



Essential  
Petroleum  
Resources  
Limited

**VIC/P46**

**Offshore Otway Basin Victoria**

**Expenditure Report**

**for the Period  
28 May 2002 to 27 November 2002**

**1st Report Period  
Permit Year 2**

**Prepared by:  
Essential Petroleum Resources Ltd, Operator  
June 4 2003**

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Licences And Exploration On Mining Licences

## 1. Introduction

Petroleum exploration permit VIC/P46 is located over the offshore Otway Basin, Victoria. This exploration permit was awarded to Essential Petroleum Resources Ltd under the Petroleum (Submerged Lands) Act 1967 on 28 May 2001. The permit was awarded for a period of six years. The first six months of exploration activity has been completed for Year 2 in compliance with permit conditions.

## 2. Administration

VIC/P46 was awarded 100% to Essential Petroleum Resources Ltd (Essential Petroleum). Mittwell Energy Resources Pty Ltd is earning a 32.5% interest.

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

**Table 1: Work Program for Vic/P46**

<b>Year of Term of Permit</b>	<b>Minimum Work Requirements</b>	<b>Estimated Expenditure in Constant Dollars (indicative only)</b>
Year 1	Reprocessing of seismic data Geophysical and geological review	\$ 75,000
Year 2	500km 2D seismic survey	\$ 500,000
Year 3	Data review Geophysical and geological review	\$ 75,000
Year 4	100km 2D seismic survey	\$ 100,000
Year 5	One well Geophysical and geological review	\$ 7,150,000
Year 6	Geophysical and geological review	\$ 75,000

## 3. Expenditure Statement

Exploration activity and expenditure for the period 28 May 2002 to 27 November 2002 are summarised in Table 2.

**Table 2: Exploration activity and expenditure  
for the period 28 May 2002 to 27 November 2002**

<b>Exploration Activity</b>	<b>Description</b>	<b>Expenditure</b>
<b>Geophysical and Geological Studies</b>	Geophysical interpretation	\$8000
	Palynology	\$1000
	Geological mapping, modelling, analysis and interpretation	\$10421
	Data purchases	\$129
	Drafting and Printing	\$4350
<b>Seismic data acquisition, processing/reprocessing</b>	Seismic acquisition and processing	\$1200000
	Native Title/Environmental Consultant	\$2209
	Travel and Accommodation	\$1206
	Courier	\$54
<b>TOTAL</b>		<b>\$1,227,369</b>

**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	VIC/P46
Operation Name (optional)	OFFSHORE OTWAY

**Section 2. Period covered by this return:**

<b>Six-month period:</b>		<b>If Final Report:</b>	
From	28 May 2002	From	
To	27 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	N/A- Offshore
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**Section 5. Work Program for the next six months:**

<b>Activities proposed</b> (please mark with an "X"):		<input type="checkbox"/> Drilling and/or costeaning
<input checked="" type="checkbox"/> Literature review		<input type="checkbox"/> Airborne geophysics
<input type="checkbox"/> Geological mapping		<input checked="" type="checkbox"/> Geophysical Interpretation
<input type="checkbox"/> Rock/soil/stream sediment sampling		<input type="checkbox"/> Other: 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 Supplied in the Technical Report		
			Digital	Hard copy	
<b>Office Studies</b>		\$129			
Literature search					
Database compilation	X				
Computer modelling					
Reprocessing of data					
General research	X		\$10421		
Report preparation					
Palynology	X	\$1000			
Subtotal		\$11550			
<b>Airborne Exploration Surveys (state line kms)</b>					
Aeromagnetics	kms				
Radiometrics	kms				
Electromagnetics	kms				
Gravity	kms				
Digital terrain modelling	kms				
Other (specify)	kms				
Subtotal		\$			
<b>Remote Sensing</b>					
Aerial photography					
LANDSAT					
SPOT					
MSS					
Other (specify)					
Subtotal			\$		
<b>Ground Exploration Surveys</b>					
<b>Geological mapping</b>					
Regional					
Reconnaissance					
Prospect					
Underground					
Costean					
<b>Ground geophysics</b>					
Radiometrics					
Magnetics					
Gravity					
Digital terrain modelling					
Electromagnetics					
SP/AP/EP					
IP					
AMT					
Resistivity					
Complex resistivity					
Seismic reflection	729 line kms		\$1200000		
Seismic refraction					
Well logging					
Geophysical interpretation	X		\$8000		
Native Title/Environmental Consultant	X		\$2209		

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

<b>Geochemical Surveying (state number of samples)</b>					
Drill (cuttings, core, etc.)					
Stream sediment					
Soil					
Rock chip					
Laterite					
Water					
Biogeochemistry					
Isotope					
Whole rock					
Mineral analysis					
Drill sample					
Laboratory analysis (type)					
Other (specify)					
<b>Ground Exploration Subtotal</b>				<b>\$1210209</b>	
<b>Drilling (state number of holes &amp; metres)</b>					
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					
<b>Subtotal</b>				<b>\$</b>	
<b>Other Operations</b>					
Costeaning/Ditchwitching					
Bulk sampling					
Mill process testing					
Ore reserve calculation					
Shaft restoration					
Mining					
Shaft restoration					
Mining					
Petrology					
Mineral processing					
Other (specify)					
<b>Subtotal</b>				<b>\$</b>	
<b>Rehabilitation</b>					
After drilling					
Track maintenance					
Monitoring					
Other (specify)					
<b>Subtotal</b>				<b>\$</b>	
<b>Administration (less than 15% of total)</b>					
Drafting		X		\$4350	
Overheads		X		\$1260	
<b>Subtotal</b>				<b>\$5610</b>	
<b>TOTAL EXPENDITURE</b>				<b>\$1227369</b>	

**Section 7. Comments on your exploration activities:**

Existing seismic data has been interpreted and prospects and leads identified.

The acquisition of 729 line kilometres of 2D seismic data has been completed. The data will be processed and interpretation commenced in the next six month period.

The analysis of data from existing wells will continue and depositional models for reservoirs will be developed.

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:	4 June 2003	Date:	