



**Annual General Meeting
November 2002**

**This year the APPEA conference theme was
“Breaking Through to our Future”**

**In order to meet this challenge we must
Use More Gas
and
Find More Oil**



Essential Petroleum Resources Overview

- **Essential Petroleum was incorporated to apply for newly gazetted areas in October 1999**
- **The Company listed 9th Feb 2001 with the IPO raising \$7.5million**
- **The Company is focused on exploring for oil and gas in the Otway Basin**
- **Essential Petroleum has the technical skills and knowledge to find and develop hydrocarbons**
- **The Company offers unique shareholder leverage into the Otway Basin**

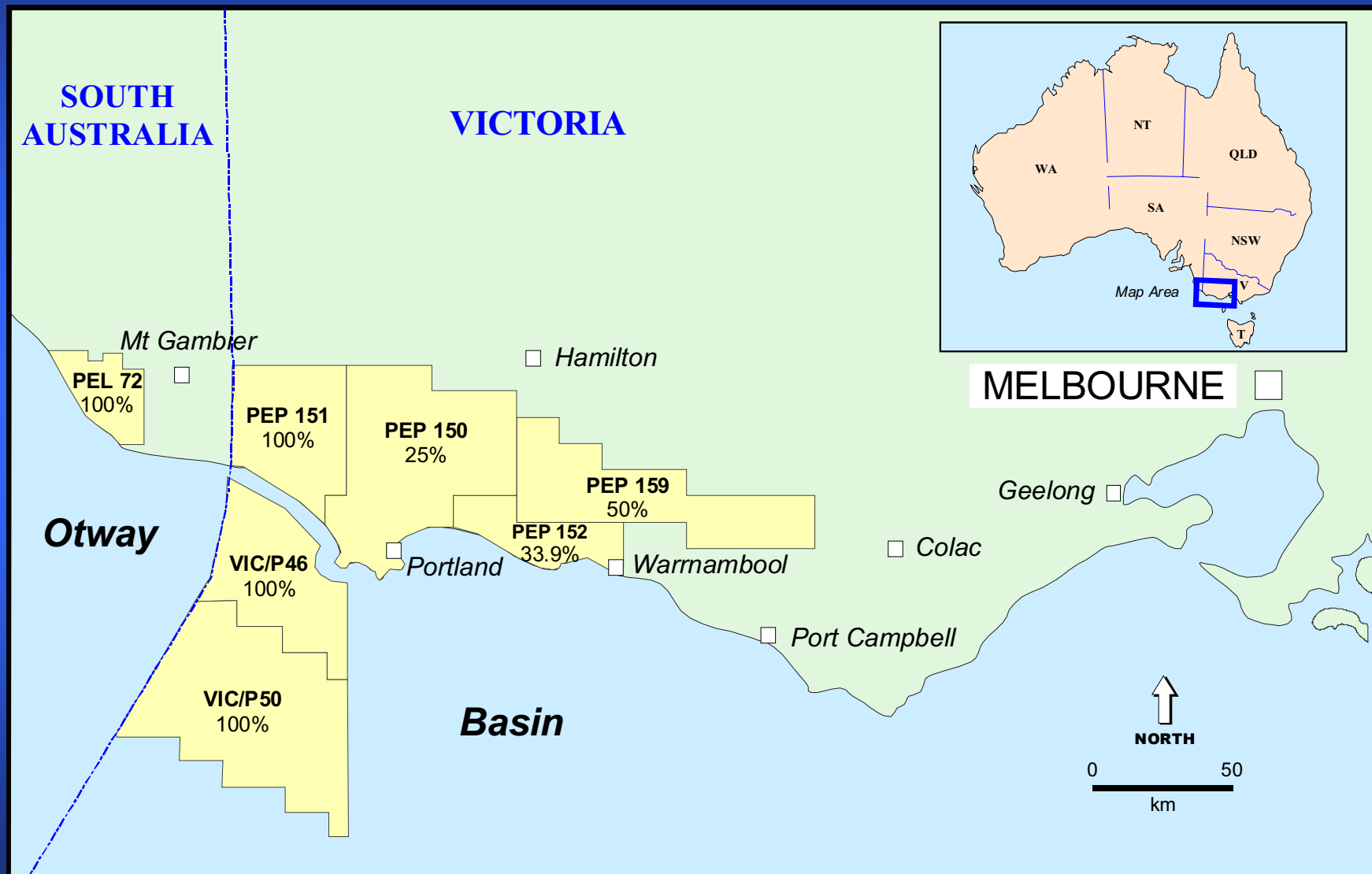


Otway Basin Overview

- **Gas producing basin, lightly explored**
- **Oil has been recovered**
- **Proximity to large domestic gas markets**
- **Deregulated energy industry**
- **Recent onshore commercial gas discoveries**
- **Major offshore gas discoveries**
- **Ideal geological setting to host hydrocarbons**
- **Growing interest in the Otway Basin**



