

ASX ANNOUNCEMENT

17 December 2008

Fermat-1, VIC/P46 offshore Otway Basin - Progress Report No. 2

Essential Petroleum Resources Limited advises that the Fermat-1 drilling operation, located in offshore Otway Basin Permit Vic/P46, spudded on 13 December 2008 and is currently pulling out of the hole having reached a depth of 999 mRT. The next operation is to run 13.375" casing.

The well is being drilled to a prognosed total depth of 3640 mRT and Essential Petroleum estimates it is targeting total mean potential gas resources of approximately 1,153 BCF in Waarre Formation and Flaxman Formation sands on the north eastern flank of the Normanby structure.

Essential Petroleum's participation in Fermat is dependent on completing a farm out agreement and raising sufficient funds to cover its joint venture obligations for the operations. The board is working vigorously to achieve this result.

Interests in Fermat-1 are:

Beach Petroleum Limited (Operator)	50.00%
Mitsui E&P Australia Pty Ltd	25.00%
Essential Petroleum Resources Limited	25.00%



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