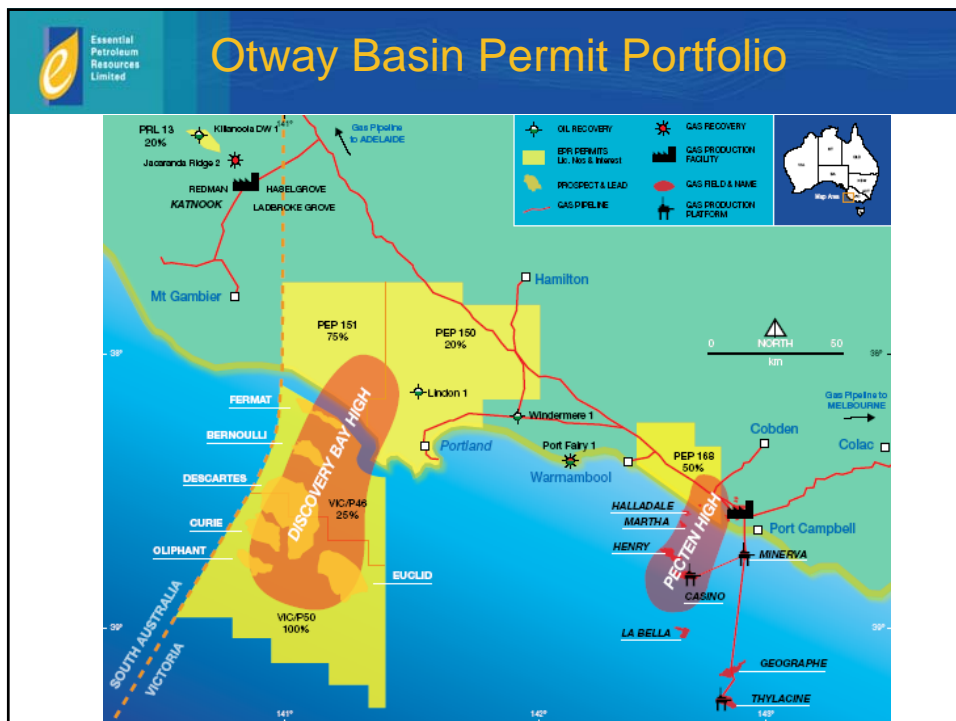


Petroleum Potential of the Discovery Bay High

August 2008

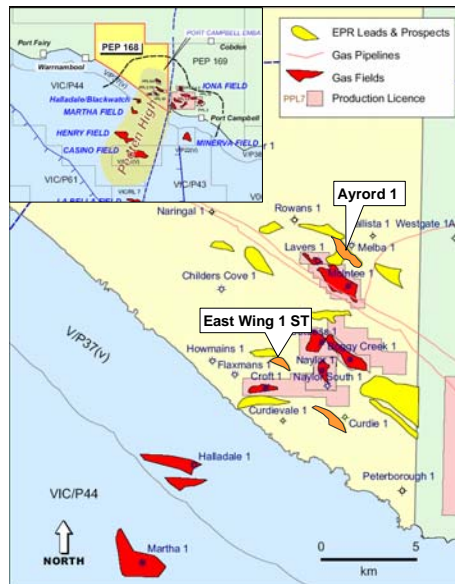
John Remfry
Managing Director



The Otway Basin

- Offshore, in excess of 1.7 TCF recoverable gas has been discovered in the eastern part of the Otway Basin associated with the Pecten High
- A similar feature, the Discovery Bay High has the potential to be the next major hydrocarbon province in the southern margins of Australia
- In the central part of the basin, the Discovery Bay High hosts a large prospect and leads inventory of:
 - Small to medium hydrocarbon accumulations **onshore**
 - Very large continental margin plays **offshore**
- Onshore the Otway Basin has produced multiple commercial gas discoveries (200 Bcf) and indications of liquid hydrocarbons are becoming more common
- Essential Petroleum's permits have complete coverage of the Discovery Bay High

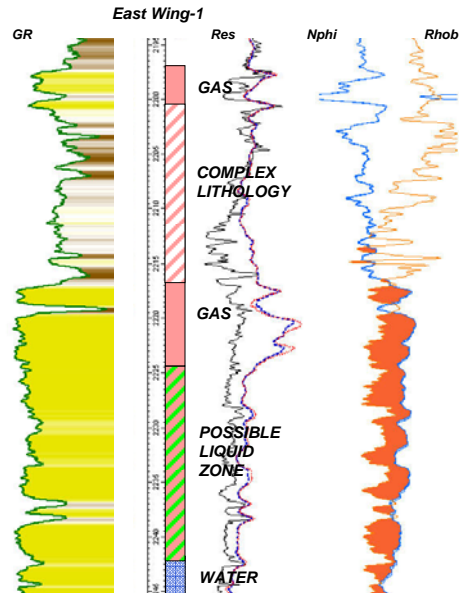
PEP 168 2008 Drilling Program



- East Wing-1 ST was drilled in May-June 2008 and was cased and suspended as a gas discovery well.
- East Wing may also contain liquid hydrocarbons.
- Drilling program suspended pending test of hydrocarbon zones.
- Test results will determine next steps.

East Wing-1 ST Discovery

- East Wing –1 ST has intersected producible hydrocarbon over a 46 metre interval
- East Wing will be perforated and tested over three zones
- Gas ratios from gas chromatograph and fluid extraction from cuttings indicate presence of liquids in the column

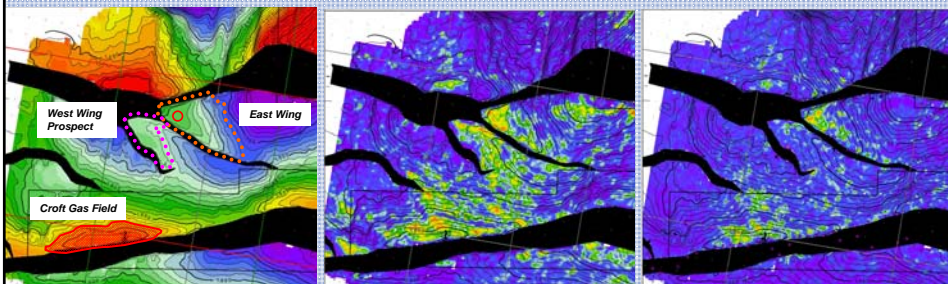


East Wing Gas Accumulation Amplitude and AVO Responses

Time Structure Map

Seismic Amplitude

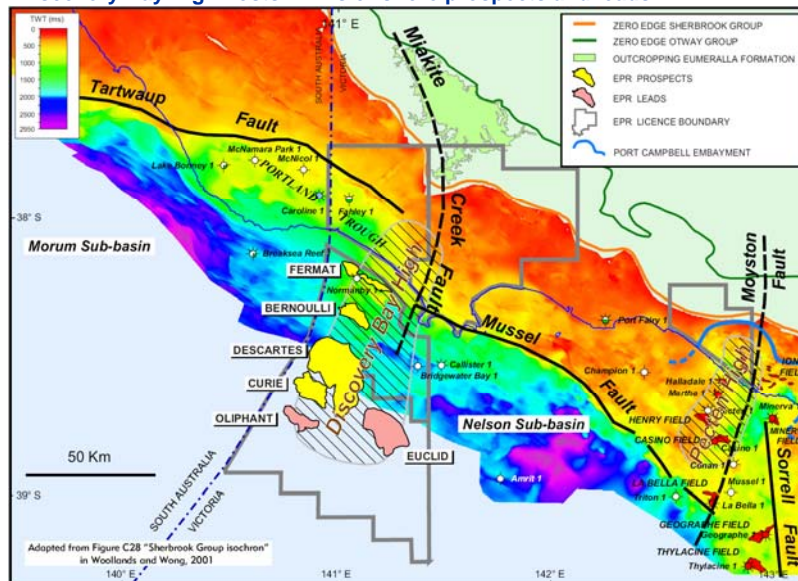
Seismic AVO Response



Essential Petroleum is:

