

23 December 2013

The Manager
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The Announcements Officer
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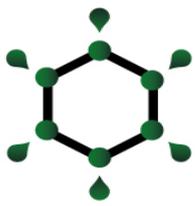
ACQUISITION OF BURU'S INTERESTS IN L15 AND R1

We attach herewith ASX Announcement for Investors regarding the acquisition of Buru's interests in L15 and R1.

Regards



KANE MARSHALL
Managing Director
Key Petroleum Limited



ASX RELEASE

ACQUISITION OF INTERESTS IN L15 AND R1

Gulliver Productions Pty Ltd (**Gulliver**), a wholly owned subsidiary of Key Petroleum Limited, is pleased to announce that, together with Indigo Oil Pty Ltd (**Indigo**), have entered into an agreement with Buru Energy Limited (**Buru**) to acquire certain interests in the Canning Basin.

The agreement will result in:

- Gulliver and Indigo acquiring Buru's 15.50% interest in L15 and 43.28% interest in R1, increasing Gulliver's holding to 61.4% in L15 and 65.23% in R1 and;
- Gulliver and Indigo selling their interests in EP438 to Buru.

Gulliver and Indigo currently hold a 49.00% and 11.50% interest in L15 and a 30.61% and 6.11% interest in R1 respectively and Buru holds a 15.50% interest in L15 and a 43.28% interest in R1.

Gulliver currently holds a 20% interest and Indigo a 5% interest in EP438. Buru and Mitsubishi Corporation each hold a 37.50% interest in EP438 following the drilling of Cyrene-1 earlier this year.

Under the agreement:

- Gulliver and Indigo have agreed to acquire Buru's entire interests in L15 and R1. Gulliver will acquire 80% of Buru's interest in each title and Indigo will acquire 20% of Buru's interest in each title;
- Buru has agreed to pay Gulliver \$400,000 and Indigo \$100,000 for Buru's estimated share of remedial work associated with wells and facilities which is required to be performed in L15 and R1; and
- Gulliver and Indigo have agreed to sell their entire interests in EP438 to Buru.

The transactions are due to be completed in the first quarter of 2014 and are subject to certain conditions precedent including regulatory approvals.

Key's Managing Director, Mr Kane Marshall, said the agreement was a significant milestone for the company ensuring that it not only operated all of its WA assets but that it had high equity positions in all of its exploration interests.

"Key has delivered its promise made to shareholders in 2012 that it would operate all acreage and have high equity interests in all our material prospects," Mr Marshall said. "This transaction not only increases our cash position but means we have a pipeline of projects to farmout for drilling, which puts Key in an enviable position heading into 2014. Additionally, the Lennard Shelf Trend comprising EP104, R1 and L15 is a core part of our business located close to the coastal towns of Broome and Derby. There is strong gas demand in this area of the Kimberley and these permits are located near some existing infrastructure such as roads and ports which in turn makes any future development projects commercially attractive"

For more information please contact:

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Kane Marshall
Managing Director

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