



EMPIRE OIL & GAS NL

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3 January 2012

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

Dear Sir

RE: GAS SUPPLY AGREEMENT WITH ALCOA OF AUSTRALIA LIMITED

Please find details of the satisfaction of the Alcoa of Australia Limited's conditions precedent within the Gas Supply Agreement and the pre-payment to the EP 389 Joint Venture of \$5 million.

EP 389 Joint Venture Participants

Empire Oil Company (WA) Limited (Operator) – 68.75%
ERM Power Limited (ERM Gas Pty Ltd) – 21.25%
Wharf Resources Plc – 10%

Yours faithfully

JL CRAIG MARSHALL
Managing Director
EMPIRE OIL & GAS NL

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STOCK EXCHANGE RELEASE

3 January 2012

GAS SUPPLY AGREEMENT WITH ALCOA OF AUSTRALIA LIMITED

Empire Oil & Gas N.L., on behalf of the EP 389 Joint Venture, is pleased to announce that certain conditions precedent in the Gas Supply Agreement ("GSA") with Alcoa of Australia Limited ("Alcoa"), Empire Oil Company (WA) Limited ("Empire"), a wholly-owned subsidiary of Empire Oil & Gas N.L., ERM Gas Pty Ltd ("ERM"), a wholly-owned subsidiary of ERM Power Limited and Wharf Resources Plc have been satisfied. Accordingly Alcoa has made the first pre-payment to the EP 389 Joint Venture of \$5 million.

As provided in an ASX Release of 25 October 2011, the GSA became unconditional where Empire, ERM and Wharf have agreed to sell to Alcoa a total of 15,000 Terajoules ("TJ") of gas in two separate tranches from the Gingin West and Red Gully Gasfields.

The first Tranche consists of the Forward Gas Sales component where Alcoa have agreed to pay \$25 million. These funds will be utilised to construct the Red Gully Gas and Condensate Plant, the connecting pipeline to the Dampier to Bunbury Natural Gas Pipeline ("DBNGP") and the associated production facilities.

The second Tranche, the majority of the GSA, is a separate and a normal Gas Supply Agreement.

This first pre-payment of \$5 million confirms Alcoa's commitment to this GSA and the construction and commencement of the Red Gully Gas Plant.

This Red Gully Gas and Condensate Plant has been progressed with tenders received for all the major components. The Plant is to be constructed in modular form prior to being transported to site.

Empire is also pleased to announce that an agreement was entered into between Empire and the EP 389 Joint Venture parties, Alcoa and the owners of the Dampier to Bunbury Natural Gas Pipeline ("DBNGP") providing access to the DBNGP where gas will be shipped to Alcoa. In addition there is provision to ship gas to other gas customers where the EP 389 Joint Venture may wish to sell additional gas, other than to Alcoa, in the future over the initial 20 year period of the agreement.

Empire, the Operator of the EP 389 Permit and the Red Gully Gas and Condensate Plant, has a timetable for the construction and commencement of first gas production in 2012 together with condensate sales. I look forward to providing further details.

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 Practising 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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