



**9 October 2003
ANNUAL GENERAL
MEETING**

Good morning

Thank you John and welcome to Essential Petroleum's third Annual General Meeting as a publicly listed company.

This meeting allows us to bring you up to date with our achievements and to provide you with our future outlook.

Most importantly, it provides an opportunity for us to answer any questions you may have regarding our performance, our strategies and our outlook.



The Best is Yet to Come



To set the scene it is worthwhile having a look at the permit coverage of the offshore basins of Australia and in particular where they are located with respect the continental margin.

As you can see the permits are coloured:

Yellow – already awarded

Green – under application

Red – recently gazetted

The continental margin plays are formed as a result of the separation of the continental land masses which commenced in the late Jurassic era and ended late Cretaceous/ early Tertiary.

Sediments that are transported by the ancient continental river systems are dumped into the troughs that develop during the pull apart and are redistributed as sand, silt and clay stones.

Thanks to Geosciences for allowing us to use this unique “fly-through” of the Australian for the purposes of this presentation.



Play Criteria

- **Source – Organic material, pressure & temp**
- **Reservoir – Porous and permeable**
- **Seal – Thick, continuous, impermeable**
- **Structure – Container**
- **Charge – Migration pathway**
- **Analogues – Look alike**

Play fairways are the parts of the Basin that allow access to petroleum systems which have been proven elsewhere

In order to be successful we need five independent geological events to occur



The Best is Yet to Come

- Dominant position in the Otway Basin
- Excellent chance to discover both oil and gas
- Value added to permits
- Farm out interests for best possible terms
- Entering the most exciting stage of the journey so far
- Best yet to come

Over the past three years we have established a strong position in the Otway Basin.

Our permits have been targeted to give us what we believe is the best chance of finding oil and gas.

Our highly skilled exploration team, our seismic surveys and our geological and geophysical studies have added considerable value to our permits.

The added value will lead to favorable farm out terms and will allow us to retain high interests in our permits.

The farming out of our permits brings us to the next phase of exploration and,

THE BEST IS YET TO COME



Unique Investment Opportunity

- **Essential Petroleum is one of a few with a dominant position in the Otway Basin**
- **Exceptional Otway Basin exploration expertise and knowledge**
- **Persistence is delivering results**
- **Demonstrated commitment to adding value to shareholders**

Essential Petroleum is the only company focused on the Otway Basin.

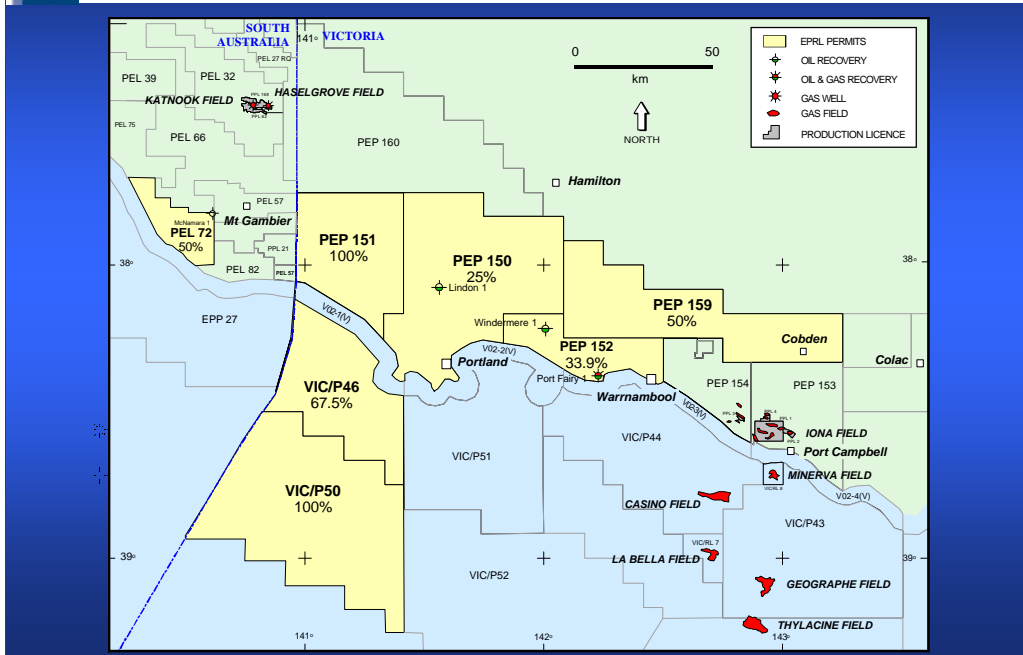
Our knowledge and expertise have been central to targeting areas which we believe offer the best chance of finding commercial accumulations of oil and gas.

