



Essential
Petroleum
Resources
Limited

PEP 151

Onshore Otway Basin Victoria

Expenditure Report

**for the Period
16 May 2002 to 15 Nov 2002**

**1st Report Period
Permit Year 1**

**Prepared by:
Sandra Menpes
Essential Petroleum Resources Ltd, Operator
December, 2003**

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1. Introduction

Petroleum exploration permit 151 (PEP 151) is located over the onshore Otway Basin, Victoria. The exploration permit was awarded to Essential Petroleum Resources Ltd under the Petroleum (Submerged Lands) Act 1967 on 16 May 2002. The permit was awarded for a period of five years. The first six months of exploration activity has been completed for Year 1 in compliance with permit conditions.

2. Administration

PEP 151 was awarded 100% to Essential Petroleum Resources Ltd (Essential Petroleum).

The minimum work requirements for the permit are shown in Table 1 below.

Table 1: Work Program for PEP 151

Year of Term of Permit	Minimum Work Requirements	Estimated Expenditure in Constant Dollars (indicative only)
Year 1	Data review	\$50,000
Year 2	100 km 2D seismic	\$450,000
Year 3	One well	\$1,000,000
Year 4	Data review and 50km 2D seismic	\$225,000
Year 5	One well	\$1,000,000

3. Expenditure Statement

Exploration activity and expenditure for the period 16 May 2002 to 15 November 2002 are summarised in Table 2 below:

**Table 2: Exploration Activity and Expenditure
for the Period 16 May 2002 to 15 November 2002, PEP 151**

Exploration Activity	Description	Expenditure
Geophysical and Geological Studies	General research	\$17,289
	Native Title Negotiations	\$14,125
	Environment - Consulting	\$6,869
	Data Purchases	\$1,449
	Drafting	\$1,672
Seismic Survey	Environment - Consulting	\$35,348
Other	Travel etc	\$3,367
TOTAL		\$80,119

MINERAL RESOURCES DEVELOPMENT ACT (1990)

**SCHEDULE 15, PART 1: EXPLORATION EXPENDITURE
for EXPLORATION LICENCES and exploration on MINING LICENCES**

Section 1. Tenement type, number and operation name: (One licence only per form)

Type	Exploration Licence
Number	PEP 151
Operation Name (optional)	

Section 2. Period covered by this return:

Six-month period:		If Final Report:	
From	16 May 2002	From	
To	15 November 2002	To	

Section 3. If accompanying an Annual Technical report, give:

Title of Technical Report	
Author	

Section 4. Locality of Operation:

Nearby town names	Nelson, Dartmoor
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Section 5. Work Program for the next six months:

Activities proposed (please mark with an "X"):	
<input type="checkbox"/> Literature review	<input type="checkbox"/> Drilling and/or costeaning
<input type="checkbox"/> Geological mapping	<input type="checkbox"/> Airborne geophysics
<input type="checkbox"/> Rock/soil/stream sediment sampling	<input type="checkbox"/> Geophysical Interpretation
	<input checked="" type="checkbox"/> Preparation for Seismic Survey

Section 6. Summary of Operations and Expenditure:

Mark the work done for the appropriate subsections with an "X" or similar, except where indicated.

If a Technical Report accompanies the Expenditure Report, complete the right-hand columns to indicate the data supplied with the Technical Report.

Do not include the following as expenditure:

- | | | |
|---------------------|------------------|----------------------------|
| • Insurance | • Transfer costs | • Company Prospectus |
| • Departmental Fees | • Legal costs | • Land Access Compensation |
| • Bond | • Advertising | • Title Search |
| | | • Fines |

Attachment 1: Schedule 15, Part 1: Exploration Expenditure for Exploration Licences And Exploration On Mining Licences

Exploration Work type	Work Done (mark with an "X" or provide details)	Expenditure	Data and Format Supplier in the Technical Report		
			Digital	Hard copy	
Office Studies		\$3,121			
Literature search					
Database compilation	X				
Computer modelling					
Reprocessing of data					
General research	X		\$17,289		
Native title negotiations	X		\$14,125		
Environmental Consulting	X	\$6,869			
Subtotal		\$41,404			
Airborne Exploration Surveys (state line kms)					
Aeromagnetics			kms		
Radiometrics			kms		
Electromagnetics			kms		
Gravity			kms		
Digital terrain modelling			kms		
Other (specify)			kms		
Subtotal		\$			
Remote Sensing					
Aerial photography					
LANDSAT					
SPOT					
MSS					
Other (specify)					
Subtotal		\$			
Ground Exploration Surveys					
Geological mapping					
Regional					
Reconnaissance					
Prospect					
Underground					
Costean					
Ground geophysics					
Radiometrics					
Magnetics					
Gravity					
Digital terrain modelling					
Electromagnetics					
SP/AP/EP					
IP					
AMT					
Resistivity					
Complex resistivity					
Seismic reflection					
Seismic refraction					
Well logging					
Geophysical interpretation					
Environmental Planning for Seismic Survey	X		\$35,348		

Attachment 1: Schedule 15, Part 1: Exploration Expenditure for Exploration Licences And Exploration On Mining Licences

Geochemical Surveying (state number of samples)					
Drill (cuttings, core, etc.)					
Stream sediment					
Soil					
Rock chip					
Laterite					
Water					
Biogeochemistry					
Isotope					
Whole rock					
Mineral analysis					
Drill sample					
Laboratory analysis (type)					
Other (specify)					
Ground Exploration Subtotal				\$35,348	
Drilling (state number of holes & metres)					
Diamond		holes	metres		
Reverse circulation (RC)		holes	metres		
Rotary air blast (RAB)		holes	metres		
Air-core		holes	metres		
Auger		holes	metres		
Other (specify)		holes	metres		
Field staff wages					
Vehicles					
Consumables					
Allowances					
Subtotal				\$	
Other Operations					
Costeaning/Ditchwitching					
Bulk sampling					
Mill process testing					
Ore reserve calculation					
Shaft restoration					
Mining					
Shaft restoration					
Mining					
Petrology					
Mineral processing					
Other (specify)					
Subtotal				\$	
Rehabilitation					
After drilling					
Track maintenance					
Monitoring					
Other (specify)					
Subtotal				\$	
Administration (less than 15% of total)					
Drafting					
Other		X		\$3,367	
Subtotal				\$3,367	
TOTAL EXPENDITURE				\$80,119	

Section 7. Comments on your exploration activities:

Exploration efforts in the past six months have concentrated on planning for seismic acquisition in the Lower Glenelg National Park. Preparations have included an environmental risk assessment, an archaeological sites impact assessment, and a flora and fauna survey of potential impact sites.

I certify that the information contained herein, is a true statement of the operations carried out and the monies expended on the above mentioned Exploration Licence during the period specified as required under the *Mineral Resources Development Act (1990)* and the Regulations thereunder.

☐ I have attached the Technical Report

1. Name: W. J. R. Blake

2. Name:

Position: Director of Exploration

Position:

Signature:

Signature:

Date: 1 December 2003

Date: