



Essential
Petroleum
Resources
Limited

Investor Presentation and Capital Raising

October 2007

Presented by
John Remfry
Managing Director

Essential Petroleum Resources Limited
ABN 38 089 956 150

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Essential Petroleum's corporate strategy is to:

- **Focus exclusively on the Otway Basin in southeastern Australia which has discovered reserves in excess of 1.7 TCF**
- **Develop a first class prospect inventory by targeting:**
 - **Small to medium oil and gas accumulations in known onshore hydrocarbon provinces**
 - **Very large oil and gas plays on the continental margin of the offshore Otway Basin**
- **Provide the best leverage opportunity for Essential Petroleum's shareholders in the Company's areas of interest**

Company Snapshot

ASX Code	EPR
Listed	Feb 2001
Share price (5 Day VWAP)	\$0.0611
Shares on Issue	301,167,757
Market cap. (pre raising)	\$18.4m (approx)
Number of Shareholders	1,450 (approx)
Major Shareholders	Mr Peter John Woodford: 32.3% Mr David Neate: 12.6% Top 20 shareholdings: 67.0% Directors and Mgt shareholdings: approx 2.5%

Directors & Executives

John Cornelius
Non-Executive
Chairman

John has been involved in the natural resources and mining industries in accounting, secretarial and management roles for more than 35 years.

John Remfry Managing
Director and CEO

John has over 30 years experience in all aspects of petroleum exploration. He has considerable experience in the management of small to medium sized enterprises in the resource and technology industries.

Garrick Higgins
Non-Executive Director

Garrick has over 20 years experience as a lawyer, working extensively in commercial law and capital raisings. He is currently a partner with the law firm TressCox Lawyers Garrick is also a Non-Executive Director of Jervois Mining Limited.

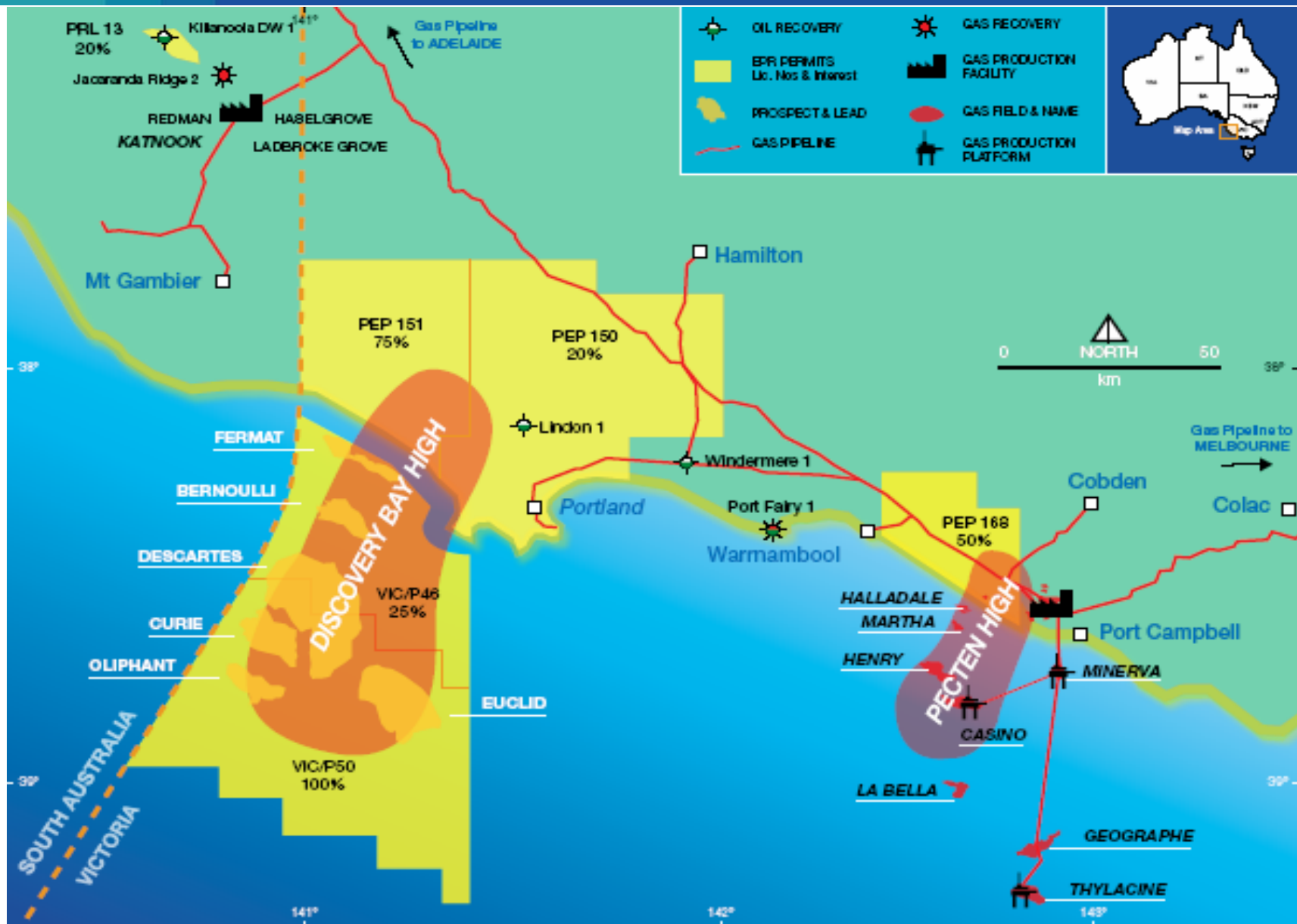
Alfonso Grillo
Company Secretary

Alfonso is a partner with Tresscox Lawyers and has expertise in various aspects of commercial law, including company meeting practice and corporate governance procedures, fundraising and fundraising documentation, ASX Listing Rules and mergers and acquisitions. Alfonso is also company secretary for Panaegis Gold Mines Limited

Andrew Gould
General Manager,
Corporate Development

Andrew has been involved in the Energy sector for over 10 years, including senior executive roles with Orchard Petroleum Limited, Pacific Hydro Limited and United Energy Limited. Andrew was also a director of JB Were Corporate Services Limited.

Otway Basin Permit Portfolio



Maximise the potential value of onshore discoveries by:

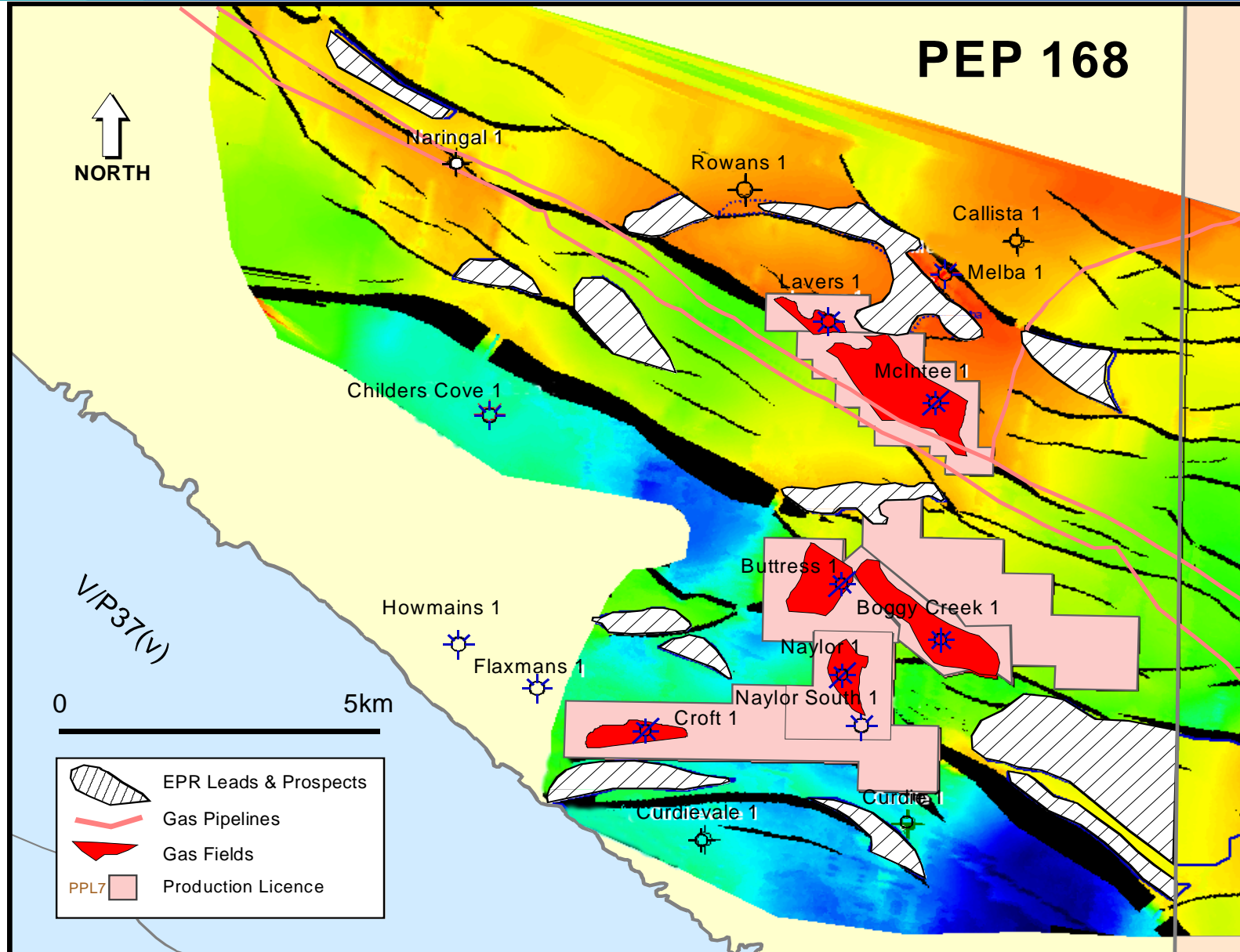
- **Exploiting the Port Campbell Embayment gas province through low cost, exploration and development drilling near existing gas fields**
- **Ensuring proximity to existing infrastructure to promote rapid low cost development**
- **Using modern technologies to achieve sustainable and commercially viable flow rates and recovery of oil resources in existing discoveries**
- **Generating early revenue from discovered resources through access to existing infrastructure and the energy hungry markets in Southeast Australia**

