

8 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 6 FEBRUARY 2013 TO 0600 HOURS 8 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



KANE MARSHALL
Managing Director
KEY PETROLEUM LIMITED

ASX AND MEDIA ANNOUNCEMENT

8 February 2013

DAILY DRILLING REPORT FOR CYRENE-1 IN EP 438, CANNING BASIN, WESTERN AUSTRALIA FOR THE PERIOD 0600 HOURS 6 FEBRUARY 2013 TO 0600 HOURS 8 FEBRUARY 2013

At 0600 hrs 8 February 2013 DCA Rig 7 had completed the second core barrel of Goldwyer core (photos below) to 986m RT (rotary table) and was running back in the hole with a drill bit to clean out the hole prior to starting the third coring run to 994m RT.

Further oil and gas shows have been observed during the last cutting of Goldwyer core and total gas averaged 10.1 units over the cored interval and has increased to 14.5 units at 985m RT with C5 up to 70 ppm.

The oil shows that have been observed to date including the latest over this interval are described below:

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
958m	967m	Goldwyer Claystone cuttings	Slow blooming, moderate bright blue white cut fluorescence	Moderate bright white to cream fluorescence
968m	986m	Goldwyer Claystone cuttings	Slow blooming, moderate bright blue white cut fluorescence	Moderate bright white to cream fluorescence

The descriptions of gas shows encountered in the Goldwyer including this last coring run are 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

Key Petroleum Ltd

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ABN 50 120 580 618

958m	3.16	86	31	31	6	20	7	10
959m	2.1	122	37	30	5	16	5	6
967m	5.6	274	89	79	14	49	18	22
985m	14.5	618	197	181	41	130	59	70

Daily drilling reports will 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

Telephone: +61 8 6389 0322

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

8 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 – 6 February2013 to 0600 - 8 February 2013			
3.	This ASX Release Time and Date:	1030 – 8 February 2013			
4.	Report No:	Thirteen			
5.	Spud Date/DCA Rig #7:	21 January 2013			
6.	Days since Spud:	Eighteen			
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:	Bit depth 618m RT running back in hole to bottom at 986m RT as of 0600 hours 8 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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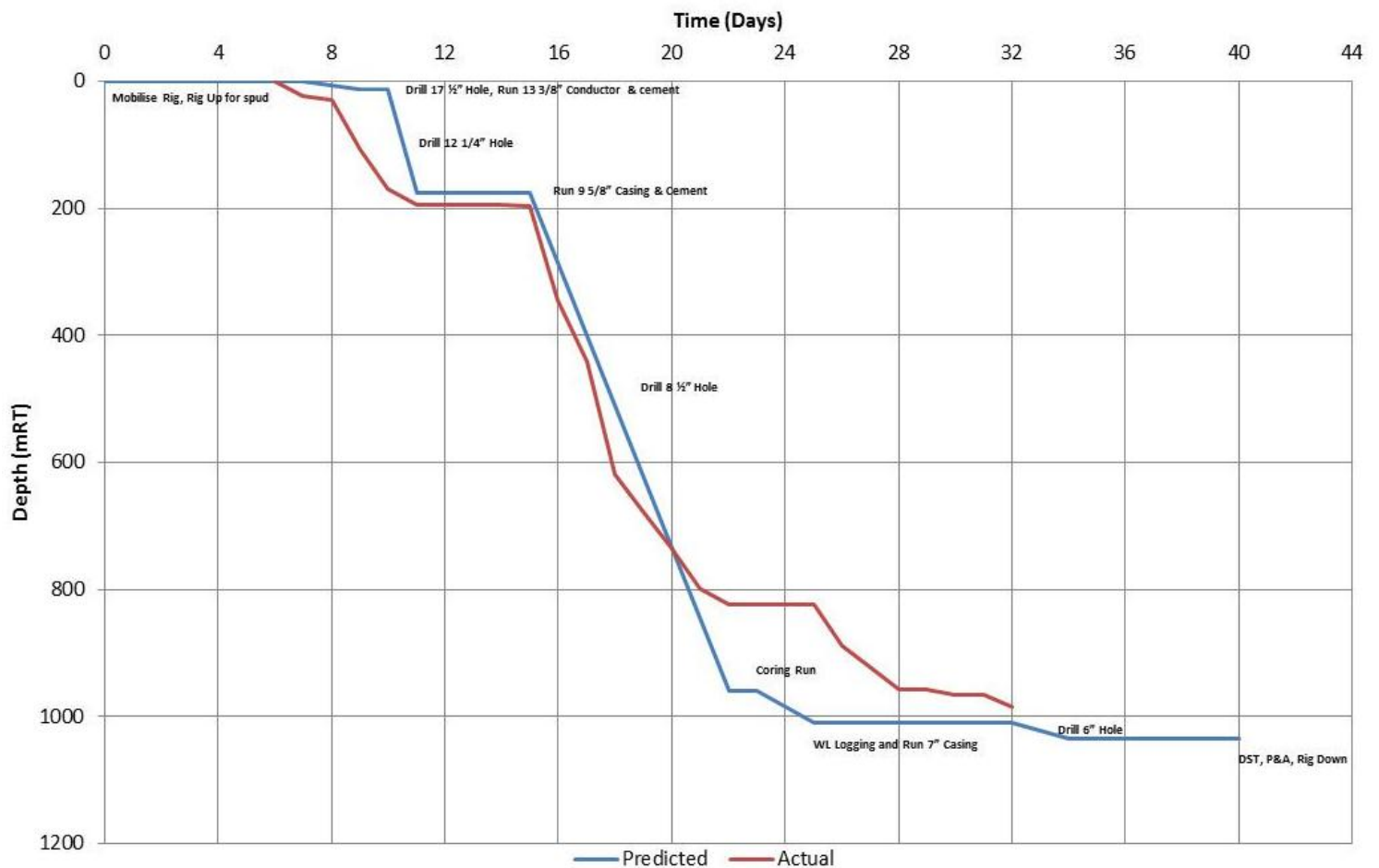
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13.	Hydrocarbon Indications:	Oil Shows:																																																																																						
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14.	Operations since last Report:	Completed second core of Goldwyer Formation with 18 metre core assembly to 986m RT.																																																																																						
15.	Current Operations:	Running back in hole with drill bit to clean out hole.																																																																																						
16.	Future Operations:	Make up 9m core barrel, run in to 986m RT and continue to core Goldwyer Formation.																																																																																						
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%

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



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DCA personnel pulling coring assembly out of the hole



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Baker Hughes (in orange) and DCA personnel removing the first 9 metres of Goldwyer Core from Rig 7 onto the catwalk



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Baker Hughes (in orange) and Core Lab personnel moving the Goldwyer core into position to be cut



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