

## ASX ANNOUNCEMENT

14 December 2009

### Essential Petroleum signs Implementation Agreement with Beach

Essential Petroleum Resources Limited (EPR or the Company) is pleased to advise that it has signed an agreement with Beach Energy Limited (Beach) that sets out the terms and conditions necessary for the implementation of a restructure of EPR and its ongoing commitments.

The key deliverables of the Implementation Agreement are as follows:

1. EPR's debt owed to Beach will be discharged in return for 50% of PEP 168 and a 51% shareholding in EPR.
2. Beach will advance interim loan funds to EPR to fund its current operations.
3. At the next Annual General Meeting which is anticipated to be held in the first quarter of 2010, the existing directors of the Board will resign and Beach will appoint nominee directors to the Board.
4. It is a condition of the execution of the Implementation Agreement that:
  - (a) Mitsui E&P Australia Pty Ltd (*Mitsui*) releases EPR from its debt in respect of VIC/P46 on the payment of approximately \$698,000, which is to be made following the completion of a capital raising in the Company;
  - (b) EPR's indebtedness to its other creditors is to be discharged on agreed terms, which include the issue of equity to directors in lieu of outstanding remuneration; and
  - (c) EPR obtains the necessary shareholder approvals to implement the restructure.

EPR will convene a General Meeting of shareholders to approve the issue of shares to Beach and other resolutions necessary to authorise the restructure. It is anticipated this General Meeting will be held in February 2010.

Following the General Meeting and subject to obtaining the necessary shareholder approvals, the Company will be in a position to finalise its 30 June 2009 accounts and to request that trading in EPR shares be reinstated.

John Cornelius, the Chairman of EPR, made the following comment:

"EPR's board and its major shareholder, Dr Peter Woodford, believe that the Implementation Agreement will not only provide the mechanism for repaying EPR's debt to its VIC/P46 joint venture partners, it will also allow the Company to recommence trading and make a new start. This may not otherwise have been achievable."

Yours sincerely  
ESSENTIAL PETROLEUM RESOURCES LIMITED



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