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ASX Release

LAND PURCHASE MOU SIGNED FOR PRABU 1 - RANAU PSC

Highlights

- **Memorandum of Understanding signed with landowner to purchase land for Prabu 1 drill-site**
- **Execution of Land Access Agreement to follow subject to legal due diligence which is near complete**
- **Drilling contract and service agreements will be finalised on LAA**
- **Prabu-1 Prospect target potential up to 59mmbbl or 340Bcf gas**

Quest Petroleum NL (ASX:QPN) is pleased to advise that it has signed a Memorandum of Understanding (MOU) to purchase the land which will be utilised for the first well to be drilled at the Company's Ranau PSC in South Sumatra, Indonesia (refer Figure 1).

Following protracted negotiations 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 has for several weeks been engaged in legal due diligence to confirm tenure of the site and expects to conclude this process imminently, which will facilitate the final land access 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.

The Prabu-1 Prospect is one of 16 leads identified in the Ranau PSC with combined potential of up to 6Tcf gas and/or 300 mmbbl oil. This prospect is located approximately 10km south of the town of Baradatu in the Way Kanan jurisdiction of Lampung Province, South Sumatra.

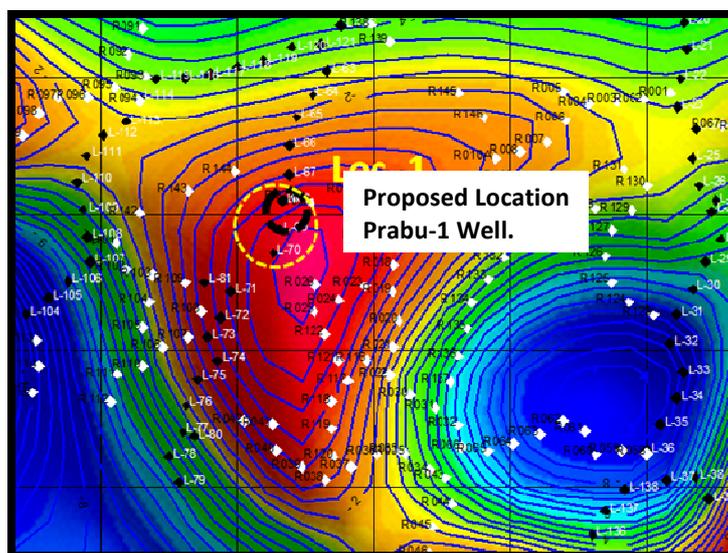
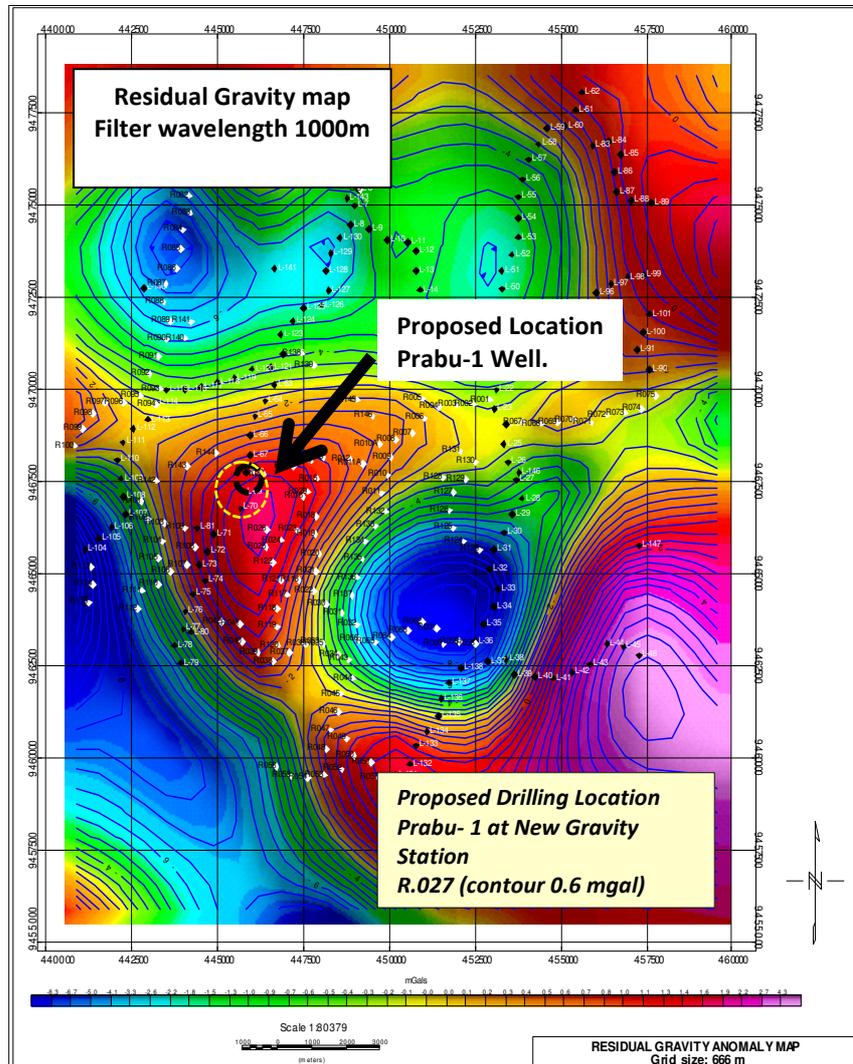
Negotiations have recommenced to finalise and execute the contract for the drilling rig. The Company will then also expedite the finalisation of all third party service and materials contracts. A spud date will be advised in due course as all necessary preparations are completed.

The Prabu -1 Prospect potential is estimated at up to 59mmbbl or 340Bcf gas. The 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. Operators in the surrounding PSC's have reported initial flow rates of up to 3,000 BOPD from the same formations as those hosting the Prabu-1 Prospect.

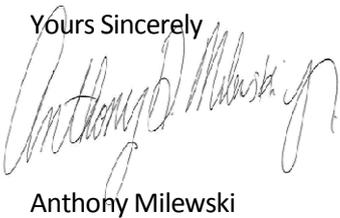
Based on the results of the Prabu-1 well, two further wells are planned in the initial drilling program.

Quest Petroleum Managing Director Anthony Milewski stated: "After a prolonged process we are very pleased to have signed a formal agreement with the landowner and are now in position to sign the land access agreement, pending legal sign off. We appreciate the patience of our shareholders over the past months and it is pleasing to now have visibility of the commencement of drilling at this highly prospective location."

Figures 1 and 2: Residual Gravity Map – Prabu-1 Drill Location, Ranau PSC.



Yours Sincerely



Anthony Milewski
Managing Director

For any further information in respect to the transaction, please contact the Company on +618 9380 9920 or by email info@qpnl.com.au

For and on behalf of the Board

About Quest Petroleum

Quest Petroleum NL (QPN) is an ASX listed oil and Gas Company focused on South Sumatra. The Company was granted the Ranau production sharing contract (PSC) in November 2011. The PSC is for a period of 30 years and covers 2,191km² 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. The Company is preparing to drill these leads and if successful take them to production, accessing the extensive infrastructure and multiple hydrocarbon markets located within close proximity to these projects and Sumatra.

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, 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. He 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. Ire 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. Ire Mochamad Thamrin consents to the inclusion in this announcement of this information in the form and context in which it appears.