Summary of Onshore Prospects

Essential Petroleum's objective is to maximise the potential value of its onshore prospects

Tenement	Interest	Prospect (P) Lead (L)	Target Formation	Estimated P50 in Place Prospective Resource	Estimated P50 Recoverable Prospective Resource	Partner (s)
PEP168	50%	Bailey (P)	Waarre C	17.7 BCF	9.7 BCF	Inland Oil Resources
		Callaghan (P)	Waarre C	14.7 BCF	8.1 BCF	
		Ayrford (L)	Waarre C	14.9 BCF	8.2 BCF	
PRL13	20%	Killanoola (P)	Pretty Hill	7.0 MMBbl	0.8 MMBbl	Beach Petroleum; Origin Energy
PEP150	20%	Lindon (L)	Pebble Point Upper Sherbrook	N/A	N/A	Beach Petroleum; Inland Oil Resources; Bass Straight Oil Co
PEP151	75%	Morum Sub- basin	2D Seismic	N/A	N/A	Inland Oil Resources

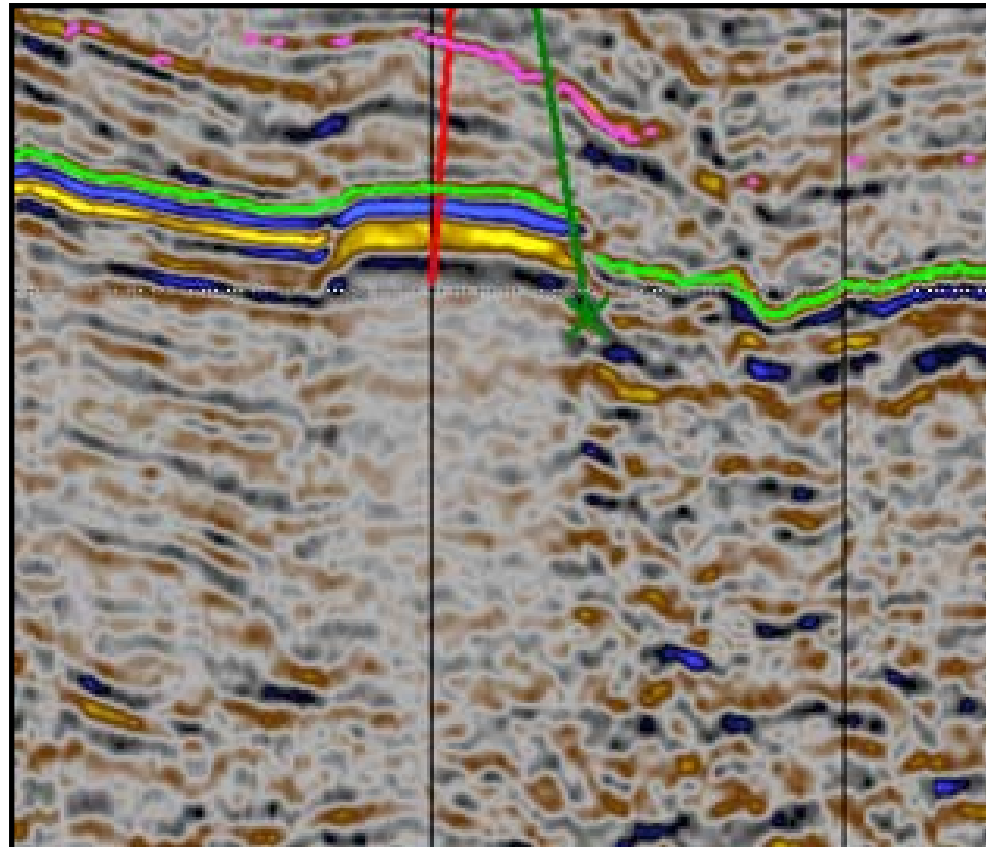
Near Field Leads and Prospects



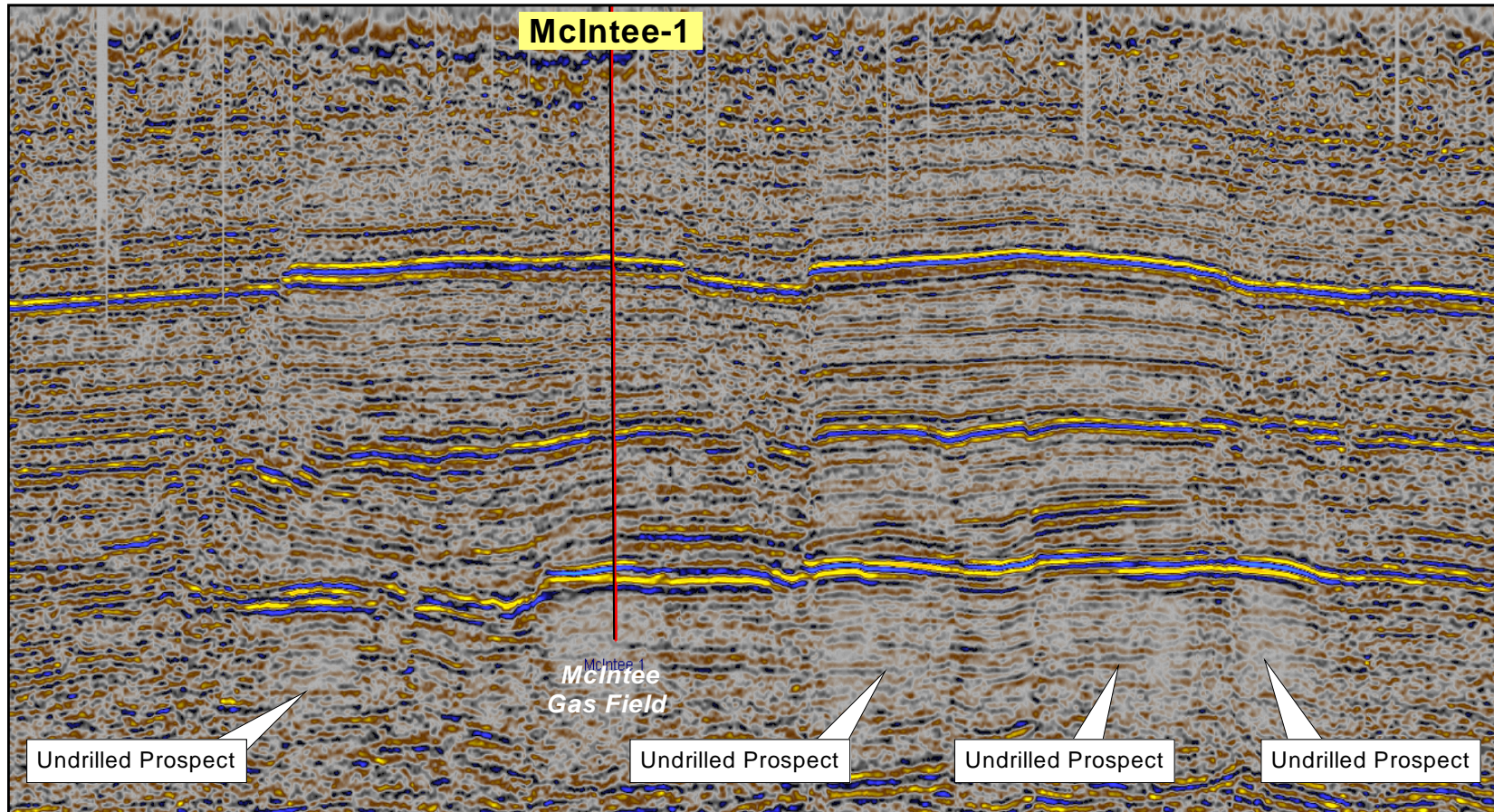
Prospectivity is guided by Direct Hydrocarbon Indicators

Seismic data shows improved amplitudes (brightness) over gas accumulations, and a corresponding dimming of amplitudes immediately below the gas. Essential Petroleum has used this feature to identify numerous undrilled opportunities in the area

