THE
QUARTERLY
REPORT
TO
SHAREHOLDERS

OPERATIONS REVIEW AND
CONSOLIDATED FINANCIAL
REPORT FOR THE QUARTER
ENDED 30 SEPTEMBER 2003
EMPIRE OIL & GAS NL

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JL CRAIG MARSHALL
MANAGING DIRECTOR

31 OCTOBER 2003
REVIEW OF OPERATIONS

Location of Petroleum Permits

During the Quarter, the Company after evaluating a number of production and exploration opportunities, acquired petroleum exploration company, Gulliver Productions Pty Ltd “Gulliver” effective on the 17 October 2003.

Empire Oil & Gas NL by acquiring Gulliver has increased its portfolio of drilling prospects, which complement the Company’s existing permits and prospects. The Company is also pleased to appoint Dr Bevan Warris as an Executive Director to the Company’s Board of Directors on the 17 October 2003.

The appointment of Dr Warris strengthens Empire’s technical team with his 37 years of experience and his track record of discoveries in various Australian basins. With Empire’s Perth Basin focus, his knowledge of the Perth Basin is of particular interest. Dr Warris has been credited with the onshore North Perth Basin discoveries of the Mount Horner Oilfield and the Rebarra Springs Gasfield.

Empire in acquiring Gulliver has increased its significant presence in the onshore North Perth Basin, Carnarvon Basin and has made an entry into specific prospective areas of the Canning Basin, which now provides mature drillable prospects in each of these basin areas.

The North Perth Basin is now one of the most prospective Australian onshore basins for both, oil and gas with historic production and more importantly a number of new oil discoveries, which has resulted in a significant increase in the drilling tempo in the Basin.

Gulliver’s North Perth Basin acreage contains a number of exciting oil prospects with the J1 Prospect being of particular interest. It is very similar but potentially larger Mount Horner “look alike” with potential recoverable oil reserves of 5 million barrels in the “J” sands and 5 million barrels in the “K” sands of the Jurassic aged, Cattamarra Coal Measures Formation.

The other Gulliver drilling prospect of immediate interest is the Point Torment Prospect located updip of the Point Torment No.1 gas discovery located along the Pinnacle Fault Trend from the West Kora No.1 Oilfield near Derby, Canning Basin, Western Australia.

There is a growing electricity demand in the Kimberly Region by supplying either LNG or CNG (compressed natural gas) to both domestic mining and industrial demand in the region. The natural gas potential reserves are estimated at 80 BCF with the potential for recoverable oil reserves estimated at 10.3 billion barrels.

The Company’s prospects are summarised in this Quarterly Report.
EP389 PERTH BASIN
DANDARAGAN TROUGH
WESTERN AUSTRALIA

Empire Oil Company (WA) Limited 100%
(Operator)

The Eclipse No. 1 well was spudded on the 18th April 2003 and reached a total depth of 3660 metres on the 10th May 2003. The Eclipse No. 1 well was drilled to test the Eclipse structure, a seismically interpreted 4-way dip closed anticline prospective for natural gas.

The Eclipse No. 1 well intersected the interpreted section close to prognosis. The sealing shale sections and the reservoir objective sandstone layers of the Cattamarra were present and very close to the seismic interpretations.

During drilling of the well, the Cattamarra Coal Measures sandstones provided anomalous gas readings with live oil shows over three intervals of the Cattamarra Coal Measures sandstones. Evaluation of the electric wireline logs indicated that the reservoir sands, although gas had been present, were essentially water wet.

The intersection of live oil shows over three separate intervals 3395m to 3397.3m, 3593m to 3694.1m and 3640.4m to 3659.3 metres provides encouragement for the entrapment of oil in the Cattamarra elsewhere in the Permit area and also in other Perth Basin Permit areas the Company has under tenure. Of interest is the updip potential of these oil sands at Eclipse and the potential in the Eclipse West are Yeal Prospects. In addition, prospects along the Darling Terrace Trends, which the Company has previously highlighted, as prospective, are of particular interest where oil reservoir objectives are interpreted to be at shallower depths.

Empire will seek a farminsee to record further 2D and/or 3D seismic over prospects in EP389 and plan this to be coincident in recording seismic in EP415 and EP416 to develop a number of drillable prospects. Gas prospects that the Company plans to further define, include the Gingin West Prospect which is located updip from the Bootine No.1 well which flowed gas and the Gingin Brook Prospect to the south of Gingin No. 1 and No.
2 gas wells. All these wells flowed natural gas from individual sands naturally at rates of up to 4.7 million cubic feet of gas per day.

With the recent oil and gas discoveries successes in the Perth Basin, the Company is now providing an opportunity in the Perth Basin for companies to farm-in to its permits and its portfolio of prospects. Empire with its high equities in the permits will be able to offer attractive venture participation terms and retain meaningful equity at the drilling and production stages.

EP415 ONSHORE PERTH BASIN
WESTERN AUSTRALIA

Empire Oil Company (WA) Limited 100% (Operator)

Petroleum Permit EP415 occupies the eastern margin of the South Central Perth Basin, including the Southern Dandaragan Trough.

