



## **ESSENTIAL PETROLEUM RESOURCES LIMITED QUARTERLY EXPLORATION REPORT FOR THE THREE MONTH PERIOD ENDED 30 JUNE 2009**

### **Highlights**

EPR withdraws from VIC/P46 in accordance with the provisions of the VIC/P46 JOA.

EPR is in ongoing discussions with Beach and Mitsui in relation to the resolution of EPR's liability. In conjunction with resolving this liability, EPR will seek to raise additional capital.

PEP 168 exposes EPR to the undiscovered potential of the Port Campbell Embayment.

East Wing proves that more gas can be found in the Port Campbell Embayment. EPR builds a compelling prospects and leads inventory based on its reinterpretation of Santos' 3D seismic surveys.

Recent studies highlight strong leads associated with the onshore part of the Pecten High in areas adjacent to the south-western extent of the 3D surveys.

A new play concept associated with the thick gas rich shales in the Eumeralla Formation is being investigated. If the validity of the play can be established in PEP 168, such plays are as productive as coal seam methane projects.

### **PEP 168 Interest – 100% Current Licence Year – 2 Expiry Date – 3 June 2012**

- The East Wing prospect was identified from EPR's remapping of the Santos 3D seismic surveys acquired in 2000 and 2001. East Wing is one of several Waarre prospects identified in the interpretation. A recent reassessment of these prospects estimates them to contain recoverable gas resources of 2 and 5 billion cubic feet each.
- Remapping of vintage 2D seismic data outside the limits of the 3D seismic has identified new leads in the south western and northern parts of the Port Campbell Embayment.
- The south western part is of particular interest because the area is on trend with highly productive offshore Waarre A discoveries on the Pecten High. The trend includes the Halladale and Blackwatch fields in the Victorian coastal waters immediately to the south of PEP 168.
- New seismic is required to delineate these opportunities and EPR believes that prospects and leads in these areas will have the combined potential to host recoverable gas resources of between 20 and 30 billion cubic feet.
- A preliminary study of the potential of the thick gas rich shales in the Eumeralla Formation to host significant recoverable gas is underway. This play concept has proved to be highly successful in North America and if the validity of the play can be established in PEP 168 it has the potential to be as big and productive as a coal seam methane project.

### **PRL 13 Interest – 20% Current Licence Year – 2 Expiry Date – 30 January 2012**

- EPR has declined to acquire an additional interest in PRL 13 which contains the Killanoola oil field. EPR considers on a risk reward basis its current level of interest will provide sufficient exposure to any improved reservoir performance.
- The retention license is in suspension pending transfer of operatorship.

**PEP 151 Interest – 75% Current Permit Year – 1, Renewed.**

- Recently completed seismic mapping over the Dartmoor Trough indicates that of the two structures targeted the northern “Digby West” lead appears robust and that reservoir in the Pretty Hill section appears to be present. The southern Dartmoor structure is less well defined.

**PEP 150 Interest – 20% Current Permit Year – 0 Expiry Date – N/A**

- The Permit remains as an Application pending finalisation of Native Title agreements.
- A number of leads have been identified during preliminary investigations. Of particular interest is the known oil accumulation at Lindon. EPR believes that in PEP 150, the Eumeralla Formation offers the best chance of sourcing significant accumulations of commercial oil in the Otway Basin.

**VIC/P46 Interest – 25% Current Permit Year – 6 Expiry Date – 27 Apr 2009**

- At the request of Beach as operator of VIC/P46 and in accordance with the provisions of the JOA, EPR has withdrawn from VIC/P46. EPR is therefore deemed to have transferred to Beach and Mitsui all of its right, title and beneficial interest in and under the JOA and the Permit.

**VIC/P50 Interest – 100% Current Permit Year – 3 (suspended), 4 (suspended), 5 Expiry Date – 16 Sept 2010**

- EPR continues to advise the relevant government authorities on progress toward a 3D seismic survey over the Euclid lead in VIC/P50. EPR understands while specified progress points are being achieved EPR may continue to seek approval that the Permit be kept in good standing.
- EPR continues to seek farminee(s) to the permit.

