

## Quarterly Report

For the Period Ended 31 March 2013

30 April 2013

### Highlights

#### RANAU PSC

- Land Purchase MOU Signed for Prabu-1 drill site

#### CORPORATE

- International Petroleum Executive appointed to Board
- Quest continues to review projects/proposals in line with expanded production strategy
- Cash and Equivalents at 31 March 2013 \$5.0m

#### Land Purchase MOU Signed for Prabu-1 Drill Site

During the March quarter Quest Petroleum NL (**Quest or the Company**) concluded negotiations and signed a Memorandum of Understanding (MOU) with the land owner of the Prabu-1 drill site, the proposed site for the first well to be drilled at the Company's Ranau PSC in South Sumatra, Indonesia (refer Figure 1).

The MOU was executed with the owners of land situated at Way Kanan, which is in the south east portion of the Ranau PSC, approximately 140 kilometres north-west of the South Sumatran capital, Lampung.

In parallel to the land negotiation process, which successfully concluded with the signing of the MOU, the Company engaged in legal due diligence to confirm tenure of the site and expects to conclude this process imminently, which will facilitate a final land purchase agreement being signed.

The proposed Prabu -1 drill site (formerly Kayumanis-1), is situated on well drained, elevated land adjacent to a paved asphalt road which allows good access to for drilling and completion operations. The drill site is situated on the edge of an identified structural high proximate to three significant sub-basins with clear potential for hydrocarbon generation.

ASX code: QPN  
QPNO

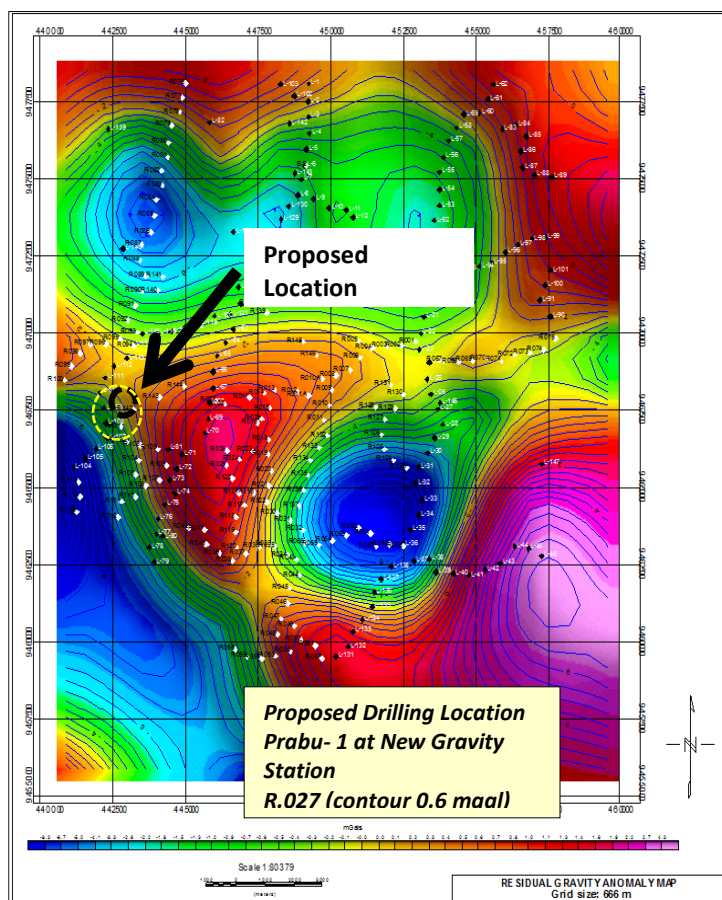
Share Price: \$0.005  
Shares: 2,876,199,469  
Market Cap: \$14.38m

#### Directors

Mr. Gus Simpson – Chairman  
Mr. Mochamad Thamrin -  
Deputy Chairman  
Mr. Anthony Milewski –  
Managing Director  
Mr. Jeff Mitchell – Non-  
Executive Director  
Mr. Brett Mitchell – Non-  
Executive Director  
Mr. Greg Lee – Non-Executive  
Director

The Prabu -1 Prospect target reservoirs for the drilling are in the Baturaja Limestone and Talang Akar Sandstone Formations which are the most prolific oil and gas reservoirs in the South Sumatra Basin.

