



ASX ANNOUNCEMENT

16 December 2002

Shares Issued from the Exercise of 1 December 2002 Options

The Directors of Essential Petroleum Resources Limited are pleased to announce that the issue of shares pursuant to the exercise of options and associated underwriting has now been completed.

The shares were allotted on a daily basis as a result of the exercise of 1st December 2002 options by option holders, except for those shares that were issued pursuant to the underwriting agreement which were issued and allotted on 12 December 2002 in accordance with ASX Listing Rules. A total of 23,188,586 shares have been allotted providing additional funding to Essential Petroleum totalling \$4,637,717 before costs.

The issued capital of the Company following this allotment is as follows:

| Number | Class |
|------------|---|
| 67,378,262 | Ordinary shares listed |
| 23,970,326 | Restricted fully paid ordinary shares |
| 3,500,000 | Restricted 30 June 2004 options exercisable at \$0.35 |
| 40,000 | 30 June 2004 Employee options exercisable at \$0.25 |
| 40,000 | 30 June 2005 employee options exercisable at \$0.25 |
| 100,000 | 30 June 2005 options exercisable at \$0.25 |
| 400,000 | 30 June 2004 options exercisable at \$0.35 |

Essential Petroleum's Managing Director, John Remfry, commented: "In announcing this very satisfactory outcome we would like to thank option – and shareholders and Intersuisse Corporate Pty Ltd for their continuing strong support. The proceeds of the option exercise will enhance the Company's financial position and its ability to derive benefit from its projects in the Otway Basin".

We look forward to the commencement of our drilling program in early January 2003. Koroit West No. 1, a follow up to the successful Port Fairy-1 oil and gas discovery, and later in the quarter Banganna-1 which will test the Pretty Hill Formation. (Origin Energy Petroleum Pty Ltd – Operator in both cases).

For more information, contact:

John Remfry
Managing Director
(03) 9699 3009

David Upton
Public Affairs Adviser
0409 440 615