

28 January 2021

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

QUARTERLY ACTIVITIES REPORT & APPENDIX 5B

Key Petroleum Limited attaches herewith Quarterly Activities Report and Appendix 5B for the period ended 31 December 2020.

This announcement has been authorised by the Board of Directors.

For more information please contact:

IAN GREGORY
Company Secretary
Key Petroleum Limited

Telephone: +61 (0) 8 9381 4322
Email: investors@keypetroleum.com.au

Quarterly Report

For the period ended 31 December 2020



ACN 120 580 618

Update on Activities

Highlights for the Quarter

- ◆ Planning and preparations continued for the Bookara 3D Seismic Survey covering an area of approximately 134 square kilometres and intended to cover most of L7 and extend into EP 437, as well as tying into the existing Irwin 3D to the south of L7. The work is to be funded by Triangle Energy (Global) Limited (“Triangle”) in accordance with the current Farmout Agreement.
- ◆ Aerometrex conducted a high-resolution aerial photo survey flown over areas to be included in the Bookara 3D seismic survey planning for L7 and EP 437.
- ◆ On 2 December 2020, Key, on behalf of the EP 437 Joint Venture submitted an application for a twelve (12) month suspension of the current Year 3 Work Program commitment of one (1) well, and a Variation to include 20 square kilometres of 3D seismic.
- ◆ The Sale Agreement with Pilot Energy Limited (“Pilot”) for the sale of Key’s 40% interest in WA-481-P was executed on 6 October 2020 followed by completion of the transaction on 17 December 2020. Key subsequently received 21 million ordinary fully paid shares in Pilot via two tranches in consideration of the sale, comprising:
 - 4,276,703 ordinary fully paid shares in Pilot, which were issued within three days of 6 October 2020; and
 - 16,723,297 ordinary fully paid shares within three days of satisfaction of all conditions precedent, which included the approval of Pilot Shareholders.
- ◆ All planned rehabilitation activities at Mount Horner, within the L7 Production Licence, were completed during the quarter.
- ◆ On 18 December 2020, Ms Dongmei (Yvonne) Ye was appointed to the Board of Key as a Non-Executive Director.

Activities for the Upcoming Quarter

- ◆ Discussions with potential joint venture partners in Key’s Cooper Eromanga Basin exploration portfolio continue. Planning of Heritage Surveys around the Ace, Taj-1 and Alfajour-1 proposed well locations, survey timing is subject to COVID-19 impacts and associated risks with remote communities.
- ◆ Planning commenced for the Bookara 3D Survey which will cover a broad area within L7 and extend west into EP 437. Upcoming activities include a Botanical Survey and stakeholder engagement activities across the survey area.
- ◆ Key and the EP 437 Joint Venture will revise planning and budgets to include the extension of the Bookara 3D Seismic Survey which is designed to cover the prospects within the identified hydrocarbon fairways.
- ◆ Continued monitoring of COVID-19 pandemic and associated restrictions with a view to revert to previously planned operational schedules once conditions stabilise.

Bookara Shelf Oil Project (Onshore Perth Basin – EP 437 and L7)

L7 (Mount Horner) Summary

Key Petroleum Limited (Operator) (via wholly owned subsidiary) 50%

Triangle Energy (Global) Limited (via wholly owned subsidiary) *50%

*Triangle is to earn 50% by completing the Farmin Program consisting of a minimum of 50 square kilometres of 3D seismic and the drilling of a minimum of two (2) wells

- During the Quarter planning activities were undertaken for the Bookara 3D Seismic Survey, with the Survey to be conducted in 2021 as part of the agreed Farmin Work Program to be funded by Triangle Energy (Global) Limited.
- Subsequent to the end of the Quarter the Joint Venture commenced activities including Survey design, Botanical Survey and high-resolution aerial photo survey as part of the environmental approvals. Stakeholder engagement pertaining to access is also well underway.