Interpretation of seismic data within the northern portion of EP415 confirms that there is a similar structural style of NNE SSW transfer faults that together with the Darling Fault have resulted in the formation of large, simple structures. Four strong leads have been identified in the northern part of the EP415 Permit.

The Company recognises the oil potential of the permit in both the Cattamarrua Coal Measures and in the Yarragadee Formation. Following the intersection of live oil shows in the Eclipse No. 1 well, structures at the Cattamarrua Coal Measures are now prospective for oil as well as gas. The potential of the Yarragadee Formation is observed from oil and gas shows that have been recorded immediately offshore from the city of Perth in the Gage Roads No. 1 well located 6 kilometres west of Rottnest Island which intersected an oil zone flowing oil at a rate of up to 380 Barrels of Oil Per Day from the top of the Yarragadee Formation at 1566 metres. This well also intersected a 12-metre gas zone at 2542 metres.

Consequently, the Permit area is ranked highly for its potential for both oil and gas. The leads developed will require further seismic definition.

Empire has a 100% interest in EP415 and will farm-out some of this equity to record seismic over specific leads to mature a number of drilling targets.

APPLICATION AREA 5/98-9
ONSHORE PERTH BASIN
WESTERN AUSTRALIA

Empire Oil Company (WA) Limited 100% (Operator)

Empire has settled Native Title issues with both Native Title Claimants with the formal permit grant now due. The Company looks forward to commencing the technical assessment of the permit area located in the Dandaragan Trough, Perth Basin. The Company recognises the potential for oil migration pathways into the Permo-Jurassic sequence within the Application Area.

EP411 ONSHORE PERTH BASIN
WESTERN AUSTRALIA

Empire Oil Company (WA) Limited 100% (Operator)

The Company considers the Mayfield Prospect and the other leads identified, although encouraging do not warrant further exploration work. The Company will be surrendering the Permit to the State Government Department of Industry and Resources.

APPLICATION AREA 12/00-1
PERTH BASIN, WESTERN AUSTRALIA

Empire Oil Company (WA) Limited 100% (Operator)

Application Area 12/00-1 was applied for to explore the fault terraces adjacent to the Darling Fault. The State Government's Department of Industry and Resources offered the permit on the 12th February 2003 and will grant the permit subject to settling native title issues with the native title claimants.

The Company is confident it can progress native title issues quickly as there are similar claimants to those in Application 5/98-9.

In the southern part of the Application Area the targets are Jurassic in age along the
Darling Terrace Trend. The target along this trend is for shallow oil trapped below the base of the Late Jurassic Parmelia Formation which is the seal overlying the Middle Jurassic Yarragadee Formation sandstone reservoirs. This exploration play extends into EP389.

In the northern part of 12/00-1 the reservoir targets are Permian in age and these are also at relatively shallow depth. The main objective is to define drilling targets on the Yarra Yarra Terrace. This terrace lies between the Urella Fault and the Darling Fault. Recent activity in the Northern Perth Basin in particular, the success of oil and gas discoveries in the Permian has upgraded the potential of this area. The Permian reservoir targets are present at depths between 500 metres and 1500 metres. The shallow drilling techniques utilised in Empire's work in the onshore Carnarvon Basin are appropriate for this area.

Further geophysical work on this application area will occur following the permit grant.

This Terrace Trend is also observed in EP389 as the Darling Terrace, in EP415 as the Keysbrook Terrace and in EP416 as the Yarloop, Dardanup and Warren River Terraces.

EP416, PERTH BASIN
WESTERN AUSTRALIA

Empire Oil Company (WA) Limited 98%
Hardman Resources NL 2%

Empire had planned to drill the Leschenault No. 1 well by farm-out and has postponed this drilling activity until it observes the results of the nearby Whicher Range 5 well. It is also considered appropriate to record additional seismic in the EP416 permit prior to drilling either or both the Leschenault and the Wellesley prospects.

The focus in the South Perth Basin is on the Permian Sue Coal Measures where the nearby Whicher Range No. 5 well is currently being drilled.

At the Leschenault prospect, the Permian Sue Coal Measure has the potential to be in closure with the shallower Triassic Lesueur Sandstone objective also present.

The Leschenault structure is interpreted as the highest point, the Lesueur Sandstone can be intersected in the Southern Perth Basin and overlies a regional high mapped at the Permian aged Sue Coal Measures.

Further seismic definition is now considered necessary for structural definition and is to be planned with seismic acquisitions in the adjoining permits EP415 and EP389. Should the Whicher Range well, which is prospective for gas be successfully completed and tested, Empire's Wellesley Prospect would be immediately upgraded as an exciting prospect for gas.

The Wellesley Gas Prospect near Kemerton is a seismically mapped anticlinal structure at the Permian aged Sue Coal Measures objective. Areal closure is approximately 8km² with vertical relief of 80 metres.

The Company considers the Sue Coal Measure closure has the dimensions to potentially trap gas in the order of a volume of Gas in Place of 300 Billion Cubic Feet at a depth of 3,000 metres.