Figure 1



### Ranau Projects Background

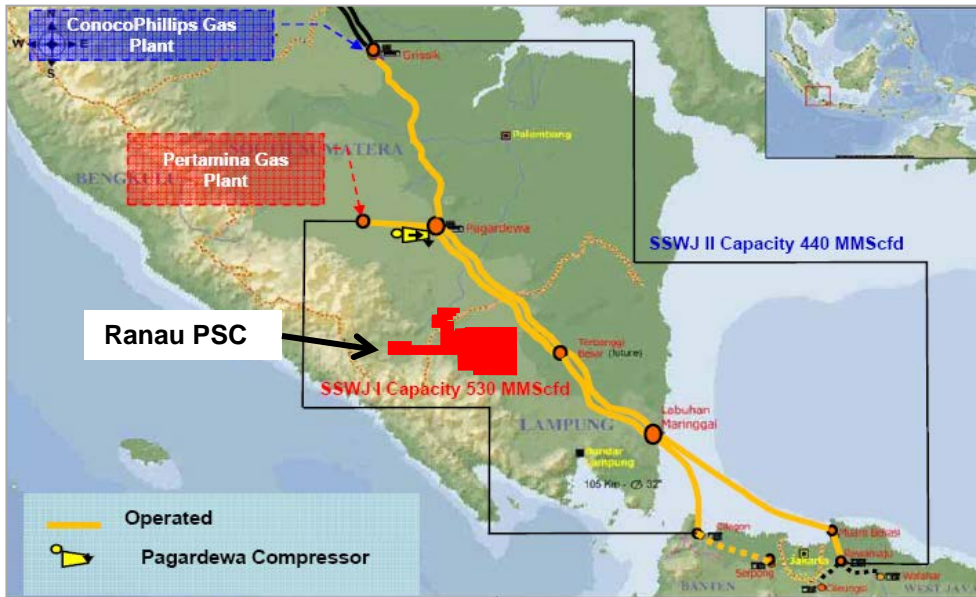
The Ranau PSC covers 2,191km<sup>2</sup> of the South Sumatra Basin. Sumatra is the 6th largest island in the world and has a well established oil and gas industry with some 450 oil and gas fields containing reserves of more than 45 billion barrels of oil equivalent. Recent exploration at the Ranau PSC has identified four sub-basins and 16 highly prospective leads within these.

There is extensive infrastructure and multiple hydrocarbon markets located within close proximity to these projects and Sumatra.

The Company is optimistic about the exploration potential of the Ranau PSC as it contains extensions of proven Sub-basins of the prolific onshore South Sumatra Basin. These Sub-Basins contain several large scale structures within the Ranau PSC which were identified by gravity data during the joint study. Several of these structures have the potential to contain multi-Tcf gas fields.

The Ranau PSC covers a largely unexplored area in an established oil and gas region. Over the past 12 months exploration in South Sumatra has seen multiple wells with commercial oil and/or gas shows. Several of these discoveries are currently under development with the intention to sell hydrocarbons to domestic and foreign markets