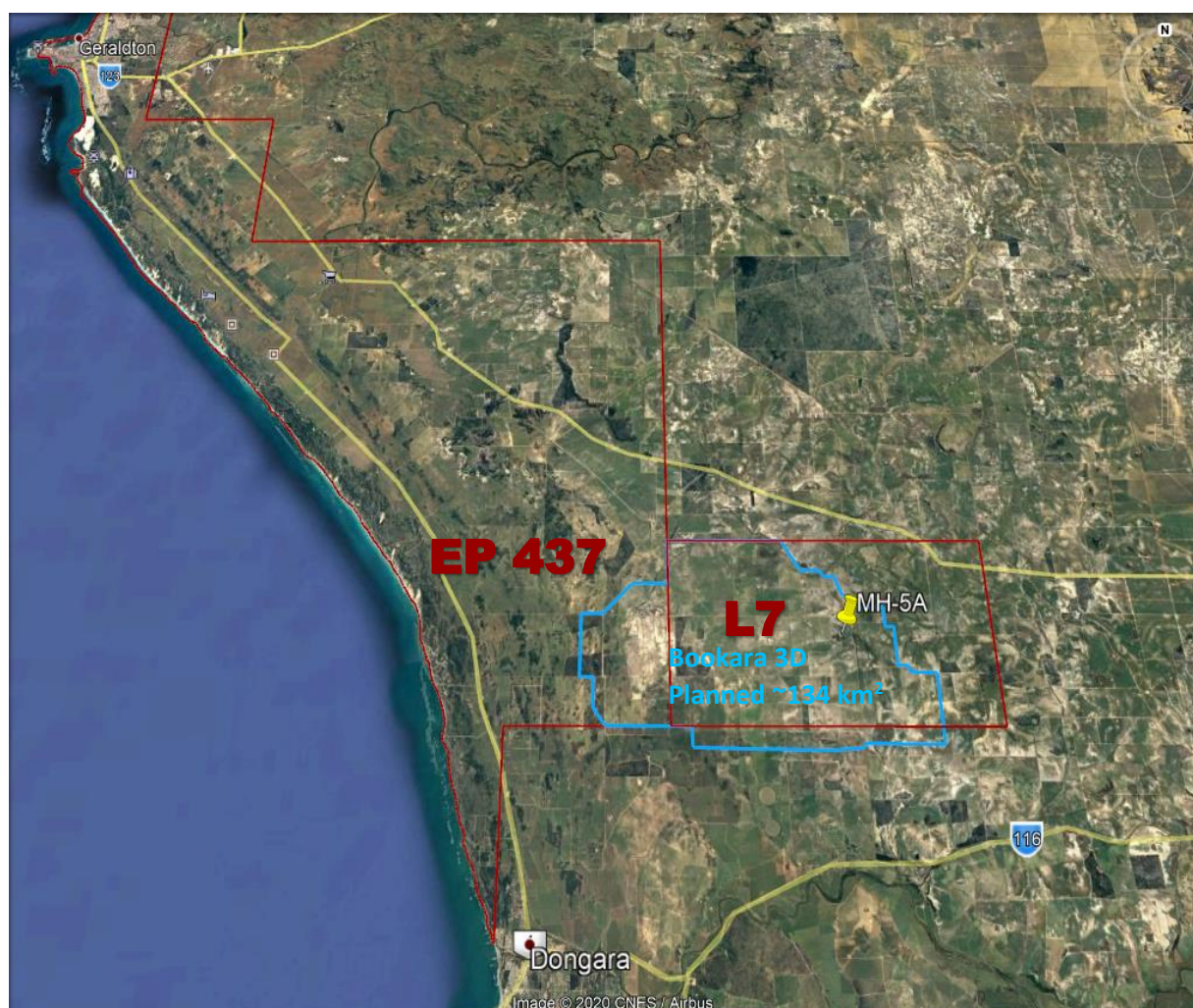


Figure 1: Regional map of proposed 134 km² Bookara 3D Survey and permit outlines

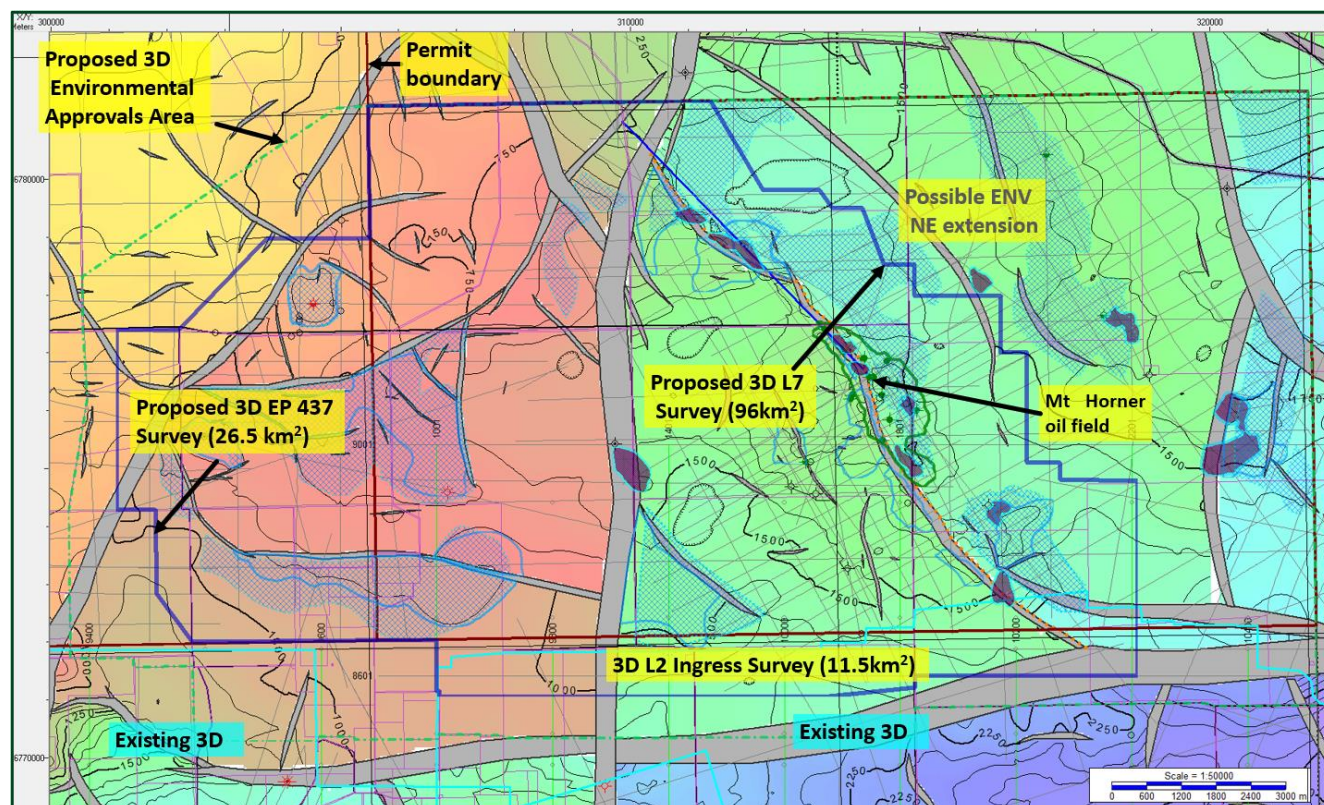


Figure 2: Base Kockatea Depth Map with proposed Bookara 3D Survey, prospects/leads, existing 2D seismic and permit outlines

EP 437

Key Petroleum Limited (Operator) (via wholly owned subsidiary) 86.94%

Pilot Energy Limited 13.06%

- Key applied for a twelve (12) month suspension of the current Year 3 Work Program well commitment, and a Variation to include a minimum of twenty (20) square kilometres of 3D seismic which will be acquired as part of the greater Bookara 3D Survey extending east into L7 (Refer Figures 1 and 2).

Northern Perth Basin (Offshore)

WA-481-P

Key Petroleum Limited (Sale completed on 17 December 2020) 0%

Pilot Energy Limited (Operator) 100%

- Key received 21 million ordinary fully paid shares in Pilot Energy Limited in consideration for the Company's 40% interest in WA-481-P. The sale was completed on 17 December 2020.

Cooper Eromanga Basin, Queensland

ATP 920

Key Petroleum Limited (Operator) (via wholly owned subsidiary) 80.00%

Pancontinental Oil and Gas NL *20.00%

* Pancontinental is to earn an undivided 20% participating interest in ATP 920 in accordance with Farmin Agreement dated 30 October 2019

ATP 924

Key Petroleum Limited (Operator) (via wholly owned subsidiary) 75.00%

Pancontinental Oil and Gas NL *25.00%

*Pancontinental is to earn an undivided 25% participating interest in the Ace Area of ATP 924 in accordance with the Farmin Agreement dated 30 October 2019

ATP 783

Key Petroleum Limited (Operator) (via wholly owned subsidiary) 100.00%

- Key continues to monitor the COVID-19 pandemic and associated restrictions with a view to revert to previously planned operational schedules once conditions stabilise.

