

ESSENTIAL PETROLEUM RESOURCES LIMITED QUARTERLY EXPLORATION REPORT FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2009

Highlights

Beach and Mitsui have deferred action with regard to the VIC/P46 Fermat-1 cash call default while all parties consider options for the management of EPR's debt.

Discussions with the Joint Authority in relation to VIC/P50 indicated that provided EPR achieves specified objectives toward acquisition of 3D seismic EPR may seek approval to maintain the permit in good standing.

In PEP 151 the Digby Dartmoor seismic Survey preliminary results suggest Digby West is a robust structure with Pretty Hill reservoir present.

EPR stands to benefit from the inclusion by DPI of some key parts of PEP 151 and PEP 168 into a small program of reprocessing of onshore seismic lines.

PEP 168 Interest – 100% Current Licence Year – 2 Expiry Date – 3 June 2012

- Options to commercialise East Wing-1 gas are impacted by field size and by the presence of small amounts of CO₂ in the gas stream. The most promising short-term option at present time is for onsite power generation. Options to blend the gas with other gas streams will become possible in 2010.
- The reservoir engineering results from the East Wing test will be reviewed by a reservoir specialist with a view to improving the reserve position.
- Exploration potential in PEP 168 includes:
 1. The structure adjacent to East Wing, which based on East Wing-1 results appears to be gas charged. An unrisked recoverable resource of 4.46 BCF is estimated.
 2. The Westgate updip lead. No resource number is available at present but the apparent extent of the structure is adequate to justify further investigation.
 3. Bailey, a structure which crosses the coast near East Wing is partly mapped on available 3D data but the size is unknown. It is unlikely that additional seismic data can be acquired in the coastal strip but the prospect is attractive due to favourable seismic indications of the presence of gas.
 4. The Callaghan prospect, a deep well which was considered for drilling in 2008 but was postponed due to the drilling problems at East Wing-1.
 5. Howmains downdip lead, a pinchout play near East Wing requires additional seismic acquisition.
 6. An extensive inventory of other leads and prospects in PEP 168 based on the work of EPR and previous operators will be reviewed for economic targets.

A government-funded project commenced reprocessing of a number of key onshore seismic lines. To EPR's benefit some of the lines involved will allow further technical assessment of EPR's inventory of leads and prospects.

While seismic coverage is very good in general terms there is scope for prospect generation and considerable risk-reduction by targeted reprocessing, depth conversion, and AVO modelling in the prospective areas.

PRL 13 Interest – 20% Current Licence Year – 2 suspended Expiry Date – 30 January 2012

- EPR has received a sales purchase agreement for additional interest in PRL 13 which contains the Killanoola oil field. The commercial terms of this proposal are under consideration
- The retention license is in suspension pending transfer of operatorship to EPR

PEP 151 Interest – 75% Current Permit Year – 1, Renewed.

- With 50% relinquishment of area as required by law a renewal of PEP 151 has been granted. The first (renewed) year work program is for geological and geophysical studies which will allow final mapping and delineation of targets.
- Interpretation of the seismic data over the Dartmoor Trough indicates that of the two structures targeted the northern “Digby West” lead appears robust and that the reservoir Pretty Hill section appears to be present. The southern Dartmoor structure is less well defined.

PEP 150 Interest – 20% Current Permit Year – 0 Expiry Date – N/A

- The Permit remains as an Application pending finalisation of Native Title agreements.

VIC/P46 Interest – 25% Current Permit Year – 6 Expiry Date – 27 Apr 2009

- Beach and Mitsui agreed to defer action with regard to the VIC/P46 Fermat-1 cash call default and in March extended their deferral until 30 April 2009 while all parties consider options for restructuring and management of EPR’s debt.
- Fermat-1 was plugged and abandoned. The operator announced that no significant hydrocarbons were encountered. Due to the default provisions of the JOA, EPR received no technical information on the reservoir sections of the well. EPR is therefore unable to advise shareholders as to the implications for further prospectivity until the default is resolved.
- Active Farm-out negotiations continue.