**ESSENTIAL PETROLEUM RESOURCES LTD  
PERMIT EXPENDITURE SUMMARY FOR THE QUARTER ENDED 30 JUNE 2009\***

Permit Number	Essential Petroleum Interest	Seismic Survey Expenditure	Geological & Geophysical Studies	Environment, Native Title & Permit Maint.	Drilling Expenditure	Total
PEP 151	75.00%	\$ 7,300	\$ -	\$ -	\$ -	\$ 7,300
PEP 150	20.00%	\$ -	\$ -	\$ -	\$ -	\$ -
VIC/P46	25.00%	\$ -	\$ -	\$ 16,635	\$ -	\$ 16,635
VIC/P50	100.00%	\$ -	\$ 2,985	\$ 17,075	\$ -	\$ 20,060
PRL 13	20.00%	\$ -	\$ -	\$ -	\$ -	\$ -
PEP 168	100.00%	\$ -	\$ 8,693	\$ 3,043	\$ 15,532	\$ 27,268
Non Specific	100.00%	\$ -	\$ -	\$ 1,215	\$ -	\$ 1,215
		\$ 7,300	\$ 11,678	\$ 37,968	\$ 15,532	\$ 72,478

\* This statement has been prepared based on accrual accounting principles

*John Remfry, Managing Director, Essential Petroleum Resources Limited has prepared this Quarterly Exploration Report.*

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# Appendix 5B

## Mining exploration entity quarterly report

Name of entity:

Essential Petroleum Resources Limited

ACN or ARBN

089 956 150

Quarter ended ("current  
quarter")

30 June 2009

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date ( 12 months) \$A'000
1.1 Receipts from product sales and related debtors	10	115
1.2 Payments for		
[a] exploration and evaluation	(184)	(2,683)
[b] development		
[c] production		
[d] administration	(79)	(861)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	2	107
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(251)</b>	<b>(3,322)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
[a] prospects	-	-
[b] equity investments	-	-
[c] other fixed assets	-	(1)
1.9 Proceeds from sale of:		
[a] prospects	-	-
[b] equity investments	-	-
[c] other fixed assets	-	-
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net Investing Cash Flows</b>	<b>-</b>	<b>(1)</b>
1.13 Total operating and investing cash flows (carried forward)	(251)	(3,323)

**Appendix 5B**

**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(251)	(3,323)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	250
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (payment in relation to capital raising)	-	-
<b>Net financing cash flows</b>		-	250
<b>Net increase (decrease) in cash held</b>		(251)	(3,073)
1.20	Cash at beginning of quarter/year to date	344	3,166
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	93	93

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

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	88.5
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

**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.

**Financing facilities available**

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	20,000*
4.2 Development	-
<b>Total</b>	<b>20,000*</b>

\* To date, the Company has not met its December 2008 and its 2009 cash call requirements for the Fermat-1 drilling operations. EPR is in ongoing discussions with Beach and Mitsui in relation to the resolution of EPR's liability.

**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:

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	47	32
5.2 Deposits at call	46	265
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>93</b>	<b>344</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	VIC/P46	Joint Venture	25%	0%
6.2 Interests in mining tenements acquired or increased				


## 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.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
<b>7.1 Preference securities</b> <i>(description)</i>				
<b>7.2 Changes during quarter:</b>				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
<b>7.3 Ordinary securities</b>	618,241,636	618,241,636		
<b>7.4 Changes during quarter:</b>				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
<b>7.5 Convertible debt securities</b> <i>(description)</i>				
<b>7.6 Changes during quarter:</b>				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
<b>7.7 Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
Employee Options		-		
Unlisted Options	3,000,000	-	10 cents	31/12/2009
<b>7.8 Issued during quarter</b>				
- Employee Options				
- Unlisted Options		-		
<b>7.9 Exercised during quarter</b>				
<b>7.10 Expired during quarter</b>				
<b>7.11 Debentures</b> <i>(total only)</i>				
<b>7.12 Unsecured notes</b> <i>(totals only)</i>				

# Compliance Statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act, 2001 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:   
\_\_\_\_\_  
(Director)

Date: 31 July 2009  
\_\_\_\_\_

Print Name: **John G Remfry**

## 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.