An investment in Essential Petroleum is therefore an investment in the Otway Basin.

We believe the converse is also true.



Otway Basin Permit Interests



We have large interests in our permits both onshore and offshore.

This slide shows our permit interests and their position relative to the commercial discoveries within the basin.

PEL 72, in South Australia is a JV with Beach Petroleum and is operated by EPR.

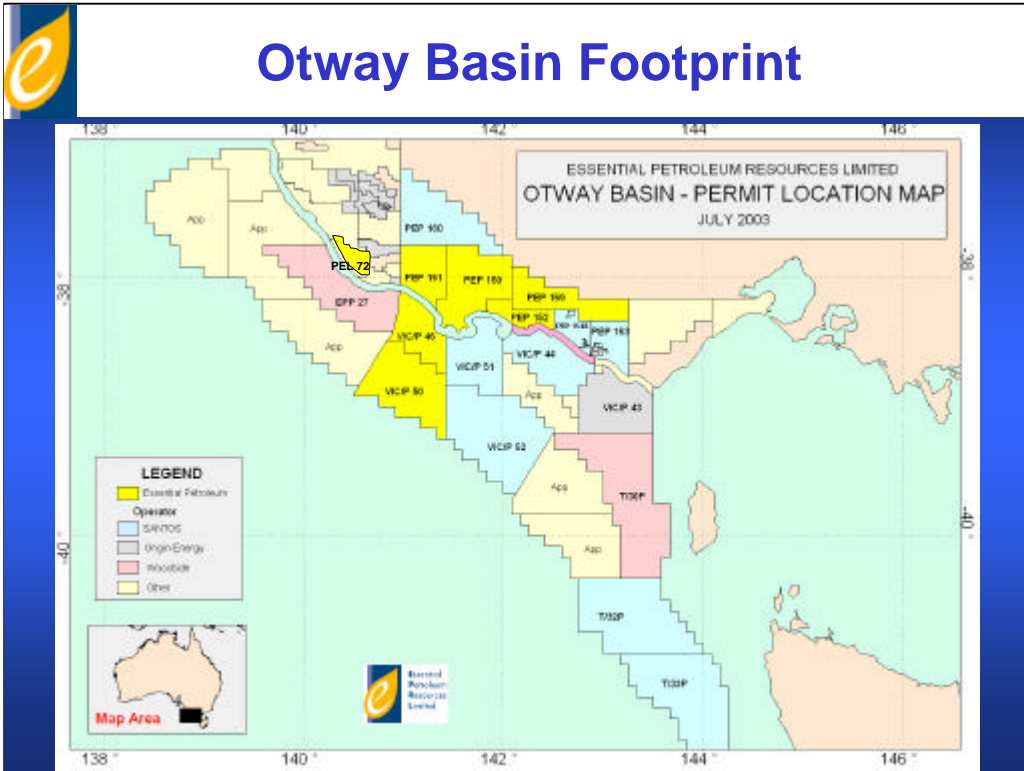
The permit is in its second renewal year and we will be conducting a 50km 2D seismic survey in the first quarter of 2004.

In PEP 151 a 256 km 2D/3D seismic survey has been undertaken and is currently being processed.

Preliminary results are encouraging and it is our aim to farm out interests in the first quarter of 2004.

We believe PEP 151 provides the best chance to discover onshore commercial oil.

PEP 150 is operated by Origin and is currently undergoing Native Title negotiations. No exploration activity will take place until negotiations are complete.



It is not hard to see why our footprint on the Otway Basin is envied by many.

There are only a hand full of players

Little opportunity left

The main players in the Otway Basin are:

- | | |
|----------|--------|
| Santos | blue |
| Woodside | pink |
| Origin | mauve |
| EPR | yellow |



Corporate Strategies

- **Build shareholder wealth by adding value**
- **Focused on the Otway Basin**
- **Permits are chosen for sound technical and commercial reasons**
- **Proximity to infrastructure and markets**
- **Move towards drilling EPR chosen targets**
- **Provide maximum leverage into the basin**

Our timing has been impeccable

We have been able to pick the permits we are in because they satisfy our strict technical and commercial criteria not because we were desperate to get Otway Basin real estate

The timing of farming out or permits is right too

The interest in the basin is high

The markets exist

Our permits have had value added to them

We can farm out at a premium and our targets will be drilled

Our position in the Otway Basin provides maximum leverage



Performance Highlights

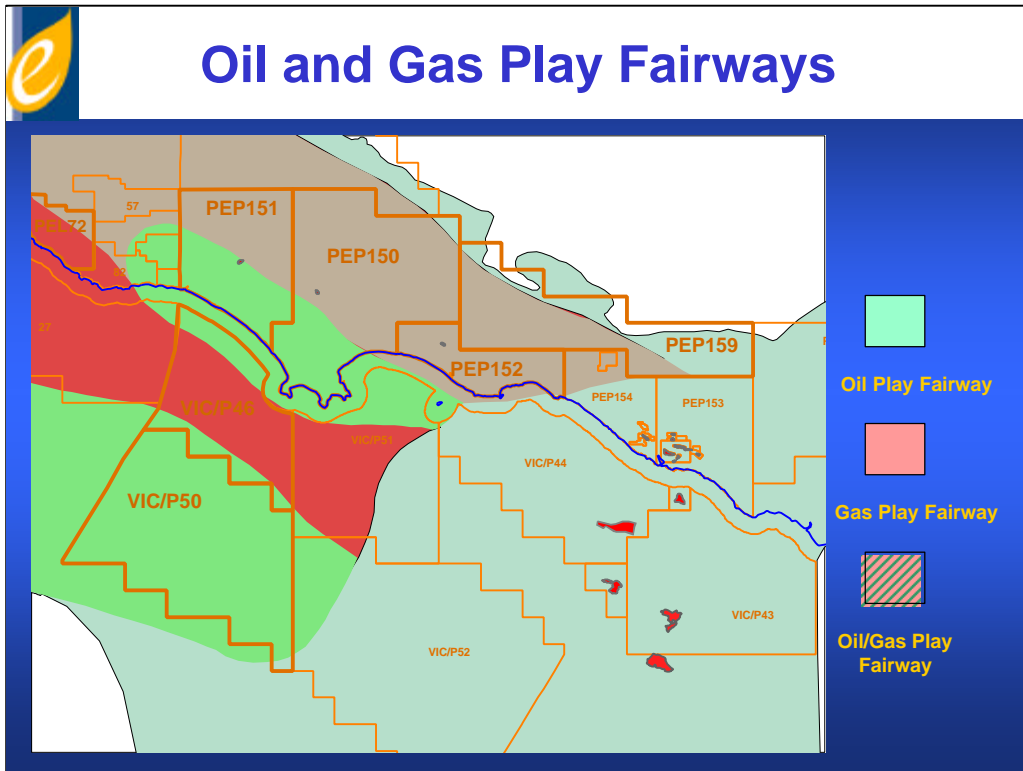
- **Port Fairy 1 wet gas recovery**
- **Awarded offshore permits VIC/P46 and VIC/P50**
- **750km 2D seismic survey in VIC/P46**
- **106 sq km 3D seismic survey in PEP151 recently completed**
- **First native title agreement for a petroleum exploration permit to be struck in Victoria**
- **Gained a landmark approval to conduct a seismic survey in a National Park**

Our highlights are dominated by value adding activities in our operated permits.

Particularly pleasing has been the acquisition of seismic in a national park.

The southern part of PEP 151 covers the Portland Trough, a geological feature that we believe will host commercially significant accumulations of oil.

