

23 January 2013

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

Dear Sir

**RE: DAILY DRILLING REPORT FOR CYRENE-1 IN EP 438, CANNING BASIN, WESTERN AUSTRALIA
FOR THE PERIOD 0600 HOURS 22 JANUARY 2013 TO 0600 HOURS 23 JANUARY 2013**

Please find details of the drilling activities of Cyrene-1 attached.

Update as of 0600 hrs 23 January 2013:

At 0600 hrs 23 January 2013 drilling has reached a depth of 442 metres and continuing to drill through the Wallal Sandstone.

EP438 Participants after drilling of Cyrene-1:

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

23 January 2013

CYRENE-1 PETROLEUM EXPLORATION WELL EP 438 - WESTERN AUSTRALIA

1.	Well Name/Permit:	Cyrene-1 EP438 - Western Australia			
2.	The Report is for the Period:	0600 – 22 January 2013 to 0600 - 23 January 2013			
3.	This ASX Release Time and Date:	1000 – 23 January 2012			
4.	Report No:	Three			
5.	Spud Date/DCA Rig #7:	21 January 2013			
6.	Days since Spud:	Two			
7.	Locations of the Well:	Latitude: 18° 16' 34.5"S		Longitude: 122° 24' 05.1"E	
8.	Elevation:	GL		47m	
		RT from GL (MSL)		5m	
		RT to GL		52m	
9.	Proposed Total Depth:	1060 metres TVD			
10.	Targets:	Primary: Goldwyer Formation			
		Secondary: Willara Formation			
11.	Present Depth:	442 metres as of 0600 hours 23 January 2013			
12.	Geological Summary:		Formation Tops:		
			Prognosed	Actual	Difference
		Jarlemai Sandstone			
		Alexander Formation	235m		
		Wallal Sandstone	295m		
		Grant Formation	490m		
		Goldwyer Formation	900m		
		Willara Formation	1035m		

Key Petroleum Ltd

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13.	Hydrocarbon Indications:	Nil with none expected	
14.	Operations since last Report:	Drilled to depth of 442 metres	
15.	Current Operations:	Drill ahead through Wallal Sandstone	
16.	Future Operations:	Drill ahead in 8 1/2" hole to coring point in Goldwyer	
17.	Prospect Description:	The first reservoir target of the Cyrene 1 well is the Goldwyer unit, an argillaceous unit of some 135m thickness. This is regarded as an 'unconventional' reservoir with potential to establish prospectivity over a very large area of the Broome Platform and beyond. The qualities of the Goldwyer which support this concept, apart from thickness and broad distribution, include organic contents frequently averaging 1.5-2% but ranging up to 4% or more, and a high calcareous content which implies favourable fracture characteristics. The second reservoir target of the well, the 'cavernous' limestones of the Willara Formation, was confirmed by the substantial lost circulation zones encountered in Hedonia 1.	
18.	Participants in the Well:	Key Petroleum Ltd (Gulliver Productions Pty Ltd) (Operator)	20.0%
		Buru Energy Limited	37.5%
		Mitsubishi Corporation (Diamond Resources (Canning) Pty Ltd)	37.5%
		Indigo Oil Pty Ltd	5.0%

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