The Wellesley Prospect has similar objectives to the Whicher Range Gasfield. It is significant that the Sue Coal Measures reservoir objective is interpreted to be approximately 800 metres shallower at Wellesley compared to the Whicher Range Gasfield and consequently the reservoir objective in the proposed Wellesley No. 1 well is predicted at 3000 metres with a planned total depth to be 3400 metres.
Application 16/00-1
Carnarvon Basin
Western Australia

Empire Oil Company (WA) Limited *35%
(Operator)
Pancontinental Oil & Gas NL 23%
Longreach Oil Limited 18%
Indigo Oil Pty Ltd 9%
Gulliver Production Pty Ltd *9%
Falcore Pty Ltd 5%
Vigilant Oil Pty Ltd 1%

(*Empire and Gulliver = 44%)

A large oil prospective structure of particular interest in the Application 16/00-1 is called the Lake McLeod Prospect. Empire's oil exploration emphasis in the area will be directed towards the evaluation and maturing the Lake McLeod Prospect to drilling status.

The Lake McLeod Prospect demonstrates the prerequisites for oil generation and entrapment. It is a potentially large oil play, in the order of 150 million barrels of recoverable oil. The structure is interpreted from seismic data as an anticlinal feature where Devonian sediments drape over an older Silurian aged fault block. This structure also exhibits the necessary pre-requisites of structural timing for oil generation and entrapment. The Devonian section in the nearby Quobba No. 1 well demonstrates both the potential for reservoir quality and seal together with the recording of good oil and gas shows throughout the Gneudna Formation. The reservoir objective of the Lake McLeod Prospect are dolomites which demonstrated reservoir potential and had oil shows in the Quobba No. 1 well.

The Company is in the negotiation process of seeking settlement of Native Title Issues to progress this exciting Lake McLeod Prospect.

EP 412

Rough Range Oil Pty Ltd (Operator) 35%
Bounty Oil NL 65%

Two prospects generated from seismic mapping including the evaluation of amplitude versus offset seismic processing have been identified as gas prospective. These prospects, Yolande and Victoria, are mapped at the Lyndon
Sandstone Level, a Permian aged extensive basal transgressive sandstone. The potential for the Lyndon Sandstone as a good quality reservoir is observed in the Remarkable Hill No. 1 well drilled in 1969 in the EP412 Permit. Potential Gas In Place calculations for these have been calculated at 150 BCF for Yolande and 50 BCF for Victoria.

Several oil prospects and leads are recognised along the Rough Range Fault Trend. The EP 412 joint venture is evaluating all these prospects.

**EP359**

*Rough Range Oil Pty Ltd* 29.43%
*Lansvale Oil & Gas Pty Ltd (Operator)* 53.85%
*Sun Resources NL* 11.77%
*Pace Petroleum Pty Ltd* 2.95%

Prospects of particular interest are the Fiona and Suzanne Prospects located along the Patterson Fault Trend with the Linda Prospect located in the southern part of the Rough Range Fault Trend. The Linda Prospect is fault dependent with eastward dip closure with a potential Oil In Place volume of approximately 10 million barrels.

The Fiona and Suzanne Prospects are also fault dependent closures with eastward dip with potential Oil In Place of 20 and 15 million barrels calculated respectively. Recent work on the nearby Learmonth No.2 well has highlighted the prospectivity for natural gas in this part of the basin.

**APPLICATION AREA 13/00-1**

**ONSHORE CARNARVON BASIN**

**WESTERN AUSTRALIA**

*Rough Range Oil Pty Ltd* 100%

Rough Range Oil Pty Ltd has progressed the evaluation of the Application Area 13/00-1 over the Eastern Carnarvon Basin Margin. This area is considered highly prospective for oil accumulations in both the Cretaceous and Jurassic aged reservoir sandstones.

The Company has 100% of the Application 13/00-1 and has identified a number of leads at the Birdrong and Jurassic Sandstone levels that have the potential for commercial accumulations of both oil and gas.

The Company is proceeding with the formal grant procedure with the Department of Industry and Resources, and native title claimants. The Company is keen to have the permit granted and considers geophysical techniques of recording gravity surveys together with shallow sourcing seismic will be effective to delineate shallow drilling objectives.

Live globules of oil were observed while drilling the mineral drill hole OND-1 located south off Onslow and south east of the Tubridi Gasfield in Application 13/00-1. The Company considers this part of the Carnarvon Basin is prospective for large pools of migrated oil being entrapped on the basin margin.

**TP 21 AND EP 423**

**OFFSHORE CARNARVON BASIN**

**WESTERN AUSTRALIA**

*Rough Range Oil Pty Ltd* 25%
*Eagle Bay Resources NL* 25%
*Rawson Resources NL (Operator)* 25%
*Icon Energy NL* 25%

The two permit areas are located over the Enerby Terrace, up dip from the Dampier Sub Basin on the North West Shelf of Western Australia.

The permits, which were granted in April 2002, are located approximately 10 kilometres to the north and the Harriet Area Oil and Gasfields are about 36 kilometres to the West. Water depths range from 14 metres to 40 metres.

The Company completed its evaluation of the existing seismic data set together with basin studies. The results of this work have not been encouraging. The Company is in the process of withdrawing from both of these Permits.

