



EMPIRE OIL & GAS NL

ABN 55 063 613 730
229 Stirling Highway
CLAREMONT 6010 WESTERN AUSTRALIA
TELEPHONE + 61 8 9284 6422
FACSIMILE + 61 8 9284 6588
EMAIL info@empireoil.com.au
WEB www.empireoil.com.au

15 August 2013

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

Dear Sir,

**RE: UPDATE ON THE RED GULLY PROCESSING FACILITY AND EP389
PRODUCTION LICENCE APPLICATIONS**

Please find attached an update on the Red Gully Processing Facility and Production Licence Applications in relation to EP389, Perth Basin Western Australia.

The Joint Venture interests in the EP389 Exploration Permit, Pipeline Licence 96 and the Red Gully Production Facility are:

<i>Empire Oil & Gas NL (Empire Oil Company (WA) Limited) Operator</i>	76.39%
<i>ERM Power Limited (ERM Gas Pty Ltd)</i>	23.61%

Yours faithfully

JL CRAIG MARSHALL
Managing Director
EMPIRE OIL & GAS NL

15 August 2013

Red Gully Gas and Condensate Processing Facility

Empire Oil & Gas NL ("Empire") as operator of the Red Gully Processing Facility is pleased to provide the following update:

The Red Gully Well is currently producing gas into the Facility at 60-65% of capacity with condensate at an average of 450 barrels a day.

Additional equipment is being commissioned at the Facility to enable the plant to run uninterrupted at 80% of capacity (to meet the Alcoa contract) with condensate at a consequent higher rate.

Alcoa of Australia has granted Empire an extension of the Commissioning Period through to 26 August, 2013, whilst these modifications are made.

During this period, there will be further commissioning of the Flash Gas Compressor and the Gas Engine Alternator and other minor installations to improve operational efficiency.

Pursuant to the Supply Purchase Agreement with BP Australia Pty Ltd and BP Refinery (Kwinana) Pty Ltd, Empire as Operator is currently delivering to the Refinery by pocket road train condensate daily, generating revenue to the Joint Venture.

Production Licence Applications STP-PRA-0001 and 0002

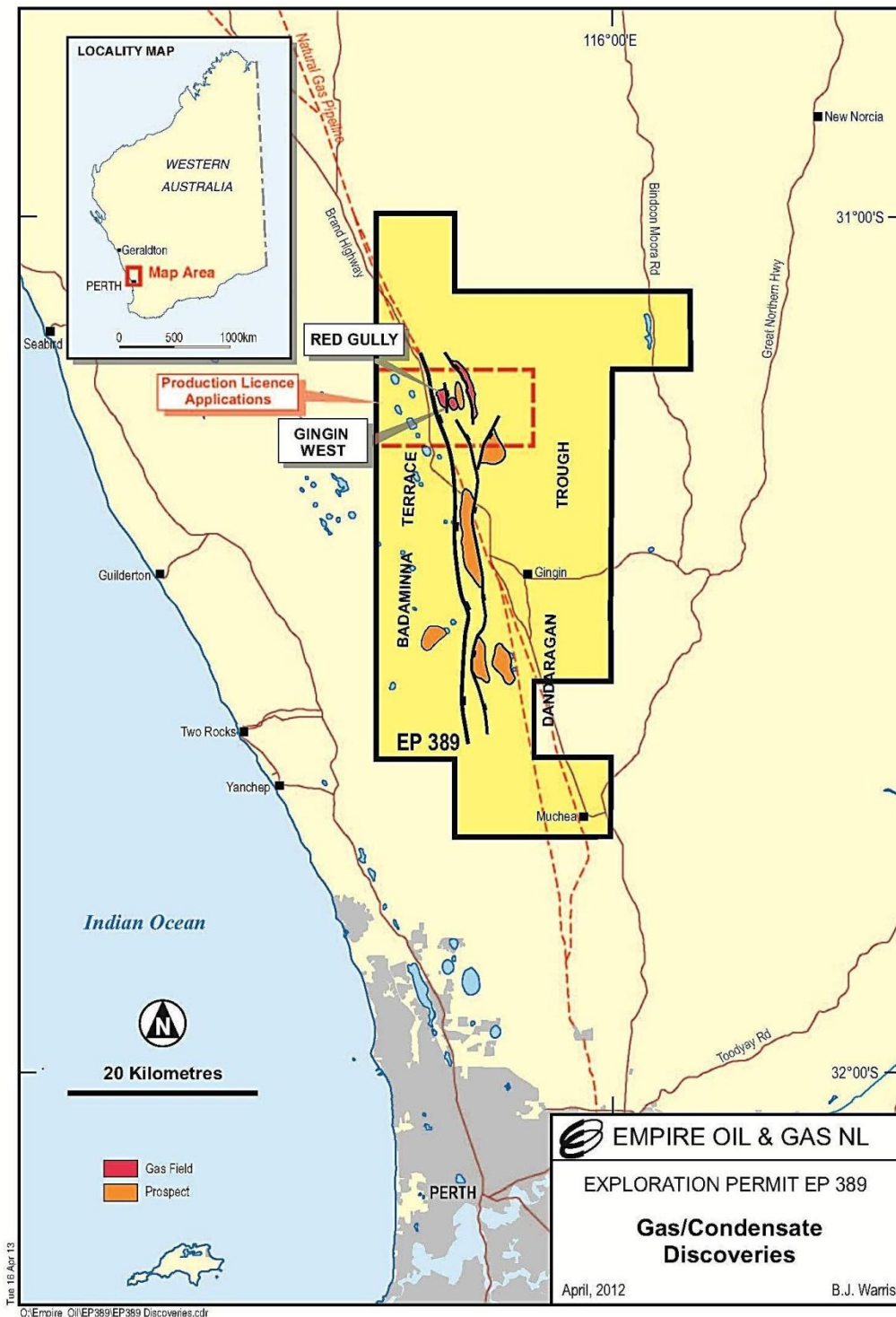
Two Production Licence Applications were submitted to the Department of Mines and Petroleum ("DMP") in October 2011 to include both the Gingin West and the Red Gully structures.

Each Production Licence consists of one graticular block within the EP389 Permit. Each Licence area is approximately 80km² meaning that the total area of both Production Licences will be circa 160km².

The grant process with the DMP requires legal compliance with the Native Title Act ("NTA").

Empire, as Operator, is pleased to announce that an acceptable native title agreement, being an Aboriginal Heritage Protection Agreement ("HPA") with the native title claimants has been negotiated and executed in accordance with this DMP provision. Once State Deeds have been signed indemnifying the State from the executed HPA, the Production Licences will be in the grant process with the DMP.

Empire and ERM look forward to the grant of these two Production Licences from the State.



Competent Person's Statement

Information in this ASX Release related 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:

JL Craig Marshall
BSc (Hons), F.Aus. IMM, CPGeo
Managing Director
Empire Oil & Gas NL

229 Stirling Highway
CLAREMONT WA 6010
AUSTRALIA
Ph: +61 8 9286 4600
Fax: +61 8 9284 6588
Em: info@empireoil.com.au