

21 August 2014

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

Dear Sir

**DRILLING REPORT NO. 9 FOR DUNNART-2 IN EP437, PERTH BASIN, WESTERN AUSTRALIA  
FOR THE PERIOD 0600 HOURS 21 AUGUST 2014 TO 0845 HOURS 21 AUGUST 2014**

We attach herewith ASX Announcement for Investors regarding the drilling activities at Dunnart-2, EP437, Onshore Perth Basin.

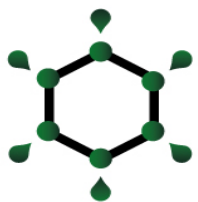
Joint Venture participants in EP437 are:

<i>Key Petroleum Limited (Key Petroleum (Australia) Pty Ltd) (Operator)</i>	<i>43.47%</i>
<i>Rey Resources Limited (Rey Oil and Gas Perth Pty Ltd)</i>	<i>43.47%</i>
<i>Caracal Exploration Pty Limited</i>	<i>13.06%</i>

Regards



**JL KANE MARSHALL**  
Managing Director  
**KEY PETROLEUM LIMITED**



**KEY**  
PETROLEUM LIMITED

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## ASX RELEASE

### **DRILLING REPORT NO. 9 FOR DUNNART-2 IN EP437, PERTH BASIN, WESTERN AUSTRALIA FOR THE PERIOD 0600 HOURS 21 AUGUST 2014 TO 0845 HOURS 21 AUGUST 2014**

Key Petroleum Limited ("Key") advises that since this morning's disclosure to the ASX, the Drill Stem Test ("DST") tools have been pulled out of hole and examined for plugging at surface. Key can confirm that the sample chamber and main part of the tool are completely plugged with shale fill from the overlying Kockatea Shale Formation. This confirms the test was invalid.

The forward plan is to run in the hole, circulate bottoms up and either condition the hole for a re-test in clean hole or drill further into the Bookara Sandstone and conduct another test. The market will be kept fully informed of any further developments.

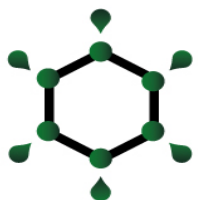
Daily drilling reports to the ASX will continue until all drilling and formation evaluation of Dunnart-2 has been completed.

For more information please contact:

**Key Petroleum Limited**  
+61 8 6389 0322

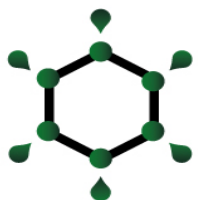
**JL Kane Marshall**  
Managing Director

21 August 2014



**DUNNART-2 PETROLEUM EXPLORATION WELL**  
**EP437 – PERTH BASIN**

1.	Well Name/Permit:	Dunnart-2 EP437, Perth Basin, Western Australia			
2.	The Report is for the Period:	0600 – 21 August 2014 to 0900 – 21 August 2014			
3.	This ASX Release Time and Date:	0845 WST – 21 August 2014			
4.	Report No:	Nine			
5.	Start Date/DCA Rig #7:	13 July 2014			
6.	Days since commencement of drilling operations:	Thirty nine			
7.	Locations of the Well:	North Perth Basin			
8.	Elevation:	GL	40.96m		
		RT from GL (MSL)	3.5m		
		RT to MSL	44.46m		
9.	Proposed Total Depth:	670 metres TVD RT			
10.	Targets:	Primary: Bookara Sandstone Formation			
		Secondary: Basement			
11.	Present Depth:	616.87m RT			
12.	Geological Summary:		Formation Tops (m RT):		
			Prognosed	Actual	Difference
		Yarragadee Sandstone	82m	82m	-
		Cadda Formation	280m	281m	-1
		Cattamarra Formation	325m	324m	+1
		Woodada Formation	484m	482.5m	+1.5
		Kockatea Shale	504m	503m	+1.0
		Bookara Sandstone Formation	615m	614m	+1
		Basement	670m		



13.	<b>Hydrocarbon Indications:</b>	<p>Oil Shows: At 614m a drilling break was observed over a 1.5m interval (614m – 615.5m).</p> <p>Live light oil was observed and collected. The oil is light and has been evaluated at 34° API. A further 1.37m was drilled with live oil also circulated up.</p> <p>An open hole DST was conducted over this interval in the Bookara Sandstone from 614m - 616.87m but test has confirmed tool was plugged.</p>	
14.	<b>Operations since last Report:</b>	DST tools examined and confirmed plugging of test tools.	
15.	<b>Current Operations:</b>	Running in back in hole to circulate and clean hole.	
16.	<b>Future Operations:</b>	Either re-run DST or drill ahead then conduct another DST.	
17.	<b>Prospect Description:</b>	<p>The Dunnart prospect is a well-defined moderate relief fault closed structure with the top seal provided by the proven regional seal, the Kockatea Shale which is the source rock for oil discovered to date in the North Perth Basin.</p> <p>The Bookara Sandstone is middle to upper shoreface sand which laps the south-western margin of the Northampton Block. Dunnart-1 encountered good oil shows in Bookara sands but was never tested or cored. Estimated prospective resources in the best case estimate are 2 million barrels under SPE-PRMS guidelines.</p>	
18.	<b>Participants in the Well:</b>	Key Petroleum (Australia) Pty Ltd (Operator)	43.47%
		Rey Oil and Gas Perth Pty Ltd	43.47%
		Caracal Exploration Pty Ltd	13.06%