**WA 331-P**

**OFFSHORE BROWSE BASIN**

**WESTERN AUSTRALIA**

*Rough Range Oil Pty Ltd* 25%
*Eagle Bay Resources NL* 25%
*Rawson Resources NL (Operator)* 25%
*Icon Energy NL* 25%

Rough Range Oil Pty Ltd together with 3 other joint venture partners was awarded offshore Exploration Permit WA 331P in the Browse
Basin, Western Australia on the 5th September, 2002 for a 6-year period.

Rough Range Oil Pty Ltd has a 25% interest in the WA 331-P permit. The Permit area is located 50 kilometres from the Western Australian coast on the shallow Yampi Shelf in the central part of the Browae Basin, immediately updip of the Cornea Oilfield wells.

The Company completed its evaluation of the existing seismic data set. The results of this work have not been encouraging. The Company is in the process of withdrawing from the Permit.
EMPIRE'S GULLIVER
PRODUCTION PTY LTD ASSETS

EP 104, Retention Licence R1 and
Application for Production Licence L98-1

<table>
<thead>
<tr>
<th>Permit</th>
<th>Empire's Gulliver Interest</th>
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<tbody>
<tr>
<td>EP104 and Retention Lease R1, Canning Basin, Western Australia</td>
<td>54% 54%</td>
</tr>
<tr>
<td>Adjacent Derby with Kimberley power demand and adjacent a deep-water site for oil transport by sea.</td>
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</tbody>
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Summary

The Point Torment prospect is mature for drilling. Located up-dip from the Point Torment gas discovery (December, 1992 & 1996).

Well Depth: 2,150 metres
Reservoir Objective: the Carboniferous aged Anderson Fm.

Potential recoverable reserves are:
- Unit A Sand: 33.5 Billion Cubic Feet (BCF)
- Unit C Sand: 47.4 BCF
- Deeper Anderson Sands: 43 BCF

Potential Recoverable oil reserves are:
- Unit B Sand: 6 MMBO
- Deltaic Unit: 4.3 MMBO

Negotiations are in progress to enter into a Gas Sales Agreement to supply up to 6 Million Cubic Feet of Gas per day.

There is significant upside in the permit with the deeper seismically defined Valentine Prospect. Potential reserves are very large at 200 MMBO or 1.2 TCF Gas.

Application for Production Licence L98-1, West Kora Oilfield, Canning Basin, Western Australia

The application immediately adjoins Retention Lease R1

Summary

Contains the West Kora Oilfield. Potential to recommence oil production from the well to the existing West Kora Tank Farm.

L98-1 contains 1/3 of the deeper ready to drill Late Devonian aged Valentine Prospect.
EP104, R1 AND L98-1, CANNING BASIN, WESTERN AUSTRALIA
POINT TORMENT OIL & GAS
PROSPECTS
EP104 & RETENTION LICENCE R1
CANNING BASIN
WESTERN AUSTRALIA

EMPIRE OIL & GAS NL

The Point Torment-1 gas discovery is situated in Retention Lease R1 in the Fitzroy Sub Basin onshore Canning Basin, Western Australia.

This gas discovery is located along the Pinnacle Fault System to the northwest of the West Kora-1 oil discovery. The trap is a 3-way dip closed structure bounded to the north by the Pinnacle Fault. The Unit "A", "B" and "C" sands are down thrown against marine and pro-delta shales in the lower part of the Carboniferous aged Anderson Formation sands. The location of the planned Point Torment-2 well is mapped updip 70 metres from Point Torment-1.

Point Torment-1 intersected a thin sand at 2092.5 metres. This sand had excellent gas shows and flowed gas at a rate of 4.3 million cubic feet of gas per day (MMcf/d). The estimated potential recoverable reserves of the Unit "A" sands are 33.5 Billion Cubic Feet (BCF). Point Torment-1 also intersected two sands at 2027 metres (Unit C) and 2041 to 2056 metres (Unit B) in the Anderson Formation.

These sands had excellent gas shows and were not tested in the original well. In December 1996, the well was re-entered and worked over. Oil of 49° API was recovered in the tubing during a pressure gradient survey. Oil was flowed to surface. This oil is interpreted to have come from the Unit "B" Sand. Estimated potential recoverable reserves are 47.4 BCF gas for the Unit "C" Sand and 6.0 million barrels of oil for the Unit "B" Sand.

At the top of the Deltaic Member, there were excellent oil and gas shows. Estimated potential oil reserves updip from Point Torment-1 are 4.8 million barrels.

During 1996, Point Torment-1 was deepened and intersected more gas bearing sands in the lower part of the Anderson Formation.

Estimated recoverable gas reserves for the Deeper Formation Sands are 48 BCF.

Empire as Operator of the EP104 Joint Venture is negotiating to sell gas as either a LNG product or CNG (compressed as natural gas) for the growing power generation demand in the Kimberley Region for, domestic, mining and industrial supply.

The potential for oil in this area is demonstrated by the West Kora Oilfield located within the Company's Application for a Production Licence L98-1. West Kora-1 is a completed oil well, which has the potential to be placed back on production to the existing West Kora-1 Tank Farm. West Kora-1 in particular emphasises the potential for further oil discoveries along the Pinnacle Fault Trend and in the Point Torment-2 prospect.