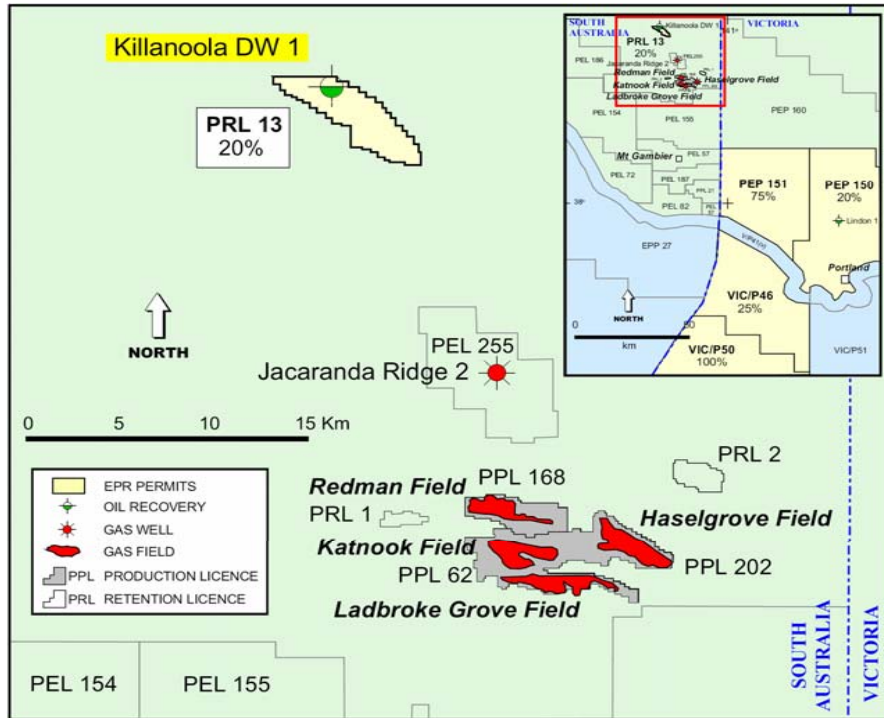
McIntee Gas Field DHI



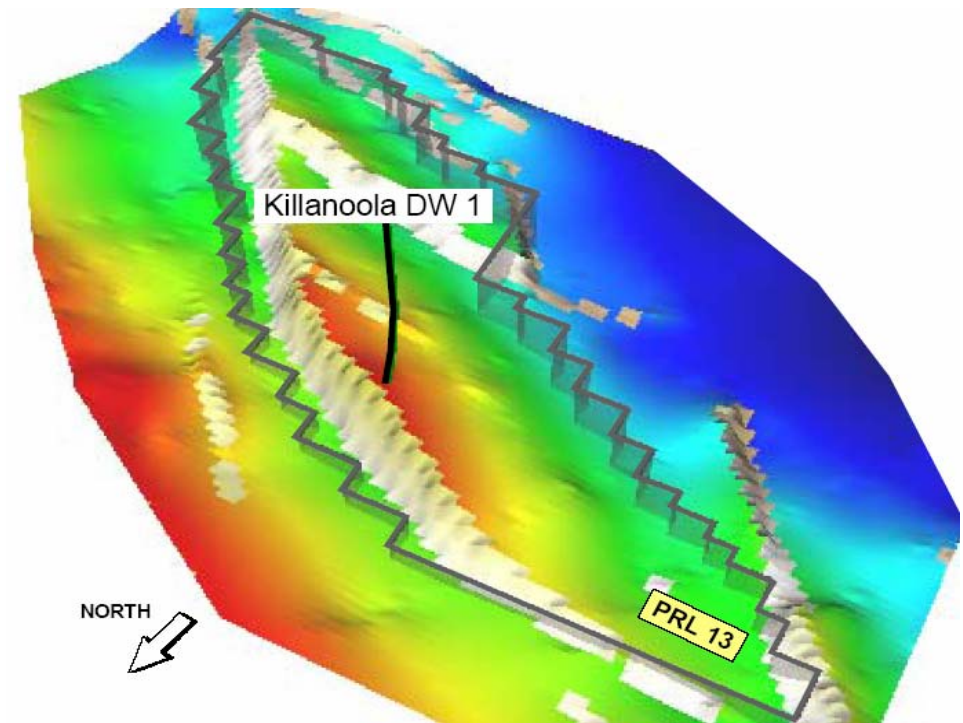
Composite line connecting several undrilled prospects and the McIntee gas field



Oil Discovery – Killanoola PRL 13, SA



Perspective view of the top of the Sawpit Sandstone reservoir.



In 1999 Killanoola DW-1 produced 1000 bbls of high viscosity oil on EPT with a stabilised flow rate of 25-30 bbls/day.

The application of the latest technology is expected to improve both the flow rate and the recovery.

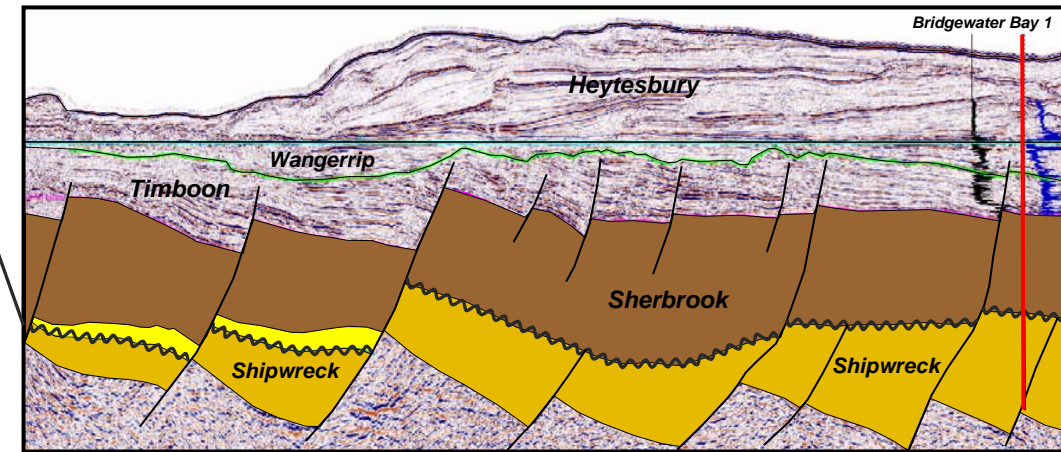
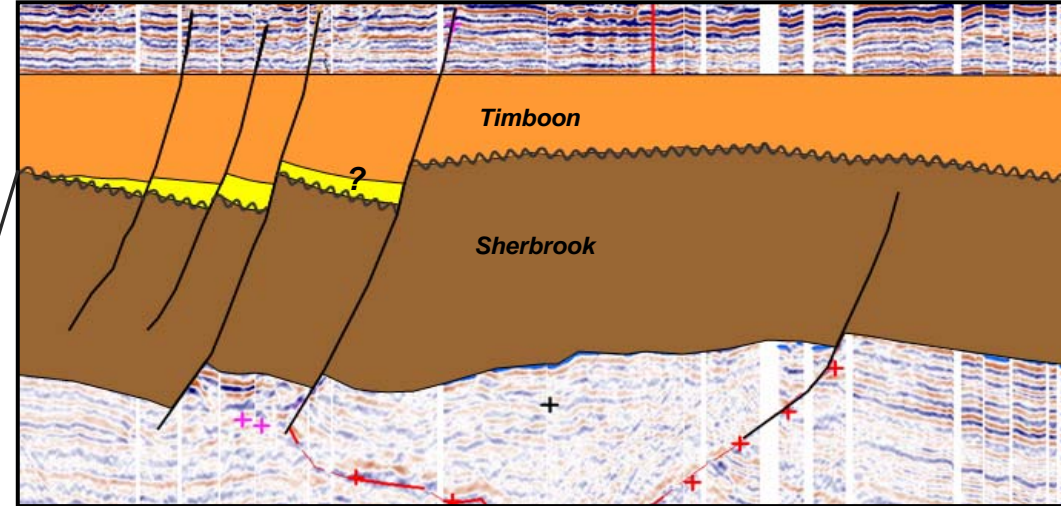
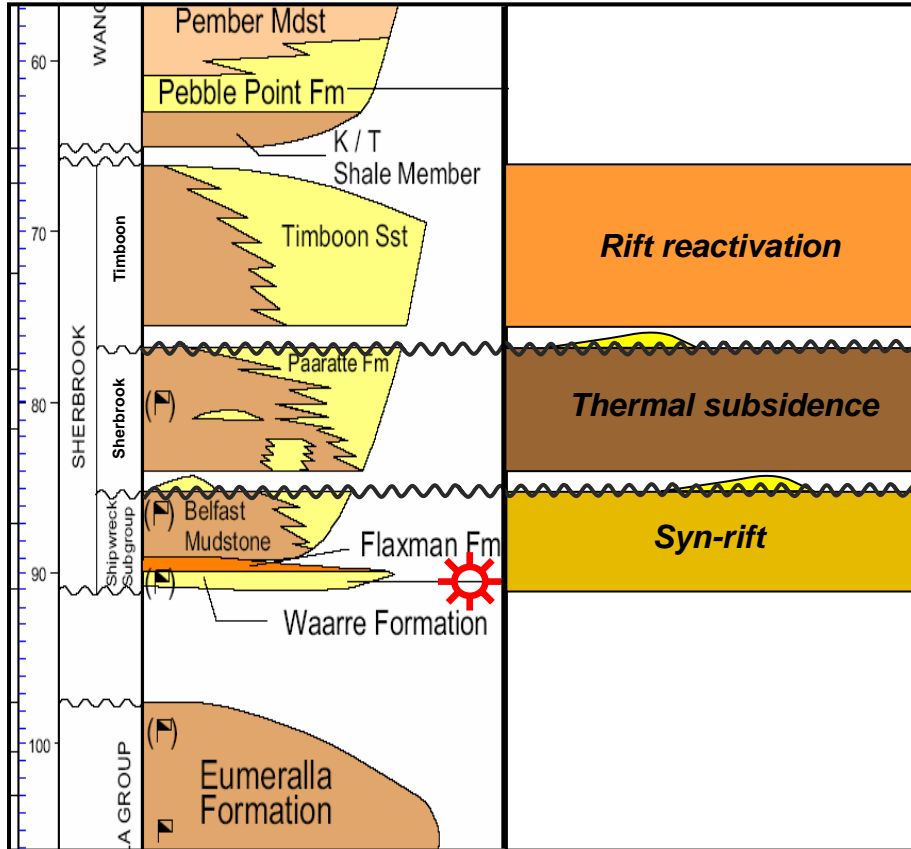
Generate significant shareholder wealth by:

- **Identifying petroleum systems and play fairways associated with the continental breakup in the Upper Cretaceous section of the Otway Basin**
- **Securing quality acreage with an extensive inventory of first class prospects and leads in petroleum systems proven elsewhere**
- **Maturing leads to prospect status and farming out interests on promoted terms while retaining significant interests**

Summary of Offshore Prospects

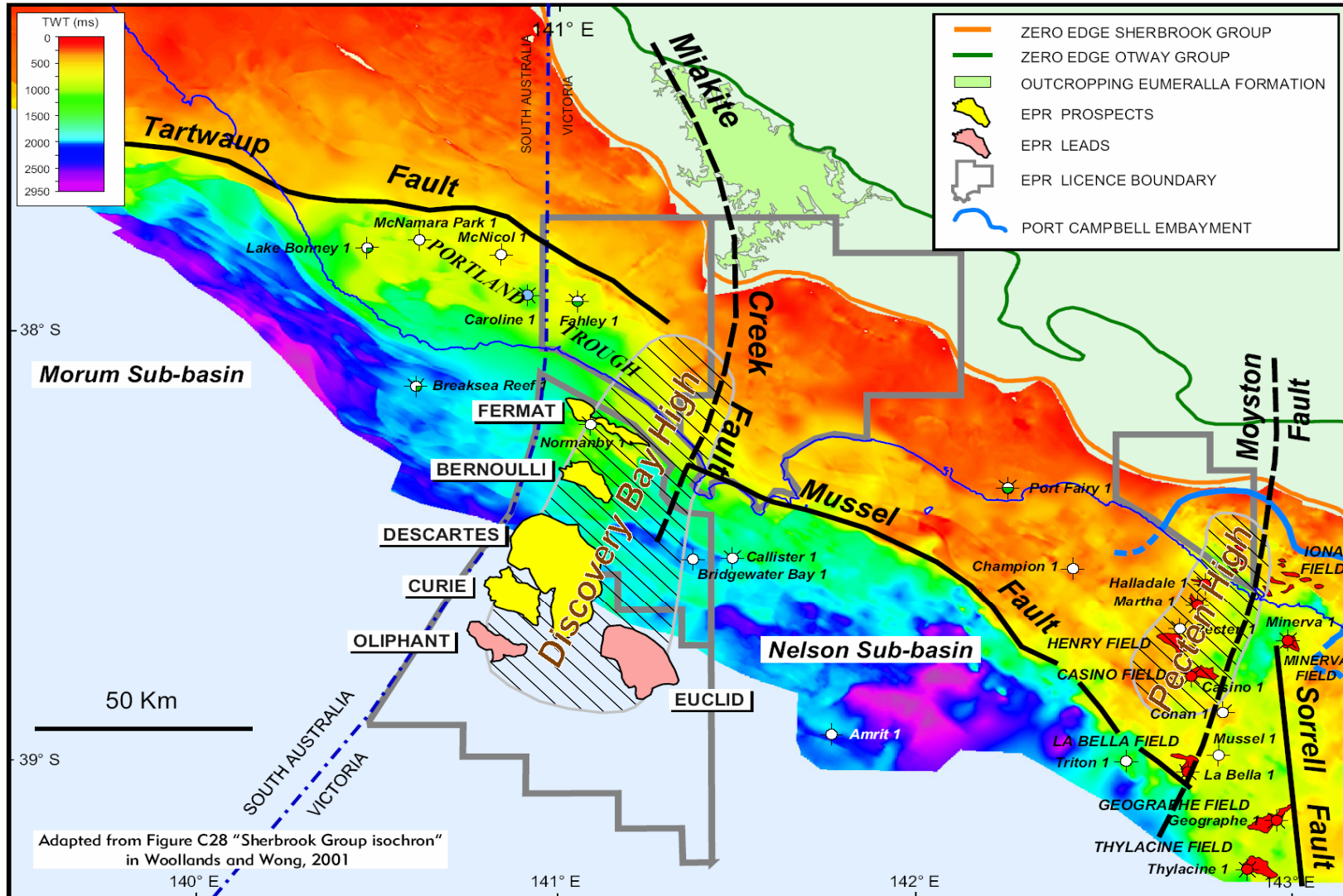
Tenement	Interest	Prospect	Target Formation	Estimated P50 Rercoverable Prospective Resource		Partner(s)	
				Oil	Gas		
VIC/P46	25%	Fermat	Flaxman C	300 MMBbl	500 BCF	Beach Petroleum (50%); Mitsui E&P Australia (25%)	
			Waarre A	N/a	360 BCF		
			Waarre C	375 MMBbl	610 BCF		
		Bernoulli	Waarre C	280 MMBbl	740 BCF		
VIC/P50	100%	Euclid	Ponded Turbidite Post Shipwreck Unconformity	760 MMBbl	3,190 BCF	None	
			Oliphant	Waarre C or Lower Sherbrook	200 MMBbl		780 BCF
			Curie	Upper Sherbrook	750 MMBbl		
			Descartes	Oligocene	200 MMBbl		

The Discovery Bay High Petroleum System

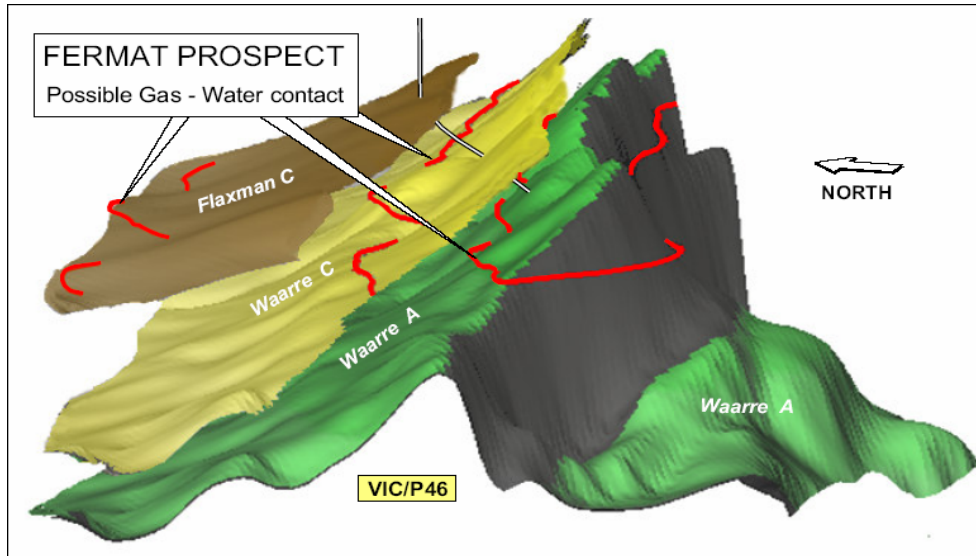


Discovery Bay High Play Fairway

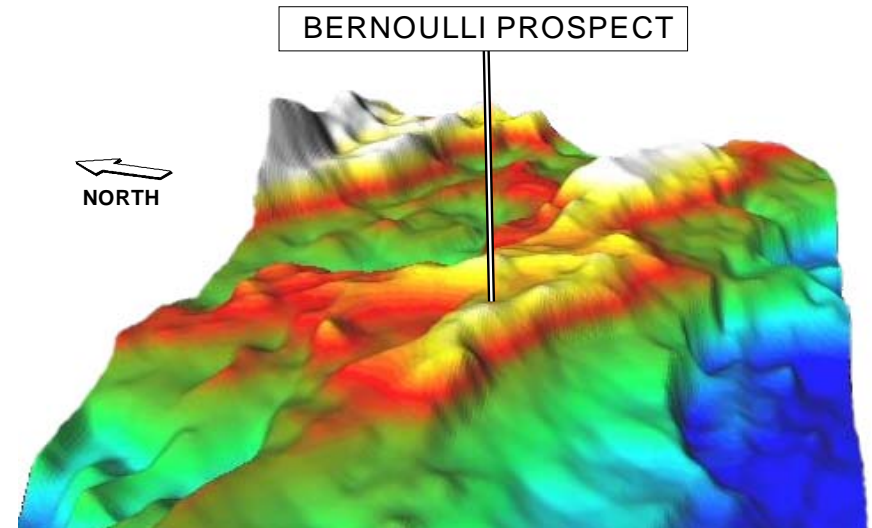
Discovery Bay High play fairway hosts EPR's offshore prospects and leads