Essential Petroleum's Footprint in the Otway Basin





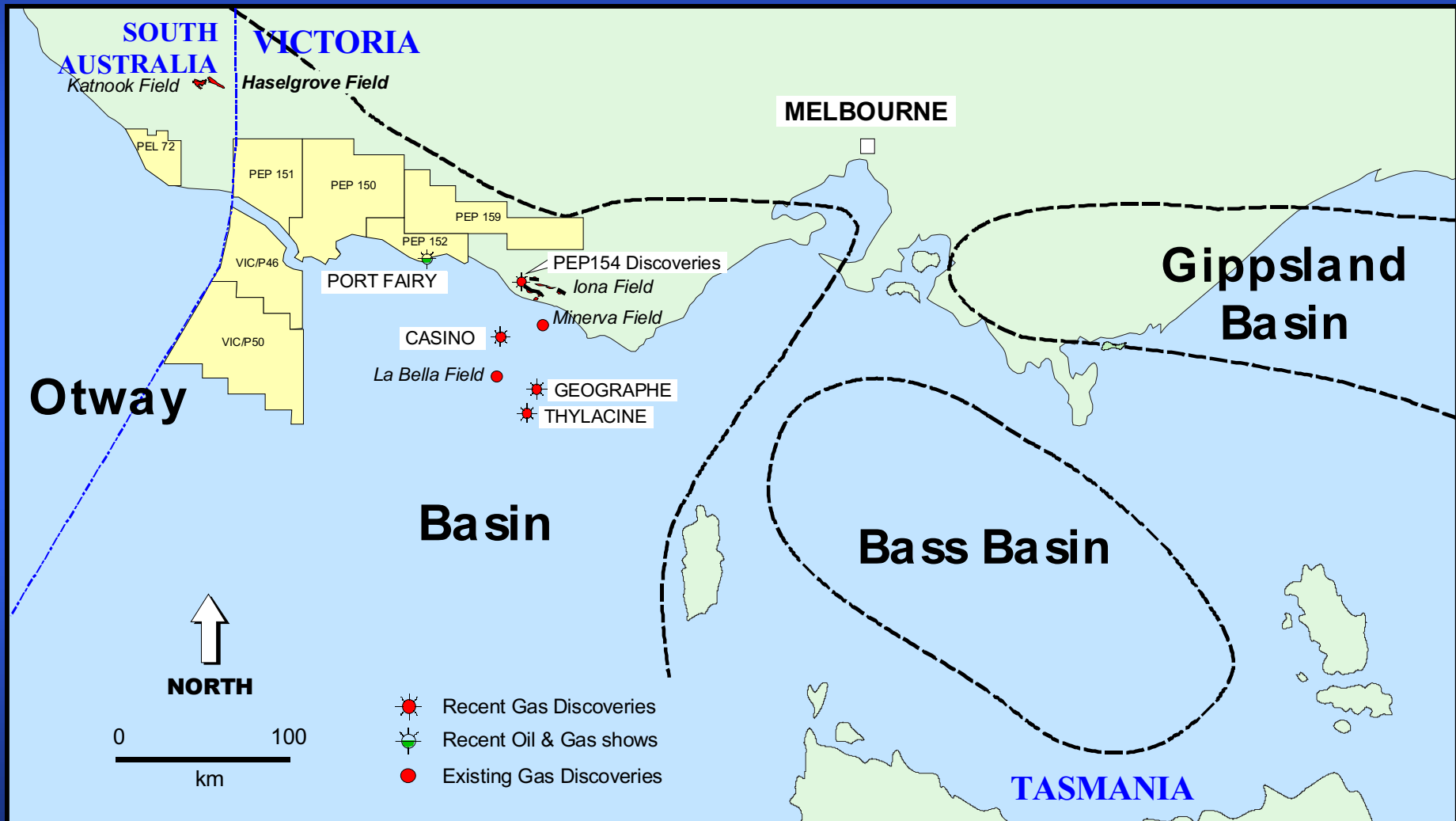
Exploration Strategy

Essential Petroleum's Four Pronged Strategy

- **Onshore gas exploration to capture and grow the local regional market for energy**
- **Onshore oil exploration to provide early cash flow through low cost, rapid development, ease of transport and a worldwide market**
- **Offshore gas exploration close to shore to augment supply for large and growing domestic gas markets**
- **Offshore oil exploration aimed at finding oilfields large enough to make the Company Australia's next major oil and gas company**