In R1 and L98-1 is the large Valentine Prospect, a stratigraphic trap on the down thrown side of the Pinnacle Fault. It covers a large area of 50 square kilometres and is defined by a package of seismic reflectors within the Late Devonian on the down thrown side of the Pinnacle Fault. This package of seismic reflectors is interpreted to be sands, which pinch out to the northeast against the Pinnacle Fault and against broad structural noses to the northwest and southeast. Structurally they dip to the southeast.

Similar sands were intersected in the Puratte-1 well, which demonstrated good reservoir quality (15-25% porosities). Potential recoverable reserves for the Valentine Prospect if the trap is filled to the spill point, are estimated to be in the order of 200 million barrels of oil or 1.2 Trillion Cubic Feet of Gas.
Empire’s Gulliver Interest

Petroleum Exploration 100% (Operator) Permit
Application 3/02-3,
Northern Perth Basin, Western Australia.

Permit offered by the State Government subject to settling native title. We do not expect a long period before grant.

Summary

The immediately drillable J1 Prospect is an East West anticline without crestal faulting, structurally similar to the Mount Horner Oilfield located 30 kms to the West North West. The prospectivity for oil is endorsed by the nearby Erregulla No.1 well recovering 36 barrels of 47 API Oil.

Potential recoverable oil reserves for the "J" Sands are in the order of 5 Million Barrels (5MMBO) with the "K" sands having similar potential of a further 5MMBO.

Petroleum Exploration Permit
Application 3/02-3
Onshore Perth Basin, Western Australia

Application Area 3/02-3 is favourably located on the eastern flank of the Dandaragan Trough, onshore Perth Basin. It is situated some 300 kilometres north of the city of Perth. The Midland Highway, an all weather sealed road, runs north south through the Application Area. The all weather sealed road between Dongara and Mingeneew runs east west through the Application Area. The Dempsey to Perth and Dongara to Perth Natural Gas Pipelines transverses north south some 25 kms west of the Application Area.

J1 Prospect

The immediate drilling prospect in the application area is the J1 Prospect, which is mapped as an east west anticline without significant crestal faulting. In this respect it is structurally very similar to the Mount Horner Oilfield, which produces from similar aged sandstones. North Erregulla-1 was drilled only 5 kms to the north west of this prospect. This well intersected good reservoir quality sands in the Early Jurassic Cattamarra Coal Measures and Eneabba Member. The sandstones vary from fine to coarse grained with average porosities of 20% and core derived permeabilities up to 753 millidarcies.

Each of these potential reservoirs are sealed by the marine shales of the Cadda Formation, the 100 metre thick lacustrine shales of the Coaly Unit and other intra-formation shales within the Cattamarra Coal Measures, and the 150 metre thick red shale sequence at the top of the Eneabba Member.

The major oil-prone source rocks in the northern Perth Basin are the basal part of the Early Triassic Kockatea Shale. In the nearby North Erregulla-1 well, the basal Kockatea Shale is 50 metres thick and, based on geochemical analyses, contains good oil-prone source rocks. Based on geochemical studies, these source rocks are in the peak oil maturity window in the southern part of the Application Area and are interpreted to be generating significant amounts of oil in this area.

Potential recoverable reserves for the sands in the Cattamarra Coal Measures in the J1 Prospect are estimated to be of the order of five million barrels if the structure is full to spill point. Similar potential reserves could be present in the Eneabba Member sands.
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<th>Permit</th>
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<tbody>
<tr>
<td>Petroleum Permit Application 4/02-3, Northern Perth Basin, Western Australia</td>
<td>100% (Operator)</td>
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<tr>
<td>Permit offered by State Government and subject to Native Title (Empire already has agreements with the Native Title Party claimants and anticipates early settlement.)</td>
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</tbody>
</table>

**Summary**

The Mullering - Cataby Anticline with 10 strong leads.

Cataby -1 drill stem tested 25-30 barrels of oil per day.

Potential recoverable oil reserves of each of these leads are 5 to 10 million barrels.

The trend is considered structurally complex and requires a 3D seismic programme prior to drilling.

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**Petroleum Exploration Permit Application 4/02-3 Onshore Perth Basin, Western Australia**

Application Area 4/02-3 straddles the Beagle Ridge and Cadda Shelf and is favourably located to the west of and updip from the Walyering Gasfield in the Dandaragan Trough, onshore Perth Basin. It is situated some 100 kilometres north of the city of Perth. The Brand Highway, an all weather sealed road, runs north south along the eastern margin of the Application Area. The Dampier-Perth and Dongara-Perth Natural Gas Pipelines transverses north south along the eastern margin of the Application Area.

The primary objective in the Application Area is the Early Jurassic Cattamarra Coal Measures and Eneabba Members. In Cataby-1, the sands at the base of the Cattamarra Coal Measures have porosities of 10-20% averaging 15%. In the Mullering-Cataby area, these sandstones are sealed by a 200 metre thick sequence of shales and siltstones within the lower part of the Cattamarra Coal Measures. These shales are thick enough to also provide lateral seal across the many crestal faults on the Mullering-Cataby structural complex.