- **Within VIC/P46, EPR has mature Waarre Formation prospects with the combined P50 potential to host a recoverable gas resource of in excess of 2 TCF**
- **EPR's extensive mapping of over 2,000 kms of modern 2D seismic data and has identified the Fermat and Bernoulli prospect based on amplitude and AVO anomalies**
- **A recent 3D seismic survey of 320 sq kms has been acquired using the Western Trident seismic vessel to further study the internal stratigraphic framework of the Bernoulli prospect. This will increase the chance of success by lowering the geological risk**
- **Processing of the survey is expected to be completed in Q4 07 and will lead to the drilling prioritisation of these two large and exciting prospects**
- **The West Triton jack-up drilling rig has been contracted to drill the JV's preferred prospect as one of a multi-well program commencing H1 08**

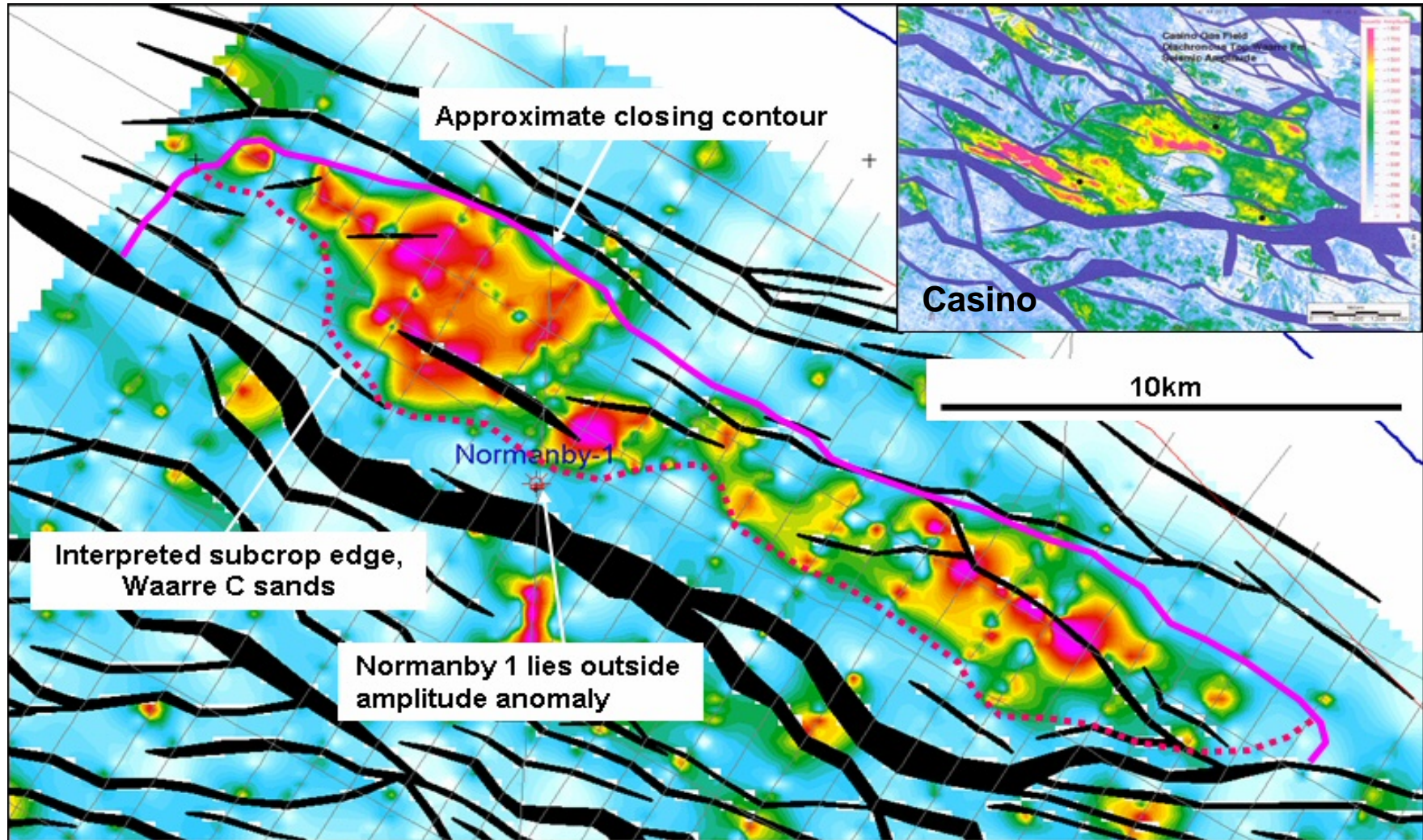


Fermat is a stratigraphic trap within a structural closure with stacked targets between depth of 2700m to 2900m. This interpretation is supported by seismic attribute anomalies and previous drilling. The water depth is 45m.

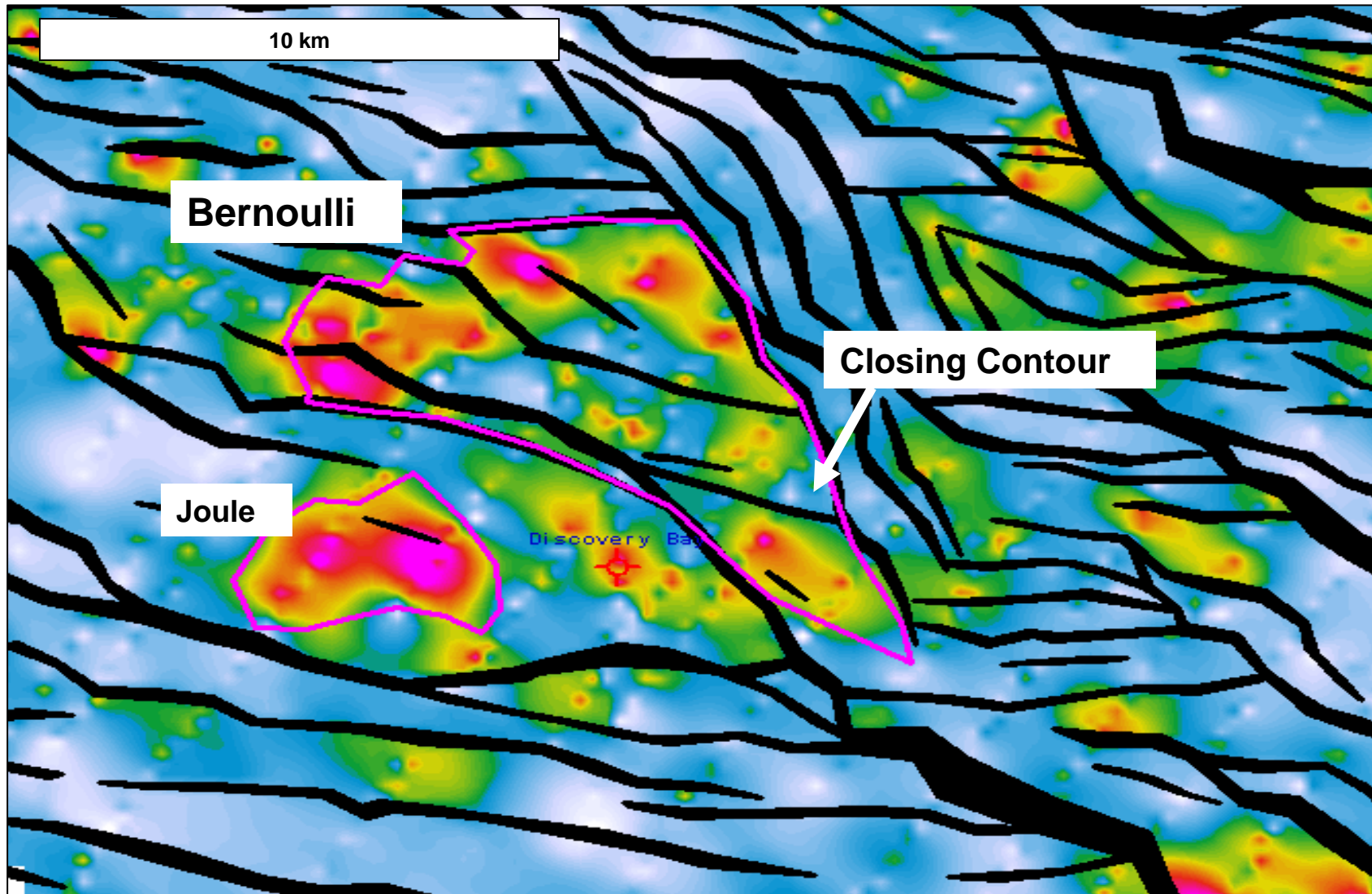


Bernoulli is located on a large horst. A new 3D survey acquired in June 2007 is being processed. Interpretation of this new data will determine which of Fermat and Bernoulli is drilled first. The water depth is 80m.