Otway Basin Discoveries



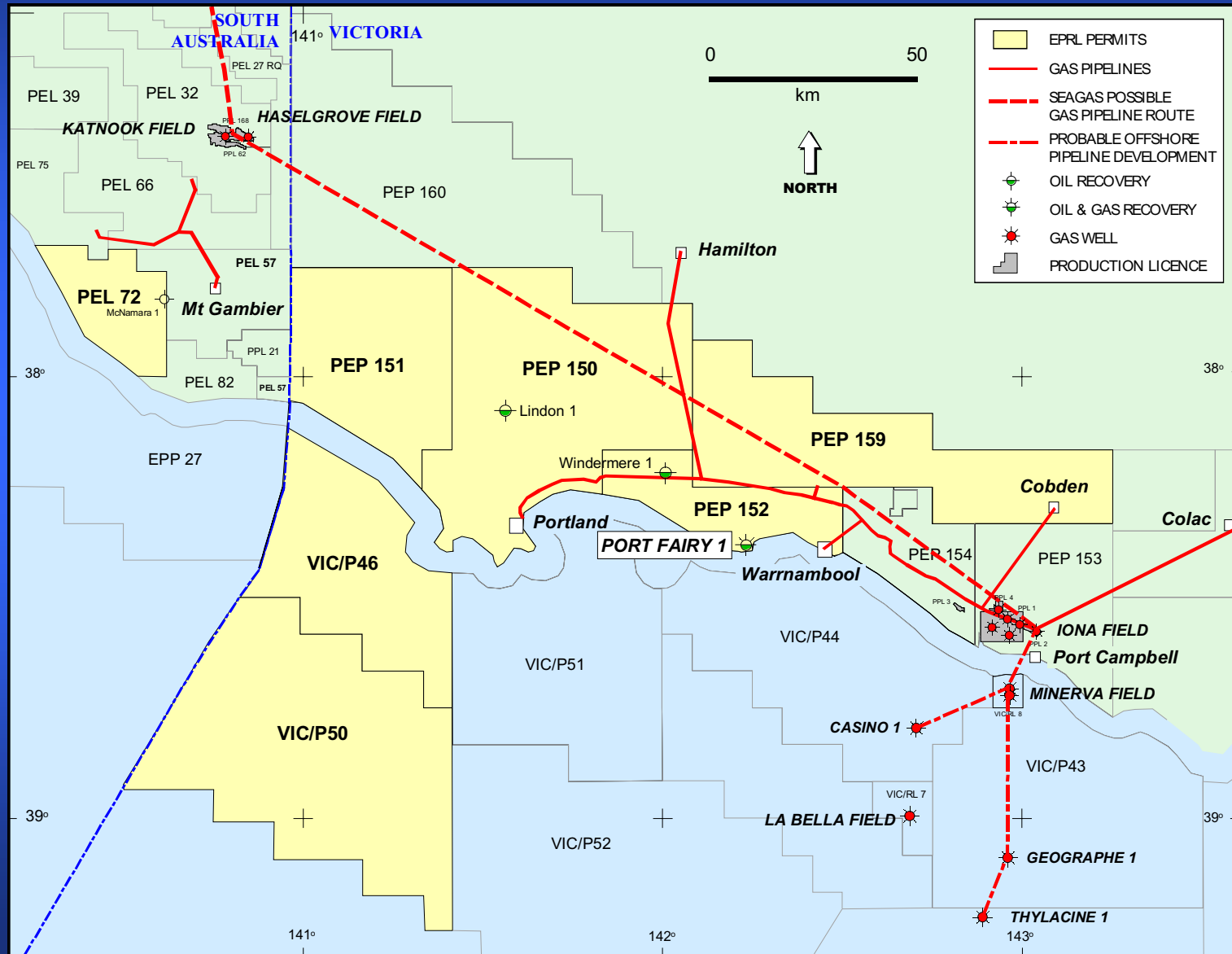


Recent Otway Basin Activity

- **Onshore Success**
 - PEP 154 and PEP 153, 50 – 100 BCF (Santos)
 - Port Fairy 1 recovers wet gas (Essential Petroleum)
- **Offshore Success**
 - Thylacine, 600 BCF (Origin, Woodside)
 - Geographe, 200 BCF (Woodside, Origin)
 - Minerva Gas Development (BHP, Santos)
 - Casino gas discovery (Santos)
- **Infrastructure Growth**
 - SEAGAS pipeline approved
- **SE Australian Market Growth**



Otway Basin Infrastructure





What Does Success Mean Onshore?

