

## Quarterly Report

For the Period Ended 30 September 2014

31 October 2014

### Highlights

#### RANAU PSC

- EBA Assessment to be conducted on Ranau Block
- Ongoing discussions regarding joint venture/funding partner arrangement

#### OTHER

- Due diligence progressing with a view to acquiring an attractive near term production asset

#### CORPORATE

- Cash and Equivalents at 30 September 2014 \$2.74m

#### Ranau PSC

As previously advised Quest has undertaken recommended studies to further define and de-risk current structures and mitigate charge and reservoir risks associated with the lead(s) identified at the Ranau PSC.

Quest recently executed an agreement with environmental consultants PT Widya Cipta Buan to perform an Environmental Baseline Assessment (EBA) on the Ranau Block. The EBA is required under Indonesian Law for all mining and Oil and Gas related activities.

The EBA will be conducted over the planned seismic and drilling areas identified by the Company. This survey is expected to commence within 7 days and is expected to take approximately 3 months to complete. The survey takes into account the impact that the company's activities may have on the local waterways, farmland, wildlife and local communities.

The EBA is required under the existing Work Program and Budget with SKKMigas and forms part of further risk mitigation work to be conducted including an Environmental Management and Monitoring Assessment (UKL/UPL) which is planned to follow.

Quest continues to monitor the instability and uncertainty that exists in the oil and gas industry in Indonesia. As reported throughout the media, the incoming administration is considering disbanding SKKMigas and other industry related bodies amidst corruption allegations.

ASX code: QPN  
QPNO

Share Price: \$0.001  
Shares: 3,096,351,788  
Market Cap: \$3.10m

#### Directors

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

Quest has been approached by groups and commenced discussions with a view to potentially bringing a joint venture partner in to fund the continued work program, including a drilling program, at the Ranau PSC. Discussions with various parties are ongoing.

While a decision point has not yet been reached, there would be some key benefits to shareholders of bringing in a partner to fund the exploration program and the Board feels it is prudent to explore these possibilities.

### Near Term Production Strategy

As previously reported Quest is actively reviewing acquisition opportunities in different geographic regions that would provide the Company with attractive, near term appraisal development projects or existing producing asset(s) with further development potential. In particular, management is focusing on lower risk jurisdictions such as North America.

Technical due diligence on opportunities is well advanced and the Company is working to complete the process.

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

The Ranau PSC covers an under explored area in an established oil and gas region. 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.

Figure 1



### Corporate

#### Salary Sacrifice Program

Directors and officers of the company continue to participate in the salary sacrifice program.

***Cash and Liquid Assets***

At 30 September 2014 the Company had cash and equivalents (including security deposits for the Ranau Performance Bond) of \$2.74m.

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

For further information contact:

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**Schedule of Interests in Mining Tenements at 30 September 2014**

<b>Location/Project Name</b>	<b>Tenement</b>	<b>Percentage held</b>
<b>South Sumatra (Ranau PSC)</b>  Ranau PSC (2,191km <sup>2</sup> )	N/A	80%