



4 February 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 1 FEBRUARY 2013 TO 0600 HOURS 4 FEBRUARY 2013**

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

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

A handwritten signature in blue ink, appearing to read "K. Marshall", written over a light blue rectangular background.

KANE MARSHALL
Managing Director
KEY PETROLEUM LIMITED

ASX AND MEDIA ANNOUNCEMENT

4 February 2013

DAILY DRILLING REPORT FOR CYRENE-1 IN EP 438, CANNING BASIN, WESTERN AUSTRALIA FOR THE PERIOD 0600 HOURS 1 FEBRUARY 2013 TO 0600 HOURS 4 FEBRUARY 2013

At 0600 hrs 4 February 2013 DCA Rig 7 had drilled to the core point at 958 metres Rotary Table (RT) with oil shows encountered across a 43 metre interval in the lower Grant and Goldwyer Formations from 915 to 958m RT (Rotary Table). Interbedded limestones were observed in cuttings of the Goldwyer Formation.

The oil shows are indicative of an active source rock believed to have unconventional oil or gas potential. DCA has now conducted a wiper trip and is completing testing of blow out preventers (BOP's) prior to running in hole with the core barrel to begin coring a 54 metre section of the Goldwyer Formation shale believed to exhibit the best total organic content (TOC). The top Goldwyer Formation was intersected at 918m RT (886.9m subsea), the same depth as encountered at Hedonia-1 (886.8m subsea).

The oil shows were associated with increases in background gas and readings on the chromatograph up to C5. The description of the oil shows are as follows:

Interval MDRT(m)		Lithology	UV Light	
From	To		Cut Fluorescence	Residue
915m	925m	Goldwyer Claystone	Slow blooming, slight to moderate blue white cut fluorescence	Slight to moderate bright white to cream fluorescence
925m	950m	Goldwyer Claystone	Slow blooming moderate bright blue white cut fluorescence	Moderate bright white to cream fluorescence
950m	958m	Goldwyer Claystone	Slow blooming, moderate bright blue white cut fluorescence	Moderate bright white to cream fluorescence

Background gas associated with these live oil shows were as follows:

Depth m RT	Total Gas (units)	C1 (ppm)	C2 (ppm)	C3 (ppm)	iC4 (ppm)	nC4 (ppm)	iC5 (ppm)	nC5 (ppm)
915m	0.5	7						
924m	1.065	46	17	18	2	8	2	3
952m	2.92	89	33	32	5	19	7	9
957m	1.036	43	14	16	3	12	5	7
985m	3.16	86	31	31	6	20	7	10

Key Petroleum Ltd

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ABN 50 120 580 618

Daily drilling reports will also be placed on our website with material drilling reports lodged to the ASX in due course.

For media and shareholder enquiries please contact commrelations@keypetroleum.com.au

Kane Marshall

BSc (Geology), BCom (Inv & Corp Fin), Masters PetEng, SPE, AAPG, PESGB, SPWLA

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 Practicing 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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ASX AND MEDIA ANNOUNCEMENT

4 February 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 – 1 February2013 to 0600 - 4 February 2013			
3.	This ASX Release Time and Date:	1030 – 4 February 2013			
4.	Report No:	Ten			
5.	Spud Date/DCA Rig #7:	21 January 2013			
6.	Days since Spud:	Fourteen			
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)		3.1m	
		RT to GL		50.1m	
9.	Proposed Total Depth:	1060 metres TVD			
10.	Targets:	Primary: Goldwyer Formation			
		Secondary: Willara Formation			
11.	Present Depth:	958 metres RT as of 0600 hours 4 February 2013			
12.	Geological Summary:		Formation Tops (m RT):		
			Prognosed	Actual	Difference
		Wallal Sandstone	295m	295m	-
		Grant Formation	490m	490m	-
		Goldwyer Formation	915m	918 m	-3
		Willara Formation	1035m		

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13.	Hydrocarbon Indications:	Oil Shows:								
		Interval MDRT(m)		Lithology	UV Light					
		From	To		Cut Fluorescence			Residue		
		915m	925m	Goldwyer Claystone	Slow blooming, slight to moderate blue white cut fluorescence			Slight to moderate bright white to cream fluorescence		
		925m	950m	Goldwyer Claystone	Slow blooming moderate bright blue white cut fluorescence			Moderate bright white to cream fluorescence		
		950m	958m	Goldwyer Claystone	Slow blooming, moderate bright blue white cut fluorescence			Moderate bright white to cream fluorescence		
		Gas Shows:								
		Depth m RT	Total Gas (units)	C1	C2	C3	iC4	nC4	iC5	nC5
				(ppm)	(ppm)	(ppm)	(ppm)	(ppm)	(ppm)	(ppm)
			915m	0.5	7					
	924m	1.065	46	17	18	2	8	2	3	
	952m	2.92	89	33	32	5	19	7	9	
	957m	1.036	43	14	16	3	12	5	7	
	985m	3.16	86	31	31	6	20	7	10	
14.	Operations since last Report:	Drilled 8 ½” hole to coring point in Goldwyer Formation at 958 metres RT. Conduct wiper trip and begin BOP testing.								
15.	Current Operations:	Completing BOP testing and make up coring assembly.								
16.	Future Operations:	Run in hole with core barrel and core 54 metres of Goldwyer Formation shale from 958m RT.								
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%	