(A) OILFIELD CASE (eg Koroit West 33.9%)
NPV A\$35m **3.4 mmbbls field**
Gross Profit **> \$35 per barrel**

(B) GAS FIELD CASE (eg Banganna 50%)
NPV A\$60m **50 pj field**
Gross Profit **> \$0.60 per gj**

Assumptions:

Oil price of \$US25 per barrel and \$1AUD = \$0.53US equates to \$AUD47 per barrel

Production and transport costs of \$AUD12 per barrel

Gas price of \$AUD2.54 per gigajoule



What Does Success Mean Offshore?

(A) OILFIELD CASE (eg Descartes 100%)
NPV A\$7.5b **750 mmbbls field**
Gross Profit **> \$10 per barrel**

(B) GAS FIELD CASE (eg Normanby 100%)
NPV A\$500m **650 pj field**
Gross Profit **> \$0.75 per gj**

Assumptions:

Oil price of \$US25 per barrel and \$1AUD = \$0.53US equates to \$AUD47 per barrel

Gas price of \$AUD2.54 per gigajoule

Oil Case – FPSO, Offshore Loading

Gas Case – Platform, Onshore Facilities



EPR 2002 Achievements

- **Port Fairy 1 recovered wet gas recovery**
- **VIC/P50 awarded to the Company**
- **Mittwell, a subsidiary of Mitsui, has taken a 32.5% interest in VIC/P46**
- **Exploration agreement reached with Native Title Claimants in PEP151. First such agreement in Victoria**
- **Has an exploration portfolio consistent with our strategies**



Essential Petroleum's Assets Value

ASSET	VALUE (millions)	COMMENT
Cash	\$3.5	Remaining from IPO
Onshore Tenement Market Value	\$13.5	Anderson & Schwab ¹
Offshore Tenement Market Value	\$20.0	Based on Strike farmout terms for VIC/P44 ²
Estimated Value	\$37.0	

¹Essential Petroleum commissioned an asset valuation by Anderson & Schwab in February, 2001

²Santos ASX release 21st August 2001 and 22nd August 2002



Exploration Activity Report

**Annual General Meeting
18 November 2002**

**Roger Blake
Director of Exploration**



EXPLORATION ACTIVITY REPORT

- **VIC/P46 - Offshore**
- **PEP 152 - Onshore**
- **PEP 159 - Onshore**



Location Vic/P46



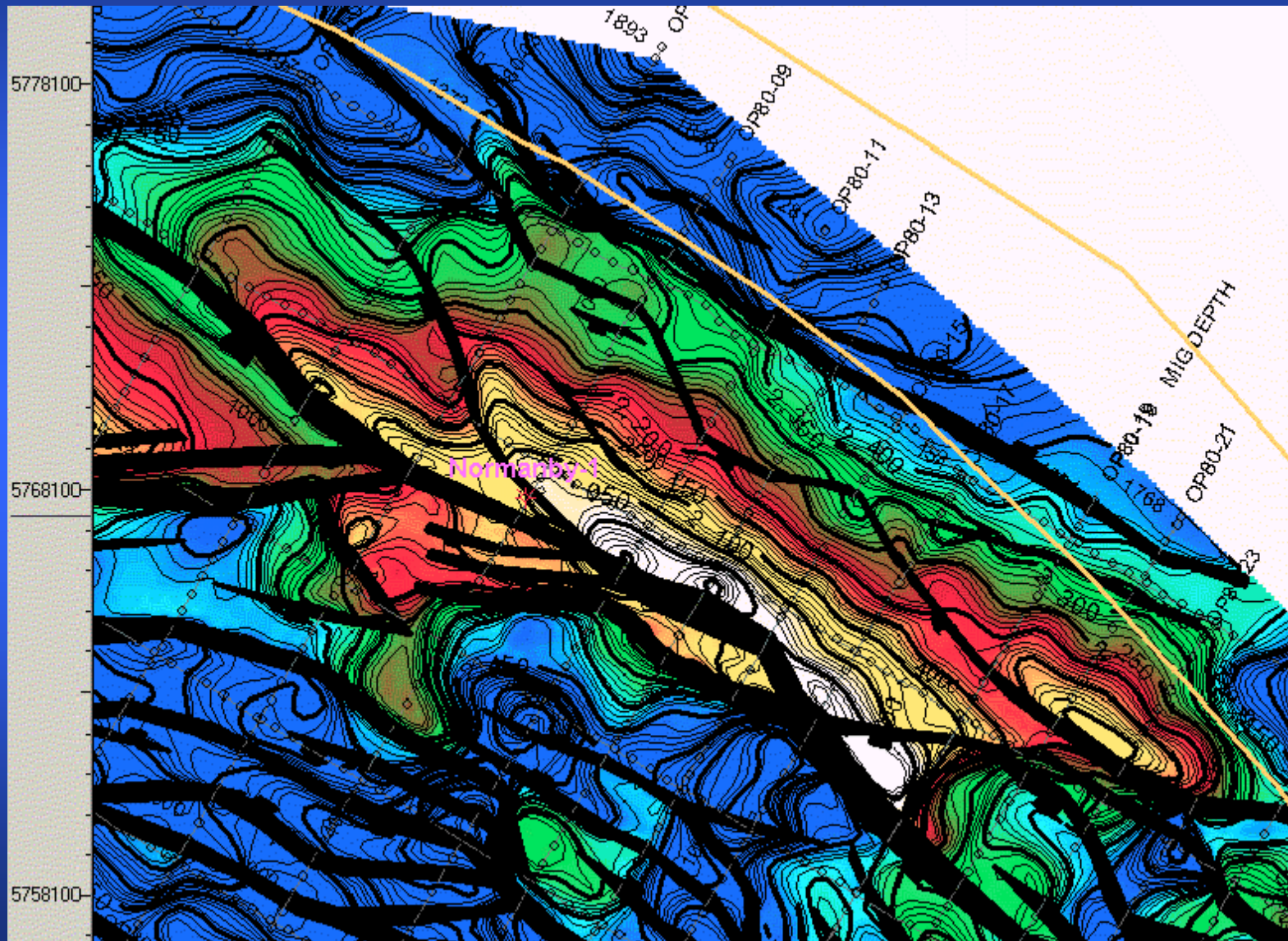


VIC/P46 - OFFSHORE

- **Mapping of existing seismic data completed**
- **New Waarre Fm prospects identified**
 - Normanby
 - Halley
 - Bernoulli
- **New seismic survey in progress – Nov 2002**
- **Prospects to be remapped following completion of seismic survey**

