

**9 April 2001**

### **Shareholder Information and Activity Update**

#### **Exercise of Options**

The Company has received enquiries from a number of shareholders about Essential Petroleum's 1 December 2002 options.

These options were issued free to shareholders in the recent initial public offer on the basis of one option for every two Essential Petroleum shares issued.

While many Essential Petroleum investors will have held options before, the number of enquiries received suggests we should explain clearly the main terms of issue of the 1 December 2002 options.

- The free options were issued to subscribers in the initial public offer. They are listed as ASX code EPRO and in newspapers as Essential opt dec02.
- An option is a right to acquire a share at a fixed amount before a fixed date, known as the option expiry date. Your options give you the right to acquire one Essential Petroleum share upon payment to the Company of 20 cents per option on or before 1 December 2002, irrespective of the company's share price at the time.
- You are not required to exercise your option and there is no financial obligation. If you do not exercise your options before the expiry date, the option will lapse.
- Options can be exercised by completing a Notice of Exercise of Options and sending it along with payment to Computershare Investor Services Pty Limited. Although this form was sent to you with your holding statement, we have attached a copy of the form and the full terms and conditions of the options to this email. Copies of this notice may also be downloaded from the Company website [http://www.essentialpetroleum.com.au/pdf\\_files/Exercise\\_Notice.pdf](http://www.essentialpetroleum.com.au/pdf_files/Exercise_Notice.pdf).
- Until the Option expiry date of 1 December 2002, you are free to trade in your options at any time without the need to exercise them.

Options are a means of raising new capital to fund exploration. However, we have to provide optionholders with a strong incentive to subscribe for new capital through option conversions. In effect, we have to ensure a rising share price that makes it worth your while. In this regard, management is working hard at implementing a successful exploration program.

#### **Activity Update**

##### **Timing of First Well**

The commencement date, referred to as the "spud date", for our first exploration well – McNamara Park near Mt Gambier in South Australia – depends on the availability of the oil exploration rig (Oil Drilling and Exploration Rig No. 30).

The rig is currently being used by Santos Limited and Beach Petroleum Limited in the Otway Basin. Ironically, their exploration success at McIntee and Tregony has delayed the release of the rig for our program. Santos and Beach are currently drilling Croft 1, and will drill at least one more well (but most likely two wells) before the rig becomes available.

Given these variables, we expect to spud McNamara Park at some time between the second and fourth weeks of May.


While we are disappointed by the delay, the success of Santos and Beach has focused national attention on the Otway Basin and upgraded the value of exploration acreage in the region. Reporting on the latest exploration success on 22 March, *The Australian's* Energy Writer, Nigel Wilson said, "The Otway Basin is among Australia's hottest exploration areas because of the search by both South Australia and Victoria for alternative gas supplies to existing contracts."

### **Other Items of Interest**

Our half yearly financial report, released to the Australian Stock Exchange on 15 March 2001 is now available on our website

[http://www.essentialpetroleum.com.au/pdf\\_files/EPR\\_Half\\_Year\\_31\\_Dec\\_2000.pdf](http://www.essentialpetroleum.com.au/pdf_files/EPR_Half_Year_31_Dec_2000.pdf).

If you have questions about any aspect of the company, please contact John Remfry on (03) 9699 3009 or e-mail at [info@epri.com.au](mailto:info@epri.com.au).

The next -news update will be distributed in a few weeks. If you have any questions about Essential Petroleum in the mean time, please contact Mr John Remfry via e-mail address [info@epri.com.au](mailto:info@epri.com.au) or by calling (03) 9699 3009. You may wish to visit our website at [www.essentialpetroleum.com.au](http://www.essentialpetroleum.com.au). Your comments and feedback are welcomed.

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