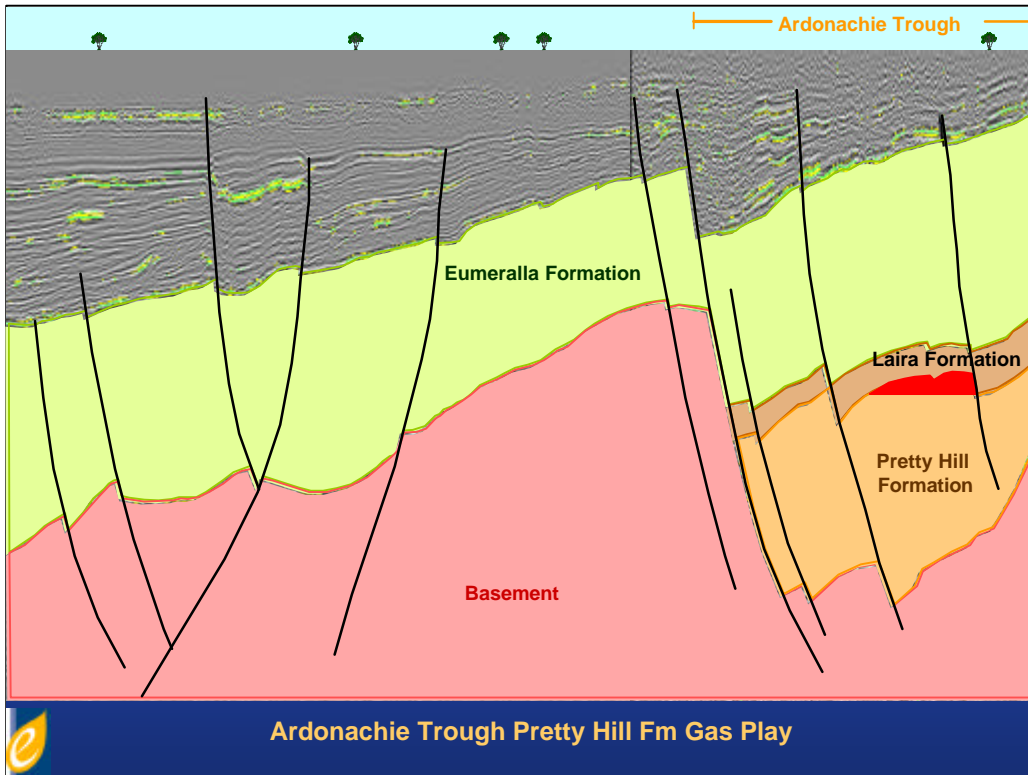
Our care for the environment and our innovative approach to conducting the Nelson seismic survey have allowed us to collect seismic data where no previous seismic survey has been permitted.

