



**Essential
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ASX ANNOUNCEMENT

9 February 2006

Inland Oil Resources Pty Ltd to Farmin to PEP 151

Essential Petroleum Resources Limited (ASX Code: EPR) is pleased to advise that Inland Oil Resources Pty Ltd (IOR) has agreed to earn a 25% interest in PEP151. The permit is in the onshore Victorian Otway Basin, northwest of Portland, and is currently held 100% by Essential Petroleum Resources Limited.

IOR is a wholly owned subsidiary of privately owned IOR Energy Pty Ltd. IOR Energy Pty Ltd was first established in 1984 and is engaged in oil exploration, production, refining, marketing and petroleum process engineering. IOR Energy has become a leader in oilfield development, production and refining in remote onshore locations. IOR Energy's considerable skills in surface facilities and downstream activities will be invaluable to the PEP 151 Joint Venture in the anticipated event of discovery. EPR welcomes IOR as a joint venture partner.

IOR joins Bass Strait Oil Company Limited (BAS) which is also earning a 25% interest and Essential Petroleum in the Otway Basin permit PEP 151 in one of the most exciting onshore oil opportunities on offer.

Pritchard-1 Farmin

IOR and BAS will earn their interests in PEP 151 through funding the drilling of Pritchard-1 well to the Pebble Point Formation/Timboon Sandstone at the base of the Tertiary. The Pritchard-1 well is expected to be drilled in early March 2006 subject to rig availability.

The Pritchard-1 well will test a series of stacked targets within the predicted oil fairway on the flanks of the Portland Trough. The primary target is the Pebble Point Formation at the base of the Tertiary with secondary targets in the lower Sherbrook Group. The Pebble Point play has generated multiple oil shows and recoveries in PEP 151 and adjacent areas.

The Pritchard Prospect is a fault-independent closure which at the Pebble Point horizon has a potential mapped volume of 4 million barrels of recoverable oil. The deeper Sherbrook Group reservoir has a potential mapped median volume of 10 million barrels of recoverable oil or 17 billion cubic feet of recoverable gas.

Pritchard-1 is significant because it is the first well in the Portland Trough to test a significant fault-independent closure. This is a major positive factor in the Otway Basin, where leakage related to faulting is an ever-present risk.



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Portland Trough Oil Fairway

The Portland Trough is a northwest-southeast oriented structural feature about 100 kilometres long and 30 kilometres wide, extending from offshore to onshore in the vicinity of Portland.

Essential Petroleum acreage over the Portland Trough is extensive, and includes PEP 151, PEP 150 and VIC/P46 immediately offshore.

The Portland Trough is unusual in the Otway Basin because of its thick loading of early Tertiary age sediments. This loading has pushed the source rocks through the oil generation window. Hydrocarbons generated in the Portland Trough "kitchen" is likely to have migrated via faults and permeable sediment layers into hydrocarbon traps such as the Pritchard anticline

Essential Petroleum's geological modelling predicts the presence of oil on the flanks of the Portland Trough. The presence of oil has been indicated by a series of oil shows from earlier drilling in the region, including Lindon 1 (drilled in 1984) and Windemere 1 (1987).

A discovery at Pritchard-1 would highlight a series of follow up targets within the Portland Trough with the potential to host, on an unrisksed basis, in excess of 100 million barrels of oil.

John Remfry
Managing Director

For more information, contact:

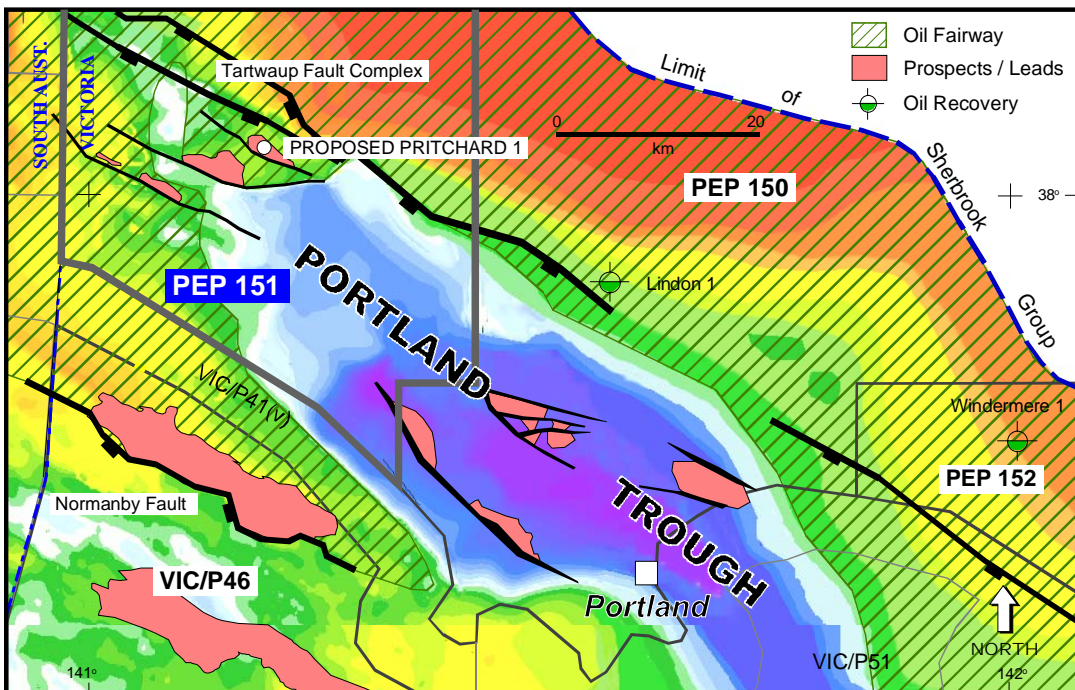
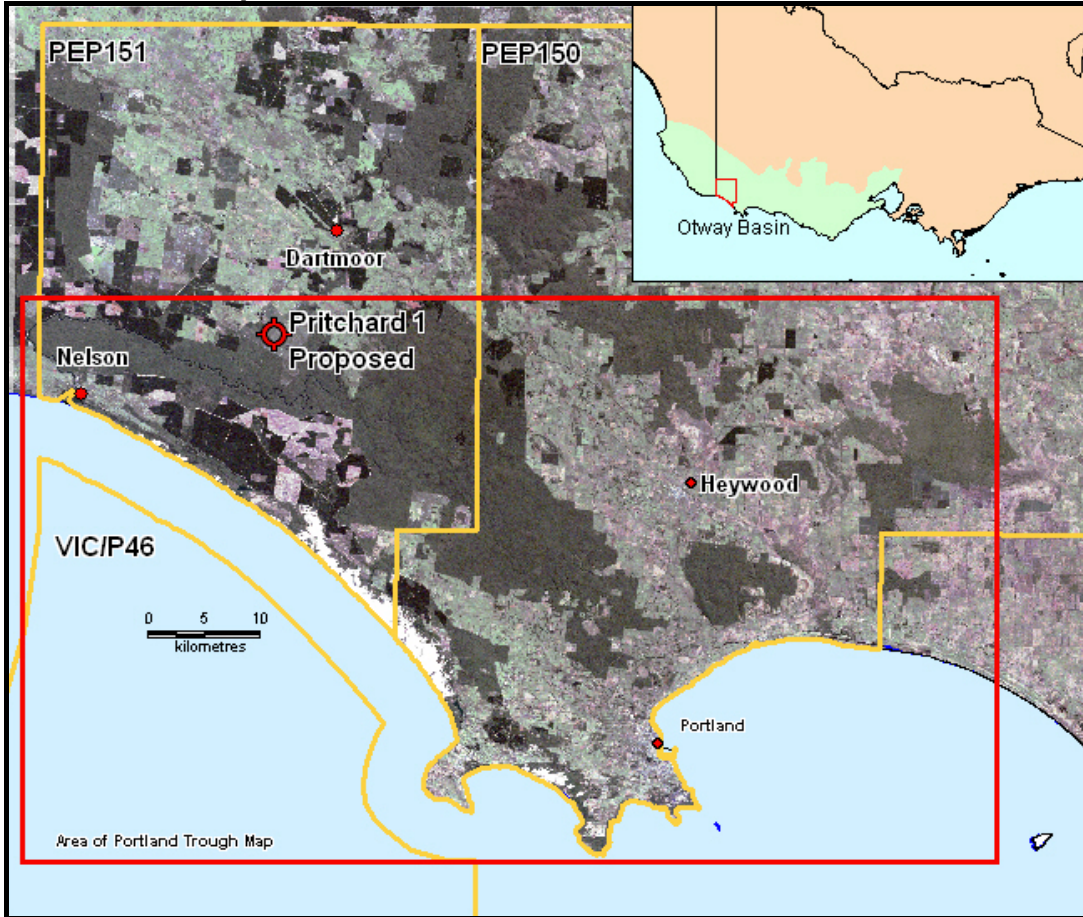
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Location of Proposed Pritchard-1 Well.





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