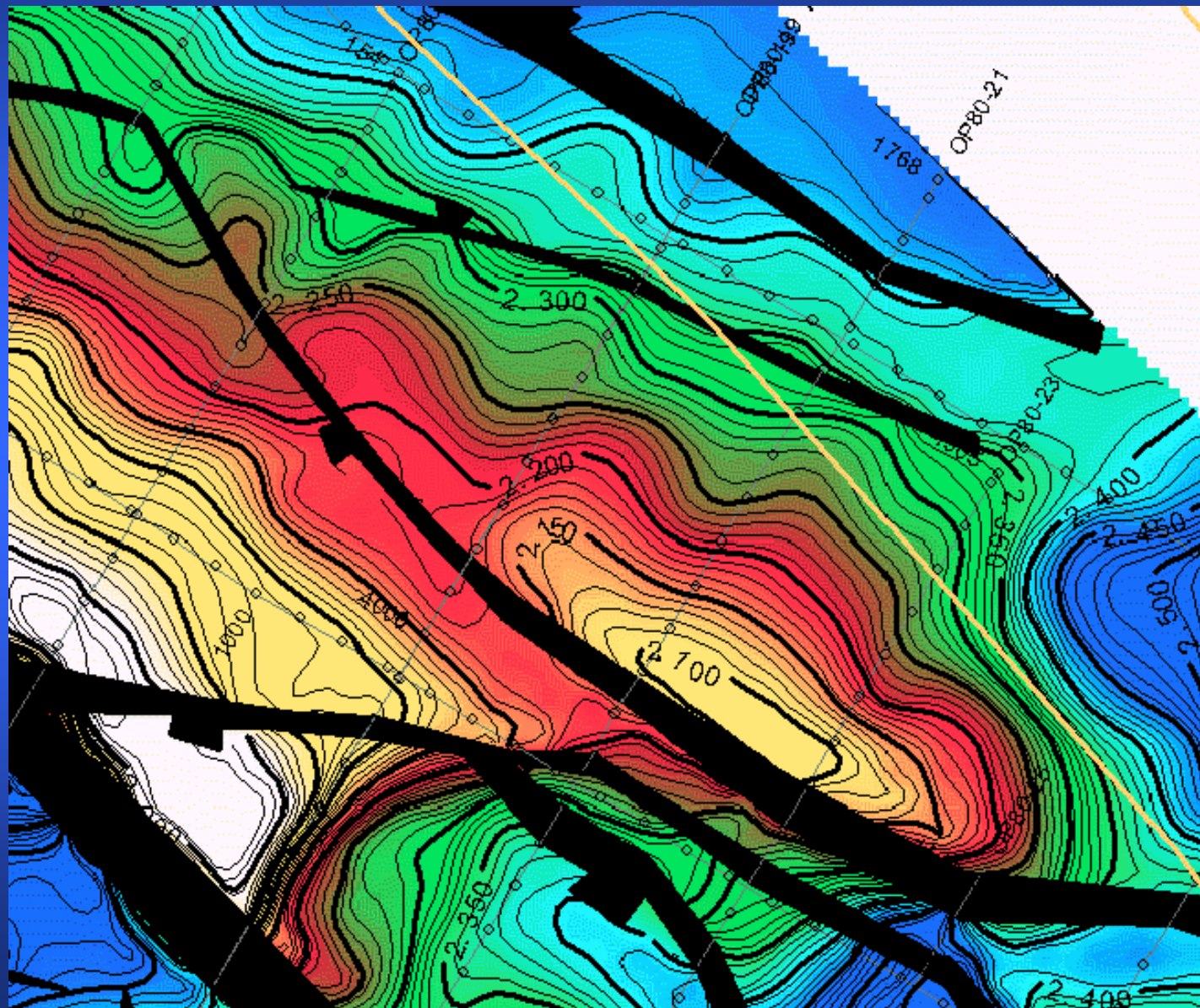


Waarre Fm: Normanby Prospect





Waarre Fm: Halley Prospect



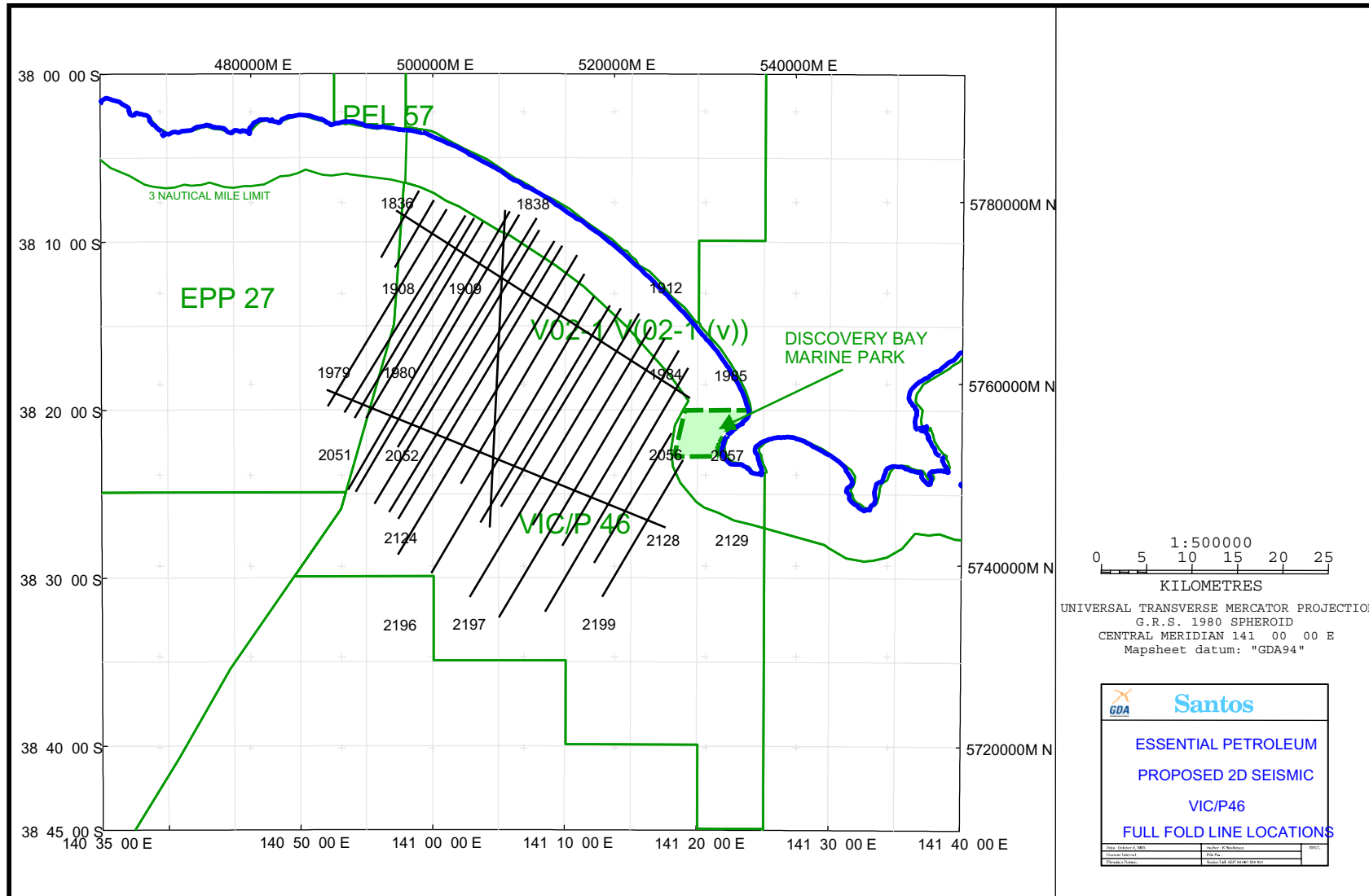


Waarre Fm: Bernoulli Prospect





VIC/P46 Nov 2002 Seismic Survey





Location PEP 152





PEP 152 - ONSHORE

- **Port Fairy No. 1 well results**
- **Koroit West No. 1 well**
- **Estimated spud date Mid-December 2002**