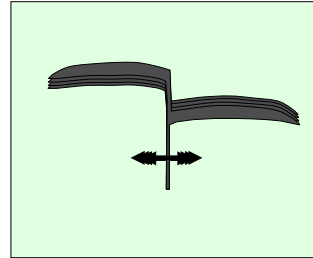
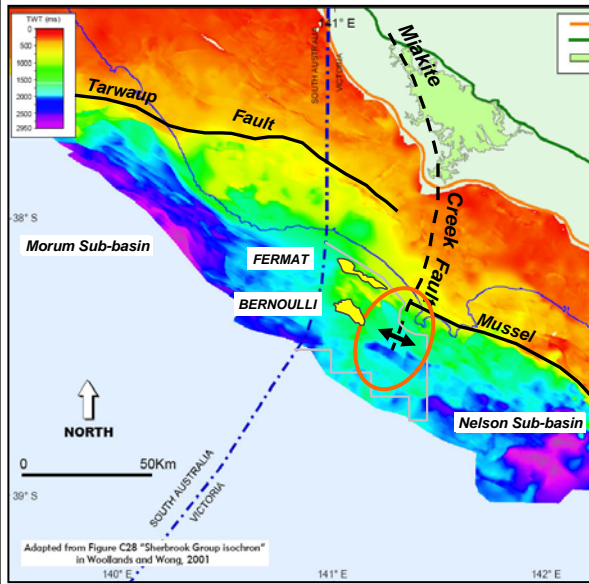
- Testing the East Wing-1 gas discovery for associated oil in August 2008
- Exploiting the Port Campbell Embayment gas province by drilling near existing gas fields
- Well placed to take advantage of existing infrastructure to facilitate rapid low cost development
- Commercialising small onshore accumulations to fund the bigger offshore opportunities
- Securing quality acreage in petroleum environments which have been proven elsewhere
- Maturing leads to prospect status and farming out interests on promoted terms while retaining significant interests
- Poised to drill its first offshore well on the Discovery Bay High in December 2008

Discovery Bay High hosts EPR's offshore prospects and leads





Discovery Bay High was developed in the Late Cretaceous Rift Phase

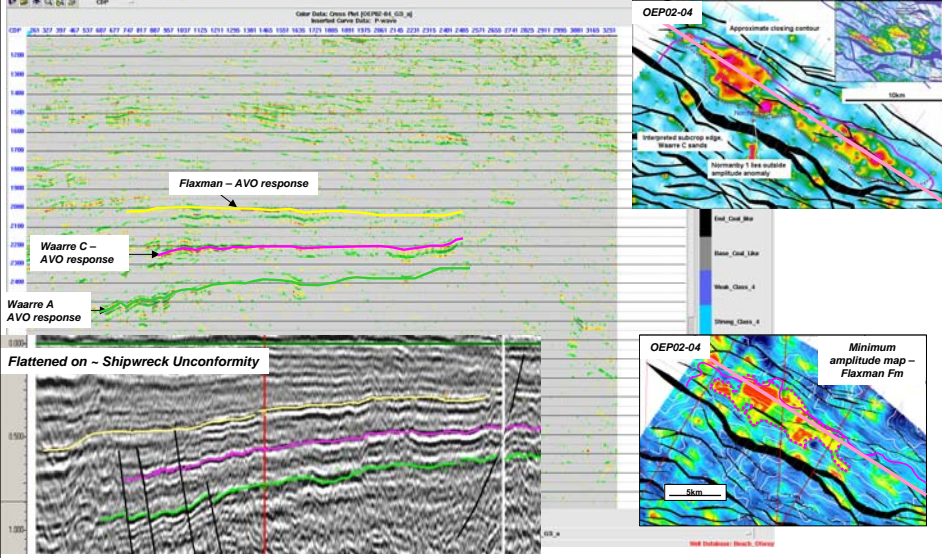


Offset of major border faults along transfer zone results in development of structural high (Figure 3 from notes provided by David Reynolds for PESA short course entitled "Structural and Stratigraphic Architecture of Non-marine Rift Basins")