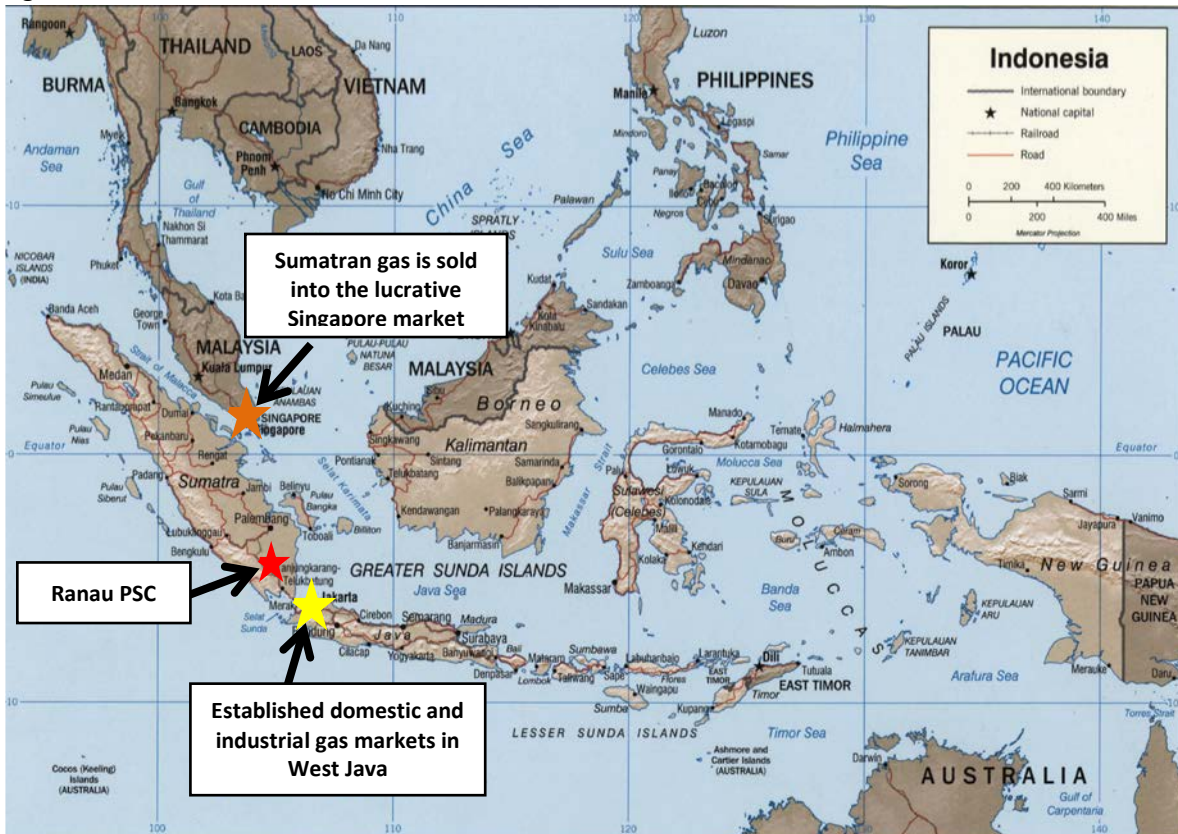
Figure 2



Gas discovered on the Ranau PSC can be commercialised through the nearby South Sumatra – West Java (SSWJ) gas transmission pipelines and processing infrastructure. The SSWJ pipelines supply large markets in Sumatra, West Java and Singapore. Domestic gas markets are growing rapidly as distribution networks are built and gas prices achieved in Indonesia are currently US\$4.50-7/Mcf.

Discovered oil may be commercialised through facilities located within 50km of the Ranau PSC. These facilities process and transport oil from the large, Pertamina-operated, fields to the north of the Ranau PSC.

Figure 3



## **Expanded Production Strategy and Strategic Partnership**

The Company continues to receive and review proposals to participate in projects that could compliment the Company's ambition to become a significant hydrocarbon producer. This has necessitated the generation of an expanded business plan, project acquisition, funding strategy, the strategic partnership with Moyes & Co and their assistance to facilitate funding at the asset level. This will minimize dilution in the corporate entity and will allow the Company to participate in some of the multiple projects on offer.

Moyes & Co is an oil and gas focused advisory firm with a strong international reputation. The Moyes team will utilize its deep technical skills to provide a range of services including evaluation, independent third party assessment of selected assets, technical and legal due diligence on acquisitions and assist in acquisition and production funding at the asset level.

## **Corporate**

### ***Appointment of International Petroleum Executive to Board***

On 22 March 2013 Quest announced the appointment of Mr Jeffrey Mitchell to the Board as a Non-Executive Director. Mr. Mitchell is a highly experienced petroleum executive who has worked within the international oil and gas industry for a career spanning more than 35 years. In addition to his executive and board experience Mr. Mitchell has an exceptional success record in acreage evaluation, acquisition, block management, exploration and drilling operations leading to petroleum discoveries.

Mr. Mitchell most recently worked for Vanco Energy Company (now PanAtlantic Exploration Company) from 2003 to 2013 where he was both Chief Operating Officer and a Director, overseeing their various operations in West Africa, Ukraine and South America. This role included the evaluation and acquisition of numerous offshore licenses.

Prior to joining Vanco, Mr. Mitchell was General Manager International for Denver-based Barrett Resources Corporation where he led the international exploration and production team in the successful identification and acquisition of several licenses in Peru, resulting in the discovery of significant recoverable oil reserves.

From 1991 to 1995 Mr. Mitchell held senior executive positions at BHP Petroleum which included General Manager of New Ventures for the Asia Pacific division. In that role he managed the acquisition and operation of new venture projects throughout Asia, including Malaysia, Indonesia, China and Vietnam. This included successful drilling programs and significant discoveries in Malaysia and Papua New Guinea. Mr. Mitchell was subsequently appointed General Manager of BHP's Australia division where he was responsible for leading the Exploration Department in operating BHP's properties in Australia, overseeing successful drilling programs and multiple discoveries.

Mr. Mitchell began his career as a geologist for Phillips Petroleum Company, with several international assignments, including Colombia, Iran, Indonesia and London, and management appointments including Europe Exploration Manager and Vice President Europe-Africa-Middle East Exploration. . Throughout his career, he has worked in operations throughout Africa, the Middle East, Asia, Australia, Europe, North and South America. Mr. Mitchell has an MS in Geology from Emory University in the United States.

### ***Cash and Liquid Assets***

At 31 March the Company had cash and equivalents (including security deposits for the Ranau Performance Bond) of \$5.0m.

### ***On behalf of the Board of Directors***

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## Disclaimer

### Forward Looking Statements

This announcement contains forward looking statements that are subject to risk factors associated with oil and gas businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

### Competent Persons Statement

The information in this announcement that relates to Exploration Results, Gas Reserves is based on information reviewed and compiled by Ire Mochamad Thamrin. Ir Mochamad Thamrin, Deputy Chairman and a Director of the Company, holds a degree in Engineering Geology from ITB (Institute of Technology Bandung). He was head of Research and Development (Exploration) at Pertamina Indonesia (Government owned Oil and Gas division). From 1980 to 1994 and 1999 to 2011 respectively he was Chairman of the Geology Department and Dean of the Mineral Technology Faculty at Trisakti University Jakarta. Ir Mochamad Thamrin is widely recognized as a leading expert in the Indonesian Oil and Gas industry, especially in the South Sumatran Sub Basin. He has published more than 30 books on Oil and Gas in Indonesia. Ir Mochamad Thamrin has sufficient experience that is relevant to oil and gas exploration and production to qualify as a Competent Person as defined in Chapter 5 of the ASX Listing Rules. Ir Mochamad Thamrin consents to the inclusion in this announcement of this information in the form and context in which it appears.