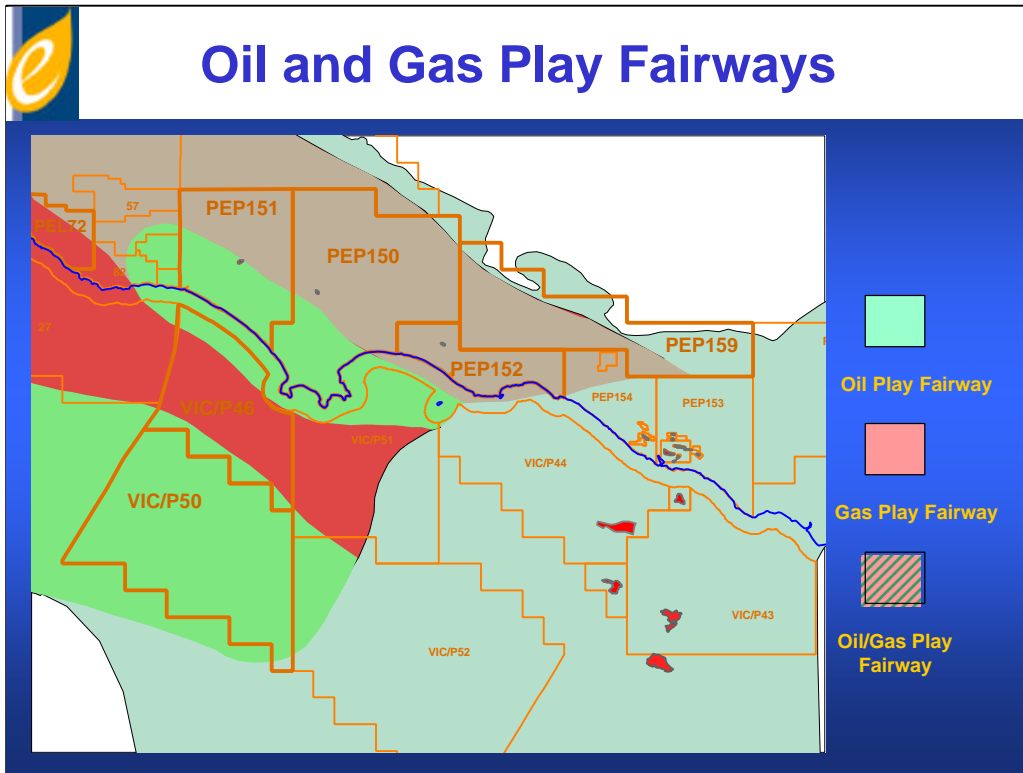


Our onshore permits provide the opportunity to find and produce oil and gas.

The play fairway to the North is controlled by the early Cretaceous, Pretty Hill petroleum system which is responsible for the Katnook field in the Penola Trough in the NW part of the basin.

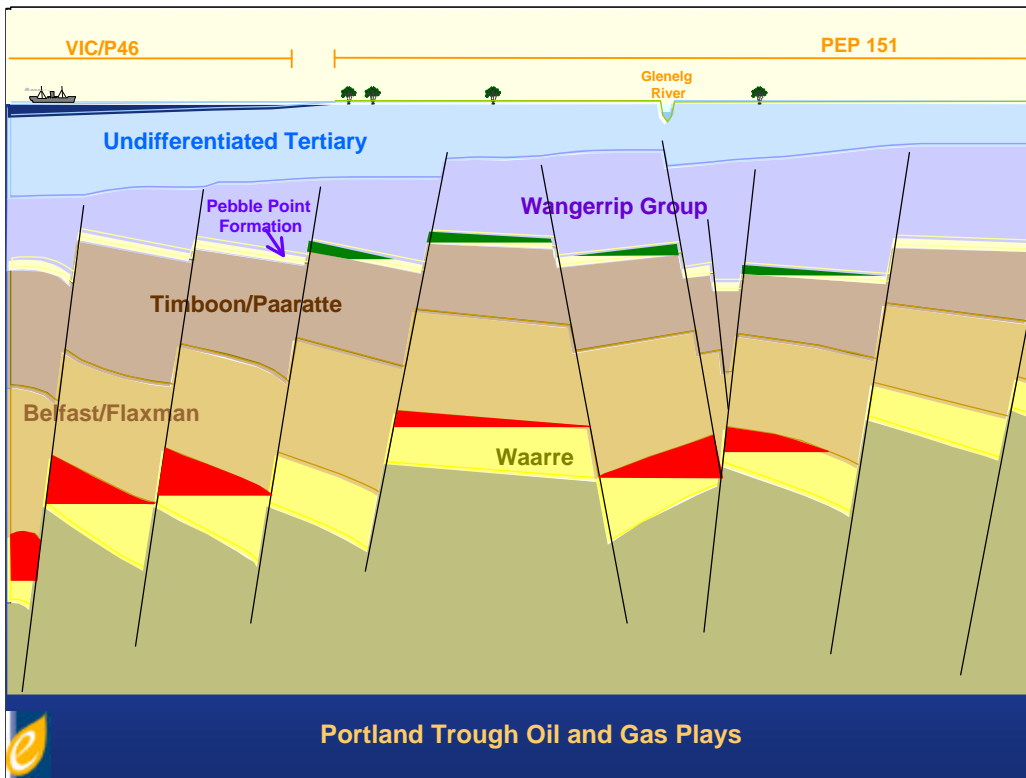
The hydrocarbon type in this play fairway is predominately gas although oil is possible because it has been recovered from the Penola Trough.