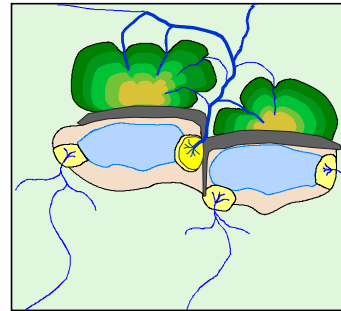
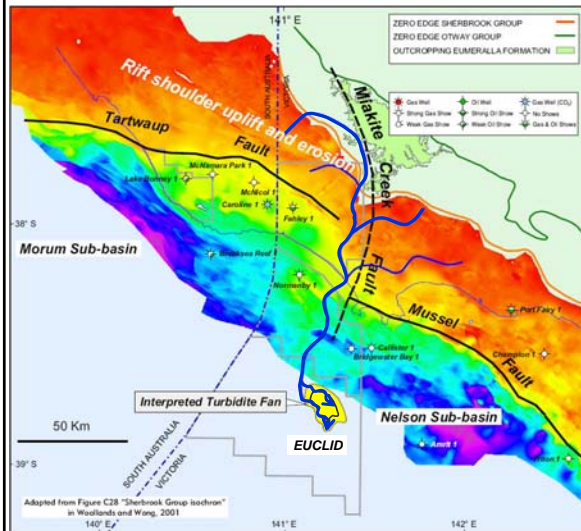


Fermat Prospect: Seismic strike line shows thinning of section onto Discovery Bay High

OEP02-04 – Several distinct AVO anomalies present – more than one level

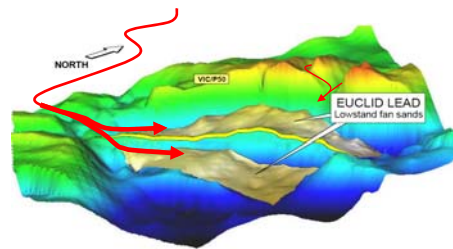
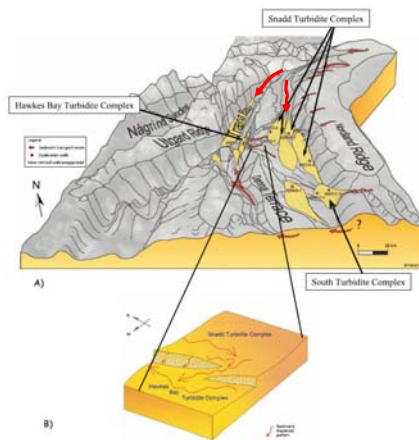


Post Rift Subsidence Feeds Turbidite Sands



Schematic facies distribution and drainage systems associated with a Transfer Zone (extract from notes provided by David Reynolds for PESA short course entitled "Structural and Stratigraphic Architecture of Non-marine Rift Basins")

Euclid Lead and Lysing Formation analogy Axial sediment dispersal

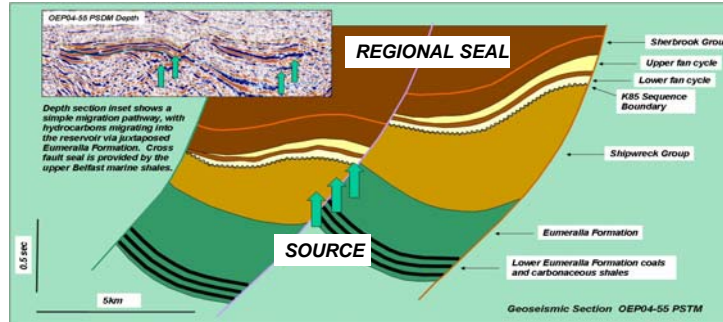


3D perspective view of the Euclid Lead with conceptual sediment transport routes shown with red arrows. This model assumes sediment input at fault relay and axial sediment transport along fault blocks.

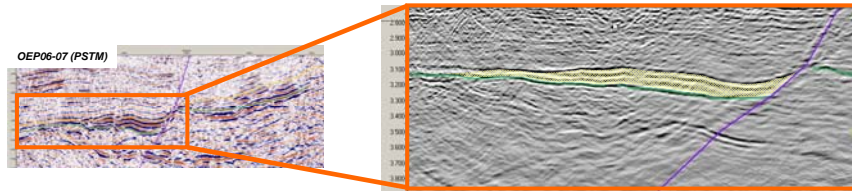
Lysing Formation Analogy - Late Cretaceous, post rift, confined slope turbidite system, northern North Sea

(From Fugelli, E.M.G., and Olsen, T.R., 2007 "Delineating confined slope turbidite systems offshore mid-Norway: The Cretaceous deep-marine Lysing Formation" AAPG Bulletin, v. 91, No. 11, pp. 1577-1601)

