



**Essential  
Petroleum  
Resources  
Limited**

## **ASX ANNOUNCEMENT**

**22 October 2007**

### **Essential Petroleum to raise approximately \$10 million, fully underwritten, to exploit Opportunities in the Otway Basin in Southeastern Australia**

Essential Petroleum Resources Limited ("Essential Petroleum"; ASX: EPR) is pleased to announce that approximately A\$10 million of new equity will be raised to fund exploration and development opportunities in the Company's significant Otway Basin exploration portfolio in Southeastern Australia.

The Company will raise \$10,023,355 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 to raise \$6,023,355 (Rights Issue); and
2. a Public Offer to raise \$4,000,000 (Public Offer).

The Offer is fully underwritten by Bell Potter Securities Limited and Commonwealth Securities Limited (CommSec). The new ordinary shares will be issued at an issue price of 4 cents per new ordinary share. This represents a 34.53% discount to the 5 day volume weighted average price at which shares in the Company traded on the ASX during the 5 trading days immediately preceding announcement of the Offer.

Essential Petroleum has a unique exposure to the Otway Basin. This basin has discovered reserves in excess of 1.7 trillion cubic feet of natural gas and production from several gas provinces. The Otway Basin will continue to play an important role in the supply of natural gas to the growing eastern Australian energy market.

The Company has secured a large acreage position both onshore and offshore in the Otway Basin and has built an exciting portfolio of tenements. The tenements held by the Company have the combined potential to host over 5 trillion cubic feet of recoverable gas Resource and more than 2 billion barrels of recoverable oil resource.

The Discovery Bay High play fairway is now being recognised as having the potential to be the next major hydrocarbon province within Australia's southern margins.

Essential Petroleum's significant exposure to the Discovery Bay High provides an excellent leverage opportunity for existing and new shareholders who can participate in this Offer.

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.

Essential Petroleum's tenements, and the Company's interests, onshore and offshore in the Otway Basin are shown in Figure 1.

The Managing Director of Essential Petroleum, John Remfry, said that "this is an exciting time for Essential Petroleum as the company progresses towards exploiting the exploration opportunities it has built up in its large acreage position and first class prospect inventory. Essential Petroleum's onshore tenements in the Otway Basin, such as PEP 168 in which Essential Petroleum has a 50% working interest, offer low cost exploration and development opportunities with a high chance of success. Gas discoveries in close proximity to existing infrastructure will permit rapid development and cost effective commercialisation which will lead to early generation of cash flow."

"Essential Petroleum's offshore tenements in the Otway Basin, VIC/P46 and VIC/P50, offer the potential to generate significant shareholder wealth. The analysis of the petroleum systems and play fairways associated with the Discovery Bay High has led to the identification of several major prospects. A discovery in any one of these high risk and high reward prospects would be a company maker", John Remfry said.

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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.