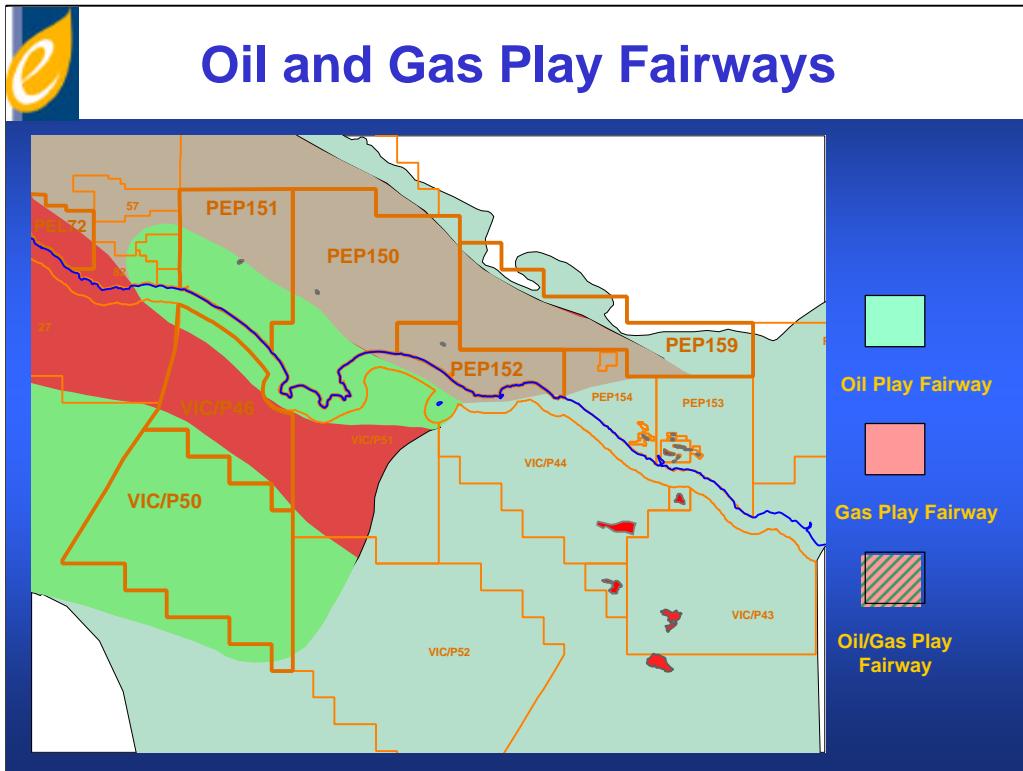




Moving south, the green play fairway onshore is controlled by the younger Portland Trough petroleum system.

This system is geologically equivalent to the Gippsland Deep trough which is responsible for the large oil fields in the Gippsland Basin.





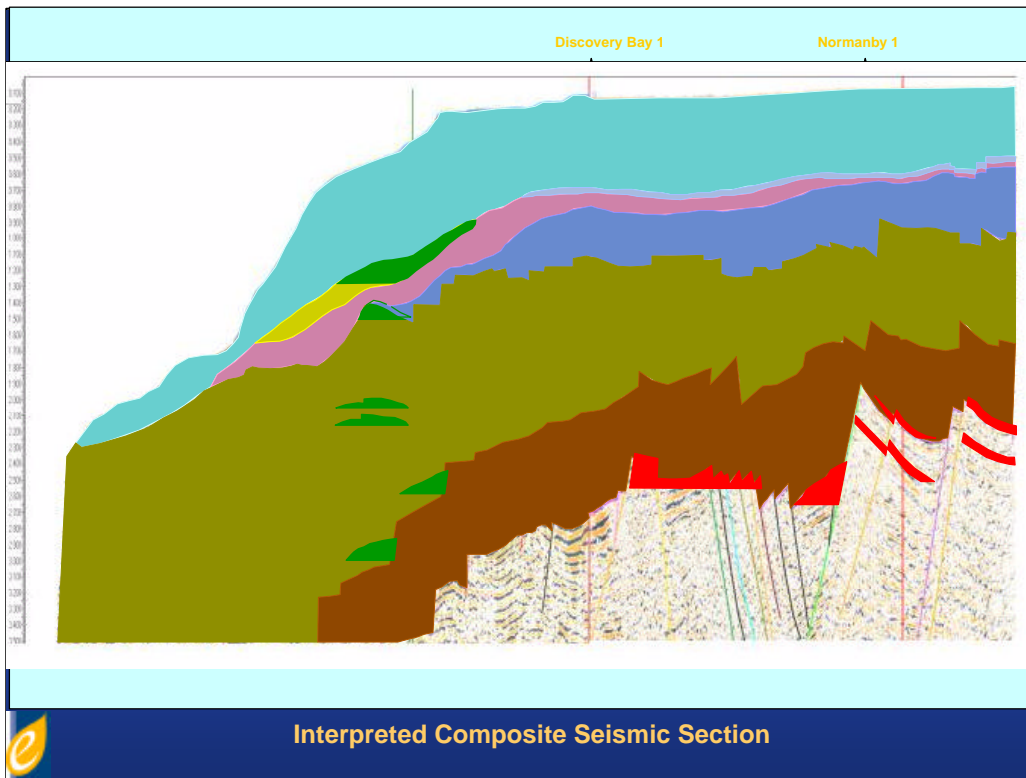
Our offshore permits provide the opportunity to find very large accumulations of oil and gas that characterise continental margin plays found offshore in eastern South America and offshore west Africa.