Fermat Top Waarre Amplitude Map



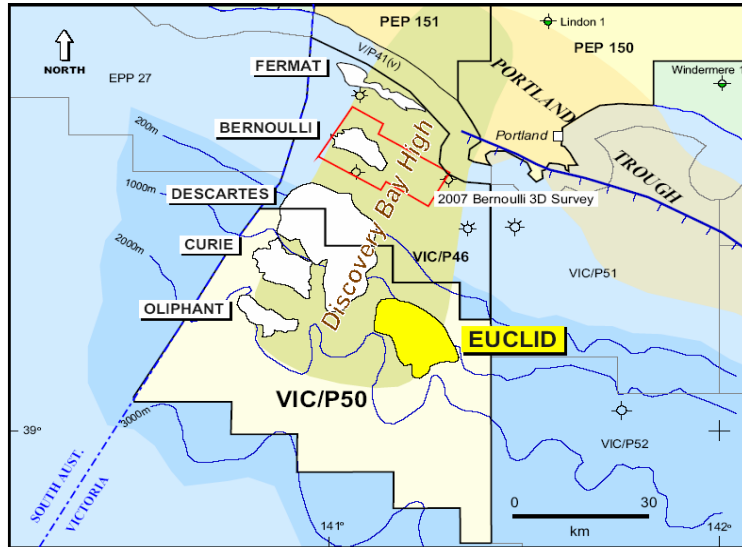
Bernoulli Top Waarre Amplitude Map



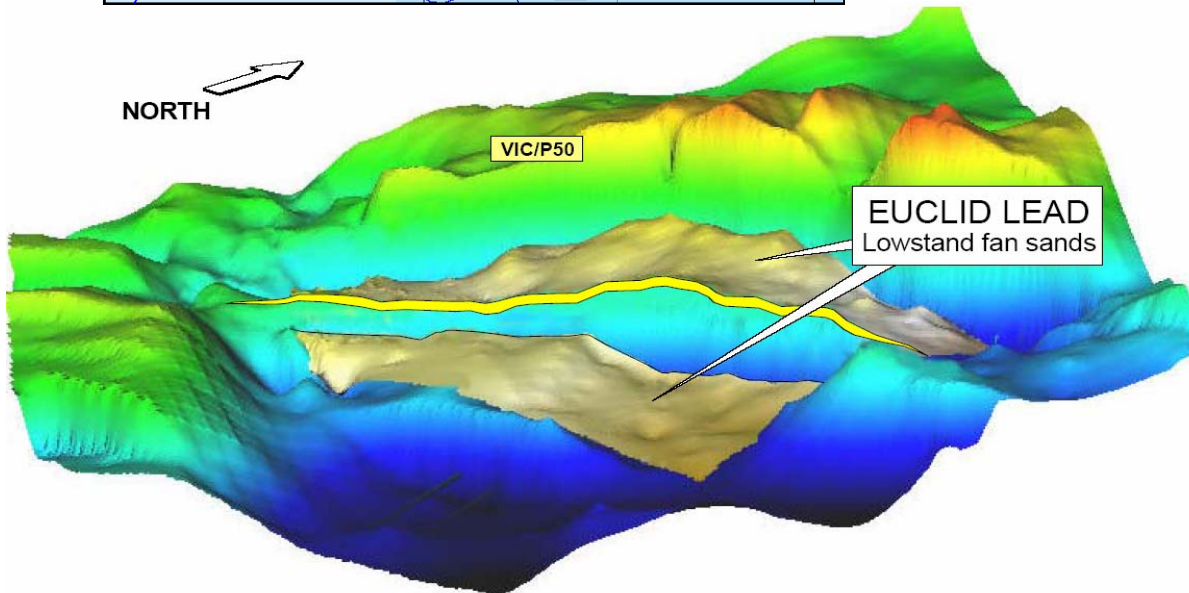
Offshore Permit VIC/P50

- **VIC/P50 covers the continental margin to the south of VIC/P46 in water depths ranging from 500m to 2,000m**
- **Two significant strong leads, Euclid and Oliphant are located in ideal geological settings with structural closures containing reservoir quality sands below a regional thick marine shale directly above the Eumeralla source**
- **Further seismic is required to mature these leads to prospect status. EPR is in the process of joining a 2D seismic vessel consortium to acquire 300 kms over Oliphant and a 3D seismic vessel consortium to acquire 250 sqkms over Euclid**
- **The permit is in its third year and a variation to the work program to include the 2D and 3D seismic programs prior to drilling a well has been lodged**
- **EPR expects the 3D seismic over Euclid to confirm it as having the potential to host over 750 million barrels of recoverable oil resource. Similarly EPR believes Oliphant has the potential to host more than 200 million barrels of recoverable oil resource**

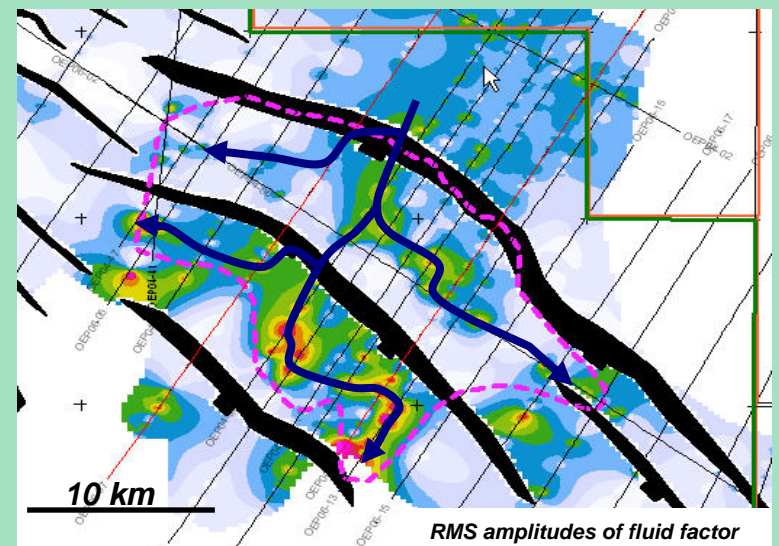
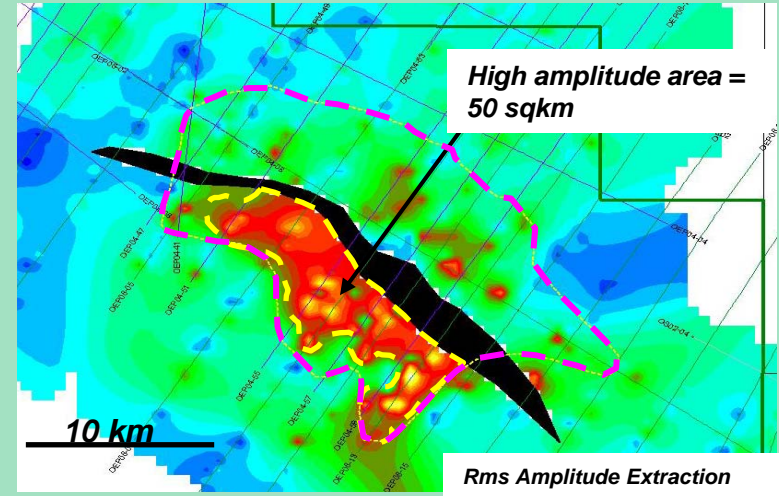
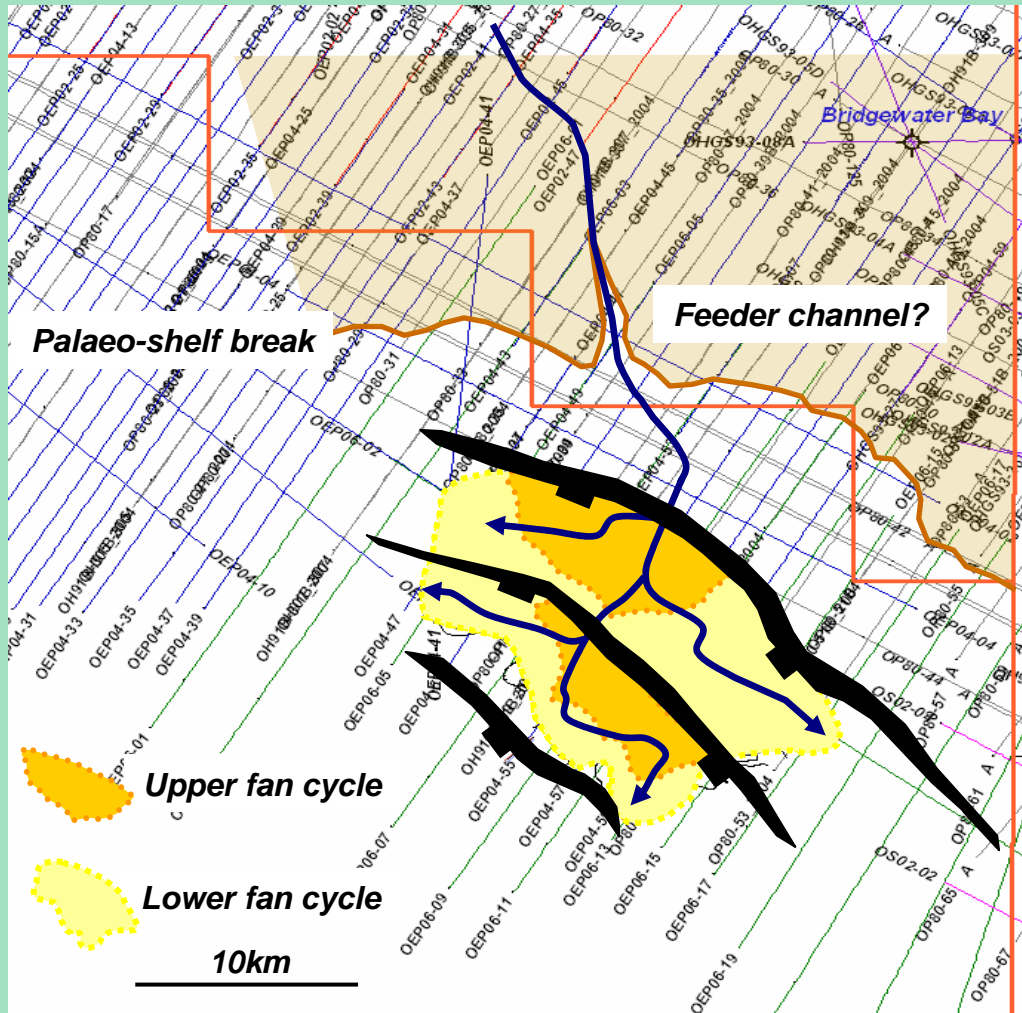
Euclid Lead – VIC/P50



