



Essential  
Petroleum  
Resources  
Limited

ABN 38 089 956 150

000001

000

EPR

MR JOHN SMITH 2

FLAT 123

123 SAMPLE STREET

THE SAMPLE HILL

SAMPLE ESTATE

SAMPLEVILLE VIC 3030



22 October 2007

Dear Shareholder

### Non-Renounceable Rights Issue and Public Offer

Essential Petroleum Resources Limited (*the Company*) is seeking to 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 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*).

The Rights Issue and the Public Offer are fully underwritten by the Underwriters, Bell Potter Securities Limited and Commonwealth Securities Limited.

### Use of Funds

The net proceeds of the Rights Issue and the Public 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.

## Prospectus sent to shareholders

On or around 5 November 2007, the Company will send to eligible shareholders a copy of the Prospectus, together with an Entitlement and Acceptance Form setting out each shareholder's Entitlement under the Rights Issue

The Prospectus contains detailed instructions on what you must do in order to take up all or part of your Entitlement under the Rights Issue and/or subscribe for additional New Ordinary Shares. We recommend that you read the Prospectus in its entirety before deciding to take any course of action.

Under the Rights Issue, the shares will trade ex-rights on 24 October 2007 and will have a record date of 30 October 2007. The Public Offer will open at 8.30am (AEST time) on 5 November 2007. Both the Rights Issue and the Public Offer close at 5.00pm (AEST time) on 23 November 2007 (unless otherwise amended by Essential Petroleum Resources Limited).

## Foreign Shareholders

The Company has decided that it is not practicable to make the Rights Issue to foreign shareholders who have a registered address in a country other than Australia or New Zealand having regard to the number of Shareholders in such places, the number and value of New Ordinary Shares they would be offered, and the substantial costs of complying with the legal and regulatory requirements of those other jurisdictions.

If you have any questions as to what you should do in relation to the Rights Issue, we recommend that you contact a stockbroker or other professional adviser without delay.

The Prospectus has been lodged with the ASX and is available for viewing on Essential Petroleum Resources Limited's website at [www.essentialpetroleum.com.au](http://www.essentialpetroleum.com.au). Persons who access the electronic version of this Prospectus must ensure that they download and read the entire Prospectus.



**John Remfry**  
Managing Director

## For more information, contact:

John Remfry  
Managing Director  
Essential Petroleum Resources  
Tel: (03) 9699 3009  
Fax: (03) 9699 3110  
Email: [info@eprl.com.au](mailto:info@eprl.com.au)

or

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

For personal use only

## Essential Petroleum Resources Limited Non-Renounceable Rights Issue - information sheet

The following information is provided to share holders in accordance with ASX Listing Rules. Full details of the Offer are contained in the Prospectus which will be sent to you on or about 5 November 2007.

Is security holder approval required?	No
Is the issue renounceable or non-renounceable?	Non-Renounceable
Ratio in which the <sup>+</sup> securities will be offered	1 fully paid share for every 2 shares held at 7.00pm AEST time on 30 October 2007.
<sup>+</sup> Class of <sup>+</sup> securities issued or to be issued	Fully paid shares
Number of <sup>+</sup> securities issued or to be issued (if known) or maximum number which may be issued	150,583,879
Do the <sup>+</sup> securities rank equally in all respects from the date of allotment with an existing class of securities	Yes
<sup>+</sup> Record date to determine entitlements	30 October 2007
Policy for deciding entitlements in relation to fractions	Rounded up to the nearest whole number
Names of countries in which the entity has <sup>+</sup> security holders who will not be sent new issue documents  Note: Security holders must be told how their entitlements are to be dealt with.  Cross reference: rule 7.7.	Brunei France Great Britain Ireland Malaysia Netherlands New Zealand Singapore South Africa Taiwan United States of America
Closing date for receipt of acceptances or renunciations	5.00pm AEST time on 23 November 2007
Name of any underwriters	Bell Potter Securities Limited Commonwealth Securities Limited
Amount of any underwriting fee or commission	The Company has agreed to pay the underwriters: <ul style="list-style-type: none"> <li>• an underwriting fee equal to 5%; and</li> <li>• a management fee equal to 0.7%,</li> </ul> of the value of the total amount raised under the Rights Issue.
Names of any brokers to the issue	N/A
Fee or commission payable to the broker to the issue	N/A
Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	5 November 2007
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
Despatch date	3 December 2007

For personal use only