

ABN 22 009 171 046

15 November 2012

Dear Optionholder,

NON-RENOUNCEABLE ENTITLEMENT ISSUE

We are writing to you in relation to your option holding in Quest Petroleum NL (Company).

The Company has announced to ASX Limited (ASX) the details of a non-renounceable entitlements issue on the basis of one (1) Share for every six (6) Shares held by Shareholders together with one (1) free attaching Option for every two (2) new Shares issued (Options), registered at 5.00pm (WST) on 22 November 2012 at an issue price of 0.6 cents per Share to raise approximately \$2.5 million (Entitlement Issue).

Pursuant to the terms of the options that were issued to you, the Company is required to notify you of your right to participate in any entitlement issue of securities if you exercise your options prior to the record date for the Entitlement Issue.

Accordingly, take notice that in order to participate in the Entitlement Issue, you will need to exercise your options prior to the record date for the Entitlement Issue, being **22 November 2012**. Notice of exercise of options and payment of the exercise price of the options must be received by Computershare on or before 22 November 2012 as notices of exercise of options received after this date cannot be assured of the allotment of shares by the record date for the Entitlement Issue.

If you require an option exercise form, please contact the Company on (+61 8) 9380 9920.

The Company will dispatch a Prospectus in respect of the Rights Issue to shareholders of the Company on 26 November 2012. The Prospectus outlines the Entitlement Issue in detail. The Prospectus has been lodged with the ASX and is available on the ASX website at www.asx.com.au and also on the Company's website www.asx.com.au and also on the Company and also

The Entitlement Issue is being jointly underwritten by Canaccord Wealth Management and Etchell Capital Pty Ltd.

The proposed timetable for the Entitlement Issue is as follows:

Lodgement of Appendix 3B and Prospectus with ASX	14 November 2012
Notice of Entitlement Offer sent to Security holders	15 November 2012
Shares quoted on an "EX" basis	16 November 2012
Record date for determining Entitlements	22 November 2012
Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders	26 November 2012
Closing Date of Entitlement Offer*	10 December 2012
Shares quoted on a deferred settlement basis	11 December 2012
Notification of Shortfall	13 December 2012
Anticipated date for allotment and issue of the Securities and	18 December 2012

despatch of holder statements	
Anticipated date for commencement of Securities trading	19 December 2012

^{*} Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Entitlement Issue at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.

Use of Funds

The funds raised pursuant to Entitlement Issue and Placement will be used on the drilling program at the Company's Ranau Projects in South Sumatra. The Company has received all required approvals from Indonesia's Energy Regulator BPMIGAS for commencement of drilling at these highly prospective Projects. The targeted spud date for the Kayumanis-1 Well is set for December 2012, subject to rig mobilization and land access agreements. Based on the results of the Kayumanis-1 Well, two further wells are planned in this initial drilling program.

Overseas Shareholders

The offer made under the Prospectus, and any accompanying Form, do not, and is not intended to, constitute an offer of Securities in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue the Prospectus or the Securities under the Offers. The distribution of the Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of the Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws

Should you have any queries in relation to this matter, please do not hesitate to contact the Company on (+61 8) 9380 9920.

Yours Sincerely

Jonathan Whyte Company Secretary

^{**} These dates are indicative only