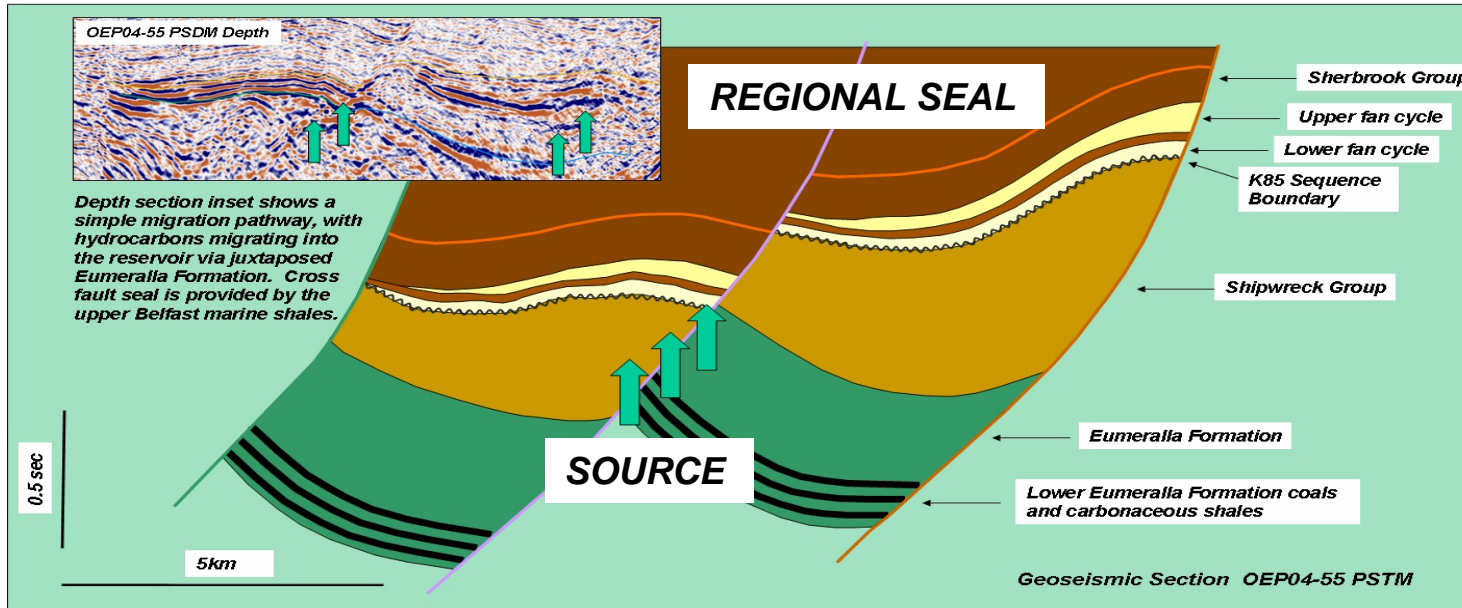
Euclid is a large confined low-stand turbidite sand with prospective seismic facies and amplitude support, juxtaposed against Eumeralla source.



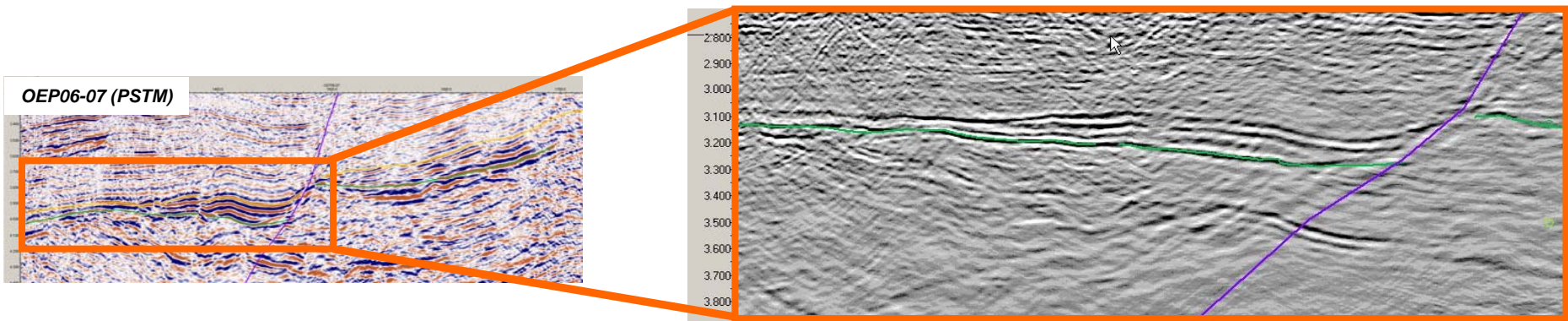
Euclid Fan Pondered Turbidites above Shipwreck Unconformity



Euclid Fan Source and Reservoir juxtaposed below Regional Seal

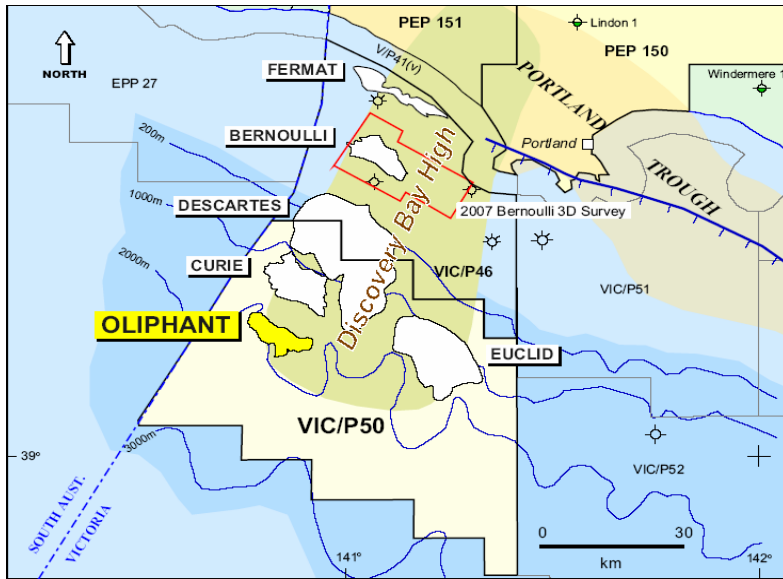


Time and depth sections show optimal juxtaposition of source rocks and reservoir sands below thick regional seal (marine shales)

