

13 December 2012

The Manager  
Australian Securities Exchange  
Company Announcements Office  
Level 4/20 Bridge Street  
SYDNEY NSW 2000

Dear Sir

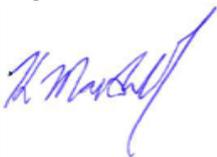
**RE: CYRENE-1 OPERATIONS UPDATE**

We attach herewith an ASX Announcement for Investors regarding activities on the drilling of commitment well Cyrene-1 on EP 438.

The relevant interests after the drilling of Cyrene-1 will be as follows:

Buru Energy Limited	37.5%
Mitsubishi Corporation (Diamond Resources (Canning) Pty Ltd)	37.5%
Key Petroleum Ltd (Gulliver Productions Pty Ltd)	20.0%
Indigo Oil Pty Ltd	5.0%

Regards



**KANE MARSHALL**  
Managing Director  
**KEY PETROLEUM LIMITED**

## ASX AND MEDIA ANNOUNCEMENT

13 December 2012

### EP 438 - CYRENE-1 OPERATIONS UPDATE

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Key Petroleum is pleased to provide the following update on operations at the Cyrene-1 Exploration Well within EP 438, Canning Basin, Western Australia.

Over the past fortnight, DCA Rig 7 and its associated equipment has arrived at the wellsite located approximately 100km south of Broome. A planned surface hole to a depth of 175 metres will be drilled, followed by the running and cementing of the 9 5/8" surface casing, then the BOP Stack will be nipped up and operations suspended prior to drilling to the primary target in January.

Upon commencement of drilling in January, all third party contractors and their subsequent equipment will be mobilised and rigged up on the Cyrene-1 location to drill ahead in the 8 1/2" and 6" hole sections. This will ensure that operations are conducted in the safest possible manner and that the critical components of the Cyrene-1 project are fully resourced.

The third party services for Cyrene-1 include Baker Hughes who will conduct the mudlogging and coring of the lower Goldwyer, Schlumberger for wireline logging of the intermediate 8 1/2" hole section including the cored Goldwyer section, Westlog for wireline operations including logging of the Willara Formation and swabbing during flow testing of the Willara and DST Australia for the flow testing of the Willara "lost circulation zone".

Cyrene-1 will be drilled to a total depth of 1060m targeting the Willara and Goldwyer Formations and has an estimated resource for conventional targets in the order of 5 million barrels of recoverable oil if hydrocarbons are present. Unconventional targets include a 135m section within the Goldwyer Formation shales.

Managing Director Kane Marshall said the commencement of drilling operations at Cyrene-1 in the Canning Basin fulfilled another promise to equity markets in the evolution of Key Petroleum as an emerging onshore explorer in Australia.

"Given that the wet season has started in the Canning and conditions are pretty tough we are very pleased with our progress to date. With the full support of the EP 438 joint venture we will now proceed to drill Cyrene-1 to assess the conventional and unconventional prospectivity of this part of the Canning Basin. This is an exciting time for our shareholders as we progress in this part of the Canning full steam ahead"

Key will provide weekly drilling reports until the surface hole section has been drilled and cased.

For further information, please contact:

**Kane Marshall**  
**BSc (Geology), BCom (Inv & Corp Fin), Masters PetEng, SPE, AAPG**  
**Managing Director**

**Key Petroleum Ltd**

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#### Competent Persons Statement

Information in this ASX Release relates to information compiled by Mr Kane Marshall. Kane Marshall is a Practising Petroleum Engineer and holds a BSc (Geology), a BCom (Inv & Corp Fin) and a Masters in Petroleum Engineering. He is a member of the Society of Petroleum Engineers (SPE) and the American Association of Petroleum Geologists (AAPG).

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## Key Petroleum Ltd

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ABN 50 120 580 618



DCA Rig 7 was mobilised and rigged up at the Cyrene-1 Well location 100km south of Broome in late November

