

21 November 2012

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

Dear Sir

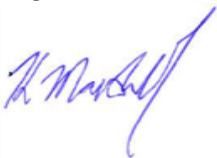
RE: EP438 –CYRENE-1 UPDATE

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
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ABN 50 120 580 618

ASX AND MEDIA ANNOUNCEMENT

21 November 2012

EP 438 - CYRENE-1 UPDATE

Further to an announcement made by Key Petroleum Limited ("Key") on 5 October 2012, the Company is pleased to announce it has received approval of both the Authority for Expenditure (AFE) from Joint Venture partners Buru Energy Limited, Mitsubishi Corporation and Indigo Oil Pty Ltd and the Cyrene-1 Application to Drill by the Department of Mines and Petroleum (DMP).

The approvals enable Key to mobilise DCA Rig 7 to the Cyrene-1 wellsite located approximately 100km south of Broome to undertake the exploration drilling and testing program. Key has also formally entered into and executed a lump sum ("turnkey") contract for the drilling services of Drilling Contractors of Australia (DCA) Rig 7. A slot for DCA Rig 7 was secured some weeks ago for the drilling of Cyrene-1 and the formal signing of the contract finalises this agreement.

A 30 man drilling camp and tubulars for the Cyrene-1 well are being mobilised from both Perth and Exmouth. The mobilisation of DCA Rig 7 and its equipment from Perth, the rig up and spudding is estimated to take two to three weeks. This conservatively takes into account wet weather and safety considerations.

Once the Cyrene-1 well is spud, a surface hole will be drilled to approximately 175 metres with 9 5/8" casing run and cemented. Operations will cease during the Christmas period and commence in early January where drilling will resume until Total Depth (TD) is reached. This will lead to significant capital savings and ensures appropriate personnel are available during the critical coring and testing operations.

Managing Director Kane Marshall said the spudding of Cyrene-1 and Key's exploration in the Canning Basin marks a turning point for the Company as it moves in line with its new strategic direction focussing on Australian-based exploration.

"Although the wet season is on the horizon, Key, with the support of the EP 438 Joint Venture, has taken the necessary measures to ensure that the Cyrene-1 commitment well is drilled. Drilling the surface hole prior to Christmas and mobilising all operational personnel to site after Christmas ensures we not only drill the well in a cost effective manner but are appropriately resourced during the critical components of the well program. These steps are critical for maximising shareholder value and ensure that the venture retains the EP 438 permit in good standing. It is a significant achievement that within three months Key has not only assumed operatorship from Buru for the purpose of drilling Cyrene-1 but also secured a rig and obtained the relevant approvals to undertake this exploration campaign."

Further announcements will follow in due course.

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).

For further information, please contact:

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The main section of the Cyrene-1 Drilling Camp will begin to be mobilised from Exmouth this week.



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