Port Fairy No.1 Gas Flare

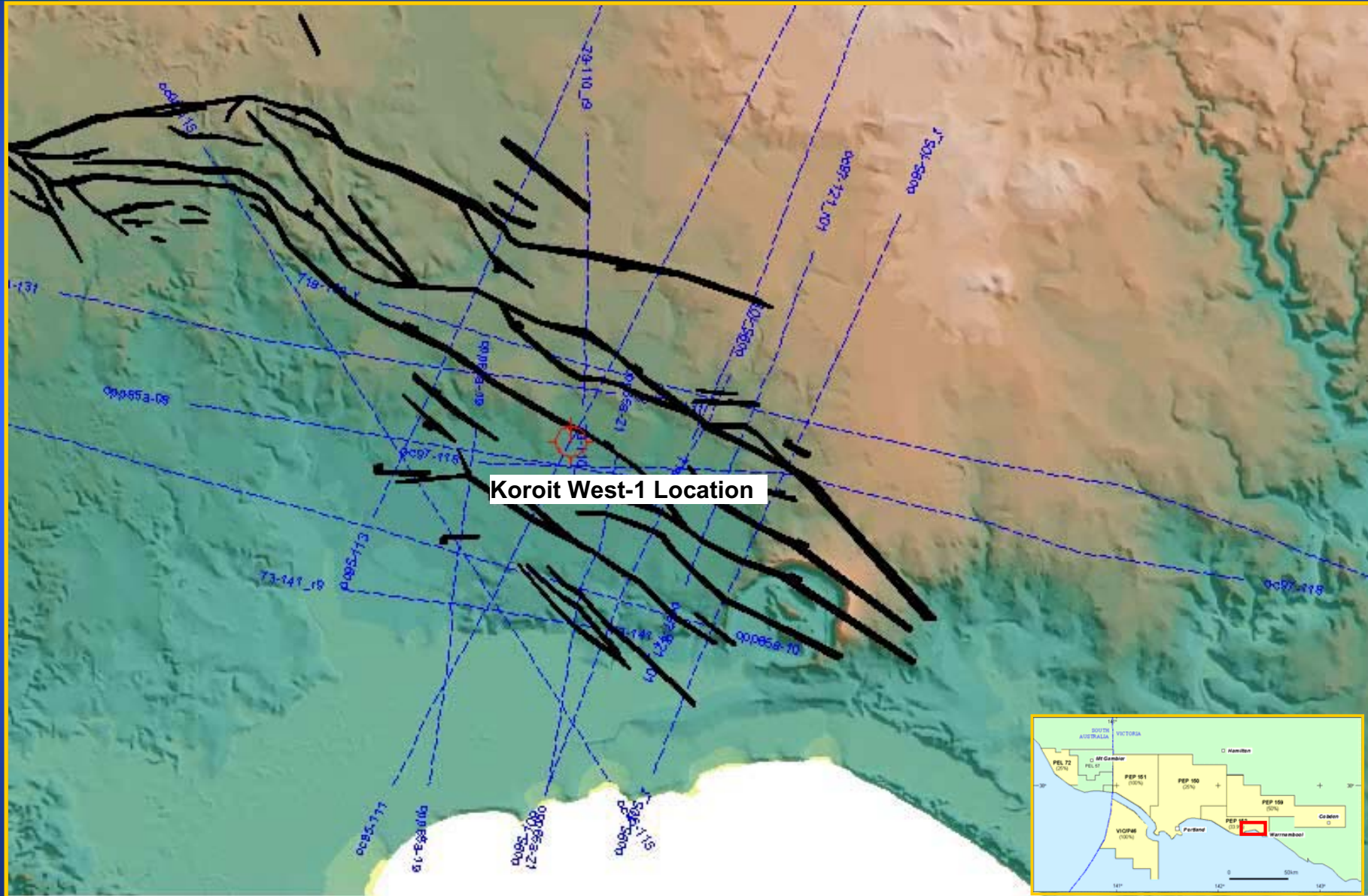


Port Fairy No.1 Pressure Gauge at 900PSI





Koroit West No. 1 Well Location



PEP152 Koroit West Reserve Estimates

Confidence Level	0.9	0.5	0.1
Alternative Oil and Gas Models			
Oil in Place – millions of stock tank barrels	18.0	28.3	33.8
Recoverable Oil - millions of stock tank barrels	6.3	10.0	12.5
Gas in Place – billions of standard cubic feet	9.6	15.2	19.3
Recoverable Gas - billions of standard cubic feet	5.9	9.6	12.0



Location PEP 159

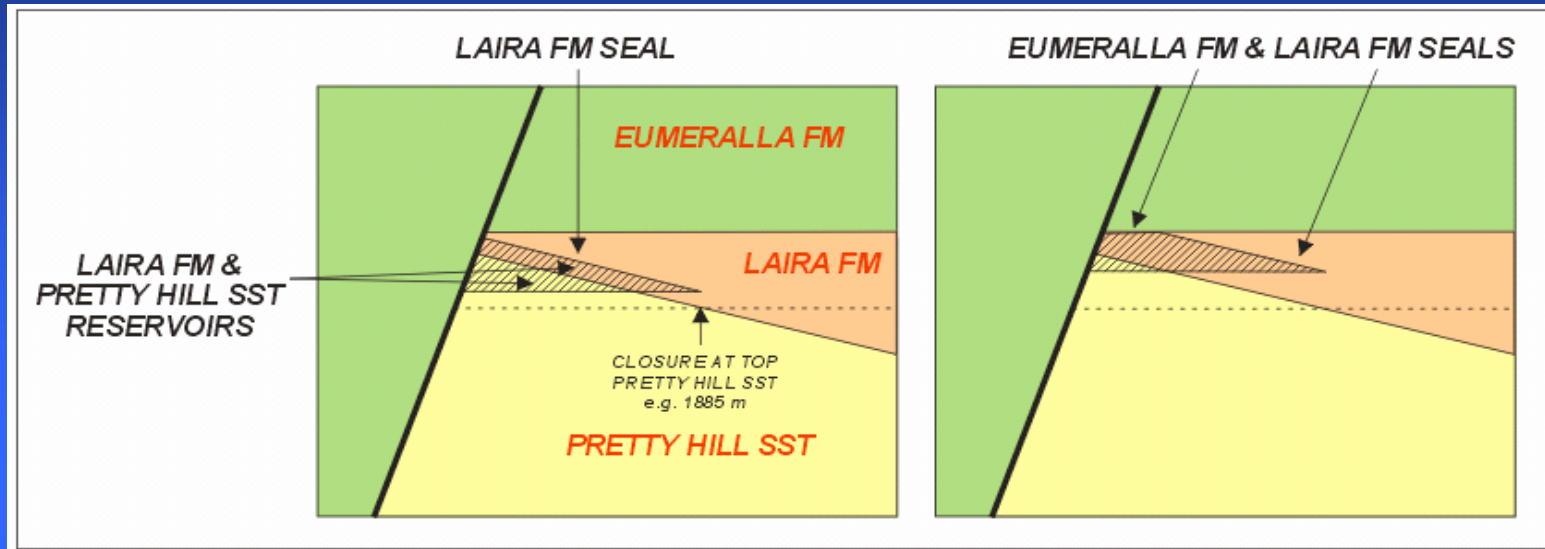




PEP 159 - ONSHORE

- **Banganna No. 1 well**
- **Estimated spud date March-April 2003**

PEP 159 Banganna Prospect – Origin Energy Reserve Estimates



- Laira Fm & Pretty Hill Sst reservoir
- Laira Fm (& Eumeralla Fm) top seal

CONSOLIDATED GIIP

GIIP Laira Fm			
	WEST	EAST	COMBINED
P90	8.7	6.7	15.4
P50	15.4	21.0	36.4
P10	29.1	51.7	80.8
MEAN	17.4	26.2	43.6

GIIP Pretty Hill Sst			
	WEST	EAST	COMBINED
P90	19	11.6	30.6
P50	34.3	25.1	59.4
P10	60.4	49.6	110.0
MEAN	37.1	28.0	65.1



GIIP Pretty Hill Sst + Laira Fm			
	WEST	EAST	COMBINED
P90	27.7	27.0	61.6
P50	49.7	50.3	103.0
P10	89.5	87.6	168.0
MEAN	54.5	54.4	109.0