The carbonaceous shales and coals within the Cattamarra Coal Measures in Cataby-1 and Walyering-2 have been demonstrated to be very rich source rocks and are interpreted to be capable of generating both oil and gas.

The main prospective area in the Application Area is the Mullering-Cataby anticlinal trend. Cataby-1, located on this anticlinal trend, encountered a 2.5 metre sand at 1690 metres near the base of the Cattamarra Coal Measures. This sand had good oil shows and flowed approximately 25-30 BOPD during a drill stem test. The reservoir pressure dropped during the test indicating a limited reservoir and the well was plugged and abandoned. The main objective "L" Sand was water bearing but it is unlikely that the well was located on the crest of the structure.

Interpretation of seismic data in the Application Area has defined ten leads in the Mullering-Cataby area. Potential recoverable reserves of these leads range from 5 - 10 million barrels each. Due to the complexity of the structure, a 130 sq km 3D seismic survey will be acquired over the Mullering-Cataby anticline. Only a 3D seismic survey will resolve the complex faulting and reduce the structural risk in future drilling.
4/02-8 (L02-8) APPLICATION FOR PETROLEUM EXPLORATION PERMIT NORTH PERTH BASIN

GULLIVER PETROLEUM PTY LTD
APPLICATION L02-8
TECTONIC ELEMENTS
Showing Oil and Gas Fields
April, 2003

B.J. Warren
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<th>Permit</th>
<th>Empire's Gulliver Interest</th>
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<tbody>
<tr>
<td>Petroleum Permit</td>
<td>20%</td>
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<tr>
<td>Applications 2/98-9, Broome Arch and Willara Sub-Basin Canning Basin, Western Australia</td>
<td>Reached Agreement in principle with the Native Title Claimants.</td>
</tr>
</tbody>
</table>

**Summary**

Proposed to re-enter the Hedonia No1 well and put the well on pump test.

Potential oil reserves of 5 Million Barrels.

There are other anticlinal prospects similar to Hedonia.

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**Petroleum Exploration Permit**
**Application 2/98-9**
**Canning Basin, Western Australia**

Application Area 2/98-9 is located in the central and western part of the onshore Canning Basin, Western Australia. It covers an area of 5,550 sq km and is situated around the Great Northern Highway, an all weather sealed road, and is only 30 to 180 kilometres south of Broome.

The primary objectives in this Application Area are the Early Ordovician limestones and dolomites of the Willara and Nita formations. In surrounding wells, these reservoirs have porosities of 7-13% with permeabilities up to 125 millidarcies in dolomites. The reservoirs in the Willara Formation are sealed by the overlying marine shales of the Goldwyer Formation, while the Nita Formation is sealed by evaporites in the Carrabuddy Group.

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<th>Permit</th>
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<tr>
<td>Petroleum Exploration Permit</td>
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<tr>
<td>Application 14/00-1, Kidson Sub-Basin, Canning Basin, Western Australia</td>
<td>Reached Native Title Agreement in Principle.</td>
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</tbody>
</table>

**Summary**

The black marine shales of the Goldwyer Formation are the main oil-prone source rocks in the Application Area. Preliminary maturation studies put these source rocks in the oil generation window in the north, and in the gas generation window to the south.

**Hedonia Prospect**

The main prospect in the Application Area is to re-drill or re-enter Hedonia-1 and properly test the top of the Willara Formation. In Hedonia-1, lost circulation at the top of the Willara Formation at 1,050 metres indicating high permeability in karstified limestones. Potential recoverable reserves for the prospect are estimated to be of the order of five million barrels oil, if the structure was full to spill point.

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<tr>
<td>Petroleum Exploration Permit</td>
<td>25%</td>
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<tr>
<td>Application 14/00-1</td>
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</table>

**Summary**

Potential for numerous oilfields in limestones sealed by thick salt sequences.

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Application Area 14/00-1 is located in the central and western part of the onshore Canning Basin. It covers an area of 25,760 sq km and is situated around and to the
PETROLEUM PERMIT
APPLICATIONS 2/98-9 & 14/00-1
AND PRODUCTION LICENCE
APPLICATION L98-1 AND
EP104 AND R1
CANNING BASIN.
south east of the Great Northern Highway, an all weather sealed road. The Application Area is 200-400 kilometres south of Broome and 300-500 kilometres east of Port Hedland.

The main reservoir objective in the Application Area is the Ordovician Nita Formation. Prime reservoir development within this unit occurs over horsts and the upper parts of rotated fault blocks. Such settings can contain intertidal-facies algal reef accumulations, 10-40m thick which carry porosities of 7.3 - 18.5% and permeabilities ranging up to 125 md in Aquila-1.

This potential reservoir objective is sealed by thick, red bed and salt sequences at the base of the Carrnbuddy Group. These are excellent seals in the Application Area. Source is provided by the thick, organic-rich, marine shales in the Ordovician Goldwayer Formation which are the richest source rocks in Western Australia and immediately underlies the potential Nita Formation reservoirs. Based on geochemical studies, they are interpreted to be thermally mature for oil generation in part of the Application Area.

