



22 March 2010

Dear Shareholder

Notice of Annual General Meeting of Shareholders for the Period Ended 30 June 2009

On behalf of the Board of Directors I am pleased to be able to convene this Annual General Meeting of the shareholders of Essential Petroleum Resources Limited (EPR or the Company) for the financial year ended 30 June 2009.

EPR was not able to fund its share of the drilling costs of its first offshore well, Fermat-1 in the Otway Basin permit VIC/P46. This led to the Company accruing a debt in excess of \$22 million to Beach Energy Limited (Beach) and Mitsui E&P Australia Pty Ltd (Mitsui).

I am pleased to report that at a General Meeting on 22 February 2010, shareholders of EPR voted in favour of the terms of an agreement with Beach and Mitsui to restructure and recapitalise the Company. The Board believes that acceptance of the agreement is an outcome that has provided the Company with an opportunity to enter its next phase largely unencumbered, under the guidance of a new Board, a new strategy and the support of its major shareholders.

Implementation of the agreement has commenced and has already realised the following outcomes:

1. EPR's debt of approximately \$14 million to Beach has been discharged as follows:
 - (a) \$2,750,000 as consideration for 50% of onshore permit PEP 168;
 - (b) \$1.00 as consideration for 51% equity in EPR; and
 - (c) the balance of the debt to be forgiven by Beach
2. Interim funds loaned to EPR by Beach to cover EPR's current operations will be discharged for equity in EPR at a rate of 2.0332 cents per share.
3. Beach has nominated 3 directors, Messrs Robert Kennedy, Chairman of Beach Energy, Hector Gordon, Executive Director/CEO of Beach and Peter Mullins, former senior executive of the Commonwealth Bank, for election to the Board at this Annual General Meeting. Subject to the nominated directors being appointed, the existing directors resignations submitted under terms of the Implementation Agreement with Beach will become effective at conclusion of the AGM.
4. Mitsui will forgive EPR's debt to Mitsui of approximately \$7 million in return for a payment of approximately \$698,000 from a future capital raising.
5. EPR's indebtedness to its other creditors has been settled on terms consistent with those negotiated with Beach and Mitsui.

On behalf of the Board I thank you, the shareholders of EPR, for your support, acceptance and understanding of the Company's strategic objectives and efforts to achieve them over the past decade. The current Board of EPR is confident that the Company as Somerton Energy can successfully pursue the next decade with renewed strategic direction and vigour.

John Cornelius
Chairman