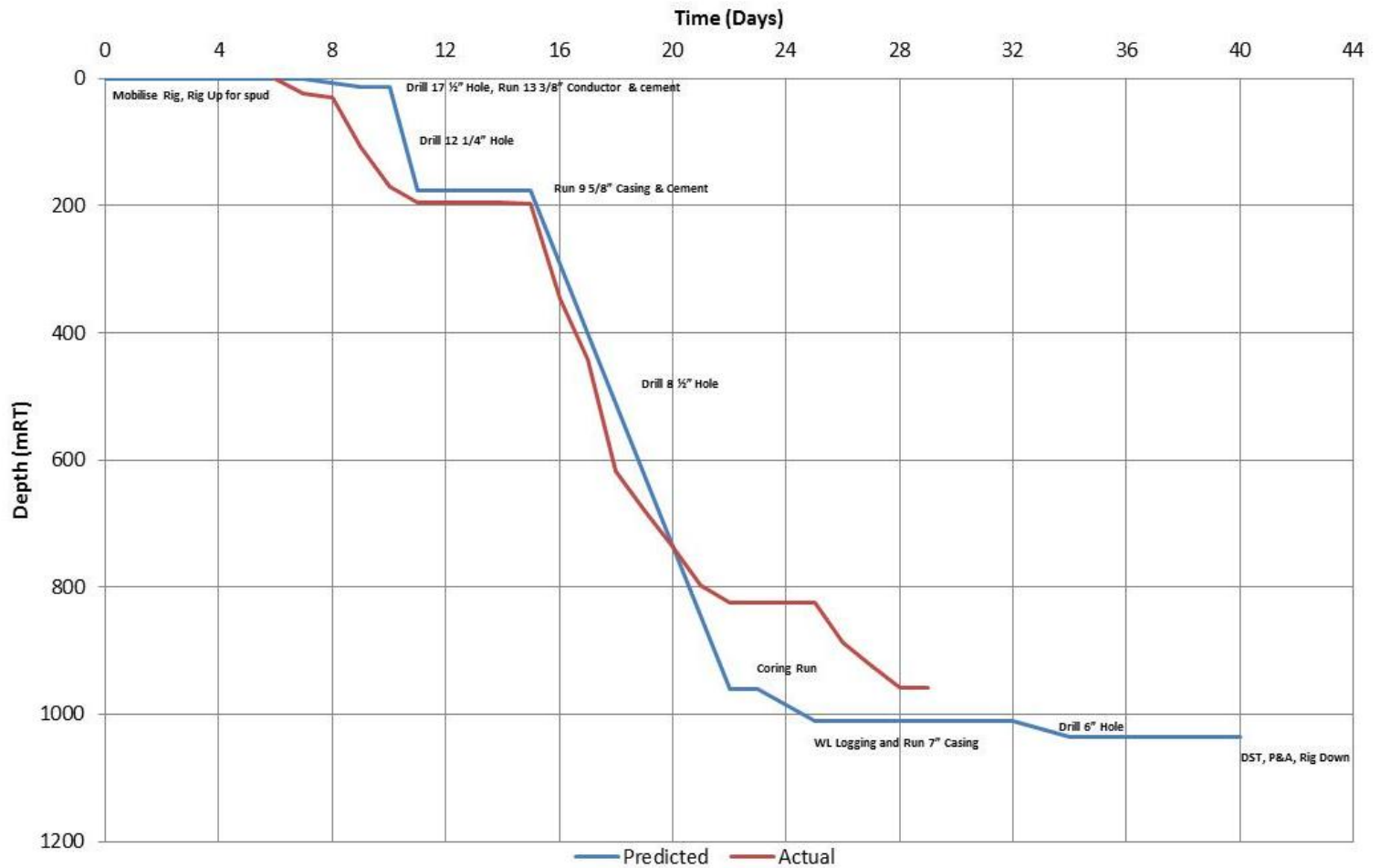
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Cyrene-1 Time v Depth (Budget) Well Spud to Rig Release



DCA Rig Personnel preparing to recommence drilling on 20 January 2013



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