



**Essential  
Petroleum  
Resources  
Limited**

17 October 2006

Dear Shareholder

**Non-renounceable Rights Issue**

Eligible shareholders will shortly have an opportunity to participate in a 2 for 3 non-renounceable rights issue at A\$0.03 per share to raise approximately A\$3,614,000. The rights issue is fully underwritten.

The proceeds from this Capital Raising will primarily be used to fund the Company's participation in a 3D seismic survey over the Bernoulli Prospect in VIC P46 in the Offshore Otway Basin. The Company estimates that its share of costs in excess of farmin contributions to be in the range of \$3.7 million to \$4.7 million.

An information sheet is overleaf which sets out some key information about the non-renounceable rights issue.

On or around 31 October 2006, we will send to eligible shareholders a copy of the Prospectus, together with an Entitlement and Acceptance Form setting out your entitlement under the offer. The Prospectus contains detailed instructions on what you must do in order to take up all or part of your entitlement. We recommend that you read the Prospectus in its entirety before deciding to take any course of action.

The shares will trade ex-rights on 19 October 2006. The Offer closes at 5.00pm (AEST time) on 15 November 2006 (unless otherwise amended by Essential Petroleum Resources Limited).

If you have any questions as to what you should do in relation to the Offer, we recommend that you contact a stockbroker or other professional adviser without delay.

The Prospectus has been lodged with the ASX and is available for viewing on ASX's website and on the Essential Petroleum Resources Limited website at [www.essentialpetroleum.com.au](http://www.essentialpetroleum.com.au).

Yours sincerely

**John Cornelius**  
Chairman

**Essential Petroleum Resources Limited Non-renounceable Rights Issue - information sheet**

The following information is provided to shareholders in accordance with ASX Listing Rules. Full details of the Offer are contained in the Prospectus which will be sent to you on or about 31 October 2006.

Is security holder approval required?	No
Is the issue renounceable or non-renounceable?	Non-renounceable
Ratio in which the +securities will be offered	2 fully paid shares for every 3 existing shares held at 7:00pm AEST time on the Record Date.
+Class of +securities issued or to be issued	Fully paid shares
Number of +securities issued or to be issued (if known) or maximum number which may be issued	Approximately 120,467,104: this number may vary slightly due to rounding
Do the +securities rank equally in all respects from the date of allotment with an existing class of securities	Yes
+Record date to determine entitlements	7.00pm AEST time on 25 October 2006
Policy for deciding entitlements in relation to fractions	Fractional Entitlements will be rounded up to the nearest whole number
Names of countries in which the entity has +security holders who will not be sent new issue documents  Note: Security holders must be told how their entitlements are to be dealt with.  Cross reference: rule 7.7.	France Malaysia Singapore Taiwan South Africa Sweden The Netherlands Ireland United Kingdom
Closing date for receipt of acceptances or renunciations	15 November 2006 (unless otherwise amended by Essential Petroleum Resources Limited)
Name of any underwriters	Bell Potter Securities, Peter J Woodford Pty Ltd, RMB Resources Limited, David Neate, Ucan Nominees Pty Ltd.
Amount of any underwriting fee or commission	5% of the amount underwritten plus a 1% management fee
Names of any brokers to the issue	N/A
Fee or commission payable to the broker to the issue	N/A
Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	31 October 2006
If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
Despatch date	Expected to be 23 November 2006