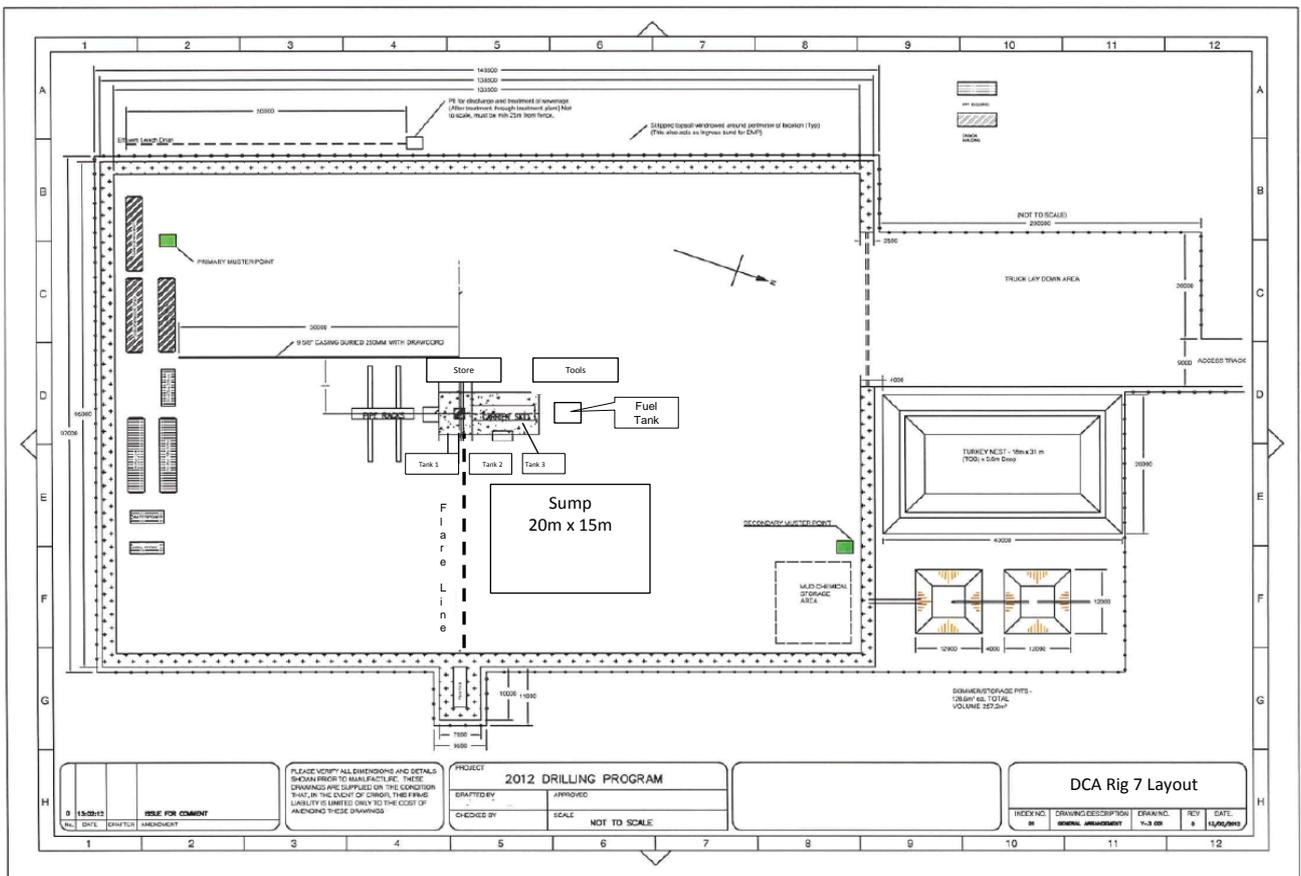
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Site layout for DCA Rig 7 including the layout of surface casing and drill pipe (below)

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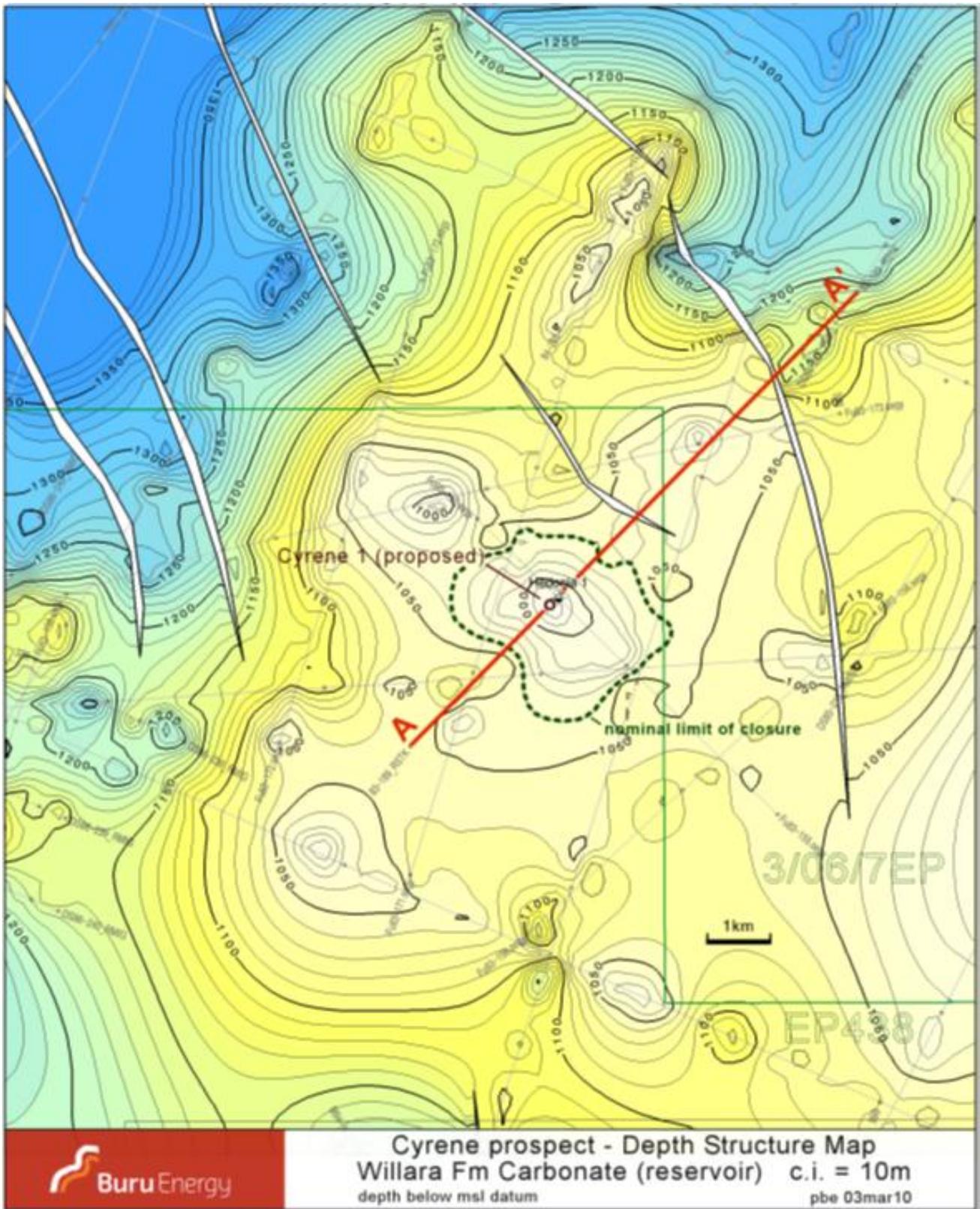
Geographical location of Cyrene-1