Euclid Fan Source and Reservoir Juxtaposed below Regional Seal



Seismic sections show juxtaposition of source rocks and reservoir sands below thick marine shales



Seismic amplitude attributes show Euclid turbidite complex as a discrete package

Exploration Leads to Discovery

Pecten High/Shipwreck Trough

	No. of Exploration Wells Drilled	No. of Dry Wells Drilled	Discovered 2P Reserves
Pre 2000	11	9	450 BCF
Post 2000	10	3	1,500 BCF

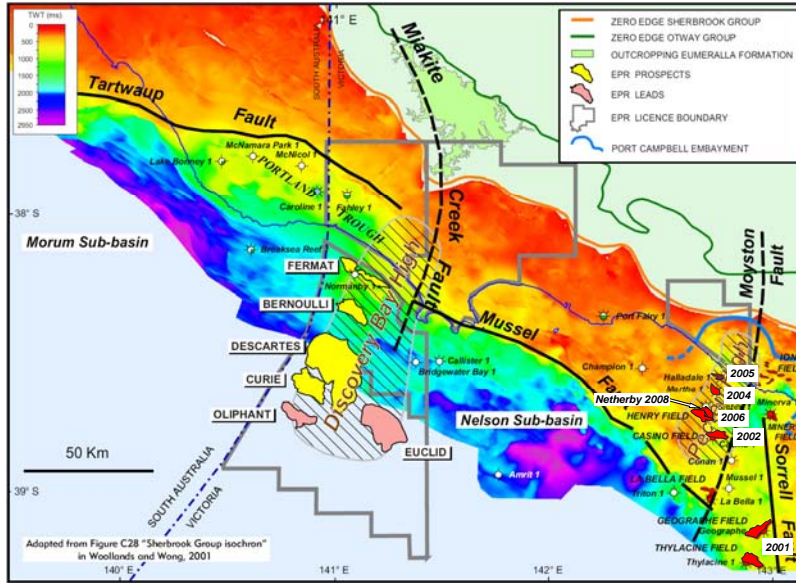
Discovery Bay High

	No. of Exploration Wells Drilled	No. of Dry Wells Drilled	Discovered Resource
Pre 2000	4	3	360 BCF(?)
Post 2000	0	0	

Essential Petroleum is ideally positioned to take advantage of the under explored Discovery Bay High

Source: GPINFO and Victorian Dep't of Primary Industries

~1.5 TCF gas discovered in the Offshore Otway Basin this Century



Offshore Prospect Resource Estimates

Tenement	Interest	Prospect	Target Formation	Total Estimated Mean Recoverable Prospective Resource	
				Oil	Gas
VIC/P46	25%	Fermat	Flaxman and Waarre A&C	N/a	1153 BCF
		Bernoulli	Waarre C	N/a	208 BCF*
		Kepler	Waarre C	N/a	374 BCF*
		Descartes	Oligocene	600 MMBbl	N/a
VIC/P50	100%	Euclid	Ponded Turbidite Post Shipwreck Unconformity	760 MMBbl	3,190 BCF
		Oliphant	Waarre C or Lower Sherbrook	200 MMBbl	780 BCF
		Curie	Upper Sherbrook	750 MMBbl	N/a
		Descartes	Oligocene	200 MMBbl	N/a

* Volumetrics calculated by Beach Petroleum, Operator



Summary

- The Pecten High has influenced the prospectivity and productivity of the eastern part of the Otway Basin
- The Discovery Bay High has similarly influenced the prospectivity of the central part of the basin
- The Pecten High and Shipwreck Trough host discovered reserves of more than 1.7 TCF most of which has been discovered this century
- The Discovery Bay High has the potential to host in excess of 3 TCF of gas resource and 2 billion barrels of oil resource
- This makes the Discovery Bay High a compelling exploration play fairway
- Essential Petroleum provides the best exposure and leverage to this exciting new play



Conclusion

- Essential Petroleum has established a permit portfolio with a unique exposure to the Discovery Bay High
- The under explored Discovery Bay High has the potential to be the next major hydrocarbon province in Australia's southern margins
- A sustainable flow of oil at East Wing will change the view of the Otway Basin as being a gas only basin
- A discovery in Essential Petroleum's offshore permits will mark the emergence of a major new hydrocarbon province



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