

ASX ANNOUNCEMENT

27 November 2008

Reserves Estimates for the East Wing Gas Discovery

Summary

Essential Petroleum Resources Limited (ASX: EPR) (Essential Petroleum) has completed a detailed analysis of the test results to determine the estimated recoverable gas reserves for the East Wing-1 well.

The estimated reserves are summarized in the table below:

Reserves Category	BCF	Notes
Proved (1P) developed	1.39	Currently perforated
Proved (1P) undeveloped	0.15	Currently not perforated
Proved (1P) Total	1.54	
Probable	0.53	Connected compartments
Proved and Probable (2P)	2.07	
North structure	4.46	Updip potential

Note that the reserve estimates are in-house estimates and have not been certified
BCF – Billion Cubic Feet of gas

Geological Structure of the East Wing Gas Field

The East Wing gas field is a faulted complex structure involving the Flaxman Formation, Waarre C and (probably) Waarre A reservoirs. This interpretation is supported by indications of a cross-fault flow in the pressure data. The drainage area of the production test is larger than the compartment in which the well was drilled which also suggests communication between reservoirs. These indications are positive for the East Wing gas field.

The currently perforated and unperforated reservoirs have an estimated “Proved” reserves of 1.54 BCF. The cross-fault reserves estimate of 0.53 BCF have been placed in a lower “Probable” reserve category until these reserves have been confirmed by production history.

Flow rate tested, and derived average permeability of 70 to 160 mD will support production at normal commercial rates.

The adjacent structure, from which Essential Petroleum believes gas is being derived, has substantial updip potential in its own right. The recoverable resources estimate of 4.46 BCF, interpreted in this structure are presented separately as exploration potential.



Summary of Test Results

Essential Petroleum also undertook detailed analysis of the gas quality from the East Wing discovery. The main results are that:

- The methane content was measured to be 77.0%;
- The carbon dioxide content was measured to be 13.2%;
- The condensate flow rate was measured at 8 barrels per million standard cubic feet of gas produced per day; and
- The API gravity of the condensate is 72.5°.

Gas Marketing

Essential Petroleum is currently in confidential discussions with energy retailers who are interested in buying the gas produced from the East Wing-1 gas discovery.

Background to the East Wing-1 Gas Discovery

The Waarre Formation in East Wing-1 was perforated and tested in September 2008.

On 12 September 2008, Essential Petroleum announced that the East Wing-1 ST well flowed gas at field-estimated rates of up to 9 million cubic feet per day. On recalculation using the final analysed gas chemistry and density data, the stabilised gas flow rate was calculated as 8.4 million standard cubic feet per day. The flow rate was achieved through a 26/64 inch choke with a surface flowing pressure of 1,775 psi and a surface shut-in pressure of 2,220 psi. The gas flowed from a perforated interval of 12 metres between 2,210.7 metres and 2,222.7 metres in the Waarre and Flaxman Formations. Gas condensate was recovered. No water was produced.

Proximity of the East Wing-1 discovery to the onshore Port Campbell gas fields and infrastructure gives Essential Petroleum a very good chance of quickly commercialising this discovery. The Company believes that the key to commercial success in PEP 168 is through rapid, low cost development and low cost operations.

Essential Petroleum owns 100% of the PEP 168 permit.

A handwritten signature in blue ink that reads 'John Remfry'.

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