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DRILLING/PERMITTING UPDATE, SENIOR MANAGEMENT APPOINTMENT

Highlights

- **BPMIGAS drilling approval imminent**
- **Drilling contractor being finalised with materials and personnel mobilised**
- **Appointment of experienced COO to head the South Sumatran operations and drill programme**

Quest Petroleum NL (ASX: QPN) anticipates approval from BPMIGAS (Indonesia's Energy Regulator), of the AFE for the Kayumanis-1 Well, together with Quest's 2012 work plan and budget shortly; following which the Company will be in position to advise on the planned spud date.

The Kayumanis-1 Lead is one of 16 leads identified in the Ranau PSC with total potential of up to 6Tcf and/or 300 mmbbl oil. It is located approximately 10km south of the town of Baradatu in the Way Kanan Regency of Lampung Province, South Sumatra. The Kayumanis-1 drill location is situated on the edge of an identified structural high proximate to three significant sub-basins with clear potential for hydrocarbon generation. The target reservoir formations are the Baturaja and Talang Akar Formations, both of which are prolific oil and gas reservoirs throughout South Sumatra. The drill site is on well drained, elevated land adjacent to a paved asphalt road which will expedite the commencement of drilling.

With this phase requiring the preparation and commencement of drilling at the Kayumanis-1 lead the Board has concluded that it necessitates the appointment of a development/production team leader based full-time in Indonesia. Subsequently, Quest is pleased to announce the appointment of Mr Kenneth Bull as the Chief Operating Officer (COO) of the Company. He will be based in Jakarta, speaks fluent Indonesian and has over 30 years international experience in the oil and gas sector, primarily in the management and operation of onshore and offshore drilling, well completion and production operations.

Mr Bull also has extensive experience in the Indonesian oil and gas industry and will manage all aspects of the Company's operations in Indonesia. With this appointment, Saxon Palmer steps down as a Director having overseen the work program that lead to the award of the Ranau Production Sharing Contract and activities up to the present phase. Ongoing technical oversight at Board level will continue to be provided by the Deputy Chairman, Mr. Mochamad Thamrin and Director, Mr Greg Lee.

Mr Bull joins Quest from Entek Energy where he was responsible for all drilling, workover, completion and safety at their operations in the USA. He was previously employed by Indonesian based Kufpec and Kalrez Petroleum where he managed the drilling and production operations of the Seram Island Oil and Gas Project.

He has also had a combined five years of direct operating experience in South Sumatra working with Stanvac, Asameria Petroleum and ARCO conducting workovers, completions and well testing in and around the South Sumatran Basin. Ken has also worked with for PDO (Shell) Oman, BSP (Shell) Brunei, Delhi/Santos Petroleum and New Guinea Energy.

Quest Petroleum Managing Director Anthony Milewski stated: *"With the BPMigas approvals imminent, the Company is pleased to appoint Ken to manage the Company's operations in Indonesia. With his extensive drilling expertise and significant Indonesian operational experience he is ideally suited to manage Quest's operations going forward. I would also like to wish Saxon well on his future ventures and extend our thanks to him for his significant contribution to the acquisition of the Ranau PSC and the exploration program to this point".*

Mr Bull stated: *"I am excited to join Quest as both a shareholder and COO; quality projects and experienced technical teams are the main determinants of success in this business and Quest has both".*

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. It 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 Mr. Saxon Palmer, a Director of the Company, who holds a Bachelor of Science with Honors in Geology from the Australian National University has 25 years relevant experience and is a member of the American Association of Petroleum Geologists. Mr. Palmer 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. Mr. Palmer consents to the inclusion in this announcement of this information in the form and context in which it appears.