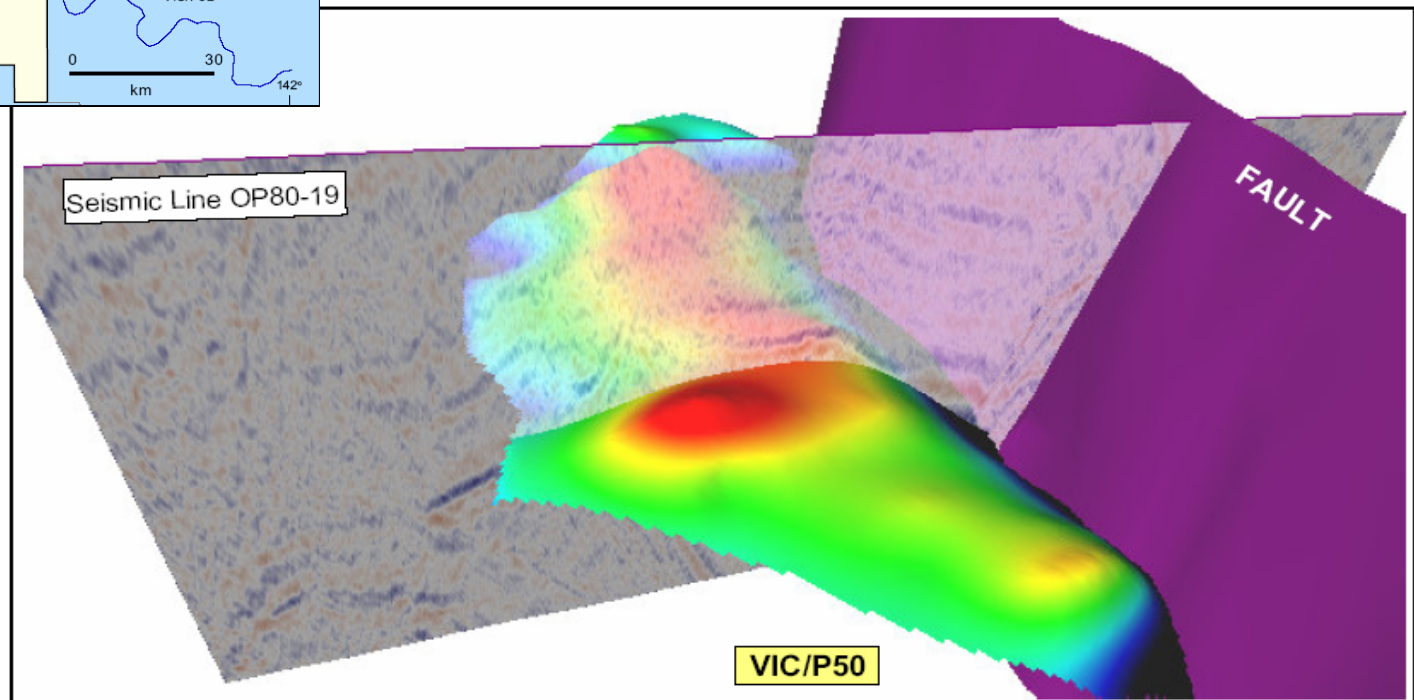


Intercept attribute shows Euclid low stand fan as discrete geological package.

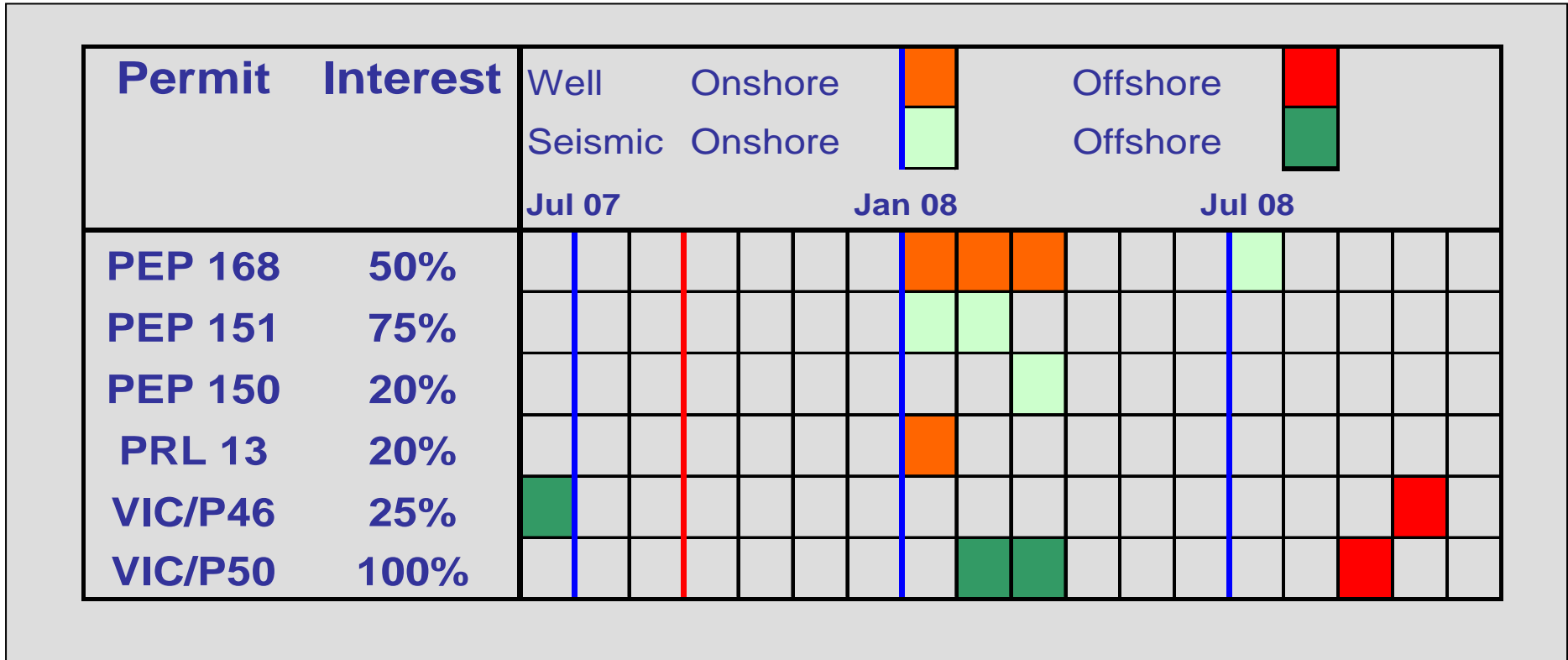
Oliphant Lead – VIC/P50



Oliphant is a strong lead with four way dip closure. The primary target is Waarre C sands with secondary targets in Nullawarre sands above the K85 sequence boundary. The reservoir is sealed by a thick marine shale with contemporaneous structuring and charge in the Late Cretaceous.



Expected Activities Timetable



Essential Petroleum has exclusive coverage of an exciting Play Fairway

- The Discovery Bay High play fairway has the potential to be the next major hydrocarbon province within Australia's southern margins
- Essential Petroleum's unique exposure to the Discovery Bay High provides the best leverage opportunity for its shareholders

Onshore

- Essential Petroleum's onshore tenements offer low cost exploration and development opportunities with a high chance of success. 2-3 wells to be drilled in early 2008
- Market accessibility, rapid development and cost effective commercialisation of onshore discoveries will lead to early revenue

Offshore

- EPR's offshore prospects have the combined potential to host in excess of 5 TCF of recoverable gas resource and more than 2 billion barrels of recoverable oil resource
- Discovery in any one of Essential Petroleum's offshore prospects, of the magnitude of its estimates would be a company maker

Offer Details

Offer Structure	A combined 1:2 Non-Renounceable Rights Issue and a Public Offer
Offer Size	Rights Issue: \$6.0m (approx.) Public Offer: \$4.0m Total Amount: \$10.0m (approx.)
Pricing	\$0.04 per new ordinary share (34.5% discount to the 5 day VWAP)
Suitability	Conducted under a prospectus Speculative investment
Underwriters	Bell Potter Securities Limited & Commonwealth Securities Limited

The new funds will effectively recapitalise the Company to exploit the potential of its new acreage position and prospects

	Estimated
3 onshore exploration wells to be drilled in PEP168	\$2.75m
An extended production test of the onshore Killanoola oil discovery in PRL 13	\$0.10m
The completion of seismic processing and pre-drill work associated with VIC/P46	\$2.30m
Onshore seismic acquisition in PEP 151 & PEP 150	\$1.00m
Advance payment associated with securing vessels for proposed seismic surveys in VIC/P50	\$1.20m
Costs associated with the capital raising	\$0.75m
Working capital	\$1.90m
TOTAL	\$10.00m

Capital Structure

	Current	%	Post Capital Raising	%
Fully Paid Ordinary Shares	301,167,757	100%	301,167,757	55%
Entitlement Offer Shares (1:2 Non-Renounceable Rights Issue)	-	0%	150,583,879	27%
Public Offer Shares	-	0%	100,000,000	18%
Total Shares	301,167,757	100%	551,751,636	100%
Options	-		3,000,000	
Market Capitalisation (at issue price of A\$0.04 per share)	\$12,046,710		\$22,070,065	

Indicative Timetable*

Date of Prospectus	Monday 22nd October
Lodgement of Prospectus with ASIC	Monday 22nd October
Notice sent informing Shareholder of rights issue	Tuesday 23rd October
Shares quoted “ex” rights	Wednesday 24th October
Record Date for Entitlements for New Ordinary Shares	Tuesday 30th October
Public Offer opens	Monday 5th November
Prospectus and Entitlement Acceptance Form despatched	Monday 5th November
Closing Date for acceptances of Rights Issue and Public Offer	Friday 23rd November
Quotation of New Ordinary Shares on a deferred settlement basis	Monday 26th November
Notify ASX of under-subscriptions	Wednesday 28th November
Dispatch of New Ordinary Share transaction confirmation statements	Monday 3rd December
Expected date for entry of New Ordinary Shares on the Register	Monday 3rd December
Expected date of quotation of New Shares on a normal T + 3 basis	Tuesday 4th December

* This is an indicative timetable only. The Company in consultation with the Underwriters (and the ASX if necessary) reserves the right to change the dates without prior notice.

For further information, contact:

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- Before acting in reliance on any information contained in this presentation, potential investors should read the prospectus dated 22 October 2007 (including Section 6: Risk Factors) associated with the Offer for new ordinary shares in the capital raising, and conduct their own investigation and analysis in relation to the Company and should check the accuracy, reliability and completeness of the information contained in this presentation and obtain their own independent professional advice.
- All references to dollars, cents or \$ in this document are to Australian currency, unless otherwise stated.