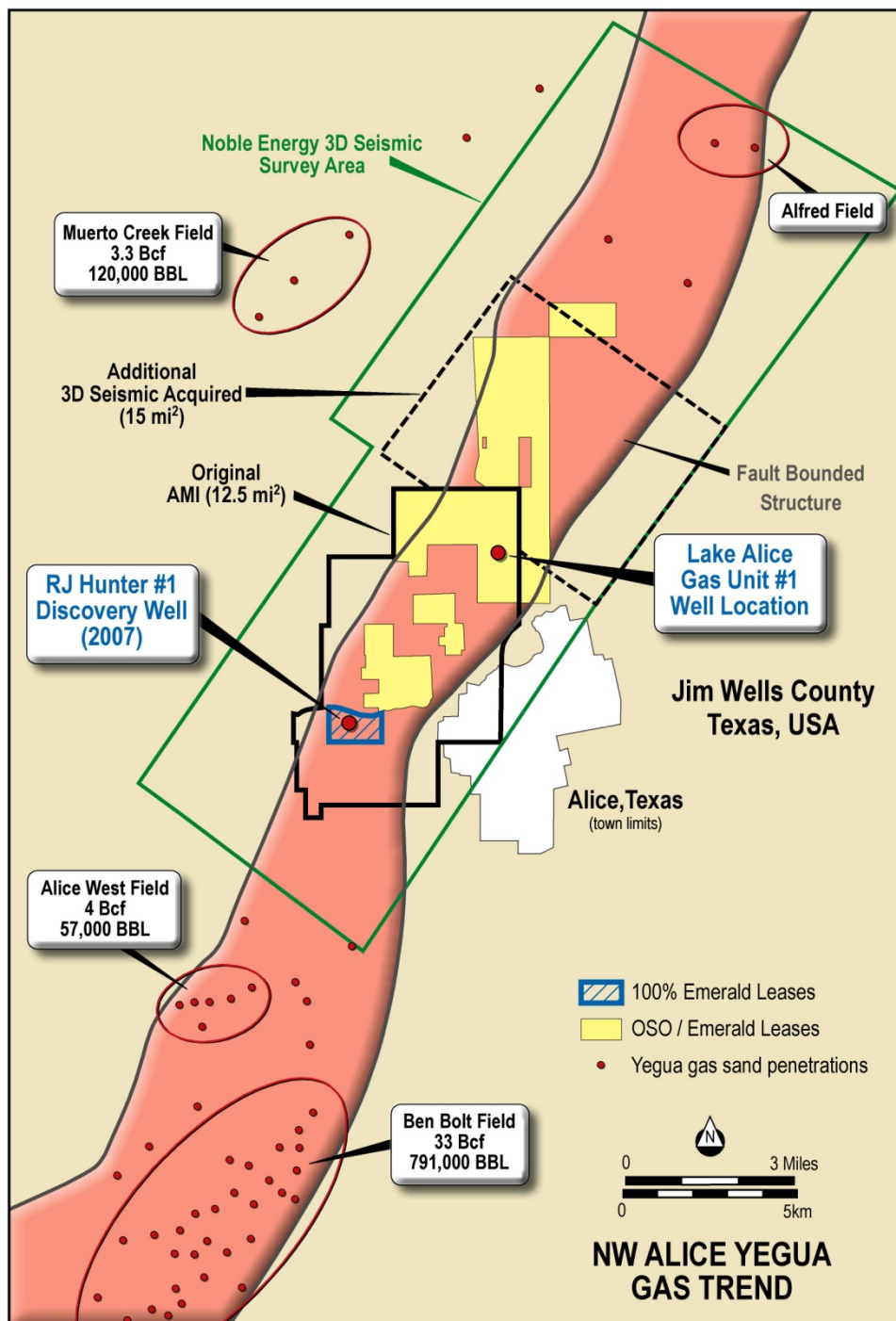
On a trouble-free basis, the remainder of the Yegua sands are expected to be drilled over the next 48 hours. After this, the well will be logged prior to setting casing and suspending the well pending well completion operations. Well log results are expected early next week.

If well logs confirm producible gas condensate sands, well completion operations will involve hydraulically fracturing the well and flow testing. Timing for this phase of the operation will depend on availability of frac crews. Most likely timing for the well completion is January, 2011.

The Lake Alice Gas Unit #1 well is targeting Middle Yegua and Lower Yegua sand intervals. These are the same gas bearing Yegua sands intersected in the RJ Hunter #1 gas/condensate discovery well drilled in 2007 and are the primary producing sands in the nearby gas fields shown in Figure 1 below. Condensate/gas ratio of 20 to 40 bbl/MMscf are typical of these sands in this area.

Emerald holds a 35% Working Interest in the well, with the remaining 65% held by Oso Exploration Co (Operator). Emerald also holds approximately 3700 acres of oil and gas leases and has access to 27 square miles of high quality 3D seismic data over the gas bearing NW Alice structure near the town of Alice in Jim Wells County,

Texas. This provides ample lease acreage for follow-up drilling, with several drilling locations already identified from 3D seismic.



NW Alice project area, current lease holdings and 3D survey area.

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About Emerald Oil & Gas NL

Emerald Oil & Gas NL (ASX: EMR), listed on the ASX in June 2006, is an oil and gas exploration and production company with project interests in Kentucky 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 near term objective is to achieve production and cashflow to achieve an operating cash surplus from current assets, while seeking high impact opportunities in the energy sector.

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.

Information in this announcement pertaining to the presence of gas in the Lake Alice Gas Unit #1 well was compiled by Mike Krzus, Emerald Oil & Gas NL's Managing Director who holds a BSc in Petroleum Engineering and is a Member of the Society of Petroleum Engineers.