Seismic reprocessing is planned to enhance seismic quality at the Nita Formation level and to bring out the character of the algal reef reservoir rocks. Interpretation of this reprocessing may define reef prospects for drilling.

<table>
<thead>
<tr>
<th>Permit</th>
<th>Empire's Gulliver Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petroleum Exploration Permit, Application 16/00-1, Gascoyne Sub Basin Carnarvon Basin Western Australia</td>
<td>9%</td>
</tr>
</tbody>
</table>

**Summary**

This acquisition increases Empire's equity in the Application to 44%.

The Lake McLeod Prospect has the potential to have an estimated 150 million barrels of recoverable oil reserves should the structure be filled to spill.

**Petroleum Exploration Permit Application 16/00-1**

Application Area 16/00-1 is located in the Gascoyne Sub Basin and covers an area of 7200 sq kms. The Northwest Coastal Highway, an all weather sealed road, runs north south through the western part of the application area, and the port of Carnarvon is only 30 kilometres to the south of the application area.

The main play in Application Area 16/00-1 is the Late Devonian reefs, dolomites and carbonates of the Gneudna Formation, sealed and sourced by intra-formational marine shales.

Barrabiddy-1A intersected a dolomitised reef. Complete loss of circulation during the drilling of the reef section attest to good reservoir quality. At Quobba-1, secondary porosity in a dolomite at 1,170 metres had log-derived values of up to 15%.

**Lake Macleod Prospect**

In Application Area 16/00-1, the main prospect is the Lake Macleod, updip from Quobba-1. Devonian sediments drape over an older Silurian fault block, so timing of migration is excellent. The Devonian section in Quobba-1 is mostly made up of marine shales thereby providing excellent seals. There were good oil and gas shows...
throughout the Gneudna Formation in Quobba-1 and in particular a dolomite at 1,170 metres. Potential recoverable reserves for the Lake Macleod prospect are estimated to be of the order of 150 million barrels, if the structure was full to spill point.

JL CRAIG MARSHALL
Managing Director

Dated this 31 October 2003
Perth, Western Australia
## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

**Name of entity**

| EMPIRE OIL & GAS NL |

<table>
<thead>
<tr>
<th>ACN or ARBN</th>
<th>Quarter ended (&quot;current quarter&quot;)</th>
</tr>
</thead>
<tbody>
<tr>
<td>55 063 613 730</td>
<td>30 September 2003</td>
</tr>
</tbody>
</table>

### Consolidated statement of cash flows

#### Cash flows related to operating activities

<table>
<thead>
<tr>
<th>Activity Description</th>
<th>Current quarter $A'000</th>
<th>Year to date (03 months) $A'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Receipts from product sales and related debtors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2 Payments for</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) exploration and evaluation</td>
<td>79</td>
<td>79</td>
</tr>
<tr>
<td>(b) development</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(c) production/Camp</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td>(d) administration</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>1.3 Dividends received</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>1.4 Interest and other items of a similar nature received</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>1.5 Interest and other costs of finance paid</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1.6 Income taxes paid</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1.7 Other (provide details if material)</td>
<td>(53)</td>
<td>(53)</td>
</tr>
</tbody>
</table>

#### Net Operating Cash Flows

| Net Operating Cash Flows | 79 | 79 |

#### Cash flows related to investing activities

<table>
<thead>
<tr>
<th>Activity Description</th>
<th>Current quarter $A'000</th>
<th>Year to date (03 months) $A'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.8 Payment for purchases of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) prospects</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(b) equity investments</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(c) other fixed assets</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1.9 Proceeds from sale of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) prospects</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(b) equity investments</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(c) other fixed assets</td>
<td>148</td>
<td>148</td>
</tr>
<tr>
<td>1.10 Loans to other entities</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1.11 Loans repaid by other entities</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1.12 Other (provide details if material)</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

#### Net investing cash flows

| Net investing cash flows | 148 | 148 |

#### Total operating and investing cash flows (carried forward)

| Total operating and investing cash flows (carried forward) | 227 | 227 |
### Appendix 5B
Mining exploration entity quarterly report

<table>
<thead>
<tr>
<th>1.13</th>
<th>Total operating and investing cash flows (brought forward)</th>
<th>227</th>
<th>227</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cash flows related to financing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.14</td>
<td>Proceeds from issues of shares, options, etc.</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1.15</td>
<td>Proceeds from sale of forfeited shares</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1.16</td>
<td>Proceeds from borrowings</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1.17</td>
<td>Repayment of borrowings</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1.18</td>
<td>Dividends paid</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1.19</td>
<td>Other (provide details if material) – Placement cost</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td></td>
<td>Net financing cash flows</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td></td>
<td>Net increase (decrease) in cash held</td>
<td>226</td>
<td>226</td>
</tr>
<tr>
<td>1.20</td>
<td>Cash at beginning of quarter/year to date</td>
<td>155</td>
<td>155</td>
</tr>
<tr>
<td>1.21</td>
<td>Exchange rate adjustments to item 1.20</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1.22</td>
<td>Cash at end of quarter</td>
<td>381</td>
<td>381</td>
</tr>
</tbody>
</table>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