VIC/P50 Interest – 100% Current Permit Year – 3 (suspended), 4 (suspended), 5 Expiry Date – 16 Sept 2010

- EPR continues to advise the relevant government authorities on progress toward a 3D seismic survey over the Euclid lead in VIC/P50. EPR understands while specified progress points are being achieved EPR may continue to seek approval that the Permit be kept in good standing.

**ESSENTIAL PETROLEUM RESOURCES LTD
PERMIT EXPENDITURE SUMMARY FOR THE QUARTER ENDED 31 MARCH 2009***

Permit Number	Essential Petroleum Interest	Seismic Survey Expenditure	Geological & Geophysical Studies	Environment, Native Title & Permit Maint.	Drilling Expenditure	Total
PEP 151	75.00%	\$ 2,200	\$ 3,000	\$ -	\$ -	\$ 5,200
PEP 150	20.00%	\$ -	\$ -	\$ -	\$ -	\$ -
VIC/P46	25.00%	\$ -	\$ 1,369	\$ 19,424	\$ 16,207,582	\$ 16,228,375
VIC/P50	100.00%	\$ -	\$ -	\$ 47,364	\$ -	\$ 47,364
PRL 13	20.00%	\$ -	\$ -	\$ -	\$ -	\$ -
PEP 168	100.00%	\$ -	\$ 16,852	\$ 5,323	\$ 82,090	\$ 104,265
Non Specific	100.00%	\$ -	\$ -	\$ 1,696	\$ -	\$ 1,696
		\$ 2,200	\$ 21,221	\$ 73,807	\$ 16,289,672	\$ 16,386,900

* This statement has been prepared based on accrual accounting principles

John Remfry, Managing Director, Essential Petroleum Resources Limited has prepared this Quarterly Exploration Report.

For more information contact:

John Remfry
Managing Director
Essential Petroleum
Tel: (03) 9699 3009
Email: info@eprl.com.au

For Media Enquiries Contact:

Ian Howarth
Farrington National
Tel: (03) 9223 2465
Mobile: 0407 822 319

Or visit the website: www.essentialpetroleum.com.au

Appendix 5B

Mining exploration entity quarterly report

Name of entity:

Essential Petroleum Resources Limited

ACN or ARBN

089 956 150

Quarter ended ("current
quarter")

March 31, 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	13	105
1.2 Payments for		
[a] exploration and evaluation	(111)	(2,499)
[b] development		
[c] production		
[d] administration	(117)	(782)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	12	104
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(203)	(3,072)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
[a] prospects	-	-
[b] equity investments	-	-
[c] other fixed assets	-	-
1.9 Proceeds from sale of:		
[a] prospects	-	-
[b] equity investments	-	-
[c] other fixed assets	-	-
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net Investing Cash Flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(203)	(3,072)

Appendix 5B

Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(203)	(3,072)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	250	250
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (payment in relation to capital raising)	-	-
Net financing cash flows		250	250
Net increase (decrease) in cash held		47	(2,822)
1.20	Cash at beginning of quarter/year to date	297	3,166
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	344	344

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	107
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest.

Appendix 5B

Mining exploration entity quarterly report

Financing facilities available

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	20,000*
4.2 Development	-
Total	20,000*

* To date, the Company has not met its December 2008 and January 2009 cash call requirements for the Fermat-1 drilling operations. Beach and Mitsui have agreed to defer action until 30 April 2009 while all parties consider options for restructuring and management of EPR's debt. Farmout activities necessary to assist with the funding of VIC/P46 and VIC/P50 are continuing.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows:

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	118	32
5.2 Deposits at call	226	265
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	344	297

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter:				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 Ordinary securities	618,241,636	618,241,636		
7.4 Changes during quarter:				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.5 Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter:				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
Employee Options		-		
Unlisted Options	3,000,000	-	10 cents	31/12/2009
7.8 Issued during quarter				
- Employee Options				
- Unlisted Options		-		
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(total only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

Compliance Statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act, 2001 or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign
here:



(Director)

Date: 24 April 2009

Print Name: **John G Remfry**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

- 3 **Issued and quoted securities:** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.