

ASX ANNOUNCEMENT

22 October 2007

Essential Petroleum Resources Limited Non-Renounceable Rights Issue and Public Issue – Listing Rule 3.10.3

Essential Petroleum Resources Limited (*EPR*) has today lodged a prospectus seeking to raise approximately \$10,000,000 by way of an offer of New Ordinary Shares which has two components:

1. a 1 for 2 non-renounceable rights issue to Existing Shareholders at \$0.04 per share to raise \$6,023,355 (*the Rights Issue*); and
2. a public offer for 100,000,000 New Ordinary Shares at \$0.04 per share to raise \$4,000,000 (*the Public Offer*).

In accordance with ASX Listing Rule 3.10.3, we **enclose** the following information:

- a) in relation to the Rights Issue, an Appendix 3B; and
- b) in relation to the Public Offer, certain information relating to the Public Offer.



John Remfry
Managing Director

For more information, contact:

John Remfry
Managing Director
Essential Petroleum
Tel: (03) 9699 3009

Ian Howarth
Farrington National
Tel: (03) 9223 2465
Mobile: 0407 822 319

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

ESSENTIAL PETROLEUM RESOURCES LIMITED

ABN

38 089 956 150

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | FULLY PAID ORDINARY SHARES |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | APPROXIMATELY 150,583,879. THE ASX WILL BE NOTIFIED OF THE EXACT NUMBER AFTER THE CLOSING DATE FOR ACCEPTANCES. |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | SHARES WILL RANK PARI PASSU WITH EXISTING FULLY PAID ORDINARY SHARES |

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>YES</p>					
<p>5 Issue price or consideration</p>	<p>\$0.04 PER SHARE</p>					
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>SHARES ISSUED PURSUANT TO A NON-RENOUNCEABLE RIGHTS ISSUE TO RAISE \$6,023,355 PURSUANT TO A PROSPECTUS DATED 22 OCTOBER 2007. THE FUNDS WILL BE USED TO UNDERTAKE EXPLORATION ACTIVITIES MORE PARTICULARLY DESCRIBED IN THE NON-RENOUNCEABLE RIGHTS ISSUE AND PUBLIC OFFER PROSPECTUS.</p>					
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>3 DECEMBER 2007</p>					
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="766 1467 1069 1512">Number</th> </tr> </thead> <tbody> <tr> <td data-bbox="766 1512 1069 1724">451,751,636</td> </tr> </tbody> </table>	Number	451,751,636	<table border="1"> <thead> <tr> <th data-bbox="1069 1467 1361 1512">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="1069 1512 1361 1724">FULLY PAID ORDINARY SHARES</td> </tr> </tbody> </table>	+Class	FULLY PAID ORDINARY SHARES
Number						
451,751,636						
+Class						
FULLY PAID ORDINARY SHARES						

+ See chapter 19 for defined terms.

<p>9 Number and ⁺class of all ⁺securities not quoted on ASX (<i>including</i> the securities in clause 2 if applicable)</p>	<p>Number 3,000,000</p>	<p>⁺Class OPTIONS EXERCISABLE AT \$0.10 ON OR BEFORE 31 DECEMBER 2009.</p>
<p>10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)</p>	<p>THE DIRECTORS OF THE COMPANY MAY FROM TIME TO TIME DETERMINE TO DISTRIBUTE THE PROFITS OF THE COMPANY BY WAY OF DIVIDEND AMONGST THE SHAREHOLDERS IN PROPORTION TO THE AMOUNTS PAID UP ON THE SHARES HELD BY THEM</p>	

Part 2 - Bonus issue or pro rata issue

<p>11 Is security holder approval required?</p>	<p>NO</p>
<p>12 Is the issue renounceable or non-renounceable?</p>	<p>NON-RENOUNCEABLE</p>
<p>13 Ratio in which the ⁺securities will be offered</p>	<p>1 NEW ORDINARY SHARE FOR EVERY 2 SHARES HELD ON THE RECORD DATE.</p>
<p>14 ⁺Class of ⁺securities to which the offer relates</p>	<p>ORDINARY SHARES</p>
<p>15 ⁺Record date to determine entitlements</p>	<p>30 OCTOBER 2007 – CLOSE OF TRADING</p>
<p>16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?</p>	<p>NO</p>
<p>17 Policy for deciding entitlements in relation to fractions</p>	<p>FRACTIONAL ENTITLEMENTS WILL BE ROUNDED UP TO THE NEAREST WHOLE NUMBER OF SHARES.</p>

+ See chapter 19 for defined terms.

18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents	<p>BRUNEI FRANCE GREAT BRITAIN IRELAND MALAYSIA NETHERLANDS NEW ZEALAND SINGAPORE SOUTH AFRICA TAIWAN UNITED STATES OF AMERICA</p>
	<p>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</p>	
19	Closing date for receipt of acceptances or renunciations	23 NOVEMBER 2007
20	Names of any underwriters	<p>BELL POTTER SECURITIES LIMITED AND COMMONWEALTH SECURITIES LIMITED</p>
21	Amount of any underwriting fee or commission	<p>THE COMPANY HAS AGREED TO PAY THE UNDERWRITERS:</p> <ul style="list-style-type: none"> • AN UNDERWRITING FEE EQUAL TO 5%; AND • A MANAGEMENT FEE EQUAL TO 0.7%, <p>OF THE VALUE OF THE TOTAL AMOUNT RAISED UNDER THE RIGHTS ISSUE</p>
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	N/A
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	5 NOVEMBER 2007

+ See chapter 19 for defined terms.

27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Despatch date	3 DECEMBER 2007

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

+ See chapter 19 for defined terms.

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought
- 39 Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?
- If the additional securities do not rank equally, please state:
- the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
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+ See chapter 19 for defined terms.

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

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42 Number and +class of all +securities quoted on ASX (*including* the securities in clause 38)

Number	+Class

+ See chapter 19 for defined terms.



Quotation agreement

1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:
(Company secretary)

Date: 22 October 2007

Print name: Alfonso Grillo

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+ See chapter 19 for defined terms.



**Listing Rule 3.10.3
Public Offer information**

In accordance with ASX Listing Rule 3.10.3, Essential Petroleum Resources Limited (*EPR*) gives notice to the ASX the following information in relation to a Public Offer of 100,000,000 New Ordinary Shares:

Class of securities to be issued	Fully paid ordinary shares
Number of securities to be issued or maximum number which may be issued	100,000,000
Principal terms of the securities to be issued	The New Ordinary Shares will rank pari passu with all other existing fully paid ordinary shares.
Issue price or consideration	\$0.04 per New Ordinary Shares
Purpose of the issue	The funds will be used to undertake exploration activities more particularly described in the Non-Renounceable Rights Issue and Public Offer Prospectus.
Will EPR seek security holder approval in relation to the proposed issue of securities	Yes. Shareholder approval is sought under Resolution 2 of the Notice of Annual General Meeting dated 22 October 2007.
Will the issue be to a class of security holders	The Public Offer of 100,000,000 New Ordinary Shares is open to members of the public.

+ See chapter 19 for defined terms.