<table>
<thead>
<tr>
<th>Current quarter</th>
<th>$A‘000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.23 Aggregate amount of payments to the parties included in item 1.2</td>
<td>147</td>
</tr>
<tr>
<td>1.24 Aggregate amount of loans to the parties included in item 1.10</td>
<td>0</td>
</tr>
</tbody>
</table>

### Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows


2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NTR

---

* See chapter 19 for defined terms.
### Financing facilities available

*Add notes as necessary for an understanding of the position.*

<table>
<thead>
<tr>
<th></th>
<th>Amount available $A'000</th>
<th>Amount used $A'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Loan facilities</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>3.2 Credit standby arrangements</td>
<td>Nil</td>
<td>Nil</td>
</tr>
</tbody>
</table>

### Estimated cash outflows for next quarter

<table>
<thead>
<tr>
<th></th>
<th>$A'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 Exploration and evaluation</td>
<td></td>
</tr>
<tr>
<td>4.2 Development</td>
<td>Nil</td>
</tr>
</tbody>
</table>

**Total** 45

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

<table>
<thead>
<tr>
<th></th>
<th>Current quarter $A'000</th>
<th>Previous quarter $A'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1 Cash on hand and at bank</td>
<td>11</td>
<td>(129)</td>
</tr>
<tr>
<td>5.2 Deposits at call</td>
<td>370</td>
<td>284</td>
</tr>
<tr>
<td>5.3 Bank overdraft</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>5.4 Other (provide details)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total: cash at end of quarter</strong> (item 1.22)</td>
<td><strong>381</strong></td>
<td><strong>155</strong></td>
</tr>
</tbody>
</table>

### Changes in interests in mining tenements

<table>
<thead>
<tr>
<th>Tenement reference</th>
<th>Nature of interest (note (2))</th>
<th>Interest at beginning of quarter</th>
<th>Interest at end of quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1 Interests in mining tenements relinquished, reduced or lapsed</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

Appendix 5B 30 September 2003.doc

1/7/97

Appendix 5B Page 3
## 6.2 Interests in mining tenements acquired or increased

| EP 389 | Joint Venture Partners CalEnergy and Nexus Energy has withdrawn from their 40.789% and 10% equity respectively from the Permit. |
| EP 411 | Withdrawal of Calenergy from the permit - 33% equity |
| EP 415 | Withdrawal of Calenergy from the permit - 33% equity |

### Issued and quoted securities at end of current quarter

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

<table>
<thead>
<tr>
<th>Total number</th>
<th>Number quoted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preference securities (description)</td>
<td></td>
</tr>
<tr>
<td>Changes during quarter</td>
<td></td>
</tr>
<tr>
<td>(a) Increases through issues</td>
<td></td>
</tr>
<tr>
<td>(b) Decreases through returns of capital, buy-backs, redemptions</td>
<td></td>
</tr>
<tr>
<td>Ordinary Securities</td>
<td></td>
</tr>
<tr>
<td>Changes during quarter</td>
<td></td>
</tr>
<tr>
<td>(a) Increases through issues</td>
<td></td>
</tr>
<tr>
<td>(b) Decreases through returns of capital, buy-backs</td>
<td></td>
</tr>
<tr>
<td>Convertible debt securities (description)</td>
<td></td>
</tr>
<tr>
<td>Changes during quarter</td>
<td></td>
</tr>
<tr>
<td>(a) Increases through issues</td>
<td></td>
</tr>
<tr>
<td>(b) Decreases through securities matured, converted</td>
<td></td>
</tr>
</tbody>
</table>

- 457,940,018
- 457,940,018

+ See chapter 19 for defined terms.
7.7 Options  
(description and conversion factor)  
Refer to attached Schedule A Exercise price Expiry date

<table>
<thead>
<tr>
<th>7.8</th>
<th>issued during quarter</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>7.9</th>
<th>Exercised during quarter</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>7.10</th>
<th>Expired during quarter</th>
</tr>
</thead>
</table>

| 7.11 | Debentures  
(totals only) |
|------|----------------|

| 7.12 | Unsecured notes  
(totals only) |
|------|---------------|

**Compliance statement**

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).

2. This statement does give a true and fair view of the matters disclosed.

   Sign here:............................................Date 28 October 2003

   Director Company / Company Secretary

Print name: ..............................................
Notes

1. The quarterly report provides a basis for informing the market how the entity’s activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2. The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3. Issued and quoted securities The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4. The definitions, in, and provisions of, AASB 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows apply to this report.

5. Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

See chapter 19 for defined terms.
ATTACHMENT TO APPENDIX 5B
QUARTER ENDED: 30 September 2003

Schedule "A"

7.7 Options

ASX Listed Options:

ASX Listed Options as of 30 September 03 114,485,011
(Options exercisable @ 20 Cents and will expire on
31 December 2005)

Unlisted Options

Total Unlisted Options as of 30 September 2003 5,000,000
(Options exercisable @ WSP plus 10 cents and
will expire on 31 December 2003)