



ABN 22 009 171 046

15 November 2012

Dear Shareholder,

NON-RENOUNCEABLE ENTITLEMENT ISSUE

On 14 November 2012 Quest Petroleum NL (**Company**) announced to ASX Limited (**ASX**) that it will be offering eligible shareholders the opportunity to acquire fully paid ordinary shares in the capital of the Company (**Shares**) via a pro-rata non-renounceable entitlement issue on the basis of one (1) Share for every six (6) Shares held by Shareholders together with one (1) free attaching Option for every two (2) new Shares issued (**Options**), registered at 5.00pm (WST) on 22 November 2012 at an issue price of 0.6 cents per Share (**Entitlement Issue**).

The number of Shares which will be issued under the Entitlement issue is 410,287,463 Shares to raise \$2,461,725. The number of Options which will be issued under the Entitlement Issue is 205,143,732. The Options are free attaching options exercisable at 1.5 cents on or before 30 June 2016. The Company will apply for quotation of the Options..

The Company also announced on 26 July 2012 that it was raising approximately \$2.5 million through a placement to investors, including international and domestic institutions, of approximately 416,666,667 Shares at 0.6 cents per Share, together with one (1) free attaching Option exercisable at 1.5 cents on or before 30 June 2016 for every two (2) new Shares issued (**Placement**). The first tranche of the Placement amounted to approximately \$1.2m through the issue of 199,752,475 Shares at 0.6 cents per Share together with 99,876,238 attaching Options and was completed on 27 July 2012 (**Tranche 1**). The second tranche of the Placement amounts to approximately \$1.3m through the issue of 216,914,192 Shares at 0.6 cents per Share together with 108,457,096 attaching options and was subject to shareholder approval at a General Meeting of the Company held on 14 September 2012 (**Tranche 2**). The issue of the Shares under Tranche 2 of the Placement was completed on 26 October 2012.

A prospectus relating to the Entitlement Issue and also the issue of the attaching options under Tranche 2 of the Placement (**Prospectus**) has been lodged with the ASX and is available on the ASX website at www.asx.com.au and also on the Company's website www.qpnl.com.au. The Prospectus will be dispatched to shareholders on 26 November 2012. The Prospectus outlines the Entitlement Issue in detail.

The Entitlement Issue is being jointly underwritten by Canaccord Wealth Management and Etchell Capital Pty Ltd.

The proposed timetable for the Entitlement Issue is as follows:

Lodgement of Appendix 3B and Prospectus with ASX	14 November 2012
Notice of Entitlement Offer sent to Security holders	15 November 2012
Shares quoted on an "EX" basis	16 November 2012
Record date for determining Entitlements	22 November 2012
Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders	26 November 2012
Closing Date of Entitlement Offer*	10 December 2012
Shares quoted on a deferred settlement basis	11 December 2012

Notification of Shortfall	13 December 2012
Anticipated date for allotment and issue of the Securities and despatch of holder statements	18 December 2012
Anticipated date for commencement of Securities trading	19 December 2012

* Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Entitlement Issue at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.

** These dates are indicative only

Use of Funds

The funds raised pursuant to Entitlement Issue and Placement will be used on the drilling program at the Company's Ranau Projects in South Sumatra. The Company has received all required approvals from Indonesia's Energy Regulator BPMIGAS for commencement of drilling at these highly prospective Projects. The targeted spud date for the Kayumanis-1 Well is set for December 2012, subject to rig mobilization and land access agreements. Based on the results of the Kayumanis-1 Well, two further wells are planned in this initial drilling program.

Overseas Shareholders

The offer made under the Prospectus, and any accompanying Form, do not, and is not intended to, constitute an offer of Securities in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue the Prospectus or the Securities under the Offers. The distribution of the Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of the Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws

Should you have any queries in relation to this matter, please do not hesitate to contact the Company on (+61 8) 9380 9920.

Yours Sincerely

Jonathan Whyte
Company Secretary