Corporate and Current Outlook for Key

- At the end of the December 2020 quarter the Company had A\$130,000 cash on hand. Available funds were enhanced by a loan fund of A\$250,000 of which \$50,000 had been drawn at the end of the quarter.
- These funds and an expected return of deposits will provide sufficient funds to cover in excess of two-quarters cash requirements of the Company.
- The Company has received a total of 21 million Pilot Energy shares from the sale agreement for Key's 40% interest in WA-481-P.
- During the quarter the Company paid the amounts noted at Items 6.1 and 6.2 on the Appendix 5B, being payments of \$31,000 to related parties and their associates. This was the aggregate amount paid to the directors including salary, directors' fees, consulting fees and superannuation.
- Oil and gas exploration expenditure during the quarter was \$27,000, where costs were associated with permit compliance planning for the Bookara 3D seismic survey to be acquired in EP 437 and L7. Details of exploration activity during the quarter are set out in this report.
- There were no substantive oil and gas production or development activities during the quarter.

Petroleum Permit Schedule

Petroleum Permit	Type	Location	Interest at Beginning of Quarter	Interest at End of Quarter	Acquired during Quarter	Disposed during Quarter
L7	Production Licence	Perth Basin, WA	50% ■	50%	-	-
EP 437	Exploration Permit	Perth Basin, WA	86.94%	86.94%	-	-
WA-481-P	Exploration Permit	Offshore Perth Basin, WA	40%	0%	-	40%
ATP 924	Authority to Prospect	Cooper Eromanga Basin, QLD	100% ▲	100%	-	-
ATP 920	Authority to Prospect	Cooper Eromanga Basin, QLD	100% ◆	100%	-	-
ATP 783	Authority to Prospect	Cooper Eromanga Basin, QLD	100%	100%	-	-

■ Triangle is to earn 50% by spending US\$3 million, subject to the Farmout Agreement announced 31 October 2018

▲ Pancontinental is to earn an undivided 25% participating interest in the Ace Area of ATP 924 in accordance with the Farmin Agreement dated 30 October 2019

◆ Pancontinental is to earn an undivided 20% participating interest in ATP 920 in accordance with Farmin Agreement dated 30 October 2019

ASX Listing Rule 5.4.3

IAN GREGORY
 COMPANY SECRETARY

Dated: 28 January 2021
Perth, Western Australia

CAUTIONARY STATEMENT

The information in this report is an overview and does not contain all information necessary for investment decisions. In making investment decisions, investors should rely on their own examination of Key Petroleum Ltd and consult with their own legal, tax, business and/or financial advisors in connection with any acquisition of securities.

Prospective oil in place and recoverable reserve estimates have been made under the Society of Petroleum Engineers Petroleum Resources Management System (SPE-PRMS). Mr Marshall has compiled the information in this release as a Practising Petroleum Engineer and Geoscientist who consents to the release of the information. The Company is compliant with reporting of estimates as defined in Chapter 5 of the ASX Listing Rules.

The information contained in this report has been prepared in good faith by Key Petroleum Ltd. However, no representation or warranty, expressed or implied, is made as to the accuracy, correctness, completeness or adequacy of any statement, estimates, opinions or other information contained in this document.

Certain information in this document refers to the intentions of Key Petroleum Ltd, but these are not intended to be forecasts, forward looking statements, or statements about future matters for the purposes of the Corporations Act or any other applicable law. The occurrence of events in the future are subject to risks, uncertainties, and other factors that may cause Key Petroleum Limited's actual results, performance or achievements to differ from those referred to in this document. Accordingly, Key Petroleum Ltd, its directors, officers, employees and agents do not give any assurance or guarantee that the occurrence of events referred to in this presentation will occur as contemplated.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Key Petroleum Limited

ABN

50 120 580 618

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	2
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(35)	(209)
	(e) administration and corporate costs	(112)	(296)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	4	5
1.5	Interest and other costs of finance paid	(1)	(3)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	39	107
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(105)	(394)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(27)	(399)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	4
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)		
	• Refund of bank guarantees	96	96
	• Reimbursement of rehabilitation expenses	-	156
2.6	Net cash from / (used in) investing activities	69	(143)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	50	50
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material) Principal elements of lease payments	(10)	(25)
3.10	Net cash from / (used in) financing activities	40	25

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	126	642
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(105)	(394)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	69	(143)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	40	25
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	130	130

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	130	126
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	130	126

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	31
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	250	50
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	250	50
7.5	Unused financing facilities available at quarter end		200
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	The Company has executed a Loan Agreement with ASF Group Limited ("ASF") pursuant to which ASF will provide up to A\$250,000 to the Company at an interest rate of 10% per annum maturing on 30 September 2021.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(105)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(27)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(132)
8.4	Cash and cash equivalents at quarter end (item 4.6)	130
8.5	Unused finance facilities available at quarter end (item 7.5)	200
8.6	Total available funding (item 8.4 + item 8.5)	330
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.5
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 January 2021

Authorised by: The Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.