

ASX ANNOUNCEMENT

22 August 2002

Essential Petroleum Resources Wins Tender for Otway Basin Offshore Permit

Essential Petroleum Resources wins tender for Otway Basin offshore permit against international and Australian majors

Essential Petroleum Resources Limited advises that it had been offered the offshore Otway Basin gazetted area V01-1 by the Commonwealth and Victorian State governments. The permit, to be called VIC/P50, lies immediately to the south of Essential Petroleum's VIC/P46.

The permit was offered after a competitive bidding process involving a number of international and major Australian oil and gas companies.

Essential Petroleum's Chairman, John Cornelius, said that the offer, for which Essential Petroleum has 30 days to accept, exceeded the core Otway Basin acreage acquisition strategy devised by Exploration Director, Mr Roger Blake, and Managing Director, Mr John Remfry as set out in the Company's November 2000 prospectus.

"Essential Petroleum now holds a strategic position in the most favourable onshore and offshore acreage and remains the only listed explorer with a prime focus on the Otway Basin."

Mr Cornelius added that Essential Petroleum acreage was acquired at zero premium, either through Government award or farmin, thus creating substantial value for shareholders.

Mr Blake said that prospects in the VIC/P50 and VIC/P46 permit areas have been studied extensively and mapped by Essential Petroleum.

"Four distinct play types have been mapped in the areas, giving us a wide range of exploration opportunities. The permits include significant Waarre Formation prospects, similar to those of the giant gas discoveries at Thylacine and Geographe, reported to be 600 BCF and 200 BCF respectively.

"Essential Petroleum Resources has also mapped giant, potentially oil bearing Turbidite prospects lying within Vic P/46 and Vic P/50 permit areas. The Turbidite prospects have been mapped using geological models based on similar prospects located in deepwater continental margins such as West Africa, South America and the United States Gulf Coast area," Mr Blake said.

He said the Descartes prospect, for example, straddling the boundary of VIC/P46 and VIC/P50, had been mapped to contain potential unrisked reserves of 2.2 billion barrels of oil.

Mr Remfry said that major Australian and international explorers had approached Essential Petroleum with a view to farming in to the VIC/P46, held 100% by Essential Petroleum.

"Now that VIC/P50 has been offered I expect the two permit areas will be explored in tandem, with a seismic survey being planned for later this year.

Mr Remfry added that interest in the Otway Basin is increasing following Santos Ltd's announcement of the imminent drilling of Casino No. 1 in the exploration permit VIC/P44 to the east of Essential Petroleum's VIC/P46.

Enquiries: Mr John Remfry, Managing Director
Phone: (03) 9699 3009
Facsimile: (03) 9699 3110
Email: info@eprl.com.au



"The Casino prospect is a Waarre Formation target and is expected to be spudded in the next week. Although we do not hold an interest in the permit, we will be closely following the well for its impact on the prospectivity of the offshore Otway Basin."

A handwritten signature in black ink that reads 'John Remfry'.

John Remfry
Managing Director

Enquiries: Mr John Remfry, Managing Director
Phone: (03) 9699 3009
Facsimile:(03) 9699 3110
Email:info@epri.com.au