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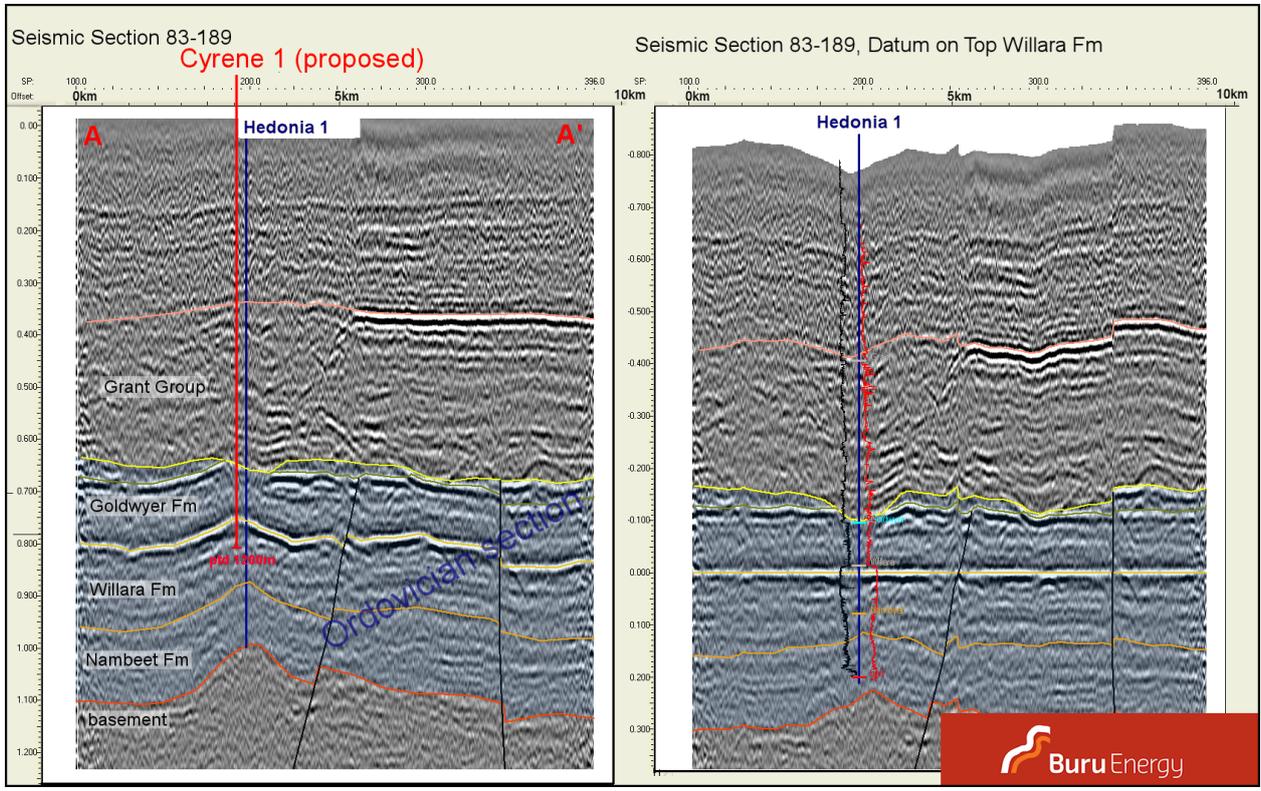
The Cyrene Structural Map including marked A to A' cross section

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Seismic cross section A to A' through the Cyrene-1 Anticline

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