The pink offshore play fairway is controlled by the Waarre petroleum system which is responsible for the Thylacene and Geographe discoveries to the east.

Structures on the gas prone shelf play fairway could yield more than 1tcf of gas.

Moving further south, the deeper water shelf edge oil play fairway in green is the analogue of the highly productive South American continental margin play.

Roger will soon give you an insight into this most prolific petroleum system.





Exploration Outlook

- **Recent discoveries in the Otway Basin have attracted the attention of the industry**
- **Essential Petroleum is well positioned to capitalise on this**
- **We have added value to our operated permits**
- **We are about to commence an aggressive farm out campaign**
- **We are on the verge of being able to test the concepts and models that the Company has been built on**

Recent success in the Otway Basin lends sway to our belief that we will find commercial oil and gas fields

Over 1 tcf of gas has been discovered offshore and over 150bcf of gas has been found onshore.

This has led to the development of infrastructure and access to Australia's largest and growing domestic markets.

It has also attracted interest in the Basin not just for the gas opportunities but for its potential to host the exciting new continental margin play concepts already tested in other continental margin regimes.

As a result we expect our operated permits to be highly sought after when we offer them for farm out.

With farm out comes the drilling of our play concepts.

Over the next 2 years



Exploration Reward

OIL - Gross Profit

Onshore (5-50mmbbls) > \$20 per bbl

Offshore (100-250mmbbls) > \$10 per bbl

GAS - Gross Profit

Onshore (10-100 bcf) > \$0.40 per gj

Offshore (300-1000 bcf) > \$0.65 per gj

Assumptions:

Oil price of \$US28 per barrel and \$1AUD = \$0.65US equates to \$AUD43 per barrel

Onshore production and transport costs of \$AUD8 per barrel

Gas price of \$AUD2.50 per gigajoule

Offshore Oil Case – FPSO, Offshore Loading

Offshore Gas Case – Platform, Onshore Facilities



Future Activity

The next year or two will see an increase in activity in the Otway Basin

- **As many as 5-6 wells could be drilled onshore with Essential Petroleum involved in 3**
- **4-5 wells could be drilled offshore with Essential Petroleum involved in at least 1**

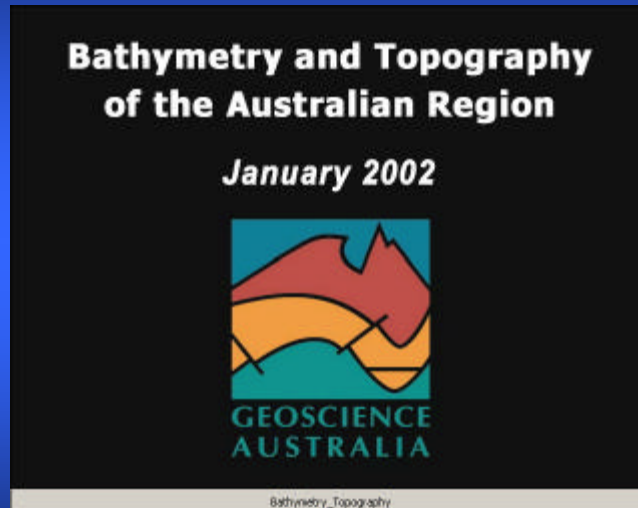


Summary

- **Unique investment opportunity**
- **Corporate strategies maximise value**
- **We deliver our promises**
- **Poised to test our exploration concepts**



The Best is Yet to Come



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