

ASX ANNOUNCEMENT

28 November 2007

Essential Petroleum finalises \$10 million capital raising to exploit Opportunities in the Otway Basin in Southeastern Australia

Essential Petroleum Resources Limited ("Essential Petroleum"; ASX: EPR) confirm that the closing date for the acceptances under the Rights Issue and Public Offer was 23 November 2007.

The Company raised \$10,023,355 (before costs) by way of an Offer of New Ordinary Shares which had two components:

1. a 1 for 2 Non-Renounceable Rights Issue to existing shareholders to raise \$6,023,355 (Rights Issue) from the issue of 150,583,879 new ordinary shares at 4 cents per new ordinary share; and
2. a Public Offer to raise \$4,000,000 (Public Offer) from the issue of 100,000,000 new ordinary shares at 4 cents per new ordinary shares.

The Rights Issue and Public Offer are both jointly underwritten by Bell Potter Securities Limited and Commonwealth Securities Limited. It is a term of the underwriting arrangement that EPR's major shareholder, Peter J Woodford, provide firm sub-underwriting for 32.32% of the Rights Issue (in lieu of taking his rights) and the Public Offer.

After taking into account the firm allocations to be made to Peter J Woodford, the shortfall under the Rights Issue was 17,961,688 shares. The shortfall has been taken up by existing shareholders who applied for additional shares under the Rights Issue and the underwriters.

The Public Offer was fully subscribed.

The net proceeds of the Offer will primarily be used to fund the Company's participation in the following:

- the drilling of up to 3 exploration wells in the first quarter of the 2008 calendar year in the recently awarded PEP 168. The Company intends to drill at least 2 wells, and depending on the drill results, the Company may drill a third well;
- the work-over and extended production test of the Killanoola oil discovery in PRL 13;
- the advance payment associated with securing vessels for proposed seismic surveys in VIC/P50;
- the onshore seismic acquisition in PEP 150 and PEP 151;
- the seismic processing costs associated with the Bernoulli 3D seismic survey in VIC/P46; and



- the pre-drill well related costs for the offshore exploration well to be drilled in VIC/P46 in the latter part of 2008.

The Managing Director of Essential Petroleum, John Remfry, said that “we are very pleased with the results of the capital raising. We thank the existing and new shareholders for their support and we look forward to commencing a very exciting exploration and appraisal program in early 2008.”

Important Dates for Shareholders:

Quotation of New Ordinary Shares on a deferred settlement basis	Monday 26 Nov 2007
Notify ASX of undersubscriptions	Wednesday 28 Nov 2007
Dispatch of Holding Confirmation Statements to Shareholders	Monday 3 Dec 2007
Expected Date of Quotation of New Ordinary Shares On a normal “T+3” basis	Tuesday 4 Dec 2007

A handwritten signature in blue ink that reads "John Remfry".

John Remfry
Managing Director

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About Essential Petroleum:

Essential Petroleum Resources Limited (“Essential Petroleum”) is a junior oil and gas explorer listed on the Australian Securities Exchange (ASX Code: EPR). The Company’s principal assets are its onshore and offshore exploration tenements in the Otway Basin, which is located in South Eastern Australia. This region of Essential Petroleum’s strategic focus has established production and the potential for further hydrocarbon discoveries to supply the growing Australian energy market. Essential Petroleum is well positioned with its extensive exploration acreage and prospects to potentially play an important role in this market.

Figure 1: Location Map of Essential Petroleum’s onshore and offshore tenements, and the Company’s interests, in the Otway Basin, Southeastern Australia.

